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QUOTE OF THE WEEK

“The future belongs to those who believe in the beauty of their dreams.”

Eleanor Roosevelt

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INSURANCE TERM FOR THE WEEK

Non-proportional Reinsurance

Reinsurance that is not secured on individual lives for specific individual amount of reinsurance, but rather reinsurance that protects the ceding company's overall experience on its entire portfolio of business, or at least a broad segment of it. The most common forms of non-proportional reinsurance are stop loss and catastrophe.

INSURANCE REGULATION

Irdai notifies extending validity of sandbox regulations by another 2 years - Live Mint - 13th April 2021



The Insurance Regulatory and Development Authority of India (Irdai) on 12 April notified the extension of its sandbox regulations by another two years to enable the completion of the experiment of the existing sandbox proposals and also to allow new sandbox proposals for the experiment.

Naval Goel, founder and chief executive officer, PolicyX.com said, "There is merit in this extension of regulatory sandbox, which is established for live testing of new products or services. This amendment will help drive innovation in the insurance sector as insurance

companies will now be able to experiment considerably without taking approvals to launch a new product."

"The increase in new innovative products will further extend penetration of insurance among the masses by offering relevant and useful products required in a particular condition. Hence the adaptability of innovative products will shoot up in lesser time," Goel added.

The original sandbox regulations released in 2019 indicated that the regulator could run them for two years. The idea was to run the sandbox for two years and then take a view on how things work. However, with the delays caused by covid, among other things, the first year of applications themselves took too long to roll out and be completed. Hence, the current notification has extended the regulations by another 2 years.

Vaidyanathan Ramani, head-product and innovations, Policybazaar.com, said, "Irdai can now continue to run the experiments under the framework for another 2 years. This is a welcome and much-appreciated thing as sandbox has been very helpful to bring new ideas to the table."

Some notable product launches through the Sandbox include comprehensive app-monitored wellness programmes with wearable devices, especially for lifetime health conditions such as diabetes mellitus; short-term and need-based insurances; pay-as-you-drive insurance in the private car policy, own damage segment, where cars with limited usage are charged lower premiums than ones with regular/extensive usage, etc.

Aatur Thakkar, co-founder and director at Alliance Insurance Brokers said, "The first set of approvals involved evaluating as high as 173 proposals received in 3 months. The high-powered committee appointed for this purpose evaluated these proposals and gave the nod for 33 of them. The approvals were time-bound for 6 months from 1 February 2020. The second and third tranches contained 16 and 18 approvals, for similar 6 months periods from 1 May 2020 and 1 July 2020, respectively." Thakkar

further said, "This was followed with a second cohort of filings for which Irdai had provided a window between 15 September 2020 and 14 October 2020. The filings were larger in number than the first cohort, totaling 185."

(The writer is Navneet Dubey.)

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Irdai notifies regulations on advertising rules for insurance companies – Live Mint – 13th April 2021



The Insurance Regulatory and Development Authority of India (Irdai) has notified restrictions and regulations for insurance companies on advertising policies to safeguard consumer interests.

"To ensure that the insurers, intermediaries or insurance intermediaries adopt fair, honest and transparent practices while issuing advertisements and avoid practices that tend to impair the confidence of the public," said Irdai via circular issued on 12 April.

The regulator wants the advertisement to be relevant, fair and written in simple language so that customers can make an informed decision.

According to the regulator, if a policy buyer fails to identify the product as insurance in any advertisement or describes benefits that do not match the policy provisions, it will be termed unfair or misleading advertisement.

Some of the other reasons for considering an advertisement misleading are:

1. Using words or phrases in a way that may hide or underplay the risks inherent in the policy
2. Not disclosing or disclosing insufficiently important exclusions, limitations and conditions of the policy
3. Providing information in a misleading way
4. Making unfair or incomplete comparisons with products that are not comparable or disparage competitors
5. Illustrating future benefits on assumptions that are not realistic nor realisable in the light of the insurer's current performance; or deviating from the stipulation by the authority through regulatory provisions
6. Where the benefits are not guaranteed, not explicitly saying so or saying it in a manner or form that it could remain unnoticed
7. Using design, content or format which disguise, obscure or diminish the significance of any statement, warning or other matter which an advertisement should contain.
8. Using terms or phrases that convey a fabricated sense of security.
9. Where features or benefits prominently displayed are the features or benefits that are applicable under extreme or exceptional scenarios.
10. Using names, logos, brand names, distinguishing marks, symbols etc., which may be similar to those already used by others in the market that may lead to confusion in the market place.

Every insurer, intermediary or insurance intermediary will have a compliance officer, whose name and official position in the organisation will have to be communicated to the regulator, and who will be responsible to oversee the advertising programme.

Further, he/she will have to maintain a system of control over the content, form, and method of dissemination of all advertisements concerning its policies or products.

(The writer is Navneet Dubey.)

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General insurance: No differential rates for similar risks, says Irdai - Financial Express - 12th April 2021



In order to protect the interest of policyholders, Insurance Regulatory and Development Authority of India (Irdai) has issued draft regulations for the designing and pricing of general insurance products. The non-life insurance products will be classified into retail and commercial products on the basis of who buys them or on the basis of sum insured as specified by the regulator. The retail and commercial products shall be distinguished from one another with a suitable name change or prefix or suffix as the case may be and need to have a separate Unique Identification Number (UIN).

Product design & pricing

The draft guidelines note that the design of general insurance products will have to consider policyholders’ interests in terms of suitability and affordability while catering to their changing needs through evolving risk coverage. The product or the add-on cover must cover an insurable risk involving a real risk transfer and adhere to the basic principles of insurance.

The pricing of products will be based on appropriate data and technical justification and insurers will have to factor in risk exposure, claims/loss experience, expenses, reinsurance, solvency requirement, and factor in a reasonable amount of surplus and economic cost of capital. The premium rates will neither be excessive nor inadequate and should aim at ensuring that the product or add-on is viable, generating a reasonable margin without any cross subsidisation from any other product or add-on.

The regulator has underlined that pricing will be based on sound actuarial principles with supportive data and the discounts or loadings offered should be on objective basis with appropriate justifications and duly certified by the appointed actuary. Insurers cannot apply differential rates to similar risks. In case the rates are based on the generally prevailing market level of premium rates, the insurer must demonstrate the reasonableness of the variation from the currently prevailing level of rates and viability with respect to its own underwriting and risk management standard.

For insurance products sponsored fully or partially by the state and Central government, insurers will have to adhere to the conditions of the scheme notified by the appropriate government. They are also required to modify the conditions as per the changes notified by the government from time to time. All packaged products will have to comply with the relevant guidelines regarding accounting of premium, connected expenses, claims and expenses issued under by the regulator.

All pilot products have to explicitly mention “Pilot Product” as a prefix or suffix to the product name. A pilot product may be converted into a regular product based on the experience gained. However, if a product is withdrawn, existing policyholders will be allowed to choose another existing product which may or may not be comparable to the pilot product.

Add-ons

The draft regulations say add-on should follow the base product, its classification, filing and approval procedures. The add-on to a base policy, however, shall not change the fundamental nature of the base product. The add-on may have its own limits and deductibles. The aggregate premium of all add-on plus premium under optional covers built into the base product will not exceed 100% of the premium for the base product. The optional covers included as part of the base product will not fall under the category of ‘add-ons.’

Insurers can withdraw a product or add-on and submit to Irdai with justification for such a proposal. The existing annual and long-term policies which are already issued before withdrawal of an existing product shall be allowed to remain in force till their respective expiry dates.

Insurers will bear the final responsibility for any deficiency in service or complaint arising from add-ons. They will have to address the grievances of policyholders relating to these assistance services.

(The writer is Saikat Neogi.)

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IRDAI allows insurers to invest in Fund-of-Funds – 10th April 2021 - The Hindu Business Line



In a major boost to private equity industry, the Insurance Regulatory and Development Authority of India (IRDAI) has now allowed insurance companies to invest in Fund-of-Funds (FoF) that invest within the country. This move is expected to open more capital raising options for the startups ecosystem in India, fulfilling a longstanding industry demand.

The latest move by the IRDAI comes on the heels of the recent decision of the government to allow domestic private retirement funds to invest upto 5 per cent of their surplus in AIFs.

While insurers can now directly invest in FoF on the lines of their making direct investments in Alternate Investment Funds (AIFs), they are barred from investing in FoFs that invest in overseas companies or funds with overseas exposure, according to a IRDAI circular modifying the guidelines for investment in AIFs. The insurance regulator has also barred insurers from investing in AIFs in which insurer has taken an exposure.

IRDAI has also mandated insurers to obtain a quarterly certificate from a concurrent auditor about their compliance with these conditions and file it along with their quarterly periodical returns. FoF is an AIF that invests in another AIF. An AIF is basically a vehicle established for the purpose of raising capital from a number of investors with an aim to invest these funds into assets to generate favourable returns. In its 2017 Master circular, IRDAI had stipulated that no investment will be permitted in AIFs, which are FoFs and leverage funds.

However, now the IRDAI has said that the insurer shall invest only into FoFs which comply with the requirement of Section 27E of the Insurance Act 1938. Section 27E stipulates that no insurer can directly or indirectly invest outside India the funds of the policyholder.

Siddharth Pai, Founding Partner and CFO at 3one4 Capital, Co-Chair at Regulatory Affairs Committee, IVCA said, "IRDAI has fully embraced the *Atmanirbhar* movement through this new move that allows Insurance Companies to invest into FoFs. This move by the IRDAI and the move by PFRDA last month shows the government's intent to accelerate institutional rupee funding to startups, which will help in economic growth and job creation." The inflection point for any startup ecosystem is when domestic institutional capital is allowed to start investing into the local ecosystem."

Ashley Menezes, Partner and COO, ChrysCapital Advisors, LLP & Chair, Regulatory Affairs Committee, IVCA said, "It is a huge win for the private equity industry that insurance companies are now permitted to make investments into funds of funds as well, similar to them making a direct investment in an AIF. This allows insurance companies to derisk their exposure. However, such capital from insurance companies cannot be utilized by an AIF to make investments outside India and this is a matter that still needs discussion."

(The writer is K R Srivats.)

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LIFE INSURANCE

Should you opt for guaranteed-return insurance plans amid falling FD rates? – Times Now – 15th April 2021



Of late demand for guaranteed-return insurance plans has surged as it provides higher fixed returns for a longer term along with tax benefit. Even life insurance agents and bancassurance partners are also convincing customers that these plans will fetch higher returns on their long-term savings funds.

According to a report in the *Economic times*, industry insiders say that demand for guaranteed insurance plans has surged by 15-20% in the last quarter of FY21. Should you opt for these plans amid falling interest rates on bank fixed deposits and high volatility seen in equity markets?

According to experts, most guaranteed return policies in the market are fetching a higher Internal rate of return (IRR) compared to fixed deposits, which now in some cases even fetch negative real rates.

“This is a peculiar time, while the short-term interest rates which dictate the bank rates have sharply fallen due to the repo rate cuts by the central bank, longer-term rates have not fallen in similar fashion,” the *Economic Times* quoted Vivek Jain, investment business head, Policy Bazaar as saying in a report.

As per data available on PolicyBazaar portal, IRRs on guaranteed plans offered by HDFC Life, ICICI Prudential, Bajaj Allianz, Tata AIA, Bharti AXA Life and Max Life all range between 5.4% and 6% for a 30-year old male for a period ranging between 10 and 20 years. In contrast, leading banks such as State Bank of India, HDFC Bank, Kotak Mahindra Bank, ICICI Bank and Bank of Baroda offer between 5% and 5.4% on their fixed deposits having a tenure of five year and more.

“If you look at it, life insurers are getting an average return of 6% on government 10-year bond and 7% of state security bonds where they have to lock in a bulk of their assets. Additionally, for long term AAA papers there is a good premium as well. Insurers are comfortable offering rates between 5% and 6% for customers,” the business daily quoted Rushabh Gandhi, Deputy CEO, IndiaFirst Life as saying.

Worth mentioning here is that maturity proceeds from life insurance policies are exempt from capital gains tax while the premium paid for the policy also qualifies for tax deduction under Section 80C of the Income Tax Act. Whereas normal bank fixed deposits do not offer any such benefit. So the post-tax returns from guaranteed-return policies tend to be more than FD.

“In FY21 guaranteed income par products made for 30% of our product mix as against 15% in FY20. We expect the demand to hold in FY22 as well,” Gandhi added.

The *ET* report citing Mahavir Chopra, founder of consumer awareness insurance portal Beshak, said that while these policies are fetching reasonable returns, a prospective policyholder must conduct due diligence including vetting promised IRRs (internal rate of return) with financial experts before subscribing as the rules on surrenders are stringent for such policies.

“In order to unlock the best value, a customer must ensure that they don’t surrender the policy before the lock-in period ends. In my experience these policies are always push-products and therefore when an agent or a banker is trying to sell, the customers must also do their own diligence before committing to the policy,” Chopra said.

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***Demand for guaranteed-return insurance covers witnesses sharp rise - The Economic Times
- 14th April 2021***



Life insurance agents and bancassurance partners are using multi-decadal low fixed deposit rates offered by all major banks as a hook to sell more and more of guaranteed return insurance policies, convincing customers that these will fetch higher returns on their long-term savings funds. Brokers and insurers have seen the demand for guaranteed covers spike 15-20 percent in the last quarter of FY21, according to industry insiders at a time when equity-linked investment instruments too have displayed high levels of volatility keeping risk averse households away from such bets. According to experts, most guaranteed return policies in the market are fetching a higher Internal rate of return (IRR) or

annual rate of growth on an investment against the fixed deposit savings instruments — a phenomenon seen in the Indian financial market after at least two decades. “This is a peculiar time, while the short-term interest rates which dictate the bank rates have sharply fallen due to the repo rate cuts by the central bank, longer-term rates have not fallen in similar fashion,” said Vivek Jain, investment business head, PolicyBazaar. “These trends have also started taking shape in demand among customers. On our portal there is a sharp spike in enquiries for guaranteed return schemes. One more reason is that such life covers are not taxable. Volatility in the stock market has also contributed to increased traction for these plans,” Jain added.

As per data sourced from PolicyBazaar, the IRRs on guaranteed plans offered by HDFC Life, ICICI Prudential, Bajaj Allianz, Tata AIA, Bharti AXA Life and Max Life all range between 5.4 percent and 6 percent for a 30-year old male for a period ranging between 10 and 20 years. At the same time, bank FD rates for leading lenders such as State Bank of India, HDFC Bank, Kotak Mahindra Bank, ICICI Bank and Bank of Baroda are between 5 percent and 5.4 percent. “If you look at it, life insurers are getting an average return of 6 percent on government 10-year bond and 7 percent of state security bonds where they have to lock in a bulk of their assets. Additionally, for long term AAA papers there is a good premium as well. Insurers are comfortable offering rates between 5 percent and 6 percent for customers,” Rushabh Gandhi, Deputy CEO, IndiaFirst Life.

(The writer is Ashwin Manikandan.)

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PMVVY is a good option for elderly - Live Mint - 13th April 2021

If you are a senior citizen looking for a regular income, the Pradhan Mantri Vaya Vandana Yojana (PMVVY) is a government-backed scheme sold through Life Insurance Corp. of India, which can provide you a regular guaranteed income. A senior citizen aged 60 years and above can invest in the scheme to receive monthly, quarterly, half-yearly and yearly pension.

The interest rate on PMVVY is declared by the government during the start of the financial year in April. This year’s rate is yet to be announced. Until last year, it was offering an interest rate of 7.4%, equivalent to its alternative Senior Citizens Savings Scheme (SCSS).

The PMVVY has a tenure of 10 years and one is required to make a lump-sum payment. Investors would get 7.4% for the entire tenure of 10 years.

Senior citizens can draw a minimum pension of ₹1,000 per month, depending on the amount invested. The maximum amount that can be withdrawn is ₹9,250 per month. One can invest up to ₹15 lakh in this scheme. An investment of ₹162,162 can fetch a minimum pension amount of ₹1,000 per month under the scheme.

PMVVY is often compared to SCSS. While returns from SCSS and PMVVY are comparable, experts generally prefer SCSS due to its lower tenure and better liquidity.

However, if you have exhausted your SCSS limit of ₹15 lakh, you can consider investing in PMVVY as there are not many options that provide predictable consistent returns for the long term in the current volatile times.

(The writer is Renu Yadav.)

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How Saral Jeevan Bima fares among term plans - The Hindu Business Line - 10th April 2021

Term plans are supposed to be simple products in the life insurance space. But life insurers add different features, pay-out options and other conditions, making the selection of a term plan difficult, prompting the regulator, IRDAI, to come up with Saral Jeevan Bima. The objective of this standard term policy is to offer simple basic life cover for policyholders across income categories. With a few insurers introducing the standard term policy in their menu, we discuss their offerings. Saral Jeevan Bima is a plain vanilla term cover that pays the sum assured (SA) in lump sum to the nominee in case of death of the policyholder during the policy term.

The policy is offered for a minimum SA of ₹50,000, up to a maximum of ₹25 lakh. According to industry experts, the underwriting process is one of the main factors influencing the pricing of these standard products, given that the coverage is the same across insurers. For instance, Saral Jeevan Bima offered by SBI Life would cost a 30-year old individual — with a sum assured of ₹25 lakh — a premium of ₹12,479 per year. SBI Life requires an individual to undertake a physical medical check-up.

(The writer is Bavadharini KS.)

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GENERAL INSURANCE

Does deposit insurance pay you directly for bank failure? - Live Mint - 14th April 2021



Today, all commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC). Moreover, if you have deposits with more than one bank, the deposit insurance coverage limit is applied separately to the deposits in each bank.

However, in the case of liquidation, does deposit insurance directly deal with the depositors of failed banks? In this piece, we take a look at when is deposit insurance liable to pay the claim amount and to whom.

Normally, the deposit insurance while registering the banks as insured banks provide them with printed leaflets for display giving information relating to the protection afforded by the Corporation to the depositors of the insured banks. In case of doubt, you can make a specific enquiry of the branch official whether your bank is insured by the DICGC.

You must also know that the deposit insurance scheme is compulsory and no bank can withdraw from it. However, the DICGC may cancel the registration of an insured bank if it fails to pay the premium for three consecutive periods.

As per the deposit insurance scheme, each depositor in a bank is insured up to a maximum of ₹5 lakh for both principal and interest amount held by him/her in the same right and same capacity as on the date of

liquidation or the cancellation of bank's licence or the date on which the banks get amalgamated or merged with another bank.

So, if a bank goes into liquidation, the deposit insurance is liable to pay to the liquidator or appointed officer the claim amount of each depositor up to ₹5 lakh within two months from the date of receipt of the claim list from the appointed officer.

The appointed officer prepares a depositor wise claim list and sends it to the DICGC for scrutiny and payment. Once, the list gets scrutinized, the officer disburses the claim amount to each insured depositor corresponding to their claim amount. The official liquidators are generally appointed by the Central Government.

However, if a bank is reconstructed, amalgamated or merged with another bank then the deposit insurance pays the bank concerned, the difference between the full amount of deposit or the limit of insurance cover in force at the time, whichever is less and the amount received by the concerned bank under the reconstruction, amalgamation or merger scheme within two months from the date of receipt of claim list from the transferee bank or, Chief Executive Officer of the insured bank.

(The writer is Navneet Dubey.)

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General insurers see Covid claims rise amid surging cases – The Hindu Business Line – 14th April 2021



Covid-related health insurance claims are rising for general and standalone health insurers, amid a surge in infections. Some players are now thinking of increasing the premium to meet the demand.

“The number of claims is increasing very rapidly as Covid infections rise. Claims are very high and are affecting the industry badly,” said MN Sarma, Secretary General, industry body General Insurance Council, adding that some hospitals continue to charge high fees for treatment.

According to GIC data, as many as 10.26-lakh Covid-related claims worth ₹14,849.53 crore were filed as on April 12 this year. Of this, 8.81-lakh claims amounting to ₹8,029.33 crore have already been settled.

“Claims are increasing. We are getting numbers like in August and September last year. The important thing is that there are more defined protocols for home isolation and hospitalisation,” said Anand Roy, Managing Director, Star Health and Allied Insurance.

The insurer has been getting 600-700 Covid-specific claims a day of late, which had fallen to 100 to 150 a day in December and January, he said. The insurer paid out 1.31-lakh Covid claims last year amounting to ₹1,326 crore.

Roy said Star Health is evaluating and may go for repricing premium depending on how the second wave pans out. The insurer did not go for re-pricing last year when a number of insurers increased premium for health cover.

Bhabatosh Mishra, Director, Underwriting, Claims and Product, Max Bupa Health Insurance, said Covid claims dented the insurer’s loss ratios during the first wave itself.

Cashless claims double

“At Max Bupa, in the last seven days, Covid claims in the form of “cashless claims” have more than doubled and are rising at a very fast pace. Initially, in the second wave, the number of Covid claims did

not match the number of cases. But now, the pace at which the cases are increasing is fast catching up with the trends seen in the first wave,” he said.

Covid infections have seen a sharp surge in recent weeks, overtaking the peak of last year. However, some insurers are still on a wait-and-watch mode.

“Yes, there has been a rise in Covid claims, but it being one time may not result in price increase for many companies,” said Rakesh Jain, ED and CEO, Reliance General Insurance.

(The writer is Surabhi.)

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Non-life insurers log 5% rise in gross direct premium collection – The Times of India – 13th April 2021



Battling Covid-woes, non-life insurance players have logged a 5.2 percent rise in the collection of gross direct premium at Rs 1.98 lakh crore in 2020-21 as against Rs 1.89 lakh crore in the 2019-20. In the month of March alone, non-life insurers reported a 23 percent hike in collection of gross direct premium at Rs 19,299 crore as compared to the year-ago period at Rs 15,635 crore.

However, when it comes to FY20, the non-life insurance players had logged a rise of nearly 12 percent in gross direct premium collection at Rs 1.89 lakh crore as compared to Rs 1.69 lakh crore in FY19. Industry experts attributed the low growth figures in FY21 to the slump in

motor insurance business due to the lockdown in the first half of the fiscal and the overall impact of the Covid-19 pandemic. The slump in motor business hit the overall growth as this segment contributes nearly 35 percent to the overall general insurance business in the country. As per an analysis by CARE Ratings, the growth in FY21 was primarily driven by the fire and health insurance segments.

In FY 2020-21, among non-life players, the 25 general insurance companies clocked a 3.35% rise in collection of gross direct premium at Rs 1.70 lakh crore (Rs 1.64 lakh crore in FY20), five standalone health insurers logged Rs 15,720 crore (Rs 14,152 crore) and two specialised insurance players logged Rs 13,175 crore (Rs 10,437 crore in FY20). The standalone health numbers are not comparable due to takeover of Reliance Health Insurance portfolio by Reliance Health Insurance portfolio by Reliance General Insurance and HDFC Ergo Health Insurance has been merged with HDFC Ergo General.

(The writer is Swati Rathor.)

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Cover Caution - The Telegraph – 12th April 2021

The general insurance sector is closely linked to various sectors such as infrastructure, automobile, health and agriculture and, thus, plays a crucial role in supporting our economy. It's an important social security tool which comes to your rescue in the case of any loss or damage. However, it's disappointing to know that the penetration of general insurance is less than 1 per cent in our country which is certainly a cause of concern.

Why is it that irrespective of its benefits people still shy away from buying insurance? Why is it that even after a combined ratio of over 100 per cent, which shows that the industry is bleeding by paying claims, people still perceive that the industry doesn't pay claims?

According to reports, the Indian insurance industry loses crores of rupees every year to frauds and this is one of the main reasons hampering its growth.



These frauds affect both the industry and society as they act as a deterrent to delivering the benefits of insurance to the right people who are in need. Frauds drive up operational costs for insurers, drain their resources which may also lead to an increase in the prices that genuine customers may have to pay because of the fraudulent activities by a few.

The main foundation of an insurance contract is trust and if a person has filed a claim, he or she should get it immediately within minutes. Only then will the perception about the industry change, which in turn will encourage more people to opt for insurance. Such frauds

affect an insurer's ability to deal with legitimate claims quickly. Insurers are certainly working hard to simplify the claim processes and upgrading their services, but all stakeholders need to come together to deal with this problem. An easy target for such fraudulent activities are the customers who are not cautious while buying an insurance policy. Hence, it's important for them to be aware and verify the facts to avoid falling prey to such activities. Some of the steps a customer can take are:

Verify the authenticity of the policy: It's important to understand the terms and conditions of the policy and check whether the policy you have bought is genuine or fake. One can immediately contact the insurer, share their policy number and verify its authenticity. Insurers today also have a facility of QR codes on their website where the customer can validate their policies.

Verify the channel: It is important to know whether you are buying a policy from an authentic insurance channel or not.

For instance, if you are buying a policy online, check if the insurer's website domain name is genuine as fraudsters come up with fake websites and dupe people. In case you are buying a policy from an agent, request for their valid ID and upon purchase validate the policy by checking with the insurance company.

Opt for a safe mode of payment: It's advisable that you make the payment directly to the insurer through cheque, debit/credit card or other online modes of payment. This helps establish a proper trail of transaction, which is otherwise not possible in cash payments.

While an alert customer can prevent many frauds, insurers too are leveraging forensic science, data analytics and technology to identify potential frauds and to also nab fraudsters in the case of fraud. The industry along with the government and the regulator are working towards curbing this menace.

For instance, the General Insurance Council has enabled data sharing and experience sharing platforms, wherein insurers can list their fraudulent claims. This helps other insurers to be cautious in case they come across a similar fraud pattern while assessing the claims. More can be done to restrict the misuse of insurance by such malicious elements. A centralised digital KYC database can be developed, which can help insurers validate a customer's authenticity. There's some level of integration with institutions such as IIB, VAHAN. However, there can be further integration with UIDAI, RTO, CCTNS, court records and Medical Council, which will help insurers receive an early intimation of claims leading to faster claim settlement and fewer litigation.

Standard medical protocols and treatment guidelines are also required that will reduce false line of treatment and exaggerations on claim amount. With some of these steps, we will be in a better position to tackle frauds together. Awareness and rapid action along with instant resolution against frauds will go a long way in not only enabling the growth of the industry, but also creating a better society at large.

(The writer is Tapan Singhel.)

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The growing need for sports insurance in India – Outlook – 9th April 2021



With the attention that sporting events garner, it is not unusual that corporates and broadcasters all over the world pour a great deal of funding into them. The contingencies attached to these associations are also becoming known with the recent Covid – IPL scenario. The commercial aspect of unknown factors related to sports involves high adverse economic value, which may be shielded by way of insurance.

In India, sports Insurance is still at a nascent stage, and sports associations are yet to understand its significance.

While insurance is mostly understood and connected with

individual insurance, which covers health, life and motor; commercial insurance is usually related to the corporate sector. There are also other forms of insurance which gain significant market shares due to market opportunities, and the growing need for the same. However, there is under-penetration of insurance in these segments as well, primarily due to lack of awareness amongst stakeholders.

Sports have always been associated with high energy and adrenaline. They are also a vibrant and emerging investment avenue, and the sentiment towards sports-entertainment has always been on a rise in India. This segment of insurance is as significant as any other in the country, as it covers loss of income to players, injuries, loss of property and the like.

There are different kinds of sports insurance in the country:

Comprehensive Sports Insurance Cover: All uncertainties in the sector, natural or manmade such as unruly fans or the prevalent political climate, can be covered by way of a Comprehensive Sports Insurance Cover. Broadcasters can also benefit from well-designed, structured insurance solutions, depending upon the exposure of associated entities. For example, cricket matches under the BCCI can be insured, thus protecting the matches/ series.

Event Cancellation Insurance: Any economic strain due to unforeseen events can cause major losses to sports organisers, event organisers and sporting entities. Television broadcasters too have huge ad revenues at stake, which may be disturbed by interruptions in the telecast of a live game. The Event Cancellation Insurance helps in mitigating the risks of sudden termination of events, which is beyond the control of organisers.

Player Bonus/Prize Indemnity: Achieving a particular level in the game and the pre-decided prior to the commencement of the game can be covered under Player Bonus Insurance. This can be well used as a promotional activity with sports events, with a motivational element attached to it.

Player loss of Fees Insurance: In case of any sport, if the player suffers an injury and is unable to play, financial losses or contractual fees are taken care of. It looks after medical expenses and treatment charges for the player.

Although the concept of sports insurance is still new, India is a highly sports-enthusiastic country. With cricket being a national favourite, India has seen a growing appreciation for sports like football, hockey, kabaddi etc. With the series of Leagues introduced, multiple sports have witnessed a trajectory of growth. India represents multiple sports on global platforms, and hence insuring will only benefit the sports associations, players and coaches in the long run.

(The writer is Aatur Thakkar.)

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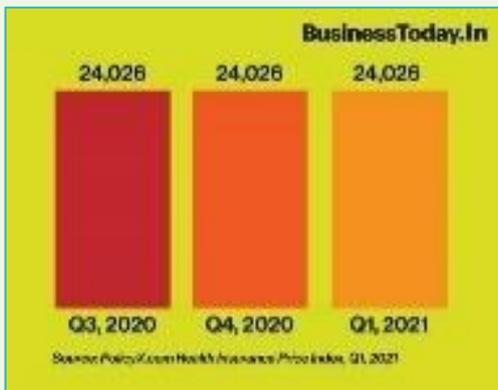
HEALTH INSURANCE

COVID-19 impact: Expect 15% hike in health insurance premium by next quarter - Business Today - 15th April 2021

The daily surge in COVID-19 cases continues in the country, with India crossing the 2-lakh mark on Thursday. Hospitalisation due to coronavirus, and hence health insurance claims, are also on the rise. While insurance companies have not hiked the premiums on health plans as yet, there are high chances that it may happen soon. Industry players see a hike in 10-15 per cent range in health insurance premiums by next quarter.

As per PolicyX.com's Health Insurance Price Index, launched recently, no hike was witnessed in health insurance premiums during the first quarter of calendar year 2021.

"The index value remains constant at Rs 24,026 in Q1 2021. The average price for a Rs 5 lakh sum assured and a Rs 10 lakh sum assured is Rs 20,781 and Rs 27,271, respectively. Prices shown here are average of all the age groups - 26 years, 36 years, 46 years and 56 years, and all coverage types -- 1 adult, 2 adults, 2 adults + 1 child, and 2 adults + 2 children," says Naval Goel, CEO and founder of PolicyX.com.



Premium hike on the cards

Indraneel Chatterjee, co-founder of Renew Buy, believes many insurance companies are likely to increase their health insurance premiums by up to 10 per cent in the beginning of FY21-22. "This is because some health insurance companies had not revised their insurance premium for past few years and are doing so now and a few others have revised their premium after addition of few dynamic features like worldwide coverage, restoration of premium for same illness etc. Many diseases like mental disorders, genetic diseases, neuro-related disorders, psychiatric disorders are also now included in the health insurance policy."

COVID-19 is also one of the reasons for the expected premium hike. The health insurance companies have reportedly received claims worth Rs 14,000 crore, out of which they have settled only Rs 9,000 crore. "The constant spread of Covid is one of the reasons behind the increase in the health insurance premium as the pandemic has laid an enormous burden on the insurance companies. Despite no change in quarter 1, 2021, there are some imputations for an increase in the premiums of health insurance. The increase may range between 10-15 per cent. However, the percentage can be confirmed only after insurance companies announce it," says Goel.

Speaking to Business Today, Anand Roy, MD, Star Health Insurance says the company is evaluating the situation and will take steps as required. "We are unable to confirm anything now," says Roy.

Talking about the logic behind premium hike, Roy explains that health insurance premiums are only revised to keep them sustainable and account for medical inflation.

"The same is done after taking requisite approval from the regulator IRDAI. The last product to undergo premium revision was our Star Medi classic Insurance Policy (Individual) which was relaunched on November 1, 2019. The policy premium was revised by nearly 20 per cent. Prior to this, the premium for this product was revised in 2014."

(The writer is Aprajita Sharma.)

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Rising Covid cases set to push up health policy premiums even further - The Economic Times - 15th April 2021



Covid infections have seen a sharp surge in recent weeks, overtaking the peak of last year. Covid-19 has been the most 'Non-linear Health Risk' event for Health and Life Insurers in India. Insurance claims are rising for general and standalone health insurers. On account of which, some players are now even thinking of increasing the premium to meet the demand.

According to General Insurance Council (GIC) data, as many as 10.26-lakh Covid-related claims worth ₹14,849.53 crore were filed as of April 12 this year. Of this, 8.81-lakh claims amounting to ₹8,029.33 crore have already been settled.

As per a survey released by payments platform PhonePe, the month of March has witnessed a sharp rise in the number of COVID-19 policies sold on its insurance platform and there has been a five-fold jump in sales for its Corona insurance policy in March vis-à-vis February.

Health insurance premium collection had already risen 14.59% to Rs 48,501 crore as of January. However, overall industry premium marginally increased by 2.98% to Rs 1,64,274 crore. With Covid cases mounting, insurers saw a surge in demand for health policies with premium collection rising across the board.

Increasing claims and widening of illnesses under health policies have also pushed up premiums by up to 100 per cent, raising concern among senior citizens. This led to a major hike witnessed amongst the policy holders above the age of 65, in the last few months.

Irdai steps to check capricious hike in health policy premium

Health policies have become popular of late due to the Covid pandemic. However, some insurers are trying to make extra money by unilaterally increasing the premium.

Around a month back, The Insurance Regulatory and Development Authority of India (Irdai) asked insurers to review the viability of every product at the end of the fiscal year and submit a report to it. With insurance companies arbitrarily jacking up premiums by up to 100% on health insurance policies, the insurance regulator stepped in and asked insurers to desist from unilaterally hiking premiums after making small changes in the policy.

"General and health insurers are not allowed to modify the existing benefits, add new benefits in the existing products which leads to imposing an increase in premium. The hike is more pronounced in case of senior citizens who are most vulnerable.....it seems like insurers give big discounts to corporates and institutions in group health insurance covers and pass on the burden to individual policyholders." Irdai said in a notification to insurers.

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Secure senior citizens with suitable health insurance plans – Outlook – 15th April 2021

While buying a health insurance plan for elderly parents, the biggest mistake committed by people is that they buy the same type of health care plan for them (above 60 years of age) as they do for themselves. Yes, it is incorrect because the health conditions, vulnerability, requirements, and recovery rate of senior citizens drastically differ from young people, and standard health insurance plans fail to cover this entirely. As a result, standard health insurance plans fail to provide complete financial support to senior citizens.

Known as Senior Citizen Health Insurance, these plans provide coverage to individuals falling between the age of 60 and 80 years. The biggest advantage of Senior Citizen Health Insurance plans is that they permit the insurance to the people who are a late entrant to the health insurance category, along with other benefits such as low co-pay clause, low waiting period, and large coverage. These services aren't offered in a standard health care policy.



Before knowing about the available health care plans for senior citizens, there are a few parameters to be considered before zeroing upon a health care plan, such as-

No waiting period

Every policy has a set timeline of waiting period for the pre-existing diseases where the coverage for already carrying ailments starts after a period of time from the date of the policy issued. While this is common amongst all policies; a smart move is to select a policy that has the shortest waiting period.

Free medical check-ups

In old age, the doctor's visit and its related medical check-ups are quite regular and can be expensive as well. Hence, the right health care plan for senior citizens is the one that offers complimentary medical check-ups to the insured.

Less co-payment

Co-payment is an amount to be paid by the insured to the insurer at the time of a claim. Since having a regular fixed income is not assured in old age, therefore, the health care plan for senior citizens must ask for a less co-payment to easily operate the policy.

Since the premium payment tenure is less and the coverage requirement is high in the case of a senior citizen insurance plan, choosing accurate coverage can be challenging. But how to do that? Here are the points to evaluate-

Age- Senior citizens have many medical requirements which demand a health care plan offering high coverage. It means the premium should be decided based on health, conditions, pre-existing illnesses, and the requirement of medical assistance.

Medical history- While old age automatically accompanies comorbidities, it is imperative to check the kind of illnesses the insured is suffering from to know the sufficient amount of the premium.

Geographical location- Medical treatment cost and various charges associated with them differ with geographical location. An individual residing in a metropolitan city requires a bigger coverage than a person from tier I, II, or III cities.

Finally, below given is the list of best Senior Citizen Health Insurance Plans.

Star Health Senior Citizens Red Carpet Plan

Star Health Senior Citizens Red Carpet Plan offers coverage to elderly people who are above 60 and look after their medical needs. With no pre-medical test required, the plan covers the cost of a health check-up for every claim-free year (up to the limits specified). It also provides coverage for modern treatments such as uterine artery embolisation and HIFU, deep brain stimulation, intravitreal injections, robotic surgeries, etc. The entry age of this is from 60-75 years with maximum coverage of Rs 25 lakh.

Care Senior Health Insurance Plan

Care Senior Health Insurance Plan is a comprehensive health insurance plan that provides coverage to individuals against hefty medical expenses in the second innings of life. With more than 15,500 network hospitals, one can avail of cashless hospitalization without worrying about the treatment expenses. Also,

the plan comes with various add-ons such as co-payment waiver, no claim bonus super, among others. This plan permits the entry age from 61 years to lifelong with the highest coverage of Rs 10 lakh.

Bajaj Allianz Silver Health Plan

Keeping the health care needs of elders in mind, this plan functions to meet them in every manner. It provides a cumulative bonus of 10 per cent of the sum insured for every claim-free year (up to a maximum of 50 per cent of the sum insured). Along with this, the plan offers a family discount of 5 per cent if two or more members are covered. The entry age for this plan starts from 46 years to 70 years offering coverage till Rs 5 lakh.

Tata AIG MediSenior

Tata AIG MediSenior works to satisfy the health care needs of those citizens who are above the age of 60 years. It comes with benefits like a family discount, home treatment, among others. This plan gives coverage of Rs 50 lakh.

Aditya Birla Activ Care

The plan is designed to meet the health care needs of aged individuals. Along with health care check-up and coaching sessions by a personal health coach, the plan offers a Healthy Returns program, where one can earn up to 21 per cent of the premium. The plan comes in three variants --- Standard, Classic & Premier. The entry age for this plan is 55 years of age with maximum coverage of Rs 25 lakh.

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More people porting their health insurance plans for enhanced coverage - The Indian Express - 13th April 2021



Ever since the outbreak of the COVID-19 pandemic in the month of March last year, the health insurance business in India is experiencing a much-awaited renaissance. Since the last one year, customers have been investing in health insurance in elevated numbers as every day thousands of people continue to test positive for COVID-19 across various parts of the globe. The upsurge in the sale of health insurance policies seems logical given the core objective of health insurance; cover hospitalisation expenses for treatment of COVID-19 or any other ailment.

Buying a health insurance policy for yourself and your family is important not just for protection against the pandemic but all other diseases as well because medical care is quite expensive, especially in the private sector. One time hospitalisation can burn a hole in your pocket and derail your finances if you do not have a health insurance plan in place. You can avoid all this by just paying a small annual premium against a health insurance plan.

Panic buying

In the last 12 months, most of the insurers selling health insurance plans in India have reported an uptick of up to 40 per cent in the sales of health plans. This is mostly because the awareness around health insurance has increased by manifolds. In addition, the importance of being financially prepared against any unforeseen medical expenses is on top of the mind of the consumers. With the media reports filled with instances of hospitalisation bills for COVID-19 treatment crossing several lakhs, people are well aware that good health is not something that they can take for granted anymore.

Though it is good that a great number of people bought health insurance in the last year, there is another side to the story. With a rise in the sale of health insurance, there was also a massive rise in “panic buying” with many people buying health products without giving due consideration to some important factors like sum insured, room-rent limit, co-payment and waiting period. Many people bought health insurance plans just to ensure adequate coverage against the ongoing pandemic - COVID-19 without worrying about other diseases and aspects as well. This is further supported by a report by Swiss Re that

states that Indian consumers were second most active in the Asia-Pacific region in seeking health insurance during the COVID-19, driven by financial concerns.

Prominent reasons people switching to higher cover policies

Interestingly, since the last 2 months, there have been some exciting consumer trends that showcase how people are becoming more informed in their decisions and are taking necessary precautions to make their health covers more comprehensive.

People who bought health insurance covers with minimum sum insured – mostly between Rs 5 lakh – 10 lakh are now enhancing their covers by porting into health policies with higher sum insured. The available trends show that most people are porting their existing plans to Rs 1 crore sum insured health insurance plans. This is mostly because health plans with Rs 1 crore sum insured are now available at almost the same price as Rs 10 lakh health cover.

For a 30-year old individual, while Rs 10 lakh cover costs Rs 600 – Rs 800 per month, for the same customer Rs 1 crore sum insured health plan costs Rs 800 – Rs 1,000 per month. By just paying Rs 200 – Rs 400 more, customers can now get much-enhanced coverage with a plethora of added features.

Better features

Some prominent features include zero co-payment – wherein the customer does not need to pay any portion of the hospital bill and no room-rent limit so that customers can avail of any room category during the hospitalisation for treatment of any ailment. With regular plans, customers could not choose a room category of their choice and had to compromise with the limited options available.

Availability of EMI option

Another important reason, why most people are porting to higher sum insured covers, is that customers now have the option of paying the premiums in easy monthly installments in place of the lump-sum amount at one go. This means, instead of paying Rs 12,000 as a lump sum for Rs 1 crore sum insured cover, customers can pay Rs 1,000 per month for the plan and still avail of all the benefits. The easy monthly instalment option has increased the affordability of higher sum insured plans significantly amongst middle-class families.

Option to switch to zero-day waiting period policies

Most people are also porting their health insurance policies as initially during the COVID-19 outbreak, people bought health cover in a panic without worrying about their pre-existing conditions. Most regular health plans come with a pre-defined waiting period of 2 – 4 years, that means before availing coverage for your pre-existing condition, you need to serve a waiting period. However, today, there are plans in the market that come with a zero-day waiting period for some of the most common pre-existing ailments like diabetes, hypertension, asthma and even some critical illnesses like cardiovascular diseases and cancer. In the last few months, a majority of people suffering from pre-existing conditions have ported their health plans to covers with zero-waiting period policies.

(The writer is Amit Chhabra.)

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Medical insurance policy for Covid-19 sees few renewals so far - The Telegraph - 13th April 2021

A medical insurance policy for Covid-19 had many takers when it was launched in July last year but very few have renewed it till date, said officials of insurance companies.

They said one of the main reasons for not renewing the Corona Kavach policy could be that people were no longer scared of Covid at least till February, when the number of fresh cases was very low.

Financial problems caused by the pandemic was another reason for the lack of interest in renewing the policy, the officials said.

Corona Kavach was launched on July 10 by the Insurance Regulatory and Development Authority. National Insurance Company Ltd sold 75,000 policies across India, of which around 40 per cent were sold in Calcutta, said officials.



Around 10 per cent of the policies bought by subscribers had renewals due in the first three-and-a-half to six-and-a-half months. Officials said the bulk of the policies were bought between July 10 and October.

“Out of the 7,500-odd Corona Kavach policies which were to be renewed during this period, only around 400 were actually renewed. Thousands of renewals are due in April,” said Saurav Kariwala, assistant manager (medical), National Insurance Company Ltd, Calcutta.

“One of the main reasons could be that the fear of Covid was diminishing in people's minds because the number of cases had started reducing. Since there is a surge again, there could be renewals by subscribers who had taken out the policy for nine-and-a-half months,” said Kariwala. Public health experts said there was complacency among most people about Covid.

“Most people now are not concerned about Covid and the fear is gone. They are dropping guard. Many of those who have been vaccinated feel they are fully immune to the disease. That is one reason why people are not bothered to buy or renew the policy,” said public health expert Abhijit Chowdhury.

In the middle of November, Bengal used to record around 3,500 new Covid cases every day. That came down to around 2,000 in the middle of December. By the middle of January, barely 600 new cases were reported daily and in February, the average daily count dropped below 150. However, the number of cases has started rising again since March.

Many people had opted for the Corona Kavach policy because there were no cappings on expenses. In other health insurance policies, there were cappings on expenses in various categories such as bed charges and doctor's consultation. So, many people bought Corona Kavach despite having a health insurance policy, officials of insurance companies said.

Medical insurance agents said they had been calling up subscribers over the past few years for renewal but many had refused. “Today, I called up two clients who have their renewals due this month. Both said they are not interested in renewing the policy. The reasons are they are not so scared about the disease and also financial problems,” said Sandip Chakraborty, a health insurance agent.

He said one of the clients had purchased the policy of sum assured of Rs 3 lakh in July. He is supposed to pay Rs 6,500 for renewal. “The man said he is undergoing financial constraints,” said Chakraborty.

(The writer is Sanjay Mandal.)

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Do health insurance policies cover cosmetic surgeries? – Live Mint - 12th April 2021

Cosmetic surgeries have been getting extremely popular in today's world. However, as these surgeries are mostly elective in nature, they are generally not covered under health insurance policies. Moreover, since plastic surgeries are not termed as vital medical procedures undertaken to protect the life of an individual, hence, they are not covered in any of the health insurance.

However, there are certain conditions under which cosmetic surgeries are covered under mediclaim policies. “If a requirement of a reconstructive surgery has been prescribed by the doctor, then all kinds of health insurance cover them. Reconstructive surgery is a medical treatment undertaken with an aim of correcting trauma, physical defects, ailments, or diseases, caused due to an accident or genetic anomaly,”

said Naval Goel, founder and chief executive officer, PolicyX.com. Usually, these surgeries focus on improving the overall aesthetics of the affected organ/body part normalizing its appearance and functioning.

"In the case of reconstructive surgery, all kinds of procedures and claims are covered in the health insurance prescribed by the specialist doctor such as Surgeries performed to normalize congenital anomalies such as repair of cleft palates, cleft lips, nasal deformities that cause difficulty in breathing, Surgeries conducted following incidents of burns such as reconstruction, grafting, skin tightening, reconstructive surgeries carried out to normalize traumatic injuries, scar repair, etc.," Goel added.

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Millennials rush to buy health cover amidst rising Covid-19 cases - The Economic Times - 12th April 2021



As the Covid-19 pandemic's second wave ravages the economic and healthcare infrastructure, there's an increased awareness around health insurance considering the rising healthcare cost and uncertainty around the current environment.

India's largest insurance web aggregator Policybazaar.com conducted a survey which reveals that there's an uptick in demand for high sum insured policies which are more than Rs 25 lakhs by 40% and on the Rs 1 crore cover by 35%.

Further, in the age-group of 31-40 year are the highest buyers of health insurance for Rs 1 crore plans at 19% and people in the age bracket of 18-25 years at 18%.

Adoption of digital platforms, simplified and standardised products are also providing a boost. Apart from seamless digital adoption the preference for buying policies by EMIs which was earlier non-existent has become a preferred option for nearly 40% of customers.

"The pandemic has acted as a catalyst for increased awareness of health insurance. People have realized its importance for unforeseen health-related situations and are now investing more in high sum insured plans for advanced treatments," said, Amit Chhabra, Head - Health Insurance, Policybazaar.com.

Millennials Speak

Rohit Wadhwa, 23 year old IT professional said, "I think this pandemic made us all realise the importance of medical aid and financial aid, a right choice of health insurance can help in emergency situations. I once considered insurance as a choice but now I feel that it should be in the top priority list of every individual what so ever be the age."

Jasleen Kaur, working as IT consultant said, "I once considered insurance as an expense but now I believe that it is an investment for future events that I wish never occur, thankfully with the help of simplified technology, I was able to get health insurance for myself and my family even during the lockdown."

Mohit Asrani, currently a MBA student said, "I have realised the value of Health Insurance in last one year, when a lot of my friends who unfortunately got sick were worried about medical expenses, I on the other hand was feeling secured because my parents had planned a health insurance for any unforeseen events."

(The writer is Gunjan Bhatia.)

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Handloom weavers demand separate health insurance for self, family – The Hindu – 10th April 2021

Handloom weavers have sought a separate health insurance cover for them and their family members, a scheme that was available a few years ago.

According to Mu. Varadarajan, general secretary of Erode District Handloom Weavers Association, the scheme that was implemented earlier allowed the weavers and their family members to visit clinics with which the Handloom Department had tie-ups. They were given identity cards and were able to get treatment free of cost for cold, fever, etc., which did not require hospitalisation. However, the scheme was modified and ceilings were introduced.

“We had spoken to the officials seeking removal of the ceilings. But, the scheme was dropped completely. I learnt through Right to Information Act that the weavers can avail of the Chief Minister insurance cover. But, it is only for serious illness and not for normal fever or cold.”

According to a handloom weaver at Sankagiri, the weavers expected an announcement in this regard in the election manifestos but were disappointed. There is no specific health insurance scheme now for weavers.

Mr. Varadarajan added that another scheme (saving and insurance scheme) for handloom weavers had also been suspended. About 8 % of the wages that the weavers received was deducted and along with government contribution, it went into a group insurance scheme. When a weaver retired, he or she got the contributory premium and bonus. This scheme was stopped six or seven months ago. This affected the savings opportunity for weavers, he said.

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Importance of sum insured in health insurance – Live Mint – 10th April 2021

Like choosing the right job or buying a new car, one should go for the right coverage, the sum insured, while buying a health insurance.

A sum insured that appears sufficient today may be inadequate to cover your healthcare expenses in the next few years. So, one should always factor in inflation before deciding on the sum insured.

“On account of rising medical inflation estimated at 15% per annum, the cost of healthcare has been rising steadily since last one decade or so. With rising healthcare costs, not having a health plan irrespective of an individual’s age – can be risky,” said Pallavi Roy, Executive Vice President (Product Development), IFFCO Tokio General Insurance. “One can never be sure when an illness will strike, leaving you with huge medical bills. If not prepared, a single instance of hospitalization can very well disturb a family’s well-calculated budget,” she said.

Sum insured should also depend on one's residential city, history of family illnesses etc. "For instance, for people living in Class A cities, the cover amount should be at least ₹10 lakh given the high cost of living in metro cities. The premium also will vary accordingly," said Roy.

Young consumers, scouting for a health insurance cover, should always go for an optimum health cover. This will not only help them get the much-needed coverage to deal with the expenses due to illness, but also reduce the burden of premium cost on their overall monthly expenses.

At an early age, there are low chances of falling ill and lodging a claim, which means it is very likely that he/she will be able to enjoy the no-claim bonus or cumulative bonuses, which means their sum insured can rise year on year by up to 150%.

One should take an informed decision while deciding on the sum insured, as this will take care of costs if there is a medical contingency, and analyse the premium which is affordable. While riders and add-on will increase the cost, going in for a co-pay will reduce the premium costs substantially.

“For senior citizens and parents, one as to be practical while deciding on the level of coverage. Today, even a small routine surgical procedure can easily cost up to ₹1 lakh. A bypass surgery at a reputed hospital cost in excess of ₹2 lakh and will certainly cost more in the next five years,” said Roy. Also, parents, if they are senior citizens, will definitely need a higher sum insured and the premium too would be high as per their age.

What policyholders should do

Over the years, healthcare industry has witnessed major advancements and innovation, however, there still exists diseases that are difficult to diagnose and require specialized care that can often derail one’s finances.

Parag Ved, Executive Vice President & Head – Consumer Lines, Tata AIG General Insurance said, “A health insurance the policy ensures adequate financial protection and covers the hospitalization expenses along with the cost of annual health check-ups, vaccinations, consumables, treatment of critical diseases and other expenses that can impact an individual’s financial planning. To avoid stress in case of medical emergencies and give sufficient coverage for family members, it is advised to opt for a comprehensive health insurance plan with a higher sum insured.”

Pankaj Arora, MD and CEO, Raheja QBE General Insurance said, “Generally one should have a reasonable level of sum insured as cover in Health insurance depending upon the city person lives in, age etc. however, treatments like major organ transplant, onco surgery etc. are such treatments that cost huge amount of money where hospitalization is required for multiple times and prolonged duration. For such situations one should increase the cover through a combination of base cover and super top up health insurance cover for added financial protection available at affordable cost.”

The writer is Navneet Dubey.

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Many Indian workers died of COVID-19 in the Gulf. Expanding insurance coverage could help their families – The Hindu - 10th April 2021



Nandankari Padma, 30, is a mother of three who lives in Telangana. Her husband, Nandankar Bhanuchander, was a driver in Saudi Arabia. He earned around ₹19,000 a month and remitted around ₹10,000 home. Padma ran her household with that. Then, in August 2020, Bhanuchander died of COVID-19 in Saudi Arabia.

Padma, forced to fend for herself and her children — all under 10 — became a daily labourer. “I started to work in a nearby paddy field. We have to live,” she said. She earns around ₹200 a day but gets work for only 10-20 days a month. “I don’t know what to do. We didn’t get any compensation from the company in the Gulf my husband worked for. After he died, even his body didn’t come home,” said Padma.

As of December 31, 2020, the pandemic had claimed 2,072 Indian lives on foreign soil, according to statistics from the Ministry of External Affairs, provided in response to a question in the Rajya Sabha. Of these, 1,892 died in the six Arabian Gulf countries of Saudi Arabia, the U.A.E., Qatar, Bahrain, Oman, and Kuwait, which together have around 89 lakh Indians in residence. The highest death toll, of 906 people,

was in Saudi Arabia, followed by 375 in the U.A.E., 369 in Kuwait, 66 in Oman, 48 in Bahrain and 34 in Qatar. And now, the WHO says both cases and deaths are on an upward trajectory in the region.

Sr. Josephine Valarmathi of the National Domestic Workers Movement in Tamil Nadu said, “I know at least two dozen families in Tamil Nadu who have lost relatives in the Gulf due to the pandemic, but nobody has got any compensation. None of these families has any insurance cover either.”

Rexy Beuatlin R., 21, and her brother Adlin Rahul R., 19, live in Tamil Nadu’s Kanyakumari district. They lost their father, Raja Kumar Thankappan, in May 2020. He died of COVID-19 while working as a mason in the U.A.E. He had paid ₹72,000 to a recruiting agent to get the job, and had taken a ₹3 lakh loan to pay for Remy and Adlin’s education. The two siblings, whose mother died in an accident eight years ago, have to repay the loans. “My brother has dropped out of school and is working in a restaurant. The loans are scaring us,” said Remy.

Holes in the scheme

The Indian government has an insurance scheme, Pravasi Bharatiya Bima Yojana (PBBY), for Indians who migrate to foreign countries for work. However, the scheme is mandatory only for those who come under the Emigration Check Required (ECR) category. As people with educational qualifications of Class 10 and above are eligible for non-ECR passports — except for some professions such as nursing, which require emigration clearance irrespective of educational qualification — PBBY in effect does not become mandatory for all migrants, even if they are going to an ECR country. The PBBY was launched in 2003 and amended in 2006, 2008, and 2017, with the overarching objective of strengthening the coverage of migrant workers. The premium is ₹275 for two years or ₹375 for three years.

Presently, the scheme provides insurance cover of ₹10 lakh in case of accidental death or permanent disability. However, as deaths caused by a pandemic like COVID-19 don’t fall under either of these categories, they are not covered by the scheme.

Expanding the net

Bheem Reddy Mandha, migrant rights activist and president of the Telangana-based Emigrants Welfare Forum, is advocating for PBBY to be revised so that it covers all Indian migrant workers abroad, regardless of their ECR/ ECNR status. “I understand that companies in the Gulf are struggling financially due to the pandemic. Providing health insurance is difficult, but if the government revises PBBY, it could be helpful,” he said.

Government statistics show that there are around 90 lakh Indians working in the six GCC countries plus Jordan and Lebanon, of whom around 90% are low-paid migrant workers. “Such workers are always at a disadvantage when it comes to access to healthcare and other basic rights. We need to revise the PBBY scheme,” said Mandha.

Philip K. Philip heads a group insurance company in the Gulf. He pointed out that if PBBY is enhanced by increasing the premium slightly, the policy could cover death or disability due to other causes, including disease. “The number of migrant workers is huge, and the insurance market would be very much interested in bundling the life policy along with a medical expenses policy at a premium,” he said.

Occupational hazard

Globally, some 50 countries are already seeing COVID-19 as an occupational disease and are providing insurance cover for workers, according to a note prepared by the International Labour Organization (ILO) in February 2021. A few, like Switzerland, classify it as an occupational disease primarily for healthcare workers, while others like Argentina extend this to all essential workers. Some countries including Canada, the U.K. and India — under Section 3 of the Employees’ Compensation Act, 1923 — classify it as an occupational disease on a case-by-case basis. Unfortunately, the Gulf countries are missing from the ILO note.

According to the ILO, infection by COVID-19, if contracted as a result of work, can be considered a work or employment injury. The ILO says such injuries come under the scope of the Employment Injury Benefits Convention, 1964, and the Social Security (Minimum Standards) Convention, 1952. This would

entitle workers in such cases to healthcare and, to the extent that they are incapacitated for work, cash benefits or compensation.

Replying to an emailed query, Thiruvananthapuram MP and Congress leader Shashi Tharoor said he agreed with the idea of expanding the insurance cover. "Insurance schemes for migrant workers should always cover illnesses and not just accidents. The government can certainly do so, but it would have financial implications," he said, adding that he would raise the issue in Parliament.

Suresh S., 38, an oil rig worker in Kuwait, said it would be a blessing for many migrant workers if the government expanded PBBY or rolled out some sort of insurance package covering pandemic outbreaks. "My roommate died of COVID-19 in Kuwait in July 2020. He was just 43. He has a wife and two school going children. I know the family is struggling. There are many like him. It is high time the Indian government thinks of providing an insurance scheme that covers sickness too," he said.

(The writer is Rejimon Kuttappan.)

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Insurance firms settle only half the Covid claims - The Economic Times - 10th April 2021



Insurance companies have settled only half the claims for Covid policies as of March-end 2021.

Of the total claims of Rs 14,608 crore under the Covid health insurance schemes, insurers have settled only claims worth Rs 7,900 crore, according to data by General Insurance Council.

About 66% of the claims under the Covid health insurance policies are from the worst-hit five states with Maharashtra topping the chart.

Maharashtra topped the claims list with 3.58 lakh claims for Rs 4,345.39 crore, followed by Gujarat (1.30 lakh

claims for Rs 1,922 crore) and Karnataka (75,938 claims for 1,136 crore).

Delhi saw 57,184 claims followed by Telangana (52,122), West Bengal (38,021), Uttar Pradesh (33,653).

Death claims

Life insurance companies have paid Rs 2,000 crore towards Covid death claims in the last fiscal.

These claims are over the normal death claims settled by them every year, according to a report.

The 24 life insurers settled over 25,000 Covid death claims. This is likely to increase term insurance policy rates in the next fiscal starting April 1, 2022.

The Covid factor

According to insurance brokers, death claims is set to push up premiums at private life insurers due to Covid. In 2020, many life insurance companies increased the premium on their term life insurance plans by up to 20 percent.

Life insurance companies are increasing term insurance premiums because re-insurers have revised their premiums (which life insurers have to pay for re-insuring their risk) upwards. Re-insurers increased their premium rates as the number of claims has been rising. Given the increase in reinsurance premiums, life insurance companies are expected to increase premiums by up to a maximum of 40 percent.

As of March 15, general and standalone health insurers had received over 9.3 lakh claims related to Covid for over Rs 14,000 crore.

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MOTOR INSURANCE

Top 4 benefits of buying a car insurance policy online - Financial Express – 13th April 2021



The last one year has completely transformed the way we buy products and avail services even as important as insurance. Since the onset of the COVID-19 pandemic, insurance companies in India have been making optimum utilisation of their resources to help customers make informed decisions through virtual and online assistance. This has led to a massive increase in the consumption of insurance products and services digitally across all segments, including both life and non-life sectors.

One of the important sectors that have gained significant traction in the last few months is Motor Insurance with more and more customers buying insurance for their vehicles through digital channels. People have started to realise the fact that buying motor insurance online is much easier as it involves less paperwork and no physical presence. Purchasing insurance online also means faster responses and a transparent buying process.

1. An Array of Options to Compare and Choose

Before you purchase a motor insurance policy for your vehicle, it is very important that you compare different plans on offer from a pool of insurers. Comparing the different plans online and choosing one that rightly caters to your specific needs and requirements will not help you buy the right product but will also help you increase your knowledge. For your convenience, numerous online insurance market places are available that allow customers to compare different insurance products from various insurers. You can easily compare the prices, offered features, inclusions and exclusions, and make an informed choice. You can also pick appropriate add-ons for your vehicle for comprehensive coverage.

2. Affordable Premiums

One of the most important reasons why you must buy your motor insurance policy online is affordable premiums. The premiums of motor insurance policies sold online are significantly low as the operational costs that include manpower and physical offices is very low in digital insurance in comparison to offline insurance. There is no role of agents in online policies. Hence there is no commission involved. All that you need to pay while buying motor insurance online is a processing fee and no extra expenses.

3. Time-Saving

Buying motor insurance policy online is the most convenient and time-saving process, as you do not need to be liberated with time constraints. The entire process of buying insurance online can be completed within a few clicks, which takes a handful of minutes. All that you need to do is choose the most appropriate plan for your vehicle and make the payment. Soon after you make the payment, your policy is issued and sent to your registered email address. Contrary to this, buying insurance offline is a time-consuming and stressful job that may keep you occupied for several days. You need to visit the insurer and meet an agent who will do an inspection of your vehicle and then issue a policy after a few days.

4. Minimum Documentation

Buying motor insurance policy online involves minimum documentation, as all that you need to do is submit a soft copy of the required documents like Registration Certificate and previous year's insurance policy – in case of renewal. Your insurer will issue you a policy in minimum documents unlike offline where you need a share several documents for policy issuance. Buying online also means utmost transparency between the insurer and the customer.

Take Note

There is no doubt that buying insurance for your vehicle online has endless advantages over buying offline. However, with a plethora of options available to choose from, it is very important that you pick the right plan for your vehicle and make an informed decision. While comparing different plans, do remember to consider certain parameters including the IDV – Insured Declared Value – the features, inclusions, exclusions and the premium. As a thumb rule, always ensure that you completely know what you are buying and for what all things your vehicle is being covered for.

(The writer is Sajja Praveen Chowdary.)

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Scrapage policy may lower your car insurance premium – Live Mint – 12th April 2021



Older vehicles are not only more hazardous but also carry a greater risk of breakdowns and accidents. They also lead to more pollution. In this piece, we take a look at whether a scrappage policy can affect your car insurance premium.

The scrappage policy aims at taking old vehicles off the roads. Vehicles beyond an age are compulsorily to be scrapped under the statute. Such policies currently exist in some states in differing forms. The national-level policy that is now being envisaged contemplates a 15-year life span for vehicles.

R.K.T. Krishnan, country head - motor claims, Royal Sundaram General Insurance, said that the government of India has been considering a policy to scrap vehicles that have reached their end of life (typically 15 years for a commercial vehicle and 20 years for a private vehicle) since 2016 and the policy draft for scrapping facilities was notified on 15 March. The policy is necessitated by the fact that older vehicles cause more emissions.

“Car owners who scrap their vehicles will get about 5% of the value as scrap value and will also get some favours in road tax and registration costs,” said Krishnan. The impact of vehicle scrappage on insurance will be known as the implementation of the policy evolves into action. Insurers will prefer safer vehicles to insure and this will have an impact on third-party claims. Any third-party premium reduction on this score will have to be seen, as a third-party premium is fixed after considering the industry experience.

Aatur Thakkar, co-founder and director, Alliance Insurance Brokers, said that old vehicles contribute little to the insurance pool since they carry only third-party insurance. In April 2007, the insurance industry had created a separate pool for third-party insurance, managed by the General Insurance Corporation of India (GIC Re).

THIRD-PARTY CLAIMS

Despite premium adjustments, third-party claims continue to bleed the pool, carrying an incurred claims ratio in excess of 140% and the major contributor to these losses are older vehicles. Statutorily taking older vehicles off the road will reduce claims and thus reduce the stress on premiums. “Therefore, it can be expected that in the near future, this move will stabilize third-party premium rates and in the long run, even result in a downward adjustment of premiums,” said Thakkar.

Claims ratio is a metric to measure the trustworthiness of an insurer. It generally helps a policy buyer understand the likelihood of the insurer compensating him/her for their vehicle’s damage or loss. When the government decides to compulsorily take old vehicles off the road through the scrappage policy, such a move also includes some incentive towards the purchase of new vehicles through concessional loans, tax rebates and the like. This would result in a greater investment of the public at large in new vehicles,

most probably low- and mid-segment makes and models. This will augment the motor portfolios of insurance companies.

Such an increase in volumes can also cause a reduction in own damage (OD) premium rates, especially since insurance companies have a greater appetite for new vehicles in these segments. The OD component of an insurance policy helps protect you and your insured vehicle from your own damage. It covers your vehicle against any accidents like fire, theft, etc.

REPAIR COSTS

Generally, in case of an accident, an OD cover compensates you for the expense to repair or replace parts of your damaged car. "Therefore, the scrappage policy will not only bring down accidents and pollution, it will also bring down insurance premiums," said Thakkar. Besides, scrappage can provide insurers access to some good reconditioned parts and that can help reduce the cost of replacement.

"At the same time, any reduction in the salvage value of a vehicle that has met with an accident will adversely impact the insurer. Thus, the possibility of any change in premium will be known only as scrapyards stabilize their operations," said Krishnan.

(The writer is Navneet Dubey.)

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INSURANCE CASES

Supreme Court says blood test not necessary for insurance company to reject claim over drunken driving - India Legal - 13th April 2021



The Supreme Court on Monday held that a breath analyzer test or blood test as contemplated under the Motor Vehicles Act is not necessary for an insurer to repudiate an accident policy claim on the ground of drunken driving. A three-judge Bench of Justices U.U. Lalit, Indira Banerjee and K.M. Joseph passed this judgement while hearing a Civil Appeal filed by IFFCO Tokio General Insurance Company Ltd.

In this Appeal, an accident, which took place on November 22, 2007 involving a car belonging to the respondent-Company, which was insured with the appellant, has resulted in this appeal against the order by the National Consumer Disputes Redressal Commission. The question which arises in this appeal is, whether the NCDRC is correct in holding that the appellant is not entitled to invoke the shield of Clause (2c) of the Contract of Insurance, under which, it was not liable, if the person driving the vehicle, was under the influence of intoxicating liquor, or drugs.

The State Commission rejected the complaint of the respondent finding that there was evidence to show that the person who drove the vehicle, had consumed liquor and was under the influence of liquor. The NCDRC, by the court order, on the other hand, found that there was no material to establish that the driver of the vehicle was under the influence of intoxicating liquor within the meaning of the Exclusion Clause.

The vehicle was driven by one Aman Bangia. Following the accident, an FIR has been lodged. The accident took place in the early morning at about 02.25 a.m. on December 22, 2007. The FIR was lodged in the case under Section 279/427 of the IPC and Section 185 of the Motor Vehicles Act, 1988. The court was considering an appeal filed by the insurance company against an order of the National Consumer Disputes Redressal Commission which held the insurer at fault for excluding the policy liability on the ground of drunken driving.

According to the NCDRC, the insurer had to prove that the alcohol content was above 30 mg/100 ml of blood, as stipulated under Section 185 of the Motor Vehicles Act. The National Consumer Disputes Redressal Commission said that without proving the said alcohol content presence through the scientific results of breath analyser and blood tests as prescribed in Sections 203 and 204 of the MV Act, the insurer cannot exclude the liability.

The NCDRC reversed the order of the State Consumer Disputes Redressal Commission which had rejected the complaint of the insured against the repudiation of the policy. Shivam Singh, Counsel for the appellant said that this is a clear case where unimpeachable material in the form of official records established that the car was being driven by a person who was under the influence of intoxicating liquor.

He further pointed out that the Court may appreciate the nature of the case set up by the driver of the vehicle. It is pointed out that it was contended by the respondent that the vehicle was not driven rashly and negligently. The apex court noted that case records showed that the smell of alcohol was emanating from the driver. The MLC report of the driver indicated the smell of alcohol. Even the NCDRC proceeded on the basis that the driver had consumed alcohol, but had held that the alcohol content was not proved to be beyond the legally permissible limit.

The Court further noted that the medical practitioner had discerned the smell of alcohol in the body of the driver. The incident took place during the wee hours. There was no explanation from the parties regarding the cause of the accident. The driver and the co-passenger were in their late twenties. Both of them had consumed alcohol. The car, a Porsche, which has a very powerful engine and capable of achieving enormous speed, is reported to have gone out of control and hit at a massive force with the footpath of the road near India Gate at New Delhi. The car overturned and caught fire. Fire services had to come to douse the fire. The car was rendered a total wreck.

The Court held that there would be very less traffic at the time of the accident and that the road was very wide. So something out of ordinary must have happened to cause the accident. The Court stated that if the insurance company is able to establish from the facts that the driver was under the influence of alcohol at the time of the accident, it will not be deprived of its right to exclude the policy benefit merely on the ground that the scientific tests for alcohol presence were not carried out.

The apex court held that the requirement of Section 185 is in the context of a criminal offence. If prosecution has not filed a case under Section 185, that does not mean that a competent forum under the Consumer Protection Act, is disabled from finding that the vehicle was being driven by the person under the influence of the alcohol. "The presence of alcohol in excess of 30 mg per 100 ml. of blood is not an indispensable requirement to enable an Insurer to successfully invoke the clause. What is required to be proved is driving by a person under the influence of the alcohol", the Court said.

The court stated that the requirement under Section 185 of the Motor Vehicles Act is not to be conflated to what constitutes driving under the influence of alcohol under the policy of insurance in an Own Damage Claim. Such a claim must be considered on the basis of the nature of the accident, evidence as to drinking before or during the travel, the impact on the driver and the very case set up by the parties.

"We can take judicial notice of the fact that the roads in the Capital City, particularly in the area, where the accident occurred, are sufficiently wide and the vehicle dashing against the footpath and turning turtle and catching fire, by itself, does point to, along with the fact that the alcohol which was consumed manifests contemporaneously in the breath of the driver, to conclude that alcohol did play the role, which, unfortunately, it is capable of producing", the judgement reads.

The Supreme Court, allowing the appeal of the insurance company, said that "the alcohol which was consumed manifests contemporaneously in the breath of the driver, to conclude that alcohol did play the role, which, unfortunately, it is capable of producing"

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PENSION

PFRDA to raise max age for admission under NPS to 70 – Live Mint – 16th April 2021



The National Pension System (NPS) is set to admit new subscribers as old as 70, introduce a guaranteed pension scheme, and allow full withdrawals up to ₹5 lakh on maturity, India's pension regulator said.

Around 15,000 people above 60 joined NPS since the entry age limit was raised from 60 to 65 three years ago, Pension Fund Regulatory and Development Authority (PFRDA) chairman Supratim Bandyopadhyay said at a virtual press conference on Thursday. PFRDA has also proposed to allow subscribers who join after 60 to continue their NPS accounts till 75. For others, the maturity age will remain 70.

Besides, the regulator has proposed a minimum guaranteed pension product under NPS, Bandyopadhyay said. At present, the NPS is a defined contribution system, which means that while the contribution to NPS is fixed, the maturity amount depends on the performance of the pension funds. The authority plans to invite bids for designing such a product in 15-20 days.

The PFRDA, which recently invited applications to issue fresh licences for pension fund managers, plans to open a second window of around 45 days for new applicants, Bandyopadhyay said. Based on the experience with this, the regulator would institute an 'on tap' licensing system. This would mean applications can be made and processed all through the year. In the latest round, PFRDA granted a licence to Axis Asset Management Co. and also renewed licenses of existing pension fund managers.

However, two entities, Aditya Birla Sun Life Pension Fund and Kotak Pension Fund, are yet to meet certain regulatory requirements for the licence. The regulator is also considering an increase in the fees that can be charged by NPS agents, which are called points of presence, Bandyopadhyay said.

PFRDA has also proposed to allow subscribers to 'commute' or fully withdraw their pension corpus if it is below ₹5 lakh, something that is now allowed only up to ₹2 lakh. About 40% of such withdrawals will be taxable, with the remaining 60% being tax free. The taxable amount is added to the subscriber's total income and will attract tax at the slab rate.

The regulator is eyeing an increase in subscribers in NPS by 1 million in the current financial year, up from around 600,000 in FY21. For NPS and Atal Pension Yojana (APY) combined, the PFRDA expects to add around 10 million new subscribers in FY22, up from 8.3 million in FY21. The PFRDA oversees assets of around ₹5.78 trillion under NPS and APY and has 42.4 million subscribers as of 31 March 2021.

"Life expectancy in India has increased and a good social security system is lacking. There aren't enough savings products for senior citizens. So, the move to hike the maximum age of entry into the NPS is a good one. Similarly, if a guaranteed minimum pension is created, NPS and EPF will become more fungible and employees have more choice on which system to choose," said Narayanan Sadanandan, the managing director and chief executive officer of SBI Pension Fund.

(The writers are Neil Borate and Navneet Dubey.)

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PFRDA mulling option of parking 40% annuity at retirement with pension fund managers - Financial Express – 15th April 2021



Pension fund regulator PFRDA is mulling giving to its subscribers an option of parking 40 per cent of the corpus that is mandatory to purchase an annuity at the time of retirement with a pension fund manager to get better benefits. As of now, subscribers having a corpus of over Rs 2 lakh at the time of retirement or attaining the age of 60 years need to buy an annuity, offered by insurance companies, on a mandatory basis. They can take out the remaining 60 per cent as a lump sum.

In other words, if a subscriber has a corpus of Rs 2 lakh or less at the time of retirement, it is not mandatory for that person to purchase an annuity as the amount comes out to be very less to be offered as a monthly pension. Currently in the National Pension System (NPS), so long the money is getting accumulated in the corpus, post retirement at the age of 60 years, one has to pay 40 per cent of the corpus to buy an annuity and the balance 60 per cent can be taken out as a lump sum, PFRDA Chairman Supratim Bandyopadhyay said during a virtual conference.

But the annuity rates always track the interest rate markets, so annuity rates have also come down drastically so much so that at the age of 60 years, the returns are in the range of 5-6 per cent. “Most of the players (annuity providers) are giving about 5-5.5 per cent as returns. And the annuity is taxable also...so if you see the kind of inflation you see in the market, it is a negative return. “So a lot of people were complaining about that, so we thought why not give them one more choice of retaining that 40 per cent also within our pension fund managers and giving them a kind of a return which...So we are in talks with our pension fund managers,” Bandyopadhyay said.

He said the discussions are with the stakeholders including the government and regulators such as Irdai and Sebi because companies under their regulation also offer annuity products. Besides, the Pension Fund Regulatory and Development Authority (PFRDA) is also proposing to raise the limit of Rs 2 lakh to Rs 5 lakh as the maximum corpus one can walk away with at the time of retirement or exit of the scheme, without the need to purchase an annuity. The rationale behind this is that a corpus over Rs 5 lakh and mandatory purchase of annuity can offer a minimum pension of Rs 1,000 per month. As of now there are as many as 12 insurance providers empanelled with the PFRDA to offer annuity products and there are eight pension fund managers that invest the subscribers’ fund in various schemes chosen by them.

The pension fund managers on board the PFRDA have generated returns of 12.03 per cent in equity schemes; corporate bonds 10.02 per cent; government securities (G-sec) 9.66 per cent since the inception of NPS in 2009. Funds invested in central and state government schemes have generated returns of 9.94 per cent and 9.83 per cent respectively over these nearly 12 years. PFRDA runs two flagship pension schemes– National Pension System (NPS) and Atal Pension Yojana (APY). It registered a growth of 23 per cent in its overall subscriber base to over 4.24 crore (424.40 lakh) as of March 31, 2021. The assets under management grew by 38 per cent to Rs 5,78,025 crore. National Pension System (NPS) launched in 2009 mainly caters to organised sector employees including all government employees in centre and states. APY, launched in 2015, is mainly meant for the employees working in the unorganised sector in the country.

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Govt may hike pension sector FDI limit to 74%; Bill likely in next session – Business Standard – 11th April 2021

The government may hike foreign direct investment (FDI) limit in the pension sector to 74 per cent and a Bill in this regard is expected to come in the next Parliament session, according to sources. Last month,

Parliament approved a Bill to increase FDI limit in the insurance sector from 49 per cent to 74 per cent. The Insurance Act, 1938 was last amended in 2015 which raised FDI limit to 49 per cent, resulting in foreign capital inflow of Rs 26,000 crore in the last 5 years. Amendment to Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013 seeking to raise FDI limit in the pension sector may come in the monsoon session or winter session depending on various approvals, sources said. Currently, the FDI in the pension fund is capped at 49 per cent.

Besides, sources said, the amendment Bill may contain separation of NPS Trust from the PFRDA. The powers, functions and duties of the NPS Trust, which are currently laid down under the PFRDA (National Pension System Trust) Regulations 2015, may come under a charitable trust or the Companies Act, they said.

The intent behind this is to keep NPS Trust separate from the pension regulator and managed competent board of 15 members. Out of this, the majority of members are likely to be from the government as they, including states, are the biggest contributor to the corpus. The PFRDA was established for promoting and ensuring the orderly growth of the pension sector with sufficient powers over pension funds, the central recordkeeping agency and other intermediaries. It also safeguards the interest of members.

The National Pension System (NPS) was introduced by the Government of India to replace the defined benefit pension system. NPS was made mandatory for all new recruits to the central government service from January 1, 2004, (except the armed forces in the first stage) and has also been rolled out for all citizens with effect from May 1, 2009, on voluntary basis. The government had made a conscious move to shift from the defined benefit, pay-as-you-go pension scheme to defined contribution pension scheme, NPS, due to rising and unsustainable pension bill. The transition aimed at freeing the limited resources of the government for more productive and socio-economic sectoral development.

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IRDAI CIRCULARS

Topic	Reference
Standard Products-Health Insurance	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_LowLayout.aspx?page=PageNo4407&flag=1
GROSS DIRECT PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF MARCH, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_LowLayout.aspx?page=PageNo4442&flag=1
IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_LowLayout.aspx?page=PageNo4444&flag=1
IRDAI (Regulatory Sandbox) (Amendment) Regulations, 2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_LowLayout.aspx?page=PageNo4445&flag=1

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GLOBAL NEWS

Asia: Insurers have a lot to contribute towards cost effective healthcare – Asia Insurance Review

The COVID-19 pandemic has pushed health and wellbeing to the forefront of consumers' concerns and there is an urgent need for cost-effective healthcare backed by insurance, said speakers on the opening day yesterday of the Virtual Asia Conference on Healthcare and Health Insurance. In his opening address, Mr Thomas Dijohn, dacadoo senior vice president-Asia Pacific, said that insurers have responded to the pandemic by boosting their traditional medical and life cover with an array of digital health or wellness products and services.

He added that digital is now the default mode of customer engagement. To stay on top of the game, insurers have to establish quickly a strong presence across the digital health ecosystem. "Implementing digital health services not only boosts consumer engagement, but also allows users to lead healthier lifestyles," he said.



Future trends in healthcare

Highlighting the megatrends in digital healthcare insurance, Mr Tony Estrella, managing director of Taliossa and podcast host for Future Proofing Healthcare & Digital Health Today, said that technology and data innovation will change how human behaviour is modelled and risk assessed. He said that insurance companies are today increasingly adopting new key performance indicators and, in the future, there will be some deep and trusted relationships that will be built on the basis of health outcomes.

"In future, there will be instances of cheaper interventions available that will reduce the cost of treatment and result in lower claims pay-outs for insurers," he said. Mentioning chronic disease management, he said that there needs to be collaboration between different stakeholders in effectively handling this segment.

Blockchain can address inequities in healthcare

PwC Global Health insurance practice leader Joydeep Roy in his presentation said that blockchain is a totally new architecture that provides new capabilities in addressing healthcare inequities. He highlighted that people have to be educated through campaigns to make them understand the severity and immutability of data and audit trails that exist in blockchain. "Adoption has to lead, along with concerted efforts by the insurance industry, to educate people and for this to happen, collaboration is the key," he said.

COVID-19 a wake-up call for health sector

Medix Group president Sigal Atzmon Lidar said that the COVID-19 pandemic is a wakeup call for the health sector as well as an opportunity. She highlighted that existing healthcare institutions will slowly fade out as new business models with better and more efficient care emerge.

"Thousands of startups, as well as today's data giants have entered this lucrative multi trillion-dollar healthcare industry with new business models that dematerialise, demonetise and democratise today's bureaucratic and inefficient system," she said. She felt that over the next 15 years, more and more governments and public systems will privatise healthcare and, in such a scenario, private health insurers will play a significantly bigger role. The two-day event, which has as its theme, "Cost-effective Healthcare and HealthTech Solutions in the Pandemic-induced Work-from-Home Era", is sponsored by dacadoo.

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Global: Reinsurers expected to post modest underwriting profits this year – Fitch - Asia Insurance Review

Global reinsurers are expected to post modest underwriting profits in 2021, as increases in reinsurance rates across almost all business lines are expected to outpace loss cost inflation, says Fitch Ratings. Pandemic-related losses are projected to normalise across non-life (re)insurance, life and health reinsurance mortality businesses.

Fitch's stable rating outlooks on global reinsurance and US property/casualty insurance reflect the expectation for hardening pricing conditions and stabilising pandemic-related claims amid depressed investment income due to ultra-low interest rates and further asset quality deterioration. The catastrophic events this year to date have pushed prices even higher in an already hardening market. Premium pricing is expected to increase at the June and July 2021 reinsurance renewals, although likely

losing momentum in 2022, following sizeable 2020 loss events that have continued in 2021. Global reinsurance 1H21 earnings are expected to be pressured by year-to-date catastrophic events such as winter storms in the US and flooding in Australia. The recent Suez Canal blockage, while expected to result in large losses and in higher prices for marine reinsurance, is not likely to materially affect credit profiles.



Fitch forecasts a 2021 reinsurance combined ratio of 99.1%, reflecting 9.0ppt average catastrophe losses, 1.5ppt for additional coronavirus losses and 1.0ppt of reserve releases, which are expected to diminish but remain slightly favourable to results. The reinsurance group underlying accident-year combined ratio, excluding catastrophes and coronavirus losses, is expected to improve to 89.6% in 2021, down from 90.5% in 2020 and 92.9% in 2019.

Reinvestment rates are expected to remain below running portfolio yields on reinsurers' investment portfolios, with lower resulting investment income likely offsetting the modest increase in underwriting income in 2021. Investment income pressure may motivate reinsurers to maintain underwriting discipline and push up prices, however, these efforts may be thwarted by the competitive environment.

Fitch says global insurers entered 2021 very well capitalised, as underlying performance improved in 2020 due to significant price increases in non-life primary and reinsurance, despite substantial earnings pressure from pandemic-related paid claims and reserves. Capital levels remained largely intact despite substantial pandemic-related underwriting losses in several segments, including contingency/event cancellation, travel, trade credit and surety, business interruption, and mortality. Fitch forecasts a 6.5% ROE in 2021, in line with the estimated 6%–7% cost of capital, as operating results remain stressed with record low investment yields. Shareholder equity growth has been driven by equity raised, unrealised bond gains from a decline in interest rates, and lower dividends and share repurchases as reinsurers retained capital, given pandemic-related uncertainty and in anticipation of favourable capital deployment opportunities.

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Taiwan: All life insurance policies will be in digital form in 2 years - Asia Insurance Review

Life insurance policies in Taiwan will gradually become paperless, according to the director-general of the Insurance Bureau of the Financial Supervisory Commission (FSC), Ms Shih Chunghwa.

She said yesterday that the policyholders of half of life insurers in Taiwan have yet to promote electronic insurance policies, but they are expected to have all digital life insurance policies in the next two years as well as launch electronic passbooks, according to a report by the Central News Agency.

A legislator Lin Chu-yin was concerned about the progress of the digital insurance policy. At a session of the Legislative Yuan yesterday, she noted that there are an average of 2.5 insurance policies per person in Taiwan. She also pointed out that there are still more than 40% of insurance companies that have not yet adopted digital insurance policies, including four property insurance companies and 11 life insurers. In other words, half of life insurance companies are still issuing insurance policies in hardcopy.

Ms Shih replied that as the four property insurance companies, that have not yet implemented electronic insurance policies, have mainly corporate customers and the number of their insurance policies is very small, it is still being considered whether these four insurers should be included in the digitisation programme.

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Bangladesh: Average insurance policy lapse rate seen as at least 50% - Asia Insurance Review

An analysis of the financial reports of insurance companies in Bangladesh over the previous five years shows that an average, half of all insurance policies purchased in a year lapsed after the payment of the first-year premium.

Dr Helal Uddin Ahmed, a retired Additional Secretary in the government, writing in The Financial Express, says this and adds that several factors explain the lapses. These include negligence of the insurance agents, who demonstrate laxity in following up with clients subsequent to the purchase of a policy. There is also a lack of awareness among clients as well as mis-selling by agents who often lack adequate education.

According to the figures provided by Bangladesh Insurance Association, about 70% of life insurance policies become redundant after the first year. Previously, insurance agents received commissions of 35% to 70%. However, in March 2012, the commission system was revamped and the regulatory authorities capped the commission rate for agents at 15%.

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Global: Reinsurers show signs of underlying combined ratio improvement - Willis Re - Asia Insurance Review

An in-depth analysis conducted by Willis Re of the results of a set of 17 reinsurers shows that their reported combined ratio deteriorated from 100.6% in 2019 to 104.1% in 2020, due entirely to COVID loss reserving.

However, on an underlying basis i.e. normalising COVID and natural catastrophe losses and excluding reserve releases, the combined ratio improved from 103.1% to 100.7%. This is the first full-year improvement in this ratio since at least 2014, says Willis Re in its latest Reinsurance Market Report.

ROE

Willis Re, the reinsurance business of leading global advisory, broking and solutions company Willis Towers Watson, also says that return on equity (ROE), nevertheless, remains under pressure. The companies' reported ROE fell from 9.7% to 2.7%, and the underlying ROE also fell from 3.2% to 1.3%.

The underlying deterioration was due to declining investment yields more than offsetting the better underlying underwriting performance. On both a reported and underlying basis, the ROE remained well below the industry's cost of capital.

Capital

Total capital dedicated to the global reinsurance industry reached \$658bn at the end of 2020 reflecting 7% year-on-year growth.

The rise was driven primarily by strong investment market appreciation. New capital raised both by incumbents and new entrants added to the total, but capital returns to shareholders exceeded those new investments.

Mr James Kent, Global CEO of Willis Re, said, "Such a solid development of the global reinsurance industry's capital base would hardly have been expected earlier last year, as the COVID pandemic was gathering pace. Willis Re's analysis provides clear evidence of the strength and resilience of reinsurance market capacity.

"Reinsurers and insurers alike must contend with the challenges of low interest rates. But, looking through the turbulence of COVID and Nat CAT claims, and a declining reliance on reserve releases, there is a clear improving trend in underwriting profitability."

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Asia Pacific: Protracted low interest rates to drive insurers to push premium increases - Asia Insurance Review

Lower-for-longer interest rates have a number of implications for the credit profiles of Asia-Pacific (APAC) insurers, with the overall impact dependent on existing product mixes and investment portfolios, says Fitch Ratings.

In a report, the global credit rating agency said, “Insurers’ overall profitability will be suppressed by higher reserving and lower investment returns. We believe this will encourage insurers to push price increases and cut expenses, in addition to shifting towards more profitable products.”

Fitch also said, “We expect the low interest-rate environment to have the largest consequences for life insurers with long-term guaranteed business, exacerbated by asset/liability duration mismatches.”
Japan & Korea

Life insurers in Japan and Korea are exposed to interest-rate risk due to past sales of products with long-term investment guarantees. Some Japanese insurers still have wide asset/liability duration mismatches, while those in Korea have reduced the gap by investing in long-dated bonds.

Fitch said, “We believe further pressure is limited for Japanese insurers, as policy rates have been negative since 2016. The shift towards profitable protection-type business and sustained mortality gains have also offset pressure from low interest rates for insurers in both countries.”

Higher investment risks

Fitch says that insurers are likely to take on more investment risk to offset the effect of low rates on returns, with underwriting profit becoming more important across all lines. Insurers in developed markets, such as Japan, Taiwan and Korea, and emerging markets, such as China and Sri Lanka, have high risky-asset exposures and further increases in risk-taking in search of yield could pressure their investment risk profiles.

Meanwhile, the pandemic-driven economic fallout has induced supportive central bank policy in APAC markets. This has created the expectation that the low market interest-rate environment will be prolonged.

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