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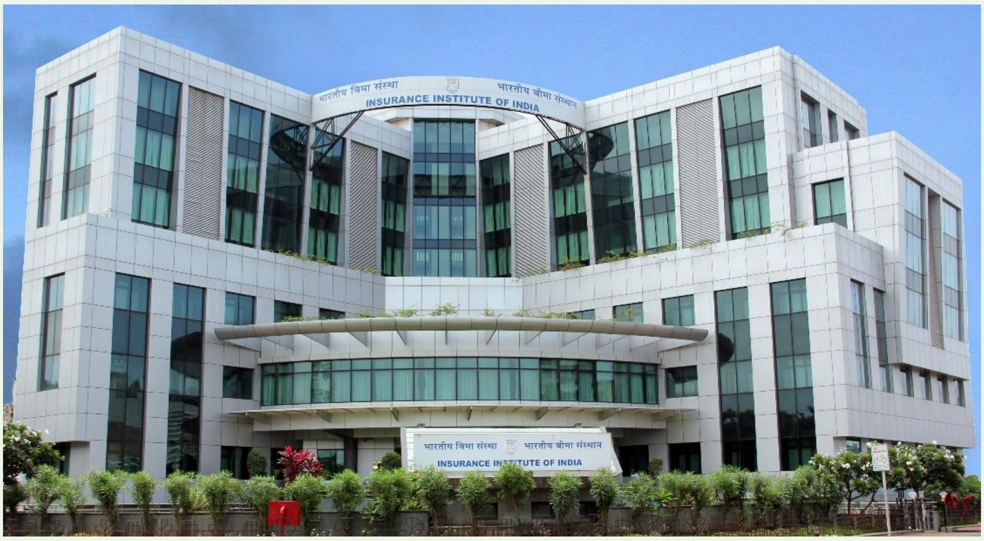


QUOTE OF THE WEEK

“Permanence, perseverance and persistence in spite of all obstacles, discouragements, and impossibilities: It is this that in all things distinguishes the strong soul from the weak.“

Thomas Carlyle

INSIDE THE ISSUE

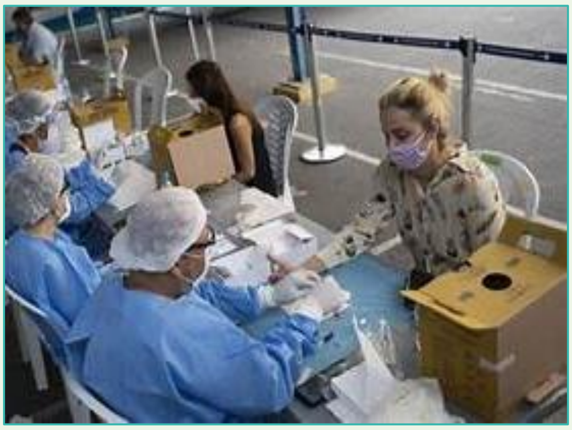
INSURANCE TERM FOR THE WEEK

Binder

A legal agreement issued by either an agent or an insurer to provide temporary evidence of insurance until a policy can be issued. Binders should contain definite time limits, should be in writing, and should clearly designate the insurer with which the risk is bound. They should also indicate the amount of insurance, the type of policy, and (in the case of property insurance) the perils insured against.

INSURANCE INDUSTRY

As Covid-19 vaccination slows down, insurers insist customers take jabs - Business Standard – 3rd June 2021



India is running short of Covid-19 vaccines, but insurance companies are insisting customers take the inoculation. Some health insurance firms are offering discounts to customers who have taken a jab. Tata AIA Life Insurance Company has made its mandatory that anyone planning to buy a term insurance policy should get both the doses of vaccine.

Reliance General Insurance is offering up to 5 percent discounts for vaccinated customers who wish to buy a health cover. “This information doesn’t capture facts. To ensure the highest degree of financial protection to our policyholders, we ensure their interests are protected at all times. Accordingly, our underwriting practices reflect the emerging realities and continue to remain prudent,” said a spokesperson for Tata AIA.

Insurance reach in India is abysmal. The latest Economic Survey showed penetration in the non-life segment slipped to 0.94 percent from 0.97 percent in 2018. The life insurance segment did marginally better, with penetration at 2.82 percent from 2.74 percent in 2018. Insurance penetration is calculated as a percentage of insurance premium to gross domestic product (GDP). India’s vaccination drive is running slow. Only 3.2 percent of the population has been fully vaccinated with two shots, while 2.4 percent has got the first one. Some states have halted vaccination for the 18-45 age group due to shortage, as many older than 45 have not got the second shot. “The insurance companies are trying to improve their underwriting. At the end of the day, it is about fair pricing of risk. They are trying to get as much as data as possible to price the product,” said Nischint Chawathe, Director, Kotak Institutional Equities. “It is quite possible that insurance companies, particularly health insurance companies, are getting higher claims after the pandemic broke out,” he added. For the fiscal year ended March 2021, health reported one of the highest growth among all lines of business. Growth was mostly driven by a sharp increase (38.1 percent) in retail health business, according to a report by AM Best, a company that provides credit ratings and financial data products and services for the insurance industry. One of the factors behind this robust growth is the Covid-19 pandemic.

According to a note by ICICI Securities, the general insurance company’s coronavirus-related claims went up as high as $ 374 million in September 2020, when the first wave was at its peak. The claims remained at an elevated level in October, November and December--$ 305 million, $ 249 million and $ 312 million respectively--before coming down to $169 million in January. Experts said the insurers expected claims to rise in the second wave of pandemic also which may have prompted them to insist for vaccination before offering a policy. Most of the insurance companies have increased the waiting period for issuing a policy in case the person was infected – to three months, from one month. Insurers started insisting on vaccination after the industry regulator said that it has received complaints that companies are not issuing Corona Kavach and Corona Rakshak policies. The Insurance Regulatory and Development Authority (IRDAI) clarified that all general and health insurers are mandated to offer these policies. "… all insurers, as applicable, were advised to continue offering Corona Kavach and Corona Rakshak Policies and also to renew these policies," IRDAI said earlier this month.

So far as health insurance is concerned, though India's state-run insurers account for the lion's share of the health segment, standalone health insurers and private insurance providers have also expanded aggressively. The AM Best report observed that over the last decade in particular, standalone health insurance companies recorded a robust CAGR of approximately 30.0 percent, which was much higher than that of the PSUs (<20 percent). The standalone health insurers make up about 26 percent of the Indian health insurance market, which is a significant increase from less than 10 percent a decade ago.

(The writer is Manojit Saha.)

TOP

India: Gap between COVID deaths and insurance claims reflects underinsurance – Asia Insurance Review

The big gap between actual deaths from the COVID-10 pandemic and the number of death claims is a reflection of India's low insurance penetration rate.

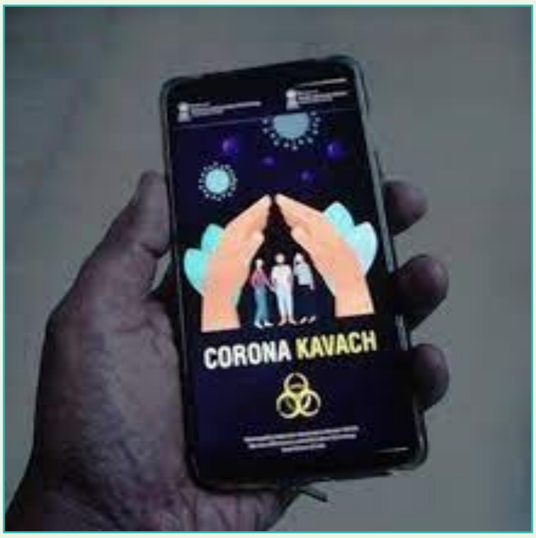
The pandemic in India has officially claimed 311,388 lives as of 26 May. So far, though, around 35,500 death claims have been filed of which close to 29,300 have been settled, reported Money control.

"It is only in large metros and semi-urban areas where insurance awareness exists. Life insurance continues to be a push product, even though the country doesn't have any social security net. And this is reflected in the low COVID-19 death claims," said Mr Suresh Bhatt, CEO, InsurrRisk Consulting.

In FY2020, the overall insurance penetration stood at 3.76% in India. Life insurance penetration was estimated at 2.82% while non-life was 0.94%. The percentages are marginally different from the FY2019 overall penetration rate of 3.71%. Penetration was 2.74% for life and 0.97% for non-life.

TOP

As claims bite, insurers erect barriers around 'Corona Kavach' - The Economic Times – 1st June 2021



India's health insurers are silently – but surely - pulling back from issuing short-term Covid-19 hospitalisation covers after thousands of crores of rupees in treatment claims through the second viral wave put a question mark on their profitability and solvency. Sector regulator Irdai had made it mandatory for all general and health insurers to sell and renew 'Corona Kavach' to enable interim access to hospitalisation benefits for millions of uninsured Indian households and blue-collar frontline workers who couldn't afford more comprehensive long-term health policies. In March, the regulator extended the validity of these covers till September 30, 2021.

Therefore, insurance firms cannot scrap these covers altogether. But insurers have made the process of buying Corona Kavach harder, sources at leading brokerages and distributors said. "Insurers priced these policies when there were only about 30,000 daily cases in the country. Now, all large states are reporting these figures," said a source at a top insurance brokerage. “It has proven to be a loss-making product for all insurers. There is no incentive to scale this. If given the option, companies would stop it altogether.” According to a survey conducted by consumer awareness platform Beshak.org, as of last week, only four insurers are allowing online sales of Corona Kavach. These are New India Assurance, United India Insurance, Aditya Birla GI and Raheja QBE. Other insurers have either disabled the option to purchase online or are asking buyers to contact their respective customer care facilities, said Mahavir Chopra, the chief executive of Beshak.org. Some insurers have also removed the automatic premium calculator that helps customers determine the prices online.

(The writer is Ashwin Manikandan.)

TOP

Pension, insurance benefits to families of workers who died due to Covid - The Hindu Business Line – 30th May 2021

Prime Minister Narendra Modi said on Saturday his Government stands in solidarity with the members of those families who lost their earning member due to Covid 19.

Modi said family pension under ESIC and EPFO-Employees’ Deposit Linked Insurance Scheme will provide a financial cushion to them.

The Labour Ministry said in a release after the announcement of Modi on Twitter that the ESIC will provide pension to families of those who died due to Covid and an enhanced and liberalised insurance compensation to depedent family members.

They will receive of benefit of pension equivalent to 90 per cent of average daily wage drawn by the worker as per the existing norms. “This benefit will be available retrospectively with effect from March 24, 2020 and for all such cases till March 24, 2022,” the release added.

Insurance benefits
The insurance benefits under the EDLI scheme have been enhanced and liberalised, the Ministry said. “Apart from all other beneficiaries, this will in particular help the families of employees who have lost their lives due to Covid. Amount of maximum insurance benefit has been increased from Rs. 6 lakh to Rs. 7 lakh,” the Ministry said. The provision of minimum insurance benefit of Rs. 2.5 lakh has been restored and will apply retrospectively from February 15, 2020 for the next three years.

TOP

COVID-19 second wave: Impact on insurance sector and policyholders – CNBC - 29th May 2021

The second COVID-19 wave has left a drastic impact on many people in different ways. The insurance industry has received 2x the number of claims in comparison with 2020 which demonstrates that the industry has faced a much larger dent this year, according to PolicyX – an insurance aggregator. "As per general insurance companies, India received 11.39 lakh cases with claims worth Rs 15,988 crore. The companies settled 9.51 lakh cases with claims worth Rs 9,141 crore until May 5, 2021. The general insurance companies have rejected or withdrawn 47,898 cases,” said Naval Goel, founder & CEO, PolicyX.com. This has laid pressure on the insurance sector, Goel added, which might be felt a little longer than expected.

The change
Now, market experts believe that buying insurance can’t be considered as easy as it was before for both, health and term. Certainly, as Goel said, the idea behind designing innovative products and maintaining

low premium cost has always been to have a deeper penetration across all sections of society and insurance companies were managing to create pocket-friendly affordable premiums in their best possible way.

"But all this was possible as the mortality rate in India was quite low. If we look at the Indian mortality data, it has grown in the last 3 years due to an epidemic which has a direct correlation with the insurance sector, especially life insurance," he stressed.

"However, it should not impact the penetration of the insurance sector because primarily this is going to be a temporary phenomenon to manage the current condition and bring back financial stability. Secondly, we can't ignore the fact that people have realised the significance of insurance now more than ever. Even if a person has to pay an extra premium or get extra medical check-ups done, he/she will do so to ensure their safety in the long run," Goel further said.

Meanwhile, health insurance prices, Goel added, are also expected to increase but consumers need not worry as there can be ways to take out to get discounts to reduce the premium such as to avail of cumulative discounts, family discounts, co-pay and deductibles and many more. Also, various standardised products in the market are primarily designed for low premiums.

Buying policies during the pandemic
Talking about the challenges of buying insurance, Goel said some insurers are tightening the norms such as medical test requirements, etc but not much difference has been seen in terms of underwriting. "It is just that the insurance companies are being extra cautious with new applications. The new norms may include an extended waiting period, extra medical condition declarations in the form of medical tests, and even higher premiums," Goel explained.

IRDAI's new policies
IRDAI recently issued many notifications with a view to ease out procedures for the policyholders reeling under the COVID-19 effect. This will, according to Goel, further gain the confidence of the masses and penetrate the insurance concept among the masses with new provisions such as home care treatment or fast approvals.

"This might create some pressure on insurance companies but it is going to be restricted for a short period. Insurance companies are undertaking every possible means to support their customers despite feeling the heat of the second wave. But once these current outbreak subsidies, the insurance companies will also get a breather to settle down and come out of financial pressure," Goel said.

(The writer is Anshul.)

[TOP](#)

INSURANCE REGULATION

Cyclone Yaas, Taukate: IRDAI issues guidelines for Life Insurance claim settlement of victims - Financial Express – 29th May 2021

Cyclones Tauktae and Yaas have caused the loss of human lives and belongings in several districts of Maharashtra, Gujarat, Odisha and West Bengal. The Insurance Regulatory and Development Authority of India (IRDAI) has issued guidelines for insurers to facilitate quick and timely settlement of life insurance claims of victims affected by these recent cyclones. The IRDAI has asked insurance companies to designate a senior level officer as the nodal officer in the affected states/Union territories for coordinating/expediting settlement of all claims reported. This office will have to immediately establish contact with the Chief Secretary or the officer concerned of the state/UT Governments and maintain close contact for subsequent follow up. The insurance regulate has also asked insurers to designate similar nodal officers for each of the affected districts to liaise with district administration, and intimate the contact details of all nodal officers designated to the Authority.

The life insurance companies have been asked to publicise the details of designated officers, special camps etc in the media and through state/UT Governments to facilitate the expeditious filing of claims, start 24×7 helplines, as required. Also, details of such publicity activities may be sent to the Authority immediately. In a circular dated May 28, 2021, the IRDAI asked insurance companies to initiate immediate action to ensure that all reported claims are registered and eligible claims are settled promptly. Special attention may also be given to PMJJBY claims.

Simplified process

The IRDAI said that "a suitably simplified process/procedure including relaxations in the usual requirements wherever feasible may be considered to expedite claims settlement. With regard to claims involving loss of life, where difficulty is experienced in obtaining a death certificate due to non-recovery of body etc., the process followed in the case of Chennai floods in 2015 may be considered."

In order to limit the fallout of the Corona Virus (COVID-19) pandemic and limiting direct/indirect social contact, all the Life Insurers have been advised to encourage and motivate their policyholders/claimants to adopt e-modes, wherever possible for correspondence while intimating the claim and the procedure for filing all the relevant documents. For policyholders/claimants coming to office, the insurers should follow the government directions regarding maintaining social distancing and proper sanitization. "The staff must be duly sensitized to deal with policyholders/claimants with empathy and concern," the circular said.

(The writer is Rajeev Kumar.)

TOP

LIFE INSURANCE

In times of COVID-19, what is the importance of Term Insurance? - Zee News – 2nd June 2021

The COVID-19 pandemic has disrupted our lives in many ways. With the several rounds of lockdowns and restrictions; we have adapted to a "new normal" of living.

Consequently, many consumer habits and priorities have changed course since last year. One such change has been observed in the outlook and awareness towards life insurance plans, specifically for term insurance. Insurance plans which were earlier considered push products have generated a lot of self-interest amongst customers. Term plans which were in the past bought predominately by the urban and more aware segment of customers, have experience a spike in interest and purchase in all customer groups.

Importance and benefits of Term Insurance

Term insurance plans have always been considered as a key element of financial planning for every family. Term insurance plans are the basic offering that a life insurance company offers where the nominee of a customer is provided a guaranteed sum assured value on the unfortunate death of the life proposed during the term of the plan.

A customer can also avail additional benefits along with term insurance in the way of add-on riders like – Critical illness rider – that compensates the life assured with a fixed amount on the occurrence of a critical illness like cancer, heart diseases etc.; Disability benefit - that compensates the life assured with a fixed amount on the occurrence of a disability that impedes future earning capacity; etc. The main aim of term insurance thus is to secure the earning of the bread winners in a family in the face of uncertainties brought about by loss of life or earnings.

The second wave of the pandemic has been severe and the predictions for the near future are also bleak. Considering that the element of uncertainty has increased rapidly over the last year in our lives the need to secure the future of loved ones and dependents has become more crucial.

(The writer is Reema Sharma.)

TOP

How to file a life insurance claim for a missing person – Live Mint - 1st June 2021

Many people go missing every year in cyclones, incessant rains, cloud bursts and landslides. Claiming insurance for a missing person can be slightly tricky as it is uncertain whether the person is dead or alive. If the missing person is the breadwinner and has a life insurance policy, the family can get financial support by claiming life insurance. But how does one go about 'declaring' a missing person dead to initiate a life insurance claim?

A family submits the death certification with other documents to claim the insurance amount in the usual process. But in the case of a missing person, there is no death certificate. However, there's a law where a missing person can be presumed dead. According to the Indian Evidence Act, Section 108, presumptions of death can be made after seven years of filing the FIR (first information report). To claim life insurance of a missing person, the family must wait for seven years before the insurance company can give them the claim money.

Once a person goes missing, the family members need to pay the premium and continue the policy else the policy could lapse, especially a term plan. The family will first need to obtain a death certificate. Then, approach the court. The court will release the order to the insurance company. Along with the court order, the legal heirs will also need to submit a copy of the FIR and a non-traceable report by the police.

Sometimes the insurance company can settle a claim for a missing person before seven years. If there's reasonable proof of loss and there are clear circumstances for the occurrence of death. However, in the case of natural calamities, insurance would not settle claims as there's no incidental proof of death. Since there is no incidental proof of the loss for missing cases due to natural calamities like floods, earthquakes, drought, etc.; it becomes very difficult to release the claims before seven years. But if the government releases a list of missing persons assumed dead, the insurance company would pay the claim without waiting for seven years.

TOP

Why married people should buy term insurance under MWP Act – Live Mint – 1st June 2021

When buying a term insurance policy, you aim to secure the future of your wife and children in your absence. You want that the claim amount reaches them quickly and without any hassles. However, if there are any outstanding loans to any creditors or relatives or friends, the creditors would have a prior claim to the money before your beneficial nominees (spouse and children).

Thus, simply buying a term insurance policy alone will not inevitably ensure that your beneficial nominees can get the sum assured after your demise. Thus, to ensure that the sum assured is passed on to your wife and/or children, you must buy a term insurance policy under the Married Women's Property Act, 1874.

“If the policy is bought under the MWP Act, then your family’s interests come first and only your wife and children are entitled to the sum assured in the unfortunate event of your passing away," said Rishi Mathur, chief digital and strategy officer, Canara HSBC OBC Life Insurance. This type of policy cannot work in reverse—a wife cannot make her husband the beneficiary and take the benefit of this Act. She can, however, buy a policy under the MWP Act in her name with her children as beneficiaries.

A policy under the MWP Act simply means that your insurance claim amount directly reaches your wife/children, insulating her/them from any loans or liabilities that you owe. Thus, the amount cannot be attached or taken away for repayment of debts. In other words, it ensures that no one else—such as creditors—can claim this amount. “So, if you are a male and the breadwinner of your family, it helps to get additional security by opting for your term policy under the MWP Act at the time of purchase," said Mathur.

The MWP Act
Rushabh Gandhi, deputy chief executive officer, IndiaFirst Life Insurance, said, “Section 6 of the MWP Act highlights that a policy of insurance effected by any married man on his own life and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall ensure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them according to the interests so expressed, and shall not, so long as any object of the trust remains, be subject to the control of the husband, or to his creditors, or form part of his estate."

The insurance policy issued under the MWP Act is generally beneficial for salaried individuals or people in business. Individuals sometimes rely on loans such as personal loan, home loan, business loan and consumer loan to achieve their financial goals. “For instance, an individual looking to take loans for fulfilling his financial dreams/goals, such as business loan and loan for plant and machinery, should take a term insurance policy under the MWP Act. In case of an untoward event, the benefit of his policy cannot be attached by the creditors and be rightfully utilized by his wife and children," Gandhi explained.

All married persons in India can opt for term insurance under the MWP Act. The term policy under MWP needs to be executed before the creation of any liability and at the time of purchase of the policy. This means you cannot get your existing term insurance policy modified under MWP Act.

How to buy
The process of getting an insurance plan endorsed under the MWP Act is simple. “Policyholders need to fill up and sign an MWPA addendum along with the insurance application at the time of taking the policy. Some of the insurers have this option even in the application form and policyholders need to just select the ‘yes’ option under the MWP Act," said Rakesh Goyal, director, Probus Insurance, an insurtech platform.

If a term insurance policy is bought under the MWP Act, the beneficial nominee once opted at the time of taking the policy cannot be changed in the future. Moreover, parents cannot be added as beneficiaries under the MWP Act. Only your wife or children can be made as beneficial nominees. Hence, you can either make your wife a beneficiary or your children or both. You can assign specific percentages of the sum assured to each beneficiary.

MINT TAKEAWAY
Whether you buy a term insurance policy under the MWP Act or not, the term insurance policy features, benefits and other terms and conditions remain the same. This Act basically works as a safeguard from the repayment of loans, extended family members or any other creditors who might claim the money after the demise of the policyholder and guarantees that the financial future of his spouse and children is protected.

(The writer is Navneet Dubey.)

TOP

How to choose riders in a guaranteed insurance plan - The Hindu Business Line - 29th May 2021

With increased awareness about insurance products and prevailing low bank deposits rates, many insurers have launched assured return products to catch the attention of investors. These types of plans offer guaranteed regular income i.e. a pre-defined percentage of sum assured (SA) is paid out as per a schedule. In addition to offering life cover (up to policy term) and savings, such policies offer multiple riders i.e. additional benefits to the policyholder for an extra cost, to enhance the benefits of the policyholders. While all the riders at first glance appear to benefit you, it is important you choose the ones that fit your requirements.

Almost all guaranteed return insurance policies, including those of Bajaj Allianz Life, Aditya Birla Sun Life, HDFC Life and Future Generali Life, come with rider options. Life insurance riders are contingent additional benefits over a primary/base policy. They come into play in case of a specific eventuality. Riders offer financial cover (rider SA) over and above basic sum assured in the life insurance policy. Some of the common riders include accidental death benefit, where the policy (rider as well as base policy) pays rider/maturity benefit to the nominee. There is accidental permanent total/partial disability benefit where policyholder receives a lump sum payment (from the rider policy) in case of any specified disability.

Some insurers offer critical illness benefit rider where if the policyholder is diagnosed with any of the listed critical illnesses, the rider policy will pay the benefit and terminate. Even with the occurrence of the said event, the life cover remains intact which means you remain eligible for the death benefit on the life insurance plan. In case of a waiver of premium rider, all future premiums for the term cover are waived if the policyholder is unable to pay because of permanent disability due to an accident or on being diagnosed with a critical/terminal illness. A few insurers offer other riders as well. For instance, Bajaj Allianz Life offers family income benefit rider where 1 percent of SA is paid monthly to the nominee/policyholder upon death or permanent disability or the first occurrence of one of the listed critical illnesses. Similarly, Aditya Birla Sun Life insurance offers, among other riders, surgical care benefit and hospital care benefit riders as well.

Do note the savings plans offered by life insurers generally cost more than a pure protection plan. Also, you may have to shell out more in terms of premium if you opt for riders. Consider Bajaj Allianz's Flexi Income Goal plan which provides guaranteed income. For a 30-year old opting for an SA of ₹5.04 lakh and a guaranteed monthly income of ₹3,500 over a policy term of 17 years (premium payment term is 5 years), the total outgo works out to ₹1,23,892 (excluding tax). Now if a rider is added to this, say, a critical illness benefit rider, then the total premium cost works to ₹1,25,585 (excluding tax and discounts). First, check whether the rider you want is available with that particular policy. For instance, in case of Future Generali Lifetime Partner Plan, there are no riders available but its Triple Plan Advantage plan comes with accidental benefit rider. Similarly, HDFC Life's Sanchay Par Advantage offers two riders accidental disability rider and critical illness plus rider.

Second, assess whether you really need rider(s) with a savings product. According to Bikash Choudhary, Appointed Actuary & Chief Risk Officer, Future Generali India Life, "While all the riders play an important role in enhancing protection for the policyholders, the selection of riders depends on the need of the individual in terms of finance, lifestyle etc. For example, waiver of premium rider comes in handy in case of an insurance plan bought for a child. If the parents are not around, the rider helps in continuation of the policy until maturity to get full benefits, thereby protecting the child's future financially." It is generally recommended to keep insurance and savings separate, instead of combining the two. This is because you may neither get sufficient life cover nor good returns from the product when you mix them.

But certain investors such as high networth individuals, who have very low risk appetite, can consider such products. While these products do offer multiple riders or options, it may not make sense to sign for all of the riders available. So, make an intelligent choice to save on premium.

(The writer is Bavadharini KS.)

TOP

How to insure yourself with term insurance amidst rising Covid-19 fear - Financial Express - 29th May 2021

In what we believe is the 'second wave' of COVID-19, India continued to report more than 4 lakh corona positive cases and over 3,500 death till recently – quite unfortunate yet important to note. The overall mortality rate of the country, which was once less than 1 percent, has increased drastically over the last few weeks.

What is more heart breaking is the fact that the rising mortality rate is not only because of the severe deadly virus but also because of the massive caseload, that has completely overwhelmed India's healthcare system. And considering the current pace at which the cases are rising in India, the situation might take time to get back under control.

Term Insurance – Need of the Hour

The current worrisome situation has once again generated a nationwide ripple of anxiety and panic and has brought back a keen emphasis on the urgent need for a robust financial plan. A plan that can shield the financial dependents of an individual from threats to not just lives but livelihoods as well. And the first and foremost element of comprehensive financial planning is a pure protection life insurance product – Term plan.

If you have financial dependents to care of and liabilities to pay, buying a term plan becomes pivotal, especially considering unprecedented times like these. The manner in which term insurance protects your family members in case of your sudden demise is the cardinal reason for the product's immense popularity. Under a term insurance plan, you pay a very small amount of premium for a pre-defined period – say 30 to 50 years – against a large cover amount called sum assured. If the policyholder dies within the policy tenure, the financial dependents receive the entire cover amount as a payout that can be used to take care of daily lifestyle expenses and important one-time expenses like child's education, marriage, and retirement planning of the spouse.

The importance of having a term plan that covers death due to COVID-19 as well cannot be ignored especially during tough times like these when the deadly virus is infecting everyone equally. During the early onset of the COVID-19 pandemic, it was being reported that the disease largely affects aged individuals or those with comorbidities. However, over the course of last few weeks, it was observed that the COVID-19 was affecting every age group and proved to be fatal in every age irrespective of comorbidity.

In fact, the numbers show that the ongoing second wave of the COVID-19 pandemic is hitting India's workforce harder than ever before. In the last 2 months, younger people – aged between 20 and 45 – are getting seriously affected due to the virus and are being hospitalized with severe symptoms. This makes it all the more important for the young generation and especially the sole bread-winners of the family to ensure that they have term plans with adequate cover amount to protect the financial future of their loved ones.

Compare and Buy Online at Affordable Prices

To minimize contact, maintain social distancing norms and contain the spread of deadly coronavirus, people have moved to online purchase of almost everything these days. Similarly, customers can buy the term insurance online and in fact, term insurance plans available online are cheaper than offline plans many times. You can easily also buy a term plan through a telemedical process where a Doctor connects with you over a phone call asking health related questions many a times instead of physical medical tests. All that you need to do is provide a soft copy of your KYC and income documents to the insurer and make the payment online. Once you make the payment and the tele-medical/medical process is completed the proposal is put through verification/ underwriting process at the Insurer end and then if everything seems in line, the policy is issued.

Most importantly, the premiums paid against term insurance plans are far lower than any other type of insurance for the given extent of coverage/sum assured. For a 30-year old individual, a Rs 1 crore sum assured plan with coverage up to 70 years would cost Rs 800 – Rs 1,000 per month. In fact, the premiums of your term plan solely depend on your age, gender, smoking habits, health conditions apart from the basic parameters such as sum assured, policy/payment term chosen by you.

Conclusion

No one can ever predict the future. For an unpredictable future, a term life insurance policy is the best protection that you can give to your loved ones against any future financial risk that the coronavirus pandemic and other ill-fated events may lead to without any prior notice.

(The writer is Sajja Praveen Chowdary.)

TOP

Should you pay insurance premiums in advance? - Financial Express - 29th May 2021

Why does a customer wait to pay their insurance premium on the due date? Why not just pay premiums in advance? The key reason is the lack of benefits extended to policyholders for doing so. This automatically deters the customer from making advance payments. Probable changes in the customer's financial situation later – for example, the non-availability of funds during the due date deprioritizes the premium payment and ultimately affects the continuation of the life insurance policy

The regulator has also recognized the need of incentivizing customers when paying premiums in advance. Highlighting this gap, the Insurance Regulatory and Development Authority of India (IRDAI) recently issued draft guidelines allowing life insurance companies to offer discounts for renewal premium collected in advance. It meets the dual objective of allowing the regulator to curb policy lapses and customers to avail discounts on premiums.

Jumping on the bandwagon, IndiaFirst life, was among the first few companies in the industry to extend the benefit of Discount on Advance Renewal Premium Payment to customers. This facility aims to boost an uptick of timely policy payments while extending the following benefits to customers:

Guaranteed Cover Continuity – By being able to pay in advance, there is no stress of missing out on payments. Customers often miss out on payments due to the non-availability of funds on that specific day which may result in a premature policy lapse. Now, customers can pay basis their feasibility anytime within the year and ensure they are covered against risks.

Timely/advance premium payment – Customers who pay their premiums in advance are in for a treat! They can avail of discounts offered on advance premium payment. Leveraging this feature helps the customer pay in advance at their own convenience while benefitting.

Securing your loved ones in the future – Life insurance is a long term goal which makes it crucial to sustaining the policy term for the customer to reap maximum benefits. Paying premiums in advance helps the customer plan and budget accordingly for this purpose. Setting aside premiums in advance ensures that the policy remains active due to the timely payment of the premium. Any windfall income/gain post payment of the advance premiums can be parked for further financial planning.

Tax benefits – Policyholders can use this feature to their advantage while availing of tax benefits. when the customer misses out on payment within the same financial year, they no longer stay eligible for a tax rebate. However, this feature allows the customers to arrange funds and also invest without losing out on interest.

These benefits will also have a corresponding effect on the insurance industry. Firstly, advance premium payments will avoid the premature lapse of policy covers. It will automatically help reduce the cost of collections that are incurred during follow-ups, by insurers. Further, these benefits can be passed back to customers in the form of bonuses etc.

The continual high rates of persistency will translate into increased profitability, reduced costs, optimal long-term income and overall growth and development for the organization. Whereas, the customer gets an incentive to pay it in advance giving them peace of mind and ensuring security. By rolling out this benefit to customers, we have come one step further in ensuring customer delight and organizational efficiency.

(The writer is Atri Chakraborty.)

TOP

GENERAL INSURANCE

Insurance: Claiming damages due to cyclone is now easier - Financial Express – 1st June 2021

In order to mitigate the hardship caused to the affected insured population because of cyclones Tauktae and Yass in states such as Maharashtra, Gujarat, Odisha and West Bengal, Insurance Regulatory and Development Authority of India (Irdai) has issued guidelines to life, general and standalone health insurance companies for speedy registration and settlement of eligible claims.

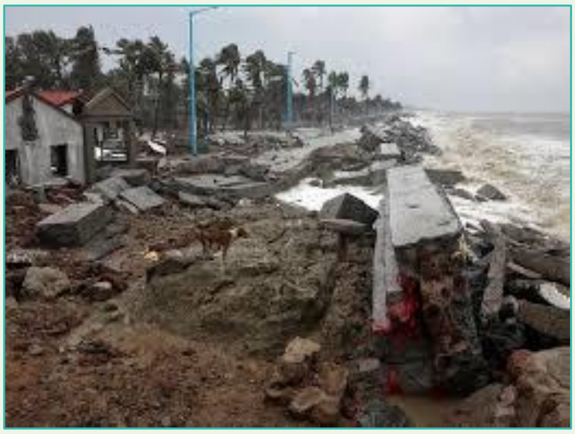
Guidelines from Irdai
Insurance companies will have to nominate a senior officer at the company level who would act as a nodal officer for the affected states. The officer will coordinate the receipt, processing, and settlement of all eligible claims. The nodal officer will establish contact with the chief secretary or the officer concerned of the state governments for subsequent follow-up.

General insurers have to ensure that all claims are surveyed immediately by engaging an adequate number of surveyors and claim payments are disbursed at the earliest. Insurers will encourage policyholders to use electronic communication for filing the claim and ensure digital processes for assessment of claims.

For life insurers, the regulator’s guidelines underline immediate action to ensure that all reported claims are registered and eligible claims are settled promptly. Special attention is to be given to Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) claims. In case of loss of life, where there is difficulty in obtaining a death certificate due to non-recovery of body, the process followed in the case of Chennai floods in 2015 will have to be considered. Irdai has asked insurers to submit a weekly state-wise progress report on claims settled. PMJJBY claims data need to be submitted separately in total claims.

How to file general insurance claims

If a person has a householder's policy, house policy, motor policy, he can file for claims settlement. The policyholder should not remove items from the place of occurrence as the insurer will depute a loss assessor to inspect the affected site or the damaged property. All the items must be allowed for inspection in the 'as is where' condition. If he is unable to locate the insurance policy, he should intimate the company.



Home insurance policies cover both building and household goods and a policyholder can claim the cost of repairing the building as well as furniture, electronic goods, clothing, etc. In the claims form, the policyholder must give personal details and the details of the damage. An assessor from the insurance company will assess the damage and the claims amount will be fixed. If the policyholder is not satisfied with the assessment of loss made by the insurer, then he must insist that the insurance company review the assessment before signing the discharge voucher for settlement of claims.

For motor insurance claims, policyholders must inform the insurance company within one month, providing all the relevant documents and photographs of the damaged or submerged vehicle. The company will send a service personnel from a garage where the company has a tie-up to access the damage. The service person will inform the company about the extent of the damage and the estimated cost of the repair. The insurance company will get the vehicle towed to a network garage for the repair and cashless claims.

A policyholder must note that barring a zero depreciation policy, the policyholder will have to bear some cost of the repair such as plastic parts. If the car was submerged under water, the policyholder must not start the engine as the insurance company will not pay for any losses if the owner tries to start the engine of the vehicle in a waterlogged condition and damages it.

How to file life insurance claims

For life insurance, the nominee of the deceased policyholder will have to contact the insurance company, submit a claim form, death certificate, original policy document (most insurers will not insist on the original policy document if it is lost during the cyclone). In case there is difficulty in getting a death certificate, the nominee can register the claim based on a certificate of death from any local government authority or post-mortem report. Insurers can also refer to the list of missing persons or deaths as issued by the government during situations such as cyclone or flood.

In PMJJBY, the nominee of the insured policyholder can claim Rs 2 lakh on death. The risk cover is provided to people in the 18- 55 years age group. The nominee will have to approach the bank where the policyholder had a savings account and submit the claims form, discharge receipt, death certificate and a cancelled cheque of the nominee's bank account. After receiving the death intimation, the bank will check whether the cover for the said member was in-force on the date of his death, verify the claim form and the nominee details from the records available with it and then submit the documents to the insurance company for claims payout.

(The writer is Saikat Neogi.)

TOP

HEALTH INSURANCE

Blockchain and AI-driven technology can disrupt health insurance industry – Live Mint - 3rd June 2021

Covid-19 has led to digital acceleration and adoption. Social distancing is now making customers adapt to online purchases and services. This presents an opportunity for a change in business models, from traditional face-to-face to phygital models, which combines digital tools and strong customer relationships.

In an interview with Mint, Prasun Sikdar, MD and CEO, ManipalCigna Health Insurance, said technology and online channels have helped the industry reach some of the un-served markets in the country. Edited Excerpts.

How are new technologies like AI and blockchain going to disrupt the insurance industry?

Amid the pandemic, agents and other distribution teams have been upskilling and adopting digital methods of marketing, sales and service. While in the insurance industry, technology and digitisation have always existed, but with advances such as Artificial Intelligence (AI), Machine Learning (MI) and Blockchain technology, there is potential to disrupt customer on-boarding and servicing.

The pandemic has also reiterated the importance of businesses have to be future-ready to enable a transformative customer experience. These constructive steps towards modification will promote uniformity, keeping special focus on customers. The new technologies will help boost insurance penetration and enhance customer experience.

Scope of online selling of health policies. How far do you believe the online channel would be successful in the health insurance industry?

Covid-19 has amplified the need for easy access to products, services and information. Most customers are now comfortable using online channels to buy what they need. The digital maturity of customers has seen a steep change as they spend more time online. This opens up a whole new opportunity for health insurance in India. More informed customers are expected to buy online therefore re-imagining of health insurance is the need of the hour and customisation of products with a co-creation facility with a smooth on boarding experience can help drive penetration.

We have also seen an increasing number of our policyholders transacting on the IVRS self-service tool and using digital assets like the website, our claims app for assistance regarding claims settlement, policy renewal and other necessary policy-related information. Digital platforms are helping customers to renew policies, generate claim status, and buy health insurance policy online from the safety and comfort of their homes.

Can digital sales provide a better experience to customers?

First, the impact of Covid is making people realise that insurance is no more a priority but a necessity. And, today's consumers are well connected, act fast, and are not afraid to adopt to new technologies that can quickly impact their lives for the better.

Also, with a physical presence in the office becoming optional, a hybrid distribution i.e. a mix of in-person & remote. This change in distribution, coupled with an informed customer who wants to buy or upgrade insurance digitally will increase reach and drive online sales. Thus, with the rise of advanced technology and opportunities for digitization of insurance processes, insurers have started focusing on direct online channels which not only help insurers maximize their sales, but also provide a range of personalized services through online platform.

So, I see that in the next 10 years the simplicity, the connected and seamless experience will make health insurance a truly personalised 'pull' product that can be brought and serviced at a click of a button or asking Alexa and Siri.

(The writer is Navneet Dubey.)

TOP

5 Things to Consider Before Purchasing a Health Insurance Policy – Elets – 3rd June 2021

Buying health insurance can be complicated. With a plethora of options and intimidating terminologies, selecting the right policy can be a daunting task. Do not worry, as we have simplified this jigsaw for you. Here is a rundown of 5 factors to consider before you a health insurance policy.

1. Start with Introspection
It is essential to introspect your current situation and requirements from a health insurance plan. Select the policy keeping in mind your family members who need to be insured, their age, medical history, pre-existing diseases, medical costs in your city, lifestyle, etc.

If you are purchasing a family floater plan, the premium may depend on the senior-most person in the family. Also, a few companies have minimum and maximum entry age limits. Hence, choose the plan that fits your situation.

2.Claim Process
We buy a health insurance policy so we can raise a claim if things go wrong. A complex, tedious, and slow claim process can prove to be a nightmare in such situations.

On the other hand, a smooth and speedy process can be a boon while settling health claims. In times of need, it can be a big relief if you can raise a claim online without any paperwork.

3.The Balance Between Coverage and Premium
Buying a health policy with maximum coverage at a low cost is a lucrative option. Here are two important things to consider – your income and sum insured. First, analyse if the premium amount is affordable as per your income levels. Second, make sure the sum insured amount does not fall short during medical emergencies. At the same time, be cautious of going overboard with the sum insured.

If you are young and buying an individual plan, you can select a lower sum insured. Also, be wise with the add-ons as they impact the premium amount. Buy the policy that provides adequate coverage at an affordable cost without compromising on the benefits.

4.Consider all Benefits, Exclusions, and Inclusions
Most insurers will not accept claims arising out of pre-existing diseases such as diabetes, thyroid, hypertension, etc. during the waiting period. Meaning, you will have to pay for the expenses. The waiting period can range between 24 months to 48 months. Go with the policy that has the least waiting period.
Before you get admitted to a hospital, you visit a doctor, buy medicines, and undergo a few tests. After hospitalization, there are a few expenses such as follow-up visits, tests, etc. Look out for a plan that covers pre-hospitalization and post-hospitalization expenses.

Also, with pregnancy costs hitting the roof, it is essential for women to buy a policy that covers maternity benefits. Check for the waiting period, newborn baby medical expenses, and sub-limits before you buy a policy.

Also, do not forget to check out for clauses such as deductibles, co-pay, room rent limit, and sub-limit that can increase your out-of-pocket expenses during claim settlement.

5.Network Hospitals

Health insurance companies have tie-up with hospitals across the country to offer cashless hospitalization benefits to their customers. You do not have to arrange any funds nor undergo the process of filing reimbursement. Hence, it is important to go with an insurance company that has a wide network of hospitals.

The Bottom Line

While buying insurance, it is important that you get value for your money. The healthcare costs are swelling and do not look like they will decrease anytime soon. Hence it is important to check if your policy is comprehensive enough to avoid a hole in your pocket. Stay fit, stay safe.

(The writer is Biresh Giri.)

TOP

How much will Rs 10 lakh health insurance plan cost for a family of 4? - Financial Express - 1st June 2021

Covid-19 led hospitalization is resulting in hospital bills running into a few lakhs, putting huge pressure on an individual's wallet. Individuals without any health insurance policy were hit the most as they had to arrange funds to pay the hospital bills. Even for those who hold health covers, the coverage amount was not sufficient to meet the hospitalization cost entirely. It is, therefore, imperative to hold adequate health insurance cover for self and family members in order to avoid dipping into the savings to meet the medical expenses. If one is not in a position to buy a health cover for a high amount for all the family members, the Family Floater plans can be opted for. In a Family Floater plan, on paying a single premium amount, the sum insured (coverage) can be utilized by any member of the family. The premium is generally arrived at as per the age of the eldest family member. Such plans suit young families, especially millennials with small kids.

"This option would provide him the benefits of covering the entire family at comparatively low premium rates with sufficient coverage options. Since the policy buyer is the oldest one in the family but still a millennial, there is a low risk of pre-existing diseases or age-related health concerns. Also, since the family is young, the premium rates would be comparatively low and he can decide on the insurance plan that best fits the family's medical needs and his budget" says Rakesh Goyal, Director, Probus Insurance.

While applying for a health cover policy, it is important that you declare existing health conditions to the insurance company in detail. "Some of the common watchouts for both online or offline health insurance buyers is that one must disclose all the information about the pre-existing diseases/illness or any other required information without any alteration or discrepancies. Correct information must be provided to the insurer in order to avoid any issues during the claim process. Disclosure of incorrect or false information may also result in rejection of the claim," adds Goyal. A Family Floater Plan for a family of 4 for Rs 10 lakh coverage will on average cost between Rs 1700 per month and Rs 2200 per month.

Family Floater Plans – Family of 4, Rs 10 lakh coverage: Comparison

Name of the plan	Premium rate (in rupees)
Bajaj Allianz Health Guard Family Floater	2,105/month
Digit Super Care Option	1,490/month
Edelweiss Health Insurance Gold	2,096/month
Manipal Cigna ProHealth - Protect	1,754/month
TATA AIG Medicare	1,940/month
Royal Sundaram Lifeline Supreme	1,728/month
Reliance Health Infinity	1,850/month
Aditya Birla Activ Health Platinum Enhanced	1,882/month
Star Health Optima	1,805/month

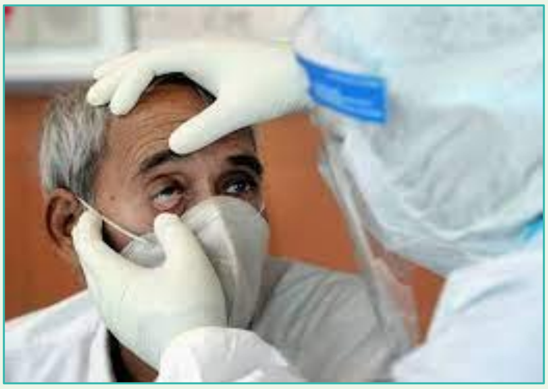
Source: Probus Insurance: Eldest male age 35 years; Spouse age 32, Kids 5,3 years

Also, note that the insurer may not cover the entire hospital bill. One of the important exclusion is the cost of hospital consumables that the insurance company may not cover. Also, in order to keep the claim process smooth, always go through the policy document to see what all is covered and what is not covered.

(The writer is Sunil Dhawan.)

TOP

Does your health insurance cover black, white fungus disease? – Live Mint - 1st June 2021



As India continues to battle against the second wave of coronavirus, the country is now witnessing rare fungal infections—black fungus and white fungus. Moreover, many states have announced these as epidemic diseases. These diseases are affecting patients who have either recovered or are suffering from covid-19.

Ankit Agrawal, CEO and co-founder, InsuranceDekho, said that in the wake of this infection outbreak, the Union government has urged all the states to proclaim black fungus as an epidemic disease. The state governments of Rajasthan, Tamil Nadu, Karnataka, Uttarakhand, Delhi and Maharashtra have announced it as an epidemic and have started taking several preventive steps to safeguard the people from these deadly infections. "More than 10,000 cases of black fungus and hundreds of white fungus cases have been recorded across the country till now," said Agrawal.

Besides, the treatment cost for these infections at private hospitals is also costly and can be unaffordable for many. Black fungus, also known as mucormycosis, is a rare infection caused by a group of moulds known as mucormycosis, which are generally found in soil, plants, manure and decaying vegetables and fruits. It affects the nasal cavity, paranasal sinuses and eye, causing blindness and other severe medical conditions. Diabetes and high doses of steroids are the major stimulators of this infection.

White fungus, also known as candidiasis, is a fungal infection caused by the candida yeast, a fungus type. It affects people with low immunity and pre-existing medical conditions such as HIV, cancer, diabetes, etc. People are more vulnerable to it as the moulds can be easily inhaled, spreading to vital organs such as lungs, kidneys, brain, etc. "Policyholders can heave a sigh of relief to know that the treatment cost related to black fungus and white fungus is covered under all comprehensive health insurance policies by default as these diseases are in-built and thus, you need not hold any special health plan to be covered," said Agrawal. However, policyholders have to fulfil the terms and conditions as specified in their health insurance policy like informing their insurer about pre-existing illnesses, planned or emergency hospitalization, submitting all the required documents, etc. At least 24 hours of hospitalization is required to make a claim. Some states have geared up to incorporate black fungus cover in their state health insurance programmes.

Agrawal said: "The government of Maharashtra has announced that patients suffering from black fungus will get covered up to ₹1.5 lakh under health insurance schemes like the Pradhan Mantri Jan Arogya Yojana and Mahatma Jyotirao Phule Jan Arogya Yojana. The Rajasthan government has announced the Chiranjeevi Yojana Insurance Scheme to cap admission and treatment costs at private hospitals for those suffering from the disease." Besides, if you are covered under the employer's group insurance or have a super top-up plan, the policy will cover fungal diseases. However, coronavirus-specific policies might not cover these diseases.

"Though mucormycosis is found to be caused by the heavy dosage of steroids to cure covid patients, unfortunately, covid-specific policies don't cover the treatment of mucormycosis, as there is still a grey area whether the diseases will be covered. In such a case, settlement of the claim will depend on the insurer," said Naval Goel, founder and CEO, PolicyX.com. So, if you have comprehensive health insurance, you can raise a claim for the treatment of black fungus and white fungus. You can avail of a health insurance claim by sending an intimation of hospitalization to your insurer, and then locating a cashless network hospital near you. Keep the requisite documents handy for a hassle-free and quick claim settlement process.

(The writer is Navneet Dubey.)

[TOP]

Buying a family floater health plan? Keep these important things in mind - Financial Express - 1st June 2021

People are increasingly getting concerned about hospitalization expenses in the prevailing second wave of the Covid-19 pandemic. Several states across the country have already clamped lockdowns and curfews to stop the spread of the deadly virus while vaccinations are still in their early phases.

Many self-employed people are facing income losses while salaried are worried about salary cuts or job losses. The new strain of coronavirus has proved to be highly contagious, and there is a high risk of more than one family member getting infected. In such a situation, it's critical to have a health insurance policy that can adequately cover all the family members if any or all of them require hospital treatment.

Health insurance policies are usually available in two variants when it comes to covered individuals, i.e., individual health policy and family floater health policy. As the name suggests, individual policies cover only one individual while a family floater would typically cover the entire family out of a single policy. Premiums for all health insurance policies are determined according to the age and medical condition of the insured (or the age and medical condition of the eldest member in case of a family floater) and they are cheaper when the policy is started at a young age. However, the premiums for a family floater plan could cost you less compared to the combined premium for separate individual policies for all the family members.

There are different types of family floater policies available in the market and you should choose one that best meets your requirements. So, if you're planning to purchase a family floater plan, you'll be well-advised to keep a few important things in mind.

Who all are covered in a family floater health insurance policy?
A family floater health insurance plan usually covers husband, wife, and dependent children up to the age of 23 to 25 years or until they get married, whichever is earlier. Some insurers extend coverage to other family members like mother, father, daughter-in-law, father-in-law, mother-in-law, grandfather, grandmother, grandson/granddaughter, etc. The sum insured of a family floater plan is shared by all the eligible members of the policy.

That being said, if you have senior citizens in your family, you might want to purchase individual policies for them instead of including them in a family floater plan. Senior citizens are usually at higher hospitalization risk and it's better for them to have separate coverage aligned with their medical requirements. The health insurance premium is calculated on the basis of the individual with the highest age in the policy, so the family floater policy could be expensive if you include family members in a higher age bracket. Instead, you can buy a separate health policy for the senior citizen/aged family members and get a family floater policy (which is likely to cost you less in premiums) for eligible younger members so that there's ample coverage available for all family members in case of multiple claims in a year.

How much health cover would you need?
With rising medical inflation, it's crucial to take a health insurance cover of adequate size. While deciding the ideal size of your health cover, you should consider factors like the age, health condition and lifestyles of the family members, chances of getting hereditary illnesses in the future, etc. while factoring in your budget. You should also check out the features of the policy at different cover sizes. Some insurance companies allow better coverage and features in the policies with higher coverage than those with a lower sum insured. You should also prefer such a policy size that you'll be able to renew easily without a break in the future. That being said, the cover size of your family floater plan should be at least Rs 7 lakh-Rs 10 lakh if you live in an urban area.

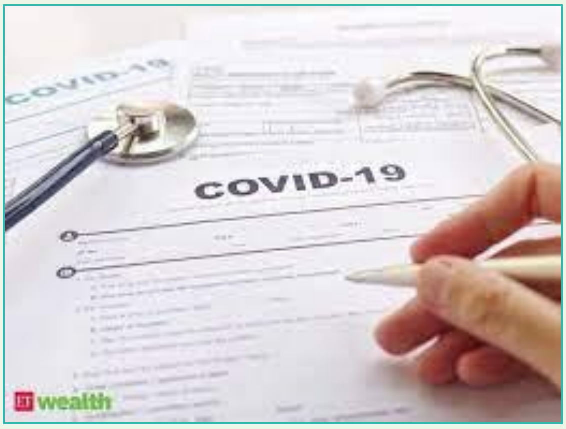
What are the important features that you should look for in a floater policy?
Features of health insurance policies may vary from company to company and depending on the variant you are planning to buy. Most insurers offer different health policy variants to serve different customer requirements. While purchasing a family floater policy, you should look for features like a large number of networked hospitals, low waiting periods for pre-existing conditions, a minimum number of exclusions, a no claim bonus structure, auto restoration of sum assured facility, air ambulance coverage, lifetime renewal facility, coverage to alternative treatment, no capping on room rent and treatment, no or low co-pay clause, quick settlement record, etc. Some of the features could be available on an add-on basis that might require additional charges. And while affordability of premiums should be a crucial consideration, you should also check out your chosen insurer's claim settlement track-record. That being said, health insurance premiums can be claimed for tax-deductions under Section 80D of the I-T Act, subject to predefined limits.

Health insurance companies usually don't require a pre-health check-up if the age of the eldest member in a policy is below 45 years. So, you should try to increase the health cover before 45 years of age. That being said, there are other options available in the market like top-up and super top-up health plans that could increase the health insurance coverage level in a cost-effective manner. You can also consider going for them according to your requirements keeping in mind the riders about deductibles – that should ideally be equal to or less than the sum insured of your family floater plan.

(The writer is Adhil Shetty.)

TOP

Visit branch to buy Corona Kavach: How insurers are discouraging Covid policies - The Economic Times – 1st June 2021



With Covid claims crossing well over Rs 20,000 crore, insurance firms are going slow on Covid specific policies and discouraging their sales. While the insurance firms cannot scrap these covers altogether, they are making the process of buying such cover harder.

Many insurers have stopped offering the Corona Kavach policies online, cut down on agent commissions to discourage sales, and raised premium tariffs. The withdrawal of online policy sales means that prospective policyholders have to visit branches where they must sign extensive self-declaration forms to be eligible to buy these plans.

Only four insurers are allowing online sales of Corona Kavach. These are New India Assurance, United India Insurance, Aditya Birla Health Insurance and Raheja QBE. Other insurers have either disabled the option to purchase online or are asking buyers to contact their respective customer care facilities.

The policies
Two Covid-specific products were launched by insurers last year — Corona Rakshak and Corona Kavach. These covers offer a guaranteed hospitalisation benefit for Covid-19 treatment and home quarantine facilities.

The Insurance Regulatory Development Authority had made it mandatory for all general and health insurers to sell and renew 'Corona Kavach' to enable interim access to hospitalisation benefits for millions of uninsured Indian households and blue-collar frontline workers who couldn't afford more comprehensive long-term health policies. In March, the regulator extended the validity of these covers till September 30, 2021. Irda has allowed different insurers to price these differently: The prices of such policies range from as low as Rs 350/400 a year to Rs 3,000, depending on the insurer.

Life insurance hurdle
In the case of life insurance, the covid survivor will have to undergo a waiting period ranging from one-three months or more, depending on the criticality of the infection, the prevalence of underwriting checks as required.

However, a three-month waiting period may not be sufficient in some cases and can be extended. Some insurers have increased the scrutiny for pre-existing diseases such as lung and chronic diseases or even diabetes.

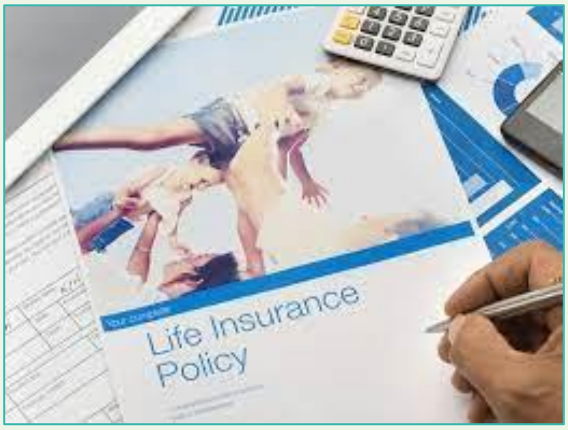
What insurers say
While the insurers introduced and sold the policies during last year, they are not gung-ho about it this year due to the severity of the pandemic. They had not anticipated such a huge surge of 4 lakh cases per day.

They say with cases rising at alarming rates, such policies are unviable for insurers, mainly due to low premiums and high claims ratio. The loss ratio has been adverse on these products, which were offered at low pricing. Insurers may have to raise premiums on these policies.

Insurance firms also feel that Covid policies cannibalise on their comprehensive products. Several general insurers have reported loss ratios above 100 per cent for Covid covers. As on May 14, a total of 1.482 million Covid-19 claims worth Rs 23,000 crore have been reported. Of this, 1.233 million claims worth Rs 11,700 crore have been settled by insurers in India since the pandemic, according to the General Insurance Council of India (GIC).

TOP

How nominee of deceased can claim Rs 2 lakh under Pradhan Mantri Jeevan Jyoti Bima Yojana - The Economic Times – 31st May 2021



Nominees of policy holders of the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) can claim the sum assured under the scheme in case of death of the insured person. This can also be done in cases where the policyholder has died due to novel coronavirus. However, any claim can be made only if the policy was in force at the time of the death of the insured.

Here is how a nominee can a file claim under the Pradhan Mantri Jeevan Jyoti Bima Yojana.

PMJJBY is a government-sponsored life insurance scheme that provides a sum assured or coverage of Rs 2 lakh, where the policyholder has to pay an annual premium of Rs 330. Anyone between the age of 18 years and 50 years and having a bank account can buy this insurance policy.

Do keep in mind that PMJJBY ceases to be in force once the policyholder turns 55 years. Consequently, after this age, the policy is no longer active/in force therefore no claim can be filed. Here is the step-by-step guide for filing a claim under the PMJJBY scheme.

Documents to be submitted
To start the process of filing a claim under the PMJJY scheme, the nominee must first collect the death certificate from the Municipal Corporation.

After collecting the death certificate, the nominee will have to submit a duly filled claim form at the bank branch where the policyholder was enrolled for the scheme. The claim form can be downloaded from https://www.jansuraksha.gov.in.

Lastly, the nominee is required to give a cancelled cheque of his/her bank to receive the money.

Steps to file claim with the bank
Step 1: The nominee is required to approach the bank branch where the policyholder enrolled for the PMJJBY scheme. If needed, the nominee can collect the claim form, discharge receipt from the bank branch or download soft copies from https://www.jansuraksha.gov.in

Step 2: The nominee is required to submit the duly filled claim form, discharge receipt, and death certificate along with the cancelled cheque of his/her bank.

The maximum time that will be taken to process the claim is 60 days from the date of submission of documents to the bank.

Steps that will be taken by the bank to process the claim
Once the bank has received the duly filled forms and other documents from the nominee, they are required to verify whether the deceased individual was covered under the scheme. Bank will also verify the claim form and the nominee details from the records available with them. Once the details are verified, the bank will forward the claim form to the insurance company. The bank must verify and forward the duly filled claim form to the insurance company within 30 days from the submission of the claim.

Steps that will be taken by the insurance company to process the claim
The insurance company is required to ensure the duly filled form is complete in all respects and all the relevant documents have been attached. The insurance company will further verify that no other death claim settlement has been processed for the member through any other account.

If the documents and other details are in order, then the insurance company will release the payment and intimation will be sent to both the nominee and the bank. The maximum time limit for an insurance company to approve the claim and disburse the money is 30 days from the receipt of the claim from the bank.

(The writer is Preeti Motiani.)

TOP

Health Insurance: What happens to a policy after death of an insured member? – Financial Express – 29th May 2021

As per the official records, the ongoing Covid-19 pandemic has claimed lives of over 3 lakh Indians so far and thousands of people are still dying everyday due to the viral infection and complications related to the highly contagious disease.

With many holders of health insurance policies among the casualties, it's important to know the effect of death of an insured person on an active health insurance policy. Personal health insurance policies may be of two types – individual policy and family floater policy.

Individual Health Insurance Policy
The benefits and the amount of sum insured remain fixed for an insured member in an individual health insurance policy. However, if more than one person take an individual policy jointly, health insurance companies provide some discount in premium.

So, hospitalisation, claims etc of an individual don't affect the benefits of other members in a joint individual health insurance policy.

Family Floater Health Insurance Policy
In a family floater policy, the sum insured floats freely and any member may get the claim settled on hospitalisation. Once a claim is settled, the available sum insured gets reduced for the remaining period of the policy year.

For example, a Rs 5 lakh family floater policy is renewed in April every year. If one of the four insured family members gets hospitalised and a claim of Rs 3 lakh is settled in August, the sum insured available for the next seven months will be Rs 2 lakh. So, there is an effect of hospitalisation, claims etc on the benefits available in a family floater health insurance policy.

But what happens when a hospitalised member dies?
On death of an insured family member during hospitalisation, other surviving members may request the insurance company to process the claim request and settle the claim.

What happens to a policy after the death of an insured member?
"In case of death of any insured member, the proposer has to communicate the same to the insurance company. The deceased insured member would be deleted from the cover and the premium would be refunded as per the policy terms and conditions," says T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

What happens when the proposer of a policy himself/herself dies?
"In case of the death of a proposer, the family needs to send a communication to the insurance company about the same since the proposer has to be changed in the policy. In this scenario a new form has to be filled with a new proposer. The insurer changes the proposer and continues with the policy for other members," says Ramalingam.

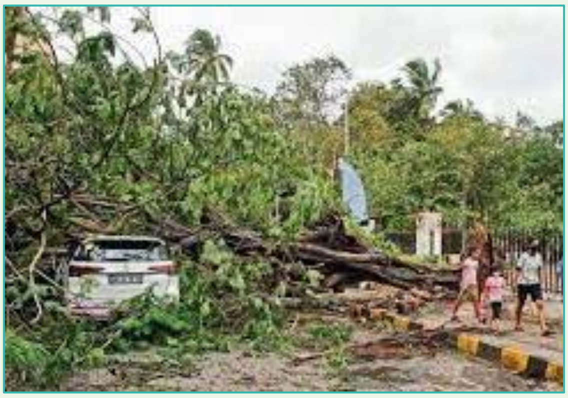
What would happen to a policy, if more than one member (including the proposer) died in hospital?
"In such a scenario, if it is a reimbursement claim the claim proceeds would be paid to the nominee as registered in the policy. For every health proposal we collect nominee details and are printed on the policy. However if it is a cashless claim, the hospitalisation expenses would be paid to the hospital directly so that the dependent members are not burdened for medical expenses," says Ramalingam.

(The writer is Amitava Chakrabarty.)

TOP

MOTOR INSURANCE

A checklist for filing motor insurance claims after a cyclone – Live Mint – 1st June 2021



Cyclone Tauktae and Yaas have caused damage to vehicles and property loss in some parts of the country. Several districts in Maharashtra, Gujarat, Odisha, Karnataka, Kerala and West Bengal have been flooded in the wake of heavy rainfall due to the cyclones.

In such a scenario, even parked vehicles face many problems as strong winds often uproot trees and electric poles, causing them to fall on cars and bikes. Sometimes, vehicles can get partially or fully submerged, resulting in huge financial loss.

Hence, in case your vehicle has suffered damage due to natural calamities, you need to immediately inform the insurer about the losses so that they can help mitigate your hardships and make a settlement of eligible claims.

“Natural disasters usually come under the ‘Act of God’ section and it is always suggested to opt for comprehensive motor insurance coverage for protection against any kind of natural calamity," said Indraneel Chatterjee, co-founder, RenewBuy Insurtech. Comprehensive motor insurance policies help customers during such calamities. Policyholders should reach out to insurers immediately after a disaster for claim settlement. There are special helpline numbers too that are set up to fast-track claim settlement requirements.

In the backdrop of the covid-19 pandemic, the Insurance Regulatory and Development Authority of India (Irdai) has instructed insurers that they should encourage policyholders to use electronic communication wherever possible for correspondence while intimating claims and filing relevant documents. “Efforts should be made to ensure that digital processes have been resorted to the extent possible for assessment of claims," said Irdai.

As proof, you need to submit a copy of the insurance policy along with relevant documents such as driving licence, copy of registration certificate, etc., to your insurer electronically. “Due to technological advancements, policyholders can now click pictures and send them to insurers over WhatsApp for insurance claims," said Chatterjee. Hence, do not attempt to move the vehicle from the notified spot until and unless the inspection is completed by the surveyor.

Once the claim is filed, the own damage (OD) component of a comprehensive motor insurance policy will help you in settling the claim. The OD component covers any damage caused to your vehicle due to any natural calamity or accident. In comprehensive motor insurance cover, the amount that insurers pay depends on the age of the car and the car’s insurance declared value.

“All insurers except a few cover add-ons till five years; some insurers also cover till 10 years," said Chatterjee. However, there are some reasons where your claims can get rejected. For instance, depreciation on plastic components and tyres are usually not covered unless you have taken a zero-depreciation add-on with your policy. If the vehicle is not registered in your name or the surveyor suspects foul play and files an unconvincing report, your claim can be rejected. Moreover, if you don’t inform the insurer about the damage on time, the company can reject your claim.

(The writer is Navneet Dubey.)

TOP

SURVEY & REPORT

Covid-linked life insurance claims remain an overhang: Report - Live Mint - 1st June 2021

The surge in covid-19 infections and fatality rates have raised concerns on mortality claims the industry may witness in the coming months. According to a report by Motilal Oswal Financial Services report, "Most insurers reported a higher claim experience in FY21 and have made provisions to absorb potential claims that may arise in the wake of a more devastating covid 2.0."

The report further stated that against the total covid-related deaths of around 163000 reported in FY21, the fatality count has already increased to around 152000 in FY22 YTD. The claim experience is thus likely to stay adverse over the next couple of quarters, all the more due to delays in the reporting of claims. The stringent actions announced by several state governments have helped lower the infection count and the pickup in vaccination rates may prevent another wave of this magnitude. Despite this, claims in 1HFY22 may easily surpass the total claims seen in FY21.

As per media articles, life insurers (in aggregate) have settled claims worth ₹19.86b toward 25,500 covid-related death claims. This corresponds to 15.7% of the total covid-related fatalities in FY21. Among the key companies, we note that HDFCLIFE, IPRU, and SBILIFE settled 2300, 2500, and around 5000 death claims, respectively, in FY21. Net of reinsurance, these companies have thus incurred cost of ₹1.5b, ₹2.6b, and ₹3.2b, respectively.

Insurers may need to shore up covid provisions

All of the three biggest life insurers have made provisions toward covid claims. While HDFC Life/SBI Life has made ₹1.65b/ ₹1.83b worth of provisions, IPRU has provided for ₹3.3b worth of provisions. Given the sharp rise in fatality rates, the insurers would need to shore up their provisioning buffers, which would impact their profitability/EV. However, this does not, as such, pose any material risk to the balance sheet/solvency ratios, the report stated.

Group term products may see further price revisions

Most insurers took price hikes in early FY21 after an adverse claim experience resulted in reinsurer hiking rates. Given that individual term products are of longer tenure (20–30 years), the adverse claim experience due to an event does not necessitate an immediate price change. However, Group term products, which are annually renewable, may see price revisions on higher demand for such products in recent times. Long-term Savings products also are relatively more risk-tolerant as the lower sum assured and longer product duration enables insurers to absorb volatility, as per the report.

(The writer is Navneet Dubey.)

TOP

INSURANCE CASES

Delhi HC issues notice in plea against capping of Covid claims by insurance company - India Legal Live - 31st May 2021

The **Delhi High Court** on Monday issued notice in a plea praying for issuance of directions to National Insurance Company Ltd. for wrongful capping of reimbursement amount for Covid-related claims.

Justice Rekha Palli observed that National Insurance Company Ltd. has capped the reimbursement amount for the petitioner who had the "Parivar Mediclaim Policy" which is a "cashless policy".

The petitioner along with her family was covered under "Parivar Mediclaim Policy". On June 20, 2020 Government of National Capital Territory of Delhi, Health and Family Welfare Department issued an order by which it fixed the rates for Covid-related treatment to be charged by private hospitals.

In the first week of September i.e. on 5.09.2020 the petitioner and her daughter tested positive for Covid-19. Total bill raised by the hospital for petitioner's hospitalization for a period of five days was Rs. 118,479.20 however the insurance company had cleared only Rs.54,954. The petitioner had to pay Rs. 63,525 in order to get discharged from the hospital.

Later the petitioner was informed that the "Old Parivar Mediclaim Policy" had been abolished since 12.08.2020 and all the "Parivar" clients have been migrated to other policies. It was asked by the petitioner that without their prior knowledge and consent how could the insurance company migrate them to a different policy.

Later, the petitioner received a mail from branch manager of National Insurance Company, M. Chandrasekaran asking for a scanned copy of cancelled cheque to enable to settle the balance claim amount of Rs.15, 985. The petitioner told Chandrasekaran that the claim amount is Rs.63,525, and also asked for an additional compensation of Rs 5 lakh for mental harassment.

TOP

Wife Not Entitled to Insurance Money if Not Contributed by Deceased Husband: Madras HC - News18 – 31st May 2021

The wife will not be entitled to any legal share in the insured money, if her deceased husband did not contribute any premium, the Madras High Court has ruled. Justice S Vaidyanathan gave the ruling while passing interim orders on a petition from G Asha, wife of Ganesh Raja of Veppampattu in Tiruvallur district, recently.

The judge said he wants to know as to who had paid the premium in its entirety till the demise of Ganesh Raja, either her father-in-law or her deceased husband himself. Till time the fact as to who had paid the premium to the insurance company and whether any single pie had been contributed by the deceased or not, is known, this court cannot decide the issue relating to the entitlement of the petitioner to claim a share in the maturity amount, the judge said.

In case the deceased husband had not made any contribution towards premium, there is no justification on the wife's part to seek her share, he said. "It is no doubt true that wife, mother and children are class-I heirs of a male deceased and not the father. But the heirship will not be taken into account for this type of contingency, in case the entire contribution is not made by the deceased and the same has been paid only by the father of the deceased." "In such circumstances, it is for the father of the deceased to decide to give the money in its entirety or in proportionate to any person, including class-I heirs," the judge added.

It is needless to state here that if a deceased has already declared the nominee and if that person falls under the category of class-I heir other than father, then there may not be any problem in disbursement of the maturity amount. In the present case, in case the woman's father-in-law is able to establish that only he paid the entire premium by way of NEFT/RTGS /Transfer, other than remittance by cash in the name of his son, then there is no justification on the part of the petitioner to seek for her share in the amount and she has no case at all, the judge said.

He then directed the LIC to circulate this order to all its branches situated in Tamil Nadu and collect details of similar cases and produce them before the court on June 28, the next date of hearing by way of counter.

TOP

PENSION

National Pension System: PFRDA board increases age limit for investing in NPS - Financial Express – 4th June 2021

The board of the Pension Fund Regulatory and Development Authority (PFRDA) has approved increasing the age limit for joining the National Pension System (NPS) from 65 years to 70 years with no cap on the maximum investment limit provided the sources are declared. This would enable tax savings with contributions to the NPS to be made up to 75 years of age. The yearly investment amount is flexible with the lowest investment amount being Rs 8,000 per annum, Supratim Bandyopadhyay, chairman, PFRDA, said at a session of the MCC Chambers.

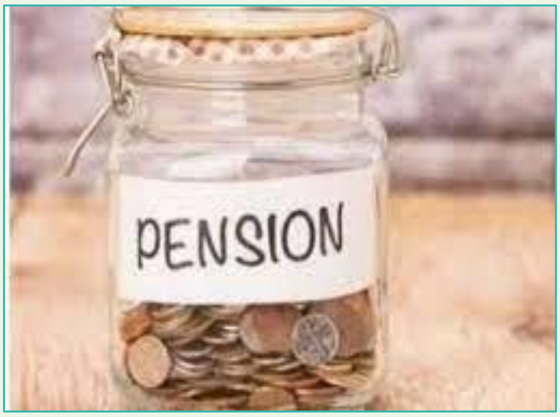
Earlier the age bracket for opening an NPS account was 18 to 60 years, which was later increased to 65years.

In India the pension schemes are fragmented and total contribution under various pension schemes has been less than Rs 30 lakh crore with only 12.64 crore beneficiaries. The total deposits in various pension funds make only 14% of India's GDP. All other countries having pension schemes, save Russia, are well ahead of India with the pension funds of the Netherlands making the highest at 191% of its GDP. Russian pension funds make only 6% of its GDP, Bandopadhyay said.

NPS, that invests mainly in four asset classes, has got the highest return from equity – 12.45%, followed by corporate bonds 10.07%, central government bonds 10% and state government bonds 9.89%. Investment in government securities has yielded 9.64%. All these have been for a period of 11 years, Bandopadhyay said.

TOP

Non-residents can easily open NPS account online – Live Mint – 4th June 2021



Non-Resident Indian or NRI can open an National Pension System (NPS) account online if he/she has a PAN card and an account in a bank. NPS is a retirement savings scheme wherein subscribers are allotted a Permanent Retirement Account Number (PRAN) which is unique to every consumer.

By investing in NPS, one can get an additional tax benefit of ₹50,000 under Section 80CCD (IB), besides the ₹1.5 lakh benefit under Section 80C. One has to visit the NPS trust website. It is an eNPS portal where he/she needs to click on registration and then on new registration to begin the process.

An NRI whose age is between 18 and 60 years and who complies with the Know Your Customer (KYC) norms can open the 'Tier I' or 'Tier I and Tier II both' type of account. The subscriber will have to choose applicant type and status individual subscriber and NRI respectively. After that, he/she needs to select the account status- repatriable (NRE) or non-repatriable (NRO).

One has to then enter the passport number and from the drop-down list, select the country of residence. Once selected, enter Aadhaar number and generate a One-Time Password (OTP). An NPS registration form will be displayed wherein the NRI has to enter their personal, contact and bank details and proceed further.

Besides, the NRI also needs to upload a scanned signature and photograph in jpg format. Once the account is created, the NRI has to make a contribution of ₹500 to the NPS account. He/she then have to print the system-generated form, paste a photograph, make a signature and send the same to the Central Record Keeping Agency (CRA) of NPS. The CRA will generate a PRAN. The same will be informed to NRI via mail and SMS. This way, all further subsequent transactions can be made online.

(The writer is Navneet Dubey.)

TOP

NPS withdrawal eased but facility available for limited period - Live Mint – 3rd June 2021

The Pension Fund Regulatory and Development Authority (PFRDA) has eased National Pension System (NPS) withdrawal or exit norms. In view of the Covid-19 pandemic, the pension fund regulator has allowed Point of Presence (PoPs) with the special dispensation to accept the scanned and self-certified images of exit documents through digital means to process the withdrawal requests of the subscribers.

The NPS withdrawal relaxation is permitted till 30th June 2021 by which time the 'online paperless exit process' based on OTP/ e-sign is expected to be rolled out by CRA for the benefit of NPS subscribers.

PFRDA issued a circular in this regard and said, "PoPs are now permitted to process the exit /withdrawal applications based on the soft copies after ensuring that the regulations on processing exits as mentioned in Chapter III 15 (2c) of POP Regulations are complied with. The beneficiary bank details have to be necessarily verified and matched as part of additional due diligence, before authorizing the request of withdrawal based on soft copies. Further all such records have to be simultaneously and compulsorily transmitted to CRA through soft copy. It may also be noted that the POPs would be solely responsible should any dispute arise out of such transactions at a later date."

On reason for easing the NPS withdrawal or exit process the PFRDA said, "Covid induced hardships continue unabated and in order to alleviate the difficulties being faced by the Subscribers in submitting physical applications for exit/withdrawal and the logistical challenges faced by POPs in collecting those applications to process and dispatch the same to CRA, it has been decided to relax the process of handling withdrawal applications by POPs in in the interest of Subscribers."

The PFRDA went on to add that it is also observed, that in several cases no records have been forwarded by POPs to CRA in respect of exit/withdrawals cases executed for Subscribers in terms of circulars mentioned in circular dated 21st July 2020. In all such cases, it is urged that the hard or soft copies, as the case may be, have to be shared by POPs with the respective CRA by 30th June 2021 without fail for record keeping and control purpose.

(The writer is Asit Manohar.)

TOP

PF withdrawals may impact your retirement savings – Live Mint - 1st June 2021

In order to provide a helping hand to people facing financial difficulties amid the second wave of covid-19 pandemic, the government has allowed Employees' Provident Fund Organization (EPFO) members to make one more withdrawal from their provident fund account. Last year, in March, the government had announced this facility, which gave the employee the option to make a non-refundable withdrawal of either basic wages of three months plus dearness allowance, or 75% of the balance, whichever is lower. According to EPFO, it has settled ₹2,367,65 crore covid claims under Pradhan Mantri Garib Kalyan Yojana (PMGKY). As per the data 740,000 claims were made under the scheme. As many people are opting to withdraw money from their provident fund, experts are advising them to be mindful of the fact that this will impact their retirement savings.

“It is not recommendable to withdraw funds from long-term savings meant for retirement. Withdrawing from provident funds would mean losing out the compounding effect on your savings and you may not be able to achieve the desired corpus required at the time of retirement," said Rishad Manekia, founder and MD, Kairos Capital.

Provident fund money shouldn’t be your first choice when in need of an emergency. In case you have fixed deposits or other investments which are more liquid, you can opt for them. In fact, to tide over such emergencies, it is important that you have an emergency fund. “Ideally one should have an emergency fund to tap during the time of crisis. But if such a fund is not there, one should look for liquidating fixed deposits or assets such as gold jewellery if available," said Manekia. It is always advisable to have an emergency corpus to meet any exigency. These days experts are advising people to have emergency corpus of up to 12 months as covid pandemic has led to many losing their jobs or income due to shutting down of businesses. “An emergency fund is a must; one should have at least 6-12 months of expenses in bank account and liquid funds, which can be used in hours of need. Make sure you keep aside some portion of your income for an emergency fund on a regular basis," said Manekia.

(The writer is Renu Yadav.)

TOP

EPFO to allow second Covid-19 advance withdrawal – Financial Express – 1st June 2021

Subscribers to the Employees' Provident Fund Organisation (EPFO) can now avail a second non-refundable Covid-19 advance to the extent of three months' wages (basic plus DA) or up to 75% of the amount standing to member's credit in the EPF account, whichever is less. The special withdrawal provision, aimed at meeting the financial need of members during a pandemic, was first introduced in March last year, under Pradhan Mantri Garib Kalyan Yojana (PMGKY). Such claims will be settled with three days of receipt.

As of date, EPFO has settled more than 76.31 lakh Covid-19 advance claims, disbursing a total of Rs 18,698.15 crore, the labour ministry said Monday. "During the second wave of Covid-19 pandemic, 'mucormycosis' or black fungus has been declared an epidemic recently. In such trying times, EPFO endeavours to lend a helping hand to its members by meeting their financial needs. Members who have already availed the first Covid-19 advance can now opt for a second advance also," it said. Considering the urgent need of members for financial support in these trying times, it has been decided to accord top priority to Covid-19 claims, the ministry said.

TOP

Options for PPF account holders after maturity - Live Mint – 31st May 2021

Public Provident Fund or PPF account is one of the most preferred long-term risk-free investment options among investors. Current PPF interest rate of 7.1 per cent is among the high yielding government-backed small saving schemes. For those investors, who want to make a corpus for higher studies of their child, marriage of girl child or for any other long-term investment goal, PPF is one of the most-favoured investment tools for those investors who have low risk-appetite. So, it becomes important for the PPF account holders to know the options available to them after the 15 years maturity period of PPF account. According to tax and investment experts, a PPF account holder has three options after the maturity of PPF account — PPF balance withdrawal, PPF account extension without investment and PPF account extension with investment option.

Speaking on options for PPF account holders after 15 years maturity; Amit Gupta, MD at CAG Infotech — a SEBI registered tax and investment solution company said, "PPF account has maturity period of 15 years and after the maturity period the PPF account holder is given three options — PPF balance withdrawal, PPF account extension without investment and PPF account extension with investment. On PPF account extension SEBI registered tax and investment expert Jitendra Solanki said, "For extension of PPF account after 15 years maturity period, the PPF account holders needs to submit duly filled PPF Extension Form either at bank or at the post office (whichever applicable in the case of one's PPF account). But, the PPF Extension Form has to be submitted in the 15th year of the PPF account opening and the form is required for submission only in the case of PPF account extension with investment option."

Solanki said that in case, the PPF account holder wants to continue investing in one's PPF account, then the PPF account holder needs to submit PPF Extension Form. If the PPF account holder is neither interested in PPF withdrawal after maturity period nor in further investing in the PPF account, then in that case he or she don't need to submit PPF Extension Form as non-submission of the forms means PPF account extension without investment. In that case, the PPF account holder will continue to get the PPF interest on one's PPF balance with income tax benefit as PPF falls under 'EEE' category where investment in PPF, PPF interest earned and the maturity amount is 100 per cent income tax exempted.

(The writer is Asit Manohar.)

TOP

What is the eligibility for getting Covid-19 pension? – Live Mint – 31st May 2021

Dependent families of industrial workers enrolled with Employee State Insurance Corporation (ESIC) who have died due to covid-19 will get pension for two years. The scheme was announced on Saturday.

Here is the eligibility criteria to avail the covid-19 pension:
For a family to become eligible to get the benefits, the deceased ESIC subscriber, also known as Insured Person (IP), must have been enrolled on the online portal of the social security body at least 90 days prior to the diagnosis of covid-19 infection resulting in death.

Second, the IP must have been "employed for wages and ESIC contributions for at least 78 days should have been paid or payable in respect of deceased IP during a period of one year immediately preceding the diagnosis of Covid disease resulting in death".

The Covid pension to the dependents of IPs, who fulfil the eligibility conditions, "will be entitled to receive monthly payment at 90% of average daily wages of the IP during their life". The benefits will be given for a period of two years ending 24 March 2022, which means the scheme has been made effective 24 March, 2020, when the union government first announced a national lockdown.

Industrial workers with a monthly wages up to Rs21, 000 fall under the ambit of the ESIC scheme and every month a portion of their salary is deducted and deposited with the ESIC to avail medical benefits from primary to tertiary care facilities. Currently, an IP pays 0.75% of his or her basic salary and 3.25% is given by the employer to the ESIC corpus every month.

TOP

IRDAI CIRCULARS

Topic	*Reference*
List of Valid Insurance Brokers as on 31.05.2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2120&flag=1
Business Figures - Life (Segment Wise)	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4502&flag=1
Guidelines on Insurance claims of victims of CycloneTauktae and Cyclone Yaas in the calamity affected areas	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4501&flag=1

TOP

GLOBAL NEWS

Singapore: Life insurers to provide more realistic guidance on expected returns on par policies – Asia Insurance Review

The Life Insurance Association, Singapore (LIA Singapore) yesterday announced that the life insurance industry will lower the caps of illustrative investment returns used in policy Illustrations for Singapore-dollar denominated participating (par) policies, effective 1 July 2021. Life insurers are expected to illustrate at least two scenarios; an upper investment return scenario and a lower investment return scenario to provide a reasonable potential range of the level of benefits. The upper illustration rate will be capped at 4.25% p.a. and the lower illustration rate will be capped at 3.00% p.a. respectively. The lower illustration rate must be at least 1.25% p.a. below the upper illustration rate. This is a reduction from the previous caps of 4.75% p.a. and 3.25% p.a. set by the Association.

Life Insurers' illustration rates should not be higher than the insurer's view of the investment returns achievable over the lifetime of the par policies. The upper illustration rate should also not exceed the 4.25% p.a. cap set by the Association.

Mr Khor Hock Seng, LIA Singapore president, said, "The Association made a decision to make a downward revision on caps for investment returns assumed for policy illustrations primarily in consideration of the sustained low interest rate environment. Our objective in doing so is to provide consumers a more realistic range of projected investment returns so individuals can make better informed financial decisions."

Illustrations have no impact on actual returns

"Importantly, consumers must recognise that these upper and lower illustration rates are for illustrative purposes only. These rates will not affect the actual returns of existing and future par policies. We strongly encourage individuals to engage with their financial advisers to decide on policies aligned with their personal needs and risk profile," added Mr Khor.

The upper and lower illustration rates also do not represent the upper and lower limits of the investment performance of an insurer's par fund. The actual returns received from a par policy will depend on the actual experience, including investment performance, of the par fund that will develop over the lifetime of the par policy.

Actual investment returns in the future depends on the future economic conditions, actual asset class returns, and asset allocation of the par fund. Eventual actual returns received by policyholders may be higher or lower than those reflected within the PI.

Annual reviews of caps by the industry

Caps on the upper and lower illustration rates are reviewed by LIA Singapore annually to ensure their ongoing relevance and appropriateness, taking into consideration recent and potential future economic market dynamics.

The caps are determined after considering the views of LIA Singapore member companies on a number of factors including the typical asset class mix that par funds invest in (such as equities, bonds and property) in the industry and the projected long-term returns on each asset class. These long-term return assumptions are determined by taking into account historical asset class performance as well as global economic outlook.

TOP

Australia: General insurance sector reports lower net profit for 12 months to March 2021 - Asia Insurance Review

The general insurance industry reported a net profit after tax of A$1.1bn ($850m) for the 12 months to 31 March 2021, according to data released by the Australian Prudential Regulation Authority (APRA).

This was a fall of A$0.4bn or 28% in comparison to the prior year. This result was primarily driven by natural catastrophe claims costs, lower investment income as well as impacts from the COVID19 operating environment, such as the provisioning undertaken for Business Interruption claims, says APRA in its Quarterly General Insurance Performance Statistics publication for the 2021 March quarter.

In the year ended 31 March 2021, insurers reported increases in gross earned premium in Householders, Domestic motor, Fire & ISR and Professional Indemnity classes of business. The increase in premiums was in response to rising claims costs in these classes.

The industry incurred large gross incurred claims costs from natural catastrophe events during the year, including the Halloween hail storm and New South Wales and southeast Queensland flood events. Gross incurred claims also increased as a result of the significant provisioning undertaken for BI claims in the December quarter.

These increases were partially offset by falls in domestic and commercial motor gross claims costs which were driven by lower levels of vehicle usage due to government-imposed movement restrictions. However, the March quarter data suggests that motor gross claims costs are returning to pre-COVID levels in all states.

	March 2020 A$ bn	March 2021 A$ bn	Change (annual)
Gross earned premium	51.0	53.1	+4.1%
Net earned premium	36.8	37.5	+1.8%
Gross claims expense	42.4bn	41.5bn	-1.9%
Underwriting result	1.5bn	$1.6bn	+6.0%
Investment income	2.0bn	1.6bn	-20.8%
Net profit after tax	1.5bn	1.1bn	-28.3%

Investment income was relatively stable during the first three quarters of the year. However, a large increase in bond yields during the March quarter generated losses on interest-bearing investments and had an adverse effect on investment income. The table below key performance statistics for the general insurance industry in the year ended 31 March

TOP

Philippines: Insurers to shift to new accounting rules by 2025 - Asia Insurance Review

Insurers in the Philippines will shift to a more transparent accounting system by 2025 - a change that will require operations, financial reports and actuarial calculations to be reassessed, according to the industry regulator, the Insurance Commission (IC). During an online forum, IC deputy commissioner Ferdinand George Florendo said that insurance companies might start the shift to Philippine Financial Reporting Standard (PFRS) 17—from the current PFRS 4—starting in January 2023 in time for industry-wide application in 2025, reported Inquirer.net.

He also explained that insurers are given enough time to complete the transition. The main difference between the currently used PFRS 4 and the succeeding PFRS 17 is that the latter set of rules uses an accounting approach that will provide more transparent and consonant information for managers, decision makers, and the investing public. “The industry will transition from using different sets of accounting policies for insurance contracts to one common policy and allow insurance companies across countries to become better comparable,” SGV & Co partner Charisse Rossielin Cruz said.

TOP

China: Regulator to amend reinsurance rules - Asia Insurance Review

The CBIRC has issued a draft containing proposed revisions to reinsurance regulations that were last updated in 2015. The regulator proposes six major changes when it released on 28 May its "Regulations on the Management of Reinsurance Business (Draft for Comment)" on its official website. They are:

Insurance companies and insurance groups are to formulate reinsurance strategies so as to curb risks and promote a more orderly development of the industry.

The insurers are to spell out the purpose of the reinsurance arrangement, retention policy, reinsurance policy, risk management and control mechanism, etc.

Supervision of reinsurance business is to be tightened with detailed requirements set out relating to the concentration of reinsurance business, overseas reinsurance risks, and liquidity management. The CBIRC aims to tighten reinsurance contract management regulations, requiring insurers to establish a reinsurance file management system, with relevant documents processed electronically in a timely manner.

The new rules would also cover the timely signing of reinsurance contracts, the settlement of reinsurance funds and reporting of receivables and payables, etc. Direct insurance companies which carry out reinsurance business have to set up an independent reinsurance department at the head office.

Branches of insurers are barred from conducting reinsurance business. If the reinsurance premium income in the previous year exceeded CNY100m ($15.7m), the department should be manned by no less than three full-time personnel independent of the direct insurance business. If the reinsurance premium income in the previous year exceeded CNY300m, the full-time personnel in the reinsurance department shall number not less than five. Insurers are to draw up detailed annual reinsurance business development plans.

Insurers are to carefully select reinsurance counterparties and reinsurance brokers. Insurers are to support the development of the direct insurance market. However, the regulator strictly prohibits the use of reinsurance to transfer profits and evade taxes.

When insurers conduct reinsurance transactions with related entities, they shall follow market principles to determine reinsurance prices and conditions. To this end, the CBIRC proposes to remove a restrictive clause in the 2015 set of regulations that limits the amount of insurance taken out by related parties to not more than 20% of the amount of insurance for direct business. The insurer shall disclose information on related-party reinsurance transactions.

The proposed new regulations also streamline reinsurance information reporting by insurers.

TOP