Insurance Institute of India

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

INSUNEWS

- Weekly e-Newsletter

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● Quote for the Week ●

"You are what you are and you are where you are because of what has gone into your mind. You change what you are and you change where you are by changing what goes into your mind."

Zig Ziglar

INSIDE THE ISSUE

Insurance Industry

Balancing insurance risks and rewards - Financial Express – 3rd May 2018

With the recent initial public offers of life and non-life insurers and a reinsurer in India, investors and analysts are faced with the task of understanding an industry that they probably are not quite acquainted with. Insurance can be compared to a backroom support system for the economy or a play in the backyard, never attracting the limelight but chugging along in the background with monotonous regularity, not quite associated with the glamour of financial services, so to say in a very direct way. This is despite the central role it plays in the effective functioning of the economy and shouldering the risks of physical damage, mishaps, calamities, frauds, going so far as accident and product liability awards. This piece focuses on non-life insurance business and the term insurer includes reinsurer, unless specified otherwise.

The gamut of risks borne by non-life insurers is a veritable kaleidoscope barring the life, annuity, morbidity and mortality risks. From the run-of-the-mill fire and property to marine (hull and cargo) to motor, crop, aviation, space and director's liability to mega risks to cyber and body parts of sports persons, the universe of a non-life underwriter is interesting, challenging and evolving. Throw in emerging risks such as cyber and climate change, and it would appear that the challenge is mammoth. Insurers, given their usual limited geographical presence for business operations and a particular level of capital resources, cannot bear these risks on their own in all cases. Insurers buy insurance from another set of insurers who are usually called reinsurers.

The risk and uncertainty arising from the potential event with downside has to be absorbed by an insurer and she will shed the risks beyond her comfort zone to reinsurers. The risk will travel further in the market till it is fully absorbed, subject to the willingness and capacity of the other players to absorb the risks, given the constraints imposed on them by regulators, investors and rating agencies. The role of reinsurers to absorb risks becomes quite important. For all practical purposes, they can be considered the wholesalers or manufacturers of the "capacity" to absorb the risk backed by their capital resources. This is particularly important when the insurer is faced with potential for a number of risks or an entire portfolio getting affected at the same time, such as flood or earthquake or a mega risk threatening the profitability or even the survival of the entity, unless supported by a reinsurer.

The transfer of risk from a given entity or geography to the global risk pool is quite interesting. It can happen in a series of transactions, and the risk can be sliced and diced. Insurer is usually supported by a number of reinsurers since every player seeks to benefit from diversification. Each player accepts risks commensurate with the risk appetite defined by their management within the regulatory framework imposing capital requirements.

At the core of the reinsurer business is sound risk-assessment—in comparison to an insurer—backed by bigger scale, greater geographical diversification, enhanced business diversification (across insurance classes) together with sound exposure management. They rely on analytics and advances in fields such as meteorology, seismology and interdisciplinary approaches to assess the risk and mitigate them through "financial engineering". Reinsurers deal with the risks at portfolio-level, relying on the law of large numbers in spatial dimension and bank on trend assessment in temporal dimension.

It is noteworthy that insurance industry presents an interesting dynamic in that the premium is collected upfront and claims are settled after a lag—the event may happen some time after the assumption of risk, and once the event happens, there would be a process for ascertaining the loss quantum, further delaying the actual settlement. Cases involving litigation or complexity lead to stretching of this period in a very significant way. This leaves funds with the insurers, which they can invest, and this is known as "float" in the industry. In a way, it is free money with the risk carriers to invest and earn investment income from.

The Oracle of Omaha, Warren Buffett, who is reckoned to be one of the greatest investors of all time, has a particular affinity for the industry, largely because of the float which could come at a very low or no cost. The size of the float, which is a function of the lag in settlement and the investment yield, thus presents important variables underpinning the business of insurers. Certain insurance classes provide opportunities for higher float and certain economies present more attractive investment returns on account of the growth potential and investment climate.

Given this dynamic, there is a case for evaluating insurance business in a different way. Indian insurance market and the economy is quite different from those in the developed world and, therefore, presents a unique proposition in terms of business growth and profitability. Given the under-penetration, the growth for a couple of decades can be expected to be higher than in mature economies or even the global average. In fact, growth in the emerging markets is pulling up the global average just like in the case of global GDP. Industry during the last decade and a half has seen top line driven business strategies being pursued by market players to achieve scale, which is crucial, given the nature of the industry, and is now entering the consolidation phase.

Indian insurance sector is set to grow in the context of economic growth, demographic profile, urbanisation and transition to middle income country, apart from certain macro drivers such as climate change and governmental focus on resilience and protection.

It is moot how long the stock markets—which tend to be more sentiment-driven than fundamental-driven in the short term—will take to fully factor in the 'idiosyncrasies' of the industry which facilitates the smooth running of economy. Indian insurance industry makes for an attractive business opportunity owing to under-penetration on the business side. The icing on the cake is the opportunity to invest in the economy which is again attractive given the overall growth potential. It will be no exaggeration to say that managing risk and rewards, in all their dimensions, is at the core of the insurer business model.

Source

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Insurance Regulation

Govt set to bar insurance firms from using health data to sell policies – Mint – 2nd May 2018

Companies hauling out health data of people for selling them health or life insurance policies will be on the government's radar once the Digital Information Security in Healthcare Act (DISHA) comes into force.

A draft bill prepared by the health ministry aims to maintain electronic health data privacy, confidentiality, security and standardization. "Digital health data, whether identifiable or anonymized, shall not be accessed, used or disclosed to any person for a commercial purpose and in no circumstances be accessed, used or disclosed to insurance companies, employers, human resource consultants and pharmaceutical companies, or any other entity as may be specified by the Central government," the draft says.

"Insurance companies shall not insist on accessing the digital health data of persons who seek to purchase health insurance policies or during the processing of any insurance claim. Provided that for the purpose of processing of insurance claims, the insurance company shall seek consent from the owner to seek access his or her digital health data from the clinical establishment to which the claim relates," it adds.

Experts welcomed the move. "Being largely in the unregulated domain, there has been proliferation of unscrupulous business activities around digital health data. With DISHA it would be easy to plug several loopholes that have been plaguing the Indian society as far as misuse of digital health data is concerned," said Supratim Chakraborty, associate partner, Khaitan & Co., a Delhi-based law firm.

The draft law makes any breach of health data punishable by up to five years' imprisonment and a Rs5 lakh fine. "The move toward digitalization is a great opportunity to bring about a fundamental change to the way we offer and consume healthcare. But, behind the breakthroughs that digital technology has bought us in the past few years, we have also seen its own set of challenges that come on top of these exciting technologies," said Sandeep Patel, managing director and chief executive officer, Cigna TTK Health Insurance.

Despite the current climate around data privacy in India, interestingly, globally 45% of people are willing to share health data with third parties, especially with doctors (59%), a national health database (49%) and global bodies such as the World Health Organization (47%), according to Cigna 360° Well-being Research 2017, a survey conducted by Cigna TTK Health Insurance.

But only over a third would trust insurance companies (35%)—the highest trust level is in India (66%) followed by UAE (57%), Indonesia (54%), Thailand (52%) and China (51%). Worldwide, health data of people is at risk. The data is easily available and at risk of being mined by several industries, including insurance.

"Any person who commits a serious breach of health care data shall be punished with imprisonment, which shall extend from three years and up to five years; or fine, which shall not be less than five lakh of rupees," the draft law states.

Source

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Life Insurance

Getting insurance savvy: After some slippage, insurance number looking better - Financial Express - 28th April 2018

After the first few years of the decade when the business contracted, India's insurance sector continues to grow well and the premium-to-GDP ratio was 3.5% in 2016, down from 5.2% in 2009 but up from 2.7% in 2001. When looked at number of persons covered—instead of just the premium paid—with 5.3 crore persons covered by the Pradhan Mantri Jeevan Jyoti Bima Yojana and 13.47 crore by Pradhan Mantri Suraksha Bima Yojana, the coverage looks better. During FY18, the first-year life-insurance premiums rose 16.3% on top of 20.9% in FY17 and 12.3% in FY16. Interestingly, for the first time since the sector was opened to private players in 2000, the share of LIC went to below half at 49.1%.

What has driven life insurance growth over the last few years has been the surge in sales of Unit-Linked Insurance Plans (ULIPs), especially for the new players. In the case of SBI Life, these rose from 44% in 2012 to 69% in Q3FY18, from 12% to 65% for Bajaj Life, 56% to 86% for ICICI Prudential and 12% to 41% in the case of Max Life. For the industry as a whole, the share of ULIPs in total insurance has risen from 8% in FY14 to 12% in FY17.

The other part of the increasing financialisation of India's savings, of course, is the growth in the mutual fund industry, where equity inflows have risen from Rs 79,000 crore in FY15 to as much as Rs 233,900 crore in FY18. As a result of this, the share of India's household savings being held in financial form rose from 7.4% of GDP in FY12 to 8.2% in FY16, before falling to 6.8% in FY17.

Since India's overall savings of the household sector also fell in this period, from 23.6% of GDP in FY12 to 16.3% in FY17, what is more relevant is the composition of the savings. From 31.3% in FY12, the share of household savings held in financial form rose from 31.3% to 46% in FY16 and then fell to 41.7% in FY17. An issue that the government would probably need to examine, in the light of the latest budget, though, is the distortion caused by the new proposal to tax shares and equity mutual funds at a 10% rate for long-term capital gains.

While this makes sense given bank interest rates are taxed at the marginal rate of tax for every group, there is no tax on ULIPs which, in addition, also get benefits under Section 80C. Also, while Sebi has put a cap of 2.5% of AUM as fund expenses, expenses for ULIPs are capped at 4%, making it more attractive for banks to sell insurance products than mutual funds.

Source

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Should you go for a joint life cover? - The Hindu Business Line - 28th April 2018

While it is handy in the case of a non-earning spouse, it is not cost-effective.

Conventionally, life insurance policies are meant to cover the life of the primary breadwinner of the family. But the trend is fast changing with the rapid rise in the number of working couples, driving the need for a life cover for the spouse too.

You could take separate policies for you and your spouse. But a few insurance companies offer joint life insurance policies. Much like regular life insurance policies, you pay a premium for a fixed period, during which time you can claim for the life cover in case either one of you dies.

Are these policies worth the while? Are they more cost-effective? We look at the various pros and cons of joint life policies.

Essentially, joint life insurance policies cover you and your spouse under one contract. Normally, these come as an additional option with your plain vanilla term policy. Under this option, your life (primary life insured) and your spouse's life (secondary) can be covered under the same policy.

What they offer?

AEGON, PNB MetLife and the recently launched Aditya Birla Sun Life Insurance's Life Shield Plan offer this feature.

Under PNB MetLife Mera Tera Plan and Aditya Birla Sun Life Insurance's Life Shield Plan, on death of the primary insured before the spouse (secondary life insured), the sum assured will be paid to the spouse and her life cover will continue with future premiums waived off. On death of the second life insured thereafter, the sum assured in respect of the second life is paid to the nominee and the policy is terminated.

In case of death of the second insured first, the sum assured will be paid to the primary insured and the future premiums will be reduced to what would have been charged at inception for only the primary insured (base premium).

In case of death of the both lives simultaneously, the death sum assured in respect of both the first life and the second life will be paid and the policy is terminated. Both PNB MetLife and Aditya Birla Sun Life offer the joint life cover feature only if the sum assured of the primary/first life is greater than or equal to Rs. 50 lakh. The sum assured for the spouse/second life will be 50 per cent of the sum assured of the primary insured.

Pros and cons

A key benefit from joint life policies is that if the primary insured dies, the surviving spouse not only receives the sum assured but also does not have to pay future premiums to keep her cover alive. It is particularly a good option if your spouse is not earning any income.

Life Shield offers a cover of 50 per cent of your sum assured to your spouse, irrespective of the occupation (even housewife).

However PNB Met Life restricts the cover for spouse to 25 per cent of sum assured if she is a housewife. Nonetheless, covering a lower-earning or non-earning member is the one of the key advantages of taking a joint life cover. However, if the spouse earns well and is capable of managing finances, then the joint life covers may not be that cost-effective.

Under PNB MetLife Mera Tera, for a 35-year old male, non-smoker, a cover of Rs 1 crore for a 20-year policy term works out to an annual premium of Rs 9,711 (inclusive of taxes). The additional premium for your spouse, for Rs 50 lakh cover (30-year old) working professional comes to Rs 5,326.

If both decide to a take separate policies, then for a 30-year-old female, a Rs 50 lakh cover works out to an annual premium of Rs 4,248 under PNB MetLife. Hence, the higher premium (Rs 5,326) that you pay for a joint life cover and the waiver of premium benefit (on death of the primary insured) may not make much sense.

Being an offline policy, the base premium for Aditya Birla Sun Life Insurance's Life Shield Plan is higher. For a 35-year-old male, non-smoker, a cover of Rs 1 crore for a 20-year policy term works out to an annual premium of Rs 11,074 (inclusive of GST).

However, the spouse gets a 10 per cent discount on the premium. Hence, the additional premium for the 30-year-old spouse under joint life cover works out to Rs 3,883. Therefore, look at the cost and features of each joint life cover before deciding.

A key drawback of a joint life cover is that in case of divorce or separation, if one partner decides not to pay his/her share of the premium, the burden will fall on the other or the policy could cease. Having separate policies also gives you more flexibility on the cover and other features.

Source

Private insurers saw high growth again - Financial Express – 28th April 2018

Indian insurers' premiums grew 19% y-o-y in FY18 vs. 21% y-o-y last year. Private sector grew 24% y-o-y vs. 26% y-o-y last year; market share improved further to 56% vs. 54% last year. SBI Life replaced ICICI Pru as the largest life insurer. Premium growth in March 2018 was muted against a strong base.

IRDA has reported life insurance premium income data for insurers for March 2018/FY18
Industry individual premiums, on an APE basis, grew a strong 19% y-o-y in FY18 compared to 21% y-o-y growth last year. For the month of March 2018, premium growth was muted at 7% y-o-y vs. 10% y-o-y last month, mainly owing to a strong base (25% y-o-y in the month of March 2017).

Private sector market share gains continue for sixth year in a row.

At 56% in FY18, the market share is now near its its highest ever (57% in FY09). The composition within the private sector is much different, however; the top three bankbacked insurers (HDFC Life, ICICI Prudential, and SBI Life) now make up 56% of the private sector vs. 39% in FY09.

For the third consecutive year, SBI Life grew fastest among large bank-backed insurers
SBI Life posted 31% y-o-y in FY18 vs. 39% y-o-y last year (35% CAGR during FY16-18). HDFC Life grew 31% y-o-y vs. 9% y-o-y in FY17. IPru Life grew 16% y-o-y after strong growth in FY17. Kotak Life grew 31% y-o-y vs. 28% y-o-y last year. Max Life grew 22% y-o-y vs. 25% y-o-y last year.

Tata AIA improved its rank in the private sector to #6 vs. #9 in FY16. It has been the largest market share gainer over the last three years (from 1.2% in FY15 to 3.9% among private insurers in FY18) after SBI Life. Among agency-based insurers, Bajaj Life growth was strong. Reliance Life and Birla Sunlife lost market share in FY18.

Premiums for the month of March 2018 were muted given strong base
They stood at 8% y-o-y vs. 11% y-o-y last month. IPru Life grew +17% y-o-y, after three consecutive months of decline. HDFC Life premiums declined 2% y-o-y vs. +22% y-o-y last month, driven by strong growth in the base month .

SBI Life grew 5% y-o-y; Max Life grew 16% y-o-y; Kotak Life grew 13% y-o-y; Reliance Life grew 6% y-o-y; Bajaj Life grew 5% y-o-y. Premium growth at Birla Sunlife accelerated to 20% y-o-y.

We expect growth in private sector premiums to moderate to mid-teens over the next couple of years
Large bank-backed insurers are likely to grow at a faster pace and continue to gain market share. We cite help from an improving macro climate, an accelerating share of financing savings, improving financial inclusion, and a stabilising regulatory environment.

Source

Back

India: Number of agents falls by around 5,000 over 12 months to March 2018 – Asia Insurance Review

The privately held life insurance industry in India lost 23,500 individual agents in the financial year ended 31 March 2018 (FY2018), primarily due to their inability to meet targets. The insurers had 957,341 agents at 1 April 2017 that fell to 933,857 by 31 March 2018, reports Moneycontrol citing data from the Life Insurance Council.

The country's largest insurer, the state owned Life Insurance Corporation of India (LIC), on the other hand, added almost 18,000 agents to its system. As a result, the overall number of individual agents dipped marginally. LIC itself has over a million agents.

For the industry as a whole, individual agents are the biggest source of distribution of insurance policies. Almost 55% of life policies sold are sourced through agents. This is closely followed by bancassurance.

Among the private sector life insurers, Canara HSBC OBC Life Insurance is the only player that doesn't have any agents. They sell purely through bank branches of Canara Bank, HSBC and Oriental Bank of Commerce.

Another insurer, Aegon Life Insurance, which has decided to go fully digital, did not add any new agents in the last financial year.

ICICI Prudential Life Insurance had the highest number of agents among private players. The number stood at 151,563 at end of March 2018, showing an 11% jump yoy.

Source

Health Insurance

Insurance companies to refund excess premium under NHPM - Business Standard – 3rd May 2018

Insurance companies will have to mandatorily refund excess premium if the claim ratio turns out to be less than 85 per cent under the Centre's ambitious 'National Health Protection Mission' (NHPM), says a proposal by the health ministry.

The programme will provide a coverage of Rs 5 lakh to 10 crore poorest families of the country.

The proposal was discussed by the health ministry during consultations with representatives from leading general and stand alone health insurance companies, and private hospitals, yesterday.

Indu Bhushan, who took over as the chief executive officer of the ambitious Ayushman Bharat National Health Protection Mission (AB-NHPM) on May 1, while chairing the meeting, has sought the feedback of the insurance companies on the matter.

"We have proposed that the insurance companies will have to mandatorily refund the excess premium if the claim ratio turns out to be less than 85 per cent under this project. This will ensure that insurance agencies do not have windfall gain from the ambitious scheme which aims at supporting the poorest 40 per cent of the population for expenditure on health treatment," Bhushan told PTI.

For example, if the premium paid by the government is Rs 100, and the average claim per family is only Rs 50, the insurance company will refund Rs35 to the government, he explained.

Touted as the world's largest government-funded healthcare insurance programme, 'AB-NHPM' will provide a coverage of Rs 5 lakh per family annually and benefit more than 10 crore families belonging to the poor and vulnerable sections of the society.

The centrally-sponsored scheme will target deprived rural families and identified occupational category of urban workers' families, who constitute 8.03 crore in rural and 2.33 crore in urban areas, respectively, as per the latest Socio Economic and Caste Census (SECC) 2011 data, and will cover around 50 crore people.

The health ministry has prepared a detailed timeline to ensure completion of all steps to enable rolling out of the scheme anytime after July, while allocating around Rs 10,000 crore for the project.

In yesterday's consultation, representatives praised the initiative and the substantial engagement of all stakeholders covering aspects like operational guidelines, model tender document, empanelment criterion, package details and rates, etc.

Source

We need to design the scheme to ensure that the targeted beneficiaries get maximum benefits and we can expand access to quality health services in rural areas and Tier-2 and 3 cities. This can be done only when government, hospitals and insurance companies work together as partners," Bhushan said.

Back

Cabinet approves continuation of PMSSY beyond 12th Five Year Plan to 2019-20 - The Economic Times – 2nd May 2018

In a major boost to expansion of health care infrastructure in the country, the Union Cabinet today approved the continuation of the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) beyond 12th Five Year Plan to 2019-20.

The PMSSY, which is a central sector scheme, aims at correcting the imbalances in the availability of affordable tertiary health care facilities in different parts of the country in general, and augmenting facilities for quality medical education in the under-served states in particular.

The financial outlay for this purpose is Rs 14,832 crore. Under this scheme, new All India Institute of Medical Science are established and the government medical colleges are upgraded, an official statement said.

Expressing gratitude to the prime minister, Union Health minister J P Nadda said setting up of new AIIMS would not only transform health education and training, but also address the shortfall of health care professionals in the region. The construction of new AIIMS is fully-funded by the central government.

Setting up new AIIMS in various states will also lead to employment generation for nearly 3,000 people in various faculty and non-faculty posts in each of the institutes.

The upgradation programme is carried out in selected government medical colleges (GMCs) by agencies appointed by the Government of India under the direct supervision of the central government. The post-graduate seats and additional faculty posts as per norms will be created and filled up in these GMCs by the respective state/Union Territories governments.

Highlighting the benefits of the scheme, Nadda said that each new AIIMS will add 100 UG (MBBS) and 60 B.Sc (Nursing) seats, 15-20 super specialty departments and around 750 hospital beds. "As per data of current functional AIIMS, it is expected that each new AIIMS would cater to around 1,500 OPD patients/day and around 1,000 IPD patients/month," he said.

The Union Health minister said that the PMSSY aims at correcting regional imbalances in the availability of affordable and reliable tertiary health care services and also at augmenting facilities for quality medical education in different regions of the country.

He said that that various initiatives under the PMSSY will lead to development of apex level medical education and nursing education and connected research facilities. It will also lead to creation of tertiary level health care infrastructure through establishment of new AIIMS and will improve the referral system and enhance cross linkages between primary, secondary and tertiary level health care facilities.

Nadda emphasised that schemes under the PMSSY will result in the reduction of disparities to access quality health services between the states and the regions.

Source

Back

Healthcare funds not adequate - Financial Chronicle – 3rd May 2018

In India where out-of-pocket expenses are around 60 per as a very small percentage of population has health insurance, the government's plan to set up of 1,50,000 health and wellness centres under the national health policy and the national health protection scheme will go a long way in achieving the 'health for all' goal, said the healthcare federation of India (Nathealth).

The situation gets further complicated as the government spends only about 1.4 per cent of GDP on healthcare, which is one of the lowest spends globally. There is a need to focus more on raising investment in healthcare in the country, it said.

Inadequate access to capital is one of the biggest roadblocks for the healthcare sector's growth, said Anjan Bose, secretary general, Nathealth. Nathealth, a multi-segment collaborative platform, has extended all its support to stakeholders in the sector.

for the successful implementation of the world's largest government-funded health insurance programme, which is expected to help people to meet their healthcare needs.

Source

Back

5L BPL families to get Rs 5 lakh insurance cover – The Times of India – 30th April 2018

The Centre has identified 5.38 lakh below poverty line (BPL) families in Uttarakhand who will become beneficiaries of Ayushman Bharat-National Health Protection Mission (NHPM). The Centrally sponsored scheme aims to provide a cover of Rs 5 lakh per family annually to 10 crore poor and vulnerable families in the country.

Over five lakh families in Uttarakhand who will be enrolled in the scheme will be covered for treatment of over 1,300 diseases. Each family will get a coverage of up to Rs 5 lakh for secondary and tertiary care hospitalisation. The families were selected based on data from the Socio Economic and Caste Census (SECC) 2011.

Asha workers have been asked to inform the beneficiaries of the scheme starting Tuesday.

Yugal Kishore Pant, managing director of National Health Mission-Uttarakhand, health and family welfare department, said, "We will start work on the scheme from Tuesday in our state. The health workers will match the current socio-economic status of the 5.38 lakh families followed by collection of their identity proofs. The actual numbers of SECC 2011 data may differ due to floating population and migration in the state."

Beneficiaries will be able to avail themselves of insurance cover benefits in both public and empanelled private facilities in the state.

Source

General Insurance

Be wary when buying overseas insurance from travel agents; be careful – The Times of India – 4th May 2018

While buying an overseas insurance policy at the click of a mouse, please check your proposal documents before you buy, as more travelers are discovering that when it comes to claims, insurance companies deny claims on grounds of pre-existing ailments.

Ombudsman offices are flooded with complaints from policy holders that claims are getting repudiated. For example, the Chennai office of insurance ombudsman has seen more than 85% of all complaints in the non-life sector related to medical insurance. "It was slightly lower last year," said an official at the office of the Ombudsman. "Across India too, the situation is same."

Sample this: Meera Chandrasekaran wrote a overseas travel policy with Bajaj Allianz for a policy cover for $50,000 through an advisor of Bajaj Allianz. No proposal was obtained at the time of insurance and no evidence of any pre-medical done before acceptance of the insurance. The sub limit under the policy i.e. the maximum liability for any illness was $12,500.

She travelled to the US and fell ill. She was soon admitted in Hill Crest Hospital, Ohio, with complaints of tightness in chest. The claim was intimated to insurer for reimbursement of treatment expenses of $19261.15.

However, the claim was rejected by the insurer on the grounds of non-disclosure of pre-existing disease i.e. Hyperlipidemia, which was recorded in the hospital records.

She stated that due to language problem and difficulty in understanding English spoken by US doctors, the doctors have recorded that she was suffering from chest discomfort, which is incorrect.

Further, she referred to the attending physician's report wherein it is stated that the chest tightness and pain is not due to any pre-existing conditions and that she was not suffering from cardiac ailments.

The ombudsman rejected the repudiation by insurer.

"There is an increase in complaints that we get due to mis-selling of policies online. Either there aren't relevant ailments in the drop down column of online applications or only some of the ailments are available in the relevant fields. If an applicant does not fill in with relevant information, we see insurance companies denying claims," said M Vasantha Krishna, insurance ombudsman, Tamil Nadu and Pondicherry.

Officials at the Chennai office said that in a specific case, a medical insurance claim was repudiated by the insurer as the insured underwent a surgery for Tonsillitis as child 35 years ago.

"The insurance company rejected the claim terming that the surgery details were not disclosed. We had to step in and get the claim honoured," the official said.

Law mandates that every insurance policy before written must have a proposal and the policy holder must be handed over the proposal along with the policy.

"Most cases, policy holders don't bother to look into the details and get stuck," the official added. Even if the policy is offered online, the proposal must be shared offline, the official said.

"I am aware of cases where a portal mails a document instead of a proper policy. These overseas policies are only for psychological benefit of the traveler and I have come across several instances of repudiation of claims," said R Venkatasubramanian, founder of VKC Forex.

Most of the travel agents have tie ups with insurance companies as medical insurance is a must for getting visa to Europe and the US. The forms are filled up by agents of the insurance companies using the information supplied by the travel agent, the same way in which application forms for credit card or bank loans are filled and submitted.

Basheer Ahmed of Metro Travels said: "There have been instances when passengers had trouble in claiming the money in case of hospitalization abroad. But in majority of such cases passengers had applied online. They may not give relevant information which leads to a failed claim."

Source

How to use no claim bonus while buying insurance for new car - The Economic Times – 30th April 2018

No claim bonus (NCB) is accrued to a motor insurance policy if no claims are made during the policy period. The bonus works as a discount on the premium payable on the renewal of the policy. It is also possible to use the NCB while buying insurance for a new car. Here's how to go about it.

Selling the old car
The existing car, which is eligible for NCB, must be sold either to the dealer or a third party for the NCB to be transferred to the new car. It is important to get a delivery note confirming the sale, followed by a sale deed.

Applying for the NCB certificate
The policyholder can then write to the insurance company informing it about the sale of the old car and that he wants the NCB earned on the old car to be utilised for the new car. Existing insurance policy details should be mentioned in the email or letter for easy reference.

Documents needed
The following documents are required along with the written application:
1. Copy of delivery note received for sale of old car.
2. A copy of booking form for the new car.
3. A copy of insurance policy for the old car.

Use of the NCB certificate
Once the application has been sent, it takes about one to two working days for the insurance company to issue the NCB certificate, which can be used as proof of the existing NCB. On the basis of the certificate, the insurance company can apply the NCB as a discount on the insurance premium for the new car. A substantial discount can be availed of if the existing NCB is 50%.

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Points to note
1. To transfer the NCB to a new car, the insurance for it doesn't have to be taken from the same insurer.
2. The NCB of an old car can make a big difference to the insurance premium of the new car.

Source

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Here's how you can file an overseas travel insurance claim - Financial Express – 30th April 2018

Many a time customers may be equipped with the ideal travel insurance plan, but are unable to file the claims with the insurer in due time and with proper documentation.

Situations like these lead to delay in claim settlements and may even result in claim rejection. Here are a few claim scenarios and the steps to follow if you need to file one.

Medical/ accident emergencies
If you have had an accident or have fallen sick due to climatic conditions, you may need to use your travel insurance. You can get benefits such as quick treatment or emergency evacuation to home country.

Intimate your insurer about the situation through offered missed call facilities or toll-free numbers or an email. If the claim is acceptable under the policy, the insurer can look for facilitating cashless treatment overseas which would lead to insured not being put under financial duress.

Keep all your prescriptions, reports and payment receipts safe; provide them as defined in the claim procedure, in case of reimbursement. Ensure that all these documents are duly signed, dated and stamped.

In case of any accidental situation and third party involvement, you will need to submit a copy of police report as well. Take consent from your insurer in case of emergency evacuation, after you have a fit-to-fly consent from the treating facility overseas, for a smooth evacuation to the country of origin.

Delay of checked baggage

When travelling overseas, loss or delay in arrival of luggage is common. Submit the payment receipts of basic essentials purchase that you made due to delay in baggage delivery. Get a letter from the airline confirming the delay/loss and its time. Additionally, copy of boarding pass, tickets and passport copy, PIR, Baggage Delivery Receipt confirming travel dates are also required for receiving the reimbursement. As soon as you return from your trip, file for claim and submit required documents.

Loss of passport

You need to intimate your insurer about the loss and file a police report. Always keep a copy of the passport with you that will be handy in scenarios like these. You need to keep receipts of all the expenses incurred for procuring a new passport and submit these while filing for claim after returning home. Insurers require documents like embassy and passport office receipts, identity proofs, copy of cancelled cheque, copy of new passport and emergency travel certificate.

Trip curtailment/cancellation

Sometimes you may need to cut short or cancel your trip due to health/family emergencies. One can make a travel insurance claim against the monetary loss suffered due to cancellation or curtailment of trip as followed. Inform your insurer about the emergency and change of plan, giving document evidence of the reason to curtail or cancel the trip, for instance, death certificate in case of a death in the family, hospital bills in case of accident or police report in case of a burglary.

Fill the claim form along with the documents such as hotel and flight bookings. Insurer will get back with the claim acceptance or denial and will process further. At present, insurers are leveraging technologies like blockchain to proactively initiate the claim process and to notify customers about their payout eligibility under trip delay cover. And a customer gets the claim amount without even filing.

You must follow the timeline directed by the insurer to file a claim, typically it ranges 1-2 months after the return date. However, if you provide all required documents and details while in overseas, insurer will settle the claim at the same time.

Source

Back

IPL: Insurance claims being filed for loss of player fees due to injury, match cancellations – The Economic Times – 30th April 2018

With injuries to Kedar Jadhav, Suresh Raina, Shikhar Dhawan, Hardik Pandya and Bhuvneshwar Kumar in the 11th season of the Indian Premier League, insurance claims have started rolling in. Loss of player fee insurance was the most sought-after cover for IPL this season, insurance executives said.

The event cancellation policy has come into play as well — for the rain-affected matches between Rajasthan Royals and Delhi Daredevils in Jaipur and the one between Kolkata Knight Riders and Kings XI Punjab at Eden Gardens in Kolkata. “Claims have started coming in under the IPL cover,” said one of the people with knowledge of the matter. “Franchisees have reported claims under players’ injuries and others due to rains.”

The total insurance coverage across all of IPL would amount to Rs 2,300 crore, according to industry estimates, up from last year’s Rs 1,800 crore.

The key risks covered are event cancellation, personal accident and medical insurance policy for players and loss of player fees due to injury or illness. Over the past few years, the loss ratio has gone up to 150-200%, which has led to a hardening of rates, executives said.

The loss of player fee cover has gone up to 3.5% of the sum insured from 1% a few years ago and has been availed of by both BCCI and the teams. The Board of Control for Cricket in India (BCCI) has covered 25 contracted players for loss of fees. If a player misses a match owing to injury or illness, half the loss of fee comes from the franchise and the rest from BCCI.

“Kedar Jadhav, who was bought by Chennai Super Kings, played the first match against Mumbai where he got injured, triggering the claim,” said Pranav Shah, director, Alliance Insurance Brokers.

“BCCI has taken the initiative to cover contracted players for their IPL fees to protect their interests. We will know the exact quantum from players injuries at the end of the IPL,” Shah said. Raina, Pandya, Dhawan and

Kumar have all missed matches. BCCI has taken insurance of Rs 200 crore for contracted players' loss of fee coverage, according to people with knowledge of this.

Broadcaster Star India has taken a Rs 1,600 crore policy to insure against loss of revenue, which will be triggered if matches are cancelled due to weather, riots, civil commotion and terrorism. Alliance Insurance Brokers has placed policies for the broadcaster, BCCI's loss of fee and some of the teams. The tournament, being held over 51days, ends with the final match on May 27 in Mumbai. Franchisees have suffered losses due to players being injured in the past. Last year, R Ashwin and Murali Vijay were ruled out of the entire tournament due to injuries suffered while playing for India.

New India Assurance is the lead insurer for players, franchises, BCCI and sponsors in this space whereas ICICI Lombard General Insurance is the lead insurer for the broadcaster's policy.

Source

"Prudent underwriting has led to increase in the premium for event cancellation insurance and players loss of fees insurance," said an insurance broker involved with placing the risk.

Back

Travel insurance: A safety net when you fly - The Hindu Business Line – 28th April 2018

While booking travel tickets, most of us uncheck the 'buy insurance' box or decline to buy travel insurance from agents because it costs extra money. It is good to be optimistic that nothing can go wrong, but it could get really troublesome if things do go wrong, especially on foreign soil where help is difficult to get. It, therefore, makes sense to buy protection against all kinds of disasters that can strike during travel.

Although travel insurance is not mandatory, it is highly recommended. If you fall seriously ill while travelling, these covers can save you a tidy sum, given the sky-high hospitalisation costs in countries such as the US and Canada. Also, it is best to carry a travel cover if you are planning a vacation with a bawling infant or a toddler in tow.

TRAVEL POLICIES AT A GLANCE

Insurer	Apollo Munich Health Insurance	Bajaj Allianz General Insurance	Bharti Axa General Insurance	Future Generalli General Insurance	HDFC ERGO General Insurance
Plan name	Easy travel individual	Travel Elite Gold	Smart Traveller Regular	Travel Suraksha	Single trip worldwide
Cover	100,000	200,000	100,000	100,000	100,000
Premium* (₹)	1,665	1,553	1,651	1,630	2,652
Emergency medical expense	100,000	200,000	100,000	100,000	100,000
Cash on hospitalisation	Not covered	25 per day upto maximum of 125	25 per day for maximum 7 days	Not covered	15 per day upto maximum of 150
Loss of passport	200	250	350	200	250
Loss of checked baggage	500	1,000	1,000	500	1,000
Personal accident	10,000	25,000	20,000	5,000	15,000
Financial emergency assistance	200	1,000	Not covered	Not covered	700
Flight delay/ Trip delay	Not covered	30 per 12 hours upto maximum of 180	50	Not covered	10 per hour upto maximum of 120
Delay of checked-in baggage	200	100 after 12 hours	100	50	200
Personal liability	50,000	200,000	100,000	100,000	100,000

Coverage amount is in $ *Premium are exclusive of GST for plans offering worldwide coverage including USA & Canada

Source: www.policybazaar.com

Delay in receiving baggage or, worse, loss of baggage, can throw all your carefully laid out plans in jeopardy, especially if you are travelling for an occasion that has a specific dressing protocol. However, if you have travel insurance, you can use the money to go on a shopping spree to put together a dandy wardrobe.

Despite these obvious advantages, many people do not opt for travel insurance as it is not mandated for travel within India and in (some) foreign countries. Some people are simply not aware of it. The importance of travel insurance is realised only when one goes through a hard time. For instance, this January,, more than 100 flights were delayed at Delhi international airport due to dense fog. In another scenario, several passengers were injured in the recent Nepal flight crash. While one cannot avoid such situations, travel insurance could mitigate the financial inconvenience, if not the emotional trauma.

What's on the menu

Unlike covers for life and health, purchase of travel insurance is by far the easiest. You can buy it even few hours before your travel. The choice of insurance depends on the travel destination and the duration of travel.

According to industry experts, not many people opt for domestic travel insurance as they could be holding a health and personal accidental cover that can be used during medical emergencies. But if you want to insure yourself against loss of baggage, flight delay and cancellation or delay in receiving baggage, it would be best to go for a comprehensive travel insurance for domestic travel too.

TRAVEL POLICIES AT A GLANCE

Insurer	IFFCO Tokio General Insurance	New India Assurance	Reliance General Insurance	Religare Health Insurance	TATA AIG General Insurance
Plan name	Travel Protector	Business and Holiday	Travel Care Individual	Explore gold worldwide	Travel Guard
Cover	100,000	100,000	100,000	100,000	100,000
Premium* (₹)	1,153	1,507	1,688	2,083	2,069
Emergency medical expense	100,000	100,000	100,000	100,000	100,000
Cash on hospitalisation	Not covered	Not covered	25 per day for maximum 5 days	25 per day for maximum 5 days	Not covered
Loss of passport	200	150	300	300	250
Loss of checked baggage	1,000	1,000	1,000	100	750
Personal accident	25,000	25,000	20,000	15,000	15,000
Financial emergency assistance	Not covered	Not covered	300	Not covered	750
Flight delay/ Trip delay	Not covered	Not covered	50 per day for maximum 6 days	500	10 per 12 hours upto maximum of 100
Delay of checked-in baggage	150	100	100	100	100
Personal liability	100,000	200,000	100,000	100,000	150,000

Coverage amount is in $ *Premium are exclusive of GST for plans offering worldwide coverage including USA & Canada

Source: www.policybazaar.com

Domestic travel insurance can be bought online or offline through airlines, travel aggregators/agents, insurance companies' portals, insurance aggregators, and so on. It is recommended that travel insurance be bought irrespective of the place of travel — for both domestic and international use. Frequent travellers could find a travel cover particularly handy, given the regular delays in flights/trains.

For international travel, travel duration plays a crucial role in deciding the insurance; whether you are making a single trip or multiple trips throughout the year.

In case of a single trip, the maximum policy period is usually six months, although it may vary with insurance companies. These single trip plans are suitable for individuals going abroad for a specific period — on a vacation, graduation of a family member or for any other purpose. A multi-trip policy is usually valid for a year. The customer has to pay the premium only once and gets to undertake as many trips as he/she wants, within the policy period.

There are travel plans specifically tailored for students going abroad for studies. The policy period can vary from one month to a year or it can cover the entire duration of study. The basic cover takes care of medical emergencies during the travel and while the student is abroad, baggage loss, trip delay, flight cancellation, and so on.

Most student travel policies come with a sponsor cover, wherein, if the sponsor of the policy (parent or guardian) is no more (during the period the policy is in force), the insurance company would cover the tuition fees for the student. Other covers include family visits, loss of laptop and tuition fee repayment on behalf of the student (in case the study is interrupted or discontinued, the insurer will reimburse the tuition fee so far paid).

There are also other types of travel insurance plans specifically targeted at some sections of the population. For instance, many general insurance companies provide senior citizen travel policies where they enjoy the same benefits (as other plans) such as emergency medical expenses cover, personal accident, daily hospitalisation allowance. Similarly, you can also buy one travel insurance for your entire family and all sections of the travel policy would be on a floater basis. Normally, family will include self, spouse and two children.

Know your policy covers

Once you know the type of travel insurance to take, all you have to do is buy one. Almost all general insurance and (few) standalone health insurance players offer travel policies. Since there is a greater need for insurance during international travel, let's consider what's on offer there.

A basic travel insurance plan — whether for a single trip, multi-trips and other options — will cover certain key medical and non-medical expenses. In medical or health-related covers, all travel policies provide cover for emergency medical expenses, personal liability expenses (it covers expenses due to injury to third-party or damage to that person's property), personal accident cover, medical or emergency evacuation, cash on hospitalisation or cash in emergencies such as if you get robbed or you have to go through some dental treatment. The premium to be paid will differ depending on the players and policy cover opted.

Non-medical covers include payments for baggage delay, loss of baggage, loss of passport, trip delay and cancellation, repatriation of mortal remains and getting hijacked. In addition, there are covers for home burglary, hotel change or hotel upgrade and trip curtailment.

Premium rates vary across players, so you need to be careful in choosing the best rate. For instance, ICICI Lombard charges premium of Rs 1,178 (including tax) for single trip for an individual for a cover of $1 lakh. This plan provides medical and non-medical covers. On the other hand, Bajaj Allianz General Insurance charges Rs 1,377 (excluding tax) for a cover of $2 lakh — single trip for an individual. In addition to the basic covers, the company also gives home burglary insurance between Rs 1 lakh and Rs 3 lakh, if your home is burgled while you are away, and covers expenses for hotel change or upgrade to a superior class in a hotel.

You should also look at what's covered. Consider this, flight delay is not covered by companies such as New India Assurance while Star General Insurance provides up to $150 ($25 per hour) and Religare Health Insurance gives $500 maximum for delay beyond 12 hours.

A policy holder has to fulfil certain conditions to get the claim. For instance, loss of checked-in baggage will be covered only if you had lost it while in custody of common carrier (commercial transport flying on regular routes at agreed rates).

There are other caveats that could be hidden in the fineprint. The insurance company deducts a certain amount before paying the claim in certain cases. In case of emergency medical expenses, for instance, some insurance companies insist a deductible--an amount of say $100 to be borne by you.

On a cautionary note

Before deciding on the travel insurance, read the exclusions — what will not be covered by the insurance company. Also, read the policy document carefully to understand how much of the claim will eventually be settled.

For instance, if there is an accident that leads to permanent loss of hearing in both ears, ICICI Lombard Travel Insurance pays only 75 per cent of the sum assured as part of personal accident cover. The settlement amount could vary with insurers, but you should be aware of this gap.

Similarly, look for the extent of premium repayment in case of policy cancellation. ICICI Lombard will not allow cancellation unless the unexpired period of the policy exceeds 30 days.

On the other hand, Bajaj Allianz deducts cancellation charges of at least Rs 250 and the refund of the premium depends on how soon you return from your travel. Therefore, read the policy document carefully to avoid hassles at a later date.

Source

Simply put, travel insurance is your plan B, if all your best laid out plans for the trip go awry.

Back

Gadkari urges insurance companies to focus on road safety, not just on premium – The Times of India – 27th April 2018

Transport minister Nitin Gadkari on Friday said that insurance companies in India, like in the developed nations, should take initiative to make roads safer by spending a part of the "hefty" premium they charge, which only benefit them with fewer claims of compensation.

"I am unhappy with insurance companies.... they charge hefty premiums but make no contribution to road safety ... Automobile manufactures have huge profit margins... I don't buy this hypocrisy," the minister said while addressing NGOs as a part of the government's week-long road safety campaign.

Gadkari also blamed "people with vested interests" for coming in the way of the passage of the Motor Vehicles Amendments Bill in Parliament, an obvious reference to the regional transport officials (RTOs) in states. The RTOs' lobby in the south had held a meeting with ministers from southern states after which some of the states had put objections to certain amendments.

Insurance firms, however, said they have been doing their bit for road safety. "Reduction in deaths and injuries will have direct impact on the insurance premium, which will fall and the benefit will be passed to the insurers," said an official of a public sector insurance firm.

K G Krishnamoorthy Rao, MD and CEO of Future Generali Insurance said, “We don’t know what the expectations are from insurance companies. Insurance companies are paying out compensation to accident victims in excess of the premium they receive so there is no margin. Also there is no enforcement of existing rules.”

According to Bhargav Dasgupta, MD and CEO of ICICI Lombard General Insurance, the company has been running campaigns on road safety as part of the corporate social responsibility budget. This included an awareness campaign in seven cities on the risks of having small children ride pillion. The company has distributed 50,000 child helmets.

Source

Back

Pension

NPS subscribers allowed to partially withdraw fund for education, setting up business - The Economic Times – 4th May 2018

The pension fund regulator PFRDA today said that NPS subscribers now have the option to partially withdraw funds from their accounts for pursuing higher education or setting up a new business. The decision was taken at the board meeting of the Pension Fund and Regulatory Development Authority (PFRDA) last week.

"Partial withdrawals will now be allowed to National Pension System (NPS) subscribers who wish to improve their employability or acquire new skills by pursuing higher education/ acquiring professional and technical qualifications," PFRDA said in a statement.

Further, NPS subscribers who wish to set up a new business or acquire new business will also be allowed to make partial withdrawals from their contributions.

NPS is government's flagship social security programme. At present, a subscriber is permitted to withdraw not more than 25 percent of one's own contribution after being a subscriber for at least ten years in NPS for specific needs such as higher education, home purchase, marriage or critical illness needs. The new rule allows such partial withdrawals to meet medical and incidental expenses arising out of the disability or incapacitation suffered by the subscriber. In case of disability, one can partially withdraw even without exiting.

The board also decided to increasing the cap on equity investment in 'active choice' category to 75 per cent from current 50 per cent for private sector subscribers of NPS.

However, the option of increasing investment in equity will be available to subscribers till the age of 50 years.

NPS offers subscribers to design their own portfolio based on two investment options -- 'Auto Choice' and 'Active Choice'.

Subscribers opting for 'active choice' option, can invest in 'Alternate Investment Fund' up to 5 per cent, besides the three regular instruments -- equity, G-Secs and corporate bonds.

At present, NPS and Atal Pension Yojna (APY), both regulated by the PFRDA, have a cumulative subscriber base of over 2.13 crore with total asset under management (AUM) of over Rs 2.38 lakh crore.

The PFRDA board also approved a proposal on changing the investment grade rating from 'AA' to 'A' for corporate bonds.

"The change is subject to a cap on investments in 'A' rated bonds to be not more than 10 per cent of the overall corporate bond portfolio of the pension funds," it said.

This initiative will enlarge the scope of investment for the fund managers while ensuring credit quality, it added.

The PFRDA has taken this decision in pursuance of an announcement in the Union Budget.

A proposal on adoption of Common Stewardship Code, as a measure of good corporate governance, was also approved.

"Further, it was also approved that the principles enumerated in such code shall be circulated to all pension funds for compliance and implementation," the PFRDA said in the release.

Adoption of these Principles by Pension Funds will improve their engagement with investee companies and benefit subscribers, it added.

Source

Pension fund regulator allows non-government subscribers to invest up to 75% in equities - The Economic Times – 3rd May 2018

In an interview with ET Now, **Hemant G Contracto***r, Chairman,* **Pension Fund Regulatory & Development Authority,** *says for government subscribers, talks are on with government to raise equity component to 50% from 15%. For non-government subscribers, after the age of 50, the equity part will taper down every year, till one reached the age of 60."*

Edited excerpts:

What is the current proportion of investment in equities and what is the expectation? What are the proposals that you are putting to the government?

As far as the government sector is concerned, currently the equity component in the investment is restricted to 15% of the portfolio. We have been telling the government that the options which are available for non-government subscribers should be made available to government subscribers as well.

Talks are progressing well and we hope to hear something very positive from the government soon. It is currently at 15% and we are talking to the government to increase this share from 15% to 50%, that is currently available for the non-government sector.

We are also telling the government that the life cycle funds which are currently available for the non-government sector should be available to the government subscribers as well.

There have been reports that the provident fund portal has been hacked and data breach has taken place. What are your comments?

I read about it this morning. This relates to the EPFO site. It is very unfortunate but one has to take precautions and safeguards and ensure that all the data available are protected to the best possible extent.

Let us talk a little bit about the increase in equities . Do you think that could perhaps happen in a staggered manner?

Well we would expect it to happen in a staggered manner but at least, in the near future, we expect some positive development on the equity front. It may not happen to the extent that we have asked for but certainly the move towards increasing the equity component in the investment pattern for the government subscriber should happen.

I would also like to talk to you a little bit about some new proposals which have been approved by the board. Would you like me to elaborate on that?

Go ahead.

Currently, non-government subscribers are permitted to invest up to 50% in equities. We have now raised that to 75% with the condition that after the age of 50, the investment in equities will taper down gradually every year, till the person reaches the age of 60. This is a big increase that we have just approved.

This allows people with an appetite for larger equity investments to do so and increase the equity component of their portfolio.

The other thing that has been approved by the board is the change in the investment norm relating to corporate bonds. Earlier, for corporate bonds, investment in only double AA rated securities were allowed.

But following the announcement of the honourable finance minister in the budget this year that since all bonds up to BBB were investment grade, regulator should also look at allowing investment in corporate bonds to the level of A rated bonds and notch down from the current level of AA.

The board looked at this proposition and permitted investment in A rated bonds. This will also be permitted subject to the condition that it will not exceed 10% of the bond portfolio. So, this is another major development that has happened here.

The third thing that the board has approved is a set of corporate governance principles for our fund managers. This is called the stewardship code and this is something which the other capital market regulators like Sebi, IRDA, and RBI are also looking at.

The stewardship principles have been adopted in a large number of countries and they are basically aimed at improving corporate governance in the companies in which our funds invest. Adopting best practices will ensure that the investments are made on sound lines. Our board has also adopted a stewardship code which we will be implementing soon.

Last but not the least, we have now permitted partial withdrawals. As you may be knowing, a person who has joined NPS, is permitted to partially withdraw his subscription for certain contingencies like illness or marriage in the family or construction of a house or disability.

Now we have added two more factors; one, is that if a person wants to say re-skill himself because in these times of people changing jobs frequently and not having regular jobs for a long time, there is a need for people to re-skill and acquire new talents so as to be relevant.

What kind of AUM growth are you expecting?
Last year, our asset under management (AUM) grew about 28%. One would expect a similar kind of growth this year as well. We currently stand at Rs 2,13,000 crore and 25-26% over that would be our expectation in the current year.

What do you think would drive that growth?
There is a lot of untapped potential in the market because pension coverage in the country is not very large at the moment and therefore there is a lot of scope for growth. One would expect the same tempo of growth to continue in the current year as we have been witnessing in the last few years.

Source

Back

EPFO suspends Aadhaar-seeding services amid data leak reports - Financial Chronicle – 3rd May 2018

Reports emerged on Wednesday morning that retirement fund body EPFO's portal has been hacked and subscriber details have been stolen, flagging data security concerns.The Employee Provident Fund Organisation (EPFO) suspended services pertaining to Aadhaar-seeding with PF accounts done by Common Service Centres (CSC) "pending vulnerability checks" but said there was no data leak.

What flagged data theft concerns was a letter written by EPFO central provident fund commissioner VP Joy to CEO of CSC Dinesh Tyagi on March 23. The veracity of the letter could not be verified by FC. "It has been intimated that the data has been stolen by hackers by exploiting the vulnerabilities prevailing in the website (aadhaar.Epfoservices.Com) of EPFO..." Joy is said to have written.

The EPFO said: "Warnings regarding vulnerabilities in data or software is a routine administrative process based on which the services which were rendered through the CSC have been discontinued from March 22, 2018."

The EPFO said there is nothing to be concerned about and that all necessary measures are being taken to ensure that no data leakage takes place. "No confirmed data leakage has been established or observed so far. As part of the data security and protection, the EPFO has taken advance action by closing the server and host service through the CSC pending vulnerability checks," it said in a statement.

The EPFO has been seeding Aadhaar with Universal Account (PF) numbers of its subscribers to improve delivery of services. It has planned to go paperless by August this year and then all its services would be provided online."We will have it looked at. A vulnerability has been pointed out, and so we will (undertake) the exercise to plug the vulnerability, if it is there," PTI quoted an official as saying.

Source

Back

Govt. doubles PMVVY pension investment limit to Rs. 15 lakh; extends scheme by two years - The Hindu – 2nd May 2018

Providing some relief to senior citizens, the government has doubled the investment limit to Rs 15 lakh under the PMVVY pension scheme and extended the subscription period, which was to end on Thursday, by two years. The Pradhan Mantri Vaya Vandan Yojana (PMVVY) is for citizens aged 60 years and above. It was opened for subscription from May 4, 2017 to May 3, 2018. It has now been extended to March 31, 2020.

The scheme provides an assured pension based on a guaranteed rate of return of 8 per cent per annum for ten years, with an option to opt for pension on a monthly, quarterly, half yearly or annual basis. The decision was taken on Wednesday at the Union Cabinet chaired by Prime Minister Narendra Modi, IT and Law Minister Ravi Shankar Prasad said. He said the Cabinet has approved increasing the investment limit from Rs 7.5 lakh to Rs 15 lakh as well as the extension of subscription period for PMVVY as part of the government's commitment to financial inclusion and social security.

The move will enable up to Rs 10,000 pension per month for senior citizens, he added. As of March, 2018, 2.23 lakh senior citizens had subscribed to PMVVY. In the previous scheme, Varishtha Pension Bima Yojana-2014, 3.11 lakh senior citizens have invested. The PMVVY is being implemented through Life Insurance Corporation of India (LIC) to provide social security and protect the elderly, 60 years and above, against a future fall in their interest income due to uncertain market conditions. The difference between the return generated by LIC and the assured return of 8 per cent annually will be borne by the government of as yearly subsidy.

Source

Back

EPFO interest rate for 2017-18 at 5-yr-low of 8.55%; FinMin clears proposal - Business Standard – 28th April 2018

"The finance ministry has approved the interest rates according to the decision taken by EPFO's central board of trustees. However, they have also given us some suggestions informally," a senior labour ministry official said. The finance ministry on Thursday approved for 2017-18 an interest rate of 8.55 per cent on provident fund savings administered by the Employees' Provident Fund Organisation (EPFO) for around 200 million formal sector workers.

The EPFO trustees, headed by Minister of State for Labour and Employment Santosh Gangwar, had announced at a meeting on February 21 a five-year-low interest rate of 8.55 per cent for 2017-18. EPFO had paid returns of 8.65 per cent on provident fund savings for the previous year, and 8.8 per cent in 2015-16. In the two preceding years – 2013-14 and 2014-15 – the interest rate for EPFO subscribers had stood at 8.75 per cent.

However, with rates of all small savings schemes, including the Public Provident Fund (PPF), going down in the past year, EPFO's return of 8.55 per cent is still the best rate. In December, the government had cut rates on small savings schemes by 20 basis points.The finance ministry's consent came over a month after it wrote to the labour ministry raising a few questions over the EPFO trustees' decision to give 8.55 per cent interest rate in 2017-18.

Apart from asking EPFO to keep a higher surplus, it had also recommended creating a reserve fund to ensure the government did not have to fund the losses in case EPFO "mismanaged" its investments. However, the labour ministry has so far not agreed to the suggestions given by the finance ministry. In fact, EPFO had responded to the finance ministry saying it had never run into losses and was not required to keep a surplus under the Employees' Provident Fund and Miscellaneous Act, 1952.

Even then, at 8.55 per cent interest rate, the EPFO will retain a surplus of Rs 8.5 billion. EPFO has been keeping a portion of its income as surplus of income over liability.

Source

Back

Global News

South Korea: Regulators loosen entry rules for niche insurance players - Asia Insurance Review

South Korean financial authorities will be easing entry regulations to allow more boutique brokerage and specialty insurance services into the country. In an outline released by the Financial Services Commission and the Financial Supervisory Service on 2 May, capital requirements will be lowered for insurance and brokerage houses focusing on specialty and customised retail services to widen consumer choices, reports *Pulse News*.

Under current domestic law, an insurance company needs at least KRW30 billion (US$28 million) and a permit to start a business. The Seoul authorities are modelling the new scheme after Japan's insurance industry. Japan allows small insurance firms to start operations upon registering with the regulator with only a starting capital of JPY10 million ($91,000), one-hundredth that required of larger peers.

The Korean government hopes that the deregulation would broaden the market with insurance entities selling specific products like policies for pets.

Source

Indonesia: Cap on foreign stake in insurers set at 80% - Asia Insurance Review

President Joko Widodo has signed a long awaited regulation that sets the maximum foreign ownership limit in insurance companies at the prevailing 80%.

Previously, there was talk that the shareholding cap might be pared to levels such as 49% or 30%.

The 80% ceiling does not apply to publicly listed insurers nor to privately held insurers in which the cap has been exceeded prior to the regulation taking effect. In the latter case, the foreign investors will be prohibited from increasing the percentage of shareholding in the insurer.

Thus, the 80% foreign ownership limit only applies to a newly incorporated insurance company or an insurance company in which foreign ownership has not yet reached 80% of the paid up capital after the regulation takes effect.

It is understood that the foreign ownership cap is set at 80% so as to avoid disruption of the insurance industry, because there are reportedly more than 20 insurance companies with a foreign ownership level of more than 80%.

If insurance companies fail to comply with the rules, they will be subject to administrative sanctions by OJK ranging from written warnings to business licence revocation.

Indonesia's Vice-President Jusuf Kalla said in a speech last month that foreign owned insurance ventures dominate the Indonesian market. Therefore, the development of local insurers should continue to be encouraged, he said. Currently, the number of insurance companies in Indonesia stands at around 60.

Indonesia's Parliament in 2014 passed a law that called for curbs on foreign ownership in the industry, but left the task of setting the limit to the government. The regulation signed by the President this week seeks to address this uncertain area and has been awaited for more than a year while debate raged over the foreign ownership ceiling.

Source

The 2014 insurance law bans the dual-layer structure that foreign entities had utilised to ultimately own 100% of an Indonesian insurer. Under it, insurance companies whose local shareholders are not ultimately owned by Indonesians must comply with this requirement by either transferring 20% of total shares to Indonesians, or float them on the stock exchange.

Back

Indonesia: Politics & economy to boost life business - Asia Insurance Review

Prospects for life insurance business in Indonesia are looking up because of the country's potential for economic growth and the staging of regional elections that would stimulate public consumption.

Mr Togar Pasaribu, executive director of the Indonesian Life Insurance Association (AAJI), said that the association is optimistic about national economic development this year, reports Bisnis.

Projections outlined by a number of multinational institutions, such as the Asian Development Bank and World Bank, provide confidence in the improvement of national economic performance and the life industry. He also said the political agenda this year should also be a trigger for an increase in public consumption.

The election of regional heads on 27 June 2018 will be conducted simultaneously in 171 regions. "It means the level of consumption will be good. Political shopping is not cheap," he said.

Separately, Ms Shierly Ge, head of marketing at Sun Life Financial Indonesia, also expressing optimisim, said that the growth of the middle class will continue this year.

She said, "Stable economic growth in big cities and second and third tier cities also has the potential to generate new middle class people with higher purchasing power."

Data from the AAJI show that total life premium income in 2017 increased by 17.2% to IDR195.72 trillion (US$13.7 billion) compared to 2016.

Source

Growth was driven by higher public awareness of insurance and the incessant efforts of life insurers in getting closer to customers.

Japan: Two thirds of health insurance funds expect operating deficit in FY2018 - Asia Insurance Review

More than 60% of the 1,389 health insurance societies serving employees of major companies and other members are projected to run in the red in the current fiscal year (FY2018) which started on 1 April, according to the National Federation of Health Insurance Societies (Kenporen).

According to the Federation's FY2018 budget estimate report, average premiums are also pegged to rise 0.051 points from last fiscal year to 9.215%, the 11th straight year of increases.

The premium rates at 313 Kenporen-affiliated societies top the average 10% premium rate among societies of the Japan Health Insurance Association (Kyokai Kenpo), aimed at workers at small and medium-sized firms, and those 313 societies are on the brink of dissolution, reports The Mainichi.

Increasing health care costs for the elderly have pushed up health insurance society outlays and put stress on their balance sheets.

According to Kenporen, total income from premiums is set to rise 2.07% from FY2017 to about JPY8.1 trillion (US$74 billion). Some JPY4.14 trillion of that -- or about half of the total -- is committed to payouts for the legally mandated regular coverage for doctor and hospital visits by members and their families.

Care for the elderly takes up around 40% of the total budget, or about JPY3.5 trillion, covered by the premiums of members still in the workforce. This ratio is expected to pass 50% in 2025, when the baby boom generation will all be 75-plus. According to the Kenporen budget report, 283 of its member societies will already be paying out more for elderly care than for regular medical visit coverage this fiscal year.

Source

Back

Taiwan: Insurers to issue digital certificates for compulsory motor 3rd party cover - Asia Insurance Review

A trial of an electronic insurance certification platform for compulsory automobile liability insurance is set to start operations tomorrow.

The trial will be carried out by Fubon Property & Casualty Insurance. From June onwards, all property insurance companies will be on the platform.

Under the system, electronic certificates will be issued for mandatory motor thrid party liability insurance policies. Owners of nearly 20 million vehicles will have the option to access their e-certificates via their mobile phones, eliminating the need to take paper copies.

The e-certificates will serve as an anti-counterfeiting function and reduce the costs of issuing insurance policies.

Users, including customers, will be able to check their insurance information online, which will help policy holders keep abreast of their insurance cover at all times.

Source

Back

New Zealand: General insurers in consultations on review of industry code – Asia Insurance Review

The Insurance Council of New Zealand (ICNZ) is currently reviewing the Fair Insurance Code to ensure it remains relevant for consumers.

Consultation with members is currently underway and the ICNZ Board will receive a report in June. It is intended that a revised Fair Insurance Code will be published in 2019.

ICNZ members, which comprise 95% of general insurers in New Zealand, adhere to the Fair Insurance Code, an industry best practice standard.

The Code sets out the responsibilities of both insurers and consumers and covers what should be disclosed for different types of insurance as well as communication timelines and complaint processes. Any issue that cannot be solved directly with an insurer may be escalated to an independent external disputes resolution scheme with the decision being binding on the insurer.

General insurers already self-regulate to a much greater degree than current regulations require. ICNZ says that it believes the Code is New Zealand's best example of self-regulation and sets high standards of customer service from members of ICNZ.

Public submissions on the review of the Code closed on 2 March 2018. Key themes to emerge have been concerns around privacy and storage of data, accessibility of the Code in terms of language and format, disclosure obligations, concerns that timeframes included in the Code are not currently being met, and the need for better clarification of both the internal and external dispute resolution processes.

Source