



भारतीय बीमा संस्थान  
INSURANCE INSTITUTE OF INDIA

# INSUNEWS

Weekly e-Newsletter

20<sup>th</sup> – 26<sup>th</sup> July 2019

Issue No. 2019/ 30



## QUOTE OF THE WEEK

**“Opportunity does not knock; it presents itself when you beat down the door.”**

**Kyle Chandler**

## INSIDE THE ISSUE

Insurance Industry	2
Insurance Regulation	4
Life Insurance	7
General Insurance	16
Health Insurance	23
Crop Insurance	26
Motor Insurance	30
Insurance cases	33
Pension	34
Global News	36

## INSURANCE TERM FOR THE WEEK

### ***Top-up in health insurance***

Medical expenses many a times overshoot the insurance cover of an individual. Top-up plans can come handy in such times.

Top-up health plans come with a deductible limit. The policy will be applicable only if the expenses overshoot the deductible.

It is the 'deductible' feature of top-up plans that makes them cheaper than regular health plans. Higher the deductible, lower would be your premium.

Top-up plans are a cost-effective way of increasing the health expenses cover.

If you have a health cover of Rs. 2 lakh, you can take a top-up plan with a Rs. 2 lakh deductible. In any year, when your hospitalisation bill overshoots Rs. 2 lakh, the top-up cover will be triggered and will cover the remaining expenses up to a maximum of the SI.

Source

## INSURANCE INDUSTRY

### ***How new laws are helping insurance policies improve – Mint – 23rd July 2019***



This year several new insurance regulations have been notified or proposed. These laws consist of many seemingly incremental changes but when put together become a meaningful step forward for policyholders. The regulations cover life insurance, both traditional and unit-linked insurance plans (Ulips), health insurance, third-party administrators (TPAs), fixed benefit critical illness and personal accident plans, insurance distributors and a framework for product innovation.

The focus of life insurance laws is to encourage innovation in pure-risk term plans and to find product solutions to reduce high lapse rates. In term insurance, insurers can now issue policies for even one month. Previously, less than a year was not allowed. Insurers will respond by launching low-value term plans for specific purposes such as vacation or credit card outstanding. Term plans are comprehensive and come with fewer restrictions than personal accident insurance plans currently available for short terms. High lapses are partly addressed by increasing the reinstatement period, when a lapsed policy can be revived with just a declaration of good health, from two to five years in traditional plans and three years in Ulips. A reason for lapse is that policyholders can no longer afford to pay. In new products, insurers can offer an option to reduce premiums by 50% after five years. Finally, insurers may now collect renewal premium three months before the due date compared to the previous rule of 30 days. This allows insurers to begin the renewal effort well ahead of due dates. These changes address the product flexibility needed to reduce lapses but misselling issues will also need to be addressed.

There are other areas, too, where positive steps have been taken. In Ulips, there was an overall limit on total charges. Now, caps on individual charges have been introduced.

In health insurance, a committee report that restricts exclusions has been published. The final regulations are yet to be notified but the provisions proposed are policyholder-friendly. Specifically, a look-back period of eight years will be introduced, the definition of pre-existing diseases will change and diseases contracted after buying insurance will have to be covered.

A look-back means that after eight years a claim cannot be rejected unless fraud is proven. There is a similar rule in life insurance where claims may not be rejected after three years. A frequent reason for rejecting claims is that the medical condition existed before the insurance was bought. The current definition allows insurers to classify ailments as pre-existing even if symptoms existed but the disease was not diagnosed. Now, a condition can be classified pre-existing only if the medical condition has been diagnosed or treated before. Finally, diseases contracted after buying insurance cannot be excluded, including illnesses such as Alzheimer's, Parkinson's or HIV/AIDS.

The health insurance report has not allowed use of ambiguous words such as "directly or indirectly related", or "such as". This will require insurance lawyers to brush up their writing skills. I am myself guilty of using the phrase "such as" eight times in this column. Chronic conditions such as hypertension or diabetes will not be allowed a waiting period of over 30 days and some exclusions, that currently exist, such as oral chemotherapy and peritoneal dialysis will not be allowed.

A proposed guideline will allow critical illness or personal accident insurances to pay the sum assured in instalments. This feature reduces the possibility that surviving family members squander an insurance benefit. In health insurance, some insurers outsource claim handling to TPAs. A proposed regulation allows buyers to select a TPA of their choice.

The budget decided to allow 100% FDI, up from 49%, in insurance intermediaries, including brokers, surveyors and web aggregators. Investment is most likely in individual health and life insurance and this, in turn, will provide buyers more options. The regulators have also issued a draft "regulatory sandbox" guideline that will allow companies to try out new ideas, even if they do not fall within the current regulatory framework.

With all these changes, now is a good time to review your insurance portfolio and make sure that health, life and accident risks are covered.

*(The writer is Kapil Mehta.)*

[TOP](#)

Source

### ***Insurance cover attracts many to take TRS membership - The Hans - 22nd July 2019***



The insurance cover for Rs 2 lakh is attracting the masses to take the membership of Telangana Rashtra Samithi in the districts as families of over 1,700 TRS leaders were paid claims after the death of the party activists during the past few years.

Keeping in view the past experience, where family members of over 200 TRS leaders could not get the claim due to lack of proper documentation, the pink party has now taken up digitalisation of entire data. This insurance comes along with the membership of the party.

There are two types of memberships in the party, one- active member for which the fee is Rs 100 and primary member with a fee of Rs 30.

The party has given a target to in-charges to make sure that 35 per cent of the total members should be active members.

Along with the membership, the party provides accidental insurance cover of Rs 2 lakh. About 1700 families got the claims under the accidental insurance so far.

A senior leader of the party said that the idea behind membership fee was to provide insurance to the party leaders.

"Though the loss of human life cannot be compensated, the families of deceased TRS leaders would have got some respite because of the financial support," said the TRS leader.

However, claims pertaining to about 207 members were not settled so far because of litigations. The TRS leader said there were problems with data entry but the court has directed the insurance company to provide the claim money to the families of deceased.

Many families are coming forward to take the membership in villages and the insurance cover is one of the many factors attracting them, the leader added.

With such experience, the party is not taking chances this time and the leaders have been asked to get total details of the family, including the nominee by taking Aadhaar card, mobile number, etc.

The party has started digitisation of the membership drive and everyday data pertaining to 2 lakh members was being entered. The target of the party is to enrol 60 lakh members, 50,000 members in each constituency.

TRS working president K T Rama Rao said that by Friday, the membership reached 35 lakh and the data was getting digitised. Data pertaining to about 15 lakh members was already digitalized and the party had received Rs 7 crore so far.

Source

[TOP](#)

---

## INSURANCE REGULATION

---

***Insurance companies should follow IRDAI regulations while investing in Corporates: Subhash Chandra Khuntia - Zee Business - 24th July 2019***



Insurance companies will have to abide by IRDAI regulations while investing in the corporate companies, says Subhash Chandra Khuntia, Chairman, Insurance Regulatory Development Authority of India (IRDAI). In an interview with Anurag Shah, Zee Business, Khuntia asked insurance companies to be careful while investing in corporate companies to make sure that the policyholder is not at the receiving end. Edited Excerpts:

**Q: DHFL is going through a bad phase. Do you think that insurance companies associated with DHFL are also in pressure?**

A: The insurance companies are in good shape as their solvency and financial conditions are good and balanced. There are no such issues related to it.

**Q: There are several insurance companies, who invest in corporate companies and we have seen that several companies have defaulted. So, have you issued any instructions related to investment and provisioning for insurance companies?**

A: They will have to look into on the minimum ratings as per the regulations before investing in the companies. Apart from looking at the ratings that are provided by the rating agencies, the insurance companies should also have a look at the standing of the companies to be sure that they are investing in good companies.

**Q: But what about the insurance companies who invested in IL&FS, as they will be on a risk?**A: The investments in IL&FS will be treated separately but we have asked companies to be careful before investing in the future and make sure that the policyholder is not at the receiving end.

**Q: New life insurance product guidelines that have been issued changes a rule under which debt benefit has been reduced from 10 times to 7 times annually of the sum assured. But it is contradicting with the ETC deduction of minimum 10% premium that is provided under the IT Act. Keeping this in mind, will you ask the Finance Ministry to change it?**

A: If there is coverage of 10 times or more, then one will get the income tax exemption. However, there is no income tax exemption for 7-10 times, but people can opt for the policy without getting exemption in income tax. For instance, those who got themselves insured/go for life insurance will need 7-8 times as 10 times is a hard thing for them, and they will not get any income tax exemption. But we had requested the Insurance Industry and IRDAI to reduce the 10 times of the income tax to 7 times. This could not happen in the budget of this year and we will look for the same at this the next year's budget.

**Q: What is the game-changer rules that the IRDAI plans to bring in the health insurance sector? What are its features that can change the entire health insurance sector?**

A: The Pradhan Mantri Jan Aarogya Yojana is a major health insurance scheme and around 50 crore people will receive its coverage. While it is an insurance model in some states, in others it is a hybrid model and trust model. I think many states will come under the insurance model in future, as it is a decent model and benefit people.

**Q: There are certain diseases which are available in the exclusion list but what will happen when they come into the inclusion list after a new guideline is issued? Do you think that this inclusion will put additional pressure on common policyholders?**

Ans: A: Yes, inclusion will put a bit pressure on them, but it will not too huge to have an adverse effect on them. But generally, it will be beneficial for everyone because exclusion will become less.

**Q: By when the new guideline will come out?**

Ans: We are looking at the exclusion, but it will be released soon.

**Q: What is the progress on rules associated with sandbox and what interest has been shown on that?**

Ans: In the sandbox, we got support from start-up companies as well as from insurance companies and it has been approved and the guidelines will be issued in next few days and then will begin will it.

**Q: Many Insurance companies stated that there is a decrease in auto sales and increased insurance cost for long-term insurance is one of the reasons for that. So, should we expect that the IRDAI will introduce some new changes in the segment?**

A: Renewal will not be long-term. However, this change of long-term insurance - under which the third-party insurance should be for 3 years for a new two-wheeler and 5 years for a four-wheeler - was issued in the backdrop of the Supreme Court's order. But the comprehensive insurance is not compulsory and according to bundle policy, one year will be given for own damage and three years for the third party. It will help in reducing the financial burden.

**Q: Rumours were that IRDAI will give an approval under which small products or products of limited size will be sold even at the pharmaceuticals and medical stores. What is the progress on it?**

A: The distribution channel can appoint a person, but they should be trained so that they know about the process of selling insurance.

**Q: Have you asked something from the government to improve the health of three non-listed companies because they are weakening day by day?**

Ans: The government is monitoring it and they are public sector companies with good market share. But there is a need to improve their financial and solvency conditions and we have written for the same to the government.

*(The writer is Anurag Shah.)*

[TOP](#)

Source

***IRDAI relaxes repayment terms in suicide cases within 12 months - Financial Express - 22nd July 2019***



Good news for policyholders. Earlier, there were no regulatory provisions for any refund to a policyholder, during the first year of policy issuance, in case a person committed suicide, and life insurers could have legitimately denied any payment of claims to the beneficiaries of such a life insurance policyholder during that period.

The Insurance Regulatory and Development Authority of India (IRDAI) have now relaxed the repayment terms for policyholders, in the case of death due to suicide. IRDAI in a recent notification said that in the case of the policyholder's death due to suicide within 12 months from the start of the life insurance policy or from the date of revival of the policy, life

insurers have to either pay the surrender value of the policy available or refund the premium to a policyholder.

The insurance regulator in the notification in case of Unit Linked insurance products clarified, "In case of death due to suicide within 12 months from the date of commencement of the policy or from the date of revival of the policy, as applicable, the nominee or the beneficiary of the policyholder shall be entitled to the fund value, as available on the date of intimation of death."

Earlier, in case of the policyholder's death by suicide, during the first year of policy issuance, there were no regulatory provisions for any refund to a policyholder. The life insurance company could have legitimately denied any payment of claims to the beneficiaries during this period of such a life insurance policyholder. Previously, only after 12 months of the policy issuance, any suicide linked death claims were allowed.

Now with the new life insurance regulations IRDAI notified that also in the case of non-linked policy, either the beneficiary or the nominee will be entitled to at least 80 per cent of the total premiums paid till the date of death or the surrender value as on the date of death, whichever is higher, provided the policy is in force. The insurance regulator in the notification in case of Unit Linked insurance products clarified, "In case of death due to suicide within 12 months from the date of commencement of risk under the policy or from the date of revival of the policy, as applicable, the nominee or beneficiary of the policyholder shall be entitled to at least 80% of the total premiums paid till the date of death or the surrender value available as on the date of death whichever is higher, provided the policy is in force."

The regulator further said any charges other than Fund Management Charges (FMC) and guarantee charges recovered subsequent to the date of death will be added back to the fund value as available on the date of intimation of death.

On the death benefit to customers in the new regulation IRDAI further said, "For all the non-linked individual life insurance products, the minimum Sum Assured on death during the entire term of the policy shall not be less than 7 times the annualized premium, for limited or regular premium products,

and 1.25 times the single premium for single premium products. Further, for other than single premium products, the minimum death benefit shall be at least 105 per cent of the total premiums received up to the date of death.

*(The writer is Priyadarshini Maji.)*

[TOP](#)

Source

## LIFE INSURANCE

***Embedded value: Life insurers need to be wary of Mutual Fund challenge – Financial Express – 26th July 2019***



Assets under management (AUM) of life insurance companies stand at Rs 35,62,385 crore as on December 2018. During FY19, life insurers sold over 2, 86,00,000 policies and earned premium of Rs 2,14,672 crore. When LIC was established in 1956, the objective of the government was to mobilise funds for infrastructure development in the country and to enable the common people to secure their life and happiness of their family in case of any unfortunate event resulting in death of the bread earner.

### **Mutual fund vs life insurance**

The mutual fund industry in India was launched in 1963 with the formation of the Unit Trust of India by the Centre. The objective was to attract small investors towards the stock market and encourage them to save and participate in the development of a sound investment climate in the country. During FY19, 32 lakh new investors were added by the mutual fund industry taking the total assets to Rs 23.79 lakh crore, adding Rs 2,43,000 crore over the assets on March 2018.

Comparison of the two industries appears to be relevant as well as necessary because the purpose of both the industries is very similar. However, at the individual level the objective is widely different. But the fact remains that the money comes from the same pocket. Today, the general public is fast moving towards the stock market, propelled by the slogan “Mutual Funds Sahi Hai” often overlooking the utility of life insurance “Zindagi ke saath bhi zindagi ke baad bhi”.

### **Geographical reach**

The MF is young, versatile and therefore attractive; whereas life insurance is the grandfather’s favourite mode of savings. With all its variations and attractions, it does not thrill the young generation. The battle line in the financial market is being drawn necessitating evolution of innovative products as well as distribution channels in both the sectors.

A closer look at the policyholders and MF investors indicate that MF has not been able to reach as many people as life insurance has been. The ground reality is that insurers have as many policyholders in Jharkhand, Assam or Kerala as they have in Maharashtra, Gujarat or Delhi.

In MF, Maharashtra contributes 41.8% of AUM of the industry followed by New Delhi, Karnataka and Gujarat. Bihar, Jharkhand, Orissa and Chhattisgarh have less than 1% share of the total AUM. But in these states life insurance policies are sold in very high numbers year after year. The per capita AUM is only Rs 1,787 in Bihar but in Maharashtra it is Rs 96,114. Even in Tamil Nadu it is Rs 16,610. If mutual funds focus their attention on those states where people are unaware of the benefits of SIPs or ELSS, the table can be turned against insurers whose traditional grazing ground may turn into a battle ground.

The tendency on the part of the life insurers to celebrate success on the basis of total premium achieved for a year is slightly deceptive. Group insurance premium contributes more than 40-50% of total premium. While group insurance is an integral part of the business it leads to complacency when the emphasis is always on selling to more and more people for long-term protection and savings.

In fact, many companies ranking high in the merit list of life insurers including LIC, need to work hard to penetrate deep into the market for promoting their business otherwise the day is not far behind when the mutual fund will become a spontaneous choice of the people in every part of the country and the life insurance industry, the financial power house, may get relegated to the 'B' Division in mobilising people's savings.

*(The writer Mr. Kamalji Sahay is former MD & CEO, Star Union Dai-ichi Life Insurance.)*

[TOP](#)

Source

*Two to tango - Business Today - 25th July 2019*



You have to have health insurance if you don't want to strain your finances due to a medical exigency. You also need life insurance to provide financial security to your loved ones in case something was to happen to you. This involves studying the features of multiple policies. Many people often delay or don't buy insurance to avoid the hassle of doing this. And, even if they buy, many find it difficult to manage multiple policies and ensure timely premium payments.

To reduce these problems, in 2009, the Insurance Regulatory and Development Authority of India, or IRDAI, came out with regulations allowing health and life insurance companies to join hands and offer combi plans offering both health and life covers. But insurers have started launching such plans only recently. Right now, four such plans are on offer.

### **Combi Plan Explained**

It is a combination of two insurance policies offered by one health and one life insurance company jointly. "Two providers - one health insurer and one life insurer - join hands to offer the product. Both underwrite the proposal and accept the risk. The customer gets a single policy with separate policy schedules for health and life," says Anand Roy, Executive Director and Chief Marketing Officer, Star Health and Allied Insurance. Typically, the products offered under both health and life insurance are existing products. Insurance companies can offer existing products without changes but the final combi plans have to be cleared by the IRDAI. HDFC is offering its Click2protect with Apollo Munich's health plan. Bajaj Allianz Life and Bajaj General Insurance are offering iSecure and Health Guard under the combi plan (these are their existing products).

Each insurer does separate underwriting. The buyer is informed about the premium for each portion and can claim tax deduction for life insurance premium under Section 80C and health insurance premium under Section 80 (D).

The two insurers sign a memorandum of understanding on the modus operandi of marketing, service and sharing of common expenses.

There is one lead insurer who is the point of contact for the insured. Generally, it is the health insurer provider, as the number of health claims is likely to be higher. But the customer can contact either insurer and he or she will be directed to the respective insurer in case of a claim. "The customer can connect with either Star Health or India First Life and they will, in turn, handhold the claimant as needed," says Rushabh Gandhi, Deputy CEO, India First Life Insurance, which is also offering a combi product.

## The Benefits

**Convenience:** You don't have to research multiple health and life insurance policies. You need to fill one form. A medical check-up is also done only once. "There is a single medical underwriting process for both covers. The payment is also made to a single entity," says Abhishek Bondia, Principal Officer & Managing Director, Secure Now Insurance Broker. This helps insurers save costs and expand their customer base "It is basically gaining from each other's customer base. The choice of Royal Sundaram (as partner)

DISCOUNT ON OFFER			
PRODUCT NAME	LIFE	HEALTH	DISCOUNT ON PREMIUM
Click2protect Health	HDFCLife	Apollo Munich	5%
Total Health Secure Goal	Bajaj Allianz Life	Bajaj Allianz General	5%
Life-n-Health Protect	Aegon Life	Royal Sundaram	1.50%
Star First Comprehensive	India First Life	Star Health	NA

was specific to us as they are a bigger player in south India whereas we are stronger in west and north. We can use each other's customer base to expand our markets. Essentially, we cross-sell," says SouvikJash, Appointed Actuary, Aegon Life Insurance.

**Cost Effective:** In order to popularise the products, insurance companies are offering a discount on the premium in the range of 1.5 per cent to 5 per cent on both life and health insurance premium. "If you buy the two policies separately and the total premium is Rs 10,000, in a combi plan, you will pay Rs 9,500, which is a discount of 5 per cent," says Dheeraj Sehgal, Chief Institutional Business Officer, and Bajaj Allianz Life.

## The Drawbacks

Just like any other product, combi plans have certain limitations, which need to be kept in mind if you plan to buy these products.

**Limited life cover or policy term:** The new combi plans being launched have better features but there are some limitations. For example, India First is providing cover for a limited period of five years only, while others have different tenures, going up to 40 years. This can create a problem as the premium will go up at the time of renewal. "Life insurance policies have a fixed term.

The premium remains fixed for the term of the plan. A short tenure such as five years for life cover means the premium has to be reset after five years," says Abhishek Bondia of Secure Now. Also, India First is providing a maximum cover of only Rs 9 lakh. But most plans don't have a cap on sum assured under life insurance. Therefore, before buying, check the policy details carefully.

**Discontinue or port the policy, discount will go:** You have the option to continue with one of the insurance providers. You can port (the health part) or discontinue (either health or life insurance, as portability is not possible under life) and continue with one policy. However, if you do so, you will have to forgo the discount.

**Riders:** You may not be able to buy riders with these policies. Some plans are offering inbuilt features like personal accidental cover and disability insurance but the offerings are limited compared to what you get in separate policies. "As a product, riders are allowed, but in order to avoid cross-cannibalisation, most combi products will not offer riders," says Souvik of Aegon Life.

## Should You Go For It?

Combi plans offer ease of buying and convenience. These are new and may not provide the extensive coverage you are looking for. But before buying, explore the features and coverage provided by standalone products. Also, the options are limited in terms of offerings as compared to standalone products.

But if you don't have the time and knowledge to evaluate different products on your own, it make sense to explore combi products, as it is better than not having a cover. "If an individual is not savvy in financial planning herself or does not have access to quality advice, a combi product is good way to get dual

coverage," says Abhishek. "If a person has either health policy or life insurance (and is underinsured), he/she can explore the combined policies," says Mallesh Reddy, Co-founder and CEO, Insure Mile.

*(The writer is Renu Yadav.)*

[TOP](#)

Source

### ***Law Ministry to launch cohesive insurance scheme for lawyers - Outlook - 24th July 2019***



After holding several rounds of discussions with various stakeholders, the Law Ministry is ready to launch a cohesive insurance scheme for lawyers.

The scheme includes medical, maternity, accidental and life benefits. Back in February, advocates in the capital and across many states, had held protests criticising the government for denying budgetary allocation for their welfare.

The government has pinned down three kinds of insurance policies. First, a group life insurance policy - in the event of death of the policyholder, a sum of Rs 10 lakh will be paid to the nominee/next of kin. Second, medical insurance policy - mediclaim/healthcare policy of Rs 2.5 lakh to advocates and their family members, and personal accident policy up to Rs 5 lakh. The premium payable by advocates would depend upon the number of family members.

The mediclaim policy may cover pre-existing diseases and ailments without any waiting period and might include maternity benefits. "The policy may be a floater policy and the insured sum can be utilised by any of the family members under the scheme", claims the policy note. The group personal accident policy might cover permanent total disablement, and the insured amount will be Rs 5 lakh.

According to the concept note of the scheme, "a person enrolled as an advocate in any roll under the provisions of the Advocates Act is eligible, excluding the lawyers designated as senior advocates." At the core, the scheme will benefit advocates at the district and taluka level, who often do not have any kind of social security for themselves and their families, especially in case of medical emergency and death.

"Advocates should have membership of a recognized Bar Association and voluntarily agree to give annual monetary contribution", said the concept note. The government is yet to decide on the exact name -- Pradhan Mantri/Vidhi Mantri Adhivakta Bima Yojna, 2019.

The Department of Legal Affairs will administer the insurance scheme through a committee headed by the Secretary. The government is keen to include representatives from Department of Legal Affairs, Bar Council of India, insurance companies (one from life insurance company and one from non-life insurance company), and Department of Expenditure - on the committee.

The committee will hold consultations and negotiations with life insurance and non life insurance companies (preferably PSUs), and then finalize terms and conditions of the insurance policies, and the premium amount to be deposited each year. "The committee shall also recommend the amount to be given by the Centre each year from budgetary allocation. The committee shall maintain record of all beneficiaries of the scheme," said the policy note. Various stakeholders" will be engaged to raise funds for the scheme - central grant, contribution by Bar Associations, contribution by individual advocate, and voluntary donations.

*(The writer is Sumit Saxena.)*

[TOP](#)

Source

## **What types of death are covered by term insurance? Find out – Financial Express – 24th July 2019**



Most people opt for life insurance covers so that in case of any unfortunate event, the dependents or the family members of the policyholder can be financially secure. However, did you know about certain kind of deaths that are not covered under Term Insurance?

Term insurance plan acts as a savior in times of crises. It provides protection to the dependents of the deceased to tackle any adversities that may come upon them. Under Term Insurance, in case of death of the policyholder, who in most cases is the

breadwinner in the family, the benefit is paid to the nominee.

The pay-out can be either in monthly installments, lump-sum amount, or both, which can be chosen while buying the term insurance policy.

Even though term plans give protection against untimely death, insurers classify such deaths into various categories, based on which deaths are covered or not covered, and the insurance company declines or pays the death benefit.

### **Here are some types of death that are covered by an insurance policy:**

**Natural death** – Health-related or natural death is covered by term insurance plans. If the policyholder dies because of any medical condition or because of a disease eventually resulting in his/her death, the nominee then gets the insurance pay-out.

**Death due to Accident** – Death caused by an accident is covered under a term insurance plan. If the policyholder gets involved in a road accident which leads to sudden death or death in the hospital because of the accident, then the insurer will give the nominee the term insurance pay-out. However, if while driving the policyholder was intoxicated or was under the influence of any drug or was involved in a crime or was escaping after breaching any law, which led to the accidental death, then the claim will get rejected.

**Homicide** – In case the policyholder gets murdered and the insurer finds out that the beneficiary or the nominee was involved in the murdered, then the death benefit pay-out is rejected or withheld until such charges are dropped from the nominee.

**Suicide** – Up until now, if the policyholder committed suicide after 1 year of the start of the policy, only then the death benefit would have been given. The waiting period of some companies was even longer, such as 2 years for such claims.

However, the Insurance Regulatory and Development Authority of India (IRDAI) recently made some changes in the suicide clause from July 2019. In the case of non-linked policy, the nominee will receive at least 80 per cent of the total premiums paid till the date of death or the surrender value as on the date of death, whichever is higher, if the policyholder commits suicide within 12 months from the date of commencement of the policy or from the date of revival of the policy.

Earlier, during the first year of policy issuance, in case of the policyholder's death by suicide, there were no provisions for any pay-out or refund to the policyholder. The insurance company could have rejected any payment of claims to the nominee during this period.

**(The writer is Priyadarshini Maji.)**

[TOP](#)

Source

## ***All that you must do to steer clear of insurance claim rejection - Business Today - 24th July 2019***



Calamities remind us of the fragility of human life but also the importance of safeguarding ourselves against financial uncertainties. A life insurance policy is one such shield to protect and save us from the wrath of disasters like these. But what happens when at the time of unforeseen calamities, a life insurance claim gets rejected? Leaving the family helpless with no ray of hope, the whole purpose of having a life insurance policy gets defeated.

It is therefore critical to prevent your claim from getting rejected so that the financial protection for your loved ones in need of the hour is delivered.

### **Get involved in filling your own life insurance policy proposal form at inception**

Buddha quoted and it fits perfectly in this case "work on your own and don't depend on others". As one decides to opt for a policy, the first basic step towards it is filing their form. The problem arises when consumers allow their agents to fill their form and while doing so, do not even take the effort of reviewing the final document before it reaches to the life insurance company. While dependency on the agent is common, one must make sure to personally get involved in the form filling process because if wrong information goes into proposal form, which may result in rejection of the claim, the very purpose of buying life insurance to provide protection to the loved ones may get defeated.

### **Avoid concealment of information**

Life insurance policies get issued basis the details you provide while filling the proposal form and policyholders sometimes fail to provide key information when applying for a fresh policy. The three most important things a customer must declare correctly are his financial condition - source of income, his habits/health condition and any existing life insurance policies to enable the life insurer to decide on the issuance of the policy basis these inputs.

If the life insurer finds that you simply have not provided complete information or withheld any information, it may repudiate your claim on the ground of non-disclosure of material facts.

### **Be mindful of detailing pre-existing ailments**

Pre-existing ailments are defined as any ailments that the customer had either as symptoms or was diagnosed and received medical treatment for the same throughout the 48 months prior to the first policy issued by an insurance company.

Any kind of pre-existing diseases or any other conditions must be declared upfront and not withheld. If found later, it may restrict you from getting the claim proceeds. You should make sure that you do not conceal any information because it may provide reasons for life insurers to repudiate your claims.

### **Update nominee details correctly**

While incorrect nominee details will not result in repudiation of the claim, there is a possibility that it may result in a prolonged legal battle between the nominee and heir in case of acrimonious relationship between them. Depending upon changing life stage you may opt to change your life insurance nominees. For instance, in your singlehood you would have named your parents as nominees but after marriage chances are you may want to make your spouse or children the nominee. It is, therefore, necessary to update the information regarding the nominee from time to time.

### **Make sure your policy doesn't lapse**

If the premiums are not paid on due dates, the policy may lapse. Life insurers also provide a grace period for policyholders who fail to pay premiums by the due date. The life insurer may not consider any claim payout under the policy if the customer fails to pay due premiums by the grace period. Hence it is essential to adhere to premium payment schedule to avoid repudiation of claims on this ground.

Life insurance is not just a tax-saving tool, it's a serious financial product which, if used correctly, can be a saving grace for your family and dependents. To ensure a smooth claims process, while most companies provide the help of claims officers who are well-trained, it is equally important to inform your loved ones about the life insurance policies you have bought, contact details of the agent advisor and life insurer and the documents which will be needed to file the claim.

(The writer is V Viswanand.)

[TOP](#)

Source

**After all the noise, traditional insurance still isn't customer-friendly - Mint - 22nd July 2019**



Other than reasons of lack of transparency and complicated structures, a high exit load—charge levied for early exit—is what makes traditional bundled life insurance plans the least favourite among financial planners and *Mint's* personal finance team. In fact, from data on persistency—which is the number that shows how many policies are renewed year after year—it appears that even customers have a change of heart and end up surrendering these plans despite the painfully high exit barriers.

As per the latest data on persistency for FY18, on an average, around 30% policyholders decided to move out of their policies after the first year; by the end of the fifth year, this number increased to around 65%. Given that the industry is dominated by traditional plans, it's not hard to guess the products customers are choosing to surrender.

Surrender costs in traditional plans have been an issue with the product right from the start but since the industry focused on unit-linked insurance plans (Ulips), the more transparent brethren of traditional plans, the issue got swept under the rug. Ulips too came with high surrender costs but a product clean-up initiated by J. Harinarayan, head of Insurance Regulatory and Development Authority of India (Irdai) in 2010, reduced these costs to a bare minimum: up to ₹6,000 if surrender occurred in the first year and zero in the fifth year.

The surrender costs could be brought down because overall expenses in the policy were capped. This, among other things, also meant spending less on customer acquisition and, therefore, less recovery in case of early exit. The industry obviously turned to traditional plans where the problem of surrender charges was graver. Until the rules changed in 2013, the typical cost of surrendering a traditional policy in the first three years was the entire premium. This meant the policy acquired a surrender value only after three annual premiums were paid. So if you paid an annual premium of, say, ₹1 lakh for two years and decided to quit after the second premium, you went home ₹2 lakh poorer. But if you quit after paying three premiums—that is if you paid ₹3 lakh—the minimum guaranteed surrender value was 30% of your premiums minus the first-year premium, netting ₹60,000. In other words, you paid ₹2.4 lakh as surrender costs.

Clearly the rules had to be changed, but this time the regulatory teeth didn't bite much. Deliberated under Harinarayan but implemented under T.S. Vijayan, former head of Life Insurance Corp. of India who succeeded Harinarayan in early 2013, the new rules decreased the surrender costs but only slightly. The policy continued to acquire a surrender value after paying three premiums for policy term of at least 10 years, but what you got back was 30% of the premiums paid. High surrender costs have not pushed policyholders to stay put but has caused loss of reputation to the industry. This was admitted by the products committee report constituted by Vijayan towards the fag end of his tenor and this generated a new ray of hope.

But the new product guidelines issued on 15 July for non-linked plans by Irdai—now under Subhash C. Khuntia—continues to be more sympathetic towards the industry. Surrender costs have come down further, but even after the revision they continue to hurt. Now, as per the new rules, a policy acquires a surrender value after two annual premiums are paid, but the surrender charge is 70%. Subsequently, this cost comes down, but doesn't drop to zero.

Of course, in case of aUlip, it's easier to dictate lower surrender costs because costs are spelt out and deducted from the fund value, and it's the net asset value that is available for surrender. In fact, the new rules have also capped individual charges like the policy allocation charge (capped at 12.5% of the annual premium), policy administration charge (not more than ₹500 per month) and the cost of guarantee (not more than 0.5% of the fund value). In case of traditional plans, costs are not transparent but if one were to map the costs to Ulips, costs in traditional plans that gets reflected in surrender costs are huge. Irdai has so far shied away from wielding a heavy hand, but it's about time to tip the scale in favour of a "sellers beware" market from a "buyers beware" market. In other words, the cost of early surrender needs to be felt by the insurer and the intermediary and not by the customer. Irdai can start with the nudge of a lock-in to dissuade early surrenders and subsequently reduce the surrender costs substantially to only recover insurance and other administrative costs.

And no, this will not encourage policy lapsation. Despite lower exit barriers in Ulips, some companies, which primarily sell Ulips, have reported above average persistency.

Clearly, with costs contained and surrenders brought down, the focus is squarely on the renewal book of the business which is what a long-term vehicle such as life insurance is all about.

*(The writer is Deepti Bhaskaran.)*

[TOP](#)



***Look at claims settlement ratio while buying term insurance plan – DNA – 22nd July 2019***



Though an increasing number of people are now realising the value of term insurance, a major percentage of the Indian population continues to be ignorant about the new term insurance plans sold by both public and private players in the market. This, to some extent, explains the continuing reputation of LIC in the insurance market. However, a comparison of the premium charges of LIC with private insurance companies has revealed the former being costlier than the latter.

LIC officials say, "Products are priced based on factors such as target segment, the channel through which they are to be sold, demographic profile, ticket size of policies, reinsurance arrangements, etc. We keep on reviewing our premium rates. In the past also, we have re-priced our products and will continue to do the same as and when warranted. Our term product is starting from a minimum sum assured of Rs 6 lakh to provide coverage to all socio-economic groups of the society from every nook and corner of the country. To do so, we offer term products offline also whereas very few insurers in the market offer this product offline. The product should not only be seen in the context of premium but also the context of availability to all sections of society as well as claim settlement. Since there is a price difference between offline and online channels for various reasons and a large proportion of LIC's products is sold through offline channels, it would not be fair to compare our premium rates with other insurance companies."

**Does charging lower premiums help?**

Premiums of term plans sold by private insurers are lower than LIC and other government-sponsored insurance companies in India. Explaining how cheaper plans tend to draw more attention from customers, Anjali Malhotra, chief customer, marketing and digital officer, Aviva Life Insurance, says, "Having a lower cost helps. Customers look at the premium amount they will be paying when they make a

purchase decision.” However, Munish Sharda, managing director and CEO, Future Generali India Life Insurance claims to be different. Sharda says, “Pricing becomes the key determinant for choosing from term plans which offer similar benefits. Having competitive pricing, to a certain extent, also helps in improving the market share. However, price is not the only element which influences the sale of a term plan but there are many other factors that come into play, such as additional benefits, ease of buying, claim settlement, the suitability of cover, need for advisory, etc.”

#### SELECTING OPTION

Offline plans are approximately three times more expensive than online plans making online plans more attractive to customers

The factor which makes LIC the most preferred option is its claim settlement ratio of greater than 98% which is consistently highest in the industry

It is important not to opt for a shorter tenure just to pay lower premiums, else you will be forced to avail a new plan at an older age when premiums are high

Increasing competition has forced many insurance players to lower their premium charges in tune with customer demands while also protecting their existing market share. Relatively new insurance companies believe that price warfare will continue to remain. However, Rushabh Gandhi, deputy CEO, India First Life Insurance, says, “We currently have a fairly and competitively priced e-term plan available on our website, [www.Indiafirstlife.com](http://www.Indiafirstlife.com). India First Life, after the launch of the new e-term, gave its customers an option of reducing premium (for the same risk cover) or increasing risk cover (for the same amount of premium). We will only reduce rates if our current portfolio trend indicates the possibility of further improvement given the underlying customer mix.”

#### The ideal way to buy term insurance

CS Sudheer, founder and CEO, IndianMoney.com shares the ideal thought process that must be there while paying for term insurance. Sudheer says, “Your first thought must be a sufficient sum assured on the term life plan. Also, your family must have enough money to enjoy the lifestyle they currently lead and repay all loans on an untimely demise. It is important not to opt for a shorter tenure just to pay lower premiums; else you will be forced to avail a new plan at an older age when premiums are high. One must always select an insurer with a high claim settlement ratio. This increases the chances of your family's claim being honoured.”

#### Online versus offline premiums

There is a gap in the premium charges of plans sold both online and offline, which is said to only widen in the future. Karthik Raman, CMO and head – Products, IDBI Federal Life Insurance, says, “Offline plans are approximately three times more expensive than online plans. With the advancement in technology, things are likely to become simpler and easier, which will bring prices down further and make online plans even more attractive to customers.”

However, it is up to a company to decide whether to increase term insurance sales through online mode or continue selling through the offline mode. Casparus Kromhout, managing director and CEO, Shriram Life Insurance, says, “Digital is a key part of our future strategy. We have adopted the strategy of driving 'customer-centricity' through digital innovative avenues. Though digitally assisted sales are becoming popular, we believe that the need for physical presence in insurance selling would continue. SLIC operates with a multi-channel distribution set-up and relies on salesperson that meet customers to spread awareness and facilitate sales. We would continuously focus on these salespeople with special attention towards digitally assisted ease of business facilitating spread protection cover in our segment.”

#### What puts LIC ahead of others?

Innovation is the key to growth. This explains why various insurance companies in India introduce new insurance products in sync with their customers' varying needs. However, preference for LIC products continues among today's customers too. Vineet Patawari, co-founder, stock analytic app Stock Edge and financial market learning portal Elearnmarkets.com, says, “LIC is the oldest, biggest and most trusted

organisation in the insurance sector in India. The factor which makes it the most preferred option is its claim settlement ratio of greater than 98% which is consistently highest in the industry.” Suresh Sadagopan, founder, Ladder7 Financial Advisories, says, “LIC is a company of 55 years standing and is a trusted name. However, even many private companies will be completing 20 years of their existence now and are compliant with Irda norms, which takes care of the credibility aspect. It is more of a level playing field now. One who wins today will be the player who offers products with benefits and value suited to clients they serve, with excellent customer service thrown in.”

*(The writer is Abeer Ray.)*

[TOP](#)

Source

---

## GENERAL INSURANCE

---

### **General insurance premiums witness flat growth in June - Deccan Chronicle - 25th July 2019**



General insurance companies slowed down in June as premium growth in crop, motor, fire and health remained muted.

General Insurance premiums were flat in June 2019 at Rs 12,936 crore against Rs 12,970 crore in the same month last year. In April and May, premiums had grown by 14-16 per cent. While private general insurance players saw a growth of 7 per cent, PSU general insurers witnessed their premiums marginally down by 1 per cent.

Specialised PSU insurers—Agricultural Insurance Company and ECGC—witnessed a massive decline of 79 per cent in premium to Rs 141 crore against Rs 689 crore in June 2018.

Slowdown in some of the large segments pulled down the overall premiums. Premium in crop business was down by 45 per cent. Private players, who accounted for about 60 per cent of the crop business, were down 42 per cent, though PSUs were up 144 per cent. “Most business in the first three months is a spillover of the Rabi season and hence may not be an accurate representation. However, most large private players are anyway cautious in this segment and will go slow in FY2020,” finds Kotak Institutional Equities.

High growth in fire premium finally moderated down to 29 per cent from 51-61 per cent over the past two months. Weak economic activity slowed down the momentum of the first two months. Shriram General and Royal Sundaram reported a decline as compared to high growth in the past two months.

Motor business remained muted with 4 per cent growth, mainly due to 5 per cent decline in Motor OD. ICICI Lombard saw a muted growth and SBI GI continued to report a decline.

Even at 11 per cent, growth in health too was muted compared to 16-28 per cent growth in the past two months. Growth in group health, a segment that has recently been strong for large private players, moderated to 13 per cent from 21-42 per cent over the past two months. Within health business, specialized players continued to gain market share with 31 per cent growth, while general insurers were up 6 per cent. PSU general insurers were flat.

*(The writer is Sangeetha G.)*

[TOP](#)

Source

## **Common reasons why your travel insurance claim might get rejected - DNA - 23rd July 2019**



For a lot of Indians, travel insurance is becoming an indispensable part of travelling as it not only acts as a safety net against unforeseen medical expenses but also safeguards you against other related travel emergencies that could spoil your trip. While one can't have a control on these mishaps, there are definitely precautions that you can take. But still, there are hundreds of things which can go wrong to ruin your vacation. As a matter of fact, every year we hear handful of stories detailing the experiences of individuals about their medical

emergencies, damaged or lost baggage, misplaced passport or missed flights. However, these stories become a bigger nightmare if the travel insurance company reject your claim for some reason leaving you personally on the hook for massive bills.

However, insurance companies do not reject the claim for casual reasons. As a traveller, if you're well prepared, claiming on your travel insurance shouldn't be a problem. Read on for more information on some of the most common reasons for claim rejections that can be avoided for the next time you travel abroad.

### **Non-disclosure of pre-existing conditions**

In spite of medical emergencies being the main driver of taking out travel insurance, it is still very common that more than half of the travellers don't reveal their pre-existing medical conditions and end up getting rejected while making a claim. Pre-existing medical conditions is usually defined as any illness, disease or injury that occurs prior to the travel plan's effective date for which you had symptoms and if that requires any type of medical treatment.

So, if you have any pre-existing medical condition, or any hospitalisation happened in last 48 months, you must mention that to your insurer while purchasing a policy. Some insurers might cover these conditions for some additional costs or some may not. However, irrespective of the premiums, the insurer will provide you with disclosing your medical history when signing up for travel insurance is very important. This allows the insurer to appropriately assess the medical risk that the customer poses, along with any other risks, in order to provide cover at a fair price.

### **Opting for wrong coverage**

While buying travel insurance, for an individual the priority is usually the policy price and not what is included in the coverage. Travel insurance is often available in a combination of coverages and add-ons. In such cases, a traveller can always select the type of coverages they want. Though, this may affect the price, but it is important for a traveller to read all the policies ahead of time to know what all their policy covers so that they are not surprised at the time of claim rejection.

### **Indulging in activities not covered**

Travelling to Wollongong for skydiving in Sydney might sound very exciting. However, for adventure travellers, it is very important to first crosscheck the facts with their insurance provider if they provide the coverage for the same or not. Travel policy usually have varying degrees of cover for adventure sports activities, so it is vital that you buy the cover that is most appropriate for what you intend to do on holiday. Most insurance products don't cover activities like bungee jumping, para-gliding while some insurers specifically cater to adventure travel as add-ons.

However, they do this at relatively higher premium depending on the activity you wish to attempt. This cover is not applicable if you are going specifically for adventure activity only, for e.g. if you are going for a 10-day trek. Although the list of excluded activities differs from company to company. You must, therefore, make a point to inform your insurer the kind of activities you are planning to do during your trip.

### **Alcohol/drug abuse**

Travel insurance policies invariably contain terms and conditions relating to alcohol consumption. If any kind of accident or personal loss happens whilst you are under the influence of alcohol or drugs, it is not covered in travel insurance policies. An insurer may decline a claim if a person's alcohol consumption has directly or indirectly resulted in the circumstances of the claim. Hence, it is very important to check the small print to confirm what is and what is not covered. Same applies to drugs abuse as well.

### **Not having the necessary proof**

Insurance companies will ask for solid proofs before they process your claim. So, keep all the necessary documents in place to make a claim. So whenever any 'claimable' event happens such as if your passport gets stolen, file a report with local police & the nearest embassy and get a copy of that report or make sure that you avail the receipts of every medical service you receive so that you are always on the safe side. Failing to do this, the insurance company can decline your request for reimbursement.

*(The writer is Tarun Mathur.)*

[TOP](#)

Source

***Your house needs more than basic protection this rainy season - get home insurance now - DNA - 23rd July 2019***



Over the centuries, Indians have evolved a vast variety of ways to prepare themselves and their homes for the monsoons. From repairs to weather-proofing and water-resistant paints, there are several short-term solutions that Indians fall back on year on year. By way of long-term solutions however, home insurance in India seems set for a big take-off.

Securing the home has always been a priority in the regions of India that rely on the Southwest Monsoon. Weeks of heavy rain that relents only for short periods have meant that Indian households have for centuries focused on repairs and rebuilding in the summer months before the rains sweep in.

While traditionally the repairs might have included changing the thatching on houses to digging ditches to allow the free flow of water away from houses, modern homes have required different solutions. Some prominent methods of preparing for monsoons have included specialist weathering courses on the flat roofs of modern houses and cementing cracks in the walls both inside and outside the house, tarring of the roof tops, or even weatherproof and water-resistant paints.

However, these solutions do not cover all the contingencies that heavy rains can bring. Hence taking home insurance in India is no longer a luxury, but a need.

As much as India has been defined by its relationship with rain over the millennia, it is the country's relationship with either too little water or too much of it that defines our existence today.

From the once-in-a-decade floods that hit Mumbai and Chennai to the once-in-a-century floods that submerged Kerala and the much more regular flooding along the Kosi or Damodar in the plains to the north and east. Heavy rains have also triggered massive landslides in Uttarakhand, Kashmir and the Northeast. Super-cyclones are regular features all throughout the east coast.

It is one thing to plug leaks in the ceiling and walls or cover the house up some specialised paint. Indians are now increasingly waking up to the need for solutions that can address much more severe forms of damage that nature can cause to homes. After all, it isn't just about protecting the buildings we live in, but also about securing our homes.

**Home insurance in India** can ensure citizens can get reimbursed for any sort of damage that the fury of nature may cause. **Home Insurance in India** as an option that is slowly and surely and increasingly being seen as an important safety net, especially in places that have been hit by multiple disasters and are prone to such calamities.

From covering losses to paying to repair damages, home structure insurance and home content insurance in India is coming up with an increasing number of options to choose from each passing year. Such a safety net could help millions of Indians not only get rid of the worries of protecting their homes, but also be assured of quicker recoveries in case the worst happens.

[TOP](#)

Source

### ***Taking the right insurance policy for monsoon - The Hindu - 21st July 2019***



Monsoon can certainly be a delightful season. But, though the rains bring respite from the intense heat, they quite often leave behind a trail of losses.

Common problems include water-borne or viral diseases breaking out, engine seizure of vehicles due to their getting stuck in floods and excessive damage to property and its contents in the event of flooding.

#### **Right combination needed**

To truly enjoy the rainy season without thinking about financial setbacks, you should protect your health, vehicle and home by availing the right combination of insurance covers.

With the onset of the rainy season, it becomes imperative to protect self and family against diseases such as diarrhoea, dengue, viral fever, typhoid, malaria and chikungunya, which are among the most common ailments reported in hospitals. The cost of treatment for dengue is huge as most private hospitals in India charge anywhere between ₹10,000 and ₹15,000 for platelet separation.

If a patient undergoes transfusion up to four times, the patient has to spend at least ₹40,000 towards procurement of platelets.

There have also been cases where people have spent up to ₹2 lakh for treatment of dengue that included more than four platelet transfusions. Treatment for the disease takes approximately 8-10 days and the room rent at a decent hospital often goes beyond ₹1 lakh. To handle these expenses, buy a comprehensive health insurance plan which covers you against vector-borne and other diseases.

If you already have a health insurance plan, you can look to further guard yourself by buying dengue-specific cover. These are fixed benefit plans that will cover medical costs as well as loss of income due to hospitalisation. Fortunately, the insurers have introduced insurance products in the market that provide disease-specific cover at marginal costs. In order to avail the most comprehensive coverage, you must invest in disease-specific plans as specific protection.

Dengue is one of the most prominent diseases for which there are fixed benefit plans available in the market such as those offered by Apollo Munich (Dengue Care), Bajaj Allianz (M-Care) and DHFL (Pramerica Dengue Shield). You must buy one at the earliest as most of these policies come with a 30-45-day waiting period from the date of policy issue. The waiting period widely varies from one product to another and also insurer to insurer.

There are some exceptions such as Max Bupa's Heart Beat plan that comes with no disease-specific waiting period for individuals up to the age of 45. During the monsoon season, the number of claims

related to motor insurance rises significantly due to water ingress into the vehicle's engine or due to an accident because of water logging.

### **Standard grade not enough**

Under such circumstances, a standard motor insurance policy often does not pay for expenses towards repair of a damaged engine due to water seepage, also known as hydrostatic lock. To pay for such expenses, it is recommended that you protect the vehicle with an important add-on cover known as Engine Protector. This particular add-on provides adequate protection to the engine and the electronic circuit within the vehicle. With this add-on cover, the vehicle gets coverage for the monetary loss incurred due to engine damage during water logging.

Yet another important add-on worth investing in to protect your vehicle this monsoon season is Zero Depreciation. This add-on helps reduce losses incurred due to wear and tear; or, replacing parts such as plastic, rubber, fibre, metal and paint. Road-side assistance can also prove useful in case of breakdown of your vehicle due to floods or water logging.

The average premium of Zero Depreciation add-on for a car with Insured Declared Value (IDV) ranging between ₹7.1 lakh and ₹7.8 lakh comes to ₹2,600-₹3,600. However, the premium for Engine Protection add-on for a car for the same IDV range comes to ₹600-₹1,300.

Excessive rainfall destroys personal property, including homes and offices. As per industry insiders, it is important to see home and property insurance as very valuable products. Under a comprehensive home insurance policy, the insurer provides coverage against any damage caused by a natural calamity, including floods. With weather patterns becoming significantly unpredictable, getting adequate cover for your house is a smart thing to do.

While buying a home insurance policy, you must remember to invest in a plan that not only protects the structure of your property but also offers adequate coverage to its contents. Many insurers have introduced products that insure jewellery and important valuables, personal electronic appliances and domestic appliances under the policy.

The average premium for insuring a house worth ₹50 lakh comes to around ₹2,200 to ₹2,600 annually. However, a detailed home insurance policy, covering your home worth ₹50 lakh along with its added contents (furniture, home appliances, etc.) worth ₹5 lakh, would cost you an annual premium of ₹6,500-₹7,500.

*(The writer is Tarun Mathur.)*

[TOP](#)

Source

***Pvtinsurance firms paid ₹7 cr in claims to railway passengers, got ₹46 cr premium in 2 years – Mint – 21st July 2019***



Private insurance companies received a premium of around ₹46 crore in the last two years from railway and its passengers while making a payout of only ₹seven crore in claims under the national transporter's travel insurance scheme, an RTI has found.

IRCTC, which is a wholly owned undertaking of the Ministry of Railways, has entered into an agreement with three private insurance companies through limited tender - Shriram General Insurance Company Ltd, ICICI Lombard General Insurance Company Ltd and Royal Sundaram

General Insurance Company Ltd for its Optional Travel Insurance Scheme which was launched in September 2016 with a premium of ₹0.92 per passenger.

This facility is for confirmed/RAC railway passengers who booked e-ticket through the official website of Indian Railway Catering & Tourism Corporation (IRCTC). Under the scheme, a sum assured is paid to the victim/family or legal heir of the victim as the case may be in case of death/injury of reserved passengers due to train accident/untoward incidents.

While the national transporter bore the insurance premium till August 31, 2018, the cost was transferred to passengers since and the premium was revised to Rs. 0.49 per passenger in October 2018. According to the RTI reply received by Madhya Pradesh-based social activist, Chandra Shekhar Gaur, while IRCTC has paid ₹38.89 crore to insurance companies, passengers have so far paid ₹7.29 crore in the past two years.

The travel insurance provides a coverage of ₹10 lakh for death and permanent total disability arising out of any train accident or other untoward incident. For permanent partial disability you get ₹7.5 lakh. The ₹2 lakh coverage for hospitalization expenses for injury is over and above the death or disability coverage.

Acts like accident, robbery, dacoity and other violent acts during the train journey are covered by the policy. Insurance companies received 206 claims in the two years, while 72 were rejected.

Officials, when contacted, said claims were less in the last two years as the number of rail accidents had dipped significantly. Railway accidents have decreased from 118 in 2013-14 to 104 in 2016-17, to 73 in 2017-18 and further to 59 in 2018-19.

Railways are also carrying more passengers - there is an increase of 2.09% in the number of passengers carried by the Indian Railways during 2017-18 as compared to 2016-17 and 0.64 per cent increase in 2018-19 as compared to 2017-18.

*(The writer is Ananya Sengupta.)*

[TOP](#)

Source

***Home to car to health insurance: How to be monsoon-ready – Mint – 20th July 2019***



Monsoons have almost reached the length and breadth of the country. When you think of monsoon, you most probably think of a new umbrella or a hot cup of tea. It is rare that you would think of insurance covers. Monsoon may bring a sense of hope, but it comes with its own set of perils — diseases and damages — that you should be covered for. Let's have a look at what's on offer mostly and what you should go for.

### **DISEASE-SPECIFIC COVERS**

There are many health issues that may come up during the monsoon seasons — dengue, malaria, cholera among others.

While there are disease-specific covers such as dengue insurance cover that will cover only one particular illness, there are some comprehensive health insurance plans that cover most of these mosquito-borne diseases.

For example, Apollo Munich Health Insurance has a Dengue Care plan that covers your dengue-related expenses. "This plan offers coverage against expenses arising from hospitalisation whether in-patient or outpatient treatment. It has no age limitations," said Naval Goel, founder, Policyx.com, an insurance web aggregator.

You will also find plans such as Future Generali Insurance Co Ltd's Vector Care plan that covers you for all the vector-borne diseases.

"The plan offers a lump sum benefit in case the insured is diagnosed and hospitalised owing to serious diseases caused by vectors. The plan is available for an infant of 1 day to a 65-year-old person. It is liable to offer coverage against –malaria, dengue, lymphatic filariasis, kala-azar, Japanese encephalitis, chikungunya and zika virus," said Goel.

However, experts will still prefer that you go for a comprehensive health cover.

"You should always have a comprehensive base health cover and then top it up with critical illness and personal accident cover," said Suresh Sadagopan, founder, Ladder7 Financial Advisories. These disease-specific covers should never replace your basic health cover. "If you think you need such covers, these should be as add-ons only and should not become the base cover in itself," added Ankit Agrawal, CEO and co-founder, Insurancedekho, an insurance web aggregator.

Heavy rain also gives way to sloppy road constructions and accidents. "There is a higher chance of an accident during monsoon season so a personal accident cover is also required," said Goel. A personal accident insurance plan covers you against disability and death arising out of an accident. It covers you against loss of life and limbs, disablement, loss of eyesight and likewise.

### **MOTOR INSURANCE**

"To protect your vehicle against heavy rain and floods, you must buy a comprehensive plan which carries the mandated third-party cover along with the damages to your own car. In the comprehensive cover, you might also want to add additional benefits such as zero depreciation policy and engine cover (useful for flood-prone areas)," said Goel.

Add on covers such as engine cover, which protects the engine of your vehicle from water damage and zero depreciation policy, helps you in getting the entire claim amount and not a depreciated one in case of any calamity like flooding and likewise.

"Apart from these two covers, a road assistance add-on cover may also help you during heavy rain in getting coverage for towing your vehicle," said Agrawal. Such covers are required if you travel by road to work every day and live in areas which are affected by heavy rain on a regular basis. "The engine cover add-on might increase your premiums by 15 to 20%, but it is highly recommended for those of you who live in cities such as Mumbai, Pune and Bengaluru," Agrawal added.

### **HOME INSURANCE**

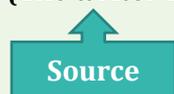
Property insurance or home insurance will help in case the structure or its contents are damaged owing to flooding, inundation, storm, cloud burst and lightning.

"You should go for comprehensive home insurance cover instead of limiting it to just fire and theft. Some insurance companies do not offer coverage against rainwater damages under home insurance," said Goel. Bajaj Allianz's My Home Insurance Policy offers coverage to your home and/ or its contents to stay protected from risks of losses or damages that may be caused to them by any unforeseen events including monsoons, while Smart householder's package policy by Bharti AXA General Insurance does not, according to Agrawal.

### **WHAT SHOULD YOU DO?**

"Monsoon is just a trigger," says Sadagopan. Most of these insurance covers are always on the must-have list of advisors. It is not a new or a monsoon-specific idea that the aforementioned covers are necessary. Monsoons and such untoward incidents is just a trigger to check your comprehensive insurance coverage. Experts suggest that you should have a regular comprehensive health cover at all times, which will cover you for more illnesses, and not just a single illness.

*(The writer is Revati Krishna.)*



[TOP](#)

---

## HEALTH INSURANCE

---

### *Planning to buy health cover for your parents? 5 things to look at before opting for one – Financial Express – 25th July 2019*



We all want to provide the best possible healthcare to our parents. However, choosing the best health plan can be a daunting task. Even if one doesn't have a separate healthcare policy when they retire, it is utmost important to get one because there are chances for a host of health-related problems to arise. Also, with the steep rise in the healthcare cost, without a health insurance policy, it is sure to leave a hole in your pocket. Having a health insurance cover for your senior citizen parents will save you from running out of money or trying to arranging funds when unplanned medical emergencies strike.

Experts suggest that while opting for healthcare facilities to your parents, ensure that there is no shortfall of funds. It is essential to get an adequate health insurance plan for your parents. With the plethora of options available in the market, there are certain things you should consider while choosing a good health insurance plan.

#### **Here are some points to consider while choosing the right policy:**

##### **Parents' health history**

One should keep one's parent's health history handy so that when a claim arises, the insurance company honors it. Industry experts say, for senior citizen, all previous health-related diseases should be disclosed such as any ongoing related health issue, any symptoms, and diseases that are not formally diagnosed. Also, having an idea of the medical state of your parent's can help you look through insurance policies that provide relevant coverage.

##### **Go through the Fine Prints**

Evaluate the policies available from various companies on a few parameters. Parameters that should be considered are co-pay, room rents/limits, surgery, and treatment limits. You might also come across plans that are surprisingly cheap, while choosing a plan for your parents. However, such low price policies may have various conditions and restrictions that will limit the usage of the plan significantly. Hence, read through the terms and conditions in the policy wordings carefully to understand the applicable limitations.

##### **Sum insured**

While deciding on the adequate sum insured one should ensure to factor in medical inflation and the health of the parents before arriving at the sum insured. Note that once the policy is issued and comes into effect, it might become difficult to increase the sum insured of the health insurance policy for your parents. Hence, the sum insured should be chosen assuming an inflation rate of 7 to 10 per cent annually, till the time insured turns 80.

##### **Disclosure needed**

Experts suggest one should give correct information while filling up the proposal form. Personal details needed while filling up the proposal form are details of your parents, their health status and history. The insurer then analyses the application and might also call in to understand more about your parent's health conditions. Insurer generally asks such policyholders to undergo a medical check-up, after which the insurer can either issue a policy, increase or ask for an additional premium, or, can also decline your application.

## Making claims

The claiming process for your parents' health insurance policy is the same standard process followed for all other health insurance policies. Claims are paid according to the terms and conditions of the policy bought such as cashless or on a reimbursement basis. Also, in the case of planned hospitalization, it is better to inform the insurer to ensure the claims experience is smooth.

If there are multiple policies for your parents from whom you have a choice to make a claim from, firstly prefer employer-facilitated policies against your own personal insurance policy.

*(The writer is Priyadarshini Maji.)*

[TOP](#)

Source

***Term of the day: What's the role of a third-party administrator or TPA? - Mint - 23rd July 2019***



Third-party administrators (TPA) are essentially companies that function as intermediaries between the insurers and the insured.

Health insurers generally outsource the process of accepting intimations, approving cashless claims and settlement and disbursement of claims to TPAs, who issue identity cards to policyholders which need to be submitted to the hospital from where the policyholder wants to make a cashless claim. TPAs have a bigger role to play at the time

of filing claims—you will first have to inform your TPA who will direct you to a hospital with which it has a tie up. Once this is done, the hospital will get an authorisation letter from the TPA following which all your bills will be sent to the TPA. The TPA forwards your bills and other documents to the insurer for your claim to be processed.

Note that if you choose to go to a hospital which does not have a tie-up with the TPA, you won't be able to make a cashless claim but your expenses will get reimbursed by the insurer. However, you could still get the claim processed by the TPA.

*(The writer is Disha Sanghvi.)*

[TOP](#)

Source

***NHA De-empanels 250 hospitals after Ayushman health checkup - The Economic Times (Delhi edition) - 23rd July 2019***

About 250 hospitals have been de-empanelled for fraudulent practices and FIRs registered against common service centres for fudging beneficiary data within 10 months of implementation of Ayushman Bharat or Modicare.

Data provided to ET by the National Health Authority (NHA), the nodal agency for the health insurance scheme, reveals that in less than a year hospitals and common service centres have found innovative ways to beat the Ayushman system.

A single doctor conducting surgeries in four districts on the same day, patients charged for expensive procedures not conducted on them, multiple surgeries conducted on a single day late in the night, hysterectomies on men and fake beneficiaries issued cards by common service centres (CSCs) are some of the innovative ways used to beat the health insurance system, which promises an insurance cover of up to `5 lakh per annum per family for secondary and tertiary care.

The scheme is termed as the world's largest government-funded healthcare programme targeting more than 50 crore beneficiaries. So far, 15,955 hospitals (7,992 private and 7,963 public) have been empanelled.



Several cases of fraud have been found by NHA's National Anti-Fraud Unit which has, in turn, forwarded them to the state authorities for verification. These cases include even frauds in the beneficiary identification system.

Though the government has kept Census 2011 as the basis of identification of beneficiaries, cases have been found where ineligible persons have colluded with CSCs (authorised to identify beneficiaries under the Ayushman Bharat scheme) to deprive the real beneficiaries. There were complaints from Agra and Pilibhit of such collusion.

An investigation was conducted and the complaints were found to be true. Later, 900 CSCs of Agra district and three CSCs of Pilibhit district were deactivated and FIR was lodged against the CSC in charge. A senior official at NHA's National Anti-Fraud Unit (NAFU), who did not wish to be identified, told ET, "The cases come to our notice either through direct complaints by the insured patients or mostly through our own system of checks."

Fraud detection tech helped NAFU has a fraud detection module which triggers alerts when certain parameters do not match. For instance, if the same doctor's name is thrown up multiple times, the system checks when the surgeries were conducted.

"With this, we got to know about the ghost charges -- how a single doctor was shown by the hospital of having conducted surgeries in four districts on the same day. This exposed one modus operandi," the official said.

There have been numerous cases where unnecessary expensive procedures have been conducted on patients who did not require it so that the hospital could tap into higher packages' reimbursement. In many cases, the billing was done even when that particular procedure was not conducted.

These were red-flagged by the system when it automatically detected sudden spurt in similar procedures in a single day in the same hospital. After complaints, the hospitals have been de-empanelled.

#### **An NHA spokesperson said:**

"NHA is also carrying out advanced analytics with the support of five companies and aberrant/outlier cases, suspect entities are flagged for scrutiny, investigation and due diligence. The medical audit team of NAFU analyses cases of over utilisation, abuse and flags off to state agencies for further verification. Action post detection of fraud, abuse or suspect behaviour includes issuance of show-cause notices to the hospital, suspension or de-empanelment, denial of fraudulent claims."

*(The writer is Nidhi Sharma.)*

[TOP](#)

Source

## ***No proposal to review prices under Ayushman Bharat scheme - The Economic Times - 19th July 2019***



The government Friday said there is no proposal to review prices of packages offered under the Ayushman Bharat scheme.

"Constant changes in package rates can lead to volatility in rates and may have unintended and undesirable consequences for the entire health sector," Health and Family Welfare minister Harsh Vardhan told the Lok Sabha.

As many as 1,393 benefit packages are offered under the Ayushman Bharat -- Pradhan Mantri Jan ArogyaYojana.

Asserting that rates are rationalised and were not fixed arbitrarily, Vardhan said that at present, there is no proposal to review prices of packages being offered under the scheme.

Since the launch of the scheme on September 23, 2018, the minister said feedback on certain aspects of benefit packages and anomalies like different rates for same procedures in different specialities have been received.

"The National Health Authority is reviewing this feedback for possible rationalisation, if required," he said, adding efforts are being made to address anomalies. The minister said the West Bengal government rolled back the Ayushman Bharat scheme in January 2019.

The scheme was successfully run till January 10, he added. Under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), an All India Institute of Medical Sciences (AIIMS) is under construction at Kalyani in West Bengal. The approved cost is Rs 1,754 crore, Vardhan said. "There is no proposal to set up another AIIMS in West Bengal," he said.

Source

[TOP](#)

---

## **CROP INSURANCE**

---

### ***Crop Insurance Schemes Requires Better Planning - Krishi Jagaran- 25th July 2019***



Agriculture in India is facing a lot of challenges and crop failure is one of them. It's a common story for almost every farmer across India and the government is trying to help them come out of this problem through crop insurance schemes. However, the research found that these crop insurance schemes implemented by the government may not be that effective as it sounds.

A study conducted by Meenakshi Rajeev and Pranav Nagendran, which was published in the Economic and Political Weekly, assesses India's crop insurance schemes by analyzing data from the 2012-13 Situation Assessment Survey and examines the performance of the Pradhan Mantri Fasal Bima Yojana (PMFBY).

The reach of India's crop insurance schemes has been modest between 1985 and 2012-13. Only 7% of farm households were insured for one crop in 2012-13, a mere rise of 3% from 2002-03. The major defect of the scheme lies in its design, which leaves out farmers most vulnerable to crop losses.

The major failure is its publicity target where 66% of farm households were not aware of the crop insurance schemes and 21% were not happy with the terms and conditions. According to the author, the PMFBY has covered only a few of these issues by reducing insurance premiums and expanding the insurance coverage to include more crops and risk factors faced by farmers. In 2016-17, coverage increased to 29% from 23% in 2013-14. However, the scheme remains behind its own target of 50% coverage and, in 2017-18; it decreased to 26%.

Globally, India is facing a major downfall in this arena. Total 69% of gross cropped area is insured in China while in the US, the share is 89%. One of the major defects in accessing PMFBY is that farmers lack documents and land records to avail insurance. Only a few farmers of India have proper documents to avail the scheme. Moreover, compensation is often delayed, inadequate, and even in most cases denied. As droughts, floods are becoming more frequent these days; these issues should be addressed and treated seriously.

*(The writer is Pronami Chetia.)*

[TOP](#)

Source

***Bengal rolls out own crop insurance scheme - The Hindu Business Line - 23rd July 2019***



The West Bengal government has stopped implementing the Central scheme on crop insurance PMFBY from Kharif 2019 and instead rolled out its own scheme, Parliament was informed on Tuesday.

From Kharif 2016, the Centre had introduced yield-based Pradhan MantriFasalBimaYojana (PMFBY) and weather-index based Restructured Weather Based Crop Insurance Scheme (RWBCIS) to provide financial support to farmers suffering crop loss/damage arising out of natural calamities or adverse weather incidence.

PMFBY is voluntary for States. The West Bengal government had implemented both the schemes during 2016-17, 2017-18 and 2018-19. "But the State government has withdrawn from the scheme from Kharif 2019 and is implementing its own scheme, Bangla FasalBimaYojana," Agriculture Minister Narendra Singh Tomar said in the Lok Sabha in a written reply.

Under the PMFBY, all food and oilseed crops and commercial/horticultural crops can be notified subject to availability of past yield data based on requisite number of crop cutting experiments (CCEs) and capacity of the States to conduct the requisite CCEs for each crop and insurance unit area.

However, for coverage of crops under RWBCIS, required weather data is the prerequisite. As per the provisions of the scheme, specific crops and areas under the schemes are notified by the concerned State government.

Actuarial/bidded premium rate is charged by the insurance companies. But farmers have to pay maximum of 2 per cent of sum insured for Kharif and 1.5 per cent for Rabi food and oilseed crops and 5 per cent for commercial/horticultural crops. Remaining part of actuarial premium is shared equally the Centre and the State government.

Source

[TOP](#)

## ***Crop insurance of Rs 12,000 crore taken for 2019: Gujarat CM – The Times of India – 22nd July 2019***



The topic of crop insurance was discussed in the Gujarat assembly for 48 minutes on Monday, making it the longest time given to any single topic this session.

Stating that the government has already made representation to the Centre for setting up a corpus fund for crop failure compensation, chief minister Vijay Rupani said that for the year 2019, the state government has purchased crop insurance for Rs 12,000 crore sum insured.

The CM was replying to a question raised by Danilimda MLA Shailesh Parmar.

The debate heated up when Parmar said that in the last two years, 2017 and 2018, companies offering

crop insurance to the government have made net savings of Rs 2,351.05 crores from a premium of Rs 5,454 crores, while only Rs 3,104.95 crores have been paid to farmers.

The chief minister was quick to point out that insurance is paid out only in case of crop failure. He highlighted that even in cases of vehicle insurance or term life insurance, the premium lapses if there is no loss to the vehicle insured, or if nothing happens to the person insured.

During the discussion, Parmar also said that against a premium of Rs 2,785.40 crore paid to insurance companies in 2017, the companies have only paid Rs 1,054.75 crore as crop insurance to the famers.

Admitting that there have been some complaints and discrepancies in paying crop insurance, Rupani said “We in the government have made representation to the Centre for permitting the state to set up a corpus fund from which the farmers could be compensated for loss. The fund can be used when there is crop failure. However, the central government is considering the demand from a larger perspective keeping in view other states too.”

[TOP](#)

Source

## ***Centre may fix cap on crop cover premiums –The Times of India – 21st July 2019***



Seeking to cut delays in settling claims, the Union agriculture ministry may come out with new operational guidelines for its flagship crop insurance scheme in the next few days.

The amended version of the scheme - Prime Minister Fasal BimaYojana (PMFBY) - may fix a ceiling on insurance premium, make it voluntary even for loanee farmers and include a provision where all collected premium amount can be deposited with a trust or specially created corpus fund.

“The newly created corpus fund may be managed by a public insurance company unlike the existing norms where

the collected premium is kept by insurers including 13 empanelled private insurance companies,” said an official while speaking about an impending change.

Farmers have to currently pay very low fixed premium amount (maximum 1.5% for rabi, 2% for kharif food and oilseed crops and 5% for commercial/horticultural crops of the total premium) for crop insurance against non-preventable natural risks while remaining part of the premium burden is shared equally by Centre and states.

Many states, however, have expressed concerns over increase in overall premiums ever since the PMFBY was launched in kharif 2016. "Keeping this in mind, the amended scheme may put a ceiling on premiums," said an official.

Referring to possibility of having a corpus fund, he said, "The move may help in settling claims of farmers quickly through prompt release. New guidelines may also focus on technology in assessing the extent of crop damage. It will also cut delays".

Records of the PMFBY show that the number of farmers covered under the scheme declined from 5.77 crore in 2016-17 to 5.21 crore in 2017-18. But, the numbers went up to 5.61 crore in 2018-19. The number of farmers benefited (in terms of claims) under the scheme, however, increased from 1.46 crore in 2016-17 to 1.75 crore in 2017-18.

As far as gross premium and paid claims are concerned, Rs 16,257 crore was paid as claims to farmers against the gross premium of Rs 22,103 crore in 2016-17. Similarly, Rs 21,270 crore was paid as claims against the gross premium of Rs 26,163 crore in 2017-18. Final figures (both kharif and rabi) of 2018-19 are still awaited.

Union agriculture minister Narendra Singh Tomar had admitted to lacunas in the scheme and invited all MPs to give suggestions for making the PMFBY more comprehensive during his speech in the Lok Sabha on July 17.

**(The writer is Vishwa Mohan.)**

[TOP](#)

Source

**Maharashtra to file cases against farm-insurance cos - The Hindu Business Line - 19th July 2019**



The Maharashtra government has decided to file criminal cases against erring agriculture insurance companies in the wake of alleged irregularities in crop insurance schemes.

Under the Prime Minister Fasal Bima Yojana for Kharif 2018-19, the insurance payout was ₹3,500 crore in Maharashtra, while premium paid to insurance companies was ₹4,200 crore.

Last week, at a meeting of farmers and State Government officials in Pune, the issue of irregularities was raised prominently. The farmers had alleged that certain officers of

the companies concerned had deliberately played down the level of crop losses, which would benefit the companies. They had also produced evidence, pointing to the culpability of the officers.

Given such serious charges, the Agriculture Minister of Maharashtra, Anil Bonde, has ordered an investigation into the matter. Officers of the State government who are found guilty will face disciplinary action, senior State government officials told *BusinessLine*.

The investigation process is also gathering momentum due to a protest march by Shiv Sena members on Wednesday against private insurance companies in the Bandra-Kurla Complex area. The protest was over non-payment of crop insurance to farmers. Sena, which shares power with the BJP in Maharashtra, has given an ultimatum of 15 days to clear all pending claims of the farmers.

An industry source said that certain contiguous districts in Maharashtra have similar agro-climatic conditions, but there is a huge difference in the insurance payout. This has upset the farmers.

The indemnity under Prime Minister Fasal Bima Yojana is 70 per cent, which in layman's language means that an insurance company covers only 70 per cent of the crop, while the rest remains uninsured. But the farmers and the political parties want the indemnity to be enhanced to 80 or even 90 per cent, which is not acceptable to the insurance companies, the source said.

*(The writer is Rahul Wadke.)*

[TOP](#)

Source

---

## MOTOR INSURANCE

---

***Motor Insurance: Is your vehicle monsoon-ready? Find out – Financial Express – 24th July 2019***



Temperature volatilities have given rise to extreme climate change. Although monsoons are enjoyable and provide much relief to our water reserves, capricious rainfall leads to flooding, waterlogging and also cause damage to roads driving the country to a standstill. Areas which are susceptible to waterlogging and flooding can pose possible damage to vehicles which is an increasing cause of concern for owners. Vehicle owners spend a large amount on the repair and maintenance of their vehicles during monsoon, and hence it is important to take primitive precautionary measures to minimize excessive damage.

Vehicle servicing at a verified service center would be a good start at simple preventive steps to help through the monsoon. Although it is imperious to get a thorough check of your entire vehicle – engine, battery and brakes are parts which need special attention to ensure safety. It is important to ensure that your wiper and lights are in appropriate working condition. The suspension and silencers are susceptible to damage owing to formidable road conditions which need to be duly checked. Tyre treads get worn out over time and hence a revisit to the tread depth is important in order to avoid skidding on roads and incurring damages.

Monsoons pose more challenges for the vitality of vehicles and hence a comprehensive insurance policy is recommended. Third-party car insurance provides financial protection to you in case of an event where damages or injuries are caused by your vehicle to another vehicle, person or property. It is called third party insurance since the owner of the vehicle is first party, the insurer would be the second party and the damage caused to the individual involved in the accident by the insured vehicle would then be referred to as third-party. On the other hand, comprehensive car insurance not only provides third party liability cover, but also an own damage cover, thus providing a 360 degree protection to the vehicle. Own damage insurance takes care of damages resulting due to natural calamities like storms, earthquakes, floods etc. and man-made disasters like riots, terror attacks, theft etc.

Not many are aware that a standard motor insurance policy does not cover damage to the engine due to water ingress (hydrostatic lock). Also, it does not pay the depreciation amount on the repair and replacement of parts. Such damages are the ones which occur mostly, but taking a cover against these is often neglected by people and they end up shelling out from their own pocket. The solution to these problems is opting for motor add-on covers which are affordable and will reduce your out-of-pocket

spends. Below are some common add-on covers offered by various insurance companies that come in handy in such situations?

**Engine Protector:** The engine of your car is the most expensive part and repairing it can be a costly affair. During monsoon, it's the engine that gets affected the most. This cover ensures that any damages caused to the engine due to water seepage or gear box breakage due to oil leakage are covered. As per our experience, less than 30% of vehicles have Engine Protector out of the total claims that we receive during monsoon. Hence, people need to be aware about this cover to protect themselves from incurring high financial losses.

**24x7 Spot Assistance:** If you are staying in a flood-prone city, one can opt for 24x7 assistance add-on cover offered by the insurer and get assistance like spot repair services (minor), flat tyre, alternative travel arrangements, refueling, towing services and if required accommodation benefits as well.

**Depreciation Shield:** This cover ensures that the age of the vehicle doesn't affect the claim amount paid for spare parts. Usually, under any comprehensive policy in case of a claim, the insured receives an amount that is subject to depreciation and therefore receives an amount lower than the actual repair expense. With depreciation cover, the insured receives the depreciation amount deducted on the value of the parts at the time of claim. Most of the insurers offer this add-on cover for the vehicle that are up to 5 years old.

In terms of claims, immediately inform your insurer regarding the vehicle damage and subsequent policy information. The insurer will assist you to the nearby service centre or provide spot assistance. Insurers have also introduced apps which can help you file a claim instantaneously. Depending upon the claim amount, customers can also self-inspect the vehicle and settle claim within minutes.

Driving during monsoons is unavoidable, but ensuring safety of oneself and your vehicle without a hit to your pocket can be premeditated. Ensuring the vitality of your vehicle and the right combination of motor insurance should help you enjoy your drive better!

*(The writer is Sasikumar Adidamu.)*

[TOP](#)

Source

***Here's why insurance players aren't too happy with the Motor Vehicles (Amendment) Bill - Business Insider - 22nd July 2019***



While the Motor Vehicles (Amendment) Bill would make way for compulsory insurance cover for all road users in India, it has one hiccup for the Indian insurance industry – an unlimited cap on third party insurance liability.

The earlier version of the Bill, which has been three years in the making, had capped the liability at ₹10 lakh.

“The earlier proposed capping on claims amount for a third-party liability cover has been removed and currently stands at an unlimited amount. This might lead to increased perceived value of third party insurance but might lead to very high losses,” said Animesh Das, Head of Product Strategy, Acko General Insurance.

The compensation for hit-and-run cases is increased to ₹2 lakh in case of a death, from the existing ₹25,000, added Das.

The Motor Vehicles (Amendment) Bill was tabled by Nitin Gadkari, the Minister for Road Transport & Highways in the Lok Sabha. The Bill hopes to change the way Indians drive on the roads. It also

introduces heavy penalties for offenders. The Bill is also set to constitute a Motor Vehicle Accident Fund, which would provide compulsory insurance cover to all road users in India.

And, there are also benefits for insurance players.

“The fine for not carrying a valid insurance is also increased to ₹2000. This shall lead to increased awareness and higher insurance penetration,” said Das.

*(The writer is Sanchita Dash.)*

[TOP](#)

Source

### ***Fake motor policies more than double in two years – The Times of India – 22nd July 2019***



Fake motor insurance policies have more than doubled to 1,192 cases from 498 cases, with more than Rs 53 crore worth fake policies sold in India in the last two years, data from IRDAI’s fraud monitoring cell showed.

For the year 2016-17, 498 fake policies were sold, which rose to 823 in 2017-18, the number further increased to 1,192 in 2018-19, finance minister Nirmala Sitharaman told the parliament in a written reply earlier this month. Most of the duplicate policies have been sold to truck and two-wheeler owners, who buy them to avoid scrutiny.

All of these are sold as renewal policies, with almost identical data that is contained in a genuine motor policy, making it difficult to differentiate from the original. “A genuine motor insurance policy will cost Rs 10,000, while a fake policy would cost between Rs 5,000- 6,000. The vehicle owner is much aware that the fake policy certificate could only help to escape the police, but not help while claiming for damages, however many purchase them,” Sanjiv Dwivedi, head of investigation & loss mitigation team, Bajaj Allianz, said. “About 70% of vehicles in India are not insured.”

“We have filed about 93 cases with the police against fake motor insurance policies in 2018, many of which were sold in Ferozpur in UP, Tiruvananthapuram in Kerala, and Akluj in Maharashtra so far,” Dwivedi added. IRDAI said that it had received complaints directly relating to three entities — AKPCL General Insurance Company in 2016, Gone General Insurance and Marines Technology in 2019 — for fake policy sales, in the past.

Most fake policies have been linked to insuring second hand vehicles, where it is purchased for statutory compliance rather than safety. “Finding fake policies are nothing new to the insurance sectors. Fake agents mislead customers using our brand name to sell at lower rates,” Sanjay Datta, head of underwriting, claims, reinsurance and actuary of ICICI Lombard, said.

To combat this menace, insurers have started to fix bar codes, which when scanned will throw details of the policy. Some others affix 3D holograms and also educating the police and investigation agencies to differentiate between a original and fake policy. “Bajaj Allianz has issued a link where the barcode on the policy paper, and help check the authenticity of the policy. We had also conducted training for around 2,580 police officers last year on checking authenticity of the motor insurance policy,” Dwivedi said.

“Besides providing barcode and QR code on the insurance document, 3D hologram stickers were recently introduced to help during police verification,” said SBI General Insurance COO Atul Deshpande.

*(The writer is Mamtha Asokan.)*

[TOP](#)

Source

---

## INSURANCE CASES

---

### **Mumbai: Consumer body directs insurance company to pay Rs 33 lakh for hospital bills – DNA – 26th July 2019**



The State Consumer Redressal Commission (SCDRC) has directed an insurance company to pay Rs 33.16 lakh that a complainant had to pay for hospital bills on an international trip after her travel insurance was rejected. Besides, the commission also awarded Rs 1 lakh for mental agony and harassment suffered by the complainant. SCDRC also said that policy terms in micro letters would be binding only when read and explained to the insured. The order was passed by Justice AP Bhangale, president and Dr SK Kakade after Rupali namdar, an Andheri resident filed a

complaint against ICICI Lombard General Insurance Co. Ltd.

Inamdar had taken an insurance cover under the policy 'PlatinumS' known as International Travel Insurance. It covered the liability to the extent of \$100,000 and personal accident covering of \$15000. On her international trip in May 2015, she suffered injury while was playing with her two children in Jungfrauoch, Switzerland. She was immediately transported to the hospital. Doctors in the hospital diagnosed her for 'external fixation of the fracture, including the knee joint' and her treatment cost went up to Rs 33.16 lakhs.

#### THE COMPLAINT

Question is whether these micro letters which are a part of printed proforma of the International Travel Insurance Policy were read over and explained to the insured in the language in which she understands.

Inamdar had taken insurance cover under the policy 'PlatinumS' known as International Travel Insurance. On her trip in May 2015, she suffered injury

Company repudiated the claim stating that as per terms and conditions, the complainant had undertaken a hazardous activity, which comes under exclusion clause

The family mailed the insurance company. However, they repudiated the claim stating that as per terms and conditions in the insurance policy the complainant had undertaken 'Sledge Bob'- a hazardous activity, which comes under exclusion clause. When complaint was filed, the insurance company pointed out that different reasons were mentioned in different mails to them. During the hearing, the commission delved into the hazardous activity clause.

However, the commission observed, "Question is whether these micro letters which are a part of printed proforma of the International Travel Insurance Policy were read over and explained to the insured in the language in which she understands. Terms and conditions though detailed in micro letters would bind the insured only when the onus on the part of insurer is discharged that all those terms and conditions were read over, interpreted and explained to the insured and then she had signed in token of acceptance of the same."

The commission directed the insurance company to pay the hospital bills of Rs 13.16 lakhs with 9% interest and Rs 1 lakh compensation for mental agony and Rs 50,000 for litigation cost in 90 days. It added that if the insurance company fails to pay the amount, it will have to pay the entire amount with 12% per annum interest.

**(The writer is Ashutosh M Shukla.)**

Source

[TOP](#)

---

## PENSION

---

### ***Pradhan Mantri Laghu Vyapari Maan-dhan Yojana: Pension scheme for retailers, traders notified – The Economic Times – 23rd July 2019***



Santosh Kumar Gangwar-led labour ministry has notified the pension scheme for retailers and traders benefitting over three crore self-employed workers in the country. The scheme, which is an extension of the PM Shram Yogi Maan-dhan Yojana, will make all beneficiaries eligible for a monthly pension of Rs 3000 after the age of 60 at a miniscule monthly contribution.

The proposal was approved by the cabinet on May 31 at the first meeting of the Modi 2.0 government and later announced by the finance minister Nirmala Sitharaman in her maiden budget speech on July 5.

All shopkeepers and self-employed persons, as well as retail traders with GST turnover below Rs 1.5 crore and aged between 18-40 years, can enrol for the scheme. Government has earmarked Rs 750 crore for the scheme in the Union Budget 2019-20.

Interested persons can enrol themselves through over 3.25 lakh common service centres spread across the country. The government will make a matching contribution in the subscribers' account, the statement added.

“The scheme may be called the Pradhan Mantri Laghu Vyapari Maan-dhan, Yojana 2019 and shall come into force on the 22nd day of July, 2019,” the notification said.

“The provisions of this scheme shall apply to the laghu Vyapari, who are self-employed and working as shop owners, retail traders, rice mill owners, oil mill owners, workshop owners, commission agents, brokers of real estate, owners of small hotels, restaurants and other laghu Vyapari,” it said.

Justifying the extension of the scheme, the government said the operations of such small traders are generally characterized by family owned establishments, small scale of operations, labour intensive, inadequate financial aid, seasonal in nature and extensive unpaid family labour.

Government will establish a pension fund to run the scheme. The Life Insurance Corporation of India has been chosen as pension fund manager responsible for managing the pension fund, central record keeping agency and responsible for pension pay out.

***(The writer is Yogima Seth Sharma.)***

[TOP](#)

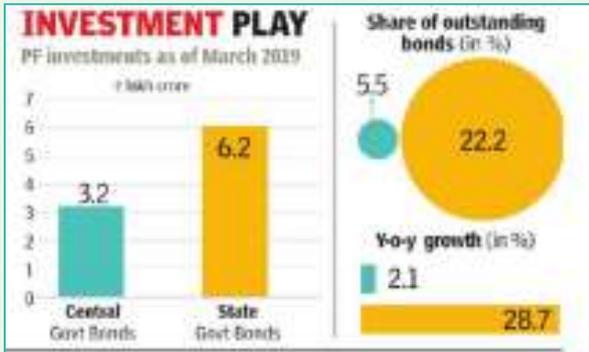
Source

### ***Provident funds lend more to states in chase for better returns – The Times of India – 22nd July 2019***

Provident funds (PFs) have sharply increased their investment in state governments in their quest for higher yields to meet the returns assured to employees. In FY19, PFs increased their outstanding investment in state government bonds by Rs 1.37 lakh crore compared to Rs 6,500 crore hike in government bonds.

For FY19, the Central Board of Trustees of the Employees' Provident Fund Organization (EPFO) had recommended hiking the interest rate on EPF to 8.65% as against 8.55% in FY18 and FY17.

The EPFO has over six crore subscribers and a corpus of over Rs 11 lakh crore. The EPF rate had been declining in the previous year with the drop in interest rates. The rate hike was approved by the finance ministry in April. Exempted PF trusts have to match this rate. The hike in investment to state government



bonds could also be on account of a flight to safety from private bonds. PFs had significant investments in the bonds issued by two defaulting finance companies — IL&FS and DHFL.

Data released by the RBI on the structure of holding of government bonds in India showed that the PF investment in central government securities increased to Rs 3.23 lakh crore as of March 2019 from Rs 3.17 lakh crore as of March 2018. In the same period, their holding of state government bonds rose to Rs 6.15 lakh crore from Rs 4.77 lakh crore. The state government

securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY) scheme.

The yield on the central government 10-year bond, which rose above 8% in October 2018 has been falling sharply since and has fallen below 6.5% due to global factors and the government decided to conduct part of its borrowing overseas.

Return on state government bonds are relatively higher and vary according to the state. According to banks, the state development loans (bonds) are as safe as central government securities since the payout is undertaken by the RBI from the money in the state government's account.

RBI data shows that of the total outstanding state government bonds of Rs 27.7 lakh crore as of March 2018, banks and insurance companies are the largest investors holding Rs 9.4 lakh crore and Rs 9.17 lakh crore respectively. These two categories fund two-thirds of state government borrowings in India. PFs with a total holding of Rs 4.77 lakh (22%) crore are the third-largest investors.

(The writer is Mayur Shetty.)

[TOP](#)

Source

**For 6 crore EPFO subscribers, EPF interest rate may remain unchanged - Mint - 19th July 2019**



After a finance ministry proposal to cut down the Employees' Provident Fund Organization (EPFO) interest rate for the last financial year 2018-19 was shot down by the labour ministry, EPF rates may remain unchanged for about 6 crore subscribers.

In February, the retirement fund body, managed by the labour ministry, had announced a 10 basis points increase in the interest rate on provident fund deposits to 8.65% for 2018-19. But last month, the finance ministry wrote to labour ministry asking it to reduce the

rate saying EPFO might have suffered losses from its investments in the crisis-ridden Infrastructure Leasing & Financial Services (IL&FS) group of companies.

According to a report in the Hindustan Times today, the labour ministry has now replied to the finance ministry saying that the interest rate was fixed after keeping a reasonable surplus, which is more than ₹3,150 crore. A large part of the surplus came as returns from investments EPFO has made in ETFs over the past few years.

Mint had reported last month that the EPFO and the labour ministry had decided to defend its decision of giving an 8.65% rate. A government official had said that the labour ministry believes that since the government does not pay subsidy on EPF rate and the payout is based on EPFO's investment returns, there is "no logic to penalize the working class" by lowering their yield.

An official had said when the decision to hike the EPF interest rate by 10 basis points was taken; it was unanimous with representation from the finance ministry as well. "Four months after a decision was taken, you cannot go back," a government official had said in the June 30 Mint report.

EPFO does not take any money from the consolidated fund of the Government of India, and is not obliged to follow the finance ministry's suggestions, the HT report said quoting an official.

The finance ministry has recently cut the interest rate for General Provident Fund by 10 basis points to 7.9%, as compared to 8% in the previous quarter. Similarly, the interest rates on some small savings schemes, including PPF and Senior Citizen Savings Scheme, have also been cut by 10 basis points for the July-August quarter. Public Provident Fund (PPF) for the July-September quarter will fetch 7.9% interest rate, as compared to 8% in the previous quarter.

[TOP](#)

Source

---

## GLOBAL NEWS

---

### ***Indonesia: 1H2019 life insurance premiums slide by 10% - Asia Insurance Review***



The life insurance market saw a decline of about IDR9trn (\$643m) or 10.3% in premium income in the first half of 2019, revealed the Financial Services Authority (OJK). Total premiums collected fell to IDR85.65tn in 1H2019 from IDR95.47tn in the corresponding half last year.

OJK chairman Wimboh Santoso said the decline was due to the life sector undergoing a restructuring process. Insurance products that promised a guaranteed rate of return were being restructured.

Mr Riswinandi, executive head of Non-Bank Financial Institutions Supervision at OJK, said that premiums collected in 1H2019 stood at IDR50.93tn.

The average solvency ratio of the life and general insurance sectors were 313.5% and 662.9% respectively.

Source

[TOP](#)

### ***Taiwan: Life insurers' 1H pre-tax gains jump by 36% despite forex losses - Asia Insurance Review***

Insurers in Taiwan posted a 36.3% surge in pre-tax profits in the first half of this year to NT\$101bn (\$3.25bn) over the corresponding period last year, according to the Financial Supervisory Commission (FSC).

Of the total, the pre-tax profits of the life insurance industry amounted to NT\$92.7bn in 1H2019, an increase of 43.1% over the same period last year. The life insurance sector reported the jump in pre-tax gains despite suffering a net foreign exchange loss of NT\$115bn in the first six months of this year.

In contrast, the pre-tax profits of the property insurance industry were NT\$8.3bn for the first half of this year, a decrease of 10.1% over the corresponding period last year.

[TOP](#)

  
**Source**

***Australia: Number of Aussies with private hospital insurance falls again - Asia Insurance Review***



The number of people in Australia with private hospitalisation cover fell in 2018 by 64,000 last year, according to the Private Health Insurance Annual Coverage Survey report released yesterday by the Australian Prudential Regulation Authority (APRA).

The decline pushed the proportion of people with private hospital cover to 44.6% of the population, down from 45.6% a year previously.

This decrease was largely due to the fall in the number of young people taking out private health insurance for hospital treatment. The number of 20-29 year olds with private hospital cover fell by 33,975 in the age bracket. This represented a decline of 6.9%, the largest decline in percentage terms over 2018 among all age groups.

The largest increase was in the age group 90 to 94 (up 8.8%). The 70 to 74 age group experienced the largest increase in insured persons (up 24,380 people).

The report provides a snapshot at December each year of the number of people, by age, gender and state of residence, with hospital insurance.

2018 was the fourth consecutive year that APRA reported a fall in the overall rate of hospital cover, from a peak of 47.3% in 2014. The rate is now at its lowest level since December 2006.

[TOP](#)

  
**Source**

***Vietnam: Insurance sector to see 20% growth this year despite challenges - Asia Insurance Review***



Vietnam's insurance industry is expected to maintain a growth rate of 20% in 2019, according to the information site Vietnam Report.

Helping the insurance sector to grow will be factors such as the stable expansion of the domestic economy, the expansion of the middle class, increase in income levels and higher demand for health and property protection.

Yet, though forecast to be one of the potential growth sectors in Vietnam, the insurance industry faces many

new challenges.

**Losses**

Making profit appears to be difficult particularly for life insurers. While the overall insurance industry growth in 2018 was in the double digits, more than 55% of life businesses reported losses in 2018.

Insurance companies have been affected by lower government bond interest rates, along with the sharp decline in the discount rate applied to technical reserve calculations. In addition, many life insurers have to make large provisions.

Insurers are competing fiercely for market share and more than 92% of life insurers said that "competition in the industry is getting tougher". Small insurers are getting stronger and are more willing to compete with big players. According to data from Vietnam Insurance Association, the market share of the top five leading companies, namely, Bao Viet, PVI insurance, PJICO insurance, Postal insurance PTI, Bao Minh insurance, have declined from 70% previously to 60% at present.

Challenges emerge too from the application of IT and AI in the insurance industry, including the security of customer data.

[TOP](#)

Source

### **Indonesia: Number of MDRT agents jumps by 20% - Asia Insurance Review**



The number of Million Dollar Roundtable (MDRT) members in Indonesia has reached 2,459 people today, an increase of 20% compared to 2,048 a year ago.

MDRT Indonesia country chairman Glen Alexander Winata said that Indonesia ranks among the top 10 markets in the world for the number of MDRT members, reported *Kontan*.

To become an MDRT member, an agent must have made sales with first-year premiums totalling IDR 583.44m

(41,700) per year.

MDRT Indonesia has introduced several initiatives to increase the number of members, such as posting new videos on You tube each month with contents including tips on improving sales.

[TOP](#)

Source

### **Thailand: Farm insurance scheme expanded amidst worst drought in decade - Asia Insurance Review**



The state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) plans to expand farm insurance to cover fruit and dairy farming in response to farmers' interest in protection against natural disasters.

The move comes as Thailand is facing its worst drought in a decade. Eight provinces in Thailand's north, northeast and central part have been suffering severe drought. The government has asked farmers to delay planting rice because of the drought.

BAAC is conducting a study to offer crop insurance for durian, even though the fruit's price remains high, according to a report in *The Bangkok Post* citing the bank's executive vice-president Somkiat Kimawaha.

Crop insurance in Thailand is limited to rice and corn, while the state- backed farm bank provides insurance for longan and dairy cattle as pilot projects.

Mr Somkiat said farmers are at present more enthusiastic about taking out crop insurance, as seen by larger insured areas.

Some 1.9m farmers took out crop insurance for this crop year, in the purchase period that just ended on 30 June to provide coverage for 28.2m rai (4.5m ha) of farmland, compared with 27.6m rai in the previous year.

Insurance premiums for this crop year amounted to THB2.58bn (\$83.5m), up from THB2.48bn a year earlier. Participating farmers were charged an insurance premium of THB59 per rai, with the government subsidizing THB35.40 per rai and the BAAC paying THB23.60 per rai for its customers. Non-BAAC customers must cover the non-subsidy if they have taken out rice insurance.

Crop insurance covers six natural disasters: floods, drought, storms, cold, hail and fires. Under the scheme, farmers receive compensation of THB1,260 per rai for crops damaged by natural disasters.

[TOP](#)

Source

### ***Indonesia: General insurers want more data institutions to help in pricing- Asia Insurance Review***



The presence of independent institutions that manage data and propose referral rates for the insurance industry is considered urgent, according to the executive director of the Indonesian General Insurance Association (AAUI) Dody Achmad Sudiyar Dalimunthe.

He said independent institutions could be established with the support of regulators, reported *Bisnis*.

He said that the AAUI recommended that the National Insurance Data Centre Management Agency (BPPDAN) be an independent tariff agency. He also said that other independent tariff agencies could be established.

BPPDAN is a statistical data centre whose main function is to collect accurate information to compile statistics and to provide data for the purpose of determining tariffs. For this reason, direct property insurers are obliged to pass 2.5% or a maximum of IDR500m (\$36,000) of their total premium to BPPDAN. The data centre currently operates under the auspices of Reasuransi Indonesia Utama or Indonesia Re.

Mr Dody has also previously said that BPPDAN needed to integrate data with the Financial Services Authority so that there would be more comprehensive industry data.

[TOP](#)

Source

### ***Thailand: Regulator points to the direction in which insurers need to move - Asia Insurance Review***

The Thai insurance industry has to adjust to new business models to deal with the changing operating environment, or face having their business disrupted, said Dr Suthiphon Thaveechaiyagarn, secretary general of the Office of the Insurance Commission (OIC).

He was speaking at an industry seminar organised to discuss the direction of the insurance sector in Thailand. As the 3rd Insurance Development Plan is ending in 2020, the OIC is preparing the 4th such plan which will focus on promoting the sustainable growth of the insurance industry; as well as the sector's role in driving government policies and as a tool for risk management in the changing economic and social context.

Dr Suthiphon outlined the direction towards which the OIC would like to steer the Thai insurance industry. Among other things, the OIC is developing a gateway to collect data from over 80 insurance companies so as to form a single centralized data system. The regulator will also promote integration of IT with insurance. This includes the establishment of the Centre of InsurTech, Thailand (CIT) that will also help develop insurance supervision technology (SupTech) and regulation- related technology (RegTech).

The OIC will also lend support to insurance companies planning to venture abroad; strengthen the insurance infrastructure; and groom insurance personnel by developing various training courses.

Dr Suthiphon noted that new business models have emerged as can be seen by the establishment of InsurTech firms such as Sunday, and the use of telematics and HealthTech.

In addition, domestic insurance companies have to raise their standards to be able to compete at the regional level.

Given the penetration level and underinsurance in Thailand, which can be explained by income levels in the country, it is important to expand the insured base through the marketing of low-cost insurance products.

He said that OIC can move forward or push measures with the cooperation of all stakeholders.

[TOP](#)



### ***New Zealand: Direct general insurance market is hardening - Asia Insurance Review***



The New Zealand insurance market is no longer a buyers' market, even though New Zealand avoided any major loss-making events or natural catastrophes throughout 2018 and early 2019, says Willis Towers Watson (WTW).

In a report titled New Zealand Insurance Market Update 2019, WTW says that global conditions have not been benign. The change in the New Zealand market cycle last year precipitated by the Kaikoura earthquakes and Expanded Polystyrene (EPS) capacity has gathered pace, driven by global events.

These worldwide losses, the continued moves by Lloyd's of London and other insurers to remediate risks, greater regulatory oversight, and reduction of competition in several key insurance lines has created a perfect storm – one that is putting sustained upward pressure on premiums in New Zealand.

As insurers increase their scrutiny and evaluation of risks, the areas coming under their spotlight will be of no surprise – the property sector (EPS cladding), directors' and officers' liability, professional indemnity to name just a few.

In a hardening market of higher premium costs and reduced capacity in many sectors, WTW says that it is more important than ever to build relationships with insurers rather than take a transactional view. This is a long-term strategy.

#### **Outlook**

But the outlook isn't entirely grim; there are some signs of stability in pricing on attractive business – insurers which have already gone through their remediation process are starting to look for ways to keep their best clients and to drive growth.

WTW expects local insurers will continue to seek premium increases in 2019 for modest growth across their portfolios. Ultimately though, insurers will underwrite to generate profit, rather than growth. As such, insurers will continue to be selective in terms of appetite and capacity.

[TOP](#)

Source

***Australia: Insurers list actions needed to reduce risk in building sector - Asia Insurance Review***



The Insurance Council of Australia (ICA) says that an agreement between the states and territories on implementing nationally consistent building standards is a step in the right direction, but action is now urgently required to restore confidence in the building and construction sector.

**ICA's expectations**

Mr Rob Whelan, ICA's CEO, said in a statement, that the ICA would like to see:

- Urgent design and implementation of a nationally consistent audit and risk assessment regime to enable an accurate register of at-risk buildings to be developed

- Introduction of nationally consistent ratings, so that the risk rankings of buildings means the same in each jurisdiction
- Design and implementation of a national cladding and Non-Conforming Building Products rectification program using consistent standards and approach

Mr Whelan said that insurers were pleased the Australian Building Codes Board (ABCB) will play the key role in overseeing implementation of the 24 recommendations of the Sher gold-Weir report, that were released in February 2018 concerning reforms which will strengthen the effective implementation of the National Construction Code.

He added, "However, the ICA believes the insurance industry must have a formal role, including permanent representation on the ABCB, to ensure insurance perspectives are heard."

Mr Whelan also said, "The ICA is willing to engage with governments and regulatory authorities to ensure the restoration of confidence and stability in the construction industry is achieved as soon as possible.

"The current compliance regimes are failing to deliver results and certainty for consumers and insurers. Insurers accept they have a key role to play in the risk management process, but the acceptance of risk will depend on appropriate action by the building industry, governments and regulators."

The federal industry minister, Ms Karen Andrews, announced last week that state and territory ministers had agreed to take a nationally consistent approach to building industry safety standards. The Commonwealth and states will jointly fund an implementation team within the ABCB to oversee the response to the Sher gold-Weir report into construction safety issues.

Source

[TOP](#)

***Coming soon to Asia-Pacific: An insurance boom - Jakarta Post - 19th July 2019***



Asia-Pacific's insurance market is on the cusp of a boom — one that will create enormous opportunities for insurers, provided they understand that the rules of engagement in the region are rapidly changing.

Demographics and economics tell the story. In China, India and Southeast Asia, households are accumulating wealth and the middle class is expanding. Total household wealth in the region is set to outstrip the United States by 2023, according to projections by Credit Suisse.

In the same time frame, the number of middle-class households will reach 109 million in mainland China and 83 million in India, according to Euro monitor.

These trends point to more people buying more insurance. As consumers become wealthier, they purchase more big-ticket items such as homes, cars and motorcycles — all of which need to be insured. As living standards improve, so does access to medical care, spurring demand for health insurance.

In many parts of Asia-Pacific, people are living longer, fueling the need for life insurance and the related savings products that can help preserve family wealth for the next generation.

By most measures, Asians are drastically underinsured — and they have a lot of catching up to do.

One indicator of insurance penetration, insurance spending as a percentage of gross domestic product (GDP), signals considerable unmet demand in Asia-Pacific's developing markets. The Indonesian market's insurance penetration is especially low at just 1.9 percent, as reported by the Organization for Economic Cooperation and Development, lower than that of Malaysia (4.5 percent) and India (3.6 percent), and far below the rates in more developed markets.

Data from other markets shows that insurance purchases can increase dramatically as per-capita GDP rises.

Multinational insurers eager to profit from Asia-Pacific's insurance boom can get a boost from deregulation. In April 2018, China announced the gradual lifting of restrictions on foreign insurers, allowing companies that are 100 percent foreign-owned to operate in the country.

In India, reforms launched in 2015 have lifted the ceiling on foreign ownership from 26 percent to 49 percent, and the government is now proposing allowing 100 percent foreign direct investment in insurance subsidiaries.

Given the tremendous growth in China, India and many of Asia-Pacific's other developing markets, multinational insurers may be tempted to pursue a significant position in all of them. The logic goes like this: This is a hot market, it's growing fast, profit margins are attractive, and if we want to succeed in the region, we need to be there.

Both scale acquisitions and small market entries from multinational insurance companies are on the rise in Indonesia. MAPFRE, based in Madrid, has effectively gained control of Asuransi Bina Dana Arta through 51 percent ownership, and Zurich has acquired 80 percent of Adira Insurance, for example.

Insurers need to be careful, however, that such an approach does not become a recipe for failure. Different markets have different characteristics and needs, and companies that feel compelled to over-customize their strategies for individual Asia-Pacific markets often end up with high costs and few regional synergies. Insurers that prosper in the region will develop a repeatable formula for success, venturing only into those markets that align with their core strengths.

Multinational insurers must also be ready to compete in a distribution landscape that is being upended by innovative, digital-first competitors. Digital marketplaces, which allow customers to easily compare and select policies from competing carriers, threaten to take a sizable share of the insurance profit pool from established players.

One way incumbents can fight back is by creating, or joining, ecosystems. Chinese insurers are leading the way. Ping An, for example, operates Good Doctor, a one-stop healthcare ecosystem with more than 50 million active users per month. Good Doctor's services include treatment by family physicians, advice on healthy living and personal health management tools. In Southeast Asian markets, including Indonesia, Good Doctor has partnered with mobile platform Grab to provide its healthcare ecosystem to consumers. Asia-Pacific's nascent insurance boom, like the region itself, is big, sprawling and diverse. Insurers that profit from it will develop a repeatable formula broad enough to play to their core strengths and specific enough to work in selected markets.

They'll deliver quality at competitive prices through a variety of channels, with a growing emphasis on digital. And they'll position themselves at the center of an ecosystem of services that meets their customers' evolving needs.

*(The writers are Henrik Naujoks, Harshveer Singh and Edy Widjaja.)*

[TOP](#)



**Disclaimer:**

'Newsletter' is for Private Circulation only intended to bring weekly updates of insurance related information published in various media like newspapers, magazines, e-journals etc. to the attention of Members of Insurance Institute of India registered for its various examinations.

Sources of all Cited Information (CI) are duly acknowledged and Members are advised to read, refer, research and quote content from the original source only, even if the actual content is reproduced. CI selection does not reflect quality judgment, prejudice or bias by 'III Library' or Insurance Institute of India. Selection is based on relevance of content to Members, readability/ brevity/ space constraints/ availability of CI solely in the opinion of 'III Library'.

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

In case of any complaint whatsoever relating 'Newsletter', please send an email to [newsletter@iii.org.in](mailto:newsletter@iii.org.in).

To stop receiving this newsletter, please send email to [newsletter@iii.org.in](mailto:newsletter@iii.org.in)