भारतीय बीमा संस्थान
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QUOTE OF THE WEEK

"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do."

Pele

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Voluntary deductible

Voluntary deductible in car insurance is an amount a policyholder agrees to pay towards future repairs of his/her car, at the time of claim. It is not an extra amount paid over and above the premium amount, but a part of the repairs bill that a policyholder has to bear. The deductible helps reduce the premium outgo for policyholders.

The voluntary deductible amount varies with insurers. For instance, in the case of Reliance General Insurance, if you opt for a voluntary deductible amount of Rs. 2,500, then you would get a discount of 20 per cent on own damage premium of the vehicle, subject to a maximum of Rs. 750. Suppose, your third-party premium is Rs. 2,000 and own damage is Rs. 4,500, your total premium out go would be Rs. 5,750 (Rs. 6,500-7,500).

At the time of claim, the total deductible will include compulsory deductible as well. Thus, you can choose this voluntary deductible limit considering your affordability and the risks your vehicle would likely endure.

Keep in mind that it is optional and you can choose not to take it.

Source

INSURANCE INDUSTRY

Consumer Alert! Are you buying online insurance from this fake website? - Financial Express – 14th August 2019

Insurance Regulatory and Development Authority of India (IRDAI) has issued a notice in public interest cautioning about a fake website using the name of the authority to sell insurance products to prospective buyers. The IRDAI in its notice says that a website using the domain name of www.irdaionline.org is selling insurance to the general public while this domain is not authorized by the Authority. IRDAI further states that the IRDAI authorized website is having domain name www.irdaonline.org and which also hosts the Centralized Agency Portal. This consumer alert should be an eye-opener to those who do not verify the authenticity of websites before transacting through them.

IRDAI has constantly issued such public notices communicating policyholders and new buyers that it does not sell any insurance products. Earlier IRDAI had cautioned the public at large that it is had been brought to their notice about people receiving a lot of spurious calls in the name of officials of IRDAI making fraud related claims and giving fictitious offers to buy insurance from them. Such spurious calls typically offered the following fake offers:

Claiming that IRDA is distributing bonus to insurance policyholders out of the funds invested by insurance companies with IRDA.

Claiming that the policyholder would receive bonuses being distributed by IRDA if they purchase an insurance policy and wait for a few months after which the bonus would be released by IRDA.

Advising existing policyholders that money in respect of their policy has been fraudulently transferred to someone else and for receiving that money back from IRDA; they have to fulfil certain formalities including payment of money

Claiming that they are from the Grievance Cell or IGMS Department of IRDA making a call in continuation with a complaint made against an insurer and for resolving the grievance and release of benefit, they have to fulfil certain formalities including payment of money.

Advising customers to subscribe to a fresh policy after the surrender of the existing policy and wait for a few months after which the fresh policy would be entitled to additional enhanced returns/benefits. Informing that 'Survival Benefit or Maturity Proceeds or Bonus' is due under their existing policy and investing in a new insurance policy is mandatory to receive the amounts which are due.

Advising the public to invest in insurance policies to avail gifts, promotional offers, interest-free loans, or setting up of Telecom towers or other such offers.

In May 2019, brought out a notice about an entity by the name "Marines Technology" (with email id as marinestechnology.irdai@gmail.com) which had been offering general insurance products although it had not been licensed or granted registration by the IRDAI to sell insurance policies of any kind. IRDAI had stated that the said entity was also presenting itself to be authorized with IRDAI and working for IRDAI which was not true.

IRDAI is the regulator of the insurance sector and does not sell insurance of any nature and neither will it call any policyholder for any reasons. Attending to spurious calls or visiting fake websites will unnecessarily put your hard-earned money in jeopardise. Knowing the modus operandi of the fake operators will help you keep your finances safe.

(The writer is Sunil Dhawan.)

TOP

Source

Insurance made compulsory for Dahi Handi celebrations - The Tribune – 12th August 2019

The Mumbai Police have made it mandatory for every participant in pyramids as part of the Dahl Handi celebrations in the city to obtain a life cover of Rs 10 lakh.

"There are more than 900 Govinda mandals in the city and all of them have to buy spot cover for Rs 10 lakh each of their members in order to get permission to participate in Dahl Handi competitions," a spokesman for the Mumbai Police said.

Similar rules are likely to be put in place across Maharashtra as well, according to sources. Public and private insurance companies have also come up with several group insurance packages for the Govinda Pathaks as the participants are called.

The premium paid by each member has come down to Rs 75 each from nearly double two years ago as more Govinda mandals are opting for spot insurance, according to office bearers of the Dahl Handi Utsav Samanway Samiti, the umbrella body of the Govinda pathaks.

Last year, the Bombay High Court had ordered the Mumbai Police not to issue No Objection Certificates to Govinda mandals if they did not obtain insurance cover for their members.

As per the restrictions imposed by the Bombay High Court, children below the age of 14 should not be allowed to participate in the Govinda celebrations. The height of the human pyramids also should not exceed 20 feet, according to the Samiti.

The restrictions were, however, flouted by several big mandals offering lakhs of rupees as prize money. Police officials said they would, however, file cases against those stringing up pots above a height of 20 feet.

Last year two Govindas (as the participants are called) died and more than 85 other received injuries after falling from heights during the Janmashtami celebrations across Maharashtra, according to information available from the state government.

(The writer is Shiv Kumar.)

TOP

Source

Insurers to initiate quick disposal of claims for flood victims – Mint – 12 August 2019

This year's floods have already claimed many lives across the states of Kerala, Karnataka and Maharashtra and many people are still missing, according to news reports. In Kerala alone, about 2.51 lakh people have been moved to 1,639 relief camps and at least 2,966 houses have been damaged completely. While the loss caused is massive and it would take long for the states to get back to the state of normalcy, the Insurance Regulatory and Development Authority of India (Irdai) has advised insurers to take immediate steps to mitigate hardships of the affected insured population by ensuring immediate registration and easy settlement of eligible claims.

Insurers have been asked to fast track the claims settlement process by appointing nodal officers in the flood-hit regions and by setting up toll-free helpline numbers. The regulator has asked all general and health insurers to survey claims filed by flood victims immediately and ensure all payments are disbursed immediately. Insurers have also been asked to appoint adequate number for surveyors and launch awareness campaigns in the flood-hit areas.

If there are any death claims and death certificate is difficult to obtain, Irdai has advised insurers to follow the process followed in case of the 2014 Jammu and Kashmir floods which was also adopted when the 2015 Tamil Nadu floods occurred.

Claims filing process

If you are affected by the floods, you may be busy putting back your life in order now that the floods are receding. But it's also important to assess the damages to your assets and file your insurance claims soon to avoid rejection due to delayed filing. Policyholders must try and intimate the insurer about the loss immediately either by writing to them or calling on the toll-free number at the earliest possible. In case of a natural calamity like floods, eligible claims should be notified to the insurer at the earliest because a delay could mean further consequential damage allowing the insurer to deny payment.

When calamities like floods occur, most insurance companies send advisory messages and it is important to take note of the instructions to avoid further damage to your assets. For instance, if your vehicle is submerged in water, do not try to clank or push start the engine. Also, don't turn the ignition on once the water has receded because it could result in a short circuit in the electrical system. Instead, inform your insurer and let it tow the vehicle and examine the damage. The more you delay, the more you expose yourself to the risk of rejection of an insurance claim. Most policy documents usually mention the notice of claim and a delay beyond that gives the insurer an upper hand to decide whether or not to approve the claim. In case you were unable to file the insurance claim and there has already been a delay, inform the insurer about the reason for delay. If it's a genuine reason, most insurers do accommodate your claims in such a situation.

"Don't panic if you've misplaced your documents. Every policyholder should have this assurance that not having the insurance document is not a matter of concern. If you don't have the policy documents, call up your insurer and they will help find you the policy. Most companies can find your policy details by submitting basic details such as your phone number," said TarunMathur, chief business officer- general insurance, Policybazaar.com.

(The writer is Disha Sanghvi.)

TOP

Source

LIFE INSURANCE

Haryana to give Rs 10-lakh cover to sewage workers – The Times of India – 16th August 2019

Haryana CM Manohar Lal Khattar on Thursday announced an insurance cover of Rs 10 lakh for sewer workers associated with government agencies and projects in the state. He said the premium for the policy will be paid by the government, and in case of an accident resulting in loss of life, the amount will be paid to the family of the sanitation worker.

The scheme is only applicable to sewer workers working under or associated with contractors employed by government bodies. It will not be applicable to those employed by private agencies.

Though the state has initiated the use of robots for cleaning sewers and drains, in many places, workers still enter drains for cleaning. In several cases, they lose their lives in the process. This is despite a ban on manual scavenging by the Supreme Court.

Khattar was interacting with sanitation workers during a programme at the PWD guesthouse on the occasion of Independence Day. Talking about the move, he said, "Even though we are launching robots and thereby mechanizing the cleaning of sewers, we have launched the insurance scheme to cover untoward expenses in exceptional cases."

While the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2012 bans anyone from employing human beings in the cleaning of sewers, the practice continues on the ground, especially by private companies and institutions. In most cases, the workers are not provided with proper safety gear, which includes a helmet, an oxygen mask and a bodysuit. In Gurugram alone, nearly 10 workers have lost their lives in the last two years while cleaning sewers.

The CM also distributed Rs 3 crore as wages for uniforms to 1,735 sanitation workers in the city. The money is being paid with retrospective effect for the last five years. Sanitation workers have been staging protests against the government for not fulfilling their demands for the past two years. One of the demands was money for uniforms.

To cut down exploitation by contractors, the CM advised sanitation workers to come up with a model in which they would democratically choose a contractor from within themselves and the government would award the contract to that person.

"The workers can identify one educated person from among themselves and elect him as the contractor. The government can talk to the workers through these members," Khattar added.

TOP

Source

Life insurance: Strong growth momentum in individual business – Financial Express – 16th August 2019

HDFC Life, Max Life, Tata AIA, Birla Sun Life & Bajaj Life delivered strong growth in individual APE in July.

Modest annualised premium equivalent (APE) growth (20% year-on-year) in July 2019 for private players was driven by 22% individual APE growth while the group business was flat year-on-year (y-o-y). HDFC Life, Max Life, Tata AIA, Birla SL and Bajaj Life delivered strong growth in individual APE. ICICI Prudential Life's individual APE growth was flat y-o-y while SBI reported 24% y-o-y rise.

Private sector individual APE growth strong

Private sector players reported 22% y-o-y growth in individual annualised premium equivalent (APE) in July 2019. Overall industry growth was 17% as LIC's growth was moderate at 10% (y-o-y). On a month-on-month (m-o-m) basis, individual APE growth for LIC was stronger at 14% compared to 5.4% for private players. ICICI Life reported 1% (y-o-y) decrease in July 2019 in individual APE. Average ticket size in the individual non-single segment was up 6% (y-o-y) but down 3% m-o-m (on a high base).

SBI Life's individual APE growth was up 24% (y-o-y) in July 2019, flat m-o-m. The overall business momentum picked up since December 2018 with 25-45% (y-o-y) growth in individual APE. The company has guided continuing its focus on protection although y-o-y growth in protection will be lower in FY2020E (individual protection APE was up 2.5X in 1QFY20; 5X in FY2019). Max Life's growth in individual APE was strong at 48% y-o-y, higher than 20-25% y-o-y growth observed in 1QFY20. The company has increased focus on ULIPs in the past two years although non-par savings business increased significantly in 1QFY20.

HDFC Life reported sharp increase in individual APE for a third straight month at 58% y-o-y (31% in April, 59% in May and 87% y-o-y in June 2019) after witnessing muted growth from November to March 2018. This pulled up its overall APE growth to 51%. Average ticket size in individual non-single segment was up 61% y-o-y (down 5% m-o-m). Birla Sun Life reported 40% y-o-y growth in individual APE as it continued to make in-roads in HDFC Bank and focused on improving productivity of individual agents. Tata AIA was up 40% y-o-y, similar to average trends observed over the past few months.

Mutual fund, insurance trends converging

Net mutual fund inflows to equities improved significantly to Rs 91 billion in July 2019 from Rs 20 billion in April 2019 and Rs 27-58 billion in May-June 2019. SIPs increased to Rs 83 billion in July 2019, marginally higher than Rs 81-82 billion in the past two months. Thus, trends in growth between individual business of insurance companies and mutual funds now seem to be converging.

TOP

Source

8 major death cases which are not covered in term life insurance - The Economic Times – 16th August 2019

Most people know that term life insurance will give a lump sum death benefit to the nominee on the Demise of the insured (policyholder), within the policy term. However, not many know that there certain types of death that are not covered by life insurance policies.

So, if you have a term insurance or are planning to buy one it is essential for you to know which death cases are not covered in your term insurance policy.

1. Murder of the policyholder

Case 1: If the nominee is a criminal

The insurer will not settle the claim if the policyholder is murdered and investigations reveal the nominee was involved in the crime. C.S.Sudheer, CEO, IndianMoney.com said, "The payout would be made only if murder charges are dropped or on an acquittal. The insurer withholds the payout indefinitely, till resolution of the case in favour of the nominee."

Case 2: If death of policyholder was due to involvement in criminal activity

The insurer will not settle the claim if the policyholder is murdered due to his involvement in a criminal activity. Santosh Agarwal, Chief Business Officer- Life Insurance, Policybazaar.com said that no claim will be paid to the nominee if it is found that the policyholder was involved in some criminal activity. "Death due to the involvement in any type of criminal activity as defined by the law will not be covered under the policy," she added.

"However, if policyholder has a criminal background i.e. he/she has a criminal record but dies due to any natural uncertainty, for instance, he/she dies because of some disease like swine flu, dengue, or lightning strike him/her, then in that case, the nominee will get the claim," she added.

2. Death happens under the influence of alcohol

If policyholder's death is due to driving under the influence of alcohol or narcotic substances, the insurer will reject the claim.

Sudheer said insurers rarely issue life insurance policies to those who drink heavily or consume narcotic substances. If the policyholder had not disclosed these habits when availing the term insurance policy, the insurer will withhold the death benefit. "Therefore, if you drink too much, most likely you won't get term insurance," he said.

Sunil Sharma, Appointed Actuary and CRO, Kotak Mahindra Life Insurance said, "If you consume alcohol you can avoid claim rejection by providing a correct declaration of history of alcohol consumption (type and quantity consumed) in the proposal form at the time of underwriting stage."

3. Not disclosing the habit of smoking

If you are a smoker, disclose the habit before availing the term insurance plan. Smokers may have a higher level of health risk and insurers add an additional amount (load) to the premium.

Sudheer said that failure to disclose the habit of smoking could lead to denial of the claim if death was due to smoking-related complications. "Therefore, you must avail term insurance only after going through the policy documents. Proper knowledge of the inclusions and exclusions of term insurance prevents disappointment during claim settlement," he said.

4. Death by participating in hazardous activities

Death by participating in an adventure or hazardous activity is not covered by term insurance. These activities pose a threat to the life of the policyholder and may result in fatal accidents.

Agarwal said, "If you participate in adventure sports like car and bike racing, skydiving, paragliding, parachuting and hiking then you must disclose this when availing the policy. Failure to do so is considered as material misrepresentation and the insurer is not obliged to honour the claim."

5. Death due to pre-existing health conditions

Death due to any condition that existed while availing the term insurance policy will not be settled by the insurer. Sudheer said that there are a number of other death cases which are not covered under a regular term insurance policy. "Death due to self-inflicted injuries or hazardous activities, sexually transmitted diseases like HIV or AIDs, drug overdose, unless covered by a rider, are not settled by the insurer," he said.

6. Death due to childbirth

If the death of the policyholder takes place due to pregnancy complications or childbirth, the insurer would not pay the sum assured to the nominee. Agarwal said, "At the time pregnancy, death occurring during the childbirth will not be covered in a term insurance policy."

7. Suicidal death

If the policyholder commits suicide within the first year of the policy term, then the nominee will not get the death benefit. However, most insurers provide suicide coverage from the second year onwards from the date of purchase of the policy, subject to terms and conditions.

8. Death due to natural disaster

If a policyholder with a term insurance plan dies due to a natural disaster such as an earthquake, or hurricane, then the nominee will not get the claim from the insurer. "Death due to natural calamities like earthquake, tsunami etc. are also not covered under the term insurance policy," Sudheer said.

(The writer is Navneet Dubey.)

TOP

Source

Life insurers register 6 pc growths in new premium in July – The Times of India – 15th August 2019

New premium income of life insurers rose by over 6 per cent in July to Rs 21,509.25 crore, data from the Insurance Regulatory and Development Authority of India (Irdai) showed.

All 24 life insurance companies had a collective new business premium income of Rs 20,219.26 crore in July 2018.

The largest life insurer LIC recorded a rise of 3.10 per cent in its new premium in July at Rs 15,311.87 crore as against Rs 14,851.77 crore in the same month a year ago.

The rest of the private sector players had a total new premium income of Rs 6,197.37 crore during the month, an increase of more than 15 per cent from a year ago, the data on monthly business figures released by Irdai showed.

Among the major players, the new premium income of HDFC Life registered a 26 per cent jump in July at Rs 1,402.81 crore; SBI Life was up 8 per cent to Rs 1,344 crore; Max Life rose 38.3 per cent to Rs 444.76 crore, Aditya Birla Sun Life rose 27 per cent to Rs 267 crore; Kotak Mahindra Life was up 22 per cent to Rs 355 crore and Tata AIA Life's new premium income soared 75 per cent to Rs 241.34 crore.

The premium income of DHFL Pramerica Life plunged by over 64 per cent in July to Rs 57.20 crore; Canara HSBC OBC Life fell 24 per cent to Rs 92 crore and IDBI Federal Life registered a 15 per cent fall to Rs 48 crore.

Cumulatively, the insurance premium of all the 24 players grew by 44.25 per cent during April-July period of the current fiscal to Rs 82,146.47 crore. The new premium collected by LIC in the first four months of 2019-20 jumped 52 per cent to Rs 60,106.66 crore, the data showed.

For the rest of the private sector players, the cumulative premium in April-July rose 27 per cent to Rs 22,039.81 crore.

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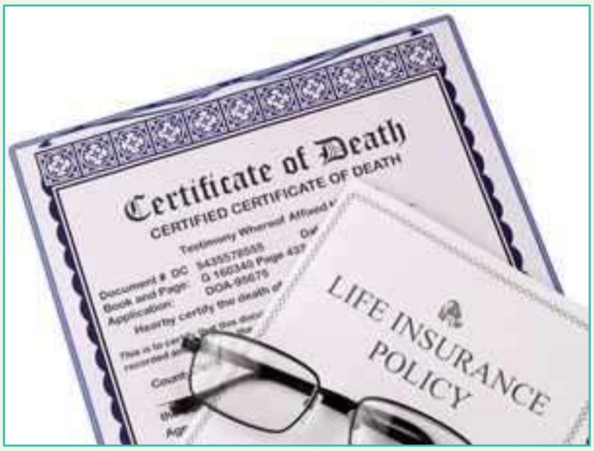
Source

Suicide is covered under life insurance: All you need to know - The Economic Times – 14th August 2019



A life insurance policy is usually taken by someone to make sure that their family remains financially secure after the policyholder dies. But, what if the policyholder commits suicide? Will the policy's nominee get the sum assured? Committing suicide may not be considered as an event of uncertainty, so will life insurance cover it?

In actuality, however, it all depends on the policy terms. Generally, it may not be covered in the initial years, but suicide is usually covered after 12 months from the date of the purchase of the policy.

In such a scenario, during the policy term (post 12 months of issuance), the policy will pay the family (whosoever is the nominee) the death benefit (the sum assured) in case the policyholder commits suicide. However, you must check the policy terms and conditions carefully to see if there is any provision excluding suicide coverage in the policy. In this case, the nominee will not receive the sum assured.

Why the insurer provides suicidal death cover?
Mahavir Chopra, Director - Health, Life & Strategic Initiatives, Coverfox.com said that the sole reason for providing suicidal death cover is to help the emotionally devasted family members by paying them back some amount (as per the clauses) out of the premium paid by the departed family member. "As the reason for committing suicide by the insured person (policyholder) could be debt or emotional distress or anything else, anything else, the loss weighs down on the shoulders of the family members and any financial support in such case is always welcome," he said.

Why "suicidal death cover" is applicable after one year?
Sunil Sharma, Appointed Actuary and CRO, Kotak Mahindra Life Insurance, said in order to control the moral hazard risk, insurance policies have suicide exclusion. In general, the clause is such that in case the life insured (policyholder) commits suicide within 12 months from the date of issue of the policy or from date of any major revivals, the claims (sum assured) are not payable by the insurer. "Hence, the suicide exclusion is applicable in the initial period of one year and thereafter such deaths are covered under the policy," he added.

Most life insurance plans provide suicidal death cover after a period of one year. However, if the policyholder commits suicide before a period of one year then his/her family (whosoever is the nominee) may not be able to avail the benefit of getting the full sum assured. Rather, the insurer may just provide the family (whosoever is the nominee) the benefit equals to a certain percentage of the premium paid during the policy term by the policyholder.

Chopra said that the restriction on paying the sum assured in suicide cases before the expiry of 12 months helps insurance companies in preventing insurance fraud. There can be instances where the insured person (policyholder) has run up a huge debt and wants to get out of this situation by buying life insurance first and then committing suicide. "It is thought that the duration of 12 months is enough to bring the insured person out of the mindset of taking such a dire step," he added.

Usual exclusions of suicide in a life insurance policy
Let us take LIC's Jeevan Tarun life insurance policy as an example. As per the policy wording: (Applicable for a policyholder who bought a policy after January 1, 2014)

1. If the life assured (whether sane or insane) commits suicide at any time within 12 months from the date of commencement of risk, the insurer will not pay any claim under the policy except for 80 percent of the premiums paid excluding extra premium, if any, provided the policy is in force.

This clause will not be applicable in case the age at entry of the life assured is below 8 years, according to the conditions mentioned in the Jeevan Tarun LIC policy.

2. If the policyholder (whether sane or insane) commits suicide within 12 months/1 year from date of revival, an amount which is higher of 80 percent of the premiums paid till the date of death (excluding extra premium, if any,) or the surrender value shall be payable.

The insurer will not entertain any other claim under this policy. This clause will not be applicable:
a) In case the age of the policyholder is below 8 years at the time of revival; and
b) For a policy which has lapsed without acquiring paid-up value. Nothing will be payable under such Policies.

The policy wordings are similar in most life insurance policies.

Have you purchased the policy before January 1, 2014?
Chopra said the suicide clause has changed. He explains, before January 2014 the clause read as, "If the life assured commits suicide, whether sane or insane at that time, within 12 months from the date of commencement of risk or date of revival if revived, the policy will become invalid and no claim will be payable."

However, after the January 2014 guidelines, the new clause reads as, "In case of death due to suicide within 12 months; from the date of inception of the policy, the nominee or beneficiary shall be entitled to at least 80 percent of the premiums paid, provided the policy is in force."

From the date of revival of the policy, your nominee or beneficiary will be entitled to an amount which is higher of 80 percent of the premiums paid till the date of death or the surrender value as available on the date of death, according to Chopra.

Further, in case the policyholder holds a unit-linked policy and commits suicide at any time within 12 months, the insurer will not pay any claim except to the extent of the fund value of the units held in the policyholder's unit account on death.

Also, the old clause will be applicable for policies issued before 2014 and the new clause will be applicable for policies issued after 2014 subject to other terms and conditions.

Do all life insurance policies cover suicide?
Most types of life insurance plans cover suicide subject to terms and conditions. However, Sharma said, "The clause excluding suicide from coverage for the first one year of the policy is applicable to all life insurance products such as term insurance plan, traditional insurance (endowment plans), and Ulips."

Situations where nominee may not get insurance claim in case of suicide:
1. If a lapsed policy is revived and after that, if the policyholder commits suicide within 12 months from the date of policy revival, the insurer can reject your claim.

2. Any wrong or misleading information given by the policyholder (at the time of signing the contract) to the insurer will lead to cancellation of the claim.

3. The nomination is a critical part of taking insurance and in almost all policies, nomination is ensured. Sharma said, " Very rare, but there can be a scenario where the nominee may die before the payment under the policy triggers. In situation like that the legal heirs of the policyholder are eligible to get the benefit under the policy."

4. You cannot claim suicidal death cover from the policyholder's employer in case the policyholder was insured under group life insurance policy. Santosh Agarwal, Chief Business Officer- Life Insurance, Policybazaar.com said, "In a group life insurance policy, the suicide is not covered due to the reason that these policies have the tenure of one year and suicide exclusion clause is usually covered under the life insurance policies after the completion of one year."

Finally, it needs to be underlined that committing suicide is the most craven act of life. Also, you must know that the discretion of paying claims lies in the hand of the insurer, so what happens if you commit suicide and the insurer rejects the death benefit claim made by the nominee, say on grounds of concealment of material facts? Hence, you must - look before you leap.

(The writer is Navneet Dubey.)

TOP

Source

Life insurers' clock 44% growth in premium collection for Q1FY20 - Business Standard – 13th August 2019

Total ₹82,146 crore premium underwritten by life insurers (April-July FY20)

	LIC	Private life insures
(₹ cr)	60,106	22,039
% Market share	73.17	26.13
% Growth	51.86	26.89

Top performers among private life insurers

	Premiums underwritten (₹ cr)	% Growth	Market share (%)
HDFC Life	5,384	41.98	6.56
SBI Life	4,496	35.45	5.47
ICICI Prudential Life	3,170	25.46	3.86
Max Life	1,354	24.58	1.65
Bajaj Allianz Life	1,353	33.34	1.65
Kotak Mahindra Life	1,293	35.99	1.57
Tata AIA Life	818	91.79	1.0
Future Generali Life	218	60.86	0.27

India's 24 life insurers have clocked a growth of 44 per cent in first-year premiums collected in the April-July period of FY20. While state-owned life insurance behemoth reported a 51% growth in first year premiums, the private life insurers saw a 26.89% growth in collections during the same period.

The total premium underwritten by LIC in Q1 was of Rs 60,106 crore, compared to Rs 39,579 crore in the same period last fiscal. The private life insurers underwrote premiums to the tune of Rs 22,039 crore, compared to Rs 17,369 crore in the year-ago quarter. The total premiums underwritten by the life insurers was Rs 82,146 crore.

LIC consolidated its market position in the life insurance sector with a market share of 73% while the private life insurers have a market share a little over 26%.

(The writer is Subrata Panda.)

TOP

Source

Explained: How to choose a term insurance policy – Financial Express – 13th August 2019

It is said that safety is the cheapest and the most convenient form of an insurance policy. A life insurance policy plays a vital role in your family's well-being. A term insurance policy does not offer you any cash-value benefit, but in case of any unfortunate event of death, the term policy offers the full sum assured to the beneficiaries, which is considerably high as compared to other life insurance plans.

Here are some facts that everyone needs to consider before opting for a life insurance policy.

Right time to buy term insurance
You might think of purchasing a term policy after a few years as some money could be accrued during the period. However, the fact is, as the age increases, the premium amount of the term insurance plans also increases. Furthermore, you are more exposed to illnesses with increasing age. This is why earlier the purchase happens, better the premium amount is.

Use the term premium calculator
While finalising the plan, using the term insurance calculator is always beneficial in order to determine the right quote. The insurance companies and aggregators offer term insurance calculators on their sites that help in analysing which plan suits you better.

Don't judge the plan by price
If you get to see a plan worth Rs 20 per day, and another one at Rs 6,500 per annum, ultimately, the lower price gets more attention. But going for the first one could cost more than the per annum plan. It is a marketing strategy which leads to more confusion and results in unnecessary spends. Many times, the amount shown while getting quotes increases after medical tests. Don't step back in such situations. The company always checks all the facts and determines the premium. This certainly reduces the chances of last moment claim rejection.

Choose a rider if you need it
Riders are available to provide additional protection to the term insurance policy. One can choose a suitable rider by analysing needs. If you are a frequent traveller, it is better to go with the accidental death benefit rider. However, understand that buying riders casually may increase the premium unnecessarily; so choose them wisely.

Disclose all the information
Always disclose information about any unhealthy habits to the insurance company. Many people try to hide smoking/drinking habits in order to lower down premiums. The premium calculation is entirely based on the critical information you provide. Hiding facts is nothing but breaching the contract, which may lead to claim rejection. Usually, the claim rejection ratio in the case of term insurance plans is very low. Disclosing family health history is also essential. Many diseases are hereditary, where you are also likely to adopt the same. The company considers probabilities and determines the premium amount.

Get adequate life coverage
Usually, term insurance offers the cover of Rs 1 crore, which seems to be a considerable amount. But bearing in mind the inflation and other aspects, choose the minimum cover of around Rs 1.5 crore and so on. The simple calculation is that the cover should be equal to 250 times the annual expenses if the tenure is 25 years. Complete all the essentials while submitting insurance application and filling out the form. Putting nominee name carefully is the most important. Making any mistake in the entire process may lead to claim rejection.

Source

TOP

Why persisting with a life insurance plan is more rewarding – DNA – 12th August 2019

We all know the story of the slow but persevering tortoise that comes out trumps in a race against the fast but erratic hare. Your journey towards ample savings for major future needs like child's higher education and retirement has a few striking similarities with that of the tortoise in the childhood story. This is more so if you have a preference for steady growth along with life insurance protection for your family. Here's how.

Steady long-term benefits of traditional plans

When you invest in a traditional life insurance plan that provides you with bonus declared from time to time during the plan's term as well as benefits like guaranteed additions, you need to stay focused to finish the long journey just like the tortoise.

Firstly, in the absence of adequate savings to support your family in your absence, you need life insurance protection. This protection helps your family to not only meet regular expenses in your absence, but also achieve major financial goals such as child's higher education or saving for retirement.

Most traditional plans provide you with a bonus from time to time during the term of the plan. This amount, a percentage of the maturity sum assured, keeps growing your accumulated savings. There could also be guaranteed additions, again a percentage of the maturity sum assured, which add to your accumulated savings.

You could also benefit from another addition to the accumulated savings in the form of loyalty additions where you get paid a percentage of sum assured during policy milestones such as yearly payouts starting at age 18 or 21 years or as you may wish to plan. Last but not the least, you may also get terminal bonus on completion of the life insurance plan term. This further adds to the final savings amount. The income tax deduction you may get for premium payment under Section 80C and for policy maturity amounts under Section 10(10)D also ensures that you effectively save more.

Why staying invested for the long term is rewarding

The long term benefits of staying invested in a life insurance plan is a major reason why many people earmark life insurance plans for individual financial goals. But the key to success is staying invested and making the money grow with the help of different bonuses and guaranteed additions.

In that sense, buying a life insurance policy is pretty much like planting a shade-providing and fruit-bearing tree. Just as you need to provide water and nutrients on a regular basis to nurture the growth of the tree, you need to keep paying your premiums regularly and stay invested in the plan in order to meet your financial goals. Paying premiums regularly also ensures your loved ones get life insurance protection in case of any unfortunate circumstances.

Needless to say, as in the case with all investments, the penalty for early exits is stiff. This is because you lose out on the benefits of compounded growth where thanks to regular investments over time, you benefit from the constant rate of growth of an ever-growing corpus of accumulated savings. Here is a simple illustration.

Suppose, you need Rs 15 lakh for your child's education after 20 years, you would need to invest Rs 3,050 monthly if the money were to be growing at a net growth of 7% annually. Suppose, you make a premature exit at the end of 5 years and start investing again in the same investment in the very same year, you will need to invest a substantially larger regular amount of Rs 4,975 every month assuming the net growth is 7%, in order to reach your original target of Rs 15 lakh.

Just like the tortoise in the childhood story that eventually won the race by keeping a regular pace and never losing sight of its goal, so also, in the case of life insurance plans, to accumulate ample savings through long-term benefits like bonus and guaranteed additions, one needs to stay invested in the plan and keep focussed on long-term financial goals.

(The writer is Karthik Raman.)

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Source

Term plan premiums – Mint – 12th August 2019

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (%, FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

Date of birth has been assumed to be 1 April in the respective year for each age group; Rates are for a male, non-smoker, Delhi-based; Claims information is for FY2017-18 for individual deaths as per Irdai's Annual Report; In ICICI Prudential and Bajaj Allianz, waiver of premium on disability is included; Sahara Life does not offer pure term plan
Source: SecureNow Insurance Broker Pvt Ltd

SANTOSH SHARMA/MINT

Life insurance is not about investing your money to earn a return on it, it's about financial protection for your loved ones. The most efficient way to do that is through a term insurance policy. You pay only for insurance and after the policy term ends, you don't get any money back. But on death during the policy term, it pays a huge corpus to the nominees. Look at the premium (cost of the term plan) and the claims settlement record of the insurer. We list premium rates for some policies of a sum assured of ₹1 crore across three age categories for policy terms of 30, 25 and 20 years. The list of 15 policies has been sorted on the basis of claims settlement rate. The claims settlement rate is measured by the benefit amount or the sum assured, as a lower settlement rate is indicative of high ticket-size policies being rejected.

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Source

Insurance made compulsory for DahiHandi celebrations - The Tribune – 12th August 2019

The Mumbai Police have made it mandatory for every participant in pyramids as part of the DahiHandi celebrations in the city to obtain a life cover of Rs 10 lakh.

Please ckeck--repetition

"There are more than 900 Govindamandals in the city and all of them have to buy spot cover for Rs 10 lakh each of their members in order to get permission to participate in DahiHandi competitions," a spokesman for the Mumbai Police said.

Similar rules are likely to be put in place across Maharashtra as well, according to sources.

Public and private insurance companies have also come up with several group insurance packages for the GovindaPathaks as the participants are called.

The premium paid by each member has come down to Rs 75 each from nearly double two years ago as more Govinda mandals are opting for spot insurance, according to office bearers of the Dahi Handi Utsav Samanway Samiti, the umbrella body of the Govinda pathaks.

Last year, the Bombay High Court had ordered the Mumbai Police not to issue No Objection Certificates to Govindamandals if they did not obtain insurance cover for their members.

As per the restrictions imposed by the Bombay High Court, children below the age of 14 should not be allowed to participate in the Govinda celebrations.

The height of the human pyramids also should not exceed 20 feet, according to the Samiti.

The restrictions were, however, flouted by several big mandals offering lakhs of rupees as prize money.

Police officials said they would, however, file cases against those stringing up pots above a height of 20 feet.

Last year two Govindas (as the participants are called) died and more than 85 other received injuries after falling from heights during the Janmashtami celebrations across Maharashtra, according to information available from the state government.

(The writer is Shiv Kumar.)

TOP

Source

Approach life insurance and real estate with same lens - Deccan Herald – 12th August 2019

The relationship between Life insurance and real estate investments can be best described as the Thai expression “same same, but different”. In India, the ownership of property has considerable significance attached to it. While it holds a sense of power and prestige for the ultra-rich, for the aspirational class of the population, it is a more cherished dream.

Once in possession of the keys to your new home, the asset represents financial security for one’s family in case of any eventuality. This financial protection is also garnered through a life insurance policy.

The key difference here being, that while you have to wait until the last EMI is paid on a home loan or to a builder to receive the formal possession of the asset in your name, for life insurance, the ‘sum assured’ amount belongs to you from the very moment the first premium is paid and you are the owner of the asset - which is guaranteed to be paid to you or your nominee on the occurrence of the ‘insured event’-- maturity or untimely death. Second, a life insurance policy is a tax-free financial asset, whereas a real estate investment is not as liquid and the gains are taxable.

When investing in real estate, we are compelled to exercise due caution, appropriate legal advice, and run myriad checks to safeguard our interest.

In the context of life insurance too, there is a need to adopt a similar approach. Life insurance is a high involvement product by virtue of being a long-term tool of financial protection, that merits a fair amount of prudence in order to bring the best results. Here are a few things one should keep in mind and be conscious of while purchasing life insurance.

Verify the identity of the seller
When it comes to property buying, it is always advisable to go for a reputed agent and developer. In the case of life insurance too, it is important to ensure that your insurer has a credible track record when it

comes to mitigating risks towards policyholders. The most effective way to ascertain a company's reliability is to determine its claims paid ratio, which is a hallmark indicating how likely the life insurer is to pay your claims in the aftermath of the policyholder's demise.

Just as with a builder having market standing you can be assured of the title and delivery.

Select the right option
It is important to do your checks and balances while deciding on a project. Just as we ensure adequate basic amenities such as power, water, sewerage, etc., we must ensure that our life insurance policy too meets certain requirements. Determine the kind of policy that would work best taking into account your life and financial goals, the dependents you have, the time you would require cover for. If you want to fulfill your child's life goals, a child plan would work best, for an insurance plus savings arrangement you have the option of an endowment plan and for a pure risk cover, a term plan is your best bet. Use the insurers' website and insurance advisors' recommendations to research on the best insurance policy options available.

Determine appropriate EMI While in real estate the amount of EMI is decided depending on the aspirant's overall income and ability to pay back loan, in life insurance the level of insurance premium charged to a customer depends on the life history, age and health conditions. But unlike real estate, in life insurance you are entitled to sum assured the day you pay the first premium. While in real estate, EMI also often indicates the size of the property, in life insurance, there are term plans that offer large sum assured at a low cost. In fact, term plans are the affordable and most fundamental form of financial protection to the policyholder.

Maintain stability in volatile times
Both real estate and a certain type of life insurance policies have the potential to yield a return on investment. Just like the value of a property is prone to market volatility and frequent fluctuation. Certain types of life insurance policies, such as ULIPS are also linked to market movement.

While a promising life insurer would have qualified asset managers and analysts ensuring proper fund management of your policy, it is important to regularly evaluate your policies to offer positive returns.

So, next time you decide to opt for a life insurance policy, give adequate time to research the features and benefits of the policy you have chosen and how it will help you meet your life-stage goals.

(The writer is V Vishwanand.)

TOP

Source

Want to buy life insurance with living benefits? Invest in ULIPs – Financial Express – 9th August 2019

The reality is that staying financially fit in the long run is a very simple task and all it requires is mindset changes and right investments that can get you on the path towards financial fitness. However, a successful investment depends on the series of decisions made in sync with the overall financial goals of the investor. Right from determining the objectives of your investment to creating financial plans which accordingly contribute to the success of any investment.

For everyone, financial security of their families is the foremost financial requirement. We are now in the time where new-age unit linked plans (ULIP) not only easily provide financial protection in your absence but also cater to your living benefits. Living benefits plans are insurance policies that provide financial benefit while the policyholder is still alive and help them in meeting their important life goals such as child's education, worry free retirement for your golden years, marriage, buying dream home etc. If one plans and invests early in a well-organised manner, he/she will have fewer worries about finances not just post retirement but also during the working years.

Here are some of the living benefits that you get by investing in ULIPs:

Creation of Long Term Wealth

Everyone has goals for themselves and every goal needs a backing, primarily financial. Investing in ULIPs helps you create a corpus over a period of time and can be customized according to the insured person's requirements and provide the best for both – investment and protection. As a matter of fact, ULIPs are the perfect go-to option for people who need a financial backing for each goal. Thanks to the power of compounding due to which investment in equities for a long term allows money to grow far higher ensuring ample future savings. These plans are highly recommended for the people between the age group of 25-40, once they have settled and can start investing a part of their income towards future goals. The wealth created by investing in ULIPs will serve you in achieving your future financial goals such as education of your child, buying a car or home, retirement plans or other goals of your life.

Widens Risk Protection Net

Critical illness and disabilities are getting common worldwide and is a large threat to our family's security. In such a case, it not only takes your savings for meeting the treatment costs but also wrecks your ability to earn a regular income. But the good news is that these risks can be covered with the help of riders that are attached to your policy. The riders provide lump sum pay-outs during emergencies such as onset of critical illness, provided certain conditions are met. Thus, in one master stroke you create a wide financial security net for your family so that the growth of money to meet various life goals is not impacted by these emergencies.

Encourage Goal-Based Savings

The longer is your policy term, the greater are the benefits. There is a lock-in period of 5 years applicable on ULIP plans, ensuring disciplined savings every month. However, the policyholder gets rewarded for staying invested for a period of at least 10 years and beyond. This effectively means that you end up saving more for your life goals. Also, ULIPs allow you to make investment as per your goals in life. You can select and switch funds as you plan for your child's education or your retirement during your investment journey.

Offers Tax Benefits

Tax benefit on investment- The investment made in ULIPs can be claimed as a deduction under section 80C of the Income Tax Act, 1961. In order to save more money in ULIP investment, the premiums that are paid towards the policy are deducted up to Rs 1, 50,000 on taxable income. The tax deduction available is up to 10% of the sum assured or annual premium, whichever is lower, subject to a maximum limit of Rs 1, 50,000. But do remember to regularly pay the premiums and continue your ULIP plan to avail these tax benefits. If the ULIP is discontinued before 2 years, tax benefits will not be allowed. # Tax benefit on withdrawal/ Maturity – The second form of tax advantage that ULIPs offer is found under section 10(10D) of the Income Tax Act, 1961. The matured amount paid is tax free.

(By Santosh Agarwal, Chief Business Officer-Life Insurance, Policy bazaar.com)

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Source

India: Life insurance giant may go public – Asia Insurance Review

The Indian government is studying the possible public listing of Life Insurance Corporation (LIC), the country's biggest life insurer which commands around two-thirds of the life insurance market. Sources said that the review is at an early stage and the issue has been discussed within the government.

The government is exploring legal opinion on the amendment of LIC Act for public listing, *ET Now* reported quoting sources. f listed, LIC could emerge as the country's top listed company in terms of capitalisation.

A public listing is expected to make the state owned insurer more transparent and better run. The proposed IPO is part of the government's disinvestment and asset monetization programme. The government has previously floated the shares of two state owned insurance entities, namely, GIC Re and New India Assurance.

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Source

GENERAL INSURANCE

Property insurance rates may spike – The Times of India - 14th August 2019

Insurance firms are likely to bump up property cover rates as extreme weather becomes more common in the country. This year, floods have caused widespread devastation in Karnataka, Kerala, Maharashtra and Gujarat.

The severity of the disasters, which are taking place in shorter intervals, has prompted insurers to consider hiking rates in April 2020, when policies come up for renewal.

The companies' hand is forced by the fact that they operate within a small customer base. Only a fraction of property owners across the country has signed up for policies. Ninety per cent of the properties which were damaged in the 2005 Chennai deluge were not insured. It was the same case in Kerala last year, when floods caused property damage of Rs 40,000 crore. Only 3.5% of the losses had insurance protection.

Around 2.5 lakh people have been displaced in the latest spate of rain-related disasters. "We are only in the first half of the year, and we have already seen a number of calamities — Assam, Bihar, Madhya Pradesh, Odisha and the current crisis in Karnataka. In the past five years, the severity of the events has increased; we are seeing once-in-a-century rain," said Mohan CR, national head of property and risk management, Bajaj Allianz General Insurance Co. "In the first quarter of 2018, we saw property loss of Rs 31 crore. That has more than doubled to Rs 72 crore in Q1 2019."

Despite seeing premium growth in this category, insurers say frequent natural catastrophes have eaten into their profits. "Our premiums grew 55% year over year. But compared to an underwriting profit of Rs 43 crore in the property segment, today we are seeing an underwriting loss of Rs 32 crore. Our claims ratio has gone up from 41-83%," Mohan said.

Most vehicle owners insure their rides as it is mandated by law. Even corporates take some form of accident cover, for instance fire insurance. But homeowners remain reluctant to get insurance, say industry experts. "After the heavy rains in Kerala and Kodagu district last year, we received several enquiries for home insurance. But very few of them translated into leads," said a senior executive with New India Insurance.

Companies expect a sharp increase in the number of crop and vehicle insurance claims in Karnataka. Reinsurance firm Swiss Re, in its global report, pegged India at number two in the list of countries that are likely to witness worst catastrophes. China was first.

(The writer is Rachel Chitra.)

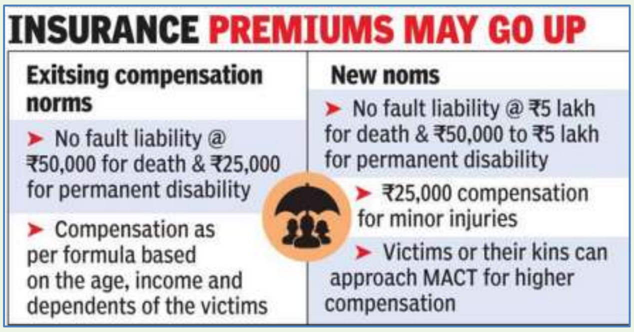
TOP

Source

Insurers expect higher damages this monsoon – The Times of India – 13th August 2019

Claims for monsoon damages have started trickling in. These could be higher this year, as those affected last monsoon have started to underwrite insurance policies to secure their assets.

SBI General Insurance has said about 65 property damage claims have come in Maharashtra so far, at an average of Rs 2.5 lakh. "About 60 claims have come against damaged properties in Kerala," SBI General Insurance head (commercial claims) Amitava Gupta said. Meanwhile, the average value of motor insurance claims stands at Rs 20,000.



"We have received over 1,000 motor claim intimations owing to vehicle damages, as against 600 claims last year. Majority of the claims are received from Maharashtra, Gujarat, and some parts of Karnataka and Kerala," Bajaj Allianz General Insurance head (retail claims) Sanjay Saxena said.

The insurer is still assessing the claim exposure since many affected regions in India are either blocked for operations or not accessible for evaluation.

"Mumbai reports 1.6x more damages in monsoon period compared to other parts of the country. Among the many phases of heavy rainfall which hit Maharashtra, the last phase, from August 1, has caused the most serious damages in areas like Mumbai, Vasai, Sangheili, Pune, Kolhapur were affected," Policy Bazaar chief business officer (general insurance) Tarun Mathur said.

Among SME policy holders, shopkeepers, factory unit owners, small industrial units have submitted their claims to the insurers.

"We have received about 65 claims so far only from the SME space in Maharashtra," Gupta said. The average value of these property damage claims stand at Rs 2-2.5 lakh in 2019, compared to Rs 1 lakh in 2018. The general insurance company with 1,000 live policies in Maharashtra expects 40-50% of policies to translate into claims in the next 15 days.

"We have received claims applications for worth Rs 5 crore till now," Gupta said. As many people have relocated to camps and do not carry the insurance copies, banks have come to their rescue by connecting the insured and the insurers. And in most cases, policyholders in the tier-1 and tier-2 cities are unaware of owning an owning an insurance policy.

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Source

All about home insurance: Fire, burglary, electrical breakdown coverage – The Hindu – 12th August 2019

Home insurance package policies bundle a comprehensive, yet cost-effective fire and allied perils insurance with several other interesting options.

They include fire and burglary cover for contents, options to cover specified jewellery and valuables under a special section as also specified domestic appliances against breakdown and specified televisions and desktop computers against loss or damage.

Some policies have sections covering pedal cycles, workmen's compensation insurance for household staff, hospitalisation insurance for household staff and so on that you can pick and choose from. Each section has a different sum insured (SI) and premium rate and there are volume discounts for choosing multiple sections.

Fire cover for building and contents and burglary cover for contents are the main covers and the options work like this:

If you live in a house you own, you can purchase fire cover for the building and contents plus burglary cover for contents. If you are the owner but not occupier, you are entitled to fire cover only for the structure. If you are only a renter, you can buy fire and burglary covers for only the contents. In any case, the SI for fire and burglary covers for contents should be identical.

We saw the scope of the fire cover for building in the earlier instalment of 'Cover Note' and it pretty much applies to contents as well. The exceptions differ. They include loss of or damage to articles of a consumable nature, loss of or damage to money, securities documents and unset precious stones, jewellery and valuables.

The burglary cover indemnifies the loss of listed contents (except jewellery and valuables) within the premises caused by burglary, housebreaking, larceny and theft.

Family involvement
If anyone in the family of the insured is involved in the burglary, the loss will not be covered. Neither will loss of/or damage to money and so on as listed above.

The list is not exhaustive; you should read the fine print in the policy prospectus for exact details.

Precious jewellery and valuables like watches, curios and works of art are covered under a special section against loss or damage while anywhere in India, caused by accident or misfortune. In the case of damage, repair and restoration expenses are payable.

Breakage of fragile and brittle items is one exclusion, as are mysterious disappearances, unexplainable losses, loss due to misplacement and missing items.

An interesting cover is the breakdown of domestic appliances, the "unforeseen and sudden physical damage, including accidental external damage caused due to mechanical and/or electrical breakdown of domestic appliances" specified in the schedule when they are inside in the insured premises.

The SI is the market value of an item of the same kind and capacity. Repair expenses to restore the item to its former state will be payable. Loss or damage caused by wilful damage or gross negligence is exclusion among others.

You can insure the loss of or damage to your televisions and desktop computers against fire and allied perils under a special section where the market value of the gadget is the SI and repair expenses will be payable. Exclusions apply, of course.

(The writer is K NityaKalyani.)

Source

TOP

Home Insurance: Why it is a must for homeowners; all you need to know –Financial Express – 12th August 2019

Vivek Kaur had a fire break-out last year wherein not only his house but many neighboring properties were also damaged. Home insurance, during such circumstances, comes handy. Luckily, Kaur had also bought a home insurance cover as a backup in case things went wrong, which helped him cover for all the damages. Most home insurance policies cover various risks ranging from fire, explosion, storm, cyclone, riots, impact damages and other malicious damages. However, they come with their own set of limitations. Hence, experts suggest one should understand a policy first to know what it actually provides because it always might not be as broadening as one might think.

For instance, in the case of a fire break out in the house, you need to inform about the same to the insurance company to file a claim as soon as possible. The policyholder needs to get in touch with the company and explain the situation. If it is possible for the insured, it could be helpful if they could take pictures of damaged parts of the property, for a smoother claim process. You might also need to give additional documents, depending on the accident, which you need to provide along with the claim form. For instance, declaration of the construction value of the house along with the content, you have within, while opting for a policy. The insurer appoints a surveyor to assess the damage, depending upon the extent of the incident and the type of damage done, and after validation of the claim, the insurance company offers reimbursement for the same.

Also, if your neighbors or any third-party gets harmed, due to fire break down in your house, the insurance company covering your house will also pay for such incidents. The liability cover includes that any bodily injury or damage caused to any third person on your premises or by you is liable to get cover, which also includes damages done to third-party property. Home insurance policies take care of any legal liabilities in case of any damage caused to any third person or property, on the insured premises or by them. However, few home insurance policies provide the third-party cover only as an add-on cover. Hence, check your policy details properly while buying a policy.

Such policies require a public liability add-on cover, to cover for third party injury or property. You can also opt for other add-on covers such as ATM withdrawal robbery cover, loss of wallet and key cover, temporary resettlement cover which includes coverage for alternative accommodation and transport, and employee's compensation cover which includes injured drivers, cook or guard. Experts suggest neighbors can sue the owner of the home from where the fire has emanated, hence public liability cover under a home insurance policy is a must which pays for the damages done to neighboring houses.

Factors like the type of construction, protection systems available and claim history help in deciding the premium rates for a home insurance policy. For instance, the annual premium for sum insured of Rs 50 lakhs for the structure of a house and Rs 10 lakhs for the content of the house ranges between Rs 3,000 and Rs 5,000. The extent of compensation, however, depends on whether the house is adequately insured with the right sum insured or not. No adjustment is made if the building is adequately insured, but if not, then the proportionate adjustment is made in the claim amount.

(The writer is Priyadarshini Maji.)

TOP

Source

3 public sector insurance companies drag non-life industry into Rs 44-crore loss in FY19 – Times Now – 12th August 2019

In the financial year 2019, three public sector insurance companies have dragged down the non-life industry into a Rs 44 crore loss. Two insurance companies National Oriental Insurance and United India have together reported losses of Rs 4,200 crore. It is more than the collective profits of the remaining 23 companies.

It may be noted that the government is planning a merger and listing of these companies. However, they will need a capital infusion owing to their poor financial performance. The PSU insurers' performance in fiscal 2019 is in sharp contrast to their FY18 financials.

Including the listed New India Assurance, the four PSU insurers have together reported a combined net profit of Rs 2,543 crore. However, taken with the private industry's profits of Rs 3,922 crore, this is translated into a Rs 6,341-crore profit for the industry in that year. Despite New India turning a Rs 645 crore profit, the four PSU insurers in FY19 together reported a loss of Rs 3,628 crore.

With a drop of 8 per cent, the private insurers have posted a net profit of Rs 3,584 crore. According to the industry officials, the decline in the profits is because of the fact that industry did well in crop insurance in the previous year, which was not the case in the year under review. Along with this, underwriting losses in property insurance have been very high which prompted the General Insurance Corporation to hike rates in some of the segments, as per the report in the national daily.

The poor performance of the PSU companies is because of their underwriting loss which is the excess of claims over premium. Most of the insurers in India, report underwriting losses but make up for it through their investment income, as premium is needed to be collected upfront and companies earn interest or investment income on them. Bajaj Allianz reported underwriting profit of Rs 18 crore, Universal Sompo of Rs 43 crore and SBI General Rs 82 crore in FY19.

The PSU insurers reported an underwriting loss of Rs 18,490 crore which is a 47 per cent spike over the Rs 12,507-crore loss reported in the financial year 2018. Underwriting losses of the private industry increased 62 per cent to Rs 2,864 crore from Rs 1,762 crore in the previous year. As the margins of the private companies were better, they managed to turn in better profits.

TOP

Source

Insurance firms to be told to compensate flood hit farmers in Karnataka, says Finance Minister Nirmala Sitharaman - Financial Express – 10th August 2019

Union Finance Minister Nirmala Sitharaman said on Saturday that insurance firms would be directed to pay compensation to farmers who suffered losses in the floods in Karnataka.

Speaking to reporters at Belagavi after conducting an aerial survey of Belagavi and Bagalkot districts, she said insurance firms would be instructed to conduct meetings with officers and elected representatives of the districts concerned and finalise the compensation amount and to conduct their surveys and formalities later.

The Centre would also take steps to protect farmers and poor people from money lenders, Sitharaman added. Incessant rains in many districts in Karnataka over the past few days have left 26 people dead and affected thousands.

The finance minister, who is a Rajya Sabha member from Karnataka, visited flood-hit Belagavi and Bagalkot districts and spoke to some flood-affected people.

She also visited a few relief centres and took stock of the situation. At one of the affected areas, a woman broke down while narrating her plight.

TOP

Source

Country-wide floods may spike up insurance losses – Money control – 9th August 2019

Floods have ravaged parts of Assam, Kerala, Karnataka, Maharashtra, Madhya Pradesh and Odisha over the past few months. Almost 60-70 people are said to have lost their lives across the country in various flood-related incidents, apart from massive loss to property and vehicles. It is expected that this will lead to a rise in insured losses.

Initial estimates suggest that insurance claims could touch Rs 50-60 crore in the next few weeks. If the monsoon rains intensify, the situation could worsen. This could push up insured losses from natural disasters from 2014-2019 to Rs 30,000 crore.

Cyclone Fani that hit Odisha in April/May led to insurance losses of almost Rs 2,000 crore which causing a rise in underwriting losses for general insurance companies. This means the claims paid exceeded the premium collected. Similarly, the Kerala floods led to claims of Rs 1,400 crore for life and general insurers.

"We have already faced a hit in Q1. If the rain situation continues, the combined ratio will also suffer," said the head of underwriting at a private general insurer.

During natural catastrophes, the insurance regulator mandates each company to have a single-point helpline to monitor claims. Further, the claims settlement process is also simplified for quick payment of the amount to the insured/kin.

Claims from global natural catastrophes in 2018 were pegged at $76 billion, according to the Swiss Re sigma report. The combined insurance losses from natural disasters in 2017 and 2018 were $219 billion, the highest-ever for a two-year period.

In India, the Mumbai floods of 2005 were one of the largest cases of insurance loss events. A Swiss Re sigma report said that in the event of torrential rainfall, rapid urbanisation reduces avenues for water discharge and can lead to heavy flooding. Such was the case in Mumbai in 2005, when flooding after heavy rains resulted in one of the largest insurance loss events ever experienced in India ($0.9 billion, according to sigma data).

In the last five years, losses due to catastrophes have led to insured losses of almost Rs 25,000 crore. This includes losses due to the Uttarakhand floods, cyclones Hudhud, Fani and Phailin, the Chennai and Kerala floods.

The share of uninsured catastrophe losses varies by region. A Swiss Re report said it was typically higher in developing countries where infrastructure construction and implementation of catastrophe risk mitigation measures did not keep pace with economic growth. However, there are areas of under-insurance in advanced countries too, even in those with known medium to high exposure to certain hazards.

Insurance companies have a natural catastrophe clause that covers damage to property or vehicles for these incidents. For death due to such an incident, a term insurance cover will provide the life insurance claim.

The centre fully funding this initiative is not a feasible idea. Having a catastrophe bond to fund the claims from such incidents has been a model followed in other markets, but not yet allowed in India. A natural catastrophe pool to fund major incidents was under discussion about three years back, but it hasn't yet been implemented.

With the rise in the number of natural catastrophes in the country, Insurance Regulatory and Development Authority of India (IRDAI) chairman Subhash C Khuntia said they are looking into the possibility of having a few pilot projects in vulnerable areas to offer property insurance.

(The writer is M Saraswathy.)

Source

TOP

HEALTH INSURANCE

Ask for higher health insurance cover from your employer – DNA – 14th August 2019

With the continuous mounting prices of healthcare in the country, and with the ever-growing occurrences of diseases, health insurance today is a definite requirement. Travelling, frantic work schedules, unhealthy eating habits, food quality, and increasing intensity of pollution have amplified the peril of developing health problems. The massive shift in our lifestyle has made us more prone to an array of health disorders. The average cover of an employee working in a private sector is about 2-3 lakh a year, which is minimal. Hence, it becomes imperative that employees demand higher health insurance cover from their employers as they are not adequately protected.

Government scheme like Ayushman Bharat-National Health Protection Scheme cover over 10 crore poor and vulnerable families and 50 crore beneficiaries, approximately. It provides coverage up to Rs 5 lakh per family per year for secondary and tertiary care hospitalisation. The employers should take note of this and increase the health insurance cover for their employers.

Inflation in the healthcare industry is estimated at 15% in India. The rates of medical procedures and healthcare have been constantly rising. A well-being study conducted by healthcare major ManipalCigna Health Insurance has found that nearly 82% of Indians are suffering from stress on account of work, health and finance-related concerns. Therefore, having health insurance is a basic requirement.

LIFE SUPPORT
The employers should also note that buying a group health insurance policy is a great morale booster for the employees The employer should not make price the index of purchasing the group health insurance policy and look for other features as well

When an employee joins a new company, one of the first things one should notice is their health insurance plan. At the same time, every employer or a company's HR department should have answers to queries about what aspects do their health insurance plans cover. This helps the employee take an informed decision. Health insurance is a matter of great importance more so because of the number of lifestyle-related problems that are becoming common with each passing year.

If we look at the healthcare inflation in addition to the lifestyle disease epidemic across cities and towns, a future-proof health insurance cover for a young family living in an urban area should be a floater cover of Rs 10 lakh. This should be supplemented with the maximum top-up available which easily takes the cover to around Rs 20-25 lakh. Witnessing the major treatment expenses today, which cost an average of Rs 5-6 lakh, it is bound to be billed at around Rs 10 lakh in 8 years and Rs 20 lakh in 15 years, at a 10% inflation rate. This is when one would most likely need a medical cover.

The employers should also note that buying a group health insurance policy is a great morale booster for the employees. It fills an employee with a sense of security and affinity, and therefore, it is crucial to choose the right group health insurance policy. While buying a group health insurance, it is likely to lean towards those plans which come with low price tags. However, if an employer chooses the plan on the basis of the price only, the chances are high that the company will choose the lower cover. Furthermore, it could turn out that the insurance company offering lesser premium could have a poor customer service. So, the employer should not make price the index of purchasing the group health insurance policy and look for other features as well.

If truth be told, one visit to the physician is sufficient to upset the monthly budget of a middle-class family. While settling on the coverage one should ensure the cover is ample enough to deal with medical expenses. So, there should be a minimum Rs 5 -7 lakh coverage under a group health insurance plan. Every year at the time of policy renewal, the employer should think of increasing their employee's health coverage in line with the inflation rate.

(The writer is Prasun Sikdar.)

Source

TOP

Health insurance: Towards a simpler customer journey – Financial Express – 14th August 2019

Millions of Indians continue to deplete their savings putting their future at risk to meet spiralling healthcare expenses. With only 20% of Indians covered by health insurance, the majority remains vulnerable to medical inflation, currently at 15% and outpacing the rate of inflation in India. This is a significant cost not just for individuals, but for us as a nation. Swiss Re reported India's 'health protection gap' to be a whopping $369 billion in 2018. It calculated the "stress" on household finances from spending on medical expenses and the incidence of people not seeking treatment, because they find it unaffordable.

Towards a simpler customer journey

A current pain point for customers is that health insurance policies are too complex to understand. Exclusions require scrutiny and interpretations can vary—the cause of mistrust between consumers and insurers. Standardisation regulation will weed out the ambiguity. Irdai's recently issued draft guidelines for a 'standard health insurance product' will set the threshold for a product that offers basic cover, is simple to understand and uniform across insurers. Without variations like add-ons or optional covers, it will mean a less complicated decision, especially for first-time buyers.

The regulator is also factoring in changing customer expectations. Max Bupa's research across six cities last year showed that younger customers want to be incentivised for starting early. Irdai is opening the door wider with the standard product, by calling for attractive pricing and a cumulative bonus for regular renewal, aimed at incentivising younger policyholders.

On the anvil is standardisation of exclusions, which would prescribe and limit the number of illnesses and diseases that remain outside the ambit of insurance coverage. Proposed guidelines will require insurers to disclose provider network tariffs and packages, making the billing system more transparent.

Under new guidelines, customers can now opt for claim proceeds settlement as a lump sum or in instalments, giving them greater financial flexibility. In line with a directive that comes into effect from July 1, insurance companies will soon need to provide a mechanism to track claims. A step towards clearer, seamless and transparent communication, including notifying customers about the status of the claims at different stages of processing.

Access from inclusion & innovation

Regulation has broadened the scope of coverage and made it more inclusive—mental illness and HIV are now under the ambit of health insurance. Products in the future will address specific needs or be tailored to particular segments. New models will lead to offerings for senior citizens, diabetics or those with a history of cardiac ailments. Technology will play a disruptive role in this shift, as the industry changes course from reactive to preventive care. In countries like the UK and the US, wearables and the Internet of Things have powered a new product class— 'interactive' policies' that incentivise healthier living.

A health insurance offering that helps people keep diabetes under control, for example, could leverage wearable tech for regular monitoring of nutrition, exercise and check-ups for improved health outcomes. Premiums could be calculated based on a customer's health record, updated with data collected and analysed in real-time. This will enable personalised health plans at scale, faster service and customer support, with relevant data being just a click away. Premiums or discounts for meeting fitness goals, can be customised to offer true value for each customer.

The writer is Ashish Mehrotra.

TOP

Source

Senior Citizen Health Insurance: Trade carefully while buying a health insurance cover for senior citizens – Financial Express – 14th August 2019

Many believe that senior citizens with a health condition or two usually can't get a cover. Today a number of insurers offer health policies designed especially for senior citizens.

Most people after retiring from their job, especially at the age of 60, start worrying about their health insurance as they realize that they no longer have the group health insurance cover that their company provided. And while opting for an insurance policy at that age, most people are worried as they are not sure if they will get one. Many believe that senior citizens with a health condition or two usually can't get a cover. But they can, even though it's hard. Today a number of insurers offer health policies designed especially for senior citizens.

The normal health insurance policies have restrictions on entry age, which is set at 60 or 65. However, a senior citizens' policy allows entry even at an advanced age, which ranges from 65-74 or some even go up to 85 years of age.

Unlike normal health insurance policies these policies, don't come cheap. With the age of a person, his/her probability of getting any disease increases, because of which the insurers charge a higher premium. At an older age, even the premium of people who entered a health policy at an early age also rises, but they are likely to be charged less than a person who enters at 60. Individuals who have entered early get the benefit of no-claim bonus also does not face the waiting period for pre-existing diseases.

However, even after a higher premium, it is better for senior citizens to buy a health policy. Experts suggest one should do a cost-benefit analysis. For instance, you might have to pay an extra of Rs 25,000 or Rs 30,000 as the premium, but the cost of funding a major treatment can sometimes be more expensive and can run into lakhs. People with a corpus is also better off buying a policy, because it is not ideal to spend most of your corpus in any major ailment, and then be left with very little to meet other expenses.

The salaried class people are mostly dependent on the corporate group cover that also covers the senior citizens, and often do not buy a cover for their elderly parents. However, these corporate covers usually do not exceed Rs 2 to 5 lakh and often prove to be inadequate.

Senior citizens should also not just at the first product that they are offered. They should instead compare the merits and demerits of the various offerings, and then evaluate them. While buying a senior citizens' policy, note that there is scope for enhancing the sum insured. Also, pay attention to the waiting period for pre-existing diseases. Generally, pre-existing disease range from 18 months to 4 years. Opt for a policy with a lower waiting period. Also, consider the co-payment requirement, the portion of the bill you have to pay, in the case of hospitalization, as these tend to be large in some policies. Generally, co-payment is 10 per cent, but some end up charging 30 per cent, which is rather stiff.

While applying for a policy, make full disclosure. If necessary, make a list of all the conditions you currently have, also what you had in the past and fill in all of them in the proposal form. Not making full disclosure is the biggest reason for claim rejection. Also, read the policy document carefully and understand its clauses.

In case your health insurance cover proposal gets rejected, you can try for other companies, as different insurers have different underwriting policies. Where one may reject you, one may be willing to accept that risk.

(The writer is Priyadarshini Maji.)

Source

TOP

As cases spike, dengue-specific insurance schemes on offer in Karnataka – The Times of India – 13th August 2019

DISTRICTS HIT IN 2019

District	Dengue suspects	Dengue positives
BBMP	82,475	4,320
Dakshina Kannada	3,433	651
Shivamogga	2,760	268
Kalaburagi	2,680	134
Haveri	558	182
State total (Including other dists)	1,06,286	7,014

While dengue cases in Karnataka soar — more than 7,000 positive cases and over one lakh suspected cases since January 2019 — there is a safety net to beat the bite, dengue-specific insurance. Unlike most health insurance policies, the single anomaly or particular health insurance will provide for reimbursement of both outpatient and inpatient expenses for the insured.

At least three private health insurance companies are offering dengue-specific products in India. However, the response to such offers has been tepid. Insure Mile, a startup in the insurance sector, has sold only 17 dengue-specific policies in the last three months.

In 2015, Apollo Munich was the first to start dengue insurance, when the number of dengue cases spiraled across the country. However, when TOI contacted Apollo Munich authorities, they refused to speak and share the response received so far for dengue cover.

"When the first dengue cover was launched, the idea was to offer a malaria, dengue-specific insurance at a lower premium compared to that of general insurance. When dengue was spreading alarmingly in 2015, it was a concern for those who didn't have health insurance. Instead of paying a considerably high premium for general health insurance, the dengue specific-product offered to cover the treatment cost of the vector-borne infection so as to reduce out-of-pocket expenses for an otherwise uninsured person," said a source privy to the working of dengue cover in private health insurance sector.

In January 2019, Bajaj Allianz General Insurance launched M-CARE, a product covering vector-borne diseases. It covers seven common diseases prevalent in India — dengue, malaria, chikungunya, kala Azar, Japanese encephalitis, filariasis and zika.

“Although normal hospitalisation does cover treatment for various vector-borne diseases, the expenses for overall recovery from those diseases beyond hospitalisation are huge. We saw a huge increase (at least 15-18%) in vector-borne diseases like dengue, malaria, chikungunya, zika virus in last 4-5 years, and also noticed that people were paying for other expenses out of their pocket,” said Dr Rashmi Nandargi, head — retail health, PA and travel underwriting, Bajaj Allianz General Insurance.

Some insurance firms selling their product in this space have the notion that dengue treatment remains uncovered by general health insurance. “Dengue is not a disease, it’s a viral infection, and hence in many cases a dengue patient admitted to a hospital may not get his/her health insurance covered. In some cases, the person is treated as an outpatient and the general insurance doesn’t cover OPD treatment,” said Mallesh Reddy, CEO, Insure Mile, an insurance aggregator platform. Premiums for dengue insurance provided by Insure Mile ranges from Rs 299 to Rs 682 depending on the insurer and the exclusion.

“It is advisable to go for a cashless insurance to avail immediate medical assistance. Dengue covers provide a high limit of Rs 50,000 to Rs 2 lakh based on the city. Even if one has a regular health insurance with a higher sum assured, it doesn’t cover a specific disease. Therefore, it is advisable to go for a single-digit insurance,” Insure Mile authorities said in response to TOI queries.

Insure Mile dengue insurance excludes children below 18 years as diseases in children tend to escalate into more serious conditions like organ failure.

Covered under health insurance schemes: Hospitals
However, authorities at different private hospitals TOI spoke to disagreed with the claim and said that dengue is routinely covered under health insurance schemes and that there aren’t any hassles with the same. “Dengue has been routinely covered in health insurance schemes. There is no issue with it. Those with a valid general health insurance cover should be able to make use of it. So far, we haven’t seen any patient come with an ailment-specific insurance cover,” said Dr Niranjan Rai, head, administration and insurance, Manipal Hospitals.

(The writer is Sunitha Rao R.)

TOP

Source

Health insurance tips for asthma patients - Deccan Herald – 12th August 2019

India comes first in the global ranking for Chronic Obstructive Pulmonary Disease cases and second for the number of Asthma cases.

As per the Global Burden Disease Study 2016, there are 93.5 million patients in India with Asthma and COPD. Increasing urbanization, poor infrastructure, and worsening pollution levels only contribute further to this conundrum. Asthmatic patients are at a high risk of developing conditions. Hence, on-going and timely management is absolutely critical and, if the condition is managed properly, the patient can live a healthy life.

Here are some points a person with such a condition should evaluate before purchasing health insurance-

Know the coverage: As an asthma sufferer, one would need a health cover that funds the OPD spends, offer services of an experienced coach who can engage with the customer continuously to keep the condition well managed and just in case there is hospitalization also cover that. Txhere are such condition-specific health insurance policies which offer comprehensive coverage. Thus, before purchasing health insurance, you need to know which plan best suits you.

Consider out-of-take pocket costs: Health Insurance does not cover certain elements of medical costs. There could be co-payments, deductibles, sub-limits, and non-payable items. Co-payment is a specified percentage of admissible claim cost that customer bears each time during a claim. Deductibles are the amount one pays for covered services in a given year before the insurer pays, and non-payable costs are those which the insurance won't pay. Sub-limits are caps on amounts payable for specified items in the policy coverage. Therefore, it becomes vital to understand these costs before buying a health insurance policy.

Check if OPD consultations are covered: When choosing between options, the information provided may not be necessarily sufficient to know which one covers asthma best. After narrowing down your choices of plans, it is recommended to call the insurance company to ensure if the doctor's fees, medications, and hospital charges are comprehensively covered. A good health insurance plan covers the expenses of the numerous tests along with doctor's consultation fee and the cost of medication even if the patient is not hospitalised.

Hassle-free treatment: Illnesses not only affect your financial state but also impact you emotionally. Asthma can make an individual go through the worst transitions while financial stress can cause depression. This depression usually hampers the recovery process. A good health insurance cover meets all the aforementioned asthma-related costs and aspects so that a patient can focus on his/her health and be comfortable that he is backed up by a financial safety net. Please check that you are comfortable with the brand of the insurance company.

Check for other covers: There are a product that offer a service of a qualified Health Coach who guides an asthma patient to manage his/her condition well and ensures that he/she adheres to the treatment protocol. Relationship with a 'health coach' is like that with a family doctor as personalized attention is given. The health coach instills discipline in life of asthma patient to take care of his/her condition. To sum up, it is important to take a smart decision while investing in a health insurance plan. Invest in a policy that can be a partner with you in your health and ill-health.

This will not only provide comprehensive financial protection but also give peace of mind to you.

(The writer is Anuradha Sriram.)

Source

TOP

All kinds of cancer treatment will be included under PM-JAY - The Economic Times – 10th August 2019

The National Health Authority (NHA) is planning to include all types of cancer and its treatment under their healthcare packages.

As of now, officials feel the healthcare packages for cancer treatment are not very comprehensive.

For the treatment of cancer, a patient has to undergo various types of medical procedures. These include chemotherapy, surgery and radiations. Therefore, the NHA is planning to include all kinds of regimes for chemotherapy for various kinds of cancer.

"There are some missing links in the treatment of cancer and it not very comprehensive. Hence, we have just recommended further strengthening of the medical packages for cancer. This has to be approved by the governing body and the entire process is likely to take three months," a senior official at the NHA told ANI.

Confirming the development, Dr Indu Bhushan, CEO, National Health Authority said, "Treatment for cancer is very expensive. We want to include treatment for all type of cancer in our health packages which are cost-effective, proven and beneficial to the patients."

When contacted, Dr Abhishek Sankar, Professor of Oncology at AIIMS, said every year about 15 lakh new patients are diagnosed with cancer. Lung cancer is the most common type of cancer with 1 lakh 20 thousand patients detected every year, followed by breast cancer which affects about 1.5 lakh patients, 2 lakh 76 thousand lip and oral cancer cases every year. Nearly 44-45 lakh patients suffer from cancer at a particular time, he added.

NHA is an implementing body of Ayushman Bharat - Pradhan Mantri Jan ArogyaYojana (PM-JAY) health insurance scheme.

Ayushman Bharat PM-JAY, a National Health Protection Scheme, will cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage of up to Rs 5 lakh per family per year for secondary and tertiary care hospitalisation.

So far, 16000 hospitals have been empanelled and nearly 34 lakh beneficiaries have been admitted while nine crore e-cards have been issued.

TOP

Source

CROP INSURANCE

Fasal Bima Yojana: Changes deferred to next Kharif season - Financial Express – 15th August 2019

Currently, there is no cap on premium quoted by insurance companies and during last kharif season; the lowest bid was exorbitantly high at 60% (of sum insured) for one crop in a district.

The government has deferred the proposed changes in flagship crop insurance scheme — Pradhan MantriFasalBimaYojana (PMFBY) — to the next kharif season as it wants the scheme to be foolproof amid criticism of its imposition on loanee farmers and not compensating the beneficiaries in time. The delay in rolling out the necessary changes in the guidelines is also said to be from an apprehension that there could be a sharp decline in coverage if PMFBY is made optional.

Out of 3.38 crore farmers who availed crop insurance in kharif 2018, 64% were loanee farmers while their share was 60% (out of 2.09 crore) in Rabi 2018. In many states, banks force farmers to go for crop insurance if they want to take crop loan as it secures them from any credit default.

Apart from making it voluntary, which was also a promise in BJP’s 2019 election manifesto, the Centre has proposed two other major changes in the PMFBY — capping insurance premium and creating a pool from which claims will be settled. Agriculture minister Narendra Singh Tomar was non-committal when asked about the timeline of the changes. However, official sources said that it could be made effective from kharif 2020.

Currently, there is no cap on premium quoted by insurance companies and during last kharif season; the lowest bid was exorbitantly high at 60% (of sum insured) for one crop in a district. The government plans to cap it at 25-30% of sum insured, sources said, adding companies will have to quote below that. If no company participates in the premium bidding process, that crop may be taken off from the insurance list for that district, the sources said.

The government has also proposed to create a pool or trust of the premium money collected by the Centre, states and farmers, which were so far given to the insurance companies. Whenever there will be claims made by farmers, it will be settled from the money drawn from the pool, an official said. The fund collected may be managed by a public insurance company, he said.

TOP

Source

Looking to increase benefits under PM Fasal BimaYojana after states' feedback: Agri minister - The Economic Times – 13th August 2019

The government will soon launch a more farmer-friendly crop insurance scheme to maximise benefits under the Pradhan MantriFasalBimaYojana (PMFBY), said agriculture minister Narendra Singh Tomar.

"We have seen few shortcomings in the present scheme. We have invited suggestions from states to make it more farmers friendly. The aim of this scheme is just to maximise benefits to farmers and cover their risks," Tomar said.

The minister said the Centre is expecting feedback and suggestions from states this month, after which the scheme would be suitably modified. "We have not fixed any timeline for the new guidelines. Kharif season is on. We can't say now whether it will be implemented in the coming Rabi season even. But whenever it gets implemented, it will be more comprehensive. Deliberations are on and we will try to remove all the shortcomings," he said.

The government is evaluating making this scheme voluntary for farmers while introducing a risk-pooling system wherein government will have more control right from deciding the premium to fixing payouts. "This is just one of the options we are mulling over. Insurance companies would only have administrative role in implementing the programme," said a senior agriculture department official involved in framing new rules for PMFBY.

He said in the risk-pooling system, government would create an agency which will fix crop premiums and payouts while controlling insurance companies would only be restricted to administrative functioning against a fixed charge. "This will eliminate the misnomer that private insurance companies are making money from this scheme. Companies will be given fixed charge and the entire risk will be transferred to the agency," he said.

He said the Centre has also sought inputs from states about removing high premium crops from the ambit of crop insurance and suggested a premium ceiling at25% if irrigated area within a crop is more than 50% and 30% premium cap if irrigated area within a crop is less than 50%.

Risk-pooling system in the works wherein govt agency will fix crop premiums and payouts Assessment of Crop Yields.

(The writer is Rituraj Tiwari.)

TOP

Source

MOTOR INSURANCE

New motor vehicles law will increase insurance penetration – Money control – 9th August 2019

The Indian roads are the most dangerous in the world going by the number of road traffic accidents and the ever increasing number of fatalities resulting out of them.

The existing Motor Vehicles Act, 1988 was archaic and in dire need of amendment to address improvement in road safety, strengthen public transport and improve transport related services available to the public.

The urgency of the same was brought to light and the Motor Vehicles (Amendment) Bill was framed and passed by the Lok Sabha in 2017. The same could not be passed by the Rajya Sabha and lapsed with the dissolution of the 16th Lok Sabha.

In 2019, the Motor Vehicles (Amendment) Bill, 2019 was passed by Lok Sabha on July 23 and tabled before the Rajya Sabha by the Union Minister for Road Transport and Highways, Nitin Gadkari. It has been passed by the Rajya Sabha on July 31 and is waiting for the President's final nod.

The present Bill aims to instill a sense of discipline in the road users and make Indian roads safer.

From the accident victim's perspective, the Bill defines 'golden hour' as the time period of up to one hour following a traumatic injury, during which the likelihood of preventing death through prompt medical care is the highest.

The Bill also requires the Central Government to constitute a Motor Vehicle Accident Fund, which increases the ambit of protection for treatment of persons injured in hit and run accidents, pay compensation to the legal heirs of deceased person and to a person grievously hurt in a hit and run accident.

The compensation in hit and run cases stands enhanced from Rs 25,000 to Rs 2 lakh in case of death and from Rs 12,500 to Rs 50,000 in case of grievous injury.

The enhanced compensation will help in more accident victims and/or their families filing claims under the hit and run scheme. The Bill also proposes increased penalty for offences such as driving without a valid license, speeding, dangerous driving, drunk driving and vehicles plying without a permit, which will act as deterrent against traffic violations.

The definition of 'third party' which was an inclusive definition has been given a wider connotation and is now defined to include the Government, the driver and any other co-worker on a transport vehicle.

Now, the victims of an accident claim won't be required to wait for a long time for disposal of cases by the Motor Claims Tribunal (MACT). They will have an option to approach insurance companies for getting their claim.

The concerned police officer will be required to prepare an accident information report to facilitate the settlement of claim within three months and submit the same to the Claims Tribunal.

The insurance company on receipt of information of accident from claimant or accident report will have to make an offer to the claimant within 30 days before MACT. If offer is accepted by the claimant, insurance company will have to make payment to claimant within the next 30 days.

In case claimant does not agree to the offer made s/he can approach MACT for adjudication. This will benefit the claimants by simplifying the claims process and reducing litigation period, which currently runs into years.

The Bill has increased the penalty for not have vehicle insurance from Rs 1,000 to Rs 2,000. This may lead to more people buying insurance especially two-wheeler owners where the premium rates are comparatively low and they would rather opt for insurance than pay fine.

This will bring more people within the ambit of insurance as around 70 percent of the two-wheelers that are plying on road are uninsured. With this move, insurance penetration will increase especially for two-wheeler segment.

The Bill has proposed a limitation period of six months from the date of accident for filing an application for compensation before the MACT. This will bring down chances of forged claims that are made years after the accident and relieve insurance companies from receiving belated claims where it becomes difficult to properly investigate genuineness of accident and beneficiaries.

As per the Motor Vehicles Act, 1988, an insurance company has unlimited liability under third party motor insurance. This means that, if a person is hit by a motor vehicle and dies, the victim's family can claim any amount from the insurance company.

The insurance companies have time and again justified the need for a 'limited liability' third-party motor cover, as is the case of a fixed compensation for air and train accident victims. It is observed that there is an annual inflation of 18-20 percent, in the average compensation awarded by the courts.

However, the annual premium hikes are not in proportion to the inflation in court awards. The new Bill now empowers the central government to prescribe rules for providing minimum premium and maximum liability of an insurer in consultation with the regulator.

Another point the Bill has addressed is the mis-interpretation of the wordings of the Act, making insurance companies liable to pay the compensation irrespective of the statutory defenses available to them under the existing Act and later recovering the same from the insured.

The scope for any confusion has been done away with in the new proposed amendment. The insurers can now deny third party liability claims if the person behind the wheels or riding a motorcycle does not have valid driving license or permit or if the policy holder has not paid insurance premium. This will instill discipline among the vehicle owners to follow law of the land.

In view of the rising litigation costs and high pendency of motor accident claims before the courts, the proposed amendment has attempted to reduce the pendency by increasing the limit of the amount in dispute. It stands currently at Rs 10,000 which will increase to Rs 1 lakh for an appeal to be made against the award of the MACT.

The proposed new amendments reposes faith of the citizens of India in its legislative system, which strives to benefit and safeguard theirs interest. At the same time insurance companies will also benefit, who can in turn work towards strengthening country's economy along with providing justifiable compensation wherever liable.

(The writer is Sanjay Saxena.)

Source

TOP

INSURANCE CASES

Consumer court sets aside order against insurance firm – The Hindu – 16th August 2019

The State Consumer Disputes Redressal Commission recently set aside an order that had directed ICICI Lombard General Insurance Company Limited to pay ₹4 lakh with 9% interest to a man who fell and died after consuming alcohol in 2016.

Randall Miranda worked with Power Exchange India Limited at Bandra Kurla Complex as assistant vice-president, human resources. His employer had purchased a 'Group Health Floater Policy' for its employees, valid from August 1, 2011 to July 31, 2012. Mr. Miranda's 68-year-old father was covered for ₹4 lakh as a beneficiary. He claimed that the father, while descending the staircase in his house, fell and was admitted to Lilavati Hospital. He received medical treatment and requested cashless benefit under the 'Group Health Floater Policy.'

It was revealed, in the course of communication, that his father had consumed 71.5 mg alcohol which contributed to the fall. The hospital notes mentioned that the patient had consumed alcohol of unknown amount and while walking down the staircase, slipped and injured his head. It was also mentioned that the patient had a history of regular alcohol consumption.

On February 8, 2016, the District Consumer Disputes Redressal Forum directed the insurance company to pay ₹4 lakh to Mr. Miranda with interest of 9% per annum, ₹15,000 for mental agony and ₹5,000 towards proceedings.

The advocate appearing for the company pointed out the exclusion clause of the 'Group Health Floater Policy'. It is not a life insurance policy but one entered into with the employer assuring compensation in case of injury or death due to accident, he said.

The consumer forum Bench, comprising President Justice A.P. Bhangale and member Dr. S.K. Kakade, said, "We have to bear in mind the difference between a life insurance policy and 'Group Health Floater Policy' for which the employer had entered into an insurance contract with the appellant-insurance company. In our view, the employer never intended to enter into an insurance contract for the benefit of employees who would consume alcohol, suffer an accident and claim benefits of the insurance cover.

The exclusion clauses in such an insurance contract between the employer and insurance company ought to be given due regarding when they are specific and clear. There was no reference to quantity of alcohol consumed in the exclusion clause. The intention appears clear that the use of intoxicated drugs and/or alcohol was the condition binding upon beneficiaries and for any act contrary to the exclusion clause, they cannot claim the benefit of the insurance contract."

The order says, "The terms and conditions between the employer and the insurance company in the contract are binding and ought to be construed and interpreted strictly," as it also involves expenditure of public money by or on behalf of insurance companies pursuant to the insurance contract. This, it says, was overlooked by the district forum. In such cases, where the employee met with an accident on account of consumption of alcohol, wherein he had to undergo hospitalisation and die after about a month, "with specific mention of manner of death as natural," the award (order) could not have been passed in favour of the claimant.

(The writer is Sonam Saigal.)

Source

TOP

Insurance firm ordered to pay Rs16 lakh to Punjab Roadways – The Tribune – 13th August 2019

In a case decided here at District Permanent LokAdalat, the United India Insurance, a general insurance company, has been directed to pay Rs16, 12,031 as compensation to General Manager (GM) Punjab Roadways, Jalandhar, depot-1.

The firm has also been asked to pay Rs25, 000 as litigation expense to the roadways authorities for its negligence in conducting timely assessment of loss suffered by the railways.

The Managing Director of Punjab State Bus Stand Management Company through General Manager of Punjab Roadways, Jalandhar (the applicant), had registered a case against the insurance firm on April 19, last year. The applicant is reportedly a registered owner of a bus bearing number (PB-08-CX-9855), which was insured with the company with validity from January 21, 2016 to January 20, 2017, for an insured declared value (IDV) of Rs84, 77,800. The bus met with an accident on GT Road, Gharaunda, on June 14, 2016, in which one person had died.

An FIR was also registered by a family member of the deceased at Gharaunda police station in Haryana in this regard. The applicant informed the insurance company about the accident on the same day and also wrote a letter regarding this on June 27 that year. Following this, the company deputed its official for spot survey, who submitted his report on November 17 that year. In his report, he estimated the loss to the bus to the tune of Rs16, 91, 915. However, the applicant presented a copy of cheque of Rs17,24, 214 to the company that he gave to mechanic for repair of the damaged bus.

According to the roadways authorities, the insurance company rejected the claim of the bus on false ground that one person had died in the accident and no spot survey was conducted. The company further claimed that intimation of the loss was also given 15 days later. Acting swiftly on this, the roadways officials submitted all related documents to prove their point and avail their claim.

The company maintained its stand and did not provide the insurance claim to the applicant. Following this, the applicant approached the Permanent LokAdalat stating that the repudiation issued by the company was false and arbitrary. The applicant also stated that it suffered a loss of Rs36,00,000 for three months, due to the bus being parked with mechanics. The applicant also accused the insurance firm of harassing it mentally, physically and financially.

The case was heard by SS Sahni, Chairman, PLA, and members Sushma Handoo and SK Julka. The PLA concluded that the insurance company was at fault and hence, was liable to pay Rs16, 12,031 as compensation.

Firm had denied claim

A bus of the roadways was insured with the firm with validity from January 21, 2016 to January 20, 2017 The bus met with an accident on GT Road, Gharaunda, on June 14, 2016. General Manager of Punjab Roadways informed the insurance company about the accident on the same day and also wrote a letter regarding this on June 27.

Though the company sent an official for spot survey, it later denied the claim saying that no spot survey was done.

Following this, the roadways approached the local Permanent LokAdalat, which adjudged the case and ordered the firm to pay the amount to the roadways.

TOP

Source

DU graduate among two women held for running fake call centre, offering phony health insurance packages - Hindustan Times – 13th August 2013

Two women were arrested for allegedly running a fake call centre and duping over 350 people of over Rs 50 lakh in the name of providing them low premium health insurance packages, said police.

The police identified the duo as Mangolpuri resident Suman Lata (33) and Palam Colony resident Jyoti (34), who goes by a single name. Police alleged that Lata was the mastermind behind the scam and that Jyoti led the team of half a dozen telemarketers at the centre in Vikaspuri to call and cheat the customers.

According to police, the suspects had created three fake websites for selling their phony health plans and tricked the clients into remitting the premium amount through an inbuilt payment gateway of the websites. They allegedly procured databases of customers from various service providers and called them by posing as health insurance agents, said deputy commissioner of police (southwest) Devender Arya.

"The health packages that the arrested women offered covered the expenses of medical practitioners' fee, diagnostic tests and medicines, operation theatre charges, and the cost of prosthetics and other devices or equipment if planted internally during surgical procedure along with ICU charges," said Arya. Police said the fake call centre was being run from a building in west Delhi's Vikaspuri. Six computers and a pen drive used for storing database of clients, 13 mobile phones, 11 ATM cards and passbook of different banks have been seized from the arrested women, they said.

DCP Arya said that the arrests were made following an investigation into a cheating case filed a few weeks ago at the Sagarpur police station on the complaint of a man named Shibu Chakraborty. The complainant alleged that a woman named Priya, who introduced herself as an agent of a healthcare company, called and offered him a health insurance policy for Rs 25,000 for his brother, a kidney patient who undergoes dialysis regularly.

"The caller knew about Chakraborty's brother's health condition. The plan she offered covered complete reimbursement of all the hospital expenses. Chakraborty paid the amount through the payment gateway of the website mentioned by the caller. He even got a confirmation letter that promised to pay off all medical bills within a week," said Arya.

When Chakraborty did not receive any reimbursement, however, he tried contacting the company directly but found that its contact number and the website were disabled. He then approached the police. Investigations into the case led police to the call centre. It was raided on Saturday and the two women were arrested, a senior officer in the district's cyber cell said. "An analysis of the computers revealed that the women had duped more than 350 people of over Rs 50 lakh in the last 18 months. They had a database of thousands of potential customers who were to be contacted. The racketeers used SIM cards procured on forged documents to contact the client," the officer cited above said.

Police said Lata completed her graduation from a Delhi University college, while Jyoti did her post-graduation in English from Himachal Pradesh University. Lata earlier worked as a tele-caller in healthcare service Provider Company. Both had good command over English and Hindi, said police. "Since Lata was not earning well, she created fake websites, started a call centre and began cheating people by selling phony health related schemes. Jyoti joined her a year ago," the officer added.

(The writer is Karn Pratap Singh.)

Source

TOP

No income tax on interest from accident compensation: High Court – Mint – 9th August 2019

Forty years after an eight-year-old city boy was left maimed for life in a car accident, the Bombay High Court on Thursday held that income tax should not have been deducted from the interest on the compensation awarded by the court. The ruling was given by a bench of justices Akil Kureshi and S J Kathawalla on a plea by accident victim Rupesh Shah, now 48.

Shah, a resident of South Mumbai, was crossing a road when a car hit him in 1978. He remained in coma for six months, and after regaining consciousness, he learnt that the accident had left him with severe injuries including permanent brain damage.

His parents approached the Motor Vehicles Accident Claim Tribunal seeking that Oriental Insurance, the company that had insured the car, be directed to pay compensation.

His plea was allowed but the insurance company went in appeals, first to the high court and then to the Supreme Court. The Supreme Court finally in 2015 upheld the Bombay High Court's ruling that awarded Shah a compensation of ₹39.92 lakh.

The High Court also ruled that Shah be paid an interest of 9% on this principal amount of the compensation since the time he filed the insurance claim. After the apex court upheld it, Shah received ₹1.42 crore in totals in compensation.

This amount was arrived at with the Income Tax department deducting 30% tax at source' on the amount of interest. When Shah filed income tax returns and declared the compensation interest received, he was further served with a notice to pay additional tax of 37.97 lakh.

Shah then approached the high court challenging not just the fresh tax notice but also arguing that the department should not have deducted tax on the interest amount that he had received as part of compensation.

Under the Motor Vehicles Act, the principal amount of compensation is not taxable, so the interest accrued on the same should not have been taxed either, he argued.

The interest too was compensatory in nature, its rate decided after taking into account factors such as the passage of time, inflation, etc, he said.

The Income Tax Department, however, contended that the interest being distinct from the principal amount of compensation is taxable as income from an additional source.

The High Court on Thursday held that the interest earned by Shah for the period between filing of the claim and awarding of compensation by the high court in 2014 should not have been considered as income, and therefore, not taxed.

"We hold that the interest awarded in the motor accident claim cases from the date of the claim petition till the passing of the award or in case of appeal, till the judgment of the high court in such appeal, would not be eligible for tax, not being an income," it said.

The bench also said the IT Department assessor made a mistake in issuing the further tax liability notice to Shah. It sent back the notice, directing the department to re-assess the same.

TOP

Source

NCDRC asks insurance firm to pay over Rs 7 cr to Levi Strauss India - The Economic Times – 9th August 2019

The apex consumer commission has granted relief to Levi Strauss, a global jeans manufacturing brand, while directing an insurance company to pay more than Rs 7 crore to it for the losses incurred due to fire at a warehouse in Bengaluru in 2008.

The National Consumer Disputes Redressal Commission (NCDRC) directed United India Insurance to pay Rs 7.48 crore as claim to Levi Strauss India Private Limited against the damages incurred by the company in a fire that broke out in one of its warehouses in Bengaluru due to electric short circuit.

Besides this, NCDRC Presiding member V K Jain also directed the insurance company to pay compensation in the form of simple interest at nine per cent per annum on the claim amount within three months.

"The opposite party (United India Insurance) shall also pay the principal amount of Rs 7,48,44,265 to the complainant," the Commission said. "The opposite party shall also pay compensation in the form of simple interest at 9 per cent per annum on the aforesaid amount with effect from seven months from the date of appointment of the surveyor till the date on which the payment in terms of this order is made," it added.

On July 13, 2008, a fire broke out in the Bengaluru warehouse of Levi Strauss due to electric short circuit. The company had filed an initial claim of Rs 12.20 crores with the insurance company, which was repudiated. The insurance company had denied the claim on the ground that the loss was covered only under the "Companies Insurance Policy", which was originally taken by the parent company of Levi Strauss, based out of United States.

However, the insurance company, while repudiating Levi Strauss India's claim did not consider the other global policy taken by the company, namely "Global All Risks Property Policy", primarily taken by companies to cover global risks. The commission, in its order, noted that the least of the amount payable to Levi Strauss was Rs 7, 48, 44,265, which the company was entitled to recover from the insurance company along with appropriate compensation in the form of interest.

TOP

Source

PENSION

Public Provident Fund: How power of compounding works best in PPF; all you need to know – Financial Express – 13th August 2019

We all want to save for our long-term financial goals. However, these goals can be achieved by not one, but combinations of different asset classes (equity, debt etc) which will help us accumulate the desired corpus. It is also a fact that different asset classes may also differ in terms of returns and safety. Some of these investment avenues could be fixed income instruments while a few others may be market-linked in nature. Public Provident Fund (PPF) remains a popular fixed-income investment backed with a government guarantee on the principal and interest earned. What’s more, even the earnings are tax-free!

What works most in the favour of PPF account is its tenure and the way compounding of the interest income happens in the scheme. PPF is a 15-year scheme and the compounding is on an annual basis. Had the tenure been short, the effect of compounding would have got lowered and with no compounding over a long term, the effect would have been minimised too!

Compare compounding in life insurance transnational plans such as endowment or money back to PPF. In the former, there is no compounding even though those plans are of long term and the bonus declared gets attached to the policy year-on-year. The next year bonus is not declared on the accrued amount but only on the original sum assured. In PPF, the interest earned in a year gets added to fund and next year interest gets accrued on the previous year basis. Over time, this approach creates wealth even with little or no fresh contributions. We will how it happens later on.

Impact of compounding in PPF

In a way, long tenure and the feature of annual compound in PPF complements each other well. Let's see how compounding impacts PPF corpus after working out the numbers using a PPF Calculator.

We assume the PPF interest rate is 8 per cent per annum throughout the 15-year period. On investing Rs 1.5 lakh each year, the maturity value comes to about Rs 44 lakh – where Rs 22.5 lakh is the principal invested and nearly Rs 21.5 lakh is the interest earned, nearly 48 per cent is the interest!

Now, let's suppose one invest Rs 1.5 lakh each year only for the initial ten years and then invest only Rs 500 for the last five years to keep the account active. The maturity value comes to about Rs 34.5 lakh, of which 56 per cent is the interest! The amount of interest earned in the last five years is nearly Rs 11 lakh on a total additional contribution of Rs 2,500. This is possible because of the effect of compounding as interest declared earns interest on each year's balance amount.

The above is just an example to show the impact of compounding in PPF. Do not merely consider PPF for tax saving purpose. Ideally, maximise the contributions if you have investible surplus even while maintaining asset allocation. One can even extend the PPF account indefinitely with our without making fresh contributions after 15 years. Even after several decades, PPF remains a dependable investment to create a tax-free wealth over the long term.

(The writer is Sunil Dhawan.)

Source

TOP

Reliance Pension Fund surrenders NPS licence – Mint – 9th August 2019

New subscribers of the New Pension System (NPS) have one less pension fund manager to choose from. Reliance Capital Pension Fund Ltd has surrendered its NPS licence with effect from 10 August 2019. The company held a licence in the NPS All Citizens Model and the NPS Corporate Model.

All existing subscribers of Reliance Pension Fund are being transferred to LIC Pension Fund, unless they specifically opt for an alternative.

According to an executive from a pension fund, who did not wish to be named, this was on account of Nippon's stake in the company exceeding the 49% permissible limit for Foreign Direct Investment (FDI). Reliance Pension Fund, which was launched on 21 May, 2009, had assets of ₹103.52 crore as of 30 June, 2019.

"Nippon Life insurance is in the process of acquiring 75% stake in Reliance Nippon Asset Management (RNAM) and PFRDA (Pension Fund Regulatory and Development Authority) guidelines on FDI don't allow the sponsor company to breach the 49% limit. Hence, Reliance Capital Pension Fund Ltd has voluntarily offered back the licence and will cease to act as pension fund manager from 9 August 2019," said a spokesperson from Reliance Nippon Asset Management Ltd.

After the exit of Reliance Pension Fund, NPS will have seven pension fund managers in total. A Mint analysis of the performance of various pension funds shows HDFC Pension Fund to be the top performer. Subscribers can change their choice of pension fund manager once a year, without attracting any exit load or tax. The recent Union budget increased the incentives for investing in NPS by hiking the tax-free withdrawal amount when a subscriber attains the age of 60 from 40% to 60%.

(The writer is Neil Borate.)

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IRDAI CIRCULARS

IRDAI issued Guidelines on settlement of Life Insurance Claims to the victims of recent Floods in many states.

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First Year Premium of Life Insurers for the Period ended 31st July, 2019 is available on IRDAI website.

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Brokers updated list as on 31st July, 2019 is available on IRDAI website.

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GLOBAL NEWS

Indonesia: Life insurance premiums fall by 10% in 1H – Asia Insurance Review

Life insurance premiums fell by 10.3% in the first six months of this year to IDR85.65tn ($6bn), according to data from the Financial Services Authority (OJK).

OJK chairman Wimboh Santoso said the decline was due to the insurance industry undergoing restructuring.

Mr Riswinandi, executive head of Non-Bank Financial Institutions Supervision at the OJK, said, "We are reviewing life insurance products that we know provide for a guaranteed return." The OJK has asked several insurance companies to stop selling products with guaranteed yields, according to local media reports.

Mr Riswinandi added the total premiums collected in the general insurance sector in the first six months of this year amounted to IDR50.93tn. The reinsurance industry contributed premiums of IDR10.79tn, up 14%.

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Source

China: Insured losses from Typhoon Lekima exceed US$850m - Asia Insurance Review

Catastrophe risk modelling firm AIR Worldwide has estimated that insured losses in China from Typhoon Lekima will exceed CNY6bn ($853m). It was the strongest storm to hit this region since Typhoon Chan-hom struck in July 2015.

Lekima made landfall in Taizhou, Zhejiang province, at 2 a.m on 10 August local time. Lekima's path moved slowly north-northeast through Zhejiang Province, passing over Shanghai and crossing Jiangsu Province. The storm made a second landfall on the coast of Qingdao in Shandong Province at 8:50 p.m. 11 August, local time, at tropical storm strength, continuing north across the province to reach Bohai Bay on Monday, 12 August.

Records were broken as a weather station in Shandong measured 217.5mm of rainfall between Saturday morning and Sunday afternoon—the highest since record-keeping for precipitation began in 1952. As of August 12th, 73 Rivers reached or exceeded flood levels and regional authorities warned of more flooding due to continued heavy rainfall in the four Northern provinces.

Gales and heavy downpours struck all along Zhejiang, Shandong, and neighboring provinces as Lekima moved north, triggering landslides and flooding roads, homes, businesses, and cropland. Damaged roads and interruptions to power and telecommunications have been reported all along the storm's path.

Travel, tourism, and shipping have been particularly affected by Lekima. Train, plane, and bus travel were suspended, and ships were recalled to port in advance. Two of Shanghai's largest airports canceled most flights, with hundreds of cancellations reported at other airports across China, including in Beijing.

Major tourist destinations around the northeast were closed with the potential for further business interruption as recovery from the storm continues. Boston headquartered AIR Worldwide provides risk modelling solutions that make individuals, businesses, and society more resilient to extreme events.

TOP

Source

South Korea: Several life insurers see 1H profits plummet - Asia Insurance Review

Major local life insurers including Hanwha Life and Nonghyup Life saw their net profits for the first half of 2019 fall by more than 50% from the corresponding period a year earlier.

For example, Hanwha's net profit plunged by 61.8% to KRW93.4bn, from the corresponding period last year. Nonghyp's net profit totalled KRW12.1bn, a 75.8% dive from the first half of 2018, reported *The Korea Times.*

Life insurers are facing a number of unfavorable factors. Interest rates are expected to continue to fall amid the economic downturn. They also have to strengthen their capital base ahead of the introduction of the new global accounting standard, the International Financial Reporting Standard (IFRS) 17. Investment gains are declining. Samsung Life, the largest life insurer by assets and net profit, saw its net profit for the first half of the year fall to KRW755.6bn, a 47.7% decrease from the figure of the same period last year.

Mid-sized life insurers, though, such as Tong yang and Shinhan did better, seeing growth in year-on-year net profit. Tong yang's net profit for 1H2019 grew by 31.6% year-on-year to KRW71.1bn. Shinhan's 1H 2019 net profit stood at KRW78bn, an 11.4% growth from the same period a year earlier.

TOP

Source

New Zealand: Call for building insurance to be made compulsory for new homes & renovations - Asia Insurance Review

Construction insurance or a building guarantee should be compulsory for people building a new home and carrying out renovations worth over NZ$30,000 ($19,300), according to a majority of submissions to the government.

This is one of several key proposals in a major overhaul of the Building Act 2004 which has been out for public consultation this year, reported *stuff.co.nz*.

The majority of submissions on this issue said all residential buildings should be covered including medium-density housing, high-density housing like new apartment complexes and mixed-use buildings. The views of submitters are summarized in a paper released by the Ministry of Business, Innovation and Employment (MBIE).

Among the parties making submissions is Consumer New Zealand which favours this type of insurance being mandatory. Head of research Jessica Wilson said there was a big gap in consumer protection in this area when a house purchase and renovation was the biggest purchase most people made.

Consumer NZ favours insurance kicking in for renovations over NZ$30,000 rather than NZ$100,000 because at NZ$100,000 most kitchen and bathroom renovations would not be covered but if there were defects in them that would be costly to rectify.

Rollout

Reforms are likely to be rolled out over the next two to five years. However, there are concerns about the impact on the building sector and whether insurers are able to offer an affordable and viable insurance scheme.

The Insurance Council has submitted that insurers would prefer to see the reforms implemented for two years first to see if they were effective in lifting the building industry's performance before risking insuring new builds and renovations.

TOP

Source

Indonesia: Market size shows room to grow in number of insurance agents - Asia Insurance Review

Professional marketers or agents in the life insurance industry still have huge opportunity given the large Indonesian population, says the chairman of the Indonesian Life Insurance Association (AAJI). Mr Budi Tampubolon said that currently the number of life insurance agents is around 595,000 people.This number represents only 0.22% of the total population of Indonesia, which stands at 265m, reported *Bisnis*.

Mr Budi said the number of insured or individual customers in the life insurance industry stands at 17.4m people or 6.5% of the total population. "There is still a lot of potential to become a life insurance agent, and market development opportunities are still very broad," he said last Friday.

In addition, Mr Budi said that until now the island of Java is still the centre for life insurance business. However, AAJI is optimistic that the economic equalization programme, currently being intensively carried out by the government, would trigger growth in various other regions in Indonesia.

TOP

Source

Vietnam: Bancassurance becomes main source of service income for banks - Asia Insurance Review

Bancassurance has now become the main source of income from services for many banks and its contribution to banks is expected to increase.

Analysts from the Saigon Securities Incorporation (SSI) forecast that insurance premiums through bancassurance will grow by about 30-40% this year. Bancassurance will also become one of the most preferred sales channels of the insurance market, contributing 14% to total insurance premiums, reported *Vietnam News*.

According to experts, increasing profit from service fees in general and bancassurance in particular is the right strategy for banks, given that the central bank is tightening credit growth. As an example of the growing importance of bancassurance to banks, at the Tien Phong Commercial Joint Stock Bank (TPBank), income from bancassurance contributed only 17% to the bank's total service revenue in 1Q2018 but the proportion surged to 31% in 1Q2019.

Bancassurance became the fastest growing service segment for TPBank in 1Q2019 when it jumped five times to VND86bn ($3.7m) over the corresponding period of last year. The high growth momentum continued for TPBank in 2Q2019. The rise helped the bank's income from bancassurance reach more than VND249.4bn in the first half of the year; double that for 1H2018 and accounting for 41% of the bank's total service income.

Similarly, Asia Commercial Joint Stock Bank (ACB) is estimated to have earned VND350bn from bancassurance in 1H2019, 2.5 times higher than in the corresponding period of 2018. In 2019, bancassurance is expected to bring revenue of roughly VND600bn for ACB, three times higher than last year.

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Source