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QUOTE OF THE WEEK

“Perseverance is not a long race; it is many short races one after the other.”

WALTER ELLIOT

Insurance Term for the Week

Non-Cancellable Insurance Policy

A non-cancellable insurance policy is one in which the supplier (insurance company) cannot increase premiums or change/reduce the benefit the customers receive for the entirety of the customer’s life or until the customer would no longer like to receive the insurance/benefit. Most often, such a type of insurance policy is related to health, disability, or life insurance. Premiums can, however, rise with age; nonetheless, the increase is predictable.

Non-cancellable policies provide the client with the comfort of knowing they will not need to requalify for the insurance plan in the future if their health were to decline. Most non-cancellable insurance plans go until age 65, where they are then re-evaluated; however, it is not always the case. Some plans extend longer or are re-evaluated sooner, depending on the specific plan being purchased. A non-cancelable insurance policy also makes it easier to plan out future expenses, as the premiums will not change unexpectable.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Centre Re-Thinks on GST Waiver for Insurance - Financial Express - 06th February 2025

The Centre may push back against a proposal to give goods and services tax (GST) exemption for certain insurance policies, as it reckons that this would raise the cost of insurers, leading a firming up of premium amounts. However, it will strongly pitch for a major reduction in the GST rates for insurance sector. This view may be conveyed to the GST Council as it meets next. The Council is likely to consider the report of group of ministers (GoM), which reviewed taxation of health and life insurance premiums in its next session.

Giving health and life insurance premiums a complete exemption from the GST may lead to an increase in their costs, which will be contrary to what the government intends to do, Sanjay Kumar Agarwal, chairman, Central Board of Indirect Taxes and Customs (CBIC) said on Thursday. “A complete exemption will deny the benefit of input tax credit (ITC) to insurance companies, which will be factored into the premiums they charge from people,” Agarwal said in an interview. Under the GST laws, ITC benefit is not available for those goods and services which are exempt from the levy of the GST. “The central government wants to provide relief to insurance holders, but we don’t want any situation where they have to bear higher costs. The Group of Ministers is preparing its report, thereafter the Council will decide,most likely in the next meeting,” said the CBIC Chairman.

The 13-member GoM in its report submitted to the GST Council in December had recommended a GST exemption for premiums paid on pure term life insurance policies which cover family members, and on premiums paid on health insurance policies for senior citizens, above the age of 60. The GoM had also suggested lowering the GST rate on all individual health insurance policies to 5 percent, without the option of ITC. Currently, health & life insurance premiums attract 18 percent GST.

A complete exemption of term-life insurance from GST will cost the exchequer about Rs 200 crore annually, while exempting senior citizens’ health insurance premiums will cost another Rs 3,000 crore, according to sources. Official sources had said that some member states of the GST Council are in favour of adopting a three-slab GST structure, from the extant four slab one. However, many states fear loss of revenue, and thus, no decision on that aspect would be taken in the near-term. The four slabs in the GST structure are: 5 percent, 12 percent, 18 percent, and 28 percent.

On rate rationalisation, Agarwal said that the six-member GoM concerned is looking at all aspects such as, simplification of rates and raising revenues, and a progress on that front will be made soon. “In the rate rationalisation exercise, we have to prioritize simplification of rates, to reduce disputes. Currently, multiple rates apply to similar goods, like food items, which result in litigation. This needs to be corrected,” noted Agarwal. The CBIC Chairman also noted that restructuring of slabs, which was an agenda earlier, may not be considered as of now. “There was thought about it initially, but I am not sure whether it will be feasible to do so right now.” Moreover, on the long-pending demand of an amnesty scheme to settle past disputes related to Customs, Agarwal said that it is not on the agenda of the government as of now. “Last time, in 1998, an amnesty scheme for Customs was introduced, but it didn’t find many takers,” noted Agarwal. “I don’t think the industry is asking for it. I have heard this demand mostly from consulting firms, not from stakeholders,” he said. According to sources, an estimated 30,000 cases are pending in various courts, involving an amount of more than Rs 40,000 crore.

(The writer is Priyansh Verma.)

TOP

Life Insurers Oppose GST Exemption on Term Insurance, Flag Input Tax Credit Concerns – Moneycontrol - 06th February 2025

Life insurance companies have opposed a proposal to exempt term insurance premiums from goods and services tax (GST), saying the move would block input tax credit (ITC) and result in higher costs for policyholders, sources have said. The insurers have sent a detailed representation to the government and the GST group of ministers (GoM) on insurance and said the tax structure that allows ITC claims should be retained. "Life insurance companies have expressed concerns that in the case of term insurance, a zero GST rate would lead to ITC blockage, which would ultimately translate into an increased cost burden on premiums. They are not in favour of a complete exemption," a source privy to the discussions said. Input tax credit gets blocked under GST exemption because insurers cannot offset taxes paid on business expenses, increasing their costs.

At present, life and medical insurance premiums attract an 18 percent GST. The GST Council in its meeting on December 21 deferred a decision to exempt or reduce the levy on term life insurance premiums awaiting further inputs from the Insurance Regulatory and Development Authority of India (IRDAI). Finance Minister Nirmala Sitharaman said, "The GoM on health and life insurance has discussed the matter in detail. However, IRDAI's inputs are still awaited. Once received, the GoM will finalise its report." The insurers' primary concern is that a complete GST exemption would leave them ineligible for input tax credit, leading to higher operational costs that would be passed on to consumers in the form of higher premiums. "Maintaining a GST rate with ITC eligibility is more viable and would avoid added financial strain on policyholders," the source added.

When GST on term insurance premiums is exempted, insurers cannot claim input tax credit on the taxes paid for goods and services they use in business operations, such as IT infrastructure, marketing, and administrative expenses. Under the current structure, insurers can offset these input taxes against the GST they collect from policyholders, reducing their tax liability. However, with a complete exemption, there is no GST output tax to offset the input tax, leading to a "blockage" of ITC. This increases insurers' operational costs which would be passed on to consumers, negating the intended benefit of exemption. The estimated revenue loss from complete exemption would be is about Rs 200 crore annually, government officials said. The exemption can stimulate demand in the sector by making policies more affordable for consumers. "It is expected that if GST relief is passed on to consumers through cheaper insurance premiums, the number of policies sold will increase, compensating for the revenue loss due to elasticity of demand in this sector," the source said.

The GST GoM on life and health insurance was set up on September 15, 2024, under the chairmanship of Bihar deputy chief minister Samrat Choudhary. The 13-member GoM includes Uttar Pradesh finance minister Suresh Kumar Khanna, his Bengal counterpart Chandrima Bhattacharya and Kerala counterpart K N Balagopal . Rajasthan's health minister Gajendra Singh, Karnataka's revenue minister Krishna Byre Gowda and Goa chief minister Pramod P Sawant are among the other members.

The final decision of the GST Council, which is led by union finance minister and has a minister each from a state as its members, on relief for term life insurance premiums is expected once IRDAI sends in its recommendations.

(The writers are Ishaan Gera & Meghna Mittal.)

TOP

Foreign Insurers Setting up India Ops from a Scratch may Hit Bancassurance Wall - The Economic Times – 05th February 2025

The recent Budget proposal allowing 100 percent foreign direct investment (FDI) in the Indian insurance sector is poised to open doors for independent foreign insurers. However, industry experts warn that navigating India's distribution maze will be a significant challenge for foreign firms, especially for those looking to set up operations from scratch. India's insurance market is dominated by bank-led distribution in the private life insurance sector, while the agency channel prevails in non-life insurance. For foreign insurers, understanding and adapting to this distribution model will be crucial.

The absence of a local partner could make it difficult for foreign companies to penetrate the market and establish a sustainable distribution network. Although the move to open up the sector is expected to bring in much-needed capital, increase the number of players, and foster greater competition, experts highlight that foreign insurers will have to make substantial adjustments to their models. Many banks in India are already tied up in joint ventures (JVs) with existing insurers, and foreign players may face difficulty in restructuring these partnerships or finding new distribution avenues. The Indian insurance market also presents unique challenges, with a bancassurance-heavy model for life insurance and an agency-led model for health and other products. Foreign insurers will need to familiarise themselves with these sector-specific dynamics to succeed in the market.

The entry of foreign insurers could bring in more capital and foster innovation, especially in product offerings and customer service. However, it is uncertain whether these changes will be immediately impactful, given the dominance of local players and the reliance on established distribution channels.
Additionally, while the 100% FDI policy is expected to promote technological advancements and potentially reduce insurance premiums in the long run, the actual capital inflows may not meet expectations, as past trends have shown relatively modest increases in foreign investment, even with prior FDI hikes. Despite these challenges, the opening of the sector is expected to be a game-changer in addressing India's insurance penetration, which remains low compared to global standards. Foreign insurers looking to establish operations will need to strategize around distribution model sand adjust to the unique Indian market conditions to succeed in the competition.

(The writer is Meghna Mittal.)

TOP

Govt may ease rules on dividend repatriation, managerial appointments for foreign investors in insurance – Moneycontrol - 03rd February 2025

The government may simplify regulatory norms governing foreign investment in the insurance sector, including easing restrictions on dividend repatriation and the appointment of key managerial personnel, as part of an upcoming amendment to the Insurance Act. The proposed changes will complement the Union Budget 2024 announcement allowing 100 percent foreign direct investment (FDI) in the insurance sector. Department of Financial Services (DFS) Secretary M Nagaraju on February 3 said that the review of investment rules aims to remove regulatory bottlenecks that have deterred foreign investors from entering the sector. "The Budget announcement consists of 100 percent FDI in insurance. Also, we want to simplify the rules for investment, review, and simplification. That is actually what we are talking about," Nagaraju said.

Key Regulatory Changes
The proposed amendments will focus on revising existing rules that impose constraints on the appointment of top executives, including chairpersons, CEOs, and other key managerial personnel in foreign-invested insurance companies. Additionally, the government may ease rules on the repatriation of dividends, ensuring a more investor-friendly environment. "The restrictions we have kept in place through our insurance rules – those we are going to review. That applies to the appointment of chairman, CEOs, key managerial personnel, and also repatriation of dividends. All those restrictions will be

reviewed as part of the bill, which means we will bring it together as an amendment to the Insurance Act," Nagaraju stated.

The amendment bill is expected to be sent to the Union Cabinet soon, following which it will be introduced in Parliament. The secretary highlighted that these changes are crucial for attracting higher foreign capital inflows into the sector.

Lagging FDI
Despite the insurance sector being opened to private and foreign investment since 2000, total FDI inflows have remained significantly lower than global benchmarks. According to government data, the sector has attracted only around Rs 82,000 crore in FDI over the past 24 years. "That is not much. Now it is almost 24 years, and we have just received Rs 82,000 crore. So we want to attract much more FDI in the insurance sector for development, expansion, and integration," Nagaraju said. He added that the regulatory review would bring clarity and remove ambiguities in investment rules. "Repatriation of dividends, appointment of key managerial personnel—all those things will be addressed together so that there is no ambiguity in our approach. Everything will be done as part of the amendment, ensuring a clear roadmap," he said.

Boosting Employment
The government sees the insurance sector as a crucial source of long-term capital for infrastructure development and economic growth. Nagaraju emphasised that allowing 100 percent FDI would not only enhance the sector's global competitiveness but also provide a channel for mobilising funds toward infrastructure and pension needs. "When the insurance sector is opened up for 100 percent, we want to ensure that funds from the insurance sector actually serve as a channel for infrastructure development. This is in the interest of the country and will help create strong, robust assets," he said.
Apart from capital inflows, the liberalisation move is expected to drive job creation in the insurance industry. "It improves competitiveness, brings in technology, and attracts global players. And, of course, the biggest thing is employment," Nagaraju added.

(The writer is Meghna Mittal.)

TOP

Draft bill seeking 100 percent FDI in insurance to be sent to Cabinet soon: DFS - Business Standard - 03rd February 2025

The finance ministry will soon send the draft bill seeking to increase FDI limit in the insurance sector to 100 percent to the Union Cabinet for its approval, Financial Services Secretary M Nagaraju said on Monday. "Finance Minister has already given her approval and announced in the Budget. Now we will prepare a draft bill with the help of the law ministry," he said in an interaction with media here. Thereafter, the draft bill will be sent to the Cabinet for approval. The intent of the Department of Financial Services (DFS) is to get the bill introduced during the current Budget session, he said.

Finance Minister Nirmala Sitharaman in her Budget speech proposed to raise the foreign investment limit to 100 per cent from existing 74 per cent in the insurance sector as part of new-generation financial sector reforms. "This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified," she had said.

So far, the insurance sector has attracted Rs 82,000 crore through FDI.

To enhance the FDI limit, the government will have to bring amendments to the Insurance Act 1938, the Life Insurance Corporation Act 1956, and the Insurance Regulatory and Development Authority Act 1999. The bill will also simplify certain procedure and rules.

The Insurance Act 1938 serves as the principal Act to provide the legislative framework for insurance in India.

It provides the framework for the functioning of insurance businesses and regulates the relationship between an insurer, its policyholders, shareholders and the regulator -- Insurance Regulatory and Development Authority of India (Irdai).

The entry of more players in the sector would not only push penetration but also result in greater job creation across the country.

Currently, there are 25 life insurance companies and 34 non-life or general insurance firms in India. These include companies like Agriculture Insurance Company of India Ltd and ECGC Ltd.

The FDI limit in the insurance sector was last raised -- from 49 per cent to 74 per cent -- in 2021.

In 2015, the government had hiked the FDI cap in the insurance sector from 26 per cent to 49 per cent.

TOP

Govt Plans Bill to Grant More Autonomy to LIC, Allow Composite Licensing in Insurance Sector – Moneycontrol – 03rd February 2025

The government is likely to introduce a comprehensive Bill in the ongoing Budget Session of Parliament to amend the LIC Act, the Insurance Act, and the Insurance Regulatory and Development Authority of India (IRDAI) Act, aiming to grant more autonomy to the Life Insurance Corporation of India (LIC), facilitate composite licensing in the insurance sector, and provide greater flexibility to the insurance regulator. The proposal, which has been finalised after stakeholder consultations, will soon be sent to the Union Cabinet for approval, Financial Services Secretary M Nagaraju said on February 3. “On the Insurance Bill we have consulted stakeholders, and we have finalised the draft. It is likely to be introduced in the Budget Session. We will send it to the Cabinet after legal vetting and drafting. The government wants to do it as soon as possible. The Finance Minister has already approved it. If possible, it will be introduced in the Budget Session,” Nagaraju said.

More Autonomy for LIC
A key aspect of the proposed amendments is granting LIC greater operational independence. Under the current framework, LIC requires government approval for several routine functions, including opening new offices, recruiting staff, and implementing promotion policies. The amendments aim to remove these restrictions, allowing LIC to function with greater autonomy. “LIC, if it wants to open an office, needs government approval. For recruitment, promotions, and normal operations, they must seek permissions. They should now take responsibility of these,” Nagaraju explained.

Composite Licensing
The proposed amendments also seek to introduce the concept of composite licensing, which will enable insurance companies to offer multiple types of insurance – life, health, and general – under a single licence. This move is expected to encourage broader participation and innovation in the sector. Additionally, the changes in the IRDAI Act will provide the regulator with more flexibility in implementing and overseeing regulatory reforms. “We will address insurance issues through insurance rules that we will issue, and through the amendment of the Insurance Act. The IRDAI Act will be amended to give the regulator more flexibility on composite licensing,” Nagaraju said.

Single Bill
The government has opted to introduce a single Bill encompassing all three legislative amendments to ensure a unified message for the insurance sector. “It will be one Bill so that the message to the insurance sector is synchronised,” Nagaraju stated.

The move aligns with the government’s broader vision of deepening insurance penetration, enhancing regulatory efficiency, and fostering competition within the sector. The proposed changes, once enacted, are expected to streamline regulatory processes for insurers, he said.

(The writer is Meghna Mittal.)

TOP

INSURANCE REGULATION

With 100 percent FDI boost, MNCs to drive Capital and innovation in insurance - The Times of India – 01st February 2025

The insurance industry is poised for significant growth and innovation following the government's decision to allow 100% foreign direct investment (FDI) in the sector. This policy shift is expected to bring in fresh capital, with many multi-national giants likely to make large investments, now that they no longer face challenges of control or securing contributions from Indian partners. According to the IRDAI annual report, India currently has 26 life insurers, 25 general insurers, and 7 standalone health insurers, with Rs 35,000 crore paid-up capital in life insurance and Rs 40,375 crore in the non-life segment. The government's move to increase the FDI limits is further clarified in the budget, which states that the proceeds of ULIPs, which do not benefit from tax exemptions, will be taxed at a capital gains rate of 12% instead of the higher marginal tax rate, which can go up to 30%. Also reinsurance for crop cover has been exempt from service tax and threshold for tax deduction at source on insurance commission has been increased to Rs 20000 from Rs 15000 earlier.

In the post-budget press conference, M. Nagraju, financial services secretary clarified that the FDI relaxation was one of the measures in insurance proposed and the amendments would include relaxation on the appointment of key management personnel and other norms. Anup Rau, MD & CEO of Future Generali India Insurance, said, "With just over 60 insurers operating in both life and general insurance sectors, and many of them functioning as joint ventures, the shortage of capable and willing local partners is evident." He also pointed out that since the government first liberalized the FDI norms in 2015, allowing 49% FDI, and raised it to 74% in 2021, the sector has attracted close to Rs 54,000 crore in FDI. He added, "There are too few players in India considering that the US has over 5,000 insurers and the UK around 400."

Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance, said, "We could see India moving towards a future with 1,000 insurers in the next decade." He believes this growth will foster greater competition, innovation, and customer-centric products, ultimately benefiting consumers with more choices and stronger financial protection. Prashant Tripathy, MD & CEO of Axis Max Life Insurance, said the move would not only deepen investments but also encourage innovation, enhance competition, and accelerate insurance penetration. "With strengthened investment, the industry can further drive digital transformation, develop customer-centric solutions, and expand its reach to those who need it most," he added.

Stocks of listed insurance companies rallied on Saturday with the industry expected to see a re-rating. "The Budget 2025's increase in FDI to 100% from the current 74% will aid foreign insurers' interest in investing in the growing Indian insurance market, where we expect strong premium growth to boost profitability. Foreign investment is credit positive for the Indian insurance sector as it increases product innovation and benefits areas such as capital adequacy, financial flexibility, and governance standards," said Mohammed Ali Londe, Vice President, Senior Analyst, Moody's Ratings.

TOP

LIFE INSURANCE

Govt rethinking disinvestment plan? Finance Minister Nirmala Sitharaman sets the record straight - The Economic Times - 06th February 2025

After presenting the Union Budget on February 1, Finance Minister Nirmala Sitharaman has revealed where the government's priorities lies when it comes to disinvestment and privatisation plans. "On disinvestment and privatisation, which was very specifically undertaken and with the cabinet decision, there is just no rethink. Privatisation is a commitment given to the cabinet–we'll have to keep with it," said Sitharaman in an interview. "In the meantime, the valuations of these companies are something on which we have worked, brought in professional management and that is why many of them which were really lacking, have achieved such respectable numbers in the valuation. The listed ones are really doing well in the markets," added Sitharaman.

The Indian government, which owns 45.48 percent in IDBI Bank, and state-owned LIC which holds 49.24 percent, together plan to sell 60.7 percent of the lender. The sale process was first announced in 2022. Commenting on the government's privatisation plan, Finance Minister in interview said that 'it should happen soon.'

Recently, IDBI Bank's potential suitors have been granted confidential data access to carry out due diligence on the lender after a 12-month hiatus, during which their applications underwent government scrutiny, ET had report quoting its sources.

Sitharaman on asset monetisation:
Finance minister Nirmala Sitharaman, in the Union Budget 2025, announced the launch of the second asset monetization plan for 2025-30, aiming to generate Rs 10 lakh crore by monetizing government-owned assets and reinvesting the funds into new infrastructure projects. The government will also refine regulatory and fiscal measures to ensure the plan's successful execution.

Sitharaman highlighted that the new initiative builds on the success of the first asset monetization plan introduced in 2021, which saw Rs 6 lakh crore worth of assets identified for monetization. Under this plan, the government had set a target of Rs 2.5 lakh crore for the first two years (2021-22 and 2022-23), achieving Rs 2.3 lakh crore. In 2023-24, the goal was Rs 1.8 lakh crore, with an achievement of Rs 1.56 lakh crore. "Building on the success of the first asset monetization plan announced in 2021, the second Plan for 2025-30 will be launched to plough back capital of Rs 10 lakh crore in new projects," the finance minister said.

TOP

Insurance companies see no benefit from open architecture; Leaders cite unemployment, mis-selling concerns – Moneycontrol - 06th February 2025

Open architecture is not going to be benefit the companies, said Nilesh Sathe, Independent Director at TATA AIA Life Insurance. He raised concerns about its potential impact on unemployment and self-employment generation, particularly in the agency model. "Why restrict the scope when agency-driven self-employment is crucial?" he questioned. He also highlighted the importance of loyalty in the insurance industry, suggesting that "open architecture could lead to unethical practices, such as agents shifting insurers for higher commissions."

Speaking about the long-term commitment involved in insurance, he said, "Unlike mutual funds, you cannot even exit easily." Open architecture is not going to be benefit the companies, said Nilesh Sathe, Independent Director at TATA AIA Life Insurance. He raised concerns about its potential impact on unemployment and self-employment generation, particularly in the agency model. "Why restrict the scope when agency-driven self-employment is crucial?" he questioned. He also highlighted the importance of loyalty in the insurance industry, suggesting that "open architecture could lead to unethical practices, such as agents shifting insurers for higher commissions." Speaking about the long-term commitment involved in insurance, he said, "Unlike mutual funds, you cannot even exit easily."

Currently, agents are restricted to one insurer per category. While corporate agents have operated under open architecture since 2015, this model has not yet been extended to individual agents. The government's proposed 2024 amendments to the Insurance Act would allow individual agents to partner with multiple life, general, and health insurers, expanding options for consumers. The current proposal, however, has sparked debate within the industry recently with CEOs from major insurance companies, including Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance, and SBI Life Insurance, opposing to the changes, citing concerns about unemployment, mis-selling, and poaching of agents by competing insurers.

Moreover, Sathe pointed out, companies have not seen much success with the open architecture model.

The country's biggest public sector life insurer, LIC, heavily relies on its agency network, which comprises around 14.4 lakh agents as of FY25. LIC generates over 95 percent of its business through agents. The open architecture system could potentially dilute LIC's dominance by allowing agents to promote products from competing insurers, thus offering customers more options, according to a ShareKhan report.

India's private life insurance players, on the other hand, have diversified their channel majorly mix since 2018.

Bancassurance, once a dominant distribution model, has seen a decline, accounting for just 33 percent of individual APE (Annual Premium Equivalent) as of December 2024, down from 71 percent in 2018.
Companies like ICICI Prudential and SBI Life derive 26 percent and 30 percent of their premiums from agency channels. ICICI Prudential in Q3 FY25 saw significant growth in Annual Premium Equivalent (APE) across three major channels: Bancassurance (19 percent growth), agency (26 percent growth) and direct channels (23 percent growth).

The company's success in these channels is partly due to the fact that they are still somewhat insulated from the open architecture model, especially in the agency channel, where agents may still exhibit loyalty to specific insurers, said a JP Morgan report. The company, on other hand, highlighted a muted performance in the corporate agency and broker channels, which follow the open architecture model. These channels showed growth rates of only 7 percent in Q3 FY25, -15 percent in Q2 FY25, and -1 percent in Q3 FY24.

This slowdown is attributed to heightened competition, particularly in bancassurance, where banks can now partner with up to nine insurers, a significant increase from the three insurers they were allowed to partner with before 2022. The intense competition has resulted in higher commission payouts, which could affect profitability as insurers compete aggressively for market share, the report said. In contrast, the agency channel has experienced a decline in commission rates in FY25, compared to the previous fiscal year, indicating that loyalty and long-established relationships between agents and insurers may still influence the agency channel, making it less susceptible to disruption from open architecture, the report added.

The introduction of open architecture in the bancassurance model has increased competition for companies like HDFC Life. In response, insurers have diversified their distribution channels, with agency and direct channels becoming more prominent. HDFC Life currently derives 65 percent of its premiums from bancassurance, 18 percent from agency, and 6 percent from brokers. However, a ShareKhan report suggested that open architecture may have limited impact on HDFC Life's agency channel. This is because core agents are likely to remain loyal to a single insurer, even with the option to work with multiple companies under open architecture.

This indicates that the shift to an open architecture model might not significantly disrupt the growth trajectory of well-established players like HDFC Life, which rely on strong brand loyalty and established agent networks.

(The writer is Malvika Sundaresan.)

TOP

Total tax exemption for ULIP if these clauses are met - The Economic Times – 06th February 2025

Budget 2025 has given significant tax relief to Non-Residents (NRs) who may wish to purchase any insurance policy including ULIPs from a company registered in the IFSC region. Now all insurance policies purchased from an IFSC registered office of the insurer will get section 10(10D) tax exemption irrespective of the fact its premium payable is more than Rs 2.5 lakh for ULIPs and Rs 5 lakh for others. This amendment is applicable from April 1, 2025. Although it may look like a total tax exemption, but there is a catch which is that the Finance Minister has inserted a limitation clause without which this tax exemption for insurance policies bought from the IFSC region won't be given. IFSC which stands for International Financial Services Centre (IFSC) is presently situated in Gandhinagar, Gujarat. Companies which set up their registered office in this region get tax and other benefits. Experts say this enhancement of the tax exemption criteria under section 10(10D) specifically for policies issued from the IFSC region aims to bolster the attractiveness of IFSC as a center for financial services.

Sonal Alagh, Partner, Alagh & Kapoor Law Offices, says, "The significant aspect of this amendment is the removal of the cap on premium amounts which were previously set at Rs 2,50,000 for ULIPs and Rs 5,00,000 for other life insurance policies to qualify for tax exemption. Now, the only condition is that the premium for any year during the term of the policy should not exceed 10 percent of the sum assured. Chartered Accountant Prakash Hegde says, "NRIs are allowed to purchase life insurance policies and Unit Linked Insurance Policies from an Insurance Intermediary Office located in IFSC and they can get benefit from the above tax exemption."

Hegde adds: The Indian Government has set up IFSC to undertake financial services transactions that are carried on outside India by overseas financial institutions and overseas branches/ subsidiaries of Indian financial institutions. IFSC as envisaged under the Indian context "is a jurisdiction that provides financial services to non-residents and residents (Institutions), in foreign currency other than Indian Rupee (INR). To encourage IFSC, the Indian Government has implemented many regulations and also provided many tax exemptions to units in the IFSC and the investors." Explanatory memorandum to Budget 2025 said this about IFSC insurance policies

The explanatory memorandum to Budget 2025 said: "In order to provide parity to non-residents availing life insurance from insurance office in IFSC vis a vis other foreign jurisdiction, it is proposed to amend the clause (10D) of section 10 so as to provide that proceeds received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy as mentioned above." As seen from the explanatory memorandum to Budget 2025, experts say the above income tax exemption is directed only towards non-residents and not Indian residents.

Pranjita Barman, Partner, Cyril Amarchand Mangaldas, says, "While the proposed amendments to the Income Tax Act do not clarify whether it will be applicable to residents, non-residents or both, the memorandum to the speech of the finance minister indicates that such an amendment was introduced to ensure parity for non-residents vis-à-vis other offshore jurisdictions. Accordingly, the intent seems to limit the exemptions to non-residents." For Indian residents, Budget 2025 has clarified that if a ULIP or other insurance policy do not satisfy Section 10 (10D) provisions about maximum premium paid being Rs 2.5 lakh (ULIP), Rs 5 lakh (others) and premium amount limited to 10% of the sum assured, then it will be taxed as capital gains. Read more about it here.

Barman adds: "The memorandum to the budget speech provides that all life insurance policies issued by an IFSC insurance office to non-residents will be free of Section 10 (10D) exemption conditions such has premium limits. It includes all life insurance policies including ULIPs and endowments. Proceeds received out of health insurance policies are never treated as income since they are in the form of reimbursement of expenses incurred and therefore are anyway not taxable, within or outside IFSC. "As a continuation of the tax exemptions, in the Finance Bill presented on 01 February 2025, it has been proposed to allow exemption for gains from ULIPs even if the total premium for the whole year exceeds Rs 2,50,000 and for gains from other life insurance policies (other than ULIPs) even if the total premiums for the whole year exceeds Rs 5,00,000 in case such policies are issued by the IFSC insurance intermediary office. [However, such gains will continue be taxable if the limit on premium i.e. 10% of sum assured, is not adhered to]," says Hegde.

Who is eligible to register as an IFSC insurance intermediary office?
According to a FAQ by IFSC the following entities are eligible:

1. An intermediary or insurance intermediary registered with the Insurance Regulatory and Development Authority of India (IRDAI);

2. A foreign insurance intermediary registered with home country regulatory or supervisory authority;
3. An Indian company incorporated under the Companies Act, 2013, or a firm or a co-operative society; or
4. A body corporate incorporated under the laws of any country outside India.

(The writer is Neelanjit Das.)

TOP

Higher FDI alone won't revolutionize India's insurance sector: Vibha Padalkar, HDFC Life - The Economic Times – 3rd February 2025

First, unit link taxes in 2021, followed by taxes in other than unit link, the 5 lakh limit, followed by many-many changes in terms of more customer-friendly, but significant changes to the sector," says Vibha Padalkar, MD & CEO, HDFC Life. Edited excerpts:

When the insurance FDI was less than 50 percent, market said increase it and stocks will go up. It went to 74 percent. Everyone said okay. Thank you. Today it has gone to 100 percent. Markets are saying it will increase competition and stocks have gone down. Is it true that 100 percent FDI means competition will increase?

It is difficult for me to say. But let me just help deconstruct when FDI went up to 74 percent. Since then, only three companies in the life insurance space have taken it up to 74 percent. This is just above 10 percent of the companies. So, woefully small. Those three companies, I would not say that that has significantly changed in terms of market share either. So, really, for a country of our size, we probably need 2x or 3x number of life insurance and overall, all sorts of insurance companies to be able to serve. So, I do not think that it automatically means, number one,that more capital is going to come. Number two, even if capital does come in, that it is going to change the dynamics very significantly. Second point is that the rough math, at least in the life insurance sector, what we have seen so far, is that one needs almost 2000 to 3,000 crore of capital and fairly patient investor appetite.

And by that, I mean over a decade to even see breakeven. And this is if one has a fair bit of credible distribution. If one does not have, then the wait can be even longer or even into perpetuity almost. So, these are the dynamics, at least in terms of life insurance. So, I think time will tell. And it is great if people feel enthused. But I think the most important aspect for our sector is regulatory stability. And for better or worse, we have seen time and again many-many things that have significantly impacted the business model of our sector. We had the change in taxes. First, unit link taxes in 2021, followed by taxes in other than unit link, the 5 lakh limit, followed by many-many changes in terms of more customer-friendly, but significant changes to the sector. So, I think that kind of stability is really what from an outside investors are looking for before they can make up their mind that can they put 3,000 crore of capital into the company and the sector.

To understand this whole clarification in terms of an impact analysis for ULIP, now that clarity has come in, will it be easier for a manufacturer now to come up with perhaps a clarity when they are selling the units or they are selling the scheme?

Vibha Padalkar: No, the clarification is in terms of policies that have already been sold before the year 2021. So, it really changes nothing in terms of going forward. So, unit link will continue the way we have been selling it since the last changes in the budget in 2021.

And to summarise those changes, if the annual premium is less than 2.5 lakhs, then that is section 10(10D) compliant. Of course, there are some other nuances in terms of how much of sum assured, but that section 10(10D) compliant, and so they are tax-free. Those that are above that limit are taxed as per capital gains tax. So, nothing really changes.

So, it is more clarificatory in nature as the language that has been released today in the memorandum, it is merely clarificatory in nature. However, we welcome it because not only is it clarificatory, but policies that were sold before 2021 that did not have a tax-free status now will be better off quite meaningfully if one is in the highest marginal tax rate. To explain, those that bought policies before 2021, February 2021, the policies did not enjoy tax-free status, would have paid tax, say, at 30%. Now, going forward, they would pay at 12.5% and so would be meaningfully better off. So, it is a slight positive, but no change really in terms of going forward.

If I look at insurance, the big picture is penetration levels are low. India needs to be insured more. COVID has been an eye-opener both in terms of health and life. But if I look at the government's support, very little has come. I mean, it is only about disruption, it is only about the changes, which in a sense have made insurance as a product perhaps less more attractive and that is the irony. I mean, India needs more insurance and there is nothing coming from the government which would say that, okay, hum khade hai aap ke liye.

Vibha Padalkar: No, I think that what is pro-customer is anyway needed to be done. So, things like right selling, not forced selling, surrender charges, and so on. So, I think those are anyway need to be done. But I think doing them all as a policy to say this is an overall of the sector, let us do it and then let the sector grow. Because some data points here is that during COVID, the sector paid 65,000 crores of COVID claim without a murmur. And I am very proud of the sector that we also did not have solvency issues. We did not delay unnecessarily, just trying to be difficult because these are extremely large number. We often paid proactively even when we did not have all the requisite details like even a basic death certificate and yet we rose to the occasion. Even if you were to look at in terms of maturity policies, in terms of overall, in terms of innovation, moving towards increasingly straight through underwriting and straight through processing, and so on, a number of group policies that are covered.

So, I think while there might be a little bit that needs tightening, but I think as a service, we are also talked about comparison to say if you want to buy insurance unbundled, but nothing can be further from the truth and I am taking this platform to just deconstruct the myth to say that if you were to look at a unit linked policy, while it is much maligned, a lot of people like the solutioning aspect to it, and when you compare it with some of the other investment vehicles, one does not take into account that what happens if a person passes away and one could hypothetically say that you could buy a term and so on, but usually people do not do that.

So, at least they have a 10 times cover rather than having zero. If you have the wherewithal to deconstruct, unbundle, please do it. We have those products too and in large measures.
So, I think I agree with you that the time is right for as a nation, for us to realise the core of what an insurance as a sector does and how important it is to propel us to be the number three in terms of overall global rankings. It cannot happen without insurance being a large support the way we did stand as a support for the nation at the time of COVID distress.

TOP

ULIP Taxation: Budget 2025 removes ambiguity! Here's how your ULIP proceeds will be taxed – Financial Express – 3rd February 2025

The Union Budget 2025 has introduced a key amendment in the taxation of Unit Linked Insurance Policies (ULIPs), bringing much-needed clarity to how proceeds from these investments are taxed. Until now, ambiguity surrounded the tax treatment of ULIPs where premiums exceeded certain thresholds, creating confusion for investors. The latest clarification ensures that such ULIPs will now be classified as capital assets, with proceeds taxed under 'capital gains' instead of 'income from other sources'.

This move aligns ULIP taxation with other investment instruments and is expected to streamline financial planning for policyholders. Experts believe the change will enhance transparency, improve investor confidence, and reinforce ULIPs as a structured, long-term wealth-building option.

Taxation of Unit Life Insurance Policy Proceeds
Section 10(10D) of the Income Tax Act provided exemption for any sum received under a life insurance policy, including bonuses, subject to below conditions:
a) Premium payable for any of the years during the terms of the policy (life insurance or ULIP) issued on or after 01.04.2012 should not exceed 10% of the actual capital sum assured; and

b) The amount of premium or aggregate amount of premium payable during the term of such policy or policies should not exceed Rs 2, 50,000 (for Unit Linked Insurance Policy) or Rs 5, 00,000 (for other policy) for policies issued after certain dates.
If the above conditions are not fulfilled, the sum received under an insurance policy may be charged to tax as capital gains (for ULIP) or income from other sources (for policies other than ULIP).

Clarification on Tax Treatment of ULIPs and Non-ULIPs:
In the present provisions, in the case of Unit Linked Insurance Policy, even where payable premium exceeded 10% of the sum assured, the sum received on redemption was not being charged to tax as 'capital gain' under sub-section (1B) of section 45(1B). Even though it was not exempt, there was ambiguity regarding the head of chargeability. "The current amendment has now made the tax treatment given to all ULIP policies consistent," said CA (Dr.) Suresh Surana.

Thus, if exemption under Section 10(10D) does not apply, the sum received under both ULIP and other insurance policy shall be chargeable to tax under the head 'capital gains' or 'income from other sources', respectively. "This move is expected to streamline the tax treatment of ULIPs and other insurance policies and help taxpayers better understand how to plan their finances and tax obligations around life insurance investments. By offering more clarity regarding the tax treatment of life insurance policy proceeds, including the introduction of capital gains taxation for ULIPs in specific cases, the government aims to assist taxpayers in making informed decisions about their financial planning," added Surana.

Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance, said the proposed clarification on ULIP taxation is a welcome step towards greater transparency and consistency in tax treatment. ULIPs where aggregate annual premium is less than Rs 2.5 lakh and do not qualify for exemption under Section 10(10D) are now proposed to be defined as capital assets and taxed as capital gains instead of applicable slab tax rates.

This shift from taxation under 'income from other sources' to capital gains brings more clarity and fairness, reinforcing ULIPs as a compelling long-term investment option. "We view this as a progressive move that will enhance customer confidence and encourage disciplined financial planning," added Chugh.

(The writer is Sanjeev Sinha.)

TOP

Ulips post-Budget: Assess suitability, examine costs before investing - Business Standard – 2nd February 2025

The Union Budget clarified the tax treatment of unit-linked insurance plans (Ulips) that do not qualify for tax exemption under Section 10(10D). Before investing in this market-linked insurance-cum-investment product, taxpayers must understand whether it is suitable for them or if they would be better off opting for a combination of a term plan and mutual funds.

Clarity on taxation
Under Section 10 (10D) of the Income-Tax (I-T) Act, the sum insured received from a life insurance policy is exempt from taxation, subject to two conditions. "This tax exemption is not available if the premium paid in any of the years during the policy term exceeds 10 per cent of the actual sum insured. This rule applies to policies issued on or after April 1, 2012. Furthermore, in the case of Ulips, the tax exemption

under Section 10(10D) is not available if the premium payable during the term of the policy exceeds Rs 2.5 lakh," says Rupali Singhania, partner, Areete Consultants LLP.

Before the budget, confusion prevailed regarding how a Ulip that does not meet Section 10(10D) conditions should be taxed. "While it was clear that such policies were not exempt from taxation, there was ambiguity regarding the head under which tax should be charged," says Suresh Surana, a Mumbai-based chartered accountant.The confusion, according to Singhania, lay in whether the sum received should be taxed as 'capital gains' or as 'income from other sources'.

The budget has ushered in complete clarity in this regard. "If exemption under Section 10(10D) does not apply, then the sum received from a Ulip shall be chargeable to tax under the head 'capital gains'," says Surana. Ulips, according to Singhania, will henceforth be treated on a par with equity-oriented mutual funds. "They will be taxed at the rate of 12.5 per cent after one year," she says.

More or less attractive?

This clarity will benefit high-income earners. "The rate at which they will have to pay tax on capital gains in Ulips will be lower than their slab rate," says Abhishek Kumar, a Securities and Exchange Board of India (Sebi)-registered investment adviser and founder, SahajMoney.com. According to other experts, this clarification neither enhances nor diminishes the attractiveness of Ulips. "The tax treatment remains consistent. This clarification does not make Ulips more or less attractive; it simply removes ambiguity," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors.

Switch without paying tax

One advantage of a Ulip is that investors can choose the underlying mix of products. "People who want to mix insurance with market-linked instruments can do so through Ulips. Policyholders can also change funds based on their preferences during the policy term," says Kumar. The switches one makes between funds in a Ulip are not subject to tax. "This is unlike a mutual fund, where if you switch from one fund to another, there is a tax incidence," says Dhawan.

Ulips also offer a tax benefit to taxpayers under the old tax regime. "Such individuals can get a tax deduction of up to Rs 1.5 lakh under Section 80C," says Dhawan. Ulips come with a lock-in of five years. This can be advantageous for investors who find it hard to stay invested in a market-linked instrument amid increased volatility.

Low flexibility, high costs

According to Dhawan, investors enjoy greater flexibility (for example, reduce coverage) when they segregate life insurance from investments. This aim gets defeated on investing in a Ulip. "The expenses could be a little higher than in a pure investment product," says Dhawan.

Kumar points out that Ulips have liquidity issues. Investors who realise that a Ulip they have purchased does not suit them cannot exit the product before five years. "Many Ulips come with several charges such as policy administration charge, fund allocation charge, etc. These, in turn, reduce the overall returns of policyholders," says Kumar.

Are they suitable for you?

Investors who struggle with financial discipline and are prone to panic during market fluctuations may find Ulips beneficial, as they restrict premature withdrawals and encourage long-term investment. "Investors who are more informed and value flexibility may benefit from keeping their insurance and investment separate, allowing for greater control over their financial planning," says Dhawan.

One also needs to understand the liquidity constraints of these products. "People who want to maintain liquidity should avoid Ulips," says Kumar. The same holds for investors who do not want the volatility of equities.

Points to keep in mind

Investors who decide to invest in a Ulip should be mindful of its costs. "Examine the charges you will pay over the policy's tenure," says Kumar. Assess the adequacy of life cover.

"The insurance coverage should be sufficient to provide a decent sum to dependants. Ulips typically offer coverage of around 10 times the premium amount, which may not be adequate," says Kumar.
Key checks to run before buying a Ulip

> Assess premium allocation, fund management, and switching fees
> Choose right Ulip type
> Type 1 Ulip provides a death benefit equal to the sum assured or the fund value, whichever is higher
> Type 2 Ulip offers a death benefit equal to both the sum assured and the fund value but typically comes with a higher premium
> Consider the tax benefits and lock-in associated with Ulips before investing
> Evaluate the fund's historical performance and track record of its fund manager

(The writer is Himali Patel.)

TOP

GENERAL INSURANCE

India's insurance landscape: Poised for growth - Financial Express - 06th February 2025

The coming decade is perhaps going to be a golden period for India's insurance sector – be it life and non-life – full of opportunities and a few challenges, but the industry is in a position to take full advantage of the opportunities and forge ahead of challenges. The regulator has been in synch and has been ensuring that the regulations act as facilitator and not be a hurdle in the forward march of the industry. Let us see where the industry stands today and what the path ahead is. In FY24, non-life insurance companies' premium income increased by 19.5 percent year-on-year to Rs. 1,14,972 crore (US$ 13.8 billion). The growth was driven by health, motor and crop Insurance. The number of non-life insurance policies witnessed a growth from 253.1 million in FY22 to 301.8 million in FY23.1 During 2022-23, the Indian non-life insurance industry underwrote a total direct premium of Rs. 2.57 lakh crore (US$ 30.77 billion) which was a growth of 16.40 percent over 2021.2

The rapid growth in the insurance sector can be attributed to the increased participation of private players, use of technology, product innovation, improvement in distribution capabilities and improvement in operational efficiencies. Post Covid, the sector is also getting a boost from the government's initiatives like the Pradhan Mantri Fasal Bima Yojana (PMFBY) for crops and Pradhan Mantri Jan Arogya Yojana (PMJAY) for health insurance introduced specifically for the rural population. IRDAI's initiatives, such as, Bima Vahak or women agents who go to rural areas with insurance offers, and Bima Sugam platform, a digital marketplace that makes insurance accessible even to remote areas by offering services like policy purchase, renewals and claims management.

Going forward, IRDAI has taken 'Insurance for All' by 2047 in a mission mode and is tweaking its regulations to help the industry achieve this goal. The government has recently mooted a bill to allow 100% foreign direct investments in the insurance sector. Along with competition, this will bring in further know-how and international best practices in the sector. The regulator is also planning to issue a lot many licences to private players.

In a recent announcement, IRDAI gave flexibility to insurance companies to fix an overall cap on commissions to agents, brokers and other intermediaries. The IRDAI Committee will soon bring in many more reforms allowing extension of the free book period, allowing agents to tie up with more than one insurance company which will have significant impact on the insurance industry.

These measures will help insurance companies to better manage their management expenses. IRDAI has been consolidating regulations and making them principle based, from the viewpoints of ease of doing business and encouraging innovation in the sector. For the industry thus, increased competition will bring in best practices and newer product designs on the one hand with affordable pricing and access to insurance seamlessly for the customer on the other.1

Moreover, the union budget tabled in Parliament last week by the Union Finance Minister, Nirmala Sitharaman, had proposals that could help improve insurance penetration. The big-ticket announcement of 100% FDI in insurance will play a major role by attracting greater capital inflows, promoting healthy competition, and integrating global best practices in India.

The proposed tax reforms, including TDS rationalization and increased thresholds for senior citizens, will help taxpayers and promote financial inclusion, which will eventually play a significant role in fulfilling the 'Insurance for All' by 2047 goal.

Breaking the mould
Technology and entry of private players with their now nimble-footedness and innovation in the past two decades have indeed broken the mould. The share of private players in the general insurance business today is 65% while the public sector holds 35%.

While the achievements of the insurance sector are significant, the penetration of general insurance is still negligible at 1.0% of the GDP as of FY23. Given India's economic growth, this is no progress at all.

Opportunities and challenges
Currently, India is the 10th largest insurance market in the world. As per a Swiss Re's report, India is expected to grow the fastest among G20 countries, with the total premium projected to grow at an average of 7.1% as compared with the global average of 2.4% during 2024-28. Swiss Re has also projected India to be the sixth-largest insurance market by 2032, surpassing Italy, Canada, South Korea, and Germany.

India's ambition to be a developed country will need a large industry base which for the insurance industry will create huge opportunities. Its young and aspirational population too augurs well for the insurance industry's growth. Further, in a rapidly evolving world, newer risks keep emerging, throwing newer opportunities for the industry. Cyber security and climate risks are on the top of the list.

With the help of technology, the insurance industry has brought in innovative products, such as, 'pay as you use' and the facility to buy insurance from home. The industry needs to bolster these efforts. Using available technology like AI and machine learning the industry needs to segment the population deeper, understand their behaviour patterns and bring in more and more customer-specific products that take care of their diverse locations and needs. By using platforms like programmable payments the customers can be offered adjustable payments of insurance premiums according to their ability to pay.

The players also will have to be operationally efficient and profitable at the same time. Digitisation has simplified and standardised the processes to enhance efficiency and productivity. Use of technology and existing infrastructure for onboarding new customers and for renewals can further save costs. Lastly, financial literacy for end-users, agents and employees to remove misconceptions about insurance will help bring in more business to the industry.

The industry is currently at the crossroads. With enablers like technology and some out-of-the-box thinking and customer-centric approach in designing new products, the industry is sure to achieve the regulator's goal of 'insurance for all' and more.

(The writer is Naveen Chandra Jha.)

TOP

The importance of pre-existing disease coverage in senior citizen insurance plans - India CSR - 06th February 2025

Managing health gets more challenging as we get older, particularly for seniors. According to a recent UN Population Fund (UNFPA) 2023 estimate, almost 26 percent of Indian senior people suffer from several chronic ailments, including cardiovascular diseases, diabetes, and hypertension. Given such common health risks, appropriate healthcare coverage is imperative, and pre-existing disease (PED) coverage in an insurance plan is a major determinant of the health security of a senior citizen.

What Is Pre-existing Disease Coverage?
Pre-existing diseases are health conditions that a person already has before getting a new health insurance policy. From high blood pressure and diabetes to more severe illnesses like heart disease, kidney difficulties, and even cancer, these diseases can strike anyone. The best medical insurance for senior citizens policy provides coverage for pre-existing conditions, illnesses, or disorders the policyholder already has at the time of purchasing the policy. Although most insurance companies have a waiting time before such problems can be covered, PED coverage lets seniors get financial protection for these diseases once the required waiting term has elapsed.

Why Does Pre-existing Disease Coverage Matter for Senior Citizens?
The need for pre-existing sickness coverage is much more urgent for senior citizens. Many health problems often strike at this point in life concurrently. Paying for treatments out of pocket might become unbearable without proper insurance coverage.

Senior citizens should consider including pre-existing sickness coverage in the best family health insurance plan for the following reasons:

1. Protection against Chronic Health Conditions
Many senior adults have chronic conditions such as asthma, diabetes, or hypertension. These disorders could call for long-term treatment, including frequent prescriptions, doctor visits, or perhaps hospitalisation. Continuous therapy for some diseases can rapidly become expensive without insurance coverage. Coverage for pre-existing diseases guarantees financial protection for senior individuals against the high expenses of treating chronic conditions.

2. Comprehensive Health Coverage
Health insurance policies with pre-existing disease coverage have one of the main benefits: they present a more complete approach to health. Most insurance with this ability lets seniors get coverage for regular treatments and emergencies. This would enable elderly people to concentrate on enjoying their lives free from continual concern about the cost of health management.

3. Peace of Mind
Health becomes a common concern with age. The problem gets much worse when one combines financial uncertainty with the concern of not being able to get reasonably priced medical coverage. Insurance covering pre-existing illnesses provides peace of mind by ensuring support for ongoing health issues.

4. Timely Treatment for Emerging Issues
Seniors with well-managed pre-existing conditions can still face new health issues over time. Insurance that covers these conditions ensures they are protected against new problems and complications. This protection is vital as seniors are more vulnerable to health changes.

5. Better Financial Planning
Managing healthcare expenses can be difficult for seniors with fixed incomes or retirement money. If unanticipated treatments are needed, high medical costs can wipe your savings. With pre-existing disease coverage, seniors can relax knowing their insurance company would handle treatment expenses for these conditions. Seniors with this financial stability can better budget their money and prevent draining their savings.

6. Access to Specialist Care
Many senior citizens need treatment from highly qualified doctors and medical professionals since seniors can occasionally call for specialist care for health problems. Usually speaking, these experts charge more than regular practitioners. However, most senior citizen insurance plans with pre-existing disease coverage guarantee access to networked healthcare facilities and specialists, ensuring that elderly persons get top-quality treatment free from financial stress.

Final Thoughts
Including pre-existing disease coverage in a senior citizen insurance plan is crucial since health issues tend to rise with age. For continuous medical conditions, its financial protection guarantees seniors' ability to maintain their health and well-being without needless financial burdens.
One should carefully evaluate the degree of pre-existing disease coverage provided and the terms connected with choosing the best family health insurance plan. After all, the stronger the coverage, the more seniors feel safe about handling their health in their golden years.

TOP

Health insurance for senior citizens is expensive - Business Standard - 06th February 2025

On January 30, the Insurance Regulatory and Development Authority of India (Irdai) issued a circular directing insurers not to revise the premium for senior citizens by more than 10 percent per annum. If an insurer proposes to increase the premium for senior citizens by more than this level, it must obtain prior approval from Irdai. Three factors lead to an increase in health insurance premiums. One is medical inflation, which in India is around 14-15 percent. The second is the insurer's claims experience, and the third is change in age bracket. Once a customer moves from the 60 to 65 age bracket or from the 65 to 70 age bracket, there is often a substantial jump in premium. "Health insurance premiums do not necessarily increase every year. A company might keep the premium constant for three years, after which it might bump it up substantially. Customers who entered that plan a year ago would feel that their premium has undergone a hefty increase within a short period," says Naval Goel, chief executive officer, PolicyX.

Health insurance for senior citizens
Premiums are for a 60-year-old male living in Delhi for a Rs 20 lakh sum insured

Insurer	**Plan**	**Key features**	**Annual premium (in Rs)**
Aditya Birla Health Insurance	Activ One	No room rent limit Rs 75 lakh Renewal Bonus; optional Unlimited restoration of cover	55
CARE	Care Advantage	Single pvt AC Room Rs 5 lakh no claim bonus Restoration of cover once a year	41
ICICI LOMBARD	Elevate	Claim unlimited amount once in a policy lifetime (with rider) Single pvt AC Room Rs 10 lakh no claim bonus Unlimited	49

		restoration of cover	
NIVA BUPA	ReAssure Bronze+ Value (Direct)	Carry forward your unutilised base coverage up to 3X. When you claim, get back your base coverage, unlimited times and forever. No Room rent limit Rs 25 lakh Claim Bonus Unlimited Restoration of Cover,Forever	37
STAR	Super Star	Super Star	42

Source: Policybazaar

Senior citizens have a higher propensity to fall ill because of their advanced age. As a result, insurers tend to increase their premiums by a higher amount. "In any case, premiums of senior citizens are already high. And whenever there is a sharp increase, it leads to a lot of complaints. Hence, the regulator has taken cognisance of this issue," says Kapil Mehta, co-founder, SecureNow. The fact that most senior citizens do not have an active income and are dependent on their savings may also have prompted the regulator to impose this cap.

The imposition of a cap is expected to have a positive impact. "It will provide comfort to senior citizens that their premiums will go up within a certain limit. More senior citizens, or their children (on their behalf), will be incentivised to purchase health insurance," says Siddharth Singhal, head of health insurance, Policybazaar. Budgeting for this expense will also become easier. Insurers are now expected to be more sensitive to the fact that the regulator is keeping an eye on pricing for senior citizens. "They will now give a lot of thought to how they price their new products and how they hike the premium over the years," says Mehta.

The mindset of locking in customers at a low price and then jacking up the price later is expected to die out. Experts see two possible negative effects of the cap on pricing. The initial price might be set higher. "Insurers will want to make sure that they get the pricing right in the first round (at the time of launch)," says Mehta. They will, however, have to be mindful of competitive pressures. "If you set the premium too high, fewer customers will come into your pool," says Singhal. Some tightening of underwriting standards may also occur. "Insurers could get stricter regarding whom they issue the policy to," adds Mehta.

Once a policy has been launched, the coverage it offers cannot be reduced. But there might be fewer augmentations to its features. "Earlier, whenever there was a price increase, insurers used to add some features to the plan. We might see limited instances of that in the future since insurance companies may not be able to afford such improvements," says Goel. One option for reducing the premium is to go for a deductible of Rs 3-5 lakh. "Whatever amount you choose as deductible, keep that much aside for medical conditions," says Mehta.

When the need for hospitalisation arises, go to a preferred partner network hospital. "Going to such a hospital can get you a discount of up to 15 percent," says Singhal. If you go for a lower category of room (say, twin or multi-sharing), that can also get you a discount. Nowadays, plans have become modular. "It means you can avoid all those features which you are not likely to need," says Singhal. He also recommends that customers who find it difficult to pay a large amount annually should go for monthly payments, which are more bearable. Instead of waiting till the age of 60 or later, buy health insurance at an early age. "This will allow you to get a good plan at a reasonable price," says Goel. As you age, the number of choices available to you also reduces (you may already have a few ailments due to which the range of policies you can choose from becomes limited). He also suggests going for a no-frills plan that tends to be more cost-effective.

Underwriting norms for senior citizens tend to be strict and could get even stricter in the coming days. "Look for specialised senior citizen plans which tend to have more accommodating underwriting standards," says Ashish Yadav, head of products and operations, ManipalCigna Health Insurance. He adds that insurance companies may evaluate risk more favourably if you provide a thorough account of your medical history and are open about existing health issues. When an insurer turns down your application, they typically provide the reason for doing so. Try another insurer. "Go through a pre-underwriting process where you provide your medical reports and get a view from them about whether they are likely to accept your proposal," says Mehta.

Another option, says Singhal, is to go for an ailment-specific product (say, heart-related), which tends to accept customers with pre-existing ailments. Goel suggests enlisting the help of a good broker who may be able to guide you regarding which insurer is likely to accept your case.

(The writers are Sanjay Kumar SinghKarthik Jerome.)

TOP

Over 85 million treatments availed under Ayushman Bharat-PMJAY: Govt tells RS - Business Standard - 04th February 2025

Over 8.5 crore treatments have been availed by the beneficiaries under Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) till January 31, 2025, Union Health Minister J P Nadda told the Rajya Sabha on Tuesday. Out of this, approximately 42 million treatments were undertaken in government hospitals and 43 million in private, Nadda said while responding to a question. All states and UTs across the country have on-boarded the scheme except for West Bengal and NCT of Delhi. The AB-PMJAY is a flagship scheme of the government which provides health cover of Rs 5 lakh per family annually for secondary and tertiary care hospitalisation to approximately 55 crore beneficiaries corresponding to 12.37 crore families constituting economically vulnerable bottom 40 percent of India's population.

Recently, the scheme has been expanded to cover 6 crore senior citizens, 70 years and above, belonging to 4.5 crore families irrespective of their socio-economic status under AB-PMJAY with Vay Vandana card, Nadda said. Under the scheme, in-patient healthcare services are delivered through public and private empanelled hospitals at secondary and tertiary level. The scheme is implemented across the country through a three-tier model -- National Health Authority (NHA), State Health Agencies (SHAs) and District Implementation Units (DIUs) at national, state and district levels respectively. For effective implementation of the scheme at state level, state governments have set up SHAs, the minister said.

This entity is the nodal agency responsible for the implementation of AB-PMJAY in the State and is headed by a Chief Executive Officer. The CEO, SHA, is appointed by the state government. The SHA can hire additional staff or an insurance company or an Implementation Support Agency (ISA) to perform required tasks for implementation of the scheme. The states and UTs have been provided with the flexibility to implement the scheme in the operational model best suited to the local conditions, Nadda said.

Accordingly, AB-PMJAY is implemented in trust mode, insurance mode and mixed (Hybrid) mode, he said. Currently, 25 states and UTs are implementing the scheme in trust mode, 7 in insurance mode and 2 states in hybrid mode, the minister said. The AB-PMJAY currently provides free healthcare access up to Rs. 5 lakh per family per year for secondary and tertiary care hospitalization in 27 different medical specialties, he said. Expansion in treatment is done by inclusion of new procedures, empanelment of new hospitals, inclusion of new beneficiaries and other improvements as per requirements from time to time.

TOP

Cancer treatment costs Rs 30-40 lakh: How health insurance can help - Business Standard - 04th February 2025

Cancer cases are increasing rapidly. In 2020, the Indian Council for Medical Research (ICMR) estimated 1.39 million cases across the country. Hospitals are reporting a surge in patients with lung, breast, cervical, and colon cancers. Treatment is not only difficult but also expensive—Policybazaar estimates costs ranging from Rs 30 lakh to Rs 40 lakh. With such high expenses, how well does India's health insurance sector cover cancer treatment?

"All types of cancers with their primary occurrence or recurrence are covered across most of the comprehensive health indemnity products across the industry. Cancer as a disease is not differentiated in terms of coverage and is covered fully like all other illnesses. The standard waiting period, which is applicable across the policy for all other illnesses requiring hospitalisation, applies. For example, in the initial year of coverage commencement, a comprehensive health policy has an initial waiting period of 30 days for non-accidental claims. Hence, we can broadly say that no specific waiting period is applicable for cancer," said Priya Deshmukh, Head of Health Product, Operations & Services, and ICICI Lombard.

Siddharth Singhal, Head of Health Insurance at Policybazaar, said, "Coverage availability may depend on the type and stage of cancer, with early-stage diagnoses typically having broader options. Some insurers assess medical history and treatment progression before offering coverage."

Eligibility criteria for cancer coverage under health insurance policies

"Cancer care policies range from critical illnesses, including comprehensive coverage for early-stage cancers (Category A) and cancers of specified severity (Category B), often with a designated limit on the sum insured," according to Bhaskar Nerurkar, Head of the Health Administration Team at Bajaj Allianz General Insurance.

"The cost of cancer treatment has been steadily rising due to factors such as advanced medical technologies, the demand for specialised care, and the increasing prices of prescription medications. To safeguard against potential financial setbacks, individuals can plan ahead by opting for cancer coverage, providing protection and peace of mind in the event of a diagnosis. Individuals seeking cancer coverage have two product options to choose from: indemnity insurance, which covers the treatment costs for cancer, and benefit insurance, which provides a lump sum payment upon the first diagnosis of the disease.

Eligibility criteria vary depending on the product and are determined according to the insurer's underwriting guidelines.

For instance, TATA AIG Criti MediCare offers coverage against 100 critical illnesses, including 'cancer of specified severity' on a benefit basis. The product also has a dedicated section, 'Cancer 360 Degree-Indemnity Cover,' to cover medical expenses payable for treatment of cancer (including in-situ cancer or any pre-cancerous lesions). TATA AIG MediCare Premier is an indemnity health insurance plan that covers medical expenses related to the treatment of illnesses and injuries, including cancer. The product also covers medical expenses of the insured person incurred outside India, provided that the diagnosis was made in India," said Dinesh Mosamkar, Senior Vice President - Consumer Underwriting, TATA AIG.

PolicyBazaar's Singhal lists some common eligibility factors:

Age limits: Most policies allow enrolment from 18 to 65 years, with some plans extending coverage to older individuals.

Medical history: Applicants may be required to provide details of their medical history for underwriting purposes.

Waiting period: General health insurance policies usually have a 30 to 90-day waiting period before cancer coverage becomes active.

Pre-existing conditions: Coverage for individuals with pre-existing cancer is subject to medical underwriting, with some insurers offering coverage based on individual risk assessment.

Amount insured

"The sum assured options generally range up to Rs 50 lakh for individuals aged 18 to 65, while those entering the policy between 61 and 65 usually have a limit of up to Rs 10 lakh, subject to individual circumstances and policy regulations. Eligibility criteria for cancer coverage usually mandate a minimum entry age of 18 for adults and three months for children and a maximum entry age of 65 for adults and 30 for children. Additionally, some policies may not require pre-policy medical tests for the cancer care section, provided no adverse health conditions are present," said Nerurkar.

How do insurers handle cases of cancer recurrence?

"Most health and cancer-specific insurance policies provide continued coverage for cancer recurrence, ensuring long-term financial protection," said Deshmukh.

Some common policy structures include:

Comprehensive health insurance plans: These cover hospitalisation and treatment for recurrent cancer as long as the sum insured is available.

Cancer-specific policies: Some specialised policies offer structured payouts for recurrence or metastasis after a specified waiting period.

Choosing a policy with a high sum insured ensures sufficient coverage in case of recurrence, while add-ons like critical illness riders provide lump sum payouts to help manage expenses.

Available plans and cost estimates

There are two primary types of insurance plans that cover cancer treatment:

Comprehensive health insurance plans– Standard policies covering cancer treatment along with other major illnesses. They typically include hospitalisation, chemotherapy, and surgery.

Cancer-specific insurance plans– Dedicated policies providing financial support for cancer treatment, including lump sum payouts upon diagnosis.

PolicyBazaar shares insurance policies for a 40-year-old individual in Delhi:

Care Health – Care Supreme
Coverage: Rs 25 lakh
Annual premium: Rs 19,243
Niva Bupa – Reassure 2.0 Bronze+
Coverage: Rs 25 lakh
Annual premium: Rs 17,668
Aditya Birla – Active One
Coverage: Rs 25 lakh
Annual premium: Rs 15,577
ICICI Lombard – Elevate
Coverage: Rs 25 lakh
Annual premium: Rs 15,478
Star Health – Super Star
Coverage: Rs 25 lakh
Annual premium: Rs 14,954
HDFC Ergo – Optima Secure
Coverage: Rs 25 lakh
Annual premium: Rs 21,411
Star Health – Cancer Care Platinum
Coverage: Rs 10 lakh
Annual premium: Rs 31,081
Manipal Cigna – Prime Senior Elite
Coverage: Rs 10 lakh
Annual premium: Rs 23,888

"Before buying insurance, applicants should carefully review any sum insured limitations, disease-wise restrictions, room category limits, exclusions on advanced treatments, geographical restrictions, cost-sharing provisions, and waiting periods," said Mosamkar.

Does insurance cover advanced cancer treatments?
"Yes, depending on the conditions of the policy, some health insurance plans cover cutting-edge cancer therapies like immunotherapy and targeted therapy. These treatments may be subject to sub-limits or exclusions under standard policies. Comprehensive products such as TATA AIG Criti MediCare offer coverage for these advanced treatments up to the sum insured," Mosamkar said.

"While purchasing any health insurance policy, it is imperative that customers declare all current and previous health conditions, treatments or surgeries already taken, and any ongoing medication. Not disclosing or misrepresenting health conditions, which is material information, may lead to rejection of claims in future," said Deshmukh. Do note that the cost of diagnosis, which can go up to Rs 50,000-60,000 is not included in the health insurance policies.

(The writer is Surbhi Gloria Singh.)

TOP

PM-JAY transforms healthcare access, provides free treatment to millions in Gujarat - The Economic Times – 05th February 2025

Launched on September 23, 2018, by Prime Minister Narendra Modi, the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) stands as a transformative step towards India's goal of Universal Health Coverage (UHC). With its ambitious mission to provide health insurance to over 500 million people, this flagship scheme aims to ensure access to quality healthcare for the country's most vulnerable populations, revolutionizing the healthcare landscape in India. PM-JAY has transformed healthcare by providing health coverage to the country's most vulnerable. Jyoti Amit Kumar Shah, a beneficiary of PM-JAY from Ahmedabad, Gujarat, shared how the scheme has helped him receive free treatment.

"Initially, I went to a private hospital for treatment. It was expensive, and the surgery did not work out. Later, I benefited from the PM-JAY scheme and am now receiving free treatment here," he said. Vivek Singh, another beneficiary of PM-JAY, said, "...Previously, I conducted tests in private hospitals, but I didn't get any results. So, I came here, got the benefits of the PM-JAY scheme, and I am better now. I spent lakhs in private hospitals." According to a government release, PM-JAY is the largest health insurance or assurance initiative globally, fully financed by the Government of India, offering broad healthcare access to the vulnerable. Kiritbhai Poojabhai Gajjar, who has been receiving treatment at a hospital for the last six years, narrated how he received free treatment due to the Ayushman card. "I have been receiving treatment here at the civil hospital for the last six years, free of cost. I cannot afford a private hospital. I can't get better treatment than this in India...We were so tense when this disease was diagnosed, but with the Ayushman card, I got free treatment," said Gajjar.

As a key component of the Ayushman Bharat initiative, which emerged from the National Health Policy 2017, PM-JAY has transformed the healthcare landscape by providing health coverage to the countries most vulnerable. (ANI)

TOP

Health insurance claims worth Rs26, 037.65 crore rejected by insurers in FY23-24: Govt - Money Life –

While reiterating that insurance companies process the claims as per the terms and conditions of the policy, the Union government says during FY23-24, insurers rejected claims worth Rs26,037.65 crore. It includes claims worth Rs15, 100.14 crore disallowed as per terms and conditions (T&C) of policy and claims of Rs10,937.17 crore repudiated by health insurance companies. Responding to a question in the Lok Sabha, Pankaj Chaudhary, Union minister of state for finance, says during FY23-24, public sector insurer The New India Assurance Co Ltd tops the list, rejecting claims worth Rs7,038.04 crore. It is followed by ICICI Lombard General Insurance Co Ltd, which, according to the data shared by the insurance regulatory and development authority of India (IRDAI), rejected health insurance claims worth Rs2,016.81 crore.

Data related to health claims disallowed/repudiated during FY 2023-24			
S.no.	Insurers	Claims disallowed as per terms and conditions of policy contract	Claims repudiated during the period
		Amount (in lacs)	Amount (in lacs)
	Private Sector Insurers		
1	Acko General Insurance Ltd.	8,867.86	16,633.78
2	Bajaj Allianz General Insurance Co. Ltd.	70,761.60	33,246.81
3	Cholamandalam MS General Insurance Co. Ltd.	1,989.80	12,972.50
4	Future Generali India Insurance Co. Ltd.	14,222	5,964
5	Go Digit General Insurance Ltd.	19,844.13	3,836.93
6	HDFC ERGO General Insurance Co. Ltd.	46,862.69	24,806.41
7	ICICI Lombard General Insurance Co. Ltd.	1,13,380.14	88,301.20
8	IFFCO Tokio General Insurance Co. Ltd.	14,065.96	49,273.54
9	Kotak Mahindra General Insurance Co. Ltd.	2,245.46	10,043.02
10	Liberty General Insurance Ltd.	669	3,361
11	Magma HDI General Insurance Co. Ltd.	6,887.45	6,227.31
12	Navi General Insurance Limited	256.2	2,142.22
13	Raheja QBE General Insurance Co. Ltd.	227.42	603.62
14	Reliance General Insurance Co. Ltd.	23,734.01	34,802.67
15	Royal Sundaram General Insurance Co. Ltd.	4,555.76	3,516.25
16	SBI General Insurance Co. Ltd.	69,083.08	33,525.88
17	Shriram General Insurance Co. Ltd.	6.91	29.51
18	Tata AIG General Insurance Co. Ltd.	17,045.14	31,948.91
19	Universal Sompo General Insurance Co. Ltd.	13,932	2,598
20	Zuno General Insurance Co. Ltd.$	4,692.78	3,253.62
	Private Sector Insurers Total	4,33,329.21	3,67,087.16
	Stand-alone Health Insurers		
21	Aditya Birla Health insurance Co. Ltd.	30,025.49	29,294.68
22	Care Health Insurance Ltd.	61,641.48	50,935.75
23	ManipalCigna Health Insurance Co. Ltd.	37,628.06	32,171.94
24	Niva Bupa Health Insurance Co. Ltd.	49,318.58	40,941.01
25	Reliance Health Insurance Ltd.@	0.2	1.33
26	Star Health & Allied Insurance Co. Ltd.	2,77,485	1,65,979
	Stand-alone Health Insurers Total	4,56,098.98	3,19,323.58
	Public Sector Insurers		
27	United India Insurance Co. Ltd.	1,34,214.57	61,346.15
28	The New India Assurance Co. Ltd.	4,86,399.04	2,17,405.42
29	The Oriental Insurance Co. Ltd.	0	63,344.79
30	National Insurance Co. Ltd.	0	65,210.65
	Public Sector Insurers Total	6,20,613.61	4,07,307.01
	Grand Total	15,10,041.80	10,93,717.75

(Source: Annual Report data of IRDAI 2023-24.)

Balashowry Vallabhaneni and advocate Dean Kuriakose, the members of Parliament (MP) have asked for details of health insurance claims rejected during FY23-24. According to the minister, IRDAI has mandated a few rules for insurers to ensure that customers are fully aware of the policy's T&C and prevent mis-selling. It includes providing a customer information sheet (CIS) to each policyholder, using a minimum 11-size font in the policy documents, put in place a framework to correctly inform features and benefits with T&C of insurance policy to the buyer, among others.

Data shared by the government shows that public sector insurers are paid Rs10,122 as a claim during FY23-24 for every Rs10,000 collected as a premium for the insurance policy. While private sector general insurers paid Rs7,077, stand-alone health insurers (SAHI) paid just Rs5,463 as claim amount against a premium of Rs10,000.

However, when it comes to settling claims, for every 10,000 claims received in FY23-24, private sector general insurers and SAHI have an edge. IRDAI's annual report shows that while public sector insurers paid Rs7,984 for claims of every Rs10,000. Private sector general insurers and SAHI paid Rs8,639 and Rs8,635 for the same.

(I) Amount of claims paid by insurance companies for every 10000 Rupees of premium collected in FY 2023-24 is as under:-

Particulars	Public Sector insurers	Private Sector General insurers	Standalone Health Insurers (SAHI)
Claims paid (Rs)	10,122	7077	5463
Claims carried forward to next year (in Rs)	1029	662	336

(Source: Annual Report data of IRDAI 2023-24.)

The MPs also asked for information about state-wise health insurance paid by policyholders from across the country. This excludes premiums collected for travel and personal accident business.

As per information shared in the lower house, Maharashtra tops the list with Rs31,258 crore collected during FY23-24 as health insurance premiums. Karnataka is in a distant second position with a collection of Rs12,017 crore, followed by Tamil Nadu at Rs9,738 crore. During the past three financial years, policyholders paid Rs73,052 crore, Rs89,432 crore and Rs1.07 lakh crore for FY21-22, FY22-23 and FY23-24, respectively, as health insurance premiums.

(II) Number of claims paid by insurance companies for every 10000 claims received in FY 2023-24 is as under:-

Particulars	Public Sector insurers	Private Sector General insurers	Standalone Health Insurers (SAHI)
Number of Claims paid	7984	8639	8635
Number of Claims repudiated	1262	885	921
Number of Claims carried forward to next year	754	476	444

(Source: Annual Report data of IRDAI 2023-24.)

IRDAI has further advised the insurance companies to take various measures to improve the customer claim settlement experience, Mr Chaudhary says.

Here are some of the measures suggested by IRDAI...

1. No claim shall be repudiated without the approval of the insurer's product management committee (PMC) or a three-member sub-group of PMC called the claims review committee (CRC).

2. In case the claim is repudiated or rejected or disallowed partially, details shall be communicated to the claimant along with full details giving reference to the specific terms and conditions of the policy document.

3. If a customer is not satisfied with the decision of the insurer on the claim, he/she may lodge a complaint with the grievance redressal officer of the insurer. The policyholders have the right to approach the insurance ombudsman without any charges. Insurers must comply with the ombudsman's decision within 30 days, or they need to pay penal charges of Rs5, 000 per day for each day of delay.

4. Shorter timelines for processing and settlement of claims have been introduced for reimbursement/ cashless claim settlement and for pre-authorisation.

5. Suo-moto payment of interest at bank rate plus 2% in the event of a delay beyond specified timelines.

TOP

Now health insurance cover for 1 crore gig workers - The Indian Express – 02nd February 2025

Union Finance Minister Nirmala Sitharaman has announced that gig workers would be eligible for healthcare facilities under the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY) scheme and would benefit nearly a crore of them. "Gig workers of online platforms provide great dynamism to the new-age services economy. Recognising their contribution, our Government will arrange for their identity cards and registration on the e-Shram portal. They will be provided healthcare under the PM Jan Arogya Yojana," said Sitharaman in her budget speech. So it is on the basis of their registration and a UAN (universal account number) that they can avail facilities. The Jan Arogya Yojana provides a cover of Rs 5 lakh per beneficiary family per year for secondary and tertiary care hospitalization across public and private empanelled hospitals in India. However, the details on whether the families of gig workers will be covered or not are yet to be provided.

Who are gig workers?

Gig workers are involved in income-earning activities outside of standard, long-term employer-employee relationships. So they are in the informal sector. Most common examples of gig workers include platform-based work where workers earn money by providing specific services, including food delivery services like Zomato, Swiggy or e-commerce platforms such as Amazon, Flipkart.

Does this help in Universal health coverage?

Dr KS Reddy, distinguished professor of Public Health Foundation of India, feels that commitment to universal health coverage begins with the most vulnerable section. PMJAY has identified many sections like the elderly, ASHA and Anganwadi workers. "At least people in formal employment are covered by employment health insurance schemes. So it's important that gig workers who are vulnerable to several health problems, particularly since they work under stressful conditions and quite often extreme weather conditions, should be provided for. It is a part and parcel of extending the ambit of universal health coverage which is in a state of evolution but adding one more section is always helpful in providing coverage," he said. Since the nature of a gig worker's employment is temporary, he feels it is important to provide these people some degree of insurance.

What are the challenges in implementing the cover?
Shaik Salauddin, national general secretary, Indian Federation of App-Based Transport Workers (IFAT), says for these schemes to be fully effective, aggregator companies must share data on gig and platform workers with the government. Without mandatory data-sharing with the e-Shram portal, many workers will be unable to access these benefits. "The Government of India must ensure strict implementation and accountability, making it compulsory for all platform companies to register workers and contribute towards social security schemes. There is a need to ensure contributions by aggregator companies towards social security schemes for gig and platform workers", he said.

He said it is further important to strengthen the integration of e-Shram registration for gig and platform workers with existing welfare schemes. Registration alone will not suffice to ensure that gig workers can access the full benefits of these initiatives. According to Santosh Kumar, a member of the Telangana Gig and Platform Workers' Union (TGPWU), the Code on Social Security enables the formulation of schemes covering life and disability cover, accidental insurance, health and maternity benefits and old-age protection for gig and platform workers. "However, despite a five-year-long struggle, workers continue to await a comprehensive national law, a dedicated welfare board, and full implementation of these measures," he said.

(The writer is Ankita Upadhyay.)

TOP

Good news for senior citizens! IRDAI suggests key measures to check health insurance premium rates – Financial Express – 31st January 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has directed insurance companies to initiate a host of measures to standardise health insurance premium rates, which the government feels can be done by following the Pradhan Mantri Jan Arogya Yojana (PMJAY) scheme model.

In a circular issued on January 30, the insurance sector regulator said that as part of the ongoing monitoring of insurance products offered in the Indian insurance market, it has been observed that there has been a steep increase in premium rates under some of the health insurance products offered to senior citizens.

No PMJAY like standardisation in case of health insurance products available, says IRDAI
"Unlike in case of Pradhan Mantri Jan Arogya Yojana (PMJAY) scheme, where the hospitalisation expenses are negotiated centrally for package rates and are thus standardised across various hospitals, there is no such standardisation in case of health insurance products. This is leading to higher hospitalisation costs resulting in higher claims outgo under health insurance products offered by insurers," the circular said.

Hanut Mehta- CEO and Co-Founder of Bimapay Finsure, said, that IRDAI encouraging insurers to adopt standardized hospital empanelment and negotiate package rates is an important aspect. "By following a model similar to the PMJAY, the industry can mitigate inconsistencies in hospitalisation costs, leading to better financial management for insurers and making healthcare services more affordable and accessible to policyholders. Additionally, this strategy fosters closer collaboration between insurers and healthcare providers to ensure fair and efficient service delivery." Mehta noted that the IRDAI directive also emphasizes the need for insurers to actively promote the initiatives being implemented for senior citizens, adding that transparent communication regarding policy benefits and changes will empower customers with the knowledge needed to make well-informed decisions, ultimately strengthening consumer confidence in the health insurance sector.

IRDAI suggests insurers have a separate channel to address grievances
The regulator, for the benefit of senior citizens, has directed all insurers to establish a separate channel to address their health insurance-related claims and grievances. “The details of such a channel are required to be published on the respective insurer’s website.”

The requirement for insurers to establish a dedicated grievance redressal mechanism for senior citizens will significantly improve service quality and customer satisfaction, Mehta said. Companies that streamline support systems and enhance responsiveness are likely to gain stronger consumer trust and reinforce their market reputation, he added.

On the increase in health insurance policy premium rates for seniors, IRDAI ruled that, as part of the ongoing monitoring of insurance products offered in the Indian insurance market, it is observed that there has been a steep increase in premium rates under some of the health insurance products.

The premium rate, it said, is primarily based on the estimated claims outgo and the expenses including acquisition costs incurred by the insurance company for acquiring and servicing the insurance policies. “The claims outgo is largely dependent on the amounts charged by the hospitals for various treatments and surgeries.”

Senior citizens most vulnerable age group with limited income sources, says IRDAI
IRDAI sees senior citizens as the most vulnerable age group having limited sources of income. It further said that this group is impacted the most when there is a steep increase in health insurance premium. “This matter has been engaging the attention of IRDAI and is a regulatory concern. Therefore, under the provisions of the Section 14 of the Insurance Regulatory and Development Authority Act, 1999 read with Section 34 of the Insurance Act, 1934…”

The IRDAI has directed all general and health insurers, offering indemnity based individual health insurance products to senior citizens, to not revise the premium for senior citizens by more than 10% per annum.

“By capping premium increases at a maximum of 10% per year, the regulation introduces pricing predictability, ensuring that senior citizens are not burdened by steep cost escalations, Mehta noted. “This measure will help insurers retain their customers and prevent policy lapses driven by unaffordable premiums, thereby fostering a more reliable insurance ecosystem.”

In the following cases, IRDAI said that insurers shall undertake prior consultation with the regulator:

a. If the increase proposed in the premium for senior citizens is more than 10% per annum.

b. In case of withdrawal of individual health insurance products offered to senior citizens.

It also said that the insurers shall give wide publicity of the various measures (including the above) taken for the benefit of senior citizens while offering health insurance products.

“The insurer shall take necessary steps for common empanelment of hospitals and negotiate package rates on the lines of PMJAY scheme,” it said.

(The writer is Mithilesh Jha.)

TOP

Lancet study shows Ayushman Bharat helped more people access timely cancer therapy – The Indian Express – 5th February 2025

While better knowledge and healthcare facilities have reduced delays in starting cancer treatment in India, the decline was steeper among people enrolled in the Centre's flagship Ayushman Bharat programme, according to a recent study published in the Lancet journal.

In other words, the health insurance-enabled access to therapy helped a larger number of patients. Timely initiation of cancer treatment increased by 36% across the population. However, it increased by 90% among those covered by the insurance scheme after 2018 as compared to the period between 1995 and 2017. The Ayushman Bharat scheme, which provides health cover to the poorest 40% of the country's population, was rolled out in 2018.

"On World Cancer Day, a study published by Lancet shows that under AB PM-JAY (Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana), timely cancer treatment initiation improved significantly. Patients enrolled saw a 90% rise in access to cancer treatment within 30 days. Delays reduced and financial burden eased, a game-changer for India's healthcare," said Union Health Minister JP Nadda on X. He added that PM-JAY was bridging the gap in access to healthcare between rural and urban India, empowering millions to receive timely treatment.

STUDY FLAGS NEED FOR FACILITIES

While appreciating the government's health safety net, the study looked at the data of nearly 6,700 cancer patients and made a strong case for a need to increase cancer care facilities such as radiotherapy machines. It found that the highest delay in treatment initiation was for radiotherapy, followed by chemotherapy and surgery. This "is an important argument for strengthening public healthcare infrastructure for provision of radiotherapy to cancer patients in India as well as inclusion of cost-effective chemotherapeutic agents in Ayushman Bharat," the study said.

It flagged how the estimated 779 radiotherapy machines across the country fell short of the required numbers. Most high income countries have four machines per 10 lakh population while the World Health Organization (WHO) recommends at least one machine per 10 lakh population. By this standard, India would need between 1,350 to 5,000 radiotherapy machines, the study said.

WHICH POPULATION SEGMENT SOUGHT TREATMENT

Researchers compared the people who initiated treatment on time to those who didn't — meaning, those who started treatment within 30 days versus those who did it after 30 days. They found that timely treatment was started by younger patients under the age of 30 years (77% as compared to 23%), those who were more educated (70.2% as compared to 29.8%), and those who were covered under some scheme (69% as compared to 31%). Nearly 40% of the study participants were not covered by any scheme. Those with higher income were also less likely to delay treatment, according to the study. The researchers said that the "…expansion of cancer care services under the national flagship insurance program…appear to have helped in decreasing the financial barriers to access and improve early initiation of treatment."

WHICH CANCERS SAW TIMELY TREATMENT

The steepest decline in delayed treatment was seen for reproductive and genitourinary cancers, followed by breast cancer and blood cancers. The highest delays in accessing treatment were in patients whose cancer stage was not known, meaning it was not mentioned in their patient records. The researchers said this might be due to lack of access to proper diagnostic procedures, lack of trained manpower, or paucity of health facilities, leading to uncertainty of staging. This, in turn, may lead to improper or delayed decision-making on appropriate treatment.

(The writer is Anonna Dutt.)

TOP

INSURANCE CASES

Consumer body directs LIC, EPFO to pay compensation to customer in a rigmarole case - The Hindu – 05th February 2025

The State Consumer Disputes Redressal Commission, Puducherry, has directed the Life Insurance Corporation (LIC) of India and Employees' Provident Fund Organisation (EPFO) to pay a compensation of ₹2.5 lakh to an insurance policy holder for deficiency of service, in addition to accrued interest for the delayed settlement of maturity benefits. A bench of the Commission, comprising S. Sundaravadivelu, presiding member, and S. Oumasanguery, member, directed the two agencies to pay the amount within two months from receiving the order, failing which the amount shall be paid with 9 percent interest till the date of payment. The order was issued by the bench after weighing past judgements of the Supreme Court and the National Commission, the fact that the case has seen trial in five consumer fora, since 2012, as well as the fact that the complainant was now 75 years old and had to undergo mental distress to get the survival benefits due in 2000, 2005 and the maturity benefit in 2010.

The case pertained to one L. Sundararajan who had taken a 15-year money back policy with LIC, where premiums were to be transferred annually from his EPF account. The policy, taken in 1995, had a sum assured of ₹50,000. It also included survival benefits at the five-year and 10-year marks and a maturity benefit at the end of the 15-year term. The complainant contended that LIC failed to notify him about the maturity and the maturity benefits were not paid to him. As letters and personal visits did not yield any results, he filed a complaint with the District Consumer Disputes Redressal Commission in Puducherry. The LIC countered that they had not received the premiums continuously, leading to the policy lapsing while the EPFO stated that they had paid the premiums and were not liable. In 2015, the District Commission passed an order awarding ₹20,000 as compensation and also awarded a litigation cost of ₹5,000 to the complainant. Both parties appealed the order before the State Commission, which upheld the district forum order and enhanced the compensation. This led to an LIC appeal before the National Commission, which referred the dispute back to the district forum.

After re-hearing both sides, the District Commission passed orders holding the LIC and the EPFO liable for their deficiencies in service. The LIC was directed to pay ₹1,45,446 with 9 percent interest and LIC and EPFO were jointly directed to pay ₹2 lakh as compensation, and ₹20,000 as costs. The LIC appealed against the order before the State Commission arguing that the District Commission's order was arbitrary because the premiums were not paid continuously and that they had already settled the maturity amount. The LIC also stated that they were not contractually obligated to send notices, and that if there was any deficiency, they should only pay interest for the delayed payment. The complainant had sought ₹13,49,491 by calculating a 20 percent interest for the delay, citing the EPF scheme. In its latest order, the State Commission upheld the District Commission's finding that the LIC was deficient in service for not taking any action after receipt of premium amounts even though sent belatedly, not acting as per policy conditions, not settling survival benefits and not intimating the consequences of not paying premiums. The EPFO was also deficient for sending premiums late and in lump sums, the Commission stated. Emphasising the need for service providers to be proactive in meeting the needs of the customers, the State Commission directed the LIC to pay ₹1,50,000 as compensation plus 9 percent interest for the delayed payment and the EPFO to pay ₹1,00,000 as compensation.

(The writer is Dinesh Varma.)

TOP

Private insurance company directed pay 32 lakh as compensation to consumer - The Times of India – 4th February 2025

The Coimbatore District Consumer Disputes Redressal Commission has directed a private insurance company to pay compensation of ₹32 lakh with 9% interest to a consumer for denying a medical insurance claim. According to an official source, Mohan Karupannan from Karur district planned a tour to Japan in March-April 2023. As part of his travel arrangements, he opted for travel insurance, including medical coverage, from ICCI Lambaord General Insurance Company in Coimbatore.

While on tour in Japan, on April 1, 2023, he suffered an ST-elevation myocardial infarction (STEMI), a type of heart attack, and was admitted to a hospital there. He incurred medical expenses amounting to ₹32.09 lakh for treatment. After returning to India on April 16, he submitted medical expenses claim to the insurance company along with all necessary documents. However, the insurance company rejected his claim on the grounds that the STEMI occurred due to his pre-existing conditions of hypertension and diabetes, according to a source.

Subsequently, Mohan Karupannan filed a petition with the Coimbatore District Consumer Disputes Redressal Commission, stating that he was never hospitalised for hypertension or diabetes before. He contended that having diabetes or high blood pressure does not necessarily lead to a heart attack, and there was no medical evidence to prove that his STEMI was caused solely by his pre-existing conditions. In its order, the commission—comprising president R Thangavel and members P Marimuthu and G Suguna—ruled that hypertension alone is not the sole cause of STEMI. The commission held that rejecting the claim without valid medical evidence constituted a deficiency in service. As a result, the commission directed the insurance company to pay ₹32 lakh for medical expenses along with 9% interest, ₹10,000 for mental agony, and ₹5,000 towards the cost of proceedings.

TOP

PENSION

EPFO achieves milestone of settling over 5 crore claims in FY 2024-25: Mansukh Mandaviya - The Tribune - 06th February 2025

Union Labour and Employment Minister Dr Mansukh Mandaviya has said that Employees' Provident Fund Organisation (EPFO) has achieved a historic milestone by crossing the 5 crore claims settlement mark for the first time in its history in a fiscal year. In the financial year 2024-25, EPFO has processed over 5.08 crore claims amounting to Rs 2,05,932.49 crore, surpassing the 4.45 crore claims worth Rs 1,82,838.28 crore settled in the previous financial year 2023-24. Mandaviya highlighted that this achievement has been made possible due to a series of transformative reforms initiated by EPFO to enhance claim settlement processes and reduce grievances among members.

"We have implemented key measures, including an increase in the ceiling and categories of auto-settled claims, simplified member profile changes, streamlined PF transfers, and improved KYC compliance ratios. These reforms have significantly improved the efficiency of EPFO," he stated.

A major enabler for faster claim processing has been the auto-claim settlement mechanism, ensuring that claims are settled within three days of submission. Dr Mandaviya said that the impact of this reform is evident, with auto claim settlements doubling to 1.87 crore claims in the current financial year, compared to 89.52 lakh auto claims processed during FY 2023-24.

Similarly, reforms in the PF transfer claim submission process have streamlined the workflow significantly. Since the introduction of a simplified transfer claim application, only 8 per cent of transfer claims now require member and employer attestation.

Notably, 48 per cent of claims are submitted directly by members without employer intervention, while 44 per cent of transfer requests are generated automatically, he added. Mandaviya further emphasized the impact of member profile correction reforms. "Since the introduction of the simplified procedure, approximately 97.18 per cent of member profile corrections have been self-approved by members, with only 1 per cent requiring employer approval, and office intervention has been reduced to just 0.4 per cent. Further, the rejection cases have dropped to 1.11 per cent by the employer and 0.21 per cent by the regional office, reflecting the effectiveness of the streamlined processes and reduced procedural bottlenecks in claim settlements", Union Minister stated.

Reaffirming the government's commitment to enhancing ease of access for EPFO members, Union Minister underscored that the organization will continue to leverage technology and process simplification to ensure a seamless and efficient service experience. "These reforms have not only accelerated the claim settlement process but have also contributed to minimizing member grievances, further strengthening trust in EPFO," he added. (ANI)

TOP

EPFO settles record 50.8 million claims in FY25 - Financial Express - 07th February 2025

The Employees' Provident Fund Organisation (EPFO) has processed a record 50.8 million claims in the current financial year so far, which is 14.1 percent more than 44.5 million claims settled in FY24, an official release said. In FY25 so far, the claims processes are for a sum of more than Rs. 2.05 lakh crore, surpassing the claims worth Rs. 1.82 lakh crore settled in the FY24. "This achievement was made possible due to a series of transformative reforms initiated by EPFO aimed at enhancing claim settlement processes and reducing grievances among members," said the release.

The auto-claim settlement–payment credited to member accounts within three days–doubled to 18.7 million claims in the current financial year, compared to 8.95 million auto claims processed during the entire FY24. Additionally, the self-correction of member profiles was enabled recently by EPFO, which led to 97.18% of member profile corrections being self-approved. The rejection cases have dropped to 1.11% by the employer and 0.21% by the regional office, reflecting the effectiveness of the streamlined processes and reduced procedural bottlenecks in claim settlements, said the release.

Moreover, the simplification of the PF transfer claim submission process by removing employer approval in most cases has streamlined the workflow significantly, it said. About 48% of claims are submitted directly by members to EPFO without employer intervention, while 44% of transfer requests are generated automatically by the system itself, the release said. Only 8% of transfer claims now require employer verification before submission to EPFO.

(The writer is Priyansh Verma.)

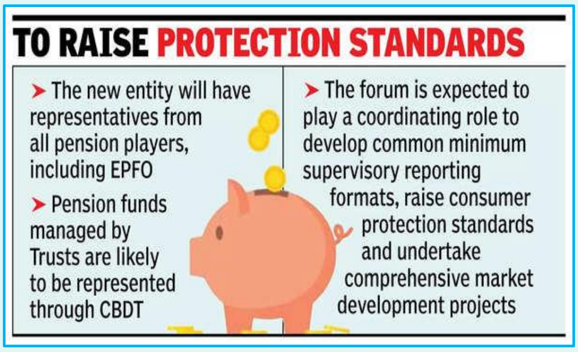
TOP

Coordinating body for pension sector soon - The Times of India - 06th February 2025

The Centre will soon set up the forum for regulatory coordination and development of pension products and expects all key players in the sector to be part of the entity. Finance minister Nirmala Sitharaman had announced the setting up of the forum in her 2025-26 Budget. The forum may be modelled on the lines of the Financial Stability and Development Council (FSDC). The FSDC, chaired by the FM, deals with issues linked to financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion and macro prudential supervision of the economy, including the functioning of large financial conglomerates. Work on setting up the entity and the structure is likely to kick start soon.

The new entity is likely to be chaired by the chairman of Pension Fund Regulatory and Development Authority (PFRDA) and will have representatives from all pension players, including the EPFO

(Employees Provident Organisation). Pension funds managed by Trusts would most likely be represented through the Central Board of Direct Taxes with whom they are registered, officials say.



The forum is expected to play a coordinating role to develop common minimum supervisory reporting formats, raise consumer protection standards and undertake comprehensive market development projects.

It is also expected to create awareness for securing the future of people by investing in pension assets. The need to create awareness about pension schemes has gathered urgency as by 2050, the country's median age and those above the age of 60 is expected to increase sharply. Authorities say that supporting this large pool of people would be an important aspect of providing social security.

"This needs creation of financial buffers in the nature of pension assets. The forum will facilitate maintenance of robust regulatory oversight and development of pension assets," according to a govt document explaining the Budget provisions. It says the forum will improve consistency across regulators, enhance consumer protection, support market development and ensure adequate pension coverage.

(The writer is Surojit Gupta.)

TOP

PFRDA revises NPS charges - Financial Express – 04th February 2025

The Pension Fund Regulatory and Development Authority (PFRDA) has revealed the updated fees for opening a National Pension System (NPS) account through both online and offline methods. These fees pertain to the NPS (All Citizen and Corporate) as well as the NPS-Lite models. "The charges that can be collected for services rendered in respect of the NPS-Vatsalya account at any time shall be the same as the charges that be collected under NPS- All Citizen Model as stipulated by the Authority from time to time," states the PFRDA master circular released today.

Latest charges
NPS account initiation: The fees for the initial registration of subscribers may reach Rs 400. The initial contribution incurs a charge of up to 0.50% of the contribution amount, capped at Rs 25,000. Additionally, all future contributions will also attract fees.

Non-financial transactions: A fee of up to Rs 30 may be applied for non-financial transactions.

e-NPS transactions: Charges up to 0.20% of the contribution will be levied, subject to a maximum of Rs 10,000. This will be collected upfront. (Only for NPS All Citizen and Tier – II Accounts).

Processing of Exit/Withdrawal: Upto 0.125% of corpus, subject to maximum Rs 500, which will be collected upfront.

The service charge structure shall be effective from 31.01.2025. The PoPs will continue to have the option to negotiate the charges with the subscribers, subject however to the maximum charge structure permitted by the Authority.

SERVICE CHARGES FOR THE POINT OF PRESENCE

SERVICE CHARGES FOR THE POINT OF PRESENCE

8. The charge structure for PoPs under NPS (All Citizen and Corporate) are as below:

Intermediary	Service	Charges	Method of Deduction
POP	(i) Initial Subscriber Registration	Upto maximum ₹400/-	To be collected upfront
	(ii) Initial Contribution	Upto 0.50% of the contribution, subject to maximum ₹25000/-	
	(iii) All Subsequent Contribution		
	(iv) All Non-Financial Transaction	Upto maximum ₹30/-	
	(v) Persistency*	₹50/- p.a. for annual contribution ₹1000/ to ₹2999/- ₹75/- p.a. for annual contribution ₹3000/ to ₹6000/- ₹100/- p.a. for annual contribution above ₹6000/- (Only for NPS All Citizen model)	Through cancellation of units
	(vi) e-NPS (for subsequent contribution)	Upto 0.20% of the contribution, subject to maximum ₹10,000/- (Only for NPS All Citizen and Tier - II Accounts)	To be collected upfront
	(vii) Trail commission for D-Remit Contributions	Upto 0.20% of the contribution subject to maximum ₹ 10,000/- (Only for NPS All Citizen and Tier - II Accounts)	Through unit deduction on periodical basis
	(viii) Processing of Exit/Withdrawal	Upto 0.125% of Corpus subject to maximum ₹500/-	To be collected upfront

*1. Persistency charges is payable to such POPs to which the subscriber is associated for more than six months in a financial year.

2. Minimum contribution per transaction is ₹500/- and minimum annual contribution is ₹1000/-

3. GST or other taxes as applicable, shall be additional.

TOP

About 22,000 EPFO members got higher pension, 1.65 lakh asked to contribute additional amount – Live Mint – 3rd February 2025

Retirement fund body EPFO has issued 21,885 pension payment orders and asked 1.65 lakh eligible members to deposit additional amount for higher pension, Parliament was informed on Monday. A total of 17,48,768 applications were submitted by members/pensioners for getting higher pension on making higher contribution under Employees' Pension Scheme 1995 run by Employees' Provident Fund Organisation (EPFO), Minister of State for Labour & Employment Shobha Karandlaje said in a written reply to Lok Sabha.

Out of these 17.48 lakh applications, as on January 28, 2025, demand notices i.e. intimation to members to deposit balance amounts for higher pension eligibility, have been issued in 1,65,621 cases and 21,885 Pension Payment Orders (PPO) have been issued, the minister informed the House. The disposal of the outstanding cases is being closely monitored and clarifications to Field Offices to dispose cases have been issued to expedite the process, she stated. The cases of Pension on Higher Wages are being processed on the basis of the decision of the Supreme Court on November 4, 2022.

A Functionality was developed by EPFO for filing online applications for validation/joint option. The online facility was extended to members/pensioners/employers on February 26, 2023 which was extended till July 11, 2023.

The date for employers for forwarding the joint application for higher pension was extended till September 30, 2023 and subsequently till May 31, 2024. Further, a last chance was provided to all employers to forward the applications for pension on higher wages by January 31, 2025.

TOP

Tax benefit for parents contributing to children welfare plan NPS Vatsalya - Live Mint – 01st February 2025

NPS Vatsalya Scheme, the children's welfare scheme launched on 18 September 2024, received a boost on Saturday when the Union budget proposed to extend the tax benefits available to the National Pension Scheme (NPS) under sub-section (1B) of section 80CCD. The parent or guardian contributing to the NPS Vatsalya account will be allowed to claim deduction to the extent of the contributions; the maximum deduction limit will remain at ₹50,000. Remember, this deduction is available only in the old tax regime. The amount on which deduction has been allowed and is received on closure of the account due to the death of the minor shall not be deemed to be the income of the parent or guardian and therefore no income tax will charged on this amount.

The NPS Vatsalya Scheme allows for partial withdrawal from the minor's account to address certain contingency situations like education, treatment of specified illnesses and disability (of more than 75%) of the minor. Accordingly, it was also proposed that any income received on partial withdrawal made out of the minor's account, shall not be included in the total income of the parent or guardian to the extent it does not exceed 25% of the amount of contributions made by him.

The new rules will become effective from 1 April 2026.

How NPS Vatsalya works
Parents or guardians can open NPS Vatsalya account on behalf of their children by providing essential documents such as Know Your Customer, the child's birth certificate, and proof of identity. One can open it via banks, pension fund houses or e-NPS portal. The money will remain locked for the child until he turns 60. He or she can withdraw 60% of the accumulated corpus as tax-free at 60 years of age, while 40% will convert into annuities. Upon attaining 18 years of age, the child can exit the scheme or continue. If he or she decides to exit, 80% of the corpus will be utilized to purchase an annuity, while remaining 20% can be availed as a lump sum amount. Once the child reaches 18 years of age, he or she can continue with the scheme as a standard NPS account. However, a fresh KYC of the subscriber must be carried out within three months of turning major. Contributions to the NPS Tier1 account will be allowed after the submission of fresh KYC.

Up until now, there was no tax deduction available to the parent contributing to NPS Vatsalya.

(The writer is Jash Kriplani.)

TOP

GLOBAL NEWS

Indonesia: Regulator delays mandatory vehicle insurance programme – Asia Insurance Review

According to news site Jakarta Globe, the implementation of mandatory third-party liability (TPL) insurance for motor vehicles has been delayed, as the country's regulator, Otoritas Jasa Keuangan (OJK) waits for a government regulation. The programme was to be implemented in January 2025.

The programme is mandated under Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK), the article stated. Once the regulation is issued, OJK will collaborate with the government to move the initiative forward.

According to the article, the TPL insurance programme aims to reduce the financial burden of accidents and promote safer driving behaviour. It also offers more protection and security for the public and may potentially contribute to economic growth.

TOP

Sri Lanka: Insurance industry records 16.5% YoY growth in Q3 - Asia Insurance Review

Data from the Insurance Regulatory Commission of Sri Lanka shows that the country's insurance industry grew by 16.5% YoY in the third quarter of the current financial year. The industry's total GWP for Q3 was SLR237.4b ($79m). The life insurance industry's GWP grew 19.3% YoY to SLR131.2b, while the general insurance segment saw a 13.3% YoY increase to SLR106.2b. The industry's total assets rose to SLR1.15tr, a 5.75% increase from SLR1.09tr in Q3 of 2023.

Life insurance assets grew 10.5% to SLR873b, whilst general insurance assets declined 6.9% to SLR279.1b. Total claims rose 6.15% YoY to SLR109b out of which life insurance claims grew 11.2% to SLR62.2b, and general insurance claims increased by 0.11% to SLR46.8b. Total profit before tax (PBT) declined 8.31% YoY to SLR33.4b. for life insurers PBT dropped 6.31% YoY to SLR18.4b, and for general insurers PBT fell 10.64% to SLR15b.

TOP

Cambodia: Insurance industry records 3.5% growth in 2024 - Asia Insurance Review

The Cambodian insurance industry registered a gross premium income of $356.4m in 2024, an increase of 3.5% from $344.2m during 2023. The new figures are a part of a report released by the Insurance Regulator of Cambodia (IRC) in January 2025. According to a report by Xinhua, the IRC report said the growth was driven by 18 general insurers, 14 life insurers, seven micro-insurance companies and one reinsurance firm.

The incurred claims in 2024 totalled around $79.7m as compared to $67m an year earlier in 2023. This translates into an increase of 18.9%. The total assets of the insurance industry in Vietnam are over $1bn. IRC director general Bou Chanphirou said the country's insurance sector plays a vital role in supporting the social security system and contributing to Vietnam's national economic development. According to the regulator the kingdom's insurance penetration in 2023 was 1.16% of the GDP in 2023. The insurance density in 2023 was at $21 per person.

Mr Chanphirou said these two indicators demonstrate that the Cambodian insurance market has significant potential for further growth in the future.

Cambodia's geographical and climatic conditions, however, make it highly susceptible to natural disasters such as floods, droughts, and typhoons. These recurring calamities devastate livelihoods, agriculture, infrastructure, and the broader economy. Despite the scale of impact, the mechanisms to finance disaster response and recovery remain underdeveloped, leaving the nation heavily reliant on external assistance. Moreover, private sector involvement is minimal, with low penetration of insurance products for disaster-related risks. The lack of robust data systems further hampers accurate risk assessments and pricing, limiting the effectiveness of existing strategies.

Raising awareness among communities about the importance of disaster insurance products and financial preparedness is essential. Cambodia needs to adopt global best practices, particularly from neighbouring ASEAN countries, to refine its disaster risk financing strategies.

TOP

Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any faculty are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher's, working professionals (including medical doctors) in the health insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [*subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDHI
Contact Email id	pgdhi@iii.org.in

Post Graduate Diploma in Insurance Marketing (PGDIM)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any discipline are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher, working professionals in life/general insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [* subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDIM
Contact Email id	pgdim@iii.org.in