

INSUNEWS

- WEEKLY E-NEWSLETTER

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Insurance Term for the Week

Facultative Reinsurance

Facultative reinsurance is coverage purchased by a primary insurer to cover a single risk—or a block of risks—held in the primary insurer's book of business. Facultative reinsurance is one of two types of reinsurance (the other type of reinsurance is called treaty reinsurance). Facultative reinsurance is considered to be more of a one-time transactional deal, while treaty reinsurance is typically part of a long-term arrangement of coverage between two parties.

An insurance company that enters into a reinsurance contract with a reinsurance company—also known as a ceding company—does so in order to pass off some of their risk in exchange for a fee. This fee may be a portion of the premium the insurer receives for a policy. The primary insurer that cedes risk to the reinsurer has the option of either ceding specific risks or a block of risks. Reinsurance contract types determine whether the reinsurer is able to accept or reject an individual risk, or if the reinsurer must accept all the specified risks.

QUOTE OF THE WEEK

Honesty and integrity are by far the most important assets of an entrepreneur.”

ZIG ZIGLAR

INSIDE THE ISSUE

CATEGORY	PAGE NO.
Insurance Industry	1
Insurance Regulation	3
Life Insurance	5
General Insurance	7
Health Insurance	10
Motor Insurance	16
Survey	17
Insurance cases	17
Pension	19
Global News	23
COI Courses	30

INSURANCE INDUSTRY

Relief for insurers as RBI allows forward contracts in government securities - The Telegraph - 8th February 2025

The Reserve Bank of India (RBI) has allowed forward contracts in government securities, in a relief to insurers holding bonds in their portfolio. Analysts said the move will enable insurers to hedge their interest rate risks more effectively. A forward contract is an agreement between two parties to buy or sell an asset at a predetermined price on a particular date in the future. It, therefore, allows the participant a protection against any adverse interest rate movements.

“Over the past few years, we have expanded the suite of interest rate derivative products available to market participants to manage their interest rate risks. We shall now include forward contracts in Government securities to this suite,” Malhotra said.

This will facilitate long-term investors such as insurance funds to manage their rate risks across interest rate cycles. “It will also enable efficient pricing of derivatives that use government securities as underlying instruments,” RBI governor Sanjay Malhotra said on Friday. He said the RBI has received feedbacks on the need to allow such contracts in government securities to enable further market development.

Sources said insurance companies which offer guaranteed returns to policy holders, invest them in government securities. Any adverse movement could affect such returns — and the forward contract will be useful in such situations. Insurers have been entering into forward rate agreements (FRA), an over-the-counter (OTC) contract, which enabled them to lock interest rates or set a fixed interest rate at a future date.

A forward contract will give the insurers another tool to manage interest rate risk.

“Given the increased focus on annuity and guaranteed return products of life insurance companies, the FRA volumes in government securities have increased manifold in last few years. However, this has largely been an OTC market,” Neha Parikh — vice-president – sector head – financial sector ratings — Ica said.

TOP

ULIPs: Bridging insurance and investment for the modern Indian investor - The Economic Times - 8th February 2025



Retail investors in India’s robust stock market now number more than 100 million, with a median age of 32, and 40% of them under 30. For these young investors, Unit Linked Insurance Plans (ULIPs) offer an opportunity to secure life insurance protection while also generating market-linked returns. ULIPs combine insurance with savings, aiming to build wealth over time.

Combining Insurance and Wealth Creation

A ULIP is a mix of a life insurance plan and a mutual fund-like investment. ULIPs come with a five-year lock-in period, and policyholders can choose the types of funds they want to invest in based on their risk appetite. When a customer buys a ULIP policy, the insurer deducts charges from the premium and allocates units of the selected funds. The fund's market value is tracked by Net Asset Value (NAV), announced daily. Since a small part of the premium funds life insurance, dependents are financially protected if the policyholder dies during the policy period. At the end of the policy period, the

policyholder receives the fund value, which is based on the number of units and NAV at maturity. This combination of protection and investment makes ULIPs a versatile financial tool, allowing policyholders to work towards their financial goals while ensuring their loved ones are safeguarded.

Flexible Investment Choices for Long-term Wealth

ULIPs can be tailored to the policyholder’s risk appetite and financial goals, offering flexibility that appeals to young investors. For those with higher risk tolerance, a larger portion of the premiums can be invested in variety of equity funds. Policyholders who prefer lower risk and moderate returns can choose to invest in low-risk debt funds, providing a balanced approach to long-term wealth creation. Policyholders can also select the policy tenure and how often they want to pay premiums (annually, semi-annually, quarterly, or monthly). ULIP investors have the flexibility to adjust their investment strategies by switching between funds during the policy period in a tax-efficient manner. These features make ULIPs a versatile option, particularly for young investors with dynamic goals, evolving financial situation, and risk appetite.

Tax Benefits and Other Advantages

Adding to the appeal, all premiums paid towards a ULIP are tax-exempt under Section 80C, and the maturity or death benefits received by the nominee are also tax-free under Section 10(10D). Furthermore, there is no capital gains tax if the annual premiums are less than ₹2.5 lakhs. It’s a good idea to choose well-rated ULIPs that have consistently delivered top quartile returns over the years and to research the charges for administration, fund management, and other services. Some insurers even offer additional loyalty benefits for tenures longer than five years. Young investors can start their wealth creation journey early by investing in ULIPs, gaining both long-term wealth and comprehensive life insurance to secure their loved ones.

(The writer is Mohit Garg.)

TOP

Expect insurance mis-sell norms soon – The Times of India – 8th February 2025

Households Optimistic: Survey			
One-year ahead expectations compared with current situation			
	Nov, 2024	Jan, 2025	Change
Economic situation	27.0	26.2	↓
Employment	28.1	27.6	↓
Price level	-73.8	-75.1	↓
Income	50.2	49.1	↓
Spending	78.0	75.9	↓
Consumer Confidence Index	121.9	120.7	↓

↓ Positive sentiments with sign of deterioration compared to last round
↓ Negative sentiments with sign of deterioration compared to last round
 Source : RBI survey

RBI has said that it will introduce new guidelines to address mis-selling and forced selling of insurance. Additionally, it has granted regulatory relief to banks by postponing proposed regulations on liquidity requirements, provisions for potential defaults, and rules concerning subsidiaries. Instead, RBI will adopt a consultative approach before implementing these regulations. In his first post-policy conference on Friday, RBI governor Sanjay Malhotra provided an assurance that norms requiring banks to hold more liquid funds and provisions for project finance will not be implemented before March 2026.

"There are trade-offs between stability and efficiency. We will keep this trade-off in mind while formulating regulations. It will be our attempt to strike the right balance, keeping in view the benefits and costs of each and every regulation," said Malhotra. Some financial markets regulated by RBI, including foreign exchange, may operate for longer hours as the central bank has set up a panel to review trading timings. Additionally, investors will be able to buy govt bonds in the secondary market by placing an order with their stock broker.

TOP

INSURANCE REGULATION

IRDAI Takes 856 Regulatory Actions in FY24 - The Economic Times - 11th February 2025

The Insurance Regulatory and Development Authority of India (IRDAI), the insurance sector regulator, took 856 regulatory actions, including penalties against insurers, in FY24, the government informed the Rajya Sabha on Tuesday. In reply to a question, Finance Minister Nirmala Sitharaman said that IRDAI regularly monitors insurers through supervisory oversight, such as off-site and on-site inspections, to check solvency ratios, governance practices and financial health. In her statement, the finance minister said that regular risk assessments and compliance audits are also conducted by insurance companies as per IRDAI Regulations.

"IRDAI also seeks the submission of various quarterly and annual returns by insurers periodically. Transparency is ensured through public disclosure provisions mandated by IRDAI," she said in a statement, noting that during the last three years, IRDAI has conducted a total of 154 such on-site inspections. Sitharaman noted that if IRDAI has reasons to believe that an insurer carrying on life insurance business is acting in a manner likely to be prejudicial to the interests of policyholders, it may, after giving the insurer an opportunity to be heard, appoint an Administrator to manage the affairs of the insurer under the direction and control of the Authority.

"IRDAI may further transfer the company's insurance portfolio to another insurer so as to ensure that policyholders continue to receive services. The regulator also has the power to direct capital infusion, restrict asset disposal and take other appropriate measures to safeguard policyholders," she said in reply to the question, raised by Rajya Sabha member Ajeet Madhavrao Gopchade, on safeguarding the investments of policyholders.

The Finance Minister, in her statement, said that India, as a member of the Financial Stability Board (FSB) and the G20, is committed to adopting international best practices in a phased manner, while taking into consideration local conditions. IRDAI actively engages with international regulatory bodies, such as the International Association of Insurance Supervisors (IAIS), and participates in standard-setting discussions and peer reviews, she noted in her statement.

TOP

IRDAI Seeks IPO Road Map from 10 General and Life Insurance Companies - Business Standard - 11th February 2025



The Insurance Regulatory and Development Authority of India (Irdai) has asked at least 10 general and life insurance companies to submit a detailed road map for their listing strategies by the end of this month, according to multiple sources with direct knowledge of the matter. "The regulator met four life and six general insurers last month and asked them to provide their listing strategies by the end of February," said one of the sources.

Major companies that attended the meeting include HDFC ERGO General Insurance, IFFCO Tokio General Insurance, TATA AIG General Insurance, Bajaj Allianz General Insurance, IndiaFirst Life Insurance,

and Aditya Birla Sun Life Insurance. Email queries sent to the regulator and the aforementioned companies remained unanswered at the time of going to press. "Some companies have already submitted their position, while others are planning to do so soon. We have also shared several suggestions with the regulator regarding the Indian insurance market and highlighted our anticipation for the pending insurance Bill, which would provide greater clarity for the sector," noted another source.

M Nagaraju, secretary of the Department of Financial Services, said in a Budget interview with Business Standard that the insurance amendment Bill is likely to be introduced in the ongoing session of Parliament. The Bill proposes increasing the foreign direct investment (FDI) limit in insurance companies from the current 74 percent to 100 percent. It also aims to allow composite licensing for insurance companies. Nagaraju added that the Bill would permit foreign insurance companies to bring key managerial personnel (KMP) into India and repatriate profits without restrictions.

A third source explained that Irdai aims to enhance transparency and professionalism in the insurance industry through the listing strategy. "The regulator has primarily called on insurance companies that have been in the Indian market for over 20 years and meet the listing criteria. But some of us are still not ready for the listing process despite meeting all requirements," the source added.

To list on an Indian stock exchange, an insurance company must meet several performance parameters. Either the company or its promoters must have at least three years of experience in the insurance sector and a positive net worth. The company must have achieved an operating profit of at least ₹1 crore for two of the last three financial years and maintained a positive free cash flow to equity (FCFE) during the same period. Last year, Irdai proposed removing the requirement for Indian insurance companies to seek prior regulatory approval before listing on stock exchanges, subject to compliance with specified conditions. For the financial year ended March 31, 2024, HDFC ERGO, TATA AIG, IndiaFirst Life Insurance, and IFFCO Tokio General Insurance reported net profits after tax of ₹437.7 crore, ₹684.9 crore, ₹112.3 crore, and ₹255.1 crore, respectively.

(The writer is Harsh Kumar.)

TOP

IRDAI Steps Up Scrutiny of Insurers Exceeding Expenses Cap - The Economic Times - 11th February 2025

The Insurance Regulatory and Development Authority of India (Irdai) has begun quarterly monitoring of insurers exceeding their 30 percent expenses of management (EoM) limits to enforce financial discipline that could impact policyholder interests. As many as eight insurers, who are in breach, are required to submit quarterly reports to the regulator. "Irdai has intensified its scrutiny of insurers' expense of management (EOM), placing 8-10 companies under quarterly monitoring, where most are general insurers, and denying forbearance to those failing to meet glide path commitments," said a source privy to the information.

While Irdai does not regulate commissions, it is using other instruments such as long-term accounting to curb costs. From October 1, Irdai issued new accounting norms where insurers can continue offering long-term policies in segments like health, motor, and property insurance; however, they need now to report premiums annually rather than booking the entire premium upfront. In April 2023, insurers were given a three-year glide path to adjust to the new expense management norms, with the first year now completed.

"The regulator is also closely monitoring high commissions in bancassurance and other distribution channels," said a source. "The regulator has held discussions with top management, shared industry best practices, and warned that leniency will decrease in the coming years." There is a sharp rise in commission expenses after the removal of product specific commission caps in April 2023. Life insurers increased commission payouts by 22 percent, while general insurers doubled their expenses in FY24, according to the latest Irdai annual report. Total management expenses in the life insurance sector hit ₹1.4 lakh crore in FY24, making up 16.94 percent of total premiums.

(The writer is Shilpy Sinha.)

TOP

LIFE INSURANCE

Private life insurers to lead APE growth in FY25 as LIC struggles - The Economic Times - 11th February 2025



India's private life insurers are set to maintain strong growth momentum in FY25, driven by sustained expansion in annualised premium equivalent (APE), particularly in individual policies. In contrast, the Life Insurance Corporation of India (LIC) continues to lag, reporting muted growth in total APE and a steep decline in January 2025.

Private life insurers recorded a 17.9% YoY growth in total APE for January 2025, with HDFC Life (+26.6%), IPRU Life (+17.6%), and Tata AIA (+12.4%) leading the pack. For the first 10 months of FY25 (10MFY25), IPRU Life emerged as the top performer with a 25.9% YoY growth, followed by Max Life (+21%), Tata AIA (+20.6%), and HDFC Life

(+19.5%). SBI Life, while still growing, trailed at +9.1% YoY. According to a report by ICICI Securities.

Growth in individual APE was even stronger at 19.6% YoY in January, with HDFC Life (+25.3%), SBI Life (+18.4%), and Max Life (+13.8%) seeing robust expansion. For 10MFY25, IPRU Life led with +28.3% YoY growth, followed by Max Life (+23.5%), HDFC Life (+22.4%), and Tata AIA (+19.3%).

Policy volumes and sum assured growth

While APE expansion has been strong, policy volumes have shown mixed trends. Private insurers' number of policies (NoP) grew 6.1% YoY in January 2025, with Tata AIA (+23.7%) and IPRU Life (+14.2%) reporting the highest growth. However, Max Life saw a 2.8% decline in policy count, while SBI Life, despite holding the largest share (192,000 policies), posted only 1.8% growth.

On the sum assured (SA) front, private insurers outperformed volume growth, registering 41.5% YoY growth in individual SA for 9MFY25. BALIC (+88.1%), Tata AIA (+49%), and IPRU Life (+39%) saw the strongest expansion. In total SA, Tata AIA (+21%) and BALIC (+20.9%) led growth, while HDFC Life saw a muted 0.8% YoY increase.

LIC's performance

In contrast to private players, LIC struggled, with total APE declining 26.5% YoY in January 2025. The slump was driven by a 50.5% YoY decline in group business, while individual APE fell 7.1% YoY. For 10MFY25, total APE growth remained stagnant at just 0.3% YoY, further highlighting LIC's challenges in maintaining market share. Listed private insurers remain optimistic about sustaining growth in FY25. HDFC Life has projected 18-20% APE growth, broadly in line with its 19.5% YoY expansion in 10MFY25. SBI Life has guided for 15% individual APE growth and 10-11% total APE growth, with a stronger 12.7% rise when excluding group savings. Max Life expects APE growth of ~20%, already achieving 21% YoY growth in 10MFY25.

Group business remains a drag

While private insurers continue to capitalise on strong individual policy sales, group business remains a drag, especially in credit life policies due to lower credit disbursements. Some insurers, including SBI Life, have also taken a selective approach to group term and fund business, impacting overall growth. Despite these challenges, private players are well-positioned to maintain their growth trajectory in FY25, backed by strong demand for individual policies, expanding sum assured coverage, and aggressive business strategies. LIC's ongoing weakness could further accelerate the shift in market share towards private insurers in the coming months.

TOP

**Life insurers revise commissions tied to persistency to protect margins - Business Standard
- 10th February 2025**



Listed life insurance companies have modified their commission structure based on persistent performance of various distribution channels, and redesigned products to mitigate the impact of the revised surrender value norms. The Insurance Regulatory and Development Authority of India (Irdai) revised the surrender value guidelines effective from October 1, 2024.

HDFC Life has revised its commissions based on the persistency profile of the distributor. “It is a combination depending on the level of business, partners, inherent persistency in that channel, and so on. We have done a combination of commission

clawback, commission deferral, and reduction in commission. It is fairly bespoke for every relationship,” said Vibha Padalkar, managing director and chief executive officer (MD & CEO) of the company.

Axis Max Life has also followed a similar strategy and revised its commissions for various distributors based on how they perform on persistency scale. “If the persistency is very high, then we have in some cases used clawback. If the persistency is low, then we have reduced the commissions. But we have also created a gradient that if persistency improved, the distribution partner will get paid more. So, really it is a lot persistency-linked,” said Prashant Tripathy, MD & CEO of Axis Max Life.

According to Amit Palta, Chief Products & Distribution Officer, ICICI Prudential Life Insurance, the company has nearly completed its negotiations about commission structures with distribution partners in alignment with surrender value guidelines. “Different partners have agreed for different structures, different models. It also had to be aligned with what their Opex (operating expenses) requirement was, what their business models are. So, for more than 95 percent of our partners, we have closed the arrangement, the revised structures, and whatever is pending is something very small. I think we will get over it in the next couple of weeks,” he said.

On the other hand, SBI Life Insurance said that it has changed only the reward structure and not the commission structure.

Meanwhile, LIC has made revision in premium rates in some of the products. “We did not change rates in products which had good margin. We revised the minimum ticket sizes on products based on persistency experience. Thirdly, the age band at which we are going to provide these products was also relooked at... Realignment of the commission rates was done along with those changes. Now the intent for these changes was definitely not to increase the margin, but to ensure that the margins are not hit as well as the experience,” LIC’s management said during their post-earnings analyst call.

IRDAI revised the surrender value norms whereby life insurance companies have to pay higher special surrender value (SSV) to policyholders on completion of the first policy year if they have paid the full-year premium for a year. Earlier, the companies did not have to pay customers who surrendered their policies at the end of first year. The companies had to launch all their products as per the new norms by December 31, 2024. The revised surrender guidelines were expected to impact the profitability margins of life insurers. In order to mitigate it and improve persistency levels, the companies have undertaken multiple strategies, including redesigning products and commission structures.

(The writer is Aathira Varier.)

TOP

GENERAL INSURANCE

Public sector general insurers post combined profit of Rs 1,066 crore in Q3 - Business Standard - 13th February 2025



Public Sector General Insurance Companies (PSGICs) have achieved financial turnaround in the December quarter, posting a combined profit of Rs 1,066 crore on the back of various reforms by the finance ministry. Public sector general insurance companies (PSGICs), that historically reported losses, witnessed a major turnaround with all of them becoming profitable again, the finance ministry said in a statement on Thursday. While Oriental Insurance Company Ltd (OICL) and National Insurance Company Ltd (NICL) started posting quarterly profits from Q4 of 2023-24 and Q2 of 2024-25, respectively, United India Insurance Company Ltd (UIICL) posted

profit in Q3 of 2024-25 after a gap of seven years, it said.

otably, New India Assurance Company Ltd (NIACL) has consistently maintained its position as a market leader and has been making profits regularly, it said. New India Assurance Company recorded nearly 51 per cent drop in net profit to Rs 353 crore for the third quarter of the current financial year. The government has been committed to creating strong and competitive PSGICs and introduced reforms, including regular key performance indicators-based monitoring, it said.

The Centre had also infused a total capital of Rs 17,450 crore in these PSGICs during 2019-20 to 2021-22 with the aim of allowing these companies to undertake structural reforms, enhance operational efficiencies, and return to profitability, it said. "With improved risk-management practices, loss-control initiatives, adoption of technology, development of new products, better customer services and diversification of portfolio, the PSGICs have posted a magnificent turnaround from combined losses of over Rs 10,000 crore in 2022-23, to all individual PSGICs becoming profitable by Q3 of the current financial year and posting a combined profit of Rs 1,066 crore in Q3 of 2024-25," it said. The public sector insurance companies remain committed to maintaining this positive trajectory, it said.

The ongoing strategic measures and new initiatives continue to be rolled out to further strengthen financial stability of the PSGICs and improve customer services, it said. PSGICs are also committed to offering high-quality insurance products and services, ensuring long-term sustainability and enhancing customer experience, while achieving growth, it said, adding that the PSGICs are also committed to the broader objective of achieving 'Insurance for All' by 2047.

TOP

Cyber Fraud and Digital Threats: Why Cyber Insurance is Essential in India's Growing Digital Landscape - The Hand India - 11th February 2025

Globally, as well as in the domestic market, more and more people have adopted digital technology in recent years. People and businesses are increasingly using online platforms for work and other activities. Any evolution inevitably brings with it a set of challenges, and in this digital age, we are confronted with various cyber threats such as data breaches and online fraud. All these issues bring us to the importance of cyber insurance and why one should have it to avoid the increasing number of cyber threats.

As any digital frauds or attacks get more sophisticated, everyone, including the small individual and large corporate, face the risk of financial loss or reputational damage. Imagine someone hacking your social media account and creating mayhem in your life. Like any other insurance, cyber insurance provides coverage for the various cyber threats and gives much-needed protection in the fast-paced digital world.

It's not like frauds and cyberattacks have started recently in India; this was prevalent in the past and will even continue to thrive going forward—thanks to the more advanced technology used by the fraudsters. In the last year alone, fraudsters in Kolkata robbed residents of a staggering Rs 100 crore. The frauds took place through a fake ticket booking scheme, intimidation tactics, and phishing scams. Similarly, cyber fraud in Indore claimed a staggering Rs 60 crore, impacting even the city's highly educated professionals. According to the Indian Cyber Crime Coordination Centre (I4C), a division of the Ministry of Home Affairs, India experienced losses of approximately Rs 11,333 crore due to cyber fraud during the first nine months of 2024 alone, as suggested by various media reports.

So if one wants to understand cyber insurance in India, then there are two broad categories of insurance. One of the individual cybersecurity insurances, which primarily helps online users and covers various risks like cyberstalking, identity theft, and social media liabilities. These policies also provide protection against malware attacks, phishing scams, and email spoofing. The other type of insurance is specifically designed for corporates or companies, known as cyber liability insurance. This insurance helps them protect against the financial impact of data breaches, ransomware attacks, and other cyber incidents that could disrupt their business operations.

India, as a developing economy, will need to adopt digital technologies. Individual investors and organizations alike will continue to rely heavily on cyber insurance as a risk management tool. Cyber dangers formerly considered a distant concern, are now an immediate reality. Without sufficient insurance, individuals and businesses are exposed to the financial and reputational consequences of these disasters. One of the primary benefits of cyber insurance is that it provides a safeguard against the growing number of cyber dangers. When bought by companies and individuals, it helps preserve important assets and contributes to a more secure digital ecosystem, hence promoting the growth of India's developing digital economy.

TOP

Non-life insurance sector grows 6.58 percent in Jan 2025; Health insurers lead with 17.76 percent surge - Moneycontrol - 11th February 2025



India's non-life insurance sector continued its growth trajectory in January 2025, reporting a 6.58 percent year-on-year increase in gross direct premiums underwritten, reaching Rs 29,021.32 crore compared to Rs 27,228.98 crore in the same month last year. According General Insurance Council data, on a cumulative basis, the sector saw a 7.69 percent rise in premiums for the financial year up to January, totalling Rs 2,59,211.07 crore.

The health insurance sector continued to expand, with standalone health insurers showing an 11.01 percent year-over-year increase in January, amounting to Rs 3,659.54 crore. The sector's cumulative growth was even stronger at 17.76

percent, with total premiums reaching Rs 30,378.93 crore. The general insurance segment, which holds the largest market share, grew by 5.12 percent in January to reach Rs 24,136.68 crore. On a cumulative basis, this segment's premiums increased by 6.66 percent to Rs 2, 19,418.78 crore.

Notable performers included Acko General Insurance Ltd with a modest 3.51 percent monthly increase but a significant 12.87 percent cumulative growth, ICICI Lombard General Insurance Co Ltd with 7.66 percent and 9.97 percent growth respectively, and Tata AIG General Insurance Co Ltd with a robust 19.95 percent monthly and 18.39 percent cumulative increase. However, The New India Assurance Co Ltd, despite a strong 16.03 percent monthly jump, saw only a 4.81 percent cumulative rise. On the other hand, insurers like HDFC Ergo General Insurance Co Ltd reported a decline, witnessing a 28.27 percent drop in

January. On the health insurance front, Niva Bupa Health Insurance and Aditya Birla Health Insurance Co Ltd were among the leaders, with monthly increases of 15.56 percent and 16.69 percent respectively, and cumulative growth of 20.94 percent and 31.24 percent. Star Health & Allied Insurance Co Ltd also contributed with a 3.63 percent monthly and 11.74 percent cumulative growth. In terms of market dynamics, general insurance maintained an 84.65 percent share of the total premiums for January 2025, with health insurers capturing 11.72 percent and specialised insurers at 3.63 percent.

(The writer is Malvika Sundaresan.)

TOP

All you need to know about Electric Vehicle Insurance - The Economic Times - 10th February 2025



In the recent years, the automotive landscape has witnessed a remarkable surge in the demand for electric vehicles (EVs). One of the primary drivers for EVs is the growing awareness of environmental issues. The high demand for electric vehicles is a promising sign of a shift towards sustainable and eco-conscious transportation. Conventional vehicles release pollutants which contribute to poor air quality and impacts health, particularly during winter months in India. During the winter season, colder weather leads to increased use of heating systems and vehicles, leading to higher emissions from traditional internal combustion engine (ICE) vehicles. This worsens the already poor Air Quality

Index (AQI) in many regions. Electric vehicles (EVs) play a pivotal role by eliminating tailpipe emissions associated with traditional internal combustion engines.

By embracing electric mobility, communities can experience a notable improvement in the Air Quality Index (AQI), promoting cleaner air and mitigating the impact of transportation on public health. The advancements in battery technology have addressed concerns related to EV range and charging infrastructure. The development of fast-charging stations and improvements in battery efficiency have alleviated range anxiety, making electric vehicles a viable and convenient option for daily commuting as well as long-distance travel.

As EV infrastructure expands and charging methods become more sustainable, the adoption of EVs would amplify. According to The Motor Vehicle Act 1988, getting an insurance policy (Third Party) is mandatory before any vehicle can ply the road. However, it's important to understand that opting for only third-party insurance doesn't provide coverage for accidental damage to your vehicle. One needs to have comprehensive insurance including own damage to the vehicle. Traditional Motor Insurance policies are based on the erstwhile Indian Motor Tariff covering the basics such as accidental risk, theft risk, and third-party risk. These policies were primarily designed for Internal Combustion Engines driven vehicles wherein batteries were classified as consumable items subject to wear and tear and hence excluded from coverage.

New age EV vehicles have replaced these traditional engines with specially designed batteries and electric motors.

The battery in itself amounts to 50%-60% of the total electric vehicle cost, and recent fire incidents in EVs have raised concerns among customers regarding their safety and insurance coverage. Their advanced technology and unique features need specialized coverage hence there was a need for Insurance companies to offer specialized policies/add-ons to cover these risks. It is recommended that every individual must go for a package policy with the right set of add-ons to get complete and

comprehensive protection. While most insurance add-ons are agnostic of vehicle type i.e., ICE, EV, or Hybrid, few add-ons are specifically designed for each type.

An EV is a pure electric vehicle, hence add-ons that are explicitly designed for ICE vehicles like Engine Protect are not applicable for EVs but an add-on like Battery protect is dedicated to only EVs. A Hybrid vehicle is a combination of ICE as well as EV technology hence, one should opt for ICE-specific add-ons like Engine protect as well as EV specific add-ons. There are add-ons in the market that provide comprehensive cover for electric and hybrid vehicles. The Battery Protect Add-on covers the repair and replacement costs in case the battery gets damaged due to an unexpected power surge while charging and consequential damage due to a short circuit/water ingress to the battery and other electric-specific components such as the electric motor. By opting for coverage tailored to EV specifics, you enhance the protection of your investment and ensure peace of mind in the face of potential risks while reinforcing the environmentally friendly aspect of driving electric.

(The writer is Amit Bhandari.)

TOP

HEALTH INSURANCE

Despite hike in premiums, demand for health cover intact as millennials see greater need - The Hindu Business Line - 11th February 2025



Despite a steep increase in premium for health insurance policies for the last one year, there has not been any decline in renewals and the demand for new policies, according to experts. According to industry estimates, the health cover premiums increased in the range of 10 to 15 percent across various general and standalone health cover providers in the last one year.

“Increase in health cover premiums are to be understood in the context of rising medical inflation in the country and we don’t see any adverse impact on the renewal of cover on account of increase About 25 percent of our premium comes from renewals,”

Priya Deshmukh, Head - Health products, Operations and Services, ICICI Lombard said.

According to Narendra Bharindwal, Vice President, Insurance Brokers Association of India there has been a higher increase in retail health cover policies compared to the same in the corporate group cover segment. One of the reasons for frequent hike in premium is the practice of the bracketing of age groups in deciding the price of cover, he said adding: “The younger the person, the cheaper the cover.” Post Covid 19, those who are in the age group of 35 to 45 have realised the importance of buying health cover and this is one of the drivers for demand for the new policies as well as continuation of them through renewals, according to Bharindwal.

Except in the case of senior citizens above 60 years, there is no upper cap on the increase in health cover premium by the insurers as per the regulation of the Insurance Regulatory and Development Authority of India (IRDAI). While expressing concern over a general increase of premium, the regulator last month directed the insurers not to increase health insurance premiums beyond 10 percent per annum for senior citizens per annum. While accepting that there was a ‘phenomenal hike’ in the premium in the case of some ailments like cancer, a CEO of a private general insurance company said the hike will not actually affect a policyholder as there is greater hike in medical inflation.

“There is a need to bridle the private hospitals to control medical inflation which automatically brings down the cost of the cover. We have data to show that there has been a 20 percent increase in the cost of corporate medical care providers,” he said. There is a disparity in the pattern of hike in premium in the

corporate group health cover policies and the retail policies, according to senior official of a public general insurer. In order to bag corporate group cover policies in large numbers, some private insurers have resorting to reduction of price beyond reasonable level and are trying to make it up from the retail premium, he said adding that retail policy holders are now 'subsidising' the corporate group cover.

(The writer is G Naga Sridhar.)

TOP

Insurers Seek Clarity on 10% Hike Cap for Senior Health Premiums - The Economic Times - 11th February 2025



Health insurers are seeking clarity from the Insurance Regulatory and Development Authority of India (IRDAI) on the implementation of its recent circular capping annual premium hikes for senior citizens at 10 percent, particularly how it applies to long-term policies and whether rates can be adjusted upon renewal. In a circular issued on January 30, the insurance regulator restricted all general and health insurers offering indemnity-based health insurance from increasing premiums for individuals aged 60 and above by more than 10 percent in a single year, following complaints from policyholders, some of whom saw their premiums double within a year. Some

insurers have assumed the cap applies to the last premium paid before the hike. However, insurers are uncertain whether they can impose a cumulative increase upon renewal after a multi-year policy term ends. "We are going to ask the regulator to clarify whether, for a senior citizen with a three-year policy, insurers can increase premiums by more than 10 percent when the policy renews in the fourth year, or if the cap will continue to apply year by year," the chief executive of an insurance company said.

IRDAI has cited financial vulnerability as a key reason for this restriction. "The most vulnerable age group is senior citizens with limited sources of income. They are the most impacted by steep increases in health insurance premiums. This has been a regulatory concern for IRDAI," the circular had said. Other than the cap, the regulator has urged insurers to standardise pricing agreements with hospitals. It has also cracked down on insurers repackaging existing products with minor tweaks to justify price increases. Along with the price hike cap, the new regulatory restrictions on product discontinuation without regulatory approval will benefit policyholders, particularly senior citizens, experts say.

Insurers have long relied on withdrawing older policies and replacing them with slightly modified, higher-priced versions. "Now, with IRDAI mandating approval for withdrawals, that loophole is expected to close," said an insurance executive. Following the cap on premium hike, insurers will have to rethink their pricing strategies to account for additional costs, such as immunotherapy, which has become a regulatory requirement despite being a preventive treatment rather than a critical necessity like surgery or chemotherapy, said an industry expert adding that this is akin to a sudden mandate for helmet coverage in motor insurance, which would require insurers to rework the pricing.

(The writer is Shilpy Sinha.)

TOP

Navigating nuances of reimbursement, claim settlement - Businessworld - 10th February 2025

The Indian Health and Medical Insurance market which is on its path to achieving Rs 1 lakh crore market size in 2025 is anticipated to reach Rs 1.67 trillion by 2030 at a compounded annual growth rate (CAGR) of Rs 10.6 percent during the period of 2025-2030. The COVID tragedy made one thing categorical it is extremely important to insure the individuals and their families. There are public and private insurers

floating in the market offering diverse and tailored insurance plans yet the insurance penetration in India remains below the global average of 7 percent. Additionally, the Industry is still grappling with the issue of claim settlement and reimbursement, as per the data less than 5 percent of people file for reimbursement due to a cumbersome process. The regulatory intervention however helps, but an intricate procedure is a red flag for the insurance industry.



Urvashi Prasad, Public Health and Policy Specialist and former Director of NITI Aayog stressed the complexities related to modern treatments and tussles with insurers. She stated that there are certain illnesses where a modern cure is available in addition to conventional treatment, however, the stringent policies make it hard for an individual to opt for the modern treatment.

“On the insurance side, the training to the seller is missing, in the policy for modern therapy, there are sub-limits, which ideally should not be sold because medically, we are advancing and a lot of robotics

surgery and modern therapies are coming. Customers should be able to avail whatever treatment they want to avail under modern therapy. While, on the consumer side, it's very tough to say that they should be more aware because the regulator is releasing a lot of guidelines for customer protection. But to know it all is difficult,” said Shilpa Arora, Co-founder and COO, of Insurance Samadhan.

Arora also highlighted the need for annual reviews to be a part of the system where the customers should be periodically updated about the policy benefits, inclusions and enhancements. She also emphasised that awareness at the seller and the policyholder end is required. Shocking data revealed that air pollution was responsible for the death of 1.67 million people in India, accounting for 17.8 per cent of the total deaths in 2019. The death rate surged 115 per cent between 1990 and 2019 due to air pollution. Several tier-1 cities in India have already attained the poor air quality index (AQI) level with Delhi topping the index. Nitin Jain, Business Head, of Health Insurance at Policybazaar.com advised on buying health insurance in the early stages to navigate through the waiting period as early as possible. “Moreover, when you sail through your waiting period the claims settlement becomes easier”, he said. Jain also noted that usually, the reimbursement process is lengthy due to treatment in hospitals other than the network hospitals. However, many insurers are striving to create an instant reimbursement process upon the submission of proper documents within 24 hours.

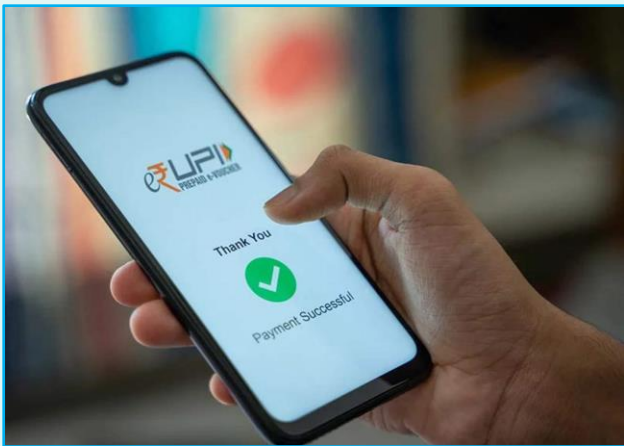
Recently, the Indian government also increased the foreign direct investment (FDI) cap in the insurance industry from 74 per cent to 100 per cent, as long as the invested premium stays within the nation. This adjustment in policy was revealed during the Union Budget 2025-26 and aims to promote increased foreign involvement in the sector.

TOP

Financial inclusion in Bharat: Leveraging UPI to expand insurance accessibility across rural and urban India - The Economic Times - 8th February 2025

Health and term insurance are fundamental in shielding families from the devastating impact of medical emergencies or the loss of a primary earner. For the missing middle, health and term insurance are lifelines that help them avoid slipping into poverty. As an African proverb wisely puts it, "If you want to go fast, go alone. If you want to go far, go together." This timeless adage beautifully captures the spirit of collaboration that has driven India's remarkable digital payment revolution, underpinned by its robust digital public infrastructure (DPI). Spearheaded by the Unified Payments Interface (UPI), this revolution has not only transformed the way transactions are conducted but has also become a beacon of financial inclusivity, reaching the furthest corners of the nation. Through groundbreaking innovations in financial services, UPI has had a multiplier effect on the Indian economy, unlocking the true potential across

various industries, including insurance. Health and term insurance policies are increasingly being purchased by people in smaller cities through UPI Autopay, which is streamlining premium payments and enhancing inclusion in previously underserved regions.



Bridging the Missing Middle

India's missing middle—comprising MSMEs, informal sector workers, and middle-income earners—represents a vast segment that is often underserved in financial planning. These individuals are not fully served by government welfare schemes and typically cannot afford the premium financial services available to the wealthy. Ensuring this group has access to health and term insurance is crucial for their financial security and, by extension, the country's economic growth.

Health and term insurance are fundamental in shielding families from the devastating impact of medical emergencies or the loss of a primary earner. For the missing middle, health and term insurance are lifelines that help them avoid slipping into poverty. Thanks to India's robust digital infrastructure, accessing these essential insurance products has become more straightforward and inclusive. The digital revolution is making it easier for people in smaller cities and rural areas to secure health and term policies, integrating them into the formal financial system. By insuring the missing middle, India can bolster the economic resilience of millions, fostering growth and stability across the nation.

UPI's Impact on Financial Services

UPI's impact on financial services in India is nothing short of revolutionary. From a modest start to handling nearly 15 billion transactions monthly by 2023, UPI has embedded digital payments into the daily lives of Indians across all socio-economic segments, bridging the urban-rural divide. Its simple, secure, and cost-effective nature has made it a preferred mode of transaction all over India, especially for those in rural and semi-urban areas who previously had limited access to banking services.

Transforming Insurance Accessibility

One of the most significant transformations facilitated by UPI is in the insurance sector, particularly through UPI Autopay. Traditionally, collecting premiums relied heavily on net banking e-mandates or auto-debits from credit and debit cards. However, these methods were less accessible in Tier 3 and Tier 4 cities, where exposure to such financial products was minimal. But UPI, with its straightforward and inclusive approach, has found a strong foothold.

Policybazaar's experience vividly illustrates this shift. Today, over 40% of life and term insurance premiums from these smaller cities are processed through UPI, highlighting a massive leap in accessibility and convenience for a demographic previously unbanked. This development, predominantly in the last three to four years, underscores UPI's pivotal role in democratising financial services in India.

Advancing General Insurance

The general insurance sector, too, has witnessed significant advancements thanks to UPI. Affordable payment solutions are a priority for every individual in India, and Buy Now, Pay Later (BNPL) players are increasingly leveraging UPI Autopay to facilitate this. By adopting UPI Autopay, BNPL companies can offer more accessible insurance payment options, encouraging broader adoption and penetration, especially in larger cities. Consider a scenario where a rural family in Maharashtra needs to renew their vehicle insurance. Previously, paying insurance premiums required a trip to the nearest town, consuming time and resources. Now, with UPI, they can make payments from their mobile phone, saving both time and money. This convenience boosts insurance adoption and enhances financial security by ensuring continuous coverage without the hassle.

Enabling Credit Access

UPI has not only transformed payments but also opened new avenues for credit access, particularly for small businesses and individual entrepreneurs. Take the example of a grocery shopkeeper in a remote village in Bihar. Traditionally, his cash-based transactions limited his ability to access formal credit due to the absence of documented income. With UPI, this shopkeeper now has a digital transaction history, which banks and non-banking financial companies (NBFCs) can use to assess his creditworthiness. This shift towards digital transactions facilitates cash-flow-based lending, where credit decisions are based on the actual cash inflows and outflows rather than traditional credit scores. This approach is especially beneficial for MSMEs that often struggle with formal credit access due to inadequate financial documentation. By enabling cash-flow-based lending, UPI is creating new opportunities for MSMEs, empowering them to secure loans at reasonable rates. A report by Boston Consulting Group highlights that UPI-driven bank statements for SMEs can enhance the accuracy of credit decisions by over 50%. This wealth of data provides banks and NBFCs with a more detailed view of a business's creditworthiness, paving the way for cash-flow-based lending tailored to small enterprises.

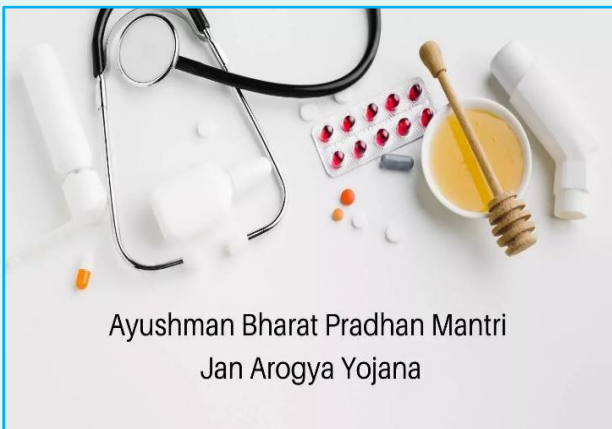
Conclusion

UPI stands as a cornerstone of India's financial inclusion journey. By simplifying insurance processes and making them accessible to the broader population, UPI is reshaping the landscape of financial services in India. As digital infrastructure continues to evolve, the vision of a financially inclusive Bharat, where every citizen, regardless of location, can access essential financial services like insurance, becomes increasingly attainable. The ongoing efforts to enhance UPI's reach and integrate it further into the fabric of India's financial ecosystem promise a future where financial security is not a privilege but a fundamental right for all.

(The writer is Yashish Dahiya.)

TOP

8.59 Crore hospital admissions worth Rs 1.19 Lakh Crore authorised under Ayushman Bharat scheme - The Pioneer - 8th February 2025



Union Health Minister J P Nadda on Friday informed the Lok Sabha that a total of 8.59 crore hospital admissions worth Rs 1.19 Lakh Crore have been authorised under the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) as on January 1, Union Health Minister J P Nadda said on Friday. He also said 5.63 Crore vulnerable individuals have been screened and 1.59 Lakh new tuberculosis patients notified since the launch of the 100-day intensified TB elimination campaign in 348 districts in December last year. Underlining that steps are taken for prevention and detection of different kinds of fraud in the implementation of the Ayushman Bharat scheme,

he said suitable actions, including de-empanelment of 1,114 hospitals, levying penalty worth Rs 122 Crore on 1,504 errant hospitals and suspension of 549 hospitals have been taken against fraudulent entities.

In a written response to a question in Lok Sabha, he said the National Anti-Fraud Unit (NAFU) has been established at National Health Authority and works in close coordination with State Anti-Fraud Units (SAFU) to investigate and take joint action against issues related to fraud and abuse. Further, any claims by empanelled hospitals found to be suspicious by NAFU are withheld until proper scrutiny by SAFU teams, including field verification where necessary. As on February 4, nine doctors and 71 hospitals have been suspended under the scheme in Gujarat. Additionally, two hospitals have been de-empanelled and one hospital has been blacklisted.

A total recovery of Rs 15.08 Crore has been made, while penalties amounting to Rs 19.90 Crore have been imposed, Nadda stated. The AB-PMJAY is a flagship scheme of the government which provides health cover of Rupees five Lakh per family per year for secondary and tertiary care hospitalisation to approximately 55 Crore beneficiaries corresponding to 12.37 Crore families constituting economically vulnerable bottom 40 per cent of India's population. Recently, the scheme has been expanded to cover 6 crore senior citizens of age 70 years and above belonging to 4.5 Crore families irrespective of their socio-economic status under AB-PMJAY.

As regards fight against TB, the minister said in a written response to a question, 4.94 lakh Ni-kshay shivirs have been held while 86,748 new Ni-kshay Mitras have been registered and 1.12 Lakh food baskets disbursed to TB patients and their family members. The government had on December 7 last year launched the intensified TB Mukh Bharat Abhiyan in identified 347 priority districts across 33 states and UTs, including eight districts of Himachal Pradesh, to accelerate the endeavour to achieve Sustainable Development Goals related to TB. Out of the total campaign districts, 38 are tribal, 27 are mining and 46 are aspirational districts. The campaign follows a renewed approach to find missing TB cases, reduce TB deaths and prevent new cases, Nadda said. To ensure equitable access, special outreach camps have been organised to screen vulnerable population, offer X-ray and Nucleic Acid Amplification Test (NAAT) tests, either through mobile medical vans or by mobilizing them to the nearest health facility equipped with X-ray. All services related to TB have been decentralised to the level of Ayushman Arogya Mandir, Nadda said. Campaign specific information, education and communication materials have been developed and disseminated to educate the public and raise awareness about symptoms, prevention and the importance of timely treatment for TB in the campaign states and UTs, including Himachal Pradesh, Chhattisgarh and Madhya Pradesh.

TOP

Health insurance to beat motor business - The Times of India - 10th February 2025



Health insurance's share in the non-life segment is set to surpass other categories put together as the sector continues to expand, the chief of standalone health insurer Niva Bupa Health Insurance said. At present, health is the largest segment with a 40 percent share of total non-life premium. According to Krishnan Ramachandran, MD & CEO of Niva Bupa Health Insurance, the industry is growing at 14-15 percent, with significant potential for further expansion and the company's British parent Bupa is 'excited' about the Budget move to allow 100 percent foreign direct investment. "Unlike motor insurance, the second-largest segment, which

depends on new vehicle sales, health insurance has vast scope due to its low penetration. Globally, five of the top 10 insurers by market capitalisation operate in health insurance."

According to Ramachandran, insurance regulator Irdai's decision to allow a 10% hike in senior citizen premiums can be implemented while maintaining a combined ratio of 95%. The combined ratio represents the proportion of claims and management expenses to total premiums. The total premium income of the non-life industry was 2, 89,673 crore in FY24. "Health insurance in India remains affordable. A family can secure coverage for around 2% of the sum insured, which is reasonable," he said. Niva Bupa is leveraging technology to scale operations without increasing fixed costs. "All our policies are digitally onboarded, 51% are issued straight through with automated underwriting, and 21% of retail claims are automatically approved."

Bupa has a different structure compared to other insurers. As a private company limited by guarantee, it does not distribute dividends but reinvests profits. Niva Bupa is one of Bupa's two group companies that are listed. Despite the listing, Ramachandran said the company is not under pressure for quarterly profits

as its promoter, Bupa, and former promoter and largest shareholder, True North, have a long-term business focus. The 2024 IPO reduced Bupa's shareholding from 62% to around 55% to create space for foreign investors while staying within the then 74% FDI cap.

(The writer is Mayur Shetty.)

TOP

MOTOR INSURANCE

Health insurance dominates non-life with 40 percent share despite slow growth, while motor at 29.3 percent despite being mandatory – Moneycontrol - 17th February 2025



Even though the penetration of health insurance in India is growing at a rather slow pace, with a staggering health protection gap of 73 percent, it has clinched the largest market share at 40 percent, outpacing motor insurance, which stands at 29.3 percent, despite being a legal requirement for all vehicles. Even though the penetration of health insurance in India is growing at a rather slow pace, with a staggering health protection gap of 73 percent, it has clinched the largest market share at 40 percent, outpacing motor insurance, which stands at 29.3 percent, despite being a legal requirement for all vehicles.

"A critical issue for motor insurance is the high percentage of uninsured vehicles because of non-compliance with mandatory insurance laws," said G Srinivasan, Galaxy Health Insurance. Around 54 percent of vehicles are still uninsured. He added that vehicle owners often fail to either purchase insurance initially or renew it annually.

Moreover, the sector's growth is closely tied to new vehicle sales, which can be volatile. For instance, December 2024 saw a dramatic decline in retail vehicle sales by over 45 percent, dropping from 3,208,719 units in November to just 1,756,419, as reported by the Federation of Automobile Dealers Associations (FADA). This decline was despite aggressive discounting efforts, with a year-on-year decrease of 12.49 percent from December 2023.

January 2025, however, showed a slight recovery with a 6.6 percent increase in sales.

Shashi Kant Dahuja, executive director and chief underwriting officer, Shriram General Insurance, highlighted the pandemic effect. "A major shift came in the mindset of people when a lot of families lost entire life savings while fighting against COVID. The importance of health insurance was finally realised and this gave a rise to health insurance purchase," he said. Out of the total motor premiums, 60 percent is third party premiums and as there has been no rise in these premiums by the regulator, the growth seems muted, he added.

On the other hand, health insurance's trajectory is supported by the fact that around 75 percent of Indians still pay for medical services out-of-pocket, highlighting the sector's low penetration and growth potential, according to experts. Moreover, unlike motor insurance, where premiums decrease due to vehicle depreciation, health insurance premiums inflates with age, ensuring a consistent revenue stream from renewals, they added.

Industry leaders, including the CEO of Niva Bupa, have predicted a continued expansion at a rate of 14 percent.

(The writer is Malvika Sundaresan.)

TOP

SURVEY AND REPORTS

With focus on offering best to parents & children, 'Sandwich Generation' feels financially insecure – The Economic Times – 12th February 2025

According to a recent study conducted by Edelweiss Life Study, around 60 percent of India's Sandwich Generation reported that "no matter how much I save or invest, I feel like it's never enough for the future." Sandwich generation consists of people between the age group of 25 years old and 54 years old, as per the report. The life insurer conducted a survey in collaboration with YouGov. They surveyed 4,005 respondents in this generation across 12 cities to understand their attitudes, beliefs, and level of financial preparedness.

Additionally, the survey added that the most preferred financial planning tools included, Life Insurance, Health Insurance, Mutual Funds, Equities, and Bank FDs. Meanwhile, less than 60 percent currently have active investments across categories, and even fewer expect to persist with them over the next 1 – 2 years. The study further revealed that all the above products have been prematurely liquidated, by their holders. Which means that they were accessed before their pre-defined goals were met.

(The writer is Vikas Kumar.)

TOP

INSURANCE CASES

Insurance firm told to pay Rs 55.68L to mishap victim's kin – The Tribune – 14th February 2025

The Motor Accident Claims Tribunal, Chandigarh, has directed an insurance company, owner and driver of a vehicle to pay Rs 55, 68,672 as compensation to wife and two children of a person who died in a road accident two years ago. The claimants, Nisha and two children, residents of Kalka in Panchkula, had filed the petition through Counsel Sunil K Dixit under Section 166 of the Motor Vehicles Act for the grant of compensation.

She said on January 8, 2022, her husband Jony was returning home on his two-wheeler from Zirakpur. At about 10.30 pm as he reached Majri Chowk flyover he rammed into a canter that was parked on the road. There were no indicators, reflectors or any other signal that could have alerted Jony about the stationary vehicle, she alleged. As it was raining he could not anticipate that a vehicle could be stationed on the highway. Jony suffered grievous injuries and was taken to Civil Hospital, Sector 6, in Panchkula where the doctors declared him brought dead.

Nisha alleged that the accident had taken place due to the negligence of the driver of the canter. Regarding the accident, FIR was registered on January 9, 2022, under Section 283 and 304A of the IPC at the Sector 5 police station. She said her husband was about 34-year-old and running a Dhaba on the judicial Complex at Panchkula. He was earning Rs 4, 98,750 per annum. All the claimants were solely dependent on the income of the deceased. After his death the claimants have suffered loss of dependency. The driver and the owner of the canter denied the allegations. After hearing of the arguments, the tribunal directed the owner, the driver and insurance company to pay compensation of Rs 55,68,672, along with interest at the rate of 7.5% per annum, to the claimants.

TOP

'Take it or leave it attitude' of insurance companies unwarranted: Consumer Commission – The Tribune – 12th February 2025

Observing that the 'take it or leave it' attitude of the insurance companies are unwarranted, the District Consumer Dispute Redressal Commission directed an insurance firm to pay Rs 15,000 as compensation to a city resident for denying the claim without valid reasons. The commission also directed to reimburse an amount of Rs 54,228, spent on the treatment, to the complainant along with an interest of 9 per cent per annum. The commission said it is generally seen that the insurance companies are only interested in

earning premiums and find ways and means to decline claims. In his complaint, Sanjiv Rana, a resident of Sector 38, stated that he obtained a health insurance policy and on April 10, 2024, visited a private hospital in Mohali for consultation after feeling uneasiness.

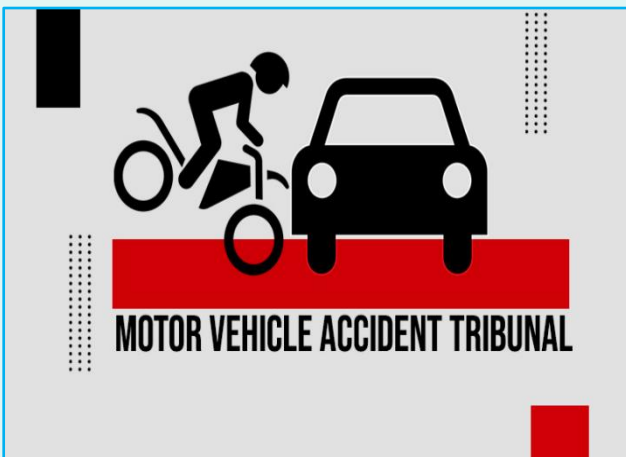
As there was no relief, he again approached the hospital and was advised admission. At the time of discharge, the hospital filed a claim with the insurance company but it was rejected. As per bills, the complainant had to pay Rs 54,228 for his medical treatment from his own pocket.

Despite notices, the insurance company did not put in appearance before the Commission and accordingly they proceeded against ex-parte vide order dated October 30, 2024. The Commission said there was no merit on the grounds of the company for denying the claim that the need of the hospitalisation was not established based on the lab reports. The Commission said it is for the treating doctor/hospital to see if hospitalisation is needed for the patient or not. After hearing the arguments, the Commission held the company guilty of deficiency in services and directed it to reimburse the amount and pay compensation to the complainant for the harassment and litigation expenses.

(The writer is Ramkrishan Upadhyay.)

TOP

Insurance company cannot escape liability due to meager dishonoured cheque amount: Chhattisgarh High Court - 11th February 2025



In a significant ruling, the Chhattisgarh High Court has upheld the liability of United India Insurance Company Ltd. to pay compensation in a motor accident claim despite the insurer's contention that the insurance policy was void due to cheque dishonour. The court also enhanced the compensation granted to the claimants from ₹2.75 lakh to ₹6 lakh.

Background of the Case

The case revolves around the tragic death of a 12-year-old boy, Deepak Kannouje, who was fatally injured on April 21, 2017, when a tipper truck (Hyva) bearing registration number CG 04 JC 2459

hit his bicycle near Rajkumar Kirana shop. The vehicle was being driven by Lokesh @ Lukesh Sen and owned by Ramji Sahu. The boy succumbed to injuries during treatment.

The parents of the deceased, Puran Lal and Chitrarekha Bai, had filed a claim petition before the Motor Accident Claims Tribunal (MACT), Baloda Bazar, under Section 166 of the Motor Vehicles Act, 1988. The Tribunal had awarded compensation of ₹2.75 lakh with an interest of 9% per annum against the insurance company. Dissatisfied with the compensation amount, the claimants filed MAC No. 1380 of 2018, seeking an enhancement of the award. Meanwhile, United India Insurance Company filed MAC No. 1746 of 2018, seeking to set aside the award and absolve itself from liability, arguing that the insurance policy had been cancelled due to non-payment of the premium.

Legal Issues Considered by the Court

The primary issue before the Chhattisgarh High Court was:

1. Whether the insurance company could be absolved from liability on the ground that the insurance policy was cancelled due to dishonour of the premium
2. Whether the compensation awarded to the claimants was adequate and required enhancement.

Court's Observations and Decision

The bench, presided over by Justice Naresh Kumar Chandravanshi, delivered a common judgment for both appeals.

On the Issue of Insurance Policy Cancellation

The insurance company contended that the vehicle owner, Ramji Sahu, had initially issued a cheque for the insurance premium covering the period from April 5, 2017, to April 4, 2018, but the cheque was dishonoured on April 11, 2017, due to insufficient funds. As a result, the policy was cancelled, and a fresh policy was issued only on April 26, 2017, which was after the accident. However, the court found that while the bank had informed the insurance company about the dishonoured cheque on April 11, 2017, the insurer did not promptly notify the vehicle owner. Instead, the company sent the notice much later—on May 4, 2017—after the accident had already taken place.

The court observed:

“Had the insurance company issued an immediate notice, the owner could have deposited the balance amount. The delay in sending intimation deprived the owner of this opportunity.” It further noted that the cheque was dishonoured due to a minor shortfall of just ₹988, which could not be considered an act of bad faith on the part of the vehicle owner. Given these facts, the court held that the insurance company remained liable and dismissed MAC No. 1746 of 2018 filed by the insurer.

On Enhancement of Compensation

The court also reviewed the compensation amount awarded by the MACT. It noted that the Tribunal had based its calculations on the *Kishan Gopal v. Lala & Ors.* [(2014) 1 SCC 244], where the Supreme Court had assessed a notional income of ₹30,000 per annum for a deceased minor and applied a multiplier of 15 to compute the compensation. However, since the accident in the *Kishan Gopal* case occurred in 1992, the court recognized that inflation and the declining value of money warranted an increase in compensation. Referring to the Supreme Court's decision in *Kusmi Devi v. Md. Kasim & Anr.* [(2023) ACJ 1658], the court enhanced the compensation amount from ₹2.75 lakh to ₹6 lakh, citing:

“The financial value of rupee has significantly depreciated over the years, and compensation should be revised accordingly to meet present economic realities.”

Final Verdict

The appeal filed by United India Insurance Company (MAC No. 1746 of 2018) was dismissed, and the insurer was held liable to pay the compensation. The claimants' appeal (MAC No. 1380 of 2018) was allowed, enhancing the compensation from ₹2.75 lakh to ₹6 lakh with an interest of 7% per annum. The insurance company was directed to deposit the enhanced amount within two months before the MACT, Baloda Bazar.

The enhanced compensation would be kept in a fixed deposit for three years in a nationalized bank for the benefit of the claimants.

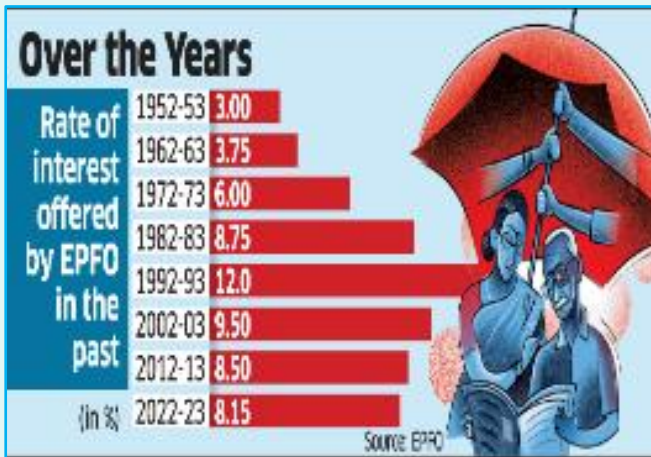
TOP

PENSION

EPFO may keep interest on deposits near 8.25% - The Economic Times - 12th February 2025

The Employees' Provident Fund Organisation (EPFO) could retain the interest rate on provident fund deposits for 2024-25 at above 8 percent and close to the 8.25 percent announced for the preceding year when its central board of trustees (CBT) meets on February 28, said people familiar with the matter. The investment committee and the accounts committee of the EPFO, the erstwhile Finance, Investment and Audit Committee, will meet next week to consider the income and expenditure of EPFO in the current financial year and arrive at a rate of interest that could leave the retirement fund body with a substantial surplus to meet any exigencies, they said.

The current financial year has seen higher returns on EPFO investments and an increase in subscriber base but at the same time there has been a substantial increase in claim settlements this year, said an official, who did not wish to be identified.



Official data shows that the EPFO has processed more than 50.8 million claims amounting to ₹2.05 lakh crore in 2024-25 compared to 44.5 million claims worth ₹1.82 lakh crore settled in 2023-24.

"The committees concerned are working out the details and are expected to propose such a rate that will be on a par with previous years," the official said. The EPFO has more than 65 million subscribers.

It had given 8.25% interest for 2023-24 on income of ₹1, 07,000 crore, its highest so far, on a total principal amount of about ₹13 lakh crore. The rate of interest was higher than 8.15% for 2022-23 on income of ₹91,151.66 crore on a principal of ₹11.02 lakh crore.

The interest rate on PF deposits for any given year, proposed by the EPFO and approved by the CBT, has to be approved by the finance ministry before it is notified and credited into the accounts of EPFO subscribers, mostly in the second half of the following year. The CBT is the apex decision-making body of the EPFO. Labour and employment minister is the chairman of the CBT, which is composed of the representatives of employers, employees and state governments along with top officials of the labour ministry and EPFO.

(The writer is Yogima Seth Sharma.)

TOP

Atal Pension Yojana enrolments grow 29 percent annually since 2019 - The Hindu Business Line - 12th February 2025

The Union Government's ambitious Atal Pension Yojana (APY), launched in 2015 to provide universal social security to India's unorganised workforce, has witnessed a remarkable surge in enrolments, with five states alone accounting for nearly half of the total subscribers. According to the latest data presented in the Lok Sabha, Uttar Pradesh leads with 16.11 percent of total enrolments, followed by Bihar (9.59 percent), Maharashtra (7.96 percent), West Bengal (7.68 percent), and Tamil Nadu (6.69 percent). Combined, these states contribute almost 48 percent of the total enrolments under the scheme, highlighting significant regional disparities in pension coverage. APY currently offers a flexible minimum guaranteed pension ranging from ₹1,000 to ₹5,000 per month, depending on the subscriber's contributions. Monthly subscription amounts vary from ₹42 to ₹1,454; influenced by the enrolment age and the chosen pension slab.

APY enrolments have skyrocketed from 1.54 crore in March 2019 to a staggering 7.33 crore by January 2025, recording a CAGR of 29 percent. The financial year 2024-25 alone saw over 89.95 lakh new enrolments, reflecting growing awareness and reliance on the scheme among India's informal workforce. Interestingly, the scheme has seen substantial female participation, with women making up around 47 percent of the total subscribers. This trend underscores the scheme's reach in promoting financial security among women in the unorganised sector. States with larger populations and higher rural demographics, like Uttar Pradesh, Bihar, and Maharashtra, dominate APY enrolments. Experts attribute this to the extensive presence of informal workers who lack access to formal pension schemes and rely heavily on government-backed social security programs. Additionally, robust government outreach initiatives in these regions have played a crucial role in driving enrolments.

Northern and Eastern states generally show stronger enrolment figures compared to their Southern and Northeastern counterparts, with exceptions like Tamil Nadu and Karnataka, where enrolments are relatively higher. Despite the scheme's rapid growth, the government has decided against increasing the pension benefits or altering the subscription structure. The Ministry informed the Lok Sabha this week that APY will continue under the existing terms and conditions, with no plans to raise the pension amount or the corresponding subscription rates. The government's decision comes amid concerns that increasing the pension would significantly hike subscription costs, placing an additional financial burden on subscribers. In a significant policy shift in 2022, the scheme was amended to exclude income taxpayers from eligibility, aiming to target the economically vulnerable population better. As APY continues to expand, the focus remains on deepening its reach among India's vast unorganised sector, ensuring financial security for millions in their retirement years.

(The writer is Radheshyam Jadhav.)

TOP

NPS equity annual returns slide to 10.89 percent as of Feb 1 - The Hindu Business Line - 12th February 2025



The sustained “Trump trade” in global stock markets (shifting from emerging markets to the US) since early-November last year, coupled with a correction in Indian equity benchmarks, has significantly eroded NPS annual returns on equity investments, which have now dropped further to 10.89 percent as of February 1, according to the latest Pension Fund Regulatory and Development Authority (PFRDA) data. Benchmarks have declined over 10 percent since late-September, driven largely by weak Q2 and Q3 corporate earnings amid slowing economic growth. This sharp decline in NPS returns marks a steep fall from the nearly 40 percent annual return

recorded on September 28, when Indian equity indices hit an all-time high. The slide began soon after, with returns dropping to 30 percent by November 10, 26.6 percent by November 30, 24.37 percent by December 14, and further to 15.86 percent by December 27. Foreign portfolio investors (FPIs) have net sold about \$10 billion in equities this calendar year.

Both Sensex and Nifty50 have, till date, fallen over 10 percent from their record-high in September, sending investors in a tizzy. While Nifty50 reached a life-time high of 26,277.35 on September 27, Sensex had, on the same day, hit a record peak of 85,978. Overall NPS assets under management (AUM) growth pace, too, further moderated at 23.33 percent year on year at ₹13.88 lakh crore. This growth pace is lower than the 25.49 percent year-on-year growth recorded as of December 28 to touch ₹13.69 lakh crore. The NPS assets AUM grew a robust 27.34 percent on a year-on-year basis as on December 14 to touch ₹13.71 lakh crore. As of end-September, overall NPS assets stood at ₹13.40 lakh crore, up 32 percent on a year-on-year basis.

Although average annual equity scheme returns moderated since end-September, it was much higher than the 9.76 percent in Central government scheme and 9.88 percent in State government scheme. Average return generated by Pension Funds for Atal Pension Yojana in the last one year stood at 9.96 percent, while the return was 9.08 percent since inception. Prior to October 2024, riding on buoyant equity markets, the NPS monies parked in pure equities had given astronomical returns as high as 40 percent. NPS scheme has generated competitive returns since inception. For the government sector, NPS has given an average return of 9.5 percent since inception. For the non-government sector, the equity scheme has given return of 13.07 percent, corporate debt 9.11 percent and government securities 8.79 percent.

Private sector AUM

Private sector NPS assets growth, too, moderated as of February 1, clocking year-on-year increase of 29.90 percent at ₹2.78 lakh crore. This is lower than the 33.33 percent y-o-y growth at ₹2.74 lakh crore as of December 28 and 36.40 percent y-o-y growth at ₹2.77 lakh crore as of December 14. As of end-October, it was ₹2.70 lakh crore, up 44.52 percent on a year-on-year basis. The number of NPS subscribers in the non-government sector (private sector) — including the newly-launched Vatsalya scheme — saw an impressive growth, with a 22.38 percent year-on-year rise to 64.28 lakh, latest data from the PFRDA showed. The private sector's strong NPS assets growth of near 30 percent has substantially outpaced the government sector's 21.7 percent year-on-year growth, albeit on a much higher base.

Government sector (Centre and State governments) NPS assets touched ₹10.62 lakh crore as of February 1, PFRDA data showed. This was higher than the ₹10.23 lakh crore AUM as of end-September.

Corporate sector NPS

Corporate-sector related NPS continued to show robust growth in AUM at ₹2.08 lakh crore as of February 1 (₹1.58 lakh crore as of February 3, 2024). The 'All Citizen Model' (basically individuals) assets grew a robust 26 percent to ₹70,144 crore (₹55,764 crore). The number of subscribers in the corporate sector (employees of companies who have signed up) stood at 22.35 lakh, while there are 41 lakh subscribers in 'All Citizen Model'.

(The writer is KR Srivats.)

TOP

EPFO again extends last date for UAN activation and aadhaar seeding; this time to Feb 15 - Live Mint - 08th February 2025

Employees Provident Fund Organisation (EPFO) has announced to extend the last date for UAN activation and aadhaar seeding in bank account of all the employees till Feb 15, 2025. This deadline has been extended multiple times. The earlier deadline was set at Jan 15 before it was extended to Feb 15 as per a circular dated Feb 6. This deadline extends to employees who are entitled to claim the benefits of Employee Linked Incentive (ELI) Scheme. The scheme benefits are meant to be disbursed through direct benefit transfer (DBT) to the bank account so long as it is linked to aadhaar.

It is this deadline to link aadhaar to the bank account which has now been extended to Feb 15.

Government of India rolled out Employment Linked Incentive (ELI) Schemes for first-time employment in 2024. EPFO enrolment and activation of UAN is mandatory to receive the subsidy under the first-time employment scheme. The first circular with regards to this was issued on Nov 22 last year when the EPFO had set the deadline of Nov 30. The circular dated Nov 22 had stated that to make sure that all eligible employees benefit from the employment linked incentive scheme announced in Budget 2024-25, it is mandatory to activate UAN and aadhaar is seeded in bank account of each employee.

What needs to be done?

Each subscriber of EPFO is required to have an Aadhaar linked UAN which needs to be activated by creating login on the member portal for availing a number of facilities through a single window. Such facilities include the ability to view and download PF passbooks, submit online claims for withdrawals, advances or transfers, updated personal details and track the status of claims in real time. EPFO enrolment and activation of UAN is mandatory to receive the subsidy under the first-time employment scheme

(The writer is Vimal Chander Joshi.)

TOP

EPFO settles five Crore claims worth over Rs 2 Lakh Crore in FY25 - The Pioneer - 07th February 2025



Labour Minister Mansukh Mandaviya on Thursday said retirement fund body EPFO has achieved a historic milestone by crossing the 5-Crore claims settlement mark in a fiscal in 2024-25. In the ongoing FY25, the Employees' Provident Fund Organisation (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 preceding fiscal 2023-24, according to a labour ministry statement. Mandaviya highlighted that this remarkable 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.

Mandaviya noted 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 the entire FY24. 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. Mandaviya further emphasised 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”, the Union Minister stated. Reaffirming the government’s commitment to enhancing ease of access for EPFO members, Mandaviya underscored that the organisation 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 minimising member grievances, further strengthening trust in EPFO,” he added.

TOP

GLOBAL NEWS

Singapore: Life insurance sector achieves strong growth for 2024 – Asia Insurance Review

Singapore's life insurance industry ended the year strong with a 19.7% growth, reaching a total of S\$5.87bn (\$4.34bn) in weighted new business premiums for YTD 4Q2024, compared to last year, primarily due to an increase in the annual premium business, said the Life Insurance Association of Singapore.

Despite a challenging macro-environment, Singapore’s life insurance industry continues to make strides in narrowing the nation’s protection gap, achieving a 3.6% year-on-year increase in total sum assured for

YTD 4Q 2024. There was also a 1.8% increase in the number of lives covered by health insurance. Approximately 40,000 more Singaporeans and Permanent Residents were covered by Integrated Shield Plans (IPs) at the end of 2024 compared to a year ago. In total, 2.97m lives – approximately 71% of Singapore residents – are protected by IPs which provide coverage on top of MediShield Life.



One of the main drivers of growth was investment-linked plans (ILP), which surged 41% year-on-year increasing from S\$1,598m to S\$2,253m. More consumers are leveraging ILPs for wealth accumulation, especially amidst economic uncertainty and rising interest rates, as these policies provide life insurance protection while offering higher potential returns. In particular, regular premium ILPs, which help mitigate market timing and volatility through dollar-cost averaging, are seeing a surge in uptake. Non-participating products also saw a growth of 19.2% year-on-year from S\$1,836m to S\$2,189m. Meanwhile, contributions from participating products dipped slightly by 2.7%. There was also a 1.8% increase in the number of lives covered by health insurance. Approximately 40,000 more Singaporeans and Permanent Residents were covered by IPs at the end of 2024 compared to a year ago. In total, 2.97m lives – approximately 71% of Singapore residents – are protected by IPs which provide coverage on top of MediShield Life.

Strong growth driven by annual premiums in the fourth quarter of 2024

Total weighted new business premiums recorded a growth of 11.1% in Q4 2024, compared to the same period last year. Total weighted new business premiums for annual premium products increased by 27.9% in Q4 2024, compared to the same period last year. This also translates to an increase of S\$121.9m – a growth of 10.9% over Q3 2024 – as Singapore’s life insurance industry continue to meet the evolving needs of Singapore residents.

Meanwhile, single premium products recorded a decrease of 26.3% in weighted premiums for the fourth quarter of 2024, when compared to the same period last year. Q4 2024 recorded the only decrease in uptake of single premium products in the year, bringing total weighted premiums of single premium products to S\$1.65bn for YTD 4Q 2024.

Growth for Integrated Shield Plans (IPs) and Riders remained strong

Total weighted new business premiums for Individual Health Insurance reached S\$624.8m for YTD 4Q 2024, with a 103% increase in Q4 2024 compared to the same period in 2023. Total new business premiums⁴ for IPs and IP riders amounted to S\$556.6m for YTD 4Q 2024, a 49.1% increase compared to the same period in 2023. IPs and IP rider premiums accounted for 89% of total Individual Health Insurance premiums, while the remaining 11% comprised other medical plans and riders.

Increase in claims payouts

In 2024, the life insurance industry paid S\$18.12bn to policyholders and beneficiaries, an increase of 33.4% compared to last year. Of this amount, S\$16.18bn was for policies that matured. The remaining S\$1.94bn was for death, total and permanent disability and critical illness claims.

TOP

Australia: Revised draft for motor insurance available for public consultation upcoming – Asia Insurance Review

A revised draft of the Motor Vehicle Insurance and Repair Industry Code of Conduct will be available for public consultation in early March 2025 with submissions encouraged from the motor vehicle insurance and repair industry, government stakeholders and interested parties, a media release from the Insurance

Council of Australia (ICA) said. Stakeholders can choose to make submissions publicly via the website or confidentially by direct correspondence to the Motor Trades Association of Australia (MTAA) or ICA.



The consultation will last eight weeks. All consultation materials will be made available on a dedicated website, including:

A summary of the code review

The draft code and explanatory memorandum

Draft constitution and committee charter

Stakeholders will be asked to provide feedback on the draft code, including specific operational questions identified as requiring further industry input. Motor Vehicle Insurance and Repair Industry (MVIRI) Code Administration Committee (CAC) chair George Manos

said the Committee was working hard to finalise the consultation platform.

“There has been a high level of interest about the consultation, and we want to make the process straightforward and streamlined for industry,” Mr Manos said. “The MTAA and ICA will also lead targeted consultations with their members and other key stakeholders, ensuring diverse perspectives are heard.”
Steps towards creating an independent CAC

In addition to consultation on the draft code, the Committee is taking steps towards formal incorporation as an association. “Dr Michael Schaper’s 2023 independent review of the Code called for the MVIRI CAC to incorporate as a formal entity responsible for holding its assets, intellectual property and finances,” said Mr Manos.

“Following legal advice and consideration of the best interests of the industry, the MTAA, ICA and the MVIRI CAC have determined that incorporating as an independent association is an important first step towards its modernisation.”

Background

In 2022, the MVIRI CAC announced Dr Michael Schaper had been appointed to conduct an independent review of the MVIRI Code of Conduct. In 2023, the CAC formally received Dr Schaper’s final report.

The report provided 15 recommendations in response to the review’s terms of reference which focused on:

The effectiveness of dispute resolution processes under the code

Awareness and accessibility of the code

Compliance with the code

Governance of the code and the CAC

Other issues pertinent to the effective governance and operation of the code

A range of stakeholders were consulted in the review process, including government bodies, regulators such as Small Business Commissioners, members of the CAC, as well as the insurance and repair industry. Since its inception in 2006, the code has undergone multiple reviews to ensure it remains fit-for-purpose, with the last review undertaken in 2017.

A copy of Dr Schaper’s report can be found on the MVIRI Code of Conduct website, as well as the MTAA website and the ICA website.

TOP

New Zealand: Finances Services Council highlights gender pay gap in insurance - Asia Insurance Review

The gender pay gap in New Zealand's financial and insurance services was 29.3% in 2024, according to the Ministry for Women. While an article by New Zealand's Finances Services Council noted that the gender pay gap in the country was lower than in other countries, it also pointed out that women in leadership roles faced challenges in achieving pay parity in leadership roles.

"For women of Maori and Pasifika heritage, the disparity is even more pronounced," the article said. The article also stated that the issue is compounded by "the hidden economic costs of the pay gap". Lower earnings for women, the article showed, reduced lifetime income, impacted savings for retirement and weakened the economic resilience of families.

TOP

Hong Kong and Singapore face rising costs and coverage gaps - Asia Insurance Review



A recent survey by business insights company MDRI, has revealed a diverse array of health and medical insurance needs across Hong Kong and Singapore.

The survey which engaged 1,000 respondents highlighted the contrasting priorities of individuals in these two markets, revealing distinct trends in their insurance requirements.

Health has emerged as the paramount life priority for residents of both Hong Kong and Singapore. With a growing aging population in both markets, this shared emphasis on health underscores significant growth opportunities within the healthcare industry.

Middle-income segment intends to increase health budgets in 2025

In examining budget allocations for 2024, respondents from Hong Kong prioritised family (23%), finance (22%), and health (15%). Singaporeans similarly allocated their budgets, with family (22%), finance (20%), and health (16%) as top priorities.

Notably, 21% of Hong Kong respondents plan to increase their health budgets in 2025, particularly among the middle-income segment, where 26% intend to allocate more. In Singapore, 23% of respondents plan to boost their health budgets, with a striking 31% among the middle-income group.

Significant differences in medical insurance coverage

While the majority of individuals in both Hong Kong (81%) and Singapore (90%) have medical insurance coverage, notable differences arise in personal coverage. In Singapore, approximately 49% possess personal medical insurance, with 36% opting for additional coverage beyond company plans. In contrast, only 15% of Hong Kong respondents rely solely on company medical insurance without personal coverage, and about 19% of individuals in Hong Kong lack any medical insurance, compared to just 10% in Singapore. This disparity highlights Singapore's population having better protection levels in terms of medical insurance relative to Hong Kong.

HNWIs and future insurance plans

Looking ahead to 2025, 30% of individuals in Hong Kong are projected to acquire new medical insurance, with a significant 48% of HNWIs planning to purchase new policies. Conversely, only 24% of Singaporeans intend to secure additional coverage, reflecting their already extensive insurance ownership.

Motivations and deterrents in medical insurance decision-making

In Hong Kong, motivations for purchasing new medical insurance are driven by the need to address coverage inadequacies (44%), rising medical expenses (36%), and reducing future financial risks (36%). In Singapore, the focus shifts toward mitigating financial risks (43%), exploring diverse coverage options (39%), and managing escalating medical costs (37%).

For those without insurance, high costs remain the primary deterrent, with 62% in Hong Kong and 52% in Singapore citing expense as a key barrier.

Growth opportunities in medical insurance

Hong Kong presents substantial growth opportunities for insurance companies, particularly as many individuals remain uninsured. By positioning medical insurance as an affordable solution against rising medical costs, insurers can tap into this potential. Surprisingly, despite lower coverage rates, HNWI in Hong Kong are actively considering new insurance purchases in 2025. In contrast, while the Singaporean market shows lower demand due to widespread coverage, there remains an opportunity to attract individuals by emphasizing the reduction of future financial risks and exploring low-cost solutions for those without medical insurance.

MDRi CEO Simon Tye of, emphasizes the importance of these trends: "Insurance firms must recognize the distinct landscapes of Hong Kong and Singapore. In Hong Kong, the opportunity lies in catering to an eager market looking for new insurance options. Meanwhile, Singapore's focus should be on providing diverse coverage solutions that effectively mitigate financial risks and address the concerns of rising medical expenses."

TOP

South Korea: New health insurance plan for senior citizens on the anvil - Asia Insurance Review

A new health insurance plan for senior citizens and individuals with pre-existing conditions will be launched in April.

The new plan will be available for citizens between 90 and 110 years old. Currently, enrolment in health insurance schemes for senior citizens is limited to those under 75, while individuals with pre-existing conditions can enrol only if they are under 70. The extension of the coverage age will also apply to existing health insurance enrolees and will be automatically extended in line with the 3-year reinvestment period.

TOP

Malaysia: Parliament takes note of surging insurance premium hikes, to hold public hearings - Asia Insurance Review

Surging health insurance premiums in Malaysia have caused public distress to the extent that the Public Accounts Committee (PAC) of the country's parliament has decided to hold public hearings on the issue. It would be for the first time that the PAC will hold open public hearings on rising health insurance and takaful premiums and private hospital fees. The PAC will hold two hearings one each in Penang and Kuala Lumpur.

The public hearings to be held in February 2025 will hear public's views and debate on rising private hospital fees, increasing insurance premiums and their impact on public healthcare. The takaful premiums too have seen a surge. According to the complaints received the health insurance premiums have risen by as much as 30%-50% despite a cap of 10% by Bank Negara Malaysia (BNM).

The PAC in a press statement has acknowledged the growing public complaints about uncontrolled hikes in private hospitals fees and health insurance premiums. While the committee has welcomed the efforts being made by the government and the BNM to cap premium increases, it said the problem needs long-term solutions. According to the PAC's statement to support private healthcare reforms, the committee aims to conduct a comprehensive inquiry involving all stakeholders and public input.

BNM in its directive issued on 20 December 2024 had capped the annual premium increases at 10% for most policyholders in response to public outrage over steep health insurance premium hikes, with some exceeding over 200%. The directive had also mandated the insurers and takaful operators to spread out the health insurance premium hikes over three years.

The PAC statement has emphasised that public views will be heard openly and included in its report before being tabled in the parliament. After these public hearings, the committee will conduct closed-door meetings under Dewan Rakyat Standing Order 85, summoning major stakeholders from ministries, agencies and industry players. “The PAC invites everyone including (and not limited to) complainants against insurance companies and private hospitals, insurance policyholders, consumer association representatives, insurance agents, private hospital management, medical specialists, hospital staff, pharmaceutical firms, NGOs, academics, and health care experts.”

Both public hearings will be moderated by PAC member and Bayan Baru Member of Parliament Sim Tze Tzin, who had launched a public channel for complaints on healthcare costs. The channel has received around 300 complaints highlighting steep premium hikes that disproportionately affect retirees and individuals with non-communicable diseases like cancer. Other concerns include price disparities between insured and uninsured patients, as well as excessive private hospital charges.

TOP

Vietnam: Amended law on health insurance brings in many more advantages - Asia Insurance Review



The National Assembly of Vietnam has amended and supplemented many articles and provisions of the country's law on health insurance 200811. The new amended law No. 51/2024/QH15 will take effect from 1 July 2025.

The amended law except for provisions concerning assignment of technical expertise levels in medical examination and treatment, registration of health insurance-covered medical facility, referral of patients between medical facilities and procedures for health insurance-covered medical care will take effect from 1 July 2025. The amendments concerning the above-mentioned issues have, however, come into effect from 1 January 2025.

An analysis of the amendments in the country's health insurance law by Vilaf law firm says that one of the outstanding features in the amended law is its alignment with the law on social insurance 2024.

Other updates include changes regarding participants in the health insurance scheme, timelines for contributing to the health insurance fund, calculation basis for contributions when an employee holds contracts with multiple employers, and scenarios involving late or evaded contributions, along with their corresponding penalties. These updates aim to streamline and simplify the process for contributing to various mandatory insurance funds.

The amended law on health insurance 2024 extends health insurance coverage to more medical services. Additionally, the amended law on health insurance 2024 improves insurance coverage for patients seeking care outside their registered facilities and without complying with regulations on referral of patients between medical facilities. These improvements include the following.

- Full coverage within the entitlement limits for emergency treatments at any medical facility nationwide.

- Full coverage within the entitlement limits for treatments of rare diseases, serious illnesses, or advanced surgical procedures at any medical facility with basic or intensive expertise.
- Full coverage within the entitlement limits for treatments at any medical facility with primary expertise; and
- Full coverage within the entitlement limits for inpatient treatments at any medical facility with basic expertise.

Under the current regime, patients are only entitled to full coverage for treatments at district-level medical facilities.

According to article 1.27 of the amended law on health insurance 2024, the proportion allocated to medical services has been increased from 90% to 92%, while the contingency reserve has been reduced from 10% to 8%. This change ensures that a larger share of the health insurance funds is directed towards patient care, reflecting the government’s focus on improving access and quality of healthcare services.

Currently, health insurance cards are available in paper formats only. Patients this creates issues when patients lose or forget their cards, leading to denial of coverage even though they have fully paid health insurance premiums. The amended law on health insurance 2024 addresses this problem by introducing electronic health insurance cards. Each participant in health insurance scheme will be assigned a unique insurance code and issued with a health insurance card bearing this insurance code in both electronic and paper formats, both holding equal legal validity.

TOP

New Zealand: Insurance can help manage natural hazard risks - Asia Insurance Review



New research from the New Zealand Infrastructure Commission Te Waihanga has revealed how insurance can help the country to manage natural hazard risks and how to prepare infrastructure for a changing climate. The 53-page report *Invest or insure? Preparing infrastructure for natural hazards* based on the Commission’s research and published in February 2025 looks at how insurance can help decide if, when and by how much to invest in infrastructure adaptation or resilience.

It says that insurance prices rise as risks to assets, like the chance of flooding, and the cost to repair or rebuild go up. The report said investing to make

infrastructure more resilient or adapt to changing risks can also bring down the cost of insurance. When infrastructure providers measure their risks and price them through insurance, they can make better risk management decisions by looking at whether the cost of resilience investments are matched by benefits from lower insurance premiums.

The Commission general manager of strategy Peter Nunns said, “New Zealand has experienced some significant natural events in recent years. In dollar terms alone, we have seen at least \$10bn in infrastructure rebuilding costs from two large earthquakes and two storms since 2012. And that doesn’t of course include the impact of these events on people’s lives and businesses or the economy.” Mr Nunns said not only is the likelihood and size of the catastrophic events such as storms expected to grow in coming years but the replacement cost of infrastructure is growing too.

“On an inflation-adjusted, per-person basis, public infrastructure is now worth 70% more that it was in 1990. So, the cost of replacing it after a natural disaster is rising at the same time as the likelihood of a

disaster is rising. It's more important than ever to make good decisions about when and how to reduce risks and minimise costs."

According to the report the providers must also factor in other costs – such as risks to public safety or damage caused by the failure of their infrastructure. These economic and social consequences can also be added to the providers' insurance and resilience appraisal. Mr Nunns said the last time a review of insurance coverage for public assets was undertaken – over 10 years ago – it found that less than half of public assets were insured.

He said, "This is challenging, as our research shows that, in addition to helping to smooth out the costs of responding to natural hazards, insurance can also help infrastructure providers make better decisions about when and how to reduce risk and minimise costs." "Risks change over time. A risk management decision made yesterday might not be the best decision for tomorrow. It's important that infrastructure providers consider this in their long-term asset management planning."

The major findings of the report include the following:

There is no single best approach to managing natural hazard risk to infrastructure. Instead, the optimal approach will vary depending on many factors, including likelihood and consequence of the hazard, and the relative cost of different options in different situations. To manage risk well, infrastructure providers need to have a good understanding of their assets and the risks to which they are exposed. They will also need the capability to assess their options and optimise their response to risks from natural hazards. However, at a national level, we lack comprehensive and consistent hazard data for providers to use to assess their risk.

Quantifying risk and/or pricing it through insurance premiums, can help clarify the optimal risk management approach for infrastructure assets. Optimal resilience investments should reduce risk management costs, compared to continuing to pay risk related insurance premiums. When resilience investments are more costly than insuring risk, they may not be warranted. The optimal level of resilience will depend on the relative cost of resilience investments compared to the expected cost of (and the benefits we get from) the assets being protected. We can increase the case for resilience investment by focusing on keeping infrastructure delivery costs down. Conversely, rising infrastructure delivery costs will erode the case for resilience investments.

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

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