ISSUE NO. 2023/24

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
कॉलेज ऑफ इन्श्योरेन्स
COLLEGE OF INSURANCE

INSUNEWS - WEEKLY E-NEWSLETTER

10TH JUNE – 16TH JUNE 2023

QUOTE OF THE WEEK

"The task of the leader is to get his people from where they are to where they have not been."

HENRY KISSINGER

Insurance Term for the Week

BUSINESS LIABILITY

Business liability insurance protects your small business if you're sued for bodily injury, property damage or other type of loss during normal business operations. This type of business insurance is also known as general liability insurance or commercial general liability insurance. Business liability claims can be very costly for small business owners. Without proper coverage, the out-of-pocket defense costs for injuries or damages can be high.

Business liability is also a term for any amount owed by a small business owner that eventually will need to be paid. Unless you run a cash-only business, you likely have creditors, employees and state taxes to pay. All of these are considered a business liability.

INSIDE THE ISSUE

Policyholders will soon require ABHA ID to buy or renew insurance policies. Here's how you can create one - Business Today – 13th June 2023

The Insurance Regulatory and Development Authority of India (Irdai), has directed all insurers to get a unique Ayushman Bharat Health Account (ABHA) ID for new and existing policyholders. Under this scheme, the government will collect policyholders' health-related information and store it under their unique ABHA IDs.

Naval Goel, Founder and CEO of PolicyX.com, said, "ABHA IDs are excellent, covering all health-related details in one place. Digitalising all this data in one place brings transparency and ease of access for the bearer of the ID and the healthcare provider. People can share their medical records seamlessly and find healthcare across the nation. This takes healthcare to a completely hassle-free experience." While the ABHA ID will help identify policyholders digitally, it will provide better healthcare benefits to all citizens.

How to create your ABHA ID number
The regulator has asked insurers to provide a facility to capture 14-digit ABHA ID in the proposal form. Further, to generate Ayushman Bharat Health ID (ABHA ID), you can visit insurers' websites and intermediaries (third-party administration or TPA) and obtain consent to access medical records via ABHA/ABDM (Ayushman Bharat Digital Mission). While insurers are integrating the process, you can currently follow these steps to create a new ABHA account using Aadhaar.

1. Visit website healthid.ndhm.gov.in
2. Enter your Aadhaar card number or Use a Driving Licence for registration.
3. Provide the OTP sent to a registered mobile number for verification.
4. A 14-digit Digital Health Card or ABHA will be generated immediately.

Once an ABHA account is created successfully, you can use such ID to buy a new policy or provide it to your insurer at the time of renewal. There are no eligibility criteria to obtain ABHA ID. The regulator said, "It would be beneficial for the insurers to capture the ABHA number of policyholders if already existing or help create one for them after obtaining their consent."

What policyholders should know
The government will maintain records of individuals' health-related information through ABHA IDs. With the help of ABHA ID, you will not have to register at hospitals before getting treated. This will speed up the hospitalisation and claims processes. Moreover, you must also note that all your health records will be stored in the Ayushman Bharat Health Account. For instance, it will include details of surgeries, medical illnesses, tests, reports, etc. It will enable insurers to access the comprehensive medical information of policyholders efficiently. Hence, help them with speedy claims servicing, and also policyholders will not face any claim rejection at the time of hospitalisation due to any medical discrepancies. The regulator said, "It would give insurers easy and timely access to a person's medical information in a safe and paperless manner-even helping the individual with a transparent and speedy process of claim servicing."

TOP

After Shakti Ammas, it may be the turn of Bima Vahaks – Financial Express – 12th June 2023

In a remote rural village, a group of women are deeply involved in an animated conversation – not about household chores or idle gossip about trivial things – but about something more substantial. The women are listening to someone of their own on the efficacy of having insurance covers. This imaginative scene may become a reality soon, with the insurance regulator planning to develop mostly a women-centric distribution model in order to facilitate insurance availability in the hitherto untapped areas and rural population. The move is a much-needed one as insurance penetration in India is hovering around just 4.2%, with large parts of the remote parts of the country remaining untouched by insurance companies.

According to the draft guidelines issued by the Insurance Regulatory and Development Authority of India (Irdai), Bima Vahaks (BV) will be the crucial last-mile connect for insurers in the form of a field force comprising corporates as well individuals with a focus on onboarding women who can gain the trust of locals for the distribution and servicing of insurance products.

But why is the regulator focusing on onboarding of women for creating customised distribution channels to reach untapped rural areas?

Raj Kumar, former managing director of Life Insurance Corporation, says women are seen to be in a better position to convince people about insurance about which there are still a lot of misgivings. Women are increasingly taking decisions on behalf of the family and will confide more if they meet women BVs. "There will be a certain degree of comfort between the buyer and the seller," he said.

Kumar, an insurance industry veteran, believes focusing on women as Bima Vahak will definitely increase penetration, particularly in rural areas. "Women have a habit of small savings. They do save for a rainy day. This is ingrained in their psyche. So women BVs will be able to convey the message very clearly to the families and the womenfolk that life insurance also has saving products. So both life as well as the saving prospect can be covered," he adds.

In fact, the concept of a woman-centric distribution model for rural India is nothing new. Consumer giant Hindustan Unilever had launched Project Shakti, the company's rural marketing initiative, in 2001, with stellar results. The company's rural connectivity team, working with non-government organisations and self-help Groups, evolved a model that would carry both Hindustan Lever's brands and their communication to inaccessible parts of rural India. Project Shakti was launched in Nalgonda district of Andhra Pradesh as a pilot. Under this project, women entrepreneurs in villages are called Shakti Ammas. HUL's annual report for 2022-23 says till date it has empowered over 190,000 women in rural India to become Shakti entrepreneurs.

Irdai's draft guidelines propose that a BV shall sell and service the Bima Vistaar product approved by the regulator and other insurance products specifically approved by it.

According to Prashant Tripathy, MD & CEO at Max Life Insurance, "while BV is a good way to reach out to every village, a different distribution and product approach is needed. To address this, Irdai is looking at a simple and standard product that will offer affordable but comprehensive cover to the rural population.

"What we are looking at now is one simple kind of a product which has a combination of a life, health and and other non-life insurance products. This product will be very easy to understand to buy or make claims," says a senior executive at a large private sector general insurance company.

"Today we have digital movement everywhere, internet and banking services reach every village. So, insurance needs to be actively there. Unlike banking and other technologies which are more easy to understand, insurance is a little more complex. So, there is a need for people to be aware of insurance and then obviously generate interest towards it and think of it as a protection for a family," the executive adds. Irdai has asked all the stakeholders to submit their comments and suggestions on the proposed guidelines by June 22.

(The writer is Mithun Dasgupta.)

TOP

Looking within to look ahead: A back-to-front approach for digitization - The Economic Times – 11th June 2023

The insurance industry in India, as we know it, is pivoting from a push-based to a pull-based one. Risk exposure and perception of customers, in terms of the incidence and severity of risks, have increased, making insurance an indispensable product, especially after the pandemic. With the growth of internet & smartphone penetration, customers are starting to become 'digital native', which has compelled the insurance industry to introspect. An industry traditionally built on the back of physical distribution & personal touch in selling is now witnessing the emergence of powerful digital distribution channels – web aggregators, B2B2C & embedded insurance. After making significant inroads on sales & distribution, the insurtech bandwagon is now knocking at the doors of product development, underwriting, claims, and policy administration – the very 'heart of insurance', as some might say.

These developments have led to changes in the way insurers compete today. A strong distribution network or competitive pricing is no longer sufficient to become a market leader. Providing a fulfilling customer experience is rapidly emerging as a critical competitive differentiator, and insurers realize that the key to delivering a superior customer experience is through 'digitization'. The banking industry was quick to leverage this opportunity and saw rapid growth across use cases; the consensus is that the insurance industry is set to follow suit. However, even though the advantages of digitization in principle are perfectly clear, till now, insurers have not been able to generate value, despite allocating significant resources to large transformation exercises. The current reality is that they have not really impacted the experiences of their customers.

Our hypothesis is that the root cause lies in the fact that the approach taken up by early adopters of digitization has been atomistic. Digitization has been equated with (and restricted to) an online portal or a mobile application with UI/UX improvements on the front end. Not enough attention is paid to the core operational/ back-end processes around which 'moments of truth' & most customer pain points (think servicing and claims!) lie. For example, a customer filing a claim via an aesthetic mobile application journey but receiving her claim amount days after the promised TAT would still be a detractor. A customer raising a renewal request through a '2 click' journey on WhatsApp but getting an incorrect update after 15 days would also have a similar fate. Compare this with the loyalty and advocacy generated if a customer receives the claim instantly based on an auto-adjudication. We believe, therefore, that the ideal approach to digitization is a 'back-to-front' approach and not the 'front-to-back' propagation that we see practiced currently.

Having said that, a back-to-front approach poses several challenges, due to legacy systems and gaps in data management. Tightly coupled and monolithic applications which lack a microservices-based, service-oriented architecture cause delays, errors, and rework, even if they can be maneuvered to meet the demands of a customer-centric journey. Creating a repository of consistent, normalized, and updated data from dispersed and multiple versions of the truth is no mean task and is often the stumbling block in delivering intuitive experiences to customers at the front-end. Addressing these challenges needs persistence and perseverance even more than funding and resource allocations.

The path to a successful digital transformation is a trial by fire, but the prize for winners makes it worthwhile. Even though there is no 'one-size-fits-all' solution, we believe that all insurers can benefit from these guiding principles:

- Identify the high-impact journeys across the value chain (policy issuance, purchase, claims, renewals, customer service), which, if redesigned, will boost customer experience
- Agree upfront on the outcome milestones that the entire organization is committed to pursue

- Adopt a back-to-front approach for re-imagining the prioritized journeys
- Pursue the transformation agenda with discipline and focus; and persevere in the face of the inevitable ups and downs in the journey

(The writer is Shishir Mankad.)

TOP

INSURANCE REGULATION

Insurance regulator raps insurers over not adhering timeline for reporting cyber threats – The Telegraph – 15th June 2023

Regulator IRDAI on Wednesday cautioned insurance companies for not adhering to the 6-hour timeline for reporting cyber-incidents. "It is observed that the regulatory entities are not adhering to the above-mentioned timelines and also not keeping the authority on the loop in their communications to CERT-In. In view of the above, all regulated entities are directed to scrupulously follow the provisions regarding reporting incidents to IRDAI and CERT-In," it said in a circular.

CERT-In is the nodal agency of the government to deal with cyber security threats. The IRDAI also said the reporting format needs to be updated with the flow of information from forensic analysis within 24 hours of such information being made available.

On April 24, 2023, Irdai had come up with Information and Cyber Security Guidelines, 2023, where the regulator stated that insurance companies must report cyber-incidents to CERT-In within six hours of noticing such incidents along with a copy to Irdai and other concerned authorities. Over 1.6 million cyber-attacks were reportedly blocked on Indian insurance firms every day in January.

TOP

IRDAI's forthcoming 'Bima Vahak' scheme to ensure last mile connect: Leaders – The Economic Times – 10th June 2023

The Insurance Regulatory and Development Authority of India (IRDAI), last week issued draft guidelines for the Bima Vahak scheme, which according to the experts marks a significant leap towards enhancing insurance accessibility awareness in rural India. With the help of Bima Vahaks or "insurance volunteers," the insurance regulator intends to enhance insurance inclusion and awareness to every nook and corner of the country.

IRDAI's proposed guidelines for the Bima Vahak scheme, that will be open for comments up to June 22, intend to create a dedicated distribution channel for insurance products at the Gram Panchayat level (village council), Rakesh Jain, CEO of Reliance General Insurance pointed out. The guidelines emphasize the identification and development of local resources within each Gram Panchayat, with a special focus on encouraging the onboarding of women as Bima Vahaks.

"By appointing local resources, especially women, to distribute and service insurance products, the framework will help raise insurance awareness and build trust among the local people, which will augment insurance penetration," he said. On a similar line, Rushabh Gandhi, Deputy CEO, IndiaFirst life Insurance said that apart from building trust, by targeting employment for women, Bima Vahak addresses the gender gap and also harnesses the unrealised capacity of female professionals, empowering them and driving inclusive growth.

As a completely new distribution channel, it offers a unique avenue for insurers to extend their reach and cater to the previously untapped sections of society, he added.

The two types of Bima Vahaks

The guidelines define two types of Bima Vahaks: Corporate Bima Vahaks and Individual Bima Vahaks, will ensure that insurance coverage reaches even the most remote areas of the country, said Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance. Corporate Bima Vahaks refer to legal entities registered under Indian laws and engaged by insurers. On the other hand, Individual Bima Vahaks can be either appointed by an insurer or appointed by a Corporate Bima Vahak.

"Insurers and Corporate Bima Vahaks shoulder the responsibility of overseeing the conduct of appointed individuals, while comprehensive provisions address activities, compliance, collection and consumer protection " he explained. According to the draft, Insurers are allowed to engage the services of Bima Vahaks for solicitation of insurance business and to facilitate policy and claims servicing. However, the appointing insurer will hold full responsibility of the Bima Vahaks.

It also recommends the implementation of a Board-approved policy by companies with regard to Bima Vahaks and their terms of appointment, allocation of territory, educational qualifications, training standards and scope of permitted activities. Insurers also need to designate a complaint-handling officer in the local office of every gram panchayat, to attend to complaints against Bima Vahaks.

"Insurance for All" by 2047

According to experts, the Bima Vahak initiative, guided by the draft guidelines, holds promise for the future of insurance in India. The Bima Vahak initiative by IRDAI is set to play a pivotal role in realizing the vision to achieve "Insurance for All" by 2047, said Prashant Tripathy, MD & CEO, Max Life Insurance while adding that the presence of Bima Vahaks at the grassroots level will provide support to enhance financial protection across the Indian hinterland.

This initiative will help build an innovative distribution and servicing approach for insurance products and offer products that are accessible and affordable for all, he pointed out. This move clearly supports IRDAIs vision towards insurance for all and financial inclusion, and what a better way than to have women at the forefront of this renaissance, echoed Mayank Gupta, Co-founder & COO, Zopper.

"Women have always played a critical role when it comes to managing an Indian household - socially, culturally and financially. The Bima Vahak initiative will unleash their true potential, making them torch bearers of financial protection by taking insurance to every household across India," he said.

(The writer is Sheersh Kapoor.)

TOP

LIFE INSURANCE

Private life insurers grow 10% in May, LIC shrinks 6% - The Times of India – 13th June 2023

Private life insurance companies recorded a10 percent annual premium equivalent (APE) growth in May, following a stagnant April, even as Life Insurance Corporation (LIC) recorded a 6 percent decline. In absolute terms, SBI Life and HDFC Life recorded the largest growth. One of the reasons for the slowdown last month has been the high base effect, with insurance companies recording 101 percent growth in May 2022 as the economy opened up after the Covid pandemic. Among individual insurers, ICICI Prudential Life, HDFC Life and SBI Life showed similar growth rates of 8-10 percent, while Max Life's growth remained weak. "Private life insurers delivered 10 percent APE growth in May 2023. Overall APE growth was 3 percent, with a 6 percent decline at LIC. The strongmomentum in March led to lower business momentum in April (0. 5 percent). The business momentum seems to have picked up gradually since," said Kotak Institutional Equities in a research report.

On a four-year CAGR basis, private sector APE growth in May 2023 remained moderate at 12 percent, similar to April 2023. Individual new business sum assured for private players witnessed a growth of 25 percent in May 2023 and 26 percent in April 2023, surpassing the individual APE growth of 10 percent and a decline of 1 percent, respectively. This trend, coupled with subdued growth in average ticket size during the first two months, ranging from -2 percent to +4 percent, indicates a potential increase in retail protection, which had been relatively slow in the previous fiscal year (FY23). Newer players in the industry showcased more robust performance. Bajaj Life experienced a strong 18 percent growth in individual APE, although group business witnessed a decline of 58 percent. Aditya Birla Sun Life Insurance and Tata AIA reported 33 percent and 21 percent growth in individual APE, respectively.

TOP

Life insurance stocks: Concerns may be priced in; analysts 'optimistic' – Business Standard – 12th June 2023

The change in tax regulations bringing high value policies with premiums exceeding Rs 5 lakh under the income tax net was expected to impact the life insurance industry badly. Two months into the new financial year, data suggests there was a reasonable pickup in May 2023, after a flat April 2023. Private life insurers reported 10 percent year-on-year (Y-o-Y) Annual Premium Equivalent (APE) growth in May, following April which didn't have healthy numbers. Month-on-month (M-o-M), May grew by 42 percent over April. The Y-o-Y calculations were on a high base since May'22 showed a high 101 percent growth over May'21. The 4-year compound annual growth rate (CAGR) was moderate for May 2023 -- at 11 percent -- which was similar to April 2023. Average ticket size was flat with variations of minus 2 percent to 4 percent. There was better growth in retail than in the group segment. Overall APE growth was 3 percent with 6 percent decline at LIC of India (LIC) in May, the national insurer also saw declines in April. Growth in policy numbers could indicate families spreading premium exposure across different members to stay inside the Rs 5 lakh tax ceiling.

ICICI Prudential Life (IPru) reported 8 percent growth in individual APE ex-ICICI Bank channel. Overall APE was down 1 percent with a modest 4 percent growth in individual APE due to muted performance of the ICICI Bank channel. Average ticket size was flat on Y-o-Y basis. HDFC Life's individual APE grew at 10 percent Y-o-Y with 48 percent growth in group APE. Overall, APE growth was 14 percent Y-o-Y. Policy numbers saw 29 percent Y-o-Y growth.

SBI Life was up 15 percent in APE in May 2023, with 8 percent growth in individual APE compared to a very high base. On a 4-year CAGR basis, APE growth was moderate at 13 percent for the insurer. Max Life saw weak performance, with 2 percent growth in individual APE and 3 percent in overall APE, maintaining 13 percent APE CAGR on a 4-year basis. This may reflect slow performance in the Axis Bank channel. The firm also reported 11 percent growth in the number of policies.

Among other private players, Bajaj Life saw 18 percent growth in individual APE but 58 percent decline in group business with overall APE up 2 percent in May 2023. Aditya Birla Sun Life Insurance was up 33 percent in individual APE and Tata AIA up 21 percent in individual APE. Analysts who are optimistic point to the following factors: The sum assured trends show 45 percent and 26 percent Y-o-Y growth, respectively, for private insurers in FY24 for total and individual sum assured, which can be compared to the 3.5 percent and 5.1 percent, respectively, growth reported in total and individual APE. This indicates growth in protection. The strategy of trying to grow policy numbers, rather than ticket-size, will continue. The full-year guidance of companies indicates expectations of steady growth in FY24. The business of HDFC Life and SBI Life have already recovered to pre-Budget levels while IPru Life's is up 10 percent and LIC's is down 7.5 percent. HDFC Life reported an impressive 9.8 percent Y-o-Y (adjusted for the Exide Life merger) growth in retail APE in May 2023. SBI Life also did well. But IPru and Max Life were weak. Listed life insurance stocks are trading at substantial discount to their average historical multiples. The challenges may be factored into the prices.

(The writer is Devangshu Datta.)

TOP

Top life insurers turn bullish on healthcare stocks; investments higher than sector weightage in Nifty 100 – Moneycontrol – 12th June 2023

Riding on the buoyant outlook for the healthcare sector, leading life insurance firms tanked up on stakes in the sector stocks including Mankind Pharma, Rainbow Children's Medicare and Star Health in May.

Healthcare stocks were popular choices for inclusion in the portfolios of insurance houses, not only through stake increases but also as fresh entrants. All verticals of the vast sector that encompasses pharma, hospitals and diagnostics are on the cusp of a strong growth turnaround, according to experts.

The five life insurance firms — ICICI Prudential Life Insurance, Kotak Life Insurance, Tata AIA Life Insurance, HDFC Life Insurance and SBI Life Insurance —added at least one healthcare stock to their portfolios in May, as per Nuvama Research's Insurance Portfolio Analyser.

A bit of healthcare for everyone
With sentiment for healthcare-related stocks on the rise, insurance houses took notice of the opportunities. While easing headwinds and strong domestic market growth are aiding pharma companies, capacity, network and product expansion are expected to do wonders for hospitals and diagnostics majors. On top of that, the reasonable valuations of the segment in a market that is struggling with expensive pricing are a bonus. Recently, in an interaction with CNBC-TV18, S Naren, Chief Investment Officer of ICICI Prudential Asset Management Company expressed interest in the pharmaceutical sector, saying it offered a rare opportunity as it was on the verge of recovering from the bottom of the cycle.

Laurus Labs, a drug maker and Star Health & Allied Insurance Co, a direct beneficiary of the growing healthcare sector, were two of the three new entrants in ICICI Prudential's portfolio. According to Nuvama's report, SBI Life Insurance added Mankind Pharma to its portfolio while HDFC Life raised its stake in Rainbow Children's Medicare for Rs 156 crore and raised its stake in Max Healthcare. Tata AIA Life Insurance added Alembic Pharma to its portfolio. According to the report, Kotak Life Insurance raised its stake in Mankind Pharma for Rs 81 crore while reducing its holding in Apollo Hospitals by Rs 65 crore. Poly Medicure was a new entrant to Kotak Life Insurance's portfolio in May. Life insurers deploy the premium collected from policyholders in different investments for returns.

Sector allocation tops weightage in Nifty 100
Given the positive tailwinds for the sector, life insurers have assigned higher weightage to pharma and healthcare as against the sector's weightage in the Nifty 100 index. While pharma and healthcare have a weightage of 3.4 percent in the Nifty 100, four of the five leading life insurance houses have allocated a higher percentage of their holdings to the sector, according to the report. Apart from ICICI Prudential, which has 3.3 percent of its investments allocated to pharma and healthcare, three other insurance houses have gone heavy on the sector.

As per the Nuvama report, the pharma and healthcare holdings of SBI Life stand at 4.3 percent, HDFC Life at 6.4 percent, Tata AIA at 5.2 percent and Kotak Life at 5.1 percent of their total allocations. After being on the sidelines of investor interest over the past several years, the influx of institutional money coming to the sector is seen as a blessing by industry experts.

Hospital stocks in the small-cap segment are also seen as a clear favourite within the sector. Narayana Hrudayalaya and Krishna Institute of Medical Sciences (KIMS) are a part of the top ten small-cap holdings of the five insurance houses. Investments in Narayana Hrudayalaya worth Rs 376 crore form 0.3 percent of the total assets under management of the five leading life insurers while KIMS enjoys holdings worth Rs 218 crore or 0.1 percent of their total AUM, Nuvama's report reveals. These five houses make up over 75 percent of life insurance AUMs in India.

(The writer is Vaibhavi Ranjan.)

TOP

Life insurers see 4% decline in new business premium to ₹23,477 cr in May – Live Mint – 12th June 2023

The new business premium income of India's life insurance companies was down by by 4.1 per cent to ₹23,477.8 crore in May 2023, according to data from the Life Insurance Council showed. All 24 life insurers had a collective new business premium income of ₹24,480.36 crore in the year ago period. Life Insurance Corporation, the only state-owned and the largest life insurer recorded an 11.26 per cent decline in its new business premium at ₹14,056.29 crore during the month against ₹15,840.63 crore a year ago, as per data released by the Insurance Regulatory and Development Authority of India. The rest 23 players in the private sector, however, witnessed their combined new business premium rise by 9.05 per cent to ₹9,421.51 crore from ₹8,639.72 crore in May 2022.

On a cumulative basis, all 24 players registered a 15 per cent fall in new business premium income during April-May period of 2023-24 at ₹36,043.11 crore compared to ₹42,419.97 crore in the same period of 2022-23, as per the data. LIC's new business declined by 28 per cent in the first two months of the fiscal to ₹19,866 crore against ₹27,557 crore in the year-ago period.

TOP

Life Insurance Companies Stare at Life Beyond Tax Tweaks – Live Mint – 12th June 2023

After a strong end to FY23, life insurance companies were expected to take a hit in the retail (individual) segment in FY24 primarily owing to the tax changes from April. Insurance Regulatory and Development Authority of India's (IRDAI) monthly data shows that the annualized premium equivalent (APE) has been muted for the first two months of FY24. That said, the retail APE performance in May was better than April. APE is a key measure of growth for life insurance companies. The retail APE of the life insurance sector fell sharply by 78 percent month-on-month in April. This was followed by a 36 percent month-on-month rise in May to nearly ₹6,110 crore.

On a year-on-year basis, the sector's retail APE rose by 6 percent in May. Here, the private life insurance companies put up a good show, clocking 10 percent growth. On the other hand, Life Insurance Corp. of India saw a 1 percent drop. Still, on an overall basis, the lacklustre show of the group segment meant that the sector's overall APE growth stood at 3 percent in May.

“Typically, the June quarter is weak for life insurance companies' individual savings businesses. And with slower business in the month of April 2023 (on account of bumper sales in March) there is not much to be read from May-23 data," says Avinash Singh, analyst, Emkay Global Financial Services. From FY24, the maturity proceeds from life insurance policies (excluding unit linked insurance policies) with aggregate annual premium of over ₹5 lakh will be taxed. This led to a sharp surge in retail APE in March, boosting FY23's overall growth. The high base is expected to lead to growth moderation in FY24. As such, year-on-year retail APE growth in May is encouraging versus a drop seen in April. Jefferies India analysts expect trends to improve further and normalise by Jul-Aug 2023.

“Within coverage, HDFC Life outperformed with a 10 percent rise, while others grew by 2-8 percent. Unlisted players grew faster with Birla Sun Life (33 percent), Tata AIA (21 percent), Bajaj (18 percent)," said the analysts in a report on 10 June. To be sure, most life insurance companies are confident of their growth prospects in FY24 aided by non-participating high margin products including term insurance and annuity. Still, risks remain. “Clarity on whether life insurance companies continue to grow their business will emerge after Q1. This is because from here on it is more of APE driven business rather than margin based (VNB margin)," added Singh.

TOP

Mid & small-caps better than large-caps for wealth creation in FY24, says Shriram LIC CIO Ajit Banerjee – Moneycontrol – 11th June 2023

In an interview with Moneycontrol, Ajit Banerjee, Chief Investment Officer at Shriram Life Insurance Company, said that currently, all three medium-term drivers of the equity market—fundamentals, liquidity, and valuations—are justifiable. Therefore, he sees a strong possibility of a rally in the Indian equity market from a medium-term perspective unless there is any strong external event that may derail the momentum.

Having more than 29 years of experience in the fields of investments, financial control, and management accounting, Ajit Banerjee has the conviction that mid & Small-caps are placed comparatively better than their largecap peers to create higher wealth for investors in FY24 given their EPS growth and valuations.

"Softening of commodity prices, the revival of private sector capex, PLI benefits and a pause in interest rate hikes are some of the factors that are likely to support the performance of mid and small caps in the future," he said.

Q: The RBI delivered on expected lines. Do you expect the change in policy stance and interest rate reversal towards end of the calendar year?

RBI on expected lines continued with the rate pause decision which it had announced in April 2023 and maintained the status quo on its stance on withdrawal of accommodation as the fight for taming the inflation continues. It has emphasised the continued global fluidic situation prevailing. The policy tone was balanced, but it remained non- committal on the decision on future rate actions by Monetary Policy Committee (MPC).

In view of liquidity conditions expected to remain comfortable over the next few months (duly aided by benign FX and supportive currency in circulation (aptly aided by deposit of old Rs 2000 denomination currency which are likely to stay in the banking system in the near future) and inflation level is expected to remain above the target 4 percent level, so the data points suggest that the present stance may perhaps continue in the next policy as well. Rate cuts seem to be a couple of policies away or even in early 2024 as per present underlying conditions. Probably it is very unlikely that RBI would precede the Fed in reversing its course of rate hikes in the future.

Q: Is it the time to add exposure to rural plays?

The performance of sectors that are indicative of the health of the rural sector viz., two-wheeler sales, FMCG, passenger car, and tractor sales are seeing tractions. Recent management commentaries of companies in these sectors give indications of positive trends ahead in terms of improvement in rural consumption.

The margins are expected to improve with the drop in commodity prices going forward. There is a recovery in the real estate sector both commercial and residential of all categories. These provide substantial employment to the rural sector populations which would further propel rural consumption. Therefore, long-term investors can look towards adding exposure to rural plays in a staggered way.

Q: Do you think renewables to dominate the energy space in the coming years?

India is the 3rd largest energy-consuming country in the world. This trend of high energy consumption is expected to continue in the future. India stands fourth globally in renewable energy installed capacity (including large hydro), in wind power capacity and in solar power capacity. The country has set an enhanced target at the COP26 of 500 GW of non-fossil fuel-based energy by 2030. India has set a target to reduce the carbon intensity of the nation's economy by less than 45 percent by the end of the decade, achieve 50 percent cumulative electric power installed by 2030 from renewables, and achieve net-zero carbon emissions by 2070.

The Union Cabinet has given its approval to introduce the production-linked incentive (PLI) scheme in High-Efficiency Solar PV Modules for Enhancing India's Manufacturing Capabilities and Enhancing Exports – "Atmanirbhar Bharat". Therefore, renewable energy as a sector has a strong growth outlook and is expected to draw a huge investment in future years with increased intensity as we near the target date set by the government. This sector would be a good bet to invest for a very long-term investment after carrying out necessary due diligence on the company and thorough analysis by the investor.

Q: Do you expect a significant upside in equities in the coming quarters? What are the main reasons?

We have been seeing from the preceding few quarters that both macroeconomic and corporate fundamentals for Indian companies have improved. Domestic liquidity flow towards the equity market continues to remain both stable and strong.

During 2022, the foreign portfolio investment flows were hugely in negative territory. However, during the current financial year, FPIs have turned aggressive buyers and India has received the highest inflows amongst its EM peers in this FY. Despite the significant rally since the start of the current financial year, the equity market is currently trading at a TTM valuation of 22.2x PE vs. a 5-year and 10-year average of 24.9x and 22.6x respectively. Therefore, while the Indian equity market does not look extremely cheap, the valuations are not highly overstretched either.

Presently all three medium-term drivers of the equity market — fundamentals, liquidity and valuations – are justifiable. Therefore, we do see a strong possibility of a rally in the Indian equity market from a medium-term perspective unless there is any strong external event that may derail the momentum. However, when the market moves unidirectionally northwards then that leads to some bouts of nervousness as well amongst investors who then resort to profit booking. Apart from that, we can also expect some modest correction in the near term if there is some intermittent negative news either domestic or external.

Q: Do you expect the CPI to remain below 5 percent in the coming months?
As the price pressures have considerably come off so there is every possibility that headline inflation in the coming months could hover below 5 percent. RBI has now primarily focussed on bringing the CPI to a 4 percent mid-range target.

The RBI governor in the post-policy conference clearly stated that the MPC is aspiring for a 4 percent mid-range target. The deputy governor, Dr. Michael Debabrata Patra, bolstered this view by stressing the point that it is alignment with the 4 percent target, and not achieving 4 percent CPI that mattered, indicating that the durability of 4 percent inflation – which enhances the credibility of the target – is now the primary goal. Therefore, all measures will be taken towards inflation targeting going forward as RBI sounds quite confident on the growth front at this stage.

Q: Do you see two more rate hikes by Federal Reserve considering the economic data points?
This is difficult to predict at this point in time as it is likely to be a close call and data-dependent. Fed fund futures appear to be factoring in the possibility of a hike in the June policy meeting. Needless to say that the Federal Reserve has a tough task on hand balancing growth-inflation dynamics. On one hand, the growth parameters for the US economy remain weak and the headline CPI inflation has been moderating. On the other hand, core CPI inflation and services inflation remain sticky.

Q: Is it the time to gradually go overweight on the technology space?
The latest results and management commentaries are mixed. The companies which reported March 2023 results, so far, expect some carry forward of this weakness into the next few quarters as well. On account of negative operating leverage, initial expectations of margin improvement have been kept under check. Overall, we feel still some pain is left in this sector especially the large-cap IT companies. Some midcap IT stocks are showing some green shoots though.

The operating environment over the next two quarters is set to remain challenging due to the macro issues and the cautious stance of companies on discretionary spends. However, as the valuations of large-cap IT stocks have significantly corrected so those investors are in for the long haul, adding some exposure in this space.

Q: Also is it the time to prefer small and midcaps over large caps?
Mid & Small-caps are placed comparatively better than their large-cap peers to create higher wealth for investors in FY24 given their EPS growth and valuations. Small and mid-cap stocks have the potential for higher growth rates compared to large caps. These companies are often in the early stages of development or operating in niche markets, which can lead to significant expansion if they succeed.

Softening of commodity prices, the revival of private sector capex, PLI benefits and a pause in interest rate hikes are some of the factors that are likely to support the performance of mid and small-caps in the future. Further, the current outperformance of small and mid-cap stocks seems sustainable at this point in time led by improved earnings outlook and rising investor sentiment towards the broader markets.

However, one word of caution for all investors who want to increase their exposure or take exposure in mid and small-cap stocks is that these tend to be more volatile, less liquid and carry higher risk compared to large-cap stocks. Investors should assess their risk appetite and investment horizon while investing in such stocks.

(The writer is Sunil Shankar Matkar.)

TOP

Life insurers witness 4 pc decline in new biz premium to Rs 23,477.8 cr in May – Financial Express – 9th June 2023

The new business premium income of India's life insurance companies declined by 4.1 per cent to Rs 23,477.8 crore in May 2023, data from the Life Insurance Council showed.All 24 life insurers had a collective new business premium income of Rs 24,480.36 crore in the same month a year ago (May 2022). LIC — the only state-owned and the largest life insurer in the country — recorded an 11.26 per cent decline in its new business premium at Rs 14,056.29 crore during the month against Rs 15,840.63 crore a year ago, as per data released by the Insurance Regulatory and Development Authority of India.

The rest 23 players in the private sector, however, witnessed their combined new business premium rise by 9.05 per cent to Rs 9,421.51 crore from Rs 8,639.72 crore in May 2022. On a cumulative basis, all 24 players registered a 15 per cent fall in new business premium income during April-May period of 2023-24 at Rs 36,043.11 crore compared to Rs 42,419.97 crore in the same period of 2022-23, as per the data. LIC's new business declined by 28 per cent in the first two months of the fiscal to Rs 19,866 crore against Rs 27,557 crore in the year-ago period.

TOP

Government bonanza: India's top listed public sector firms pay Rs 1.01 lakh crore tax in FY23 – Business Today – 9th June 2023

In the recently concluded results season for the March quarter of financial year 2022-23 (Q4FY23), a number of public sector undertakings (PSUs) impressed Dalal Street with their strong numbers. Data from Ace Equity showed that in the 54-stock BSE PSU index, 51 government-owned companies posted profits on an annual basis while only three posted losses in FY23. With net profit surging 57 per cent to Rs 55,648 crore, State Bank of India emerged as the most profitable PSU in FY23. The country's biggest lender also paid taxes of Rs 18,840 crore. Such PSUs with improving profitability and significant tax payments contribute substantially to filling government coffers. Here are the details of the country's top 10 most profitable and tax-paying PSUs:

Life Insurance Corporation of India is the second most profitable PSU. The net profit of India's largest insurer jumped 773 per cent to Rs 35,997 crore year-on-year (YoY) in FY23 from Rs 4,125 crore in FY22. The insurance behemoth also paid taxes of Rs 5,466 crore in FY23. LIC was followed by Oil & Natural Gas Corporation (ONGC). The petro giant witnessed a 22 per cent decline in net profits at Rs 35,440 crore in FY23 from Rs 45,522 crore in FY22. It also paid Rs 10,273 crore as taxes in FY23.

With a net profit of Rs 28,165 crore, Coal India was at number four on the list. The net profit of the coal major has grown 62 per cent from Rs 17,358 crore in the last financial year. It paid Rs 9,876 crore in taxes in FY23. It was followed by NTPC, whose net profit inched up 1.4 per cent to Rs 16,912 crore from Rs 16,676 crore in the previous fiscal. NTPC paid Rs 6,796 crore tax in FY23.

Some other top profit-earning PSUs in FY23 were Power Finance Corporation, whose net profit surged 13 per cent to Rs 15,889 crore, followed by Power Grid Corporation of India, which reported a net profit of Rs 15,417 crore (decline of 8 per cent YoY), Bank Of Baroda with net profit of Rs 14,905 crore (growth of 90 per cent), Canara Bank with net profit Rs 11,255 crore (growth of 84 per cent) and REC Ltd. with a net profit of Rs 11,167 crore (11 per cent growth).

The 54 stocks that are part of the BSE PSU index collectively earned Rs 3.40 lakh crore in net profit in FY23, registering a 10 per cent YoY growth from Rs 3.09 lakh crore in FY22. Tax collected from these PSUs increased 8 per cent to Rs 1.01 lakh crore, from Rs 93,749 crore the previous fiscal.

(The writer is Prince Tyagi.)

TOP

GENERAL INSURANCE

Rethinking deposit insurance in India - Financial Express – 16th June 2023

The tagline of the Onida TV brand campaign—Neighbour's Envy, Owner's Pride—had seemed applicable to the US financial system as well. However, in the last 15 years, the US financial system has become more of 'owner's misery and no one's pride", having faced two major crises.

The first crisis, in 2008, was driven by one half of the financial system—capital market firms such as investment banks, insurance and mutual funds. The capital market entities invested in housing markets by raising funds from the interbank or repo market. Following a hard crash of the housing market, there was a 'run on the repo' as the entire system froze as financial entities were unwilling to lend to each other.

The second crisis, in 2023, was driven by the other half of the financial system—commercial banks—thereby completing a crisis pie in a manner of speaking. Unlike capital market entities, the commercial banks' liabilities are deposits from households which are stickier and more reliable than repos. The deposits are also insured upto a limit per depositor to support the banks. In 2022-23, the US central bank increased interest rates significantly due to a surge in inflation. The banks faced huge losses on their investments. Ideally, in a well-funded deposit insurance (DI) system, there is nothing to worry. Then why did the US banks face a crisis?

The answer is that, over the years, the US banks were relying on uninsured deposits. What does this mean? Suppose the DI limit per depositor is $100. If the depositor keeps $150 with the bank, then $50 remains uninsured. It is natural to have a certain percentage of deposits in the uninsured category as there will be rich households. But, if the percentage of uninsured deposits rises, it poses risks to the financial system. This is exactly what happened in the US banks too.

The current DI limit in the US is $250,000 per depositor— the limit was raised during the 2008 crisis to prevent spread of the crisis from capital markets to banking markets. As of December 2022, more than 99% of the deposit accounts were covered by the DI. However, when we look at share of uninsured deposits in the value of the liabilities of banks, the share has more than doubled from 20% to 47% in the last 15 years. If bank assets begin to decline—as was the case in 2022 and 2023—the uninsured depositors rush to withdraw their deposits, thereby causing a 'run on the deposits'. The US policymakers were caught off-guard and had to agree to bail out banks by backing even uninsured deposits.

The 2023 crisis shone the spotlight on the existing DI system in the US. The US policymakers are holding discussions on strengthening the DI. The first such discussion has led to a report by the Federal Deposit Insurance Corporation. The report mentions that though DI encourages moral hazard (I take risks because I am insured), it also protects the small uninformed depositor. This dilemma of whether to have or not have DI is never an easy one. It has also highlighted the critical role technology and social media play in today's bank runs.

In terms of reforms, the report has said there are three kinds of DIs: limited, unlimited and targeted. Limited and unlimited DI are on the two ends of the spectra of coverage and moral hazard; targeted DI is the middle approach. Targeted DI provides different levels of insurance coverage across different types of accounts, including higher DI for business accounts. The report mentions the need to discuss each of the systems. What are the lessons for Indian DI? India faced a banking crisis in the period 2013-20. Apart from many reforms, the government increased the DI coverage from Rs 1 lakh per depositor to `5 lakh per depositor. The discussion remained limited to this increase in limit. The banking crisis in the US suggests we need to revisit DI in India for three reasons.

First, the share of uninsured deposits is very high. The increase in deposit cover led to increase in percentage of protected accounts to total accounts from 91% to 98%. The share of insured deposits in banks' liabilities also increased from 28% to 51% in the same period. This means the uninsured deposits in India are at 49%, levels similar as US. Second, India's DI does not follow a risk-based premium system, which means higher risk institutions pay higher premiums. Instead, all participating institutions pay the same premium in the Indian system. India's DI covers commercial banks, regional rural banks (RRB), local area banks and cooperative banks. Cooperatives and RRBs are riskier, but as they are smaller, they cannot pay higher premium than, say, the safer scheduled commercial banks.

Third, technological changes mean transactions are increasingly happening via digital prepaid instruments (PPI). Recently, RBI's Committee on Customer Service Standards has recommended to include these PPIs as part of DI. But then including PPI without looking at the first and second issues will only make the whole DI system riskier. There is also a need to discuss the role of technology and social media in bank runs.

TOP

Why travel insurance is a must-have for trips abroad – The Hindu Business Line – 12th June 2023

With travel season in full bloom, travellers must prioritise their safety and have travel insurance on their checklist. Whether it's an unannounced medical emergency or flight delay or cancellation, travel insurance is a saviour for all travel woes. It provides security against medical crisis, including existent and probable variants of COVID-19, and non-medical expenditures like loss of luggage, cash or passport. However, with varying destinations, number of travellers and length of travel plans, it might get difficult to arrive at an adequate coverage that suits your requirement best. This is one of the most important factors one must consider before closing in on a plan as it directly impacts your claim. Also, there are certain guidelines for minimum limit of travel insurance for a few countries that you also need to be mindful of. So, here's what you should broadly know before deciding on the right cover for travel insurance. The coverage amount in travel insurance slightly differs from health insurance. Sum insured here primarily refers to medical coverage in case of treatment or hospitalisation during your trip. Non-medical expenses like loss of baggage or passport and similar damages are covered separately and not a part of sum insured by default.

A critical factor when purchasing a travel insurance plan is determining what sum insured or coverage one should have. This amount is the maximum coverage the insurance firm will pay against your claim in case of emergency hospitalisation. Thus, while travelling to a foreign land like the U.S., Canada, or the U.K., where medical care is costlier compared with India, it is advisable to shield yourself with sufficient funds. For instance, a simple doctor visit can cost $100-200, while a specialist consultation can cost up to $350. So your travel insurance must factor in your destination and provide coverage accordingly. The individual travel insurance policy is for a solo traveller. It offers a wide range of benefits with regular coverage, such as reimbursement for misplaced luggage, emergency medical or accidental care, repatriation in the event of a medical emergency or for mortal remains, etc. If you are taking a family vacation, i.e., your spouse and children, this policy proves to be a budget-friendly way to protect everyone. However, make sure the dependent age is as it is usually considered less than 21 years. If you are 60 years or older, having a proper travel insurance plan becomes vital. It protects against ICU costs and doctor visits and offers cashless hospitalisation along with regular travel insurance benefits. Moreover, if you have a pre-existing disease, pick a policy that covers this element. Also, always declare the existing illnesses to the insurer for straightforward claims.

With more students travelling abroad for higher education, this policy is appropriate for anyone between the ages of 16 and 35 and for 1-3 years. In addition, the policyholder gets comprehensive coverage for primary utility products such as laptop loss and sponsor protection and for unexpected expenses that may impact their academic performance. This is a much better option than going for a bundled deal with the university-offered insurance as the coverage is far more extensive. Designed for frequent travellers, the plan offers coverage for multiple trips within a 12-month window from the commencement date. It, however, comes with a cap on the travel period, limiting it to 30 to 70 days per trip. Despite offering many benefits, travel insurance policies mostly exclude situations like accidents resulting from extreme sports, driving intoxicated or with drugs, etc. Claims for unattended belongings are also not acceptable. Additionally, travel to prohibited destinations or war-prone regions might not be covered. Select a plan that offers 24x7 support, has a cashless option, and has a wide range of network hospitals. It should also have an easy claims process and a high settlement ratio. Also, compare the policies and prices online and read the policy documents carefully before making the final purchase decision.

(The writer is Manas Kapoor.)

TOP

Mitigate prolonged hospitalisation with reasonably priced accident cover – Business Standard – 12th June 2023

The tragic crash on June 2 at Bahanaga Bazar station in Odisha resulted in at least 288 fatalities and over 1,000 injuries. Only a small percentage of passengers had availed of travel accident insurance while booking their tickets online through the Indian Railway Catering and Tourism Corporation (IRCTC) portal. Besides buying the insurance cover that comes along with the train ticket, it is arguably more astute to have one's own independent accident insurance cover. One should also be aware of the other financial instruments that offer such coverage. A personal accident (PA) policy, which is a benefit policy, makes a payout in case of death or disability resulting from an accident. The family receives a lump sum payment in the event of a policyholder's accidental death or hospitalisation. Many policies even provide a cash allowance for a predetermined period.

Bhaskar Nerurkar, head of health administration team at Bajaj Allianz General Insurance, says, "PA coverage is available at affordable pricing. It provides financial protection to the insured and their family members in case of accidents resulting in bodily injuries, death, permanent total disability, temporary total disability, or permanent partial disabilities." Some policies offer additional benefits, such as assistance for children's education, given the possible reduction in the individual's earning capacity after an accident. Some also cover legal and funeral costs. Nerurkar elaborates, "Today's PA policies also include coverage for EMIs, fractures, and coma." Potential policy buyers need to understand the exclusions. "Exclusions in PA coverage include self-inflicted injuries, injuries sustained during wars or riots, natural death, pre-existing or congenital disabilities, and injuries linked to adventure sports activities," says Nerurkar. (Some policies nowadays cover accidents that occur during adventure sports also.) Several policies exclude those engaged in hazardous occupations. Study the policy terms as exclusions can vary from one policy to another. Kapil Mehta, co-founder, SecureNow Insurance Brokers, says, "Accidents that occur in an intoxicated state are not covered. Likewise, you will not be compensated if there is a breach of law."

Motor insurance, certain critical illness covers, and some credit and debit cards also offer PA coverage. Motor insurance mandatorily requires personal accident coverage for all vehicle owners or drivers, both in two-wheelers and four-wheelers. Critical illness policies pay a lump sum for medical treatment, subject to the patient surviving for a certain period after diagnosis. Nitin Kumar, head of motor insurance, Policybazaar.com, says, “The accident cover that comes with this policy would cover partial or total disabilities or accidental death.” Credit and debit cards issued by banks often come with complimentary PA coverage, which many customers are unaware of. The coverage amount could range between Rs 50,000 and Rs 10 lakh. The coverage for an air accident could be as high as Rs 1 crore. Those who travel widely must be especially careful when buying a PA policy. Kumar says, “Those who go abroad frequently must ensure that their PA policy offers global coverage.”

Individuals in high-risk occupations, such as builders, contractors, and engineers, must buy a PA policy. While deciding the sum insured, the number of dependants who rely on the breadwinner’s income must be taken into account. Nerurkar says, “The nature of the occupation should be considered. However, given the unpredictability of life, it’s preferable to opt for wide coverage to ensure your family’s financial stability during uncertain times.” Naval Goel, founder and chief CEO, PolicyX, adds, “Your coverage amount should ideally be ten times your annual income or, at the very least, sufficient to cover costly hospitalisation fees.” Accident covers are reasonably priced and offer a considerable amount of coverage. A PA policy for a 35-year-old with a sum insured of Rs 10 lakh would cost between Rs 500 and Rs 2,000 (depending on breadth of coverage). Goel says, “Purchasing a basic health policy and adding an accident rider can be expensive. Therefore, if you work in high-risk situations or travel frequently, investing in an accident policy is advisable.” Lastly, read the fine print of the policy, and understand the inclusions and exclusions, to avoid unpleasant surprises later.

(The writer is Bindisha Sarang.)

TOP

Insure your drive with PAYD policies to pay premium by distance driven – Business Today – 12th June 2023

In July 2022, the Insurance Regulatory and Development Authority of India (Irdai) allowed general insurance companies to introduce tech-enabled concepts in motor own-damage (OD) policies. Since then, there has been a flurry of usage-based products and insurance companies are warming up to the use of data from telematics devices—gadgets that track and send information related to the distance, driving behaviour and pattern of a car to a remote server—to determine premium rates. This add-on can be purchased at the time of renewal or while buying a new motor insurance policy, either directly from the insurer or online. All that the customer needs to do is fill up a form providing her personal details and those of the vehicle being insured. Here is a lowdown on how these policies work and the fine print you should watch out for before signing on the dotted line.

Going the distance
In PAYD policies, premium is based on the kilometres opted for by the policyholder at the time of buying the policy. There are various slabs one can choose from. “In India, telematics devices are available only in a few models, hence, under the policy we launched, the distance covered is computed based on the readings of the odometer (the analogue distance gauge in the car’s dashboard). Odometer readings can be tracked via a telematics device or through a mobile app,” says Parthanil Ghosh, President of Retail Business at HDFC ERGO.

The insurer offers a 25 per cent discount on premium for a car driven for 0-2,500 km, 17.50 per cent for 2,501-5,000 km, 10 per cent for 5,001-7,500 km and 5 per cent for 7,501-10,000 km. There is no discount for distances above 10,000 km. The policyholder just needs to update the opening odometer reading while purchasing the policy and the final reading at the end or at the time of renewal.

"Based on distance driven, the policyholder would be eligible to claim the benefit even if they decide not to renew the policy with the company. In this case, the benefit will be paid to the customer through NEFT. When the policy is renewed, the benefit can be used to pay the renewal premium," says Ghosh. In case the distance covered by the plan is exhausted, the policyholder can top it up. "For customers with multiple cars or car owners who drive short distances to work, PAYD plans offer a great price benefit. The exact discount depends on the car's model, its age, and place of registration. Some insurers also provide an additional reward during renewal. Therefore, if a car owner is sure about lower vehicle usage during the policy year, it is wise to choose to pay the insurance premium as per the actual usage," says Akarsh Sharma, Head of Product-Motor Insurance at Policybazaar.com.

Behaviour matters

If, like Gupta, you too are a careful driver, you could look at a variation of PAYD policies called 'pay how you use' (PHYU) that charge a premium based on your driving behaviour. Like in PAYD, under this add-on, too, behaviour and other metrics are tracked. "Based on driving behaviour, the algorithm calculates an internal score that in turn allows the underwriters to accurately price this add-on. The launch of connected cars in India is a perfect case for PAYD offerings as they provide quality information about driving behaviour and patterns to the insurer," says Subhasish Mazumder, President & Head-Motor Distribution at Bajaj Allianz General Insurance.

Then there are plans that offer a further customisation. They allow you to switch your policy on and off. Zuno General Insurance's SWITCH is one such on-demand policy. Say, you are out of the city and not driving, you can switch off the policy and save on insurance costs. Customers are given a driving score based on parameters such as over-speeding, distracted driving, sudden braking, etc. In addition, policyholders no longer need to switch on the policy if they use their car; the app will do it for them. There is no distance range here—since it can be switched on and off, it is based on daily usage.

Tread Cautiously

One important point to note is that the discount is given only on the OD part of your car and not the entire amount of the motor insurance premium. Hence, if you are paying a premium of Rs 5,000 (Rs 3,000 for OD premium and Rs 2,000 for third-party premium), then a discount of 5-25 per cent will be given only on the OD part, which works out to Rs 150-750. Motor insurance consists of two parts—the OD component takes care of the car in case of accident or theft, while third-party insurance covers any liability arising from injury or death of a third party in a road accident.

Another point to keep in mind is privacy. This is because your data will be shared with the insurer and can be used to decide premium rates, especially if you are a rash driver. Insurers, for their part, say they are mindful of the privacy concerns of their customers. "Currently in India, for PAYD, data sharing is restricted to odometer readings and no other personal information; this doesn't seem to be a challenge given the existing relationship between the insured and the insurer, which anyway requires sharing of the insured's data while taking up the policy," says Ghosh of HDFC ERGO.

Besides, some PAYD policies might enforce limitations on specific types of driving, including driving during peak hours or in high-risk areas. Additionally, there could be a cost element involved if you have to instal the telematics device in your car. "One must know which party is responsible for the installation, maintenance and potential removal of the device. Customers should also familiarise themselves with the policy's terms, regarding changes, modifications or cancellations. They should be aware of any fees or penalties that may be applied if they need to make adjustments or terminate the policy," says Indraneel Chatterjee, Co-founder of RenewBuy, an insurance aggregator platform.

Coming back to Gupta, he does have options like PAYD, but he needs to read the fine print before he takes the plunge.

(The writer is Teena Kaushal.)

TOP

Tenants must purchase insurance to protect their home contents. Here is why – Financial Express – 10th June 2023

A home is an emotionally and financially valuable asset for most of us. Be homeowners or tenants; it is a place where we find comfort and happiness and create memories. A home is a safe place for us. Unfortunately, we often see fire, theft, burglary, and natural calamities damaging our homes and the content inside. Any such damage causes mental as well as financial distress. Therefore, a home insurance policy is paramount to securing our home against any damage. It is affordable and the most practical way of ensuring financial protection and peace of mind.

Home insurance purchased by homeowners is relatively common. But in today's time, tenants should also consider financially protecting their belongings and personal items with Home Contents Cover. A householder package policy will cover a wide range of liabilities such as electronic gadgets, household appliances, kitchen appliances, valuables, home furniture and fixtures if damaged due to fire, natural calamities, such as flood, earthquake, cyclone and storm, burglary, theft and electrical equipment breakdown.

Let us take a close look at the coverage offered by a package policy for tenants:
Fire: Fire in buildings is a common phenomenon nowadays. It can happen due to a short circuit and fire spreading from outside. A big fire can cause considerable damage to the building structure and thereupon contents inside your home which results in emotional and financial loss. However, if tenants have an insurance policy, damage/ loss to the valuable home contents by insured perils can be covered. Protection against natural calamities: It is always possible that the contents inside your rented home can get damaged due to natural disasters like flood, cyclone and storm. And if it ever happens, home insurance will cover the financial loss incurred and reimburse you for the repair/ replacement cost of the damaged items.

Additionally, you can opt for Alternate Accommodation add-on. In case of damage to your rented accommodation, you might need to temporarily move to an alternate accommodation while the previous accommodation is under repair. However, the rent at the alternate accommodation might be higher. But if you buy the add-on cover, the difference in rent will be covered and paid by the insurer. Burglary and theft: Burglary generally happens when we are away, making it easier for thieves to steal anything from home and vandalize without resistance. Along with the burglary, loss due to theft can be covered as an extension in the package policy.

Personal Accident: As a tenant, you can also avail of personal accident coverage for yourself/spouse in the unfortunate event of death. Liability Cover: The package policy will further protect you against bodily damage and death to third parties and domestic employees due to unforeseen mishaps. For instance, if your house help or a guest gets injured in your home, you will not need to worry if you have this cover, and ensure the best treatment for them.

A package policy also offers additional features that are not covered in a standalone home insurance policy. For instance, the breakdown of electronic and mechanical appliances like refrigerators, washing machines, LED TV and laptop will be covered by this policy. The package policy even protects against baggage loss or damage, including personal belongings, during travel within the country. You can also opt for individual covers if you do not want to opt for a package policy. However, a home insurance package policy provides comprehensive protection.

Here are a few points to keep in mind:
Provide full disclosure at the time of purchasing a home insurance policy.

As soon as any physical loss or damage occurs to home contents due to an insured event, you should immediately inform the insurer about the loss.

In case of physical damage to the item(s), the insurer will pay you the repairing cost, and if it is a total loss, you will be reimbursed up to the total sum insured based on the valuation of the item(s). The owner of your rented accommodation might purchase a home insurance policy to cover only the building structure. However, as the tenant, you need to buy a policy to financially protect your home contents. While we do not want to think of the worst, being prepared for the worst is often the wisest thing to do.

(The writer is Rakesh Jain.)

TOP

HEALTH INSURANCE

Health insurance: A critical illness plan is a must buy - Financial Express – 16th June 2023

Individuals with a family history of diseases such as cancer or coronary artery bypass should opt for adequate critical illness cover. While a comprehensive health insurance policy provides coverage for expenses like hospitalisation, a critical illness policy will provide a lump sum benefit upon diagnosis of a covered critical illness, regardless of medical expenses.

The payout can help the policyholder manage various costs associated with critical illnesses such as medical treatments, specialised care, alternative therapies, and even for outstanding payments such as home loans, car loans, etc. Insurance companies cover around three dozen critical illnesses such as cancer, kidney failure, major organ transplant, etc.

On diagnosis of any of the listed critical illnesses, the insurance company will pay the full sum insured which will cover the cost of the specific treatment. The cost of a critical illness policy varies depending on one's age, health condition, coverage amount, and the illnesses covered.

Evaluate the premium

It is essential to evaluate the affordability of the premiums and compare them to the potential benefits provided by the policy. Buy it as a standalone policy and not as a rider with a life insurance policy where there's a limit on the sum insured. "If one has a critical illness plan, in case of a critical disease, the policyholder receives a lumpsum payment. A comprehensive health insurance covers hospitalisation costs," says Rakesh Goyal, director, Probus Insurance Broker, explaining why one should have a comprehensive plan as well as critical illness coverage.

Points out Chirag Nihalani, general manager, Insurance Samadhan, "Outstanding payments like mortgages can be taken care of through the payout."

Waiting period

Most critical illness policies have a waiting period ranging from 30 to 90 days from the policy inception. Ashish Lath, business head, InsuranceDekho, an online insurance aggregator, says once the policyholder completes the waiting period, he can claim for an enlisted illness in the policy. "You can only claim for a critical illness only once under the plan. If you are diagnosed with another critical illness in the future, you will need a new policy," he says.

What to look out for

Critical illness policies are typically more expensive for older people and people with pre-existing medical conditions. If you are in good health, you may be able to get a lower premium. "In critical illness insurance, inclusions and exclusions are vital since the policyholder will know exactly which illnesses are covered and which are not. The policy with the most ailments covered should be chosen," says Goyal.

There are two types of critical illness policies: lump sum and recurring. Lump sum policies give a one-time payout in case of a covered illness diagnosis. Recurring policies pay a smaller amount on a monthly or quarterly basis. "Make sure you understand the claim process before you buy a policy as you may need to provide medical documentation to support your claim," says Lath. When the claim is settled, the coverage ends. The terms and conditions of the renewal of the policy may be subject to review by the insurance company. For renewal, the insurer may adjust the premium, impose coverage limitations, or modify the policy terms depending on the circumstances.

SAFETY NET

* Comprehensive plan covers hospitalisation costs while a critical illness plan offers financial support on diagnosis of a critical illness
* You can claim for a critical illness only once under the plan
* Understand the claim process as you may need medical documentation to support your claim

(The writer is Saikat Neogi.)

TOP

Top-up vs Super top-up: Which additional health insurance cover is more beneficial? - India Today – 13th June 2023

When it comes to additional health insurance cover, individuals often have the option to choose between top-up and super top-up plans. While both types of insurance plans offer extra protection over and beyond the standard health insurance policy, there are notable differences between the two and the choice between them depends on individual needs and circumstances.

A top-up health insurance plan provides additional protection above and beyond the sum insured by your current health insurance policy. To put it another way, it serves as a financial safety net when your primary health insurance is insufficient. As soon as a single claim exceeds the threshold amount, sometimes referred to as the deductible, the top-up plan takes effect.

The top-up approach stands out because it evaluates each claim independently. On the other hand, a super top-up plan offers more coverage. A policy year's worth of claims is combined under this plan, which takes effect when the sum of all claims exceeds the deductible. So, rather than focusing on individual claims, a super top-up plan provides a more comprehensive coverage scope by taking into account the entirety of your medical costs for a given year.

In the end, deciding which health insurance option is best for you will rely on your personal needs, your budget, and the amount of coverage you'll need. To make an informed choice, it is advised to thoroughly evaluate one's own healthcare requirements, contrast the advantages and disadvantages of various plans, and speak with insurance experts.

Here are some key distinctions:
Single Claim vs Cumulative Total: A top-up plan only applies when a single claim crosses the deductible, while a super top-up plan applies when the total expenses of multiple claims exceed the deductible in a policy year.

Scope of Coverage: A top-up plan's coverage is generally narrower than a super top-up plan. For example, if you have three hospitalisations in a year, costing Rs. 3,00,000, Rs. 4,00,000, and Rs. 5,00,000, respectively, and your deductible is Rs. 4,00,000, your top-up plan will only cover the third hospitalisation. However, a super top-up plan will consider a total of Rs. 10,00,000, providing coverage for the cumulative expenses.

Cost Comparison: Top-up plans tend to be cheaper than super top-up plans due to the difference in coverage scope.

Suitability: If you're a relatively healthy individual, a top-up plan may suffice. However, if you have a history of recurring medical issues, a super top-up plan would be more beneficial. Therefore, a super top-up health insurance plan can be seen as more advantageous due to its wider coverage scope, even though both types of plans offer extended coverage. Before selecting a choice, it is crucial to be aware of your financial and health risks.

(The writer is Amrit Singh.)

TOP

How much health insurance should a fresher get? – Moneycontrol – 13th June 2023

Typically, financial planners tell you to start saving right when you get your first salary. While that is true, there is something you've got to do even before you start investing: Buy a good health insurance policy. Here's why.

A health emergency can strike at any time and the exorbitant cost of treatment can swiftly drain your finances. The recent Covid-19 pandemic showed us how a medical emergency can rush through our doors without knocking and wreak havoc. And if you do not have a job or your income falls because of, say, an economic slowdown, then your financial savings might not be enough.

Also, it is a misconception that health emergencies are limited to the higher age group. Even young people can fall ill or experience accidents. Given these realities, there is no doubt about the necessity of health insurance. A health insurance policy comes to your rescue in such times. The best part of health insurance is that there are policies where once you use it to pay your hospital bills, the amount (sum assured or the total insurance amount you are eligible for) is automatically reinstated.

"It's best to buy health insurance when you are young because with age if you develop any health condition, it becomes harder to buy cover," said Kapil Mehta, cofounder of SecureNow. It is a risk that everyone faces and as a fresher entering the workforce, it is essential to prioritise the purchase of a health insurance policy for yourself, even if your employer also provides coverage.

Why personal health insurance policy?
Many employers provide group health insurance coverage to employees as part of their benefits. However, there are reasons that make it sensible to buy a personal health insurance policy.

Sum assured: The first thing to evaluate is the sum assured in the group health policy provided by an employer.

"The corporate health insurance cover may not be enough to cover the family. Ignoring this aspect can prove to be very costly in case of any medical emergency," said Hemant Rustagi, a personal finance expert. Coverage continuity: Job changes are common in today's dynamic professional landscape. "Although the current company may offer insurance, there is no guarantee that future companies you join will have the same benefit," said Mehta. Other financial planners agree.

"If the individual loses their job or decides to switch careers, they may lose access to employer-provided health insurance," said Sanjeev Govila, CEO of Hum Fauji Initiatives, a financial planning firm. Similarly, there may be a gap between jobs. During this time, an individual policy ensures that health cover remains and you can seek medical treatment if needed. Having your own health insurance policy will ensure continuous coverage regardless of your employment status.

Enhanced coverage: Employer-provided health insurance may have limitations or exclusions. "An individual health insurance policy allows for more customisation based on personal needs and preferences. It offers the flexibility to choose coverage options, add-ons, and sum assured amounts that align with the individual's specific healthcare requirements," said Govila. By opting for a personal policy, you can potentially secure broader coverage.

How much insurance do I need?
Determining the sum assured for insurance coverage can be challenging since we cannot predict the nature or cost of future medical emergencies. However, there is a method in this madness. Rustagi suggests a cover of Rs 5-10 lakh to begin with. Then, he says, slowly increase the sum assured over time to ensure adequate and extensive coverage at different stages of life. Look at your personal health history, including any pre-existing conditions or potential future medical needs. Look at your family history. Cardiac problems usually go down through generations. Experts say cancer and diabetes can be hereditary too. An early assessment of family patterns can help you get a higher cover at an early age, when premiums are low and it's easier to buy a large policy.

Your current health condition, lifestyle choices, and the cost of healthcare services in your area should also be accounted for. "The main principle when buying health insurance is to budget for the cost of a severe illness a few years later," said Mehta. So, cancer does impact youngsters as well and can cost up to Rs 10 lakh to treat. That's why a Rs 15 lakh to Rs 20 lakh cover is appropriate because costs will get inflated. Another way to think about this is to buy cover that is equivalent to about one year's income, Mehta explained.

Individual or floater policy
Should you buy separate insurance policies for yourself and your parents, or is a floater policy better? Most financial planners advise having separate policies. "It makes sense to buy individual health insurance plans for parents to cover the probability of higher insurance payout and ensuring better coverage specific to their needs. Simply put, age-specific illnesses can result in the possibility of multiple claims, and hence buying a separate policy is advisable," said Rustagi. Govila, too, prefers separate policies but warns about a rise in premium costs.

But Rustagi said, "While the premium cost may be higher initially, it can curtail incremental cost as compared to the cost of a consolidated insurance policy." The other reason to have separate policies is that parents' cover may have some restrictions in terms of co-pay or conditions that may not be applicable to freshers. Your first job is a step towards financial freedom. To prevent medical emergencies from becoming a burden and taking away your freedom, health insurance is a vital tool to have in your money box.

(The writer is Ashwini Kumar Sharma.)

TOP

Section 80D: Ensure you claim all tax benefits on health insurance premiums while filing I-T returns – Moneycontrol – 12th June 2023

Besides section 80C instruments such as equity-linked saving schemes (ELSS), tax-saver fixed deposits and employees' provident fund contribution, section 80D, too, is a highly popular avenue for reducing your tax burden. Salaried tax-payers should ideally claim tax breaks - that is, if they have chosen the old, with-exemptions tax regime - while submitting investment proofs in the months of January and February. This ensures that your employer does not deduct excess tax. If you missed the deadline for filing investment declaration, however, you can claim refund for excess tax deducted while filing your income tax return before July 31. Read on to understand the tax benefits you can avail of under section 80D.

Health insurance premium paid for self, spouse and kids
Section 80D offers tax deductions of up to Rs 25,000 on health insurance premiums paid for self, spouse and children. This is the maximum deduction you can claim under this section, if you are under 60 years of

age. This limit is applicable to the aggregate health insurance premiums that you pay across multiple health policies, including critical illness plans. If you have purchased a multi-year health policy – that is, you are paying premiums for, say, two years at one go, ensure that you claim the deductions proportionately. “Many end up claiming the multi-year health insurance premium paid at one go. It should be split over the period for which the coverage will be in force,” says Chetan Chandak, Director, TaxBirbal.

Pay parents’ premium, claim higher deductions
If you also pay your parents’ premiums, you will be eligible for an additional tax sop of Rs 25,000. If they happen to be senior citizens, this ceiling will be Rs 50,000. So, an individual who takes care of health insurance premiums for herself, her spouse, kids and elderly parents can claim deductions of up to Rs 75,000 under section 80D.

Higher 80D deductions for senior citizens
If you are a senior citizen over the age of 60 and own health insurance policies, the cap on deductions for you is higher at Rs 50,000. And if you are also paying premiums for your parents’ policies, you will be eligible for tax deductions of up to Rs 1 lakh. For instance, if you are 61 and are taking care of the health insurance premiums of your parents who are, say, 88 or 90 years of age, both would fall in the senior citizen category. Therefore, the maximum deduction that you can avail of would be Rs 1 lakh.

Deduction on preventive healthcare expenses
It is a healthy practice to undergo medical check-ups at least once a year. And if you suffer from chronic ailments such as diabetes or hypertension, you ought to be more regular with monitoring your health parameters. It will also entitle you to tax deduction under section 80D up to Rs 5,000, within the overall limit. “Many tax-payers often forget to claim this deduction. It is a good practice to preserve the receipts though you do not need to submit the documents along with your income tax returns,” says Chandak. Your parents’ health check-ups will also ensure similar tax breaks.

“The limit of preventive health check-ups is Rs 5,000, within the overall 80D limits. However, some taxpayers assume this is over and above these limits. People should remember that payments made through the cash mode will not be eligible for deduction,” says Bhavesh Shah, Senior Partner with chartered accountancy firm Hasmukh Shah & Co.

No health insurance? Avail of tax benefits on medical expenses
The tax benefits under this section are not confined to health insurance premiums. If you are a senior citizen, but are not covered under any health insurance policy, you can claim deductions on actual health expenses incurred during the year, subject to the overall 80D limit of Rs 50,000.

If your children are paying for these expenses, they can claim these spends as deductions from their taxable income. “Again, the condition here is that the payment should have been made in any mode other than cash. Ensure that there are bank transactions and receipts to prove that you have made the payments towards your parents’ healthcare expenses,” says Chandak.

(The writer is Preeti Kulkarni.)

TOP

Specific insurance plans for surrogate mothers on the anvil – The Hindu Business Line- 11th June 2023

In a move that will offer more financial security to surrogate mothers, insurers are now designing specific insurance products for them, thanks to an initiative by the insurance regulator. businessline’s inquiries with health insurers have revealed that at least half a dozen insurers are now working on designing specific products to cater to the segment while a couple of them are almost ready with specific products.

“This is gradually becoming an important area as a health condition despite legal and emotional challenges to surrogacy. Following directions from the insurance regulator, we are working on a special product that will have specific riders for pregnancy of surrogate mothers,‘ Head of underwriting of a major private insurer told the businessline on the condition of anonymity.

“Surrogacy is a medical option for those families or individuals who due to medical conditions are unable to conceive on their own and are unable to start a family,‘ said Bhaskar Nerurkar, Head-Health Administration Team, Bajaj Allianz General Insurance.

Referring to Insurance Regulatory and Development Authority of India (IRDAI’s) move to ensure availability of suitable products, Nerurkar said the move “is welcome’ as it would provide cover for such families and truly fulfil their dream of having children especially now with medical advancement in the domain. This inclusive step will provide these individuals access to quality medical care.”

Modalities

There are adequate legal provisions for surrogacy cover. As Per Section 4 (iii) (a) of Surrogacy (Regulation Act) 2021, the insurance coverage can be offered in favour of the surrogate mother for a period of 36 months covering postpartum delivery complications.

The Surrogacy (Regulation) Rules 2022 mentions mandatory insurance coverage. It says, “The intending woman or couple shall purchase a general health insurance coverage in favour of surrogate mother for a period of 36 months from an insurance company or an agent recognised by IRDAI for an amount which is sufficient enough to cover all expenses for all complications arising out of pregnancy and also covering postpartum delivery complications.”

The commissioning couple will have to bear all the expenses and also ensure insurance for oocyte donor for 12 months along with general health insurance coverage for the same period, as per the rules. Yegna Priya Bhararhi, Chief General Manager, IRDAI has already directed all insurers to ensure availability of suitable products for surrogacy with immediate effect.

(The writer is G Naga Sridhar.)

TOP

Now, infertility treatment for employees gets India Inc cover - The Economic Times – 10th June 2023

Infertility treatment - once a hushed-up subject - is now making its way into corporate insurance and benefits programmes, as India Inc looks to create inclusive and supportive workplaces. Recognising the importance of reproductive health and family planning support, a clutch of companies like Accenture, Cognizant, Procter & Gamble, Salesforce and WeWork are making fertility benefits a standard part of comprehensive employee benefits packages to not just attract and retain talent, but also demonstrate their commitment to wellbeing. According to estimates from WHO, the prevalence of primary infertility in India ranges from 3.9 percent to 16.8 percent. A report of doctors from the AIIMS estimates the number of couples diagnosed with infertility in India each year at 12-18 million. Professional services company Accenture covers fertility and surrogacy treatment as part of its medical insurance programme to support its people who are looking to form families.

"Last year, we also added egg and sperm freezing to our medical insurance benefits. All our people in India including our LGBTIQ+ people, and their partners can avail of these benefits," said Lakshmi C, lead-human resources, Accenture in India. At Cognizant, too, the medical insurance policies cover all aspects of primary infertility treatment for employees. Last month, P&G India announced it would cover the expenses borne by employees and their partners for availing of infertility treatments including intrauterine insemination (IUI) and in vitro fertilisation (IVF). Earlier this year, WeWork India enhanced its medical insurance to include infertility benefits. Employees and their families can now access up to ₹1 lakh coverage for infertility treatments, including egg harvesting and egg freezing, said Priti Shetty, chief people and culture officer, WeWork India.

About 35 percent of organisations have taken, or are planning to take, action in 2023-24 on family planning and fertility programmes, according to a recent study on inclusive health care by WTW, an advisory, broking and solutions company. At Salesforce India, all full-time employees are eligible to claim up to ₹29 lakh as a one-time benefit for costs incurred for fertility and surrogacy treatment, among other things.

“Benefit offerings should recognise the importance of family planning and fertility-related challenges that employees may face, alleviating the financial, emotional, and logistical burdens associated with fertility treatments,” T Pradeep Singh, director of compensation and benefits at Salesforce India, said.

Infertility issues are in many ways a lifestyle disease, triggered by factors like stress, long working hours, obesity, etc., said Shobhit Agarwal, chief executive of Nova IVF Fertility. “MNCs are taking the lead in rolling out fertility benefits and normalising what was previously a social taboo, but we’re also seeing the trend catching on among Indian companies, including those in the public sector,” said Agarwal. Interest has shot up. In the last six months, Nova IVF Fertility has held at least 500 awareness activities at companies including SAP.

Apart from infertility treatment coverage for assisted reproductive technologies like IVF and IUI, many companies in India are also going the extra mile. These include rolling out flexible work policies to allow employees to manage their fertility treatment appointments and procedures without adversely affecting their work, as well as compassionate leave policies to employees undergoing treatments, consultations, or even adoption processes, said Vinod VK, head of health and benefits India, WTW.

“Employers are also recognising the emotional toll that infertility can have, and are offering employee assistance programmes that include counselling and mental health support to help employees cope with the stress and emotional challenges associated with infertility,” Vinod said. There is still a long way to go in expanding benefits to include treatments such as egg freezing, assisted reproductive techniques, diagnostic testing, fertility treatments, surrogacy benefits, and fertility medication coverage, said Aditya Bagarka, head of strategy and innovation at insurtech startup Plum. “Around 2 percent of our 3,000+ clients have already incorporated IVF coverage into their group policies. Moreover, prominent companies like Google have included IVF coverage in their corporate health policies, indicating a potential increase in companies offering such benefits in the future,” said Bagarka.

(The writers are Brinda Sarkar & Sreeradha Basu.)

TOP

How senior citizens can avoid health insurance claim rejection – Financial Express – 10th June 2023

One of the main reasons why people opt for insurance is to get a sense of financial security and some peace of mind. However, everything becomes null and void for the policyholder if he/ she faces challenges during claim settlements. Talking about senior citizens, they are a lot more disadvantaged, compared to the ones in their working years. The loss of regular income and dependence on savings/ pensions make insurance, even more vital for their smooth survival.

Senior citizens usually end up paying a premium, which is almost five times more than someone in their 30s (for the same coverage). Especially, in the health segment, they usually have higher spends on medical expenses, longer hospitalization stays and pay a lot more on medications and doctor consultations. A lot of work is being done in introducing newer products for senior citizens (specially in health insurance); and helping them with claim settlements. However, there is scope for more work, as this population segment is very vulnerable. Insurance companies, intermediaries and hospitals need to take proper care, while settling claims for the senior citizens. While the industry is doing their bit to help seniors, the latter should also carefully evaluate their policies and know about certain terms and conditions, so that their claims do not get rejected.

Submission of complete information
All necessary information related to past medical history, family history, details of important assets, important bills, copies of insurance cards should be submitted. Many a times, senior citizens face challenges with clarity on the documents that need to be submitted. Insurance advisors can be of great help here, as they can guide senior people on all the relevant documents and help them with the end-to-end process of form submission.

Understanding all the policy terms and conditions

Insurance policy documents are usually lengthy and detailed. Even the younger population choose to read the terms and conditions superficially; and miss out many valid points in the due process. It is quite common and expected that the senior people miss out on important information while understanding terms and conditions. Unfortunately, it is during claim settlements that they become aware of such T&C. The role of insurance advisors become crucial here, as they can guide consumers with minute details around do's and don'ts in the policy document.

Renewal of Policy

Insurance providers have a waiting period for certain medical conditions and their treatments; and senior citizens should be aware of the duration of the waiting period. They should also analyse the renewal policies, so that the insurance coverage remains valid after the renewal period, and they do not face challenges with claim settlements.

Customer Support and company reviews

This is very significant that senior citizens do some research on the insurance company's customer support system and its efficiency and read reviews to evaluate their future experience. Digital has made things convenient these days, where seniors can easily access online reviews and get a basic understanding of the insurance company and its services. Credible insurance / InsurTech companies are usually backed by a strong customer support team, which is extremely important for seamless claim settlements.

Claim settlement has never been easy, either for the insurance provider or the consumer. Consumers can face challenges with claim settlement, across geography and demography. However, the process can be made simpler for consumers, and especially for senior citizens, if they take the route of digitally enabled insurance advisors. Advisors of InsurTech companies play a contributory role in giving unbiased guidance to consumers on the right kind of policies and help them with the end-to-end insurance process- starting from documentation to explaining necessary information, so that the latter do not face challenges during the settlement process.

(The writer is Indraneel Chatterjee.)

TOP

Why you must review your health insurance plan every year – The Economic Times – 10th June 2023

A health insurance policy is a powerful tool, it is a safety net that provides financial security against unforeseen medical emergencies. It is crucial that you choose a health insurance plan wisely, considering the shifting needs and expectations.

Once you purchase a health insurance policy, you must review it every year as your lifestyle will influence your body and in case of any new conditions it will need to be covered under your policy. Here are some reasons on why you should review your health insurance policy annually:

Scope of Coverage

Insurance providers often update their health insurance products to include coverage for additional ailments and treatments. It is important to review your policy annually to ensure that it covers the specific conditions you may require treatment for. By reviewing your policy regularly, you can stay informed about any updates or changes in coverage and make necessary changes. This gives you the opportunity to research any newly developed therapies and request modifications to your treatment strategy, if necessary.

Personal milestones
Life-altering events such as starting a family bring new responsibilities. It is important to examine your health insurance to ensure that your loved ones are adequately covered. You could have purchased a personal health insurance plan when you were single that solely covered your costs. Yet, when you start a family, you also need to think about your spouse and children's wellness. As a result, expanding your health plan to include your family is now considered to be important. An individual can also opt for porting his/her existing policy to a plan which offers coverage for maternity and new-born expenses on floater/ individual sum insured basis.

New Policy Features
India has a sizable insurance industry, and new health products are frequently introduced. It is important to be updated and keep checking your policy before it expires to know about availability of add-on features and advantages that can be opted in your existing plan and included at the time of renewal.

Premiums And Coverage
With rising competition in the health insurance segment, it has become crucial for companies to keep customizing their products and services. Cataracts are now covered as part of daycare treatment. Subject to a predetermined waiting period, insurance companies now offer coverage for infertility, maternity and even bariatric surgeries.

Rising medical costs
Lately, medical costs in India have witnessed a dramatic rise. In case of a medical emergency, consumers end up spending a huge chunk of money from their own pocket /digging into their savings to pay hefty medical bills. If you don't have enough health coverage, then the cost-heavy hospital bills would disrupt your financial plans in a big way. Added pressure on savings adversely affects your financial liquidity. Hence, reviewing your health plan is a good idea to ensure your health coverage is not affected due to the rising medical costs.

No Claim Bonus
Insurance companies offer you an additional bonus sum insured of up to 50% on policy renewal in case of a claim free year, commonly termed as No Claim Bonus. By not reviewing your policy, you are likely to lose out your financial savings, if you are not aware of the no claim bonus.

In addition to receiving better coverage, reviewing your health insurance policy can help you buy products with reduced premium rates thereby combatting the impact of inflation and rising healthcare prices. You may opt to port your policy to such products as per your age and premium requirement. Therefore, evaluating the policy is also crucial since it gives you an idea of the level of protection you need to be prepared for unforeseen medical emergencies.

(The writer is Shreeraj Deshpande.)

TOP

MOTOR INSURANCE

Tips to identify the right insurance cover for your EV – Financial Express – 9th June 2023

As electric vehicles (EVs) gain popularity in India, it becomes crucial for owners to ensure they have adequate insurance coverage. Insuring EVs requires specific considerations due to the unique nature of these vehicles and their components. Here are top five tips to keep in mind when insuring EVs in India.

Coverage for battery
The battery is the heart and soul of an electric vehicle and it represents a significant portion of the vehicle's cost. Make sure your policy offers coverage for the expensive battery pack to safeguard against unexpected repair or replacement costs in case of damage, theft, or loss. Review the terms and conditions to ensure adequate protection.

Specialised repair network
Select an insurance provider that has tie-ups with a specialised repair network capable of handling EV-specific repairs. Having access to a qualified network will ensure that your vehicle receives the best possible care, minimising downtime and ensuring quality repairs.

Determine the insured value
To ensure comprehensive coverage for your electric vehicle, accurately determine the insured value. Consider factors such as the cost of the vehicle, battery, and any additional accessories or modifications you have made. By evaluating the total value of your EV, you can ensure that you are adequately covered against theft or total loss. Regularly reassess the insured value as the vehicle's value depreciates over time.

Coverage for charging equipment
If you have invested in a dedicated charging station or other charging equipment for your electric vehicle, check if your insurance policy covers it for any damage, theft, or liability concerns. Verify the extent of coverage and ensure it aligns with your requirements.

Personal accident cover
Confirm whether your insurance policy provides personal accident cover for both the driver and passengers of the electric vehicle. Ensure that the policy offers adequate protection and consider additional coverage if necessary.

Additional considerations
No claim bonus (NCB): Inquire if the insurance company offers a No Claim Bonus for electric vehicles as it gives a discount on the premium for every claim-free year. Third-party liability: Ensure that your insurance policy covers third-party liability. This coverage protects you from legal and financial liabilities in case of an accident involving another vehicle or property. It is a mandatory requirement for all vehicles on Indian roads. Government incentives: Some states or central government schemes may offer special benefits or discounts on insurance premiums for EVs. Take advantage of these to reduce your insurance expenses.

MADE FOR EVs
* Go for an insurance provider that has tie-ups with a specialised repair network capable of handling EV-specific work
* If you have a dedicated charging station, check if your policy covers it for any damage, theft, or liability concerns

(The writer is Rahul M Mishra.)

TOP

CROP INSURANCE

Protecting agriculture and farmers: Empowering through crop insurance - The Times of India – 15th June 2023

Vulnerabilities of Agriculture and Farmers
Agriculture, serving as India's backbone, employs over half of the country's population. However, farmers face high risks and are particularly vulnerable to unpredictable weather conditions, as evident in the recent unseasonal rains that severely affected rabi crops. Fluctuating prices further undermine the financial well-being of farmers. Crop insurance emerges as a vital tool to safeguard them from such uncertainties. Implementing short- and long-term measures can help farmers optimize water resources, improve crop yields, and reduce the risk of crop failure due to droughts or water scarcity. Furthermore, these steps aid in better planning fertilizer usage, reducing wastage, and enhancing soil health.

Weather-Related Losses and the Urgency for Action

Traditional farming practices in India heavily rely on weather conditions, making farmers susceptible to crop losses caused by unseasonal rains, droughts, floods, pests, and diseases. Between 2015 and 2021, the country witnessed significant losses in cropped areas. Floods and excessive rains resulted in the loss of approximately 33.9 million hectares, while droughts claimed 35 million hectares. Infact, the unseasonal rains and hail in March and April of this year severely affected important rabi crops like wheat, maize, onions, mustard, and gram when they were ready to harvest causing an approximate revenue loss of Rs 13,000 crore.

Short- and Long-term Strategies

Addressing these concerns requires a comprehensive approach encompassing short- and long-term measures. In the short term, the central government and states should consider waiving farm loans, compensating farmers for crop losses, and providing discounted seeds and fertilizers. Raising the Minimum Support Price can also provide relief.

Long-term structural changes are necessary to enhance the agricultural sector's resilience to shifting weather patterns. These changes include promoting crop diversification, encouraging the adoption of advanced farming techniques and technology, and improving supply chain infrastructure to reduce waste and post-harvest losses. Additionally, the issue of erratic rainfall highlights the broader challenge of climate change, demanding proactive measures and collaborative efforts from the Indian government, states, civil society organizations, and the private sector.

Government Initiatives and Role of Crop Insurance

To tackle these challenges, the government has introduced several initiatives, including the Prime Minister's Crop Insurance Scheme (Pradhan Mantri Fasal Bima Yojana), the Prime Minister's Agricultural Irrigation Scheme (Pradhan Mantri Krishi Sinchai Yojana), and the Soil Health Card Scheme. These initiatives aim to provide crop insurance, enhance irrigation infrastructure and water-use efficiency, and equip farmers with valuable information on soil health and corrective measures.

Crop Insurance: Mitigating Risks for Farmers

Crop insurance safeguards farmers, providing them with a safety net in case of crop failure. It protects them from weather-related losses and price fluctuations, which can cause significant financial hardships. However, despite its critical role, crop insurance coverage in India still needs to improve. In 2014, only 6.7% of farmers were covered under crop insurance, highlighting the need for increased awareness and uptake.

Government Initiatives and Expansion of Crop Insurance

Recognizing the importance of crop insurance, the Indian government has implemented the Prime Minister's Fasal Bima Yojana (PMFBY) since January 2016. This scheme aims to rectify existing flaws in previous schemes by financially supporting farmers in the event of crop loss or damage due to unforeseen events. It stabilizes farmers' income and encourages adopting innovative and modern agricultural practices. State governments are also actively promoting crop insurance. The central and state governments subsidize agricultural insurance in India. The General Insurance Corporation (GIC) and the Agriculture Insurance Company oversee its implementation. Insurance is facilitated through rural financial institutions, often linked to crop loans.

Crops Covered and Implementation

Crop insurance in India covers a wide range of crops, including cereals, millets, pulses, oilseeds, and annual commercial or horticultural crops. The sum insured or coverage limit is determined based on the Scale of Finance decided by the District Level Technical Committee and pre-declared by the State Level Coordination Committee of Insurers (SLCCCI). Numerous banks and agri-insurance companies in the government and private sector provide crop insurance in India. Farmers can choose the best option based on their region's reach and service network.

Extreme Weather Conditions Resistant Agricultural Practises

Mitigating the impacts of excessive rain and drought requires promoting agriculture practices, technologies, and seeds that are resilient to such extreme weather conditions. Farmers can adopt conservation agriculture, which involves minimum soil disturbance, permanent soil cover, and crop rotation, to enhance water retention and reduce soil erosion during heavy rainfall. Precision irrigation systems, such as drip irrigation, can optimize water usage and minimize water loss during droughts. Developing and promoting drought-tolerant crop varieties and genetically modified seeds can contribute to more sustainable and productive farming. Embracing these practices, technologies, and seeds will enhance farmers' resilience to weather vagaries and improve overall agricultural productivity and sustainability.

Safeguarding agriculture and supporting farmers against weather uncertainties necessitates a multifaceted approach. Through measures like crop insurance, short- and long-term strategies, and adopting resilient practices and technologies, we can empower farmers, enhance agricultural resilience, and ensure a secure future for India's vital agricultural sector.

(The writer is Vimal Alawadhi.)

TOP

Denial of claims leaves farmers disillusioned with crop insurance scheme – Hindustan Times – 14th June 2023

With only 389.75 lakh farmers out of a total 823.34 lakh farmers who applied for the crop insurance scheme having benefitted from it in the past six years, the farmers' trust in the scheme has been considerably undermined to the extent that they are now reluctant to purchase insurance for the upcoming Kharif season.

The crop insurance scheme – meant to provide financial support to the farmers in the event of crop damage/failure – has become a vital lifeline for the agricultural community. However, data shared by the state agricultural department has revealed that over the past six years, approximately 433.59 lakh farmers did not receive any compensation for crop damage/failure despite applying for and fulfilling the requirements of this scheme. The low number of beneficiaries has raised concerns about the efficacy and transparency of the scheme apart from leaving many farmers disheartened and financially burdened, particularly those who rely heavily on their agricultural produce for their livelihoods.

The data has further revealed that over the past six years, farmers across the state received Rs22594.25 crores in compensation against insurance claims with the highest compensation being in 2019-20 (Rs5537.28 crores). The reasons behind the denial of insurance claims have not been fully determined however issues such as bureaucratic hurdles, inadequate documentation and lack of proper assessment of crop damage are believed to be behind the low number of successful insurance claims. Moreover, delays in the processing and disbursement of claims have further exacerbated the frustration amongst farmers.

Sunil Chavan, state agriculture commissioner, said that most farmers do not intimate insurance companies about the damage to their crop/s within the stipulated time which is why they do not get claims. "After the damage, farmers need to inform a particular insurance company within 72 hours to be eligible for the claims. But we have seen that most of the farmers fail to do this. Hence their claims are rejected by these companies.''

Chavan said that farmers have to intimate the insurance companies about the damage to their crop/s after which a company representative visits the spot and assesses the damage on the basis of which the farmers get their claims.

Ajit Navale, general secretary of the Maharashtra unit of the 'All India Kisan Sabha', said, "To intimate the insurance company within 72 hours is not possible for many farmers. As natural calamities strike in many rural parts, all means of communication including the internet, telecommunication and roads get damaged. How can farmers intimate the companies in such circumstances? The government should do away with such rules and regulations so that farmers can easily avail claims."

"Also, insurance companies work on a 70% 'risk ratio' methodology. Which means they can give compensation only if the crop damage exceeds 31%. If any farmer has suffered 29% loss/damage, he will not be eligible for compensation," Navale said.

As a consequence, the disillusionment with the crop insurance scheme has spilled over into the current season. Farmers are hesitant to purchase farm insurance for the upcoming Kharif season, a particularly worrying development as it leaves farmers vulnerable to potential crop losses without any financial safety net. The state agricultural department must address these pressing issues urgently. Measures should be taken to enhance the transparency and efficiency of the crop insurance scheme. These include streamlining the claims' process, providing clearer guidelines for documentation, and ensuring timely assessment and disbursement of claims. Rebuilding trust among farmers is crucial to restore their confidence and participation in the programme. Additionally, the government should focus on awareness campaigns to educate farmers about the benefits of the crop insurance scheme and address any misconceptions they harbour about it. It is imperative to foster an environment where farmers feel protected and supported during times of crop failure/damage.

(The writer is Shrinivas Deshpande.)

TOP

PMFBY back in favour as insurers return to do business – The Hindu Business Line – 12th June 2023

Insurance firms such as ICICI Lombard, Tata AIG, Cholamandalam, and Oriental Insurance have returned to offer cover under PM Fasal Bima Yojana(PMFBY) this year. All these four insurance companies had quit crop insurance business four years ago, citing unviable claims amount. These companies have opted to return as several steps have been taken in the last few months. These include infusing technology and reducing crop insurance business risk. Besides, a new entrant, Kshema General Insurance, has also been empanelled and is bidding for Kharif 2023 in Madhya Pradesh, said a senior official in Agriculture Ministry. In 2019-20 (both kharif and rabi seasons), these private insurance companies had opted out of the flagship PM Fasal Bima Yojana scheme due to high claims ratios in the States where they operated in the previous year, leading to losses from the business. However, they continued with the empanelment in last four years. Shriram General Insurance, another private insurer who had withdrawn from the crop insurance segment from 2019-20 and Royal Sundaram, who has not been participating in bids from 2020, have not shown interest in this year's bidding, official sources said.

Crop damages in Maharashtra, Andhra Pradesh, Haryana, and Chhattisgarh in 2018-19 had pushed farmers' claims against the premium collected by the insurance companies to over 100 percent, whereas the claim ratio was 75.4 on all India basis. Oriental Insurance, who quit last year, has also returned in 2023 with its participation in the bidding process in Maharashtra, the sources said. Both Tata AIG and ICICI Lombard have participated in bids in Maharashtra, too. Cholamandalam is said to have bid in Uttarakhand and Karnataka, the sources added. Under PMFBY, launched in 2016, farmers pay a fixed 1.5 percent of the sum insured for rabi crops and 2 percent for kharif while it is 5 percent for cash crops. The actual premium is derived through a process of bids from insurers every year and any amount above what farmers pay is subsidised by the government, which is shared between the Centre and States on a 50:50 basis. Lesser participation of insurers leads to higher premiums and also increased subsidy burden for the government, the official said.

In FY23, out of ₹28,666 crore gross premium collected by insurance companies under PMFBY, the farmers' share was only ₹3,891 crore (or 13.6 percent). "Though the government has capped premiums at 25 percent and 30 percent based on irrigation facilities in the cultivated land, still they are high compared to what farmers pay as their share. Only the technology infusion can bring in transparency and reduce risk, which we are adopting in a big way," the senior official said. The government is scheduled to unveil a host of steps this week to make PMFBY tech-savvy and those include a collection of data-yield, rainfall, temperature, and humidity – from farmers' fields, sources said.

(The writer is Prabhudatta Mishra.)

TOP

Under PM crop insurance scheme, weather station to come up in every panchayat – The Hindu Business Line – 11th June 2023

The Centre will soon announce a plan under the Pradhan Mantri Fasal Bima Yojana (PMFBY) to set up weather stations, one each in every panchayat, with a five year buy back guarantee of rainfall and temperature data to be generated from those units. If the plan takes off, there will be 1.75 lakh weather stations functional in next two years without any capital expenditure. "States have agreed to provide land and other infra related services. Both private sector and public sector, including India Meteorological Department (IMD) are expected to set up the facilities with their own costs. But, the Centre will spend about ₹300 crore annually to buy data from all the weather stations across the country," a source said. The focus will be to cover all those 22 States who are/were part of PMFBY for which there is a need to set up about 1.75 lakh weather stations as already those are present in about 15,000 panchayats, sources said. The country has 2.69 lakh gram panchayats. Quality Council of India (QCI) will be the apex body to monitor data quality as all weather stations have to conform to its standards. Besides, the government has proposed that the instruments in the Automatic Rain Gauge (ARG) to be set up at the weather stations have to be sourced from National Accreditation Board of Certification Bodies (NABCB) recognised firms, the sources said.

While the panchayat level weather stations are expected to provide rainfall and temperature data, there will also be such facilities at block levels that will additionally provide humidity, wind and frost related data, the sources said. "The Weather Information Network Data System (WINDS) at the national level is ready now and will be connected with each weather station and ARG, as and when they start functioning," the source said. An industry official, who has already set up weather stations and is waiting to join the government's initiative, said that the utility of these data will be immense in PMFBY as none exist now and everything is done manually. Many times, past data are not even available, leaving insurance companies in a quandary, he said.

Due to higher claims, more than the premium amount, at least six insurance companies have quit the PMFBY since 2019-20. The insurance companies alleged that the claims amount is at times not backed by sufficient scientific and technical data to determine crop losses. In order to reduce delay in crop loss/damage estimation and ensure timely settlement of claims by farmers, the Agriculture Ministry in October 2022 had set up two committees – one for nationwide implementation of technology-based crop yield estimation and the other for standardisation and improvement of weather data infrastructure. For the 2020 kharif crops, harvested in October-December, over 49 lakh farmers in Madhya Pradesh received their crop insurance claims totalled ₹7,618 crore under the PMFBY in February 2022 only after the State government finalised the yield data. Under PMFBY, the balance premium is split equally between the

Centre and States after farmers pay a fixed premium – 1.5 percent (of sum insured) in rabi season, 2 percent in kharif and 5 percent for cash crops. The premium is arrived at based on quotations from insurance companies in a cluster. The Centre has capped maximum premium at 30 percent in non-irrigated areas, 25 percent in irrigated areas.

(The writer is Prabhudatta Mishra.)

TOP

SURVEY AND REPORTS

Scaling the Indian insurance business. here are the insights and challenges - ABP Live – 14th June 2023

The Indian insurance industry, since its inception, has been providing security and resilience to businesses and individuals alike. As a result, India has not only emerged as the fastest-growing insurance market in the world but is also poised to become the sixth-largest by 2032, as per a study by Swiss Re. Over the next decade, the total insurance premiums are expected to grow on average by 14 per cent annually in nominal local currency terms (9 per cent per annum in real terms). And, the fact that the Insurance Regulatory and Development Authority of India (IRDAI) has committed to enabling 'Insurance for All' by 2047 further hints at the potential and new opportunities for the ever-evolving sector. In recent years, we have been experiencing a myriad of disruptions, innovations, and technological advancements that have given rise to several new insurance businesses.

Owing to the increased demand for insurance, several brokers look forward to scaling their businesses. But, scalability in dynamic times is a challenge like no other. No matter how much the fundamentals of its operation remain intact, new challenges are likely to emerge owing to the ever-changing market landscape. Therefore, insurance brokers looking to scale up need the right steps for growth, which include careful planning and strategic execution.

Expanding distribution channels
While scaling an insurance business, there are several areas that a broker needs to consider. One of the key areas is reaching a broader customer base. In a bid to provide a wider range of products to clients, the need of the hour is to build a strong distribution network. In India, Tier-2 and Tier-3 cities are becoming the next hotbeds of growth. Therefore, to tap this market, increase their reach, and scale efficiently, insurance businesses need to expand their distribution network in these areas. In this regard, the presence of physical distributors on the ground is critical, as face-to-face interactions ensure trust and credibility among customers.

Focusing on a client-centric approach
The ever-changing customer preferences pose a potential challenge for businesses that want to scale. Therefore, insurance businesses need to prioritise customer-centricity. According to a collective report by Deloitte and Touche, organisations that follow a customer-centric approach are 60 per cent more profitable. Therefore, the need of the hour is to comprehend the preferences of the customer and then offer them personalised advice, customised insurance solutions, and exceptional customer service. Also, to ensure efficient scalability with an expanding client base, it is vital to sustain a robust relationship with other stakeholders in the insurance ecosystem, such as insurers, technology providers, reinsurers, and more.

Embracing technological disruptions
In the digital era, it is evident that those businesses that fail to adapt technology for their operational purposes will fall behind. Therefore, a broker's growth can be fueled by adapting the right technology, such as data analytics, which could provide market insights to spot new trends, consumer preferences, and business prospects. Also, a broker focusing on scaling their business can, in addition to traditional marketing tactics, invest in lead generation and digital marketing strategies that may help it extend its clientele and reach a wider audience. Moreover, scalability also depends on building a solid technological foundation that facilitates frictionless policy management, claims processing, and CRM (customer

relationship management). Therefore, it is crucial for brokers to embrace technological disruptions in order to grow.

Leveraging 'Phygital' model

While technology has enabled people to buy insurance online, customers still prefer to talk to an expert before purchasing a policy. According to a Health and Term Technology survey, 66 per cent of individuals are not comfortable purchasing insurance digitally. This proves that, indeed, consumers enjoy the convenience of self-service, but human interaction still holds an important place in the insurance industry. Therefore, staying on par with modern-day technologies can provide a competitive edge to organisations, but integrating them with human touch will ensure efficient scalability. Several people in Tier-2 and Tier-3 cities may not have access to digital platforms, and PoSPs (point of salespersons) in this regard can aid insurance businesses in bridging the insurance gap in these areas. Owing to their better understanding of local culture and language, they can educate customers and provide personalised support. This, in turn, makes insurance more accessible to people and helps insurance businesses expand their customer base.

Scaling an insurance business necessitates a strategic approach that integrates technology with human engagement, broadens distribution channels, emphasises customer centricity, and follows a 'phygital' model. Insurance brokers, in order to successfully grow and tap new markets, can follow these steps, which will not only help them scale efficiently and negate challenges but also generate employment and bridge the insurance gap.

(The writer is Pankaj Vashistha.)

TOP

INSURANCE CASES

Insurance company asked to pay compensation - The Times of India – 15th June 2023

The District Consumer Grievances Redressal Forum has ordered SBI Insurance Company to pay a compensation of Rs 25,000 to a customer for its lapse in providing service. Rajendra Pattar, a resident of Hubballi had filed a complaint with the forum that SBI Insurance Company had failed in providing service by refusing to settle his claim for payment of hospital bill. Rajendra had purchased SBI Mediclaim Health Plus insurance policy and had paid annual premium of Rs 10,502 regularly.

In 2021, he was admitted to a private hospital in Hubballi to be treated for urinary track problems. He had also paid the hospital bill of Rs 51,350 and had applied for insurance claim. SBI Insurance Company had rejected his claim saying that though Pattar was suffering from urinary track problems since four-five years he had not mentioned the ailment in his application for the insurance policy. Following this, Pattar filed a complaint with the District Consumer Grievances Redressal Forum against the company, stating that it had rejected his claim without valid reasons when the policy was active.

The forum comprising president Ishappa Bhute and members Vishalakshi Bilishetti and Prabhu Hiremath heard the both sides and decreed that SBI Insurance Company had failed to justify the reason it gave for rejecting the claim. It has ordered the company to pay the hospital bill of Rs 51,350 along with a compensation of Rs 25,000 and court expenses of Rs 10,000 to the complainant.

TOP

PENSION

EPFO set to be ISSA affiliate member, get global recognition – The Economic Times – 11th June 2023

The Employees' Provident Fund Organisation will soon gain access to professional guidelines, expert knowledge, services and support from the International Social Security Association (ISSA) for its pension subscribers while gaining international recognition as a full administrative social security institution. The move comes after the central board of trustees of EPFO gave its go ahead to the retirement fund body to change its membership status with ISSA from associate member since 1962 to affiliate member now. This, however, comes at a cost as the annual membership fees for an affiliate member, based on the number of pension subscribers of EPFO, will be ₹2.14 crore compared with ₹10.34 lakh for an associate member, show the minutes of the CBT meeting of EPFO held in the last week of March. From India, only the Coal Mines Provident Fund Organisation is an ISSA affiliate member. The government is of the view that EPFO has the capacity to play leading role among global institutions providing social security. It's one of the largest social security organisations having among the largest number of beneficiaries of the social security schemes administered by the government. "With the approval of CBT for a higher payout on ISSA membership, EPFO will play a greater role at the global platform of social security, commensurate with the size and stature of EPFO as an organisation," a senior government official said. With this membership upgradation, retirement fund body will be entitled to the right to vote in the General Assembly, said the official. Besides, it will be able to support candidates for ISSA leadership positions, get international recognition as a full administrative institution in social security while becoming a member of its steering committee and hosting regional meetings, the official added. The EPFO currently has a corpus of over ₹12 lakh crore and a net subscriber base of 60 million.

(The writer is Yogima Seth Sharma.)

TOP

IRDAI CIRCULAR

Topic	*Reference*
Circular on Reporting of Cyber Security Incident	https://irdai.gov.in/document-detail?documentId=3510831

TOP

GLOBAL NEWS

Indonesia: Govt allows lower premium rates for electric cars – Asia Insurance Review

The Financial Services Authority (OJK) has issued a letter to the insurance industry, stating that insurers can reduce premium rates for electric cars to levels lower than those for fossil-fuelled vehicles. This was disclosed by Mr Ogi Prastomiyono, the chief executive of the Supervision of Insurance, Securities, and Pension Funds division of the Financial Services Authority (OJK). He said that the move is to promote government policy to encourage the use of electric cars.

The OJK previously issued a circular (No. 6/SEOJK.05/2017) stipulating premium rates for property insurance and motor vehicle insurance. The 2017 rules set lower or upper limits on vehicle insurance premium rates. "Currently, the electric car insurance arrangements still refer to the provisions that were in force before," Mr Ogi said. Referring to the latest directive from the OJK, he said, "In essence, the OJK provides an opportunity for insurance companies to charge insurance rates at a lower rate."

According to the executive director of the Indonesian General Insurance Association, Mr Bern Dwyanto, electric vehicles have slightly different risks from conventional vehicles. "It is necessary to conduct a study of the risks of electric cars considering it is a new type of risk," he said. Factors that affect the determination of premium rates include the cost of vehicle batteries and spare parts.

TOP

Malaysia: Health ministry proposes diversifying sources for funding of healthcare - Asia Insurance Review

Malaysia's Health Ministry is proposing tapping diverse funding sources for public healthcare services, according to the Ministry's "Health White Paper" released on the Parliament website yesterday. This funding approach is part of the reforms of the healthcare sector proposed in the white paper which are to be implemented over the next 15 years.

Healthcare funding from the government, individuals and corporations under public administration needs to be improved in stages to 5% of the country's GDP, says the paper.

Areas of healthcare reforms

The reforms, proposed in the white paper, will cover:

Transforming healthcare service delivery;
Enhancing health promotion and disease prevention at all levels;
Ensuring sustainable and equitable healthcare financing; and,
Strengthening the foundation and governance of the healthcare system.
Time frame

The reforms will be carried out in different phases, with short-term initiatives to take one to five years, followed by medium-term (six to 10 years) and long-term (11 to 15 years) reforms. The white paper says that existing allocations for healthcare are insufficient to meet the rising demands on the system.

In addition, the paper recommends suitable pro-health taxes to be introduced to institute behavioural changes and contribute to government funding of the healthcare sector. Previously, Health Minister Dr Zaliha Mustafa said the white paper will ensure a sustainable healthcare fund and the development of the national health insurance scheme.

Other issues addressed in the policy paper include the increase in life expectancy; the increase of non-communicable and chronic diseases; the emergence of new and old infectious diseases; the impact of mental health; climate change and biodiversity decline as well as fees charged by hospitals and clinics nationwide.

TOP

Indonesia: Economic recovery boosts motor insurance premium volume - Asia Insurance Review

Motor vehicle premiums increased by 9.6% year on year to IDR5.19tn ($349m) in the first quarter of 2023 from IDR4.74tn in the corresponding quarter in 2022, notes the Indonesian General Insurance Association (AAUI). Zurich Asuransi Indonesia CEO, Edhi Tjahja Negara, told Kontan that the main factors driving this growth were economic recovery and growth in the automotive and financing sectors.

"With the return of economic activity, good economic growth projections and a controlled inflation rate in the first quarter of 2023, we have a positive view of the prospects for motor vehicle sales," he explained. Zurich Asuransi Indonesia posted gross premium growth of 27% in the first three months of 2023, higher than the industry average. The premium revenue was not revealed.

Mr Edhi expects sales growth for two-wheeled vehicles to be higher than for four-wheeled vehicles this year because the semiconductor supply scarcity factor that has limited the availability of units in 2022 has been resolved. "We have a target for motor vehicle insurance premium growth of above 10% in 2023 considering the growth of the automotive and financing industries," he said.

"On the other hand, we also showed growth in claims both overall and in the motor vehicle business line. This is due, in part, to the return of economic activity and people's mobility after the (COVID) pandemic ended," he said.

AAUI deputy chairperson for Statistics & Research, Ms Trinita Situmeang, says that the growth recorded by motor insurance was supported by an increase in sales of two-wheeled vehicles by 45.5% and four-wheeled vehicles by 13.8%. She expects the growth trend to continue.

TOP

COI PROGRAM CALENDAR

FOR REGISTRATION, PLEASE CONTACT TO COLLEGE_INSURANCE@III.ORG.IN

COLLEGE OF INSURANCE CALENDAR PROGRAMME FOR THE YEAR 2023- 2024 (MUMBAI)							
Sr. No.	Title of the Training Program	Program Start Date	Program End Date	Type of Program	Fes for Online	Fees for Residents	Fees for Non-Residents
1	Basics of Life Insurance for New Entrants in Life Insurance Companies	26-Jun-23	27-Jun-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
2	Management of Fire Insurance (Material Damage and LOP)	26-Jun-23	27-Jun-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
3	Liability Insurance Focus - Cyber & Crime	03-Jul-23	04-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
4	Analysis of Life Insurance Financials and use of Z-Score Analysis as a Financial Health Indicator	03-Jul-23	04-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
5	Engineering Insurance - Operational Policies	05-Jul-23	06-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
6	Importance of Product Mix and Channel Mix in Life Insurance	05-Jul-23	06-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
7	Workshop on Communication & Presentation Skills	06-Jul-23	07-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
8	Productivity Enhancement in Life Insurance Distribution	07-Jul-23	07-Jul-23	Classroom Session		Rs. 5000/- + G.S.T.	Rs. 3600/- + G.S.T.
9	Marine Cargo Insurance	07-Jul-23	07-Jul-23	Virtual Session	Rs. 3000/- + G.S.T.		
10	Wealth Accumulation through ULIPS and	10-Jul-23	11-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.

	Guaranteed Return Products						
11	International Program - Excellence in Insurance Technical - Non Life	10-Jul-23	21-Jul-23	Classroom Session		$ 1200 USD	
12	Cattle and other forms of Rural Insurance	12-Jul-23	13-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
13	Managerial Skills for Middle Level Executives	13-Jul-23	14-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
14	Digital Edge/Age in Life Insurance Marketing and Operations	13-Jul-23	14-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
15	Basics of Health Insurance and Preventive Care	17-Jul-23	18-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
16	Compliance Management of Life Insurance Companies	17-Jul-23	18-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
17	Familiarisation Programme for Board Members of Life insurance Companies	19-Jul-23	19-Jul-23	Virtual Session	Rs. 3000/- + G.S.T.		
18	Workshop on Team Dynamics and Interpersonal Relationships	19-Jul-23	19-Jul-23	Classroom Session		Rs. 5000/- + G.S.T.	Rs. 3600/- + G.S.T.
19	Reinsurance Management Intermediate Level	20-Jul-23	21-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
20	Use of Technology in Insurance	21-Jul-23	21-Jul-23	Virtual Session	Rs. 1500/- + G.S.T.		
21	Enterprise Risk Management	24-Jul-23	25-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
22	Financial and Investment Management in Life Insurance Companies	25-Jul-23	25-Jul-23	Virtual Session	Rs. 1500/- + G.S.T.		
23	Corporate Governance in	26-Jul-23	26-Jul-23	Classroom Session		Rs. 5000/- + G.S.T.	Rs. 3600/- + G.S.T.

	Life Insurance Companies						
24	Challenges in Fighting Fraud – Motor Third Party Insurance	26-Jul-23	27-Jul-23	Classroom Session		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.

COLLEGE OF INSURANCE CALENDAR PROGRAMME FOR THE YEAR 2023- 2024 (Kolkata)							
Sr. No.	**Title of the Training Program**	**Program Start Date**	**Program End Date**	**Type of Program**	**Fes for Online**	**Fees for Residents**	**Fees for Non-Residents**
1	Management of Renewable Energy Insurance	27.06.2023	28.06.2023	Virtual and Classroom Session	Rs.6000/- +18% GST	Rs. 10000/- + 18% GST	Rs. 7200/- + 18% GST
2	Life Insurance Marketing in a Digital Era	06.07.2023	07.07.2023	Virtual and Classroom Session	Rs.6000/- +18% GST	Rs. 10000/- + 18% GST	Rs. 7200/- + 18% GST
3	Handling Frauds & Lapses in Motor TP Claims Management	10.07.2023	11.07.2023	Virtual and Classroom Session	Rs.6000/- +18% GST	Rs. 10000/- + 18% GST	Rs. 7200/- + 18% GST
4	Financial Planning and Life Insurance Solutions CVT-Kolkata	19.07.2023	19.07.2023	Virtual Session	Rs. 1500/- + 18% GST		
5	Marine Cargo Insurance Management: Underwriting and Claims	26.07.2023	28.07.2023	Classroom Session		Rs. 15000/- + 18% GST	Rs. 10800/- + 18% GST