

INSUNEWS

- WEEKLY E-NEWSLETTER

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QUOTE OF THE WEEK

“We must not discriminate between things. Where things are concerned there are no class distinctions. We must pick out what is good for us where we can find it.”

PABLO PICASSO

Insurance Term for the Week

Policy Term

Policy term is basically the number of years for which your term insurance policy is active. When you buy a term plan, you have to specify the exact number of years you wish to be insured under the plan, i.e., you need to specify the policy term or the insurance term. The beneficiaries will receive the sum assured only if the life assured passes away during the policy term.

Policy Term is one of the primary determinants of your term policy premium. The longer the policy term, the higher will be your total premium outflow.

Thus, a policy term is basically the length of your term insurance policy. But how is it different from a premium payment term? Let us find out.

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INSURANCE INDUSTRY

Institutional mechanism set up to monitor insurance related activities – Pragativadi – 15th January 2025

The meeting was chaired by the Development Commissioner cum Additional Chief Secretary to Government, Smt. Anu Garg, IAS.

She urged SLIC to function as a tripartite institutional mechanism involving the Regulator (Insurance Regulatory Development Authority of India), the State Government and the Insurance companies and to set a gold standard in the insurance sector as SLBC is in the banking sector.

The SLIC as a forum will assess the insurance coverage of the State and suggest measures to deepen the insurance penetration to achieve the goal of Insurance for All by 2036.

In today's meeting focus was laid on issues related to poor claim settlement under PM Fasal Bima Yojana. The Committee noted this seriously and instructed the concerned insurance companies to settle all claims on top priority.

Smt. Garg further advised all insurance companies to ensure ease of insurance for the common masses, devising affordable insurance products, bridging the trust deficit between insurer and insuree, simplifying the procedure by using the technology-driven platform, AI-based mechanism for quick and maximum claim settlement and a robust grievance redressal mechanism to strengthen insurance ecosystem of the State.

The Committee decided out of the four lead insurers appointed by IRDAI for the State like, Bharti Axa Life, Shriram General Insurance, LIC of India and Zurich Kotak General Insurance, Life Insurance Corporation to be the nodal lead insurance company for SLIC. The committee also suggested constituting relevant sub-committees to address the issues on various sectoral insurance like Life, Crop, Motor, Health etc.

Member Secretary, IRDAI, Satyajit Tripathy; Chairman, LIC, Siddhartha Mohanty; Regional Director, RBI, S.P. Mohanty; MD cum CEOs of 4 Lead Insurers, M. Jagannath, LIC; Parag Raja, Bharti Axa Life Ltd; Anil Kumar Agarwal, Shriram General Insurance Ltd; Alok Kumar Agarwal, Zurich Kotak General Insurance Ltd, Pr. Secretary, Finance, Saswat Mishra, Pr Secretary, DAFE, Dr Arabinda Kumar Padhee, Commissioner-cum-Secretary Smt Guha Poonam Tapas Kumar; Secretaries and Senior officials of State Government and Director, Institutional Finance, Dr. Pragyansmita Sahoo were present in the meeting.

TOP

Hike in 80D deduction limit, insurance for all, tax relief – MSN - 16th January 2025

The upcoming Union Budget for 2025, scheduled to be announced on February 1, is anticipated to bring forth reforms to bolster the expansion and reach of the insurance industry in India. Given the sector's upward trajectory in recent times, industry experts are optimistic about initiatives that could promote financial inclusivity and stability. Insurers are expecting additional tax exemptions for protection and health insurance products, and adjustments to the new tax regime in this year's Union Budget. These measures are expected to enhance affordability and boost sector growth and penetration.

“Health insurance has emerged as a crucial safety net for Indian families, shielding them from unexpected medical expenses. According to the IBEF report, India is the 4th largest general insurance market in Asia and the 14th largest globally. Data from IRDAI's annual reports reveals that health insurance has grown steadily at approximately 25% annually over the past three years, highlighting its importance in protecting households. As India advances toward financial inclusivity and universal healthcare, Budget 2025 offers a pivotal opportunity to further strengthen the health insurance sector. Anticipated policy

measures include enhancing accessibility, simplifying tax benefits, and encouraging innovation in insurance products,” said Naveen Chandra Jha, MD & CEO, SBI General Insurance.

Section 80D of income tax

With healthcare costs increasing at a rate of 12-15 percent, having a health insurance policy is essential. Therefore, it is imperative to consider raising the section 80D deduction limit for health insurance premiums paid under the old regime.

“Given the rising healthcare costs and the need for higher sum insured cover, the government should reduce tax burden by increasing the limits under Section 80D of income tax for premium paid for health insurance to Rs 50,000 for all and Rs 1 Lakh for senior citizens. This is crucial for achieving the government's vision 'Insurance for all by 2047' and would substantially reduce the financial burden on families investing in their health and financial wellbeing,” said Srikanth Kandikonda – Chief Financial Officer, ManipalCigna Health Insurance.

“India last witnessed an enhancement in the deduction limit in 2015-16. It is best if the limit for medical insurance is linked to inflation and gets revised automatically every year or once in a couple of years. Also, the benefits need to be extended to the New Tax Regime,” says Anup Rau, MD & CEO, Future Generali India Insurance.

Insurance for All

The upcoming Union Budget for 2025-26 has the potential to bridge existing gaps in healthcare and create a more inclusive and fair healthcare system. Enhancing health insurance coverage through programs like Ayushman Bharat, with a focus on incorporating comprehensive patient care and life-saving treatments like dialysis, will play a crucial role in alleviating the financial strain on patients and their families.

“Initiatives such as BimaSugam, designed to achieve the goal of ‘Insurance for All’ by 2047, are expected to receive regulatory and fiscal support to address the protection gap. Additionally, the budget is likely to focus on expanding access in underserved regions through government-private partnerships, targeted subsidies, and advancements in digital infrastructure. By fostering a conducive ecosystem, Budget 2025 can empower insurers to contribute to a healthier, more secure India, aligning with the vision of a Viksit Bharat,” said Jha of SBI General Insurance.

Term insurance

Experts think the Centre should contemplate creating a distinct deduction for term insurance premiums. Notable measures like augmenting tax deduction limits within Section 80C for life insurance premiums or establishing a separate limit exclusively for term insurance and pension policies can be seen.

“Key interventions such as increasing tax deduction limits under Section 80C for life insurance premiums or introducing a separate limit exclusively for term insurance and pension policies, can significantly boost life insurance penetration. Implementing mandatory basic term life insurance coverage for formal employment, akin to the EPF, will ensure financial security for dependents in case of untimely demise,” says Sandip Goenka, CEO, ACKO Life Insurance.

Retirement planning

The insurance sector is eagerly awaiting potential tax breaks on annuity and pension offerings, including those affiliated with the National Pension System (NPS), in order to stimulate increased retirement savings.

“With the retirement savings gap projected to reach \$85 trillion by 2050, simplifying or removing taxes on annuity and pension products, including those under NPS, will encourage greater participation in retirement planning,” says Jude Gomes, MD and CEO, Ageas Federal Life Insurance.

TOP

India's Insurance market set for rapid growth, poised to reach \$222 billion by 2026 - NDTV - 15th January 2025

India's insurance market is expected to undergo significant expansion, with total premiums projected to reach approximately \$222 billion by 2026, up from \$131 billion in 2022, positioning the country as one of the fastest-growing insurance markets in the world. This rapid growth can be attributed to a variety of factors, including economic growth, urbanisation, technological advancements, and increasing awareness across the country, particularly in tier-2 and tier-3 cities. According to Elephant.in, an insurtech consulting platform for employees and businesses, the insurance sector is expected to thrive in 2025, driven by growth in both life and non-life segments. The platform highlights key opportunities and challenges for insurers in the coming year, as the market adapts to evolving consumer demands and new risks.

Life Insurance Industry: Strong Growth Expected

The life insurance sector is anticipated to maintain a compound annual growth rate of 13% over the next two years, as per Elephant.in this growth is driven by rising demand for term policies, as well as increased awareness about financial planning and family protection. Additionally, insurers are launching innovative, low-cost term products, further boosting growth in the segment. The relaxation of regulations by the Insurance Regulatory and Development Authority of India will likely fuel the sector's expansion over the next three to four years.

Non-Life Insurance

The non-life insurance industry is expected to grow by at least 8% annually in 2025, with the health insurance market projected to expand from Rs 1.3 lakh crore in 2024 to Rs 2 lakh crore by 2028, reflecting a CAGR of 12.8%, noted Aftab Chaz, Associate Director at Elephant.in. Health and motor insurance will be the key growth areas, driven by increasing vehicle density and rising healthcare costs. Furthermore, health insurance tied to climatic conditions, such as coverage for lung-related diseases, is expected to see seasonal spikes.

InsurTech

InsurTech is set to play a pivotal role in the evolution of India's insurance market in 2025. The integration of technologies like artificial intelligence, machine learning, and generative AI will enhance underwriting policies, reduce claim settlement times, and improve fraud detection. InsurTech is expected to boost consumer outreach and enable faster, more efficient insurance services, as per Elephant.in.

Affinity Insurance Affinity insurance, which allows businesses to offer insurance products to their customers, is another area with significant growth potential. By embracing technology, businesses can distribute insurance products more efficiently, creating new revenue streams and improving customer engagement. Digital insurance platforms are providing the necessary scalability and flexibility for companies to launch affinity insurance programmes.

Opportunities in Tier 2 and Tier 3 Cities

Insurance penetration is increasing in India's smaller cities, with notable growth in online motor insurance in tier-2 and tier-3 cities, where vehicle density is rising. However, there is a continued need for awareness, especially regarding affordable life and health insurance products. With improved internet access and smartphone usage, digital innovation will drive substantial growth in these regions. The penetration rate in tier 2 and tier 3 cities currently stands at 30%, but substantial expansion is expected in the coming years.

(The writer is Heena Ojha.)

TOP

Insurance industry seeks tax incentives, Insurance Act amendment in Budget - Business Standard - 14th January 2025

The insurance industry is expecting amendments to the Insurance Act, along with additional tax exemptions for protection and health insurance products, as well as adjustments to the new tax regime, in this year's Union Budget to improve affordability and drive greater penetration and growth in the sector. The industry is also expecting capital infusion into state-owned general insurers to improve their solvency. According to industry insiders, amendments to the Insurance Act will bring a raft of changes, including opening the agency channel for insurers and changes to capital requirements for the companies. Moreover, the industry is expecting an increase in the foreign direct investment (FDI) limit to 100 percent from the current 74 percent.

"The government might table the Insurance Laws (Amendment) Bill, 2024, in the Budget session, proposing a slew of changes to capital requirements, the permissible FDI limit, opening up the agency channel, minimum capital requirements, and more. These changes will extensively accelerate the growth of the industry and support the government and the regulator's financial inclusion agenda," said Sumit Rai, managing director (MD) and chief executive officer (CEO) of Edelweiss Life Insurance. According to Sumit Bohra, president of the Insurance Brokers Association of India, there should also be a separate section, apart from Sections 80D and 80C, for deductions or exemptions for insurance policies that cover health, personal accident, home, and life. "This deduction for insurance policies should also be part of the new tax regime," said Bohra.

Separately, non-life insurance companies have said that the deduction under Section 80D in the old tax regime needs to be enhanced, and there should be some deduction for health insurance premiums in the new tax regime as well.

"Section 80D limits need to be increased to Rs 50,000 for all and Rs 1 lakh for senior citizens. Section 80D should also be allowed in the new taxation regime to increase health insurance penetration. Rule 6E, which currently allows unexpired premium reserves to be calculated at 50 percent, should be changed to the 1/365 method as permitted by the Insurance Regulatory and Development Authority of India in the preparation of financial statements of insurance companies," said G Srinivasan, MD and CEO, Galaxy Health Insurance Company. Insurers are also expecting higher allocations for healthcare and education, focusing on bolstering public health infrastructure, digital education, and skill development, which will strengthen technology support and aid in insurance penetration.

Sharad Mathur, MD and CEO of Universal Sompo General Insurance, said, "The need for better penetration with more affordable and accessible insurtech (insurance technology) insurance products can be met with better digital readiness and innovation. This approach allows the Budget to focus on how to build trust and engagement with the end consumer, reduce barriers to insurance adoption, and increase competition in underinsured markets. This will serve to raise the profile of various insurance products and contribute to the deepening of the market." Also, considering the low penetration in the country, experts believe that additional funding could be a key source of support for the segment.

"Given the weak solvency position of the public sector general insurance companies, the announcement related to budgetary allocation for their recapitalisation will be positive. Further, given the low penetration of the insurance segment, the government can announce measures to incentivise penetration, especially for lower-ticket-size policies," said Neha Parikh, vice-president and sector head of financial sector ratings, ICRA.

(The writer is Aathira Varier.)

TOP

Insurers eye tax benefits, incentives in Union Budget - The Hindu - 14th January 2025

Insurers are seeking tax benefits for buyers and incentives for selling policies in their wishlist for the upcoming Union Budget as the country is projected to emerge as the G20's fastest-growing insurance market. In 2023-24, the country's insurance penetration was at 3.7 percent compared to 4 percent in 2022-23, according to the Insurance Regulatory and Development Authority of India (Irdai). The

insurance penetration for the life insurance industry marginally declined to 2.8 percent during 2023-24 from 3 percent in the preceding year. The penetration with respect to the non-life insurance industry remained the same at 1 percent during 2023-24 as in 2022-23. Insurers are seeking tax benefits for buyers and incentives for selling policies in their wishlist for the upcoming Union Budget as the country is projected to emerge as the G20's fastest-growing insurance market.

In 2023-24, the country's insurance penetration was at 3.7 percent compared to 4 percent in 2022-23, according to the Insurance Regulatory and Development Authority of India (Irdai). Wholesale price inflation rises to 2.37 percent in December; all eyes on RBI's rate decision next month. The insurance penetration for the life insurance industry marginally declined to 2.8 percent during 2023-24 from 3 percent in the preceding year. The penetration with respect to the non-life insurance industry remained the same at 1 percent during 2023-24 as in 2022-23. India is expected to lead G20 with an average 7.3 percent premium growth over 2025-29 and become the fastest-growing insurance market among the elite grouping, a Swiss Re report released on Tuesday (January 14, 2025) said. On expectations from the Budget, Neha Parikh, Vice President and Sector Head - Financial Sector Ratings at ICRA Ltd, said that given the weak solvency position of the PSU general insurance companies, the announcement related to budgetary allocation for their recapitalisation will be positive. "Further, given the low penetration of the insurance segment, the government can announce measures to incentivise the penetration, especially for the lower ticket size policies," Parikh said.

Mayank Gupta, Co-founder and COO at Zopper, was of the opinion that addressing the ailing insurance penetration problem by incentivising the industry participants to bring new-to-insurance customers into their fold could be one such strategy to expedite the coverage of larger populations under insurance. "Allowing insurance companies greater flexibility in creating and distributing insurance plans by using technology and moving beyond traditional methods is also the need of the hour," he said. Mr. Gupta suggested that cross-selling insurance along with other financial products should be encouraged as this reduces the distribution cost of insurers while at the same time easing the accessibility and affordability of such products for the end customer. Balachander Sekhar, co-founder & CEO of RenewBuy, said the Union Budget provides excellent opportunities to pump up the insurance sector, which is hoping for a reduction in GST rates to make health insurance more affordable, an increase of tax exemption to encourage people to buy insurance policies that would ultimately provide security and long term capital, and rationalisation of capital gain taxation.

"In addition, providing incentives for insurance in rural India will significantly impact expanding and promoting insurance in those areas where penetration is very low," Sekhar added. On Budget expectations, Anup Rau, Managing Director and Chief Executive Officer of Future Generali India Insurance Company, said India's insurance sector is poised for its most significant reforms to date. The IRDAI has set an ambitious vision of "Insurance for All by 2047", prompting stakeholders to explore innovative yet prudent ways to expand affordable coverage. "Affordability will drive accessibility thereby enhancing reach and penetration of insurance across the country," he said. On the health insurance side, Rau said there is a need to enhance the deduction limit under Section 80D, which has remained unchanged for nearly a decade now despite a significant surge in healthcare costs.

Avinash G Singh, Head - Investment Research & Analytics at Aranca, said the insurance industry is looking forward to the Union Budget 2025 with hopes for reforms that could drive growth and accessibility. Key expectations include a dedicated tax deduction for life insurance premiums under Section 80C, a revision of income tax slabs and exemption limits to enhance disposable incomes, and measures to encourage higher investments in insurance products, Mr. Singh said. Meanwhile, Swiss Re in a report on the insurance market outlook for India said India's insurance market is projected to be the G20's fastest-growing market over the next five years, with total premium volumes (life and non-life) up 7.3 percent in real terms on average each year. Growth underpinned by macroeconomic tailwinds, digitalisation progress and the conducive regulatory environment, it said.

The report said life premiums are estimated to grow by 4.8 percent in 2024 in real terms and by 5 percent in 2025 (2025-29: 6.9 percent), following a meagre 0.7 percent growth in 2023, when the savings segment was adversely impacted by regulatory and taxation changes. “The non-life insurance business is forecast to expand to 7.3 percent (up from 5.7 percent in 2024) on the back of rising risk awareness, robust economic growth and regulatory initiatives in support of digitalisation,” it added. There were 26 life insurers, 25 general insurers, eight standalone health insurers, 12 reinsurers and foreign reinsurance branches, and two specialised insurers, registered as of March 31, 2024.

TOP

Digital insurance penetration in MSMEs records highest growth in Tier 3 cities – The Economic Times – 13th January 2024

The digital insurance penetration in MSMEs in tier 3 cities has recorded a growth of 46 percent, highest compared to tier-1 and tier-2 cities, a recent report by the Policybazaar said. In an interaction with ETBFSI, Sajja Praveen Chowdary, Director, Policybazaar for Business, shared that cities like Vadodara, Midnapore East, Gwalior, Balaghat, Tiruvallur, and Raigad have emerged as champions of this growth, collectively recording a 46 percent surge in digital insurance uptake over the past year. The insurance penetration in the B2B segment (specifically MSMEs), traditionally has operated predominantly offline. It highlighted that the insurance penetration for the MSMEs in the Tier 2 was recorded 35 percent while in contrast, Tier-1 cities clocked a growth rate of 27 percent.

TOP

Budget 2025: 100% FDI ceiling, composite licence in insurance likely – Financial Express – 13th January 2025

The much-awaited Insurance (Amendment) Bill to allow 100% foreign direct investment (FDI) in the sector may see the light of the day in the Budget session of Parliament. The proposed major amendment follows the tweaking of the Insurance Act in 2021, when the FDI limit was raised from 49% to 74%.

The current Bill was to be introduced in the Winter session but was deferred. According to sources, the latest amendment will not only let foreign insurers and other funds with financial muscle to operate independently in India, but also include a clutch of other reforms like allowing insurers to offer life and non-life policies via a single entity under a composite licence.

Another change is the facility for insurance agents to sell products from multiple companies. Finance minister Nirmala Sitharaman is likely to make an announcement about the Bill in her Budget speech.

The department of financial services released a brief consultation paper on the Bill in December 2024. The department said the proposed amendments aimed to ensure accessibility and affordability of insurance for citizens, foster expansion and development of the insurance industry, and streamline business processes. The sector requires capital inflows to grow and raise the insurance penetration level in the country.

The proposal further mentioned that the requirement of net owned funds for foreign re-insurers is also proposed to be reduced from Rs 5,000 crore to Rs 1,000 crore. It also proposed to empower the Insurance Regulatory and Development Authority to specify lower entry capital (not less than Rs 50 crore) for underserved or unserved segments on a special-case basis. Micro insurance firms likely to benefit if capital requirement is lowered.

For composite licence, however, the minimum capital threshold may be higher than for separate licences for life and non-life insurance. “The proposed FDI increase in insurance and other amendments in insurance laws may be taken up in the Budget,” an official said.

Insurance penetration was just 4.2% in India in 2021 while the global average was 7%. Moreover, the Indian insurance sector is heavily tilted towards the life insurance segment which has a share of 76%.

Globally, the share of the life insurance business in total premiums was 43.7% and the share of non-life insurance premiums was 56.3% in 2021.

The domestic insurance market comprises as many as two dozen life insurers, 26 general insurers, and six standalone health insurers. The lone re-insurer is General Insurance Corporation. It is believed many players have diversification plans while some of the foreign players want to sever ties with local units and re-enter the sector on their own.

TOP

Resolve insurance disputes efficiently with Bima Bharosa & ombudsman – Business Standard – 13th January 2025

In the insurance industry, where competition is fierce, keeping customers satisfied is paramount. When customers encounter problems or feel their concerns aren't being addressed, a robust grievance resolution system becomes essential. This mechanism ensures that customer complaints are not only heard but also handled efficiently and thoroughly. The implementation of platforms like Bima Bharosa, coupled with the support provided by ombudsman offices, has created accessible channels through which insurance customers can effectively seek resolution for their issues.

The Bima Bharosa Portal, launched by Irdai (Insurance Regulatory and Development Authority of India) in 2022, is a key initiative designed to streamline the grievance redress process for policyholders. The portal functions as a central repository for industry-wide insurance grievance data, offering a comprehensive monitoring tool for Irdai to track market conduct issues, particularly those related to policyholder grievances.

(The writer is Ayush Mishra.)

TOP

India's insurance penetration slumps to 3.7% in FY 23-24 – Insurance Asia – 13th January 2025

India's insurance penetration decreased to 3.7% in the fiscal year 2023 to 2024 (FY 23-24), compared to 4% in the previous year, according to the Insurance Regulatory and Development Authority of India's (IRDAI) latest annual report. Life insurance penetration declined from 3% to 2.8%, whilst non-life insurance penetration remained unchanged at 1%.

Insurance density in India rose slightly, from \$92 in FY 22-23 to \$95 in FY 23-24. Non-life insurance density increased from \$22 to \$25, whilst life insurance density held steady at \$70. This upward trend in insurance density has been consistent since 2016-17.

The life insurance industry recorded a premium income of ₹8.30 lakh crore in FY 23-24, marking a 6.06% growth. In the non-life insurance sector, the total direct premium underwritten in FY 23-24 stood at ₹2.90 lakh crore, a 12.76% increase from the previous year.

TOP

First phase of Bima Sugam project likely to be rolled out mid-2025 – Business Standard – 12th January 2025

The first phase of Bima Sugam — an ambitious project of the insurance regulator to create an Amazon-like one-stop digital platform for buying, selling, and servicing insurance policies — is expected to be rolled out in the mid of this year instead of April announced earlier, a source privy to the development said. In June of 2024, the Insurance Regulatory and Development Authority of India (Irdai) chairman Debasish Panda had said that the first phase of the project will be launched in April 2025. The idea, initially proposed by the insurance regulator in 2022, has missed several projected launch dates, including January 2023, June 2024, August 2024, and April 2025. Often hailed as the UPI moment for the insurance industry, Bima Sugam is going to be a public digital infrastructure, keeping the policyholder at

the core to offer an end-to-end journey of the lifecycle of the product and beyond. The platform's aim is to democratise insurance in India, potentially becoming the first of its kind globally.

This single-window digital platform is expected to serve as a comprehensive marketplace where consumers can compare, purchase, and manage insurance policies across life, health, and general insurance sectors. Additionally, it will also benefit distributors as they will be able to complete a transaction at a cheaper price and in less time. The capital requirement for Bima Sugam has increased to Rs 500 crore from the previously envisaged Rs 100- Rs 200 crore. Insurance companies will be infusing the initial capital for the project. They have expressed a lack of clarity regarding the exact timeline for the launch of Bima Sugam. "Insurers do not have enough clarity about Bima Sugam and when it will be launched. With the kind of capital we are putting in, we must at least get some monthly update about the progress of the project. We also have questions coming from our board on the developments of the project," said the CEO of another private sector insurance firm anonymously.

Another CEO, speaking anonymously said, the board approvals for funding the project has been taken, but, there isn't much clarity on the progress of the project and what stage it is in. "The only major update we have is that the CEO has been appointed," he said. On November 1, 2024, Prasun Sikdar took charge as the first MD & CEO of Bima Sugam for a period of three years. Additionally, ExecutiveAccess has been hired as the HR consultant for recruiting officials to Bima Sugam. EY is helping the regulator on this project. Bima Sugam is a part of the Bima Trinity envisaged by Irdai. The trinity includes Bima Vistaar — a rural focused composite insurance product, to be sold by Bima Vahaak — the women centric agents' force who will sell this product on the platform Bima Sugam.

(The writers are - Aathira Varier & Subrata Panda.)

TOP

INSURANCE REGULATION

IRDAI Seeks Roadmap for Public Listing of Large Life Insurance Subsidiaries – CNBC – 14TH January 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has asked parent entities to submit a roadmap for the potential public listing of their large life insurance subsidiaries. Per sources, some of the major parent entities are expected to file detailed plans by January 31, outlining how they intend to take their insurance subsidiaries public. These entities include some of India's largest financial players, such as HDFC Bank, Bajaj Finserv, Tata Capital, and the State Bank of India (SBI).

Last week, IRDAI officials reportedly held meetings with the heads of these parent organisations to discuss the specifics of this requirement. The roadmap these entities are expected to present will focus on several key factors. Among the primary considerations will be the size of the insurance subsidiary, along with specific business milestones that need to be met before the subsidiary can be listed on the stock exchanges. Additionally, the parent entities must outline how long their operations have been active in the market, as this could influence the timing and readiness for a public listing.

In terms of the parent entities, HDFC Bank's unlisted insurance subsidiary is HDFC Ergo, SBI's is SBI General, Bajaj Finserv has Bajaj Alliance Life Insurance and General Insurance, and Tata Capital has its unlisted insurance subsidiary in Tata AIA life insurance.

(The writer is Yash Jain.)

TOP

Irdai expands scope of regulatory sandbox framework to foster innovation – Business Standard – 13th January 2025

Regulator Irdai has expanded the scope of regulatory sandbox framework to encourage proposals that foster innovation, improve efficiency and ease of doing business. The IRDAI (Regulatory Sandbox) Regulations, 2025 is now more of principle-based whereby operational aspects will be issued through a master circular, Insurance Regulatory and Development Authority of India (Irdai) said in a statement.

"A notable addition is an enabling provision to file Inter-Regulatory Sandbox proposals, cutting across more than one financial sector," the regulator said.

Regulatory sandbox usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain relaxations for the limited purpose of the testing.

Further, regulations on maintenance of information by the regulated entities and sharing of information too have been consolidated by the regulator.

The regulation mandates electronic record-keeping with robust security and privacy measures, and requires regulated entities to adopt data governance framework and implement board-approved policies for record maintenance. It also sets guidelines for sharing confidential information; and mandates data to be held in data centres located and maintained in India only.

Irdai also notified IRDAI (Meetings)(Amendment) Regulations, 2025; IRDAI (Insurance Advisory Committee) (Amendment) Regulations, 2025; and IRDAI (Re-Insurance Advisory Committee) (Amendment) Regulations, 2025.

These changes, the regulator said, align with Irdai's broader move towards a modern, dynamic and principle-based efficient regulatory framework. By fostering innovation, enhanced governance norms and stipulations of maintenance of data security, these measures aim to drive sustainable growth, improve efficiency in operations and uphold policyholder protection in the dynamic insurance landscape, it said.

TOP

LIFE INSURANCE

We should end Q4FY25 on a robust note: HDFC Life MD & CEO Vibha Padalkar – Business Standard – 16th January 2025

The new surrender value norms, which came into effect at the start of the third quarter (Q3) of 2024-25, were expected to impact insurers' margins. However, HDFC Life Insurance Company has successfully protected its margin through a series of strategic measures. Following the earnings announcement, the company's share price closed nearly 8 percent higher than the previous day's close. Vibha Padalkar, MD and CEO, HDFC Life Insurance spoke about how the company managed to maintain its margins and its preparations to end this financial year on a strong note. Edited excerpts:

Despite the surrender value norms being implemented in Q3, your margins were hardly impacted. What strategy did the company adopt?

Earlier, we had said that there would be a 100-basis point (bp) impact on the margins because of the surrender value norms if we did nothing, but we had many interventions to try and reduce that impact to a non-material amount. So, we have managed to reduce it, and the impact this quarter has only been about 10 basis points (bps). We have re-priced and also looked at many product features that have given us inherent margins about 100 bps higher. Persistency has held its ground, and expenses are also in line. So, there was no big negative as such. The share of unit-linked products has also been range-bound.

So, the repricing was aimed at protecting margins...

There was no reinsurance pressure. We focus on understanding the core factors, such as our experience with persistency and mortality. If these experiences turn out to be unfavourable, we may need to reprice or adjust our product offerings. For instance, if persistency is particularly poor with monthly policies, we might implement measures like requiring standing instructions or encouraging customers to switch to an annual premium policy. Monthly payments can cause customers to reconsider their commitment frequently, while an annual policy allows customers to pay once and not think about it again until the next year. These are examples of targeted interventions we've made to improve both customer experience and business sustainability.

How have you adjusted the commission structure following the implementation of surrender value norms?

It is a combination depending on the level of business, partners, inherent persistency in that channel, and so on. We have done a combination of commission clawback, commission deferral, and reduction in commission. It is fairly bespoke for every relationship.

How are you preparing for the busiest part of the year?

We are very optimistic because some of this was just a distraction. All our partners have been very fair and equitable in having discussions with us because now we have to align with the new normal of having customer-centric products. That is done and dusted. Second, our repricing is done and dusted. Third, we have opened 100 branches in the last one and a half years. Our manpower is also in place. So, we should end the fourth quarter on a robust note. We have a balanced product mix. So, whether equity markets are volatile or some interest rates are volatile, we have all kinds of offerings in our product suite. It should be fairly agnostic of whatever is happening.

Has the Insurance Regulatory and Development Authority of India communicated to the companies its stance on the bancassurance (banca) business of insurers?

No, we have heard nothing from the regulator. We have reached out to the regulator. So far, it is only from what we have heard from the media. In our case, HDFC Bank's contribution to our banca business is around 41 percent, and in terms of premiums, it is about 25 percent.

Protection as a percentage of product composition hasn't changed much...

It will take some time to show a meaningful increase because we have to sell about two and a half policies of protection to match one savings policy. However, if you were to look at the growth in protection, it has grown by about 28 percent year-on-year while my overall company annual premium equivalent has grown by about 24 percent. So, it is growing faster than overall growth, and that just means that the contribution is increasing.

Non-participating (non-par) savings products have seen good growth...

It is working very well. We have had new product launches. Also, if you were to look at it on a nine-month basis, the growth has been close to around 50-plus percent – almost 2x company-level growth. The new product launches have helped, as well as we are now fairly competitive on internal rate of return, thanks to surrender charges. We have also kept a lid on unit-linked products. Hence, our focus has been on non-par savings products. Additionally, what we are seeing is even the above ~5 lakh ticket cases are beginning to pick up in non-par.

What are your expectations from the Union Budget?

I think it will be a growth-oriented Budget. Probably, we will have liquidity being infused into the economy. Other than that, we don't know if the amendments to the Insurance Bill will be taken up. We will have to see. An old ask has been that annuities are taxed twice and that too in the hands of the pensioner. So, we are hoping there will be some relief on annuities for pensioners.

(The writer is Subrata Panda.)

TOP

Protect insurance payouts from creditors by buying term plan under MWP Act – Financial Express – 11th January 2025

A term insurance plan under the Married Women's Property (MWP) Act will ensure financial protection of the insured's wife and children in his absence. The insurance pay-out will only go to them and no creditor of any outstanding loan of the insured can stake claim on the amount.

In case a woman is opting for MWP Act when buying a term insurance policy, the entitled beneficiaries will be her children. The option is available in most term plans and there is no additional cost for availing this benefit.

To purchase a policy under the MWP, the policyholder needs to complete the MWP Act addendum alongside the insurance application at the proposal stage. An existing term insurance policy cannot be modified into one under the MWP Act. The policy once issued under this Act also cannot be altered later.

This policy is particularly beneficial for married individuals concerned about their spouse and children's well-being. Having such a plan ensures security from any claims made by creditors, relatives or any other legal claims.

The payout from such policies is treated as a trust which is exclusive for the nominees and ensures financial stability for them. As life insurance policies can be attached by courts to pay bank dues, experts advise those with a home loan or a business loan to opt for MWP as a bank will not be able to attach the property in case of the insured's death.

Rakesh Goyal, director, Probus, an insurance broking firm, says the protection acts as a huge benefit specially for individuals with liabilities, as it prevents creditors from accessing the death benefits of the plan. "Eventually, the plan provides financial security for the family even in the absence of the policyholder."

How does it work?

When policyholders purchase a term plan, they can choose anyone as their nominee such as spouse, parents, sibling, or child to receive the death benefit. However, when opting for a term insurance plan under the MWP Act, the proceeds are directly assigned to the wife or children, ensuring they receive the financial benefits without any interference in the event of the policyholder's demise.

The life insurance policy under the MWP Act is treated as a trust. The trustees manage the policy, including servicing and claim proceeds. "Upon the insured's death, the benefits are paid directly to the trust, which holds the funds exclusively for the wife and/or children," says Rahul Agarwal, founder and CEO, Ideal Insurance, an insurance broking firm. The trust setup is irrevocable once created, providing absolute financial protection to the beneficiaries.

Rhishabh Garg, head, Term Insurance, Policybazaar.com, says the MWP Act enables women to play an active role in estate planning. "It allows them to protect assets for their own future and for their children, contributing to long-term financial security and stability for the family."

What to keep in mind

Before buying a term plan under the MWP Act, a policyholder must clearly understand its irrevocable nature and once assigned, the beneficiaries cannot be changed. It is important to assess the coverage amount based on the family's financial needs and liabilities. A sufficient sum assured should be 10 times the annual income to cover your family's future expenses.

(The writer is Saikat Neogi.)

TOP

GENERAL INSURANCE

Fire insurance: Declare correct property value to ensure adequate payout – Business Standard – 15th January 2025

The recent wildfires in America's Los Angeles area underscores the growing need for fire insurance, particularly in India, as climate change and urbanisation amplify such risks. Disasters like these can devastate homeowners whose life savings are tied to property, but who often lack adequate insurance.

"Climate change has led to an increase in the frequency, severity, and scale of natural disasters worldwide. The wildfires in Los Angeles are a reminder of this growing threat and the need to protect one's property and assets through insurance," says Indraneel Chatterjee, co-founder, RenewBuy.

What does fire insurance cover?

Fire insurance, also called as fire and allied perils policy (and often part of a home insurance policy), covers a range of risks. "These include fire, explosion, riots, floods, storms, earthquakes, and malicious damage," says Amitabh Dewan, head, large risks, Policybazaar for Business. Chatterjee adds that damages caused by short-circuits, aircraft, cyclones, tempests, bushfires, are also covered. These policies cover costs of repair, reconstruction, or replacement of insured properties. While basic policies focus on structural damage, comprehensive ones extend to household contents like furniture, electronics, clothing, and other personal belongings.

"Coverage for furniture, appliances, and valuables, including their sum insured, must be separately mentioned in the policy," says Subra-manyam Brahmajosyula, chief product and marketing officer, SBI General Insurance.

Chatterjee adds high-value items such as jewellery, artwork, and antiques may need separate coverage or endorsements. Irfan Shirwani, managing director, placement and claims, Lockton India, informs that coverage for these policies excludes the cost of land.

Key exclusions

Those planning to buy this policy should be aware of its exclusions. "Standard policies do not cover fire caused by war, terrorism, or wilful misconduct. Precious items like coins, art, or contents over 10 years old are also excluded," says Abhishek Kumar, a Securities and Exchange Board of India (Sebi) registered investment adviser and founder, SahajMoney.com.

Exclusions also include loss caused by wear and tear, depreciation, nuclear risks, and illegal use of the property. "Some policies may exclude claims if the property was unoccupied for a prolonged period or lacked adequate protection," says Brahmajosyula.

Determining sum insured

The sum insured is typically based on the covered area and the construction rate. Experts recommend opting for reinstatement value rather than market value. "Although premiums are higher for reinstatement value policies, they ensure adequate funds to repair or rebuild a property to its original state," says Kumar. In contrast, market value policies account for depreciation and may not pay enough to restore the property.

Premium cost

Fire insurance premiums range between 0.025–0.05 per cent of the asset value per annum, according to Chatterjee. He adds that factors like building age, size, fire protection measures, and location influence premiums. "Additional perils can be covered by paying extra premium. If some perils are deleted, discount is offered. Discounts are also offered on long-term policies and to customers with a good claims history," says Shirwani.

Mistakes to avoid

Buyers should declare the correct value of their property, and accurately specify the covered area and construction rate, suggests Dewan. “In case of total loss, an undervalued policy will fail to provide adequate coverage,” says Kumar.” Chatterjee suggests opting for insurers with strong financials and good claims history. If a misfortune occurs, inform the insurer so that a surveyor can be appointed. Provide a detailed account of damages and necessary documents,” says Shirwani.

Documents required for processing claim

Certified true copy of the policy along with schedule and endorsements/clauses

Claim form

Newspaper reports on the incident, if any

Photographs of the site

Past claims experience

Fire claim may require additional documents: fire brigade report, FIR, forensic laboratory report on samples collected at the affected site, etc

(The writer is Himali Patel.)

TOP

Lessons from LA Fires: Get the Right Fire Insurance for Your House - Financial Express - 15th January 2025

The recent devastating fires in Los Angeles have underscored the importance of having the right fire insurance for homeowners. As communities rebuild and recover, it’s a reminder that preparation is key when protecting one’s property. Understanding your insurance options can make all the difference with the potential for environmental factors like drought and high winds to fuel wildfires. As a homeowner in a wildfire or fire-prone area, learning from these events and taking proactive steps to protect your property from any unexpected loss is essential.

Our homes are more than just structures—they embody years of hard work, cherished memories, and a profound sense of belonging. On top of this, people frequently spend 20–30% of the property’s value on interiors, furniture, fittings, electronics, and other belongings—all of which are vulnerable to risks such as fire, natural calamities, theft and burglary. Hence, securing your home/property is crucial as it provides financial protection during a wildfire or any other fire-related damage.

“A standard homeowner’s policy typically covers damage caused by accidental fire, forest fire and bush fire, but the extent of coverage may vary depending on the policy variant and provider. It is also essential to understand that it is not necessary for all home insurance policies to cover damages caused by wildfires. Many policies have specific exclusions related to fire damage. Hence, it is crucial for homeowners, especially in fire-prone regions, to read and understand their policies carefully and seek additional coverage if necessary,” says Gurdeep Singh Batra, Head–Property UW (E&S), Risk Engg, Global Accounts and Coinsurance, Bajaj Allianz General Insurance.

With a robust home insurance plan, you can secure your assets, interests, liabilities, and peace of mind against a range of natural and man-made calamities, including fire, explosions, earthquakes, cyclones, tsunamis, floods, landslides, and forest fires.

However, “to maximize the benefits of your fire insurance policy, it is crucial to handle the application process meticulously. Ensure you provide accurate descriptions and valuations of the assets and items to be insured. Maintain documentation, such as purchase receipts, to substantiate the value of your belongings at the time of policy purchase. This is particularly important, as proof may be required during claim processing. Creating a detailed inventory of all your belongings in an Excel sheet can help you track their value and ensure nothing is overlooked. Movable items like laptops and mobile phones can also be

included in the policy for added protection,” informs Niharika Singh, ED Marketing, IFFCO Tokio General Insurance Company Limited.

Additionally, homeowners should consider the benefits of replacement cost coverage rather than actual cash value coverage. While the latter may seem more affordable, it only reimburses homeowners for the depreciated value of their property. In contrast, replacement values basis coverage provides funds for rebuilding or repairing the home at today’s reconstruction / repair cost subject to max value up to opted sum insured, ensuring that you can restore your home to its former glory, even in the face of soaring construction costs in the wake of a disaster.

Another thing to keep in mind is the significance of a personalised approach to fire insurance. “Factors such as the age of the home, the materials used in its construction, and its location relative to fire-prone areas all play a role in determining insurance premiums and coverage needs. Homeowners should work closely with insurance agents to tailor their policies to their unique circumstances. This ensures adequate coverage and possible discounts for implementing fire prevention measures like defensible space around the property or fire-resistant landscaping,” informs Batra.

Finally, regular reviews of your insurance policy are essential. As property values fluctuate and the risks evolve, an annual policy review can help homeowners adapt their coverage to their current needs. It’s a proactive step that can save them from significant financial strain in the unfortunate event of a disaster. “In the unfortunate event of a fire, it is important to notify the insurer promptly. Claims can be filed online, via email, or by phone. Following your claim submission, a surveyor will typically assess the damage to the property, and the claim settlement process will proceed based on their evaluation,” says Niharika.

The cost of fire insurance is very affordable, starting from as low as Rs 25/- per lakh of coverage, making it a wise and accessible investment to protect your home and belongings. The experiences from the LA fires serve as a crucial reminder: when it comes to fire insurance, being prepared and well-informed can be the difference between recovery and devastation.

(The writer is Sanjeev Sinha.)

[TOP](#)

Why are Private Life Insurance Companies unable to draw in Rural India? - NE India - 13th January 2025

Private life insurance companies in India faces several challenges in attracting rural India, hindering their penetration in this vast market. Rural customers have distinctly different perceptions of insurance compared to urban populations. The concept of insurance is relatively new, with most rural populations having historically lived without formal insurance coverage. Only 8-10 percent of rural households are currently covered by life insurance schemes. In Financial Year 2024, top private insurers like SBI Life, HDFC Life, and ICICI Prudential, TATA AIA saw a decline in rural policy sales. Conversely, LIC’s rural market share dramatically increased from 22.25 percent to 47.72 percent in the same period.

Here’s a comprehensive analysis of the key factors:

1. Lack of Awareness and Financial Literacy:

Limited Knowledge: Rural populations often have limited awareness about insurance concepts, their benefits, and the different types of policies available. This lack of understanding creates a significant barrier to entry for private insurers.

Low Financial Literacy: Many rural individuals have low financial literacy, making it difficult for them to comprehend complex insurance terms, understand policy features, and make informed decisions about their coverage needs.

2. Trust and Credibility Issues:

Dominance of Public Sector: The public sector, particularly Life Insurance Corporation of India (LIC), enjoys a strong presence and trust in rural areas due to its long history and government backing. Private insurers often struggle to compete with this established trust.

Lack of Local Presence and Relationships: Private insurers often lack the strong local presence and relationships that public sector players have cultivated over decades. This makes it difficult for them to build trust and credibility within rural communities.

3. Accessibility and Distribution Challenges:

Limited Physical Presence: Private insurers often have limited physical presence in rural areas, making it difficult for potential customers to access their services and interact with agents.

Agent Network Constraints: While private insurers have agent networks, their reach in rural areas is often limited compared to public sector players. This restricts their ability to effectively market and sell their products.

4. Product Design and Pricing Challenges:

Inappropriateness of Products: Many traditional insurance products offered by private insurers may not be suitable for the specific needs and financial capacities of rural populations.

High Premiums: The premiums for many private insurance products can be perceived as high by rural individuals, who often have limited disposable income. This price sensitivity can deter them from purchasing insurance.

Trust and Perception:

Rural customers inherently trust public sector Life Insurance Corporation of India (LIC) more than private insurers. This deep-rooted trust becomes a significant barrier for private companies attempting to establish credibility in rural areas. Customers are skeptical of private insurance products and prefer the established reputation of LIC.

TOP

GST rate cut uncertainty dents life insurers' new business 22 percent in Dec. - The Hindu - 13th January 2025

New business of life insurers declined almost 22 percent year on year in December to ₹30,218.71 crore, likely due to the continuing suspense over the indirect tax levies on insurance policies with the GST Council deferring a call on an expected tax cut at its December 21 meeting, along with tight liquidity conditions and a general slowdown in the economy. December's drop in new business marks a deepening contraction from November, when such business fell for the first time in 2024-25, albeit by a relatively moderate 4.5 percent to ₹25,306.56 crore. In December 2023, insurers had reported ₹38,583.13 crore as first year premium receipts. One of the contributing factors linked to the downward trend over the past two months, is the new surrender value norm that came into effect from October. For the nine months ended December 2024, new business has increased almost 10 percent to ₹2,75,086.92 crore, data released by the Life Insurance Council showed.

In December, private players fared better than the State-owned market leader Life Insurance Corporation of India (LIC), clocking a 7 percent increase in new business to ₹16,694.85 crore. For the nine-month period, the first-year premium of the private life insurers rose nearly 14 percent to ₹1,17,130.96 crore. For LIC, new business was down more than 41 percent to ₹13,523.87 crore in December 2024 from ₹22,981.28 crore a year earlier. However, the behemoth's nine-month tally was 7.16 percent higher than the previous year at ₹1,57,955.95 crore. The growth moderation for life insurers had been anticipated by some analysts. Emkay Research recently said for listed private life insurers a host of player-specific issues including discontinuation of some products after the new surrender regulation, slowdown in the bancassurance channel and increased competition in some key channels were likely to impacting factors.

Emkay Research said the December growth trends were impacted by regulatory uncertainties regarding the banca channel and implementation of the new surrender regulations leading to an impact on the lower ticket-size policies. “Given the large opportunity in the life insurance sector owing to low penetration, we remain optimistic on growth in the medium term and expect private sector retail APE (annualised premium equivalent) to grow 17-18 percent and LIC to report 4-5 percent growth. This [in turn] would thus drive 13-14 percent retail APE growth for the industry,” it said.

(The writer is N. Ravi Kumar.)

TOP

HEALTH INSURANCE

Budget 2025: Hike in tax deduction on health insurance premiums critical, say experts - Money Control - 17th January 2025

The central government has made clear its intention to disincentivise the old with-exemptions tax regime, but taxpayers and tax experts continue to believe that an exception should be made for health insurance premiums paid. The deduction limit for health insurance premiums under Section 80D of the Income-Tax (I-T) Act, 1961, was last increased nine years ago in the 2015 Budget, from Rs 15,000 to Rs 25,000. This deduction is available under the old, with-exemptions tax regime. Tax and financial planning experts Moneycontrol spoke to said there is a strong case for raising the deduction for individuals under the age of 60 years to Rs 50,000 from the current Rs 25,000.

Similarly, there is a demand to raise the deduction for premiums paid by children on behalf of their parents to Rs 75,000. For senior citizens, the limit should be hiked from Rs 50,000 to Rs 1 lakh, they feel. “The general insurance industry is awaiting policy initiatives that will propel insurance penetration across India. We expect the government to increase tax incentives for insurance premiums under Section 80C and 80D, as well as separate tax deductions for home and motor insurance,” says Rakesh Jain, CEO, Reliance General Insurance.

Need for higher deductions

Section 80D of the I-T Act provides for deductions on health insurance premiums paid during the year.

CURRENT 80D DEDUCTIONS	
Health insurance premiums for	Deduction Limit
Self, Spouse and Dependent Children	Up to Rs 25,000
Self, Spouse and Dependent Children (if any member is a senior citizen)	Up to Rs 50,000
Parents (below 60 years of age)	Up to Rs 25,000
Parents (senior citizens, 60 years and above)	Up to Rs 50,000
Preventive Health Check-up	Up to Rs 5,000 within the overall limit

Notes: The deductions mentioned are the maximum allowable limits. The preventive health check-up deduction is included within the overall limit and is not an additional benefit. A senior citizen is defined as an individual who is 60 years or older.

Individuals below the age of 60 years can claim a deduction of up to Rs 25,000 for premiums paid for themselves, their spouse and dependent children. Additionally, they can claim a deduction of Rs 25,000 for premiums paid for parents under the age of 60 years, which increases to Rs 50,000 if the parents happen to be senior citizens. Furthermore, a separate deduction of Rs 5,000 is available for preventive health check-ups within the overall limit.

“Healthcare expenses, like treatment, hospital stays, preventive check-ups, and medications, have become

significantly more expensive over time,” says Rajiv Gupta, President of PB Fintech, an online platform for insurance and lending products. The current deduction limit of Rs 25,000 (for those under 60) is simply not enough for many people to cover these costs, creating a financial strain, he adds.

Higher premiums necessitate enhanced deduction limit

Ahead of Budget 2025, financial planning and tax experts have put forth a range of recommendations. Amol Joshi, Founder of Plan Rupee Investment Services, emphasises the need for a deduction limit hike. Given the surge in health insurance premiums and the increasing necessity for higher coverage, it's essential to revisit the Rs 25,000 tax deduction limit and raise it to Rs 50,000 across all categories, not just for senior citizens, he said.

Gupta recommends enhancing the tax deduction for health insurance premiums paid for parents' policies to Rs 75,000. For individuals over the age of 60 years, the deduction should be even higher at Rs 1 lakh, he feels.

Joshi further suggests that an alternative solution would be to index the deduction limit to inflation, either by adjusting them annually or by revising them every three years to account for cumulative inflation during that period.

Cost of critical illnesses, long-term care on the rise

The current deduction limit for health insurance premiums under Section 80D doesn't sufficiently alleviate the financial strain on individuals supporting elderly dependents or requiring extensive medical care. According to Gupta, the escalating costs of serious illnesses and long-term care necessitate a higher deduction limit to provide adequate financial support.

Moreover, a higher deduction limit would provide greater tax relief for individuals and families, easing the financial burden of healthcare expenses and enabling better resource allocation.

(The writer is Hiral Thanawala.)

[TOP](#)

Will my insurance cover daycare treatment of retinopathy? - Live Mint - 16th January 2025

I have been diagnosed with diabetic retinopathy. The doctor recommends intravitreal injections over a few months. It's a daycare procedure and doesn't require hospitalisation. However, it is an expensive treatment. Will my health insurance cover the expenses?

-Name withheld on request

Insurance coverage for intravitreal injections, an essential treatment for diabetic retinopathy, depends on the specific terms and conditions of an individual's health insurance policy. The Irdai circular (IRDAI/HLT/REG/CIR/117/09/2019) mandates that all insurers cover modern therapies, which include intravitreal injections. These procedures are covered when medically indicated, regardless of whether they are conducted as inpatient treatments, domiciliary hospitalizations, or daycare procedures in a hospital. This regulatory framework ensures broader accessibility for patients needing these advanced medical treatments.

While the mandate provides a strong foundation for coverage, there are essential considerations that patients must keep in mind. Many insurers require pre-authorization for such procedures, and obtaining this approval often hinges on submitting the correct documentation. It is crucial to have a medical necessity certificate and other supporting documents from the treating doctor to avoid any claim-related hurdles. Additionally, certain policies may have sub-limits or specific restrictions regarding treatments for conditions like diabetic retinopathy. These limitations can affect the amount reimbursed, making it imperative for policyholders to thoroughly review their insurance documents for clarity.

Another critical factor is whether the condition falls under the category of pre-existing diseases. If diabetes or its associated complications, such as diabetic retinopathy, are classified as pre-existing conditions in the policy, they may be subject to a waiting period. The duration of this waiting period varies across policies, so it is essential to confirm its completion before proceeding with a claim.

Comprehensive health insurance plans may also cover retinal examinations when they are deemed medically necessary. Patients should review the inclusions and exclusions in their policies to ensure coverage extends to both the diagnostic and treatment phases of diabetic retinopathy management.

To avoid unexpected challenges, policyholders should proactively consult their insurers or third-party administrators (TPAs) for details about coverage, pre-authorization requirements, and any associated sub-limits. Understanding the policy's terms and staying informed about documentation requirements can significantly streamline the process of filing a claim for intravitreal injections.

(The writer is Shilpa Arora.)

TOP

Standalone health insurers have the best financial health, IRDAI data show - The Hindu Business Line - 15th January 2025

As health insurance penetration rises among the masses, especially post Covid, insurers are also getting more efficient in underwriting and managing risks. Analysis of insurance regulator IRDAI's annual reports shows that the Incurred Claims ratio (ICR) of health insurance companies has been improving after being hit during the pandemic. Standalone health insurers fare the best on ICRs and outperform public sector and other private insurers (not standalone health players) when it comes to profit margins on health insurance. The ICR is essentially the ratio of net incurred claims to net earned premiums and is an indication of the profitability of the insurer based on its ability to underwrite and manage risks. For instance, if a company has an ICR of 75 percent, it means that for every premium of ₹100 collected, the company pays ₹75 as claim settlement. Lower the ICR, the better the profit margins.

Public sector insurers appear to be faring badly on this metric. Their ICR was at 102 percent in FY20 and zoomed to 126 percent by FY22 and since then has been stable at 105 percent and 103 percent in FY23 and FY24 respectively. For private sector players (non-standalone), the ICR stood at 89 percent in FY24. But for standalone health insurers (SAHI), ICR has remained between 60 percent and 81 percent in the last six fiscals. Even at the pandemic peak, it was 81 percent in FY22. ICR was 65 percent for FY24. Debashish Banerjee, Partner - Insurance Sector Leader, Deloitte India, says that ICR should be viewed as an indicator of efficiency of risk underwriting. "As SAHI players focus only on one business line, their ability to analyse risks in the segment and manage the healthcare enterprises network and the management of claims is better than other type of insurers. Further, the standalone players are also investing more in technology and data analytics use and thus are able to bring down frauds and manage it better," he added.

IRDAI data shows that SAHI players Care Health and Niva Bupa feature in the top five in terms of the best ICRs for FY24 at 58 percent and 59 percent respectively. The public sector insurance companies such as United India (109 percent) and New India (106 percent) are among companies with poorest ICRs for the fiscal. Narendra Ganpule, Partner, Grant Thornton Bharat, says that ICR of SAHIs is also likely low due to high rate of new business growth. "Many SAHIs have grown their new business significantly over the last few years. In the initial years, products have waiting period and that leads to lower ICR," he adds. He also stressed that SAHIs have been mainly focusing on retail business which have better ICRs vis-a-vis group business. "This is also the reason why PSU players show higher ICR," he says. Analysts also note that while ICR is an indication of profitability of the insurers, it need not necessarily be a yardstick for customers to judge who is more likely to settle their claims. Overall, the net incurred claims under health insurance business of general and health insurers stood at ₹76,160 crore in FY24 and reported around 18 percent increase from the previous year. The ICR for the entire health insurance sector decreased slightly from 88.9 percent in FY23 to 88.2 percent in FY24.

(The writer is Sindhu Hariharan.)

TOP

Isolated health claim grievances should not cast a shadow on insurers' efforts - Moneycontrol - 15th January 2025

The insurance industry that has safeguarded millions of citizens and many businesses often faces situations that cast a shadow on its efforts. Recent media reports have once again led to a wave of criticism, leaving many wondering if sensationalism has overtaken reason. While much has been said about these reports, it is time to dwell deeper into the issue and look at the ground reality.

According to IRDAI's annual report, last year, the general insurance industry settled claims worth Rs 1.72 lakh crore, of which it paid more than Rs 80,000 crore towards health insurance. Yet those who benefit rarely make the news. On the flip side, isolated grievances and odd bad experiences become the face of the industry. The claim settlement ratio in the industry is more than 80 percent. The 20 percent of claims that are rejected are on the account of fraud or non-admissibility and yet there is an uproar about them. Insurance is public money and insurers should be lauded for handling this money responsibly.

Insurance support for industries, country critical

Let's say it is not making a difference and we decide to shut down the industry. What happens then?

Some argue that individuals can self-insure by saving for medical expenses. However, consider this: out-of-pocket (OOP) health expenses in India stand at 60 percent, a report by the government's think tank NITI Aayog has said. Without insurance, this figure would soar to 100 percent, leaving households entirely at the mercy of skyrocketing medical costs.

For families without significant savings, medical expenses will push them below the poverty line. Without insurance, the government will face increased pressure to subsidise healthcare, diverting resources from other critical sectors. Such a scenario would derail our demographic dividend and exacerbate poverty. Are we ready with an alternate safety net for citizens if insurance shuts down?

The motor industry, thriving thanks to insurance-backed accident protection, will falter as claims payouts — approximately Rs 55,000 crore — cease to exist. Without insurance, the financial burden of accidents would fall entirely on vehicle owners, which can lead to economic instability and a drop in vehicle sales. Insurers also play a crucial role in covering motor third-party claims, which is mandatory. The IRDAI annual report says in FY 2023-24, the industry paid over Rs 27,000 crore under motor third-party claims. If the industry closes, who will bear this cost?

Nearly 36 crore beneficiaries had been verified under the Ayushman Bharat Pradhan Mantri- Jan Arogya Yojana (AB PM-JAY) as of November 30. Further, 8.39 crore hospital admissions worth over Rs 1.16 lakh crore have been authorised under the scheme.

Under PMJAY, the government provides health coverage of Rs 5 lakh a family every year for secondary and tertiary care hospitalisation to approximately 55 crore beneficiaries, covering 12.37 crore economically vulnerable families which account for the bottom 40 percent of India's population.

Without the industry's support, the scheme would not work. The government would have to bear all the costs on its own. According to PIB, the health expenditure for 2023-24 is Rs 5.85 lakh crores, which is 1.9 percent of the GDP. This is an increase from Rs 2.43 lakh crores in 2017-18. A significant portion of this expenditure supports low-income families. Insurance-backed programs like Ayushman Bharat alleviate this financial strain.

General insurers in rebuilding role

Natural disasters such as floods, cyclones and earthquakes wreak havoc, causing immense human and financial losses. Insurance serves as a critical recovery mechanism. The staggering more than 90 percent protection gap between insured and actual losses underscores the urgent need to bridge the gap as cyclones and floods become more frequent. In 2023 alone, India witnessed 17 natural calamities. Without insurance, economies would struggle to recover.

In the United States, a robust insurance framework ensures that post-disaster regions come back stronger, bigger, and more resilient. The infusion of insured capital post-Hurricane Katrina enabled infrastructure rebuilding and economic recovery.

In India, a higher insurance penetration could similarly transform recovery processes, ensuring affected communities rebound swiftly. The Centre allocated Rs 13,693 crore for the National Disaster Mitigation Fund (NDMF) and Rs 32,030.60 crore for the State Disaster Mitigation Fund (SDMF) for the period FY22-26. After each natural disaster, the government spends a huge amount as compensation. The money, which eventually goes from taxpayers, can be routed towards developmental projects and infrastructural development if a more robust insurance programme is in place.

Agriculture, the backbone of India's economy, is vulnerable to the whims of nature. Thanks to the insurance industry, schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) have disbursed claims worth Rs 1.64 lakh crore over the past eight years. These payouts have offered financial respite to farmers, reducing distress. By mitigating risks associated with droughts, floods and unseasonal rains, insurance ensures farmers can continue contributing to food security. Without insurance, there will be no effective safety net.

Grievance ratios low

Despite common misconceptions, the insurance industry boasts of impressively low grievance ratios, underscoring its robust complaint-resolution mechanisms. With just 94,843 grievances in FY 23-24 against 2.96 billion policies, the industry had a 0.003 percent grievance ratio — an achievement few industries can match.

Fraudulent claims cost the industry billions annually but it is not spoken about enough. Over the past five years, the insurance industry detected approximately 3.01 lakh potential fraud cases involving a sum assured of Rs 1.73 lakh crore. According to research, the Indian general insurance industry loses approximately \$6 billion (roughly Rs 30,000 crore) to fraud annually. Yet, the narrative focuses solely on claim rejections, ignoring the root causes. Should fraudulent claims go unchecked? Shouldn't there be stricter penalties for those exploiting the system?

The general perception is that insurers are generating huge profits and only exist to make a profit. Is profit such a bad thing for an insurer? Profit ensures that insurers can honour claims and remain sustainable. Underwriting profits showcase prudence.

The general insurance industry operates at an average claims ratio of more than 80 percent and a combined ratio of 115 percent, which means for every Rs 100 earned in premiums, the industry pays out Rs 115. Simply put, insurers lose money on claims payouts and operational expenses. Yet, every small price hike triggers public outcry. If so, let us shut this "evil" industry!

Moving the needle

In India, insurance penetration remains abysmally low at 1 percent. The industry works tirelessly to increase awareness and expand coverage. However, criticism without constructive dialogue risks alienating stakeholders, jeopardising progress and reducing trust. We need to understand that as insurance penetration increases, the nation will develop faster; without it, we would probably go backward.

Let's not forget what insurance represents: a safety net, a fallback, and a protector of dreams. Is there a scope for improvement? Yes, but the industry is constantly evolving. The insurance industry welcomes scrutiny but demands fairness. Highlight the good, address the bad, and focus on the way forward. If you still think insurance is evil, let's shut it down, provided we have an alternate safety net for our citizens. Till then, the choice is ours — criticise destructively or engage constructively.

(The writer is Tapan Singhel.)

TOP

Healthcare faces significant challenges in infrastructure – Live Mint – 15th January 2025

The healthcare industry has recommended several reforms to reduce costs of key medicines, enhance accessibility, as well as promote innovation. The industry is expecting a reduction in cancer care costs – in customs duties and GST (to 5 percent) on oncology radiation equipment, such as LINACs, to expand cancer treatment in underserved regions. Currently, radiotherapy machines and robotics equipment attract 37 percent customs duty, making them expensive. Lowering GST on health insurance premiums to 5 percent could improve insurance penetration, while Viability Gap Funding (VGF) and low-interest capital investments are needed to add 2.5-3 million hospital beds.

To address skill shortages, the industry has recommended increasing MBBS and postgraduate medical seats through government investment and alternative financing mechanisms. A dedicated fund to support research and development (R&D) in med-tech and pharmaceutical innovation has also been recommended. Specifically, allocating 10 percent of the national research fund to life sciences and reinstating 200 percent weighted deductions for R&D expenditures could boost innovation.

In 2018, the government launched the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY), offering ₹500,000 annual insurance coverage per family for secondary and tertiary care. The same year, the deduction limit for medical expenditure on critical illnesses for senior citizens was increased to ₹1 lakh.

Government Health Expenditure (GHE) as a share of GDP rose from 1.13 percent in 2014-15 to 1.84 percent in 2021-22. In terms of share in the General Government Expenditure (GGE), it has increased from 3.94 percent in 2014-15 to 6.12 percent in 2021-22, according to the National Health Account (NHA) estimates for 2020-21 and 2021-22. While government spending on health increased by 16.6 percent between 2019-20 and 2020-21, there was a sharp rise between 2020-21 and 2021-22, with a 37 percent increase, owing to the Covid-19 pandemic. The 2021 budget introduced the Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana (PMASBY) with a ₹64,180 crore outlay to bolster healthcare infrastructure. In 2023-24, ₹89,155 crore was allocated to the Ministry of Health, a 3.4 percent rise, with increased funding for Ayushman Bharat but reduced allocation for the National Health Mission.

(The writer is Jessica Jani.)

TOP

Health cover against cancer: Check policy for exclusions, sub-limits – Business Standard – 14th January 2025

January is observed as cervical cancer awareness month. Cancer is also in the news because hospitalisation claims for this disease rose by 12 per cent in 2024, according to the Indian Healthscape 2024 report by MediAssist Healthcare Services, the country's largest health insurance third-party administrator (TPA), which processes over a fifth of all hospitalisation claims. "In India, one out of every nine people is likely to be diagnosed with cancer in their lifetime," says Parthanil Ghosh, director and chief business officer, HDFC Ergo General Insurance.

Options to cover cancer

Cancer can be covered through several types of policies. Indemnity-based covers pay for hospitalisation expenses. "Now, insurers have also designed hospitalisation covers for people who have been diagnosed with cancer," says Siddharth Singhal, head of health insurance, Policybazaar.com. Critical illness plans are a second option. "These are fixed-benefit plans that cover several critical illnesses, including cancer," says Kapil Mehta, co-founder, SecureNow.

Cancer-specific policies, which only cover cancer, are available as indemnity-based or fixed-benefit plans. Fixed-benefit plans offer a lump sum payout upon diagnosis and sometimes include an income benefit. "If the breadwinner gets diagnosed with cancer, the insurer may offer a pre-decided sum of money at intervals to help the family cope with the loss of income," says Ghosh. Fixed-benefit plans don't cover

individuals who already have cancer. Cancer-specific policies typically cover all stages of the disease. “They may cover a stage or two earlier than what a hospitalisation policy would pay for, so there is a slight benefit to owning them,” says Mehta.

Start early for better coverage

Purchase health insurance early while you are disease-free. “It might become very difficult to get a comprehensive health cover for someone who has already had cancer,” says Aayush Dubey, co-founder and head of research, Beshak.org. Insurers may reject proposals or issue policies with restrictions and higher premiums. Dubey adds that insurers might also exclude cancer permanently from coverage. Singhal highlights that healthy individuals have a wide range of policy options, while those diagnosed with cancer must choose from a limited range.

Mehta recommends buying a broad hospitalisation cover first, ideally with a high sum insured. “If you

HOSPITALISATION PLANS FOR CANCER SURVIVORS			
Insurer	Plan	Sum insured* (₹lakh)	Annual premium (₹)
Star	Cancer Care Platinum	10	31,081
Manipal Cigna	Prime Senior Elite	10	23,888
Star	Cancer Care Platinum	5	21,299
Care	Care Freedom	5	8,050

Above are hospitalisation plans available to customers who have already suffered from cancer; *Sum insured is the maximum available, except in case of Manipal Cigna, where it can go up to ₹50 lakh; Premiums are for 40-year-old living in Delhi, except in the case of Manipal Cigna, where the age is 56 years (minimum entry age). Source: Policybazaar.com

have to undergo treatments such as immunotherapy, they can cost as much as Rs 30–40 lakh in a metro,” he says.

For those unable to afford a high cover, combining a basic hospitalisation cover (Rs 10–20 lakh) with a critical illness policy (or a cancer-specific plan) can be cost-effective.

Key considerations

When buying a hospitalisation cover, individuals with a history

of cancer must review the coverage carefully. “Based on medical history and the current stage of cancer, the insurer’s underwriters may take a call on what is to be covered,” says Singhal. Hospitalisation policies for those already diagnosed often include waiting periods. “Waiting periods for pre-existing diseases have now been standardised and cannot exceed three years,” says Singhal.

Fixed-benefit plans, especially critical illness plans, may have a survival period clause, usually of 15 days, which can sometimes extend to 30–60 days. “If the disease is vicious, the patient may not survive for a long period,” says Mehta. He advises avoiding policies with longer survival periods. Dubey stresses checking indemnity-based policies for co-payment clauses and sub-limits on room rent, specific diseases, and treatments.

(The writers are Sanjay Kumar Singh & Karthik Jerome.)

TOP

Budget 2025: Introduce separate tax benefit for term insurance, increase health premium deduction limit, say top insurance officials – Moneycontrol – 13th January 2025

Top insurance company officials want Finance Minister Nirmala Sitharaman to give a boost to life and health insurance sectors when she presents the National Democratic Alliance’s (NDA) 2.0’s second Budget on February 1.

On top of the insurance industry wish list are the demands to hike section 80D deduction limit for health insurance premiums and introduction of separate tax benefit for term insurance premiums.

Additional deduction for term insurance premiums

In addition, in order to underline the importance of having adequate life insurance coverage in place, the government should consider carving out a separate deduction for term insurance premium. “Key

interventions such as increasing tax deduction limits under Section 80C for life insurance premiums or introducing a separate limit exclusively for term insurance and pension policies, can significantly boost life insurance penetration. Additionally, implementing mandatory basic term life insurance coverage for formal employment, akin to the Employees' Provident Fund (EPF), will ensure financial security for dependents in case of untimely demise," says Sandip Goenka, CEO, ACKO Life Insurance.

Hike 80D deduction limit on health insurance premiums

Given the rising healthcare inflation – 12-15 percent as per industry estimates – a health insurance cover is a basic necessity. And this calls for an increase in the section 80D deduction limit for health insurance premiums paid, which is available under the old regime. "India last witnessed an enhancement in the deduction limit in 2015-16. It is best if the limit for medical insurance is linked to inflation and gets revised automatically every year or once in a couple of years. Also, the benefits need to be extended to the new tax regime as well since increasing health insurance penetration is critical," says Anup Rau, MD & CEO, Future Generali India Insurance.

Premium rise on account of elevated inflation is a challenge that many senior citizens are grappling with. "The government should reduce tax burden by increasing the limits under section 80D of the Income Tax Act for premium paid for health insurance to Rs 50,000 for all and Rs 1 lakh for senior citizens," adds Srikanth Kandikonda – Chief Financial Officer, ManipalCigna Health Insurance.

Give a boost to retirement planning

A long-standing demand from life insurance companies has been the abolition of tax on annuity or pension income. They are annuity service providers for their own customers as well as individuals who invest through the National Pension System (NPS) and approach insurers to convert 40 percent of their corpus into annuities, as mandated under the scheme.

"With the retirement savings gap projected to reach \$85 trillion by 2050, simplifying or removing taxes on annuity and pension products, including those under NPS, will encourage greater participation in retirement planning," says Jude Gomes, MD and CEO, Ageas Federal Life Insurance. He also wants FM Sitharaman to consider extending the additional Rs 50,000 tax exemption for NPS contributions to pension plans from life insurance companies too.

TOP

Budget 2025: Why making insurance affordable should be on agenda – India Today – 13th January 2025

The Union Budget 2025 is approaching, and one area that demands urgent attention is the insurance sector. With health insurance premiums expected to remain high, improving affordability and accessibility could make a huge difference to the lives of millions of Indians.

A report by the Insurance Regulatory and Development Authority of India (IRDAI), released in December, forecasts that health insurance premiums will continue to rise. "With wages and healthcare expenses exceeding CPI inflation, health insurance pricing is likely to remain elevated," said the regulator.

Insurance penetration in India, which measures the proportion of the insured population, fell for the second straight year in 2023-24 to 3.7% as per the IRDAI report. This was a drop from 4% in the previous year and 4.2% in 2021-22, when the Covid-19 pandemic drove demand for health coverage. This decline contrasts with the global trend, where insurance penetration has been increasing.

NEED FOR GOVERNMENT INTERVENTION

The dip in insurance penetration comes at a time when healthcare costs are rising, and people's spending power is shrinking due to slower economic growth. This situation calls for government intervention to support the sector and reduce the financial burden on citizens.

Srikanth Kandikonda, Chief Financial Officer of ManipalCigna Health Insurance, highlighted the urgency for reforms. "Healthcare costs are rising significantly and are expected to double in six years. We urge the government to take measures to make healthcare more affordable for all Indians. Increasing the outlay for public healthcare to 2.5% of GDP, as proposed in the National Health Policy, is crucial for a healthier Bharat," he said.

He added that out-of-pocket healthcare spending in India has reduced from 64.2% in 2013-14 to around 40% in 2021-22, but further steps are needed to achieve Universal Health Coverage. One recommendation is to increase tax exemptions under Section 80D of the Income Tax Act. "The limits should be raised to Rs 50,000 for all individuals and Rs 1 lakh for senior citizens. This would significantly reduce the financial strain on families and support the government's vision of 'Insurance for All by 2047'," Kandikonda said.

BOOSTING THE INSURANCE SECTOR

India is the fourth-largest general insurance market in Asia and the 14th-largest globally, according to the Indian Brand Equity Foundation (IBEF). Data from IRDAI shows that health insurance has grown at an annual rate of 25% over the past three years. Naveen Chandra Jha, MD & CEO of SBI General Insurance, pointed out that Budget 2025 could be a turning point for the sector.

"Health insurance has become a vital safety net for Indian families. Budget 2025 can strengthen this sector by improving access, offering better tax benefits, and supporting innovation in insurance products. Initiatives like Bima Sugam, which aims for 'Insurance for All' by 2047, should receive regulatory and fiscal backing," he added. He also highlighted the need to expand coverage in underserved areas through government-private partnerships, subsidies, and digital infrastructure improvements.

G. Srinivasan, MD & CEO of Galaxy Health Insurance, pointed out that a large segment of the population remains uninsured or underinsured. He suggested increasing Section 80D limits to Rs 50,000 for all individuals and Rs 1 lakh for senior citizens, and extending these benefits to the new tax regime. Additionally, he recommended changes to Rule 6E, which governs the calculation of unexpired premium reserves. "The current method allows for a 50% calculation, but this should be replaced with the 1/365 method permitted by IRDAI in financial statements," Srinivasan said.

TOP

Odisha joins Ayushman Bharat-PMJAY scheme, signs MoU with Centre - Business Standard - 13th January 2025

The Odisha government on Monday signed a memorandum of understanding (MoU) with the National Health Authority (NHA) to implement Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) in the state. The Centre's flagship health scheme will run in convergence with the state's Gopabandhu Jan Arogya Yojana (GJAY). The combined initiative will provide healthcare coverage of Rs 5 lakh per family per annum, with additional Rs 5 lakh for women members.

The AB-PMJAY, launched in 2018, provides health cover of Rs 5 lakh per family per year for secondary and tertiary care hospitalisation to around 550 million individuals, corresponding to 123.4 million families. Whether households are covered or not depends on the deprivation and occupational criteria of the Socio-Economic Caste Census 2011 (SECC 2011) for rural and urban areas, respectively.

"In Odisha, the converged scheme is expected to cover around 10.3 million families, with 6.78 million of them being supported by the central government," a senior official said. Odisha Chief Minister Mohan Charan Majhi said people from the state, who were previously receiving treatment in around 900 empanelled hospitals under GJAY, will now have access to cashless and quality treatment in over 29,000 government and private-empanelled hospitals.

“The converged schemes will cumulatively benefit around 45 million people of Odisha with the help of a single card,” he added. The scheme would also cover families of accredited social health activists (ASHA) and anganwadi workers in the state.

Implementation of the converged scheme will be looked after by the NHA and Odisha’s State Health Assurance Society (SHAS). While the NHA’s remit includes providing operational guidelines, technical support and facilitating capacity building, SHAS’s work will revolve around card printing, distribution and empanelment of healthcare providers and hospitals.

The financing mix will remain in the existing sharing ratio of 60:40, as is there for states and union territories (UT) with legislature. The signing of the MoU also makes Odisha the 34th state or UT to implement the health insurance scheme, with only West Bengal and Delhi not having come on board the PMJAY. “The government is working with the remaining states and UTs to get them to join the scheme,” said a senior official from the health ministry.

(The writer is Sanket Koul.)

TOP

HMPV virus in India: Does your health insurance policy cover outbreaks – Business Standard – 13th January 2025

Seven cases of Human Metapneumovirus (HMPV) have been reported in India, sparking concerns among parents as the virus predominantly affects infants and toddlers. In response, the central government has advised states to enhance surveillance measures. Schools, colleges, and organisations have also started issuing advisories urging individuals to exercise caution.

This raises an important question: Are outbreaks like HMPV covered under your health insurance policy?

Checking your health insurance policy

HMPV is not a new virus and health officials have also advised the public not to panic. However, reviewing the terms of your health insurance policy is prudent, especially given rising medical costs.

According to Siddharth Singhal, Head of Motor Insurance at Policybazaar, “Comprehensive health insurance policies include coverage for viral infections like HMPV under their hospitalisation benefits.” This typically covers expenses such as inpatient treatment, diagnostic tests, consultations, and prescribed medications during hospitalisation for HMPV.

“The rise in HMPV cases this winter has highlighted the critical importance of accessible, comprehensive healthcare coverage,” said Amitabh Jain, COO at Star Health Insurance.

He explained that Star Health has introduced measures like 24/7 telemedicine services, home healthcare across 100 cities, and coverage for both outpatient (OPD) and inpatient HMPV treatments.

Coverage specifics

Health insurance policies usually include provisions for viral infections like HMPV, subject to the policy terms.

Dinesh Mosamkar, Senior VP of Consumer Underwriting at TATA AIG, shared their Medicare Premier product offers treatment coverage for HMPV if deemed medically necessary. The policy also includes ambulance services within India and coverage for OPD treatments after two continuous policy years.

Mahesh Yelapure, Head of Health Underwriting and Claims at Go Digit General Insurance, said, “Policyholders with OPD cover can claim expenses associated with HMPV treatment. Most cases involving neonates and young children requiring hospitalisation are likely covered under existing policies.”

Bhaskar Nerurkar, Head of the Health Administration Team at Bajaj Allianz General Insurance, said that costs such as pre-hospitalisation tests, post-hospitalisation consultations, and periodic out-of-pocket expenses are typically addressed. “While there aren’t specific plans for diseases like HMPV, most indemnity policies cover hospitalisation for such illnesses.”

Additional considerations

Singhal noted that consumables, such as PPE kits and gloves, are often excluded from standard policies unless a consumables add-on is purchased. He also highlighted common out-of-pocket costs:

Consumables: Medical items used during treatment are typically excluded.

Co-payment: Some policies require the insured to pay a percentage of the claim amount.

Deductibles: The insured must cover an initial amount before the insurer steps in.

Singhal added, “Policyholders can access cashless treatment at network hospitals or claim reimbursement for treatment at non-network hospitals by submitting the necessary documents.”

What policyholders must keep in mind?

Policyholders should be aware of deductibles, co-payments, and costs exceeding the sum insured. Some insurers offer additional riders to enhance coverage during epidemics, but these are not specific to any single disease.

“It’s crucial to carefully review your policy terms and consult your insurer for clarity,” said Nerurkar. While HMPV primarily causes mild, flu-like symptoms, it’s important to maintain hygiene practices such as frequent handwashing and covering coughs or sneezes, Yelapure advised.

Policy Bazaar lists out some options for a 30-year-old individual looking for a base cover of Rs 1 crore in Delhi:

1. Care Health - Care Advantage: Rs 15,479 (Premium including GST)
2. Star Health - Smart Health Pro: Rs 15,515 (Premium including GST)
3. Manipal Cigna - Lifetime Health: Rs 13,297 (Premium including GST)
4. Aditya Birla Health Insurance - Activ Fit Plus: Rs 17,058 (Premium including GST)
5. Niva Bupa Health Insurance - Reassure 2.0 Platinum: Rs 24,605 (Premium including GST)
6. HDFC Ergo - Optima Secure: Rs 25,781 (Premium including GST)
7. Bajaj Allianz General Insurance - My Health Care Plan: Rs 22,438 (Premium including GST)

Documentation required for claims

To ensure a smooth claim process, you need to have the following documents ready:

1. Original claim form, duly completed and signed.
2. Valid identity proof (e.g., Aadhaar card, PAN card, Voter ID).
3. Doctor’s prescription recommending hospitalisation.
4. Doctor’s prescription advising diagnostic tests, medicines, and consultations.
5. Original pharmacy bills for medications and treatments.
6. Policy details, including the policy number, name of the insured, and the disease being treated.

(The writer is Surbhi Gloria Singh.)

TOP

MOTOR INSURANCE

Uninsured two-wheelers are a major safety concern – The Hindu – 12th January 2025

Each year, countless lives are lost on Indian roads due to accidents. India has the highest number of road accidents globally, driven by reckless driver behaviour, non-compliance with traffic rules and human errors. Alarmingly, two-wheeler fatalities rose by 8 percent in 2022, claiming nearly 75,000 lives — accounting for 44 percent of the 1,68,491 road accident deaths that year. India’s roads have become busier over the years as average per capita income rises, leading to more people purchasing two-

wheelers. With the world's third-largest road network, the country had 354 million vehicles as of FY22, as per Statista. Yet, a significant concern stays— lack of insurance among vehicle owners. As per a General Insurance Council report, over 60 percent of vehicles in India are uninsured, with two-wheelers leading the category. In 2015-2016, Only 8.26 crore of the about 19 crore registered vehicles were insured. Although, third-party motor insurance is mandatory, many vehicle owners remain uninsured. This issue stems from three key factors: many bike owners avoid insurance to save money, and those who buy, often fail to renew policies and lack awareness about insurance products.

But being uninsured can severely jeopardise your financial security. In the event of a road accident causing property damage or injury, you have to bear all costs out of pocket. Taking precautions by insuring your vehicle is far better than regretting it later. Driving without insurance also carries legal consequences. First-time violators face a fine of ₹2,000 and/or up to three months in jail. Repeat offences incur a ₹4,000 fine. Here are your options for insuring two-wheelers viz. Two types of bike insurance are available: third-party insurance and own-damage (OD) insurance. This mandatory coverage protects against liabilities arising from damage to someone else's property or injury in an accident. Compensation depends on factors like severity of injuries, third party's age, and their profession or income. The maximum compensation for a third party death is decided by the court, and the maximum compensation for third party property damage in the case of bike insurance is ₹1 lakh. However, this policy does not cover: damage to your own bike, belongings inside your bike during an accident and theft or total destruction of bike.

The Insurance Regulatory and Development Authority of India (IRDAI) determines the premium for third-party insurance based on engine capacity. For example, the premium for bikes with engines between 75 CC and 150 CC is ₹3,851 for a five-year policy. The IRDAI has mandated five-year long-term third-party bike insurance to cut renewal hassles. This policy covers damages to your bike caused by fire, theft, natural disasters or man-made incidents. Often bundled with third-party insurance, it offers enhanced protection. Add-ons like zero depreciation cover, roadside assistance, key and lock replacement, tyre protector, and invoice price can help you boost coverage. Own damage insurance policies are valid for one year and must be renewed annually. However, many insurance companies have also started offering long-term plans like 3+3 years, which are highly affordable. The premium depends on factors like the vehicle's age, registration location, make and model, and voluntary deductibles.

For all-around protection, a comprehensive policy combining third-party and OD insurance is recommended. Comprehensive bike insurance offers peace of mind by ensuring financial security in the event of an accident. It safeguards not just your finances but also provides coverage for unforeseen situations like theft, natural calamities, and third-party liabilities. As the number of vehicles on India's roads continues to rise and the risk of accidents grows, having adequate insurance is not just a legal need but a very important step in protecting yourself and others. Comprehensive bike insurance offers peace of mind by ensuring financial security in the event of an accident. Think about it—you've invested so much in your motorcycle, a companion for your daily rides and cherished journeys. With today's technology, buying or renewing bike insurance is incredibly simple and can be done in under a minute. This small step ensures your safety, safeguards your bike, and keeps you prepared for any unexpected situation on the road.

(The writer is Manas Kapoor.)

TOP

Private insurers show 239 percent jump in motor commission payouts to Rs 16,578 crore - The Indian Express - 11th January 2025

Despite concerns raised by the Insurance Regulatory and Development Authority of India (IRDAI), private sector general insurers reported a 239 percent jump in commission expenses in the motor insurance segment in fiscal ended March 2024. Interestingly, private insurers lagged behind public sector counterparts with a low claims ratio. Private insurers shelled out a whopping Rs. 16,578 crore to motor

insurance service providers (MISPs) as commission during the fiscal ended March 2024 as against Rs. 4,890 crore in FY2023 while securing fresh businesses. Interestingly, public sector insurers kept away from the 'commission game' and reported only 31.59 percent rise in commission expenses at Rs. 3,099 crore in FY2024 as against Rs. 2,355 crore in FY2023, according to the Annual Report of the IRDAI. When it comes to incurred claims ratio, public sector insurers led with 99.57 percent while private players were far behind with a figure of 73.30 percent, according to the IRDAI report.

Incurred claim ratio refers to the total claim amount paid by the insurance company in ratio to the total premium amount collected in a financial year. For instance, if the incurred claim ratio of an insurance provider is 75 percent, then it means that the insurer pays Rs. 75 towards claim payment for every Rs. 100 of premium collected and the remaining Rs. 25 is considered as profit for the insurance company. Meanwhile, earlier this year, IRDAI had repealed its guidelines capping the commission for long-term motor insurance policies, aligning these policies with the standard one-year motor insurance policies. Insurers can now offer commissions within the expense of management for long-term policies. Total commission expenses incurred by private players for all categories, including health, motor, marine and fire, were at Rs. 26,235 crore in FY24 as against Rs. 10,192 crore. PSU players' expenses were at Rs. 7,359 crore (Rs. 6,340 crore).

MISPs were reportedly charging high commissions of over 50 percent for new private car insurance policies. What is significant is that high commission to MISPs will inflate the insurance premium being paid by the car buyers. If an MISP charge Rs. 45,000 insurance on a Rs. 12 lakh car, the same policy could cost just Rs 20,000 if taken from the market. One MISP was fined Rs. 3 crore for denying cashless claims to customers who didn't buy/renew their car insurance through them. IRDAI had recently expressed concern over high commission paid to MISPs during a meeting with officials of non-life insurance companies. Car buyers have been complaining about MISPs pushing them to purchase specific policies at inflated prices.

The issue has raised regulatory concerns, as some dealers have been pushing vehicle sales along with the purchase of insurance from affiliated MISPs, thereby denying customers their right to choose their insurers. The Bima Sugam platform promises to change this landscape by facilitating a comprehensive digital marketplace where customers can compare offerings from various insurers. By promoting competition and transparency, Bima Sugam is expected to lower commission rates, ultimately leading to savings for policyholders. With its launch imminent, the platform is poised to revolutionise the insurance industry, empowering consumers and fostering a more competitive market.

(The writer is George Mathew.)

TOP

CROP INSURANCE

India extends crop insurance schemes with tech boost – Insurance Business – 14th January 2025

The Indian government has extended two key crop insurance programs – Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) – through the 2025-26 fiscal year. This extension aligns the schemes with the 15th Finance Commission period. Additionally, the cabinet has approved the creation of a ₹824.77 crore fund to support the integration of advanced technologies into these programs.

India extends crop insurance schemes

The decision, announced on Jan. 1, followed a meeting of the Cabinet Committee on Economic Affairs chaired by Prime Minister Narendra Modi. According to a report by The Hindu, the government aims to improve the efficiency and reach of these insurance schemes, which are designed to mitigate financial risks faced by farmers due to crop losses.

Increased budget for insurance schemes

The total allocation for PMFBY and RWBCIS has been raised to ₹69,515.71 crore for the 2021-22 to 2025-26 period, an increase from the previous allocation of ₹66,550 crore for 2020-21 to 2024-25. These schemes provide insurance coverage for farmers against crop damage caused by yield risks and weather-related issues.

Technology-driven improvements

A dedicated Fund for Innovation and Technology (FIAT) will be used to implement digital tools like the Yield Estimation System using Technology (YES-TECH) and Weather Information and Network Data Systems (WINDS). These tools aim to enhance accuracy in yield assessments, expedite claims processing, and reduce disputes.

YES-TECH employs satellite and remote sensing data to calculate crop yields, while WINDS plans to establish automated weather stations and rain gauges at localised levels. This network is expected to significantly improve the collection of hyper-local weather data. The government has earmarked 2024-25 as the start date for WINDS implementation, allowing states more time to prepare.

Regional focus and challenges

The northeastern states remain a priority, with the central government subsidising 90% of premiums. However, participation has been limited due to low enrolment rates and a smaller gross cropped area. To address this, the government has introduced flexibility in fund allocation, allowing unutilised funds to be redirected to other agricultural development projects.

Declining insurer participation

Despite the government's push to expand crop insurance coverage, some insurers have reduced their involvement. Gross premiums underwritten for PMFBY fell by 4.17% in FY24, reaching ₹30,677 crore compared to ₹32,011 crore in the previous year. State-run Agriculture Insurance Company (AIC) experienced a 32% drop in premium income, from ₹14,619 crore in FY23 to ₹9,890 crore in FY24. Other public sector insurers, including Oriental Insurance and New India Assurance, also reported reductions in their crop insurance portfolios.

Expanding access for non-loanee farmers

To address coverage gaps, the Ministry of Agriculture introduced the App for Intermediary Enrolment (AIDE) in 2023. This platform enables insurance brokers and intermediaries to enrol non-loanee farmers. By FY24, the initiative facilitated the enrolment of over 6.88 lakh farmers, covering 4.15 lakh hectares across multiple states.

The AIDE platform leverages a network of 12 lakh point-of-sale personnel to expand access to crop insurance products. The government aims to further increase participation among non-loanee farmers while encouraging the adoption of innovative agricultural practices. PMFBY remains one of India's largest crop insurance programs, covering millions of farmers and a wide variety of crops. Its future success will depend on how effectively the government integrates technology, addresses regional disparities, and encourages greater insurer participation.

(The writer is Roxanne Libatique.)

TOP

India to lead G20 insurance growth with 7.3% annual premium surge: Swiss Re - The Hindu Business Line - 14th January 2025

India's insurance market is poised for rapid growth, with the country projected to lead the G20 nations in premium expansion at an average rate of 7.3 percent annually between 2025 and 2029, according to Swiss Re's latest insurance market outlook report. Released on Tuesday, the report underscores India's emergence as a global economic powerhouse, supported by robust domestic consumption, private investment, and progressive reforms.

Swiss Re also forecasts that India will surpass Germany and Japan to become the world's third-largest economy by the end of this decade. This trajectory is expected to benefit from steady global economic growth, projected at 2.8 percent in 2025 and 2.7 percent in 2026. Swiss Re also expects India to be the fastest growing G20 economy over the next ten years (2025-2034) with average real GDP growth of 6.2 percent annually (10 percent in nominal terms).

It also sees India GDP growing 6.9 percent in 2025, up from 6.5 percent in 2024 and higher than the annual average of 5.8 percent over previous ten years.

Insurance Market Highlights

India's insurance sector is set to become the fastest-growing among G20 economies, fuelled by macroeconomic tailwinds, advancing digitalization, and a favorable regulatory environment.

- Life Insurance Growth:

Life insurance remains the cornerstone of India's insurance market, contributing 74 percent of total premium volumes. After a modest 0.7 percent growth in 2023 due to regulatory and taxation changes affecting the savings segment, life insurance premiums are forecast to grow by 4.8 percent in 2024 and 5 percent in 2025. For the 2025-29 period, growth is expected to average 6.9 percent annually.

- Non-life insurance expansion:

Non-life insurance is anticipated to grow at 7.3 percent annually between 2025 and 2029, up from 5.7 percent in 2024. Rising risk awareness, strong economic growth, and regulatory support for digitalization are driving this segment. Key areas include health and motor insurance, while agricultural insurance has gained traction through updates to the Pradhan Mantri Fasal Bima Yojana (PMFBY) crop insurance scheme.

Risk hotspots and Challenges

India's rapid economic expansion is creating risk hotspots, particularly in Gujarat, Maharashtra, Tamil Nadu, and Delhi. These regions, characterized by industrial clusters, logistics hubs, renewable energy projects, and other critical assets, face heightened vulnerability to floods, earthquakes, and other natural disasters. In 2023, natural catastrophes in India resulted in economic losses of \$12 billion, significantly above the 10-year average of \$8 billion. "The rapid pace of India's economic growth has moved faster than actions taken to reduce vulnerabilities posed by natural catastrophes," said Mahesh H. Puttaiah, Head of Insurance Market Analysis at Swiss Re. He emphasized the need for identifying and assessing risks in these hotspots to strengthen resilience.

Transition to Net-Zero and Sustainable growth

India's push toward achieving net-zero emissions by 2070 is another critical factor influencing the insurance market. The country has made notable progress in renewable energy adoption, low-carbon transportation, and industrial decarbonization. However, this transition requires significant investment in sustainable infrastructure and technologies. The insurance sector has a pivotal role in supporting this transition. Re-insurers can enhance the viability of large-scale green projects by offering tailored risk solutions based on advanced risk engineering and underwriting data, Swiss Re highlighted.

Outlook

With its fast-growing economy and dynamic insurance market, India is positioned to be a leader not only within the G20 but also on the global stage. Swiss Re's findings underscore the critical role of the insurance industry in mitigating risks, enabling sustainable development, and supporting India's ambitious economic and environmental goals.

(The writer is KR Srivats.)

TOP

Insurers urged to focus on coverage gaps, resiliency – Insurance Asia – 13th January 2025

Insurers are told to focus on coverage gaps and improve resiliency in 2025 as mounting challenges from climate change and evolving customer needs put the industry in a critical juncture, a report from PwC highlighted.

According to the report, accelerating risks from climate change are challenging the viability of insurance markets. To help derisk, carriers have raised premiums, offered more restrictive coverage terms and in some cases exited markets altogether.

“Whilst these moves make financial sense in the short term, insurers need new risk solutions to stay true to their purpose of not just protecting lives and property but also enabling economic and social development. Of course, you can’t underwrite every risk and you can pay out only so much in claims, but there is a pressing need for innovative solutions to a growing and increasingly serious coverage gap,” PwC said.

PwC suggests that carriers should incentivise people and not just policyholders to protect themselves. The report also suggests that insurers expand their work with community leaders to mitigate climate risk and be more proactive in alerting communities and individuals to government funding that's currently available for some of these resiliency interventions.

The report also highlighted the need for insurers to get more out of their technology investments. In its market survey, PwC revealed that top performers’ cloud activity technical adoption focused on data modernisation, security, innovation and prototyping, and artificial intelligence. To effectively harness innovations like generative AI (GenAI), insurers are told to consider underpinning processes.

To capitalize on the increased organizational capacity that innovative tech promises, insurers need to confirm that their operating models can accommodate the evolving nature of work. As routine tasks are automated, roles can shift toward more strategic, analytical and high-value decision-making responsibilities.

TOP

INSURANCE CASES

Delhi consumer court exonerates Canara Bank over insurance refund complaint – The Times of India – 13th January 2025

The Delhi State Consumer Disputes Redressal Commission allowed an appeal filed by Canara Bank, exonerating it from allegations of service deficiency. The complainant had approached the district commission, alleging that Canara Bank, acting as a corporate agent for Bajaj Allianz Life Insurance, misrepresented and sold insurance policies, resulting in financial losses. The bench, comprising Justice Sangita Dhingra Sehgal (president) and Pinki (judicial member), in its order last year, noted that there was no principal-agent relationship between the bank and the complainant. The bank's role was limited to soliciting insurance products and did not extend to the performance or services of Bajaj Allianz Life Insurance.

TOP

Cut mediclaim sum from crash victim's total relief, says Karnataka HC – The Times of India – 13th January 2025

The amount received by an accident victim under a mediclaim policy must be deducted from the total compensation under the head of medical expenses and hospitalisation charges, Karnataka HC has held based on Motor Vehicles Act. Justice Hanchate Sanjeevkumar directed Oriental Insurance Company to pay Rs 4.93 lakh along with interest of 6 percent a year to the family of S Hanumanthappa, a resident of Marathahalli in Bengaluru, after deducting Rs 1.8 lakh he had received from mediclaim. Hanumanthappa

and his wife were travelling on a bike on Dec 10, 2008 when an autorickshaw dashed against them. He suffered fractures and was treated in various hospitals.

Deduct Rs 1.8 lakh from Rs 5.2 lakh granted as med expenses to claimant, orders HC

He moved the Motor Accident Claims Tribunal, Bengaluru. He claimed he was aged about 58 years, working as a teacher, and was drawing a salary of Rs 10,000 per month. On March 22, 2013, the tribunal awarded Rs 6.7 lakh, including Rs 5.2 lakh under the head of medical expenses.

The insurer challenged the order, contending that Rs 5.2 lakh medical expenses was not correct, as Hanumanthappa got mediclaim reimbursements earlier.

Justice Sanjeevkumar cited another Karnataka HC case in which the court had held that if the claimant got his medical expenses reimbursed, they can be deducted from accident compensation.

“Therefore, in the present case, the amount received by the claimant under mediclaim is liable to be deducted from medical expenses while determining the compensation under the said head. The appellant (insurer) has produced evidence that the claimant received a mediclaim reimbursement amount of Rs 1.8 lakh. This fact is not disputed by the respondents/claimants,” the judge said. The HC ordered a deduction of Rs 1.8 lakh from Rs 5.2 lakh awarded as medical expenses to Hanumanthappa, determining the payout under this head at Rs 3.4 lakh.

TOP

HC tells insurance co to reimburse surgery bill in non-network hospital – The Times of India – 12th January 2025

Madras high court has directed an insurance company to pay medical reimbursement to a woman who underwent surgery in a non-network hospital. The court was hearing an appeal preferred by the state challenging the single bench order, which directed consideration and passing of orders for reimbursement. S Dhanalakshmi was a BT assistant at a school run by Madurai Corporation when she suffered a gum infection in the upper and lower jaw while she was in Nagercoil. As the doctor there advised her to undergo surgery immediately, she agreed, incurring an expense of Rs1.22 lakh, though it was a non-network hospital. Her claim for reimbursement was taken up by the District Level Empowered Committee (DLEC) in December 2018. However, it was not implemented on the ground that the petitioner took treatment in a non-network hospital. Hence, she filed a petition before the HC, which, in 2019, directed that the matter be considered afresh.

DLEC directed that the petitioner's claim for reimbursement could not be rejected. Since it was not implemented, she once again filed a petition in 2019, and the single bench directed the authorities to pass appropriate orders. Challenging the order, the present appeal was preferred by the state. The special govt pleader submitted that the govt could not be saddled with financial liability to make reimbursement and that it was the insurance company that had to pay. The insurance company's counsel said that since the nature of the ailment did not appear to be a case of emergency and the woman took treatment in a non-network hospital, the company could not be called upon to make the payment. A division bench of Justice G R Swaminathan and Justice S Srimathy observed that the nodal officer of United India Insurance Company, Madurai, was also a party to the committee meeting. If the insurance company was aggrieved by the positive recommendation made by the committee in favour of the woman, it ought to have filed an appeal before the State Level Empowered Committee. Such an appeal was not filed.

The court is of the view that the insurance company is squarely bound by the recommendation. Upholding the stand of the govt in the appeal, the judges directed the authorities to forthwith implement the committee's recommendation. The amount of Rs1.22 lakh shall be paid by the insurance company to the woman within eight weeks, the judges directed, and disposed of the appeal.

TOP

PENSION

EPFO 3.0 rollout by June: Know how it will benefit members – Business Standard – 16th January 2025

The Employees' Provident Fund Organisation (EPFO) is changing the way its 70 million members access their retirement savings with the launch of an initiative called EPFO 3.0. EPFO 3.0 will make services user-centric by incorporating features similar to those offered by banks. Union Minister Mansukh Mandaviya said recently that new software, ATM card and a new mobile application for EPFO subscribers will be launched by June 2025.

EPF members have to wait for seven to 10 days for withdrawals after submitting their requests online or offline. They have to obtain employer attestation before initiating the withdrawal process.

What will the new update have?

Upcoming EPFO mobile app: Managing your provident fund account is about to become easier and more efficient with the new EPFO mobile app. From checking your account balance to filing claims, the app will serve as a one-stop solution, saving you time and effort. **Dedicated ATM card for EPF withdrawals:** EPFO members will be able to withdraw funds using a specially designed ATM card. Whether it's for a medical emergency or an urgent financial need, accessing your EPF savings will now be as simple as withdrawing cash from an ATM. EPFO also plans to launch a self-attestation feature in June, eliminating the requirement for employer approval to complete the Know Your Customer process.

How to withdraw PF from ATM?

The new system will introduce dedicated PF withdrawal cards, functioning like regular bank ATM cards. This will allow employees to withdraw their EPF savings directly from ATMs, providing immediate access to funds without the need for lengthy approval processes

What does EPFO 3.0 mean for you?

Faster withdrawals: EPFO 3.0 will streamline withdrawals, reducing processing times significantly. This means faster access to your funds when you need them. **Convenience on the go:** With a dedicated mobile app, managing your EPF account will be easier than ever. Check your balance, track contributions, or raise claims—all from the comfort of your smartphone, anytime and anywhere.

(The writer is Ayush Mishra.)

TOP

EPF account transfer on switching jobs: These employees can apply for EPF a/c transfer from old to new employer on their own; Check details here – The Economic Times – 16th January 2025

The Employees Provident Fund Organisation (EPFO) has substantially simplified the procedure for transferring Provident Fund (PF) accounts for EPFO members who change jobs. The requirement for an employee to submit online transfer claims via the previous or current employer has been removed for specified cases listed below. According to the EPFO circular issued on January 15, 2025, in the following cases online account transfer requests need not necessarily be routed via past or present employer.

(The writer is Sneha Kulkarni.)

TOP

Seed your bank account with UAN to get easy PF withdrawal, seamless transfer: EPFO – The Economic Times – 14th January 2025

If you are an EPF member, you can ensure quick access to your EPF balance, seamless transfers and easy withdrawals by linking your bank account to your Universal Account Number (UAN). Bank account seeding with your UAN is important for the effective management of Employees' Provident Fund (EPF) contributions and transactions. The Employee Provident Fund Organisation (EPFO) posted on social

media platform X, “Bank Account Seeding with UAN simplifies managing your EPF contributions and transactions! By linking your bank account to your Universal Account Number (UAN), you ensure seamless transfers, easy withdrawals, and quick access to your EPF balance.”

Linking your bank account to your UAN ensures that your monthly EPF contributions are seamlessly transferred directly into your account, providing convenient and immediate access to your funds. This process also streamlines withdrawals and transfers of EPF balances, particularly during job transitions or retirement. Moreover, bank account seeding enhances accessibility and transparency. It ensures compliance with Know Your Customer (KYC) regulations, adding a layer of security and minimizing the risk of fraud or unauthorized withdrawals.

What is a Universal Account Number (UAN)?

UAN is 12-digit number provided to each EPFO member. It acts as an umbrella for the multiple Member IDs allotted to an individual. This number acts as a pivot to link multiple Member Identification Numbers (Member IDs) allotted to a single member under a single Universal Account Number.

How to check and seed bank account with UAN?

To seed your bank account with your Universal Account Number (UAN), you can follow these steps:

Step 1: Log in to the EPFO member portal

(<https://unifiedportal-mem.epfindia.gov.in/memberinterface/>)

Note that Aadhaar seeding with UAN is a mandatory process

Step 2: Under Manage tab, select KYC from the drop-down menu

Step 3: On the next page, you can check which bank account is seeded. If you wish, you can change the bank account seeding at this point. Enter the bank account number you want to seed.

Step 4: Confirm the bank account number and IFSC code. Click on verify IFSC tab

An OTP will be sent to your Aadhaar-linked mobile number.

Step 5: Enter the OTP. You will get a notification stating: Bank account number verification is under process.

Note that it is not necessary to seed only a salary account. You can link any bank account of your choice.

Important FAQs on bank account seeding from EPFO website

Here are some important frequently asked questions (FAQs) on seeding bank account with UAN.

Can I change my already seeded bank account number?

Yes. The bank account number can be updated any number of times by following the steps mentioned above. However, the bank account details cannot be changed during pendency of any claim with EPFO.

What precautions should I take while seeding a bank account number?

You should seed an active bank account to which you are either an individual or joint holder with your spouse. Also ensure that the bank account does not have a deposit cap greater than your withdrawal benefit.

How to link UAN with Aadhaar Using the UMANG app ?

Here is how to link a UAN with Aadhaar, you can use the UMANG app or the EPFO Member Sewa Portal.

Step 1: Log in to the UMANG app using your MPIN or OTP

Step 2: Select All Services and then EPFO

Step 3: Select e-KYC services

Step 4: Select Aadhaar Seeding

Step 5: Enter your UAN and click Get OTP

Step 6: Enter your Aadhaar details you will receive an OTP on your mobile number and email

Verify the OTPs to link your Aadhaar to your UAN

(The writer is Sneha Kulkarni.)

TOP

Link Aadhaar and activate UAN by January 15 to secure your EPFO benefits – Business Standard – 13th January 2025

To ensure employees receive benefits under the Employment Linked Incentive (ELI) scheme, it is crucial to activate their Universal Account Number (UAN) and link it with Aadhaar and their bank account by January 15. Failure to complete this linkage may result in delays or ineligibility for the scheme's incentives.

“It is mandatory to seed your Aadhaar with your bank account to avail the benefits of the Employment Linked Incentive (ELI) Scheme, an employment-centric scheme focusing on job creation in the country. Do it timely to avoid last-minute hassle!, EPFO said in a post on X.

UAN activation is the process of enabling the Universal Account Number to access various EPFO services, such as withdrawing EPF online, updating contact details, and checking EPF balances. Additionally, Aadhaar must be linked to a mobile number to facilitate the direct transfer of EPF funds to the associated bank account. To utilise EPFO services like Direct Benefit Transfer (DBT) and qualify for ELI, individuals must complete UAN activation and link their Aadhaar.

What is the ELI scheme?

The ELI scheme, introduced in the Union Budget for 2023-24, seeks to create more than 20 million jobs in two years by incentivising formal-sector employment.

The scheme has three components:

Scheme A of the ELI offers one-month wage as a direct benefit transfer to individuals newly joining the formal workforce. This benefit, provided in three instalments, is applicable to first-time employees registered with the EPFO, with a maximum limit of Rs 15,000. To qualify, the employee's monthly salary must not exceed Rs 1 lakh.

Scheme B is meant for manufacturing employers with a three-year EPFO contribution history. Employers must hire at least 50 new employees or 25 per cent of their workforce. Incentives are disbursed over four years: 24 per cent of wages for two years, 16 per cent in the third year, and 8 per cent in the fourth year. Employees must earn up to Rs 1 lakh per month.

Scheme C is an employer-centric programme designed to support additional employment across all sectors. It covers new employment with a monthly salary of up to Rs 1 lakh. Under this scheme, the government will reimburse employers up to Rs 3,000 per month per additional employee for two years, contributing towards their EPFO payments.

How to link UAN

Navigate to the official EPFO website.

Click on 'activate UAN'

Look under the 'important links' section and select 'activate UAN.'

Enter the following information:

UAN (Universal Account Number)

Aadhaar number

Full name (as per Aadhaar)

Date of birth

Mobile number linked to Aadhaar

A one-time password (OTP) will be sent to your Aadhaar-registered mobile number.

Enter the OTP to proceed.

After verification, you will receive a PIN on your registered mobile number.

Enter the PIN to complete the activation process.

Once activated, your login password will be sent to your registered mobile number for future use.

You can now log in to the EPFO portal using your UAN and the password provided.

If you don't have a UAN, you can request it from your employer.

(The writer is Ayush Mishra.)

TOP

GLOBAL NEWS

Global: Insurance in a fragmented world economy – AIR – 16th January 2025

The global economy is shifting from integration to fragmentation as nations prioritise security over efficiency. A new 52-page research report by the Geneva Association Insurance in a Fragmented World Economy, explores the implications of reduced globalisation, or 'slowbalisation', for (re)insurers and strategies for companies to adapt to evolving risks. The report published on 15 January 2025 highlights the disruptive potential of geoeconomic fragmentation on global risk management: it weakens multilateral collaboration on global risks such as climate change; narrows opportunities for risk diversification in both underwriting and investments; and creates operational hurdles from divergent regulations. The report also identifies growth opportunities for (re)insurers in areas such as political risk and renewable energy insurance.

The Geneva Association's report lays out three potential scenarios – mild, moderate and extreme geoeconomic fragmentation – and presents strategies for insurers to strategically respond to each one. Geneva Association MD Jad Ariss said, "The tides of globalisation are shifting, with geo-economic fragmentation posing both challenges and opportunities for the insurance sector. Insurers must navigate rising volatility, restricted diversification, and harder-to-mitigate global risks, while seizing growth opportunities. Our report provides actionable strategies for insurance companies to thrive amid this evolving landscape."

Association's director macro & geoeconomic shifts and author of the report Kai-Uwe Schanz said, "Geoeconomic fragmentation signals a shift toward national security and resilience over economic efficiency, disrupting free trade and globally integrated supply chains. He said, "While full-scale deglobalisation remains improbable, insurers face rising challenges – from greater exposure to climate and cybersecurity risks to less scope for diversification in underwriting and investment management. Strategic agility will be key to managing volatility and unlocking new opportunities in this evolving environment."

TOP

Nepal: Health insurance task force suggests increasing insurance facility to NPR500,000 – AIR – 15th January 2025

Nepal's Health Insurance Reform Suggestion Task Force has recommended that the government employees and the employees working in the private organised sector pay 1% of their annual salary to the health insurance fund and an equal amount is paid by the employer. The Health Insurance Reform Suggestion Task Force was set up in October 2024 to come up with suggestions to increase the effectiveness of the country's health insurance scheme and make it universally accessible. The task force has suggested that the benefit under the scheme currently up to NPR100,000 be increased to NPR500,000. The task force has suggested that the current amount does not provide much support in the

treatment of most of the incurable and serious diseases. The task force has submitted its report to the ministry of health and population with a request to implement the recommendations through immediate, short-term, medium-term and long-term action plans.

The task force has also recommended restructuring of the health infrastructure in the country so that all the health services provided by the government, including basic and emergency, will be provided through health insurance. In a related development moving forward, there will be a service providing institution at each level for health insurance servicing. According to a proposed amendment, the Health Insurance Board has to sign an agreement to have at least one service provider at each level. Nepal's minister for health and population Pradeep Paudel has moved forward the proposed amendment. As per the provisions of the proposed amended Act, it is expected that the problem of not being able to get health insurance services in a specific municipality even after becoming an insurance member earlier will end.

TOP

Australia: More companies seek cyber insurance than before – AIR – 13th January 2025

Many businesses in Australia and New Zealand are now considering cyber insurance as an essential addition in their security arsenal according to a new research report by cyber security company Arctic Wolf. Of the companies that participated in the study, 43% said they already have a cyber insurance cover, the remaining 57% said, they are actively considering getting one soon. It is significant to note that of the 43% that already have cyber insurance, 61% have a stand-alone cyber insurance policy. The research survey polled 102 security and business executives from Australia and New Zealand. The majority of the companies that participated in the study employ between 100 and 499 employees. The survey reveals that of the companies that do have cyber insurance already, 2% have had it for less than three months but a clear majority – 39% have had a policy in place for more than two years.

The report said the cyber security leaders are still not entirely confident with their insurance and the mean confidence score out of 10 works out to only 6.8. The survey found that 61% of the respondents focused on security training and awareness before getting their cyber insurance policy, 57% worked on mitigating their exposure to risk and 49% hired additional IT or cyber security staff. The survey revealed that finding the right cyber policy in New Zealand can be challenging as only a limited number of cyber insurance covers are available there.

TOP

India: Regulatory framework being strengthened – AIR – 13th January 2025

The Indian insurance regulator Insurance Regulatory and Development Authority of India (IRDAI) is continuing its exercise of strengthening the country's insurance regulatory architecture and has notified five new regulations / amendments. In an earlier exercise as a part of the comprehensive review of regulatory framework to maintain an agile, progressive and forward-looking regulatory framework, the IRDAI had issued nine principle-based regulations till March 2024.

According to a press release by IRDAI these changes align with the authority's broader move towards a modern, dynamic and principle-based efficient regulatory framework. By fostering innovation, enhanced governance norms and stipulations of maintenance of data security, these measures aim to drive sustainable growth, improve efficiency in operations and uphold policyholder protection in the dynamic insurance landscape.

The five new regulations/ amendments notified on 10 January 2025 include the following:

- I. Regulations on regulatory sandbox: These regulations are now more principle-based whereby operational aspects will be issued through a master circular. The scope of the sandbox has been

expanded to encourage proposals that foster innovation, improve efficiency and ease of doing business. A notable addition is an enabling provision to file inter-regulatory sandbox proposals, cutting across more than one financial sector.

- II. Regulations on maintenance of information by the regulated entities and sharing of information by the authority consolidate the following current regulations.
- IRDAI (Sharing of Confidential information concerning domestic or foreign entity) Regulations, 2012
 - IRDAI (Maintenance of Insurance Records) Regulations, 2015
 - IRDAI (Minimum Information required for Investigation and Inspection) Regulations, 2020

The new consolidated regulation mandates electronic record-keeping with robust security and privacy measures, requires regulated entities to adopt data governance framework and implement Board approved policies for record maintenance. It also sets guidelines for sharing confidential information; and mandates data to be held in data centres located and maintained in India only.

- III. Amendments to meetings regulations
- In order to enhance operational flexibility, governance and efficiency of conducting meetings, amendments to the following three regulations have also been notified
- IRDAI (Meetings)(Amendment) Regulations, 2025
 - IRDAI (Insurance Advisory Committee) (Amendment) Regulations, 2025
 - IRDAI (Re-Insurance Advisory Committee) (Amendment) Regulations, 2025

TOP

COI TRAINING PROGRAMS

Mumbai – February 2025

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Life Insurance Policyholders Service and Protection	06-Feb-25	07-Feb-25	ClickHere	Register
2	Cyber Security, Resilience and Cyber Claims	10-Feb-25	10-Feb-25	ClickHere	Register
3	Understanding Annual Budget for India 2024-25 (Post Budget Analysis)	12-Feb-25	12-Feb-25	ClickHere	Register
4	Understanding Consumer Behaviour in Insurance Sales Management	12-Feb-25	12-Feb-25	ClickHere	Register
5	Motor Insurance Claims-OD and TP Losses	17-Feb-25	18-Feb-25	ClickHere	Register
6	Workshop on Soft Skills for team leaders	20-Feb-25	21-Feb-25	ClickHere	Register
7	Comprehensive Financial Planning –Focus Insurance Planning	24-Feb-25	25-Feb-25	ClickHere	Register
8	Appreciation of International Classification of Diseases for Insurance (ICD) and Health Insurance	27-Feb-25	28-Feb-25	ClickHere	Register

Kolkata – February 2025

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Package Policies (Many in One) in an Economic and Hassle free way	11-Feb-25	12-Feb-25	ClickHere	Register
2	Inspiring Role of Women in Leadership	20-Feb-25	20-Feb-25	ClickHere	Register

3	B2B & B2C in Life Insurance (Business Insurance)	07-Feb-25	07-Feb-25	ClickHere	Register
4	Financial & Investment Management in Life Offices	20-Feb-25	20-Feb-25	ClickHere	Register

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Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

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

Post Graduate Diploma in Insurance Marketing (PGDIM)

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

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