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INSUNEWS - WEEKLY E-NEWSLETTER

11TH – 17TH MAY 2024

QUOTE OF THE WEEK

"Always bear in mind that your own resolution to succeed is more important than any other."

ABRAHAM LINCOLN

Insurance Term for the Week

Lead Reinsurer

The lead reinsurer is responsible for negotiating the terms and rates of a reinsurance treaty that other reinsurers participate in. The lead reinsurer, also known as the lead underwriter, is the first party to sign the reinsurance slip or contract.

KEY TAKEAWAYS

- The lead reinsurer is party that negotiates the terms and rates of a reinsurance treaty that other reinsurers participate in.
- The lead reinsurer is generally more knowledgeable, though they are not required to take on the largest share of risk.
- The decisions of lead reinsurer are binding on the other reinsurers who decide to participate.
- The other participants are called following reinsurers. Despite not being in the lead, they enjoy the same level of compensation as the lead reinsurer.

INSIDE THE ISSUE

Insurance can be a force for good: David Howden - The Times of India – 15th may 2024

Howden Insurance Brokers established their presence in India in 2004, introducing specialty insurance covers. Over the past 20 years, the company has experienced significant growth, with India being the fastest-growing market in 2023. In 1994, David Howden and two friends founded Howden as an employee-owned business, later renaming it to his family name to revive a broking house established over a century ago by an ancestor. As the Chief Executive, Howden leads the group's M&A activities and strategic growth. In an interview, he discusses the opportunities in the Indian market.

What brings you to India?

I am here to celebrate 20 years of being here, although we have had clients here for 30 years because of our reinsurance business. India is our fastest growing market. The organic growth of our business across the board, last year was 17%, but here it was 45%. Howden is a global business, but it is very much an Indian business. We love this country.

Howden has come a long way since you founded it in 1994 Do you see yourself as one of the giants in the broking space?

Today, we are a global business operating with 17,000 people in the group and handling $38bn of premium. When we opened our office in India in 2004, we were 400 people globally. We are a large business with a difference. Giants are arrogant, but we are definitely not arrogant. Also, the original DNA of employee ownership is very much a part of it. I am proud of the fact that globally, 5,500 of our employees own a third of the shares. So, our people actually own the business and they feel much more aligned with the business. We have the leverage that the big brokers have, great reinsurance business, great capital markets business, and all the specialty business. We have all that with the DNA of a people-first business

How do you manage the conflict between being big and retaining the strengths of a small business? What is the long-term plan?

It is the small company attitude that we maintain in everything we do - the way we treat each other, the way we behave. We aim to build a company that we can be proud of, a company where we would want our own daughters to work. We want to be a company that clients and insurers love to work with. The acquisition of JLT by Marsh has left large American companies in control of global brokerage, and we aim to offer a different alternative for talent.

Our goals include building a great reinsurance business with global scale, focusing on specialty markets such as D&O, fixed indemnity, and bankers blanket bond, and launching innovative products like cyber insurance and parametric insurance. We are currently the largest non-US insurance broker and we aim to achieve a top five broker position globally.

Has the Indian insurance market turned out the way you expected?

We don't know how long it will take for India to become the third-largest economy, but it is currently the fastest growing economy among the top 20. If you look at the Gross Written Premium (GWP) growth, it's impressive. When we entered, I think it was $25 billion, and today I think it is $170 billion. We are forecasting that it will be around $420 billion. I believe the IRDAI is doing a good job of deregulating the market and opening up the wordings, but there is still a long way to go. To me, insurance is the oil in the engine that makes businesses and economies grow. It takes the risks off the balance sheet that either the entrepreneur, bank, or individuals do not want. I think there is still a long way to go for insurance to be fully integrated into the economic success of India.

Most property insurance in India has been deregulated. What further deregulation do you expect?
That is the most exciting thing, while a lot of good things have happened, there is a lot of opportunity as well. Detariffing was great, and now we are allowed freedom with the policy wordings, which is going to be important and allow us to do better. And now we are bringing in parametric policies. I think these will help the market grow because you can actually build things that clients specifically want.

The government has facilitated surety bonds by insurance companies but they have not taken off...
Surety is really an insurance market product more than a banks market. The way the law is structured here does not allow insurers the same rights as banks in the payments waterfall, so it is not a competitive market. The way the surety bonds work is that the balance sheet of the insurance company is cheaper than the balance sheet of the banks. In essence the insurance companies are either competing effectively or providing additional limits for the banks. I think as the market develops the products will develop.

What is the most exciting thing about the Indian market?
For us, there are a couple of things. One is the pure growth - not many markets are growing at the rate of the market here. I think the innovation in India is very interesting. It is a very entrepreneurial country, and they have a lot of innovation going on with this technology. I think insurance can play a critical role in allowing the speed of innovation to be greater. The globalization of India is very interesting, and as a global broker, we can help clients expand - whether the clients have employees abroad or whether they are selling products abroad. Most large corporations today have some ambition to be in exports. I think we have got a role in the lower level as well. I am a strong believer that insurance can be a force for good that allows people to have advocacy in their lives. An example of that is what we are doing with parametric insurance. We have facilitated insurance cover for 26,000 women day laborers through the Mahila Housing Trust, Ahmedabad. We have provided a policy that pays out if the women cannot work because of extreme heat cases. We have also done a big parametric crop insurance scheme in Uganda with a scheme covering 600000 farmers.

Can parametric insurance be a part of commercial insurance activity
Yes, there is massive commercial activity in parametric related to natural disasters. If we consider the areas most affected, Florida is prone to floods, California to fires, and New Zealand to earthquakes. In these regions, conventional insurance is becoming unaffordable for insurers to play their role effectively. Parametric insurance can play a valuable role in addressing climate change risks. I believe that this is an area that will see significant growth. Globally, we have one of the largest teams focusing on parametric insurance, and this is all related to the energy transition. We can see massive investments being made in India in renewables, so parametric insurance can be a significant commercial activity in addition to being a force for good.

What are the new covers that you are introducing on the commercial side?
Cyber is a key area for us. We are launching a new product in India to make cyber insurance accessible for small businesses. Globally, 75 percent of companies buy cyber insurance, but only 25 percent of companies with a turnover below $250 million do so because it's too complicated and they lack data. These smaller companies are the most vulnerable to cyber attacks, which could bankrupt them. Our reinsurance-backed product simplifies the process by asking three questions and obtaining the company's URL, with the rest of the information gathered through technology and APIs.

(The writer is Mayur Shetty.)

TOP

INSURANCE REGULATION

IRDAI provides guidance on remuneration to insurance distributors - Outlook India – 16th May 2024

In a recent circular, the Insurance Regulatory Regulatory and Development Authority of India (Irdai) has laid down guidelines on how insurers should have a clear and transparent board policy regarding their commission structures. Insurance distributors form a key part of the insurance ecosystem as they ensure that the policies reach the masses. However, it has been seen that distributors are often prone to selling those products that have a higher commission. This often leads to the miss-selling of insurance. The Irdai has mandated that the board policy of insurers should have at least the following elements.

Clear Objectives and Principles
The board policy shall clearly indicate the objectives and principles behind the commission structure. This shall incorporate promoting fair and transparent competition among intermediaries so that the incentives are aligned with the needs of the customer and at the same time promote cost-effective distribution.

The Board Policy Should Be Fair and Reasonable
The commission structure should be rational and not lead to excessive compensation for intermediaries at the cost of the customer. Insurers should make sure that the commission structure is in line with the efforts required to acquire and maintain the given line of business so that intermediaries are rewarded effectively. Good Distribution Practice: The board policy should focus on good distribution practices. This will improve customer satisfaction, help build a better relationship with customers, and increase the insurer's market share. Regular Review: A standard review process should be established that assesses effectiveness, impact on premiums, benefit payouts and penetration, and how it is aligned with customer interests. The audit committee should conduct such a review at least once every year.

In January, the Irdai released a consolidated regulation on expenses of management, including commissions, with the new regulations to come into effect from April 1, 2024. It said that the insurers could continue to offer a commission structure at the expense of management. For example, a life insurer who charged 100 per cent of the first-year premium as the expense of management, he/she could offer the entire 100 per cent as a commission to their agents or intermediaries. Back in March 2023, the Irdai had replaced the individual cap on commission payments for both life and non-life insurers with an overall cap of total expenses of management of insurers. The insurers got more flexibility through this to manage their expenses.

TOP

IRDAI brings life, health insurance down to the grassroots level - The Hindu Business Line – 11th May 2024

In a move that can bring insurance down to the grassroots, the Insurance Regulatory and Development Authority of India (IRDAI) has mandated life and general insurers to extend cover to certain identified Gram Panchayats.

Per the master circular issues by the regulator on rural, social and motor third party obligations, the Life Insurance Council, in consultation with the Ministry of Panchayat Raj, will indicate the minimum number of Gram Panchayats to each life insurer on mutually agreed parameters such as market share, or any other parameter.

Once the number of Gram Panchayats to be covered by each insurer is determined, the insurers can identify them in a State(s) of their choice for fulfilment of obligations, the IRDAI said.

A similar exercise will also be taken up by the General Insurance Council to identify the Gram Panchayats for extending the health cover, Motor Third Party (MTP) insurance and the dwelling shops, per the new norms.

Mechanism
The insurers will have to put in a mechanism to identify, record, coordinate and exchange information on the number of lives/persons/vehicles covered by life and general insurers in each Gram Panchayat. "To achieve the goal of full saturation of the Gram Panchayat, the insurance companies should work in close

coordination with the Gram Sarpanch and Gram Sachivalya,"the insurance regulator said. The new norms will be applicable from the current finanical year.

Impact
"By setting increased annual targets for lives to be insured in each gram panchayat and encouraging insurers to aim for 100 percent life insurance penetration, the IRDAI has taken another massive step towards accelerating life insurance adoption," Alok Rungta, MD & CEO, Future Generali India Life, said. As the insurance regulator directed the insurers to establish dedicated operational procedures and provisioning for a quarterly review mechanism, all stakeholders involved can regularly monitor progress and collaborate effectively to spur insurance adoption at the grass-roots level. The new norms will also augur well for the recently-announced objective of achieving 'Insurance for All by 2047' of IRDAI.

(The writer is G Naga Sridhar.)

TOP

LIFE INSURANCE

Life insurance premium: How is it taxed; the loopholes explained - Business Standard – 14th May 2024

Before April 2023 there was no limit on the amount of premium you could pay towards life insurance policies. This meant you could pay a large sum of money into your life insurance policy and get a tax deduction on the entire premium amount. This was a major tax benefit for policyholders. However, income received from insurance policies issued on or after 1 April 2023 (other than unit-linked policies), having a premium or aggregate of premium exceeding Rs 5 lakh in a year, will be taxable (except in the case of the death of the insured).

This means that any amount you pay above Rs. 5 lakh in premiums won't be eligible for a tax deduction. ULIPs have a separate rule with a lower cap of Rs 1.5 lakh for tax deductions under Section 80C. However, unlike traditional life insurance plans, the maturity benefit from ULIPs is taxable.

"Under the current system, the total premium you pay across all your life insurance policies (excluding Unit Linked Insurance Plans or ULIPs) in a year can only be up to Rs 5 lakh to qualify for a tax deduction under Section 80C of the Income Tax Act. Any amount above that won't be tax-deductible," said -Ritika Nayyar, Partner, Singhania & Co.

However there could be loopholes where tax payers may find out ways to mitigate or defer some taxes on the same by some planning:
Loophole 1: Spreading Out Maturity Payouts (Tax Deferral)
This strategy involves receiving the maturity amount (money you get at the end of the policy) in installments over several years, instead of getting it all at once.

The Benefit: Since only the amount exceeding the total premium paid is taxable, spreading out the payout allows you to receive the initial installments (up to the total premium amount) tax-free.

Example: You pay a premium of Rs 25 lakh per year for 10 years (total premium = Rs 2.5 crore). The maturity amount is, say, Rs 31 lakh every year for 20 years, starting from the 11th year.

In this case, the first 8 installments (Rs 31 lakh x 8 years = Rs 2.48 crore) wouldn't be taxed because they don't exceed the total premium paid (Rs 2.5 crore).

(The writer is Sunainaa Chadha.)

TOP

Insurance players start FY25 on a positive note as premium flows rise, say Kotak analysts – Moneycontrol – 10th May 2024

Private life insurers have kicked off the fiscal year 2024-25 (FY25) on a positive note, showing a 23 percent growth in Annual Premium Equivalent (APE) in April 2024, albeit from a low base, said analysts at Kotak Institutional Equities in a recent note. LIC, among the listed players, reported a substantial 45 percent year-on-year (YoY) APE growth, surpassing private players and boosting its market share to 35 percent from the previous 27-33 percent over the last eight months.

However, analysts anticipate this surge to be short-lived, with LIC expected to fall behind private peers and report a modest 6 percent APE growth. Conversely, HDFC Life and Max Life outperformed private peers, demonstrating a 14 percent 2-year APE Compound Annual Growth Rate (CAGR). On the flip side, ICICI Prudential Life and SBI Life registered a subdued 7-9 percent growth in APE (2-year CAGR).

Additionally, Aditya Birla SL and Tata AIA exhibited robust 22-25 percent 2-year APE growth, while Bajaj Allianz lagged at 15 percent. APE, a standard metric used by insurers, facilitates comparison of premium income from policies with varying payment frequencies on an annual basis. APE allows insurers to evaluate their business performance yearly, regardless of whether premiums are paid annually, semi-annually, quarterly, or monthly.

Kotak analysts said that HDFC Life fared better than most private players (up 11 percent on 2-year CAGR) as its base did not weaken in April last year. Usually, April tends to be a weak month for insurance and growth should pick up in subsequent months, they said. At the bourses, shares of HDFC Life slipped over 11 percent, while LIC shares declined over 11 percent, and SBI Life shares dipped over 4 percent. In comparison, benchmark Nifty 50 dropped 3 percent during the same period.

TOP

GENERAL INSURANCE

India's general insurance sector projected to reach $57.3 billion by 2028 - Insurance Business – 16 May 2024

The general insurance market in India is forecasted to grow substantially, achieving a gross written premium (GWP) of INR 4.89 trillion (US$57.3 billion) by 2028, marking a significant increase from INR 3.35 trillion ($40.36 billion) in 2024.

This represents a compound annual growth rate (CAGR) of 9.9%, as reported by GlobalData, a data and analytics firm.

Factors driving Indian general insurance's growth

Projections for 2024 indicate an 11.2% rise in the sector, largely propelled by key insurance lines such as personal accident and health (PA&H), motor, and property, which together comprised 93% of all general insurance premiums in 2023.

"The general insurance industry in India continued its high growth trend and grew by 13.2% in 2023, driven by economic growth and rising disposable income. Rising consumer awareness of health and other general insurance products and robust regulatory reforms also supported India's general insurance industry growth. The trend is expected to continue in 2024 and 2025," said Swetansha Chauhan, an insurance analyst at GlobalData.

Growth of PA&H insurance market in India

In 2024, PA&H insurance is poised to dominate the industry, projected to account for 39.5% of the GWP. Forecasted to grow at 14.5% in the same year, this increase is primarily driven by greater health consciousness following the COVID-19 pandemic and the continuous rise in medical costs. From 2024 to

2028, the CAGR for PA&H insurance is expected to reach 12.5%. A significant development supporting this growth is the proposed introduction of a healthcare regulator in December 2023, which aims to enhance the standardisation and regulation of hospitals in health insurance systems.

Further supporting the industry, the Insurance Regulatory and Development Authority of India (IRDAI) has greenlit the introduction of "Bima Sugam," an insurance electronic marketplace, which launched in March 2024. This initiative aims to streamline the process of purchasing, selling, servicing of insurance policies, and handling claims and grievances, promoting greater efficiency and transparency across the insurance landscape.

Growth of motor insurance in India
Motor insurance stands as the second-largest category, estimated to hold a 31.1% share of the GWP in 2024, with an anticipated growth of 10.4%. This growth is linked to a rise in vehicle sales, which surged 12.5% in March 2024 compared to the previous year, as reported by the Society of Indian Automobile Manufacturers (SIAM). The sector is expected to see a CAGR of 7.9% over the next four years, partly spurred by the new vehicle scrapping policy that mandates the scrapping of private vehicles older than 20 years and commercial vehicles over 15 years old.

Growth of property insurance in India
Property insurance is forecasted to represent 22.5% of the GWP in 2024, with an expected annual growth of 10.4%. This segment is bolstered by an 11.1% year-on-year increase in governmental infrastructure spending, which totals $134 billion for the fiscal year 2024-2025.

"Recovery in the economy and rising disposable income will continue to support the growth of India's general insurance industry during the next five years," Chauhan said. "Initiatives from the government and favourable regulatory reforms will help in increasing the insurance penetration rate in India (0.98%), which was lower as compared to other Asian markets such as Japan (1.75%), South Korea (1.46%), Hong Kong (1.65%) and China (1.26%) in 2023."

(The writer is Roxanne Libatique.)

TOP

Non-life insurance premium up nearly 16% at Rs 29,561.82 cr in April - Business Standard – 14th May 2024

Non-life insurers posted nearly 16 per cent year-on-year (YoY) growth in gross direct premium underwritten in April 2024, data released by the General Insurance Council showed. Gross Direct Premium Underwritten of the non-life insurers in April was Rs 29561.82 crore, 16.24 per cent up from Rs 25431.24 crore in April 2023. The premium of general insurers grew by 15.30 per cent Y-o-Y to Rs 26918.86 crore. The public sector general insurers clocked 7.74 per growth in premium to Rs 10345.04 crore, whereas, the private sector counterparts witnessed 20.58 per cent improvement to Rs 16573.82 crore.

Industry leader, The New India Assurance Company saw nearly 3.93 per cent Y-o-Y improvement in premium to Rs 5259.01 crore. Premiums of leading private sector players like ICICI Lombard General Insurance grew by 22.65 per cent Y-o-Y per cent to Rs 3366.01 crore and Bajaj Allianz General Insurance's premium increased by 45.42 per cent to Rs 2388.57 crore during the time period. Among other key insurer, premium of HDFC Ergo General Insurance rose by 20.25 per cent to Rs 1727.43 crore whereas United India Insurance Company's premium rose by 11.03 per cent to Rs 2023.47 crore and the Oriental Insurance's premium rose to Rs 1680.06 crore, 9.41 per cent up from the year ago period.

In terms of the market share, the public sector general insurers stood at 34.86 per cent of the overall insurance industry in April 2024 as against 37.48 per cent in April 2023. The private insurers, on the other hand, witnessed an increase in market share to 55.84 per cent in the reported month as compared to 53.66 per cent in the year ago period.

In April 2024, gross underwritten premiums of the five Standalone Health Insurers (SAHI) increased 26.80 per cent to Rs 2642.96 crore from Rs 2084.40 crore in April 2023. Among the SAHIs, the segment leader, Star Health & Allied Insurance Company posted 23.09 per cent YoY to Rs 1013.59 crore from Rs 823.45 crore. The gross underwritten premium of specialised insurers, Agriculture Insurance Co of India was down 73.32 per cent YoY whereas ECGC posted 25.53 per cent YoY growth in premium during the time period.

(The writer is Aathira Varier.)

TOP

Two govt insurance schemes for fisherfolk to be merged from June - Business Standard – 14th May 2024

Come June 1, the government will converge two insurance schemes for fishermen, which might help in reducing the premium burden and easing implementation issues, sources said.

Sources have revealed that for the fishermen insurance scheme under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and the Group Accident Insurance Scheme (GAIS) will be converged to provide comprehensive insurance coverage of Rs 5 lakh for fishermen (Rs 3 lakh under GAIS for accidental death or permanent total disability and Rs 2 lakh under PMSBY).

Until now, sources have indicated that coverage of Rs 2 lakh was offered under PMSBY, while coverage of Rs 5 lakh was provided under GAIS. For GAIS, a premium of Rs 91 per fisherman per year was calculated based on the last available data, while under PMSBY, a premium of Rs 20 per fisherman was calculated, sources said. As a fully subsidised scheme, fishermen are not required to pay any premium, with the entire burden borne by the government.

Once the schemes are merged, the premium burden might decrease, as under the new method, coverage of Rs 3 lakh will be provided under GAIS, while coverage under PMSBY will remain at Rs 2 lakh. “However, the exact reduction in the premium is currently unknown, as the new cycle will commence in June,” said an industry expert. Around 3.2 million fishermen are covered under these insurance schemes each year.

(The writer is Sanjeeb Mukherjee.)

TOP

Non-life insurance companies post 13% rise in premium collection at Rs 2.89 lakh cr in FY24 - The Economic Times – 11th May 2024

As many as 42 general insurance companies garnered a premium income of Rs 2,89,738 crore in 2023-24, around 13 percent higher than that of the year ago. Non-Life insurance industry had collected a premium of Rs 2,56,894 crore in the preceding year, according to data posted by General Insurance Council. Of this, 35 general insurance firms reported an increase of 14 percent in their premium at Rs 2,45,433 crore during the year against Rs 2,14,833 crore in the previous year.

Five standalone health insurers together collected a premium of Rs 33,116 crore during the year, up 26 percent from Rs 26,244 crore a year earlier, the data showed. The two state-owned specialised PSU insurers - Agricultural Insurance Company of India Ltd and Export Credit Guaranteed Corporation of India - who collected a premium of Rs 11,189 crore in the year was down by 29 percent from Rs 15,817 crore collected in FY23. The future for the sector looks bright during the current financial year as some of the major reforms are to be undertaken post general elections.

Meanwhile, with election season on, even top chief executives of financial sector firms are making a case for people to go ahead and exercise their franchise. This comes at a time when the Election Commission has expressed its disappointment with the turnout level in some metropolitan cities.

The MD and CEO of Future Generali India Insurance, Anup Rau, in a LinkedIn post, made a strong appeal for people to go out and vote. Rau said that he, like many others, benefited from the subsidies that the government has provided over the years and that he did his master's in business management for a mere annual fee of Rs 8,500. "The thing is, you might think your vote doesn't count or won't make a difference. But really, your vote helps shape the future of your nation. Instead of just venting over drinks about how things are going downhill, casting your vote is a concrete way to contribute to change," he said in his post.

TOP

HEALTH INSURANCE

Health insurance rules revised: Individuals above 65 yrs can buy health cover, waiting period relaxed - Zee Biz – 15th May 2024

Aligning with its objective of "Insurance for all by 2047", the Insurance Regulatory and Development Authority of India (IRDAI) has recently made a significant change concerning health insurance policies in India. Now, health insurance policies will be available to all regardless of age factor.

"Previously, insurers were mandated to provide health insurance coverage only until the age of 65. However, the latest announcement states that health insurance policies will now cover individuals of any age," says Rakesh Goyal, Director Probusinsurance.com.

Dr. S. Prakash - MD / CEO, Galaxy Health & Allied Insurance Company on the move said, "The regulators' initiative to make health insurance products accessible for all age groups is commendable. Elderly individuals, who often suffer from non-communicable diseases (NCDs) and face risks of organ damage, particularly in the heart, kidneys, eyes, and brain, will greatly benefit. Degenerative bone and joint diseases are prevalent among the elderly, and having insurance coverage will enable them to receive necessary treatment and reduce morbidity."

The move will boost the longevity for the country's citizens. Also, the regulatory authority has announced a reduction in the waiting period for pre-existing conditions from four to three years, which is a beneficial adjustment for policyholders.

What does the new ruling on health insurance mean for senior citizens?

Goyal goes on to explain that this revision implies that those above the age of 65, who were previously ineligible for enrollment in health insurance plans, can now obtain coverage. Consequently, insurance firms may be obliged to accept requests from individuals beyond the age of 65, as the age limit barrier has been removed.

As a result of this alteration, insurance companies might be prompted to introduce specialized plans tailored specifically for seniors. Furthermore, the impact on premiums for this demographic could be favorable, as the elimination of age restrictions may lead to more competitive pricing, he adds.

Nonetheless what needs to be noted is that insurers reserve the right to decline health insurance coverage if they perceive it to be excessively risky.

On the pricing front, Goyal commented that although pricing may initially experience fluctuations due to the expanded age bracket, it is anticipated to stabilize over time. Moreover, the surge in demand from a broader demographic might prompt adjustments in pricing strategies.

Pointers to take note of when buying health insurance for senior citizens/ elderly
Verify waiting period for pre existing diseases (PED).
Ensure if the plan offers a 0 copay option or not.
Opt for a comprehensive plan covering various medical needs.
Confirm the plan provides lifetime renewability.
Check the network of hospitals covered by the insurance.
Review the claim settlement ratio of the insurers for reliability.
Examine all inclusions and exclusions of the policy for clarity.

(The writer is Roshni Agarwal.)

TOP

Retail health insurance buyers footing an unfair bill - The Hindu Business Line – 15th May 2024

Covid has proved to be a game-changer for India's health insurance industry, with awareness about health covers and the demand for them rising sharply post-pandemic. But the recent headway on health insurance penetration cannot sustain if premiums for individual insurance covers turn unaffordable. While Insurance Regulatory and Development Authority (IRDA) regulations require health insurers to revise their pricing only once in three years, actual industry practice seems to be at variance with this requirement.

This newspaper recently published a report where health policyholders complained of steep hikes in their annual premiums irrespective of their age and claims record. The hikes were also significantly out of sync with the inflation rate for healthcare expenses which has hovered between 4.3 percent and 6.3 percent in the last 12 months. One of the key triggers for the recent escalation in health insurance premiums appears to have been Covid itself. IRDA data show that the pandemic triggered a sharp spike in hospitalisation claims filed by policyholders, with insurers' incurred claims nearly doubling between FY20 and FY22. But over the last two years, claims have flattened out as insurers have seen brisk growth in new business. Therefore, it seems about time for insurers to stop hiking premia to recoup Covid-related underwriting losses. This is evident from the industry's Incurred Claims Ratio (ICR) falling back to 89 percent in FY23, after rising from 88 percent to 109 percent between FY20 and FY22. ICR measures the claims paid in any given year, compared to sums collected by way of premiums from customers.

A further break-down of ICR data suggests that individual insurance buyers may be footing the bill for losses in other segments. While ICRs for individual health covers stayed below 100 percent even during Covid and were at just 76 percent in FY23, those for government and group schemes topped 119 percent during Covid and remained high at 96-102 percent in FY23. A dialogue must be initiated by the regulator to ensure that the Government and corporate buyers pay premiums that compensate fully for the risks they bring to the table, so that retail buyers are not burdened with extra costs.

A good portion of the blame for the steep pricing of health insurance covers must also go to the healthcare industry, particularly the corporate hospital ecosystem. Covid has shone a harsh light on the industry's practice of subjecting patients to unnecessary diagnostic procedures and treatments. It is such practices that led to the Supreme Court calling for standardised tariffs for medical procedures across States. Setting up a healthcare regulator to oversee this under-regulated industry should be a top priority for the new government.

TOP

After Supreme Court rap, standards body takes baby steps to simplify hospital bills – Live Mint – 14th May 2024

The Bureau of Indian Standards has initiated efforts to standardise and enhance transparency in the billing process at hospitals, a move that could benefit not only patients but also health insurers and governments agencies.

BIS, which is a part of the National Standards Body of India, has called for consultations from industry bodies and other stakeholders. The development comes after the Supreme Court recently pulled up the government for its apparent failure to specify a range of prices that private hospitals and clinical establishments can charge for various treatments and procedures, although some argue uniform hospital rates across states isn't feasible.

“A meeting has been called on 15 May on the issue. Suggestions have been sought from public representative bodies and think tanks on what changes can be brought in terms of regulations in the billing in hospitals," said an official aware of the matter. “Currently, we are in the stage of seeking recommendations and then some decision will be taken," said the official, asking not to be identified. The issue of transparency in billing by private hospitals has been a longstanding concern, which was exacerbated during the covid-19 pandemic as patients encountered invoices charging for several unexplained items or services. "Even doctors face the wrath of the public over confusion regarding billing. So there is a need to come up with a simpler version of billing systems in hospitals. This will help both public and hospital administration," said another official familiar with the developments.

Glaring discrepancies

“As far as defining billing format or template is concerned, it is a welcome step provided it is designed in consultation with key stakeholders," said Dr Girdhar Gyani, director general, Association of Healthcare Providers (India). “Such a template would, of course, need to be exhaustive to take into consideration all possible variables. But surely it will bring uniformity and more importantly ease of understanding and finally transparency," he added.

The Union health and family welfare ministry recently informed the Supreme Court that uniformity in charges for the same procedure across all hospitals was not feasible. The apex court had earlier asked the ministry to hold a meeting with all state health departments after finding glaring discrepancy in the prices of medical treatments across government and private medical facilities.

‘Uniform template not feasible’

Harish Salve, senior advocate appearing for NatHealth-Healthcare Federation of India, a body comprising stakeholders in India's healthcare sector, said in a conversation with Mint that it was not for the courts to determine the price of medical services, and that it was the duty of the legislature. “Price fixation of medical services, for all hospitals, all across India is not possible. No one size can fit all," Salve said. “There is no comparison between a government hospital which receives various subsidies from the government and private hospitals, who are not beneficiaries to any such subsidies. No other service industry in India is price capped as the same is not possible."

The apex court had in February criticized the Centre for failing to enforce the 14-year-old Clinical Establishment (Central Government) Rules, which are aimed at enforcing standard charges for various medical treatments and procedures. The Union government had come up with a pricing template for all states, but state authorities had said fixing a price range for various treatments and procedures may not be feasible. “By addressing this issue comprehensively, stakeholders can ensure fair and equitable billing practices, fostering greater accountability and confidence in the healthcare system overall," said Dr Gyani.

(The writer is Somrita Ghosh.)

TOP

Insurers including IVF cover, amid rising infertility; some partner with fertility clinics - Business Today – 14th May 2024

As infertility rates rise in India, insurance companies are increasingly offering coverage for in vitro fertilisation (IVF) treatments. Traditional health insurance plans have generally not covered IVF, but high costs and increasing demand for treatment have compelled certain insurers to offer add-on riders and customised plans, often developed in collaboration with fertility clinics.

Approximately 10-14% of the Indian population is affected by infertility per government data, making these new insurance options important for increasing the accessibility of necessary treatments.

Reliance and Manipal Cigna Prime Advantage are two insurers offering maternity cover amounts of up to Rs 2 lakh and Rs 1 lakh per year, respectively. These options may assist with expenses related to pregnancy, delivery, and post-natal care. More insurers, including Tata AIG Medicare Premier and ICICI Lombard Health AdvantEdge Plan, are offering coverage for infertility treatments like IVF. However, these plans can vary greatly in cost and waiting periods before coverage becomes active.

"IVF treatments are now commonly covered in health insurance policies, and maternity plans have become more comprehensive. They often include prenatal and postnatal care, vaccinations for newborns, coverage from day one, IVF treatment costs, and even adoption expenses, which weren't previously covered," said Siddharth Singhal, Business Head, Health Insurance at insurance aggregator Policybazaar.com.

"In the past, maternity care plans typically had a sum insured of Rs 50,000 or Rs 75,000, but now, with newer plans, coverage can extend up to Rs 2 lakh, which is a significant improvement," said Singhal adding that the waiting period for maternity plans has decreased significantly, from 3 or 4 years to as low as nine months, giving customers a wider range of options to choose.

According to data from Policybazaar.com, recognition for inclusive maternity coverage demonstrated an 80% YoY increase, signifying an expanding awareness of the need. The stats show 91.2% of maternity insurance buyers falling in the 25 to 35 age demographic, highlighting the urgency for family planning among young couples considering the rising costs and infertility issues.

IVF treatments can cost anywhere between Rs 1-3 lakh for a single cycle, according to Ramit Goyal, Chief Distribution Officer at Future Generali India Insurance Company Ltd. He believes the rise in patients facing infertility issues and the increasing success rate of treatments correlate to a growth in demand for relevant insurance coverage.

Future Generali claims to be among the few companies to provide such health insurance as part of products designed to make infertility treatments, including IVF, more accessible. Under its HEALTH POWHER plan, Future Generali India provides coverage for infertility treatments that includes expenses up to Rs 2 lakh to Rs 3 lakh, depending on the specific policy plan. Also, cryopreservation, which involves the freezing and storage of oocytes (eggs), is covered up to Rs 15,000 or Rs 20,000, respectively. Despite the rising levels of infertility in the country, only 1% of individuals seek treatment, according to the World Health Organization (WHO). The problem is exacerbated by unaffordable costs of IVF treatments, which cost upwards of 1.5 lakh, said Abhishek Aggrawal, Chief Business Officer, Birla Fertility and IVF.

Birla Fertility & IVF aims to address this issue through a partnership with Care Insurance, offering IVF coverage through insurance. Alongside this, the healthcare organisation provides the option of No Cost EMI, offering financial relief, significantly popular among couples in tier 2 cities. "IVF is not viewed as a necessity by many, including insurance service providers, which limits the availability of insurance plans for it. We have observed that, in some cases, only a part of the treatment gets covered, adding to the financial strain on couples," explained Aggrawal. Positive strides are being made towards the inclusion of IVF and fertility treatments in corporate insurance plans, Aggrawal noted, yet a considerable gap still needs to be bridged.

(The writer is Neetu Chandra Sharma.)

TOP

Publicly-funded health insurance schemes are no panacea - The Hindu Business Line – 13th May 2024

In a recent circular, the Insurance Regulatory and Development Authority of India (IRDAI) has mandated life and general insurers to extend individual cover in certain identified gram panchayats. A similar exercise is expected to be taken up by the General Insurance Council. According to the National Family Health Survey, over two-fifths of households have at least one member covered under health insurance, which in turn corresponds with other estimates of just over 50 crore people being covered. Of this, the bottom half is being serviced by publicly-funded health insurance (PFHI) schemes such as Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY) under which approximately 21.9 crore beneficiaries have been verified. In sum, two-thirds of the population has no insurance cover, while most of those covered are the non-poor.

While insurance coverage among the poor leaves much to be desired, the key issue is whether it has worked well for the insured poor by curbing their out-of-pocket expenditure (OOPE). Let us take the case of PMJAY or Ayushman Bharat. PMJAY mainly covers inpatient care. It provides services by empanelling private and public hospitals and the services are designed to be cashless and completely free for enrolled households. Various States, such as Haryana, have enhanced the income limits for which cover is available, while southern States have their own schemes. However, studies suggest that enrolment in PFHI schemes is ineffective in ensuring financial protection. Reshmi et al (BMJ 2021) show that PMJAY did not enhance financial risk protection of the beneficiaries. In another study done in Chhattisgarh, it emerged that private hospitals empanelled under PMJAY charged patients in a big way while also claiming reimbursement from the government.

Therefore, publicly-funded health insurance schemes are ineffective in controlling OOPE. It can be safely assumed that more than half of all health spending in India is still met by patients. According to a PIB release on January 31, 2023, OOPE as a proportion of total health expenditure (which would include spending by government, insurance companies, organisations and individuals) was 48.2 percent in FY19, which is likely to have increased with Covid despite the introduction of PMJAY in September 2018. What is required is a policy shift where resources are allocated less for health coverage through insurance, and towards more publicly-funded institutions that ensure health for all. The overall pie too must increase. Central and State health spending as a percentage of GDP increased from 1.4 percent in FY20 to 2.1 percent in FY23, but that was because of Covid. It must go up much further. Universal care rather than insurance coverage should be the required goal.

TOP

Understanding the significance of health insurance for women - Financial Express – 12th May 2024

From reproductive health to mental wellness, our mothers can encounter obstacles that demand attention, care and support. Prioritizing our mother's health is essential not just on Mother's Day but every day of the year. As we celebrate Mother's Day, it is crucial to reflect on the health-related challenges that women face. From reproductive health to mental wellness, our mothers can encounter obstacles that demand attention, care and support. Most of the concerns often require timely intervention and should not be ignored.

Maternal Health Concerns: Pregnancy and childbirth give birth to a mother. It brings profound changes to her body and health. While maternal mortality rates have improved over the years, disparities persist, particularly affecting women from marginalized communities. Purchasing comprehensive health insurance helps an individual with prenatal care, delivery, as well as postpartum support thereby reducing financial burden and providing access to essential maternal healthcare services. Besides, post-partum mental health challenges are common among women which are well covered by insurers by specialised mental health coverages. Reproductive Health Challenges: Various reproductive health conditions like polycystic ovary syndrome (PCOS), endometriosis and uterine fibroids can significantly impact a woman's quality of life. This makes comprehensive health coverage even more prudent to ensure timely screenings, consultations with specialists, necessary treatments to manage these conditions effectively.

Preventive Care and Screenings: Regular preventive health screenings are vital for early detection and treatment of various health conditions including breast cancer, cervical cancer and osteoporosis. Comprehensive Health Insurance typically covers procedures of medical treatments for these long – tailed illnesses. Chronic Conditions: More often than not, women are affected by chronic conditions like autoimmune diseases, osteoporosis and thyroid disorders. Managing these conditions requires ongoing medical attention, medications and sometimes specialized treatments. Health Insurance provides the financial support needed to afford regular check-ups, medications and therapies, enabling individuals to effectively manage such chronic health challenges and maintain their quality of life.

Lifestyle Changes: Lifestyle choices profoundly impact one's health outcomes. Adopting habits such as regular exercise, balanced nutrition, stress management and adequate sleep can reduce the risk of chronic diseases, enhance mental well-being and improve overall quality of life. Insurers are increasingly providing solutions for preventive care and promoting healthy lifestyle thus mitigating long-term healthcare costs for individuals. Many insurers also offer reward programs and incentives to encourage members to engage in fitness activities. Access to specialised opinion: Our mothers may require specialized care from gynaecologists, obstetricians, endocrinologists and other healthcare providers throughout their lives. Without adequate health cover, accessing these specialists can be financially burdensome, leading to delays in diagnosis and treatment. Comprehensive Health Insurance offers a network of cashless healthcare providers, where one can get seamless access to medical treatments. All this without worrying about the exorbitant out-of-pocket expenses.

Prioritizing our mother's health is essential not just on Mother's Day but every day of the year. Hence, getting a comprehensive health insurance is a critical step ensuring their overall well-being and making sure they have access to the right healthcare services they need throughout their lives.

(The writer is Ajay Shah.)

TOP

Health insurance no longer a no-go zone for the elderly - The Hindu Business Line – 13th May 2024

It's not uncommon to see senior citizens deferring or avoiding getting treated in a hospital, because they did not have health insurance cover. That is the uncomfortable truth confronting several elderly people in the country. But this situation is poised for a change following a recent decision by the Insurance Regulatory and Development Authority of India (IRDAI) to remove the upper age limit of 65 years for a new health insurance policy. And while the move is being hailed by industry-watchers, its real test will be in the health insurance covers that get rolled out in a few months, and the premiums and benefits they bundle for the elderly. Manisha Karmarkar, Chief Executive at Pune's DPU Super Specialty Hospital, sees the revision in norms as significant enablers that will empower one of the most sensitive demographics to secure them against major health concerns. "Earlier, this age group was not able to avail of treatment benefits from advanced healthcare facilities owing to multiple reasons, the primary concern being unaffordability. With the new reform, this problem has been eradicated from the ecosystem, marking a historic landmark in the confluence of the healthcare and insurance industry," he said.

Awareness about health covers is not very much seen among the geriatric population including those hailing from middle class families, says the president of a large corporate hospital chain, unwilling to be named. However, he hoped, the removal of the upper age limit to buy new policies would now motivate them to go in for health covers. Prasun Sikdar, Chief Executive Officer, ManipalCigna Health Insurance, calls the decision a transformative stride by the IRDAI, in terms of creating an inclusive healthcare ecosystem. "The removal of the age cap on health insurance policies will provide senior citizens with complete peace of mind, knowing that they have access to quality healthcare when they need it most during the golden years of their life," he says. ManipalCigna, recently launched its 'Prime Senior' plan that gives flexibility with lower waiting periods and provides coverage for pre-existing disease conditions from the 91st day onwards. Understanding the evolving needs of seniors and the rising medical inflation, he says, is an opportunity to extend "unwavering support" to the elderly in safeguarding their health and well-being.

Some of the broad features outlined by IRDAI are yet to be designed by the insurance companies to include the reduction of waiting period from 48 months to 36 months and coverage of all pre-existing health conditions after the waiting period. "Insurers may endeavour to have lesser pre-existing disease waiting periods and specific waiting periods in the health insurance products provided that the above waiting period norm of pre-existing disease shall not be applicable for Overseas Travel Policies,'' IRDAI said in its revision of norms. The moratorium applicable for health insurance policies issued by general and health insurers is the completion of sixty continuous months (5 years) of coverage (including portability and migration) in health insurance policy — following which, no policy and claim shall be contestable by the insurer on grounds of non-disclosure, misrepresentation, except on grounds of established fraud, the new norms say. Moratorium period is a safeguard clause for the policyholders. Once the moratorium period is over, insurers cannot reject a claim on the grounds of non-disclosure, or misrepresentation. Insurers have to establish a case of fraud to reject a claim. The removal of the upper-age cap will have broader implications as it will open up doors to those above 65 years of age to other upcoming products like Bima Vistar, the first of its kind all-in-one affordable insurance product which is proposed to be mandated by the insurance regulator to be offered by all insurers to provide life, health and property cover. This comprehensive product was proposed by IRDAI Chairman Debashish Panda, part of the reforms to provide insurance coverage to all by 2047. The next few months will reveal the challenges in drawing up the easy-to-adopt health insurance products for the elderly. The pricing of premiums for different disease profiles, such as cancer, could be on the higher side. But removing the age cap, for starters, has opened the gates for what was an otherwise no-go zone for health insurers.

(The writer is G Naga Sridhar.)

TOP

Insurers are having a Chillar Party: Maternity insurance sales skyrocket as couples brace for soaring costs - The Economic Times -11th May 2024

Couples in India are becoming increasingly wary of the rising cost of having a baby, which is leading to a surge in demand for health insurance plans offering maternity benefits, as per a report by PolicyBazaar. These policies can be purchased up to nine months before childbirth. Currently, they are growing at 80 percent on an annual basis, data shows. Interestingly enough, 78 percent of policies with maternity benefits are purchased by men for their spouses, says PolicyBazaar.

While claims are highly likely with these policies due to planned pregnancies, insurers are seeing them as a means to attract new customers, with some mitigating expenses through extended premium payments. "Most corporate policies limit maternity coverage to Rs 50,000 per policy. However, the cost can vary between Rs 50,000 and Rs 3 lakh, depending on the city and whether the delivery is a C-section one. This is prompting many young people to buy maternity cover," TOI quoted Amit Chhabra, PolicyBazaar's chief business officer (health) as saying.

Couples with no corporate coverage are also looking at maternity benefits, thanks to booming costs of having a baby. Right now, only around 12 percent of health policies sold in India factor in maternity benefits. Typically, only those in the 25-35 age group buy this cover.

"Maternity covers are generally provided as an add-on with a regular family health insurance plan. Maternity insurance typically has a waiting period that may range from 9 months to 3 years," TOI quoted Priya Deshmukh, head of health products, operations and services at ICICI Lombard General Insurance as saying.

In certain cases, more than half of the maternity claims observed by insurers are related to C-section deliveries, particularly prevalent in tier-1 cities. As opposed to older times, women are now preferring motherhood at a later age. "The average maternity age has increased from 26-27 years to 32-33 years in the last few years. The increased maternity age has caused an increase in complications during pregnancies," as per Deshmukh.

Deshmukh further mentioned that the increase in C-section rates may be linked to various factors, including the presence of educated women in urban locales, diminishing pain tolerance, greater financial incentives perceived by patients for C-sections, and the convenience factor favored by doctors. Reliance General Insurance's research indicates a rise in C-section deliveries in India, climbing from 17.2% in 2016 to 21.5% in 2021.

The company said many customers are opting for its 'Infinity + Mother & Child Care' rider. "This feature provides a maternity cover with a standard waiting period of 2 years, but the customer can opt for a year too. It also covers vaccination expenses up to Rs 1 lakh, over and above the sum insured," TOI quoted Rakesh Jain, CEO, Reliance General Insurance as saying.

TOP

Rising cost of having baby pushes insurance demand - The Times of India – 11th May 2024

The rising cost of having a baby in India is driving demand for health insurance plans with maternity benefits. The sale of such policies, which can be purchased up to 9 months before childbirth, is growing 80 percent annually, data from online distributor PolicyBazaar showed. Though claims are almost certain under such policies due to planned parenthood, insurers are viewing them as an acquisition tool for new customers, and some are offsetting costs by requiring long-term premium payments.

"Most corporate policies limit maternity coverage to Rs 50,000 per policy. However, the cost can vary between Rs 50,000 and Rs 3 lakh, depending on the city and whether the delivery is a C-section one. This is prompting many young people to buy maternity cover," said Amit Chhabra, PolicyBazaar's chief business officer (health). According to him, rising costs are also pushing those without corporate coverage to look at maternity benefits.

Currently, around 12% of health policies being sold include maternity benefits, PolicyBazaar data showed, which is significant considering that only those in the 25-35 age group typically buy this cover.

"Maternity covers are generally provided as an add-on with a regular family health insurance plan. Maternity insurance typically has a waiting period that may range from 9 months to 3 years," said Priya Deshmukh, head of health products, operations and services at ICICI Lombard General Insurance. Some insurers are seeing over half of the maternity claims involve C-section deliveries — more so in tier-1 cities.

According to Deshmukh, women are opting for motherhood at a comparatively later age. "The average maternity age has increased from 26-27 years to 32-33 years in the last few years. The increased maternity age has caused an increase in complications during pregnancies," she said. Deshmukh added that the rise in Csections could be attributed to factors such as educated women living in urban areas, a falling pain threshold, higher compensation for C-sections from a patient's perspective, and higher convenience from a doctor's view.

Reliance General Insurance cited studies that show C-section deliveries in India have increased to 21.5% in 2021 from 17.2% in 2016. Rakesh Jain, CEO, Reliance General Insurance said many customers are opting for its 'Infinity + Mother & Child Care' rider. "This feature provides a maternity cover with a standard waiting period of 2 years, but the customer can opt for a year too. It also covers vaccination expenses up to Rs 1 lakh, over and above the sum insured," he said. According to PolicyBazaar, 78% of policies with maternity benefits are purchased by men for their spouses.

(The writer is Mayur Shetty.)

TOP

MOTOR INSURANCE

Supreme Court agrees to consider modifying 2017 order to insurance companies not to insure vehicles without valid PUC certificates - The Tribune – 13th May 2024

Noting that a right balance needed to be struck pollution under control (PUC) norms and third party insurance, the Supreme Court on Monday agreed to consider modifying its 2017 order to insurance companies not to insure a vehicle that didn't have valid PUC certificate.

"Prima facie, we are of the view that a right balance will have to be struck for ensuring that vehicles remain compliant with PUC norms but, at the same time, all vehicles must have third party insurance," a Bench led by Justice AS Oka while dealing with a plea seeking modification of the top court's August 10, 2017 order linking valid PUC with vehicles insurance.

The Bench asked solicitor General Tushar Mehta and amicus curiae Aparajita Singh to come up with a solution so that appropriate modifications could be made to the 2017 order. It posted the matter for further hearing on July 15. Mehta, representing the General Insurance Council, pointed out that under sections 146 and 147 of the Motor Vehicles Act, 1988, it was compulsory to have a third party insurance. While section 146 of the Act deals with necessity for insurance against third party risk, section 147 pertains to requirements of policies and limits of liability.

Mehta said according to the August 2017 order, unless there was a valid PUC certificate, third party insurance will not be given by insurance companies. "What happens is, for want of PUC, 55 per cent vehicles as per our survey are uninsured… 55 per cent of the vehicles, as per the survey conducted by the Government of India, are uninsured meaning thereby if they meet with an accident, the victims do not get the compensation," he submitted. Maintaining that PUC norms must be complied with and strictest possible norms should be there, Mehta suggested that if a vehicle did not have a valid PUC, it should not be given petrol.

"A balance has to be struck between both… One is that there has to be pollution control; and secondly, if so many vehicles remain without third party insurance, in case of an accident, there is a serious problem," the Bench said. Mehta pointed out that in case of an accident, the owner of a vehicle may not have the money to pay even if the suit is decreed while in case of an insurance company, the company was bound. The amicus curiae said this issue can be referred to the Commission of Air Quality Management (CAQM).

(The writer is Satya Prakash.)

TOP

SURVEY AND REPORTS

55 Percent of the vehicles, as per a survey, are uninsured': SC - ETV Bharat – 13th May 2024

The General Insurance Council informed a Supreme Court bench comprising Justices A S Oka and Ujjal Bhuyan that 55 per cent of the vehicles as per the survey are uninsured. The information was given to the Supreme Court while it was hearing an application seeking modification of its August 10, 2017 order. New Delhi: The General Insurance Council on Monday informed the Supreme Court that 55 percent of the vehicles, as per a survey, are uninsured meaning, as a result if they meet with an accident, the victim would not get the compensation.

Solicitor General Tushar Mehta, appearing for the General Insurance Council, submitted before a bench comprising Justices A S Oka and Ujjal Bhuyan that as per sections 146 and 147 of the Motor Vehicles Act, 1988, it was compulsory to have a third-party insurance. Mehta said that in August 2017, the apex court had said that unless there was a pollution under control (PUC) certificate, third-party insurance will not be given by insurance companies. Section 146 deals with the necessity for insurance against third-party risk, and section 147 pertains to requirements of policies and limits of liability.

"What happens is, for want of PUC, 55 per cent vehicles as per our survey are uninsured……55 per cent of the vehicles, as per the survey conducted by the government of India, are uninsured meaning thereby if they meet with an accident, the victim does not get the compensation," said Mehta. He stressed that the strictest possible norms should be put in, for example, if the vehicle does not have PUC, don't give petrol. The bench said if so, many vehicles remain without third-party insurance, in case of an accident, there is a serious problem.

Mehta said the owner of a vehicle may not have the money to pay even if the suit is decreed but if there is an insurance company, it will be bound. The bench said prima facie a balance would be required for ensuring that vehicles remain compliant with PUC norms and also have third-party insurance. Against the backdrop of August 2017 direction, the bench noted Mehta's contention that a large number of vehicles are not taking third-party insurance.

The top court allowed Mehta and the amicus curiae to come out with a solution so that appropriate modification can be made to the August 2017 order and scheduled the matter for further hearing in July. The Supreme Court was hearing an application seeking modification of its August 10, 2017 order, which said companies will not insure a vehicle unless it has a valid PUC certificate on the date of renewal of the insurance policy.

TOP

INSURANCE CASES

United India Insurance asked to refund excess premium, continue health insurance policy on original terms - Money Life – 15th May 2024

Upholding orders passed by fora below, the national consumer disputes redressal commission (NCDRC) directed United India Insurance Company Ltd to refund the excess premium charged from the policyholder for two years and pay Rs27,000 as compensation and cost of litigation.

In an order last week, the NCDRC bench of air vice-marshal (AVM) J Rajendra (retd) (presiding member) says, "The Chandigarh district consumer disputes redressal commission-I issued a well-reasoned order based on evidence and arguments advanced before it. The Union Territory (UT) Chandigarh state consumer disputes redressal commission, after due consideration of the pleadings and arguments, determined that no intervention is warranted on the district forum's order. Also in the present case, no ground is made out for interference in the impugned orders passed by the fora below." The case is related to the higher premium quoted by United India Insurance Company while renewing the Synd Arogya Scheme policy of Chandigarh-based Sukh Lal Soni and his wife, Adarsh Soni.

About 10 years ago, the Sonis bought the health insurance policy from the insurer under the Synd Arogya Scheme with Syndicate Bank. The policy coverage was to be until 80 years of age, as per the brochure. However, when the policy was due for renewal on 18 July 2020, United India Insurance did not renew it on its original terms and conditions. Instead, it quoted a much higher premium, claiming that the scheme was no longer prevalent due to the merger of Syndicate Bank with Canara Bank. Further, Mr Soni averred that the policy was originally in the name of Adarsh Soni but was renewed in his name, who is older, possibly to charge a higher premium which was not the earlier practice. Being aggrieved, he filed a consumer complaint before the district forum.

United India Insurance contended that the policy held by the Sonis was under the Synd Arogya scheme, a tailor-made policy specifically designed under a group health insurance scheme in collaboration with Syndicate Bank. It says it entered into a memorandum of understanding (MoU) with Syndicate Bank to provide medical insurance to the Bank's staff and clients at agreed rates.

It says, "The Union government's decision to amalgamate Syndicate Bank into Canara Bank from 1 April 2020 led to the termination of the corporate agency agreement between Syndicate Bank and the insurance company. This termination notice was received by the insurer on 21 March 2020. Following the termination of the corporate agency agreement, the insurer was unable to renew the policy of the Sonis at the same premium rates that were applicable during the existence of the agreement with Syndicate Bank. This resulted in the quoting of higher premiums for policy renewal."

On 8 February 2023, the district commission allowed the complaint in part. It directed United India Insurance to refund the excess premium charged from the Sonis for 2020-2021 and 2021-2022 and continue the insurance policy on original or existing terms and conditions. It also asked the insurer to pay Rs20,000 compensation for mental agony and harassment and Rs7,000 litigation cost to Mr Soni. Being aggrieved by the order, United India Insurance filed an appeal before the state commission. While dismissing the appeal, the state commission observed that not even a single document had been placed on record by United India Insurance to convince it that the policy in question was issued on subsidised rates for the employees of the Syndicate Bank, which later merged with Canara Bank.

"...on the other hand, it is found mentioned therein that the premium is attractive because of heavy group discount. In our considered opinion once such a discount has been given by the appellant at the initial stage in order to sell its insurance product to the group of employees of Syndicate Bank including Mr Soni, later on the insurer cannot wriggle out of the same, by terming it as subsidy. As such, plea taken by the counsel for the insurance company in this regard stands rejected," it added.

Further, quoting from a circular issued by the insurance regulatory and development authority of India (IRDAI) (circular No. IRDAI/HLT/REG/CIR/049/03/2021 dated 16 March 2021), the state commission stated that general and health insurers are not allowed to modify the existing benefits, or add new benefits in the existing products which lead to imposing an increase in premiums. "There is nothing on record to prove as to on what basis United India Insurance had modified or revised the premium rates at such exorbitant rates, thereby violating the provisions of the IRDAI circular dated 16 March 2021. The district commission was also right in holding so."

United India Insurance approached NCDRC with its revision appeal. The counsel for United India Insurance asserted that the 16 March 2021 circular issued by IRDAI stipulates that insurers are not permitted to modify existing benefits or introduce new benefits in existing products that would increase premiums.

However, he says that following the migration or merger of Syndicate Bank into Canara Bank, a new policy titled Family Medicare Policy 2014 was issued by United India Insurance with revised terms and benefits. "This new policy was effective from 10 July 2020 to 18 July 2021 and the premium applied was as per the terms of this new policy. The termination of the corporate agency agreement between Syndicate Bank and

United India Insurance, as notified on 21 March 2020, was highlighted as a key factor influencing the policy renewal and premium adjustment."

The counsel further averred that United India Insurance provided a portability option to Mr Soni, indicating that a fresh proposal form needed to be filled, and the premium would be charged based on tariff and age considerations approved by the insurer. He further submitted that the premium charged under the previous policy (Synd Arogya) was based on subsidised rates agreed with Syndicate Bank for its employees and customers. In contrast, the new Family Medicare Policy 2014 was priced based on market rates approved by IRDAI.

"The renewal of the policy in the name of Mr Soni instead of Ms Adarsh Soni was justified based on the proposal form filled by Mr Soni identifying himself as the primary insured and indicated Ms Adarsh Soni as a dependent," the counsel stated. After examining the pleadings and associated documents, including the orders of the district forum and state commission, AVM Rajendra (retd) observed that both the fora below have passed reasonable orders, and United India Insurance did not make any ground for interference by NCDRC in this case.

"It is a well-settled position in law that the scope for revision under Section 21(b) of the Consumer Protection Act, 1986 and now under Section 58(1)(b) of the Act, 2019 confers very limited scope and jurisdiction on this Commission. In the present case, there are concurrent reasoned findings of the facts, and the revisional jurisdiction of this Commission is limited. After due consideration of the entire material, I do not find any illegality, material irregularity or jurisdictional error in the impugned order passed by the learned state commission warranting our interference in revisional jurisdiction under the Act," the bench says, while dismissing the appeal filed by United India Insurance.

TOP

PENSION

Provident fund body rejigs multi-location claim settlement arrangement – Live Mint – 15th May 2024

To facilitate multi-location claim settlement within the prescribed time limits, Employees Provident Fund Organisation (EPFO) has come up with an arrangement wherein 19 regional offices are linked to 36 collaborating regional offices.

The EPFO stated in a circular dated May 8, 2024 that the periodicity in offices across the country was discussed and deliberated in the zonal review conference chaired by the CPFC (Central Provident Fund Commissioner).

It is worth mentioning here that a number of EPF subscribers have been enquiring on 'X' about the timeline of crediting of interest for FY 2022-23.

In response, the pension fund body tends to give a standard reply: "Dear member, The process is in pipeline and may be shown there very shortly."

The multi-location claim settlement was launched in June 2020 to facilitate claim settlement online from any of the regional offices. Earlier the pension body followed a system of geographical jurisdiction where claims raised in one jurisdiction could be settled by the corresponding regional office only.

The circular highlights that these changes have been made to facilitate claim settlement within the prescribed time limits.

Delegating Regional Office (DRO)	Collaborating Regional Office (CRO)
Bengaluru (KR Puram-Whitefield)	Tirunelveli, Trichy, Hubli
Haryana (Gurugram)	Ranchi, Amritsar
UP (Noida)	Meerut, Kanpur
Delhi (East)	Jaipur, Jodhpur
Bengaluru (Koramangala)	Warangal, Vishakapatnam, Guntur
Thane (Vashi)	Nagpur, Madurai
Delhi (West)	Durgapur, Barrakpore, Howrah
Delhi (North)	Shimla, Jalandhar, Chandigarh
Haryana (Gurugram)	Varanasi, Park Street, Behrampur
Bengaluru (Central)	Nagarcoil, Rajamundry
Bandra (Dadar)	Kolhapur, Bhopal
Thane (Kandivali)	Jabalpur
Bandra (Powai)	Surat, Rajkot
Chennai(South)	Vellore
Delhi (South)	Bhatinda
Delhi(Dehradun)	Agra
Pune (Cantt)	Solhapur
Telangana (Hyderabad)	Karimnagar
Haryana (Faridabad)	Siliguri

(Source: EPFO)

"The effective functioning of the link arrangement between Delegating Regional Office (DRO) — Collaborating Regional Office (CRO) shall be the responsibility of the RPFCs in-charge of both these offices, who are expected to work in close co-ordination to ensure that the desired results in the claim settlement periodicity is achieved without any issues," the circular reads. The circular further mentions that it will be the responsibility of the DRO to ensure that the establishments mapped with the CRO have clean member and establishment data without any legacy issue, for instance, pending reconciliation or cases of short balances etc so as to avoid any erroneous payments.

TOP

EPFO enhances scope of auto-mode of claim settlement - Financial Express – 14th May 2024

In a bid to enhance ease of living for its millions of members, Employees' Provident Fund Organisation (EPFO) has now introduced auto-mode settlement of advance claims for the purpose of education & marriage and housing, a government release said.

Auto mode of claim settlement was introduced in April, 2020 for the purpose of advance for illness. But now this limit has been enhanced to Rs 1,00,000 from Rs 50,000 earlier. "During the current year, around 2.25 crore members (22.5 million) are expected to reap the benefits of this facility," said the release. In the auto claim Solution, in-claim is processed automatically by IT system without any human intervention.

During the financial year 2023-24, EPFO settled around 44.5 million claims, out of which more than 60% (28.4 million) claims were advance claims. Out of total advance claims settled during the year, around 8.95 million claims were settled using auto-mode, said the release.

The entire process in auto-settlement is IT system driven, eliminating human intervention. Any claim with KYC, eligibility and bank validation is processed for payment by IT tools automatically. As a result of this, the periodicity of claim settlement is reduced significantly from 10 days to within 3-4 days for such advances, said the release.

The expansion of the scope of the auto claims to the housing, marriage and education purposes as well as enhancement will directly help many members to avail their funds within the shortest possible duration, which will substantially aid them in promptly meeting their education, marriage, or housing requirements. Introduced on 6th May 2024 pan India, and since then EPFO has approved 13,011 cases for Rs. 45.95 crores vide this initiative providing speedy service, the release said.

TOP

CPSEs encouraged to join NPS as Finance Ministry steps up efforts - The Hindu Business Line – 10th May 2024

In a significant move, the Department of Public Enterprises (DPE) in the Finance Ministry has shot off letters to various Administrative Ministries and government departments to sensitise the Central Public Sector Enterprises (CPSEs) under their control about the benefits of adopting National Pension System (NPS) for their employees.

As of March 2024, 76 CPSEs have already adopted NPS to extend the pension benefit to their employees. Sources said the latest DPE letter has been sent to the Chief Executive Officers of about 120 CPSEs (which have yet to adopt NPS for their employees). It may be recalled that NPS was made mandatory for all Central government employees (except armed forces) who joined service on or after January 1, 2004.

Most States have also adopted the NPS as a mandatory benefit for their employees. Since May 1, 2009, the NPS has been available to every citizen on a voluntary basis, including corporates. DPE has identified the list of CPSEs who are still not on board the NPS and letters have gone to their respective controlling ministry, sources added. The last occasion when the DPE wrote to the administrative ministries/departments to bring the contents of the NPS to the notice of CPSEs under their administrative control for necessary action and guidance at their end was in February 2010.

NPS Assets: Meanwhile, aided by buoyant stock markets, the NPS assets under management (AUM) grew 27 percent year-on-year to ₹ 11.89 lakh crore as of May 4 this year. The overall AUM, including that of Atal Pension Yojana (APY), however, was only slightly up when compared to the end of March 2024 level of ₹ 11.73 lakh crore. The number of new NPS and APY subscriber registrations till May 6 this year stood at 82,061, PFRDA data showed.

As of May 4, the number of subscribers in the non-government sector had grown 8.76 lakh year over year, while the increase in the government sector was just 7.14 lakh. In 2023-24, as many as 9.47 lakh new subscribers onboarded NPS from the non-government sector. Of these 9.47 lakh new subscribers, 8.10 lakh were from the 'all citizen model' and 1.37 lakh were Corporate employees.

The overall robust growth in NPS assets in recent years has been driven by both buoyant equity markets and a widening NPS subscriber base as more working-age Indians take up retirement planning seriously. The non-government sector — corporates and retail — saw a 37.89 percent year-on-year growth in its NPS assets as of May 4 this year to ₹ 2.32 lakh crore. On the other hand, the government sector's NPS assets were up 24.45 percent to ₹9.16 lakh crore.

The number of new government employees who onboarded NPS in fiscal 2023-24 stood at 7.10 lakh. Equity returns sizzle: Roaring bull markets in equities have helped Pension Funds record a scorching average annual return of 33.03 percent as of May 3, surpassing Corporate Bonds by over fourfold, and outperforming Government Securities and State Government Schemes, according to the latest PFRDA data. Over the past three years, Pension Funds achieved an average return of 19.02 percent in equities, with returns since NPS inception coming in at 13.56 percent for equity investments. Data showed that as of May 3 this year, Corporate Bonds recorded annual return of 7.11 percent, while Government securities saw a return of 7.14 percent. The annual return from Central and State Government schemes stood at 10.15 and 10.14 percent, respectively.

The total number of NPS and APY subscribers as of May 4 this year stood at 7.40 crore, up 16.31 percent over 6.36 crore a year ago. After its implementation in 2009, NPS took six years and six months to reach the milestone of ₹1 lakh crore AUM. It then took four years and 11 months to increase AUM further to ₹5 lakh crore. NPS AUM had doubled to ₹ 10 lakh crore as of August 25 last year from ₹ 5 lakh crore in just 2 years and ten months.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULAR

Circular	*Reference*
Master Circular on Actuarial, Finance and Investment Functions of Insurers	https://irdai.gov.in/web/guest/document-detail?documentId=4907769
Master Circular on Expenses of Management, including Commission, of Insurers, 2024	https://irdai.gov.in/web/guest/document-detail?documentId=4886329
Master Circular on Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers, 2024	https://irdai.gov.in/web/guest/document-detail?documentId=4885776

TOP

GLOBAL NEWS

Travel insurance market set to reach $106.8b by 2032 – Insurance Asia – 14th May 2024

The region showed the fastest-growing CAGR.

The travel insurance market is projected to surge with a compound annual growth rate (CAGR) of 20.1% from $16.8b in 2023 to an anticipated $106.8b by 2032, according to Allied Market Research's latest report.

Europe leads in revenue, buoyed by robust tourism and awareness of travel risks. Meanwhile, Asia-Pacific exhibits the fastest CAGR, driven by rising awareness and disposable incomes, particularly in countries like China and India.

The rapid growth in tourism, facilitated by online comparison sites and evolving travel regulations, propels market expansion. However, a lack of awareness about travel insurance policies poses a challenge. Nonetheless, product expansion and technological advancements offer growth opportunities.

In terms of insurance coverage, single-trip travel insurance dominates, offering comprehensive coverage. Yet, long-stay travel insurance is expected to grow rapidly due to increased demand from long-term travellers.

The insurance aggregators segment is poised for sustained growth, offering diverse policy options. Among distribution channels, insurance intermediaries lead with personalised services, while insurance aggregators show the highest growth due to their wide policy range.

Family travellers dominate the end-user segment, driven by the need for protection against unforeseen events. Conversely, business travellers exhibit the highest growth due to globalisation and increased corporate travel.

In terms of age group, 31-49-year-olds hold the largest market share, driven by active participation in travel and higher disposable income. However, the 18-30-year-old segment shows the highest growth, reflecting increased demand for adventurous travel experiences.

TOP

Australia: General insurance body outlines AI-related risks and opportunities – Asia Insurance Review

Strengthening protections around AI must start with sharpening or otherwise adjusting existing regulatory frameworks, says the Insurance Council of Australia (ICA). In a submission to the Senate Select Committee on Adopting Artificial Intelligence, the ICA gave an insurance perspective on the opportunities and impacts from Australia arising out of the uptake of AI technologies. Mr Andrew Hall, ICA CEO and managing director, said in the submission, "Any consideration of new legislation must be based on a clear cost-benefit analysis and comprehensive regulatory impact statement that identifies a regulatory gap."

He said that the insurers have well-established frameworks to identify and mitigate risk. These risk management frameworks mean the insurance industry is well positioned to deploy AI to improve consumer outcomes while successfully navigating the risks.

Nevertheless, there are new AI-driven risks that insurers are navigating. Two examples of risks to insurers posed by AI are:
• Fraud: The use of generative AI to augment photographs that are in turn, used fraudulently to inflate insurance claims.
• Operations: Commercial sensitive data such as proprietary information uploaded to a public AI model may then be shared elsewhere by the model. Similarly, prompt engineering used to train an AI model could potentially reveal sensitive information in situations where it should not otherwise be available.

However, AI also provides opportunities to enhance outcomes for insurance consumers. Some high-level generic-use cases for AI in the insurance industry are outlined as follows.

Affordability: AI offers opportunities to reduce costs in the claims fulfilment process as well as to identify and reduce risk with customers.

Vulnerability: AI can assist insurers to review more customer interactions, with greater consistency for vulnerability identification than can be achieved through manual checks.

Service delivery: AI can assist insurers to review more claims and identify those claims that need intervention. AI can also help claims handling teams extract information quicker and accelerate the claims process.

Natural disasters: In processing natural disaster claims, AI can deliver faster assessments of individual insured properties as well as help insurers secure temporary accommodation, building materials, and labour.

Broader operating environment
Mr Hall also said, "Even if the regulatory environment is optimised for Australian firms to deploy AI, there is work to be done to ensure the broader operating environment allows Australian firms to capitalise on AI advancements. This includes the build-up of Australia's sovereign AI capabilities.

For many Australian businesses and their employees, AI will likely automate more mundane tasks, freeing up people to undertake more complex and rewarding tasks. This creates opportunities to improve people's working lives. Insurance underwriting is one industry where new staff with the necessary AI skills will have new opportunities open to them.

Key to improving employees' working lives is a national education and talent pipeline that will give Australians the requisite skills to develop, harness, and deploy AI systems. Mr Hall also cautioned that Australia could develop over-reliance on foreign economies for AI technologies. This creates the risk of Australia being economically dominated and with little power to negotiate rules around the deployment of foreign-owned AI systems.

TOP

Thailand: Regulator and general insurers launch database to promote industry development - Asia Insurance Review

Thailand's insurance regulator, the Office of Insurance Commission (OIC), has launched an insurance database system (IBS) in collaboration with the Thai General Insurance Association and general insurance companies.

The database can be accessed by the entire government sector. Insurance sector and the public. The data available therein would be put to practical use concretely, bringing benefits to both the government sector. Insurance sector and the public

Mr Chuchat Pramunphon, secretary-general of the OIC, says that the data available in the IBS can be used for:
statistical analysis by the government, the insurance industry, and research institutions
actuarial analysis to support the determination of appropriate premium rates for various insurance plans designing good and efficient services.
in-depth analysis to support the development and expansion of the general insurance business.

The non-life IBS is also expected to improve transparency, build public trust, and support new forms of risks.

TOP

Singapore: Life insurance industry sees 32.2% surge in new business in 1Q - Asia Insurance Review

Singapore's life insurance industry recorded a total of S$1.37bn ($1.01bn) in weighted new business premiums for 1Q2024, an increase of 32.2% compared to 1Q2023, according to the Life Insurance Association, Singapore (LIA Singapore) in a statement released yesterday. Single premium policies recorded a 46.4% increase in weighted premiums amounting to S$500.4m in total for 1Q2024.

The increase in demand for single premium policies may be attributed to a less volatile macroeconomic environment, with Singapore's economy picking up in the 1Q2024. The quarter also marks the strongest performance as compared to the corresponding periods of previous years since the onset of the COVID-19 pandemic.

Focus on protection: Continued increase in uptake of annual premium policies and total sum assured. The industry also recorded an increased take-up of annual premium policies by 25.2% compared to the corresponding period last year, amounting to S$866.5m in total weighted premiums.

Continued uptake in annual premium policies showed a sustained trend where meeting protection needs is being prioritised in Singapore. This is further evidenced by the increase in the sales of non-participating products to 42% for this period.

New Business (Individual Life & Health) by weighted premiums

Weighted new business premiums	1Q2924 S$	1Q2023 S$	Year-on-Year change
Single Premium	500.4m	341.9m	46.4%
Annual Premium	866.5m	692.0m	25.2%
Total	1,366.9m	1,033.9m	32.2%

Distribution

New Business (Individual Life & Health) by business channel

Channels	1Q2924		1Q2023	
Total weighted new business premium	S$1,367m	100.0%	S$1,034m	100.0%
Tied representatives	404m	29.6%	327m	31.6%
Bank representatives	464m	33.9%	366m	35.4%
Financial advisory representatives	446m	32.6%	290m	28.0%
Online direct channel	21m	1.5%	22m	2.1%
Others	32m	2.3%	29m	2.8%

Mr Dennis Tan, president of LIA Singapore, "The life insurance industry is starting the year positively by focusing and achieving progress in narrowing our nation's protection gap as we grow the sector as a whole. While the concerns about the potential impact of the macroeconomic environment remain pertinent, the industry continues to be agile to swiftly respond to consumer needs in Singapore.

"Our priority remains in helping the population meet their financial and protection needs."

Claim payouts

Between 1 January 2024 and 31 March 2024, the life insurance industry paid out S$5.01bn to policyholders and beneficiaries, an increase of 94.6% compared to the same period last year.

Of this amount, S$4.55bn was for policies that matured, significantly driven by the maturing of Single Premium policies during this quarter from some member insurers. The remaining S$463m was for death, critical illness, or disability claims.

Looking forward

Mr Tan said, "There are expectations of stronger growth in the overall
Finance and insurance sector, with a median forecast of 3.4% in a recent survey by the Monetary Authority of Singapore, up from 2.5% in the December survey. As we pursue efforts to drive this growth, we remain cautiously optimistic and adaptable, noting also that the median forecast for headline inflation came in at 3.1%."

TOP

Malaysia: General insurance industry expected to rebound - Asia Insurance Review

Growth in Malaysia's general insurance market is expected to rebound in 2024, said data and analytics company GlobalData.

The growth is to be supported by an increase in premium rates across general insurance lines driven by rising claims and high inflation, as well as heightened demand for NAT Cat policies due to an increase in the frequency of extreme weather events.

GlobalData's insurance database revealed that the general insurance industry in Malaysia is expected to grow by 8.3% in 2024, supported by motor and property insurance lines that are predicted to account for 73% of the direct written premiums (DWP) in 2024.

Looking further ahead, the general insurance industry is set to grow at a compound annual growth rate (CAGR) of 7.8% from MYR22.6bn ($5.0bn) in 2024 to MYR30.5bn in 2028, in terms of DWP, GlobalData forecast.

GlobalData insurance analyst Sneha Verma said, "Malaysian general insurance industry witnessed slower growth of 7.5% in 2023 as compared to 10.0% growth in 2022, due to slower economic growth and tight monetary policy."

Branches

Motor insurance is the leading line of business in the Malaysian general insurance industry, estimated to account for a 46.9% share of the general insurance DWP in 2024. Motor insurance is expected to grow by 8.9% in 2024, supported by an increase in vehicle sales. As per the Malaysian Automotive Association, total vehicle sales reached 202,245 units in the first quarter of 2024, an increase of 5% from 192,615 units during the same period in 2023.

Ms Verma said, "Rising claims due to the increasing number of road accidents will prompt insurers to reassess their risk exposure and increase premium rates in 2024, which will support motor insurance growth."

As per the Traffic Investigation and Enforcement Department in Malaysia, traffic accident cases increased by 10% in 2023 to 598,635 cases from 545,588 cases in 2022, and the number of fatalities increased by 104% to 12,417 in 2023 from 6,080 fatalities in 2022.

As a result, the average motor insurance claims paid per day increased to MYR15.1m in 2023 from MYR13.4m in 2022, which was the highest during the last five years, according to the General Insurance Association of Malaysia (PIAM). Motor insurance is expected to grow at a CAGR of 7.5% during 2024-2028. Property insurance is the second largest line, estimated to account for a 26.4% share of the general insurance DWP in 2024. It is expected to grow by 11.4% in 2024, supported by increased demand for NAT Cat policies. According to PIAM, the recent surge in torrential rain across various states in Malaysia has increased the demand for fire insurance with flood coverage by 33% in the first half of 2023, an increase of 2% as compared to 31% during the same period in 2022.

Rising premium prices due to higher claims and inflation would also support the growth of property insurance. According to the Department of Statistics Malaysia, total losses due to floods increased by 21% in 2023 amounting to MYR755.4m as compared to MYR622.2m in 2022. This is expected to increase the premium rates in 2024 and support property insurance to register a CAGR of 9.8% during 2024-2028.

Personal Accident and Health (PA&H) insurance is the third largest line, estimated to account for a 10.1% share of general insurance DWP in 2024. PA&H insurance is expected to grow by 0.3% in 2024, driven by increasing health awareness and medical inflation, leading to higher demand for health insurance policies. PA&H insurance is expected to grow at a CAGR of 3.1% during 2024-28. Liability, Miscellaneous, and Marine, Aviation, and Transit (MAT) insurance is expected to account for the remaining 16.6% share of the general insurance DWP in 2024.

Ms Verma said, "Economic recovery, rising consumer awareness of insurance, and the recovery of vehicle sales will support growth in the Malaysian general insurance industry over the next five years. Persistent high claim payouts led by medical inflation, and the occurrence of regular Nat CAT events will prompt insurers to reassess their risk exposure and increase premium rates in the short term."

TOP

Taiwan: Life insurer's underwriting profitability expected to be stable - Asia Insurance Review

Taiwan Life Insurance's underwriting profitability is expected to remain stable, said Fitch Ratings. Taiwan Life's profitability recovered in 2023 on its steady underwriting performance and the cessation of operating losses previously incurred from its equity investment in CTBC Insurance. Taiwan Life's return on equity recovered to 10% in 2023 from -3% a year earlier, with a three-year average of 7.5%.

Nevertheless, the insurer's earnings remain potentially volatile due to the high proportion of interest-sensitive products in its product mix, which could result in fluctuations in its earnings and investment performance amid a challenging market environment, said Fitch. The global credit rating agency also said, "Taiwan Life has strategically pivoted towards emphasising regular-premium policies, which we believe will lead to sustainable growth in the value of new business."

Ratings affirmed
Fitch Ratings has affirmed Taiwan Life's Insurer Financial Strength (IFS) Rating at 'BBB+' (Good) and National IFS Rating at 'AA-(twn)'. The outlook is 'Stable'.

The rating affirmation reflects Taiwan Life's 'Favourable' company profile, 'Good' financial performance and 'Adequate' capitalisation. It also takes into consideration the challenges the insurer faces in maintaining its business presence and operating performance amid market volatility and intense competition.

Apart from profitability, drivers of Taiwan Life's ratings include:
High Exposure to Risky Assets: Fitch regards Taiwan Life's investment and asset risk as 'Moderately Weak' due to its relatively high exposure to equity-type investments. Risky assets, including listed and unlisted stocks, equity-type mutual funds, preferred shares and below-investment-grade bonds, fell to 249% of shareholder equity and loss-absorbing reserves at end-2023 (2022: 284%). The decline in the risky-asset ratio in 2023 was due to an improved equity base, as Taiwan Life did not make a significant reduction in risky assets.

'Adequate' Capitalisation, Low Financial Leverage: Fitch expects Taiwan Life to maintain its regulatory risk-based capital ratio well above the regulatory minimum of 200%. The ratio improved to 305% by end-2023 from 275% a year earlier, supported by the issuance of NT$13bn in subordinated bonds in July 2023. Taiwan Life's capitalisation score, measured by the Fitch Prism Model, was 'Adequate' in 2023, commensurate with its rating. Taiwan Life's financial leverage ratio increased to 16% by end-2023 due to the recent issuance but was still well below the ratio guidelines for IFS 'BBB' rated insurers.

'Favourable' Company Profile: Fitch assesses Taiwan Life's company profile as 'Favourable' compared with that of all other local life insurers, based on its 'Favourable' operating scale, substantive business franchise, and 'Neutral' corporate governance. Accordingly, Fitch scores the company profile at 'a-' under its credit-factor scoring guidelines

Taiwan Life is the sixth-largest insurer in Taiwan, measured by its 6% share of premium income, and fifth-largest by first-year premiums with a 7% share in 2023. The insurer has comprehensive products for risk protection, savings, healthcare and retirement. It has established distribution channels, including more than 8,000 tied agents, and bancassurance through CTBC Bank and other Taiwanese banks.

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COI TRAINING PROGRAMS

Mumbai – June 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Understanding Electric Vehicle Insurance	03-Jun-24	03-Jun-24	ClickHere	Register
2	Basics of Aviation Insurance	06-Jun-24	07-Jun-24	ClickHere	Register
3	Comprehensive Financial Planning Series-Part 1 : Focus on Tax Planning	06-Jun-24	06-Jun-24	ClickHere	Register
4	Reinsurance Program: International (RPI)	10-Jun-24	15-Jun-24	ClickHere	Register
5	Cutting Edge Marketing Strategies for Branch/Unit Leaders of Life Insurance	10-Jun-24	10-Jun-24	ClickHere	Register
6	Understanding Life Insurance Operations for Middle Level Managers	10-Jun-24	11-Jun-24	ClickHere	Register
7	Risk Inspection- Methods & Reporting	12-Jun-24	13-Jun-24	ClickHere	Register
8	Workshop on Soft Skills for team leaders	12-Jun-24	13-Jun-24	ClickHere	Register
9	Techniques for Telemarketing Teams in Insurance	13-Jun-24	14-Jun-24	ClickHere	Register
10	Basics of Life Insurance for New Recruits	14-Jun-24	14-Jun-24	ClickHere	Register
11	Life Insurance Marketing for Brokers	18-Jun-24	19-Jun-24	ClickHere	Register
12	Creating High performers in BancaChannel	18-Jun-24	18-Jun-24	ClickHere	Register
13	Liability Insurance: Focus - Casualty Lines	20-Jun-24	21-Jun-24	ClickHere	Register
14	Program on AML-KYC-CFT Requirements	20-Jun-24	20-Jun-24	ClickHere	Register
15	Principles of Valuation of Life Insurance Companies	21-Jun-24	21-Jun-24	ClickHere	Register
16	Compliance Management for Principal Officers of Corporate Agents, Banks	24-Jun-24	24-Jun-24	ClickHere	Register
17	Insurtech and Agriculture	21-Jun-24	21-Jun-24	ClickHere	Register
18	Motor OD Insurance - Underwriting and Claims	26-Jun-24	27-Jun-24	ClickHere	Register
19	Liability Insurance: Focus Cyber & Crime	27-Jun-24	28-Jun-24	ClickHere	Register
20	Forensic Science in Insurance Investigations	27-Jun-24	27-Jun-24	ClickHere	Register
21	Compliance 2.0 – An upgrade for Principle based Regulatory Regime	27-Jun-24	28-Jun-24	ClickHere	Register

Kolkata – June 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Annuities as a Distinct Marketing Too-CT Kolkata	12-Jun-24	12-Jun-24	ClickHere	Register
2	Managing Liability Insurance: Marketing, Underwriting and Claims (Other than Motor TP and Cyber Liabilities)-CT Kolkata	13-Jun-24	14-Jun-24	ClickHere	Register
3	Renewable Energy Insurance - The emerging opportunities-CT Kolkata	27-Jun-24	28-Jun-24	ClickHere	Register
4	Paradigm Shift in Life Insurance Underwriting-CVT Kolkata	28-Jun-24	28-Jun-24	ClickHere	Register

TOP

Courses offered by COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	6th July 024
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	6th July 2024
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	6th July 2024
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours
Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

CC4 - Certificate Course in Investigation and Fraud Detection in Life Insurance

Course Structure -

Particulars	Details
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

Please write to college_insurance@iii.org.in for further queries.

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