



INSUNEWS

- WEEKLY E-NEWSLETTER

11TH – 17TH NOVEMBER 2023

QUOTE OF THE WEEK

“Success is the sum of small efforts - repeated day in and day out.”

ROBERT COLLIER

Insurance Term for the Week

Repatriation of Remains Insurance

Repatriation of remains coverage is an important benefit to have in a travel insurance plan, and it is often a required benefit. Many individuals might not quite understand what the term repatriation of remains means as it is not a term used in everyday conversation.

So what exactly does repatriation of remains mean to someone who is shopping for an international health insurance plan and why is it important?

Although no one likes to think of the worst possible scenario when planning a trip, it is often necessary to be prepared. In the event of an accident or even death, medical bills and other expenses should be the least of worries for the individuals involved.

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INSURANCE INDUSTRY

The Digital Revolution and the Demand for Cyber Insurance - Express Computer - 16th November 2023



If you ask anyone on the street, you'll find that the phrase 'Digital India' has resonance and recall almost as much as anything you could say about India. This is telling. It's India's impressive march towards digital dominance that has made the world envious and look up and take notice.

The country's Internet penetration reached 48% in 2022 from just 4% in 2007. This might seem low at first glance, but it's almost half of the 1.37 billion population that had access to the internet last year. This is closer to a miracle than a fluke. At the same time, India leads the world in digital transactions, and soon enough, Indian organizations are expected to spend more than \$85 billion by 2026 on

digital transformation. This digital transformation cuts across industries, verticals, and even organization sizes.

Be it the small businesses accepting payments through card machines at their distribution points or the large energy major implementing a fully automated rig monitoring solution – the digital revolution has brought prosperity and efficiency at a disproportional scale. The ultimate winners are consumers of this global digital economy who get to experience the best of products and services at the press of a button.

Attackers at the gate

But there's a chink in this digital armor. The deepening of digitization increases incentives for bad actors, such as cyber criminals, to attack individuals, governments, and organizations at every instance. And India – especially on the business side – is flying blind in the face of relentless enemy fire from the skies.

Let's look at some data. In 2021, more than 11 lakh cyberattack incidents were reported in India. These are the incidents that got reported to Indian Computer Emergency Response Team (CERT-In) – and the actual number could be much higher if one counts the number of incidents that went unreported. At the same time, more than 76% of organizations were impacted by at least one cyberattack in the year – and the total cost of damages was pegged at upwards of Rs 63 crore.

This is the sobering landscape of Indian businesses' cybersecurity preparedness. The problem with cyberattacks is that they can be shape-shifting in nature and can come from various sources – almost as many as the devices in the organization – opening up millions of points of vulnerability for just one large enterprise.

This is just the tip of the iceberg. Cybersecurity attacks are becoming more common for organizations around the world and India is likely to follow suit. With the growing number of digital-first companies including startups that work in retailtech, healthtech, fintech, agritech and the likes – hordes of data and individuals will find themselves in harm's way if organizations don't proactively act to protect their digital walled gardens.

Protection is the cure

The problem with cyberattacks is this – it's extremely unlikely that any individual or an organization can bring the potential of an attack down to zero. At the same time, with the advancements in technology – the attacks and risks are going to only get more complex and sophisticated. Hence, even the best firewalls and cybersecurity practices might prove toothless in the face of a highly-coordinated attack. The prognosis gets worse when one looks at the current state of preparedness. According to ISACA's State of Cybersecurity Report 2022 – 40% of Indian organizations have understaffed cybersecurity teams while another 60% have pending openings for roles in this domain.

The solution – and perhaps the only effective one – is risk protection and mitigation. While tougher cybersecurity practices will help safeguard organizations, it's imperative they choose cybersecurity insurance to keep themselves protected in case the event does occur – and it's highly likely it will, at some point or the other.

The shield of cybersecurity insurance

This is the key reason behind the meteoric rise in popularity of cyber security insurance in India in recent years. This type of insurance helps protect a business from liabilities arising after a cyber attack. Most cyber security insurances cover costs including attack response, legal fee, client management etc. and thereby, help a business tide over the incident with limited damage to their operations.

Cyber insurance policies have proven effective in helping businesses pay off liabilities arising from stolen customer data, compromised passwords, breached bank accounts, frozen databases and a lot more. A comprehensive and dynamic cyber insurance protection becomes necessary for almost every business when one considers the severe reputational damage, regulatory fines, legal charges and customer obligations that arise from a cyber attack incident.

The best part about cyber insurance is that many insurers also assist businesses in managing the attack – including response, negotiating ransom, legal proceedings and further protection to prevent a repeat of such attacks in the future. While the world digitizes and businesses focus on making the best use of technology to bolster customer experiences as well as their bottom-lines, it's necessary for all modern enterprises to sincerely consider getting a comprehensive cyber security audit and insurance framework in place. This will ensure that the blood, sweat and tears of an entire organization do not go to waste in the event of a malicious attack by a bad actor. As always, prevention remains the best cure.

(The writer is Tejas Jain.)

TOP

Bima Seva Kendra revolutionizes insurance grievance services with its SEVA promise – India Shorts – 15th November 2023



This quote summarizes the essence of Bima Seva Kendra's commitment to providing exceptional service and building lasting relationships with its customers. By prioritizing simplicity, empowerment, value, and accessibility, BSK is transforming the insurance landscape into a realm of customer-centricity and unwavering excellence.

Comprised of dedicated professionals, Team BSK takes pride in promptly addressing insurance-related grievances, aiming to revolutionize the industry with unparalleled customer experiences. Understanding the importance of swift resolutions, they have streamlined processes, equipping the team to handle concerns

compassionately, seeing each interaction as a chance to build trust through exceptional service.

At the core of BSK's ethos lies a team of dedicated professionals poised to address insurance grievances promptly and satisfactorily. Their mission? To revolutionize the insurance landscape by delivering an unparalleled customer experience.

The organization believes insurance should offer peace of mind, not despair, and is devoted to providing a seamless and supportive experience. Central to their customer service approach is the SEVA initiative, encapsulated by the four pillars:

Simplicity: BSK aims to simplify the often convoluted insurance redressal process, eliminating jargon and complexities that confuse customers.

Empowerment: Customers are empowered with clear and concise information to make informed decisions about their insurance coverage.

Value: BSK commits to delivering exceptional value for money, ensuring a fair and efficient complaint resolution process. Notably, they charge a nominal success fee only upon resolving a case, without any hidden costs.

Accessibility: Multiple communication channels—phone, email, social media, and online chat—make it convenient for customers to connect with BSK.

The potential for BSK to redefine the benchmarks for excellence in insurance grievance redressal services is yet to unfold. The comprehensive impact of their customer-centric approach and steadfast dedication to SEVA will only become evident with time. Nonetheless, one undeniable fact prevails: BSK shines as a guiding light for individuals in search of authentic and efficient solutions to insurance-related challenges. An invitation is extended to all to partake in this transformative voyage, as BSK endeavours to reshape the insurance arena into a domain characterized by customer-centric practices, exceptional service, and unwavering commitment.

Bima Seva Kendra has been around for a little over one year. However, the response has been overwhelming. More than 500 customers have registered with them and the Google reviews speak volume about the great work that they are doing.

(The writer is Priyanka Shekhawat.)

[TOP](#)

Growth in health and life insurance, for the missing middle in Tier 2, 3 cities and beyond – The Economic Times – 12th November 2023



Insurance is growing and it's growing fast. A decade down the line, we will see people buying insurance in the villages too, the change has already begun. If one looks at the data, insurance was penetrating at 2.7 percent in 2000, growing to 3.2 percent in 2021 and currently penetrating at 4.2 percent levels. There is growth; but a huge portion of this market is still untapped.

The sense of urgency and awareness towards insurance was witnessed after the first wave of Covid pandemic. Consumer sentiments have been fast changing towards managing finances, investing in funds and FDs, investment

in insurance, over the last two years. The pandemic had opened floodgates for the Indian healthcare sector and consecutively for health insurance. People living in the smaller cities opted for health insurance, out of which the maximum number of people opted for family floater plans. Despite having corporate insurance policies, people in smaller cities have been looking for individual health insurance policies, for better financial security.

Along with increased awareness towards health insurance, medical inflation and hospitalisation are significant reasons for the growing demand in health insurance. Room rent capping has inflated by 3-4% in the last two years, whereas India's current medical inflation is at around 15%. Rising prevalence of lifestyle diseases, communicable/noncommunicable diseases, and growing cases of unprecedented health related emergencies, are further reasons for the growing health insurance in smaller cities.

Additionally, the Indian government has implemented multiple initiatives like Ayushman Bharat Yojana, Pradhan Mantri Jan Aarogya Yojana (PM-JAY), Pradhan Mantri Suraksha Bima Yojana to provide health insurance to the economically weaker sections of society. These government initiatives and financial inclusion programs have also played a critical role in improving health insurance penetration in Tier 2,3 cities and beyond.

However, the life insurance segment still faces challenges in Tier 2 and 3 markets, where the penetration is relatively low, due to its limited distribution reach. Though the life insurance market has continued to progress, at around 18%, compared to previous years, there is a substantial penetration gap. One of the key reasons in this market is the increased cost of distribution and servicing, added with less prioritisation towards life insurance products from consumers, higher premiums and multiple formalities before purchasing. This segment has more potential, thus more innovations, cost-effective channels, digitisation needs to be incorporated to increase the insurance distribution.

Changes in the last decade in the telecom sector, with exponential growth in smartphone users at around 600 million, and with increased coverage of microfinance institutions are expected to improve the accessibility for insurance and reduce the cost of distribution. India's age structure is also heavily inclined towards the youth segment, with a median age of around 28 years. This insurable population would require more insurance products, making insurance a more demanding product in the coming years.

Both the Indian government and private players are working extensively towards transforming the country into a digitally empowered one. The government has been working towards building the India Stack, with one vision- increasing financial inclusion in the country. IRDAI too has embraced digital integration and introduced schemes, modifications, amended some stringent regulations, to improve ease of business and innovation. Digital developments like Aadhaar Verification API (Application Programming Interface), UPI (Unified Payment Interface) have made digital penetration easier for the insurance industry. All steps, digital integrations, public private partnerships are aimed at achieving "Insurance for All by 2047", where every household, even in the villages of India would have an insurance cover.

In conclusion, the rise of the InsurTech industry, coupled with the increasing awareness of insurance amongst the new generation, is set to make insurance a necessary requirement for individuals. By focusing on financial inclusion, customisation of products, and empowering Tier 2, 3 markets and beyond, India can strengthen its economy and ensure a secure future for its citizens.

(The writer is Balachander Sekhar.)

TOP

INSURANCE REGULATION

Irdai issues exposure draft on EoM for insurers based on RRC suggestions - Business Standard - 15th November 2023



The Insurance Regulatory and Development Authority of India (Irdai) has released an exposure draft on the Expenses of Management (EoM) including a commission for both life and non-life insurance companies, based on the recommendation from the Regulation Review Committee (RRC). The RRC recommended merging the commission and EoM regulations to create a single regulation instead of maintaining separate ones.

Irdai had directed the Councils to constitute an RRC comprising representatives from all stakeholder groups to enhance the ease of doing business and simplifying regulations by moving towards a principles-based regime

in order to make them more effective. The RRC recommended Irdai (EoM, including commission, of insurers) Regulations 2023 after repealing three separate regulations.

The three repealed regulations are Insurance Regulatory and Development Authority of India (EoM of Insurers transacting General or Health Insurance Business) Regulations, 2023; Insurance Regulatory and Development Authority of India (EoM of Insurers transacting Life Insurance Business) Regulations, 2023, and Insurance Regulatory and Development Authority of India (Payment of Commission) Regulations,

2023. The exposure draft has upheld and continues to propose a 30 per cent and 35 per cent limit on EoM for general insurers and standalone health insurers, respectively. In the draft, the regulator said that life insurers should not spend an amount exceeding 5 per cent of all single premiums received during the year on policies granting immediate annuity, deferred annuity, 10 per cent of all single premiums received during the year on group pure risk policies.

The draft has revised the limit of all individual risk policies from 10 per cent set earlier to 14 per cent. The limit was 15 per cent of all premiums received on one-year renewable group policies, other than group fund-based policies. The draft said that the allowance for the group fund-based policies would be based on the average of Assets under Management (AUM) of the policies at the beginning and at the end of the financial year. For AUM up to Rs 10,000 crore, the allowable EoM will be 1 per cent, whereas, for amounts more than Rs 10,000 crore, the allowable EoM will be 0.80 per cent.

Irda had come up with an exposure draft on the EoM for life and non-life insurers in 2022. The draft released on Tuesday is based on the recommendations from the RRC. "There were too many regulations and it had to be simplified. This was the intention of RRC by merging the regulations," noted a senior official from the industry. Bikash Choudhary, Chief Actuarial & Governance Officer at IndiaFirst Life Insurance said, "While we are still studying the exposure draft shared by the regulator, prima facie, it appears to be a merger of two regulations, the EoM and commission regulations, notified on March 26, 2023. However, there seems to be more detailed reporting to the Authority on the expenses of management."

"The main objective of the proposed draft regulations is to enable and provide flexibility to the insurers to manage their expenses, including commissions, within the overall limits as specified by the Authority to optimally utilise their resources for enhancing benefits to policyholders and to improve insurance penetration," the regulator noted. Insurance companies having branches outside India or in the International Financial Service Centre (IFSC) Insurance Office (IIO) are eligible for an additional allowance of Head Office Expenses which will not exceed 10 per cent of the gross premium income for non-life insurers and 5 per cent for life insurers.

The additional allowable expenses within the overall expense limit also include expenses incurred towards government schemes such as Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jan Arogya Yojana, Pradhan Mantri Fasal Bima Yojana of 15 per cent, as well as expenses incurred towards promoting insurTech and insurance awareness of up to 5 per cent to expand customer reach. The new regulations are expected to come into force from April 1, 2024, and will remain in force for a period of three years thereafter. The regulator has given a deadline of up to December 6, 2023, for the stakeholders to give their comments and suggestions on the same.

(The writer is Aathira.)

TOP

NHA organises accelerator workshops on ABDM integration and NHCX adoption – Express Healthcare – 15th November 2023



The National Health Authority (NHA) and the Insurance Regulatory and Development Authority of India (IRDAI) have joined hands to operationalise the National Health Claim Exchange (NHCX), a digital health claims platform developed by National Health Authority. This initiative is being undertaken in the context of a circular issued by IRDAI in June 2023, whereby the insurance regulator had advised all insurers and providers to onboard the NHCX. The NHCX will serve as a gateway for exchanging claims-related information among various stakeholders in the healthcare and health insurance ecosystem. The integration with NHCX would enable seamless

interoperability of health claims processing, enhancing efficiency and transparency in the insurance industry and benefiting the policyholders and patients.

In this regard, a three-day workshop was organised from 7th to 9th November in New Delhi, aimed mainly at hospital providers to onboard on the NHCX and insurance companies to fully integrate with the NHCX. This workshop was the third in a series of workshops that have been organised by NHA and IRDAI. The first two workshops were organized in August and October of this year and had participation from insurance companies and TPAs. Over 150 professionals representing 45 organisations – insurance companies, TPAs, and hospitals have participated in these workshops. Considering the encouraging progress made by the insurance companies in these workshops, the organisations were advised to select their most popular retail product along with one network hospital to pilot the operationalization of NHCX.

This workshop saw participation from 10 hospitals, each assigned to an insurance company. The technical and business teams of these hospitals were guided by teams from NHA, IRDAI and NRCeS (National Resource Centre for EHR Standards) to onboard on the NHCX. At the end of the workshop, 10 hospitals namely Jupiter Hospital, Thane ; Kauvery Hospitals, Chennai; A J Hospital Research and Research Centre, Bengaluru ; Sarvodaya Hospital, Faridabad; Fortis Hospital, Gurugram; Fortis Hospital, Noida; Shri Balaji Action Hospital, Delhi; Sanar International Hospital, Gurugram; Centre for Sight, Dwarka, Delhi; and Narayana Hrudayalaya, Delhi were onboarded on the NHCX provider registry.

In addition, the hospital/claim management systems (HMIS) of these hospitals, namely Jupiter Hospitals, Kauvery Hospitals, Akhil systems, Kare Expert, Fortis Hospitals, Narayana Hrudayalya and Vitraya Technologies Private Limited were able to complete the requisite M1 integration of Ayushman Bharat Digital Mission (ABDM), which is an essential step to complete NHCX integration. The M1 integration enables a software to create and verify Ayushman Bharat Health Account (ABHA).

The workshop also saw completion of full integration with NHCX by eight insurance companies/TPAs, taking the total count to 12 insurance companies having successfully completed the NHCX integration. Four insurance companies, namely Aditya Birla Health Insurance, Star Health and Allied Insurance, Bajaj Allianz Insurance Company and HDFC Ergo Insurance had already completed the full integration in the second workshop in October. During this workshop, seven insurance companies and one TPA, namely ICICI Lombard General Insurance, The New India Assurance Company, Care Health Insurance, Go Digit General Insurance, Acko General Insurance, Tata AIG General Insurance company, Paramount TPA, United India Insurance Company successfully completed NHCX integration.

To encourage adoption of digital health transactions and digitisation of patient health records in the country, NHA has also announced financial incentives under the Digital Health Incentive Scheme (DHIS) from Jan 2023. Under the DHIS, to encourage efficiency in insurance claim processing, there is a provision that for every insurance claim transaction through NHCX, financial incentives of Rs 500 per claim or 10 per cent of the claim amount, whichever is lower would be provided for the hospitals. Considering the enthusiastic participation by the insurance companies and providers, a full scale launch of this transformational initiative is expected soon.

TOP

LIFE INSURANCE

Things to Know Before You Purchase a Par Policy – The Economic Times – 11th November 2023

Life insurance serves a dual purpose, safeguarding both your loved ones and your future financial stability. To make an informed decision, it's essential to understand the various insurance options currently offered. In addition to choices such as term insurance, ULIPs, and annuities, you may have come across participating policies. Participating policies are a prudent investment tool that offer a multitude of benefits. It is good to know that these products are gaining popularity and it will be beneficial to understand why.

What are Participating Life Insurance Plans?

A participating life insurance policy, also known as a par policy, allows you to benefit from the insurance company's profits. The insurance company may pay out a part of its profits as a bonus or dividend to the policyholder. These payouts are generally made on an annual basis.

In addition to these participating benefits, par policies, which are essentially savings plans, also offer regular benefits. They include guaranteed death benefits or maturity benefits, depending on whether or not the policyholder survives the policy term.



Essential Things to Know Before You Buy a Par Policy

Every individual has unique life goals that influence their financial planning and investment decisions. For example, some individuals prefer a pure term policy, that is solely aimed at safeguarding their family's finances in the event of their passing. Others look for guaranteed plans that offer periodic and assured returns. Some individuals are interested in investments beneficial in the long-term and are willing to take on market-related risks for the potential of higher returns, making ULIPs a suitable choice for them. There are also a set of customers that seek both guaranteed returns and a variable income and Par products are a perfect fit for them.

A par policy can be an excellent addition to your financial portfolio because it helps you meet various goals with just one financial product. You can secure your family's future, meet your own life goals, earn tax benefits and get some additional income — all with the same policy. However, before you purchase a par policy, you must be aware of the following essential things.

1. Not All Benefits are Guaranteed

The key feature that sets participating policies apart from non-par plans is the benefit of bonuses from the insurance provider. Since these bonuses are paid out of the company's profits, they are not guaranteed. Instead, they depend entirely on the financial performance of the company. This means there may be some years when you do not receive any participating bonus at all. However, there may also be years when you receive significant bonuses if the company's financial performance is exceptional.

2. A Par Policy Also Offers Guaranteed Benefits

While the participating benefits from your par policy may not be guaranteed, this type of life insurance also offers other guaranteed payouts. More specifically, the death benefits and maturity payouts are assured. If the policyholder passes away during the policy term, the sum assured under the policy will be paid to the nominee by the insurer. However, if the policyholder survives the policy term, the insurer will pay out the maturity benefits guaranteed under the plan. This sum is known and assured beforehand, so you can fund your life goals with it.

3. You Get Many Advantages for a Nominal Additional Premium

Participating policies offer the added advantage of sharing in the insurance provider's profits. So, the premiums charged for these plans may be slightly higher than the cost of non-participating policies. However, in the long run, the cost-benefit equation works out in your favour because you get a wide range of financial advantages within the same policy — all in exchange for a nominal additional premium. You can secure your family's financial future, obtain assured maturity benefits to further your life goals and participate in the company's profits.

4. A New-Age Par Policy is More Customisable

Although conventional participating policies offer the threefold advantage of safety, liquidity and returns, they are not dynamic. Unlike their traditional counterparts a new-age PAR policy offers flexibility of dynamic income options. You can choose the desired income, income start year, income period, adjust maturity benefits as per their goals and much more.

In conclusion, purchasing life insurance isn't just a financial decision; it's a journey of understanding, safeguarding, and securing. The choices you make today can shape not only your family's future but also your own financial well-being.

So, explore the landscape of life insurance options, and understand products suitable for your life goals. You will be assured of peace of mind with your loved and future financially secured.

(The writer is Sameer Joshi.)

TOP

GENERAL INSURANCE

Covering climate change risks poses a major challenge for insurance industry - The Hindu Business Line - 16th November 2023



Growing risks associated with climate change is fast emerging as the biggest challenge for the insurance industry. Right from loss of life due to cyclones to covering the damages of private property induced by flash floods and other natural calamities, insurance companies are gearing up to manage risks associated with climate change.

Climate change will significantly impact the insurance industry with higher severity of catastrophic losses, inadequacy of property coverages, and higher business interruption losses, said MR Kumar, former Chairman, LIC of India.

Speaking at the 7th Birla Institute of Management Technology Insurance Colloquium, he said that India is one of the most vulnerable countries to climate-induced flooding and heat stress. "The city of Mumbai could suffer economic damages of \$49 to 50 billion by 2050 due to sea level rise. Insurers must integrate both physical and transition risks, and find ways to manage them effectively. Policymakers may need to require insurers to extend coverage where economically unfeasible," he added. Organised by the Birla Institute of Management Technology, one of the leading B-schools, the colloquium was themed "Expanding the Sustainable Value Chain: Climate Change's Impact on Property & Casualty, Health and Life Insurance." There were intriguing and insightful conversations about the important relationship between climate change, insurance, and sustainability.

The event also witnessed the release of the "India Insurance Report," which offered insightful information about the current situation of the insurance market in India. Prof Bejon Kumar Misra, International Consumer Policy Expert and member of the Executive Committee - General Insurance Council said the industry must prioritise sustainability, innovation, and the well-being of every individual in consultation with all stakeholders and create a future where no one is left behind. Prof Abhijit K Chatteraj, a Chartered Insurer and Chairperson of PGDM-IBM at BIMTECH emphasized the importance of a net zero transition in underwriting and mitigate losses caused by climate risks. Property and casualty underwriters must strategically work to seize the growth opportunities resulting from this transition and underwriters must adjust their portfolio to minimize their carbon footprint, he added.

TOP

GIC wants to divert terror insurance money for oil and nuclear risks - Business Standard - 14th November 2023

More than Rs 15,000 crore (about \$2 billion) is sitting unused in India's insurance pool against terrorism and could be used to cover nuclear accidents or for imports of Russian oil. Such insurance will encourage foreign nuclear power companies to invest in small modular reactors in India. A proposal to divert the

pool's money was discussed at a recent meeting of nonlife insurance companies and state-owned General Insurance Corporation of India, or GIC Re. GIC Re created the terrorism insurance pool in 2002 after Indian markets lost global cover in the wake of the 9/11 attacks in the US. Diverting money from the pool "will have a significant commercial impact as the premium rates for industry will dip," said a senior official aware of the discussions at the meeting.



While the Finance Ministry and sector regulator Insurance Regulatory Development Authority of India are in favour of the diversion, they have not issued any direction that would be a commercial decision. GIC Re, described as India's national reinsurer, wants some money to be diverted to the other pools that have limited capacity or are new. For instance, the nuclear accident pool has been around for some time but it has a risk capacity of Rs 1,500 crore. In case of an accident, it would likely be drained soon. An extra-risk cover will allow insurance companies to offer cheaper premiums to clients. A marine cargo risk pool, mostly used to import fertilisers from Ukraine and Russia, has an even

smaller risk taking capacity of Rs 400 crore. GIC Re runs these pools, but nonlife insurance companies have to give their assent for diversion of money as they are members. There are 25 members in the Indian Market Terrorism Risk Insurance Pool and 12 in the India Nuclear Insurance Pool. India's oil imports from countries under international sanctions have increased, requiring additional insurance cover from the domestic market.

Separately, the risk capacity of the domestic nuclear pool needs to rise as India builds more capacity. Installed nuclear power capacity is set to increase from 7,480 MW to 22,480 MW by 2031, said Jitendra Singh, minister of state (independent charge) for science and technology, recently. International companies like General Dynamics are keen to explore small modular reactors technology for India but will need strong insurance cover. They cannot buy from insurance in the Indian market in the absence of risk capacity. Some of the surplus from the terrorism pool could therefore be diverted to the new pools. To do this, GIC Re will have to change the statutes for the finances to flow across the pools.

The terrorism risk pool has grown as it has been in existence for two decades, allowing nonlife insurance companies time to build up their contribution. All fire, marine and property insurance policies have included such a cover run by the Indian Market Terrorism Risk Insurance Pool. As India has had no major terrorism cases except for the 2008 attacks in Mumbai, payouts from the pool are minimal. The premium income of the Indian Market Terrorism Risk Insurance Pool has risen steadily as there has been no claim. Each year more than Rs 500 crore is added to the pool. As much as Rs 516.6 crore was added to the pool in FY2021 while claims paid was a meagre Rs 4.5 crore. The maximum loss any company will be asked to bear is Rs 2000 crore per incident. Insurance companies, despite the positive outcome, have not lowered the rates for their clients. It is 0.23 percent for industrial risks and 0.15 percent for non-industrial risks. It is now well understood that terrorism cover does not need a larger insurance arrangement than this.

(The writer is Subhomoy Bhattacharjee.)

[TOP](#)

Companies rush for cyber insurance on data laws, digitization - The Economic Times - 10th November 2023

Insurance is generally difficult to sell, but for a product like cyber insurance, the coin has flipped. The market is at a point where demand is growing fast and insurance companies might not be prepared to meet it yet, say industry insiders. Multiple insurance brokers ET spoke to said that over the last couple of years, the demand for cyber insurance is steadily climbing and is expected to climb further now that India has formulated its own data protection law. But cases of high claims and the complexity of the product make it

such that insurance companies are wary of selling one. And also, for startups to qualify for a good cover is very difficult.



Rising Demand

“Demand for cyber insurance has been increasing steadily... the market is currently valued at \$50-60 million and has been growing at a compound annual growth rate of 27-30 percent over the past three years,” said Dhirandra Mahyavanshi, CEO, insurance broking startup Turtlemint. He further added that over the next few years, demand for cyber insurance is expected to grow by around 30 percent in India.

Recently licensed insurance broking startup Bimakavach is betting big on this space. Tejas Jain, founder of Bimakavach, told ET that he is building an entire suite of insurance products that new-age small- and medium-sized businesses will need to keep their operations safe and cyber insurance is a key product in that stack. “Companies like fintechs, software service providers hold on to a lot of data, but historically hardly took the right insurance covers, but now even their investors are pushing them to get covered,” Jain added. Products like cyber insurance, fraud cover, including both insider and third party fraud, directors and officers liability all these are being taken by new generation companies. “A lot of conversations are happening around cyber insurance covers in the wake of India enacting the data protection law too,” Jain added.

Factors driving demand

Multiple reasons are driving demand among businesses these days. More and more companies are digitising their operations, in turn gathering a lot of data on their customers. While it helps them scale up their business, it also makes them vulnerable to cyberattacks. “Typically, for small and medium businesses, the IT systems are not so robust, hence, insurers also stay away from offering any cover to such entities,” said Eeva Saiwal, business head, liability, cyber and financial risk at Policybazaar for Business. Saiwal added that information security experts play a vital role in advising companies to strengthen their systems so that they become eligible for these products. Overall issues like rising cases of fraud attacks, ransomware attacks and the rising cost of dealing with a cyberattack is causing companies to seek cover. For instance, under the DPDP Act, fines can go up to as much as Rs 250 crore, enough to shut down a medium sized business. “There are a lot of discussions happening among companies and insurers after DPDP Act was enacted, but transactions are yet to pick up big time, the industry is awaiting to understand the full impact of the law,” Saiwal said. Mahyavanshi of Turtlemint said that 70% of the cyber insurance products sold in India were after Europe enacted GDPR in 2018. The DPDP Act is expected to create a similar demand, he added.

Expensive Affair

While one section of companies are seeking protection, another is increasing their cover. Industry insiders pointed out that they often come across cases where the company wants cover of as high as \$10 million. Around \$5 million to \$6 million, they say, have become common these days. As per industry estimates, premium could hover around 0.6% to 1.2% of the protection amount, depending on the kind of company being covered. Data heavy segments like banking, finserv and Saas often attract higher cost. “The rates offered to companies are not very conducive, they need to budget for this expense,” said Saiwal of Policybazaar. Also insurers and reinsurers have very strict checks before they can insure a company. Saiwal said that many companies undertake complete overhaul of their IT systems to become eligible for these covers. Overall it is an expensive and time taking process. But with GDPR already in place, the reinsurance industry has already built the assessment models, now it is the turn of the Indian cyber insurance market to mature and build products with the optimum coverage.

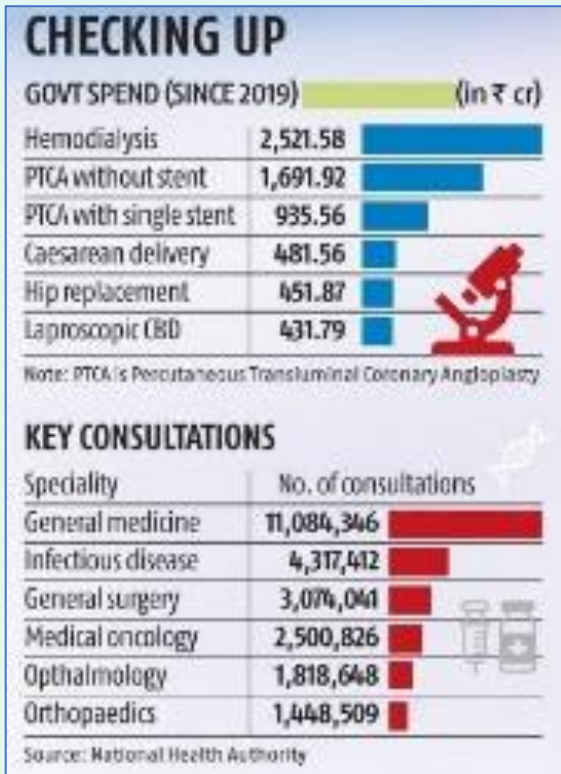
(The writer is Pratik Bhakta.)

TOP

HEALTH INSURANCE

59 mn hospitalisations worth Rs 74K cr authorised under AB-PMJAY since 2018 - Business Standard - 17th November 2023

Over 59 million hospital admissions have been undertaken at a cost of more than Rs 74,000 crore under the Centre's flagship health insurance scheme Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) since its launch five years ago, according to the National Health Authority (NHA). The scheme was launched by Prime Minister Narendra Modi on September 23, 2018. It provides assurance of Rs 5 lakh per year per family, ensuring that quality healthcare is made accessible to low-income earners in the country.



More than 59 million hospital admissions have been authorised at a cost of Rs 74,131.79 crore since the scheme was first launched in Ranchi, the NHA said on its website.

General medicine is the most consulted specialty at over 11 million patients under the AB-PMJAY, the data said. It is followed by infectious diseases (4.31 million consultations), general surgery (3.07 million consultations) and medical oncology (2.50 million consultations), it said. The top six specialties with respect to consultations amount to a combined total of Rs 15,651.89 crore paid out of public exchequer since the scheme's launch.

The NHA has described the scheme's primary objectives as ensuring comprehensive coverage for catastrophic illnesses, reducing out-of-pocket expenditure and improving access to hospitalisation care.

Currently, the scheme provides 919 Health Benefit Packages (HBPs), covering 1,670 procedures under 26 specialties. General surgery has the highest number of HBPs with 105 packages, whereas medical oncology covers the most procedures at 264.

The NHA data also suggests that hemodialysis is the most frequently performed procedure to date in hospitals enlisted under the scheme, with more than 6 million cases amounting to Rs 2,521.58 crores. It is followed by Percutaneous Transluminal Coronary Angioplasty (PTCA) in its two variations - with and without the inclusion of a single stent. Both procedures have had a combined cost of Rs 2,627.48 crore.

(The writer is Sanket Koul.)

TOP

Insurers see dip in new business margins in July-September quarter on tough competition - Moneycontrol - 13th November 2023

Insurance companies saw pressure on their value of new business (VNB) in the July-September quarter on account of tough competition and a change in the product mix of insurers, a Moneycontrol analysis of the top five insurers showed. VNB is an important indicator that measures the profit margin of new business written by a life insurance company. In the July-September quarter of the current financial year, VNB dipped for most insurers whereas some reported single-digit growth.

To give an example, the country's largest insurer, the Life Insurance Corporation of India (LIC), saw its VNB drop by 10 percent. The VNB for the insurer stood at Rs 3,304 crore. In the case of ICICI Prudential, the second largest in the country, the VNB dropped by 7 percent over the previous year to Rs 1,015 crore.

On the other hand, SBI Life's VNB jumped by 23 percent to Rs 2,360 crore and HDFC Life's VNB stood at Rs 801 crore, growing by 4 percent.

What went wrong?

VNB OF INSURERS IN Q2FY24

Company	VNB	YoY change (in %)
LIC	3304	-10
SBI Life	2360	12
HDFC Life	801	4
ICICI Prudential	1015	-7

Amount in crore
Source: Company presentations

In the post-results press conference, Siddhartha Mohanty, the LIC chairperson, said the insurer worked on realigning some of its products due to which VNB margins were affected. Additionally, Dinesh Pant, executive director, LIC, said that a crowded field and changes in rates affected the margin too.

"There is competition and change in our product mix and revision rates which has affected our VNB margins," Pant said.

Avinash Singh, senior research analyst, Emkay Global Financial Services, said that the pressure on VNB was on expected lines as companies were focusing more on growth and investing.

"Higher share of ULIP in the product mix this year, in the backdrop of taxation changes related to above Rs 5L non-linked policies, also put pressure on margins. Insurers saw VNB pressure in Q2FY24 because a lot of companies worked on new products," Singh said.

APE OF INSURERS IN Q2FY24

Company	APE (Rs)	YoY change (in %)
LIC	13095	-12
SBI Life	8260	21
ICICI Prudential	3523	3.2

Amount in crore
Source: Company presentations

The total annual premium equivalent (APE) is a metric used to measure new business sales growth.

In the July-September FY24 quarter, insurers saw a mixed development in their APE. LIC's APE stood at Rs 13,095 crore, a drop of 12 percent. For SBI Life, the APE for the quarter stood at Rs 8260 crore, a growth of 21 percent. ICICI Prudential's APE grew a marginal 3.2 percent to Rs 3523 crore.

Suresh Badami, deputy managing director, HDFC Life, said in the analyst call after the Q2FY24 results that the company has seen significant growth in tier 2 and 3 markets. "There are certain features which are more favourable in tier 2 and tier 3 markets, and we will continue to innovate on that," Badami said.

PROFIT OF INSURERS IN Q2FY24

Company	Net Profit (Rs)	YoY change (in %)
LIC	7925	-50
SBI Life	380	0.8
HDFC Life	376	15
ICICI Prudential	244	23
ICICI Lombard	577	-2
New India	-200	-40

Amount in crore
Source: Company presentations

Profit trends

The average net profit of insurers, which include both life and non-life companies, showed a mixed trend in the second quarter, the analysis showed, even as the total APE), which is a metric used to measure new business sales growth, saw an aggregate of single-digit growth.

LIC reported a 50 percent drop in profit to Rs 7,925 crore. The corresponding figure for New India Assurance saw a 40 percent drop, falling into a loss of Rs 200 crore from a profit in the same quarter the previous year. ICICI Lombard's profit fell by 2 percent and stood at Rs 577 crore.

SBI Life, HDFC Life and ICICI Prudential reported a growth in their net profit with SBI Life's profit up 1 percent at Rs 380, HDFC Life's net profit stood rising 15 percent to Rs 376 crore and ICICI Prudential's net profit jumping 23 percent to Rs 244 crore in the July-September FY24 quarter.

Neerja Kapur, CMD, New India Assurance, said that in Q2FY24, the company saw a one-time loss due to floods. “Q2FY24 was one of the most challenging quarters for the company in recent times. The company suffered CAT (catastrophe bond) losses on account of floods amounting to Rs 301 crore during the quarter. Also, there was adverse development in the aviation portfolio of about 50 crore,” Kapur said. Singh of Emkay highlighted that movement of bond yield also affected insurers. “Growth in private insurers is holding despite development in the taxation, whereas bond yield movement also affected the overall growth of the companies,” Singh said.

(The writer is Jinit Parmar.)

TOP

MOTOR INSURANCE

EV insurance: Ensure all-round protection for battery with add-on cover – Business Standard – 15th November 2023

Electric Vehicles (EVs) are fast gaining popularity. While they still account for only a small percentage of total automobile sales, their sales volumes are growing rapidly with each passing year. Customers must understand the nuances of EV insurance and ensure that their vehicles enjoy comprehensive protection. There are a few similarities between the insurance covers available for internal combustion engine (ICE) vehicles and EVs. Third-party cover is compulsory for both. EV buyers should also ideally complement it with a standalone own damage cover, or buy a comprehensive cover (which includes both third-party and own damage cover). “The price of an EV is usually higher than that of a comparable ICE vehicle, so the insurance premium is also about 10 to 20 percent higher,” says Animesh Das, chief underwriting officer, Acko Insurance. Customers may need to buy a few add-on covers to safeguard their EVs. The battery, for instance, must be comprehensively covered. “The battery contributes almost 60 percent of the vehicle cost. Any major damage to the battery may involve replacing it completely as repair may not always be possible,” says Mayur Kacholiya, head-motor product and actuarial, Digit General Insurance. Many people buy their own charging stations. “These are not normally covered in the main motor vehicle policy and must be additionally insured,” says Kapil Mehta, co-founder, SecureNow.

The manufacturer typically offers a warranty at the time of purchase. One can also buy an extended warranty for another year or two. “In case of an EV, if something goes wrong with the battery, the cost burden is almost akin to purchasing a new vehicle, hence one should buy the extended warranty offered by the manufacturer, at least for the battery,” says Das. In addition, one should also purchase an add-on cover for the battery. “If there is no external issue and yet your battery stops working or its performance reduces, those issues will be covered by the battery warranty. But if there is a sudden power surge due to which the battery stops working, or the battery catches fire, the battery add-on cover will come in handy in those circumstances,” says Das.

According to Parthanil Ghosh, president-retail business, HDFC ERGO General Insurance, “The battery, charger and accessories should be covered even while the parts are detached from the vehicle. Furthermore, zero depreciation should apply at the time of claim settlement (including to the electric motor).” As the EV grows older, make sure that it has the right insurance declared value (or IDV, the sum insured in a motor vehicle policy). “At present, the rate at which the value of an EV should depreciate each year is not clear,” says Mehta. Das suggests applying the thumb rule of 10 percent depreciation each year.

Experts suggest buying a return-to-invoice add-on. “Even if your vehicle is stolen or damaged completely, you will get its original price, which may be higher than the IDV, as compensation,” says Mehta. Ghosh suggests buying an electric motor cover. “It covers damage to the propulsion motor along with internal parts of the insured vehicle arising out of water ingress and/or leakage of oil or grease,” he says. Kacholiya suggests that the EV add-on cover should come with roadside assistance services that EVs require, such as help with charging the battery, towing the vehicle to the nearest charging station, mobile generators, etc. Ghosh adds that the policy should offer coverage for regular updates and replacements so that there is coverage for the latest features. The insurance policy, according to him, should also offer incentives or discounts, considering the eco-friendly nature of EVs, and should leverage any incentives

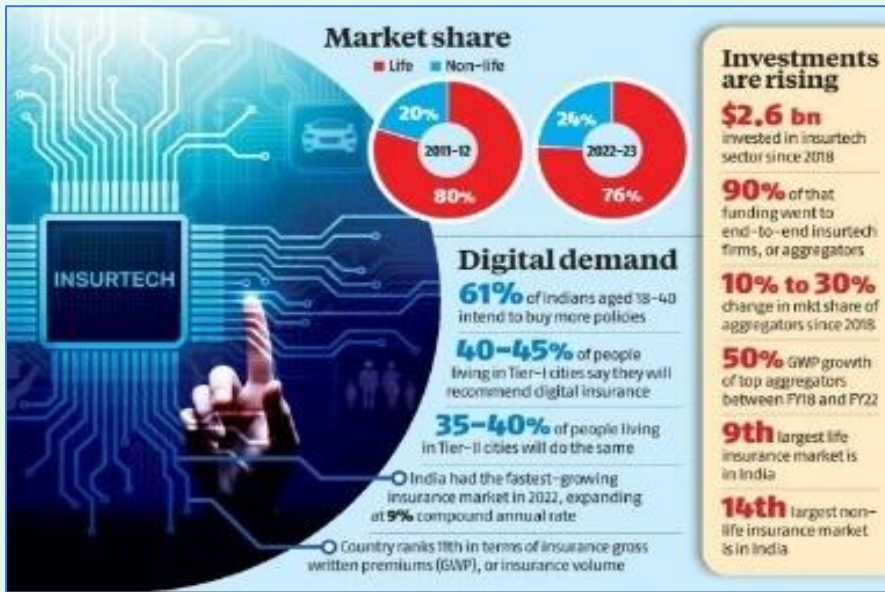
offered by the government. NCB Protection is another useful add-on, according to Ghosh. "It protects the No Claim Bonus (NCB) even if a claim is made during the policy period," he says.

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

TOP

SURVEY AND REPORTS

India emerges as fastest-growing market globally - Business Standard - 12th November 2023



India is the world's fastest-growing insurance market: A country where insurtech companies are rapidly gaining market share. These are firms that make innovative use of technology in insurance. Life and non-life insurance coverage has expanded in the last 10 years, but the market is still not served widely. Around \$2.6 billion has been invested in the insurtech sector since 2018, says a survey done among more than 2,000 insurance customers.

(The writer is Shivani Shinde.)

TOP

INSURANCE CASES

NCDRC directs insurance company to pay Rs 7 crore to Panipat firm damaged in 2013 fire - The Indian Express - 13th November 2023

While directing an insurance company to pay almost Rs 7 crore to a Panipat-based company for losses on account of a fire at its warehouse in 2013, the National Consumer Disputes Redressal Commission (NCDRC) recently rejected the insurer's argument that the firm's claims were exaggerated. While the insurance company relied on the surveyor's report to argue that the claims of Swarna Motors, which distributes spare parts for commercial vehicles, were 'grossly exaggerated', the Commission held the report was a mandatory requirement as per law, but was not sacrosanct.

"...a fraudulent claim should have been corroborated by cogent evidence without which it is only speculative," said Subhash Chandra, presiding member of the NCDRC, on November 9. The Commission also flagged a two-year delay in the submission of the surveyor's report.

The Commission also held that as per law, the insurer is bound to accept or reject the claim within 30 days from the surveyor's report. In this case, however, there was an 'unexplained' eight-month delay after which the insurance company rejected the claim. This, according to the Commission, was not based on any cogent reasoning.

Along with the payment of Rs. 6.97 crore, the insurance company was also directed to pay an interest of 6 per cent and legal costs of Rs 50,000. After the office-cum-warehouse of Swarna Motors caught fire, it lodged a claim of Rs 6.97 crore from Oriental Insurance Company.

Atul Kapur, the surveyor hired by the insurance company, submitted a report in 2015 which reported the net loss to Swarna Motors as Rs 48.8 lakh. The report stated documents, including stock registers, had not been maintained.

Swarna Motors stated it was unable to provide most documents pertaining to the stock as they were burnt in the fire. The surveyor concluded that the firm was unable to substantiate their claim amount.

Following the report of the surveyor, Oriental said the claimant had failed to establish and provide necessary proof to substantiate the claim of Rs. 6.97 crore.

(The writer is Nirbhay Thakur.)

TOP

Insurer not liable for passenger's death in goods vehicle, HC rules - The Times of India - 12th November 2023

The Gujarat high court has ruled that the insurance company is not liable to pay compensation for the deaths of gratuitous passengers, who travel in goods vehicles and become victims of accidents.

Justice S V Pinto ruled so and ordered the motor accident claims tribunal concerned to refund the compensation to the insurance company. However, from the time passed since the accident, the high court made it clear that the compensation amount, if paid to the kin of the passengers, should not be recovered. In this case, a father-son duo — Ramanlal and Jayesh Mistry — died in a road accident while travelling to their town of Sevaliya in a truck in February 1994. They had paid Rs 5 as fare to the truck driver and cleaner for the short journey. The truck was heading to Madhya Pradesh with steel goods. An accident occurred while the truck driver tried to overtake a bus. The passengers suffered fatal injuries. The Mistry family made two claims before the motor accident claims tribunal in Nadiad, which in 2008 ordered the National Insurance Company, the insurer of the truck, to pay them compensation with interest.

The insurer moved the HC against the order holding it liable and argued that the truck was a goods vehicle and travelling in it as a passenger was not permissible. This was in violation of the rules and thus paying compensation in such a case of death is barred by the policy clause. The HC accepted this argument and said, "As the deceased were gratuitous passengers in a goods vehicle, the insurance company is required to be exonerated and is hereby exonerated from paying any amount of compensation to claimants.

TOP

PENSION

18.88 lakh new workers enrolled under ESI scheme in September: Govt data - The Statesman - 15th November 2023

The provisional payroll data of ESIC has revealed that 18.88 lakh new employees have been added in the month of September, the Ministry of Labour and Employment said on Wednesday. Around 22,544 new establishments have been registered and brought under the social security umbrella of the Employees' State Insurance Corporation (ESIC) in the month of September, thus ensuring more coverage, the Ministry said.

Data evidently reveal that more jobs have been generated for the youth of the nation as out of the total 18.88 lakh employees added during the month, 9.06 lakh employees up to the age group of 25 years constitute the majority of new registrations which is 47.98 per cent of the total employees. Gender-wise analysis of payroll data indicates that net enrolment of female members was 3.51 lakh in September. The data shows that a total 61 transgender employees have also got registered under ESI Scheme in the month of September. It shows that ESIC is committed to deliver its benefits to every section of the society.

The payroll data is provisional since the data generation is a continuous exercise, the ministry said.

TOP

8.15% Interest for EPFO subscribers 'in pipeline', to be credited 'shortly' – Business Standard – 13th November 2023

The Employees' Provident Fund Organisation (EPFO) has started the process of crediting interest to provident fund (PF) accounts for the financial year 2022-23. The retirement fund body provided the update on crediting of interest on X (formally Twitter) on November 10. "The process is in pipeline and may be shown there very shortly. Whenever the interest will be credited, it will be accumulated and paid in full. There would be no loss of interest. Please maintain patience," said EPFO, replying to a user who raised the issue of "timely interest" payments of interest.

Notably, the interest rate on EPF is reviewed annually, and for the fiscal year 2022-23 (FY23), it is set at 8.15 per cent, up from the 7.59 per cent interest rate provided in FY22. This rate is applicable to deposits made between April 2022 and March 2023. The interest is calculated monthly and gets credited to the Employees' Provident Fund account annually. With over 60 million subscribers and managing a corpus exceeding Rs 12 lakh crore, the EPFO provides its beneficiaries provident funds, pension, and insurance benefits through three schemes. In August, the retirement fund body EPFO recorded a net member addition of 16.99 lakh.

How to check the balance in an EPF account?

EPFO members can check their PF account balance and interest credits through the EPFO portal, UMANG app, or by calling the EPFO customer care number at 1800-118-005. The EPFO emphasises the importance of activating the Universal Account Number (UAN) and has provided a comprehensive guide for members. To activate your UAN, follow these steps:

1. Visit the EPFO portal.
2. Choose the "Activate UAN" link.
3. Enter your UAN and required details.
4. Click "Activate UAN."

To check your EPF balance, follow these steps:

1. Access the EPFO portal or UMANG app.
2. Log in with your UAN and password.
3. Go to the "Member Passbook" section.
4. Click "View Passbook."
5. Your PF passbook with relevant employment details will be displayed.
6. Select the appropriate member ID if you've worked for different organizations.
7. Review the "Balance" column to determine your EPF balance.

For checking EPFO balance via SMS:

Send "EPFOHO UAN ENG" to 7738299899 from your registered mobile number, replacing UAN with your Universal Account Number and ENG with your chosen language. Receive an SMS response containing your EPF balance and additional details.

TOP

EPFO to run drive from December to recover dues from defaulting subscribers – Business Standard – 13th November 2023

The Employees' Provident Fund Organisation (EPFO) will conduct a special recovery drive from December 2023 to recover dues from its defaulting subscribers. The move aims to address an "increasing trend of the slow recovery of arrears of provident fund and allied dues." The drive will run through December 2023 and February 2024. According to a statement released by PIB Chennai on November 10, the Employees Provident Fund Organisation will conduct a special recovery drive to collect the outstanding dues from the defaulting establishments from December 2023 to February 2024.

"All employers of defaulting establishments are hereby advised to clear all the pending dues towards EPF to avoid unpleasant consequences arising out of the recovery actions such as attachment of movable /immovable properties, attachment bank account, appointment of receiver and arrest of employer &

detention in prison,” said the statement. With over 60 million subscribers and managing a corpus exceeding Rs 12 lakh crore, the EPFO provides its beneficiaries provident funds, pension, and insurance benefits through three schemes. In August, the retirement fund body EPFO recorded a net member addition of 16.99 lakh.

According to a report by the Economic Times, the EPFO has issued a directive to its regional offices stating that the performance in recovering both current and arrear dues is falling below the set targets by the headquarters. To address this issue, the EPFO has implemented a special recovery drive during December, January, and February 2024 for exempted and unexempted establishments. The organisation said that these actions are intended to achieve the objective of prompt dues recovery and not to harass employers or defaulters. As part of the initiative, the EPFO has also instructed its zonal offices to submit weekly consolidated recovery reports on the performance of regional offices during the special recovery drive.

TOP

Govt relaxes norms for PPF (Public Provident Fund), Senior Citizen's Savings Scheme, and time deposit account. Know here - Live Mint - 11th November 2023



The government has relaxed the norms for various small savings schemes. These include the Public Provident Fund (PPF), Senior Citizen's Savings Scheme (SCSS), and Time Deposit Scheme. These norms were relaxed as per a gazette notification dated November 9, news agency PTI reported. Currently, the government offers nine types of small saving schemes.

New PPF rule

In the case of PPF, the notification has made some changes about the premature closure of accounts. This scheme may be called the Public Provident Fund (Amendment) Scheme, 2023, the notification said.

Senior Citizen's Savings Scheme

For the Senior Citizen's Savings Scheme, the new norms provide three months to open an account against one month at present.

As per the gazette notification, an individual can open an account under the Senior Citizen's Savings Scheme within three months from the date of receipt of the retirement benefits and proof of the date of disbursement of such retirement benefits.

National Savings Time Deposit scheme

If a deposit in a five-year account is withdrawn prematurely after four years from the date of opening of the account, interest would be payable at the rate applicable to Post Office Savings Account, the notification said.

As per the existing norms, if a five-year Time Deposit account is closed after four years from the date of deposit, a rate admissible for a three-year Time Deposit account would be applicable for the calculation of interest.

For the October- December 2023 quarter, the interest rates on small savings schemes are as follows:

- PPF - 7.1%
- SCSS - 8.2%
- Sukanya Yojana - 8.0%
- NSC - 7.7%
- PO-Monthly Income Scheme - 7.4%
- Kisan Vikas Patra - 7.5%

- 1-Year Deposit - 6.9%
- 2-Year Deposit - 7.0%
- 3-Year Deposit - 7.0%
- 5-Year Deposit - 7.5%
- 5-Year RD - 6.7%

Tax Benefits of Small Savings Scheme

Your investment in many of these schemes qualifies for tax benefits. These are usually deductions under various sections of the Income Tax Act. Some common schemes eligible are the SCSS and PPF. You get benefits under Section 80C of the I-T Act, going up to ₹1.5 Lakh

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IRDAI CIRCULAR

<i>Topic</i>	<i>Reference</i>
Exposure Draft EoM Regulations, 2023	https://irdai.gov.in/web/guest/document-detail?documentId=4099770

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GLOBAL NEWS

Asia: Growing divergence between developed and emerging life insurance markets – Asia Insurance Review



The divergence in the growth trajectories between the developed and the emerging life insurance markets in Asia is increasing, notes global management consultancy firm McKinsey & Co.

In its report titled “Global Insurance Report 2023: A paradigm shift in Asia life insurance”, McKinsey says that from 2012 to 2022, developed markets saw a combined 2% growth in GWP while emerging economies’ combined GWP grew by more than 160%. This divergence between developed and emerging markets is primarily driven by negative growth trends in mature markets such as Japan,

which saw a decline in premiums of around 3% from 2017 to 2022.

Declining pace of growth overall

Overall, life insurance premiums in Asia grew at 4.0% annually from 2012 to 2022. However, the region’s growth notably slowed in 2017–22 compared with the prior five years.

The slowdown in Asia’s life insurance industry was primarily caused by a substantial halt of growth in China and Hong Kong, as well as a decrease in Taiwan, during the peak of the COVID-19 pandemic. Factors such as physical distancing, low interest rates, and market volatility contributed to a decline in demand in these three markets. Furthermore, in 2017, regulatory changes with respect to unit-linked plans affected the growth of that product category in China.

Challenges and opportunities

Although Asia weathered the pandemic and its effects, weakened market drivers—including inflation, an ageing population, and market volatility—may hinder the return of Asia’s life insurance industry to its previously high growth levels, says the report.

At the same time, opportunities abound. The life insurance sector in Asia has long been a growth engine for the global insurance industry. As economies surge ahead, driven by rapid urbanisation and technological advancements, the demand for financial security and protection is intensifying. The region’s growing middle class is recognising life insurance as a vital tool for securing their families’ financial futures,

and the health and retirement sectors are evolving as ageing populations and rising incomes provide consumers with new financial opportunities.

The report said, “Still, life insurers need to take immediate action to take full advantage of opportunities. Projections indicate that by 2030, Asia’s mortality protection gap is poised to widen exponentially, reaching a staggering \$119tn. This widening gap can be attributed to a confluence of factors, including the rapid ageing of populations and substantial gaps in retirement systems. The lack of robust social security mechanisms, relatively low insurance penetration rates, and other systemic factors in emerging markets contribute to this significant gap, underscoring the need for proactive interventions and comprehensive solutions.”

Strategies

McKinsey explores multiple imperatives that insurers will need to embrace to create sustainable value going forward:

Developed markets: Map out the value creation strategy, with a focus on improving efficiency and increasing returns from in-force books and investments.

Emerging markets: Unlock the performance of distribution channels, with a focus on revising the approach to tied agents and expanding bancassurance relationships.

Adjacencies: Reorient toward meeting broader customer needs such as health and retirement in a way that is relevant for customers and financially viable for insurers.

For this research, Asia’s “developed markets” include Australia, Japan, Hong Kong, Singapore, South Korea, and Taiwan. “Emerging markets” include China, India, and Southeast Asian markets (including Indonesia, Malaysia, Thailand, and Vietnam).

The report is a collaborative effort by Henri de Combes de Nayves, Alex Kimura, Bernhard Kotanko, Sumit Popli, and Angat Sandhu, representing views from McKinsey’s Insurance Practice.

[TOP](#)

Pakistan: Regulator releases draft 5-year insurance industry strategic plan - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has revealed its draft five-year Strategic Plan for the Insurance Sector. In a briefing on the draft Plan on 14 November, Mr Akif Saeed, SECP chairman, expressed the organisation’s unwavering commitment to fostering the growth of the insurance sector. He shared SECP’s vision for developing an inclusive, innovative, and robust insurance sector by the year 2028.

Insurance commissioner Aamir Khan said that the core objectives that SECP aims to achieve over the next five years are centred around policyholder protection, building resilience, fostering innovation, enhancing cooperation and transformation, and improving overall insurance coverage. To meet the identified objectives, SECP has developed operational approaches under key areas, encompassing ease of doing business, stakeholder engagement, diversification, value enhancement, information accessibility, legislation modernization, alignment with international standards, and facilitating access to capital and reinsurance.

Mr Waseem Khan, director of the Insurance Division at SECP, acknowledging challenges such as the industry’s structural complexities, limited awareness, a negative industry image, and legal constraints, detailed SECP’s concerted efforts to achieve operational and strategic outcomes.

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Ms Vangari said, “China is projected to become a super-aging society by 2030, which will continue to create the demand for life insurance products. A growing affluent population, increasing awareness of health and financial protection, and positive regulatory developments will support life insurance growth in the country over the next five years.”

[TOP](#)

New Zealand: Comprehensive car insurance premiums jump by up to 38% since 2021 - Asia Insurance Review

Premiums for comprehensive motor insurance have risen by up to 38% since 2021, according to the findings of a survey by the consumer organisation, Consumer NZ. The significant increase in premiums is likely due to the payout insurers faced after Cyclone Gabrielle as well as rising inflation, Consumer NZ says in a statement. Switching insurers can save people hundreds of dollars per year despite the premium hikes. The “Consumer’s 2023 Car Insurance Premium Survey” found that switching car insurance providers could result in a family of four saving up to NZ\$670 (\$404) a year on average

Consumer NZ obtained car insurance quotes for four scenarios: a young, middle-aged, and older person and a family of four. While the lowest median insurance increase for an older person was 8%, it was up as much as 38% for a family of four.

“We found that younger people could save nearly NZ\$38 a month by shopping around, and older people could keep an extra NZ\$40 in their pocket,” said Consumer NZ.

The savings were found to be as follows if the consumer shopped around:

Young person aged 23: NZ\$38 a month

Middle-aged person aged 45: NZ\$43 a month

Older person aged 70: NZ\$40 a month

Family of four with dad (aged 50), mum (aged 50), son (aged 19) and daughter (aged 17): NZ\$56 a month.

The 2023 insurance survey also found that among those without coverage, 10% chose to let their car insurance policy lapse due to cost – up from 2% in 2022.

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Australia: Panel to undertake independent review of the 2020 General Insurance Code of Practice - Asia Insurance Review



An eminent three-person panel with backgrounds in consumer advocacy, financial regulation and the insurance industry will carry out an Independent review of the 2020 General Insurance Code of Practice, the Insurance Council of Australia (ICA) announced yesterday. The Code sets out the minimum standards of service and conduct that general insurers must meet in their dealings with customers and must be independently reviewed every three years.

The 2023 review will be conducted by former APRA deputy chair Helen Rowell (panel chair), consumer expert Gerard Brody, and industry expert Paul Muir. The terms of reference for the panel set out the review’s overarching principle of maintaining and enhancing consumer protections, along with Code modernisation, enhancement of customer experience, accessibility, effectiveness and efficiency, and providing customer value. The review will be conducted in two phases to align with any recommendations from the Federal Parliamentary Inquiry into insurers’ responses to the 2022 floods.

The first phase will focus on general topics that are not directly related to the floods, such as support for vulnerable customers and the interaction between the Code and existing laws, and governance, with initial findings and recommendations to be delivered by 30 June 2024. The second phase will focus on flood-related topics, such as the responses required when a catastrophe occurs, and will deliver findings by 30 June 2025. The panel will also consider a key recommendation from Deloitte’s review of the insurance industry’s response to the 2022 floods, commissioned by the ICA and released last month, that the “extraordinary catastrophe” definition in the General Insurance Code of Practice be reworked.

The Review Panel will consult key stakeholders, including the general insurance industry, ASIC, APRA AFCA, the Code Governance Committee, and consumer representatives. Mr Andrew Hall, ICA CEO, said, “Each of the three-person panel brings considerable experience and has been appointed in recognition of the diversity of skills and background needed to inform an independent review, and I want to thank them in advance for their willingness to undertake this important task. “I know the panel will conduct a comprehensive and robust review of the Code, and that their findings and recommendations will help make the Code even more effective in supporting and protecting consumers.”

TOP

Singapore: Retirement planning is a low priority for platform workers - Asia Insurance Review



A study initiated by leading homegrown financial services company Singlife has revealed that retirement planning remained a low priority for platform workers in Singapore, with just one in 10 having taken any steps to secure their financial future. Platform workers refer to individuals who use online matching platforms that connect them with customers or clients to earn income, often on a freelance or independent contractor basis. They include delivery workers, ride-hailing drivers and taxi drivers, amongst others.

The study on which the ‘Financial Freedom for Platform Workers and the Self-Employed’ report is based is spearheaded by Singlife and co-published with PwC Singapore and the Singapore FinTech Association. It also indicates that 17% of platform workers in Singapore feel financially free, as compared to 29% of average Singapore consumers in an earlier Singlife study. The study delves into the perceived and expected levels of financial freedom among platform workers and explores the perspectives of both platform workers and platform companies regarding the recommendations put forward by the Advisory Committee on Platform Workers.

Under 50% of surveyed platform workers considered financial freedom to be highly important. When asked to rate their level of financial freedom on a scale of 0 to 100, where 0 represented “Not Financially Free” and 100 represented “Extremely Financially Free,” the average platform worker assigned themselves a score of 50. This is 10 points lower than the self-rating of the average Singapore consumer.

Only one in 10 platform workers expressed confidence in their ability to cope with rising costs and inflation, while only two in 10 could consistently meet their monthly savings targets after covering their expenses. Conducted in July 2023, Singlife’s online survey included approximately 500 platform workers in Singapore, aged 18 and above. In addition to the survey, qualitative interviews were carried out with platform owners in Singapore, including Deliveroo, Foodpanda, Gojek, and Grab, among others.

This study was conducted in light of the recommendations for social protection of self-employed individuals working for online platforms, which were published by the Advisory Committee on Platform Workers established by the Singapore Ministry of Manpower in 2022.

The study employed the same methodology as Singlife's earlier study, the Financial Freedom Index (FFI), which sought to understand the financial aspirations and challenges faced by consumers from diverse income levels amidst rising inflation and living costs.

Both studies assessed six key themes of financial freedom: retirement, income, spending and saving, managing recurring expenses, managing unexpected events, and giving back to society. A total of 25 indicators were included across these six key themes.

The report will be unveiled at the Singapore FinTech Festival.

Key insights on platform companies' perspectives towards the Committee recommendations are:

- Platform companies were supportive of the Committee's recommendations and agreed with the principle of mandating at-work injury coverage.
- However, they expressed concerns over the challenges in executing the recommendations and implementing the Workplace Injury Compensation Act (WICA) as-is.
- Platform owners acknowledged that mandating Central Provident Fund (CPF) contributions in the platform industry could trigger a negative circular effect, including increased operating costs for owners and fewer jobs for platform workers.
- They highlighted the need for investments in technology and operations, as well as a sufficient testing and iteration runway to ensure a smooth rollout of the Committee's recommendations.

Key Insight on perception and drivers of financial freedom	Platform Workers	Consumers
Perception of Financial Freedom		
Average Score on the Financial Freedom Index	50 out of 100	60 out of 100
Importance of Financial Freedom	46%	73%
Feel Financially Free	17%	29%
Have Never Thought About Financial Freedom	16%	6%
Drivers of Financial Freedom		
Top indicators driving financial freedom	-Ability to manage rising costs and inflation -Leaving an inheritance for loved ones	-Ability to stop working or retire at any time -Actively contribute to society
Confident in ability to manage rising costs and inflation	1 in 10	3 in 10
Expect to leave an inheritance for loved ones	2 in 10	4 in 10
Average Score on the Financial Freedom Index	50 out of 100	60 out of 100
Importance of Financial Freedom	46%	73%

Feel Financially Free	17%	29%
Have Never Thought About Financial Freedom	16%	6%
Have started planning towards retirement and can estimate how much they need	1 in 10	4 in 10
Able to meet monthly savings goals after paying bills	2 in 10	4 in 10

TOP

New Zealand: Growth in non-life GWP expected to continue into 2024 - Asia Insurance Review



New Zealand's non-life insurance market is expected to show solid premium growth, owing to strong, ongoing rate improvement, particularly in the property and motor segments, says AM Best. The global credit rating agency, in a Best's Market Segment Report, titled "Market Segment Outlook: New Zealand Non-Life Insurance", is assigning a stable outlook on the sector.

AM Best also notes positive factors such as the primary non-life market's resilient performance despite significant weather-related claims and high inflation, its good buffer in risk-adjusted capital to absorb some volatility and a strong regulatory framework.

Countervailing factors for this segment outlook include New Zealand's increasingly volatile weather conditions, along with tightening reinsurance capacity and reinsurance rate increases, which are expected to drive increased volatility in primary insurers' earnings.

Earnings

"Earnings in 2023 are expected to be materially impacted by significant weather-related claims, owing to January's Auckland Anniversary Weekend floods and February's Cyclone Gabrielle," said Ms Victoria Ohorodnyk, director and head of analytics for Southeast Asia, Australia and New Zealand, AM Best. "These two events, considered New Zealand's most significant weather events of the century thus far, are expected to have a significant impact on the industry's bottom line in 2023."

Reinsurance

New Zealand's non-life insurers typically buy catastrophe excess-of-loss reinsurance with a coverage limit of up to an expected 1-in-1,000-year loss, which is materially higher than in other non-life markets globally. This is driven by New Zealand's regulatory capital requirements. "As a result of the high utilisation of catastrophe reinsurance, reinsurers are likely to bear most of the claims costs arising from the flooding and cyclone events during the first quarter of 2023," said Yi Ding, senior financial analyst, at AM Best. "However, the need to have a high level of reinsurance coverage exposes primary insurers to elevated reinsurance pricing risk going forward."

Growth trend

Gross written premiums for New Zealand's non-life market have grown moderately in recent years, following stagnation during the COVID-19 pandemic. Non-life GWP increased by 6% in 2021 and 10% in 2022, according to data published by the Reserve Bank of New Zealand (RBNZ). The positive trend is expected to continue into 2024, due to record-high inflation and ongoing strong rate adjustments.

TOP

Japan considers surcharge on health insurance to fund measures to boost birthrate - Asia Insurance Review

The government plans to fund measures to boost Japan's declining birth rate by adding a surcharge to medical insurance premiums based on people's ability to pay, according to a draft outline of a new system that will collect funds widely among the public. Over the next three years, the government intends to secure additional funding in the mid-JPY3tn (\$20bn) per year range, to expand measures to address the nation's low birthrate. It intends to raise funds via "thorough expenditure reform" and to make up the shortfall primarily through the support fund system, reported The Japan News.

The system will provide benefits to the child-rearing generation, using the support fund comprising money contributed by medical insurance policyholders. The draft outline states that "benefits will greatly exceed contributions" for households raising children, while stating it will represent an additional payout for others. To avoid putting an excessive burden on the public, the draft states that "the amount of the contribution will be based on the ability to pay."

Money for the support fund is likely to be collected and paid through the medical insurance system. A structure will be considered in which entities such as health insurance associations will be responsible for the day-to-day operations. The draft states that the support fund will "first be allocated to support measures for the periods of pregnancy, childbirth and for children aged 0 to 2 years old."

[TOP](#)

COI TRAINING PROGRAMS

Mumbai – Training Programs - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Financial Reporting and Analysis (Life)	07-Dec-23	07-Dec-23	ClickHere	Register
2	Retail Marketing for General Insurers	07-Dec-23	08-Dec-23	ClickHere	Register
3	Workshop on Communication & Presentation Skills (Life)	11-Dec-23	12-Dec-23	ClickHere	Register
4	Challenges in Travel Policy and PA Claims	12-Dec-23	12-Dec-23	ClickHere	Register
5	Compliance Management for Principal Officers of Corporate Agents-Banks	14-Dec-23	14-Dec-23	ClickHere	Register
6	Liability Insurance: Focus Cyber & Crime	18-Dec-23	19-Dec-23	ClickHere	Register
7	Life Insurance Claims Management, Legal and Regulatory Issues	18-Dec-23	19-Dec-23	ClickHere	Register
8	Compliance Governance and Risk Management (IRCC)	20-Dec-23	22-Dec-23	ClickHere	

Kolkata – Training Programs - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Property Insurance (small, Medium and Large Risks): Fire & Special Perils and Consequential Losses - CT	11-Dec-23	12-Dec-23	ClickHere	Register
2	Property Insurance (small, Medium and Large Risks): Fire & Special Perils and Consequential Losses - CVT	11-Dec-23	12-Dec-23	ClickHere	Register
3	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO- CT	19-Dec-23	20-Dec-23	ClickHere	Register
4	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO - CVT	19-Dec-23	20-Dec-23	ClickHere	Register
5	New Vistas in Life Insurance Underwriting	20-Dec-23	20-Dec-23	ClickHere	Register

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