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COLLEGE OF INSURANCE

INSUNEWS - WEEKLY E-NEWSLETTER

12TH – 18TH AUGUST 2023

Insurance Term for the Week

Guaranteed Renewable

This insurance feature is often included in health, life, and disability insurance policies. Coverage and renewal of coverage are ensured if this feature is in the contract. All the policyholder has to do is to pay his or her premiums promptly for risks to be covered.

The insurance company can raise the premium of the policy but not on an individual policy but on one whole class of policy. Most often, when a company has to raise the premium, it has to present its argument to the regulatory board of a state and only when granted is it legally able to do so.

Guaranteed renewable refers to an insurance policy feature that ensures that the policyholder continues to receive coverage as long as the policy's premiums are paid. In a guaranteed renewable policy, there is, at times, an option where the policyholder is given a provision to renew coverage on the policy's anniversary date.

The three main types of insurance coverage policies are optionally renewable, guaranteed renewable, and non-cancellable.

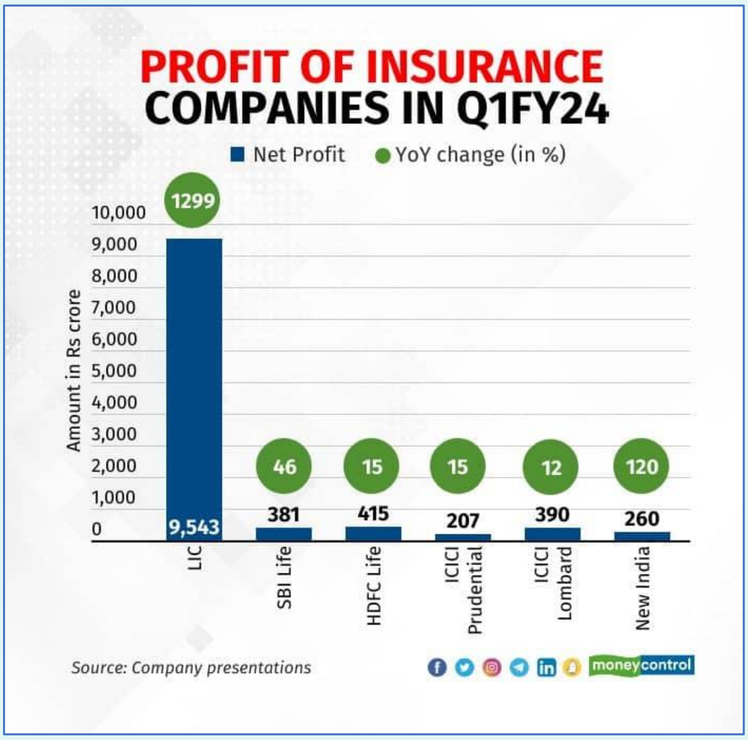
QUOTE OF THE WEEK

"Change the changeable, accept the unchangeable, and remove yourself from the unacceptable."

DENIS WAITLEY

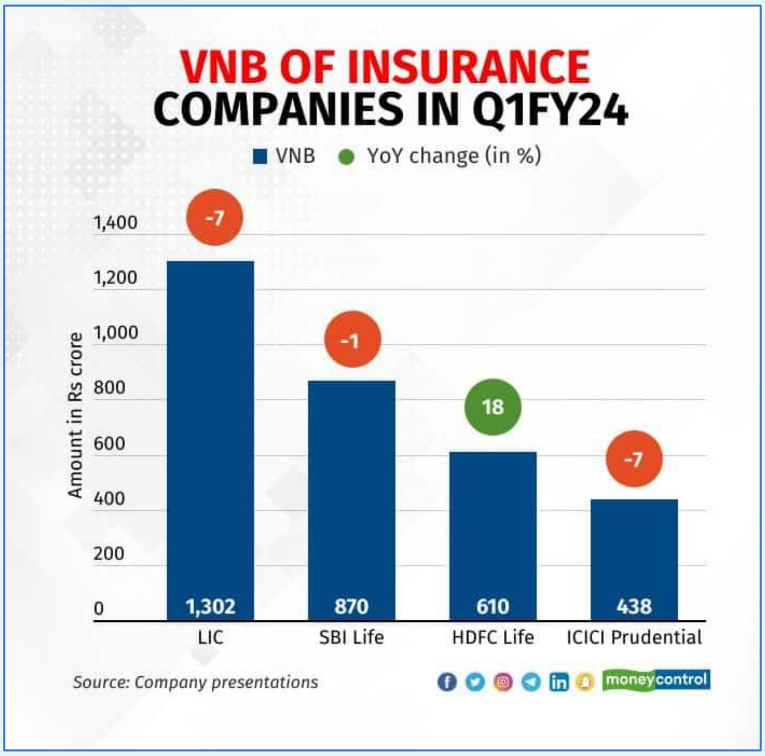
INSIDE THE ISSUE

Insurance companies report double-digit profit growth in April-June quarter, but VNB margin dips – Moneycontrol – 17th August 2023



A close look at the April-June quarter earnings of insurance companies shows that most reported double-digit growth in net profit. However, the present value of future profits associated with the Value of New Business (VNB) dipped for the majority of companies during the quarter. Moneycontrol analysed earnings of six insurance companies.

On average, the insurance companies, which include both life and non-life companies, reported 22 percent growth in year-on-year (YoY) net profit for the quarter, the analysis showed. This does not include state-owned Life Insurance Corporation (LIC) of India and New India Assurance, which reported a surge of 1,299 percent and 120 percent in net profit, respectively, due to higher income on investments and a rise in total income, respectively.



SBI Life recorded a net profit of Rs 381 crore, an increase of 46 percent, while private sector insurer HDFC Life recorded a 15 percent rise in profit, at Rs 415 crore.

Similarly, ICICI Prudential's net profit rose 15 percent to Rs 207 crore, while ICICI Lombard's net profit went up by 12 percent to Rs 390 crore.

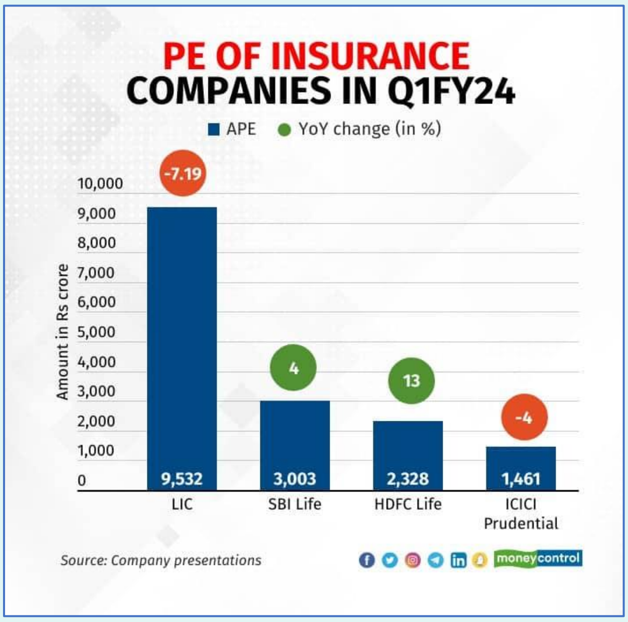
"Post-Covid, the insurance landscape witnessed significant shifts as insurance providers displayed resilience by absorbing some costs without transferring the burden to policyholders. However, this adaptive phase was opposed with a period of sensitivity, where people chased insurance products," Kiran Boosam, Vice President and Head of Global Insurance Strategy and Portfolio, Capgemini, told Moneycontrol.

Why the dip in VNB?

Value of new business, a crucial metric, measures the profit margin of new business written by a life insurance company. VNB dipped for most insurers in the April-June FY24 quarter. Experts attributed this to uncertainty in market conditions amid rising competition.

Alok Rungta, Deputy Chief Executive Officer (CEO) and Chief Financial Officer (CFO), Future Generali India Life Insurance, said that a decline in VNB is mainly due to market volatility, rising competition, and regulatory changes in the sector. "Due to heightened competition, market volatility, and potential regulatory changes, as well as shifts in customer preferences leading to a change in product mix, the VNB of insurers fell in Q1," Rungta added.

LIC's VNB dropped 7 percent to Rs 1,302 crore from Rs 1,397 crore in April-June FY23. The state-owned insurer's VNB margin stood at 13.6 percent, almost mirroring the 13.7 percent margin last year. SBI Life saw a marginal 1 percent reduction in VNB at Rs 870 crore whereas its margin narrowed from 30.4 percent last year to 28.8 percent this year. ICICI Prudential's VNB dropped 7 percent to Rs 438 crore while its VNB margin dipped by 1 percent YoY to 30 percent.



HDFC Life Insurance was the only life insurer to report a VNB rise, reporting an 18 percent increase to Rs 620 crore. The company's VNB margin improved to 26.2 percent from 25.1 percent a year earlier.

Mixed APE

On the other hand, there were mixed signals on growth in the total annual premium equivalent (APE), which is a metric used to measure new business sales growth. LIC and ICICI Prudential showed a drop in total APE for the April-June FY24 quarter. LIC reported a total APE of Rs 9,532 crore, a 7.19 percent decline from Rs 10,270 crore last year. ICICI Prudential's total APE stood at Rs 1,461 crore, dropping 4 percent from Rs 1,520 crore.

In the motor segment, ICICI Lombard's premium portfolio grew to Rs 1,875 crore from Rs 1,782 crore last year. New India Assurance's motor segment grew to Rs 2,341 crore from Rs 1,918 crore. Experts believe that the Indian insurance sector is poised for growth with favourable economic conditions.

"With a younger demographic, the challenge lies in enhancing awareness and appreciation for insurance. Insurers must simplify products, embrace digital means to attract a younger population, and leverage the increasing data from digital programmes," said Boosam. Rungta said that the outlook for the sector is mixed, with opportunities as well as challenges.

"Prolonged low interest rates may impact investment income. And intense competition, especially through online channels, could lead to pricing pressure. But digital transformation, personalisation, and innovative product offerings present growth potential," he added.

(The writer is Jinit Parmar.)

TOP

Insurers will place a vital role in India's green-energy transition – Live Mint – 16th August 2023

India has emerged as a compelling market for the rapid growth and adoption of renewable energy. According to the Asian Development Bank, the country has increased its renewable-energy capacity by 250% over the past seven years and now ranks fourth in the world on this.

The development and deployment of green technologies such as solar and wind, upcoming investments in hydrogen energy, and encouraging the adoption of electric vehicles (EVs) have all played an important role in this transition.

India's stake in green-energy solutions

Over the past few years, the urgency of addressing climate change has given the world the impetus it needs to transition to low- or zero-carbon energy sources. In its latest report, the Intergovernmental Panel on Climate Change (IPCC) emphasised the need to significantly reduce fossil fuel consumption to keep global warming below 1.5°C (it's currently at 1.1°C).

India, which has significant exposure to tropical cyclones and extreme weather, experienced such conditions on 314 out 365 days in 2022, as highlighted by the Delhi-based non-profit Center for Science and Environment (CSE) and Down to Earth (DTE) Data Centre.

While India currently ranks third globally on electricity consumption, it is making commendable progress in its energy transition efforts and the government has set an ambitious target of achieving carbon neutrality by 2070. Notably, the Ministry of New and Renewable Energy reported approximately 62GW in installed solar-power capacity as of November 2022.

Challenges to energy transition

The benefits of green technology and renewable energy are apparent and tangible, but their implementation faces many risks and challenges. The construction and installation of such projects requires considerations of contractor/engineer experience, supply chain issues, accidents, and force majeure events. Once operational, new challenges arise. As the technology is new, there is no historical data on how performance could actually develop over time.

Additionally, the rapid development of hydrogen-based technologies and the potential transition to them from wind and solar needs to be considered in the long-term upkeep of such infrastructure. Environmental factors further amplify these risks as solar panels and wind turbines are exposed to the elements and will inevitably incur wear and tear or damage from adverse weather conditions. Given that the green energy sector is relatively nascent, it is also imperative to build technical knowledge in this field as historical data either does not exist or stems from a technical standard that has become antiquated.

Uncertainty regarding the frequency and severity of extreme weather events pose additional challenges to risk evaluation. Meanwhile, the ever-growing risk of cyber threats continues to loom large, for both green-technology and traditional-energy infrastructure, further necessitating proper risk management and financial protection.

The role of insurance

Green technology and renewable energy projects are capital intensive and typically financed by major banks and institutional investors, who require the assets to be properly insured. This gives insurance a pivotal role in supporting the energy transition. Insurers supported by reinsurers could effectively undertake risk assessments and underwrite renewable energy projects, providing coverage and financial protection to investors, lenders and project developers. In doing so, they could encourage investment in green energy infrastructure and facilitate the growth of renewable energy capacity.

As long-term renewable energy output remains a risk, reinsurers through insurers could provide performance guarantees, taking on risks such as projects producing less power than anticipated. This approach would stabilise returns for investors, making these projects more attractive for long-term financing. The same is true of batteries used in electric vehicles. Their long-term performance is crucial for the resale value of these vehicles. Many customers still hesitate to buy an electric vehicle because they are not sure if they will be able to resell it at a reasonable price down the road as there is simply no historical data on how engine performance will be affected. Performance guarantees provided by the insurance sector could eliminate this risk and boost the sales of environmentally friendly cars.

Reinsurers have access to vast amounts of data, and by leveraging their expertise in risk modelling and data analytics, they could accurately assess and quantify the risks and uncertainties associated with renewable energy projects. This knowledge also allows them to offer valuable insights to project developers and investors, enabling informed decision-making and more precise risk assessment.

Moving towards green energy

The demand for green-technology insurance in India is expected to soar, given the country's pursuit of renewable energy solutions and ambitious carbon-neutrality targets. As the country embraces green technologies, the insurance sector will serve as a crucial enabler. By assessing risks, providing performance guarantees and leveraging data analytics, (re)insurers could facilitate the growth of renewable energy projects and infrastructure.

Given the complexity of insuring green technology, well-capitalised reinsurers, in partnership with leading insurers, have a critical role to play in mitigating these risks and providing support and protection to these assets and projects.

(The writer is Hitesh Kotak.)

TOP

Future of Finsuretech: How financing can help reduce the protection gap and increase insurance penetration - The Economic Times – 15th August 2023

Insurance is recognized as one of the oldest industries with conventional practices in both – life and non-life insurance. After the outbreak of the pandemic, India's insurance penetration has grown steadily from 2.7 percent in 2000 to 4.2 percent in 2020 to 3.2 percent in 2021. Though the sector has registered double growth, it is still underpenetrated and far behind the global average of 7 percent of the GDP.

The insurance penetration essentially depends on the level of disposable income in the country and the sector is less than 5 percent of the GDP. However, the insurance density in India has witnessed a steep surge from US$11.5 in 2001 to a whopping US$91 in 2021. Against the backdrop of filling protection gaps in the sector, the government and IRDAI are making attempts to flag the pitfalls and drive higher penetration. Out of which, the decision of IRDA's call to study the premium financing proposal is gaining a huge momentum of popularity.

Premium financing is a strategy that makes insurance more accessible and affordable to a broader range of individuals and businesses. Ultimately, it can help reduce the protection gap and increase insurance penetration in the country by offering a multitude of solutions.

Enhanced affordability

Paying for insurance premiums upfront usually seems cheaper for many policyholders. However, it comes only with short-term benefits. Considering the long-term perspective, premium financing has emerged to be more cost-effective for the market. It allows policyholders to spread out the cost of insurance premiums over time, typically through installment payments. As a result, customers can afford to buy a more expensive policy with appropriate insurance cover hence reducing the chances of a protection gap.

Increased coverage

By making insurance more affordable, premium financing enables individuals and businesses to obtain higher coverage limits or broader insurance policies that they would not be able to afford otherwise. This assists in bridging the protection gap by providing better financial protection against various risks and uncertainties and promoting financial inclusivity.

Improved cash flow

Paying insurance premiums can put a heavy strain on the customer's finances. Especially, if a customer is just starting out, they can face difficulties in managing their cash flow. However, with premium financing, it becomes more manageable and allows them to plan their budget in a better way, especially if the customer is an enterprise or a business organization.

Business growth
Premium financing can primarily benefit in maximizing returns for businesses or customers. It allows the customers to acquire insurance but at the same time minimize the out-of-pocket cost. This allows the customer to invest the money that was used to pay premiums in other channels that offer higher ROI. Premium financing can also accelerate the growth of businesses that engage in premium financing because it allows businesses to attain a large amount of insurance without having to significantly impact their cash flow and can attain the insurance coverage that they need while keeping their assets intact.

Flexibility and customization
Unlike traditional practices, premium financing benefits customers with flexibility in terms of payment as well as convenience in purchasing multiple policies. Under a single premium finance agreement, customers can purchase multiple insurance policies, under a single payment plan and single debit. This proves to be extremely beneficial for small businesses as they encounter seasonal cash flow fluctuations.

Revenue Generation by mitigating risks
Premium financing can not only be beneficial for customers but also offers insurance companies a way to generate additional revenue streams. By partnering with premium finance companies, insurance companies transfer the credit risk associated with premium payment to the finance provider which helps companies mitigate the risk of non-payments. Additionally, while policyholders repay their premium over time, the insurance company receives the full premium amount upfront from the premium finance company. Thus, premium financing can mitigate risk of non-payment and additionally improve cash flow and generate interest income on the financed premiums.

Bottomline
The premium financing market is expected to continue to grow and capture a sizeable market share in the coming years. Driven by increasing demand for insurance coverage, the popularity of premium financing as a cash flow management strategy is gaining popularity. It's proving to be an effective strategy for individuals looking to avail the benefits of insurance coverage. Thus, premium financing is surely a budding industry that is likely to generate competition amongst other financing counterparts and ensure the coming up of even more flexible options for policyholders.

(The writer is Hanut Mehta.)

TOP

Insurers concerned about data handling in new digital regime – The Economic Times – 14th August 2023

The new data protection bill has now become law, and the stringent rules on the use of personal data and fines proposed for non-compliance have got others besides technology and social media giants worried. Among those rattled by the provisions of the new law is the insurance industry.

What's the problem? The Rs 250 crore fine stipulated in the Digital Personal Data Protection Bill, 2023 for breach of privacy has made insurers nervous. They have nearly 30 lakh agents ranging from matriculates to high-end professionals who handle personal data of people. With no case law yet, insurers fear that numerous frivolous cases could crop up.

Controlling distributors: Insurers will have to put controls on end-use of personal data and ensure that specific consent is taken for the purpose for which data is processed. Insurers say the biggest risk is agents and other distributors carrying customer data, which is freely available in the market.

Companies fear that in case there is a breach, customers will file complaints before the Data Protection Board against them, even though the breach may come from agents they employ, and the insurance firm will have to cough up the penalty, an industry executive told ET.

New rules: The new law applies to digital or physical data and covers personal data, except what is publicly available or under legal obligation. It deals with how companies use personal information and stresses on getting permission from individuals before using such data.

The law comes with strict rules, and in case of any violation there could be heavy fines, even up to Rs 250 crore. However, if someone disagrees with a decision, they can file an appeal before the Telecom Disputes Settlement & Appellate Tribunal (TDSAT).

Medtech concerns: Meanwhile, ET reported that medtech companies say they are facing obstacles in getting their technology covered under a few companies' plans. The insurance regulatory authority had issued a directive in 2019 that modern medical treatment be covered under insurance policies.

"The directive says the treatments will be covered whenever medically indicated, which can be interpreted as 'only covered if necessary', and not by the patients' choice," medtech firms said. Insurance companies use this to reject technologies like Robotic-assisted surgeries (RAS), they added.

TOP

PSU insurers told to shape up – The Economic Times – 14th August 2023

The government has asked state-run general insurers to look at ways to cut losses and improve operational efficiency, emulating the turnaround story scripted by public sector banks. At a review of the performance of state-owned insurers, the general insurers were conveyed that capital infusion will not be provided to them just to cut losses and they need to draw up strategies to work on their revival, officials said. "Insurers need to have a relook at their portfolio and work out future strategies," said one government official. State-run general insurers continue to lose market share to private sector players, and the government wants companies to make changes to their business strategies to arrest the decline. In FY23, the four public sector general insurers-United India Insurance, New India Assurance, Oriental Insurance and National Insurance Company-reported a cumulative market share of 32.27 percent, down from 34.03 percent in FY22.

The government is keen that insurers take a leaf out of the public sector lender's play book, the second official aware of development said. During 2022-23, public sector banks earned a record aggregate net profit of around ₹1.05 lakh crore, almost triple the net profit earned in 2013-14. The asset quality of PSBs also improved significantly with gross NPAs at 4.97 percent and net NPAs at 1.24 percent in March 2023. "General insurers can make a turnaround like state-run banks, as insurance penetration in India is low and offers great growth potential," said the official. The government had infused ₹5,000 crore into three state-run general insurers in FY21. National Insurance Company had received ₹3,700 crore, Oriental Insurance ₹1,200 crore and United India Insurance ₹100 crore. But a subsequent wage revision impacted their balance sheet. At the review meeting, insurers were told that any future capital infusion would not be just to keep them in green and they will need to take substantive measures towards revival, the official said. Insurers have flagged pressure on their balance sheet on account of wage revision, a person familiar with the deliberations said. The government is not looking at divestment in immediate term. "The option to divest is there, but at present the focus is on revival, and the government will provide all necessary support, but the capital infusion will not be done to keep things afloat," the above-quoted official said.

(The writer is Dheeraj Tiwari.)

TOP

Insurers concerned about data handling in new digital regime – The Economic Times – 14th August 2023

The potential penalty of ₹250 crore for breach of provisions of the new digital laws has rattled insurers whose nearly 30 lakh agents range from matriculates to high end professionally qualified people. With no case law yet, insurers fear that numerous frivolous cases could crop up. The introduction of Digital Personal Data Protection Bill, 2023 applies to digital or physical data and covers personal data, except what is publicly available or under legal obligation. This new law is about how personal information is handled and covers data shared online or offline that gets turned into digital format. The law is about how companies use personal information and getting permission from individual before using data. Insurance companies hire individual agents to sell insurance policies and help with policy renewals and other related services. These agents work with different types of insurers like life, general, health, and specialized. There are about 24.43 lakh individual agents in the life insurance industry and 6.88 lakh agents in the general insurance sector as of March 2022, according to IRDAI annual report. Insurers will have to put controls on end use of personal data and ensure that specific consent is taken for the purpose for which data is processed.

Insurers say that the biggest risk is agents and other distributors carrying customer data, which is freely available in the market. "If there is any data breach, customer and Data protection board will have to be informed," the executive informed. The insurance sector has begun engaging with prominent big four consulting firms on this. "Regulating customer data lying with distributors will be the biggest challenge," said a insurance executive. In case there is a breach, customers will file complaints before data protection board against insurers even though agents attached with insurers may disclose customer data and would lead to insurers paying the penalty, an insurance executive said. The bill comes with strict rules and in case of any violation, there could be heavy fines, even up to ₹250 crore. However, if someone disagrees with a decision, they can ask Telecom Disputes Settlement & Appellate Tribunal (TDSAT) to look into it. The bill talks about formation of Data Protection Board, a regulatory authority entrusted with overseeing data management practices and enforcing compliance. In the event of a data breach, stringent protocols are in place mandating the notification of both the customer and the Data Protection Board.

(The writer is Shilpy Sinha.)

TOP

Insurance is significant for creating financial independence for the youth today - The Economic Times – 13th August 2023

While today’s youth is sounder in financial matters taking interest in multiple investment options to grow their wealth; insurance is one category which, even today’s smart youth rarely think of. It is a mistake to assume that only older people above 60s are the most vulnerable to illness and health related issues. An increasing number of young people are at health/ life risks today, due to hectic work schedules, fast moving life, increasing number of accidents and abrupt lifestyle. Insurance thus ensures financial security, by safeguarding assets of individuals and providing financial assistance during the difficult times. It is also an important tool for long term investment needs; buying car/house, marriage, child education, retirement planning becomes easier if one starts early.

Post Covid, health and life insurance have been extremely important. In the Life Insurance category, starting insurance at a young age allows individuals to enjoy lower premiums. Life insurance can provide financial cushion to their family, in case of the policyholder's untimely demise from any illness or accident and the death benefits are comparatively more at younger age. Also, when one buys life insurance plan at an early age, the money has more time to grow, increasing the cash value of the investment in the longer run.

Lifestyle diseases, disabilities, and critical illnesses are impacting younger adults in India, making health insurance a primary protection tool. Gone are the days, when critical illness and surgeries were more related to the elderly population. Along with the significance of buying health insurance, there are a host of benefits insurers offer these days to encourage the younger generation. From substantial decrease in waiting period time limit, to waiving off of medical screening, OPD expense benefits, maternity benefits, the perks are endless. A lot of insurance companies have introduced 'Lock the clock' benefit, where the consumer locks his/ her premium at the (young) age in which he/ she avails the policy. The policy premium amount remains the same for years, during renewal, till the consumer makes his/ her first claim.

Motor insurance is mandatory and as responsible youth of modern India, one should ensure that their vehicle has comprehensive insurance. Despite the mandatory third-party motor insurance, almost 50% vehicles are not insured in India, and the youth can contribute majorly towards its course correction. Often accident victims are unable to get sufficient compensation because of the lack of motor insurance, creating huge financial losses to families.

Youth has the power of technology which they should use to their advantage. Internet has brought knowledge to everyone's fingertips; digitally savvy youth will find it easy to educate themselves and customise best insurance plans as per their needs. While technology today helps them in faster process of availing insurance policies, digitally enabled insurance advisors guide them to purchase the most suitable policies. There has been a major transformation in the insurance landscape in the last two-three years, where insurance companies, aggregators are constantly working towards making the insurance buying, servicing and claim settlement process seamless. While processes are becoming simpler, it is important for the young people to be more aware, conscious, and wary about their financial goals. For a long-term financial protection, it is always suggested to start creating and protecting wealth from a younger age. Financial independence and protection are the right way to live a sustained and content life.

(The writer Indraneel Chatterjee.)

TOP

INSURANCE REGULATION

IRDAI moves towards more liberalised regime – Bizz Buzz – 16th August 2023

IRDAI signifies movement towards a more liberalised regime, feel experts. The IRDAI has notified the IRDAI (Payment of Commission) Regulations, 2023. The notification is dated March 26 and governs payment of commission to Insurance intermediaries. Simultaneously, the IRDAI has also notified the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2023.

By notifying the Payment of Commission Regulations, 2023 the IRDAI has now removed all the erstwhile caps on the payments which an insurer could make to insurance intermediaries. This is however, subject to the insurers maintaining the Expenses of Management limits set by the IRDAI. In the Expenses of Management Regulations, 2023, the IRDAI has simply stated that Insurers carrying on General Insurance Business in India shall incur expenses of management upto 30 percent of gross premium written in India in a financial year while Insurers carrying on Standalone Health Insurance Business in India shall incur expenses of management upto 35 percent of gross premium written in India in a financial year. Over and above the aforesaid limits, the IRDAI has allowed additional expenses in relation to set up of foreign branches, set up of branches in the IFSC, expenses in relation to rural sector, government insurance schemes, Insurtech and Insurance Awareness.

Talking to Bizz Buzz, Indranath Bishnu, Partner, Cyril Amarchand Mangaldas, says, "The new regime introduces a single limit basis the total GWP of the general and health insurer. It has removed the erstwhile segmental calculation of the allowable limits associated with expenses of management." This change introduced by the IRDAI signifies movement towards a more liberalised regime further to the stated objective of providing flexibility to the Insurers to manage their expenses within the overall limits based on their gross written premium, he said. It is clear that as long as an insurer maintains financial hygiene, it is free to determine the extent of commission to be paid to its intermediaries. Moving to such a liberalised regime will help intermediaries and insurers to enter into more viable arrangements and increase penetration.

TOP

New IRDAI platform casts a shadow over PolicyBazaar – Live Mint – 14th August 2023

Top insurance aggregator PolicyBazaar is facing an unexpected challenge from the upcoming launch of Bima Sugam, a similar platform being built by India's insurance regulator, the heads of five insurance companies said. The Insurance Regulatory and Development Authority of India's (Irdai) Bima Sugam is likely to be launched in a few months, the head of one of India's largest life insurers said, adding the platform may offer insurance products at 10-15% cheaper premiums.

"Bima Sugam's entry may potentially snatch PolicyBazaar's market share, hurting its revenue, profitability and stock price severely in the next two years, which in turn will make PolicyBazaar's business model completely unviable," said the person cited above.

Founded by Yashish Dahiya and Alok Bansal, PolicyBazaar commands at least a fourth of the insurance aggregator market. The arrival of Bima Sugam—meaning "Insurance Easy"—comes two years after PolicyBazaar's owner parent PB Fintech Ltd, backed by Info Edge and Japan's SoftBank, got listed on the stock exchanges. Masayoshi Son's SoftBank holds 4.39%, China's Tencent 6.28% and Info Edge holds 17.5% in PB Fintech, while Claymore Investments (Mauritius) Pte. Ltd, a subsidiary of Singapore's Temasek Holdings, own 5.43%.

While a query and several messages sent to PolicyBazaar spokespersons remained unanswered, during its post-earnings analyst call on 8 August, PB Fintech's executives had said, "It's (Bima Sugam) a great platform. I think it'll do really, really well. You know, it's obviously initiated by the government and by all the insurance companies. We as part of the idea are also part of it. And we think it's a phenomenal platform here. It's a regulator-initiated platform."

"PolicyBazaar is aware of the serious risk and is working on a Plan B to combat the imminent challenges, prevent value erosion," said the head of one of the largest general insurers, the second person cited above. An 8 August report by Macquarie Group sees a target price of `560 for PB Fintech shares, 25% below their current levels, as the Bima Sugam platform could be disruptive, affecting PolicyBazaar's 'take rates' and market share.

At Monday's close of `731.65 per share on the BSE, PB Fintech commanded `33,000 crore in market capitalization. "We believe the company (PB Fintech) faces significant revenue and profitability risks from the regulator's launch of Bima Sugam, a marketplace that can affect longer-term market share and take rates. TAM (total addressable market) potential is also limited, thereby affecting revenue prospects," said Suresh Ganapathy and Punit Bahlani in the Macquarie report.

To increase insurance penetration, Irdai wants to capitalize on the digitization of customers' buying habits, even in the financial services space.

"Bima Sugam in insurance industry will be like what ONDC (Open Network for Digital Commerce) is in the e-commerce space or what UPI (Unified Payments Interface) is in the digital payment industry. Ultimately, customers and every insurer will have to drift towards Bima Sugam as a separate, dedicated, large distribution channel. Saving on distribution costs, it will offer insurance products at 20-30% cheaper premium prices than what are offered on PolicyBazaar and by agents of insurance firms. This will attract customers, though only simple term assurance, accidental insurance, motor, health and property insurance policies will be initially sold on it and complex life and general products will come at a later stage," said the third person, the head of a large life insurance firm.

Bima Sugam will save on distribution costs for policy buyers and that is where it will impact PolicyBazaar's business model, the first person said. "A part of the premium paid goes as commission to PolicyBazaar—its primary revenue source. Bima Sugam will eventually sell products like critical illness, industrial, specialized health policies, pension, endowment and annuity life insurance plans. That is where PolicyBazaar's business may see a serious blow," said this person.

(The writer is Anirudh Laskar.)

TOP

LIFE INSURANCE

Now, life insurance maturity money will not be fully tax-exempt: CBDT issues new tax rules – The Economic Times – 17th August 2023

The Central Board of Direct Taxes (CBDT) issued new guidelines on how tax-exempted maturity amount from a life insurance policy will be calculated in a financial year if the premium paid exceeds a specified level. As per the new guidelines, the maturity amount from life insurance policies bought on or after April 1, 2023, will not be fully tax-exempt.

These new guidelines have come after Budget 2023 made the life insurance maturity amount taxable if the premium paid in a financial year exceeds Rs 5 lakh. These guidelines will be applicable to all life insurance policies except for unit-linked insurance policies (ULIPs).

It is important to note that proceeds from ULIPs are taxable from February 1, 2022, if the premium paid exceeds Rs 2.5 lakh in a financial year. The new CBDT guidelines are issued via a circular and notification dated August 16, 2023.

What does the CBDT circular say?
As mentioned above, the new CBDT guidelines will be applicable for life insurance policies issued on or after April 1, 2023. Hence, for the life insurance policies issued till March 31, 2023, the maturity proceeds will continue to be tax-exempt irrespective of the amount of premium paid during the policy term.

Naveen Wadhwa, chartered accountant and Vice-President, Taxmann.com says, "It is important to note that maturity proceeds from the life insurance policy (issued on or before March 31, 2023) will not be considered in FY 2023-24 and future financial years to calculate the tax-exempt amount. To calculate the tax exemption on life insurance proceeds, only those issued on or after April 1, 2023, will be considered."

According to the CBDT circular, proceeds from the life insurance policy will be taxable if it meets the following criteria:
a) For one life insurance policy: Money received from a life insurance policy will be taxable if the premium paid in previous years during policy terms exceeds Rs 5 lakh.
b) For multiple life insurance policies: Money received from different life insurance policies will be taxable if the aggregate premium paid in previous years during policy terms exceeds Rs 5 lakh.

Wadhwa says, "During the policy term if an individual switches the mode of premium payment say, from annual to semi-annual/ quarterly or vice-versa which leads to premium paid exceeding Rs 5 lakh, then the maturity proceeds of the life insurance policy will become taxable in the hands of an individual."

Do note that the taxability rules above will not be applicable in case of the death of the policyholder, irrespective of the premium paid. The taxable amount will be taxed under the head 'Income from other sources'.

How tax-exempt portion from life insurance policies will be calculated?
Wadhwa says, "The CBDT guidelines has clarified that individuals can choose any life insurance policies (whose aggregate premium exceeds Rs 5 lakh) to claim tax exemption. Hence, an individual is allowed to choose the life insurance policies with higher maturity yield for tax exemption and pay taxes on those whose maturity amount is less."

The CBDT, in its circular, has given various examples regarding how tax-exemption of life insurance proceeds will be calculated if the premium paid in any of the previous years during the policy term exceeds Rs 5 lakh. Here are some of the examples from the CBDT circular.

From the table above, it can be seen that the maturity proceeds from life insurance policy X will be exempt as the policy was issued before April 1, 2023. Other life insurance policies were issued on April 1, 2023. Here an individual will be required to calculate the tax-exempt portion.

The maturity proceeds from A and B life insurance policies will be tax-exempt. This is because the aggregate annual premium of both policies does not exceed Rs 5 lakh in a financial year. Maturity proceeds from C's life insurance policy will be taxable as the annual premium exceeds Rs 5 lakh.

In FY 2033-24, the maturity proceeds from X life insurance policy will be tax-exempt. This is because the annual premium does not exceed Rs 5 lakh. However, for the rest of the insurance policies (A, B and C), the maturity proceeds will be taxable. This is because the aggregate annual premium of all four policies exceeds Rs 5 lakh during the policy term FY 2023-24 and FY 2033-24.

The circular has further clarified that the annual premium will be considered exclusive of the GST paid. The new CBDT guidelines on the taxability of life insurance proceeds will not be applicable to term life insurance policies. This is because the amount is payable to the nominee in case of the death of the policyholder and no amount is paid to the policyholder if he/she survives the policy term.

What will be the income tax rate?
Wadhwa says, "The maturity proceeds will be taxable as per the income tax slab rates applicable to an individual's income."

(The writer is Preeti Motiani.)

TOP

CBDT issues guidelines on 'life insurance policy' related taxation tweak of Finance Act 2023 – The Hindu Business Line – 16th August 2023

The Central Board of Direct Taxes (CDT) has issued guidelines on the recent Finance Act 2023 which introduced changes in taxation of life insurance policies. The guidelines explain the implications of the amendments under various situations with examples and has clarified that the prescribed premium threshold shall be exclusive of GST component. As per the Finance Act, 2023, with effect from AY24-25, the sum received under a life insurance policy, other than unit linked insurance policy (ULIP), issued on or after April 1, 2023, shall not be exempt under Section 10(10D) if the amount of premium payable for any of the previous years during the term of such policy exceeds ₹5 lakh.

Also, it was provided that if premium is payable for more than one life insurance policy, other than a ULIP, issued on or after Apr 1, 2023 then the exemption shall be available only with respect to such policies where the aggregate premium does not exceed ₹ 5 lakh for any of the previous years during the term of any of those policies. These exceptions do not apply to any sum received on the death of a person.

TOP

You can save up to 80% on your term life insurance premium if you quit smoking; when and how to buy it – The Economic Times – 14th August 2023

Buying a pack of cigarettes may not seem to be a costly action in the short run, but the price you pay for it becomes quite huge over the years. And the danger is not only restricted to just health or cost of medical treatment; smoking also affects your life insurance premium.

If you smoke, you would have to pay a higher premium than your non-smoker friend while buying a life insurance policy. Let's understand how smoking impacts life insurance premiums, how much you pay for a cover and what you can do to reduce your burden.

It is no surprise that smokers are more prone to being diagnosed with a critical illness, and to premature death. "Tobacco use has been related to an increased risk of acquiring major health diseases such as heart disease, lung cancer and respiratory problems. As a result, insurers consider smokers to be 'higher-risk' individuals," says Rishabh Garg, Head-Term Insurance, Policybazaar.com. Insurance companies consider smokers to be more likely to claim the insurance. As a consequence, smokers are charged higher premiums than non-smokers for life insurance.

How do most life insurance companies define 'smoker'?
Usually, life insurance companies use very specific questions to find out whether you are a smoker or not. "The insurance companies consider an individual as a smoker if they take nicotine in any form like bidi, cigarettes, cigars, hookahs, chew tobacco, etc," says Pankaj Goenka, Assistant Vice-President & Head-B2B Business, InsuranceDekho.

Even if you use a nicotine patch or gum, the insurer can classify you as a smoker.

To understand whether you are a smoker or not, insurers typically ask a set of questions — a) Do you consume nicotine and/or tobacco products? b) Do you smoke? c) Have you consumed a tobacco product in the last five years? d) Have you ever consumed tobacco products? If your answer to these questions is yes, then you will most likely be considered a smoker. If your insurance company tags you as a smoker, you will be placed in the high-risk category, and your premium will be higher.

How much extra premium do smokers have to pay for term insurance?
The additional premium that you have to pay as a smoker varies from one insurance company to another. Typically, the difference in premium between smokers and non-smokers is around 30 per cent. This is because smokers are vulnerable to critical illness and have a shorter lifespan, says Goyal. However, the premium rates for smokers can be 50 per cent to 80 per cent higher than those of non-smokers, adds Garg.

For instance, a 28-year-old non-smoker male has to pay an annual premium of Rs 11,385 for a Rs 50-lakh term cover of HDFC Life Click 2 Protect Life for a tenure of 30 years. For the same policy, a 28-year-old smoker has to pay an annual premium of Rs 17,949 — 58 percent higher. "The extent of increase can vary considerably depending on the insurer but over 50 percent premium increases are common," says Kapil Mehta, Co-founder, SecureNow Insurance Broker.

Do remember that the life insurance company will check other factors as well while calculating your premium — such as type and amount of life insurance, your age and your health.

Do I have to pay more premium if I smoke occasionally?
Insurance companies generally do not differentiate between an occasional and a regular smoker. Even if you have a drag occasionally, this will still count against you when it comes to a term insurance policy. You have to declare yourself as a smoker while purchasing the policy even if you smoke only occasionally.

If you smoke a cigarette socially and are thinking of declaring yourself as a non-smoker to get a lower premium, be cautious. There can be severe consequences for lying.

When you buy a term plan online, you enter a legal contract with the insurance company. You are expected to provide accurate information. Lying at the time of purchasing a policy will be considered as a breach of doctrine of good faith as the insurance company accepts all information declared by you in your insurance proposal as true. If your insurance company discovers that you have lied, it can cancel the policy during the policy period or when settling the claim. You will lose the protection as well as your hard-earned money. So it is better to tell the truth from the very beginning.

"The smoking question must be accurately answered. Some insurers ask if you currently smoke; others may want to know if you have smoked in the past. State the facts. The insurer verifies your smoking habit through a cotinine blood test," says Mehta of SecureNow Insurance Broker.

Will I get lower premium rates if I quit smoking after buying the policy?
No. In India, insurance companies typically do not allow you to change your term insurance status from smoking to non-smoking during the policy tenure. So it is unlikely to have any impact on your premium or policy, explains Goenka.

"Once the premium is decided and paid by the policyholders, there are fewer chances of any changes in the premium. Having said that, some insurers do provide discounts to policyholders who quit smoking. But even to get that benefit, insurers will ask the policyholder to undergo medical tests," says Goyal of Probus Insurance Broker. However, you can quit smoking, wait for the necessary period and then buy a new term insurance policy as a non-smoker; the premiums might be lower in that case.

How long do I need to wait after quitting smoking to buy a term insurance cover as a non-smoker?
The exact period varies from one insurer to another. "But generally, the policyholder should stay away from smoking for at least 12 months to qualify for the non-smoker premium rates," says Goyal. But Garg points out that some insurers do not consider non-smoking status unless the customer has given up smoking for more than 12 months to up to five years.

Do I need to pay more premium if I start smoking after buying a term policy?
If you have already purchased a term plan as a non-smoker and become a smoker later on, there will not be an impact on your policy premium. "However, it is safe to inform the insurance company, as it can delay the final payout until it verifies the claim request if such a thing is concealed from the insurer," adds Goyal.

(The writer is Anulekha Ray.)

TOP

Factors to consider while buying Life Insurance in your youth – Financial Express – 13th August 2023

Many people in their early to mid-20s hesitate to buy life insurance as they believe that they do not need insurance at this stage of life. They feel that they can defer this investment to a later date, when they get married or have additional responsibilities like kids or retired parents.

But the pandemic has shown us that life can be unpredictable, and uncertainty can strike at any time. Hence, investing in life insurance at an early age can be a life saviour as it offers financial security to your family in case of your unfortunate demise.

Investing in a life insurance plan at an early age offers many benefits. But there are certain factors that one must consider.

Lower premiums, larger life cover
One of the main benefits of investing early in a life insurance plan is that you are likely to pay lower premiums as in general, one's health is much better, and mortality tends to be lower in younger age-groups. Thus, by spending less on premium, you would have the option of saving more and investing the money in other avenues.

You are also likely to get a larger life cover if you purchase a plan at a younger age. You might get a life cover of 15-20 times your annual income if you invest in a plan in your 20s or 30s, as compared to about 5-10 times your yearly income if you purchase a plan in your 40s or 50s. You will also benefit from the power of compounding by investing early. You will be able to earn a higher return on your investment, which will go a long way in helping you plan for the important milestones that will come up later in life.

Opt for a separate plan
While this may be the early start of your career, certain employers offer their employees coverage under a group term insurance plan. While this does provide a certain amount of financial protection, it is important to keep in mind that this financial security is valid only until you work with the same employer. When you switch your job, this coverage will no longer apply to you and your new employer may or may not have a group cover for their employees.

Also, if you decide to take an extended break between jobs or more importantly, if you decide to become an entrepreneur at a later stage in life, you may suddenly find yourself without a life cover. At that point, you may find it difficult to get a plan or it could end up being costly.

Tax benefits
Investing in a life insurance plan may offer you tax benefits under Section 80C, Section 10(10D) and Section 80D of the Income Tax Act, 1961. It is advisable to consult a financial adviser who will provide you with the right guidance about the tax benefits applicable to you.

Additional riders
To enhance the protection aspect of a base life insurance plan, one can opt for various riders, such as accident, disability, waiver of premium, or critical illness, depending on one's needs. Riders help make the plans more potent and cover multiple aspects of risk that a customer could encounter. These riders are optional and come at an additional cost. However, when you are buying a life insurance plan at an early stage of life, the additional cost is likely to be nominal and the riders are easier to get. To sum it up, there is clearly a lot to be gained by buying a life insurance plan early in life. So, invest in a life insurance plan today to meet your financial goals while staying financially protected.

TOP

GENERAL INSURANCE

Student travel insurance is a prudent financial decision before going abroad for studies – Financial Express – 13th August 2023

The surge in the number of students opting to study abroad has led to a significant boost in the demand for student travel insurance in India. As more young individuals seek higher education opportunities in foreign countries, the need to ensure their well-being, security, and academic pursuits has become paramount. Student travel insurance plans are highly beneficial, tailored as a safety cushion for students who are embarking on educational journeys far from home.

In the current education market, more than 75 countries across the globe present enormous opportunities for students to experience international education. According to the data provided in the Lok Sabha by

Subhas Sarkar, Minister of State in the Ministry of Education, the proportion of Indian students studying abroad rose by 68.79% in 2022.

Student travel insurance has turned into a necessity as it covers a broad range of potential problems, including loss of baggage and loss of laptop/ mobile/ camera, etc., that can disrupt one's studies. Student travel insurance is tailored as per students' needs and provides coverage for study interruptions. Our student travel assurance plan at NBHI can provide coverage for a time period between three months to three years, as per students' needs. Given the benefits a student travel insurance plan offers; it is highly recommended that every outgoing international student must purchase an adequate amount of coverage according to the duration of their stay.

A good student travel insurance cover is made with careful prudence, keeping in consideration all possible scenarios an international student can face, thereby ensuring students are adequately covered and can pursue their education hassle-free.

Benefits of buying a student travel insurance
Emergency in-patient medical treatment

Student travel insurance covers the cost of medical treatment, including hospitalization, doctor visits, medication, and emergency medical evacuations in case of unexpected illnesses or injuries during the trip.

Emergency outpatient treatment: The plan gives protection for out-patient treatment due to an accident or illness

Loss of Baggage
In case of lost, stolen, or damaged baggage, travel insurance offers compensation for the value of the belongings that were lost or affected during the journey.

Emergency Assistance
Travel insurance offers 24/7 emergency assistance services, including access to a helpline for medical advice, coordination of medical services, legal assistance, and travel information. Travel insurance may also cover the expense of deaths and repatriation of the deceased.

Dental treatment
Our Travel Assure plan covers medical expenses for dental treatment. Most international student dental insurance policies, identify a "network" of dentists who are willing to accept your dental coverage. This not only aids students to save money but may also cover preventive care.

Complete pre-existing disease cover
A unique feature of our student travel assurance is that students can avail 100% coverage for pre-existing diseases and that can be a much-needed financial cushion.

Loss of Gadgets and Passport/Driving License
Coverage for the loss of any gadget due to theft or robbery is provided to students. Additionally, students going abroad also become eligible for coverage of the cost of getting a new passport and driving license.

(The writer is Dr. Bhabatosh Mishra.)

TOP

Comprehensive home insurance: your lifeline against devastating flood damages – The Economic Times – 12th August 2023

India, known for its susceptibility to monsoon rains, experiences a significant portion of its annual rainfall between June and September. These monsoons often trigger disastrous floods, causing extensive damage to property and loss of life. The profound impact of these floods reverberates through every aspect of people's lives, displacing families, demolishing properties, and disrupting livelihoods. Rising water levels pose severe threats, infiltrating foundations, causing electrical system failures, annihilating personal belongings, and compromising the structural integrity of houses/buildings. Recovering from such extensive losses can inflict overwhelming financial burdens on individuals and families and thus emphasizing the invaluable significance of comprehensive home insurance coverage.

(The writer is Raghavendra Rao.)

TOP

The importance of Credit Insurance during the global recession scenario – The Economic Times – 12th August 2023

The International Monetary Fund in 2023 estimated that one-third of the global economy will experience a recession this year and the economic growth will turn out to be lesser than 2022. In the last few months, we have already heard the news of the Eurozone, New Zealand and Singapore going into recession. Global GDP growth is expected to fall from 3.4 percent in 2022 to 2.8 percent in 2023, and recover only marginally to 3.0 percent in 2024. These projections need to be understood in the context of a long and deep recession that has affected the global economy since the North Atlantic financial crisis of 2008. The effects of global recession are being felt across different sectors and industries, leading to job losses, reduced investment, and decreased consumer spending.

While India has not been immune to the global recession and experienced consistent economic growth, it is still integrated with the global economy and can be affected by global economic trends. The slowdown in economy can lead to falling exports; additionally, foreign investors are pulling back from investing in India, resulting in reduced capital flows and increased volatility in financial markets.

India's Foreign Direct Investment (FDI) market has dipped for the first time in a decade, falling 16% to $71 billion (on a gross basis) during the financial year 2022-23 because of high inflation and weak demand in the US and Europe. India's domestic economy is also vulnerable to global shocks. For example, a sudden increase in oil prices due to geopolitical tensions or other factors could increase India's import bill, leading to inflationary pressures and a slowdown in economic growth.

While our economy still remains protected from the extreme global volatility, it is always important to stay prepared. Too much of global economic turmoil can impact our exports, foreign investment, remittances, and tourism in the times to come. The Indian government on its part is expected to implement policies to boost domestic demand and investment, by providing fiscal stimulus, and investing in infrastructure. Insurance too can play a vital role in mitigating the risk of global recession. Credit insurance can play a role in protection to businesses against the non-payment of trade receivables.

Providing Financial Protection: Credit insurance policies cover losses incurred due to the insolvency or default of buyers. In a global recession, the risk of business failures and payment defaults increase significantly. Credit insurance helps businesses by reimbursing them for unpaid invoices, reducing the impact of non-payment on their cash flow and profitability.

Enhancing Risk Management: Credit insurers have access to extensive database and credit risk information, allowing them to assess the creditworthiness of buyers more effectively. By leveraging this knowledge, businesses can make informed decisions about extending credit to customers and managing their credit risk during uncertain economic conditions. Facilitating Trade and Financing: During global recession, access to trade finance can become more challenging as lenders become more risk-averse. With credit insurance in place, businesses can often secure more favourable financing terms. Lenders are more willing to provide financing when they see that a business has insured its receivables, as it provides an additional layer of security.

Providing Market Expansion Opportunities: Credit insurance can provide businesses with the confidence of exploring new markets and expanding their customer base, even during a recession. By transferring the risk of non-payment to the insurer, businesses can reduce their exposure to potential losses and take calculated risks to tap into new markets or sectors.

Strengthening Supply Chain Resilience: A global recession can disrupt supply chains and lead to business failures, causing a ripple effect across industries. Credit insurance can help strengthen the resilience of supply chains by protecting businesses against the financial impact of customer defaults. By minimizing losses, businesses can better navigate the challenges and maintain their operations during uncertain economic conditions.

It is important to note that credit insurance is not the only solution for mitigating global recession risk. It should be complemented with sound risk management practices, enterprise risk management to monitor and mitigate risks that businesses face, diversified customer portfolios, and a thorough understanding of market dynamics to effectively manage risks associated with economic downturns.

(The writer is Mehul Palan.)

TOP

HEALTH INSURANCE

Under PM, India moving towards universal health care: Mandaviya – Daily Excelsior – 18th August 2023

India is moving towards achieving the goal of universal health care under the leadership of Prime Minister Narendra Modi through more than 1.5 lakh Ayushman Bharat health and wellness centres, Union Minister Mansukh Mandaviya said on Thursday.

He was speaking at the inauguration of the 'One Earth One Health – Advantage Healthcare India 2023' event held at Mahatma Mandir in Gandhinagar as part of India's G20 presidency ahead of G20 Health Ministers' meeting to be held on Friday.

"Under the leadership of the Prime Minister Narendra Modi, India has been moving steadily towards the goal of sarvodaya, achieving universal health care through more than 1,50,000 health and wellness centres as well as the world's biggest government funded health insurance scheme the Pradhan Mantri Jan Arogya Yojna," said Mandaviya in his keynote address.

"We are also making consistent efforts to contribute to the global health care ecosystem. Today, India is known as the pharmacy of the world. India is the largest provider of generic medicines with a share of 20 per cent in the global supply. We also contribute around 60 per cent of global vaccines," the Union Health minister added.

On the occasion, Mandaviya launched the 'Advantage Health Care India – One Stop Digital Portal For Patient' and the 'Workforce Mobility' portal, which he said will offer a tangible solution to some of the most pressing challenges in the health care sector today. Elaborating on the Indian health system, he said the country is today supported by a workforce of 1.3 million allopathic doctors, 8 lakh AYUSH doctors and 3.4 million nurses and midwives.

"Through this highly qualified and skilful workforce, India plans to contribute to an organised system of workforce mobility, wherein India's health care professionals travel to different parts of the world to serve the global community," he said.

Medical value travel or medical tourism will enable greater knowledge-sharing, sustainable partnerships and increased synergies contributing to building a stronger global health architecture, he asserted. "We strive to build a more inclusive and equitable world where health care knows no boundaries and where skilled health care professionals can make a difference wherever they are. Our collective efforts will be towards creating a health care ecosystem that embraces the voice of every nation, every citizen and every being," the Union minister said. (PTI).

On the occasion, Union AYUSH Minister Sarbananda Sonowal said traditional medicine, specifically AYUSH, has much to offer to the world. "Today, traditional medicine, specifically AYUSH, has much to offer to the common man, academicians and to the industry and to the entire world. The increasing demand for AYUSH in India and globally can be seen in the rise of the AYUSH industry," said Sonowal in his address.

The manufacturing industry in AYUSH has been growing at a CAGR of 17 per cent from 2014 to 2020 and the current market size is projected to be USD 23.3 billion, which is indicative of the growing AYUSH ecosystem and its widespread adoption, Sonowal informed. "Adoption of AYUSH in public health is also gaining momentum, especially after the (COVID) pandemic. We have the potential to be the world leader in the traditional health care sector. With increasing awareness about health and fitness and changing lifestyle, the demand for Ayurveda and its products has increased tremendously at the international level," he said.

As per a PIB release, Mandaviya, during the day, held various bilateral meetings with the European Union, Germany and Saudi Arabia. It said the bilateral meeting with the European Union focused on exploring areas of collaboration in fortifying health care systems and enhancing capacities for disease surveillance and capacity building amongst other domains with a particular focus on Ayurveda Telemedicine, clinical trials and research in India for EU-based pharmaceutical companies.

The meeting with Saudi Arabia involved exchange of experiences and best practices on regulatory requirements, joint ventures, technology transfer especially in APIs towards de-risking supply chains and boosting resilience therein, said the release. Germany and India's meeting focused on cooperation in the pharmaceutical sector, including drug regulators and in pharmacopeia, ICMR and federal ministry of education and research, strengthening value-based health care through medical value travel, cooperation in traditional medicine, promotion of digital public goods and cooperation in digital health.

The release said future orientation will include cooperation under MoU between ICMR, and German Research Foundation, cooperation under Special arrangement between ICMR and Federal Ministry of Education and Research (BMBF), Germany Delhi under Indo-German S&T Agreement, revision in Minimum Viable Product among others. (PTI)

TOP

How a health insurance becomes a path to financial wellbeing – CNBC – 17TH August 2023

As India celebrates its 76th year of independence, a crucial requirement emerges for a different form of liberation that should be of utmost importance—the attainment for a self-reliant nation and healthy citizenry. Health insurance is a cornerstone of modern society, offering health, well-being, peace of mind, and financial security given the inevitability of medical emergencies and illnesses.

While Indian government and the insurance regulator IRDAI has taken significant steps towards prioritising health insurance, the importance of health insurance cannot be undermined — it provides a safety net against the unpredictable and often exorbitant costs of medical care.

In a world where health-related uncertainties are inevitable, having health insurance ensures that individuals can access necessary medical treatments without facing overwhelming financial burdens. This coverage not only safeguards physical well-being but also offers peace of mind, allowing people to focus on their health and recovery rather than worrying about the financial repercussions of unexpected illnesses or emergencies.

Ultimately, in a rapidly evolving healthcare landscape, having comprehensive health insurance is not just a luxury, but a necessity and it's time to understand the real importance of this invaluable safeguard.

Economic empowerment through health security: The need of the hour

In India, the burden of out-of-pocket healthcare expenses still looms large over many households. Health insurance acts as a powerful catalyst, shielding families from the financial shocks that medical emergencies can bring. A robust health insurance framework has the potential to alleviate financial burdens on individuals and families during medical emergencies, ensuring that necessary treatments are accessible without pushing them into crippling debt.

Moreover, improved insurance coverage can incentivise individuals to seek timely quality medical attention, thereby reducing the burden on public healthcare facilities and promoting a more proactive approach to healthcare. By providing affordable access to quality healthcare, health insurance empowers individuals to invest in education, housing, and entrepreneurship, ultimately contributing to the nation's economic progress.

Healthy workforce: Synonymous with a more robust economy

A healthy workforce plays a pivotal role in the vitality of a nation's economy and the well-being of its citizens. A workforce that is physically and mentally healthy tends to be more productive, engaged, and resilient, ultimately driving economic growth. A well-structured health insurance system is integral to this equation as it provides a safety net against unforeseen medical expenses, reducing financial stress on individuals and families.

When employees have access to health insurance coverage, they are more likely to seek timely medical care, preventing minor issues from escalating into major health concerns that could lead to prolonged absences from work. This, in turn, reduces productivity losses and ensures a stable labour force. While, there are many benefits to group health coverage provided by the employer.

But, certain circumstances may require employees to purchase an individual health cover in addition to group coverage. The main reason for this is, if the employee decides to leave the organisation, the coverage also ends. As time passes, you may find it challenging to purchase an individual health cover, especially when meeting your post-retirement health issues.

Inspiring a healthy nation: Preventive and wellness care

In the inspiring journey towards building a healthier nation, the significance of selecting the appropriate health insurance plan cannot be overstated. When considering a health insurance plan, there are several key factors to bear in mind. Much like the freedom fighters' emphasis on education and empowerment, health insurance encourages a proactive approach to healthcare.

Many health insurance policies include provisions for preventive care, encouraging regular health check-ups and early intervention. This shift towards wellness aligns with India's vision of a healthier, more vibrant society. By emphasising preventive measures, health insurance fosters a culture of health consciousness, reducing the burden on healthcare facilities and contributing to a healthier nation.

As India marks another year of independence, the time is ripe to recognise health insurance as a key instrument in securing a self-reliant and prosperous future. Just as the visionaries of the past united to shape an independent nation, today's visionaries must unite to advocate for comprehensive health insurance coverage for all. The regulator IRDAI also aims to boost insurance penetration with the mission of “Insurance for all” by 2047, when we complete a hundred years of India's independence, and is taking various initiatives to make this happen. Access to quality healthcare need to be the guiding principle that accelerate the transformative healthcare changes our country needs, as well as to enhance the health, well-being and peace of mind of all Indians.

By embracing health insurance, together lets honour the sacrifices of those who fought for our freedom and forge a path towards a healthier, more equitable India. As the tricolour waves proudly, let it remind us of our commitment to ensure that every Indian lives a life of health, well-being, and prosperity.

(The writer is Prasun Sikdar.)

TOP

Medical tourism: Industry bats for value addition, insurance liaison, flight connectivity – The Indian Express – 17th August 2023

India should be focusing on attracting medical tourists for the specialised value that the country's healthcare sector can provide instead of merely attracting medical tourists for the low-cost healthcare services, said experts at a conference held on the sidelines of a G20 event in Gandhinagar Thursday. At a roundtable session on 'Advantage Health Care-India 2023' that focussed on partnerships and collaborations, industry stakeholders also batted for seamless insurance coverage across borders and better flight connectivity to Ahmedabad.

"My one important suggestion to get patients from the Gulf Cooperation Council (GCC) countries, especially the UAE, is that we should be focusing on insurance companies rather than individuals because insurance companies make the decision. For them, it is an advantage if a patient, instead of getting operated at GCC, comes to India as it will reduce the cost for them (insurance companies) at least by 50 per cent," Aster DM Healthcare chairman Azad Moopen said.

He added that ministries of health and tourism both at the Central and state governments should focus on GCC as it is the main market with the largest number of Indians. "The flow right now is only from two countries — Oman and Iraq. Other countries such as UAE, Bahrain, Kuwait, Saudi Arabia, etc are just a trickle because they do not know about Indian healthcare and how it has gone up in the past 15-20 years. There is a requirement for us to promote India properly," Moopen added. KEF Holdings and Meitra Hospital chairman Faizal Kottikollon said, "Normally, tourism that is coming to India is for its cost-effectiveness. That has to change… We need to attract high-paying patients to our country instead of depending on only Afghanistan… We should also take it to the next level."

HCG Hospitals International Marketing vice-president Sanket Arora said they face primarily two practical challenges while doing business in the Gulf region. "First, in terms of capacity building, HCG takes along their own medical experts and registration and licensing at the visiting country for the doctors takes a lot of time. Second, when it comes to insurance, the hospital ends up shouldering the risk of default," he said.

To solve the bottlenecks, Arora suggested, "Our medical council can liaison with the medical councils of the Gulf countries and hasten the process of licensing and registration so that we can collaborate better. For insurance, if we can have local insurance companies in these countries liaison with our insurance bodies such as IRDAI (Insurance Regulatory and Development Authority) and have a formal-kind of association, that would help us in streamlining and hedging the risks for the hospitals."

(The writer is Sohini Ghosh.)

TOP

Bring regulations to make medical indemnity insurance mandatory for healthcare professionals: Experts – Express Healthcare – 17th August 2023

Medical indemnity (malpractice) insurance is not widely popular in India and remains under-penetrated due to limited awareness among smaller hospitals and healthcare practitioners about its importance and the misconception that it is an additional expense rather than a risk-mitigation tool. Regulatory changes and awareness campaigns are needed to change this scenario, experts of Delhi-based TR Life Sciences, hospital management consulting firm, have said. There are several reasons for the low penetration of medical indemnity insurance in India, apart from low awareness.

Dr Anurag Kashyap, Director-Finance & Strategy, TR Life Science, New Delhi said, “Complex language and clauses of the policy contribute to the difficulty in grasping the implications. The claims process is often burdensome, discouraging healthcare professionals from pursuing claims. While some insurance companies have taken steps to include out-of-court settlement clauses to make the policy more appealing, the penetration rate remains low not only among smaller hospitals but also among larger ones.”

He added, “Corporate hospitals, being more established and better informed about risk management practices, are more likely to have medical malpractice insurance coverage in place, but they often lack in terms of quantum and scope of coverages. Smaller hospitals, especially those in mid-level or non-super specialty fields, tend to take a cost-conscious approach to avoid taking the insurance. They prefer to go for out-of-court settlement. Even prominent healthcare institutions lack dedicated insurance and risk mitigation departments, emphasising the critical need for assessing the risks within hospitals and doctor practices.”

Recounting the steps to be taken to promote the widespread adoption of medical malpractice insurance among the healthcare fraternity, Dr Kashyap said, “The government can play a significant role by introducing guidelines and regulations to make the policy mandatory for healthcare professionals, especially during the time of registration as a doctor, with specified basic coverages. The policies too need to include different categories based on the size and specialisation of hospitals and doctors. Insurance companies should create platforms to educate healthcare professionals about the importance and necessity of medical malpractice insurance. Simplifying policy language and streamlining the claims process can make the insurance more accessible and user-friendly. Eliminating the need for hiring legal experts for claims can also make the policy more attractive.”

He added, “Hospitals need to establish dedicated departments for risk assessments and their mitigation and recommend suitable insurance coverages. These departments should collaborate with insurance companies and government to identify new areas of coverage and determine the appropriate quantum of policies. Due to increasing digitization and emergence of artificial intelligence, many associated risks are emerging for healthcare institutions, and they need to prepare themselves for such situations with medical indemnity insurance.”

Dr Gopal Sharan, Managing Director, TR Life Sciences said, “Changing the mindset of healthcare professionals and their approach is also essential to make medical indemnity insurance popular in the country. They need to consider it as risk mitigation, rather than an expense. Encouraging their participation in webinars and lectures on risk assessment and mitigation can enhance their understanding and readiness to invest in comprehensive coverage. Insurance companies should proactively engage with the fraternity, elaborating on their products, coverages, and benefits to enable informed decision-making.”

TOP

Centre denies report of the dead availing treatment under Ayushman Bharat scheme – The Indian Express – 17th August 2023

The government on Thursday flagged the media reports that claimed that there were irregularities in the audit of the Ayushman Bharat-PMJAY health insurance scheme to be completely false and misleading. In a performance audit, under the head "Treatment of a beneficiary shown as 'died' during earlier claim/treatment", the CAG had noted that “patients earlier shown as ‘died’ in TMS (the Transaction Management System of the scheme) continued to avail treatment under the scheme".

The audit noted that there were 3,903 such claims, pertaining to 3,446 patients and that Rs 6.97 crore was paid to hospitals across the country. "There have been media reports claiming that the Comptroller and Auditor General of India (CAG) has flagged that treatments have been booked for AB PM-JAY beneficiaries who have been declared dead on the system. It further claims that the same beneficiary had been found to avail of treatment across two hospitals at the same time. These media reports are completely misleading and ill-informed," said the government.

It clarified that under Ayushman Bharat, hospitals are allowed to initiate requests for pre-authorization three days in advance, prior to the date of admission in the hospital. This feature is enabled to avoid denial of treatment in case of limited connectivity, emergency situations, etc. In some cases, the patients got admitted and before their pre-authorization was raised, they died during the treatment. In such cases, the date of death is the same as the admission date or earlier.

Moreover, death has also been reported by the same hospital which raised the pre-authorization request. Thus, had the hospital intended to defraud the system, it would not have shown any interest in declaring the patient dead on record. Regarding the same patient availing treatment in two hospitals at the same time, it may be noted that under AB PM-JAY, children up to 5 years of age avail treatment on the Ayushman Card of their parents.

Accordingly, Ayushman Card can simultaneously be used for children and parents in two different hospitals. For example, a mother may be admitted to a hospital and delivers a baby during treatment and the hospital where the mother is availing treatment may not have a neo-natal care facility available, therefore, the child may be shifted to some other hospital with a neo-natal care facility available. In this case, the mother's Ayushman Card is simultaneously being used for both, the baby and the mother. Another example can be of a father and baby being treated simultaneously in two different hospitals on the Ayushman Card of the father. The government also dismissed reports that claimed the CAG found that one mobile number was associated with multiple beneficiaries. "It has no operational and financial implications as the beneficiary identification process under Ayushman Bharat PM-JAY is not linked with the mobile number. The mobile number is captured only for the sake of reaching out to the beneficiaries in case of any need and for collecting feedback regarding the treatment provided," it clarified.

"With regard to the use of the same mobile number by multiple beneficiaries, it may be noted that the mobile number is not a mandatory field for beneficiary verification. However, since there was a field for collecting mobile numbers, it is possible that some random ten-digit number was entered by the field-level workers in some cases in the earlier stages of the scheme implementation. Initially, OTP-based validation was not enabled as many beneficiaries either didn't carry the mobile with them or shared the number of their relative or neighbour. However, non-validation of mobile numbers wouldn't impact either the correctness of the beneficiary verification process or the validity of the beneficiaries' eligibility under the scheme," it added. Necessary changes have subsequently been made in the current IT portal used by NHA for capturing only valid mobile numbers, in case the same is possessed by the beneficiary. The report of the Comptroller and Auditor General of India which contains results of the Performance Audit on Ayushman Bharat Pradhan Mantri - Jan Arogya Yojana (AB PM-JAY) covering the period September 2018 to March 2021 was placed in parliament in the Monsoon Session of 2023, said the government.

(The writer is Nirmala Murali.)

TOP

Medtech companies still in talks with insurers to get their treatments covered - The Economic Times (Bangalore edition) – 16th august 2023

Despite a directive from the insurance regulatory authority in 2019 that modern medical treatment be covered under insurance policies, medtech companies say they still face some obstacles in getting their technology covered under a few companies' plans. Insurance consultants, who are helping facilitate the dialogue between medtech and insurance companies, said that this may be because of ambiguity in the wording of the directive from the Insurance Regulatory and Development Authority of India (IRDAI). "The directive says the treatments will be covered whenever medically indicated, which can be interpreted as 'only covered if necessary,' and not by the patients' choice," they said. Insurance companies, medtech firms say, use this to reject technologies like Robotic-assisted surgeries (RAS). The insurance loopholes, compa nies say, are hampering their growth in the country. Mandeep Singh Kumar, the VP of Intuitive Surgical India, which builds technology for RAS, said that many health insurance policies have sub-limits, restraining full access of their product to a wider section of the population. "One of the best ways to address this gap is to sensitise patients, providers (hospitals), and payers (insurance companies) about the benefits of RAS," he said.

The Nasdaq-listed company, whose In dian operations are headquartered in Bengaluru, is in talks with several insurance firms to get their procedures universally approved. "We are also working with Third Party Administrators (TPA) to ensure that the mandate for comprehensive coverage of RAS is uniformly applied," said Kumar. According to IRDAI's circular, Robotic Surgery is listed as one of the treatments companies cannot exclude in health insurance policy contracts.

TOP

Ayushman Bharat Scheme: CAG report exposes dummy numbers, Aadhar irregularities - Live Mint – 14th August 2023

The recent report by the Comptroller and Auditor General (CAG) regarding the Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana, presented in Parliament this week, highlights some astonishing and significant figures. As per a report by FIT Quint, the report reveals that around 750,000 beneficiaries were associated with an invalid mobile number, specifically 9999999999.

Moreover, the CAG identified 4,761 registrations that were linked to only seven Aadhar numbers, indicating potential irregularities. Additionally, the audit found instances of hospitals that were absent from the list of facilities registered under the public health insurance scheme.

In an interview with FIT Quint, Srinivas Kodali, a researcher specializing in data, governance, and the internet, as well as Shweta Mohandas, a policy officer at the Centre for Internet and Society. They also consulted with a public health expert in order to gain a deeper understanding of the matter.

Verifying one Unique ID for multiple beneficiaries: What's the process?
When an individual visits a hospital to access the advantages offered by the Ayushman Bharat scheme, they are required to present their Aadhar card, which is then utilized to verify the patient's eligibility. "AB-PMJAY identifies the beneficiary through Aadhaar identification wherein the beneficiary undergoes the process of mandatory Aadhaar based e-KYC. The details fetched from the Aadhaar database are matched with the source database and accordingly, the request for Ayushman card is approved or rejected based on the beneficiary details," an unnamed official told news agency PTI.

As per the CAG audit findings, approximately 4,761 enrollments were recorded using only seven Aadhaar numbers in Tamil Nadu. In the 2019 report, concerns were raised regarding the absence of publicly accessible data related to the "most conducted surgeries." This raised suspicions that hospitals might engage in fraudulent activities by conducting surgeries that are financially advantageous for them.

Were dummy numbers employed by hospitals for monetary claims?
Srinivas Kodali suggests that there might be indications of a potential 'fraudulent activity' by private hospitals within the nationwide public health insurance scheme. The report highlights instances where ₹1.1 crore was disbursed for 403 patients who were supposedly deceased, FIT Quint reported.

"It's possible that many of the 7.5 lakh people who registered 9999999999 as their number don't exist and the hospitals used these dummy numbers to claim money from the government. There are so many missing hospitals enrolled in the Ayushman Bharat scheme."

The report from 2019 also raised concerns about the absence of publicly accessible information concerning the surgeries that are most frequently conducted. This observation implied the potential for hospitals to engage in fraudulent practices by prioritizing surgeries that yield financial gains for them.

TOP

SURVEY AND REPORTS

Festive demand surge expected to create 50,000 temp jobs in coming months – Business Standard – 16th August 2023

As the festive season approaches, the banking, financial services, and insurance (BSFI) sector is witnessing a significant rise in credit card sales, personal finance, and retail insurance, according to a report by TeamLease. The BFSI industry is expected to generate around 50,000 temporary jobs in the second half of 2023 to accommodate the surge in finance-related products. Compared to the previous year, there is a 15 per cent increase in job opportunities at the start of the festive season (June-July), indicating the sector's positive outlook and proactive approach to meeting consumer demands. This increase is due to higher consumer spending and increased economic confidence.

Traditionally, large cities like Delhi, Mumbai, Chennai, and Bangalore dominated the temporary job market in the BFSI sector. However, over the past two to three years, cities like Kolkata, Pune, and Ahmedabad have also witnessed many open positions, such as on-the-feet personnel and teleoperators. This shift in demand is a result of the expansion of e-commerce, retail lending, and insurance services across the nation, extending job opportunities to places like Ahmedabad, Surat, Nashik, and Kanpur.

Krishnendu Chatterjee, the vice president and business head of BFSI at TeamLease Services, commented on the situation, stating, "With the surge in credit card transactions, personal finance applications, and the growth of digital payments in India, we are expecting a vibrant job market in the next 5-6 months." He added that in the last two months, the team has recorded around 25,000 job openings for temporary staffing positions. He said, "we anticipate this number to rise further. The BFSI sector has observed a remarkable 15 per cent increase in temporary workers year-on-year." Alongside the e-commerce industry, the BFSI sector is actively increasing its hiring efforts to manage higher consumer activity during the festive period, ensuring smooth operations.

Temporary workers in these roles have experienced a 7-10 per cent growth in earnings compared to the previous year. Compensation packages for on-the-feet roles vary, with Delhi ranging between 20-22k, 16-18k in Kolkata, 20-22k in Mumbai, 18-20k in Chennai, and 20-22k in Bengaluru. Similarly, for teleoperators, salaries range from 16-18k in Delhi, 13-15k in Kolkata, 16-18k in Mumbai, 15-17k in Chennai, and 16-18k in Bangalore. This upward trend reflects the industry's commitment to rewarding its employees and meeting the increased demand during the festive shopping season.

Chatterjee further emphasised, "In the lead-up to the festive season, the BFSI sector is actively seeking skilled and customer-focused individuals to strengthen their workforce." With an optimistic outlook for the festive season in sectors like E-Commerce, Retail, Consumer Electronics, Automobiles, and Smartphones, the demand for credit cards, personal loans, and insurance products is expected to rise. As the BFSI sector gears up to meet this demand, temporary workers can anticipate a promising second half of 2023.

TOP

70% Indians in rural, semi-rural areas do not have health insurance, says survey – Outlook – 11th August 2023

Indians still have a long way to go towards healthcare awareness and accessibility to health, at least in the semi-rural and rural areas of the country, according to the findings of a recent survey. A huge 75 per cent of the semi-rural and rural population in India do not have access to modern healthcare within their localities. About 55 per cent of those surveyed said they had never heard of insurance while 70 per cent said they did not have a health insurance cover.

Among those aware of insurance, only 32 per cent said they had opted for insurance at some point, with a mere 28 per cent possessing health insurance for themselves or their families.

About 23 per cent relied on informal loans or borrowing to take care of hospital expenses, with 6 per cent saying they had resorted to selling assets to pay off their medical bills and a significant 53 per cent claiming they had utilised some form of savings to cover these expenses. About 45 per cent of respondents said they travelled more than 10 kms to avail the services of a doctor, according to the survey by Pay Nearby.

Titled Bharat Health Index (BHI) 2023, the survey involved 10,000-plus retailers across semi-rural and India over a month. According to the respondents, they spent about 15-20 per cent of their yearly income on medical expenses. However, there is a growing interest in online medical purchase as well as telemedicine consultation. About 35 per cent of respondents expressed interest in online medical purchases, and 32 per cent on telemedicine consultation, the survey said.

According to the survey, the accessibility index saw a major dip as one moved from urban to rural India. Only about 10 per cent of the rural respondents citing that they had access to healthcare within a 10km radius. Lack of skilled healthcare providers at the last mile was a major challenge for accessibility, the survey said.

"Only 15 per cent of respondents confirmed having a doctor's clinic or healthcare facility within a 5 km radius. In terms of medical practitioners available, while 25 per cent had access to general physicians in their area, 92 per cent lacked specialised doctors, such as cardiologists, gynaecologists or paediatricians, impacting medical care," the survey said.

"For specialised treatment such as cancer, neurological or blood disorders, 90 per cent needed to travel to a different location for treatment, 5 per cent reported loss of a loved one due to unavailability of specialist doctors at the local healthcare facility," the survey added. The survey also evaluated the accessibility and convenience of medical stores at the last mile.

"A notable 52 per cent of respondents had a pharmacy within 5 km radius of their residence, making essential medicines relatively accessible. However, 85 per cent of the respondents had to travel more than 10 kms to obtain specialised medicines, indicating potential challenges for those with specific medical needs," the survey said. Interestingly, only 47 per cent of the respondents said they possessed a thermometer at home, while only 7 per cent had instruments to check blood pressure and blood sugar. The survey also emphasised the urgent need for setting up a financial funding mechanism to address the escalating medical expenses at the last mile.

Reasons For No Insurance

According to the survey, the penetration of financial products, such as insurance would prove crucial in enhancing healthcare affordability and accessibility. "Among those with insurance, 88 per cent obtained it from government or state sponsored schemes, while less than 10 per cent obtained it from private insurance providers," the survey further said.

According to the survey, about 38 per cent cited affordability as a major hindrance, while 36 per cent mentioned uncertainty about where to buy insurance, while 24 per cent said they were unaware of the benefits of insurance.

About 32 per cent identified limited availability of health insurance providers and lack of information as the primary challenge.

This was closely followed by high premiums (28 per cent), complex documentation processes (15 per cent), limited coverage for specific healthcare needs (18 per cent), and language or literacy barriers (7 per cent), the survey said.

Anand Kumar Bajaj, founder, managing director and CEO, PayNearby said, “Over 70 per cent of India resides in rural and semi-rural regions. This survey reinforces the urgent need to scale healthcare services for the masses. More than 80 per cent of doctors, 75 per cent of dispensaries, and 60 per cent of hospitals are concentrated in urban India, leaving out marginalised population in semi-urban and rural areas to fend for themselves. While infrastructure scaling takes times, leveraging technology for distribution breakthroughs is crucial to cater to a wider audience. Reliable tele-consultation platforms and easy to use online pharmacy modules can greatly contribute.”

TOP

INSURANCE CASES

Wrongful rejection of claim: NCDRC directs united India insurance to pay compensation to DCW Ltd. – Live Law – 16th August 2023

The NCDRC consisting of Mr. Justice Sudipahluwalia (Presiding Member) and AVM J. Rajendra, AVSM VSM (Retd.) (Member) allowed the complaint filed by DCW Ltd. (Complainant) against United India Assurance Co. Ltd. (Insurer) and held it liable for deficiency in service.

The Commission set aside the Maharashtra State Commission’s order which had dismissed the complaint by the Complainant. It directed the Insurer to pay Rs. 23,09,051/- towards the claim in respect of the damage to the DG set with simple interest @ 8% per annum within 3 months.

Brief Facts:
The Complainant, a manufacturing company, involved in the production of caustic soda, synthetic rutile, PVC, etc. bought an Industrial All Risk Policy from the Insurer to protect a Captive Power Plant containing 6 DG sets. During the policy period, DG Set No. 5 experienced an accident causing damage to the DG set and other equipment. The Complainant informed the Insurer about the damage and engaged Rastek Pvt. Ltd., an expert, to investigate the cause of the damage which submitted a report with their findings.

Subsequently, the Insurer appointed Shri Anantha Padmanaban, an Authorized Surveyor, to conduct a survey of the damage. He observed that the Complainant allowed the DG set engine to run for 10 days with decreasing oil pressure, which indicated gross negligence on its part. As a result, the Complainant filed an insurance claim for Rs. 54,34,858/-.

However, the Surveyor evaluated the claim at Rs. 35,53,868/-. Based on the reports from the Surveyor and the Expert, the Insurer rejected the nsurance claim and referred to Clause 2(a) of the insurance policy excluding claims arising from "any intentional act or intentional negligence on the part of the insured or anyone acting on their behalf."

Thus, the Complainant filed a Consumer Complaint before the State Commission, claiming Rs.54,34,858/- with interest @18% p.a. and amount of Rs.5 Lakhs as exemplary damages.

The State Commission dismissed the complaint and held that there is no deficiency in service by the Insurer and the repudiation of the insurance claim cannot be constructed as an arbitrary one. It highlighted that no prompt steps were taken by the Complainant to prevent damage to DG set as observed by the surveyor and the expert evidence.

Contentions of the Insurer:
The Insurer had contended before the State Commission that the insured DG Set was managed negligently and the Complainant should have promptly shut down the machine when the alarm triggered to prevent further damage. Further, it argued that the complainant’s argument that the engine couldn't be abruptly stopped lacked logical reasoning. On the day of the incident, the engine tripped and stopped at full speed. Therefore, the notion that the engine couldn't be stopped during an emergency doesn't hold. The Insurer stated that it was indeed possible to transfer the load to other engines and shut down this

specific engine well in advance of the failure, especially when the insured had recorded the observed lube oil pressure drop. This finding was backed by the surveyor and expert, Mr. K Gopalkrishnan.

Observations of the Commission:
The NCDRC allowed the complaint and set aside the order of the Maharashtra State Commission observing a deficiency in service on the part of the Insurer. It held that the assertion of willful negligence due to mishandling of the DG Set when the lube oil pressure was below the manual'sspecifications was a mere presumption. Moreover, there is no documented requirement for specific actions by the Complainant when the lube oil pressure ranges between 5.5 to 4.8 bar.

Further, the Commission pointed out that apart from the two reports from the same Surveyor, there is no independent evidence presented to establish negligence bordering on willful negligence as the cause for the DG set's trip-off and the subsequent damage. Additionally, there is no clear link established between the alleged delay in switching off the DG set and the resulting damage, and thus the failure of the DG set was unprecedented for the complainant.

The Commission highlighted that there was no ground or reasonable basis for the rejection of the Insurance claim since no commission appears on the part of the Complainant.

The Commission, in conclusion, held the Surveyor's valuation of the liability for the damage caused to the DG set as Rs.23,09,051/- as reasonable and to be in terms with the insurance contract. It ordered the Insurer to pay Rs. 23,09,051/- to the Complainant for the damage to the DG set with simple interest @ 8% per annum within three months from the date of this order.

Case Title: DCW Ltd. vs. United India Assurance Co. Ltd. & Anr.

Counsel for Complainant: Mr. Vinay Kumar Mishra, Advocate & Ms. Nikita Sharma, Advocate

Counsel for Opposite Parties: Mr. Maibam N. Singh, Advocate

(The writer is Sachika Vij.)

TOP

Accident victim was without helmet, kin lose 30% of relief – The Times of India – 16th August 2023

Attributing contributory negligence for not wearing a helmet, a Motor Accident Claims Tribunal docked 30 percent, awarding only Rs 1 crore (with interest) compensation instead of Rs 1.4 crore to the widow, children and mother of a 38-year-old man who died after a truck rammed into his bike at Powai in 2014.

While the tribunal found that the truck driver had driven negligently, it also held that the biker had not followed the rules. The tribunal said that from the record of scene of the incident, there seems to be no presence of helmet at the spot. "Also, the panchas (independent witnesses) of inquest did not notice even a broken helmet around the head of the deceased. All these circumstances are sufficient to infer that he carried the risk by not following the rules of act and thus, contributed to an accident. It is well settled that under these circumstances, compensation has to be reduced to the extent of 30 percent," the tribunal said. The tribunal had calculated the compensation amount to be around Rs 95.2 lakh (without interest).

On January 21, 2015, the family had moved the tribunal against truck owner SR Metal Works and insurance company The New India Assurance Co Ltd. They sought a compensation of Rs one crore submitting that victim Satyaprakash was working for a private company and earning a monthly salary of Rs 50,000. The family submitted that on February 1, 2014, Satyaprakash died in the accident. The truck driver was booked for causing death by negligence and rash and negligence and rash and negligent driving. Seeking a dismissal of the claim, the insurance company accused the deceased of contributing to the accident.

(The writer is Rebecca Samervel.)

TOP

Insurance Co told to pay medical expenses – The Tribune – 14th August 2023

The District Consumer Disputes Redressal Commission, Yamunanagar, has passed an order directing an insurance company to pay Rs 24,910 as medical expenses incurred by the complainant on the treatment of his son.

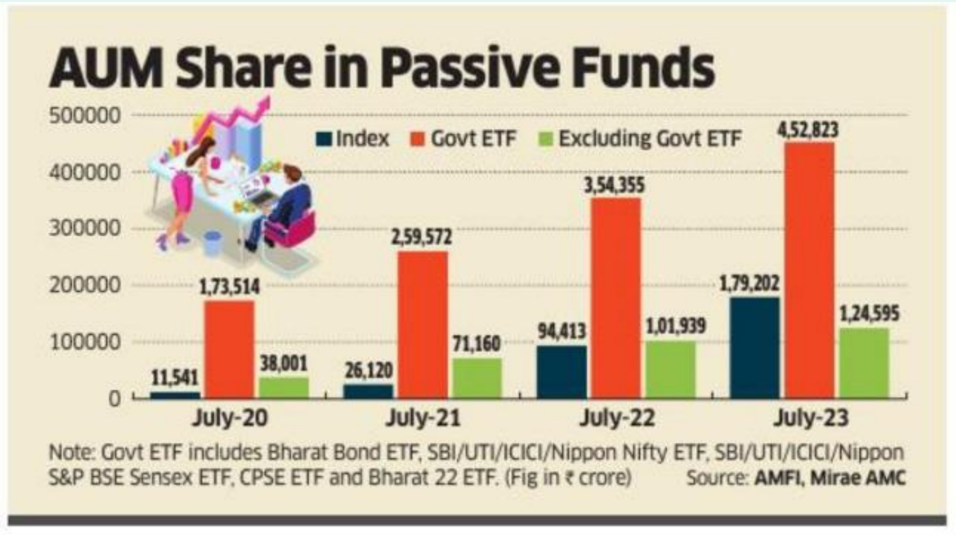
Passing the order on July 28, 2023, the president of the DCDRC, Gulab Singh, members Geeta Parkash and Jasvinder Singh asked the company to pay punitive damages of Rs 10,000 for compensating the complainant in all heads.

The complainant availed a health insurance policy from an insurance company covering self, spouse and dependent children on payment of a premium of Rs 16,462. The date of commencement of the insurance policy was from January 12, 2022 to January 11, 2023 and the sum assured was Rs 5 lakh.

PENSION

Inflows from EPFO, new schemes drive passive funds' asset growth - The Economic Times (Delhi edition) – 18th August 2023

Passive funds are gradually gaining market share within the mutual fund industry as a jump in allocations to retirement products, a slew of scheme launches, and lower costs are driving investors to these schemes. The share of passive assets as a percentage of total assets under management has risen to 16 percent in July 2023 from 6 percent in July 2019, according to a Franklin Templeton Mutual Fund report. While a large part of this growth has been driven by flows from the Employees' Provident Fund Organisation, which allows asset managers to invest in exchange-traded funds (ETFs), industry officials said several differentiated product launches have been in the passive space, sparking investor interest. "The number of ideas that one can generate in the passive space is unlimited and differentiated, compared to the active space where there are restrictions due to categorisation norms," said Swarup Mohanty, chief executive officer of Mirae Asset Mutual Fund. Following the capital market regulator Securities and Exchange Board of India's rules on the categorisation of mutual fund schemes in late 2017, asset managers have faced restrictions on scheme launches in the active fund space. For instance, a fund house can operate only one product in each category. Once the fund houses launch the schemes in these actively managed categories, they turned to thematic and passive funds where there are no such restrictions on scheme launches. A rise in the number of demat accounts is also leading to higher demand for ETFs.



Over the past three years, there have been a series of launches in the passive space such as Nifty 50 Manufacturing ETF, Nifty 200 Momentum 30 Fund, Nifty Midcap 150 Index Fund, Nifty Microcap 250 Index Fund, Digital ETF, Auto ETF, Silver ETF, Global Electric & Autonomous Vehicles ETF, ELSS Tax Saver Fund, Pharma ETF, Private Bank ETF, Nifty Midcap 50 Index Fund, S&P BSE Low Volatility Fund, S&P BSE Enhanced Value ETF, S&P BSE Financials ex-Bank 30 Index Fund and S&P BSE Quality Index Fund among others. "As the investor base expands, many of them need simple products that are easy to understand, which is driving demand for passives," said Anand Vardarajan, business head at Tata Mutual Fund. Passive funds are low-cost products that mimic an index. While financial planners recommend firsttime investors to use simple passive funds like the Nifty ETF, Bharat Bond ETF and Gold ETF for their portfolios, savvier investors place bets on microcap funds, low volatility funds and thematic funds based on their understanding of the markets to make returns.

(The writer is Prashant Mahesh.)

TOP

PFRDA integrates NPS statement with CAS – The Hindu Business Line – 13th August 2023

Pension regulator PFRDA in coordination with capital market regulator SEBI has enabled the NPS subscribers to view their pension fund corpus along with their demat securities and MF holdings under a single consolidated account statement (CAS). This functionality that will benefit over 1.35 crore NPS subscribers, is expected to provide a simplified and secured way to stay informed on NPS investments through CAS.

Currently, CAS, which is provided by National Securities Depository Ltd and Central Depository Services Ltd, offers a consolidated view of personal investments in the securities market with updated mark-to-market values.

Till date, nearly 50,000 NPS subscribers have already evinced interest and provided their consent to avail the facility of viewing their NPS corpus under CAS, sources said.

Comprehensive record

This latest move of PFRDA to integrate the NPS Statement of Transaction (SoT) with CAS is in sync with the Centre's vision to create a comprehensive record of every individual's financial assets.

Currently, the NPS SoT is shared on an annual basis either physically or through email and it can also be viewed online in the Central Record Keeping Agency (CRA) login.

Also Read: NPS assets grow by 27% to ₹9.92-lakh crore in one year

Now, PFRDA has enabled CRAs to integrate with depositories, registered with SEBI to provide NPS subscribers with the option to include NPS transactions in CAS.

Consent basis

The facility to include NPS SoT in CAS will be available to NPS subscribers on consent basis, said a PFRDA circular.

If the subscriber wishes to opt for the inclusion, the consent can be provided on the respective website of CRAs, it added.

Pension assets have been growing at robust pace in recent years with Compounded Annual Growth Rate (CAGR) of over 20 per cent. The assets under management of NPS and APY in aggregate have now touched ₹ 9.92-lakh crore.

Benefits

Having a CAS has several benefits including simplified record keeping, enhanced safety and timely information.

CAS eliminates the need to maintain separate statements for different investments by summarising the details into one comprehensive statement.

This reduces paperwork and provides a consolidated view of all investments at one one place, making it easier to manage and track the same.

(The writer is KR Srivats.)

TOP

GLOBAL NEWS

Singapore: Survey highlights customer demand for personalised insurance plans – Asia Insurance Review

The majority of consumers polled in Capco's 2023 survey of insurance policyholders in Singapore want more personalised insurance, notably in the case of long-term savings products (76% of policyholders), life insurance (74%) and health insurance (73%). This and other findings in the survey highlight a clear opportunity for insurers to innovate to deliver products and services that are more precisely tailored to customer needs and expectations. In addition, an overwhelming majority (90%) of the 1,000 Singapore policyholders polled in the survey are willing to share additional personal data with insurers for a range of benefits. Enhancing the claims process was the leading motivating factor cited (49%), followed by cheaper premiums (46%) and more personalised services (45%).

While customers largely prefer to purchase insurance through traditional channels such as agents, many are open to sharing additional data to get a more personalised product or offering. Forty-three percent will consider sharing this data through wireless wearables, such as smart watches. The same percentage would consider doing so via a fitness test and 38% via a smart device in their home. Capco's Singapore survey polled a representative sample of policyholders between the ages of 18 and 65 years to capture consumer attitudes to insurance and insurers, including preferred purchasing channels, decision drivers, their views on the claims process and insurance apps, and their appetite for personalisation and sharing personal data.

Mr Lance Levy, CEO of Capco, said, "The future of insurance products will be increasingly tailored to each individual customer's needs, with insurers using dynamic pricing among other methods to guide customers to the right product, at the right time and place, with the right premium. The insurers who can most successfully integrate data and technological tools to complement their business strategy will be the ones that stay ahead of the competition." Ms Erienne Wong, managing principal at Capco Singapore, said, "The volume of data potentially available to insurers has grown exponentially. While they recognise the importance of being data-led, customer-centric and tech-focused organisations, they have yet to master translating data at speed into impactful insights and actions. With the right data and technology capabilities in place, insurers can rapidly create more innovative and personalized products to help them better compete."

Major findings

Other key findings in Capco's Singapore report include:

When purchasing insurance, the two most important decision factors are affordable premiums (51%) and value for money (45%). Trust in the brand (37%) and the ability of an offer to meet the customer's needs (37%) are also key considerations. Most respondents (64%) prefer to purchase their insurance through representatives and agents.

Smaller percentages prefer using third parties (23%) such as non-tied agents or purchasing insurance by themselves (13%). The vast majority (81%) of respondents who have made a claim are satisfied with their experience. Among those respondents who identify as 'less than satisfied,' the top issues are slow insurer responses, slow payouts and too much paperwork.

Three-quarters (76%) of insurance app users are positive about their app experience. Almost a quarter (23%) say it is 'very good', and just over half (53%) describe the experience as 'good.' However, a further quarter of respondents (24%) described the experience as merely 'satisfactory' (23%) or poor (1%), with complaints about a lack of user-friendliness or that apps are slow and unresponsive.

A range of additional app features, including booking an appointment with a doctor (32%) and health information resources (32%), are of interest to Singapore app users. Heart rate monitoring (29%), nutrition tracking and analysis (28%), sleep tracking (28%), and mental health coaching (27%) are also of interest. Older adults (55-65 years old) are more likely than young adults (18-34 years old) to want heart rate monitoring (36% versus 25%).

Capco's 2023 Singapore insurance survey can be downloaded here. Capco, a part of the Bengaluru-headquartered multinational corporation Wipro, is a global technology and management consultancy specialising in driving digital transformation in the financial services industry.

TOP

Philippines: Insurance penetration stays low despite higher premiums - Asia Insurance Review

The Insurance Commission (IC) has expressed optimism that the country's insurance density and penetration would improve on the back of financial literacy programmes and digitalisation. IC Commissioner Mr Reynaldo A Regalado, in his keynote speech at the first Life Insurance Convention Philippines in Cebu City last week, said that while total assets, net worth, invested assets and premiums increased based on figures collated by the Insurance Commission as of the first quarter of 2023, the insurance density and insurance penetration remained low.

The country's insurance density in 1Q2023 stood at PHP872.56 ($15.32) while the insurance penetration rate was 1.75%, reported the newspaper, Manila Standard. However, referring to 1Q2023, he added, "I am optimistic that our efforts are bearing fruit, especially as total premiums collected by life insurance companies from their new business has increased to PHP15.47bn, or by 18.16% year-on-year." "To further promote financial inclusion, the Insurance Commission has also introduced digitalisation programs such as the online submission and approval of new insurance products and is set to release the regulatory guidelines on Islamic insurance within the year."

TOP

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Sr.No	Program Name	Program Start Date	Program End Date	Details	Registration Link
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2	Rural and Livestock Insurance - CT Mumbai	04-Sep-23	05-Sep-23	ClickHere	Register
3	Techniques for Tele Marketing Teams in Insurance - CT Mumbai	04-Sep-23	05-Sep-23	ClickHere	Register
4	International Program - Excellence in Insurance Technical - Non Life	04-Sep-23	15-Sep-23	ClickHere	
5	Workshop on Communication & Presentation Skills	07-Sep-23	08-Sep-23	ClickHere	Register
6	Mega Risk Insurance	11-Sep-23	12-Sep-23	ClickHere	Register
7	Financial and Investment Management in Life Insurance Companies	11-Sep-23	11-Sep-23	ClickHere	Register
8	Marketing Strategies for creating a captive Market - CT Mumbai	12-Sep-23	12-Sep-23	ClickHere	Register
9	Liability Insurance Focus - Financial Lines - CT Mumbai	14-Sep-23	15-Sep-23	ClickHere	Register
10	Personal Financial Planning and Life Insurance	14-Sep-23	15-Sep-23	ClickHere	Register

11	Customer Service and Claims Management	21-Sep-23	21-Sep-23	ClickHere	Register
12	Industrial Risk Inspection-Methods & Reporting - CT Mumbai	25-Sep-23	26-Sep-23	ClickHere	Register
13	Social Media Marketing-Tools and Techniques for Insurers - CT Mumbai	26-Sep-23	26-Sep-23	ClickHere	Register
14	Health Insurance Underwriting - CVT Mumbai	29-Sep-23	29-Sep-23	ClickHere	Register

Training Programs at COI Kolkata

Sr.No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Cyber Risk & Insurance - CT Kolkata	05-Sep-23	06-Sep-23	ClickHere	Register
2	Managing Cyber Risk & Insurance - CVT Kolkata	05-Sep-23	06-Sep-23	ClickHere	Register
3	Managing Project & Engineering Insurance - Underwriting and Claims - CT-Kolkata	25-Sep-23	27-Sep-23	ClickHere	Register
4	Managing Project & Engineering Insurance - Underwriting and Claims - CVT-Kolkata	25-Sep-23	27-Sep-23	ClickHere	Register