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INSUNEWS - WEEKLY E-NEWSLETTER

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QUOTE OF THE WEEK

"The size of your success is measured by the strength of your desire; the size of your dream; and how you handle disappointment along the way."

ROBERT KIYOSAKI

Insurance Term for the Week

Specified Disease Policy

A specified disease policy is supplemental coverage that insures a policyholder against a specific set of diseases or a single type of disease as written in the health insurance policy. These diseases can be any or all of the following serious conditions that lead to major expenses in any person's lifetime: end stage renal failure, major organ transplant, stroke, diabetes, coronary artery or vascular disease, and cancer.

The benefit of a specified disease policy is that it offers policyholders protection for specific diseases one may be at risk for, thereby costing a nominal value compared to insuring oneself against all types of dreaded diseases. As it is not an independent policy, it is available as a special endorsement or rider to a current healthcare plan that does not provide protection for these dreaded diseases. Commonly, policyholders can only claim specified disease benefit under the following conditions: the insured person is admitted to the hospital, a doctor's diagnosis of the dreaded disease, and confirmatory tests from the lab are completed.

INSIDE THE ISSUE

INSURANCE REGULATION

IRDAI marks 25th anniversary with slew of regulatory reforms - The Hindu Business Line – 18th April 2024

As the Insurance Regulatory and Development Authority of India (IRDAI) enters the Silver Jubilee year on Friday, the regulator is busy creating a smooth ground for a slew of regulatory reforms announced in March that come into effect from the current financial year. This is even as the industry players are also buckling up to play their part. Following the recommendations of the Malhotra Committee report, the Insurance Regulatory and Development Authority (IRDA) was constituted in 1999 as an autonomous body to regulate and develop the insurance industry. It was incorporated as a statutory body on April 19, 2000.

Later, renamed IRDAI, the regulator opened the IRDA, which opened the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26 percent. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has, from 2000 onwards, framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests. In the last 24 years, IRDAI steered the insurance industry on the growth path in the post-reforms era, with life and non-life insurance registering a premium income of ₹7.83 lakh crore and ₹2.57 lakh crore in 2022-23. In 2024, it is expected to clock 13 to 16 percent growth in these two segments, while the final figures are yet to be released.

Pivot Role

According to Rakesh Jain, CEO of Reliance General Insurance, over the past two decades, IRDAI has played a pivotal role in fostering innovation, safeguarding consumer interests, and propelling industry advancement. "It has revolutionised the sector by actively engaging with policyholders and prioritising their well-being with its unwavering commitment to excellence and regulatory standards. Together, we continue to navigate challenges, embrace opportunities, and strive towards our vision of 'Insurance for all by 2047," he said.

"As IRDAI enters its silver jubilee year, it is phenomenal to see the impact they have created in the last 24 years. IRDAI has been a cornerstone in the evolution of the insurance sector, consistently driving improvements while safeguarding the interests of our citizens," Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance, said. Through its strategic initiatives, IRDAI has not only increased awareness about the significance of insurance as a crucial risk management tool but has also nurtured an environment of innovation within the industry, according to him.

"The recent endeavours such as the pioneering Bima Sugam initiative, underscore their commitment to leveraging digitalization to enhance insurance accessibility. Moreover, their emphasis on the social and rural responsibilities of insurers reflects a holistic approach to reaching every strata of society," he added.

Regulatory revamp

The present chairman of IRDAI, Debasish Panda, has taken the reform agenda to new peaks. He spearheaded a major regulatory revamp since its inception encompassing pivotal domains such as safeguarding of policyholders' interests, rural and social sector responsibilities, electronic insurance marketplace, insurance products and operation of foreign reinsurance branches, as well as aspects of registration, actuarial, finance, investment and corporate governance.

The silver jubilee year marks a significant milestone in regulatory governance, as regulator replaced 34 regulations with six regulations. The introduction of 2 new regulations enhances clarity and coherence in the regulatory landscape. The IRDAI is busy working on master circulars on some of the reforms following their recent Gazette notification.

Sanjeev Mantri, MD & CEO of ICICI Lombard, said IRDAI's inclusive approach has facilitated ease of doing business while prioritising policyholders' interests. "The regulator's initiatives have not only led to development of consumer-centric insurance products but also enhanced the access by freeing up the distribution model," he added.

The writer is G Naga Sridhar.

TOP

IRDAI Removes Age Limits on Health Insurance Purchase - Personal FN – 17th April 2024

In a ground-breaking development, the Insurance Regulatory and Development Authority of India (IRDAI) has ushered in a new era in the health insurance sector. With the recent announcement, the regulatory body has eliminated the cap on buying health insurance policies, marking a significant departure from the conventional constraints that often limited individuals in securing comprehensive coverage.

This shift holds profound implications for both insurers and policyholders. By abolishing the maximum age restriction on purchasing health insurance plans, IRDAI aims to foster a more inclusive and accessible healthcare ecosystem, ensuring adequate protection against unforeseen medical expenses. Furthermore, this move is poised to stimulate innovation within the insurance sector. Insurers are now incentivised to diversify their product offerings, catering to a broader spectrum of healthcare requirements. Until now, individuals were limited to purchasing a new insurance policy only until the age of 65. However, with the recent changes that have come into effect from April 01, 2024, anyone, regardless of age, is eligible to purchase a new health insurance policy.

Furthermore, the insurance regulatory authority has urged health insurance providers to introduce tailored policies aimed at specific demographics, such as senior citizens. Additionally, insurers have been instructed to establish dedicated channels to handle health insurance claims and grievances specifically for senior citizens.

In a notification published in the Gazette, IRDAI stated, "Insurers shall ensure that they offer health insurance products to cater to all age groups. Insurers may design products specifically for senior citizens, students, children, maternity, and any other group as specified by the Competent Authority."

Moreover, insurers have been mandated to offer health policies to individuals with pre-existing medical conditions of any kind. Consequently, insurers are prohibited from refusing to issue policies to individuals with severe medical conditions like cancer, heart or renal failure, AIDS, among others.

Here Are Recent Notable Amendments in Health Insurance:

- Life insurance companies have the option to launch extended health policies lasting up to five years, whereas general insurers and standalone health insurers are limited to offering policies for a maximum period of three years.
- IRDAI has decreased the health insurance waiting period from 48 months to 36 months. According to the insurance regulator, all pre-existing conditions should be covered after 36 months, regardless of whether the policyholder disclosed them initially or not. Put simply, health insurers are prohibited from rejecting claims based on pre-existing conditions after these 36 months.
- IRDAI clarified that insurers cannot contest claims after 60 months of continuous coverage. After completing sixty consecutive months of coverage, including portability and migration, insurers cannot challenge policies or claims due to non-disclosure or misrepresentation, except in cases of established fraud.
- Life insurers are barred from introducing indemnity-based health policies, which compensate for hospital expenses. Instead, they are only permitted to provide benefit-based policies, offering fixed costs upon the occurrence of a covered disease.
- Life insurers have the liberty to bundle health plans with ULIPs (Unit Linked Insurance Plans).

- Premium adjustments during the policy term are prohibited. For instance, if a customer pays a two-year premium in advance, insurers cannot demand additional payments throughout the policy tenure. However, premium adjustments based on factors like age and risk are allowed at the time of renewal.
- Insurers are allowed to offer premium payment in instalments for the convenience of policyholders.
- Travel policies can only be offered by general and health insurers.
- There is no limit on AYUSH treatment coverage. Treatments under systems like Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy will receive coverage up to the sum insured without any cap.
- Policyholders with benefit-based policies can file multiple claims with various insurers, enhancing flexibility and options.
- The proposed regulation seeks to handle the complaints and claims of senior citizens via a specialised channel, ensuring a more tailored and responsive approach to their requirements.

To conclude:
The recent initiatives by IRDAI mark a significant leap forward in India's health insurance sector. By removing age restrictions on purchasing policies, reducing waiting periods for pre-existing conditions, and mandating coverage for various medical treatments, the regulatory body has paved the way for more inclusive and accessible healthcare. These measures not only empower individuals to secure comprehensive coverage tailored to their needs but also encourage insurers to innovate and diversify their product offerings. Furthermore, directives aimed at streamlining processes, such as simplified renewals and dedicated channels for senior citizens, underscore IRDAI's commitment to enhancing customer experience and addressing the evolving needs of policyholders. As the industry embraces these changes, it is poised to foster greater trust, transparency, and efficiency, ultimately advancing the overarching goal of ensuring financial protection and well-being for all segments of society.

The writer is Mitali Dhoke.

TOP

India: Insurers free to word corporate insurance policies, following liberalised pricing – Asia Insurance Review

The IRDAI has announced its decision to allow general insurers to change the wordings in all corporate insurance policy documents, except motor third party. The move is expected to lead to a sea change in the way insurance policies are issued, insurance officials say.
Insurers can now change terms, conditions, clauses, warranties, and policy and endorsement wordings applicable to certain classes of business such as Fire, Engineering, Motor, Workmen's Compensation and other classes of insurance, which were not allowed earlier, reported The Indian Express citing a gazette notification issued by the government.

The IRDAI decision is expected to benefit the general insurance industry, businesses in general and customers. The decision will enable insurers to customise policy wordings in accordance with the corporate customer's risk profile, encourage product innovation and meet the larger customer needs.

Before liberalising the policy wordings, the IRDAI freed all tariffs such as for fire, motor and engineering insurance, with effect from 1 April 2024.

TOP

IRDAI cuts maximum waiting period for pre-existing diseases – Hindustan Times – 13th April 2024

In a major relief to customers buying health insurance policies in 2024-25, the insurance regulator has reduced the maximum waiting period for pre-existing diseases like hypertension, diabetes, thyroid, knee surgeries, from 48 months to 36 months, effective from April 1.

The Insurance Regulatory and Development Authority of India (IRDAI) has reduced the maximum waiting period for pre-existing diseases (PEDs), but there is no bar for insurance firms on the minimum waiting period, said a government official who did not wish to be named. The waiting period in a health insurance plan is the duration before that certain specific diseases would not be covered by the policy. PED is an ailment a policyholder has before the purchase of a health insurance policy. Due to the cut-throat competition in the sector, many companies offer health insurance policies with a two-year waiting period or even less for specific diseases. However, IRDAI's new notification may see a further reduction in the waiting time, experts said.

"Waiting period for pre-existing diseases disclosed by the persons to be insured, shall be maximum up to 36 months of continuous coverage under the Health Insurance policy. Insurers may endeavour to have lesser pre existing disease waiting period and specific waiting period in the health insurance products," IRDAI said in a notification.

According to the new definition, PED means "any condition, ailment, injury or disease: a) that is/are diagnosed by a physician not more than 36 months prior to the date of commencement of the policy issued by the insurer; or b) for which medical advice or treatment was recommended by, or received from, a physician, not more than 36 months prior to the date of commencement of the policy."

The specific waiting period up to 36 months from the commencement of a health insurance policy during which specified diseases (except due to an accident) are not covered. On completion of the period, diseases or treatments shall be covered provided the policy has been continuously renewed without any break, it added.

According to experts, the new maximum waiting period for preexisting disease will be applied for all new health insurance policies as well as renewal of existing policies with effect from April 1.

Vivek Iyer, partner at Grant Thornton Bharat, said that the development is part of a larger exercise undertaken by the regulator to make the insurance ecosystem more robust and consumer friendly. "Conduct risk is a big focus area for all the insurance regulators globally and these regulations issued indicate the intent of the Indian insurance regulator to move in the same direction," he said.

"The objective is also to make the process of coming up with innovative insurance products simpler without any dilution of policyholder interests. The guidelines that have been issued are already being followed by some of the leading insurance players in the market," he said, adding that such guidelines are part of good practices to raise the overall standard of governance for the insurance ecosystem.

The writer is Rajeev Jayaswal.

TOP

LIFE INSURANCE

Life insurance biz grows 2% in FY24 – The Times of India – 19th April 2024

Life insurance companies experienced slow growth of only 2% in total premium for FY24, with a new business premium of nearly Rs 3.8 lakh crore, compared to Rs 3.7 lakh crore in FY23. This growth rate is significantly lower than the industry's long-term growth trends, which achieved a CAGR of 12% between 2014-23. The increase would have been even lower if not for a 41.5% surge in group premium, which now accounts for 60% of the new business premium.

TOP

Building a Secure Tomorrow: Insurance is a Pillar of India's Inclusive Growth – The Economic Times – 13th April 2024

The Indian economy has seen accelerated growth in the past decade and is poised to continue on this path. Along with financial growth, the country is also targeting inclusive development for all citizens.

Financial empowerment and social security will be critical to this vision, and while the government continues to drive financial inclusion initiatives, equipping people with the necessary knowledge and skills to make judicious financial choices is a key part of this effort.

Ensuring social security through insurance

Participation from citizens across India's financial markets has seen encouraging growth. But insurance, a crucial financial instrument for establishing a financially stable life, has a long way to go. Insurance penetration in India is at 4 percent. The Economic Survey, 2022–23, underscores a prevailing preference among Indian households for savings-linked insurance options, which leaves many underinsured and exposed to risk.

This trend highlights the need for increased awareness regarding the comprehensive protection that insurance products offer beyond mere savings. Evidently, we have a long way to go to achieve the Insurance Regulatory and Development Authority of India's (IRDAI's) goal of 'Insurance for All' by 2047. In the last half decade or so, we've seen good progress in improved perceptions around comprehensive life insurance coverage but there are many other insurance categories that can serve different needs for different families, and now is the best time to make the change for a more confident future.

Simplifying communication and access

Over the last few years, the insurance industry has stepped up and is making significant efforts to make communication around insurance products simpler and easier to understand for customers. As part of making policies more accessible, efforts have been made to simplify policy documents, and to make it easier for people to understand insurance by. Additionally, insurance companies have started offering bite-sized or small-ticket insurance products to better serve different needs. An increase in the number of players in the sector has also led to healthy competition and innovation in terms of product features, additional benefits and even the offering itself.

Promoting holistic financial literacy

India is home to one of the world's youngest populations and we must empower this demographic with the knowledge to make holistic financial decisions. While there are excellent programs that have been introduced by regulators, we all have a common goal to make these programs successful.

A deeper collaboration between insurance companies and stakeholders such as educational organisations, media and financial intermediaries will create greater scale for a real tangible impact, and the introduction of more initiatives like the State Insurance Awareness Programs by IRDAI will continue to play a pivotal role in promoting financial literacy and insurance awareness among customers nationwide.

In conclusion, insurance stands as a cornerstone of India's journey towards inclusive and secured growth. As the nation progresses towards becoming a global superpower, it is imperative we work together to prioritise financial empowerment and social security for all citizens.

As we move ahead in the journey to provide 'Insurance for All' by 2047, promoting holistic financial literacy among the youth and leveraging collaborations with educational institutions, media, and financial intermediaries will play a crucial role in fostering a culture of financial inclusion. This will also assist in building a secure tomorrow for every Indian citizen, ensuring a prosperous and resilient future for generations to com

The writer is Sameer Bansal.

TOP

New insurance rule: 30-day free-look period now to return unwanted, mis-sold policies; how much will you get back from insurer? – The Economic Times – 13th April 2024

To protect the interest of buyers of insurance policies, the Insurance Regulatory and Development Authority of India (IRDAI) has increased the free-look period from 15 days to 30 days. This will be applicable on both new life and individual health insurance policies from April 1, 2024.

A free-look period is a window in which you can cancel your insurance policy and get your money back (you would have usually paid the first premium while purchasing the policy) without incurring any surrender charges. How is the new rule going to impact insurance policyholders? ET Wealth Online explains:

Free-look period extended for insurance policies: What is going to change for insurance policyholders?

In a notification dated March 20, 2024, IRDAI said, "Every policyholder of life and new individual health insurance policies, except for those policies with tenure of less than a year, shall be provided a free look period of 30 days beginning from the date of receipt of the policy document, whether received electronically or otherwise, to review the terms and conditions of such policy."

Till now, the 30-day free-look period was only applicable to policies sold in the electronic mode or through distance marketing; policies that were sold physically had a 15-day free-look period.

Now, all such insurance policies will have a uniform 30-day period in which the policyholder can cancel the policy and get a refund of the first premium or any charges that have been paid. The subscriber need not pay surrender charges in this period.

"The insurer shall inform clearly and explicitly to the policyholder about the availability of the free look period," the regulator said.

If an insurance policyholder disagrees with any terms or conditions of the policy, or has not made any claim, he or she will have the option to return the policy to the insurer for cancellation, stating the reasons for the same, IRDAI has said.

What are the charges a policyholder has to pay to return a policy within the free-look period?

A free-look period offers you (the policyholder) valuable time to meticulously examine the details of your life or general insurance policy documents. When you read the policy documents carefully, you may come across some terms and conditions that you were not aware of. If you have any doubts, don't hesitate to reach out to a reliable expert or to your insurer for clarification on any such ambiguities.

But if the policy does not align with your requirements or long-term financial goals, you have the option to cancel it.

If you cancel the policy within the stipulated free-look period, you do not have to pay any surrender charges. The insurance company will refund your first insurance premium (after deducting certain charges) if you return your policy within the free-look period.

The charges that you have to pay despite the free-look period.

IRDAI has given clear instructions on what charges the insurer can deduct from a customer in case of policy cancellation during the free-look period. The regulator said, "Irrespective of the reasons mentioned, the policyholder shall be entitled to a refund of the premium paid subject only to a deduction of a proportionate risk premium for the period of cover and the expenses, if any, incurred by the insurer on medical examination of the proposer and stamp duty charges."

What it means is that if the policy has run for, say, 20 days, the insurer is allowed to deduct the risk premium for that period.

"In respect of a linked insurance product,... the insurer shall also be obligated to repurchase the units at the Net Asset Value (NAV) of the units on the date of cancellation," the regulator added.

Do keep in mind that the insurer has to process the refund and request to cancel a life or health insurance policy within seven days of raising the request.

Free-look period extended to 30 days: How is it going to help policyholders?

The extension of the free-look period for physical policies is undoubtedly a customer-friendly initiative, say experts. Several customers often complain that an agent or representative of a financial institution pressurised them to buy a policy and that they do not know much about the intricacies of the policy. Such customers now get a way to exit the policy and cut their losses.

"The laudable initiative by IRDAI to extend the free-look period to 30 days is a commendable step forward, enhancing consumer empowerment and fortifying the Indian insurance sector," says Sanjiv Bajaj, Joint Chairman & MD, BajajCapital Ltd. ”This extension offers customers an extended duration to thoroughly review policy terms and conditions, thereby reducing the likelihood of mis-selling and fostering a culture of informed decision-making. By affording individuals more time to assess their policies, it can help minimise instances of regretful purchases and potentially decrease the number of policy cancellations, ultimately leading to higher satisfaction levels among policyholders.”

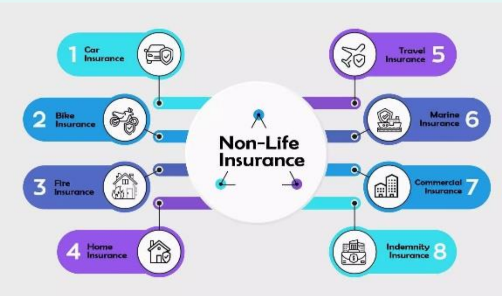
From an industry perspective, the initiative underscores a commitment to transparency, which could lead to a reduction in associated compliance costs, Bajaj adds.

The writer is Anulekha Ray.

TOP

GENERAL INSURANCE

How will the Indian non-life insurance sector fare in FY25? - The Economic Times – 19th April 2024



The Indian non-life insurance market will grow at a rate of approximately 13-15 percent in the medium term driven by the health and motor insurance segments as they account for around 68 percent of the premiums. "Broadly speaking the first quarter of the financial year accounts for around 20 percent of the sector’s premiums and this trend is likely to persist in FY25. Growth would be aided by macroeconomic factors such as higher GDP growth, disposable income levels, anticipated favourable monsoon," according to a CareEdge report.

The overall business growth would also be supported by a favourable regulatory environment such as the denotification of tariffs (would enable companies to design innovative products across segments), minimum rural, social and motor third-party obligations, and Bima Sugam platform.

Further a stabilisation in loss ratios, and a focus on containing overall expenses (commission and operating expenses) and strengthening distribution networks will also contribute to the sector's growth. Further competition is likely to increase especially in the health segments as new companies have commenced operations while others continue to be in line to enter the segment, it said.

Despite this, the overall outlook for the non-life insurance sector remains stable in the medium term. However, intensified competition, an uncertain international geopolitical environment, and elevated inflation could potentially negatively affect economic growth and subsequently impact the non-life insurance sector.

FY24 show

In FY24, the non-life insurance industry reported a premium of Rs 2.9 lakh crore growing at 12.8% compared to the 16.3% growth reported in FY23. The industry’s growth has continued to be underpinned primarily by the health and motor insurance segments. However, compared to the last year, there was a decline in growth due to a fall in liability, crop insurance, and credit guarantee, while fire and marine segments reported subdued growth numbers compared to last year.

Further, for the month of March 2024 as well, the growth rate was comparatively lower as growth in health was offset by slower growth in Motor and a fall in Fire segment. Public Sector General Insurers’ March 2024 numbers rose by 9.9%, more than double the of 4.0% in March 2023, however, the annual performance although positive was muted by nearly 130 bps compared to last year. On the other hand, the private sector general insurers reported a growth of 9.5% for March 2024 versus 13.2% in March 2023. The FY24 numbers have demonstrated robust growth which can be primarily attributed to group health and motor insurance (premiumisation of the market with SUV sales increasing their share in the PV segment).

Meanwhile, specialised insurers posted a drop of 28.9% in March 2024 compared to a rise of 14.1% in March 2023. Similarly, the FY24 numbers continued to reduce by 29.3% versus a growth of 5.1% in FY23. This has been primarily because crop insurance premiums of Agriculture Insurance Company reduced by 32.1% for FY24, as select public sector general insurers and a few private general insurers picked up a larger proportion of crop insurance premiums.

TOP

Rising cyber threats increase cyber insurance demand in India - Express Computer – 18th April 2024

A recent report highlighted India as the primary global target for cyber-attacks, accounting for a significant 13.7% of all such incidents. The alarming trend reveals a staggering surge in state-sponsored cyber-attacks, soaring by 278% between 2021 and September 2023. Notably, services sectors, particularly IT and BPO firms, bore the brunt of these attacks. Over this period, government agencies faced a striking 460% increase in targeted cyber-attacks, while start-ups and SMEs encountered a staggering 508% surge in such incidents.

In the year 2022, the Indian Computer Emergency Response Team (CERT-In) handled 13, 91,457 incidents. The type of incidents handled were Website Intrusion & Malware Propagation, Malicious Code, Phishing, Distributed Denial of Service attacks, Website Defacements, Unauthorized Network Scanning/Probing activities, Ransomware attacks, Data Breach, and Vulnerable Services. If we look at the growth rate in Cybercrime; it is growing exponentially.

According to Cyber Security Ventures, the cost of cybercrime is predicted to hit $8 trillion in 2023 and will grow to $10.5 trillion by 2025 worldwide. The surge in cyber-attacks has sparked heightened awareness, driving up the demand for cyber insurance policies across the country. This increase in incidents has prompted insurance companies to reinforce their underwriting criteria and parameters. The country’s cyber insurance market is currently valued at $50-60 Mn and poised to grow at a staggering compound annual growth rate (CAGR) of 27-30% in the next 3-5 years. Cyber insurance market is currently valued at $50-60 Mn and poised to grow at a staggering compound annual growth rate (CAGR) of 27-30% in the next 3-5 years.

The good part is that the industry is recognizing the need for cyber insurance and the number of claims in the segment increased 20-25% in 2022-23 over the previous financial year. As per industry reports, around 70% of businesses across sectors are opting for cyber insurance coverage. However, the two sectors that require this cover the most: medical and IT and Telecommunications. The healthcare industry requires this coverage to protect all the patient data, and the IT/Telecommunications industry is most prone to ransomware attacks as they hold a lot of customer data across the globe.

In the last two years, there has been stricter coverage terms and enhanced cyber risk management from the companies they insure. The underwriting of cyber risk is also done more carefully or vigilantly. In the quickly growing cyber insurance market in the country, reinsurers are playing a vital role by extending their capacities to insurers, so that they can underwrite larger risks. The capacities can be deployed with various types of treaties with insurers and on facultative basis. Reinsurance is pivotal in cyber insurance in India, where over 50% of cyber risks is transferred to reinsurers through Reinsurance Treaties or Facultative.

In the coming years, cyber insurance will grow at a fast pace and Insurers need support from reinsurers which will not only enhance cyber insurer's financial performance and make their business more appealing to consumers but also help in improving the cyber insurance distribution in the country. Additionally, there is a need to educate the insured, to follow proactive risk management strategies to reduce the escalating financial implications of cyber threats in the country.

The writer is Manoj Rane.

TOP

Insurance cos to curate policies with flexibility in wordings - The Economic Times – 17th April 2024

Insurance companies are working to provide customers with greater choice and flexibility to tailor coverage, particularly benefiting mega-risk policies initially and later extending to retail products like motor own damage cover, following a recent notification from the regulator that allows them to change policy terms, conditions, clauses and wordings. The changes could be evident from July or October renewals, as it will take some time for insurance companies to implement these and come up with new and innovative policies, said industry experts. Insurance companies were previously not equipped to free up the policy wordings. By the second fiscal quarter, they will see curated policies coming into the marketplace. So far, insurers have followed a fixed format for their policies and couldn't make many changes, even though pricing had been freed up in 2006. Now, with this new freedom, the Indian insurance market is catching up with global standards, allowing more flexibility in pricing and policy design, industry experts said. The change will be first visible in mega policies including those with a sum assured of more than ₹1,000 crore.

"With the de-notification of tariffs, it opens up a lot of scope for innovation, even on the policy wordings front. Pricing will now be dependent on product coverages, innovative features and services offered," said Tapan Singhel, managing director of Bajaj Allianz General Insurance. "Till now the variation had only been on the price. With this new move, the discussion moves to better products, wordings, and services as well. A lot of modular and customised products would be seen soon, with a host of innovative covers and services, offering customers a wider choice," Singhel said. India is a price-sensitive market. If insurers bring in value-added policies, customers may be willing to pay more depending on the risk covered. This will help offer insurance policies suited to the specific risks of each business, encourage new ideas and meet customers' needs more effectively. "We will see the introduction of global insurance policies which will be brought in by global reinsurance companies and the role of intermediaries becoming more relevant," said an insurance broker. "The policy wording relaxation will give customers more options and flexibility in choosing insurance coverage that suits them best, especially for large policies initially," said Anup Rau, managing director of Future Generali India Insurance Company. "In some cases, this could even lead to lower premiums for big policies, thanks to customisation with the help of global reinsurance companies."

TOP

Digital tech a significant driver in general insurance, says Tapan Singhel - The Telegraph - 15th April 2024

General insurers are anticipating operational guidelines from the insurance regulator on expanding the last mile reach, with IRDAI having introduced regulations on social and rural obligations. The new regulation which has come into effect from April 1, 2024, mandates all general insurance companies and standalone health insurance companies to cover a minimum of 10 per cent of lives in gram panchayats under health insurance, 10 per cent under personal accident insurance, 10 per cent of dwellings and shops under fire insurance and 10 per cent of vehicles under motor insurance. A minimum of 25,000 gram panchayats have to be covered by insurers in the first year under the new regulations.

With the general insurance industry growing by 16.22 per cent in 2023-24 (excluding specialised insurers like ECGC and AICI) Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, told Pinak

Ghosh from The Telegraph the growth drivers for the industry in the financial year 2024-25 and the implications of the regulatory changes.

Q: What are the growth expectations and growth drivers for the industry in 2024-25?
A: The industry is poised for yet another good and strong year going forward. We see a lot of penetration initiatives for insurance companies to reach the last mile especially when it comes to the semi-urban and rural markets. This push toward greater market penetration is further encouraged by the regulator's clear direction for social rural obligations for insurers. We anticipate the release of operational guidelines in the near future, providing a more concrete framework for these initiatives.

In addition to regulatory changes, digital advancements are also expected to drive significant activity in the industry this year. Initiatives like Bima Sugam are poised to revolutionise the digital landscape of insurance services, offering greater convenience and accessibility to customers.

There is a strategic focus on expanding into semi-urban and rural markets in a more organized manner, especially with insurers being allocated the role of lead insurers in states by IRDAI. They will play a more proactive role in the ongoing fiscal by launching targeted campaigns, developing region-specific products and working with local partners to build awareness and trust in insurance products.

This will also be a year of collaboration where the industry as a whole will come together, collaborate with the government and introduce not just insurance awareness initiatives, but also fulfilment initiatives, ensuring the maximum number of uninsured people, especially on the two-wheeler and four-wheeler front are covered. Additionally, better coverage is expected on the government health side, which will further expand the overall penetration of insurance products in semi-urban and rural regions.

Q: What are the probable headwinds for general insurers in 2024-25?
A: The unpredictability and increased frequency of natural calamities, which were once a rare occurrence happening once every 10 years, have now become an annual phenomenon. The insured losses will keep growing higher. But what is worrisome is uninsured losses are substantially higher, which also pulls the economy down. So, in the industry, we need to do a lot more to first get more people under the ambit of insurance.

With this, not only more people will be protected, but there is also a greater spread of the risk over a wider base of geography, ensuring diversification of risk. It is interesting to note that with the de-notification of tariffs, there is a lot more room and scope for innovation on coverages, tailoring products to specific customer needs and at the same time, relooking at pricing. Cyber threats and cybersecurity are other elements that insurers need to be mindful of. They can disrupt operations, compromise sensitive customer information and lead to financial losses.

Q: How would the recent changes in regulations related to products and policyholder protection impact the industry? How are insurers gearing up to adapt to the changes?

A: The higher free look period of 30 days and the new Customer Information Sheet format for all products brings greater transparency and awareness among customers, so they know exactly what they are covered for. And in case they want to change their mind within the first 30 days and are not happy with coverages, it gives them greater flexibility. This ensures insurers are on their toes, with less miss-selling and customers are made aware of the coverage in their products.

On the product side, IRDAI has already allowed the use and file process for first-to-market innovative products. But now with the denotification of tariffs for major lines of business, we will see a greater scope in not just pricing, but also in innovative coverages, products, riders and add-ons, which augurs well for the customers, tailored to their specific risks and needs, rather than generic products that may not be relevant for everyone. Overall, the recent regulatory reforms in the Indian insurance industry represent a turning point.

The writer is Pinak Ghosh.

TOP

Insurers, customers to benefit from change in policy wordings – The Indian Express – 15th April 2024

The decision of insurance regulator IRDAI to allow general insurers to change the wordings in all corporate policy documents, except motor third party, is expected to lead to a sea change in the way insurance policies are issued, insurance officials said.

Insurers can now change terms, conditions, clauses, warranties, policy and endorsement wordings applicable to certain classes of business such as Fire, Engineering, Motor, Workmen's Compensation and other classes of insurances, which were not allowed earlier, said a gazette notification issued by the government.

The IRDAI decision is expected to benefit the general insurance industry, India Inc in general and customers.

The latest decision would enable customisation of the policy wordings in accordance with the risk profile, encourage product innovation and meet the larger customer needs.

IRDAI had set up a committee to simplify policy wordings last year. The IRDAI move came following complaints that policyholders often find it difficult to understand the terms and conditions in insurance policy contracts due to the complex language used in the policy.

Despite detariffing in all the segments of Indian general insurance industry in 2006 in terms of pricing, except motor third party motor premium, the insurers didn't have the freedom in issuing customised policy wordings and had to follow a particular set of pre-determined format as far the wordings including terms and conditions in the policy document are concerned. "The Indian insurance market will be now aligned with leading global markets in freedom of pricing and preparing policy documents," insurers said.

The latest market reforms will enhance the financial soundness of insurers, incentivise risk mitigation and product diversification, improve insurance coverage, and bridge the insurance protection gap. However, the IRDAI has clarified that no insurer will at any time withdraw or discourage the use of or decline to offer to any customer any of the tariff products which have been in existence prior to this notification.

"IRDAI's recent decision to allow general insurers flexibility in policy wordings for commercial insurance is a welcome move. This move will augment the ability of insurers to offer tailor-made solutions to the business entities," said the CEO of a private insurance firm.

Said an official of the Insurance Brokers Association of India, "The de-notification of tariff is very welcome move which has been a long-standing demand of the insurance brokers. This will provide greater choice and freedom to the consumers in terms of selection of risks to be insured. The move will force insurers to innovate and penetrate the market with newer products."

The insurance industry would need some time to offer customised offerings basis this regulatory change post-consultation with the reinsurers. In the interim, the immediate impact of these regulatory changes may be minimal for the renewal of existing insurance policies, he added.

"It will take at least a few weeks to put in place innovative covers after insurers are allowed to customise the coverages across all the line of businesses (LOBs). It would not immediately impact the forthcoming April 1 renewals," said an insurance official.

"After pricing, we are happy that now the restrictions on drafting terms and conditions have been removed. It will help the general insurers to meet the larger requirements of their clients,'' he said. IRDAI had recently approved eight principle-based regulations including the much-awaited Bima Sugam marketplace.

In its board meeting last month, IRDAI cleared the regulatory changes under rural, social sector and motor Third-Party (TP) motor insurance. For rural obligations, the unit of measurement will now be the gram panchayat. The scope of the social sector has been extended to cover cardholders and beneficiaries under various schemes. Under Motor TP, the unit of measurement will be the renewal of coverage for goods and passenger-carrying vehicles, as well as tractors.

The writer is George Mathew.

TOP

General insurance industry misses ₹3 trillion mark in FY24, agri drags growth - The Economic Times – 13th April 2024

The general insurance industry in India witnessed a 12.78 percent year-on-year (Y-o-Y) growth in gross direct premium underwritten in 2023-24 (FY24), reaching Rs 2.89 trillion. This is almost 4 percent slower compared to the previous financial year when the industry posted a 16.4 percent uptick. In terms of premiums, the non-life industry fell short of the Rs 3 trillion mark due to a slowdown in the health, motor, and crop insurance segments. Specialized insurance sectors, particularly Agriculture Insurance Company and ECGC, have contributed to the non-life industry's sluggish growth this year. They reported a decline of 29 percent in their combined gross premium to Rs 11,190 crore in FY24 as compared to Rs 15,817 crore in FY23.

Agriculture insurance witnessed a significant 32% (YoY) decline in premiums, falling from Rs 14,619 crore last year to Rs 9,919 crore, whereas ECGC posted a 6.12% (YoY) growth in premiums to Rs 1,270.76 crore during the time period. As per a recent CareEdge Ratings report, the industry continues to be driven primarily by the health and motor insurance segments though it was marginally subdued in FY24 due to a fall in liability, crop insurance and marine cargo, while fire and credit guarantee segments reported subdued growth numbers compared to last year.

PSU insurers lose market share

Data collated by the general insurance council showed that the premiums of general insurers grew by 14.24% (YoY) to Rs 2.45 trillion in FY24. The public sector general insurers grew by 8.99%, while their private sector counterparts posted a 17.53% growth.

Market share in the general insurance industry shifted, with public sector insurers witnessing a slight decrease to 31.18%, down from 32.27% in FY23. While private insurers increased to 53.52%,compared to 51.36% in the year-ago period. In FY24, the gross direct premium of the five Standalone Health Insurers (SAHIs) increased 26.19% to Rs 33,115.95 crore from Rs 26,243.85 crore in the year-ago period. Star Health & Allied Insurance Company posted a 17.75% (YoY) growth in premiums to Rs 15,251.11 crore in FY24.

Health Insurance outshines

According to media reports, the stand-alone health insurance companies outdid general insurers by 2 times. The general insurance industry recorded an annual premium of close to Rs 2.9 lakh crore for FY24, marking a 13% rise from the previous fiscal year's Rs 2.6 lakh crore.

During the same period, an ET report highlighted that the five SAHIs saw a significant 26.2% increase in total premium, climbing from Rs 26,243 crore to Rs 33,115 crore. The insurers attribute this growth to larger policy sizes, as they introduced high-value policies worth crores. Premium rates have been adjusted to match medical inflation, and coverage has expanded, they added, as per the aforementioned report.

Favorable measures & outlook

The overall business growth in the industry is being aided by a favorable regulatory environment, stabilization of loss ratios, and a focus on containing expenses. Strengthening distribution networks and higher investment will also contribute to the sector’s growth, the same CareEdge report pointed out.

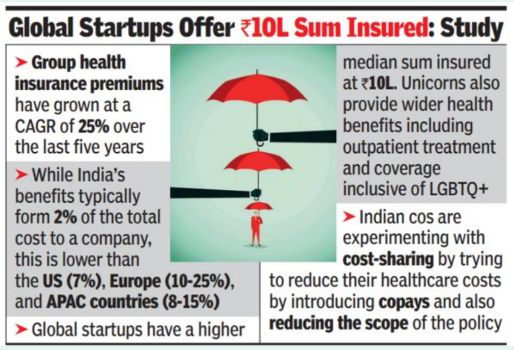
It further added that competition is likely to increase as new companies have commenced operations while others continue to be in line to enter the segment. The IRDAI has already given its green light to two new standalone health insurers — Narayana Health Insurance and Galaxy Health & Allied Insurance, so far in 2024. The industry anticipates positive momentum towards achieving greater financial inclusion and expanding its reach by 2047.

The writer is Sheersh Kapoor.

TOP

HEALTH INSURANCE

Median group health cover rises to Rs 5 lakh – The Times of India – 19th April 2024



With rising healthcare costs and the need to provide wider coverage, companies are spending an increasing share of wage expenditures on health insurance. The median sum insured under group health benefits has risen 66% from Rs 3 lakh in 2023 to Rs 5 lakh. Group health insurance premiums have grown at a CAGR of 25% over the last five years, according to a report by digital healthcare platform Plum.

The report is based on insights from over 4,500 group health plans and surveys with employers and human resource consultants. "India's benefits budget is typically 2% of the total cost to a company budget, lower than the likes of US (7%), Europe (10-25%), and APAC countries (8-15%)," said Abhishek Poddar, chief executive of Plum Insurance. For companies with a wide healthcare benefit plan, the 2% budget is the norm, while the average spend is less than 1%.

According to the report, global startups have a higher median sum insured at Rs 10 lakh. Unicorns are also providing wider health benefits including outpatient treatment and coverage that is inclusive of LGBTQ+. "We advise companies to take a 10-year view, gradually increase the benefits, and plan for doubling the sum insured from Rs 5 lakh to 10 lakh over the period," said Poddar. He added that the cost of health benefits, even after a decade, will not reach Western levels because the costs in India are much lower in comparison. "With employer health insurance costs expected to grow by 11% in India in 2024, companies are experimenting with cost-sharing," he said.

TOP

Changes in health insurance claim rules to help consumers - The Economic Times – 16th April 2024

The insurance regulator has made it compulsory for health insurance companies to reduce the maximum waiting period to get complete health insurance coverage in case of pre-existing diseases (PED) from 4 years to 3 years. The regulator modified the definition of pre-existing disease in its IRDAI (Insurance Products) Regulations, 2024, notified on April 1, 2024. According to the notification, pre-existing disease (PED) means any condition, ailment, injury or disease:

a) that is/are diagnosed by a physician not more than 36 months prior to the date of commencement of the policy issued by the insurer; or
b) for which medical advice or treatment was recommended by, or received from, a physician, not more than 36 months prior to the date of commencement of the policy.

However, the definition of PED is not applicable on overseas travel policies.

When you buy a health insurance policy, the insurer will ask you about any history of illnesses and any medical conditions that you still have. In case a condition falls in the category of pre-existing disease, the health insurer will ask you to wait for a certain period before the policy starts covering the diseases linked to the PED. If you fall ill during the waiting period due to the mentioned PED, the insurer will not offer any coverage. So a reduction of one year in this waiting period will help many existing policyholders and those planning to take a policy.

"This is a commendable move as it addresses a major concern for health insurance buyers, reducing their concern before claiming for any PED. By reducing the PED waiting period from 48 months to 36 months, more individuals are likely to opt for health insurance, thereby enhancing insurance penetration in the country," says Siddharth Singhal, Business Head-Health Insurance at Policybazaar.com.

Moratorium period too reduced from 8 year to 5 years

The IRDA has also reduced the moratorium period significantly from 8 years to 5 years. Once an active health insurance policy's moratorium period ends, the insurer cannot deny any claim covered by the policy on any grounds, except fraud.

The IRDA notification states that after a health insurance policy has had a coverage for sixty continuous months (including portability and migration), the insurer cannot contest the policy and any claim on grounds of non-disclosure or misrepresentation; but it can on grounds of established fraud. This period of sixty continuous months is called the moratorium period.

The moratorium would be applicable on the sums insured of the first policy. When this sum insured is enhanced, the insured would have to wait for 60 months from the date of enhancement to make a claim on the enhanced limit.

Specified disease waiting period reduced from 4 years to 3 years

The IRDA has also reduced the specified waiting period. According to the notification, "specific waiting period" means a period of up to 36 months from the commencement of a health insurance policy when specified diseases and treatments (except due to an accident) are not covered. After this period, the diseases and treatments mentioned in the policy document will be covered provided the policy has been renewed without any break. When you buy a health insurance policy, the health insurer will give you the details of the diseases that fall into the specified waiting period, and are covered only when this period is over but the policy remains active. "From a customer perspective, a shorter waiting period is always preferable as it reduces uncertainty and allows for quicker coverage of illnesses or claims against them," says Singhal.

Will the reduced time be applicable on new policies or on old policies too?

The new reduced waiting period on health insurance will benefit both old as well as new policyholders. "For first-time policyholders, this change means they will enjoy the advantage of a reduced waiting period going forward. Existing policyholders will also benefit, as the waiting period will be reduced to align with the new 3-year clause upon policy renewal. Overall, this initiative is beneficial for customers, ensuring they receive enhanced benefits and reduced waiting times when accessing health insurance coverage," adds Singhal.

The writer is Naveen Kumar.

TOP

Crucial role of cashless health insurance in expediting medical treatment during emergencies - The Economic Times – 15th April 2024

Technology plays a crucial role in solving the issues of awareness and accessibilty. With the help of artificial intelligence, complex policy terms are made easier to understand. Most major insurance companies now offer user-friendly mobile apps, which let you manage your policies anytime, anywhere – right from your phone. In just a few clicks, one can buy a new policy, renew an existing one, or even make changes to the coverage. Furthermore, with the integration of AI and machine learning algorithms, insurers can now assess claims much faster and more accurately.

Medical emergencies strike without warning, leaving us vulnerable and scrambling for the best course of action. In these moments of crisis, cashless health insurance emerges as a true lifesaver. It removes the immediate financial burden associated with critical medical care, allowing patients to focus on their recovery. The health insurance market has been witnessing significant growth, with an increasing number of individuals opting for health insurance policies.

The health insurance market size was valued at USD 12.86 billion in 2022 and is expected to grow at a compound annual growth rate of 11.55% from 2023-2030. According to the Insurance Regulatory and Development Authority of India (IRDAI), the health insurance sector in India was growing at a rate of over 20% annually. The Government of India has been taking initiatives to promote health insurance coverage across the country. The Pradhan Mantri Jan Arogya Yojana (PMJAY), also known as Ayushman Bharat, aims to provide health insurance coverage to over 500 million people from vulnerable households. While PMJAY primarily focuses on providing coverage for hospitalization expenses, it has also led to increased awareness about health insurance in general.

Technology plays a crucial role in solving the issues of awareness and accessibilty. With the help of artificial intelligence, complex policy terms are made easier to understand. Most major insurance companies now offer user-friendly mobile apps, which let you manage your policies anytime, anywhere – right from your phone. In just a few clicks, one can buy a new policy, renew an existing one, or even make changes to the coverage. Furthermore, with the integration of AI and machine learning algorithms, insurers can now assess claims much faster and more accurately.

Making healthcare even easier in India, the health insurance industry has teamed up for a gamechanger called 'Cashless Everywhere'. This means one can get cashless treatment at any hospital in their network, regardless of the insurance company. Financial strain can worsen a patient's condition and delay crucial interventions. However, cashless health insurance eliminates this hurdle. By guaranteeing payment to hospitals within the network, it ensures patients receive immediate and necessary treatment, regardless of their ability to pay at the moment. Furthermore, cashless insurance removes financial barriers, allowing doctors to prioritize treatment without waiting for approvals or verifications. This expedites care and improves the chances of a successful outcome.

The speed at which cashless insurance facilitates treatment is another crucial benefit. During a medical emergency, every minute counts. The streamlined process eliminates the need for arranging finances or securing deposits, enabling doctors to begin treatment promptly. This can be particularly life-saving in situations requiring immediate intervention. Furthermore, cashless health insurance empowers patients to choose the best course of action without financial constraints clouding their judgment. With the immediate financial burden lifted, patients can prioritize their health and focus on receiving the most effective treatment available within the network. This empowers them to make informed decisions based on their medical needs rather than financial limitations.

Why Sticking with Network Hospitals Might Be Wiser

The cashless everywhere concept offers flexibility, but for a truly hassle-free experience, especially during a medical emergency. Network hospitals have pre-determined rates negotiated with your insurer. This eliminates surprises and ensures treatment falls within a set budget, leading to a smoother discharge process. Established relationships between network hospitals and your insurer mean a streamlined cashless settlement process. Less paperwork translates to quicker approvals and reduced stress during a critical time.

Network hospitals are vetted for quality by your insurer. This minimizes the risk of encountering unexpected complications or substandard care, giving you peace of mind. Network hospitals operate within a trusted system. This reduces the likelihood of inflated bills or unnecessary procedures, protecting you from potential misuse of your insurance coverage. Beyond the immediate benefits, cashless insurance also promotes peace of mind for policyholders. Knowing that financial concerns won't impede medical decisions empowers individuals and families to prioritize their health. They can seek treatment promptly without the fear of spiraling medical bills, leading to better overall health outcomes.

However, it's important to note that the effectiveness of cashless insurance hinges on a robust network of hospitals. A wider network allows patients greater choice and flexibility in seeking treatment at a convenient location. Additionally, streamlined communication and efficient claim processing by the insurance company further enhance the experience. It's advisable to choose a cashless health insurance plan with a wide network of hospitals to ensure flexibility in choosing the best medical facility during an emergency. Familiarize yourself with your policy coverage and exclusions beforehand. This avoids any surprises when availing cashless treatment. By opting for cashless health insurance, you invest in peace of mind and ensure you and your loved ones receive the best possible medical care during emergencies, without the added burden of upfront costs.

In conclusion, cashless health insurance plays a crucial role in streamlining medical care during emergencies. This is majorly driven by technology, which is fundamentally reshaping the general insurance landscape, empowering customers with greater convenience, efficiency, and personalisation. By removing financial barriers and ensuring prompt treatment, it empowers patients to prioritize their health and well-being in a crisis. As the healthcare ecosystem evolves, a wider network of hospitals and efficient claim processes will further solidify cashless insurance as a vital tool for navigating medical emergencies. Furthermore, as technology keeps advancing, insurance companies need to be at the forefront of innovation to stay relevant and meet the ever-changing demands of today's digital consumers.

The writer is Dr Vaibhav Kapoor.

TOP

Reinsurance

Insurers to breathe easy as GST may be lifted from reinsurance after elections – Moneycontrol – 16th April 2024

The insurance sector is likely to see a breather from tax burden with the GST Council set to review an exemption for reinsurance after the elections, Moneycontrol has learnt.

In its attempt to not disrupt the insurance industry practices, the Goods and Services Tax (GST) Council may issue a clarification that reinsurance is not a supply of service, a senior government official said.

Many leading insurance companies had last year reportedly got notices for non-payment of GST on reinsurance premiums. By definition, 18 percent tax is levied on any supply of service.

“The GST’s fitment committee has already discussed the issue and it is proposed that reinsurance should not be treated as supply and hence no GST should be applicable on it. The fitment committee proposal is kept ready to be placed before the GST Council in the next meeting after the elections. The issue whether reinsurance is a supply will be placed in the next GST meeting. The new government is likely to be formed in early June. The GST Council meeting may happen in June-end,” the official told Moneycontrol.

Reinsurance is a practice in which an insurance company transfers a portion of its risk to another insurance company, called a reinsurer, in exchange for a premium. In essence, it's insurance for insurers.

“Supply may have been made but the GST is already paid on it, so it is proposed to not consider it as supply. This is the conclusion arrived at by the fitment committee,” the official added.

How reinsurance works

The primary insurer sells insurance policies to clients and assumes the risk associated with those policies. However, to mitigate its risk exposure, the primary insurer transfers a portion of this risk to a reinsurer through a reinsurance contract. In return for assuming a portion of the risk, the reinsurer collects a premium from the primary insurer. This premium is typically a percentage of the premiums collected by the primary insurer for the policies being reinsured.

By spreading the risk among multiple insurers, reinsurance helps reduce the financial impact of large and unexpected losses. This allows the primary insurer to underwrite more policies and provide coverage for higher-value risks without risking insolvency due to a single catastrophic event.

Reinsurance plays a crucial role in the insurance industry by enabling insurers to manage their risk exposure effectively and ensure their financial stability in the face of unforeseen events.

The writer is Meghna Mittal.

TOP

The Growth of the Reinsurance Sector in India – The Economic Times – 14th April 2024

In recent years, India has witnessed a significant surge in the demand for insurance and hence reinsurance, marking a pivotal shift in the nation's risk management landscape. This rapid growth of reinsurance portrays immense potential, serving as an essential facet in fortifying the country's financial resilience against unpredictable events. As India navigates through the intricacies of its evolving economic landscape, adopting reinsurance emerges as a strategic imperative, offering a shield against the looming risks. The fundamental principle of reinsurance revolves around the concept of risk sharing. By transferring a portion of risks to reinsurance companies, insurers protect their financial stability and ensure the long-term sustainability of their operations.

Reinsurance companies require substantial capital to effectively manage and underwrite risks and thereby engage in retrocession, which involves reinsuring their own programs and risks. This process of retrocession further strengthens the sharing of risks and enhances the stability of the insurance industry.

Foreign investments for reinsurance

The Insurance Regulatory and Development Authority of India (IRDAI) has been proactive in supporting the growth of the reinsurance sector through the implementation of new regulations supporting foreign investment opportunities. Today, foreign reinsurers can enter the Indian market through various routes, such as applying for a reinsurance license, by fulfilling capital needs, or through GIFT city, Foreign Reinsurance Branch (FRB) route and in the future the Managing General Agent (MGA) route. The MGA route, a well-known concept globally but new to the Indian market, allows companies to enter with lower capital requirements while offering high capacities. This opens doors for companies that may have been hesitant to enter the Indian market previously.

While many consider reinsurance as an export of services, I believe it should be viewed as an import of capacity. Imagine a country that is not reinsured or reinsured only within its borders. In the event of a catastrophe, the losses would be concentrated within the country, putting immense strain on Indian reinsurance companies. Reinsurance stands at the forefront of this battle, providing insurers with the necessary support to transfer a portion of their risk burden to global markets ensuring a more balanced and stable insurance market.

One of the most compelling facets of reinsurance lies in its role as a catalyst for fostering innovation and promoting financial stability. By spreading risks across a diverse portfolio of reinsurers, India can effectively address the concentration of risk present in the insurance sector, thereby safeguarding itself from systemic shocks. Moreover, the entry of global reinsurers brings with it a wealth of expertise and experience, empowering domestic players to adopt best practices and refine their underwriting capabilities.

Role of technology

The advent of technology has further catalysed the growth of reinsurance in India, with InsurTech platforms revolutionising traditional risk assessment methodologies. Leveraging advanced data analytics and machine learning algorithms, reinsurers can now gain deeper insights into emerging risks, thereby enabling more accurate pricing and enhanced risk management strategies. This convergence of technology and reinsurance not only augments the efficiency of risk transfer mechanisms but also fosters greater transparency and accountability within the insurance value chain.

Furthermore, as India continues its journey towards economic prosperity, the imperative for reinsurance assumes even greater significance in protecting the nation's burgeoning infrastructure projects and sunrise sectors. Be it the threat of cyberattacks or the uncertainties stemming from climate change, the need for comprehensive risk transfer solutions has never been more relevant.

The Indian insurance sector is poised for significant growth, supported by the efforts of the IRDAI in introducing new regulations and attracting foreign investment. By harnessing the full potential of reinsurance, India can fortify its financial defences, mitigate the impact of unforeseen events, and pave the way for sustainable economic growth in the decades to come. With a promising outlook and the potential for explosive growth, the Indian insurance sector is advancing, marked by the emergence of new business models and advancements in technology and regulation.

The writer is Sandeep Dadia

TOP

SURVEY AND REPORTS

India: Emergence and growth of insurance lines will require additional capacity – Asia Insurance Review

Closing India's large protection gaps and supporting the growth of new and existing insurance lines will require significant additional capacity, as well as innovation, according to Aon in its "Reinsurance Market Dynamics April 2024" report.

With a fast-growing economy, a proactive regulator and an appetite for technology and innovation, India's increasingly liberalised insurance sector is on an upward trajectory: India is predicted to have the fastest-growing insurance sector of all G20 countries in the coming five years (according to Swiss Re).

As a rapidly developing market, India presents new opportunities for reinsurers.

1 April is the main renewal for India, with almost all the country's property and casualty insurers purchasing reinsurance protection, across all lines of business.

Aon's assessment of reinsurance market trends in India in the 1 April renewal season is as follows:

Topic	Commentary
CAT capacity expands	In contrast to 2023's renewal, 1 April saw a resurgence in property catastrophe capacity. While there were few new players in the market, existing reinsurers demonstrated an increased appetite to grow their property catastrophe books in India. Despite excess capacity, however, reinsurers remain disciplined. Broadly, property catastrophe pricing was flat to slightly down, with some adjustments to wording in response to loss events in 2023.
Tightening of terms	Natural catastrophe losses were a significant issue at 1 April, with flood events over the past 12 months hitting reinsurance treaties. Heavy rainfall in July 2023 resulted in severe flooding and damage to hydropower plants in India, generating potentially large losses for property insurers. Following the floods, re/insurers have imposed natural catastrophe limits on hydropower plant risks in India. For some occupancies, reinsurers are requesting the cession pattern to shift to a 'sum insured' basis from the current 'probable maximum loss' model. The move will be a significant change for the property market, albeit incremental and spread over many years.
Closing the protection gap	Despite significant exposure to earthquakes, cyclones and floods, non-life insurance premiums as a percentage of GDP in India are relatively low at around 1%, resulting in a sizeable protection gap. Between 2015 and 2023, natural disasters in India caused an estimated $49.02bn in damage, of which just $3.45bn was insured, according to Aon. However, the government and the insurance

	regulator are looking to increase penetration rates. In 2022, the government launched an "Insurance for All" initiative, which aims to give every person and company access to insurance by 2047. Aon is working with insurers and state governments on potential solutions, including parametric insurance products and catastrophe bonds.
Rising demand for specialty and life solutions	Specialty insurance penetration is increasing in India, with growing awareness and demand for cyber insurance, trade credit insurance, D&O insurance, and surety bonds. India's cyber insurance market is growing with increased demand for cyber treaty reinsurance, with insurers increasingly opting to purchase separate cyber liability reinsurance, rather than rely on sub-limited cover under their excess of loss liability reinsurance. Post-pandemic, there is also growing demand for life and health reinsurance from foreign reinsurers following a tightening of the domestic market.
Collateral requirements for 2025	India's insurance regulator (IRDAI) has proposed the introduction of collateral requirements for reinsurance transactions made by Indian insurance companies with cross-border reinsurers (CBRs). For highly rated CBRs (A- and above from S&P), the minimum collateral required will be 80% of the total liabilities and reserves, while for lower-rated CBRs (below A-), it will be 100%. According to the IRDAI, there were 283 CBRs operating in India last year in competition with the state-owned GIC Re and foreign reinsurance branches (FRBs). While the proposal had little effect on the 1 April renewal, it will come into play from next year, depending on the final guidelines. The move has met with a mixed response from reinsurers, with some predicting it would increase the cost of doing business.
Burning costs impact	Last year, the IRDAI wrote to local reinsurers requesting that they exclude the burning costs rate for fire and engineering risks, as published by the Insurance Information Bureau (IIB), in their reinsurance treaties for risks incepting from 1 April 2023. The move, which caused uncertainty at last year's 1 April renewal, has turned attention to the profitability of reinsurance treaties. For now, reinsurers are taking a wait-and-see approach, but are keeping a close watch on the market, as well as individual insurers' underwriting performance.
IFRS 17 challenge	The Indian insurance industry is preparing to implement the country's equivalent of the international accounting standard for insurance contracts, IRFS 17. India's 15 largest insurers will be required to adopt IFRS 17 for the full year 2025. India's insurance regulator (IRDAI) has formed an expert committee to implement the standard, recommending best practices and setting a timetable. Aon's Strategy and Technology Group recently held a workshop in India on IFRS 17 and is assisting insurers in the transition to the new accounting standard.
Strong support for agribusiness renewals	India is one of the world's largest agriculture insurance markets behind the US and China, with many of its state schemes purchasing reinsurance at 1 April. This year's renewal, however, saw a smaller renewal than 2023, with around 70 to 75% of the premiums placed last year on multi-year deals. As with 2023, strong growth prospects and sustained good performance ensured that agribusiness renewing this year continued to attract the support of reinsurers. Despite a reduction in direct premium rates, reinsurance capacity was more than adequate at the April renewal. Stop loss prices were slightly down, while pro-rata commissions were reduced. The adoption of a lower volatility structure by more schemes also led to higher retentions in the market at 1 April.
Source: Aon - "Reinsurance Market Dynamics April 2024" report	

TOP

Rising consumer consciousness in life insurance, new-age insurtechs intensify competition: Report - The Economic Times – 18th April 2024

Over the past two years, there has been a notable 5 percent increase in the relative importance of spontaneous awareness as a category driver, indicating growing consumer consciousness towards life insurance products, revealed a latest report by NIQ. There has also been an improvement in category consideration in life insurance, health insurance and motor insurance. The average category consideration has witnessed a commendable 9 percent improvement in the last three years, underlining heightened interest and engagement among consumers in life insurance offerings, highlighted the report. However, while top players hold their stance, the new-age Insurtech brands in the category intensify the competition with increased consideration in the last 2 years.

Brand-building campaigns are the cornerstone of long-term sales growth, as consumer decisions hinge on instant brand recall within Life Insurance category.

Growing consumer engagement in Health Insurance

There has been approximately 10 per cent surge in category consideration in health insurance.

Consumer engagement in the health insurance segment has soared by 10 per cent over the past two years, driven by heightened consumer involvement and interaction, said the report.

This means that brands can elevate their position by emphasizing unique value propositions, product innovations, or exceptional customer experiences for differentiation. Prioritizing consistent messaging to foster deeper emotional connections enhances brand equity and cultivates lasting loyalty among consumers.
New-age Insurtech players are stealing the spotlight, building stronger brand equity while top players watch from the sidelines, the report revealed.

Improving category consideration for Motor Insurance

The motor insurance segment has witnessed an impressive 18 per cent improvement in average category consideration, with new-age players significantly contributing to this growth, the report said. This growth underscores the evolving nature of the insurance industry, emphasizing the importance of adopting innovative, differentiated, and personalized approaches to thrive in today's competitive environment.

The seismic shifts across the life, health, and motor insurance categories, reflects evolving consumer preferences, intensified competition, and the disruptive emergence of Insurtech. Additionally, understanding and decoding shifting consumer preferences is imperative for insurance companies to stay ahead in the competitive landscape. Continuous improvement and innovation in product offerings are essential to meet evolving consumer expectations and outpace competitors and personalization and customization strategies can enhance brand relevance and drive loyalty among consumers, the report highlighted. By embracing these changes, insurers can navigate the evolving landscape with confidence, ensuring a future where insurance is synonymous with financial security and empowerment for all, it added.

The writer is Anushka Sengupta.

TOP

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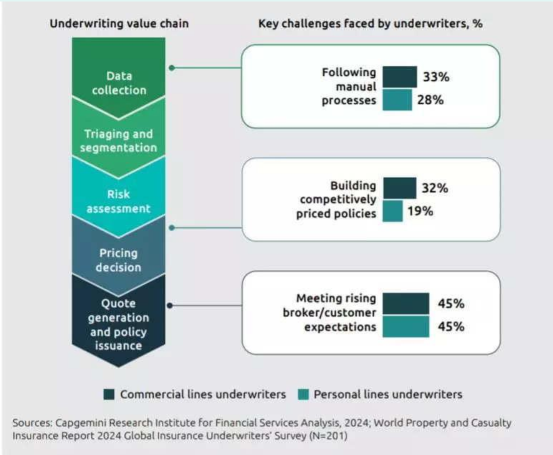
42 Percent Policyholders Find Underwriting Process Complex, Many Look for Lower Premiums, Better Coverage: Report - The Economic Times – 17th April 2024

As inflationary pressures hit policyholders' pockets, there is increased demand for affordability, simplicity, and transparency from their carrier. About 42 percent of policyholders find the current underwriting process complex and lengthy. Additionally, 27 percent of policyholders switched providers in the last two years in search of lower premiums (60 percent) and better coverage (53 percent), revealed a latest report by Capgemini.

While premiums have increased, underwriting practices have struggled as combined ratios breached 100 percent sparked by natural catastrophe events, evolving risks due to technology innovation such as cyber threats and emergence of generative AI, and regulatory complexity.



Industry executives cite significant organizational barriers affecting their ability to delight the customers: insufficient access to data (54 percent), legacy systems (51 percent), and a lack of skilled talent (47 percent), the report further said.

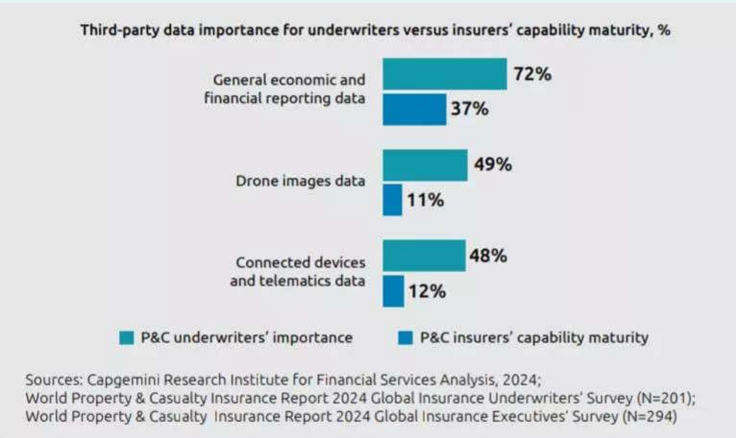
According to the report, only 8 percent of property and casualty (P&C) insurers are regarded as underwriting "trailblazers" who are consistently outperforming mainstream carriers by leveraging AI-driven insights and automation to make informed decisions and accurate risk assessments with efficiency.

These industry frontrunners drive greater collaboration and customer transparency by keeping underwriters at the heart of all decisions.

Underwriters' confidence key to reap trailblazer benefits

Approximately 62 percent of executives recognize artificial intelligence/machine learning technology (AI/ML) is elevating underwriting quality and reducing fraud, the report highlighted. Despite these benefits, only 43 percent of underwriters trust and regularly accept automated recommendations from decision-support predictive analytics tools. This hesitation stems from perceived over-complexity (67 percent) and concerns over data integrity (59 percent).

Insurers can overcome their reluctance, cites the report, by engaging underwriters early on to secure buy-in, retain the all-important "human in the loop" to ensure the AI/ML models are explainable and appropriately transparent, and continually assess progress. While some carriers show promise in these areas, not many insurers successfully showcase the "trailblazer" qualities to deliver fast, unbiased, and forward-looking underwriting decisions. Armed with the right advanced underwriting capabilities, trailblazers can expect to reap benefits across efficiency (higher speed and lower expenses), accuracy (loss costs and fraud detection), and customer experience (new business and policyholder retention). Less than 13 per cent of this group miss business goals associated with these priorities, compared to 21-36 per cent of mainstream insurers.



Streamlining underwriting with deep data

A majority (83 per cent) of P&C insurance executives believe predictive models are critical for underwriting's future, yet only 27 per cent say their firm has advanced capabilities. The journey to unlocking data-driven and actionable insights begins by leveraging a secure data ecosystem, said the report.

Globally, 53 per cent of policyholders express concern about the amount of personal information collected by insurers. However, almost two-thirds say they would be willing to share more data in exchange for transparency, discounts, and reassurance that their information is secure, the report added.

This sentiment represents a chance to scale up risk mitigation propositions and enhance insurability while building engagement and trust, leading to higher customer retention.

P&C insurers face a considerable challenge in meeting the data needs of their underwriters as there are significant gaps between the importance of various data types and insurers' data capability maturity. According to the report, 49 per cent of underwriters value drone image data yet very few insurers are equipped to support and analyze them effectively. Similarly, one-in-two underwriters want data from connected devices for real-time information about personal and commercial assets, although only 12 per cent of insurers can capture such data effectively.

The resulting lack of data mastery is hurting an insurer's core business as incomplete risk evaluation plagues 77 per cent of insurers. With weak data resources, 73 per cent of firms are facing limited pricing accuracy which prevents adequate claims coverage and eventually may threaten solvency. Another 70 per cent say inconsistent underwriting decisions are a prevailing issue.

The writer is Anushka Sengupta.

TOP

Insurers may report robust profit, drop in new business margins in Q4 – Moneycontrol – 12th April 2024

Insurers may report a robust profit in Q4 as third-party premiums increase, although the value of new business (VNB) may shrink, experts said.

"Insurance companies are expected to see strong growth, similar to that in FY23," said Jinay Gala, associate director at India Ratings & Research. Profit at general insurers may rise 16-17 percent while health insurers are expected to report a 20 percent increase, he said.

Some insurers reported double-digit profit growth in the October-December quarter. Life Insurance Corporation of India said profit jumped 49 percent and HDFC Life reported a 16 percent rise in earnings.

Gala said growth is expected to stay in line as profit gets a boost with an increase in third-party premiums.

Brokerage house Motilal Oswal said in a report that the expense ratios of insurers are expected to benefit from operating leverage.

"Health segment loss ratios are expected to improve on a year-on-year (YoY) basis, due to the implemented price hikes," Oswal said.

VNB and APE

According to research reports, the value of new business (VNB) margins, a measure of the profit margin of new business written by a life insurance company, is expected to drop.

"VNB margins of insurers are expected to decrease 353 basis points YoY due to a slight change in product mix towards low-margin-linked products and decline in product-level margins in non-linked products," Nuvama said in a report.

Experts said the annual premium equivalent (APE) is expected to decline in March due to a high base last year. APE is a metric used to measure new business sales growth.

"Private life insurance players saw an 18 percent to 25 percent growth in APE in January and February 2024. However, we anticipate a decline in March 2024 for the industry, given the high base of March 2023," Oswal said in a report.

How insurers fared in FY24

In the past few quarters, insurance companies faced mixed pressure on their VNB on account of tough competition and a change in the product mix. LIC's VNB was at Rs 3,304 crore in the first six months of FY24 compared with Rs 3,677 crore for the first six months of FY23.

Alongside the VNB margin, the average net profit of insurers - both life and non-life companies - showed a mixed trend.

Additionally, there was a new development on the surrender value front. The Insurance Regulatory and Development Authority of India issued a draft circular proposing that the surrender value on non-par insurance products be increased. This, according to experts, would affect the profit and VNB margin of insurers.

The writer is Jinit Parmar.

TOP

INSURANCE CASES

Insurer made to pay for intravitreal injection – The Times of India – 17th April 2024

The Consumer Disputes Redressal Commission (CDRC) has ordered United India Insurance Co Ltd to reimburse a patient for an intravitreal injection after her Mediclaim was rejected on the ground that she was not hospitalized for treatment. Priti Gandhi, a resident of Thaltej, was required to take the intravitreal injection after she was diagnosed with haemorrhagic choroidal neovascularization.

She paid Rs 21,896 for the injection. Since she had a Rs 5 lakh health cover, she put forth her claim, but the insurer rejected it saying that the treatment was OPD-based. She approached the consumer commission which ordered the company to reimburse her the amount with 8% interest. Besides, it ordered the insurer to pay Rs 3,000 extra to Gandhi for harassment and towards the cost of litigation.

The consumer commission said that the guidelines laid by the Insurance Regulatory and Development Authority of India (IRDAI) state that age-related macular degeneration should not be excluded from the policy. It said that intravitreal injections are included in modern treatment methods and hospitalization is not required to avail of them.

TOP

PENSION

New EPFO Rule: Limit of auto claim settlements under this section doubled | Know how much a subscriber can withdraw - Financial Express – 17th April 2024

The Employees' Provident Fund Organisation (EPFO) has enhanced the existing eligibility limit of auto claim settlements under Paragraph 68J to Rs 1 lakh from Rs 50,000 erlier, according to a circular issued on Tuesday.

EPFO's Paragraph 68J allows subscribers to apply for an advance for own and dependents' medical expenses. EPFO members are permitted to seek an advance for medical treatment under specific conditions.

In a circular issued on Tuesday, the EPFO said that "the competent authority has approved the limit of auto claim settlements under para 68J from Rs 50,000 to Rs 1,00,000 and the same has also been deployed in the application software on 10/April/2024. This is for information and further necessary action of all".

"This facility being in the nature of Ease of Living is required to be suitably disseminated to all the stakeholders for their information," it said.

Paragraph 68J and 68N of EPF scheme amendments in 2017

In April 2017, the EPFO amended Paragraph 68J allowing EPF members to submit a self-declaration for advance in case of illness. Differently abled members were also allowed advance on the basis of self-declaration. The amendment ensured that there would be no need to submit any medical certificate or any other certificate or document or proforma whatsoever to avail advances under paragraph 68-J or under paragraph 68-N of EPF Scheme 1952.

The Ministry of Labour & Employment amended Paragraph 68-J and Paragraph 68-N of Employees' Provident Fund Scheme, 1952, said a PIB release issued on April 28, 2017. According to it, a member would only be required to submit a self-declaration, which has already been included in the composite claim form, to avail advance under the EPF Scheme in case of illness of members/ dependent and also in case of differently abled members.

This was in continuation of initiatives taken by the EPFO as part of next phase of its e-governance reforms with a view to make the services of EPFO available to its stakeholder in an efficient and transparent manner.

An administrative order was issued on February 20, 2017 in the matter of 'Introduction of Composite Claim Forms (Aadhar and Non-Aadhar)' to replace existing Claim Forms No. 19, 10C & 31 and Forms No. 19 (UAN), 10C(UAN) & 31 (UAN).

EPFO has since implemented Universal Account Number (UAN) for its subscribers. It is now possible for subscribers, who have seeded their UAN with Aadhar Number and bank account details, to submit claim forms directly to EPFO without the attestation of employers.

TOP

GLOBAL NEWS

Bangladesh: Insurance regulator unveils draft amendments to Insurance Act – Asia Insurance Review

The Insurance Development and Regulatory Authority (IDRA) plans to amend the Insurance Act 2020 as a part of its efforts to develop the insurance sector, improve governance, and protect the interests of policyholders.

Additionally, the IDRA aims to amend certain provisions that conflict with other laws to streamline operations in the industry, reported the newspaper, The Daily Star.

In all, the regulator seeks to amend a total of 50 sections of the act which has 160 sections.

The draft of the law containing the amendments was published on the IDRA website on 28 March, with the IDRA seeking industry and public feedback on the proposed changes by 24 April.

Md Zahangir Alam, IDRA spokesman and director of the Authority's Non-Life Department, said the law was enacted more than 10 years ago and is outdated as the industry has changed a lot since then.

"There is a need for clarification in some sections to make the law universal and time-befitting. Besides, there are many issues in the industry that are not covered by existing regulations," he said.

The proposed amendments include a clause barring insurers from assisting their company directors, shareholders, their families, or other related individuals to obtain loans from financial institutions by using insurance company assets as collateral.

In addition, a new section will be added requiring insurers to appoint independent directors who will be responsible for ensuring their company's compliance with applicable laws, rules, and regulations and also give opinions for improving operations. With the approval of the IDRA, insurers will also have to appoint an appropriate number of actuaries depending on their company size. The actuaries' qualifications, responsibilities, financial benefits, and other conditions will be determined by the regulatory body.

TOP

Philippines: Insurance regulator orders mandatory publication of list of licensed life agents – Asia Insurance Review

All insurance companies licensed to sell life insurance products in the Philippines are now required to establish and maintain a publicly available register of Licensed lnsurance Agents, says the Insurance Commission (IC) in a circular to life insurers.

The new regulation took effect on 16 April 2024.

The sole purpose of the new rule is to enable the public to ascertain whether a person is duly licensed by the IC to act as an insurance agent of a particular company.

The IC said in the circular that it recognises the central role of insurance agents in the distribution of insurance products and the importance of consumers knowing whether they are dealing with a licensed agent.

Thus, as part of the continuous consumer protection and digitisation initiatives of the commission, the regulator is committed to utilise available technology to facilitate access to information by the public. Life insurers have to publish the register of licensed agents on their websites.

The following data shall be reflected in the register:

Natural person	Juridical person
Complete Name of lnsurance Agent (eg, Last Name, First Name, Middle lnitial) listed alphabetically	Complete Name of lnsurance Agency listed alphabetically -Complete Name/s of Soliciting Official/s (eg, Last Name, First Name, Middle lnitial) listed alphabetically
Type of Licence (i.e., Traditional Life Licence or Variable Life Licence)	
Licence Number	
Period of Validity of Licence	
Remarks on cancellation of licence, in case of termination of agency agreement, with corresponding effective date	
Source: Insurance Commission	

Insurers shall also provide a hotline for the public to request verification of the status of insurance agents. The register is to be updated on the last working day of every month.
lnsurance companies are given three months from 16 April to establish and publish the register on their respective websites.

TOP

Pakistan: Regulator says inclusive insurance is a priority - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has issued a report that explores inclusive insurance in Pakistan, highlighting its untapped market potential.

Titled “Unlocking the Potential of Micro and Inclusive Insurance in Pakistan,” the report compares inclusive insurance in Pakistan to that in other jurisdictions, analysing gaps, and proposing a future course of action. The data collected indicates the inclusive insurance market in Pakistan was “shaky”, revealing the lack of insurers’ focus on this segment.

Insurance Commissioner, Mr Aamir Khan, in his message carried in the report, said, “A total of 12.56m insurance policies were sold through microfinance banks/institutions. Out of these, 89% were credit life insurance, indicating a primary focus on covering the underlying credit risk.

“Moreover, of the 20 insurers offering inclusive insurance, only four are actively involved in digital distribution of small-ticket products.”

Challenges

Mr Khan added, “Despite the introduction of Microinsurance Rules by the SECP in 2014, no applications for dedicated microinsurer licences or the launch of microinsurance products have been submitted under these Rules.

“The scope of microinsurance products in the rules covers only product offerings to low-income individuals and excludes small-ticket products offered to the untapped market. Other obstacles include prior approval required for launching a microinsurance product or modifying features of an existing microinsurance product and the lack of a regulatory framework for designing and underwriting inclusive insurance products by a digital intermediary.

“These issues raise substantial concerns about the effectiveness of the current regulatory framework. It is apparent that the existing framework has not succeeded in fostering the expansion of the segment. Further, multiple layers of taxes on insurance business impact the affordability of insurance products.”

Mr Khan said that the absence of mass-scale and mandatory inclusive insurance, such as agriculture, disaster microinsurance, and mandatory health insurance schemes, further exacerbates the situation. Moreover, the lack of awareness among the population regarding the importance and availability of insurance services poses a significant challenge.

Potential

He pointed out that with a working-age population of 159m and over 5.2m SMES, Pakistan has vast potential for inclusive insurance. The country's digital landscape is significant, with a population of 191m cellular subscribers, 1.6m e-wallet accounts, and 15.3m mobile banking users.

He said that collectively, the SECP and the insurance industry, alongside other relevant authorities, must prioritise the development and implementation of comprehensive policies to facilitate inclusive insurance growth. Additionally, proactive engagement from insurance companies, InsurTechs, and the government is essential in ensuring that inclusive insurance becomes accessible to those in need of it.

TOP

Japan: Life insurers expected to buy more domestic government bonds - Asia Insurance Review

Japan's life insurers are likely to buy more domestic sovereign bonds this year after the end of negative interest rates in the country, reported Bloomberg.
Global investors pay close attention to the plans of life insurers, which have combined assets of $2.6tn, as they often move markets. There is a particular focus on whether they will repatriate funds. The insurers are also expected to flag the continued sale of foreign debt that is hedged against the yen’s appreciation because of the associated costs for protection.

The Bank of Japan removed the sub-zero interest rate and yield-curve control programme in March and is predicted to further raise rates later this year. The yield on the 30-year sovereign securities, favoured by life insurance companies to meet their long-term obligations, has risen almost 30 basis points this year to 1.92%, according to Bloomberg data.

In January, many of the insurers had said they were holding off on purchasing Japanese government bonds (JGBs) due to low yields.

Expensive hedging costs have made life insurers avoid foreign debt with hedges in the past few years. While the gap between US and Japanese 10-year yields is still at about 3.5 percentage points, the return from the US notes becomes negative after taking into account the cost of hedging against currency fluctuations, at around 5.4%.

“Life insurers may also indicate purchases of foreign sovereign and corporate debt without currency hedges,” said Mr Eiichiro Miura, general manager of fixed-income investment at Nissay Asset Management Corp. “While the yield gap remains wide and the Federal Reserve is expected to deliver interest-rate cuts only at a gradual pace, the dollar-yen is unlikely to fall that much. The BOJ's rate hike failed to boost the yen, which is also a reason for not having currency hedges."

The yen has weakened more than 7.9% against the dollar this year, making it among the worst-performing major currencies. Still, the yen is expected to strengthen to 142 per dollar by year-end, compared with a forecast of 135 made at the end of last year, according to median estimates in Bloomberg surveys.

TOP

Taiwan: Regulator announces EV insurance to be launched on 1 July - Asia Insurance Review

Insurance specific to electric vehicles (EVs) will be launched on 1 July 2024, the Financial Supervisory Commission (FSC) announced.

The FSC pointed out that the structure, energy source and maintenance of EVs differ from those of traditional fossil-fuelled vehicles. This means that EV risk profiles cannot follow traditional evaluation methods of fuel vehicles. Also, due to the expense of EV parts damaged in accidents, insurance companies usually face high compensation costs, reported Radio Taiwan International.

With some companies only providing coverage under certain conditions or even refusing coverage, prospective buyers are often deterred from purchasing an EV, and current owners have difficulty finding policies.

EV-specific insurance clauses additionally cover battery failure within the scope of product liability to provide owners with more complete protection, according to the FSC. EV owners will also be able to add insurance to protect the EV from damage or loss caused by charging.

The FSC said that, in response to global climate change, the sustainable development of transportation has become vital to efforts to achieve net-zero carbon emissions. It added that it hoped that more insurers would launch exclusive insurance products for electric vehicles.

TOP

COI Training Programs

Mumbai – April – June 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Fire and Property Insurance	25-Apr-24	26-Apr-24	ClickHere	Register
2	Role of Govt. and Insurance companies in Micro and agricultural insurance	26-Apr-24	26-Apr-24	ClickHere	Register
3	Bancassurance in General Insurance	29-Apr-24	30-Apr-24	ClickHere	Register
4	Labour Laws for Corporates	30-Apr-24	30-Apr-24	ClickHere	Register
5	Business Entrepreneurship in Life Insurance	02-May-24	03-May-24	ClickHere	Register
6	Crop Insurance: Focus- PM Fasal Bima Yojana	06-May-24	06-May-24	ClickHere	Register
7	Compliance Governance and Risk Management (IRCC)	06-May-24	08-May-24	ClickHere	Register
8	Holistic Grievance Management	13-May-24	14-May-24	ClickHere	Register
9	ERM and Risk Based Capital	14-May-24	14-May-24	ClickHere	Register
10	Investment Management in Insurance Companies	16-May-24	17-May-24	ClickHere	Register

11	Understanding IFRS 17	20-May-24	20-May-24	ClickHere	Register
12	Workshop on Self Management and Personal Effectiveness	21-May-24	22-May-24	ClickHere	Register
13	Health Insurance: Medical Management and Fraud Control	28-May-24	29-May-24	ClickHere	Register
14	National Economy and Insurance Industry	30-May-24	30-May-24	ClickHere	Register
15	Understanding Electric Vehicle Insurance	03-Jun-24	03-Jun-24	ClickHere	Register
16	Basics of Aviation Insurance	06-Jun-24	07-Jun-24	ClickHere	Register
17	Comprehensive Financial Planning Series-Part 1 : Focus on Tax Planning	06-Jun-24	06-Jun-24	ClickHere	Register
18	Reinsurance Program: International (RPI)	10-Jun-24	15-Jun-24	ClickHere	Register
19	Cutting Edge Marketing Strategies for Branch/Unit Leaders of Life Insurance	10-Jun-24	10-Jun-24	ClickHere	Register
20	Understanding Life Insurance Operations for Middle Level Managers	10-Jun-24	11-Jun-24	ClickHere	Register
21	Risk Inspection- Methods & Reporting	12-Jun-24	13-Jun-24	ClickHere	Register
22	Workshop on Soft Skills for team leaders	12-Jun-24	13-Jun-24	ClickHere	Register
23	Techniques for Telemarketing Teams in Insurance	13-Jun-24	14-Jun-24	ClickHere	Register
24	Basics of Life Insurance for New Recruits	14-Jun-24	14-Jun-24	ClickHere	Register
25	Life Insurance Marketing for Brokers	18-Jun-24	19-Jun-24	ClickHere	Register
26	Creating High performers in BancaChannel	18-Jun-24	18-Jun-24	ClickHere	Register
27	Liability Insurance: Focus - Casualty Lines	20-Jun-24	21-Jun-24	ClickHere	Register
28	Program on AML-KYC-CFT Requirements	20-Jun-24	20-Jun-24	ClickHere	Register
29	Principles of Valuation of Life Insurance Companies	21-Jun-24	21-Jun-24	ClickHere	Register
30	Compliance Management for Principal Officers of Corporate Agents, Banks	24-Jun-24	24-Jun-24	ClickHere	Register
31	Insurtech and Agriculture	21-Jun-24	21-Jun-24	ClickHere	Register
32	Motor OD Insurance - Underwriting and Claims	26-Jun-24	27-Jun-24	ClickHere	Register
33	Liability Insurance: Focus Cyber & Crime	27-Jun-24	28-Jun-24	ClickHere	Register
34	Forensic Science in Insurance Investigations	27-Jun-24	27-Jun-24	ClickHere	Register
35	Compliance 2.0 – An upgrade for Principle based Regulatory Regime	27-Jun-24	28-Jun-24	ClickHere	Register

Kolkata – April - June 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Union Budget - New Opportunities for Life Insurance-CVT Kolkata	06-May-24	06-May-24	ClickHere	Register
2	Marine Cargo Insurance Management: Underwriting and Claims-CT Kolkata	09-May-24	10-May-24	ClickHere	Register
3	Managing Catastrophic Claims-CVT Kolkata	24-May-24	24-May-24	ClickHere	Register
4	Creating High Performers in Bancassurance-CT Kolkata	24-May-24	24-May-24	ClickHere	Register
5	Annuities as a Distinct Marketing Too-CT Kolkata	12-Jun-24	12-Jun-24	ClickHere	Register
6	Managing Liability Insurance: Marketing, Underwriting and Claims (Other than Motor TP and Cyber Liabilities)-CT Kolkata	13-Jun-24	14-Jun-24	ClickHere	Register
7	Renewable Energy Insurance - The emerging opportunities-CT Kolkata	27-Jun-24	28-Jun-24	ClickHere	Register
8	Paradigm Shift in Life Insurance Underwriting-CVT Kolkata	28-Jun-24	28-Jun-24	ClickHere	Register

TOP

Courses offered by COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

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

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

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

CC3 - Certificate Course in General Insurance

Course Structure -

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

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

Course Structure -

Particulars	Details
Course Date	14th May 2024 – 16th May 2024
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

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

Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

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

Post Graduate Diploma in Insurance Marketing (PGDIM)

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