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INSUNEWS - WEEKLY E-NEWSLETTER

13TH – 19TH JULY 2024

QUOTE OF THE WEEK

"We learn more by looking for the answer to a question and not finding it than we do from learning the answer itself."

LLOYD ALEXANDER

Insurance Term for the Week

Preferred Provider

A preferred provider is a healthcare provider who is under contract with an individual's health plan or health insurer. These providers offer medical care at a reduced rate. Sometimes, health plans and health insurers have tiered networks, meaning some providers cost more than others to see.

Preferred providers are integral to preferred provider organizations (PPOs).

Preferred providers are important to healthcare because they offer patients more options when selecting a provider while bolstering provider-payor relationships. Having a network of providers from a health plan or health insurer also reduces the cost of care for patients. In addition, providers under contract with plans and insurers may benefit from access to a higher volume of patients, which helps them keep their service costs lower.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Insurance Reforms 2.0 to End Citizenship Mandate - Live Mint – 19th July 2024

The government is considering another phase of reforms for India's insurance sector, including a proposal to do away with the mandatory requirement of resident Indian citizens to be on the boards and top management of entities with majority foreign investment. The deliberations aimed at further liberalizing foreign investment rules for India's insurance sector come just three years after an earlier attempt to attract more overseas capital to the sector saw a tepid response. Apart from removing the condition on the presence of Indian residents, the government is discussing changes to rules on dividend payouts and board composition that apply to insurance companies with foreign investment exceeding 49 percent, two officials said. These reforms are being considered with the prime aim of bringing more foreign capital to the sector, as only a few investors have taken advantage of the government's decision in 2021 to increase the foreign direct investment (FDI) limit in insurance firms from 49 percent to 74 percent.

Earlier this year, Switzerland-based Zurich Insurance Group Ltd announced plans to acquire a 70 percent stake in Kotak Mahindra General Insurance Co. Ltd for about ₹5,500 crore. In most other private insurance companies in India, the level of FDI is still close to or lower than 49 percent. The finance ministry's department of financial services will shortly initiate consultations on new FDI regulations for the insurance sector, said one of the officials mentioned above. "The FDI policy already has been liberalized for the insurance and other regulated financial services sectors, with investment allowed up to 100 percent under the automatic rule," said the second official. "There is no point now to have such restrictive operational conditions for foreign investors, and therefore, a review of the rules is being undertaken by the government." Under the existing policy, FDI up to 74 percent is allowed in insurance companies under the automatic route that doesn't require any government or regulatory approval. Up to 100 percent FDI is permitted in insurance intermediaries such as insurance brokers, reinsurance brokers, and insurance consultants.

While the government increased the overseas investment limit, insurance FDI is subject to stringent conditions under the Indian Insurance Companies (Foreign Investment) Amendment Rules. The rules mandate that in insurance companies with foreign investment, a majority of the directors, key management persons, and at least one top executive—the chairperson, managing director, or chief executive—should be resident Indian citizens. In addition, insurance companies with FDI exceeding 49 percent need to maintain about half of their profit as reserve if they are paying a dividend to their shareholders. Also, their solvency margin has to be under 1.2 times the estimated claim amount liable to be paid on the policies sold by them. Solvency margin is the extra capital general insurance companies must hold over and above the claim amount they are likely to incur. It is a financial backup in extreme situations so a company can settle all claims.

Also, rules mandate that at least half of the directors in a company with 49 percent or higher foreign equity must be independent. If the chairperson is also an independent director, then one-third of the board should comprise independent directors. The government proposes to amend these complex rules to level the field for both foreign and domestic insurance companies and build a competitive environment, said the first official mentioned above. "It's a good move from the point of projecting a liberal investment climate in the country," said C.R. Vijayan, former secretary general, General Insurance Council. "However, it is unlikely to result in a sudden flow of FDI, as even with 74 percent holding, very few overseas entities have come or raised their investment in Indian insurance companies," he said.

"Insurance provides returns only on a long-term basis (10 years or more) and there will always be doubt among investors about the prospects of a change in government and its implications on investment policies, particularly in the financial sector."

Queries sent to the ministry of finance and the secretary of the financial services department on Wednesday remained unanswered. Other analysts and industry experts are more optimistic about the reforms being planned. "Aligning the dividend payout with the insolvency criteria, albeit by reducing (the amount of profit to be kept as reserve), would improve cash flows in the hands of stakeholders and would have positive impact on investments in this sector," said Rajiv Chugh, partner and leader, policy advisory and specialty services, EY India. India opened up the insurance sector to foreign investment in 2000, allowing 26 percent FDI in private companies. The limit was raised to 49 percent in 2015 and then to 74 percent in 2021. India's insurance sector has received FDI worth ₹54,000 crore over the past decade, from 2014 to January this year, as per the finance ministry. The number of insurance companies increased from 53 to 70 in that period. For all that, India remains an under-insured country, with very few of the country's population paying to but risk-protection. Between 2013-14 and 2022-23, insurance penetration in India increased only marginally—from 3.9 percent to 4 percent. Insurance density rose from $52 to $92.

(The writers are Subhash Narayan, Anirudh Laskar and Mihir Mishra.)

TOP

Budget 2024: Insurance sector's wishlist for FM Nirmala Sitharaman - India Today – 17th July 2024

Finance Minister Nirmala Sitharaman took part in the 'Halwa' ceremony, marking the final stage of the Budget preparation process for Union Budget 2024-25 on Tuesday. The Monsoon Session of Parliament begins on July 22, with Budget 2024 to be presented on July 23. The insurance sector, like many others, has high hopes and specific expectations from Finance Minister Nirmala Sitharaman. Industry experts have voiced their opinions, highlighting key areas they believe should be addressed in this budget to ensure the sector's growth and enhance its contributions to the economy.

Tarun Chugh, MD & CEO of Bajaj Allianz Life Insurance, shared his insights on the economic landscape and the insurance sector's potential. He pointed out, "Over the past decade, India has achieved remarkable economic growth, with GDP consistently exceeding 6% and surpassing many global economies. As we approach this budget, we anticipate measures that will sustain and simultaneously accelerate this long-term growth, benefiting individuals and businesses alike, with a strong emphasis on job creation."

Chugh highlighted the importance of addressing inflation to secure a robust financial future for individuals. Lower inflation would increase disposable income, allowing citizens to save and invest more towards their long-term goals and financial security. A significant part of these investments could be in life insurance products. Despite the sector's potential, life insurance remains under-penetrated in India. Chugh suggests that lower GST on life insurance products could make them more attractive. He also recommends aligning life insurance annuities or pension products with the National Pension Scheme (NPS), allowing an additional deduction of Rs 50,000 or more under Income Tax for these products. This alignment would encourage more people to secure their post-retirement financial needs through life insurance annuities or pension products.

Furthermore, Chugh proposes the introduction of Long Term Capital Gain taxability for all high-value traditional life insurance plans (with an annual premium of more than Rs 5 lakhs). This move would bring uniformity and tax efficiency for insurance customers, making life insurance products competitive with other financial products in the market. Rakesh Goyal, Managing Director of Probusinsurance.com, echoed similar sentiments. He highlighted the industry's long-standing demands, stating, "The Union Finance Budget is around the corner, and like every time, the insurance industry has certain expectations from the government and the finance minister. These are not new topics or new prospects, but ones that are in long-standing demand from the industry."

Goyal emphasised the need for a reduction in the Goods and Services Tax (GST) on insurance premiums. Currently, GST on insurance premiums is 18%, which is seen as a deterrent for potential policy buyers. A reduction in GST would significantly benefit the industry by making insurance more affordable.

(The writer is Sonu Vivek.)

TOP

Weak PSU insurers may get budget lift - Live Mint – 17th July 2024

The Centre plans to strengthen weak public sector general insurers with capital support to help them meet regulatory requirements, ahead of a potential public listing and privatization. An announcement in this respect is likely in next week's Union budget or in the latter part of the current fiscal year, two people aware of the matter said. The finance minister may allocate ₹4,000-5,000 crore for three public sector insurance companies, one of the two people cited above said, requesting anonymity. "The budget could also provide only a token capital for insurance companies, with more funds released after completing further assessments for fresh requirements," the person said. In the interim budget for FY25 presented in February, the Centre had considered providing capital support to general insurers; however, the decision was postponed as the Centre wanted to first study their financial health in the June quarter, the second person mentioned above said.

The capital infusion will help improve the financial health of three firms—National Insurance Co. Ltd, Oriental Insurance Co. Ltd and United India Insurance Co.—as well as their solvency ratio, a measure of the financial buffer to settle all claims in extreme situations. C.R. Vijayan, former secretary general, General Insurance Council said: "There is marked improvement in performance of the three weaker public sector general insurance companies since the last capital support was extended by the government in FY22. These companies have also completed implementation of recommendations given by EY to restructure their operations. Additional capital infusion at this juncture would help the insurers to further strengthen their financials and reach closer to Irdai-mandated solvency ratio of 1.5 (times)." The solvency ratio of all three public sector insurers is well below 1, lower than 1.5 times mandated by the insurance regulator to lower risks.

In terms of solvency margin, the required value is 150 percent. Solvency margin is the extra capital general insurance companies must hold over and above the claim amount they are likely to incur. It is a financial backup in extreme situations, enabling an insurer to settle all claims. Among state-owned insurers, only New India Assurance is in a financially strong position. Its solvency ratio in FY24 was a healthy 1.81, as it remained the leader in India's general insurance industry. The company's profit after tax rose 7 percent to ₹1,129 crore in FY24. The other three public sector general insurers fared worse. National Insurance Co. reported a net profit of ₹31 crore in the March quarter, but an FY24 loss of ₹187 crore. The company had reported ₹3865.40 crore loss in FY23. Its solvency ratio at the end of FY24 stood at -0.45.

Oriental Insurance Co's net profit stood at ₹19 crore for FY24, up from a whopping loss of ₹4,968 crore in FY23. Its solvency ratio stood at -1.06 at the end of FY24. United India Insurance Co. reported a loss of ₹804 crore in FY24, down from ₹2,829 crore losses in FY23. The company's solvency ratio stood at -0.59 in FY24. The four public sector firms had earlier appointed EY to suggest ways to restructure their operations for profitable growth and employee development through performance and capability management. While the FY24 annual budget and the interim budget for FY25 did not provide recapitalization funds for the loss-making general insurers, the Centre is considering it this time to ensure the improved financial health of insurers in the next fiscal, the person cited above said. "If the companies turn profitable during FY25, the course of action could be listing and privatizing at least one of these general insurance companies, which could happen next fiscal," the person added. Interestingly, the government had provided ₹12,450 crore to the three loss-making insurers in FY21 and ₹5,000 crore in FY22, but there were no provisions in FY23 and FY24. Queries emailed to a finance ministry spokesperson and the Department of Financial Services (DFS) secretary remained unanswered. Among the four general insurers, the government may consider a public listing of National Insurance and

Oriental Insurance after the capital infusion, while United India Insurance could be a candidate for privatization, the second person mentioned above said.

(The writers are Subhash Narayan and Rhik Kundu.)

TOP

IRDAI's 'Insurance For All By 2047': Experts bat for more focus on awareness, industry-regulator collaboration – Moneycontrol – 16th July 2024

The insurance sector has seen a major boost over the past few years with both the regulator and the industry coming together to increase insurance coverage. The journey to realise IRDAI's Vision 2047 is still fraught with challenges and experts advocate for a rigorous collaborative strategy between the industry and the regulator to increase insurance coverage.

India's insurance sector has immense potential for investors as it's one of the booming markets globally. The low penetration and insurance coverage promise a wider scope of growth and expansion. The Insurance Regulatory and Development Authority of India (IRDAI) has set an ambitious goal of 'Insurance for All by 2047' to coincide with the celebration of the 100 years of Independence in the country. This long-term vision of IRDAI to take insurance to the hinterlands of India needs a rigorous approach to educate people about the importance of insurance- both life and non-life plans.

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Insurance penetration in India stands at 4% compared to the global average of 7%. In the last few years, the insurance regulator has taken several measures to increase insurance coverage in both life and non-life policy segments. India being the 9th largest life insurance and 14th largest general insurance market globally, the sector promises vast growth opportunities for new insurers. An aggressive plan with regulator and industry collaboration can accelerate the growth for the industry, according to experts.

Sharing their views on the road ahead for IRDAI's historic target, industry experts shared their views on the ways to expand the horizon of insurance on 'The Insurance Show', a new programme launched by CNBC-TV18 in collaboration with PolicyBazaar dedicated to address all queries of viewers on insurance. Nilesh Sathe, a former member at IRDAI, said that the target set by the insurance regulator is pretty much achievable. Sathe added that with the growing Indian economy, the demand for insurance will only see a surge.

"When per capita income will increase, obviously everybody will think of insurance first. Second is the PMJJBY type of insurance scheme where at a very nominal premium of ₹436 you get a cover of up to ₹2 lakh. Now, everyone has a bank account and going forward everybody will have a bank account. So, Insurance for all is not something which is impossible. It is definitely possible and everybody in the sector has to join hands, to see that it's achieved," he said.

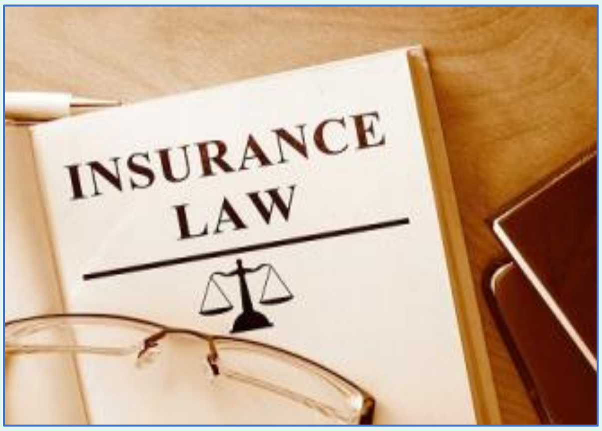
Sathe mentioned that insurance companies need to go more digital and focus on customer experience, ensuring seamless settlement to bring a larger group under their umbrella. Sarbvir Singh, Joint Group CEO of Policybazaar parent PB Fintech, emphasised that more efforts have to be put into creating a larger awareness about the need to have insurance as many people still see it as a waste of money and that it may not be used. “I think the first thing is that for the people who are financially literate and financially capable, we need to get them across the line first. The second thing is the next set of people, where perhaps the financial literacy or income may be lower. There, I think the good news is that they are at least on digital platforms. So, they are there, they are looking over there for information on various things,” he said.

Vibha Padalkar, MD CEO, HDFC Life, highlighted that following the COVID-19 pandemic a larger awareness of why insurance is needed is already there. Padalkar said that the need now is to simplify the process. “I would tell people, let us not over-intellectualize, get something more than nothing, get something more than 10 times covers that today only a savings policy will give you, let's move beyond that but I think we some distance away from getting stuck in just the complexity of it,” she said.

While term and life insurance have still seen a larger penetration in the Indian market, health insurers are still struggling to tap into the newer segments. This could be due to the reason that insurance products are still seen as ‘expense items’, according to experts. “There is a larger myth across the insurance products. Most of the insurance products are seen as an expense item. These are not seen as a risk mitigation tool. So, most of us think that either I don't need it or I'll buy it when I need it. Right now, both approaches are extremely faulty,” said Anuj Tyagi, Managing Director at HDFC Ergo. He emphasised, given the uncertainty in today’s time, the earlier people sign up for the insurance policy the better it is at giving you the window to mitigate the waiting period on certain diseases.

TOP

How the Insurance Act, 1938 is evolving? 10 major proposed changes explained - The Economic Times – 16th July 2024



In a major step toward achieving 'Insurance for All by 2047,' the government plans to introduce a transformative bill in the upcoming Budget session to amend the Insurance Act, 1938. This amendment aims to modernize the regulatory framework, expand insurance coverage, enhance competition, and drive economic growth. The Insurance Act, 1938, has long been central to India’s insurance regulation, but modernization is needed to align with evolving market dynamics. In December 2022, the Finance Ministry sought public feedback on proposed changes to the Insurance Act and the Insurance Regulatory Development Act, 1999.

Experts highlight that while proposals like captive insurers and sub-class registration are promising, others, such as single insurance registration and insurers distributing financial products, need further clarification. The draft bill, pending Cabinet approval, represents the beginning of a broader regulatory overhaul, shifting towards a 'principle-based' regulatory regime.

What are the key changes in the proposed Bill?
1. Increased Delegation of Powers to IRDAI
The Amendment Act enhances the IRDAI's authority by defining 'class of insurance business' and 'sub-class,' allowing the IRDAI to categorize various insurance segments like motor and credit insurance. The IRDAI is granted broad powers to regulate registration, minimum capital, and solvency margins for these sub-classes.

2. Introduction of Composite Licenses:
Under the Insurance Act, 1938, life insurers are restricted to offering life insurance products, while general insurers can provide non-life products such as health, motor, fire, and marine insurance. The IRDAI does not allow composite licensing for insurance companies, which means that an insurance company cannot offer both life and non-life products as one entity.

The new bill proposes the introduction of composite licenses, allowing insurers to offer both life and non-life products. This would enable life insurers to underwrite health and general insurance policies, breaking down the existing compartmentalization of insurance services.

3. Differential Capital Requirements:
Existing regulations impose uniform capital requirements on all insurance companies, regardless of their size or scope. The bill suggests differential capital norms, which would allow different levels of capital investment based on the scale and focus of insurance companies.

4. Reduction in Solvency Norms:
Insurance companies are required to maintain a certain solvency margin to ensure they can meet their future obligations. The amendment seeks to reduce these solvency norms, potentially lowering the financial barriers for new entrants and encouraging a more competitive market.

5. Issuance of Captive Licenses:
The bill may include provisions for issuing captive licenses, allowing organizations to set up their own insurance operations to cover their specific needs. This could enhance self-insurance capabilities and risk Management for large corporations.

6. Changes in Investment Regulations:
The Amendment Act proposes that the IRDAI will set all investment requirements and restrictions for insurers through regulations, rather than having these prescribed in the Insurance Act and its current regulations. This shift aims to streamline and adapt investment norms more flexibly.

The Amendment Act also raises the threshold for IRDAI approval of share transfers from 1% to 5% of an insurance company's paid-up equity capital. This increase simplifies the process for smaller investments and facilitates easier market participation.

7. One-Time Registration for Intermediaries:
The bill proposes a one-time registration process for insurance intermediaries, streamlining their entry into the market and reducing bureaucratic hurdles. The Amendment Act allows for the perpetual validity of insurance intermediary registrations—such as corporate agents and brokers—upon payment of an annual fee set by the IRDAI. Previously, these registrations were valid for only three years and required renewal every three years.

8. Net Owned Funds
The Amendment Act proposes to lower the net owned funds requirement for foreign re-insurers from INR 5,000 crores to INR 500 crores. This significant reduction aims to enhance the attractiveness of the Indian market for foreign reinsurers, particularly smaller and new- age players, addressing a long-standing request from global reinsurance firms

9. Expansion into Financial Products:
Insurers may be allowed to distribute other financial products, broadening their service offerings and integrating more financial solutions under one roof.

10. Electronic Submission
The Amendment Act aims to improve business efficiency by allowing the electronic submission of returns required under the Insurance Act. The IRDAI will set the submission frequency through separate regulations, enhancing ease of compliance.

How will the Insurance Amendment Bill impact the industry?

The amendments aim to improve returns for policyholders and enhance their overall experience by facilitating access to a wider range of insurance products and services. By allowing composite licensing and reducing capital and solvency requirements, the bill is expected to encourage the entry of more players into the insurance sector.

The entry of new insurance companies and the expansion of existing ones are likely to spur economic growth and create job opportunities across the country. The proposed changes are designed to enhance both operational and financial efficiencies within the insurance industry, making it easier for insurers to do business and better manage their resources.

(The writer is Sheersh Kapoor.)

TOP

Govt may Introduce Insurance Laws Amendment Bill in Budget Session - The Pioneer | The Economic Times – 14Th July 2024

The government is likely to introduce a bill seeking amendments to the Insurance Act, 1938, during the upcoming Budget session to achieve 'Insurance for All by 2047'. Some of the provisions, which could be part of the amendment bill, include composite license, differential capital, reduction in solvency norms, issuing captive license, change in investment regulations, one-time registration for intermediaries and allowing insurers to distribute other financial products, sources said.

The move will enable the entry of differentiated insurance companies like in the banking sector. The banking sector is currently categorised as universal bank, small finance bank, and payments bank. The provision of composite licenses would allow life insurers to underwrite health insurance or general insurance policies.

As per the provisions of the Insurance Act, 1938, life insurers can only offer life insurance covers, while general insurers can offer non-insurance products like health, motor, fire, marine, etc. The Irdai does not allow composite licensing for insurance companies, which means that an insurance company cannot offer both life and non-life products as one entity.

The draft bill is ready and it has to go to the Cabinet for its approval, sources said, adding that the finance ministry is hoping that it gets introduced in the upcoming session.

The proposed amendments primarily focus on enhancing the policyholders' interests, improving returns to the policyholders, facilitating the entry of more players leading to economic growth and employment generation, enhancing efficiencies of the insurance industry - operational as well as financial and enabling ease of doing business, sources said.

The finance ministry in December 2022 invited comments on the proposed amendments to the Insurance Act, 1938, and the Insurance Regulatory Development Act, 1999.

The Insurance Act, 1938, serves as the principal Act to provide the legislative framework for insurance in India.

It provides the framework for the functioning of insurance businesses and regulates the relationship between an insurer, its policyholders, shareholders and the regulator Insurance Regulatory and Development Authority of India.

According to the sources, the easing of capital norms can allow the entry of companies focused on micro-insurance, agriculture insurance, or insurance firms with a regional approach. The entry of more players in the sector would not only push penetration but result in greater job creation across India.

Currently, there are 25 life insurance companies and 32 non-life or general insurance firms in India. These also include companies like the Agriculture Insurance Company of India Ltd and ECGC Limited.

TOP

Variable annuity, loan make insurance more attractive - Financial Express - 13th July 2024

A slew of norms recently announced by the Insurance Regulatory and Development Authority of India will make insurance products more beneficial for policyholders. From now on, all savings products of life insurers must contain provisions for granting policy loans. Two, variable annuities can now be launched by the insurers. At present, policy loans are mostly granted under some insurance plans which accrue surrender values after two or three years from the date of commencement of policies. However, loan facilities are not available under many savings plans.

Policy loans
Policy loans are available at rates of interest lower than the ones charged by financial institutions. Second, the borrower is not required to pay any fixed proportion of principal or interest at regular intervals. One may pay just interest or a part of the principal whenever they are in a position to repay something. The policyholder may also repay loans along with the regular premiums. For a young policyholder, the savings in bank accounts may be inadequate or investments may be locked up in long-term securities, resulting in a cash crunch in the midst of an emergency.

For instance, a lot of medical expenses do not fall under the purview of ahealth insurance policy. In such a situation, a policy loan can be a valuable financial support to the insured. A policy loan is usually made available in one or two days and paperwork is also limited. Through the apps of the insurer, a policyholder can readily know how much policy loan he is entitled to, at any given point in time.

Variable annuity
The Irdai circular mentions that insurers have to invest 60-80% of the premium in fixed-income securities and the balance in equities or some benchmark indices. So, essentially, this is a market-linked annuity plan with the guarantee of a minimum pension under all circumstances but also with the possibility of earning high returns. Many customers who are in a position to take some marker-related risk will opt for such plans. As the stock markets touch new highs, there is a chance of earning a higher return under variable annuity and consequently, higher annuities than under fixed annuity plans.

The regulator has taken certain precautions while allowing the insurers to launch variable annuity products. Such products cannot be touted as investment products. As these are insurance products with assured benefits on death even during deferment periods, these have to be promoted as insurance products. Moreover, adequate, accurate, explicit and updated information has to be given for annuity payout options.

(The writer is Nirjhar Majumdar.)

TOP

How the Phygital insurance model has taken the Indian insurance industry by storm - The Economic Times – 13th July 2024

The Indian insurance industry has seen a major boost in the last few years and today. While insurance penetration still lags behind global standards, the recent reforms surely promise a better future. The insurance industry is innovating and evolving like never before, and leveraging both online and offline mediums, the combination of both known as the Phygital model.

To bridge the protection gap, the insurance sector is evolving at a rapid pace and the innovative Phygital model is at the forefront. By seamlessly integrating physical and digital channels, it is taking insurance to the last mile. From marketing and selling of insurance products to creating awareness about the importance of insurance and post-sale service of policyholders, this hybrid approach has taken the Indian insurance industry by storm, especially in Tier II and III cities — and even small villages — where traditional methods have not fared as well.

The Challenge

The government and the insurance industry have collectively made many efforts to improve insurance penetration in the country. The insurance companies, along with IRDAI's push, have come up with affordable and customizable plans that suit every Indian. The government has also launched many insurance schemes that cover millions. Yet, despite these efforts, insurance in India faces major barriers and the overall penetration remains dismally low.

There are several reasons for this — lack of awareness about insurance, mistrust, low understanding of online channels, high cost and complexity of reaching remote areas. It is fair to say that traditional models have failed to sufficiently achieve extensive rural outreach. With their over-reliance on physical mediums, they are economically unviable. On the other hand, the purely digital model also needs a human touch, especially in small cities, towns and villages. In fact, almost 80 per cent of Indians consider buying insurance only on the recommendation of close friends or a known agent. As per a leading industry report, "How India Buys Insurance?", they prefer to do their research online but buy the policies offline. The major reason for this is their familiarity with the agent.

The Solution - Phygital Model

As the name suggests, this model combines the physical and the digital approaches to address these challenges. The idea is to leverage technology to take insurance to every doorstep while building trust through maintaining the human touch. The foundation of the "phygital" model lies in the empowerment of Point of Sales Persons (PoSPs). The PoSP model was introduced by IRDAI in 2015. Since then, it has seen tremendous growth and today there are over 20 lakh agents across the country taking insurance to the last man standing in the queue. The best part is that these agent partners are no strangers to the locale but are actually drawn from local communities. Being one of them, they hold people's trust, which is the backbone of this approach. Before they go into the field though, these partners undergo extensive training in product knowledge and digital tools. This makes them capable of providing personalised guidance and support.

That's for the physical, and now comes the digital part. These agent partners are equipped with mobile applications with access to online insurance portals. Through these digital tools, they effectively manage queries from customers and even process their applications. After the application is filed, they can update the customers in real-time about the status of their Policy. At the time of making the claims, the policyholders can approach these partners, given the familiarity factor. They then guide them to correctly file the claim reducing chances of rejection, and hence further building trust. Not just this, features like on-demand payout allow agent partners to redeem their commission at any point of time which works like an incentive for them. Industry initiatives like skilling and upskilling also contributes to making customer experience smoother.

The customer experience is also enhanced through this combination of personal interaction and technological support. This is crucial in small cities and villages where there is scepticism prevailing about insurance products. To counter this skepticism, this model allows for tailored insurance solutions that not only resonate with local communities' unique requirements but are also recommended by someone who understands those needs and is a trusted insider. It is a fair assessment that insurance access has historically been skewed towards metro cities. To bridge this gap, the phygital model effectively takes insurance to a significant portion of the underserved population residing in tier-II and tier-III cities, and even smaller towns and villages. This large segment of the population cannot be neglected as India's insurance market grows and meets the projections of becoming the sixth-largest globally by 2032.

(The writer is Dhruv Sarin.)

TOP

Insurance industry reports premium growth in Q1 FY25 ahead of Budget - Business Standard – 13th July 2024

The insurance industry reported healthy growth in premiums in the first quarter of FY25 (Q1 FY25). The life insurance sector's premium growth was at 14.62 per cent, driven by Life Insurance Corporation (LIC) reporting a robust rise in business. The non-life insurance sector to reported a healthy set of numbers, helped by the motor and health segments. The industry's premium growth stood at 13 per cent, driven majorly by standalone health insurance companies. More tax benefits for health insurance under the new tax regime, relaxation in payment norms for MSMEs and incentives for the agritech sector are among the expectations of stakeholders from the first budget of the third Narendra Modi government.

Life Insurance Sector

Quarterly performance of insurance sector (in Rs crore)

	Q1 FY25	% growth
Private sector insurers	32,285.8	22.91
Life Insurance Corporation (LIC)	57,440.9	28.11
Industry total	89,726.7	14.62

Source: IRDAI

Non-life Insurance sector

Quarterly performance of insurance sector (in Rs crore)

	Q1 FY25	%growth
General insurers	63,948.72	12.42
Standalone health insurers	8,318.69	24.95
Specalised Insurers	490.35	-25.43
Industry total	77,757.76	13.33

Source: IRDAI

TOP

LIFE INSURANCE

Digital transformation: The cornerstone of today's insurance experience - The Economic Times – 17th July 2024

More and more Indians are managing their money matters online these days. Going digital has changed a lot of things in the financial world, from UPI payments for as small an item as matchboxes to mobile banking for virtually every transaction to stock trading and more. Even life insurance, which used to be slow and old-fashioned, has got a makeover in the digital age. This makes it easier and more attractive for young customers.

Digitalisation has transformed every stage of the insurance process, from customer acquisition to conversion to servicing. Customers can now get instant policy issuance, automated underwriting and rapid claims processing.

Meanwhile, digital upgradation of internal operations, such as finance and HR, has improved workflow efficiencies and reduced costs. Another key aspect of the digital transformation is the use of data analytics – in partnership with insure-techs – in every area of the insurance landscape, from underwriting to fraud detection. This has helped insurers to offer better products while doing away with the pain of lengthy processes and documentation.

Hyper-Personalisation of Insurance

Consider the impact on customers. Today, improved access to digital data is enabling life insurance companies to identify prospects and customise products. They are using data analytics to draw insights on a customer's financial needs in order to sell the appropriate policy to them. Based on parameters such as urban-rural, gender, income levels, education and profession, insurers are segmenting the customer universe for hyper-personalised marketing. For instance, a doctor living in a metro, who runs their own practice and earns Rs 8 lakh a month, will get a very different insurance pitch in comparison to a retail business owner in a semi-urban area. The pitch is customised to be aligned to the customer's needs.

Think about how customers benefit. Gone are the days where customer needs analysis was highly technical, person-dependent and based on the meagre information contained in a few fields in the insurance form. Advanced analytics uses information available in the public domain based on the prospect's digital footprints, including on social media. This is done with the customer's consent of course. The resulting insights enable insurance companies to segment the customer base for a hyper-personalised pitch, leading to early closure.

Quick Onboarding

Life insurers today want to simplify and ease customers' lives. Insurance processes used to be long. But now, insurers can use the central KYC (CKYC) registry and other digital sources to enroll customers quickly, smoothly and painlessly. With digital processes, agents can finish all the required paperwork while talking to the customer, if the customer meets the insurer's underwriting rules and has electronic documents. For some policies, agents can issue the policy right away, sometimes before the call is over.

Non-Invasive Customer Servicing

Going by the true spirit of the Digital Personal Data Protection Act, 2023, customer consent is a pre-requisite in every communication. With their digital edge, life insurance companies no longer need to disturb customers with unwanted calls or messages. Instead, they empower customers to choose when and how to interact through various channels such as phone, chat, company website, mobile app or WhatsApp. Based on anecdotal evidence, it seems that today around 40% to 70% of customer queries are resolved online these days.

Insure-techs As Partners

Meanwhile, with the rise of insurtech companies, life insurers are getting adept at using technology to resolve problems. For instance, given the rising incidence of fraud, discerning a customer's intent is a sizeable challenge for insurers. New-age insurtechs work with insurers to address these challenges through tech solutions unheard of in the past. These solutions are really innovative and yet, simple. There are enough and more successful test cases to entice insurers to tread this path.

The Future is Tech

Life insurers, especially those born in the digital era, know that technology is not a luxury but a necessity. However, technology alone cannot win customers' hearts and wallets. They also need to understand their needs and preferences and offer them the right products and services. That's where new technologies like Generative AI come in handy. They can help insurers create tailored and personalised solutions for each customer and make them feel valued and protected. This way, life insurers can fulfill the noble mission of 'Insurance for All by 2047' and make India a more secure and prosperous nation.

(The writer is Kedar Patki.)

TOP

IRDAI may consider implementing risk-based supervision model: Keki Mistry - Business Standard – 15th July 2024

The country's insurance regulator may consider implementing a risk-based supervision model, similar to that in the banking sector, which will establish principles for managing operational, market, and governance risks in the insurance industry, said Keki Mistry, chairman of HDFC Life. Mistry, during the company's 24th annual general meeting, underscored the positive strides made by the Insurance

Regulatory and Development Authority of India (Irdai) in recent years, such as enhancing commercial and operational flexibility through management expense regulations, raising sub-debt limits, and introducing the Bima Trinity – Bima Vistaar, Bima Vahak, and Bima Sugam. Additionally, he highlighted other initiatives by the insurance regulator, including the establishment of state-level insurance committees, increased payouts for early policy surrenders, and relaxed regulations governing the opening of new branches by insurance companies.

"These regulations would increase ease of doing business, encourage development of longer-term products, and improve persistence, thereby creating value for customers," Mistry said, adding that given the low insurance penetration in the country, expansion into Tier 2 and Tier 3 cities by the insurance companies will drive growth. According to the Irdai annual report, life insurance penetration in the country stands at 3 per cent in FY23, while non-life insurance penetration stands at 1 per cent. And, India's overall insurance penetration reduced to 4 per cent in FY23 from 4.2 in FY22. Mistry also highlighted the Reserve Bank of India (RBI) and the Central government "did a truly outstanding job in managing the economy during the last four years". "This has contributed significantly to making India the fastest growing major economy in the world," he said.

TOP

The Essential Guide to Term Insurance: Protecting what matters most - Financial Express – 14th July 2024

I recall this particular instance from a few years ago, a close friend of mine faced a sudden health crisis. It was a wake-up call for all of us, reminding the uncertain nature of life. Having spent close to two decades in the insurance industry, I can say that while we can't predict the future, we can certainly take steps to prepare for it. One of the most effective ways I have found to safeguard your family's financial well-being is through term insurance. It's a straightforward, purest form of life insurance that focuses solely on providing protection.

Let me venture further into how term life insurance acts as a safety net for loved ones in the event of unforeseen circumstances arising from a tragic demise. It ensures that even in your absence, your family can maintain their lifestyle, pay off debts and cover essential expenses without any financial trouble. It also covers the costs of indispensable responsibilities like home management and childcare — ensuring financial stability for the family without any added strain.

Key Reasons You Need Term Insurance Today

Despite understanding the importance of term insurance, we may sometimes put off purchasing this crucial financial cover. Let me give you a few key reasons to focus on this important financial decision at the earliest.

*** Protection against Loss of Income**

Term insurance is crucial because it protects family members against loss of income if the policyholder passes away. For instance, consider a family of four where one parent is the sole earner, working to pay off the family home loan while supporting two children in school. In the case of this parent's demise, term insurance can provide the funds needed to keep the children in school, pay off the loan and cover the living expenses.

*** Affordability**

Term insurance premiums are more affordable for younger applicants because of the low mortality risk. So, for affordable premium with substantial coverage, it is important to prioritise purchasing term insurance when you are in your 20s or 30s.

*** Debt Coverage**
Term insurance also provides a safety net to cover any outstanding loans that the policyholder may have taken.

What is Right Life Cover While Buying Term Insurance?
The most significant part of buying a term insurance is choosing the adequate life cover. The right life cover when buying term insurance is typically determined by considering several key factors: your financial obligations, dependents' needs, lifestyle, and future goals. The thumb rule for the right cover is to have a life cover that is 10 times your annual income. This ensures that in the event of your untimely demise, your family can maintain their current standard of living, cover outstanding debts such as mortgages or loans, and fund future expenses like education and healthcare. Additionally, accounting for inflation and any specific financial goals you have can help in selecting an appropriate and sufficient coverage amount.

The Bottom Line: Term Plan to Secure the Financial Future of Your Family
To understand how crucial financial security is for your family, try this exercise: think of five people who would provide financial support if something unfortunate happened to you. Whenever I've asked friends to do this, they can usually name only one or two people, or sometimes none at all. While we may have plenty of emotional and mental support, this highlights the critical need to carefully plan for your family's financial well-being as well. Ensuring financial security requires thoughtful preparation and proactive measures to protect your family's future.

Term insurance is a financial product that is a crucial addition to your financial portfolio. If you do not have a term plan yet, it may be a smart idea to double down on this goal and prioritise setting up a safety net for your loved ones. After all, the best time to have purchased your term plan was yesterday; the next best time is now.

(The writer is Sameer Joshi.)

TOP

GENERAL INSURANCE

'Create separate fund for accident victims of non-insured vehicles' - The Week – 15th July 2024

Supreme Court-appointed amicus curiae for motor accident compensation claims Justice J R Midha on Monday pitched for a separate fund to compensate accident victims involving non-insured vehicles. According to the International Road Federation (IRF), more than 50 per cent of vehicles in India are not insured.

Midha also expressed concern at pathetic road conditions in the country as well as poor care of drivers who are made to drive for hours without rest or proper sleep at night. "A separate fund can be created by the government to compensate the non-insured motor vehicle owners or accident victims.

"...a small cess can be added in fuel price or at time of registration of vehicles for such victims," he said while speaking at an event organised by the International Road Federation (IRF). As judge of Delhi High Court, Justice Midha framed a special scheme for time-bound settlement of motor accident claims within 90 to 120 days which was implemented in Delhi from April 2010.

Expressing concern at the recent spate of drunk driving accidents in various parts of the country Midha said, "The restaurants should serve liquor to those only who have a vehicle driver or agree to hire a driver provided by the restaurant to drop him home." According to him, some restaurants in Mumbai started this concept for some time and this should be part of the bar licence of a restaurant service liquor.

Also, speaking at the event, IRF President (Emeritus) K K Kapila said road accidents and resulting fatalities in India are an exceedingly serious problem. There is an urgent need to work in a coordinated manner to improve the scenario of road safety by bringing all stakeholders from all levels of governance, he added.

TOP

The rapid rise of cyber insurance in India's expanding digital landscape - Tech Circle – 15th July 2024

The threat of cyber-attacks is nothing new, but ransomware is proving far more effective at generating revenue than ever before. This has pushed businesses to seek insurance for some protection from the large ransoms. As demand for cyber insurance has surged to unprecedented levels, the market has become highly volatile. Premiums are increasing, there are some stringent rules about what is and isn't covered, and minimum standards have been introduced for businesses that want to be insured.

While this might initially seem like bad news for businesses, many should ultimately see these as positive developments. The rise in standards and clearer guidelines can lead to better-prepared businesses and potentially fewer successful attacks. However, this growth has made countries, including India, attractive targets for cybercriminals and hackers, leading to a rise in cyber-attacks.

Consequently, businesses are increasingly turning to cyber insurance to mitigate the substantial financial impacts of these attacks, driving the rapid growth of the cyber insurance market in India. Sectors such as IT, pharma, and manufacturing that make a considerable contribution to the India's economic growth and development are heavily involved in digitisation, compelling them to be the early adopters of cyber insurance.

Insurance for the digital world

When it comes to cybersecurity, people tend to conjure up a dark enigmatic realm, but in actuality, the physical and digital worlds are quite similar. Years ago, assets that Indian businesses deemed critical and worthy of being insured would just be confined to tangible assets like goods in warehouses, furniture, vehicles etc. According to industry reports, three out of four organizations suffered at least one ransomware attack in the last year, with one out of those four being attacked more than four times in that period.

Unsurprisingly, 70% of the businesses have demonstrated their willingness to increase spending on securing their digital infrastructure over the next three years. Notably, mid-sized firms evinced a heightened willingness to augment their spending to fortify their digital infrastructure. Conversely, some leading companies in the consumer sector, which manage large consumer databases, took a circumspect approach towards increasing their digital infrastructure budgets. However, they did express interest in enhancing their insurance coverage.

Don't feed the criminals

Cyber insurance has become a contentious topic recently, and this mostly comes down to the million-dollar question with ransomware: to pay or not to pay? While many refute the idea that insured companies are more likely to pay ransoms, a 2023 Deloitte report of victims found that 77% of ransoms were paid by insurance. However, many insurers are trying to put a stop to this. As per the Veeam Ransomware Trends 2024, 73% of their organizations experienced an increase in their premiums.

Paying ransoms isn't a good idea and isn't what insurance should be used for. It's not just a question of ethics and fueling more crime, but the fact that paying the ransom doesn't immediately solve the problem - and often creates new ones. Firstly, ransomware gangs will 'mark' companies who pay so they can return for seconds or share this information with other gangs.

It is so because paying ransom emboldens miscreant hackers. But even before you get to this point, recovering via ransom payment is rarely plain sailing. It takes a long time to recover with the decryption keys provided by the attackers - this is often intentional as some groups will charge per key to speed up the process. This is if decryption even works - one in five businesses pay ransoms and are left unable to recover their data.

Raising standards

So, paying ransoms via insurance money is, thankfully, slowly dying out. But that's not the only thing that's changed. Companies in need of cyber insurance are increasingly required to meet minimum security and ransomware resilience standards. This can include using encrypted and immutable backups and implementing best practice data protection principles like least privilege (only giving access to those who need it) or four-eyes (requiring significant changes or requests to be approved by two people). Some policies also require businesses to have robust plans to ensure system availability, including well-defined disaster recovery processes to prevent downtime from a ransomware attack. After all, the longer an environment is out of action, the higher the cost of downtime and, with it, the insurance claim cost.

Enterprises should have all of these things in place anyway. If there is only insurance alongside flimsy data protection and recovery processes, insurance payouts will just roll over the cracks. The introduction of minimum standards is good news for businesses. Not only will it push the cost of premiums down in the long run, but the security principles they dictate will be more valuable to businesses than the insurance was to begin with. Cyber insurance is not a silver bullet but can be a beneficial element of a wider cyber resilience strategy. Both are nice to have, but if you could only have one, resilience is the pick every time. Fortunately, insurers agree, as unprotected businesses are becoming too unprofitable to cover. Cyber insurance, particularly around ransomware, is moving towards a world where insured businesses have strong cyber resilience, and well-defined disaster recovery plans, and only use insurance to mitigate the impact of attacks and the cost of downtime while they recover via immutable backups. This is a world that is far more resilient to ransomware than the one where businesses throw insurance money at the problem.

(The writer is Sandeep Bhambure.)

TOP

The role of insurtech in scaling Bima Vistaar - The Economic Times – 14Th July 2024

The Indian insurance industry stands at a crossroad. While it has witnessed significant growth in recent years, a vast portion of the population remains unserved. The sector showcases a penetration rate of around 3.8 percent significantly lower than the global average of 6.5 percent, according to Swiss Re. This translates to a massive protection gap in India, particularly in rural and underserved areas. To bridge this gap and achieve financial inclusion, the Insurance Regulatory and Development Authority of India (IRDAI) has proposed a three-pronged strategy to achieve its goal of 'Insurance for all by 2047' with the launch of 'Bima Trinity'. The launch of Bima Trinity which consists of Bima Sugam, Bima Vistaar, and Bima Vahak, is an ambitious goal to increase the scale of the insurance industry in India. While Bima Sugam willconnect and empower various Insurance Stakeholders viz. insurers, intermediaries, policyholders etc., Bima Vahak will act as the on-ground workforce increasing insurance penetration by strengthening distribution.

At the core of Bima Trinity stands Bima Vistaar, a composite insurance policy encompassing life, health, personal accident, and property insurance. The product will offer a coverage of Rs. 2 lakh with a fixed premium amount of Rs. 1500 for an individual. This will be a turning point for the insurance sector to expand insurance coverage in India. Adopting the approach of insurtechs in India, Bima Sugam will play a crucial role in achieving the IRDAI'svision of "Insurance for All" by 2047. Functioning like an e-commerce platform, it will enable individuals to manage all their insurance needs—from buying policies to claims settlement and other associated services. The disintermediation brought by Bima Sugam will align perfectly with the core principles of Insurtech companies, which are revolutionizing the insurance industry by streamlining processes, personalizing offerings thereby enhancing customer experience. Insurtechs, with their focus on enhancing customer experiencehave the potential to ensure the seamless functioning of the Bima Sugam platform. By enabling easy-to-understand product information, real-time quotes and online policy management tools,they can act as catalysts to make informed decisions. This further eliminates mis-selling enhancing purchase and post-purchase experience for customersthrough seamless digital interactions.

Further, In India, insurtechs are actively innovating in areas like microinsurance, claims processing, need-based product design, and are accelerating efforts to curb mis-selling. This resonates with Bima Vistaar's objectives of:

●Transparency and Customer Convenience: Insurtech platforms provide easy-to-understand product information, real-time quotes, and online policy management tools. This empowers customers to make informed decisions and navigate the insurance journey with ease.

●Curbing mis-selling: By leveraging the robust technological capabilities of insurtechs, they can ensure prudent underwriting, information sharing, and prevention of mis-selling and fraud. They will be able to reduce misrepresentation of product features and ensure customers get the right coverage efficiently and effectively.

●Consistent pricing: A report by McKinsey estimates that insurtech can bring down insurance costs by up to 20% through streamlining operations and risk assessment. By eliminating intermediaries and automating processes, insurtechs can potentially achieve a more standardized pricing structure. This aligns with Bima Vistaar's goal of ensuring consistency in pricing, making insurance plans more predictable for consumers.

●Reaching the Uninsured: India's rapid digital transformation presents a golden opportunity for insurtech companies. By offering bite-sized, affordable insurance products and leveraging vernacular languages, insurtechs can bridge the protection gap by reaching those who haven't been able to access traditional insurance products.

While insurtech offers exciting prospects for scaling Bima Vistaar, a robust regulatory framework is crucial for its sustainable growth. Here are some key considerations:

●Data Privacy and Security: Customer information forms the backbone of insurtech companies. Ensuring robust data privacy practices and comprehensive cybersecurity measures is paramount to building trust with consumers. IRDAI has already issued guidelines on data security, but continuous vigilance is required to stay ahead of evolving cyber threats.

●Regulatory Flexibility: The insurtech landscape is constantly evolving, with new business models and technologies emerging rapidly. Regulatory frameworks need to be adaptable to foster innovation while ensuring consumer protection. The IRDAI's sandbox environment for insurtech startups is a positive step in this direction.

Insurtech presents a significant opportunity to propel Bima Vistaar forward. By harnessing technology to ensure transparency, streamline processes, and widen reach, insurtech can play a key role in making insurance more accessible and affordable for the Indian population. As the insurtech sector flourishes, a collaborative approach between various insurance stakeholders will be crucial to ensure the sustainable growth of the insurance sector in India with consumer interest at the core.

(The writer is Animesh Das.)

TOP

HEALTH INSURANCE

How IRDAI's new health insurance measures will help policyholders – Moneycontrol – 19th July 2024

Since the onset of the Covid-19 pandemic, the number of people opting for health insurance has surged due to heightened awareness of health risks and the urgent need for protection against emergencies. Despite this, health insurance penetration in India remains low, highlighting the need for simplicity, inclusivity, and accessibility. While the process of purchasing health insurance and navigating claims can be complex, the industry has continuously endeavored to simplify insurance for consumers.

Challenges such as understanding complex jargon, comparing plans, understanding exclusions and nuances of riders are being actively addressed. Efforts are being made to help individuals choose the right insurance, customise it as per their needs, deal with claim rejections due to pre-existing conditions, and comprehend the eligibility and claim processes more easily.

IRDAI measures to simplify, streamline health insurance
Recognising these challenges, the Insurance Regulatory and Development Authority of India (IRDAI) has issued new regulations that are designed to make health insurance more inclusive and user-friendly.

Accordingly, the IRDAI has mandated that insurance companies must provide a broader range of options for policyholders, including domiciliary hospitalisation, outpatient treatment, day care, home care, cashless treatment, reimbursement options, and hospital stay.

More choices for policyholders
It is important to note that it is not mandatory for every insurance product to include coverage for all types of treatment. Instead, insurance companies are encouraged to create diverse products, add-ons, or riders tailored to meet the needs of different groups, such as senior citizens, children, and disabled individuals. This way, policyholders can select the coverage that best suits their specific needs.

Coverage not contestable after 60 months
The IRDAI has introduced a rule that enhances the long-term security of policyholders. After continuously holding a policy for five years (60 months), insurers cannot reject claims or deny renewal because of unintentional non-disclosure of pre-existing conditions.

This provision offers peace of mind, ensuring that minor oversight during the application process does not jeopardise coverage after five years. This relaxation, however, underscores the importance of honesty during the application process.

Cashless authorisation in 1 hour
Imagine needing medical attention — the last thing you want to worry about is insurance delays. Now, IRDAI mandates insurance companies to respond to cashless authorisation requests within one hour and finalise discharge approvals within three hours. This translates to quicker access to treatment and less stress during a difficult time.

Free-look period
With the new regulations, policyholders have 30 days from the receipt of the policy document to review its terms and conditions. If they are not satisfied with any aspect of the policy, they can cancel it within this period. This option is available for policies with a term of one year or more.

Waiting period for pre-existing diseases
A major concern for many, including senior citizens, is the waiting period for pre-existing conditions. Following the IRDAI's recent decision, the waiting period for pre-existing conditions and specific diseases is now capped at a maximum of 36 months for all policyholders.

Premium instalments
The regulator has also extended the grace period for premium payments. If you pay monthly, you'll have an additional 15 days to settle your dues without your coverage lapsing. For quarterly, half-yearly, and annual payments, the grace period is a generous 30 days. It means you will be covered during the grace period, providing you with ample time to complete the payment.

Cancellation and portability
If a policyholder is dissatisfied with the services provided by their insurer, it is now easier to cancel the policy. The policyholder needs to give a written notice of only seven days to cancel, and the insurer is obligated to refund the proportionate premium for the unexpired policy period. This applies to policies with a minimum duration of one year, provided no claims have been made during the policy period.

Additionally, the policies for porting from one insurer to another have been simplified. The regulator now mandates a response time of five days on receiving a porting request. The acquiring insurer must communicate the proposal immediately, but no later than five days after receiving the information. Policyholders also have the right to transfer the sum insured, no-claim bonus, specific waiting periods for pre-existing diseases, and the moratorium period. IRDAI's recent moves empower policyholders to prioritise their health without navigating unnecessary complexities, and offers peace of mind and financial security to policyholders.

(The writer is Tapan Singhel.)

TOP

Health cover to include consumables, pvt nurses - The Times of India – 19th July 2024

City-based health PSU insurance companies are set to introduce policies to include charges for consumables and private attendants required during a policy holder's hospital stay. But this will come at a 5 percent to 9 percent higher premium, according to one insurer. The step follows a directive from Insurance Regulatory and Development Authority of India (IRDAI), earlier this year, to ensure minimum deductions in health insurance claim payouts. The order has to be complied with by Sept 30, according to the regulatory body's notification.

Existing policy holders would be able to avail themselves of the benefits after renewing their policies. Until then, consumables and attendant charges would continue to be inadmissible for payout. National Insurance Company (NIC) said the new policies would be introduced from next week. Kasturi Sengupta, GM health, NIC, confirmed NIC would be first off the blocks in Kolkata. The other major city-based PSU insurers — New India Assurance, Oriental Insurance and United India Insurance — are likely to follow suit shortly. "We are working on products with minimum deductions, following the IRDAI directive," said a source in Oriental Insurance. An official of United India Insurance, too, said they "were working on" such products.

Sengupta said existing policy-holders would be able to migrate to the new policies at the time of renewal — by paying a 5% to 9% heftier premium, depending on the the policy amount. Existing policies would continue to exclude consumables and attendant charges, she added.

There are many things that can be considered medical consumables. Some of these are bandages, gloves, gauze, tape, dressings and sutures. Others include syringes, tubing and catheters. Typically, the cost of consumables during a hospital stay accounts for at least 10% of the total bill. Taken together with the cost of a private attendant, this often goes up to 15% — which the policy-holder needs to pay from his or her own pocket, as none of it is admissible.

PSU insurers have around 70% market share in the health insurance market in Bengal; their national share is 65%. An insurance expert pointed out that some private insurers had also introduced policies that covered consumables, but their penetration in Bengal was low. Jyotirmay Kundu, network manager of Heritage Health Insurance TPA, said: "Out-of-pocket expenses would be minimised for patients and their families. In prolonged hospitalisations, these charges are substantial." There are now 232 network hospitals in Bengal, with 197 in Kolkata, where cashless facilities are also available.

(The writer is Udit Prasanna Mukherjee.)

TOP

Health insurance should see tax reductions and special incentives for senior citizens – Express Healthcare – 17th July 2024

Jyotsna Govil, Chairperson Indian Cancer Society
"There is an urgent need to advance digital health infrastructure, particularly in Tier 2 and Tier 3 cities and rural areas, to enhance health coverage and support existing facilities. Reforms in cancer care are essential, prioritising funding for advanced treatments like personalised medicine and immunotherapy to make these therapies accessible to more patients. Health insurance should see tax reductions and special incentives for senior citizens to increase coverage and reach a wider audience across the country. The government should also aim to encourage HPV vaccination for girls across the country and bring down the costs of vaccinations to prevent cervical cancer. The vaccination should be made available at nominal charges for girls in rural areas. Attracting private players and commercial capital to the sector is crucial to bridge existing gaps, especially in areas where low-profit margins deter private service providers."

Sachidanand Upadhyay, Managing Director of Lord's Mark Industries
"The healthcare and pharmaceutical industries are poised for robust growth due to heightened awareness of preventive wellness, continuing infrastructure development and policy support, rising healthcare demand and technology interventions. Therefore, the budget should create an enabling framework with favourable policy support to boost innovation, market accessibility and affordability. India becoming self-reliant in healthcare delivery and India emerging as a global pharma powerhouse will further accelerate our economic growth and help us climb the global value chain. We expect the government to increase the health budget to boost infrastructure development to include more and more people under healthcare coverage. The budget also needs to propose measures to boost public-private partnerships to ensure better healthcare outcomes in the country. In addition, the government needs to announce measures to incentivise R&D to facilitate an effective value chain integration. The pharma sector also seeks favourable support in terms of a board-based production linked incentive (PLI) scheme to build export competitiveness.'

Sanjay Vyas, Executive VP and Managing Director, Parexel India
"We are witnessing a dynamic shift in the pharmaceutical landscape. The industry's push for R&D incentives is a welcome sign. With this focus in mind, expectations towards similar allocation of budget towards these areas is expected from the upcoming budget.

With the Indian Pharmaceutical sector trying to reach the USD 130 Billion target by 2030, there is a renewed spirit of research in the areas of cell and gene therapy, new molecular entities, biologics and biosimilars. A strong focus on innovation will not only propel India's generics market but also make it a hub for ground-breaking therapies. We're particularly interested in collaborations that leverage India's strengths in clinical research infrastructure and patient diversity. By fostering a collaborative environment between industry, research institutions, and the government, we can unlock India's potential to become a global leader in pharmaceutical innovation.

The budget can also focus on technological advancements such as Gen AI, where the government can boost investments in AI, identify new research areas for the pharma sectors and additionally promote academia-industry collaboration. The budget can also focus on implementing centralised data repositories for the country such as Electronic Health Records (EHR) and a centralised medical record database, to maintain transparency and avoid discrepancies."

Dr B S Ajaikumar, Executive Chairman, HealthCare Global Enterprises
"A higher percentage of GDP allocation to healthcare is a long pending demand, hope it will be met in good measure in this budget. Over the years, the government has taken many measures towards making healthcare affordable and accessible for the deprived sections of society. However, schemes like Ayushman Bharat are unflinchingly focused on subsidised treatment; the quality aspect is yet largely ignored. This 'cost of low cost' is unknowingly doing a great disservice to the larger cause of healthcare, which is about ensuring sustainable outcomes for all patients, irrespective of their financial capacities and wherewithal.

As a short-term measure, the insurance cover for healthcare needs to be significantly expanded; such that a growing number of cashless transactions will help patients spread across the nation get the best treatment the first time, which in complex diseases like cancer makes all the difference. But the real transformation will happen only when an effective universal healthcare model is rolled out like many other nations have done with good results. The healthcare sector rightfully demands unlimited pay-outs and widespread use of the latest advancements – both clinical and technological – for ensuring lasting outcomes and quality of life for patients. We appeal to the finance minister to set up a multi-disciplinary committee of domain experts to study the root cause that has prevented us from taking the big leap forward, and collaboratively arrive at feasible solutions that are not fixated on the cost but take into account the quality factor as well."

TOP

Looking for comprehensive insurance that covers OPD charges? What NRIs should know - The Economic Times – 15th July 2024

Astha, a cybersecurity professional, received a lucrative opportunity in Singapore and decided to relocate there. As she prepared for migration, her health insurance policy in India was due for renewal. Assuming it wouldn't be necessary since she was moving abroad, she didn't renew it. However, a few months later, during a visit to her parents' home in India, Asha experienced diarrhea due to the change in location and diet. She had to visit the outpatient department (OPD) not once but thrice! Incurring a sizable cost each time on consultations, medications and injections made her realise the importance of having a health insurance back in India.

There is a common misconception among Non-Resident Indians (NRIs) that health insurance in India is unnecessary if they are living abroad. Many believe they only need coverage when planning to settle permanently in India, but this is not entirely accurate. Given their regular visits back home to see family, NRIs should ensure they are financially protected against medical emergencies. Purchasing comprehensive health insurance with adequate coverage is essential, as securing coverage later in life might be challenging.

Furthermore, healthcare costs in India are generally lower compared to countries like the US, UK, and Singapore. The outpatient department (OPD) is a significant component of hospital expenses during health issues, covering diagnosis, routine check-ups, follow-up visits, minor surgeries, and various therapies. OPD is a section of a hospital where patients receive medical consultations and treatments without being admitted to the hospital. The average cost of a doctor's visit in US ranges from \$80-\$170 (Rs 4,800- Rs 6,000), £100-£200 in UK (Rs 10,559-Rs 21,119) and it costs only Rs 3000-5000 in India.

On average, MRIs in the U.S. can cost \$400 to \$12,000 (Rs 24,391- Rs 73,174), £395 (Rs 41,691) in UK, whereas in India, it costs anywhere between Rs. 1500 to Rs. 25000. NRIs residing in high-income countries may even face premiums that are 50-60% higher than those in India. Therefore, it is advisable for NRIs to invest in comprehensive health insurance in India to safeguard their finances during emergencies as well as planned surgeries, consultations etc. As consumer demand for health insurance rises, the insurance industry is evolving and innovating its product offerings.

NRIs should explore health insurance plans that offer coverage for OPD expenses to ensure comprehensive financial protection. These plans provide OPD coverage ranging from Rs 5,000 to Rs 100,000. OPD coverage can be either included as a standard feature or offered as an optional add-on, giving consumers flexibility. In a standard health insurance policy, consultations for occasional medical advice—whether for minor issues like a cold or fever, or more serious conditions like a rash—are typically not covered. However, choosing an OPD cover addresses this gap by including coverage for such expenses.

This feature is especially beneficial in family health insurance plans that cover children, where doctor visits are frequent. When NRIs stay away from India for a long time, they are often prone to health issues like stomach related ailments, allergies and flu which require frequent OPD consultations. Hence, buying a health cover with OPD coverage becomes crucial to ensure timely and comprehensive healthcare support. They also provide coverage for unlimited cashless physical and virtual outpatient consultations with enlisted general practitioners, ensuring prompt patient treatment. Additionally, these plans offer a range of consultations with physical specialists, including Gynaecology, Orthopaedics, Paediatrics, Ophthalmology, Physiotherapy, and Nutritionists.

Moreover, an OPD cover reimburses expenses for diagnostic tests such as blood tests, stool tests, CT scans, X-rays, sonography, and MRI scans, irrespective of whether they lead to a diagnosis. As long as these tests are prescribed by your doctor for investigative purposes, your policy will cover these costs up to the specified limit. Our data indicates that the demand for OPD covers has risen fourfold in the last three years. This trend suggests a growing preference for extensive coverage that that goes beyond traditional inpatient services. Another significant expense that accrues but isn't typically covered under standard health insurance plans is the cost of prescribed medications from pharmacies. For this, a consumables cover can come to your rescue and cover these costs. NRIs should also consider opting for consumable cover in health insurance. It provides coverage against non-medical expenses during hospitalization that are otherwise excluded in a standard health insurance plan like needles, syringes, PPE kits etc. These costs can quickly accumulate, particularly during a prolonged hospital stay additionally, consumables cover also pays for administrative charges such as admission kits, birth and death certificates, documentation expenses, visitors pass charges, and more.

It is always suggested to weigh in options and consider factors such as procedures included, credibility of insurer, waiting period and co-payment clauses before buying comprehensive health insurance with add-ons like OPD and consumables. As healthcare costs and consumer demand continue to evolve, these policies provide vital support for maintaining health and peace of mind.

(The writer is Siddharth Singhal.)

TOP

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33 major health insurers now on national claims exchange - The Times of India – 15th July 2024

At least 33 major companies offering health insurance in India have joined the NHCX or National Health Claims Exchange — a centralised platform developed by govt for exchange of insurance claims related information. Till now, this exchange takes place via multiple platforms which leads to increased processing time. NHCX use, govt sources said, will not only expedite the insurance claims process but it will also make the whole process transparent as Insurance Regulatory Development Authority of India (IRDAI), the top insurance regulatory body of the country, will have access to the claims settlement status in real time.

“Citizens will also be able to see the status of their insurance claim through the mobile,” said a top official of the National Health Authority (NHA), which has developed the centralised platform. He said that some companies have already started processing claims via the NHCX on a trial basis and an official launch of the platform along with all features will be done soon. Recently, HDFC Ergo, a major player in the health insurance industry, reportedly processed its first claim through NHCX which has been developed by the NHA in collaboration with IRDAI.

Sources said the NHCX, in its current form, does not intend to regulate the business, but records generated from the digital platform can certainly be used in future to devise systems to be added to the platform to prevent malpractices such as refusal to accept a claim on unjust grounds. Currently, patients who visit a hospital for treatment provide their insurance policy details or a card issued by the Third-Party Administrator (TPA) or insurance company. The hospital then accesses the claim processing portals of respective payers and uploads the required documents for preauthorisation or claim approval process. On receipt of the pre-authorisation/claim form, the insurance company/Third Party Administrator (TPA) authenticates and digitises the form using their internal claims processing portal. The claims are then adjudicated by the relevant team.

"Often, patients keep waiting throughout the day for this process to be completed leading to delay in discharge from hospital and additional room rent charges. With NHCX, they can monitor the progress of claim settlement. It is a major relief," said a senior doctor.

(The writer is Durgesh Nandan Jha.)

TOP

Insurers expect more tax benefits for health insurance in Union budget - The Hindu – 12th July 2024

More tax benefits for health insurance under the new tax regime, relaxation in payment norms for MSMEs and incentives for the agri-tech sector are among the expectations of stakeholders from the first budget of the Modi 3.0 government.

Finance Minister Nirmala Sitharaman is scheduled to present the full Budget for fiscal 2024-25 on July 23, which will be the first major policy document of the new government.

Anup Rau, Managing Director and Chief Executive Officer of Future Generali India Insurance Company, said the deduction limit on health insurance premiums under Section 80D of the Income Tax Act has remained unchanged for the past nine years despite the fact that there has been a significant rise in healthcare costs across the country.

"It would be best if the limit for medical insurance is linked to inflation and gets revised automatically every year or once in a couple of years. Also, the benefits need to be extended to the New Tax regime since increasing health insurance penetration is critical. So, we hope the upcoming Budget to announce some hike in the deduction limit on health insurance premiums," Rau said.

Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance, said reforms like offering health insurance to employees at negotiated rates, reducing GST on health insurance premiums, and offering tax benefits like increased Section 80D exemption limits would make health insurance more affordable and accessible, especially for the 'missing middle' segment of our population. "Additionally, for senior citizens, removing the limit on deductions for health insurance premiums would significantly ease their financial burden," Singhel said.

The Finance Minister is likely to lay out the government's economic agenda in the budget. On expectations from the Sitharaman's budget, D S Negi, CEO of Rajiv Gandhi Cancer Institute & Research Centre (RGCIRC), said the focus on reforming cancer care in India is crucial and it is important to prioritise funding for advanced treatments like immunotherapy and personalised medicine, ensuring more patients can access these cutting-edge therapies. "Extending Ayushman Bharat to those aged above 70 years will be highly beneficial for senior citizens. However, the current coverage limit of ₹5 lakh may not be sufficient for critical illnesses such as cancer, where treatment costs can range from ₹15-20 lakh.

"Therefore, it is essential to consider increasing the coverage limit for critical illnesses like cancer to ensure adequate financial support for cancer patients," Negi added. The budget is likely to include steps to fast-rack reforms to make India a USD 5-trillion economy in the near future and turn the country into a 'Viksit Bharat' by 2047. Ahead of the budget, Chairman of the Medical Technology Association of India (MTaI) Pavan Choudary said that customs duties and taxes levied on medical devices in India are one of the highest in the world which directly impacts patient affordability. "On the other hand, countries like Singapore, Hong Kong, Italy, and Norway impose no such duties. Australia and Japan levy only a minimal 0.5 percent duty, while in the United States, it stands at 2 percent, and in China at 3 percent. "This stark contrast creates risk for illegal imports of medical devices in India that are not backed by legal and service guarantees. Furthermore, such trade would undercut the Indian government's tariff revenue," he said.

Vivek Jalan, Partner at Tax Connect Advisory Services LLP, said as per recommendations of Micro, Small & Medium Enterprises (MSMEs), Section 43B (h) in the Income Tax Act was introduced from AY 24-25. However, the alignment of the disallowance for payables under sections 43B (h) of the Act has been made with the MSME Act, which requires that payment has to be made to an SME within a maximum of 45 days. "This is difficult in the present-day trade where a 60-90 days credit period is the norm.

"In this budget, it is expected that this provision will be relaxed/amended aligning the same with the CGST Act w.r.t. disallowance when payment to SMEs is not made within 180 days. Hence, in case a taxpayer does not pay an SME within 180 days, then the expense may be added back to his income," he said. In anticipation of the budget, Saurabh Rai, CEO of Arahas, has expressed high expectations for substantial investments in sustainability and geospatial technology. "We anticipate significant allocations towards renewable energy projects and incentives for companies embracing green technologies," he said.

Additionally, Rai said that boosting agri-tech innovations, providing tax incentives for tech companies and investing in human capital development is imperative for driving sustainable growth. Sanjay Kumar, Founder and CEO of Geospatial World, said that to fully leverage the power of digital twin technology, it is crucial to allocate dedicated funds to it in the Union Budget. "This allocation will facilitate the widespread adoption of digital twins, driving efficiency gains, cost savings, and improved decision-making in infrastructure projects. By investing in this technology, India can achieve significant long-term benefits, such as enhanced asset management, reduced downtime, and increased resilience to environmental challenges," Mr. Kumar said. Sitharaman was given charge of the finance portfolio in the second stint of the Modi government after the 2019 general elections, becoming the first full-time woman Finance Minister in independent India.

TOP

MOTOR INSURANCE

60 percent car insurance buyers opt for roadside assistance add-on during monsoon - Business Standard – 16th July 2024

In India, the monsoon season means constant waterlogging and severe traffic jams. The risk of accidents increases due to lower visibility and reduced road traction during the rainy season. The fact is, owning and operating a vehicle carries a degree of risk, especially at this time of year. This is why the government mandates at least third-party insurance. But what should you look for when choosing motor insurance? What add-ons should you consider? According to a report by PolicyBazaar, most buyers prioritise affordability and brand reputation.

Motor insurance: Key factors
Let's take a look at what people usually prefer in motor insurance:
Affordability 29 per cent of buyers consider affordability as their top priority
Brand reputation 21 per cent of buyers prioritise the brand's reputation
Customer service 19 per cent value excellent customer service
Coverage features 16 per cent look for comprehensive coverage features
Claim process and settlement 15 per cent focus on a smooth and efficient claim process
Preferred add-ons

During the monsoon season, add-ons like roadside assistance become crucial. High demand for add-ons such as Roadside Assistance, Engine Protector, and Return to Invoice rises during this season.
Popular add-ons:
Roadside assistance60 per cent prefer this cover
Zero depreciation55 per cent opt for this add-on
Engine protector20 per cent seek this coverage, particularly beneficial during monsoon seasons.
Consumables cover20 per cent choose this add-on for covering the cost of consumables.
Key lock replacement18 per cent value this coverage for added security.
Invoice price cover10 per cent prefer this to ensure full reimbursement in case of total loss.
Tyre protection coverSouth (26 per cent) has double the uptake of Tyre Protection cover compared to the India average (13 per cent).

Seasonal coverage for monsoon
Monsoon unleashes a wave of vehicle damage. Floods and waterlogging can transform roads into rivers, especially in metro cities like Mumbai, Delhi, and Bangalore, leading to water inundation. This can severely damage car engines. Heavy rains can also uproot trees and poles, causing dents and other exterior damage to vehicles.

Must-have add-ons for monsoon:
1. Roadside assistance50 per cent seek this coverage to handle emergencies.
2. Engine protector30 per cent prefer this to protect against water damage.
3. Return to invoice price cover20 per cent opt for this to ensure full value reimbursement.

Pay As You Drive (PAYD) plans
Pay As You Drive (PAYD) implies “usage-based” car insurance. It allows the insured person to pay for insurance based on the distance driven rather than a flat fee. This means that those who drive their cars rarely will pay less premium with PAYD car insurance policies. There is no pre-condition or pressure of maximum kilometres to be driven. With PAYD car insurance, you can also avail renewal discounts on premium for not making any claims during the policy year.

More than 1 in 3 buyers opt for PAYD plans, while 3 in 4 renew them, indicating a shift towards personalised motor insurance coverage.

Popular distance slabs:
5,000 km: Chosen by 30 per cent of buyers
7,500 km: Chosen by 25 per cent of buyers
10,000 km: Chosen by 25 per cent of buyers
2,500 km: Chosen by 20 per cent of buyers
Additionally, 20 per cent of these buyers opt for top-ups, showing flexibility in their usage needs.
The interest towards PAYD plans is highest in the South (55 per cent) and lowest in the North (36 per cent).

Top cities using PAYD plans: Delhi (8 per cent), Bangalore (5 per cent), Mumbai (3 per cent, Pune (2 per cent), Gurgaon (2 per cent)

The adoption of PAYD plans is highest in the metros as they collectively account for a significant percentage of insured vehicles.

Tier-wise distribution of motor insurance buyers
Metros: 40 per cent
Tier-2: 36 per cent
Tier-3: 24 per cent
There has been an increase of 13 per cent in online adoption by res per centdents of tier-2 and tier-3 cities, driven by growing insurance awareness and the advancement of digital technology.

Recommended add-ons
1. Engine and gearbox protect cover
Covers engine damage due to water ingress, a common issue during monsoons. However, driving through floods or switching on the engine after submersion could be considered negligence, leading to claim rejection.
2. Return to invoice cover
Ensures you receive the full invoice value of your car in case of total loss due to severe damage, such as complete submersion or falling of trees.
3. Roadside assistance cover
Provides 24/7 assistance for car troubles like flat tyres or dead batteries, including towing, jumpstarting, or on-site repairs.
4. Zero depreciation cover
Eliminates out-of-pocket expenses for repairs and replacements during the claim period by covering the full cost of replaced parts.
5. Consumable cover
Covers consumable items like engine oil, lubricants, and coolants used during repairs, minimising your out-of-pocket expenses after a claim.

Factors to consider when buying add-ons
1. Location If you live in coastal or flood-prone regions, comprehensive protection against monsoon-related damages is essential.
2. Vehicle usage Consider how frequently and in what manner you use your vehicle during the monsoon season.
3. Value and age of your vehicle older vehicles may require different coverage types compared to newer ones.
4. Specific risks Assess risks such as waterlogging, engine damage from water, and the likelihood of accidents due to slippery roads.
5. Expense of add-ons Ensure the cost of add-ons aligns with your budget while offering sufficient coverage.
6. Timing Remember that add-ons cannot be added midway through the policy and can only be added during policy renewal.

(The writer is Surbhi Gloria Singh.)

TOP

CROP INSURANCE

Govt plans to delink state and central premium contributions from crop insurance claims – Moneycontrol – 16th July 2024

The government is working on delinking the premium contribution by the central government and states under the Pradhan Mantri Fasal Bima Yojana (PMFBY) and has directed the insurance companies to issue the policy and process at least 70 percent of the claim even if there is a delay in receiving the states' contribution of the premium, an official said. The move is aimed to address the late disbursement of claims to farmers under PMFBY.

“The government is trying to desegregate the farmer, state and Centre’s share of premium under PMFBY. The policy is not issued till the state and Centre’s share of the premium gets credited to the insurance company. Eligibility of claim arises only after that. The government is thus delinking the Centre and states' share of the premium," the official told Moneycontrol.

The premium split

The premium for the scheme is heavily subsidised, with the central and state governments sharing the major portion of the premium burden. The subsidy ratio is typically 50:50 between the central and state governments. For North Eastern and Himalayan states, the ratio is 90:10. Farmers pay a nominal premium rate under the scheme – 2 percent for Kharif crops, 1.5 percent for Rabi crops and 5 percent for commercial and horticultural crops.

"The government has given directions to the public and private insurance companies that after the delinking, once the farmers' share and Centre's share of the crop insurance premium is received, they should not wait for the state's share to issue the policy and settle claims. The insurance companies must disburse at least 70 percent of the claim liability to the farmers in such cases. The remaining claim may be processed once the state's share of the premium is received by the insurance company," he said.

Delays in the release of the state's share of the premium under the crop insurance scheme have been a significant issue causing late disbursement of claims to farmers. State governments often face financial constraints and budgetary limitations, which can delay the timely release of their share of the premium. The states may also prioritise other expenditures over the release of funds for crop insurance causing delay, the official added. Currently, four crore farmers are covered under crop insurance (2023-24), which is the highest ever.

"Ensuring timely release and disbursement of the premium share by states is crucial for the effective functioning of PMFBY and the timely settlement of claims to benefit the farmers. As a result of delinking, once the Centre's premium is received, the insurance company will have to issue a policy and also make claim payments," he said.

(The writer is Meghna Mittal.)

TOP

Fasal Bima cover set to widen as more states join - Financial Express – 17th July 2024

Several states including Bihar and Nagaland have initiated discussions with the Union agriculture ministry to join the Prandhan Mantri Fasal Bima Yojana (PMFBY), a move that will further expand the coverage of the highly subsidised crop insurance scheme. Sources said while Jharkhand and Telangana earlier decided to join the scheme, Bihar, which had earlier exited the scheme citing 'hist cost of premium subsidy,' has also evinced interest in rejoining it.

In FY24, enrollment under the PMFBY crossed a record 40 million, and it is projected to increase significantly in the current fiscal. Punjab had earlier agreed to roll out crop insurance for cotton only.

"The farmer enrolment in the current fiscal would increase sharply because of the state rejoining the scheme and more farmers realising the shield it provides from crop loss or damage arising out of unforeseen weather events," an official said. The official said the crop insurance scheme is gradually moving towards a subscription-based model rather than a loan-based scheme. "More than 42% of farmers who are enrolled under the crop insurance are those who had not availed loans from the banks," the official said.

In terms of area, coverage of heavily subsidised crop insurance scheme last fiscal has crossed 61 million hectare in, which is an increase of around 21% from the 2022-23. Since the launch of PMFBY in 2016, Rs

32,440 crore were paid by farmers as their share of premium against which claims of around Rs. 1.63 trillion have been paid to them. "For every 100 rupees of premium paid by farmers, they have received about Rs. 500 as claims," the agriculture ministry had stated in a note. The PMFBY which was launched in 2016, is currently implemented in 22 states and UTs. Farmers pay a fixed premium of just 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops.

The balance premium is equally shared between the Centre and states. For North-Eastern states, the premium is split in a 9:1 ratio between the Centre and states. Participation in PMFBY is optional for farmers. Several states including Andhra Pradesh, Maharashtra, Odisha, Meghalaya, and Puducherry have opted for the universalisation of the crop insurance scheme, wherein the state government bears the cost of farmers' premiums.

According to official data, cumulatively since its launch, the claim-premium ratio, which was 99.5% in 2018-19, declined to 67.6% in 2021-22. In FY23, the ratio was 78.2% For PMFBY, the finance ministry has allocated Rs 15,000 crore for FY25, while the revised estimate for FY24 stands at Rs 14,600 crore. Several insurance companies, both in the public and private sectors, are implementing the crop insurance scheme. The PMFBY is the third largest insurance scheme globally in terms of premium and shields farmers from crop losses or damage arising out of unforeseen events.

(The writer is Sandip Das.)

TOP

INSURANCE CASES

Insurance cos fined for claim denial – The Times of India – 18th July 2024

Ernakulam district consumer disputes redressal commission said that the action of the insurance company in denying insurance benefits to eligible policyholders is a deficiency of service. It directed Future General India Insurance Company Ltd to pay Rs 1.50 lakh tocomplainant Ajaychand for denying him the policy benefit, Rs 10,000 as compensation and Rs 5,000 as cost of proceedings in the case.

A complaint was filed before the commission by Ajaychand of Aluva who had taken a Corona Rakshak policy valid from July 20, 2020, for him and his mother. The policy was valid till April 30, 2021. The coverage assured for Covid-19 hospitalisation was Rs 1.50 lakh each for both. The total premium paid was Rs 3,025. The complainant was admitted as inpatient at Amrita Hospital on Dec 7, 2020, after he tested Covid positive. His medical bill was Rs 54,982 and he sent the claim to the insurance company. On the very day of receiving the bill, the company sought documents. On March 18, 2021, the company replied with a claim repudiation letter stating that the patient had received medication in oral form and was hospitalised mainly for investigation evaluation and supportive treatment only and hence claim could not be given. The consumer bench held that the act of denying the insurance amount despite compliance with all the policy terms is illegal.

TOP

Consumer commission slaps Rs 50,000 fine on insurance company for deficiency in services - The Telegraph - 17th July 2024

A consumer commission here has directed New India Assurance Company Limited to pay Rs 50,000 compensation to a customer, saying despite having a valid insurance policy, he had to suffer because of the insurer's "irrational decision" of only partly paying the medical claim. Noting that the company had failed to reimburse the complainant's entire claim of around Rs 4.77 lakh and only reimbursed around Rs 2.15 lakh, the commission has also ordered it to provide the remaining amount of around Rs 3.25 lakh with interest, along with the litigation cost of Rs 25,000.

The District Consumer Dispute Redressal Commission (Central District) was hearing the complaint of Nishchal Jain alleging deficiency in services by the insurer for repudiating his insurance claim that caused him "financial as well as physical trouble, inconvenience, harassment and mental agony". Taking note of the evidence before it, the commission comprising President Inder Jeet Singh observed that the denial of the claim by the insurance company was "arbitrary, without any valid ground and contrary to the terms and conditions of the policy", besides amounting to deficiency in services.

The bench, also comprising member Rashmi Bansal, said due to the denial of the claim, the complainant had suffered financial loss, physical trauma, harassment and mental agony. "Despite having a valid insurance policy and despite being diligent in paying the premium regularly, the complainant had to suffer due to the irrational decision of the opposite party or OP (insurance company), therefore, complainant's plea for entitlement of compensation is found justified and is quantified to Rs 50,000," the commission said.

"Since the complainant had to initiate legal action against the OP in the absence of settlement of his insurance claim, which in the opinion of this commission makes him entitled to the cost as claimed, that is, Rs 25,000," it added. In its order dated July 10, the commission also directed the company "to reimburse the complainant an amount of Rs 3,25,643, along with 6 per cent interest per annum, from the date of rejection of the claim, which is January 9, 2015, till its realisation by the complainant".

TOP

Delhi tribunal orders insurance company to compensate kin with Rs 1.98 crore - The Economic Times – 17th July 2024

A Delhi court ordered an insurance company to compensate the parents of a man who died in a hit and run case in 2016 with Rs 1.98 crore. The victim, Sidhharth Sharma, was 32 years old at the time of the incident, reported. A Motor Accident Claim Tribunal (MACT) judge and presiding officer Dr Pankaj Sharma said that Sharma's death was caused by reckless and negligent driving by a minor. The fatal accident took place when Sharma was crossing a road in the Civil Lines area of Delhi on April 4, 2016.

"In fact, the father Manoj Aggarwal, wilfully cultivated the illegal behaviour of his minor son by ignoring his act at the cost of other road users. He failed to realise even from his past acts that allowing his minor son to drive can be disastrous to others. Instead of preventing his minor son from driving a Mercedes car, he chose to ignore it, which implies tacit consent on his part. The very fact that at the time of accident he was at home, the same was all the more reason to stop his son from taking the car from home for a joy ride," the court said on July 6.

The court observed that the victim was earning Rs 25,000 in January 2015 and was pursuing his higher education. He had received an offer of Rs 10 lakh per annum in March 2016.

The court decided the compensation amount based on these factors. The court directed the insurance company to award around Rs 1.21 crore as compensation along with around Rs 77.61 lakh as interest. The court dismissed the father's plea seeking exoneration of liability.

The court also said that the insurance company could recover the amount from the company of the father of the accused under which the Mercedes Benz was registered.

According to a report filed by police, the minor was driving the car at high speed and was accompanied by six friends. Sharma was hit and thrown about 15-20 feet in the air before succumbing to injuries.

The incident was caught on CCTV camera. The police had registered the case under section 304 (punishment for culpable homicide not amounting to murder).

Shilpa Mittal, the sister of the deceased, expressed her frustration with the lengthy legal process following her brother's death. "Despite the passing of eight years, the case is going on, and the compensation that should have been received within three years only arrived after a significant delay. It has been eight years, but the case is still going on. I will fight till my brother gets justice," Mittal said.

TOP

Agricultural Insurance Company asked to refund premium, pay Rs 40,000 each to 61 mango farmers for non-disclosure of crop insurance - Money Life – 17th July 2024

The National Consumer Disputes Redressal Commission (NCDRC) recently directed the Agricultural Insurance Company of India Ltd to refund the premium paid by 61 farmers from Kurnool in Andhra Pradesh, for not disclosing all details of the crop insurance policy to them (K. Krishna Venamma V. Deputy General Manager, Agriculture Insurance Co of India Ltd. and Ors). The Commission also directed the insurance company to pay Rs 40,000 to each of the farmers for mental agony, harassment and as litigation costs.

The mango crop of the farmers in 2012 had suffered losses due to adverse weather conditions. However, the insurance company had rejected the claim on the ground that there had been no high speed wind as claimed by the farmers. The Commission said there was deficiency of service on account of non-disclosure of full scheme details to the farmers. This fact of not sharing the true intricacies of the Scheme, which is highly technical and also complicated, should have been explained to the farmers before they were lured into paying premium to the extent provided and getting the insurance cover," Presiding Member Binjoy Kumar said in the ruling.

The Commission observed that pamphlet circulated by the insurance company contained extremely limited information. It also noted that State had ordered wide publicity and awareness of the scheme by the department of horticulture and agriculture in coordination with the insurance company.

"Herein while some responsibility rests with the Department of Horticulture/ Agriculture of the State Government, who are not party to these Revision Petitions, it is to be borne in mind that the administration of the scheme was only with the Insurance Company. Therefore, since the premium was being collected by them, the primary responsibility for disclosure, in my considered opinion, rests with the Insurance Company," the Commission said in its June 25 order.

However, the Commission agreed that the claim with regard to the loss of mango crop made by the farmers was not in accordance with the government scheme being implemented by the insurance company. "In such situation, deficiency of service on this account cannot be held against the Insurance Company. The deficiency of service is only in respect of the non-disclosure of the full particulars of the Scheme to the farmers," it said. In the present case, the mango crop of the farmers was insured under a 2010 Government of India scheme called Weather Based Crop Insurance Scheme (WBCIS).

Under the scheme, the concerned State governments were directed to issue separate notifications giving details of the main features of the scheme.

In 2012, Andhra Pradesh government notified certain districts including Kurnool for implementation of the scheme with respect to mango and banana crops.
The farmers paid their part of the premium to the insurance company and their mango crop was accordingly insured for the season.

However, due to certain adverse weather conditions as alleged by the farmers, the mango crop suffered losses prompting the farmers to file a complaint before the Kurnool District Consumer Disputes Redressal Forum.

The District Forum found the insurance company deficient in service for not compensating the farmers and awarded payment based on 70 percent of the insured amount.

However, the Andhra Pradesh State Consumer Disputes Redressal Commission reversed this decision, leading the farmers to file the present petition before the NCDRC.

(The writer is Shashwat Singh.)

TOP

Commission orders New India Assurance to pay ₹34.78 lakh to Titwala society for claim denial due to lack of surveyor - Free Press Journal – 18th July 2024

The national consumer dispute redressal commission has directed the New India Assurance company to pay a compensation of Rs 34,78,002 along with nine percent interest to a Titwala (Kalyan)-based society, right from the date of repudiation of the claim amount, which is from the year 2006. The commission also directed the insurance company to pay an additional amount of Rs 50,000 towards the complainant's litigation charges. The commission, while passing its verdict, maintained that just because the insurance firm had failed to appoint a surveyor to verify the damage, it could not escape its responsibility to pay its customers.

Gayatridham Phase II, a co-operative housing society of 10 buildings where 174 families reside, had purchased the Standard Fire and Special Perils Policy, which the society used to renew every year by paying a premium of Rs 18,910. As per the complaint copy, the society had suffered civil as well as electrical damage due to the torrential rains that had hit the city in 2005. After the conditions subsided, the society decided to repair its wear and tear, and a surveyor was appointed, who estimated a total expense of Rs 40 lakhs for fixing the damage.

In the meantime, society issued a cheque for the yearly premium amount to the insurance firm a few months before seeking the claim. The same was not cleared by the bank due to the disrupted internet services, an aftereffect of the torrential rains, and thus it had asked the company to inform the society to re-issue another cheque. The same was communicated to the insurance firm by the bank. The insurance company maliciously informed the society that the cheque could not be cleared due to insufficient funds in the society's bank accounts, and since the premium amount was unpaid, the society is not eligible for the claim, thus holding the policy as 'void'." Aggrieved by the same, the society approached the redressal commission.

The commission, after going through the documents produced on record, held the insurance firm guilty of escaping from its responsibilities. It held that the insurance company "cannot be permitted to resile from its liability under this policy at this stage, especially since it has not been able to establish, with any documentary evidence, the reason for declaring the insurance policy void."

(The writer is Pranali Lotlikar.)

TOP

Consumer forum asks insurance firm to pay 3L reimbursement – The Times of India – 15th July 2024

District Consumer Forum Jabalpur has ordered a health insurance company to pay Rs 3,67,415 as reimbursement against money spent on admission in a private hospital and also pay the additional amount accruing on the reimbursement amount at the rate of 6 percent interest from the date of claim. The forum also asked the insurance company to pay Rs 5,000 as compensation towards mental harassment to the petitioner and Rs 2,000 as litigation cost.

Arun Kumar Singhai, a resident of Jabalpur, in his petition said that he had taken health insurance for his family with a privateinsurance company. All the installments of the policy were duly paid. There was no condition of health checkup or health certificate before insuring person. When the petitioner fell ill, he was admitted to a private hospital. After investigations, he was advised to get an angiography done. Following which, he was admitted to a hospital in Delhi and was operated upon. When the amount spent on treatment was claimed from the company, the company refused to pay on the pretext that he had a heart ailment before he got ensured with the company. Describing it to be a deficiency in service, the petitioner prayed the forum to order the company to pay him the amount claimed as reimbursement. The district forum comprising its president Naveen Kumar Saxena and members Manoj Kumar Mishra and Sushma Patel asked the company to pay him the amount of reimbursement claimed with 6% interest and the other mentioned amount.

TOP

Life insurance policyholders in quandary over nominations following SC verdict - The Hindu Business Line – 14th July 2024

The recent Supreme Court judgement in Shakti Yezdani & Anr vs Jayanand Jayant Salgaonkar & Ors has left life insurance policy holders worried. They are worried whether a policyholder's parents or spouse or children, whom he/she has appointed as nominee for his life insurance policy, in accordance with Section 39(7) of Insurance Act, 1938, will become owner of the claim amount payable by insurance companies or will receive this amount merely as trustees of all legal heirs as per the conventional legal understanding of the concept of nominee. Let us understand this by way of an illustration. Ramesh has three children. In 2016, he nominated his wife in an insurance policy with the intention of making her sole owner of the proceeds, with their children having no claim over it. This was very well in accordance with Section 39(7).

However, the judgment under reference has cast a shadow of doubt over it. As per Section 39 (7), introduced in 2015, if the nominee(s) is/are parents or spouse or children, then they become owner of the policy proceeds and do not receive the amount merely as trustee on behalf of all other legal heirs. But, the Supreme Court has not taken into account Section 39(7) while pronouncing the verdict. While deciding the legal position of nominee in a depository account, the SC declared that the nominee in a depository account is not the owner of the shares held in the account but was merely receiving it on behalf of legal heirs as their trustee.

The Court derived support from the position of nominee under life insurance policy as being merely a trustee of legal heirs. It has invoked its landmark judgement in Sarbati Devi vs Usha Devi of 1993, which held that nomination under Section 39 of the Life Insurance Act, 1938 does not create line of succession and any amount paid to a nominee on the policy holder's death forms a part of the estate of the deceased policy holder. All his/her heirs are entitled to a share of it. According to Section 39(7) of Insurance Act,1938, if nominee(s) are parents, spouse or children, then they become owners of the policy proceeds. However, the Supreme Court Judgement says all nominees including parents, spouse or children are only trustee and not owner of proceeds. This is so because the opinion about nominee in insurance policies expressed by the apex court in the Shakti Yezdani case is part of ratio decidendi (reason for deciding) of the judgement and is not a mere opinion or obiter dictum (opinion not essential to the decision and therefore not legally binding as a precedent).

The fear is that this decision is not just a passing remark but is part of the Court's reasoning in arriving at the conclusion, and hence may become a binding precedent — a stare decisis. The Judgement has thus created confusion in the minds of existing life insurance policyholders — whether this decision, which is subsequent to 2015 amendment, tantamounts to writing down of the amendment [insertion of 39(7)] and will defeat their intention of making nominees owner of the policy money. Life insurance companies and IRDAI ought to take up the matter with Supreme Court to seek clarification in the interest of large body of policyholders.

(The writer is Vijay T Gokhale.)

TOP

PENSION

Facing criticism, EPFO plans 24X7 multilingual 'contact centre' to address complaints - Financial Express – 19th July 2024

The Employees' Provident Fund Organisation (EPFO) plans to set up a round-the-clock multilingual "contact centre" with the aim of offering a single-window interface to subscribers wanting to register a complaint or needing recourse to a redressal mechanism. The move to set up an integrated call centre for its nearly seven crore active subscribers has come in the wake of the retirement fund body facing backlash on social media platforms in recent months over delays in resolution of complaints and rising rates of rejection of settlement claims.

The EPFO has floated a tender for setting up this contact centre, which would be functional 24×7 and 365 days, with "quality people, a robust system which can replace EPFO's grievance registration portal (EPFiGMS) with a more advanced and sophisticated grievance system". The aim is to "hear/ understand the grievance across the multi-channel [helpline number, landline phones of various offices, walk-in, grievance registration portals, WhatsApp, social media (Facebook, Twitter, Instagram etc.), physical Daks, ChatBot, UMANG, e-mails etc.]", to allow problem-solving by linking the EPFO's head office with zonal offices and regional offices, and proactively addressing stakeholders' issues and keeping them informed on a real-time basis, the EPFO tender document said.

The EPFO has listed 23 languages in the tender: Hindi, English, Assamese, Bengali, Bodo, Dogri, Gujarati, Kannada, Kashmiri, Konkani, Maithili, Malayalam, Manipuri, Marathi, Nepali, Odia, Punjabi, Sanskrit, Santhali, Sindhi, Tamil, Telugu and Urdu. "EPFO is looking to transform the EPFO Helpline into an Integrated Grievance Management System with a new grievance registration software and intends to put necessary channels to govern, monitor and improve subscriber satisfaction by way of redressal of grievances, automate processes across offices to resolve issues faster, improve service speed and quality by automating common requests from issue to resolution," it said.

Earlier, the EPFO had started a helpline with a toll-free number (1800118005) which was later replaced with a short code (14470) to facilitate redressal of queries and provide information related to its services. However, the helpline number was mostly unreachable. Queries sent by The Indian Express to the Ministry of Labour and Employment, regarding the operational status of the existing helpline facility and the proposed new call centre, did not elicit any response.

With the proposed call centre, the EPFO will replace the existing grievance registration portal, EPFiGMS, with a more advanced registration and resolution software. "The objective is to enable EPFO by providing an automated solution for auto-responses to e-mails, WhatsApp, social media, chatbot for common and general requests and queries. (It will) enable EPFO to use inbound/ outbound calls as well as use our Omnichannel for responding back to the stakeholders, to get their feedback as well as for call back to attend the missed calls," it said. Prospective bidders "should have implemented at least two call centre projects of 500 seats each in the last three years from the date of EOI. The call centre must have been in operational stage as of now," the EPFO tender said.

The EPFO has been working on revamping its software solutions. Last month, the Centre for Development of Advanced Computing (C-DAC), a unit of the Information Technology (IT) Ministry, which is building a central IT system for the EPFO, wrote to the Ministry of Labour and Employment about delay in receiving key software intervention to meet the ministry's requirement of reducing the number of rejected claims.

The IT Ministry is learnt to have told the Labour Ministry that though the project was initiated in January 2023, C-DAC was yet to receive some of the requirements from the EPFO. "This is delaying subsequent design and development stages by C-DAC," the letter said.

The high rate of rejection of claims by the EPFO has been a concern, especially in recent months. In February, The Indian Express had reported that the rejection rates of EPF final settlement had surged from around 13 per cent in 2017-18 to nearly 34 per cent in 2022-23, which means that one of every three claims are being turned down.

According to official data, of the total 73.87 lakh claims received for final settlement in 2022-23, 33.8 per cent (24.93 lakh) were rejected, 46.66 lakh were settled, and 2.18 lakh remained as "closing balance". Over the years, there has been a steady uptick in the rejection rate – it was around 13 per cent in 2017-

18; 18.2 per cent in 2018-19; 24.1 per cent in 2019-20; 30.8 per cent in 2020-21; and 35.2 per cent in 2021-22.

EPFO officials had told The Indian Express that a key reason for rejection of claims was a complete shift to the online system for processing them. Earlier, according to them, verification of documents for claims would be done at the employers' end, and then be sent to the EPFO. Now, it has been linked to Aadhaar and 99 per cent of the claims are settled through the online portal.

(The writer is Aanchal.)

TOP

EPFO Fund sees inflows of ₹1,689 crore as 27 establishments surrender exemption in the last 2 years: Report - Live Mint – 14th July 2024

A total of 27 companies have surrendered their exemptions, adding ₹1688.82 crore and 30,000 employees to the provident fund under the Employees' Provident Fund Organisation (EPFO) in the last two years, as per a report by news agency ANI on Sunday, July 14. The Ministry of Labour and Employment released a statement on Sunday, saying that due to the improved services, more establishments are surrendering their exemptions granted by the EPFO. These companies prefer that the EPFO manage their employee's provident fund (PF) allowing them to focus on their core business. Improvements in areas like faster claims, higher settlement rates, a strong monitoring system, and ease of engagement are making EPFO a better choice for establishments. Last year, EPFO took multiple steps under the ministry to streamline the compliance process for establishments under the Employees' Provident Fund Act, according to the report. This involves publishing Standard Operating Procedures (SOPs) and manuals highlighting the process for the exempted establishments, the newswire agency reported.

The major step towards digitization is a new software and portal which will be launched soon to simplify the process of surrendering the exemptions, said the Ministry of Labour and Employment, reported ANI. Companies which wish to manage the PF collection of their employees on their own need to seek exemption under Section 17 of the EPF Act. This gives them the permit to manage the PF Trust without making regulatory contributions. There are a total of 1,002 establishments managing ₹3.2 lakh crore for its 31,20,323 or 31.2 lakh members, as of the end of financial year 2022-2023. These companies are regulated and have the mandate to provide benefits to their subscribers that are on par with the EPFO standards. The compliance with the conditions of exemption according to what is marked in the EPF Act. The rising focus of EPFO on its stakeholders, along with funds generating steady returns for the members is adding to the rising trend of surrendering exemptions.

(The writer is Anubhav Mukherjee.)

TOP

GLOBAL NEWS

Indonesia: Regulator says regulations to implement compulsory insurance to be issued by Jan 2025 – Asia Insurance Review

The Compulsory Insurance Programme, including vehicle insurance, is still awaiting the issuance of rules as the regulatory framework for its implementation, according to Mr Ogi Prastomiyono, chief executive of the Financial Services Authority's (OJK) Insurance, Guarantee, and Pension Fund Supervision. In a statement issued by the OJK, Mr Ogi indicates that details that need to be spelt out include the scope and effective date for implementing the programme.

Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK) stipulates that the government can establish a Mandatory Insurance Programme according to needs, including motor third-party liability (TPL) insurance related to traffic accidents; fire insurance; and home insurance against disaster risks.

The statement says that an in-depth study is needed first regarding the Mandatory Insurance Programme. The P2SK Law states that every mandate under the law is to be followed by the preparation of implementing regulations, the stipulation of which will be no later than two years after the P2SK Law was enacted. This law was enacted on 12 January 2023.

This means that implementing regulations for compulsory motor TPL insurance are to be issued in January 2025 at the latest. Mr Ogi says that the OJK will involve various parties in preparing the regulations for implementing compulsory insurance, including financial institutions, vehicle manufacturers, repair shops, and others.

TOP

South Korea: Insurers rush to offer protection products for virtual assets - Asia Insurance Review

The Financial Services Commission (FSC) has announced that the Act on the Protection of Virtual Asset Users, aimed at establishing sound order in the virtual asset market and ensuring protection for users, would take effect from today (19 July).

The new law was enacted on 18 July 2023. In the year since then, implementing regulations have been drawn up. The law requires virtual asset businesses to take measures such as purchasing insurance or accumulating reserves in accordance with the guidelines determined by the Financial Services Commission (FSC), to fulfil their liabilities and obligations in the event of incidents such as cyber-attacks or equipment failure. The new law also requires virtual asset service providers to report illegal transactions to the Financial Supervisory Service (FSS).

Insurers' response

Ahead of the Act taking effect, non-life insurers have been rushing to release products for virtual asset service providers. Samsung Fire & Marine Insurance released the relevant product on 12 July, becoming the first insurer to do so. Beeblock, a minor crypto exchange, became its first policyholder, reported The Korea Times.

KB Insurance followed suit by releasing its product on 17 July and other insurers, including Hyundai Marine & Fire Insurance and NongHyup Property & Casualty Insurance, are also working to release theirs. As there were hitherto no particular virtual asset-related packages in the domestic insurance market, insurers were short on relevant statistics and data, such as accident occurrence probability, which is necessary to develop their product. This led them to work with Korean Re to develop the product and set insurance premium rates.

On 10 and 12 July, the FSS approved policy clauses for virtual asset insurance, submitted jointly by 11 major non-life insurers. All 11 insurers offer equal clauses, since the insurance product is mandatory under the law.

TOP

Malaysia: General insurers endorse new Motor Vehicle Repair Standards - Asia Insurance Review

PIAM, the General Insurance Association of Malaysia, says that it enthusiastically supports the Malaysian Standard - Motor Vehicle Aftermarket Smash Repair Requirements.

This significant standard was approved by the Minister of Investment, Trade and Industry Malaysia (MITI), Tengku Zafrul Tengku Abdul Aziz, on 30 May 2024, the association said in a statement released yesterday.

PIAM said, "This heralds a new era of excellence and professionalism within the motor vehicle accident repair industry and is poised to complement the imminent release of the Insurers and Takaful Operators – Repairers Code of Conduct, in collaboration with Bank Negara Malaysia, the general insurance and takaful industry and the motor repair industry and Jabatan Pengangkutan Jalan Malaysia's (JPJ) Accident

Collision Repair Guidelines, promoting the unified regulatory improvements across the sector. "PIAM has been closely monitoring these developments, and the Association is committed to keeping all stakeholders informed."

TOP

Life insurance business in emerging markets predicted to grow by 7.2% in 2024 - Asia Insurance Review

Life insurance premiums in emerging markets, including those in Asia, will grow by 7.2% in real terms in 2024, with just 1.5% aggregate growth in advanced markets, says Swiss Re Institute (SRI). In its report titled "World insurance: Strengthening global resilience with a new lease of life", SRI estimates 4.9% premium growth in non-life insurance in emerging markets and a 3.1% gain in advanced economies. This is partly due to base effects, with premium volumes in emerging markets lower than in the advanced economies from the outset. The report reads, "It's also a story of catch-up, reflecting stronger rates of economic growth in emerging markets than in the advanced and, due to structurally higher growth rates, a growing "consumer class" in emerging markets.

For instance, in 2024, it is estimated that Asia alone will contribute 91m people to the global consumer class (defined as those spending at least $12 per day in purchasing power parity terms) with 81% coming from China and India. Eleven other markets – Bangladesh, Brazil, Egypt, Indonesia, Nigeria, Pakistan, Thailand, Turkiye, and Vietnam – will each add 1m more new consumers to the global shopping population. With growing wealth and spending power, the expanding consumer class in emerging markets can afford more insurance cover, leading to an increase in levels of insurance penetration (premiums as a percent of GDP). SRI's S-curve analysis indicates that markets including Brazil, China, Colombia, India, Malaysia, Peru, Thailand, and South Africa are at that stage of economic development when notable progress on this front can be expected. Insurance penetration in emerging markets has increased steadily from 2.2% in 2003 to 3.3% in 2023 but remains well below the advanced market average (around 9.5% last year). The rise can in part be explained by the favourable stage of economic development that key emerging markets have been and continue to be in.

The following table shows total premium volume in US$ in 2023 by region:

Region	Premium volume $ m		Changes (%) in 2023 Inflation-adjusted		Market share 2023 (%)
	2023	2022	2023	2022	
Emerging Asia	942, 661	910,591	7.1	2.8	13.1
Advanced Asia Pacific	818,955	830,199	-0.8	-0.1	11.4
Middle East & Africa	105,980	105,949	3.3	21.4	1.5
Advanced EMEA	1,624,932	1,514,346	-0.1	-7.8	22.6
Emerging Europe & Central Asia	101,725	88,529	10.3	-2.5	1.4
US and Canada	3,397,205	3,153,784	3.7	1.1	47.3
Latin America and Caribbean	194,717	169,356	3.9	3.8	2.7
World	7,186,174	6,772,753	2.8	-0.8	100.0
Source: Swiss Re Institute - "World insurance: Strengthening global resilience with a new lease of life" sigma report					

TOP

Asia: Region's advanced and emerging markets maintain 25% combined global market share in 2023 - Asia Insurance Review

Asia as a whole, including Australia and New Zealand, accounted for 24.5% of global premium volume in 2023 (2022: 25.5%), says Swiss Re Institute (SRI) in its report titled "World insurance: strengthening global resilience with a new lease of life", released yesterday. While emerging Asia's insurance market continued to show growth, with a real increase of 7.1% in premium volume in US dollar terms in 2023 (2022: 3.0%), advance Asia's insurance industry declined by 0.8% in real terms in 2023 (2022: -3.2%).

China continues her lead as the biggest insurance market in Asia with the highest real growth rate, as is summarised in the table below:
Total premium volume in US$ in 2023 in Asia by market:

Ranking		Market	Premium volume $ m		Changes (%) in 2023		Share of world market 2023 (%)
2023	2022		2023	2022	Nominal ($)	Inflation-adjusted	
Emerging Asia							
2	2	China	723,664	697,806	3.7	8.9	10.1
10	10	India	135,958	129,765	4.8	2.4	1.9
27	27	Thailand	26,380	25,251	4.5	2.4	0.4
32	32	Malaysia	20,237	20,115	0.6	3.0	0.3
34	33	Indonesia	18,353	18,574	-1.2	-2.2	0.3
43	42	Vietnam	9,447	10,649	-11.3	-12.5	0.1
45	45	Philippines	7,758	7,656	1.3	-2.4	0.1
		Other markets	864	774			
	Emerging Asia		942, 661	910,591	3.5	7.1	13.1
Advanced Asia							
4	3	Japan	362,719	360,543	0.6	4.1	5.0
7	7	South Korea	185,917	192,099	-3.2	-5.5	2.6
14	11	Taiwan	78,077	85,737	-8.9	-7.1	1.1
15	14	Australia	73,652	71,793	2.6	1.4	1.0
16	16	Hong Kong	65,692	66,493	-1.2	-3.3	0.9
22	20	Singapore	43,168	44,555	-3.1	-10.0	0.6
44	44	New Zealand	8,998	8,355	7.7	5.3	0.1
		Other markets	731	623			
	Advanced Asia		818,955	830,199	-1.4	-0.8	11.4
		World	7,186,174	6,772,753	0.3	-1.1	100.0

TOP

Indonesia: Regulator releases pension roadmap - Asia Insurance Review

The Financial Services Authority (OJK) launched the "Roadmap for the Development and Strengthening of Indonesian Pension Funds 2024-2028". OJK chairman Mahendra Siregar said, in a statement, that as the country with the fourth largest population in the world, Indonesia's pension fund industry has enormous potential. He said, "With the policy direction of developing and strengthening pension funds, it is hoped that the pension fund industry can become healthier, more efficient, with integrity, strengthen consumer and community protection, and support national economic growth." OJK Insurance, Guarantee and Pension Fund Supervision unit chief executive Ogi Prastomiyono officiated at the launch of the Roadmap on 8 July 2024. "This is not just a document, but a joint commitment from all stakeholders in the pension fund industry who collaborate and synergise to create a better Indonesian pension system," said Mr Ogi.

Through the Roadmap, OJK and the other stakeholders aim to respond to various strategic issues to create a healthy pension fund industry, for it to grow and develop sustainably.

The Roadmap is supported by four pillars of development and strengthening principles, namely:
1. strengthening the resilience and competitiveness of the pension fund industry;
2. developing elements in the pension fund industry ecosystem;
3. accelerating the digital transformation of the pension fund industry; and
4. strengthening regulation, supervision and licensing.

These four pillars will be implemented in three different phases in the period 2024 to 2028, starting with the foundation strengthening phase (Phase One), moving on to the consolidation and creating momentum phase (Phase Two), and continuing with the adjustment and growth phase (Phase Three).
The strategic approach in the three implementation phases addresses the challenges that exist in the pension fund industry, including:
• accelerating the digital transformation of pension programmes, including distribution channels;
• increasing financial literacy and inclusion programmes related to pension funds
• consolidating voluntary pension programmes;
• strengthening mandatory pension programmes; and
• developing a database system for pension fund membership programmes.

The pension industry currently faces several challenges, including the mismatch of assets and liabilities, limited human resources in investment management and risk management, limited marketing distribution channels for pension plans, and lack of integrated national pension fund subscriber data.
Based on data from the Central Bureau of Statistics, the pension penetration rate in Indonesia at the end of 2023 was 18.94% of the 147.7m-strong workforce. The target is that by 2028, the penetration rate would be 20%.

TOP

COI TRAINING PROGRAMS

Mumbai – August 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Communication as a Tool for Customer Engagement and Retention	05-Aug-24	05-Aug-24	ClickHere	Register
2	Understanding Life Insurance Operations for Middle Level Managers	05-Aug-24	06-Aug-24	ClickHere	Register
3	Basics of Reinsurance	06-Aug-24	07-Aug-24	ClickHere	Register
4	Comprehensive Financial Planning Series-Part 2 : Financial Planning : Focus on Retirement Planning	06-Aug-24	06-Aug-24	ClickHere	Register
5	Workshop on Team Dynamics and Interpersonal Relationships	06-Aug-24	07-Aug-24	ClickHere	Register
6	Data security for Insurance Industry	07-Aug-24	08-Aug-24	ClickHere	Register

7	Creating High performers in BancaChannel	08-Aug-24	08-Aug-24	ClickHere	Register
8	Environmental, Social, and Governance (ESG) in Life Insurance Companies	12-Aug-24	12-Aug-24	ClickHere	Register
9	Regulatory Compliance for Insurance Brokers	13-Aug-24	14-Aug-24	ClickHere	Register
10	Liability Insurance: Focus-Event and Film	20-Aug-24	20-Aug-24	ClickHere	Register
11	Data Analytics and Data Interpretation	20-Aug-24	21-Aug-24	ClickHere	Register
12	Business Insurance Program for Life Insurance Managers	20-Aug-24	21-Aug-24	ClickHere	Register
13	Corporate Social Responsibility for Insurance Industry	22-Aug-24	22-Aug-24	ClickHere	Register
14	Forensic Science in Insurance Investigations	27-Aug-24	27-Aug-24	ClickHere	Register

Kolkata – August 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing the Growing Threat of Cyber Risks & Providing Insurance Cover	08-Aug-24	09-Aug-24	ClickHere	Register
2	Tax Planning through Life Insurance	16-Aug-24	16-Aug-24	ClickHere	Register

COURSES OFFERED BY COI

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

Course Structure -

Particulars	Details
Date	21st – 23rd August 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