ISSUE NO. 2024/38

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

14TH – 20TH SEPTEMBER 2024

QUOTE OF THE WEEK

“Be a yardstick of quality. Some people aren't used to an environment where excellence is expected.”

STEVE JOBS

Insurance Term for the Week

NET LINE

The insurance industry can be risky, especially given major disasters such as hurricanes. If a particular insurer has written auto, homeowner’s and other policies to large numbers of individuals and businesses in an area that is hit hard by a hurricane, losses can be astronomical.

In order to protect themselves from potential huge losses, insurers commonly purchase reinsurance from other insurance companies. By doing this, a certain percentage — or a certain dollar amount — of the coverage is provided by the reinsurer. The remaining amount (after the reinsurance amount is deducted) is the net line.

Reinsurance can be purchased from specialized companies that only deal in reinsurance, or from other ordinary insurance companies.

INSIDE THE ISSUE

INSURANCE INDUSTRY

GST Council forms GoM to review tax rate on insurance; report by Oct 30 – Business Standard – 15th September 2024

The GST Council on Sunday constituted a 13-member Group of Ministers (GoM) to suggest GST rate on premiums of various health and life insurance products and submit its report by October 30. Bihar Deputy Chief Minister Samrat Choudhary is the convenor of the GoM. The members of the panel include members from Uttar Pradesh, Rajasthan, West Bengal, Karnataka, Kerala, Andhra Pradesh, Goa, Gujarat, Meghalaya, Punjab, Tamil Nadu and Telangana.

The 54th GST Council meeting on September 9 decided to set up a GoM to examine and review the present tax structure of GST on life and medical insurance. A final call by the Council on the taxation of insurance premiums is likely to be taken in the next meeting in November based on the GoM report.

Currently, 18 per cent of Goods and Services Tax (GST) is levied on insurance premiums.
The Terms of Reference (ToR) of the panel also include suggesting tax rate of health/medical insurance including individual, group, family floater and other medical insurance for various categories like senior citizens, middle class, and persons with mental illness. Also, suggest tax rates on life insurance, including term insurance, life insurance with investment plans whether individual or group and re-insurance.
"The GoM is to submit its report by October 30," 2024," said the Office Memorandum issued by the GST Council Secretariat on the Constitution of GoM on Life and Health insurance.

Some opposition-ruled states, including West Bengal, had demanded complete exemption of GST on health and life insurance premiums, while some other states were in favour of lowering the tax to 5 per cent. Even Transport Minister Nitin Gadkari had in July written to Finance Miniter Nirmala Sitharaman on the issue saying "levying GST on life insurance premium amounts to levying tax on the uncertainties of life." In 2023-24, the centre and states collected Rs 8,262.94 crore through GST on health insurance premiums, while Rs 1,484.36 crore was collected on account of GST on health reinsurance premiums.
Sitharaman in her reply to a discussion on the Finance Bill in the Lok Sabha in August had said that 75 per cent of the GST collected goes to states and the Opposition members should ask their state finance ministers to bring the proposal to the GST Council.

TOP

LIFE INSURANCE

Surrender value guidelines may lead to volatility in life insurance premiums in H2 – Financial Express – 13th September 2024

Life insurance premium collections may see volatility in the second half of the current fiscal due to the implementation of new surrender value guidelines on life policies beginning next month, according to a report by Care Edge. "IRDAI has announced new regulations regarding surrender values, to be implemented from October 1, 2024. The product and commission structure could likely witness significant changes, leading to volatile premium movement in the second half of the current fiscal," said Gaurav Dixit, Director at CareEdge Ratings, in the report.

In insurance, surrender refers to a policyholder terminating their policy before maturity. The amount payable to the policyholder upon termination is called the surrender value. After extensive deliberations, the IRDAI issued its final surrender value guidelines in June 2024, proposing higher surrender values for policyholders. Presently, policyholders can only surrender their policies after paying premiums for two full years. However, the new guidelines mandate insurers to calculate a special surrender value (SSV) after the completion of just one policy year. This means policyholders will receive some surrender value even if they exit after one year, provided they have paid the full year's premium.

The new guidelines will also raise the surrender value to 70-75% of the premium, up from the current 30%, across different product and tenures. In its Q1FY25 earnings call, HDFC Life projected a gross impact of around 100 basis points on its new business premium (NBP) margin due to the higher surrender value, whereas SBI Life expects minimal impact (much lower than 1%) due to its product mix and conservative assumptions on surrenders. Max Financials estimated a 100-200 basis point impact on its value of new business (VNB). It plans to distribute this impact among customers, distributors, and shareholders.

Care Edge Ratings' Dixit, however, said premium growth is likely to pick up in the medium term as the new surrender values are expected to be more favorable for customers. Meanwhile, the NBP of life insurers grew 21% year-on-year to ₹1.54 lakh crore in the April-August period. Life Insurance Corporation (LIC) alone accounted for 62% of the total NBP at ₹95,181 crore during the first five months of the fiscal. "CareEdge anticipates that the life insurance industry will sustain a growth rate of approximately 11-13% over the next three to five years," Dixit added.

(The writer is Narayanan V.)

TOP

GENERAL INSURANCE

India: Call on government to establish Nat CAT insurance scheme – Asia Insurance Review – 19th September 2024

With the increasing incidence of calamities such as floods, cyclones, and incessant rainfall in India every year, policymakers must think beyond existing disaster funds and develop an alternative risk mitigation framework, possibly through the PPP model, say the founders of a New Delhi-based policy think tank.

Mr Arindam Goswami and Ms Nirupama Soundararajan, co-founders and partners of the Policy Consensus Centre (PCC) that conducts impactful policy research and drive policy transformation, say that India currently does not have a natural disaster insurance programme. However, the country has several climate change adaptation strategies for the agriculture sector, such as the government-backed crop insurance scheme Pradhan Mantri Fasal Bima Yojana, the Weather Based Crop Insurance Scheme, and the Coconut Palm Insurance Scheme. The two partners, in a commentary published in The Commune, a news and opinion website focusing on social and political issues in southern India, say that a research report published by the State Bank of India in 2023 suggested that the estimated economic loss due to floods in India ranges somewhere between INR100bn and INR150bn, of which only around 8% was covered by insurance. This year, losses in Andhra Pradesh due to floods are estimated to be INR68.8bn, whereas the figures for Telangana are estimated to be INR103bn. With Gujarat, Tripura, Kerala, Assam, and other flood-affected states combined, this year's total losses are expected to surpass last year's.

At present, disaster aid is provided through the National Disaster Relief Management Fund (NDRMF) the State Disaster Relief Management Fund (SDRMF). In both funds, 80% of the allocation is for disaster response, and the remaining 20% is for disaster mitigation. The total fund released from the combined accounts of SDRMF and NDRMF in the fiscal year ended 31 March 2024 was INR202, 89bn. The writers say that such funding hampers economic development.

Recommendations
The writers say that developing a financial risk mitigation model for weather catastrophes would be a step towards climate change adaptation initiatives and achieving India's net zero carbon emission target by 2070. One option for India to develop such a model is establishing a parametric index-based insurance scheme. Another option for policymakers would be to develop a regional catastrophe pool for states facing similar kinds of calamities every year.

The writers say, "Following either strategy would require the government to undertake thorough groundwork, update granular data on weather and geographic conditions, and use a scientific method to underwrite risk and estimate loss from a catastrophe for geography. Most importantly, this would ensure better coordination between the Centre and the states."

TOP

India needs a climate insurance market – ORF – 18TH September 2024

According to the Global Climate Risk Index 2021, India is the seventh-most vulnerable country to climate change, making it highly susceptible to extreme weather events. While the historical rise in temperatures in India has been slightly lower than the global average, projected increase in the future exceeds global rates. In the absence of adaptation measures, extreme river floods and coastal flooding threaten to affect almost 50 million people by the end of the century. Similarly, in the absence of appropriate mitigation policies, a 3 to 10 percent shrinkage in GDP can be experienced annually due to climate change. The burden of economic stagnation resulting from catastrophes will disproportionately fall on the urban and rural poor. This delineates the need for hedging mechanisms to spread out the climate risk, both geographically and intertemporally.

The need for climate insurance
Extreme weather events affect the economy in two stages—the initial damage to human and physical capital, and the subsequent loss of productivity due to efforts directed towards reconstruction. One way to ensure the timely, need-based, and transparent disbursement of reconstruction funds is by roping in dedicated climate insurance. Climate insurance can pay-out claims to insurers in the event of a natural disaster. It can act as a crucial climate adaptation strategy by channelling the excess capital of one agent to compensate for the loss of another, with an additional cost-premium.

The 1990 Intergovernmental Panel for Climate Change report was the first to note the importance of the role of private insurance players in mitigating climate-induced natural disasters. Climate insurance has the potential to enhance both mitigation and adaptation. For instance, insurance companies have the resource-capacity to make long-term investments in disaster-resilient projects, allowing for adaptation. However, when premium becomes a function of the environmental cost of a business's operations, insurers can influence industry practices. Lower premium and higher coverage for enterprises with a lower carbon footprint can lead the market towards mitigation endeavours.

The nature of insurance market intervention can acquire two forms. First, the insurance market can incorporate a climate-risk assessment component in all the insurance-policies, facilitating flow of funds to green businesses. Second, the private insurance market can play a more proactive role in rolling out climate risk-insurance policies for sovereign entities like municipalities, state, and national governments to recover from natural disasters. Thus, the market not only serves as a hedging mechanism but also provides a metric of sustainability of businesses through differentiated premium costs.

Climate insurance in India

In India, some of the most climatically-vulnerable and hardest-hit areas are also the poorest. Communities living in coastal areas and hills belong to one of the most economically compromised and climatically-exposed social groups in India. For instance, Indians lost over US$ 3 billion worth of assets due to floods, which amounts to 10 percent of all the global economic loss due to natural disasters. The recovery process to recuperate from the damages is often slow and ill-funded, bedevilled with red-tapeism and whimsical fund disbursement, making it a fertile ground for federal and state government conflicts. Studies show that early intervention can have 3.5 times the impact of delayed payments. In this backdrop, the deployment of climate risk-insurance can provide for a secure and certain source of reconstruction funds to minimise the post-disaster consequences. It can roll pay-outs to the government administration of the affected areas, while also conducting the pre-requisite checks and scrutinies to ensure that funds meet their ends.

The only sub-segment of climate-insurance that India's insurance market rolls-out is agricultural crop insurance. With 65 crore farmers, most of whom rely on monsoon, vulnerable to unseasonal rains and pest attacks, strategically promoting and effectively implementing crop-insurance can have a huge impact on their livelihoods and well-being. Over 55 million Indian farmers have crop-insurance under the Pradhan Mantri Fasal Bima Yojana (PMSBY). Nearly 70 lakh farmers have benefited from it, in the financial year 2021 with claims worth INR. 87.4 billion (US$ 1.2 billion) transferred to the beneficiaries. Under the interim budget of 2024-24, the PM Kisan Samman Yojana provided crop insurance for over 4 crore farmers. Another financial instrument to protect farmers against adverse weather conditions is the weather-indexed insurance policy. It is drawn from the weather-risk index, which is based on historical data of weather patterns. This can be a fiscally prudent and sustainable alternative to compensate for evaluated crop-yield loss due to weather-deviation, rather than crop damage. Unlike traditional insurance, this method eliminates the need for extensive loss assessment and quantification, resulting in lower administrative costs and potentially reduced premiums.

Possible avenues for market expansion

Parametric insurance, which like indexed insurance policies, is paid out immediately when a predefined set of parameters is met, is being experimented by the state and central governments. The. In Kerala, the state's Co-operative Milk Marketing Federation, has also introduced parametric insurance against heat stress. Country-wide parametric policies, directly linking the beneficiary accounts to the insurer, can expedite the pay-out process and limit the economic costs in the aftermath of any climate disaster.

Beyond the traditional crop insurance segment, the Indian insurance market should diversify into other segments too. For low-income individuals and households, micro-level insurance can be useful to secure diverse risks, in exchange for a small payment of premium. These can cover for death and diseases, loss of small-scale assets, livestock, etc caused due to climate-change-induced natural disasters. National or regional governments and large entities can be covered at the macro-level under the sovereign insurance. Sovereign insurance is a financial strategy governments use to manage large-scale risks.

In addition to climate insurance, there is need for other risk-hedging mechanisms such as natural resource derivatives, which allow the contract buyers to safeguard their positions in the physical markets. Ghosh (2022) made the case for a water futures exchange in India, given its acute water-availability risk. A water availability index is proposed to compensate for the absence of a physical water market in India. Any stakeholder can hedge their future position by holding an opposite stance in the futures market, insuring themselves against possible risks, given that basis risk is limited. This would serve the same purpose as an insurance policy, but liquid markets would enable faster settlement via immediate squaring-off of positions.

Conclusion

Climate risk insurance can indirectly promote resilient investment by the insurer. Assessing any project or venture for its riskiness, the insurance company can charge higher premiums for projects that do not adopt sustainable and climate-risk adaptable strategies. This will accelerate the adoption of greener, sustainable, and climate-conscious methods. The creation of a climate insurance market in India, with appropriate regulation, can reduce asymmetries, lower transaction costs, and facilitate a green transition through differentiated premium costs. This will eventually create a market signalling mechanism where sustainable practices receive higher preference from investors. Continuous public-private collaboration, aggressive research and development, and financial innovation will be the keys to an efficient climate risk hedging mechanism.

(The writer are Arya Roy Bardhan & Lavanya Balasubramani)

TOP

Cyber insurance is no longer a luxury but a critical investment for businesses – Express Computer – 18th September 2024

In today's digitally interconnected world, our dependency on online transactions for personal and business purposes exposes us to increasing cyber threats. The digital boom was further accelerated by pandemic, which increased the cyber threats. According to a survey by Barracuda Networks, an IT security firm, over 66% of Indian businesses have suffered at least one data breach since March 2020. Cyber threats are evolving at a great pace, leaving traditional insurance and risk management strategies struggling to keep pace. This creates a definitive protection gap, particularly for small and medium-sized businesses (SMBs) who are often uninsured or underinsured. According to Munich Re Cyber Risk and Insurance Survey 2024, the Ransomware payments hit a record-breaking USD1.1 billion in 2023, and attackers are employing increasingly sophisticated methods to break into systems, exploiting technological advancements, such as generative artificial intelligence (AI). The challenging cybersecurity environment is further exacerbated by intensifying geopolitical tensions as the digital domain has become a strategic environment for states or state-sponsored actors.

Some businesses have underestimated the importance of investing in robust cybersecurity, believing they can manage without it. This misconception has been fueled by budget constraints, and lack of understanding of the true value of protection, leaves companies to potential cyber-attacks. Furthermore, businesses have also struggled to navigate the intricacies of policies and grapple with the perceived cost, further delaying crucial security measures. The insurance industry plays an essential role in helping businesses responsibly take risks in support of society's growth, innovation, and overall well–being — risks that are generally predictable and manageable, as opposed to those that would potentially shock the global economy or significant portions thereof.

Tailored cyber insurances are available both for individuals and businesses. These are provided through distinct policies to safeguard against the financial consequences of cyber incidents. For business needs, cyber insurance coverage includes third-party liability for privacy and data breaches, media liability claims, regulatory fines and penalties, and first-party losses like business interruption and cyber extortion. To prevent financial losses, businesses can opt for insurance coverage to cover a range of risks, such financial losses, business interruption costs, recovery expenses, and other expenses like regulatory investigation coverage, crisis management expenses and third-party legal liability coverage.

Therefore, it's time regulators, businesses and the insurance industry join hands to build a strong cyber protection framework for India. Some progress is already happening to take the right steps towards stronger cybersecurity. The Indian Government has recently implemented a framework for the establishment of the Indian Cyber Crime Coordination Center (I4C), which is tasked with handling cybercrime issues in a comprehensive and coordinated manner. Initiatives like this, along with sufficient awareness programmes across cities, and investment in research and development will be a key differentiator in keeping ahead of the cyber security game.

(The writer is Ritesh Thosani)

TOP

Cyber threats are rising — and so is India's cyber insurance market – Moneycontrol – 14th September 2024

Cybersecurity breaches have become a daily reality in India, with both government institutions and private sectors facing increasing threats. The recent surge in cyber-attacks of which the ransomware attack on the All India Institute of Medical Sciences (AIIMS) in 2023 was a notable one, has brought cybersecurity to the forefront of national priorities. As the digital landscape continues to expand, so do the risks associated with it, making cyber insurance the need of the hour. In response, the Indian government has ramped up its budget for cybersecurity, nearly doubling its allocation from Rs 400 crore in 2023-2024 to Rs 759 crore in 2024-2025. This massive jump underscores the growing recognition of the need for more robust cybersecurity measures. A significant portion of these projects is being managed by the Ministry of Electronics and Information Technology (MeitY).

The situation is dire. India's nodal agency for cybersecurity, the Indian Computer Emergency Response Team (CERT-In), handled a staggering 1.39 million cybersecurity incidents in 2022 alone. Among these, the largest chunk—875,892 incidents—was related to the mitigation of vulnerable services, emphasizing the scale and variety of cyber threats the country faces.

A new era of cyber insurance

With cyber risks on the rise, India's cyber insurance market is growing rapidly. Once a niche segment, cyber insurance is now a key tool for both businesses and individuals to manage the growing risk of cyber-attacks, phishing, and data breaches. A study published in October last year by Deloitte revealed that India's cyber insurance market, worth an estimated $50–60 million in 2023, is expected to grow by 27–30 percent annually over the next five years.

Insurance companies are responding to this surge in demand with innovative products that cater to both individual and corporate needs. HDFC ERGO's Cyber Sachet Insurance Plan, Bajaj Allianz's Cyber Insurance Policy, and Tata AIG's CyberShield and Cyber Risk Protector are just a few examples of the comprehensive coverage now available. These plans offer protection against a wide array of risks, including impersonation, cyber extortion, identity theft, and even cyberbullying.

Interestingly, some of these products are available for as low as Rs 3 per day, making them accessible to a broader audience. Industry experts attribute this increased demand to the rise in AI-driven frauds, where perpetrators use fake videos, voice clones, and even text messages to impersonate executives or family members.

Regulatory push and sectoral developments

The regulatory landscape is also evolving to keep up with the growing threats. The Securities and Exchange Board of India (SEBI), for instance, recently mandated that all SEBI-registered entities establish a Security Operations Centre (SOC) to continuously monitor security events and detect anomalies. Major exchanges like the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are setting up Market SOCs (M-SOC) to assist smaller regulated entities (REs) that lack the financial muscle or expertise to develop their own SOCs.

These measures, which fall under SEBI's latest cybersecurity framework released in August 2024, are designed to ensure uniformity in cybersecurity protocols across the financial sector. The Digital Lenders Association of India (DLAI) is also making strides by developing a "fraud repository" for fintech firms, which will help streamline the detection and prevention of financial frauds across the sector.

Moreover, the implementation of the Digital Personal Data Protection (DPDP) Act has fortified the legal framework around data protection. This has created a stronger case for cyber insurance as businesses are now legally obligated to safeguard personal data. Violations of the DPDP Act can lead to hefty fines, making cyber insurance policies even more critical for companies looking to mitigate their risk exposure.

Future of cyber insurance in India

With cyber threats becoming more sophisticated, the future of India's cyber insurance market looks promising. The exponential growth in digital transactions, coupled with the increasing digitization of government services, has only heightened the need for robust cybersecurity measures. The Deloitte report paints a clear picture: as businesses continue to digitize and AI-driven threats rise, the demand for cyber insurance will only escalate. The rise of "sachet-sized" insurance products—smaller, more affordable policies—has made it easier for individuals and small businesses to protect themselves against the rising tide of cyber risks.

(The writer is Chandrima Sanyal.)

TOP

High premium costs for parametric insurance flagged at NDMA meet amid GST concerns – The Economic Times – 13th September 2024

The high cost of policy premium for parametric insurance cover was flagged during a meet organised by the National Disaster Management Authority (NDMA) on Friday. A parametric cover pays claims based on predefined disaster triggers, such as earthquakes or storms. There has been a strong demand for roll back on imposition of 18 percent GST for insurance premium, announced during the recent budget by the Finance ministry. It has also been noted by the GST council which met recently and referred the same to the Group of Ministers (GoM).

The top national body on disaster management organised the discussion on upscaling parametric Insurance with stakeholders from private,public, insurance companies and NGOs. The discussion centred around evangelising the concept of parametric insurance with state governments, large donor entities and Self Help Group (SHGs) were stressed upon. The two key impediments to amplification - source of premium payment and large-scale participation were discussed, according to officials.

Two non-profits, Sewa and All India Disaster Mitigation Institute (AIDMI), Ahmedabad presented their design of a parametric insurance product in 2023 and 2024, designed as a cover for extreme heat. The insurer, ICICI Lombard presented the business side of its understanding and implementation of the product. The meeting discussed ways and means of generating premium finance for socially and economically disadvantaged sections, including workers, farmers, who are impacted by loss of work and body stress due to extreme heat, the NDMA said.

(The writer is Rahul Tripathi.)

TOP

Travel insurance for frequent flyers: Best policies and tips – The Times of India – 13th September 2024

Travel insurance is important to everyone who travels abroad. It is always advisable to buy an international travel insurance policy before you leave for your trip to ensure a smooth trip and avoid financial implications of any flight delays, loss of baggage or medical emergency. However, the question that arises is whether all those people who travel frequently in a year for either a holiday or work take a travel insurance policy every time they travel. The answer is no, as there is annual multi-trip travel insurance available which reduces the stress of buying a policy for travelling before every trip. This is an ideal option for all frequent flyers and, in fact, a must-have for them as it secures all the trips. Insurance companies offer different plans depending on the needs and requirements of their clients, and thus, it is always good to know the options available and then make an informed choice. Let us understand how this policy works and all that you need to know to make the right choice.

Annual multi-trip policy

For all people who travel frequently for work or for leisure, the annual multi-trip policy is one policy with a validity of one year that covers all the travel. This ensures all medical expenses in case of a medical emergency and other issues faced while travelling, like those with respect to baggage and journey, are covered. With this international travel insurance, you can easily travel and focus on work or exploring a new place without any stress. There are options to take the policy for:

You can see the countries you travel frequently to and accordingly choose the policy that works best. Before buying a policy, you must always know the coverage, i.e., inclusions and exclusions, and take the policy that suits you the best.

Inclusions of an international travel insurance policy

It is important to know what is covered under your international travel insurance policy to ensure you can claim what is covered and take alternate measures for those that are not. Some of the main coverage of this policy are:

Emergency medical expenses

This is the most important inclusion as it covers all expenses for room rent in case of hospitalisation and other costs, as well as ambulance and OPD treatment. The policy covers all expenses for medical repatriation or medical evacuation. Apart from this, the policy also covers expenses for the repatriation of mortal remains.

Dental expenses

Dental issues can be painful, and treatment often cannot wait until the insured returns home. Thus, a good travel insurance policy covers dental expenses, subject to the policy's terms and conditions.

Accident

A comprehensive international travel insurance plan covers accidents that can happen when travelling abroad. In the case of an accident, a lump sum amount is given to the family of the insured, which can help them in case of accidental death or disability.

Journey coverage

The international travel insurance plan has issues related to journeys covered as well. Some of the main ones are:

- Flight delay and cancellation
- Trip delay and cancellation
- Loss of international driving license and passport
- Trip curtailment
- Emergency hotel accommodation
- Personal liability
- Missed flights in case of connecting flights
- Emergency cash assistance in case of theft or robbery

Coverage for baggage issues

There can be baggage issues when travelling, which can disrupt the trip. The annual multi-trip policy covers the following bag-related issues:

- Loss of checked-in baggage on flight
- Delayed checked-in baggage at the destination
- Theft of baggage and the contents.

Exclusions of international travel insurance

Before buying a travel insurance policy, it is important to know the policy's exclusions so that you are not stuck at the time of a claim. Some of the main exclusions of the policy are:

- Breach of law
- Coverage for pre-existing diseases
- Issue due to consumption of intoxicant substances
- Obesity and cosmetic treatment
- Any self-inflicted injury
- Injury or death in adventure sports

Plans for fliers

Depending on the frequency one travels in a year, there are options available for fliers. Some of these are:

- Individual single-trip insurance for those who travel only once to a destination
- Individual multi-trip insurance for any person who has to make several trips in a year
- Individual travel medical insurance, which covers medical expenses

Things to know about the annual multi-trip policy

There are some important things that must be known by all those who wish to take a multi-trip policy:

- The duration of each trip insured can vary from 15, 30, 45, 60, 90 or 120 days at max.
- In the case of worldwide coverage, all countries are covered except the one with UN sanctions.
- The validity of this policy is one year from the time of buying the policy.
- Always check the claim limit on the policy, as this should not create issues later.
- See the coverage for the kind of trip and the activities you intend to do.
- Always check the fine print of the policy, as each policy is different, and it is always good to know the policy details.
- There is usually no restriction on the number of trips in a year.
- The premium for this insurance is higher than one for a single trip and, thus, must only be taken by those who know they will need it and use it.

Summing up

Travel insurance is essential, and you will only know how essential and helpful it is in a situation where you need to make a claim. The main thing is to buy the right kind of international travel insurance policy which means an ideal policy seeing the coverage, validity, etc. Once you have a good and comprehensive policy, you can work or enjoy your trip in peace.

TOP

HEALTH INSURANCE

Health schemes face hurdle in Punjab as pvt centres stop cashless treatment – Business Standard – 19th September 2024

An association representing private hospitals in Punjab has announced suspension of all cashless treatment being provided under the government's health insurance scheme citing the state's pending dues of Rs 600 crores. Private Hospital and Nursing Home Association (PHANA) Punjab has said that private hospitals and nursing homes of the state will no longer offer cashless treatments under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) and state government health insurance scheme. Meanwhile, according to reports, Punjab's Health Minister Balbir Singh said the State Health Agency (SHA) will soon hire medical professionals to expedite the claims processing.

Queries e-mailed to the Union Health Ministry and the National Health Authority did not elicit any response immediately. Business Standard also could not connect with the state government on Thursday for a response on the matter. The hospital body PHANA claimed that it took the step due to unresolved payments of approximately Rs 600 crore owed by the state government, pending for the last six months. Punjab had integrated its state health insurance scheme with PMJAY in August 2019, christening it as Ayushman Bharat PM-JAY Mukh Mantri Sehat Bima Yojana (AB PM-JAY MMSBY). The scheme provides eligible beneficiaries with an insurance of Rs 5 lakh per family per year for secondary and tertiary care hospitalisation, enabling cashless treatment across public and private empanelled hospitals in India.

While the PMJAY covers households based on the deprivation and occupational criteria of the Socio-Economic Caste Census (SECC) 2011 for rural and urban areas, the state scheme adds coverage of additional categories such as ration card holders, small and marginal farmers and construction workers registered with the state. The cost of premium for 16.65 lakh SECC beneficiary families is borne by both central and state governments in a 60:40 ratio. The premium cost of remaining 22.12 lakh beneficiary families is completely borne by the state. The MoU states that the payment for each case must be completed within 15 days of a patient's discharge.

"We complete the claim settlement from our side on the day the patient is discharged, which includes uploading documents on the SHA's software. The agency then has 15 days to process the claim, dismiss or accept it and disburse the amount to the hospital," an official from a Jalandhar-based empanelled hospital said. "For every payment that remains pending after 15 days, the agency has to pay an interest of 1 per cent," he added. The case involving Punjab comes months after the Haryana state chapter of IMA had resolved an issue involving approximately Rs 133 crore in pending payments with the state government in July this year.

Commenting on the reason behind the delays, an official with one of the private hospitals empanelled in the scheme said that the problem of untimely payments to the hospitals arose when certain states merged their state health scheme into the PMJAY. Several states, including Punjab have integrated the Centre's Ayushman Bharat scheme with their own scheme to cover families which are not eligible under the former. "The inordinate delay in receiving reimbursement hampers the cash flow of these private hospitals and creates serious operational issues. In turn, the reduced participation of private hospitals in the Ayushman Bharat scheme could severely impact patients," the official added.

According to National Health Authority (NHA) data, more than 30,000 hospitals and health centres are currently empanelled under the Ayushman Bharat scheme, of which 13,459 are private. The data also suggests that specialities such as cardiology, general surgery and orthopaedics, which also include procedures used to treat elderly with chronic cardiovascular and respiratory diseases are among most used under the scheme. Commenting on whether the expansion of the scheme to cover all over 70 years of age could affect the hospitals further, Dr Sunil Rao, chief operating officer, Sahyadri Hospitals said that we anticipate a period of adjustment as we integrate these changes into our system.
"We will closely monitor and assess the impact of this inclusion over the coming months," he added.

(The writer is Sanket Koul.)

TOP

Significant policy shift! Maharashtra to directly pay hospitals for medical treatments - How it works – The Economic Times – 19th September 2024

After 12 years of running the state scheme, the transition from the Insurance Model to the Trust Model marks a notable change in how cashless claims are managed, with the state assuming direct responsibility for settling these claims. In a significant policy shift, Maharashtra has moved away from using an insurer for cashless claims in its healthcare system. From September 14, the state will directly pay hospitals for medical treatments under its revamped health insurance scheme. After 12 years of running the state scheme, the transition from the Insurance Model to the Trust Model marks a notable change in how cashless claims are managed, with the state assuming direct responsibility for settling these claims.

The cashless program was administered by United India Insurance, which handled the settlement of claims for residents' medical treatments. However, with the new policy, Maharashtra has ended its agreement with United India Insurance. The state government has committed to paying hospitals directly for the cashless treatment of its domiciled residents.

The state government had previously agreed to an annual premium payment of ₹3,000 crore to United India Insurance at ₹1,300 per family. A senior state government official involved in the decision-making said, "A committee was formed a year ago, and the committee decided to move from the Insurance Model to the Trust Model because the premium involved in the revamped scheme is substantial. Why should the government pay administrative charges to an insurance company when the Central Government's Ayushman Bharat scheme is also in Trust Mode in most states? We will pay the due amount to United India until the claims settled up to September 13." In the state budget, the government announced the revamped Mahatma Jyotirao Phule Jan Arogya Yojana (MJPJAY) health insurance program, effective since July 1. This new scheme provides up to ₹5 lakh in cashless treatment for all residents of the state, irrespective of their income. The new MJPJAY covers approximately 2.72 crore families and includes around 1,900 hospitals, including 1,450 private health centers.

According to an official from United India Insurance, "We were managing the state health insurance scheme for the last 4 years. This year, for the increased coverage of the revamped scheme, we won the bid to cover 2.72 crore families at ₹1,300 per family. Our team was working hard and managing well, but suddenly the government ended the agreement. This decision is beyond understanding. We have not received any premium for this year. The scheme was not profitable as the claims ratios were high, but we were serving a large population."

To avail Health Scheme benefits, residents need to present a ration card or domicile certificate issued by Maharashtra. The previous MJPJAY scheme offered ₹1.5 lakh coverage with income restrictions, but the updated version has expanded benefits and removed such limitations. Under the new program, 1,356 treatments, including all kidney, heart, and cancer treatments, are covered, ensuring comprehensive health support for the state's residents.

(The writer is Anurag Shah.)

TOP

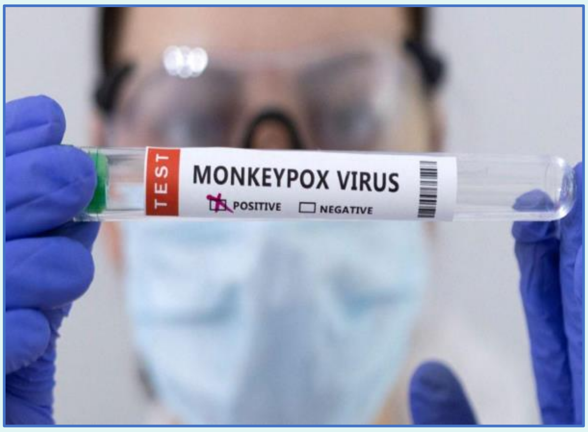
Mpox and the future of epidemic insurance: Can India create a safety net for public health crises? – Financial Express – 16th September 2024

India has recorded its first case of Mpox, a viral disease that, until now, had largely bypassed the country. The infection, imported by a traveller from an affected nation, involved the less virulent clade two strain, a relative of the more dangerous clade 1b found in parts of Africa. Though the immediate risk of a large-scale outbreak remains low, and there is no need to panic, the episode serves as a stark reminder of how quickly viral threats can emerge. It raises a more pressing question: Is India financially prepared for the next pandemic? The time for action is now.

As the World Health Organisation (WHO) frequently reminds us, pandemics are not just public health crises but also economic disasters. The COVID-19 pandemic vividly illustrated how a viral outbreak can weaken economies, pushing millions into poverty and derailing development gains. With the scars of that pandemic still fresh, India has an opportunity to lead in crafting financial mechanisms that could shield it from the worst economic impacts of future outbreaks. If implemented effectively, these solutions could pave the way for a more resilient and prosperous India.

The Case for Epidemic Insurance

India's public health infrastructure was severely tested during the COVID-19 crisis. Hospitals buckled under the strain, supplies were scarce, and economic livelihoods were shattered. The pandemic exposed the vulnerabilities of a system that has also been forced to contend with periodic outbreaks of dengue, chikungunya, and Nipah virus. COVID-19, however, was the tipping point.



The COVID-19 pandemic has been a harsh teacher, particularly in financial preparedness. India's government was forced to inject emergency funds into health systems, launch economic stimulus packages, and stabilise a faltering economy. The announced ₹20 lakh crore in stimulus measures during COVID-19, equivalent to nearly 10% of its GDP, were reactive measures—improvised, often delayed, and, in many cases, insufficient. This experience underscores the need for proactive financial solutions such as epidemic insurance, pandemic bonds, and fintech-powered risk pools—measures that provide liquidity at the outbreak's onset rather than in its aftermath. Epidemic insurance is the first line of defence in such scenarios. Much like auto insurance that pays out after an accident, epidemic insurance would release funds immediately when predefined outbreak conditions are met. In a public health emergency, this could mean the difference between a minor outbreak and a full-blown national crisis.

Addressing Mpox through Health Insurance Coverage

India's first Mpox case also raises important questions about health insurance coverage for emerging diseases. Health insurance plans in India typically include coverage for viral infections like Mpox under the standard provisions for infectious diseases. However, with treatment costs rising sharply, especially in metro areas, people are advised to review their policies to ensure sufficient coverage for hospitalisation, diagnostic tests, and treatments. Additional financial protection during outbreaks could be achieved through riders for quarantine or specific infectious disease policies.

Financial Tools in Epidemic Preparedness: Bonds, Funds, and Insurance

Epidemic bonds are financial instruments designed to trigger payouts once an outbreak reaches a certain threshold. They operate like a nation's insurance policy, providing funds when public health emergencies threaten to overwhelm national resources. The World Bank's Pandemic Emergency Financing Facility (PEF) launched such bonds in 2017, intending to release rapid liquidity to low-income countries facing epidemics. During the COVID-19 crisis, epidemic bonds were found to have significant limitations. The delayed payouts due to overly restrictive criteria limited their effectiveness. The World Bank issued $195.8 million in pandemic bond payouts during the crisis, but many of these funds were released only after the peak of outbreaks. If India opts for epidemic bonds, it must ensure that payout triggers are designed to be timely and flexible, responding quickly when funds are needed most.

Pandemic funds are tools—preemptively set aside by governments, international organisations, or the private sector—to ensure immediate access to money during health crises. These dedicated pools are essential for financial preparedness, sparing governments the need for emergency fundraising amid a disaster. The potential challenges or obstacles in implementing epidemic insurance, pandemic bonds, and other financial solutions in India could include establishing practical payout triggers, ensuring timely and flexible disbursement of funds, and securing collaboration and resources from the government and the private sector.

India could take cues from the Indian Pandemic Risk Pool proposal, which suggested the creation of a risk pool akin to the National Agriculture Insurance Scheme (NAIS) but geared towards health emergencies.

Such a fund would pool government and private sector resources, providing immediate liquidity to hospitals and local authorities and ensuring rapid response capabilities during an outbreak. The establishment of a pandemic fund could also draw on global experience. For example, Gavi's COVAX facility pooled funds to ensure equitable access to COVID-19 vaccines worldwide, a model that India can localise to finance pandemic responses. This underscores the importance of international cooperation in pandemic preparedness.

NITI Aayog and the PHEMA Initiative

India's national planning body, NITI Aayog, has been at the forefront of proposing solutions for pandemic preparedness. Its recent initiative, the Public Health Emergency Management Agency (PHEMA), envisions a centralised institution responsible for managing public health emergencies, including the financial aspects of pandemic responses. A newly released report by NITI Aayog recommends the creation of a "Zero-Day Fund," which would be triggered the moment an outbreak is declared. The PHEMA initiative and this fund could create the institutional architecture necessary for coordinating rapid disbursements and managing funds across states and sectors.

Fintech's Role in Pandemic Preparedness

The role of financial technology, or Fintech, in epidemic preparedness cannot be overstated. India's digital payments infrastructure proved invaluable during the COVID-19 crisis, enabling the rapid distribution of emergency funds through the Public Financial Management System (PFMS). Fintech has the potential to do much more.

Digital Insurance Platforms

As epidemic insurance becomes a key pillar of preparedness, Fintech could power the infrastructure that delivers rapid payouts to hospitals and health workers. By digitising insurance claims and payouts, fintech platforms could ensure that resources flow immediately where needed most, reducing bureaucratic delays.

Furthermore, fintech firms could develop insurance products tailored for health crises. In countries such as Singapore and Thailand, insurers have already rolled out policies covering specific treatments related to COVID-19. Fintech could democratise access to similar products in India, ensuring more comprehensive coverage during future pandemics.

Blockchain for Accountability

A perennial problem with pandemic funds and bonds is ensuring transparency and accountability. Blockchain technology offers a solution by creating a tamper-proof ledger of transactions, verifying that funds are reaching the intended recipients. This could be particularly useful in ensuring that funds are not misappropriated or misused during health emergencies—a common issue in large-scale relief operations. By deploying blockchain to track the disbursement of epidemic bond payouts and pandemic funds, India could strengthen trust in these financial tools, ensuring they serve their intended purpose.

Public-Private Partnerships: Strengthening India's Pandemic Defences

No epidemic insurance scheme can function in a vacuum. Public-private partnerships (PPPs) are essential to ensuring success. India has already demonstrated the effectiveness of PPPs in healthcare through the Pradhan Mantri Jan Arogya Yojana (PM-JAY), which involves private hospitals in delivering care to low-income families. This model could be expanded to include epidemic insurance.

The government could underwrite portions of epidemic insurance policies, making them affordable for private sector participants. Meanwhile, private insurers could be incentivised to develop products tailored for epidemic coverage. Countries such as Singapore and Thailand have successfully rolled out COVID-19-specific policies, reimbursing patients for medical costs associated with treatment. In India, such models ease the financial burden on individuals while ensuring private hospitals remain financially viable during public health crises. India could also partner with global organisations like the World Bank to establish a pandemic bond system, providing immediate funds for outbreaks. Such a partnership would create a financial buffer, allowing India to respond swiftly to future health emergencies.

International Cooperation and Vaccine Diplomacy

India's participation in global health initiatives, such as its Vaccine Maitri programme, has demonstrated its commitment to global pandemic preparedness. During COVID-19, India supplied over 66 million vaccines to nearly 100 countries, many of which were in Africa and Asia. By leading global vaccination efforts, India positioned itself as a critical player in pandemic diplomacy. In future pandemics, India could leverage its international relationships to form partnerships with institutions such as the World Bank, Gavi, and CEPI to co-finance pandemic preparedness measures.

Urban-Rural Divide and Cold Chain Challenges

India's preparedness for pandemics must also address the stark urban-rural divide in healthcare infrastructure. While urban centres have advanced medical facilities, rural areas often need more basic healthcare services. Any epidemic insurance scheme must be designed with this disparity in mind, ensuring that funds and resources are allocated equitably. Additionally, India's cold chain infrastructure—the system for storing and transporting vaccines—must be strengthened to ensure the timely delivery of vaccines in both urban and rural settings. Lessons from COVID-19 highlight the critical role of an efficient cold chain in vaccine distribution, and pandemic insurance should include provisions for upgrading and maintaining this infrastructure.

Epidemic Insurance: A National Security Imperative

While often framed as a public health issue, pandemic preparedness is, at its core, a matter of national security. Epidemics can destabilise economies, overwhelm healthcare systems, and sow social unrest. The misinformation spread during COVID-19 is a stark reminder of the chaos that can follow an unchecked public health emergency. Epidemic insurance is, in effect, a national defence strategy—a financial safety net that ensures India can respond swiftly to future outbreaks without risking economic collapse. Just as India invests in military defences against external threats, it must invest in financial defences against the next viral pandemic.

While international collaboration is often hailed as essential for pandemic preparedness, there are valid concerns about the influence of foreign interests on India's domestic policies. In the rush to secure international funding and support from institutions like the World Bank or Gavi, India risks becoming overly reliant on external agencies, potentially compromising its autonomy in decision-making. The conditions attached to international aid or loans may prioritise the interests of donor countries or organisations over India's specific public health needs. Additionally, global pharmaceutical companies, in their pursuit of profit, may pressure India to adopt solutions that favour their business models, such as high-cost vaccines or treatments, rather than focussing on affordable, scalable solutions tailored to India's population, exacerbating health inequities, particularly between urban and rural areas. To safeguard its public health, India must balance leveraging global resources and maintaining sovereignty over its pandemic response strategies, ensuring that national interests remain the top priority.

The stakes are clear: building a robust system of epidemic insurance will protect India's health and economic future. In doing so, India could become a global leader in pandemic preparedness, charting other nations' paths. Dr. K. S. Uplabdh Gopal is an Associate Fellow at the Observer Research Foundation, focusing on health policy. Dr. K. Madan Gopal is Advisor of the Public Health Administration at the National Health Systems Resource Centre (NHSRC)—MoHFW, Government of India, specialising in public health reforms and resilient health systems.

(The writer are Dr KS Uplabdh Gopal and Dr K Madan Gopal,)

TOP

Indian health insurance: A shifting landscape - Express Healthcare - 15th September 2024

In a game where the stakes are as high as life itself, India's healthcare insurance landscape is undergoing a significant shift. Traditionally, hospitals and insurance companies have operated independently, each with its own objectives, often leading to inefficiencies and delays in patient care. However, this separation is being potentially disrupted by Narayana Health's stand-alone insurance model, which merges insurance with patient care into a unified system. This innovative approach combines the roles of insurer and hospital, creating a more streamlined and efficient process. However, the question remains: Will this new model, and its first product Aditi Plan, launched in July, reshape the Indian insurance landscape?

Birth of a new health insurance model
The Insurance Regulatory & Development Authority of India (IRDAI) granted Narayana Health Insurance a Certificate of Registration during its 124th meeting on December 28, 2023, marking the first such approval in five years. This approval brings the total number of standalone health insurance players in India to six, reflecting the government's commitment to the 'Insurance for All by 2047' vision.

Building on this momentum, Narayana Health recently introduced its first product, Aditi, which offers comprehensive coverage, including Rs. 1 crore for surgeries and Rs. 5 lakh for medical management at Narayana Health network hospitals. Initially limited to Narayana Health facilities for elective procedures, the plan now allows emergency treatment anywhere, minimising administrative hurdles. "Unlike traditional plans, Aditi prioritises a smooth and efficient experience, so the coverage is primarily within the trusted Narayana Health network, where experienced doctors and advanced facilities wait," informs Viren Prasad Shetty, Vice-Chairman, Narayana Hrudayalaya.

Adding on to it Dr Devi Shetty, Chairman of Narayana Health, emphasises the importance of this approach by highlighting a critical gap in India's healthcare system, "In India, there is a need for 70 million surgeries, but only 20 million are being performed as people do not have the means to undergo bellwether procedures like caesarean deliveries, laparotomies, and treatment of open fractures."

Shifts in health insurance landscape
The new model has attracted a lot of attention and also brought to the fore the myriad opportunities and challenges that the Indian health insurance sector presents.

A recent Jefferies report highlights potential pressures, noting that the health insurance sector may face rising claims and increased competition, particularly in the retail segment. "Health, which accounts for approximately 35 per cent of the mix, could see pressure in its retail segment from rising claims frequency and elevated competition," the report stated. With the non-life insurance sector experiencing significant shifts, the health insurance segment may struggle with escalating healthcare costs and higher consumer claims, leading to squeezed margins and pressuring insurers to find ways to manage costs while staying competitive.

(The writer is Neha Aathavale.)

TOP

Beyond Health Cover: Why Ayushman Bharat has still not aced its true test – Live Mint – 15th September 2024

Among the raft of Cabinet decisions announced last week, the one to extend the Ayushman Bharat health insurance scheme to all citizens aged 70 years and above, irrespective of income, was the biggest headline-grabber. The Pradhan Mantri Jan Arogya Yojana currently provides a ₹5 lakh health cover to the bottom 40 percent of India's population. The Centre reckons that the expansion will benefit around 60 million senior citizens, with an outlay pegged at ₹3,437 crore. The move comes at a time when India's population is set to grey faster than ever before. An estimated 4.3 percent of India's population is over 70, with the share projected to rise to 9.7 percent by 2050, according to the United Nations. Health events occur at a more rapid rate among the elderly. As they are more likely to have pre-existing conditions, insurance companies charge them a hefty premium and cover them with more exclusions. All of this makes the government's move timely. Since its inception in 2018, the Ayushman Bharat health insurance scheme has catered to 68.6 million hospital admissions worth ₹90,204 crore, according to the health ministry, with nearly an equal split between men and women, and 30,510 empanelled hospitals, as per official data.Yet, for all its claimed successes, racks are visible. The scheme has suffered consistent gross underutilization of funds, and the claims settlement ratio has fallen from 97.5 percent after launch to 81.7 percent in 2023-24, government data show. This raises questions on whether the scheme can effectively handle an additional volume of beneficiaries.

(The writer is Nandita Venkatesan.)

TOP

Senior citizens can opt for it to reduce their premiums – Financial Express – 15th September 2024

As senior citizen health insurance premiums continue to rise, opting for a co-pay option can be a practical way to manage costs. Co-payment significantly lowers the insurance premium, making it more affordable for those who may have limited income post-retirement.

The insured agrees to pay a part of the medical expenses, while the insurer covers the rest. For instance, if an insured opts for 20% co-payment and the total hospital expense is Rs 1 lakh, he will have to pay Rs 20,000 and the insurer will pay the rest. This percentage is decided at the time of purchase of the policy.

Choosing a co-pay option can also offer flexibility, allowing seniors to tailor their policy according to their health needs and financial capacity. Sharad Bajaj, chief operating officer, InsuranceDekho, says with reduced premium costs, they can maintain access to essential health coverage without straining their savings. "This option is particularly beneficial for those who do not frequently require hospitalisation or expensive treatments, helping them save money while staying insured against major health risks."

Rakesh Goyal, director, Probus, an insurance broking company, says opting for a co-pay can reduce the premium for senior citizens' health insurance policies. "They should check if their preferred hospitals are included in the insurer's network, as receiving care outside the network could result in higher expenses."

Limitations on coverage

Co-pay options for senior citizens can come with limitations such as caps on claim amounts, exclusions for certain treatments or higher co-pays for specific pre-existing conditions. There may also be limits on coverage for specific treatments or procedures and the insured may have to cover a larger share of the costs if expenses exceed the policy's cap.

Room rent limits can apply in co-pay, where the insured may need to pay extra if they choose a room that exceeds the allowed rent limit. Additionally, co-pay typically applies only to covered treatments, so non-medical expenses such as consumables or administrative charges may not be included under the policy. Some co-pay plans may set limits on the total amount payable by the insurer annually or over the policy's lifetime.

Siddharth Singhal, head, Health Insurance, Policybazaar.com, says coverage might also be limited to certain hospitals or could even come with a longer waiting period, which helps make premiums more affordable for the insurer. "Since co-pay is meant to bring your premium down, make sure you compare premium savings against potential out-of-pocket costs with the co-pay."

Factors to bear in mind

Before opting for co-pay, a senior citizen must evaluate his current health status and frequency at which he may need to get admitted and treated. "If frequent medical attention or hospitalisation is expected, a lower co-pay percentage or no co-pay might be more cost-effective in the long run," says Bajaj.

(The writer is Saikat Neogi.)

TOP

Indian professional indemnity insurance practices are gradually aligning with global standards – Express Healthcare – 13th September 2024

Given the rise in medical malpractice suits in India, how can professional indemnity insurance proactively help doctors navigate this increasingly litigious environment? Are there any specific strategies within policies that are particularly effective?

Professional indemnity insurance is becoming increasingly crucial for doctors in India as medical malpractice suits rise. This insurance serves as a safety net, protecting medical professionals from the financial burden of legal claims. It provides coverage not only for the legal defence but also for any settlements or judgments. A key strategy within these policies is the inclusion of retroactive coverage, which ensures that claims related to incidents that occurred before the policy was purchased are also covered. Additionally, policies are often customised to include coverage for specific risks associated with different specialities, ensuring that doctors are protected against the most relevant threats in their practice.

How does professional indemnity insurance mitigate the financial strain of legal defence for doctors, especially in high-profile cases? Can you discuss any recent examples where insurance coverage significantly alleviated the cost burden?

Professional indemnity insurance is designed to cover the extensive costs associated with legal defence, which can be particularly high in high-profile cases. These policies typically cover legal fees, court costs, and any awarded damages, reducing the financial burden on doctors. For instance, in a recent case involving a prominent surgeon accused of malpractice, the professional indemnity insurance covered over 90 per cent of the legal expenses, including attorney fees and settlement costs, amounting to several crores. This allowed the doctor to continue practising without the financial stress that such a lawsuit could have otherwise caused.

With compensation claims for medical errors on the rise, how does professional indemnity insurance ensure that doctors are protected against substantial payouts? What trends are you seeing in the types and sizes of claims?

As compensation claims increase, professional indemnity insurance ensures doctors are shielded from the financial impact of substantial payouts. Policies often include high coverage limits, ensuring that even large claims can be fully covered. We are observing a trend towards higher claims related to surgical errors, diagnostic mistakes, and delayed treatments, with the size of claims also increasing as patients become more aware of their rights. To address this, insurers are offering tailored coverage plans that align with the specific risks of different medical practices, ensuring comprehensive protection.

As medical technology evolves rapidly in India, how is this insurance segment adapting to cover new risks like telemedicine errors or AI-driven diagnostic mistakes? Are there any innovations in coverage to address these modern challenges?

The rapid evolution of medical technology in India has led to new risks, such as telemedicine errors and AI-driven diagnostic mistakes. Professional indemnity insurance is adapting by expanding coverage to include these modern challenges. For example, policies are now being designed to cover errors arising from remote consultations, incorrect AI-generated diagnoses, and other tech-driven medical services. Insurers are also incorporating flexible coverage options that can be updated as technology evolves, ensuring that doctors are protected against emerging risks in real time.

How do professional indemnity insurance practices for Indian doctors compare with those in other countries with similar legal environments? Are there any international models or practices that could be adapted to better serve the Indian medical community?

Indian professional indemnity insurance practices are gradually aligning with global standards, but there are still differences. In countries like the UK and Australia, for example, professional indemnity insurance often includes comprehensive risk management services, such as regular legal consultations and risk assessments, which help doctors minimise the risk of claims. Adopting similar practices in India could enhance the value of insurance for doctors. Additionally, some international models include group policies that offer coverage for entire medical teams, which could be beneficial in the Indian context, especially for hospitals and clinics.

What future trends or potential disruptions do you foresee in the professional indemnity insurance market for doctors in India? How might these changes redefine the role and value of insurance in medical practice?

The professional indemnity insurance market for doctors in India is likely to see significant changes in the coming years. One major trend is the integration of advanced analytics and AI to better assess risk and customise policies for individual doctors. This could lead to more personalised coverage and potentially lower premiums for low-risk practitioners. Another potential disruption is the increased use of block chain technology to streamline claims processing, making it faster and more transparent. These changes will likely redefine the role of insurance from a reactive safety net to a proactive tool that helps doctors manage and mitigate risks throughout their careers.

(The writer is Neha Aathavale.)

TOP

More medical insurers joining NHCX platform for efficient claim processing – Business Standard – 13th September 2023

The National Health Claims Exchange (NHCX) platform, introduced by the National Health Authority, is gaining traction among Indian health insurers for adoption as the platform streamlines the healthcare claims processing, offering various benefits to insurers, healthcare providers and patients.

This digital platform aims to enable patients to access quality healthcare quickly and reduce out-of-pocket expenses.

NHCX connects insurance companies, healthcare service providers, and government insurance scheme administrators to streamline healthcare access and claims. Officials said that leading insurers like Aditya Birla Health Insurance, Magma HDI General Insurance, Reliance General Insurance, Future Generali India Insurance and HDFC Ergo are joining the NHCX platform in their operations.

By leveraging this technology, insurers can significantly reduce claim processing time, improve operational efficiency, and enhance customer satisfaction, health insurance firms said. Claim settlement on the exchange has begun with some insurers, albeit on a small scale, which is expected to accelerate in the coming days.

"We have successfully processed its initial health claims via this exchange. This initiative aligns with the industry's broader efforts to leverage technology for enhanced customer service and operational efficiency in healthcare claim processing. It also underscores IRDAI's commitment to expanding insurance coverage and accessibility nationwide," said Mayank Bathwal, CEO of Aditya Birla Health Insurance. It will enable the company to streamline the claims process, reduce administrative costs, and provide a better experience for the customers, he said.

"I think the National Health Claims Exchange is a fantastic idea by the regulator. IRDAI's primary focus has been affordability, accessibility and customer-centricity. The regulator believes that if the industry has to grow well then it has to create an enabling environment and a regulatory interface where the insurers are able to quickly react to whatever changes are happening in the market," said Anup Rau, MD & CEO of Future Generali India Insurance.

The adoption of NHCX is a positive development for the Indian healthcare industry. "As more insurers join the platform, we can expect further improvements in the efficiency and transparency of healthcare claims processing," a company official said. "The NHCX platform, designed to streamline and expedite the claims process, represents a significant advancement in the insurance sector. We believe it will play a significant role in furthering the insurance movement in the country. It testifies to our belief that technology can provide impetus to India's insurance sector," Magma HDI Chief Technical Officer Amit Bhandari said.

Health insurance experts stated that the NHCX platform can also help reduce fraudulent claims in the industry, which may lead to more favourable pricing in the long term. Additionally, having access to a patient's complete medical history online can enable healthcare providers to expedite treatment during emergencies.

To develop the paperless ecosystem of healthcare, the government has introduced a platform called ABHA (Ayushman Bharat Health Account), which maintains the medical history of every registered Indian citizen with an ABHA card. The card contains a unique 14-digit identification number, known as the ABHA ID, along with the individual's complete medical history, consultation details, and prescriptions. These records can be accessed by the cardholder or other authorized stakeholders. "ABHA IDs not only serve as a digital identifier for the insured but also help streamline the overall healthcare and insurance experience," an official said.

TOP

ABPM-JAY to cover aged 70 or above likely to be operational within a week – Business Standard – 13th September 2024

The Central government's Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (ABPM-JAY) scheme is likely to be operational within a week's time and will initially function as a pilot project, an official sources said. On September 11, in a move to benefit 4.5 crore families, the Union Cabinet approved health coverage to all senior citizens of the age 70 years and above irrespective of income under Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY). According to the sources, initially there will be a pilot launch to sort out any issues that may arise. This scheme is also expected to help women further as 58 per cent of the 70 plus age group are women of which 54 per cent are widows.

The expansion, with a coverage of 5 lakh per family annually is expected to bring substantial relief to those who are 70 year old and above. The beneficiary of the scheme aged 70 and above will receive a new health card, ensuring streamlined access to get healthcare benefits. A beneficiary of the scheme has to register first on the portal for authentication. The facility of face authentication is available on the portal, which will have a designated link for senior citizens aged above 70, explained Official Sources

The Union Ministry of Health will also run media campaigns for increasing awareness at the community level, "There will be an awareness campaign on all media platforms not only through IEC but also through field level workers and other community level participation," official sources said further "There is no waiting period, no cooling off period. Once eKYC is done, card will be operational for use immediately. Centre will continue to fund its share of the scheme (60 per cent). If states expand the scheme or modifies it to include other age groups, it is up to them. Some states have expanded the beneficiary base beyond SECC. They provide the premium for these beneficiaries. Premium being paid by the Centre to States is being revised, based on the recomendations of a NITI AAYOG committee of Dr Paul," said sources

TOP

SURVEY AND REPORTS

Primary reasons why Indians opt for life insurance – Survey reveals surprising insights – Financial Express – 17th September 2024

A recent survey by Canara HSBC Life Insurance sheds light on why life insurance is a top priority for many Indians. According to the findings, a significant 70% of respondents are prioritizing their family's financial security over immediate desires, such as buying a home or taking vacations. The survey reveals a compelling narrative about how financial planning, family obligations, and regrets about delayed decisions are shaping the life insurance landscape in India. As families navigate their financial futures, these insights underscore the growing emphasis on securing loved ones' well-being through thoughtful insurance planning.

Overlooked opportunities and postponed decisions in financial journey

"Imagine yourself navigating the demands of daily life — balancing your career goals, family obligations, and the constant pursuit of a secure future. But, like many Indians have discovered, the journey to financial stability is often marked by overlooked opportunities and postponed decisions," says the survey. This insight forms the core of Canara HSBC Life Insurance's "Perfect Plan Ka Partner" survey — a comprehensive study that explores how well-prepared Indians are for the future and how they manage their savings and insurance.

How individuals across various age groups prioritize financial future

In partnership with an independent survey agency, Canara HSBC Life Insurance embarked on a journey to understand how individuals across various age groups and cities in India prioritize their financial future. The survey, encompassing 800 participants aged 20 to 50 from eight Tier 1 and Tier 2 cities, unveils a compelling narrative: a story of aspirations, regrets, and the quest for security.

Delving deeper, the survey reveals that 64% of individuals wished they had begun their term insurance journey sooner. Despite 83% acknowledging the importance of term plans, a mere 11% take the time to review their coverage annually. This lack of regular assessment leaves only 25% of Indians feeling confident that their policy will sufficiently cover unexpected expenses. The story continues with retirement planning. While 66% of Indians start planning for retirement in their 30s, a staggering 74% regret not starting earlier. This delay has left only 27% feeling prepared for retirement, and just 24% believe their maturity amount will fully meet their financial needs.

TOP

Indian companies shift focus towards preventive care, wellness programmes – Business Standard – 14th September 2024

Post Covid-19 pandemic, there has been a notable shift in median benefit offering by Indian companies to its employees, which includes enhanced focus on preventive care, wellness programs, and personalized benefits, according to a report by Prudent Insurance Brokers from data of over 3,000 organizations, covering 30 lakh employees. Companies are now rapidly shifting towards outpatient department (OPD) benefits, and emphasizing on preventive screenings, annual checkups, and mental health support.

Further, mental wellness has become a core part of employee well-being programs, with 74 percent of employers incorporating mental health services. Additionally, companies are defined benefit structures to defined cost structures, giving employees greater flexibility in choosing benefits tailored to their needs. Also, demand for pet care benefits is rising, particularly in IT/ITES and E-commerce sectors, catering to younger employees and those with pets, according to the findings.

TOP

INSURANCE CASES

14 yrs on, consumer wins battle against insurance firm – The Times of India – 18th September 2024

A consumer from Haldwani, who underwent a hip surgery but his medical claim was rejected by the insurance company finally won the 14-year-old legal battle after the state consumer commission mandated the National Insurance Company to pay a compensation of Rs 50,000 for engaging in unfair trade practices. The commission also ordered the firm to pay an additional Rs 50,000 for mental distress and financial hardship endured by the consumer, along with Rs 20,000 to cover litigation expenses. The complainant, Virendra Goel, had raised the matter first with the district commission, then the state commission, and finally with the national commission, which directed the state commission to re-evaluate his complaint.

Goel had lodged a complaint with the consumer commission back in 2010 to seek reimbursement of the medical claim amount from Jennings India Limited, Noida, and National Insurance Company. However, on Aug 20, 2014, the commission had dismissed the complaint. Thereafter, Goel proceeded to file an appeal with the state consumer commission. When the state commission also rejected the complaint on Aug 6, 2018, Goel escalated the matter by submitting a review petition to the national commission in New Delhi. On March 13, 2020, the national commission accepted the petition, overturned the state commission's decision, and instructed the appeal to be adjudicated formally.

Subsequently, on Sep 29, 2022, the state consumer commission overturned the district consumer commission's order from Aug 20, 2014, and remanded the case back to the district commission for further deliberation. Fresh notices were issued to the companies, and the complaint proceedings were reinitiated. The state consumer commission, presided over by president Ramesh Jaiswal and member Vijay Lakshmi Thapa, has now directed the insurance firm to reimburse the entire cost of the hip replacement surgery, amounting to Rs 3,31,000, along with a 6% annual simple interest calculated from Dec 22, 2010 (the date of filing the complaint) until the actual settlement date within a 45-day period.

(The writer is Pankul Sharma.)

TOP

Insurance Company Can Be Made Liable Even If Transfer of Vehicle Is Not Recorded: Allahabad High Court – Verdictum – 17th September 2024

The Allahabad High Court reiterated that an insurance company can be made liable even if the transfer of vehicle is not recorded in the records of the transport office. The Court dismissed the petition filed under Article 227 of the Constitution challenging the validity of the judgment and order passed by the Permanent Lok Adalat regarding an insurance claim in a motor vehicle accident. A Single Bench of Justice Subhash Vidyarthi observed, “Section 157 provides that upon transfer of ownership of a vehicle, the certificate of insurance and the policy described in the certificate shall be deemed to have been transferred in favour of the person to whom the motor vehicle is transferred with effect from the date of its transfer. The deeming fiction provided by the statute means that even if the insurance policy is not transferred in fact, the insurance company would become liable under the policy to the transferee of the vehicle. Therefore, the intention of the legislature is to make the insurance company liable immediately, in spite the transfer having not been recorded in the records of the transport office."

Advocate Asit Srivastava appeared for the petitioner, while Advocate Ashok Kumar represented the respondent. The truck which met with an accident was insured by the insurance company, New India Assurance Co. Ltd. (petitioner). The registered owner of the truck (claimant) submitted a claim form, however, the petitioner rejected his insurance claim. The investigator appointed by the petitioner had taken the written statement of the claimant, wherein the latter stated that he had transferred the truck to another person (third party) subject to the condition that the person would pay the Bank's instalments. It was submitted that at the time of the accident, the truck was being driven by a driver engaged by the third party, and therefore, the truck was not in the custody of the claimant.

The Permanent Lok Adalat concluded that the agreement between the claimant and the third party would not affect the adjudication of the dispute between the parties to the case. The High Court stated that Section 157 of the Motor Vehicles Act, 1988 (MV Act) gets attracted when the owner of the vehicle transfers the ownership of the motor vehicle, which was not done in the case. "The opposite party had merely entered into an agreement for transferring the ownership of the vehicle at a future point of time, after repayment of the entire loan taken for purchase of the vehicle," the Court remarked. The Lucknow Bench referred to the decision in Complete Insulations (P) Ltd. v. New India Assurance Co. Ltd., (1996), wherein the Supreme Court held that the Insurance Company is liable to indemnify the transferee even though the insurance policy had not been transferred in its name.

"This judgment also supports the view of this Court that the intention of the legislature is to make the insurance company liable immediately, in spite the transfer having not been recorded in the records of the transport office and the intention is not to exclude the transferees strictly," the Court observed. The Court clarified that since the transfer did not stand completed, the claimant continued to be the registered owner of the vehicle. Consequently, the Court held, "In absence of the ownership of the vehicle having been transferred, the petitioner would continue to be liable under the contract of insurance entered between the appellant and the registered owner of the vehicle." Accordingly, the High Court dismissed the petition. Cause Title: The New India Assurance Company Limited v. Permanent Lok Adalat (Neutral Citation: 2024: AHC-LKO: 63642)

(The writer is Riya Rathore.)

TOP

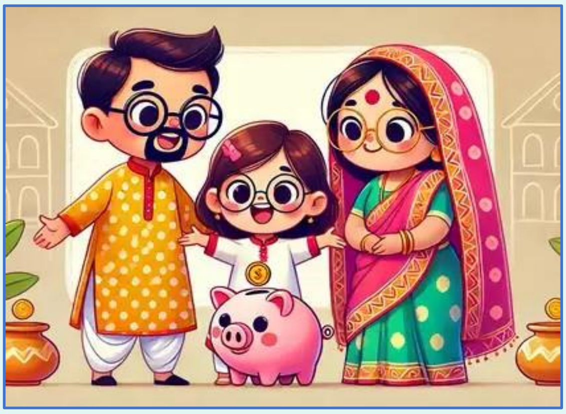
PENSION

NPS Vatsalya opens! ICICI Bank, Axis Bank launch scheme – Know eligibility, minimum contribution and more – Financial Express – 18th September 2024

The NPS Vatsalya scheme was officially launched today by Finance Minister Nirmala Sitharaman nearly two months after she announced the mega saving-cum-retirement financial plan for minors in the Union Budget 2024-25. Following the formal launch of the mega scheme by the FM, banks like ICICI Bank and Axis Bank announced the launch of the pension scheme aimed at securing the financial future of children. The scheme, which will run under the aegis of Pension Fund Regulatory and Development Authority (PFRDA), is a part of the government's formal launch across the country by Sitharaman in New Delhi today.

Where can you open NPS Vatsalya account?
NPS Vatsalya account can be opened offline and online both. Parents can open NPS Vatsalya account for their kids through Points of Presence (POPs) which include major banks, India Post, Pension Funds, etc. and the online platform, e-NPS. They can also visit any ICICI Bank business centre across the country and

Axis Bank branches to open the NPS Vatsalya account for their children. ICICI Bank inaugurated the commencement of the scheme by registering accounts of a few children under NPS Vatsalya. They also received a symbolic Permanent Retirement Account Number (PRAN) card for their NPS Vatsalya account.



Sriram H, Head – Deposit Products, ICICI Bank said, "We are delighted to be part of the NPS Vatsalya launch scheme with the Government of India and PFRDA. We have begun this journey by opening our first set of NPS Vatsalya accounts today. We have equipped all ICICI Bank business centres across the country to open the NPS Vatsalya account for customers. This account helps in long-term wealth creation, ensuring that by the time the minor becomes an adult, there is a financial corpus in place for them."

Key attributes of the Vatsalya NPS account:

·Eligibility criteria: Any minor, having PAN card and Aadhar card, who is under the age of 18 is eligible

·Minimum contribution: A minimum of Rs 1,000 per year can be contributed with no limit on maximum contribution

·Contributors to the scheme: Parents/guardians can contribute on behalf of their children

·Transition after the age of 18: The minor's NPS account will transition to a standard NPS account, post the submission of required KYC documents.

How will NPS Vatsalya work?

Kurian Jose, CEO, Tata Pension Management, explains, "Account is opened in the name of minor and operated by Guardian and the minor is the sole beneficiary of the same. Upon attainment of age of 18 years, this account can be shifted seamlessly to NPS Tier – I (All Citizen). All features of investing through Auto Choice / Active Choice can be utilised for the same as well." By encouraging early investment and providing a structured savings plan, NPS Vatsalya aims to build a robust financial foundation for young individuals, he said adding that this innovative approach not only ensures that children receive the benefits of disciplined saving and compounding over time but also fosters a sense of financial responsibility from an early age.

TOP

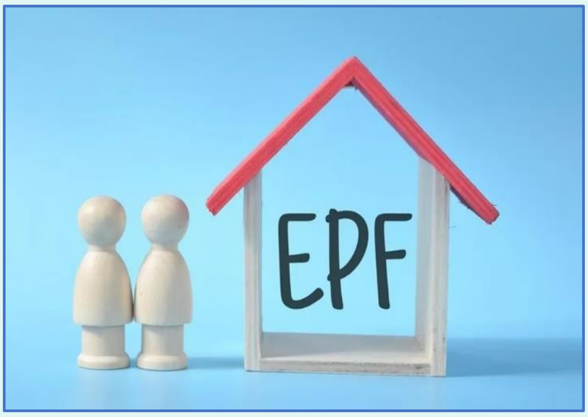
Number of Atal Pension Yojana subscribers at 69 mn, corpus at Rs 35,149 cr – Business Standard – 18th September 2024

About 7 crore people have subscribed to the Atal Pension Yojana (APY) whose corpus has swelled to Rs 35,149 crore, Finance Minister Nirmala Sitharaman said on Wednesday. APY is a low-cost pension scheme that offers a guaranteed minimum pension of Rs 1,000-5,000 per month from the age of 60 years onwards (depending on the contributions by the subscribers).

In case of death of the subscriber, the same pension will be provided to the spouse till he/she is alive. In the event of death of both the subscriber and the spouse, the entire corpus is given to the nominee. "Since its inception in 2015, 6.90 crore people have subscribed to the Atal Pension Yojana and a corpus worth Rs 35,149 crore has been accumulated," Sitharaman said at an event to launch the NPS Vatsalya scheme.

TOP

Government increases PF withdrawal limit to ₹1 lakh, likely to hike salary ceiling: Report – Live Mint – 17th September 2024



Union Labour Minister Mansukh Mandaviya said on Tuesday that subscribers of the Employees' Provident Fund Organisation (EPFO), the government-run retirement savings manager, can now withdraw up to ₹1 lakh at once from their accounts for personal financial needs, an increase from the previous limit of ₹50,000, according to report by Hindustan Times.

The labor ministry has implemented various changes to the EPFO's operations, including a new digital framework and updated guidelines to enhance flexibility and responsiveness, minimizing inconveniences for subscribers, according to the minister. Additionally, new employees who have not yet completed six months in their current job are now eligible to withdraw funds, a change from the previous restriction.

"People often turn to their EPFO savings to meet expenses such as weddings and medical treatment etc. We have enhanced the withdrawal limit to ₹1 lakh at a time," Mandaviya said on the occasion of the government's 100 days in office. The new withdrawal limit was increased because the previous cap had become outdated due to changing consumption expenditures. Provident funds provide retirement income to more than 10 million employees in the organized sector and frequently represent the primary source of lifetime savings for many workers. The EPFO's savings interest rate, set at 8.25% for FY24, is a key benchmark closely monitored by the salaried middle class.

In another significant shift, the government has allowed organizations that are not part of the EPFO to transition to the State-run retirement fund manager. Certain businesses can operate their own private retirement schemes due to an exemption, primarily because their funds were established before the EPFO was created in 1954. "There are 17 such companies with a total workforce of 100,000 and a corpus of ₹1000 crore. If they want to switch to EPFO instead of their own fund, they will be allowed. The government's PF savings give better and stable returns," the minister said. An official stated that companies like Aditya Birla Ltd have contacted the government requesting this arrangement, leading the government to adjust its policy.

Further plans

The minister announced that the government is developing plans to raise the income threshold for mandatory provident fund contributions from ₹15,000 for salaried employees. Additionally, the income threshold for Employees' State Insurance, currently set at ₹21,000, will also be increased.

Mandaviya stated that employees earning over ₹15,000 will have the flexibility to choose the portion of their income they wish to allocate for retirement benefits and pension.

Under the Employees' Provident Funds and Miscellaneous Provisions Act of 1952, companies with 20 or more employees are required to contribute to provident funds. This includes a mandatory deduction of at least 12% of an employee's salary, with the employer also contributing an additional 12%.

TOP

FM Nirmala Sitharaman to launch NPS-Vatsalya scheme on September 18 – Business Standard – 16th September 2024

Union Finance Minister Nirmala Sitharaman will launch the NPS-Vatsalya scheme on September 18 in Delhi, according to sources. The event will be attended by Deepak Mohanty, Chairman of the Pension Fund Regulatory and Development Authority (PFRDA), Minister of State (MOS) for Finance Pankaj

Choudhary, along with senior finance ministry officials and Nagaraju Maddirala, Secretary of the Department of Financial Services.

"NPS-Vatsalya, a plan for contributions by parents and guardians for minors, will be introduced. Upon reaching the age of majority, the plan can be seamlessly converted into a regular NPS account," FM Sitharaman had said during her budget speech in July. The NPS-Vatsalya scheme is specifically tailored for younger individuals. Under this innovative program, parents or guardians can open accounts for their minor children and contribute towards their retirement savings. One of the key features of the scheme is its flexibility. Once the minor turns 18, parents have the option to convert the account into a regular NPS account, ensuring a smooth transition into long-term retirement planning.

"FM Sitharaman will also launch the NPS-Vatsalya scheme at remote locations via video conference," said the source. All parents and guardians, whether Indian citizens, NRIs, or OCIs, are eligible to open an NPS-Vatsalya account for their minor children. A key feature of the scheme is that parents can start saving for their child's retirement as early as infancy. The power of compounding can significantly enhance returns over a long investment horizon. Additionally, upon reaching adulthood, the child's account will automatically transition into a regular NPS account. Parents can start with a modest monthly contribution of ₹500 or an annual contribution of ₹6,000.

"The Committee to review the NPS has made considerable progress in its work. I am pleased that the Staff Side of the National Council of the Joint Consultative Machinery for Central Government Employees has taken a constructive approach. A solution will be developed that addresses relevant issues while maintaining fiscal prudence to protect the common citizen," FM Sitharaman had said during her budget speech.

(The writer is Harsh Kumar.)

TOP

NPS Top Performing Fund Managers: Equity funds with up to 39% returns under Tier 1 scheme in one year – Financial Express – 13th September 2024

The National Pension System (NPS), initially started for employees in the government sector in 2004, was opened for the private sector in 2009. Since then it has been the most popular saving-cum-pension scheme in the country. The best feature of the NPS investment is that it meets both key objectives of conservative investors – lower risks due to regulated equity exposure and moderate returns compared to fixed-return instruments.

NPS investors can divide their investments between equity and debt and keep adjusting their investing pattern as they grow older. This helps them reduce their equity exposure as they approach the retirement age. After the age of 60, investors are allowed to withdraw 60% of their corpus in lump sum and have to mandatorily invest at least 40% in an annuity scheme for a monthly pension. There are two modes of investment available under NPS – active choice and auto choice.

Under the NPS scheme, your investment goes into three asset classes: equity (E), corporate bonds (C), and government securities/bonds (G). You can decide what percentage of your investment should go into each of these asset classes, provided you have selected the active choice for your investment. If you select auto choice, the proportion of investments keep changing according to age.

For example, if you have chosen the aggressive option under the auto choice mode, 75% can be invested in equity up to 35 years, while this limit decreases for those aged 55 years and above.

NPS tax advantage:
Investment up to Rs 2 lakh in a financial year under the NPS Tier 1 scheme is tax exempted – Rs 1.5 lakh under Section 80CCE and an additional Rs 50,000 under section 80 CCD 1(B).

How many NPS fund managers are there in the country?
At present, there are around 11 pension funds authorised to manage investments under the NPS. These are SBI Pension Funds Pvt Ltd, LIC Pension Fund Ltd, UTI Pension Fund Limited, HDFC Pension Management Co. Ltd, ICICI Prudential Pension Fund Management Co Ltd, Kotak Mahindra Pension Fund Ltd, Aditya Birla Sunlife Pension Management Ltd, Tata Pension Management Private Limited, Max Life Pension Fund Management Ltd, Axis Pension Fund Management Ltd, and DSP Pension Fund Managers Private Limited.

Here is a table below showing the returns these 11 funds have generated for investors under the NPS Tier 1 scheme over various time periods.

Pension Fund	Inception Date	AUM (Rs Crs)	Subscriber	NAV	Returns 1 Year	Returns 3 Years	Returns 5 Years	Returns 7 Years	Returns 10 Years	Returns Inception
Aditya Birla Sun Life Pension Management Ltd.	09-May-17	892.77	71,614	28.8509	33.15%	16.15%	19.85%	15.23%	NA	15.54%
Axis Pension Fund Management Limited	21-Oct-22	2,124.51	1,59,357	14.8905	34.22%	NA	NA	NA	NA	23.59%
HDFC Pension Management Co. Ltd.	01-Aug-13	46,760.74	21,10,693	53.6631	33.58%	15.80%	20.46%	15.77%	13.88%	16.33%
ICICI Pru. Pension Fund Mgmt Co. Ltd.	18-May-09	16,874.56	8,53,067	72.8275	35.39%	17.01%	20.94%	16.01%	13.59%	13.84%
Kotak Mahindra Pension Fund Ltd.	15-May-09	2,567.87	1,22,414	67.2376	34.31%	17.06%	20.90%	15.46%	13.70%	13.24%
LIC Pension Fund Ltd.	23-Jul-13	6,053.86	4,35,002	45.0364	31.77%	16.04%	20.02%	14.69%	12.64%	14.48%
Max Life Pension Fund Management Limited	12-Sep-22	396.72	28,670	14.6493	33.86%	NA	NA	NA	NA	21.19%
SBI Pension Funds Pvt. Ltd	15-May-09	19,395.88	17,69,776	57.8832	30.49%	15.37%	19.06%	14.77%	12.86%	12.14%
Tata Pension Management Pvt. Ltd.	19-Aug-22	1,510.20	59,207	15.8581	38.82%	NA	NA	NA	NA	25.19%
UTI Pension Fund Ltd.	21-May-09	2,734.38	1,23,900	72.8388	39.17%	17.55%	21.15%	15.95%	13.94%	13.85%
DSP Pension Fund Managers Private Limited	26-Dec-23	291.38	7,696	12.5938	NA	NA	NA	NA	NA	25.94%
Benchmark Return as on 06.09.2024					35.61%	16.92%	21.17%	16.27%	14.00%	

Source: NPS Trust

The above table shows that UTI Pension Fund led the chart with a return of 39.17% on equity investment in the last one year, followed by Tata Pension Management Pvt Ltd (38.82%), and ICICI Prudential Pension Fund Management Co Ltd (35.39%). If we look at 5-year returns, UTI Pension Fund again emerged as the leader of the pack with 21.15%, followed by ICICI Prudential Pension Fund Management Co Ltd and Kotak Mahindra Pension Fund.

(The writer is Mithilesh Jha.)

TOP

GLOBAL NEWS

Malaysia: Insurance market sees double-digit growth in 1H2024 – Asia Insurance Review

New business premiums in the life and general insurance industry recorded double-digit growth in the first half of 2024, exceeding MYR20bn ($4.7bn), said Bank Negara Malaysia (BNM) governor Mr Abdul Rasheed Ghaffour. In his keynote address yesterday at the rebranding event of Malaysia Insurance Institute (MII) as Asian Institute of Insurance (Aii), he said that the family takaful and general takaful industry also experienced the same strong growth to total contributions of over MYR7bn.

Apart from the update on the insurance industry's topline performance, he elaborated on key developments affecting the insurance sector and offered some perspectives on the efforts to be made to keep up with these trends.

Developments
Major developments affecting the industry include the escalating frequency and severity of global risks. These include:

Climate change and cyber threats: Given the dynamic and often unpredictable nature of these emerging threats and their potential to cause widespread impact, conventional risk models that depend on historical data and established patterns for predicting and pricing risks may struggle to address them. Technological advancements and shifting customer expectations: These demand adaptation and evolution of the insurance sector.

The rapid ageing of the Malaysian population: By 2044, 14% of Malaysia's population is expected to be of those 65 years or older, making Malaysia an 'aged society'. This so-called 'silver tsunami' phenomenon will see a shrinking share of the working-age population.

Action needed
To address the challenges, insurers and takaful operators will need to expand their capacity and readiness to narrow critical protection gaps and strengthen financial safety nets. This means adapting and innovating in several areas.

First, in capitalising on technology and digital innovation to close the coverage gap.
Second, augmenting protection with prevention. Insurers and takaful operators have a unique role in not only providing real-time risk mitigation solutions but also influencing and incentivising positive behaviours over the long term.

Third, creating a more inclusive insurance ecosystem.
Fourth, insurers and takaful operators must remain ever-ready to respond to, and serve the needs of the region, ensuring that their offerings resonate with the diverse communities and contribute to sustainable economic growth of the region.

Mr Rasheed said, "We cannot overlook the importance of public-private collaboration in these areas. The synergy created from such partnerships can strengthen the contributions of the insurers and takaful operators. These could take the form of development of sophisticated risk transfer solutions that can manage large-scale and emerging risks that are beyond the capacity of individual institutions."

He also said, "I would like to see the insurance and takaful sector remain relevant, thrive, and continue to play a pivotal role in contributing to the nation's broader economic and social development in the years ahead. Such vision cannot be achieved in silo and will require a whole-of-nation approach. I also wish to reaffirm the Bank's steadfast commitment to driving essential reforms within this sector. By working together, we can transform our aspirations for a more competitive, efficient, and inclusive protection landscape into reality."

TOP

Asia Pacific: Region maintains 28% share of global marine insurance premiums – Asia Insurance Review

The Asia Pacific region maintained its share of global marine insurance premiums of 28.1% in 2023, compared to 28.4% in 2022, according to data from the International Union of Marine Insurance (IUMI) which presented its analysis of the latest marine insurance market trends at its 150th annual conference in Berlin on 16 September 2024. The global marine insurance premium base for 2023 was reported as $38.9bn- representing an increase of 5.9% from $35.8bn in 2022.

By region, Europe continued its dominance with a 48.5% share of global premiums followed by Asia/Pacific (28.1%), Latin America (10.9%), North America (7.0%) and the rest of the world at 5.5%.

Interestingly, after a period of decline, European premiums had enjoyed an upward trend since 2019 and the Asian market had also continued its rally since its downward trend ended in 2016. Latin and North America were also showing a modest upswing in their premium base. Development was seen across all lines of business with the Offshore Energy sector enjoying a 4.6% increase; Cargo insurance, a 6.2% increase; and Ocean Hull, a 7.6% increase. The distribution of premiums had not changed significantly from 2022 with Cargo commanding the largest share at 56.9% followed by Ocean Hull (23.6%), Offshore Energy (11.9%), and Marine Liability (7.7%).

IUMI's Facts & Figures Committee vice chair Astrid Seltmann said, "Global premiums reflect a combination of insurable volumes and prices per unit. The drivers for the increase in premiums are typically a continued rise in global trade volumes & values (cargo), coupled with increases in vessel values (hull), or the increase in oil price inducing more activity in the offshore energy segment. More widely, geopolitical conditions will have impacted premiums in a number of regions, as have general market conditions, specifically capacity." "Overall, 2023 appears to have been a positive year for marine underwriters. The other part of the equation is the impact of claims which has been comparably benign over the past few years, despite individual severe claims giving rise to concerns such as fires; and some visible inflation impact on the average cost of attritional losses. However, ever larger vessels, increasing value accumulations, changes in technology and fuels as well as changes to trading routes all mean a change of risk, which needs to be taken monitored and taken into account going forward," she said.

Offshore Energy

Global premiums in the Offshore Energy market were reported as $4.6bn in 2023, rising by 4.6% from 2022. The fortunes of this market tend to follow the oil price which appeared to have stabilised at a comparatively healthy level. This had driven renewed activity which, in turn, had led to positive market development. Premiums had rallied after reaching a low in 2019 and have continued upwards since then. The future trend will depend on the stability of the oil price and OPEC+ production decisions as well as insurance market capacity. In recent years, claims were relatively low even though many offshore assets were being reactivated. However, 2023 saw two major losses, and loss ratios (Europe) were starting out at a higher level than in previous years. Although day rates for offshore assets remained high, the future performance of this sector will depend on oil price/production, weather events, and market capacity. Similar to last year, a fragile balance between premiums and claims remains.

Cargo

Cargo insurance returned a global premium base for 2023 of $22.1bn – a 6.2% improvement over 2022. All regions experienced growth with Europe and Asia enjoying marked positive development. Overall, Europe claimed a 39.8% share followed by Asia/Pacific (32.2%), Latin America (11.9%), North America (7.5%), Middle East (6.0%), and Africa (2.7%). In general, premium growth in this sector follows global trade which has now normalised following COVID. The International Monetary Fund was predicting continued growth in world trade values, and this bodes well for cargo underwriters going forward, although such projections are subject to a considerable amount of uncertainty given the geopolitical situation. It should be noted that exchange rate fluctuations tend to impact most heavily on this sector, such that growth trends may deviate in local currencies and also make direct comparisons with earlier years more difficult.

Cargo underwriters suffered challenging loss ratios before 2019 but since then ratios have improved year-on-year. Although fires and floods have had an impact on claims, loss ratios for Europe in 2023 appeared to be more positive than in recent years. Loss ratios in other regions have also enjoyed an improvement since 2019. The overall claims impact remained stable. In general, Cargo insurance was enjoying improved results and a long-awaited period of positive stability. That said, several perennial issues will continue to impact including large vessel fires, mis-declared cargoes, accumulation of risk, severe weather events, and geopolitical instability.

Ocean Hull

The Ocean Hull sector reported global premiums of $9.2bn representing a 7.6% increase from the previous year. Europe commanded the largest share at 51.8% followed by Asia/Pacific (35.5%), Latin

America (7.6%), North America (4.3%), Africa (0.6%), and the Middle East (0.3%). The UK, China, and Latin American markets had all experienced an increase in share during 2023 whilst the recent (and dramatic) rise in the Nordic market now appeared to have stabilised. A return to normal shipping activity following COVID had a positive impact on vessel values in most classes and a higher demand for vessels had driven up the global premium base. This was particularly true for offshore support vessels whose values had risen significantly following a stable oil price and a reactivation of offshore activities.

Previously, there was concern over the large gap between total gross tonnage/number of vessels and global premiums which had opened markedly between 2011-2018. This gap began to close slightly from 2020 and, in 2023, continued to reduce. Following post-COVID reactivation, the frequency of hull claims showed some increase but had not yet exceeded pre-pandemic levels. Total loss frequency also showed a slight recent increase but remained at a very low level. The claim cost per vessel increased somewhat and in 2023, for the first time, exceeded the pre-COVID level. This was mainly due to increased major loss impact, particularly from costly vessel fires, which remains an ongoing issue.

Summing up, Mr Jun Lin, chair of IUMI's Facts & Figures Committee said, "Overall, 2023 was a positive year for marine underwriters with market development seen across all lines of marine insurance business. World trade continued to grow which impacted positively on the global premium base, particularly for cargo insurance. The oil price appears to have stabilised which is good for the offshore sector. Inflationary pressure has eased and many central banks are beginning to cut their interest rates. The claims environment was also relatively moderate in 2023 with no major weather events or vessel casualties making a significant impact on the overall costs, despite a few costly fires. Large vessel fires, particularly on containerships and car carriers, are still a major concern for hull and cargo insurers."

2024

Mr Lin said, "Increasing geopolitical tensions are creating headwinds for our industry and there seems no end to their impact in 2024 or beyond. The continuing Houthi attacks in the Red Sea area and the Russia/Ukraine war are disrupting traditional shipping routes and causing some carriers to change the way they operate. And we must not forget the tragic loss of life suffered by seafarers in those regions. Re-routing vessels around Africa brings additional risks but, so far, we have not seen any significant issue. On the flip side, these longer routes, particularly for containerships, have absorbed the influx of newbuilds into the market ensuring freight rates remain stable. "Other headwinds for 2024 and beyond will include the impact of the impending US election, climate change and associated extreme weather events, zero-carbon fuel technology, and cyber-risks."

TOP

COI TRAINING PROGRAMS

Mumbai – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
7	Marine Cargo Claims and Fraud Management	21-Oct-24	22-Oct-24	ClickHere	Register
8	Risk Inspection & Management for Risk Engineers	24-Oct-24	25-Oct-24	ClickHere	Register
9	Workshop on Team Dynamics and Interpersonal Relationships	07-Oct-24	08-Oct-24	ClickHere	Register
10	Relevance of Monetary policy and its implications for Insurance sector	21-Oct-24	21-Oct-24	ClickHere	Register
11	Insurtech and Digital Marketing	24-Oct-24	25-Oct-24	ClickHere	Register
12	Boosting Productivity of Marketing Personnel of Banks, Corporate Agents, Brokers	16-Oct-24	16-Oct-24	ClickHere	Register
13	Understanding Consumer Behaviour in Insurance Sales Management	23-Oct-24	23-Oct-24	ClickHere	Register

Kolkata – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Handling Project & Engineering Insurance – Underwriting and Claims	22-Oct-24	23-Oct-24	ClickHere	Register

TOP

COURSES OFFERED BY COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	11 January 2025
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	11 January 2025
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	11 January 2025
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours

Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

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

Course Structure -

Particulars	Details
Date	10th – 12th December 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.