ISSUE NO. 2023/42

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

14TH – 20TH OCTOBER 2023

Insurance Term for the Week

Annuity Considerations

- An annuity consideration is a payment or premium made to fund an annuity.
- Annuities can be structured in many ways, such as immediate or deferred, fixed or variable, and qualified or non-qualified.
- Immediate annuities generate payments upon issue after consideration is received.
- Deferred annuities allow account holders to remit contributions to earn interest and postpone receiving payments until a later date.
- There are now many opportunities for investors to hold annuities within their 401(k) plan.

Account owners who receive annuity income payments can choose different frequencies of distribution, such as monthly, quarterly, semiannually, or annually. Payments are based on several factors, including the following:

- The amount of the annuity consideration or accumulated value of an existing deferred annuity
- The age at which the annuitant begins receiving payments
- The annuitant's life expectancy or the length of the term
- The annuity's anticipated investment returns
- Whether the annuity is fixed or variable and guaranteed for a specified amount of time or the lifetime of the annuitant

QUOTE OF THE WEEK

"Thought is the wind, knowledge the sail, and mankind the vessel."

AUGUSTUS HARE

INSIDE THE ISSUE

INSURANCE INDUSTRY

How India's InsurTechs are aiming to bridge the insurance gap – The National News -16th October 2023

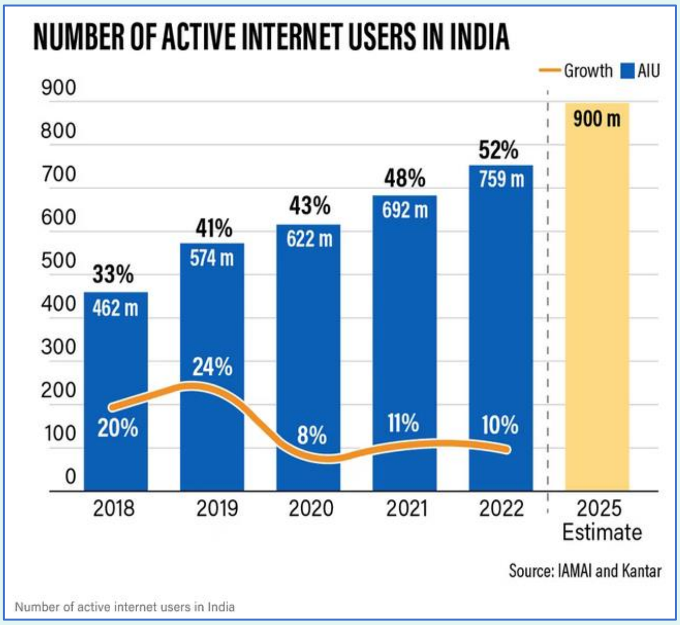
India's online insurance industry is expanding and attracting keen investor interest, as start-ups try to corner a market that remains relatively untapped in a country where the vast majority of the population is uninsured.

"There is a significant market expansion opportunity that new entrants have created to make a meaningful dent in insurance penetration," says Utkarsh Sinha, managing director of investment bank Bexley Advisors.

Despite India being the world's most populous nation, with more than 1.4 billion people, the country's insurance industry is only the 10th largest in the world, according to a report by PwC.

India's life insurance market penetration stands at 3.2 per cent, PwC's data shows, while non-life insurance penetration is 1 per cent. It attributes to this "increasing protection deficit and limited distribution reach".

But this also creates a major opportunity for growth – and the market is expanding rapidly. In the financial year to March 2023, the country's general insurance and life insurance markets rose by 16 per cent and 18 per cent respectively over the previous year, according to PwC. The rise of India's insurance industry is important for the growth of the country's economy, it notes.



Number of active internet users in India

The sector is expected to expand over the coming decade, with its growth fuelled by easing regulatory policies, fast-paced digitisation efforts and increased awareness among customers, PwC says. "Post the Covid-19 pandemic, there has been an increased awareness about the importance of insurance," says Ankur Mittal, a partner at Physis Capital, a fund that invests in India's start-ups. "This is attributed to factors like enhanced accessibility through online distribution, competitive pricing, simplified policy terms, and growing public awareness."

As India's number of internet users rapidly increases, this has created an opportunity for start-ups and established insurance companies to reach more potential customers across the country through the internet and increase their use of digital technology.

Many start-ups in the insurance space are focused on acting as online marketplaces, selling insurance products for various providers. These include companies such as online insurance broker PolicyBazaar, which listed in 2021. But there are also other areas in this space for digital-focused companies. "InsurTech has evolved beyond merely online aggregation, encompassing various segments, including underwriting, specialised insurance providers, analytics services and health-focused InsurTechs," says Mr Mittal.

As the sector and the role of technology evolves, investors are pumping funds into the industry, which has become one of the most attractive areas in the FinTech landscape, experts say. India's InsurTech sector is expected to grow by 17 per cent annually to reach $307 billion by 2030, according to a report by start-up information platform Inc42 Media.

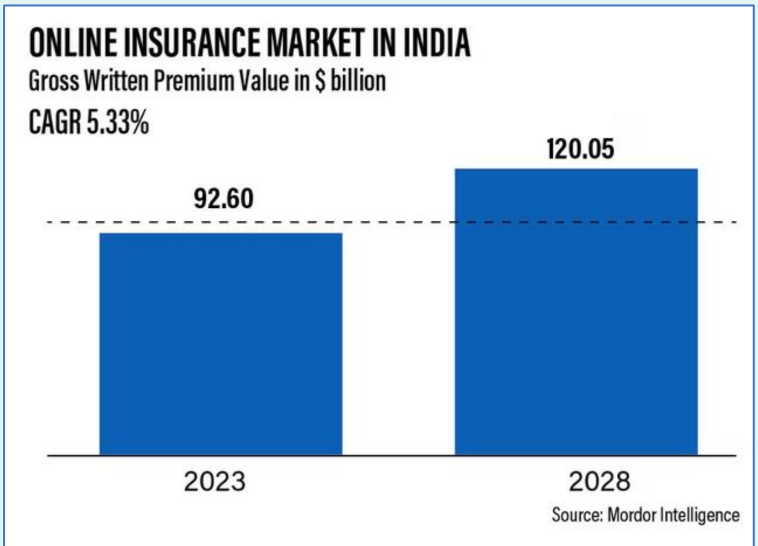
“InsurTech is a hot space in India right now,” says Tejas Jain, founder of BimaKavach, an online platform business that provides insurance quotes from top insurers. “This sector holds promise due to the growing awareness of insurance among businesses and consumers, as well as the evident inefficiencies in traditional systems that technology can solve.”

Mr Jain describes the sector as ripe for disruption and digitisation. Amid investor interest, Indian start-up InsuranceDekho – an online platform that allows users to compare and buy insurance policies from companies providing car, health, life and travel insurance and other policies – last week raised $60 million in Series B funding round, valuing the company at more than $650 million.

Earlier this year, InsuranceDekho raised $150 million. Japan's Mitsubishi UFJ Financial Group and insurer BNP Paribas Cardif were among the investors that participated in the round, alongside existing investors including TVS Capital and Goldman Sachs Asset Management.

This month, Indian InsurTech start-up Onsurity also raised $24 million in a funding round led by the World Bank's International Finance Corporation. This comes despite India's start-up sector more broadly experiencing a slowdown. Also helping to drive the industry is the Indian government, which is working to get more of the population insured.

Last November, the Insurance Regulatory and Development Authority of India (IRDAI) made a commitment to enable “Insurance for All” by 2047. The IRDAI, the regulator for the industry, said its aim is for every citizen to have “an appropriate life, health and property insurance cover and every enterprise is supported by appropriate insurance solutions and also to make Indian insurance sector globally attractive”.



Online insurance market in India

To achieve this, it said that “efforts are being made towards creating a progressive, supportive, facilitative and a forward-looking regulatory architecture to foster a conducive and competitive environment leading to wider choice, accessibility and affordability to policyholders”.

Abhishek Poddar, co-founder and chief executive of insurance technology platform Plum, says insurance is critical for a country to transition from a developing to a developed economy. “Investors are clearly seeing the potential the sector holds,” he says. “The recent fund raise in the sector by our peers is a testament to that.”

Online companies like his are working to disrupt India's insurance industry, which has long been dominated by traditional companies, he says. Among the traditional firms is Life Insurance Corporation (LIC), which pulled off India's biggest initial public offering last year, raising around $2.7 billion after the government sold its 3.5 per cent stake in the state-controlled insurer. Established in 1956, LIC has sold 280 million policies and is the world's fifth-largest insurance company in terms of insurance premium collections.

Mr Sinha of Bexley Advisors says that it will be hard for digital players to challenge the commanding lead held by LIC and Postal Life Insurance, run by Indian Post. “Their network spread is unparalleled,” he says. “Disrupting that takes a lot of sales might, which translates to high equity funding requirements for the aspirants. It's not something that can't be done – many are trying to do it. But it is a non-trivial challenge.”

But traditional insurers are being impacted by the rise of digitisation in the sector. Companies such as LIC are still heavily dependent on selling policies through agents, and analysts say that insurers that are putting more focus on digital initiatives – which can also be much more cost-effective, as well as having a potentially wider reach – are at an advantage. This is reflected in LIC's share in monthly new business premiums in the life insurance sector falling to 58.50 per cent last month, from 68.25 per cent a year earlier.

To keep up with the changes, LIC chairman Siddhartha Mohanty told India's Economic Times newspaper that the company would be "working towards digital transformation of all operations so that we move to 90 per cent digital in the next three years". But overall, Mr Mittal says that "incumbent insurers have been slow in their digitisation efforts, leading to inefficiencies, manual data entry, and higher operational costs". Policy Ensure is an insurance distribution company in India that straddles the digital and traditional insurance models, having a physical presence in the locations it serves, while also offering a technology platform. Its aim is to help increase insurance penetration in India, particularly in smaller cities and towns across the country.

"India's digital growth, expanding middle class, and underserved market, combined with supportive regulations, make it an ideal landscape for innovative insurance solutions," says Pankaj Vashistha, co-founder and chief executive of Policy Ensure. He says that the company is seeking to raise up to $30 million over the next year to fund its expansion plans. However, it is not an easy market for companies to crack. "The first challenge was navigating the regulatory landscape of the insurance industry," says Mr Vashistha. "As a highly regulated market, it was crucial for Policy Ensure to ensure compliance with the regulatory requirements, which involved a time-consuming process. "The second challenge was related to internet penetration, particularly in the tier two and tier three [small] cities."

But India's number of internet users is only set to expand over the coming years – projected to reach 900 million by 2025 from 759 million last year, according to data from IAMAI and Kantar – which bodes well for India's digital insurance market.

(The writer is Rebecca Bundhun.)

TOP

BimaKavach receives IRDAI's approval for direct insurance broking – Business Standard – 16th October 2023

BimaKavach has received a direct insurance broking licence from the Insurance Regulatory and Development Authority of India (IRDAI), enabling the firm to actively market its customised range of insurance products for businesses across India.

The company specialises in digitising and offering instant quotes for cyber and crime insurance, thereby facilitating online purchases and serviceability. Additionally, it provides tailored solutions and guidance.
With a portfolio of 18 insurance products divided into categories such as liability, asset, engineering, marine, and group health insurance, BimaKavach simplifies the insurance acquisition process for businesses. Companies can now manage multiple coverage options in one centralised location, obviating the need for multiple brokers.

Tejas Jain, founder of BimaKavach, commented on the milestone, saying, "With this direct business insurance licence, our goal is to collect Rs 100 crore in Gross Written Premium (GWP) by FY 2024-25. Our focus will be on easing the process for first-time buyers in the Small and Medium Enterprises (SME) sector and offering technology solutions to larger enterprises to better manage their insurance policies."

In 2022, the company secured $2 million in funding from WaterBridge Ventures, Blume Ventures, Arali Ventures, and Eximius Ventures. The funds are earmarked for developing new-age business risk covers, investing in proprietary risk management technology, and scaling the business. BimaKavach is also planning a Series A fundraising round in 2024.

(The writer is Aathira Varier.)

TOP

Banks go big on partnerships with insurance companies – Moneycontrol – 13th October 2023

Some banks have tied up with insurance companies to boost product sales for their mutual benefit, buoyed by attractive growth prospects of the sector after the pandemic. UCO Bank, AU Small Finance Bank, South Indian Bank, DCB Bank and Capital Small Finance Bank have partnered with insurance companies over the past few months. Most partnerships are with life insurance companies. AU Small Finance Bank and South Indian Bank partnered with Bajaj Allianz Life Insurance in September. Mumbai-based DCB Bank and Capital Small Finance Bank partnered with Max Life Insurance in July. State-owned UCO Bank tied up with Aditya Birla Health Insurance in March.

The Insurance Regulatory and Development Authority of India (IRDAI) is targeting 'Insurance for All' by 2047. The objective is to ensure that every citizen has life, health and property cover and every enterprise is supported by insurance solutions, apart from making the insurance sector globally attractive. Experts said banks are focusing on insurance partnerships due to the overall growth in the sector after the pandemic as more people bought life and health cover for themselves and their families.

Kiran Boosam, vice president and head of global insurance strategy and portfolio at Capgemini had earlier said to Moneycontrol: "After the pandemic, the insurance industry witnessed changes due to the pandemic. But companies did not transfer the pressure on the policyholders. Post this, demand from policyholders has increased which helped insurance companies." As of 2020, life insurance penetration in India was 3.2 percent and non-life insurance penetration was 1 percent, according to the government's Economic Survey 2021-22.

While India' s life insurance penetration was at par with the international average, it lagged behind in terms of non-life insurance. Globally, insurance penetration was 3.3 percent for the life segment and 4.1 percent for the non-life segment in 2020. Latest data from the General Insurance Council, a representative body of general insurers, showed that premiums of non-life insurance companies rose 29 percent in September from a year earlier. Standalone health insurers' premiums rose 22.9 percent in September and climbed 25.24 percent in the six months ended September 30.

IRDAI chairperson Debasish Panda said the next 10 years are of utmost importance for insurance. "We'll see a radical change in the nature of insurance buyers. As the level of awareness is on the rise, we will see more and more customised products. This means we need more players, more distributors and more capital needs to be infused in the sector," Panda said at the Global Fintech Fest 2023 in September. Emphasising that technology will be the binding factor for Insurance 2.0, Panda said a slew of insurance reforms and initiatives is creating an environment that fosters innovation, promotes ease of doing business, reduces compliance and facilitates avenues for growth. "Today, an insurance company can launch almost all types of insurance products without waiting for regulatory approval. It can even tie up with multiple distribution partners," Panda said.

The growth prospects of India's life insurance sector remain intact, aided by continuing low insurance coverage, favourable demographics, increasing life expectancy and growing consumer awareness, Deepak Parekh, then chairman of HDFC Ltd., said at the company's annual general meeting on July 21. According to Vijay Gaur, lead analyst for BFSI at CareEdge, banks partnering with insurance companies will help both to work on diversifying their products. "Banks can sell the insurance products to their wide network of customers. This can help banks and insurance companies to boost their product list," Gaur said.

(The write is Jinit Parmar.)

TOP

INSURANCE REGULATION

IRDAI mandates insurance cover for staff travelling in employer's vehicle – The Hindu – 18th October 2023

Insurance regulator IRDAI has directed insurers dealing in motor insurance to compulsorily provide as an inbuilt feature in the mandatory third party policy (TP) cover to employees who travel in employer's vehicle. Mandating insurers to provide the cover under IMT-29 of Indian Motor Tariff, while issuing the mandatory TP to private car policy for such vehicles, the Insurance Regulatory and Development Authority of India said no additional premium is to be charged until further directions. The IMT-29 cover is to be provided as an inbuilt coverage under the compulsory motor TP liability section of private car package/ bundled policies as well as under standalone policies insuring compulsory motor TP liability, Executive Director (Non-Life) Randip Singh Jagpal said.

This follows Madras High Court directions to IRDAI, to make IMT-29 compulsory as an inbuilt coverage for employees while issuing a private car policy for such vehicles. The High Court had observed that in cases of employees travelling in private vehicles of the employers meeting with an accident resulting in injuries or death, it becomes a nightmare for the claimants to recover compensation from the employer. This leads claimants to suffer endlessly having lost their sole breadwinner or having suffered injuries, the IRDAI cited in its communication to the insurers. The regulator said the Indian Motor Tariff 2002 under Clause 7 of Section 2 provides for a specific situation wherein a private car owned by an employer and used to carry employees is involved an accident. The clause stipulates that the liability of such employees, including the paid driver if applicable, be covered on payment of additional premium at ₹50 per employee – the number of such people not exceeding the maximum licensed seating capacity of the vehicle. The additional premium of ₹50 per employee is net irrespective of any period of insurance not exceeding 12 months.

(The writer is N Ravi Kumar.)

TOP

India: IRDAI opts for lighter regulations and consultative approach in supervising insurers – Asia Insurance Review – 18th October 2023

The IRDAI is moving to adopt a principle-based regulatory regime and implement lighter regulations, following a consultative approach, says its chairman Mr Debasish Panda. In an email interview with the publication Business Today, he outlines several initiatives that the Authority is planning.

For instance, proposed amendments to insurance laws include rationalised capital requirements, composite registration, one-time registration for intermediaries, value-added services by insurers, sale of other financial products, etc, he says. Additionally, initiatives such as an e-marketplace protocol, a localised women-centric distribution force, and simplified benefit-based products are being considered. The primary objective of these efforts is to ensure the availability, accessibility, and affordability of insurance for all citizens and businesses.

Composite licenses

Granting composite licenses is one of the proposals for amendment of the insurance law, Mr Panda says, adding, "It would enable a one-stop solution for varied insurance needs of citizens. The insurance company would be able to offer multiple types of insurance products, which may lead to economies of scale. This would be beneficial for the policyholders as it may lead to greater affordability and improved accessibility of insurance coverage. The insurance companies are expected to better allocate their resources resulting in better and efficient capital management, again leading to rationalised cost of insurance for policyholders." He says that existing insurers will have a choice of whether or not to switch to a composite licence or to continue with their existing structure.

Overall cap on expenses of management (EoM)
Mr Panda says that reform relating to EoM will have positive implications for both the insurance industry and policyholders, by encouraging healthy competition, enhancing affordability, improving service quality, and promoting insurance penetration, thereby creating a more accessible and inclusive insurance landscape.

He added, "This spurs a competitive market, allowing insurers to customise commission structures based on market needs. It would push them to develop new business models, products, strategies, and internal processes and enable them to fulfil the mission of 'Insurance for All'. It would also provide insurers the flexibility to manage their expenses based on their growth aspirations."

TOP

LIFE INSURANCE

Life insurance gimmicks: How insurance companies trick policyholders with exit barriers – Live Mint – 18th October 2023

Life insurance, particularly ULIP has been the most accused product for about a decade now, due to the cursed legacy, mostly of policies which were issued pre 2010 when ULIPs used to operate at disproportionately high charges which dipped into the benefit of customers.

Though these bad memories were caused purely by ULIPs, the name "Life Insurance" is taken here consciously as the moment the name "Life Insurance" is spelt today a large section of customers tend to get a feeling of fear and aversion though ULIP was not an insurance focused but Investment centric product.

As any bad experience that has caused many victims remains as a scar in the minds of people, the old ULIPs which had many victims right from youngsters to the retired, have resulted in life insurance itself being seen as a bad omen. While this is a wound in the long process of healing, there are other new sins which some life insurance companies are piling up, most of which are the leading players. This article attempts to highlight those for the awareness of investors, course correction of insurers and to reach the optics of the regulator.

Exit barriers
Forcing offline route for policy closures
The practice we point out here is followed by one of the top 3 players which may or may not be followed by the others. In this net-linked world, the company still hasn't figured out a way to allow customers to exit from a policy online. The practices appear as though they intentionally have kept the online option closed for policy closures whereas they provide an online login to view status, make fund switches etc. This statement is more than supported by the practice of forcing customers to come to their office for closing the policies.

Once the customer lands there, he is welcomed by an employee who is trained to try the best to get the proceeds from the closing policy diverted to a new policy. Stories like the new one are more beneficial and are articulated to see victory in this attempt to get a fresh sale.

As recently as about 3 weeks back a policyholder, who is a senior management employee of a leading corporation, had to make partial withdrawals from 2 policies of this company. After taking confirmation from more than one employee of the same insurance company that these processes can be completed online, he followed their advice and completed the required formalities online as suggested by them. He was waiting for the credit of the withdrawn amount in his account which never came after the prescribed time. So he landed up at their office to check the status. To his shock, the online request was not considered for processing. When he checked the reason, a new story was narrated. They informed him that the online process is applicable only for NRI customers.

This is a very illogical and unacceptable explanation. If a customer who is living within a country cannot be allowed to close a policy online, how is the same allowed for someone who lives beyond borders where physical verification is difficult/impossible as compared to a person who is resident here. If this condition was the other way round it would still sound logical.

It needs to be borne in mind that the employees who had advised the customer to close online very much were aware that the customer is a Resident Indian and the process was applicable for Resident Indians too. So, it very clearly appears that the non-actioning of the online request was deliberate to make the customer visit their branch, so that they can try their usual gimmicks to get a new policy from him.

Killing a policy early to give a new life

Something even worse happens when investors who hold young policies of under 5 years visit their branches for some service. Executives who target such service seeking customers there, try to bad mouth or discourage the existing policy attempting to replace it with a new policy projecting that it is more beneficial than the existing one. They attempt to make the customer stop premium payment in the existing policy, though the minimum premium payment period is 5 years.

A customer who exits before that needs to pay an exit penalty after which the current fund value moves to the discontinuance policy fund which earns a mere 4% (regulations mandate minimum 4% interest) or bit more until completion of 5 years, which is the time when you will be paid the proceeds. This means, the executives, due to pressure or greed, push the customers to take such a big hit on the existing policy in the interest of getting a new policy in that place to the credit of theirs. A policy is killed earlier before its full life term to create opportunity for sale of a new policy

For customers, this should press the caution button to remain unmoved by such dubious attempts. These said, the bad experiences mentioned above don't pertain to term insurance policies which is the purest form of life insurance. Term life insurance is the best financial protection guard for one's family, available at the most lucrative price, providing a huge sum assured.

The above detailed practices very evidently are barriers kept to create opportunities to get fresh sales/policies and will only lead to earning more hatred towards life insurance as a product.

The insurance companies should stop the high level of self-centricity which prevails and try to make some moves towards customer-centricity. Else, every new policy sold will pave the way to create numerous haters, as aggrieved customers tend to crib about the bad experience to as many of their acquaintances.

While it might be a revenue source for the insurer, life insurance policies, particularly Term Insurance Policies are family savers. Such an important product, also cannot be left to earn hatred because it is a life insurance product, due to the greed of the company and its employees. If such unfair practices continue the sins accumulated towards life insurance will get too thickly stained to be washed off. The Regulator IRDAI will have to jump quickly into action to save the credibility of the product and to safeguard customers from such nuisance.

ULIPs have been performing well currently due to the market uptrend and in recent months ULIPs have been the saviours for the life insurers on sales front. If the unhealthy practices are not stopped immediately, more customers may be victimised adding more stain to the already spoiled name of ULIPs.

(The writer is V Krishna Dassan.)

TOP

New cover story: 30% commission cap likely in credit life policies – The Economic Times – 16th October 2023

Life insurance companies are close to agreeing to impose a 30 percent cap on commissions paid to corporate agencies, including banks and non-banking financial companies, for credit life policies, said people with knowledge of the matter. It comes as the industry reorients marketing practices following the regulator’s decision to scrap product-wise caps and go for company-wise ones in the wake of insurers facing GST evasion charges. The matter has been discussed in Life Insurance Council meetings over the past few months, said two persons privy to the information. While the council has not sent a formal letter yet, talks are at an advanced stage to put in place self-regulation, they said. In some partnerships between insurers and banks or hou sing finance companies, where a housing loan of ₹1 crore corresponds to a policy sum assured of same amount, the premium has increased up to 35 percent from 5 percent till March. Credit life insurance is a type of life insurance designed to help in loan repayment if the insured person passes away before the loan is fully repaid. While this policy is optional, if it is chosen, its cost is added to the loan's principal amount. "Now, discussions are ongoing to limit the commission to 30 percent to prevent an undue burden on borrowers," said a life insurance executive, who did not wish to be identified.

TOP

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

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

These new guidelines have come after Budget 2023 made the life insurance maturity amount taxable if the premium paid in a financial year exceeds Rs 5 lakh. These guidelines will be applicable to all life insurance policies except for unit-linked insurance policies (ULIPs). The circular was issued on August 16, 2023.

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

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

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

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

Wadhwa says, "During the policy term if an individual switches the mode of premium payment say, from annual to semi-annual/ quarterly or vice-versa which leads to premium paid exceeding Rs 5 lakh, then the maturity proceeds of the life insurance policy will become taxable in the hands of an individual." Do note that the taxability rules above will not be applicable in case of the death of the policyholder, irrespective of the premium paid. The taxable amount will be taxed under the head 'Income from other sources'.

How tax-exempt portion from life insurance policies will be calculated Wadhwa says, "The CBDT guidelines has clarified that individuals can choose any life insurance policies (whose aggregate premium exceeds Rs5 lakh) to claim tax exemption. Hence, an individual is allowed to choose the life insurance policies with higher maturity yield for tax exemption and pay taxes on those whose maturity amount is less."

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

Example 1

Life insurance policy	X	A	B	C
Date of issue	April 1, 2022	April 1, 2023	April 1, 2023	April 1, 2023
Annual premium (Rs)	5 lakh	1 lakh	3.5 lakh	6 lakh
Sum Insured (Rs)	50 lakh	10 lakh	35 lakh	60 lakh
Maturity amount received on Nov 1, 2032	60 lakh			
Maturity amount received on Nov 1, 2033		12 lakh	40 lakh	70 lakh

Source – CBDT Circular

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

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

Example 2

Life insurance policy	X	A	B	C
Date of issue	April 1, 2023	April 1, 2024	April 1, 2024	April 1, 2024
Annual premium (Rs)	4.5 lakh	1 lakh	1.5 lakh	6 lakh
Sum Insured (Rs)	40.5 lakh	10 lakh	15 lakh	60 lakh
Maturity amount received on Nov 1, 2033	50 lakh			
Maturity amount received on Nov 1, 2034		12 lakh	18 lakh	70 lakh

Source – CBDT Circular

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

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

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

(The writer is Preeti Motiani.)

TOP

New cover story: 30% commission cap likely in credit life policies – The Economic Times – 16th October 2023

Life insurance companies are close to agreeing to impose a 30 percent cap on commissions paid to corporate agencies, including banks and non-banking financial companies, for credit life policies, said people with knowledge of the matter. It comes as the industry reorients marketing practices following the regulator's decision to scrap product-wise caps and go for company-wise ones in the wake of insurers facing GST evasion charges. The matter has been discussed in Life Insurance Council meetings over the past few months, said two persons privy to the information. While the council has not sent a formal letter yet, talks are at an advanced stage to put in place self-regulation, they said. In some partnerships between insurers and banks or hou sing finance companies, where a housing loan of ₹1 crore corresponds to a policy sum assured of same amount, the premium has increased up to 35 percent from 5 percent till March. Credit life insurance is a type of life insurance designed to help in loan repayment if the insured person passes away before the loan is fully repaid. While this policy is optional, if it is chosen, its cost is added to the loan's principal amount. "Now, discussions are ongoing to limit the commission to 30 percent to prevent an undue burden on borrowers," said a life insurance executive, who did not wish to be identified.

(The writer is Shilpy Sinha.)

TOP

GENERAL INSURANCE

Stranded in war zone: Travel insurance to cover hospitalisation for illness, but not evacuation to India – Moneycontrol – 20th October 2023

The raging war in the Middle East between Israel and Palestine militant group Hamas has left many foreign visitors stranded in a highly explosive situation, They include Indian students, employees and tourists. The stranded Indian citizens are expected to have their international travel insurance policies purchased before leaving the country, but they won't help much as these policies typically exclude war and war-like situations such as invasion, rebellion and civil war from the scope of coverage.

For instance, if a traveller were to return to India to escape the hostilities or be hospitalised after sustaining an injury in a rocket attack, the travel insurance policy will not bear the evacuation and treatment expenses.

War, riots and acts of terror
Insurers are now reluctant to issue fresh travel policies to those intending to travel to Israel in the days to come. "The government has issued a cautionary travel advisory and given the risks, a trip to Israel will not be eligible for a travel insurance coverage. Now, we cannot stop people from buying policies as some would have purchased it well in advance, while others might purchase travel policies with worldwide coverage (therefore, could include Israel). However, even in such cases, medical and travel inconvenience

(such as loss of passport and baggage) claims will not be approved," says Nikhil Apte, chief product officer for Product Factory (Health) at Royal Sundaram General Insurance.

Travel insurance policies come with medical evacuation feature, but that will not come into play in situations like these. "That clause is applicable if a traveller who is covered under travel insurance were to fall sick and would need to be brought back to India for further treatment," says Apte. The call to airlift a policyholder is taken when the cost of treatment in the destination country is likely to be higher than in India or her interests are likely to be better served in the country.

Some policies such as ICICI Lombard's international travel policy also offer political risk and catastrophe evacuation cover. While war is an exclusion under this policy as well, the company had considered evacuation claims - reimbursement of flight fare - under its political risks and catastrophe evacuation cover when the Russia-Ukraine conflict broke out in February 2022.

Also, evacuation will always be done by the government. It is unlikely that chartered flights to facilitate evacuation will be permitted by any conflict-hit country – only government-operated flights could be allowed to carry out such evacuation operations. "Travellers, in any case, need not worry about their return to India under such circumstances. The government has, in the past, as well as in the present scenario organised evacuation from such zones back to the home country," says Apte.

Then, there could be cases where the government authorities could arrange evacuation only up to a safe destination closest to the hostile country. "Even in the current case, some governments are evacuating their citizens to Cyprus. They have to bear the cost of travel from Cyprus to their country. In this scenario, too, evacuation costs will not be covered as the operation is linked to a war," says an insurance official who did not wish to be named.

Hospitalisation due to sickness payable

But what if a tourist is stranded in a war-torn zone and contracts, say, malaria, that requires hospitalisation? "If the policyholder falls sick and has to go to the hospital, ideally, travel insurance policies should cover such expenses," says Bhabatosh Mishra, director for underwriting, products and claims at Niva Bupa Health Insurance.

As long as your treatment is not linked to any pre-existing disease, your claim is eligible for approval. Treatment expenses related to injuries sustained due to conflicts, however, will not be reimbursed. Also, in a volatile situation, honouring medical claims on the ground will boil down to the ability of network hospitals or healthcare partners in the destination countries to provide the services.

On their part, students and travellers in conflict-hit countries should proactively call their insurers and their partners to ascertain details of coverage and exclusions. Many do not read the terms and conditions in detail and while some do, it is best to contact the insurer for clarity on coverages, given the rapidly-changing scenarios in the case of war-like scenarios.

"In a fluid situation, communication lines may not always be open. Therefore, reach out to your insurer and enquire about potential requirements for availing of, say, cashless hospitalisation due to any illnesses. Get the key information in advance. Also, keep the Indian embassy informed about your whereabouts," says Mishra.

If a traveller's policy covers evacuation due to political risks, she should check whether specific advice to her to evacuate will be covered under her travel policy. While only the governments carry out evacuation, insurance companies could pay for economy class airfare back to India due to any political risks that travellers face.

(The writer is Preeti Kulkarni.)

TOP

India's non-life insurance industry forecast to grow 14-15% for next 15 years – The Economic Times – 20th October 2023

The non-life insurance industry in India is gearing up for significant growth, with projections indicating a substantial increase in gross direct premium income (GDPI) over the coming years. These optimistic forecasts were recently shared during a meeting of finance ministry officials with CEOs from private sector general insurance companies, members of the General Insurance Council. The non-life insurance industry is anticipated to achieve a 14-15 percent growth in gross direct premium income (GDPI) until FY37. This projection was communicated to finance ministry officials during the meeting. The potential for substantial growth in the non-life insurance industry through increased cashless facilities and the standardization of the insurance segment was highlighted.

TOP

Insurance sector transformation on the horizon in India – Investing – 18th October 2023

In a pivotal meeting held on Tuesday, the finance ministry joined forces with the General Insurance Council and private sector general insurance leaders to address key issues impacting the industry. The assembly was chaired by DFS Secretary Vivek Joshi.

Joshi directed DFS officials towards resolving critical issues within the sector. The discussion centered around strategies to enhance insurance penetration through state-level dialogue and distribution channel rationalization. A special emphasis was placed on initiating a drive for compliance with the Motor Vehicles Act, in collaboration with state governments and the Ministry of Road Transport and Highways.

The meeting also highlighted the potential for cooperation with the Ministry of Health to expand cashless facilities and standardize treatment costs. This collaborative approach is expected to stimulate growth in the health insurance sector. Moreover, property and parametric covers were advocated as a means to mitigate financial losses due to natural disasters. The formulation of coverage plans for MSME sectors and linking insurance frauds to CIBIL scores as a fraud prevention measure were among the other topics addressed.

The Insurance Regulatory and Development Authority of India's (IRDAI) commitment to achieving 'Insurance for All' by 2047 was underscored during the meeting. This ambitious goal promises suitable life, health, and property insurance coverage for all citizens. To ensure continuous collaboration for the growth of the insurance sector, regular industry meetings were agreed upon. These strategic moves are supported by a robust community of over 2 million industry professionals, aiming to reshape the landscape of the Indian insurance industry.

TOP

Health policies beat motor in premium – The Times of India – 18th October 2023

Health insurance is growing faster than motor policies after the pandemic. The share of health covers in non-life insurance premium has risen to 38 percent in September from 33 percent in March, driven by group policies. Before the pandemic struck, the share of motor insurance was 37 percent, as against 27 percent for health insurance.

Motor insurance's share has dipped to 28 percent in September, and if premium from personal accident insurance were added to health, its share would be even higher at 41 percent. Health cover is becoming an irreversible employee benefit despite rising premium, industry executives said. At the same time, the cost of rising healthcare is forcing employers to increase the sum insured, they added. The premium collected by the non-life insurance industry was over Rs 1.4 lakh crore in the first half of FY24 (April-September 2023), an increase of 14.9 percent over the year-ago period, data from insurance regulator Irdai showed. The growth was driven by health insurance, where the premium rose by 24.4 percent to Rs 54,713 crore from Rs 43,981 crore in the previous year. The premium from health insurance will cross Rs 1 lakh crore this financial year, compared to Rs 90,667 crore in FY23, industry sources said.

(The writer is Mayur Shetty.)

TOP

Non-life insurance industry projected to grow by 14 to 15% CAGR by FY37 – Business Standard – 18th October 2023

The non-life insurance industry is projected to grow by 14-15 per cent in gross direct premium income (GDPI) through to FY37. This forecast was shared with finance ministry officials on Tuesday in a meeting attended by CEOs of private sector general insurance companies, members of the General Insurance Council, and Vivek Joshi, Secretary of the Department of Financial Services, Ministry of Finance.

In March 2023, the non-life insurance sector reported year-on-year growth of 16.41 per cent. However, general insurance penetration in India remains low at 1 per cent as of FY21, compared to 3.4 per cent in Taiwan and 5.2 per cent in South Korea. Industry CEOs attributed this to a lack of awareness and emphasised the role of digital technology in expanding distribution channels.

The meeting also discussed the frequent Goods & Service Tax (GST) notices received by general insurance companies. Faster resolution of disputes and a reduction in GST rates for health insurance policies were identified as necessary for industry growth. The importance of collaboration between state governments and the Ministry of Road Transport and Highways to enforce the Motor Vehicles' Act was highlighted, given that approximately 54 per cent of vehicles in India are uninsured. The Ministry of Finance's press statement noted the potential for increased cashless facilities and standardisation of treatment costs to drive health insurance growth. According to a Health Insurance Report by Niti Aayog, more than 40 crore people in India lack health protection. The implementation of a hybrid model featuring elements of both trust and insurance is expected to boost the health insurance segment.

The meeting also touched upon the need to promote parametric and crop insurance in the medium term. Agriculture accounts for about 14 per cent of India's economy and 42 per cent of total employment. To address the increasing occurrence of natural catastrophes, insurance agencies are encouraging the adoption of parametric insurance, alongside developing mechanisms to cover the Micro, Small and Medium Enterprise (MSME) sector. Finally, Deloitte's Insurance Fraud Survey 2023 revealed that 60 per cent of Indian insurers saw an uptick in fraud. The meeting discussed linking insurance frauds to CIBIL scores as a preventive measure.

(The writer is Aathira Varier.)

TOP

FinMin holds meet with heads of private general insurers on sector growth – Business Standrad – 17th October 2023

Financial Services Secretary Vivek Joshi on Tuesday chaired a meeting with CEOs of private sector general insurance companies and discussed issues related to growth and development of the sector.

Several critical issues having implications for the general insurance sector were discussed in detail, including awareness building through continuous interaction with states under State Insurance Plans to increase insurance penetration and coverage, the finance ministry said in a statement. Distribution channel rationalisation in opening up of the agency channel for the general insurance industry to increase insurance penetration and coordinating with state governments and the ministry of road transport and highways to initiate a special drive to ensure compliance of Motor Vehicles' Act were also discussed.

Besides, collaboration with the ministry of health for increasing cashless facility and standardisation of treatment costs to boost growth of health insurance was also one of the agenda. The secretary stressed on promoting adoption of property/parametric covers to mitigate financial losses due to natural catastrophes and devising mechanism to cover the Micro, Small and Medium Enterprise sector. The meeting also deliberated on the possibility of linking insurance frauds to the CIBIL score to prevent/mitigate frauds. Joshi directed the Department of Financial Services officials to take them up actively for resolution. It was also decided that regular meetings will be held with the industry -- both private and public sector -- so that the growth and development of the insurance sector is facilitated with continuous collaborative efforts, the statement said.

TOP

HEALTH INSURANCE

Health insurance new features: Common cashless network across the country, 100% cashless system to be launched soon – The Economic Times – 20th October 2023

The Insurance Regulatory and Development Authority of India (IRDAI) is working with industry players to introduce two new features in health insurance policies. These are — a common network of hospitals for all health insurance policies issued by any health insurance or general insurance company across the country and a 100 percent cashless settlement system. At present, cashless settlement is available in 49 percent of the hospitals in India. Further, general and health insurers regularly amend their list of associated hospitals due to highly-priced medical bills and fraudulent claims to squeeze huge payouts from the insurers. To solve these twin issues, the insurance regulator, along with the General Insurance Council (GIC) intends to come up with a nationwide industry-level common cashless hospital network to widen your health insurance claim settlement process.

(The writer is Anulekha Ray.)

TOP

Health insurers launch new senior citizen-specific covers: Are they worth your while? – Moneycontrol – 20th October 2023

The steep rise in awareness levels around health insurance after COVID-19 has prompted many individuals to scout for suitable health covers. Not surprisingly, the market is set to expand to cover 250 million individuals under retail and corporate health insurance policies over the next five years, according to Avendus Capital research.

While awareness levels have gone up across age groups, it's the senior citizens—individuals over the age of 60—who have felt the necessity of having a health cover in place the most. "Insurers did not promote this segment aggressively earlier. Economical product options available for this category were limited. Post-COVID-19, the acceptability of health insurance in this segment has gone up and, hence, the pool size has increased as well," said Ashish Yadav, head of products, ManipalCigna Health Insurance.

The volumes are substantial now, potentially boosting viability and, thus, prompting insurers to devise products for this cohort. “Senior citizens constitute 10-15 percent of the industry’s retail health portfolio. The growing demand has prompted insurers like us to devise products keeping the elderly population’s needs and challenges in mind,” added Yadav.

Insurance companies have traditionally not been fans of this category due to chances of more frequent claims and larger claim sizes. “Insurers are generally reluctant to underwrite policies of senior citizens as such applicants are likely to have developed some illness or the other at the time of entry. As the market matures, insurers would want to tap various segments. More insurers are likely to develop underwriting capabilities to cover the senior citizen segment. The demand for health insurance policies has gone up in general, including from senior citizens. The premiums have gone up by 10-15 percent post-COVID-19,” said Abhishek Bondia, managing director and principal officer, SecureNow Insurance Brokers. The newer policies come with shorter waiting periods for pre-existing diseases, option to do away with co-pay as also proportionate deduction clause linked to room rent that bring down claim payouts.

Newer policies with no co-pay, proportionate deduction clause

ManipalCigna launched its dedicated policy Prime Senior in February this year. The company offers optional add-ons to reduce the pre-existing disease (PED) waiting period to 90 days and choose zero co-pay. Shorter waiting period for PED—it is 48 months under regular policies—is critical for senior citizens as most are diagnosed with conditions such as diabetes or hypertension at the time of buying health insurance. Under the co-payment clause, policyholders have to bear a part of the cost—say, 10-25 percent—of the bill amount, while the insurer chips in with the rest, which is an additional burden for senior citizen customers. Prime Senior allows policyholders to buy an add-on at an extra cost and opt for zero co-pay.

Policies with room rent sub-limits come with a corresponding proportionate deduction clause—other expenses such as doctor’s fee and operation theatre charges are linked to room rent, inflating the bill. While settling claims, insurance companies reduce the eligible claim amount proportionately, resulting in lower claim payouts. So, ManipalCigna offers an optional cover that allows upgrading to any room. “There will be no proportional deduction if the policyholder chooses a room category higher than what she is eligible for. Only the differential will have to be paid,” said Yadav.

Payouts for physiotherapy sessions, home care

To be sure, availability of senior citizen covers is not a new phenomenon. Bajaj Allianz’s Silver Health and Star Health and Allied Insurance Company’s Red Carpet are but two instances. However, the circumstances are more conducive now to devise targeted products. “Insurers have long been offered //offering// tailor-made products for senior citizens. With wellness guidelines, now insurers are able to offer comprehensive healthcare ecosystem solutions for senior citizens. Additionally, numerous health-tech startups are providing care solutions delivered through technology, leading to increased action in this space,” said Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance. Last year, the insurer rolled out a host of value-added services for senior citizens as part of its rider benefit termed Respect - Senior Care rider.

The product’s variants offer services such as home assistance, physiotherapy, nursing care at home, ambulance services and tele-consultations, with the premium variant also offering a smartwatch with fall detection technology, among other things. A free medical check-up once in two years or every year is another common feature offered under these plans. Given their health condition, regular monitoring helps not only policyholders but also insurers as it enables pre-emptive action that can prevent hospitalisation and, thus, larger claims, say insurers.

Reduced waiting periods, home care the prime focus

The latest to launch a senior citizen-specific product is private insurance company Tata-AIG. The product, Elder Care, too, offers a shorter waiting period of 24 months for pre-existing illnesses. It also provides, among other things, home nursing services arranged by the company at its cost if the insured person requires post-operative care. It offers a fixed payout of Rs 5,000 if the policyholder’s condition following discharge necessitates alterations to her house. Given that senior citizens could need help with booking appointments with doctors, paramedical professionals and other service providers, the policy will give them access to a personalised health manager to assist them with such needs.

Be aware of the restrictions

While dedicated senior citizen policies come with a host of customised features and have diluted restrictive clauses, do read the fine print to understand the restrictions. For example, Tata-AIG's Elder Care comes with a 20 percent co-payment clause. Also, in the case of certain treatment procedures such as hip or knee replacement surgeries, the waiting period is longer at 48 months, and not 24 months. The maximum age at entry is 85 years.

The outpatient department (OPD) cover that ManipalCigna provides pays for expenses such as doctor's consultation fee, but only if the advice is sought from doctors in its specified cashless network. Also, while you can reduce the waiting period to 90 days, opt for premium category room and pay only for the differential, these benefits will come at a higher cost as you can avail of these only if you buy the relevant optional covers. Those older than 75 years cannot buy this policy, though it is renewable for life, like other regular health insurance policies. Under Bajaj Allianz' rider cover, nursing and physiotherapy services are restricted to five days (12 hours a day) and seven days (one-hour sessions) in a year, respectively.

Moreover, while senior citizen-friendly features are welcome, there is a need for a transparent underwriting process—risk assessment of the individual's health before issuing the policy—so that they get a fair idea of whether or not they can obtain the policy in the first place. "Most brochures are generally silent on underwriting norms. There is a need for greater transparency on this front. For instance, in the brochure they could specify whether the plan is open to diabetics and the acceptable levels or for those diagnosed with hypertension or have a history of surgery in the past. Better disclosures will make it easier for prospective policyholders to make a decision," Bondia pointed out.

Despite this lack of clarity and the restrictions in the policies, however, you must consider buying these policies for yourself or your parents, particularly if you or your parents are not covered under a health plan. "Senior citizens must buy dedicated policies if they are eligible and can afford the premiums," said Bondia.

(The writer is Preeti Kulkarni.)

TOP

Health Insurance Market Size in India Expected to Rise at 10.64% CAGR during 2023-2028 | IMARC Group – Digital Journal – 19th October 2023

The latest report by IMARC Group, titled "India Health Insurance Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023-2028", The India health insurance market size reached US$ 120.1 Billion in 2022. Looking forward, IMARC Group expects the market to reach US$ 219.1 Billion by 2028, exhibiting a growth rate (CAGR) of 10.64% during 2023-2028.

Health insurance refers to a service that covers the medical and surgical expenses of the insured individual. It indemnifies the costs incurred, owing to illness and injury, or pays the care provider directly. Health insurance provides considerable flexibility regarding diagnosis, disease coverage, and treatment for emergency transportation, in-patient, and daycare management, chronic ailments, maternity, dental care, psychiatric care, etc. They are available in various consumer arrangements, such as public, private, government-managed care plans, indemnity, Point-of-Service (POS) plans, etc. Individuals can opt for the most suitable health insurance plan depending on their needs and requirements.
For an in-depth analysis, you can refer sample copy of the report:
https://www.imarcgroup.com/india-health-insurance-market/requestsample

India Health Insurance Market Trends and Drivers:

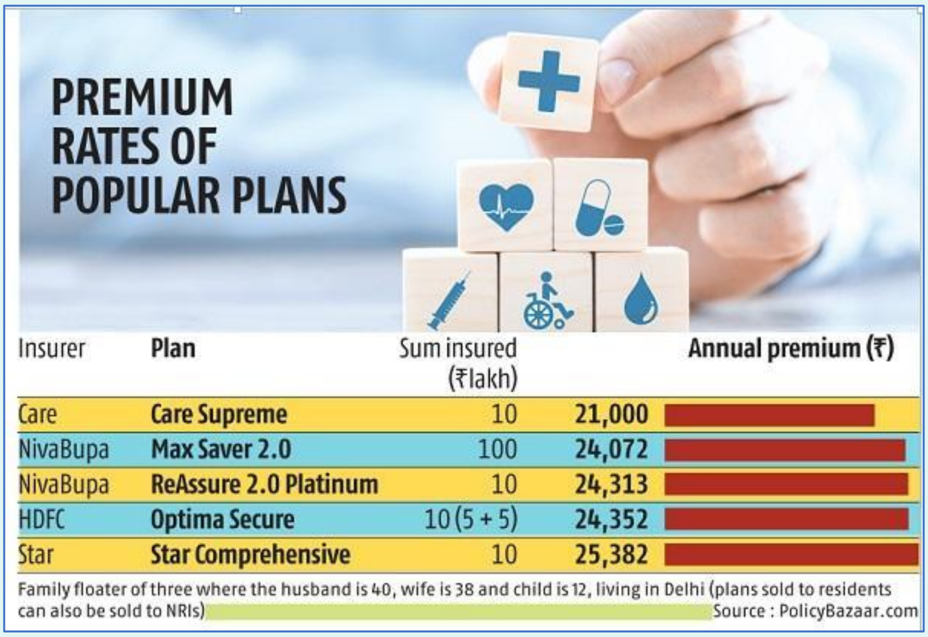
The launch of several policies by the government bodies to restructure the healthcare system by privatizing public hospitals and introducing personal medical schemes, on account of the high concerns toward the quality of care in general facilities and the increased healthcare costs, is among the primary factors driving the India health insurance market. Besides this, the rising geriatric population is propelling the need for medical programs or schemes offered at low premium rates, which is further augmenting the market growth. Moreover, the elevating requirement for health insurance to cover the growing medical expenses, owing to the increasing cases of obesity and diabetes in the country, is also catalyzing the market across India. Apart from this, various companies are providing cover for medical expenses incurred, on account of the sudden outbreak of the COVID-19 pandemic, which is acting as another significant growth-inducing factor. Furthermore, the development of healthcare programs by the policymakers that fit the exact necessity of the consumer is expected to bolster the India health insurance market in the coming years.

TOP

Health insurance for NRIs: Check geographical coverage, sum insured – Business Standard – 18th October 2023

A growing number of non-resident Indians (NRIs) are choosing to purchase health insurance policies for themselves and their dependents in India. A recent study by Policybazaar found that about 71 percent of the 3,000 respondents bought a policy in India. The primary driver is lower cost.

Says Siddharth Singhal, business head, health insurance, Policybazaar: "Medical treatments are much more affordable in India. A heart bypass surgery, for instance, costs about $5,500 in India, significantly less than the $13,000 in the UAE and $123,000 in the United States. This affordability leads to lower insurance premiums." Purchasing a health policy in India carries several other advantages. Says Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance: "NRIs tend to be familiar with the Indian healthcare system. Also, health insurance in India provides coverage during visits to the country. This is particularly valuable to NRIs who travel to India frequently." Many policies nowadays offer international coverage. Says Nerurkar: "Many comprehensive health insurance policies available in India provide seamless cover for planned as well as emergency treatment availed from health care providers internationally (outside India) and domestically." Usually, policies have a pre-existing disease waiting period of four years. Says Singhal: "Several Indian health insurance plans now provide coverage for pre-existing conditions from day one."



PREMIUM RATES OF POPULAR PLANS

Insurer	Plan	Sum insured (₹lakh)	Annual premium (₹)
Care	Care Supreme	10	21,000
NivaBupa	Max Saver 2.0	100	24,072
NivaBupa	ReAssure 2.0 Platinum	10	24,313
HDFC	Optima Secure	10 (5 + 5)	24,352
Star	Star Comprehensive	10	25,382

Family floater of three where the husband is 40, wife is 38 and child is 12, living in Delhi (plans sold to residents can also be sold to NRIs)

Source : PolicyBazaar.com

In most cases, insurers don't ask for a pre-issuance health check-up. A tele-underwriting call suffices even in cases where the customer has pre-existing ailments. Owning a policy in their country of residence is not a barrier to purchasing one in India. Says Naval Goel, chief executive officer and founder of PolicyX.com: "Even if the NRI has a health policy in his or her country of residence, they can buy a separate health plan in India for themselves, their parents, spouse, and children." NRIs can claim a refund on the 18 percent good and service tax (GST) paid on their Indian health insurance plan (to avoid double taxation). Says Apaar Kasliwal, executive director, PolicyBoss: "NRIs can also avail of tax benefits on the premium paid under Section 80D of the Income-Tax (I-T) Act." If the policy covers the NRI and their wife and children, they can claim a deduction up to Rs 25,000 on the premiums paid in a year. Says Raghavendra Rao, chief distribution officer, Future Generali India Insurance Company Ltd: "For parents aged above 60 years, NRIs can claim benefits up to Rs 50,000 on the premiums paid."

Currency risk is something NRIs need to face. Fluctuations in exchange rates can impact premiums and claims. Health insurance providers usually offer only a limited sum insured to NRIs, as they are considered risky. Says Goel: "These policies often come with a set sum insured as the insurer will not be able to cross-verify the authenticity of the claim once the policyholder leaves the country." These policies may have geographical limits. Adds Rao: "A policy bought in India may not provide coverage outside the country." Check scope of coverage NRIs must check the policy coverage and benefits, and the network hospitals where cashless treatment is available. The policy's geographical scope must be understood. NRI buyers must also check the waiting periods, sub-limits and caps, the claims process, and exclusions. Says Goel: "If their current travel cover offers health coverage in India, they need not buy an extra health plan unless they plan to move to India permanently soon." If status changes The NRI status is usually not permanent and can change to resident Indian (RI) or non-citizen. Says Nerurkar: "If an NRI's status changes to RI or non-citizen, they must promptly communicate this to their insurer. Depending on their policy's terms and conditions, adjustments may be necessary." The NRI may need to transition to a different policy or insurer. Adds Nerurkar: "This can involve changes in premiums, coverage, and eligibility for certain benefits." He adds that sometimes insurers may choose not to renew the policy or may terminate it when the status changes to non-citizen.

(The writer is Bindisha Sarang.)

TOP

Medical, accident insurance cover scheme announced for students of govt, aided colleges; premium starts at Rs 20 – PTI News – 16th October 2023

An undergraduate student and a guardian are now eligible for medical as well as accidental insurance cover by paying premium ranging from Rs 20 to Rs 422, as per an order issued on Monday by the Maharashtra government.

As per the government resolution issued by the state Higher and Technical Education department, the insurance cover will be applicable all students in government or aided colleges.

"The individual accidental insurance cover of Rs 1 lakh for one student will be available at Rs 20 for one year, while at Rs 62 the coverage will increase to Rs 5 lakh. For medical coverage up to Rs 2 lakh for treatment for various ailments recognised by the state, the premium is Rs 422," the order said.

TOP

Health insurance from India becomes more attractive for NRIs with GST refund – The Economic Times – 15th October 2023

Wealth creation, career progression, exposure to better opportunities - these are some of the common reasons why over 25 lakh people migrate to foreign countries every year from India. When laying the foundation of their future, NRIs cannot afford to exclude the most critical component of financial security - health insurance. The sheer rise in medical emergencies as well as healthcare costs around the world in tandem can force families into financial distress in no time. More applicable for NRIs, this serves as a vital safety net protecting their families in their home country, especially elderly parents. Not to forget, if they were to require medical attention during their visit to India, it could be a financial lurch to be bereft of health cover.

While the insurance industry has made significant strides towards making health insurance more accessible and affordable for NRIs, the latest development of tax refunds is a welcome move towards better affordability. NRIs can now leverage tax regulations to their advantage when acquiring Indian Health Insurance. Since NRIs already fulfil tax obligations in their country of residence, they qualify for an 18 per cent GST refund when purchasing an Indian Health Insurance plan.

Who qualifies for it?
GST refunds on health insurance begin with the proposer, who initiates and applies for the policy. So if you apply for the policy for yourself or for your family residing in India, you shall be the policy proposer. To qualify for the benefit, the proposer should be an NRI, while the insured necessarily don't need to be an NRI, as the criteria differs from insurer to insurer.

Next, all payments made for the policy should originate from an NRE (non-residential external) account. Also, the frequency of the premium payment should be on an annual basis. With these simple criteria, eligibility for an 18 per cent GST refund will be applicable and will directly translate to higher savings for the policyholder, especially in the long run.

Prerequisites & documentation
Apart from the payment part, you also need to follow the required documentation process to avail of the benefit. Although the exact requirements may differ among insurers, a universal requirement is the KYC (Know Your Customer) document. This validates the policyholder's legitimacy and is consistent across providers. If your insurer mandates it, you might also be required to submit your PAN card, an international address proof, a Tax Residency Certificate, your passport and a recent photograph. For international address proof, you can use utility bills, bank statements or a government ID card or certificate.

You should have resided in a foreign country for over 182 days to qualify for the refund. You would also need to produce your NRE bank account statement showing payment of premiums. After document verification, the policy is issued and the GST refund process is initiated. The refunds usually take 15 days to get processed after the policy issuance.

Why act now?
Recent years have seen a significant trend of NRIs returning to India for various reasons, such as career opportunities, family considerations, and a desire to reconnect with their roots. In fact, several reports point towards NRIs planning to return to India to spend their retirement years, especially in countries like the UK, Canada and Singapore. As one ages, health issues become more likely, making it challenging to secure the best policy at affordable premiums. Purchasing health insurance in a timely manner ensures a safety net for life.

In conclusion, when seeking GST refund eligibility on health insurance policies, the NRI status of the proposer is a common requirement. However, specific criteria for insured members, documentation, and other details may differ among insurance providers. Understanding these criteria is vital for those looking to avail of GST refunds on their health insurance premiums. Consulting with insurance providers and adhering to their specific requirements is essential to make the most of your investment.

(The writer is Siddharth Singhal.)

TOP

Health insurance: Can you transfer 'no claim bonus' or 'waiting period' while porting your policy? – The Economic Times – 14th October 2023

There are many **health insurance** benefits such as renewal benefit, additional sum insured for loyalty and coverage of preexisting disease after waiting period that you get with a health insurance plan provided you continue with the policy for several years. But what happens when you decide to change your insurer? Can you transfer these benefits to the new policy? Does it make sense to go for a new policy if these additional benefits are not completely transferred to the new insurer when making the shift? We tell you here how it works.

You can port your policy with the same insurer or switch to a new insurer Health insurance is one of the protections that people need for the longest period of their lives, often throughout their lifespans. During the coverage period, there might be many occasions when people and the need to change their insurance provider. This could be due to some deficiency in the product and the service of the existing company or because another insurance provider has a better product and service. This is where porting comes to the rescue. “Portability is the facility provided to policyholders who wish to change their policy from one insurance company to another. It is also applicable for policyholders wishing to migrate to another product offered by the same insurer,” says Nitin Deo, Chief Technical Officer, Zuno General Insurance.

How transfer of waiting period works when you port your health insurance policy Most insurance policies allow the insured to claim all the benefits of the policy only after a waiting period. So, if a person is porting to a new policy after completing the waiting period under a health insurance scheme, can the waiting period be waived?

“As per the guidelines set by the IRDAI (the Insurance Regulatory and Development Authority), insurance companies are expected to pass on the credit gained by the insured for pre-existing condition(s) in terms of waiting period,” says Deo. So, the waiting period will not get wasted but will be duly utilised in the policy. Now let us understand how this transfer of accumulated benefit works.

New policy gives you benefit on pro rata basis: You can get transfer the benefit which is already earned. "If one has completed the waiting period under one health insurance policy, the same time of waiting period can be waived when porting the policy to a new insurer. Most insurers allow carrying forward the waiting period served under the previous policy," says Rakesh Goyal, Probus Insurance Broker. "Portability implies that the benefits you've gained in your previous policy, including waiting periods, are transferred to your new policy," says Siddharth Singhal, Business Head-Health Insurance, Policybazaar.com. “For instance, if you have completed 4 years (typical waiting period for most policies) with Policy A and switch to Policy B, you won't be required to fulfill the waiting period again.”

However, if you have completed only a part of the waiting period, you will get partial benefit and may be required to complete the remaining waiting period with new insurer. Therefore, you need to be careful when porting the health insurance policy to make sure that you get the due benefit of the waiting period spent with the current insurer. “The process of portability usually begins 45 days prior to the renewal. Once the new insurer accepts the proposal of the policyholder, all waiting periods applied by the new insurer are applied after deducting the number of years the expiring policy has been continuously renewed,” says Deo.

What happens to no claim rewards when porting your health insurance policy?
Many policies also offer no claim rewards in some form or the other. So what happens to these accumulated rewards when you port your health insurance policy?

When both old and new policies offer similar rewards: If both policies offer similar rewards in additional sum insured, you can transfer these benefits while porting? “Yes, if both policies offer similar no-claim bonuses in terms of additional sum insured, one can transfer these benefits while porting to a new insurer. The new insurer will honor the no-claim bonus accrued under the previous policy,” says Goyal.

When you switch to a policy with lower sum insured: You will get a lower benefit if your new basic sum insured is lower than the accumulated sum insured in the old policy. “If I currently hold Policy A with a base sum insured of Rs 5 lakh and have earned Rs 2 lakh in bonuses, my total coverage is Rs 7 lakh. If I switch to another policy that has a base sum insured of Rs 5 lakh, my waiting periods will be carried forward on the Rs 5 lakh only,” says Singhal.

When you go for higher sum insured with the new policy: When you go for a higher coverage under the new policy, you will only get the proportional continuation benefit in the new policy. “If I opt for Policy B with a Rs 7 lakh base sum insured, my waiting periods will be carried forward on the full Rs 7 lakh (comprising the base and bonus). In the scenario where I choose Policy B with a Rs 10 lakh base sum insured, my waiting periods will still be carried forward on Rs 7 lakh (comprising the base and bonus), and not on the increased Rs 10 lakh,” says Singhal.

Premium will be adjusted to new sum insured: When you carry forward the accumulated sum insured, the new insurer will calculate the premium for a higher sum insured. “It is important to note that the premium payable will be as per the higher sum insured, which is the previous sum insured plus the cumulative bonus accrued,” says Deo.

Not all benefits can be carried forward to the new policy
Typically, waiting periods completed under one insurance policy can be transferred when switching the insurer. However, not all benefits can be carried forward to a new policy. “Other aspects like room rent limits and annual health checkups are subject to the specific plan offerings of the second insurer,” says Singhal.

If you port your health insurance policy, check the implications on accumulated benefits with the old policy so that you can ensure that these are not wasted. However, if you and a new policy to be attractive enough in many other aspects — such as superior qualitative features and if it serves your long-term interest — then you can consider making the switch even if there is some loss of accumulated benefits.

(The writer is Naveen Kumar.)

TOP

MOTOR INSURANCE

Motor Vehicles Act: DFS asks pvt insurance companies for compliance drive – Business Standard – 17th October 2023

The Department of Financial Services on Tuesday asked private sector general insurance companies to coordinate with state governments and the Ministry of Road Transport and Highways to initiate a special drive to ensure compliance with the Motor Vehicles Act.

In a meeting with the General Insurance Council and the chief executives of private sector general insurance companies chaired by DFS secretary Vivek Joshi, "several critical issues having implications for the general insurance sector" were discussed.

Joshi also asked the private insurers to collaborate with the Ministry of Health to increase cashless facilities and standardisation of treatment costs to boost the growth of health insurance.

"After fruitful deliberations and focused exchange of opinions on these matters, Joshi directed DFS officials to take them up actively for resolution. It was also decided that regular meetings will be held with the industry—both private and public sector—so that the growth and development of the insurance sector is facilitated with continuous collaborative efforts," the finance ministry said in a statement.

Issues regarding awareness building through continuous interaction with states under State Insurance Plans to increase insurance penetration and coverage, and distribution channel rationalisation in the opening up of the agency channel for the general insurance industry to increase insurance penetration were also discussed in the meeting.

The insurance companies were also asked to encourage adoption of property/parametric covers to mitigate financial losses due to natural catastrophes. Issues regarding devising mechanisms to cover the Micro, Small and Medium Enterprise sector and exploring the linking of insurance frauds to the CIBIL score to prevent or mitigate frauds were also taken up.

TOP

A floater policy works out better for your many cars – Financial Express – 14th October 2023

Individuals owning multiple vehicles such as private cars as well as two-wheelers can opt for a motor floater policy for convenience, flexibility and lower premium as compared to standalone policies. Such a cover solves the problem of keeping track of the renewal dates of all separate policies and paying multiple premiums. Like a standalone motor insurance policy, a floater policy covers third party liability, own accidental damage and personal accident cover of the owner-driver.

Insurers offer an option to insure up to five vehicles and policyholders can remove any vehicle which is sold or add a new vehicle purchased. If one of the vehicles covered in the policy is transferred, then the insurer will remove it from the cover and refund the applicable premium. The vehicle with the highest insured declared value will be considered the primary vehicle by the insurer. This amount will be considered as the sum insured of the motor floater policy and the other vehicles covered will be treated as secondary vehicles under the cover.

Cost efficient

The premium for the cover is calculated based on the distance covered and the usage of the vehicles and the driving style and history of the driver. A policyholder can even turn on/off the coverage as per the usage of the vehicles, which will help reduce the overall premium. Rakesh Goyal, director, Probus Insurance Broker, says a floater motor insurance helps an individual with multiple vehicles by providing coverage that extends across all his vehicles under a single policy. This simplifies management and offers cost-efficiency. “Pricing in a floater motor insurance policy is typically determined by considering factors like the total number of vehicles, their types, and usage. It can be more cost-effective than standalone policies for each vehicle,” he says.

In motor insurance, the third-party cover is mandatory. It only covers the damage done by the insured vehicle to other vehicles, property and people and the premiums are fixed by the government. In an own damage cover, the insurer pays for the costs of repair of the insured vehicle in case of an accident. Individuals must take a comprehensive cover, which will cover damages due to natural calamities, fire and acts of vandalism. A floater motor policy will cover damages due to an accident, fire or any electrical component failure and natural disasters. However, policyholders must note that depreciation cost of a vehicle, mechanical breakdown and repair or replacement of any parts due to wear and tear will not be covered under such a policy.

Moreover, if the primary vehicle suffers a total loss or is stolen then the own damage cover of all the vehicles will be cancelled. Like a standalone policy, if claims are made during the policy year, then the insurance company will offer no-claim bonus which will be applicable on the premium at the time of renewal of the policy.

More cost-effective & convenient

- Insurers offer an option to insure up to five vehicles and policyholders can remove any vehicle which is sold off

- With a floater, you don't need to keep track of the renewal dates of different policies or pay multiple premiums
- A policyholder can even turn off the coverage as per the usage of the vehicles, which helps slash overall premium

(The writer is Saikat Neogi.)

TOP

Pay just Rs 800 more to upgrade car insurance personal accident cover to all-round 24X7 personal accident policy – The Economic Times – 14th October 2023

If you have a car and you drive it, it is mandatory to have a personal accident cover of at least Rs 15 lakh. This is the reason why many people take personal accident insurance of Rs 15 lakh when buying their motor insurance policy. Such personal accident covers under car insurance policies usually cover accidental death, partial disability, and permanent disabilities. It usually costs around Rs 400, depending on your motor insurance policy. Is it enough to protect you from any unforeseen accidents? Have you ever bothered to know how it works what it covers and what it does not? Is it a better idea to spend a little extra and buy a separate standalone personal accident cover which has a sum assured of up to Rs 1 crore? Read on to find out.

Do remember there are certain limitations when it comes to the coverage of personal accident cover under the motor insurance policy. It only provides limited coverage to owner-drivers when they are in their car. Explaining it further, Anshul Bohara, AVP – Pricing and Underwriting, Go Digit General Insurance, says, "It covers the owner-driver only in cases where an accident incurs when he or she is driving their vehicle or is travelling in their vehicle. This policy does not typically cover when an accident takes place when one is walking on the road or any other road accidents that take place when the policyholder is not driving the car." "The standalone personal accident cover is typically in force 24/7 and is not limited to vehicle accidents alone for owner-drivers. The personal accident cover can protect you from all types of road accidents. This includes all road accidents that take place when you are driving your car, or you are in someone else's vehicle, or as a pedestrian, among others. It also protects you from other types of accidents like injuries or death due to accidental fire, accidental drowning, accidental fall, accidents due to force of nature like lightning, among others," says Bohara.

Personal accident policy under car insurance coverage:

Nature of injury	Scale of compensation
i. Accidental Death	100%
ii. Loss of two limbs or sight of two eyes or one limb and sight of one eye.	100%
iii. Loss of one limb or sight of one eye	50%
iv. Permanent total disablement from injuries other than named above.	100%

Source: IRDAI

"Some policies also cover temporary disablement, offering weekly benefits during the recovery period if the policyholder is unable to work due to accident-related injuries. Additionally, medical expenses incurred as a result of the accident, including hospitalisation and surgery costs, may be reimbursed," says Aftab Chaz, Associate Director and Business Head at Elephant.in, corporate insurance wing of Alliance Insurance Brokers. In case you have more than one vehicle registered under your name, you can take a single personal accident cover under motor insurance, Dahuja added.

Compulsory personal accident policy under car insurance: How much does it cost?
How much do you need to pay for personal accident coverage under the motor insurance policy? "The premium of the personal accident cover under motor insurance will be based on the vehicle owned, sum

insured opted, among others. "The cost of personal accident cover in motor insurance ranges between Rs 300 – 400," says Nitin Kumar, Head - Motor Insurance,Policybazaar.com.

What are the limitations of a compulsory personal accident policy under the car insurance?

Do remember there are certain limitations when it comes to the coverage of personal accident cover under the motor insurance policy. It only provides limited coverage to owner-drivers when they are in their car. Explaining it further, Anshul Bohara, AVP – Pricing and Underwriting, Go Digit General Insurance, says, "It covers the owner-driver only in cases where an accident incurs when he or she is driving their vehicle or is travelling in their vehicle. This policy does not typically cover when an accident takes place when one is walking on the road or any other road accidents that take place when the policyholder is not driving the car."

Further, personal accident cover under motor policy is usually covered only for owner-driver while driving the vehicle within India, says Dahuja. "Additionally, a geographical extension can be taken by the owner-driver including Bangladesh, Nepal, Bhutan, Pakistan, Maldives, and Sri Lanka." Moreover, it does not cover any non-vehicle-related accidents.

Here comes standalone personal accident cover

Unlike the compulsory personal accident cover under motor insurance, a standalone personal accident cover protects you from any type of accident around the clock and around the world. "The standalone personal accident cover is typically in force 24/7 and is not limited to vehicle accidents alone for owner-drivers. The personal accident cover can protect you from all types of road accidents. This includes all road accidents that take place when you are driving your car, or you are in someone else's vehicle, or as a pedestrian, among others. It also protects you from other types of accidents like injuries or death due to accidental fire, accidental drowning, accidental fall, accidents due to force of nature like lightning, among others," says Bohara.

How much does a standalone personal accident cover cost?

Premiums for standalone personal accident policies can vary widely. "Regarding the cost, it varies from insurer to insurer and depends on several factors, including age, occupation, sum insured, and the specific benefits chosen," says Rakesh Goyal, Director, Probus Insurance Broker.

As you can see from the table, for a 35-year-old non-smoker, the premium for a Rs 15 lakh personal accident cover can range between Rs 800 and Rs 1,200 in a year. The premium for personal accident cover of Rs 50 lakh will cost around Rs 3,000 in a year.

Standalone personal accident insurance policy premiums compared

For a 35-year old male non-smoke, cover till 65 year; regular pay Source: Policybazaar.com and ET Wealth Online

	Insurer	**iProtect Smart**	**HDFC Life Click 2 Protect Super**	**Max Life Insurance Smart Secure Plus**	**Tata AIA Life SRS Vitality**	**Bajaj Allianz eTouch**
	Accidental Death	Yes	Yes	Yes	Yes	Yes
	Accidental Disability	No	Yes	Yes	Yes	No
Accidental Death Rider (Yearly premium)	***Rs 15 lakh***	Rs 1,032	Rs 876	Rs 1116	Rs 756	Rs 1020
	Rs 30 lakh	Rs 2064	Rs 1776	Rs 2244	Rs 1488	Rs 2052
	Rs 50 lakh	Rs 3444	Rs 2940	Rs 3744	Rs 2496	Rs 3420
	Rs 1 crore	R 6900	Rs 5892	Rs 7476	Max Rs 50L	Rs 6828
Accidental Disability Rider (Yearly premium)	***Rs 15 lakh***	NA	Rs 504	Rs 3648	Rs 456	
	Rs 30 lakh	NA	Rs 1008	Rs 7284	Rs 888	
	Rs 50 lakh	NA	Rs 1668	NA; max is 30L	Rs 1448	
	Rs 1 crore	NA	Rs 3348	Max Rs 30L	Max Rs 50L	
			Accidental Disability: In case the policyholder is permanently disabled due to an accident, an additional amount of Rs.10,000/month(1% of 10 Lacs cover amount) will be paid out for the next 10 years.	Accidental Disability: In case of Total and Permanent Disability due to accidental bodily injury or sickness or disease, this cover value will be paid.	Accidental Disability: Incase policyholder is permanently disabled or passes away due to an accident an additional amount will be paid out to the nominee	

Do keep in mind the sum insured for the standalone personal insurance cover can even go up to Rs 1 crore, depending on the age of the customer.

Is a standalone personal accident better than a personal accident cover under a car insurance policy?

Standalone personal accident insurance offers several advantages over the limited coverage provided by motor insurance. It provides comprehensive coverage that goes beyond what motor insurance typically includes. "Additionally, these standalone policies offer the flexibility to choose a higher sum insured to meet individual needs, a feature often unavailable with motor insurance add-ons. Customisation options abound, allowing policyholders to tailor their coverage to include benefits such as accidental hospitalization, education grants, or modifications for partial disabilities," says Goyal.

"Moreover, some standalone policies offer a no-claim bonus, which can lead to reduced premiums for claim-free years. Another significant benefit is worldwide coverage, as many standalone policies protect individuals globally, not solely while driving. Lastly, these policies may come with additional perks like coverage for medical expenses, ambulance charges, and even loss of income due to accidents, making them a comprehensive choice for personal accident protection," he adds.

Key differences between personal accident under car insurance and standalone personal accident policy

Standalone personal accident cover vs personal accident cover under motor insurance: which one should you buy?

Personal accident under motor policy	**Standalone personal accident policy**
Fixed Sum Insured of 15 lakh	Maximum sum Insured is 120 times of monthly salary
No Maximum Age condition	Allowed only up to 70 Years of Age (varies from company to company)
Premium varies from company to company	Premium varies based on occupation, risk group and coverage selected
No risk group capping	Risk groups are defined
Coverage only when an accident occurs with the vehicle of the owner	Global coverage at any point of time

You need to evaluate your options based on your own circumstances. Compare premiums for both options, taking into account the coverage and benefits offered. "Assess your existing health and disability coverage. A standalone personal accident policy can provide an additional safety net if you lack such coverage," says Goyal.

Assess whether the extra cost of a standalone policy is justified by the increased coverage and peace of mind. Consider your risk tolerance and financial situation. A standalone policy can provide more comprehensive protection and financial security in case of accidents.

Ultimately, the decision depends on your individual circumstances and priorities. "Whether one should buy a separate personal accident insurance policy or not, depends on the individual's circumstances and preferences. If the policyholder values flexibility, higher coverage limits, and additional benefits, a standalone personal accident policy may be a better choice," says Chaz. "However, if one has limited budget constraints and are satisfied with the coverage provided by their motor insurance, it might be sufficient for one’s needs. Ultimately, it's important to carefully review both options, assess their risk factors, and choose the one that aligns with their protection requirements and budget."

"It is always recommended that with a small amount of additional premium opting for a large sum insured will always be beneficial in terms of bringing down the financial strain and offering a sense of peace to the insurer and their families during any unforeseen situations," says Dahuja. A standalone policy with higher coverage may be prudent if you have a high-risk occupation or engage in activities that increase your accident risk.

(The writer is Anulekha Ray.)

TOP

Five ways to understand green auto insurance – Financial Express – 13th October 2023

In a world where environmental consciousness is paramount, it is no surprise that the automotive industry is making a significant shift towards sustainability. This shift is evident not only in the proliferation of electric vehicles but also in the emergence of green auto insurance. Green auto insurance, also known as electric vehicle (EV) insurance, is a specialised coverage designed for electric vehicles and hybrid cars. As the adoption of EVs continues to grow, understanding green auto insurance becomes crucial.

This article aims to shed light on the concept of green auto insurance and its significance.

Defining green auto insurance
Green auto insurance is a relatively new concept, but it holds immense promise for those who are concerned about the environment and the future of mobility. Green auto insurance provides coverage specifically tailored to the unique needs of electric vehicles.

It goes beyond traditional auto insurance policies by offering protection for the EV battery and electric components. It provides incentives and benefits to individuals who drive electric or hybrid vehicles or take steps to reduce their carbon footprint. In India, where EVs are gaining popularity, green auto insurance plays a vital role in safeguarding the substantial investment made in these vehicles.

Key features of green auto insurance
Green auto insurance policies typically cover the EV battery, which is the most expensive component of an electric vehicle. As the battery's replacement cost can exceed Rs 10 lakh, having insurance coverage for it is crucial. Additionally, green auto insurance may include coverage for charging equipment, specialised EV-related coverages, and even roadside assistance for dead batteries.

Why it matters
With ambitious goals to increase EV adoption, green auto insurance can act as a powerful catalyst. Insurers offer discounts and special coverage for EV owners, making it more attractive to switch to electric alternatives. The transportation sector is a significant contributor to air pollution and greenhouse gas emissions. Green auto insurance encourages eco-conscious driving practices, such as carpooling, fuel-efficient driving, and reduced mileage. This, in turn, contributes to lower emissions and cleaner air in our cities.

Financial incentives
Going green can be financially rewarding. Green auto insurance often comes with lower premiums, making it a cost-effective choice for environmentally conscious individuals. Additionally, some policies offer coverage for charging infrastructure, protecting your investment in EV charging equipment.

Supporting renewable energy
Many green auto insurance providers invest in renewable energy projects. When you purchase a policy, you indirectly contribute to the growth of clean energy sources, aligning your actions with sustainability goals.

The global automotive landscape is changing rapidly. Countries worldwide are setting deadlines to phase out traditional internal combustion engine vehicles. Green auto insurance ensures that you're prepared for the transition, protecting your investment in a changing market.

Conclusion

In conclusion, green auto insurance is a specialised coverage designed to meet the unique needs of electric vehicles, where the adoption of EVs is on the rise, understanding and obtaining green auto insurance is crucial. It provides financial protection for the expensive EV battery, promotes wider EV adoption, and offers peace of mind to EV owners. As the Indian automotive landscape continues to evolve, green auto insurance plays a vital role in supporting the growth of sustainable transportation.

TOP

SURVEY AND REPORTS

India insurance report projects 5 trillion premium by 2030 – Bizz Buzz – 20th October 2023

In a first, the Birla Institute of Management Technology (BIMTECH), one of India's leading B-schools, unveiled the India Insurance Report - Transforming Indian Insurance - Series II. One of the report's significant findings was that the general insurance premium is expected to surpass Rs 3,91,216 crores by 2030 based on historical data of 20 years. However, the industry's premium volume may exceed Rs 5,00,000 crore by 2030 as the ideal premium level, considering regulatory reforms intended to achieve full insurance coverage for every household by 2047 and an anticipated rise in market participants and intermediaries. This study, conducted by Prof Steward Doss at NIA Pune and Prof Abhijit Chattoraj, Dean (SW & SS); Professor & Chairperson of PGDM - (Insurance Business Management) at BIMTECH, is based on historical premium data of all important lines of GI business between 2001-2022.

GN Bajpai, Former Chairman SEBI & LIC said, “Customers are gaining power in the insurance business. They are advocating for better value and more tailored services. New technologies, such as tiny systems for risk analysis and wearables for real-time data tracking, are being employed to do this. Wearables, for example, can be used to monitor health, house, and auto insurance risks. This is known as InsurTech, and it is transforming the way insurance firms do business and generate money. Some of the major advantages of InsurTech are improved customer interaction, creating personalized insurance products, more effective corporate management, more effective risk management, increasing the size of the audience, and increasing earnings.”

This report focuses on Demographic Changes, Understanding Customer Behavior, Financial Literacy and Mindset Change, Leveraging AI and ML, Wellness Insurance and Insurtech Integration, Digital Transformation, Growth Projections, VR, AR, and Blockchain Adoption, IoT and Parametric Insurance. According to Dr Abhijit K Chattoraj, a BIMTECH India Insurance report editor, "India's ageing population is expected to increase, with over 20% of the population aged 60 and above by 2040. The growth of middle-income and high-income households in 2030 will drive insurance demand. Increased use of AI and ML can help insurers understand changing risk dynamics and customer needs. Risk-Based Capital (RBC) implementation by 2024-25 can enable risk-based premium rates and product innovation. Increasing digital usage among customers will drive end-to-end digital experiences and technological applications. New online distribution models like B2C, B2B, and B2B2C will be key growth drivers."

BIMTECH India Insurance report suggests achieving the goal of "Insurance for All by 2047." The establishment of robust self-regulatory organisations for insurers, brokers, surveyors, and InsurTech is essential. These organisations can provide impetus to newer business lines such as Aviation, Oil and Energy, Liability, Trade Credit, and political risks, ensuring separate monitoring instead of grouping them as a generic "miscellaneous" category. Additionally, several key factors are influencing the industry and have significant potential to shape its future trajectory, such as changing profiles of insurance buyers driven by sustained awareness campaigns, especially due to the COVID-19 pandemic. The evolving profile necessitates more customised insurance products to meet individualised needs. Capital infusion is crucial to expanding the insurance business and increasing insurance penetration. The industry requires a greater number of intermediaries and insurance players to sustain anticipated growth. Technology is becoming a critical enabler, enhancing underwriting and claims management coordination. Regulatory and governmental support has streamlined business processes, reducing regulatory compliance burdens and facilitating innovative product launches.

(The writer is Kumud Das.)

TOP

INSURANCE CASES

Insurance co asked to pay ₹8L to nominee of dead policyholder – The Times of India – 19th October 2023

The district consumer disputes redressal commission, Nainital, on Tuesday ordered SBI Life Insurance to pay Rs 8 lakh to the nominee of a policyholder who died in 2020. The insurance company had rejected the claim, saying that the policyholder had concealed illnesses while purchasing the policy. The commission also imposed a fine of Rs 50,000 on the company for forging documents and ordered it to pay Rs 30,000 as compensation to the applicant for mental agony and litigation charges.

TOP

'Medical claim cannot be denied even if patient discharged on same day' – The Hindu – 19th October 2023

The Ernakulam District Consumer Disputes Redressal Commission has ordered that a medical procedure cannot be excluded from the terms and guidelines of an insurance policy simply because the patient was discharged on the same day due to advanced technology and infrastructure. The Commission made the observation while dismissing an insurance company's denial of claim to a policy holder to be based on false grounds amounting to unfair trade practice. The Commission comprising president D.B. Binu and members V. Ramachandran and Sreevidhia T.N. issued the verdict on a petition filed by Johny Milton of Maradu against the Kadavanthra-based Universal Sompo General Insurance Company Limited

TOP

Court directs insurance company to pay Rs 6.14 crore compensation to family of man killed in road accident – ANI News – 18th October 2023

A session court in Indore on Wednesday directed an insurance company to pay a compensation of total Rs 6.14 crore along with interest to the family of a man who died in a road accident. The man who died in the accident was identified as Kausar Ali, a resident of Indore. The accident occurred at Sihora bypass in Jabalpur district on April 4, 2019 in which Kausar Ali died on the spot. Later, an advocate of the victim's family had filed a claim for the compensation in the Indore District Court.

TOP

Claimant takes fixed-term work then seeks job loss payouts: Insurer to HC – The Times of India – 15th October 2023

The Gujarat high court has stayed an order of the insurance ombudsman directing an insurance company to pay the equated monthly instalments (EMI) of policyholder's as part of his job-loss protections. The court's stay came after the insurer, HDFC ERGO General Insurance Co Ltd, complained that the policyholder, Tejpal Chawla, has made a habit of claiming insurance payouts for his EMIs on termination of his fixed-term jobs.

The court's stay came after the insurer, HDFC ERGO General Insurance Co Ltd, complained that the policyholder, Tejpal Chawla, has made a habit of claiming insurance payouts for his EMIs on termination of his fixed-term jobs. The insurance company's advocate, Rathin Raval, said that Chawla is covered by the Sarv Suraksha insurance policy. It allows claims of up to three EMIs limited to a maximum of Rs 1 lakh in the event of job loss. He lost one job and the company paid Rs 31,371 for three EMIs. Chawla then got another job and when his employment ended, he lodged another claim for EMIs. The company rejected it, saying his three EMIs had been paid when he lost his job the first time.

Chawla moved the insurance ombudsman, who ordered the company in August to settle his second claim because the limit of Rs 1 lakh had not been exhausted.

Aggrieved, the company moved the high court. Its counsel argued that Chawla can make a claim for job loss, but he has been misusing the policy conditions. The policy provides for financial support if the insured person loses their job as part of retrenchment due to a merger or acquisition of the employer. In the present case, Chawla takes up jobs on fixed-term basis, knowing he will be relieved at the end of the term. His job loss is not because of his company's merger or acquisition, nor did he lose his job as part of disciplinary action. The insurance is against the uncertainty of job loss, but in this case the policyholder opts for fixed-term contracts and claims insurance benefits. This has become a habit with him, and he needs to be stopped, the lawyer submitted.

After a preliminary hearing, Justice V D Nanavati stayed the ombudsman's order, issued notice to the insurer and posted a further hearing for November 3.

TOP

PENSION

Govt may amend pension scheme – Live Mint – 17th October 2023

The Union government is likely to amend the national pension scheme (NPS) by the year-end to ensure employees get at least 40-45 percent of their last-drawn salary as retirement payout based on recommendations of a high-level panel currently looking into the matter, two people familiar with the developments said. The issue of pension is currently a politically polarizing matter, with several Opposition-ruled states switching to the old pension scheme (OPS), which offered pensioners monthly benefits of 50 percent of their salary drawn at the time of retirement.

TOP

India's pension system improves from 2022: Report – The Times of India – 17th October 2023

Even as India's retirement system has improved to some extent from last year, the country ranked 45 out of the 47 retirement income systems analysed, a report said on Tuesday. India had an overall index value of 45.9 from 44.5 in 2022, ranking 45 out of the 47 retirement income systems analysed primarily due to improvement in adequacy and sustainability sub-indices, according to the 15th annual Mercer CFA Institute Global Pension Index (MCGPI). The Netherlands had the highest overall index value (85.0), closely followed by Iceland (83.5) and Denmark (81.3). Argentina had the lowest index value (42.3), it added. This year, the Global Pension Index compares 47 retirement income systems across the globe and covers 64 percent of the world's population.

This year, the Global Pension Index compares 47 retirement income systems across the globe and covers 64 per cent of the world's population. The Global Pension Index uses the weighted average of the sub-indices of adequacy, sustainability and integrity to measure each retirement system against more than 50 indicators. The 2023 Global Pension index includes three new retirement income systems – Bostwana, Croatia, and Kazakhstan.

The report also revealed that falling birth rates has put pressure on several economies and pension systems over the longer term, negatively affecting the sustainability scores for countries like Italy and Spain. Several Asian systems, however, including mainland China, Korea, Singapore, and Japan, have undertaken reforms to improve their scores in the last five years.

The report further stated that India's retirement income system comprises an earnings-related employee pension scheme, a DC (defined contribution) employee provident fund (EPFO) and supplementary employer-managed pension schemes that are largely DC in nature. The government schemes have been launched as part of the universal social security programme aimed at benefiting the unorganised sector, said the report.

"Changes in workforce dynamics, employment and family patterns have brought formal sources of retirement to the forefront. While there is improvement in the net pension replacement rate and participation in private pension plans, which is reflected in the value of adequacy and sustainability sub-indices, the coverage of the Indian workforce under private pension plans is still very low (6 per cent)," Mercer - Health and Wealth, India Business Leader Preeti Chandrashekhar stated.

Given that India does not have a mandated public pension plan with contributions linked to earnings that aims at replacing some preretirement income, a Social Security System that increases coverage of unorganized workforce as well as the self-employed would further improve the efficacy of the system, she said.

"There is a growing focus on making India a full pensionable society and the government has undertaken a number of measures towards this. Facilitating further participation in private pensions would encourage higher levels of private savings. "Focus on funding of gratuity plans, improved communication in terms of disseminating information to the members would go a long way in improving the governance and overall index value. The results from this year's Mercer CFA Institute Global Pension Index show that India's pension system is slowly but firmly getting stronger, with more opportunity for improvements," she added.

TOP

NPS assets soar 27% to ₹10.21-lakh crore as of Oct 7: PFRDA – The Hindu Business Line – 16th October 2023

Aided by strong show by the non-government sector, the National Pension System's (NPS) assets under management (AUM) — including the corpus on Atal Pension Yojana (APY) — grew 27 per cent year-on-year to touch ₹10.21-lakh crore as of October 7, official PFRDA data showed. On October 8 of last year, the NPS assets under management stood at ₹8.04-lakh crore. The AUM had crossed the ₹10-lakh crore milestone on August 25. As of the end of March this year, NPS AUM stood at ₹8.98-lakh crore.

PFRDA is confident that NPS assets will touch anywhere between ₹11-12-lakh crore by end of March 2024. The all-citizens model, as of October 7, saw a robust 23.28 per cent jump in the subscriber base, at 31.05 lakh, and a 34.71 per cent jump in AUM at ₹48,696 crore.

On the other hand, corporate NPS subscriptions grew 17 per cent to 18.43 lakh subscribers (15.80 lakh as of September 16, 2022), and AUM was up 36 per cent at ₹1,39,483 crore from ₹1,02,533 crore, the latest data showed.

While NPS assets of Central government employees grew by 22.66 per cent to ₹2.89-lakh crore (₹2.35-lakh crore), the NPS assets of State government employees stood at ₹5.08-lakh crore, up 26.60 per cent over ₹4.01-lakh crore as of October 8 last year. The number of NPS subscribers from the government sector (Centre and States put together) stood at 86 lakh. NPS AUM had doubled to ₹10-lakh crore from ₹5-lakh crore in just two years and 10 months.

NPS took six years and six months to reach the milestone of ₹1-lakh crore AUM after its implementation in the year 2009. It then took four years and 11 months to further increase AUM to ₹5-lakh crore. As part of its efforts to further ramp up NPS assets, Pension regulator PFRDA is now focused on enhanced outreach to Central PSEs, private corporates as well as NRIs. PFRDA had recently written to all the top brass of Central public sector entities who are yet to onboard into NPS and urged them to join this pension system.

This year, PFRDA expects at least 13 lakh new subscribers from both corporates and all citizen categories. Last fiscal year, PFRDA had added a million new subscribers. As part of its efforts to further ramp up NPS assets, Pension regulator PFRDA is now focused on enhanced outreach to Central PSEs, private corporates as well as NRIs. PFRDA had recently written to all the top brass of Central public sector entities who are yet to onboard into NPS and urged them to join this pension system.

This year, PFRDA expects at least 13 lakh new subscribers from both corporates and all citizen categories. Last fiscal year, PFRDA had added a million new subscribers.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULAR

Topic	*Reference*
Insurance claims relating to Floods in Sikkim	https://irdai.gov.in/document-detail?documentId=4011660
Circular on compulsory IMT 29 under Motor insurance	https://irdai.gov.in/document-detail?documentId=4011003

TOP

GLOBAL NEWS

South Korea: Solvency ratio of insurance sector stays healthy – Asia Insurance Review

The solvency ratio of Korean insurers increased from 218.9% to 223.6% in 2Q2023, notes CreditSights, which is part of the Fitch group. This ratio is more than double the minimum required ratio of 100%. In a report titled “Korea Insurance: Improved Capital Adequacy (K-ICS)”, Pramod Shenoi who is co-head of Asia-Pacific Research and Trung Tran who is an analyst - APAC Insurance, both of CreditSights, say that the improvement in the solvency ratio was driven by higher available capital, which increased by KRW12.6tn ($9.28bn) to KRW259.5tn, mainly due to a KRW5.9tn increase in accumulated other comprehensive income (as interest rates rose) and a KRW3.2tn increase in adjustment reserves, reflecting newly generated policy margins.

However, the industry's capital requirement increased by KRW3.3tn QoQ to KRW116.1tn due to higher market risk and lapse/surrender risk. The increase in market risk was mainly due to higher equity risk, while the increase in lapse/surrender risk was due to the underwriting of life and long-term non-life risks. The Korean Insurance Capital Standard (K-ICS) has been implemented as a new regulatory capital management framework since 1 January 2023, which the authors consider to be an important regulatory change in the South Korean insurance industry.

The K-ICS was developed in line with the international Insurance Capital Standard (ICS) to improve the measurement and monitoring of insurance companies' solvency, thereby strengthening their capital control and risk management and enhancing policyholder protection. The new solvency framework follows the risk-based capital approach, which means that insurance companies must hold sufficient capital to cover the risks they face, such as insurance, market and credit risks. The K-ICS introduces more detailed risk categories that were not included in the previous RBC regime, such as longevity, surrender, expense and catastrophe risks. In addition, K-ICS strengthens the confidence level used to calibrate the regulatory capital regime from 99% to 99.5%.

Transitional measures

As insurers move to the new solvency regime, the regulator has allowed some relaxations for a period of up to 10 years to help them adjust to the new standard. These include, for example, extended recognition of existing capital securities as available capital, extension of the deadline for the relevant K-ICS disclosures, gradual recognition of capital losses due to mark-to-market valuation and other relaxations in the measurement of insurance, equity and interest rate risks. Of the 19 insurers using transitional measures, 12 are life insurers (half the market) and seven are non-life insurers. CreditSights notes that life insurers are more affected by the new solvency regime and it is therefore understandable that more of them have had to adopt relaxation measures.

The solvency ratio for life insurance, calculated as available capital divided by required capital, improved to 224.3% in 2Q2023, up 4.9ppt QoQ. However, companies such as KDB Life, IBK Insurance and Fubon Hyundai Life, whose capital adequacy ratios were below 100% before the transitional measures were applied, will be closely monitored and managed by the regulator. In the non-life insurance sector, the solvency ratio improved to 222.7%, an increase of 4.4ppt from the previous quarter.

TOP

Indonesia: Sales of traditional insurance products rise but business from unit-linked plans falls - Asia Insurance Review

Insurance industry experts say that the sales of traditional insurance products are increasing whereas those of Investment Linked Insurance Products (PAYDI) are declining. This trend is likely to last until the end of the year. The trend reverses the situation in recent years during which the sales of PAYDI were the engine of growth for the life insurance industry.

Mr Wahyudin Rahman, a risk management practitioner and General chair of the Indonesian Insurance Writers' Community (Kupasi), said that the decline in purchases of unit-linked products is because the public, especially millennials, are aware of the concept of protection in insurance. "So they only buy traditional and regular products such as term life and whole life," he told Bisnis.

Factors

In addition, the domino effect of the rise in the incidence of life insurance companies failing to pay claims or benefits in recent years has also boosted the increase in traditional products. Separately, the head of the College of Risk Management and Insurance (STIMRA) Abitani Taim said that a reason for the current preference for traditional life insurance plans is that such products have definite benefits that are guaranteed and there is no investment risk, unlike in unit-link insurance.

Insurance observer Mr Dedi Kristianto said one of the factors for the growth in sales of traditional life insurance products was the expanding range of traditional products being sold through other marketing channels, compared to before. The alternative distribution channels include bancassurance and collaboration with certain business entities.

"People's financial literacy is still quite low and they may not understand unit-linked products," Mr Dedi told Bisnis. Furthermore, many complaints from the public about the sale of unit-linked products caused customers to stay away from these products and choose instead to buy traditional plans.

"The many problems in the insurance industry throughout 2022 which have caused several insurance companies to close have greatly reduced the level of public trust in this industry as well as in purchasing insurance policies [especially unit-linked plans]," he said.

TOP

COI Training Programs

Mumbai – Training Programs – November - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Agriculture Insurance for Surveyors	03-Nov-23	03-Nov-23	ClickHere	Register
2	Challenges in Miscellaneous Insurances	06-Nov-23	07-Nov-23	ClickHere	Register
3	Challenges in Fighting Fraud - Motor OD Insurance	07-Nov-23	08-Nov-23	ClickHere	Register
4	Engineering Insurance: Focus Project Policies	22-Nov-23	23-Nov-23	ClickHere	Register
5	Crop Insurance: Focus- PM Fasal Bima Yojana	28-Nov-23	29-Nov-23	ClickHere	Register
6	Certified Insurance Anti-Fraud Professional (CIAFP)	22-Nov-23	24-Nov-23	ClickHere	
7	Underwriting and Valuation Surplus in Life insurance Companies	06-Nov-23	07-Nov-23	ClickHere	Register
8	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	20-Nov-23	24-Nov-23	ClickHere	Common
9	Basics of Aviation Insurance	01-Dec-23	02-Dec-23	ClickHere	Register
10	Retail Marketing for General Insurers	07-Dec-23	08-Dec-23	ClickHere	Register
11	Challenges in Travel Policy and PA Claims	12-Dec-23	12-Dec-23	ClickHere	Register
12	Liability Insurance: Focus Cyber & Crime	18-Dec-23	19-Dec-23	ClickHere	Register
13	Compliance Management for Principal Officers of Corporate Agents-Banks	14-Dec-23	14-Dec-23	ClickHere	Register
14	Compliance Governance and Risk Management (IRCC)	20-Dec-23	22-Dec-23	ClickHere	
15	Resource Building for Growth and Sustainability	01-Dec-23	02-Dec-23	ClickHere	Register
16	Financial Reporting and Analysis (Life)	07-Dec-23	07-Dec-23	ClickHere	Register
17	Workshop on Communication & Presentation Skills (Life)	11-Dec-23	12-Dec-23	ClickHere	Register
18	Life Insurance Claims Management, Legal and Regulatory Issues	18-Dec-23	19-Dec-23	ClickHere	Register
19	International Reinsurance Program	04-Dec-23	09-Dec-23	ClickHere	Common

Kolkata – Training Programs – November - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Handling Customers Grievances, Cases before Ombudsman and Consumer Cases, Mediation and Arbitration - CT	03-Nov-23	03-Nov-23	ClickHere	Register
2	Handling Customers Grievances, Cases before Ombudsman and Consumer Cases, Mediation and Arbitration - CVT	03-Nov-23	03-Nov-23	ClickHere	Register
3	Managing Marine Hull, Oil and Energy Insurance-Underwriting & Claims - CT	20-Nov-23	21-Nov-23	ClickHere	Register
4	Managing Marine Hull, Oil and Energy Insurance-Underwriting & Claims - CVT	20-Nov-23	21-Nov-23	ClickHere	Register
5	Managing Project & Engineering Insurance - Underwriting and Claims - CT	22-Nov-23	24-Nov-23	ClickHere	Register
6	Managing Project & Engineering Insurance - Underwriting and Claims - CVT	22-Nov-23	24-Nov-23	ClickHere	Register
7	Package Policies for Business Insurance: For SMEs, Traders, Jewellers and Bankers- CT	28-Nov-23	29-Nov-23	ClickHere	Register
8	Package Policies for Business Insurance: For SMEs, Traders, Jewellers and Bankers- CVT	28-Nov-23	29-Nov-23	ClickHere	Register
9	Financial and Investment Management in Life Insurance Companies-CVT	23-Nov-23	23-Nov-23	ClickHere	Register
10	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO- CT	19-Dec-23	20-Dec-23	ClickHere	Register
11	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO - CVT	19-Dec-23	20-Dec-23	ClickHere	Register
12	New Vistas in Life Insurance Underwriting	20-Dec-23	20-Dec-23	ClickHere	Register