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INSUNEWS - WEEKLY E-NEWSLETTER

15TH – 21ST JULY – 2023

QUOTE OF THE WEEK

"Don't judge each day by the harvest you reap but by the seeds that you plant."

ROBERT LOUIS STEVENSON

Insurance Term for the Week

short-rate cancellation

A short rate cancellation is when the policyholder cancels an insurance policy before the policy expiration date. Short rate cancellations do not entitle policyholders to a refund proportionate to the coverage period left in the policy term.

When a policy is a short rate cancellation, there are administrative costs and penalties charged by the insurance company. These costs are deducted from any unearned premiums and serve as a disincentive to cancelling policies early.

All types of insurance cancellations can be administratively time-consuming for insurance companies, with the short rate being the most common. However, when the insurance company cancels a policy, it is not referred to as a short rate cancellation. This type of cancellation is called a prorated (or pro rata) cancellation.

INSIDE THE ISSUE

Your money: Know what makes most policyholders unhappy - Financial Express – 19th July 2023

Insurance is a significant component of financial planning and protection in India. But for many, their journey with insurance companies has not been as smooth. There are innumerable instances where policyholders have run into problems with their insurers.

Let us look at the top five common insurance complaints in India and how to resolve them.

Delays in claims settlement
One of the most frequent grievances faced by policyholders is the lengthy delay in the settlement of claims. To address this issue, one should maintain appropriate documentation. Keeping comprehensive records of policy information, claim forms, medical reports, bills, and any other relevant documents can help accelerate the claim settlement process. Besides, quickly submit all required documents to the insurance company and follow up to ensure the progress of the claim.

Insufficient coverage
Another typical complaint is insufficient coverage. Policyholders may find themselves in a situation where their insurance policy does not provide the expected financial protection during a claim event. This could be due to indistinct policy terms, exclusions, or limitations that were not properly communicated or understood. To avoid being in this situation, always systematically review your insurance policies before purchase. Read the policy terms and conditions and seek clarifications. In case of discontentment with the coverage, look at the possibility of modifying the policy or switch to a different insurer that provides an all-inclusive coverage.

Unfair policy terms
Unfair policy terms are also a significant source of complaints. Policyholders often end up with certain clauses or conditions that were not effectively revealed or explained during the policy purchase process. To tackle this issue, read the policy document carefully, including the fine print to identify any unfair or ambiguous terms. If discrepancies are found,approach the insurance company for clarification and request for a written response addressing your concerns. If the issue remains unresolved, seek legal advice or file a complaint with the insurance regulatory authority.

Poor customer service
Policyholders face difficulties in reaching out to their insurance providers. Always keep a record of all communication with the insurance company, including dates, names of representatives spoken to, and the content of conversations or emails.

When facing poor customer service, escalating the complaint to higher authorities within the company can often lead to prompt and satisfactory resolution. Consider exploring alternative communication channels, such as online portals or social media platforms.

Non-disclosure of facts
A lot of claims get rejected due to non disclosure of material facts. Providing all the information asked for is essential as the same is essential for insurance underwriting. Filling up the proposal forms might seem a lengthy process but the same is very vital. The insured should ensure that all the required information is shared with the insurer and there is no hiding of facts relating to pre-existing diseases, health issues, hospitalisations, etc.

(The writer is Chirag Nihalani.)

TOP

Now, listed firms will have to make all business deals public – The Economic Times – 18th July 2023

Listed companies must disclose to the public all information on business deals and arrangements that have a bearing on their prospects. Securities and Exchange Board of India (Sebi) last week tightened the listing obligations and disclosure requirements (LODR) regulations that mandated firms to reveal all contracts and arrangements pertaining to strategic, technical, manufacturing, and marketing tie-ups to boost transparency. Till now, companies enjoyed the discretion of determining whether a piece of information or event would be 'material' enough to be disclosed to the public. "The changes are aimed at ensuring that key criteria relevant for the market and investors are disclosed within specified timelines rather than a discretion-based approach," said Manendra Singh, partner, Economic Laws Practice.

(The writer is Rajesh Mascarenhas.)

TOP

New accounting standard for insurance soon – The Economic Times – 18th July 2023

The government will soon notify a new accounting standard for insurance contracts, which would align Indian norms with international practices and help global investors better gauge the risk exposure of domestic insurers, a senior official said. The ministry of corporate affairs (MCA) has received recommendations by the National Financial Reporting Authority (NFRA) on the Indian Accounting Standard (Ind AS) 117 for insurance contracts, he said. "The NFRA's suggestions are being evaluated. The standards will soon be notified under the Companies (Indian Accounting Standards) Rules 2015," he added. Subsequently, the insurance regulator could announce the date of adoption of the new standards by relevant entities, he said. The new standards will replace the current Ind AS 104, Insurance Contracts.

The new standards, modelled on the IFRS 17 issued by the International Accounting Standard Board, will help draw foreign direct investment (FDI) into the insurance sector and also deepen insurance penetration in the country. This is because international investors would be able to better compare the financials of domestic insurers with those of their global peers, he said. The new framework would require domestic insurers to further bolster their disclosure needs, leading to greater transparency and informed decision-making.

The government had in 2021 raised the FDI limit in insurance to 74 percent from 49 percent and allowed foreign ownership and control of these firms with certain safeguards. IFRS 17, the global standards, are specifically designed to capture the unique features of the insurance and investment contracts of various insurance entities. The NFRA held extensive consultations with the Insurance Regulatory Development Authority of India and other stakeholders, including companies and the Institute of Chartered Accountants of India, before firming up the recommendations.

NFRA chairman Ajay Bhushan Pandey had said in April that Ind AS 117 would be substantially converged with IFRS Standard adopted in over 140 countries. The insurance penetration in India stood at 4.2 percent in FY22, while the global average hit 7 percent in 2021. However, the domestic market is growing at a faster pace. Real premium in India grew 7.8 percent in 2021, more than double the global average of 3.4 percent. IASB's fact sheet of 2017 says, with $13 trillion in assets, insurers account for 12 percent of the total assets of listed companies that use IFRS Standards.

(The writer is Banikinkar Pattanayak.)

TOP

North India floods: IRDAI asks insurance companies to fast track claims – Moneycontrol – 17th July 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has asked general insurance companies and standalone health insurers to expedite processing of claims related to floods in Himachal Pradesh, Punjab, Haryana and Delhi.

They will have to activate 24x7 helplines to respond to claim intimations and launch awareness campaigns to highlight the actions taken. Even during earlier instances of natural calamities, the IRDAI has issued such advisories to insurance companies. More recently, it had asked insurers to expedite and simplify claim settlement processes after the Odisha train tragedy in June 2023.

In case of specific districts that are likely to report a large number of claims, insurers will have to assign a district claims service head. They will also have to publish the names and contact details of such officials on their websites.

"Special claim desks at district level with adequate delegated claim settlement teams are recommended to be set up in affected areas to facilitate claims speedy processing and settlements including release of on-account, interim payments to assist early reinstatement of property/ businesses," the IRDAI circular to insurance companies said.

These companies will have to nominate a senior official to act as nodal claims officer to oversee investigators, surveyors and loss adjustors involved in claim settlement and keep the state's chief secretary in the loop. "It needs to be ensured that all claims are surveyed immediately and claim payments or on account payments are disbursed at the earliest," the insurance regulator said.

Insurance companies should encourage policyholders to use the digital modes of communication to initiate claim and file the required documents to process the claims. Likewise, insurance companies, too, should make efforts to ensure that digital facilities should used to assess claims. Insurers should ask policyholders to furnish only those documents that are absolutely necessary to ensure that the submission process does not delay the settlement.

The IRDAI will monitor the claim settlement process across insurers. They will have to update the insurance regulator on a weekly basis regarding claims received, settled and rejected, besides claims where interim payments have been made. They will have to send such reports for several segments including fire, motor, health, marine-cargo, crop insurance, Pradhan Mantri Suraksha Bima Yojana (PMSBY), shopkeepers' insurance and so on.

(The writer is Preeti Kulkarni.)

TOP

Govt begins search for IRDAI members in advance – The Indian Express – 17th July 2023

The government has started looking for suitable candidates to fill the two posts of Members — Finance and Investment and Actuary — for Hyderabad-based Insurance Regulatory and Development Authority(IRDAI) nearly six months in advance. It is for the first time the government has started looking for the top posts in IRDAI much in advance. The regulator usually gets a replacement several months after the retirement of an official. The current IRDAI Chairman Debasish Panda was appointed nearly nine months after his predecessor retired.

Rakesh Joshi, Member, Finance and Investment, IRDAI, who had joined on March 22, 2022, will be retiring on December 2, 2023 after reaching 62. Parmod Kumar Arora, member, Actuary, IRDAI, who had joined on Jan 4, 2021 will be completing his three-year tenure on Jan 4, 2024. Arora will be 58 at the time of completing his three-year stint at the IRDAI. The government had selected State Bank of India (SBI) Managing Director Swaminathan Janakiraman as a Deputy Governor of the Reserve Bank of India in June.

According to the existing regulations, a member can continue till the age of 62 while the Chairman can hold office till 65. The IRDAI, headed by chairman Debasish Panda, chairman, has currently five posts of members. Before Panda took over in March 2022, senior officials of PSU insurers were a preferred lot for all posts of members except Actuary. Setting a new trend, Panda wanted dynamic professionals from the private sector only as members that led to the appointments of Joshi, whose last job was in SBI Caps and Thomas Devasia, (Member, Non-Life), who was working with an international insurance broking firm Marsh India.

However, BC Patanaik, a former Managing Director of Life Insurance Corporation, was suddenly inducted as Member (Life) in April after the post had lied vacant for almost a year. Now, it is to be seen whether public sector unit officials will be considered for the two posts, sources said. The applicants should have a minimum of two years of residual service as on the date of vacancy — the applicant's age should not exceed 60 years on the said date. The last date for receipt of applications for both the posts is August 10. A Whole-time Member gets consolidated pay and allowances of Rs 4 lakh per month.

For the Member (Actuary), an applicant should preferably be Fellow of the Institute of Actuaries of India (IAI) or Institute and Faculty of Actuaries in the UK (IFA) or Institute of Actuaries of Australia or Society of Actuaries in US or Canadian Institute of Actuaries, Canada.

However, for both the positions, applicants should preferably have at least 25 years' experience in the area of finance and investment, with a minimum of three years' experience at a senior level, not below the rank of a chief general manager of the Reserve Bank of India or equivalent thereto in other financial institutions or regulatory bodies. Applicants from the government should preferably have worked at least at the level of Additional Secretary to the Government of India or its equivalent level. An applicant from the public sector official should have worked at a level which is at least one level below the board, whereas a private sector applicant should have worked at the level of functional head at a level below the board. Similarly, an academician should preferably have worked at least as professor in the department or faculty concerned.

(The writer is George Mathew.)

TOP

North India floods: Irdai asks insurance firms to settle claims quickly – Business Standard – 16th July 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has asked all general insurance and standalone health insurance companies to mobilise all resources to ensure immediate service response including engaging the services of investigators, surveyors and loss adjustors for quick settlement of claims arising out of the havoc created by the floods in Northern parts of the country.

The regulator said insurers have been advised to communicate the nomination of a Senior Executive in each affected State / UT to the Chief Secretary/ Officer concerned of the State immediately.

"Districts reporting large numbers of claims to be overseen by a designated District Claims Service Head. The insurers [should] give wide publicity on the contact details of these officers in their websites and also in the media," IRDAI said in a statement.

Insurers have been advised to assist the claimants through their 24x7 helplines, special claims desks at district level with delegated claims settlement teams for speedy processing and settlement of claims including on account payments at the earliest.

IRDAI said insurers should encourage policyholders to use electronic communication wherever possible for correspondence.

TOP

LIFE INSURANCE

'Life Insurers' premium growth may be muted – The Economic Times – 17th July 2023

Life insurers are likely to report subdued premium growth for the first quarter of the current fiscal year following strong top-line growth in the fourth quarter of FY23. Post the implementation of budgetary changes that came into effect on April 1, high-value non-unit linked savings products are likely to see a dip. The general insurance sector, on the other hand, is expected to report robust premium growth as well as enhanced claim and operational expenditure ratios in the first quarter. In the first quarter of FY24, HDFC Life, SBI Life, and Max Financial Services are projected to achieve year-on-year annual premium equivalent (APE) growth of 15 percent, 8 percent, and 8 percent, respectively, while ICICI Prudential Life is likely to experience a 9 percent decline in APE on year.

According to Motilal Oswal, value of new business (VNB) growth is estimated at approximately 8 percent on-year for SBI Life, 28 percent for HDFC Life, and 17 percent for Max Financial Services, while ICICI Prudential Life's VNB is expected to decline by 5 percent on year in the first quarter. "Demand for annuities, non-PAR (non-participating policies) and credit life segments are likely to fare relatively better, while protection is witnessing a gradual recovery," Motilal Oswal said in a report. "The growth outlook, after the implementation of budgetary changes, especially in the non-ULIP (non-unit-linked insurance policies) segment, would be a key monitorable."

The government's decision to withdraw tax exemptions on maturity proceeds of non-ULIP plans with an annual premium exceeding ₹5 lakh led to a surge in pre-booking of high-value non-linked policies before March 31 and followed up by a muted growth in the quarter ended June 30, 2023. During the quarter under review, the general insurance sector is set to report strong premium growth and improvements in claim ratios and opex ratios "due to economies of scale", the Motilal Oswal report said. The industry's overall gross written premium (GWP) witnessed a year-on-year growth of 20 percent in April and 18 percent in May 2023, driven by strong growth in the health and motor segments.

ICICI General Insurance experienced premium growth of 16.6 percent in April and 21.1 percent in May, primarily fuelled by strong growth in the health segment. Star Health Insurance saw premium growth of 25 percent in April and 16 percent in May, driven by retail and group health businesses on a lower base.

The motor insurance sector is expected to witness a reduction in competitive pricing, while opex ratios are anticipated to benefit from operating leverage. "The competitive pricing environment is beginning to ease in the motor industry," the Motilal Oswal note said. "Opex ratios are expected to benefit from operating leverage." Insurance growth will be determined by each insurer designing their commission strategies post the recent regulatory changes in the industry, including commissions and expense of management (EoM) rules.

(The writer is Shilpy Sinha.)

TOP

GENERAL INSURANCE

Rush for cover: For claiming insurance on flood-damaged home, act on time – Business Standard – 20th July – 2023

Parts of North India were flooded this month, prompting the Insurance Regulatory and Development Authority of India (IRDAI) to urge insurers to speed up claims. It has asked them to activate and publicise 24-hour help lines. Insurers were also asked to set up special desks at the district level with dedicated teams to process claims quickly. If your house or vehicle was affected by the floods and have insurance cover, now is the time to apply for claim settlement. Any delay can do to reduce your chances of getting a claim. If you have an insurance cover for your home and its contents, you will receive compensation for any damage suffered due to inundation. “Storm, Tempest, Flooding and Inundation (STFI) risk is a standard component of most home insurance policies. Since this is an Act of God, claims for flooding generally get covered,” says Kapil Mehta, co-founder, Secure Now.

The only situation in which the insured doesn’t get compensation is if flooding was the result of gross negligence on the insured’s part, he says. The insured should inform the insurer about the damage immediately via email or phone calls to the toll-free number. “Don’t delay in informing the insurer. The longer you wait, the more difficult it becomes to get the claim,” says Mehta. The insured should also take reasonable steps to prevent further loss or damage to the house and its contents. The insured needs to submit a claim form in which he should provide the details of her policy. This should be accompanied by photographs or videos of the flooding to justify the damage. She should also submit an estimate of the cost of repair from a contractor. The insurer, on its part, will follow a few standard procedures. “An investigator will survey the home and its contents and take photographs. The insured must answer the surveyor’s questions truthfully regarding the damage to his home and contents,” says Shashi Kant Dahuja, chief underwriting officer, Shriram General Insurance. The insured must understand the deductibles and exclusions that apply in her policy. “Claim up to the deductible amount is not payable. Exclusions mentioned in the policy document will also not be covered,” says Dahuja.

The insured should not sell, remove or replace any of the damaged items for which she is making a claim without the insurer’s approval. She should also not carry out any repairs without the surveyor’s approval, unless it is urgent. “Any damage that was pre-existing in nature will not be covered. If the surveyor assesses that the damage was due to the insured’s negligence, or due to lack of proper maintenance, in that case also the damage will not be covered. Any deliberate or wilful loss is also not covered,” says Dahuja. The basement, which is the part of the house most vulnerable to flooding, should have been reported at the time of purchasing the policy. "If you did not report it, your claim could be rejected,” says Mehta. The insured should avoid exaggerating the cost of repair and instead provide a reasonable assessment of the cost.

Always keep a soft copy of the insurance contract in your email, Google Drive, or Dropbox. (in case the physical copy is lost). If the insured raises questions about the claim, don’t react angrily. “Answer all the questions rationally instead of arguing or fighting,” says Mehta. Will the claim be covered? If policyholder only has the mandatory third-party cover, then damage caused by flooding will not be covered. “Damage due to flooding will only be covered if the policyholder has also purchased the Own Damage component of motor insurance,” says Sandeep Saraf, head-motor insurance renewal, claims and customer experience, Policybazaar.com. If the flood water enters the cabin or the engine, then flushing and cleaning of the engine and other affected parts will be covered under the Own Damage policy. The policy will also cover the cost of retrieving a fully submerged vehicle and repair or replacement of its damaged parts. However, the insured can’t make a claim for any consequential loss that occurred during the floods, damaging the engine and other parts. All efforts should be made to remove the water from the car at the earliest to prevent further damage to the wiring and mechanical components. The car should be kept in the sun and ventilated properly after removing water from it.

“Negligence can lead to water seeping into different parts of the car. Such damages are considered consequential damages, which may not be covered by the policy,” says Kunal Jha, head-motor product, Digit Insurance. The insured should contact the OEM’s (original equipment manufacturer, basically the car manufacturer) service centre and also notify the insurer about the extent of damage. The OEM will provide the support required to evacuate the vehicle from the spot. Next, the insured must assess the damage to the vehicle. The insurer will ask for evidence to support the claim. As in the case of home insurance, here also the insured should take photographs and film videos of the interiors and exteriors of the car to support his case. A surveyor and workshop experts appointed by the insurer will then determine the extent of damage. The car should not be driven in flood water. Any damage due to such driving is considered consequential loss, which is not covered by the policy. Another mistake that the insured should not commit is attempting to start the vehicle once the engine has got flooded with water. "Any attempt to start the vehicle can damage the engine and other electronic equipment. Such damage is not covered by the standard motor insurance policy," says Jha. Trying to start the car can lead to high hydro locking of the engine and the transmission. "The cost of repairing a hydro-locked car can be extremely high," says Jha.

(The writers are Sanjay Kumar Singh & Karthik Jerome.)

TOP

Economic research wing of State Bank of India pitches for public-private partnership to create disaster pool – The Telegraph – 18th July 2023

The economic research wing of the State Bank of India has pitched for a public-private partnership to create a disaster pool to mitigate the risks from rising natural disasters in the country. Insurance companies, while providing coverage at an at individual level in the form of loss of life and damage to property and vehicles, would benefit from a government support to cover the economic loss from natural disasters.

"A public-private solution, say a disaster pool, for natural disaster risk involving the insurance sector could offer many benefits over government crisis loan and grants. If we consider 2020 floods in India, the total economic loss was $7.5 billion (Rs 52,500 crore) but insurance was only 11 per cent. If government had insured it, the premium for the sum assurance of Rs 60,000 crore would have only been in the range of Rs 13,000-15,000 crore," said the latest note from SBI Research. India ranks third after US and China in recording the highest number of natural disasters since 1900. In terms of disaster type, India is marred mostly with floods with almost 41 per cent of the disasters occurring in the form of floods followed by storms.

The recent floods in North India have severely affected Himachal Pradesh, Uttarakhand, Punjab, Uttar Pradesh, Rajasthan, Jammu and Kashmir and Delhi. "While the current status of economic loss due to these floods is yet to be estimated, we believe this is in the range of Rs 10,000-14,000 crore," the SBI Research report said. The floods have prompted insurance regulator IRDAI to advise the general insurance and standalone health insurance companies to mobilise all resources and ensure immediate service response, including outsourced functions such as investigators and surveyors.

One of the key challenges is assessing the claim amounts relating to cost of rebuild in case of property damages. This was also observed in the SBI report. "For better underwriting and risk assessment, updated property value should be considered. For instance, in the last two years inflation has surged and this has pushed up costs of property rebuilds and reconstruction. Inflation effects contributed to the large losses from the floods," the report said. "In the MSME sector, only 5 per cent of the units are insured. This sector needs a much higher level of protection. The government may launch a partnership programme to cover the MSME employees and provide social security to them in terms of insurance benefits and income protection for their families by way of an insurance scheme for MSME promoter to cover losses in business due to reasons beyond the control of the promoter," the report said.

TOP

Insurers witness surge in claims, higher payouts amid heavy floods in North India – The Economic Times – 18th July 2023

The devastating floods in the Northern parts of India have led to a surge in claims over vehicles and immovable property damages. If industry leaders are to be believed, the insurance companies are now facing higher payouts, causing increased financial liabilities and a re-evaluation of risk assessment in flood-prone areas.

Talking about the situation of the claims filed due to recent floods, Animesh Das, Chief Underwriting Officer, ACKO said that the company has witnessed approximately 15 percent increase in the claims in Delhi, Himachal, and Uttarakhand, while a further increase is expected as more individuals are yet to report their claims. In the event of heavy rainfall and flooding, there are frequent cases of engine damage due to water ingress, electrical system malfunctions, bodywork damage, and even complete vehicle write-offs. "In the standard comprehensive cover, if the car is totally damaged then the customer will get the IDV (Insured's declared value). Every year, the car value depreciates roughly by 10 percent and in case of impactful damage, the customer gets the claim amount minus the depreciation of the parts," he explained.

The insurance regulator, IRDAI has also urged general insurance companies and standalone health insurers to expedite processing of claims related to floods and activate their 24x7 dedicated helplines. Insurers have also been instructed to launch various awareness campaigns to highlight the actions taken. Bajaj Allianz General Insurance company (BAGIC) have also started to receive claim intimations – currently close to 350 – across motor, home, & property insurance. The claim intimations are primarily from Delhi, Punjab, and Himachal Pradesh.

Gaurav Arora - Chief - Underwriting & Claims Property & Casualty, ICICI Lombard shared that till date the company has received about 350 Claims in total between Property and Motor line of businesses. Claim settlement TAT for flood loss claims is around 12 to 15 days on an average from the date of vehicle reporting to garages. With our claims team mobilising on ground wherever the water has receded, we expect faster claim settlement timelines in most parts of affected areas. he added.

Taking cognizance of the devastating effects of flood and the resultant damage to human lives and livelihoods in Northern parts of India, HDFC ERGO General Insurance has also extend support to its customers by setting up a dedicated helpline and claims desk for the claims arising from the North India floods. So far the company has received 231 claims from the flood affected areas, out of which 23 are motor and property claims from Himachal Pradesh.

(The writer is Sheersh Kapoor.)

TOP

HEALTH INSURANCE

Health insurance for chronic illness: Get a plan with restoration benefits – Financial Express – 21st July 2023

Individuals are increasingly opting for health insurance policies with restoration benefits as the sum insured in a standard health plan can get exhausted in a single hospitalisation due to spiralling costs of treatment. Such a policy restores the sum insured amount once it is exhausted during a policy year and offers additional coverage for future expenses.

The benefits include extended coverage and financial protection against medical costs. It is helpful for those suffering from chronic illnesses that require long-term medical treatment. The restoration benefit works well in case of a family floater plan as the entire sum insured is shared by all the members in the family.

The cost of policies with restoration benefits vary based on factors such as the insurance provider, the specific plan, the sum insured, the age and health condition of the insured. Policies with restoration benefits tend to have higher premiums compared to standard health plans.

Benefits of restoration

Health insurers offer unlimited restoration benefit plans and partial exhaustion benefits. In unlimited restoration, the sum insured is replenished multiple times during the policy year, and in plans with limited restoration, a predetermined amount for restoration. Another popular feature offered is the restoration for the same illness. However, the benefit does not work in the case of first hospitalisation. For example, in a policy with sum insured of `5 lakh with unlimited restoration, if the bills on the first hospitalisation come to Rs 10 lakh, then the policy will only cover `5 lakh which is the basic sum insured.

"One should opt for a plan that provides restoration benefits even in case of the same illness as it can be useful for critical illness treatments," says Chirag Nihalani, general manager, Insurance Samadhan.

What to keep in mind
Check the terms and conditions on the restoration of the sum insured for related as well as non-related illness for the same cover, before deciding on the restoration benefit. Note that two or more members of the family suffering from the same disease can claim restoration benefit.

The insured must determine whether the restoration benefit is automatic or optional. "Automatic restoration can be convenient as it activates without any action required from the policyholder. On the other hand, optional restoration allows you to control when the benefit is activated, but it may involve an additional premium depending on the policy," says Pankaj Goenka, assistant vice president & head, B2B Business, InsuranceDekho.

Do check if there are any limitations on the number of times restoration can be availed in a policy year or over the lifetime of the policy. Also, check if it expires at the end of the policy year or if any unused restoration amount can be carried forward.

Restoration or top-up
While restoration provides maximum up to the basic sum insured, a top-up can cover medical expenses even up to 20 times of the base sum insured. Also, top-up can contribute even in the first hospitalisation. Rakesh Goyal, director Probus Insurance Broker, says policies with restoration benefits may have slightly higher premiums compared to basic health insurance plans. "However, opting for a top-up plan alongside a basic health policy could be cost-effective as it offers additional coverage at a lower cost," he says.

(The writer is Saikat Neogi.)

TOP

All covid treatment in pandemic years should be considered critical care for insurance purposes: Madras HC – News18 – 20th July 2023

The Madras High Court recently observed that each and every step in the treatment of Covid-19 during the pandemic years, especially 2020, should be considered critical care for the purpose of medical insurance payment or reimbursement of the medical bill.

The bench of Justice Battu Devanand said, "Covid-19 symptoms range from asymptomatic to deadly… As such, to classify the medical assistance provided into critical or non-critical categories would be a farce, as in 2020 the whole pandemic situation was burning the country… Thus, each and every step in the treatment should be considered critical."

The court held that anyone deprived of such medical care or insurance or reimbursement is directly being deprived of their Right to Life under Article 21 of the Constitution. It also made observations, while passing orders in a writ petition filed by a retired secondary school teacher.

The petitioner was infected with Covid-19 in 2020. At the time, she was 73 years old with Type-II diabetes and had also undergone a corollary artery bypass grafting (CAVG) open heart surgery in 2016. Though the petitioner was a beneficiary and insured under the New Health Insurance Scheme (NHIS) for employees and pensioners formulated by the finance (pension) department. She was paying Rs 350 per month as premium, but the United India Insurance Company Ltd held her not entitled to a reimbursement of Rs

2,62,596 incurred for Covid treatment on the ground that it was non-critical care in a non-network hospital.

The court further observed that the ground taken by the insurance company was “inhuman, irrational, unreasonable, unjust and violative of the right to life guaranteed under Article 21 of the Constitution of India”. It said United India Insurance Company Ltd should have considered the petitioner’s claim with reasonably and with utmost care. “It is not fair for the respondent no 4 (United India Insurance Company Ltd) to include such clauses and impose such conditions in the terms and conditions of the policy/scheme, which are against the public interest,” the court said.

“…during the pandemic period, as there was a great demand for admission to hospitals for Covid-19, the public, including government employees and pensioners, were left with no other option but to take treatment in private hospitals not covered under the network hospitals listed under the different health insurance schemes,” the court added. In view of the directions on June 6, 2022, issued by the state government to clear claims of eligible expenses incurred by government employees (present and retired) under non-critical Covid care undertaken in a non-network hospital, the court directed the petitioner to resubmit her claim.

Further, the court directed the United India Insurance Company Ltd to settle the accounts within the given time frame. Taking into account the age and health conditions of the petitioner, for the inconvenience and hardship being suffered by her, the court also directed the respondents to pay her Rs 25,000 as compensation.

(The writer is Salil Tiwari.)

TOP

Why mental health insurance in India is in itself anxiety-inducing – The Federal – 19th July 2023

The insurance secor’s regulatory body, the Insurance Regulatory and Development Authority of India (IRDAI), has mandated that all health insurance policies must cover mental illness from October 1, 2022. However, the benefits of this directive are yet to percolate down to the policy holder. There are multiple challenges, including a marked lack of awareness among policy holders, because of which mental health insurance has not taken off in India, say experts. And this despite the fact that the number of people suffering from mental health issues (WHO reported that 1 in every 3 Indian suffers from depression) is only growing in India.

IRDAI committee
After the lukewarm response to its instruction to insurance companies, IRDAI formed a five-member committee comprising medical professionals and insurers this May, with the aim to ‘provide advice and insights on mental health coverage and ensure comprehensive protection for policyholders’. Back in 2018 itself, the Mental Healthcare Act, 2017 had been enacted stating that ‘every insurer shall make provision for medical insurance for treatment of mental illness on the same basis as is available for treatment of physical illness’. But this has not caught on yet, be it from the insurer end or the insuree end. So much so that a public interest litigation (PIL) was filed in the Supreme Court saying the companies are violating the provisions of the Act. The growth of mental health insurance in India has followed what can best be described as a staggered trajectory, with scant progress till the onset of COVID-19.

Increase in mental disorders post-COVID
The pandemic was a wake-up call for both the layman and the health insurance industry, not just in India, but the world over. As per a WHO report, among its many impacts, COVID-19 created a global crisis for mental health, fuelling short and long-term stresses and undermining the mental health of millions.

As per the WHO estimates, post-COVID, there has been a 25 per cent increase in the prevalence of mental disorders. In India, 10.6 per cent of adults require immediate treatment and intervention, as per NIMHANS. “It is time to put the stigma related to mental health behind us, and tackle it just as any other medical condition,” says Yateesh Shrivastava, an industry professional.

The growth in cases of mental health issues during the pandemic spurred IRDAI to mandate that all health insurance policies should cover mental illness from October 1, 2022. “All insurance products shall cover mental illness and comply with the provisions of the MHC Act, 2017, without any deviation,” it said. However, this order was followed by only a few insurers, prompting the regulator to issue another order in March this year, followed by the inception of the committee in May.

Major challenges

Firstly, on a micro level, the stigma that accompanies mental health issues is a major deterrent for customers to consider purchasing these policies as well. Speaking to The Federal, an insurance provider in Mumbai, says: “One issue for customers suffering from mental ailments is that they hesitate to submit psychiatrists’ or counsellors’ bills to claim the insured sum, owing to the accompanying stigma. This results in them paying heavy out-of-pocket expenses.”

For depression – one of the most common mental disorders – the treatment largely includes high-cost medication, and weekly therapy/counselling sessions. The cost of each session ranges from ₹1,500 to ₹2,000 per hour, and the average cost of monthly medication ranges between ₹1,000 and ₹1,500. In addition to this, policies covering mental health have inadequate services and funding. Around half the world’s population lives in countries where there is just one psychiatrist to serve 2 lakh people or more. On an average, countries dedicate less than 2 per cent of their healthcare budgets to mental health, as per the report. This greatly affects the quality of services offered to policyholders.

At present, there are no stand-alone mental health policies in India. Health insurance companies offer cover for a variety of mental disorders, such as post-traumatic stress disorder (PTSD), bipolar disorder, depression, schizophrenia, and anxiety, among others. Dementia, anxiety disorders, obsessive-compulsive disorders, psychotic disorder etc. are also covered unless some specific exclusions are mentioned in the policy. Insurers offering mental health insurance in India may need to rework their math. For instance, right now, there is no option for existing customers to purchase a top up for mental health.

In the insurance industry, companies usually have a fixed premium loading for previous medical conditions, which can pose a problem in the case of mental health insurance. Also, in some cases, there can be more than one diagnosis. Some illnesses – such as recurrent depression, bipolar disorder, and schizophrenia – require lifelong treatment involving steep costs.

Reading the fine print

For customers looking for mental health cover in their health policies, it is essential to read the fine print, as the coverage varies from one plan to another. When choosing a health insurance policy, it’s important to carefully examine the coverage offered, especially regarding mental health conditions and treatments. The same rule applies to conditions that are excluded, such as those triggered by substance abuse. Secondly, policy holders must know that many mental health insurance policies in India have a waiting period before they become effective. Most claims can only be made after a two-year waiting period. To be noted is the fact that insurance companies cannot reject new policy applications by people with mental illness, and claims will also be admissible if policyholders develop mental illness after purchasing the policies.

Most mental health treatments involve expensive therapy and counselling sessions by experts. Since these ailments mostly require treatment in OPDs (outpatient departments), customers should ensure that the health insurance product covers the OPD component. ,“Customers must look for OPD coverage in their health plans, as hospitalisation is largely not required in mental health conditions, and consultation charges and medication form a bulk of the costs. Caps on treatment in the OPD can also be a deterrent, as this is a major component of the costs,” says Shrivastava.

If the customer has purchased an OPD cover, then the costs towards doctor consultations, diagnostic tests, etc, shall also be provided by the insurer.

(The writer is Aartie Rau.)

TOP

Indian Health Insurance Sector Shows Promising Growth, Profitability Potential – Business world – 17th July 2023

The Indian health insurance sector has experienced steady trends in the fourth quarter of FY23, following a decline in the previous quarter. A recent report by Motilal Oswal Financial Services sheds light on the trajectory of claims and dynamics surrounding hospitals in the sector. The report highlights increased hospitalisations in the first quarter of FY24, with a decline in average stay and reduced ticket size. Furthermore, negotiations with insurance companies have shown higher price demands. These factors, along with improved pricing and business strategies, are expected to drive profitability in the medium term.

Hospitalisations on the rise, average stay declines

According to the report, hospitalisations have increased in the first quarter of FY24 compared to the previous quarter. This growth builds upon the steady trend observed in the fourth quarter of FY23, which saw a rise in elective surgeries and a decline in viral ailments. Despite the rise in hospitalisations, the average stay has declined due to a higher proportion of day-care surgeries. Consequently, overall hospital occupancy rates were lower, but the number of discharges increased. As a result, per customer billing declined during the quarter on a quarter-on-quarter basis.

Continued presence of Covid-related consumables and tests

Covid-related consumables and tests remain a part of insurance claims as hospitals prioritise the safety of their staff and patients. Although these additional costs impact insurance claims, they are expected to persist for the foreseeable future. Notably, cardiac and oncology cases continue to dominate the share in the number of claims and hospitalisations.

Improved negotiations and agreed rates with network hospitals

Hospitals engage in constant negotiations with insurance companies, with varying terms across different establishments. Over the past year, the report indicates that agreed rates with hospitals have increased by 15-20 per cent for public sector insurance companies. Private sector players and specialised standalone health insurers (SAHIs) have maintained the same discount rates, but they have implemented a revision of 10-12 per cent in base tariffs. Additionally, room rents have experienced a three to four per cent increase over the past year, although hospitals generally refrain from significant and frequent hikes in room rents.

Key takeaways and growth prospects

The report highlights that insurance claims account for approximately 42 per cent of hospital revenue, with 85 per cent of these claims processed through the cashless route. Among the insurers, Starheal, HDFC Ergo, ICICI Lombard, and Bagic conduct the majority of their business with hospitals. Other SAHIs have seen fewer claims as their customer base is relatively new.

The report predicts a sequential increase in claims in the second quarter of FY24, primarily driven by viral and monsoon-related ailments. Insurance companies aim to encourage customers to use their network hospitals to enhance the quality of treatment and improve their own claims ratios. However, the final choice of hospital and doctor still lies with the customers.

TOP

How Health Insurance Became the Hottest Investment Trend in India – The Economic Times – 16th July 2023

Health insurance has traditionally been seen as a necessary expense in India, providing financial protection against medical expenses. However, in recent years, a notable trend has emerged among millennials in the country – health insurance has become a hot investment opportunity. With rising healthcare costs and a growing awareness of the need for comprehensive coverage, millennials in India are finding innovative ways to leverage health insurance as a means to secure their financial future. Let's explore how health insurance became the hottest investment trend among Indian millennials, supported by facts from reports.

1. Rising healthcare costs: India has witnessed a significant increase in healthcare costs in recent years. A report by PwC India states that healthcare expenses in the country are expected to grow at a compound annual growth rate (CAGR) of 11 percent from 2019 to 2023. With the rising cost of medical treatments, hospitalisation, and prescription drugs, millennials are recognizing the need for robust health insurance coverage to protect themselves from unexpected healthcare expenses.

2. Insurance penetration among millennials: According to a report by the Insurance Regulatory and Development Authority of India (IRDAI), millennials in India are increasingly opting for health insurance. The report highlights that the age group of 26-35 years has witnessed the highest growth rate in terms of health insurance purchases. This indicates a growing awareness and understanding among millennials about the importance of health insurance as a financial asset.

3. Tax benefits: Health insurance plans in India offer tax benefits under Section 80D of the Income Tax Act. This provision allows individuals to claim deductions for premiums paid towards health insurance policies for themselves, their spouses, dependent children, and parents. Millennials are leveraging these tax benefits to not only secure their health but also reduce their tax liabilities, making health insurance an attractive investment option.

4. Cashless treatment and comprehensive coverage: Health insurance plans in India often come with the benefit of cashless treatment, where policyholders can avail medical services without paying upfront, subject to the terms and conditions of the policy. This feature has gained significant popularity among millennials as it provides convenience and eliminates the financial burden associated with immediate medical expenses.

Moreover, health insurance plans in India are increasingly offering comprehensive coverage, including coverage for pre-existing conditions, maternity expenses, and alternative treatments like Ayurveda and Homeopathy. These features attract millennials who seek holistic coverage and are willing to invest in comprehensive health insurance plans that cater to their specific needs.

5. Digital platforms and insurtech innovations: The proliferation of digital platforms and insurtech solutions in India has played a crucial role in the popularity of health insurance as an investment trend among millennials. Digital platforms offer easy access to information, comparison tools, and hassle-free online purchase of health insurance policies.

Insurtech companies in India are leveraging technology to provide innovative solutions that simplify the health insurance experience for millennials. For instance, some platforms offer personalised health insurance recommendations based on an individual's medical history and lifestyle factors. Others provide tools to track policy benefits, claim settlements, and offer wellness programs to incentivize policyholders to lead a healthy lifestyle.

In conclusion, health insurance has evolved from being a necessary expense to a lucrative investment opportunity for millennials in India. Rising healthcare costs, increasing insurance penetration among millennials, tax benefits, comprehensive coverage, and the presence of digital platforms and insurtech innovations have all contributed to the popularity of health insurance as an investment trend. By recognizing health insurance as a means to secure their financial future, Indian millennials are proactively protecting their health while building a solid foundation for long-term financial stability.

(The writer is Abhilasha Singh.)

TOP

Need to achieve 100% coverage under Ayushman Bharat insurance scheme, Mandaviya tells states – The Hindu Business Line – 16th July 2023

The government plans to begin a mega enrolment drive under the Ayushman Bharat PM-JAY and has urged states and union territories to achieve 100 per cent coverage under the scheme. In an address on the first day of the two-day Swasthya Chintan Shivir -- the 15th Conference of the Central Council of Health and Family Welfare -- being held here, Union Health Minister Mansukh Mandaviya on Friday urged the states and the union territories to strive for universal coverage by roping in healthcare workers at the grassroots level.

Mandaviya also urged the states to carry out regular review and monitoring of the programme. He said India cannot adopt health models of other countries because its diversity compels us to employ tailor-made solutions. The deliberations at the conclave focused on the implementation of the Ayushman Bharat Pradhan Mantri-Jan Arogya Yojana and the Ayushman Bharat Digital Mission, and gaps in their coverage, owing to diverse local conditions and digital health literacy in the country.

Launched in 2018, Ayushman Bharat PM-JAY aims to achieve universal health coverage with access to free and affordable healthcare services to the people living in the remotest areas. The scheme aims to provide free and cashless healthcare services up to ₹5 lakh per family per year to over 10.74 crore poor and vulnerable families with the number of beneficiaries running up to more than 53 crore. More than 4.34 crore hospital admissions worth more than ₹51,749.40 crore have been authorised under the Ayushman Bharat PM-JAY so far, according to government data.

TOP

Investing in employee well-being: The productivity impact of mental health insurance – The Times of India – 14th July 2023

Mental health is a fundamental aspect of our overall well-being, and it is essential that we prioritize its care just as we do our physical health. Mental health insurance plays a crucial role in achieving this goal. Mental health coverage and the profound advantages it brings through the availability of mental health insurance deserves more attention than it is usually given. In a society that is slowly awakening to the significance of mental well-being, it is vital to acknowledge the transformative power of insurance in dismantling financial obstacles and ensuring that individuals receive the comprehensive, compassionate care they deserve.

Revolutionizing Accessibility
First and foremost, mental health insurance breaks down the financial barriers to treatment, promoting accessible and quality care for diverse psychological conditions and disorders. For far too long, many individuals have struggled to afford the necessary mental health services they need. By providing coverage, insurance companies ensure that individuals can seek appropriate treatment without the burden of financial constraints. This accessibility is a game-changer, as it allows individuals to receive the care they deserve, leading to better outcomes and improved well-being.

Another significant benefit of mental health insurance is its contribution to the destigmatization of mental health. By recognizing mental health as a valid and crucial aspect of overall health, insurance providers play a pivotal role in fostering societal acceptance. Mental health has often been met with silence or even shame, but by acknowledging its importance, insurance companies send a powerful message: mental health matters, and seeking help is a sign of strength, not weakness.

The Power of Recognition

Integrated mental and physical health coverage is a vital aspect of mental health insurance. It recognizes the mind-body interconnectedness and facilitates a comprehensive approach to patient well-being. Mental health conditions can have profound physical manifestations, and vice versa. By providing coverage that addresses both aspects, insurance companies ensure that individuals receive holistic care that considers their complete well-being. This integrated approach leads to more effective and well-rounded treatment outcomes.

Early intervention is a critical factor in successfully managing and mitigating the long-term impacts of mental illnesses. Mental health insurance plays a pivotal role in encouraging early intervention by providing coverage for preventive services, regular check-ups, and early diagnosis. This proactive approach is essential as it allows individuals to address mental health concerns at their early stages, leading to better outcomes and preventing the development of more severe conditions. Early intervention saves lives and empowers individuals to take control of their mental health.

Integrating Mental and Physical Health Coverage

Adequate coverage provided by mental health insurance alleviates the stress of affordability, indirectly contributing to the overall mental wellness of an individual. Financial concerns should never be a barrier to seeking help for mental health issues. By ensuring that treatment options are within reach, mental health insurance reduces the burden and allows individuals to focus on their recovery and well-being.

Moreover, mental health coverage extends to a range of therapies, including counseling, psychotherapy, and psychiatric hospitalization, enhancing treatment options. Each individual is unique, and different approaches work for different people. With mental health insurance, individuals have access to a diverse range of therapies, enabling them to choose the treatment that suits their needs, preferences, and the severity of their condition. This personalized approach ensures that individuals receive the best possible care tailored to their specific circumstances.

How Early Intervention and Prevention Empowers

Continuity of care is vital for individuals with chronic mental health conditions, and mental health insurance plays a significant role in ensuring uninterrupted treatment. It facilitates long-term management without interruption due to financial constraints. This seamless continuity of care is crucial for maintaining stability, preventing relapses, and providing ongoing support for individuals as they navigate their mental health journey.

Mental health insurance benefits also extend to preventive services, fostering proactive engagement with mental well-being. Regular mental health check-ups, screenings, and wellness programs are covered, encouraging individuals to prioritize their mental health and take preventive measures. This proactive approach is key to maintaining good mental health and preventing the onset of more severe conditions.

Gateway to Mental Wellness

From an employer's perspective, providing mental health insurance benefits fosters a more productive workforce. By enabling employees to seek necessary support, mental health coverage enhances job satisfaction and performance. Employees who have access to mental health resources are more likely to seek help when needed, leading to reduced absenteeism and improved overall workplace well-being. Employers who prioritize mental health demonstrate a commitment to their employees' well-being, fostering a positive work environment.

Mental health insurance often includes post-hospitalization care, ensuring a seamless recovery process and reducing the risk of relapse. This additional coverage is invaluable as it helps individuals transition back to their daily lives after a hospital stay. It provides the necessary support and resources to aid in their recovery journey, ensuring that they receive the care they need even after leaving the hospital.

TOP

MOTOR INSURANCE

Claiming car insurance: Why you should avoid it unless it's for a big damage – Moneycontrol – 20th July 2023

With heavy rains and flooding in many parts of North India, those with damage to their cars will be reaching out to their insurer to get their repair costs reimbursed. But unless you are expecting a hefty car repair bill, it's best not to file an insurance claim for minor expenses that you can easily bear on your own. One, doing that would mean you lose your no-claim bonus, or NCB, (discount on premium) when you next renew your car insurance policy. This could translate into a bigger loss than footing the repair bill yourself. Two, filing a claim will adversely impact your premium for the next policy period. Three, certain insurers may limit the number of claims on which they allow zero depreciation. So, you would like to utilise this for higher-value claims. Zero depreciation is an add-on, an optional cover that enables you to cover the cost of replacing your car parts (without accounting for their depreciated value) in case of an accident. This comes at an extra cost. That is, this cover entitles you to a higher claim amount.

"For every claim paid by the insurer, there is a compulsory deductible as per IRDAI regulation. Further, if you avail any claim during the policy tenure, the NCB becomes nil. Additionally, during policy renewal, the insurer also checks the number of claims taken in the previous period and the renewal premium may be loaded further. So, for all these reasons, it is advisable to avoid making claims for small-value repairs," says Gaurav Arora, Head Corporate Underwriting & Claims, ICICI Lombard General Insurance Company.

(The writer is Maulik.)

TOP

The hidden truth of insurance cost and battery warranty that make your electric vehicle pricey – The Economic Times – 19th July 2023

Promise versus reality. Promise: Launch event announces a very affordable price for a vehicle. Reality: Excited, when you walk into the automaker's showroom, the salesperson greets you and quotes a price which is much higher than announced. You are given a piece of paper that has the vehicle's retail-price structure scribbled on it. Baffled, you start reading a long list of things that you need to pay for over and above the ex-showroom price — road tax, insurance, extended warranty, accessories, annual maintenance packages, and so on. In short, your total outgo would be 10 percent-30 percent more than the ex-showroom price. While some of these costs are mandatory, others are optional. However, in practice some optional and mandatory costs are bundled together by the dealer leading to a higher on-road price. Besides conventional automobiles, the above mentioned scenario goes for the electric vehicle (EV) industry as well. In fact, it is more accentuated for EVs due to the extended warranty for the battery. Take for example Ola Electric. An online ordering process shows that the Ola S1 Pro model can cost up to INR1.67 lakh, which is 19 percent higher than the ex-showroom price of INR 1.4 lakh (based on default settings on the Ola app or website in Bengaluru). The

Nature of insurance		Ola S1 Pro	TVS iQube s	Ather 450X Pro
Five-year third-party (TP) damage	Compulsory	7,387	3,862	3,862
One-year personal accident cover	Compulsory	531	443	450
One-year own damage	Optional	1,429	1,609	2,564
One-year zero depreciation cover	Optional	1,540	1,000	1,200
Total		**10,887**	**6,914**	**8,076**
One-year TP (renewal)		1,370	716	716
On-road price (INR lakh)		1.55	1.58	1.73

nsurance cost includes GST; all figures in INR
Source: *ET Prime research*

customer can reduce the cost by removing items like helmet, extended warranty, annual maintenance package from the buying basket. Insurance is a significant cost when it comes to EVs as we see in the graphic below.

Before we tell you how battery warranty is sold as a product along with the EV, here's how various heads of insurance for electric two-wheelers look like and what determines the premium. By law, when one purchases a two-wheeler, he/she needs to buy third-party (TP) insurance for up to five years. For cars, the same is for up to three years. After the expiry of these policies, consumers normally buy a one-year TP policy for the simple fact that it is mandatory. The Ministry of Road Transport and Highways, in consultation with insurance regulator IRDAI, has proposed TP motor insurance premiums for FY24.

These rates are to be revised annually. The current rates for new electric two-wheelers (a five-year policy) are:

< =3kw motor-powered two-wheelers have the lowest TP premium of INR2,910 only. Ampere Magnus with a 1.8kw motor falls in this category.

Motor power > 3kw and less than 7kw attracts a TP premium of INR3,982. Ather 450X and TVS iQube fall in this category so will the upcoming Ola S1 Air.

Motor power > 7kw is the top bracket and here the TP is INR7,387. Ola S1 Pro falls in this category.

The reason for more powerful vehicles having higher TP premium is they can have higher speeds, which makes them more prone to accidents and severity of the accident can be higher, according to Animesh Das, vice-president, motor underwriting at digital-insurance platform Acko. A low-speed vehicle is unlikely to lead to a more serious accident to either a pedestrian or to another vehicle/their riders.

IRDAI considers less than 3kw electric scooters as equivalent to up to 75cc motorcycles. Above-7kw e-scooters are considered as equivalent to above-150ccc petrol two-wheelers. However, there is lack of clarity on whether the peak power or sustained/continuous power should be considered for EVs. For now, it appears that Ola S1 Pro delivers over 7kw for a sustained period and this puts the vehicle in the over 7kw classification despite having a nominal power of 5.5kw. A one-year personal accident (PA) cover of INR15 lakh is also mandatory for all motor vehicles, be it a car or a two-wheeler. But if the consumer already has one due to the vehicle they owned earlier, buying a PA policy is not necessary. The cost of a PA policy is not regulated and is priced by the insurer. It varies between INR400-INR700 and depends on the location and the vehicle type. Ola S1 Pro, the more powerful scooter, has a slightly higher premium. Ather and TVS have almost the same premium. The own damage (OD) cover provides financial protection against damage or losses to the insured EV. Unlike the IRDAI regulating the TP insurance for EVs, the OD component is calculated by the insurer. When the TP insurance and the OD cover are bundled together, it is called comprehensive insurance.

Own damage is not a mandatory insurance policy, but most buyers opt for it when they buy a new vehicle. It only drops gradually to 50 percent after five years, when a two-wheeler is generally sold off. It covers the cost of repairing the vehicle in case it gets damaged in an accident, in floods/fire or lost in theft. "For regular damage, no police report is required," says Das of Acko. In case of theft or when a person is killed in a road accident, an FIR is mandatory. Jagjeet Siddhu, chief distribution officer at Kotak Mahindra General Insurance, says, "The premium for own-damage car insurance policy can be calculated on three factors: the insured declared value (IDV) of the vehicle, the age of the vehicle, and the city where the vehicle is driven." The insured value of the vehicle is considered as 95 percent of the ex-showroom price. So, in the same city, since Ola S1 Pro is a cheaper product than TVS iQube S and Ather 450X Pro Pack, OD premium for the former is the cheapest among the three. Consequently, OD premium is likely to be even cheaper for a more affordable e-scooter like Ampere Magnus.

All vehicles depreciate over the years. Therefore, the insured value of the EV also decreases. The older the vehicle, the lower the cost of insurance. Zero depreciation (ZD) is an add-on cover that one can choose for vehicle insurance. "The insured won't have to pay for depreciation during the vehicle insurance policy claims if it has a zero-depreciation add-on cover," says Siddhu. The ZD cover avoids depreciation of consumable parts like plastic or fibre. Without this cover, 50 percent of the OD claim requiring plastic replacement may be denied, according to the Ola app. If the vehicle usage is low, there is less chance of an accident and as such a zero-depreciation cover is avoidable. Younger vehicle owners with high-end vehicles tend to ride more, often on highways. They tend to buy a ZD policy. A high-end bike meeting with a serious accident may have a repair bill of INR40,000. In that case, OD may cover INR30,000 but not the full amount, particularly if it is an older bike. A ZD cover will mean the entire INR40,000 will be paid by the insurer. However, you need to have 'bumper-to-bumper' OD cover to claim the damages fully even under ZD. Ola Electric also allows another policy. For INR799 per year, a customer can protect the scooter's display and charger from accidental damage and theft. This implies that the display and the charger may not be covered fully in the OD policy.

The calculation of OD and ZD depends on vehicle segment, age of the vehicle, claims status, fuel type, usage geography, and vehicle value, etc. Replacing a battery can cost half of the EV's cost – thanks to expensive batteries, and the complex effort and logistics involved with the replacement. Add to it the miniscule volume which makes the economics tougher. According to reports, the aftermarket cost of Ola S1 Pro's 4kWh battery is INR87,298 while the S1's 3kWh battery costs INR66,549. Ather Energy has introduced a comprehensive five-year warranty plan that extends the battery's manufacturer warranty of three years by an additional two years. The company offers this complementary with Ather 450X, when you upgrade to Pro Pack. One cannot buy this separately. The warranty covers not just battery failures, but degradation too. The battery is guaranteed to stay above 70 percent 'state-of-health' till the end of the fifth year, else, it will be replaced. It even covers deep-discharge situations or if the vehicle is kept in an idle state over an extended period. The claims related to Ather Battery Protect for the fourth and fifth year are covered by Acko General Insurance. This five-year battery warranty gives peace of mind to the buyer and at the same time helps the company sell more vehicles. It might also help justify the price premium Ather has in the marketplace. While it is difficult to attribute direct correlation, Ather sales did move up to an average of over 10,000 units between January 2023 and June 2023 from 7,693 units in December. It rolled out the battery protection plan in December 2022.

Ola Electric offers customers the option to buy an additional two years of battery warranty and it costs INR5,499 for Ola S1 Pro. If a customer wants a comprehensive warranty for the fourth and the fifth year, he/she must pay INR7,499 at the time of purchase of the Ola S1 Pro. Also, there is a cap of 60,000km for availing the warranty. This will cover an overwhelming number of private usage of scooters but will exclude commercial usage like delivery. Tata Motors provides eight years/160,000km warranty on the Nexon EV battery. Acko gives two years extended warranty on top of that at roughly INR12,000. For TP insurance, a Tata Nexon, with 105kw peak power, gets the top slot much like ICE (internal combustion engine) cars with a 1500cc engine. EVs get 15 percent lower premium rates currently. This discount may not continue in the future. But the OD cover or ZD cover is higher than petrol ones as electric cars are priced higher and accidental repairs in an electric car can be a lot more. Motor insurance is big business. The industry earned a premium of INR81,292 crore or USD10 billion in FY23. TP insurance made up for 61 percent of the premium, while OD made for the rest. Insurers' TP premium income jumped following a Supreme Court verdict in July 2018 making it mandatory to buy the insurance for five years for a new two-wheeler and three years for a new car, though when it comes to renewals one year is the norm.

It is not at all mandatory to buy insurance from automobile dealers. However, most customers in India are first-time buyers and are not aware of this. There are several instances where dealers refuse to deliver the vehicle if the customer does not buy insurance from them. Citing a recent case, Das of Acko says that a customer who had previously purchased an Acko insurance for his mobile, wanted to buy his car insurance from Acko but the Noida dealer of a Japanese carmaker refused. Acko took the matter to the regulator and the dealer agreed. This problem was highlighted in 2020, when IRDAI imposed fines on several automaker's insurance arm. A Moneylife article that year asked: "Has motor insurance become monopoly of automakers? The same article also questioned why "IRDAI allows leeway to Maruti and Hero insurance brokers with small penalty for serious violations." Maruti and Hero's insurance broking arms were fined just INR3 crore and INR2 crore, respectively. Das says the ongoing practice of automakers' tie-ups with insurance companies is bad for customers and insurers alike. The auto manufacturers force insurance companies to minimise the insurance premium income they can earn, as they act like gatekeepers to the product. This makes the business less profitable for the insurers while the customers pay more. In the middle, insurance brokers of the automakers and the dealers earn fat commission. For insurers, automakers and their dealers, PA and extended warranties are additional revenue streams beyond TP and OD. Of late, few insurers have started selling long-term comprehensive covers under the 'use and file' procedure allowing them to launch a product first and then file its details with the regulator, though it is optional. For now, the market learning is limited and factors like build quality are not factored in the insurance pricing. With more connected EVs, there will be ample scope for usage-based pricing. But it isn't common in ICE two-wheelers and cars today. Going forward, as the EV ecosystem matures, vehicle manufacturers and battery makers with better quality and safety systems would be able to offer longer battery and vehicle warranties, and their extended warranties could become cheaper as well.

TOP

CROP INSURANCE

PM crop insurance notified, damages due to natural calamities covered – MSN – 19TH July 2023

The Gautam Buddh Nagar district administration has released an action plan for the implementation of the Pradhan Mantri Fasal Bima Yojna (PMFBY) for upcoming Kharif and Rabi seasons and insurance would cover damages to crops due to natural calamities, diseases, waterlogging etc. Gautam Buddh Nagar, which is located between Yamuna and Hindon rivers, adjoining Delhi in western Uttar Pradesh has been impacted by the floods this month, with overflowing water submerging around 550 hectares of land in the district's low-lying areas, according to district officials.

The administration in a statement on Wednesday said the government has released the action plan of the PMFBY for the Kharif and Rabi seasons of 2023-24, 2024-25 and 2025-26. "Agriculture Insurance Company of India Ltd has been nominated to run the scheme in the district. Paddy and millet in Kharif crop and wheat in Rabi crop have been notified under this scheme. Under the scheme, insurance cover or compensation is provided to the insured farmers in case of damage to the notified crops in adverse weather conditions," the administration said. "Not being able to sow the crop, unsuccessful sowing, damage in the middle stage of the crop, damage to standing crops due to natural calamities, diseases, pests, hailstorm, waterlogging, cloudburst, landslide, damage due to lightning, is covered in the insurance. Also if crops get damaged while being kept to dry in the field in 14 days after harvesting due to hailstorm, cyclone, unseasonal rain is covered in the insurance," the administration added.

In district Gautam Budh Nagar, 2 per cent (amount Rs 1,454 per hectare) premium will be taken as farmer's share in the notified crop of paddy and millet in Kharif and wheat in Rabi in paddy crop, 2 per cent (amount Rs 578.50) in bajra as farmer's share per hectare) premium will be taken and 1.5 per cent (amount Rs 1157.25 per hectare) premium will be taken as farmer's share in wheat crop. This scheme will be applicable to all the farmers of district Gautam Buddha Nagar but it is voluntary and if any farmer wishes not to take the insurance, so they should inform their bank branch by July 24 (Kharif crop) and by December 24 (Rabi crop) for opting out of it otherwise insurance premium would be deducted from their accounts, it added.

TOP

Disgruntled Gujarat farmers blame PMFBY scheme for claim delays – Vibes of India – 18th July 2023

In a shocking expose, it has been revealed that 84 lakh farmers of Gujarat purchased insurance of over Rs 53,000 crores in four years but only 24 lakh of them could claim some insurance. Out of the Rs 53,000 crore insurance money, only Rs 5000 crore were paid out as claims. Gujarat farmers have blamed the Pradhan Mantri Fasal Bima Yojana (PMFBY), a government-sponsored crop insurance scheme that integrates multiple stakeholders on a single platform. Jairajsinh Parmar, a BJP spokesperson from Ahmedabad, said claims were wrongfully made as farmers' selections were based on a survey. Farmers are only required to undergo an eligibility process for insurance and pay a nominal amount for validation. The Gujarat government will cover the insurance premium. Additionally, farmers facing challenges can contact relevant authorities to have their issues resolved.

Speaking to the Vibes of India, Arjun Modhwadia, Congress MLA from Porbandar, highlighted that the scheme was initially started by the Rajiv Gandhi government, where damage amounts based on crop assessment were provided by the central and state governments in a 50-50 ratio. However, when Prime Minister Narendra Modi launched a similar scheme in 2015, the insurance amount was expected to be covered by companies. In the past three years, farmers have felt helpless. He urged the government to adopt the original strategies and policies that would benefit farmers rather than insurance companies. The scheme, which began in 2016, was terminated by the Gujarat government in 2020. Farmers allege that while insurance companies collected the premium amounts, they are now withholding insurance payouts. Between 2016 and 2020, a total of 83.95 lakh individuals insured their 11.23 lakh hectares of land. The total sum insured amounted to 53,812 crores, with a premium contribution of 12,045.26 crores from the government and farmers combined. Farmers' share of this premium was 1,499.41 crores, while the remaining amount was paid by the government.

When agricultural losses occurred due to rain and floods, only 24.94 lakh policyholders received compensation to the tune of 5,232.61 crores. Shockingly, 58.99 lakh applicants received no payment at all. Divya Bhaskar made efforts to address the issue by engaging in discussions with insurance companies to seek a resolution. Officials from the relevant government department were also consulted. According to these officials, the government has been actively attempting to resolve the situation through correspondence with insurance companies. Insurance companies often attribute delays to technical issues, a claim that the government has received multiple times. The government acknowledges that valid concerns exist from both farmers and companies, and its primary objective is to ensure fairness for all farmers involved.

More than 5,000 individuals from villages in Surendranagar taluka wrote to the collector, urging the payment of insurance claims. The sarpanch (village head) of Danawada village filed one such complaint, citing heavy rainfall and resultant agricultural losses. Despite the majority of farmers having insurance, only a few received compensation. RTI activist and farmer Bharat Singh Jhala criticised the government for making insurance mandatory, resulting in deductions from farmers' accounts without proper documentation or information. Regarding premium payments, the state government assigned the task to eight private insurance companies. However, some of these companies failed to fulfil their obligations, leading to the blacklisting of SBI General Insurance after numerous complaints from outraged farmers across the districts. SBI officials explained that the state and central governments were responsible for providing the remaining portion of the premium as a subsidy. However, owing to a lack of government funds, they were unable to meet the insurance payouts. The company further argued that it faced a shortage of personnel to process the claims.

Originally launched as a pilot project, the government intended to improve the scheme based on its performance. When an insurance claim is rejected, specific reasons are provided to the insured. To initiate a claim, farmers can communicate information about crop losses by visiting the insurance company's office or contacting them by phone. In the case of major natural calamities, the government conducts assessments and informs the insurance company. In cases where a significant number of claims are rejected, it is the insurance company that assesses and decides whether to accept or reject the claim. The policyholder should be notified of this decision, and if not, they have the right to file a complaint.

Where premium contributions are concerned, farmers pay 1-2% for grains and oilseeds, while for commercial crops, the farmer's share can reach a maximum of 10%. The remaining portion is covered by the government, although some changes to these percentages may occur. The premium can be deducted from a farmer's account without explicit notification, especially for those who have taken loans. However, insurance documents should be provided to the insured as proof of coverage.

Regarding the assessment of crop damage caused by water, insurance companies conduct random sampling or use other assessment methods. If the assessment results in a rejection, the claim can be disputed. The situation surrounding the Pradhan Mantri Fasal Bima Yojana in Gujarat remains a concern for farmers as they await resolution and fair compensation for their losses.

(The writer is Mansi Bhagat.)

TOP

UNDP partners Absolute to promote innovation, digitalization of PMFBY – Live Mint – 18th July 2023

The United Nations Development Programme (UNDP) and Absolute, bioscience company, have signed a Memorandum of Understanding (MoU) to strengthen the central government's flagship Pradhan Mantri Fasal Bima Yojana (PMFBY) and enhance the resilience of farmers. The partnership aims to boost the implementation of the PMFBY and the Restructured Weather Based Crop Insurance Scheme (RWBCIS) by building technical capabilities of the scheme and digitalizing service delivery of crop insurance and agricultural credit processes to increase reach and uptake of the schemes. It will also promote credit profiling of farmers, agri-entrepreneurs, and Farmer Producers Organizations (FPOs), for accurate crop loss assessment and risk evaluation to mobilize agriculture financing.

UNDP and Absolute will use advanced technology and data-driven solutions to facilitate farmland identification and enhance farm monitoring, R&D, and analytical capabilities to facilitate data-driven policymaking and fraud analytics, ensuring efficient and transparent delivery of government support to vulnerable farmers. India's agriculture produce is particularly vulnerable to weather fluctuations, pest attacks, erratic rainfall, and humidity. These factors lead to lower yields and hit income of farmers each year. India lost 33.9 million ha of cropped area between 2015 and 2021 due to floods and excess rains and 35 million ha due to drought. "We are witnessing an increasing trend of climate driven yield losses in agriculture. This partnership with UNDP is a strong step forward in mitigating this increasing risk pattern which can potentially impact over 120 million farmers across the country," said Agam Khare, founder and CEO of Absolute. "This initiative is in line with our vision to reimagine what's possible in agriculture by intersecting core plant science with technology. This will help us move one step closer to achieve our goal of empowering farmer communities & making agriculture climate resilient."

UNDP has been working with the Ministry of Agriculture and Family Welfare since 2018. In 2022, UNDP's technical support unit at the ministry helped reach out to 1.71 crore farmers through various information, education, and communication (IEC) campaigns such as Crop Insurance Week and organized more than 2.39 lakh crop insurance classroom sessions. The crop insurance scheme offers risk protection by providing financial support to farmers suffering crop loss or damage arising out of these unforeseen events, thus stabilizing their income, encouraging them to adopt innovative and modern agricultural practices and ensuring the flow of credit to the agriculture sector for food security, crop diversification and enhancing growth and competitiveness of agriculture sector. "Risk is an inherent part of agriculture and is one of the biggest roadblocks in improving the lives of farmer communities in India. This collaboration is an important step towards strengthening the risk and credit ecosystem for agriculture in India. UNDP India is committed to working with the government and partners to help farmers in India rise with resilience", said Amit Kumar, head, Sustainable and Inclusive Growth, UNDP India.

The infusion of technology through this partnership will also facilitate a robust credit flow to the agriculture sector, thereby strengthening food security, crop diversification, enhanced growth, and competitiveness of the agriculture sector in India. UNDP has been working in India since 1951 in almost all areas of human development. Together with the Indian government and development partners, it works towards eradicating poverty, reducing inequalities, strengthening local governance, enhancing community resilience, protecting the environment, supporting policy initiatives and institutional reforms, and accelerating sustainable development for all.

(The writer is Puja Das.)

TOP

SURVEY AND REPORTS

Insurance firms ask SC to reverse 2017 ruling on LMV licences for transport vehicles – Hindustan Times – 20th July 2023

Solicitor General Tushar Mehta on Wednesday asked a constitution bench to set aside a 2017 judgement, which permitted licence holders of light motor vehicle (LMV) to drive transport vehicles, as per which even an autorickshaw driver can acquire licence to drive a road-roller, a bus or a goods carriage, posing risk to lives of thousands of people.

Mehta was appearing for state-owned Oriental Insurance Company Limited, which along with several other insurance firms challenged a three-judge bench decision of 2017 in Mukund Dewangan vs Oriental Insurance Company Limited that permitted LMV license holders to be eligible to drive transport vehicles provided it has an unladen weight up to 7,500kg.

These appeals came to be heard by another three-judge bench in March 2022 which referred the matter to a five-judge Constitution bench to reconsider the 2017 decision. Appearing before the bench headed by Chief Justice of India (CJI) Dhananjaya Y Chandrachud, Mehta said the 2017 ruling makes the Motor Vehicles Act unworkable and creates a problematic situation which puts people's lives at risk. In his submissions given to Court, Mehta said, "If the present law in Mukund Dewangan is not interfered with, unfit drivers will start plying transport vehicles, putting a risk to the lives of thousands of people."

"If the present law in Mukund Dewangan is not interfered with, a driver, having cleared a driving test to drive an autorickshaw (falling in LMV category), will be eligible to drive a road-roller (as long as the same is less than 7,500 kgs)," he said. The SG's submission was supported by senior advocates Sidharth Dave and Jayant Bhushan appearing for private insurance companies. They stated that stringent checks are needed for transport vehicles as they carry strangers who completely entrust their safety in the person driving the vehicle.

Under the Motor Vehicles Act, 1988 licence for transport vehicles has a different regime altogether from the regime for driving LMV vehicles. Mehta said, "Transport vehicles carry passengers at large. Therefore, a greater check is intended to be kept on the drivers of such vehicles by means of the statutory provisions of the Act." He further said this intended 'check' on transport vehicles cannot change just because the weight of the vehicle is less than 7,500kg. Section 2(47) of the Act defines transport vehicles as "public service vehicles (including maxi cab, stage carriage, contract carriage), goods carriage, and educational institution bus". On the other hand, LMV is described under Section 2(21) as a transport vehicle or omnibus or a motor car or tractor or road-roller, the unladen weight of which does not exceed 7,500kg.

The insurance firms argued that driving transport vehicles required a separate endorsement from motor licensing authorities as the rules governing transport vehicle license were distinct from LMV license. For instance, LMV license can be obtained at 18 years while minimum age to drive transport vehicle is 20 years. The former is issued for a maximum period of 20 years (if below 30 years of age) while stringent norms of medical checkup are there for driving transport vehicles, license for which is issued for a maximum period of five years. The Constitution bench, also comprising justices Hrishikesh Roy, PS Narasimha, Pankaj Mithal and Manoj Misra, observed, “These words are of significance or else anybody holding LMV can drive transport vehicles. These provisions show there exists different licensing regimes. The 2017 judgment collapses the two separate features of the statute.”

The submissions of Oriental Insurance filed in court by advocate Archana Pathak Dave, further said, “A separate licence scheme for transport vehicles is quintessential given the special training required to drive such vehicles, which are complex at times, as opposed to driving LMV.”

Section 3 of the Act contemplates a specific endorsement on the driving license for ‘transport’ vehicles, but in view of the law laid down in the 2017 decision, this is rendered to nullity, the state-owned insurance company said. Motor Vehicle Rules prescribe separate syllabus for training drivers for non-transport and transport vehicles. The Act requires a minimum period of 21 days and 30 days training for non-transport and transport vehicles respectively. Highlighting this distinction, Mehta pointed out, “The requirements for gaining transport vehicle licenses are more stringent to that for non-transport vehicles.”

If the 2017 decision is to be applied, Mehta said, “This would lead to a problematic situation” as he explained that Rule 8A of MV Rules allows a person to get E-rickshaw license after 10 days of training. As per the 2017 direction, any LMV license holder will be eligible to drive an auto-rickshaw or e-rickshaw. Moreover, the Act envisages permits for transport vehicles while no permit is required to drive LMV. The 2017 ruling failed to clarify whether permit is required to drive transport vehicles falling under LMV category, Mehta added.

The 2017 decision had resulted on an amendment introduced by the Centre in 1994 which inserted transport vehicles into a long list of vehicles that could be driven on the strength of a driving license issued by the transport authorities. This decision held that LMV would include ‘Transport Vehicles’ in cases where the gross weight of such vehicle is less that 7500 kgs. A total of over 75 appeals filed by various insurance companies are being heard by the Constitution bench, which will continue hearing the matter on Thursday.

(The writer is Abraham Thomas.)

TOP

80% informal employees expect ESI security, medical benefits: Report – Business Standard – 19th July 2023

Majority of India's informal workers aspire for inclusive, secure lifestyles, revealed a Quess Corp report. Around 80 per cent of informal workers expect their employers to provide them with the security of Employee State Insurance (ESI) and other medical benefits. This expectation is even higher among younger informal employees. Furthermore, 79 per cent of respondents mentioned that they would compromise on 20 per cent or more of their salary if it meant receiving security and benefits equivalent to their formal counterparts.

Quess Corp, a business service provider, has released the 'New Collar Generation Report,' shedding light on the post-pandemic aspirations of workers in India's informal sector. The report shows that a significant number of workers lack social security coverage and desire to transition into a more inclusive and secure lifestyle. The report has also found that technology has played a big role in spreading awareness about the differences between the informal and formal sectors as well as the advantages.

Methodology

The report is based on interviews conducted between September 2022 and January 2023, involving 4,179 respondents across seven metros and seven non-metros in India. The findings are supported by comprehensive secondary research conducted throughout the country. It must be noted that the report uses the term 'New Collar' to refer to a generation of workers whose priorities and aspirations align with those of formal employees. They value security and benefits over their daily wages.

Lohit Bhatia, President of Workforce Management at Quess Corp, "The findings of our study offer a clear direction to policymakers on the desires of the informal workforce. With high aspirations regarding skilling, social security, and healthcare benefits, India's informal economy is as aspirational to benefit from EPFO, ESIC, and other social security benefits as their formal counterparts. Our current laws enable coverage of such social security benefits only for organizations that have above 10 or 20 employees. This leaves behind a huge class of citizens that are not benefitted by these laws."

Prestige over wages
The survey also reveals convergence between the expectations of India's informal and formal workforce. The findings indicate that informal workers now prioritise factors such as prestige and career potential over wages. Interestingly, 97 per cent of informally employed individuals agree that they have a better chance of improving their lifestyle and that of their families with a formal job that offers job security. With over 285 million workers registered in the unorganised sector on the E-Shram portal, it appears people are realizing the advantages and benefits associated with a formal contract.

Technology creating awareness
Technology has played a crucial role in educating informal workers about the advantages of formal employment. Around 84 per cent of the surveyed informal workers agree that technology has raised awareness about the benefits of formal employment. Digital natives aged 18 to 35 express more confidences in the impact of technology compared to older respondents. Additionally, 70 per cent of informally employed individuals have utilised technology platforms such as job hunting portals, online news portals, and company websites to seek information about job security and benefits offered by prospective employers.

Women aspire to transfer to formal sector more than men
The report highlights that women working in the informal sector have a higher aspiration to transition into the formal sector. Women prioritise health and security, while men lean more towards career building. Notably, 63 per cent of women are willing to compromise on a higher salary for health benefits and a formal agreement, compared to only 28 per cent of men. The study also finds that both genders recognise the importance of job security, with 38 per cent of women and 29 per cent of men believing that the Covid-19 pandemic has emphasised its significance. Moreover, men place greater emphasis on career building, prestige, and professional networking, while women perceive education as vital for securing formal employment.

Perspective on jobs
When respondents were asked about the objectives of a having a job, more than 50 per cent of employees in the informal sector agreed that it was to earn and money, 15 per cent said it was to build a career, less than 10 per cent believed jobs could add value to their community or support their passions and interests.

In the formal sector respondents were more scattered. Under 40 per cent stated jobs main objective was to build their careers, 35 per cent said it was to earn money, only 10 per cent believed it contributed to their community or helped them build skills while less five per cent believed a job could support their passions & interests.

When viewed from an age perspective, across the board employees believed that earning money and making a living were the primary objectives of a job, followed by building a career, learning new skills and supporting one's passions, respectively. Only among the 45 and above age group did people prioritise learning skills and contributing to community over building a career, which is to be expected.

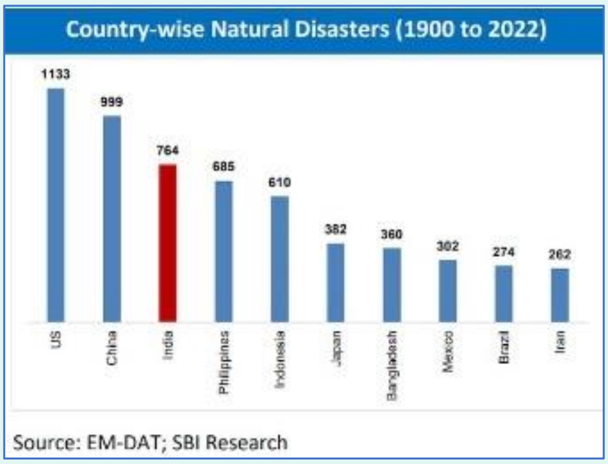
How would this affect employers?
The implications for employers in providing insurance coverage, security, and health benefits may seem challenging at first glance. However, surprising findings show that reforms related to increased thresholds under the International Development Association (IDA) and Fiscal Agent (FA) have actually provided a

competitive advantage, particularly in the manufacturing sector. Moreover, four major employers' associations in India - Assocham, CII, Ficci, and PHDCCI - reported that 'Fixed Term Employment' (FTE) has led to improved productivity, competitiveness, and sustainability for enterprises. This indicates that productivity and profitability can be achieved while fulfilling the aspirations and ambitions of a significant portion of India's workforce.

TOP

Flood losses pegged at Rs 15,000 cr, but only 8% covered by insurance – Business Standard – 18th July 2023

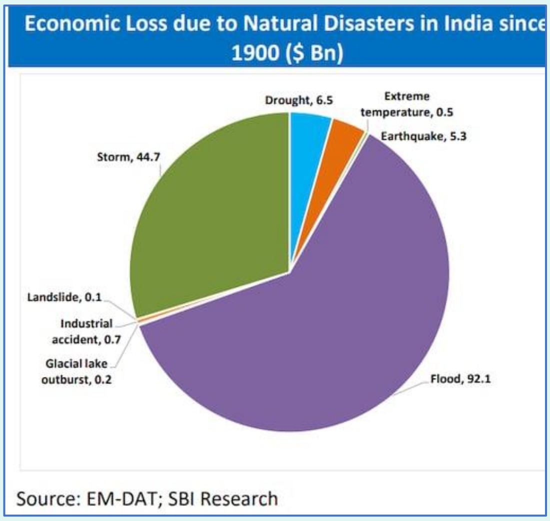
Natural disaster in the form of Recent floods in North India have resulted in the loss of human lives and an economic loss estimated at Rs 10,000 to 15,000 crore, according to a State Bank of India (SBI) Research report.



In Himachal Pradesh, roads, transformers, electric substations, and water supply schemes have suffered extensive damage. The report suggests that, based on initial estimates, the loss could fall within the range of Rs 3,000 crore Rs to 4,000 crore.

India ranks third, behind the United States (US) and China, in recording the highest number of natural disasters since 1900.

India recorded 764 instances of natural disasters (landslides, storms, earthquakes, floods, droughts, etc) since the 20th century, with 402 events occurring between 1900 and 2000, and 361 from 2001 to 2022. This indicates a frequent occurrence of tail events at an alarming frequency, each setting new records of economic stress.



Since the start of the 21st century, a total of one billion people have been impacted, and almost 85,000 people have died due to these disasters, the SBI Research report notes. Almost 41 per cent of the disasters were in the form of floods, followed by storms.

"Since the 20th century, India has suffered an economic loss of $150 billion (where the loss is reported), with the largest loss from floods ($92.1 billion) followed by storms ($44.7 billion)," said Soumya Kanti Ghosh, group chief economic advisor, State Bank of India.

The question is, how does India cope with frequent natural disasters?

Aside from typical issues related to urban infrasture planning, the crucial issue of the protection gap (defined as losses that are uninsured) is almost neglected in a country like India.

For instance, out of the total $284 billion in global economic losses from natural disasters in 2022, $125 billion was covered by insurance (incurred losses). The overall protection gap increased to $151 billion in 2022, much higher than the 10-year average of $130 million, but still with around 54 per cent of the losses uninsured. Though this is still large, it is less than the 61 per cent average protection gap of the previous 10 years. For India, this figure is a staggering 92 per cent!

"In effect, an average Indian has roughly 8 per cent of what may be required to protect a family from financial shock following the death of the breadwinner. This translates to having savings and insurance of just Rs 8 for every Rs 100 needed for protection, leaving a protection gap of Rs 92," said Ghosh.

Around 8 per cent of the total losses are covered

Given that only 8 per cent of losses are covered in India, there is a 93 per cent protection gap for the period from 1991 to 2022. Early intervention is necessary to close the protection gap in all lines of insurance. Though third-party insurance is mandatory, only around 79 per cent of four-wheelers are covered and 65 per cent of four-wheelers are insured only for own damage.

For two-wheelers, the situation is worse, with around 35 per cent of vehicles insured under third-party insurance and 39 per cent covered for own damage. In the health sector, about 36 per cent of people are insured, but three-fourths of them are insured by government schemes, and the remaining 3.2 per cent have individual health plans. An additional 5.4 per cent have group health insurance. Almost 62 per cent of the total health expenditure is out-of-pocket. Only 0.9 per cent of houses are insured, while in the US, more than 90 per cent of dwelling units have cover.

"Considering the 2020 floods in India, the total economic loss was $7.5 billion (Rs 52,500 crore), but only 11 per cent was insured. If the government had insured it, then the premium for the sum assurance of Rs 60,000 crore would have been only in the range of Rs 13,000 to Rs 15,000 crore," said Ghosh. The report recommends a public-private solution, such as a Disaster Pool, for managing natural disaster risk involving the insurance sector. This could offer many benefits over government crisis loans and grants.

What is the process for initiating a flood claim?

Unlike health and motor insurance claims, where there is generally someone available to help initiate the claim, flood claims need to be self-initiated. Ensuring timely intimation to the insurance company is half the battle won.

The Insurance Regulatory and Development Authority of India (Irdai) has instructed insurers to set up 24x7 helplines to address flood-related claims. "One should leverage this service. Speak to them to find out what information is required for intimation. You can start compiling this information even as the flood subsides. Next, it's critical to share proof of damage. Take pictures as soon as you have access to your home, car, or damaged asset," said Karn Thakuria, head of partnerships, Riskcovry.

"We encourage policyholders to use electronic communication wherever possible for correspondence while initiating the claim and filing all the relevant documents. This will significantly enhance convenience for the customer as well as ensure expedited claims processing," said Deepak Prasad, chief operating officer, Future Generali India Insurance.

Policybachat, an online insurance web aggregator, offers the following advice on filing a flood damage claim:

Collect all the necessary documents and information for the claim. This may include policy details, photos/videos of the flood damage, proof of ownership, the contact information of witnesses (if any), and any relevant invoices or repair estimates. Complete the claim form accurately and thoroughly: Provide detailed information about the flood incident, including the date, time, location, and a clear description of the damages sustained by the vehicle. Ensure that all required fields are filled out correctly and include any additional supporting documentation as needed.

Document submission: Submit the completed claim form and supporting documents to the insurance company within the specified timeframe mentioned in your policy. Adhering to the designated timeline is crucial to avoid any potential claim rejection or delays. Claim process: Track the progress of your claim and follow up with the insurance company as needed. Maintain regular communication to stay updated on the status of your claim. If there are any discrepancies or delays, do not hesitate to reach out to the insurance company's claims department for clarification or assistance.

(The writer is Sunainaa Chadha.)

TOP

INSURANCE CASES

Uttarakhand police bust insurance and heli-booking fraud gangs operating across India – The Times of India – 19th July 2023

Uttarakhand police have busted two gangs, one duping people on the pretext of helicopter bookings for pilgrimages and another indulging in insurance fraud. Between them, the two gangs had a total of 353 FIRs against them in different states and as many as 7,500 complaints. Uttarakhand director general of police (DGP) Ashok Kumar said that four accused from the two gangs, including the masterminds, have been arrested following separate investigations.

TOP

Fake insurance claim cases: High Court raps Odisha police, directs CBI probe – Argus English – 19th July 2023

The Orissa High Court on Wednesday directed a CBI probe into fake false motor accident claim cases registered at different police stations in Keonjhar distrct. Hearing a plea filed by ICICI Lombard General Insurance Co. Ltd., Bhubaneswar, Justice SK Panigrahi said that the CBI is well equipped with the requisite skill to unearth the conspiracy and money trailing aspect of the crime. Thus the Court directed that the cases are to be handed over to the CBI for investigation in the interest of justice.

According to reports, after receipt of the notice in the claim cases, the insurance company conducted a thorough scrutiny of the claims and it was revealed that one Keshab Chandra Mahanta of Dumurinali village under Pandapada police station in Keonjhar has been arrayed as the accused driver in all the cases. It was further revealed that all the accidents have occurred within a span of one year and the driving license of the said accused driver was still valid instead of being cancelled.

The insurance company also noted that the accused driver Keshab Chandra Mahanta had been arrested thrice within a period of one month. The Petitioner has alleged that the above five cases are false because in all the five cases, the accused driver is one and he is none but 'Keshab Chandra Mohant'. "Considering the scale, magnitude and complexity of the crime, the State police is not in a position to carry out a fair and truthful investigation. The CBI is well equipped with the requisite skill to unearth the conspiracy and money-trailing aspects of the crime," said the Court.

TOP

Insurance battle: Man sues bank, wins Rs 2 lakh – The Times of India – 18th July 2023

A private bank, which is a master policy holder for the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), denied a Bengalurean his wife's insured sum of Rs 2 lakh after she passed away despite having deducted the premium in her name. The bereaved man approached a city consumer court which ordered the bank to pay him the insured amount and a compensation of Rs 50,000 for the trauma he had to undergo. Uttarahalli resident Ramana Kumar Dutt was a customer of the private bank since 2008 and held two accounts, including a joint account with his wife Rama Dutt, at their MG Road branch. In 2016, the couple enrolled for the PMJJBY life insurance scheme through their bank accounts by securing the policy offered by LIC through the bank.

(The writer is Pelee Peter.)

TOP

'Pay 12L insurance cover given free with debit card' – The Times of India – 18th July 2023

Getting the life insurance claim of their son turned out to be a harrowing experience for a Navsari-based couple, who had to wage a three-year legal battle before the consumer court ruled in their favour and ordered the bank and insurer to pay Rs 12 lakh he was promised on the debit card facility. The man, Parimal Desai, had opened an account with the Yes Bank and also had a term deposit. The bank even gave him Rs 12 lakh insurance cover for free on his debit card. However, Desai died in a car accident on June 15, 2019. His parents Dipak and Meena informed the bank about his death on November 27, 2019, and requested the insurance company to process the cover of Rs 12 lakh. However, neither the bank nor the insurer responded positively and refused the claim. The couple then approached the Navsari Consumer Disputes Redressal Commission with a complaint. They produced Desai's debit card details along with the insurance terms and conditions of the bank. Opposing the claim, the bank contended that as the debit card facility was given free of charge, the deceased cannot be considered as 'customer' under the Consumers Protection Act. The bank's lawyer also argued that the insurance was taken from The New India Assurance Company Ltd which did not issue any policy to the deceased as the bank had purchased group insurance. At the time of the claim, the driving license was also not produced in the surveyor's report. it was contended.

(The writer is Vishal Patadiya.)

TOP

Insurer liability in delayed compensation payments: Court Ruling – Asian Times – 17th July 2023

A landmark decision concerning the obligation of insurance providers to reimburse employers for the interest and penalties due for delayed payment of benefits under the Employee's Compensation Act, 1923, was recently made by the Jammu and Kashmir & Ladakh High Court. Unless there is a formal contract between the employer and the insurer, the court emphasized in a case heard by Justice Sanjeev Kumar that insurance firms cannot be held automatically liable for indemnifying employers for interest and penalty.

(The writer is Nidhi Yadav.)

TOP

Insurance company told to pay Rs 2.94 lakh to complainan – The Tribune – 16th July 2023

The District Consumer Disputes Redressal Commission (DCDRC), Yamunanagar, has ordered an insurance company to pay Rs 2,94,874 as insurance claim and punitive damages to a Yamunanagar resident. As per the order of the DCDRC, Rs 1,94,874 shall be paid as insurance claim and Rs 1 lakh as punitive damages to complainant in all heads within two months from the date of this order. In default of it, the insurance company shall be liable to make the payment along with eight per cent interest per annum from the date of the order. The order was passed by DCDRC president Gulab Singh, members Geeta Parkash and Asvinder Singh.

The complainant, Anoop Aggarwal of Industrial area, Yamunanagar, claimed that he purchased a medical claim insurance policy providing health coverage to his wife and two sons having a sum assured of Rs 10 lakh. The policy was valid from May 28, 2017 to May 27, 2018 and prior to it, the complainant was a regular customer of the insurance company since 2014. During the validity period of the policy, the wife of the complainant was hospitalised in a cancer institute of Delhi on July 27, 2017.

Her uterus was removed by surgery in the institute and she incurred a medical expenditure in the sum of Rs 3,28,079. The complainant deposited the medical bills along with other requisite documents with the insurance company for reimbursement of medical expenditure. The insurance company paid Rs 1,33,205 against the total bill of Rs 3,28,079. The complainant sent a legal notice to the company, but the firm failed to redress his grievance.

TOP

Court orders insurance company to pay Rs 1.6 crore to to accident victim – The Times of India – 15th July 2023

Principal senior civil judge and additional motor accidents claim tribunal (MACT), Belagavi recently ordered an insurance company to pay Rs 1.6 crore compensation to the dependents of the victim, who died in a road accident involving a motorbike and a truck.

The incident happened on the Bweet Chungi Devprayag National Highway in Uttarakhand on February 25, 2017. Deceased Chandrashekhar Deshannavar,30, from Tigadi village in Bailhongal taluk of Belagavi district was a pillion rider on his friend Praveen Shigiholi's bike. Bike rider Praveen survived with minor injuries, but Chandrashekhar died. Before his death, his family members took him to different hospitals and spent more than Rs 11 lakh on his treatment. The deceased's dependents - father Shivaputrappa, mother Parvatavva and sister Sushila - had filed a petition claiming compensation.

Usually, the insurance amount is claimed from the insurance company of the vehicle that caused the accident. In this case, judge Manjunath Bhat has ordered the insurance company of the motorbike to pay compensation of Rs 1,25,45,956 within 30 days with an interest of 6% per annum since the date of the accident. The court has also ordered the insurance company to recover 50% of the compensation cost from the truck owner with 6% annual interest.

In this case, the insurance company of the truck claimed it wasn't liable to pay compensation, as the incident had happened because of the rash driving of a bike rider, and the lorry driver did not have a driving licence. The court has also found fault with the biker and the lorry driver. However, the deceased was innocent as he sat on the back seat of the motorbike.

Advocates NR Latur and Sudhir Chauhan fought the case. Speaking to TOI, advocate Latur said the compensation was calculated based on the salary of the deceased who was an engineer which was Rs 9.2 lakh per annum. He said the number of dependents and other factors were also considered by the court, when ordering compensation.

(The writer is Ravindra Uppar.)

TOP

PENSION

PFRDA expects pension assets to surpass ₹11-lakh crore by March next – The Hindu Business Line – 18th July 2023

Pension regulator PFRDA is confident that pension assets overseen by it will comfortably surpass ₹11 lakh crore this fiscal on the back of buoyant equity markets and increased appetite for pension cover. This will be 22.5 per cent higher than ₹8.98-lakh crore recorded as of March 31, 2023.

As of July 8, the pension assets (NPS and APY combined AUM) stood at ₹9.76 lakh crore, up 28.9 per cent over ₹7.57 lakh crore as of July 9 last year. "The actual accumulation (pension assets AUM) depends on market condition, so it could be certainly more than ₹11-lakh crore (by the end of this financial year). But it all depends on equity market performance and how interest rates behave," Deepak Mohanty, Chairman, PFRDA, said here on Tuesday.

"Right now markets are doing well, so accumulation is also quite good. I am confident the way the numbers are growing, the way market is behaving we should see good growth in the corpus". The PFRDA Chairman said AUM of NPS is now close to ₹9.8-lakh crore and would very soon cross ₹10- lakh crore. An equity markets rally in the last two-and-a-half months, coupled with a fall in G-sec rates, has bolstered the overall assets under management of the market-linked National NPS and APY.

Equity scheme of NPS has over the last one year given an average return of 21.98 per cent (average of 7 PFS), which has fuelled NPS assets growth. For the last three years, the average return under equity scheme stood at 22.86 per cent, the latest PFRDA data showed. The continued strong response from the non-government sector — individuals and corporate sector categories — in terms of new subscribers (more than a million added in last twelve months) has also aided this stellar show in overall AUM growth of near 30 per cent.

Onboarding subscribers

Last fiscal, PFRDA achieved a milestone of onboarding as many as 10 lakh new private sector subscribers. In current fiscal, the pension regulator is aiming at 13 lakh new private sector subscribers. The continued strong performance of NPS is also some indication that young investors are showing preference for market-linked investments over fixed return vehicles.

After growing at robust Compounded Annual Growth Rate (CAGR) of an average 28 per cent in the last few years, the overall AUM saw sharp decline to growth level of 22 per cent in 2022-23 largely due to global headwinds such as geo political tensions and hike in interest rates by the US Fed and also owing to local developments such as the Reserve Bank of India (RBI) move to hike policy rates. However, the latest PFRDA data (as of July 8) showed that NPS assets growth may have returned to the pre-pandemic levels.

(The writer is KR Srivats.)

TOP

PFRDA asks sponsor banks of RRBs to offer NPS – The Hindu Business Line – 18th July 2023

Pension regulator PFRDA has asked the Chairmen of Sponsor Banks of RRBs to enable their Regional Rural Banks (RRBs) to offer National Pension System (NPS), its Chairman Deepak Mohanty said on Tuesday.

This would help expand the overall pension envelope in the country as people with higher income in rural areas can also take NPS, he said.

"RRBs are doing well in the case of Atal Pension Yojana (APY). They can also offer NPS and those who are better off in rural and semi urban areas can go for NPS. There is no exclusivity and somebody who has APY can take NPS on top of it," Mohanty said. NPS could also be suitable for the kind of income one gets in rural areas, which is seasonal income. "Incomes could be lumpy. When you do harvest there will be lot of money and you often don't know what to do with it, " he noted.

On Tuesday, Pension Fund Regulatory and Development Authority (PFRDA) also asked banks to activate all their urban branches so that APY reaches more urban poor. This advice came at Strategy Review meeting (North Zone) that PFRDA conducted in the capital for expansion of the APY, a pension scheme designed for the informal sector.

Lifelong minimum guaranteed pension
Under APY, a subscriber would receive a lifelong minimum guaranteed pension of ₹1,000 to ₹5,000 per month from the age of 60 years, depending on their contributions, which itself would vary based on the age of joining the APY. Currently, the gross enrolment of APY stood at 5.2 crore subscribers and total assets under management stood at about ₹29,200 crore as of July 8.

It maybe recalled that PFRDA had for 2023-24 set a modest enrolment target of 1.34 crore for APY. Last fiscal, the total number of APY enrolments stood at 1.19 crore. In the first quarter this fiscal, there were as many as 29 lakh new subscribers (across the country) to APY. This was marginally higher than level of 27 lakh new APY subscribers in same quarter last fiscal.

For the Northern region (which comprises of ten States), the PFRDA has set a target of 46 lakh new APY enrolments for current fiscal, Mohanty said. Even last fiscal, the target was set at 46 lakhs and banks had surpassed this target, he noted.

'Investment scheme'
APY is a good scheme and should not only be seen as a pension scheme, but also as an investment scheme, Mohanty said.

Compared with the potential the current enrolment level for APY is less, said Mohanty, highlighting that there are 49 crore Jan Dhan accounts in the country and the eligible cohort (18-40 years) for APY would be about 25 crore people.

(The writer is KR Srivats.)

TOP

PFRDA to allow pension funds for investments in sovereign green bonds – Business Standard – 18th July 2023

Pension Fund Regulatory & Development Authority (PFRDA) chairman Deepak Mohanty on Tuesday said that the regulator will allow pension funds to invest in sovereign green bonds when issued. The government is expected to issue sovereign green bonds in the second half of the current financial year (H2FY24) as part of overall market borrowing programme. Currently, there are 10 pension fund managers which manage funds under the National Pension System (NPS).

In the last fiscal year (FY23), the government raised Rs. 16,000 crore through the issuance of maiden sovereign green bonds with the objective to utilise the proceeds for funding public sector projects seeking to reduce carbon emissions. Currently, the PFRDA's assets under management (AUM) is at Rs. 9.8 trillion and will certainly be more than Rs. 11 trillion by FY24-end, Mohanty said.

Talking about Atal pension Yojana (APY) saturation drive, Mohanty said 2.9 million new subscribers have been enrolled during the first quarter of the current fiscal year (Q1FY24) against 2.7 million in Q1FY23. The regulator has set a target of 13 million new subscribers under the APY scheme in FY24 as against 12 million in FY23. In all, 55 million enrolments have taken place since the launch of the scheme in 2015.

APY is the guaranteed pension scheme of the Government of India, providing a monthly pension in the range of Rs. 1000-5000 to self and spouses, with the return of accumulated corpus to the surviving nominees. During the day, PFRDA reviewed performance and strategies of banks and State Level Bankers' Committees for 2023-24 to accelerate comprehensive coverage of APY.

The State Level Bankers' Committee in the North Zone have contributed significantly towards the annual target of FY23 with Uttar Pradesh achieving 165 per cent of the target, followed by Madhya Pradesh (145 per cent), and Rajasthan (117 per cent), Mohanty said.

(The writer is Nikesh Singh.)

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IRDAI CIRCULAR

Circular	*Reference*
Insurance Companies to settle claims arising out of floods in North India on Fast Track	https://irdai.gov.in/web/guest/document-detail?documentId=3639545

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GLOBAL NEWS

South Korea: Regulator to curb sales of wholelife plans with short premium payment periods – Asia Insurance Review

South Korea's financial authorities are set to curb frenzied competition in the insurance industry in the sales of wholelife insurance policies for which the premiums are payable over a few years. The Financial Supervisory Service (FSS) said that it would prohibit wholelife insurance with premiums payable over the short term from being designed like savings insurance, such as by limiting excessive retention bonus payments, reported Pulse News.

The financial watchdog raised the issue of some companies selling life insurance policies as high-interest savings accounts by saying that they offer “111% return after five years”. As the popularity of traditional wholelife insurance, which requires payments of 20 years or more, has declined, sales of wholelife insurance, which requires payments of only five to seven years, have surged.

Product design

The authority plans to encourage changes in the design of the insurance plans by such means as reducing the refund rate to 100% or less upon completion of premium payments, with long-term bonuses payable only after 10 years or more.

Insurance companies have been eager to sell wholelife insurance with premiums payable over a short period because of their monthly premium ranking. The monthly premiums of such products are relatively high. For insurers, this means that they can earn much more premium income within a given timeframe for the same number of policies than traditional wholelife policies. That is why the insurers have been pushing hard to sell the policies and offering generous benefits. The incentives offered were initially around 300% of the monthly premium but rose to over 800% in May, according to sources.

However, several consumers have complained after signing up for such products that they had been under the misconception that such products were high-interest savings plans.

TOP

Australia: Regulators release documents on proposed Financial Accountability Regime - Asia Insurance Review

The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) have released a package of documents for consultation, to support the implementation of the Financial Accountability Regime (FAR) by the financial services industry. It will replace the Banking Executive Accountability Regime (BEAR), which came into effect on 1 July 2018 and is solely administered by APRA. In addition to authorised deposit-taking institutions (ADIs), the FAR will also apply to insurance companies, superannuation trustees and licensed non-operating holding companies (NOHCs). It will be jointly administered by APRA and ASIC.

The FAR will impose a strengthened responsibility and accountability framework for APRA-regulated entities in the insurance, banking, and superannuation industries and their directors and most senior and influential executives. In doing so, it is designed to improve the risk and governance cultures of those financial institutions. The FAR will apply to ADIs six months after the Financial Accountability Bill 2023 receives Royal Assent and to insurance and superannuation entities 18 months following Royal Assent.

To support early engagement with entities and to enable the timely implementation of the FAR, APRA and ASIC have released documents for consultation, including:

proposed regulator rules that prescribe information for inclusion in the FAR register of accountable persons, including supporting detail about the ADI key function descriptions; and

proposed transitional rules that prescribe information to be provided by banking entities in relation to their existing accountable persons under the BEAR at the transition point.

Insurance sector

The regulators will consult on the list of specific key functions for insurance and superannuation entities in due course. However, these entities may wish to review the Regulator rules as their key functions are likely to be similar to the list included for ADIs. The list of data items for inclusion in the FAR Register, which is set out in the Regulator rules, is relevant to all accountable entities. The closing date for submissions is 17 August 2023.

The FAR, which will be established under the Financial Accountability Regime Bill 2023 (the Bill) and Schedule 1 and Schedule 2 of the Financial Accountability Regime (Consequential Amendments) Bill 2023, aims to improve accountability standards in APRA-regulated entities, drive reform in operating culture and reinforce the standards of conduct expected by the Australian community. Further industry engagement will follow after the Bill is passed by Parliament and receives Royal Assent.

TOP

Indonesia: Non-life insurers seek alternatives to capital hikes to strengthen insurance market - Asia Insurance Review

The General Insurance Association of Indonesia (AAUI) believes that there are alternatives to capital increases to strengthen the insurance industry in the country. "We propose to find the best solution," said AAUI chairman Budi Herawan last week, according to a report by Bisnis.com.

The Financial Services Authority (OJK) in May 2023 proposed increases in the minimum capital requirement (MCR) for insurance and reinsurance companies. OJK proposes to raise the MCR of insurance companies from IDR150bn ($10m) to IDR500bn by 2026 and to IDR1tn by 2028. Similarly, the MCR for reinsurers is to increase from IDR300bn to IDR1tn by 2026, and to IDR2tn by 2028. The proposal also recommends increasing the MCR for takaful and re-takaful operators.

Challenges

Mr Budi said that the timeframe announced for the capital hikes to take place "is very surprising".

He said that there were still several problems in the non-life market that needed to be fixed. For instance, several insurers are known to have failed to settle claims or benefits, such as Bumiputera Joint Life Insurance (AJB), Kresna Life Insurance (Kresnalife), and Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life). In addition, there are still some local reinsurance companies that are not financially healthy.

According to Mr Budi, amidst these conditions, capital increases will become a burden on insurers.

"So, we should first repair the ecosystem together," he said.

Not to mention that insurance companies are also currently preoccupied with implementing Statement of Financial Accounting Standards (PSAK) 74 concerning Insurance Contracts which will take effect in 2025. Mr Budi suggested that the capital increases take place after PSAK 74 has been implemented.

He also mentioned the OJK's plans to categorise insurance companies into one of two classes based on their capital. Insurers with a large amount of capital will be in the class that allows them to sell complex insurance products while insurers with a lower amount of capital will sell simple products.

Mr Budi said that these restrictions needed to be reviewed, including requiring a study of the insurers' risk profile.

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Indonesia: Insurers urged to brace for softening of property insurance market - Asia Insurance Review

The property insurance sector in Indonesia is expected to soften with as competition increases, a situation that non-life insurers are urged to prepare for. It is believed that interest rates will soon decline as inflation slows down, thus stimulating the property sector, reported the news website Bisnis.com. Mr Abitani Taim, chair of the College of Risk Management and Insurance (STIMRA) told Bisnis.com, that the property and casualty (P&C) insurance market in Indonesia will continue to soften.

Mr Abitani sees growth in the property sector's gross premium income. Nevertheless, he states that it had not yet been determined whether the increase in premium income was due to improved business with a significant increase in the number of insurance policies sold or due to an increase in premium rates due to a hardening market. The P&C insurance market is still very much dominated by property insurance and motor vehicle insurance in terms of premium income and the number of insurance policies.

The general insurance business in Indonesia saw a jump of 12.87% year-on-year in premiums that reached IDR33.66tn ($2.24bn) in the first quarter of 2023.

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COI PROGRAM CALENDAR

FOR REGISTRATION, PLEASE CONTACT TO COLLEGE_INSURANCE@III.ORG.IN

COLLEGE OF INSURANCE CALENDAR PROGRAMME FOR THE YEAR 2023- 2024 (Mumbai)							
Sr. No.	**Programs Name**	**Program Start Date**	**Program End Date**	**Prog. Mode**	**Fees for Online**	**Fees for Residents**	**Fees for Non-Residents**
1	Data Analytics and Data Interpretation	02-Aug-23	03-Aug-23	Offline		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
2	Communication as a Tool for Customer Engagement and Retention	03-Aug-23	03-Aug-23	Online	Rs. 3000/- + G.S.T.		
3	Financial Planning and Retirement Solutions	03-Aug-23	03-Aug-23	Online	Rs. 1500/- + G.S.T.		
4	Basics of Reinsurance	07-Aug-23	08-Aug-23	Online	Rs. 3000/- + G.S.T.		
5	Enhancing the Productivity of Specified Persons in Bancassurance	08-Aug-23	09-Aug-23	Offline		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
6	Challenges in Miscellaneous Insurances	10-Aug-23	11-Aug-23	Offline		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
7	Liability Insurance: Focus-Event and Film	11-Aug-23	11-Aug-23	Online	Rs. 1500/- + G.S.T.		
8	Branding through bonding	24-Aug-23	25-Aug-23	Offline		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.
9	Marine Cargo Claims and Fraud Management	24-Aug-23	25-Aug-23	Offline		Rs. 10000/- + G.S.T.	Rs. 7200/- + G.S.T.

COLLEGE OF INSURANCE CALENDAR PROGRAMME FOR THE YEAR 2023- 2024 (Kolkata)							
Sr. No.	**Program**	**Program Start Date**	**Program End Date**	**Prog. Mode**	**Fees for online**	**Fees for Residential**	**Fees for Non-Residential**
1	Life Insurance Underwriting - New Era, New Vista	04.08.2023	04.08.2023	Online	Rs. 1500/- + 18% GST		
2	Raising Effectiveness of Business Development Executives & Managers	11.08.2023	11.08.2023	Online and Offline	Rs. 3000/- + 18% GST	Rs. 5000/- + 18% GST	Rs. 3600/- + 18% GST

3	Annuities as a Distinct Marketing Tool	17.08.2023	18.08.2023	Offline		Rs. 10000/- + 18% GST	Rs. 7200/- + 18% GST
4	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO	23.08.2023	24.08.2023	Online and Offline	Rs.6000/- +18% GST	Rs. 10000/- + 18% GST	Rs. 7200/- + 18% GST