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भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

# INSUNEWS - WEEKLY E-NEWSLETTER

15TH – 21ST JUNE 2024

**QUOTE OF THE WEEK**

**"Uniformity is the rigorous law of nature; therefore, what happened once can happen always."**

**SWAMI VIVEKANANDA**

## Insurance Term for the Week

## Assumed Reinsurance

Reinsurance assumed refers to an insurer consenting to take a risk from another insurer. By doing so, the reinsurer takes on the financial responsibility for that risk, including honoring any claims made by the insurer's policyholders.

In exchange for this assumption of risk, the original insurer (known in this case as the ceding company) pays the reinsurer for the transfer.

It is also known as assumed reinsurance or assumption reinsurance.

## INSIDE THE ISSUE

## INSTITUTE OF INDIA (III) ENTER INTO AN MOU WITH INSTITUTE OF ACTUARIES OF INDIA (IAI) ON 1ST JULY 2024

Insurance Institute of India (III) signed an MOU with Institute of Actuaries of India (IAI) on the 69th Foundation Day of III celebrated on 1st July 2024.


## INSURANCE REGULATION

***Don't Advertise ULIPs as Investment Products: IRDAI - The Economic Times – 21st June 2024***

The Insurance Regulatory and Development Authority of India (IRDAI) in a master circular dated June 19, 2024 has barred insurers from advertising unit linked and/or index linked products as 'investment products'.

It has laid out detailed guidelines to be followed by insurers while advertising insurance products.
As per the circular, there shall be no advertisement by insurers:
(i) On services not related to insurance,
(ii) On comparison of rates/ discounts to erstwhile tariff, in case of a general insurance product,
(iii)Highlighting the potential benefits of an insurance product without a fair indication of associated risks, if any,
(iv)Disclosing benefits partially without corresponding limitations/ conditions/ implications,
(v)Exaggerating the benefits of the product,
(vi)Denigrating the reputation of a competitor or the industry.

What did IRDAI say regarding advertisements on linked products and variable annuity payout options?
In the circular IRDAI said, "An advertisement on the unit linked insurance product, index linked product and annuity products with variable annuity pay-out option shall contain adequate, accurate, explicit and updated information, in simple language."

As per the circular the information may include, but not limited to, following -
A factual picture of inherent risks involved,
The risk factors associated with specific reference to fluctuations in investment returns,
The charges related to the fund or to the premium paid and the possibility of increase in charges,
The contingency on which the guarantee, if any, is payable and the exact quantum of such guarantee,

The results of the funds duly supported by related figures shall only be reported as regards the past performance of the funds in advertisements, as well as in any other promotional material like benefit illustrations, sales brochures, etc. The emphasis on past performance must be reduced in the advertisements, however, past performance, wherever intended to be reported, shall contain:

Compounding annual returns (shall adopt standardized computations) for the previous five calendar years, expressed as a percentage rounded to the nearest 0.1%.
Where last five calendar years' data is not available, as many years as possible must be shown.
Where data is not available for at least one calendar year, past performance shall not be shown.
It shall clearly state, in the same font and size, that the past performance is not necessarily indicative of future performance.
Corresponding benchmark index performance, if any, shall be included

As per the circular, all the advertisements of linked insurance products and annuity products with variable annuity pay-out option shall disclose the risk factors along with the following

Linked insurance products/ annuity products with variable annuity pay-out options are different from the traditional insurance products and are subject to the risk factors.

The premium paid in linked insurance policies or the annuity offered under the annuity policies with variable annuity pay-out option are subject to investment risks associated with capital markets and publicly available index. The annuity amount NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market/publicly available index and the insured is responsible for his/her decisions.

_ is only the name of the Life Insurance Company and _ is only the name of the linked insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns.

Please know the associated risks and the applicable charges, from your insurance agent or intermediary or policy document issued by the insurance company.

The various funds offered under this contract are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns.

***(The writer is Neelanjit Das.)***

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## *IRDAI Issues Circular to Create Single Reference for All Periodic Returns - Business Standard - The Hindu – 14th June 2024*


The Insurance Regulatory and Development Authority of India (Irdai) on Friday issued a master circular on submission of returns. It is aimed at creating a single reference for all periodic returns and harmonising the timelines for filing among insurance companies.

The insurance regulator has taken up a comprehensive review of the regulatory framework for the insurance sector. This will facilitate ease of doing business and reduce compliance burden.

According to the regulator, as part of moving towards principle-based regulations, 37 were consolidated into seven and two new regulations were notified, which were effective from April 1, 2024. The operational guidelines under these regulations are issued as master circulars.

The regulator said that these regulations and the corresponding master circulars require insurers and reinsurers, including Foreign Reinsurance Branches, to submit certain returns on a periodic basis, wherein reference is made to the master circular on submission of returns. This master circular replaces circulars issued earlier on the submission of regulatory returns. It provides guidance or instructions on filing of returns.

The master circular is divided into three parts. The first deals with returns specified in the regulations and corresponding master circulars. These returns will check fulfillment of the objectives of the regulations and monitoring of the performance of insurers. The second part pertains to the business statistics that are collected either through a business analytics project or email.

This is to understand the growth and spread of the business in various geographies, distribution channels, demography and product segments as well as persistency and renewability. It provides greater insights into the company's business strategy. The final part of the circular repeals the various circulars, which are no longer applicable, subsequent to the notification of this circular.

***(The writer is Aathira Varier.)***

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## LIFE INSURANCE

### ***Insurance regulator's diktat on surrender values offers marginal relief - The Hindu Business Line - 20th June 2024***

Going by IRDAI's latest master circular on life insurance, policyholders exiting endowment or guaranteed return life insurance policies can do so at highly improved rates compared to earlier. After improving PED waiting periods, moratorium period and accessibility for seniors in health insurance, IRDAI has turned its gaze on life insurance and addresses the most pressing needs for policyholders. The earlier regime fully incorporated the 'surrender' in surrender values. Life insurance products like endowment and guaranteed returns are long-term commitments. In lieu of annual premium payments extending to 10-15 years, policyholders can expect a particular yield and death cover in life insurance plans. But owing to an emergency or a change in plans, if one were to exit the plans mid-way, the surrender value to be expected was a mere fraction of the payments made. In the earlier regime, surrender values were as low as 20-30 percent of payments made. For instance, if one exited at year 2 after making two payments of ₹1 lakh in a 10-year plan, one could expect a return of ₹40,000 – 50,000 on surrendering.

A recent draft notification in March 2024 also suggested surrender values of 35 percent in year one to 50 percent from fourth year onwards, which was not implemented then. But in the master circular released in June 2024, IRDAI has stipulated much more beneficial rates on surrendering policies. Policyholders can now expect 60-80 percent recovery of premiums paid in the first year itself. Adjusted for the death cover that must be accounted for, this makes surrender values almost break even for policyholders, without a financial penalty imposed as was the case earlier. The IRDAI master circular states that the surrender values should be at least equal to the expected present value of the paid-up sum assured or paid-up future benefits. The discounting rate to bring it to present value also has been specified - not more than the prevailing yield on 10-Year G-Sec plus a spread not exceeding 50 basis points. This is explained with an illustration here.

Assume a life insurance policy was purchased with ₹1 lakh annual premium and premium paying term of 10 years. At the end of term, the policyholder was guaranteed a return of 6.25 percent yield and a life cover of ₹10 lakh. This implies that on completion, the policyholder will receive ₹14.17 lakh as survival benefit or ₹10 lakh on death during the policy period. The surrender value equivalent to paid-up sum assured is calculated as original sum assured (₹14.17 lakh) multiplied by 2/10 - ratio of premiums paid to total premium paying term (also as per IRDAI circular). The survival benefit accounts for underwriting the life cover and hence is not expected to be adjusted again for surrender values.

This implies that 2/10th of the Rs 14.17 lakh to be paid in 10th year is paid in the current year by discounting it at 6.97 percent + 50 bps for the remaining eight years. This comes to ₹1.60 lakh or 80 percent of the paid value (₹2 lakh), compared to 30-40 percent offered in earlier insurance policies. Vivek Jain - Head of Investments at Policybazaar.com, says that surrender value changes are a welcome move by IRDAI. It benefits policy holders who are unable to continue with the policy for various reasons. Life Insurance offers good returns and protection. The returns are tax-free if the annual premiums are less than ₹5 lakh. The changes to surrender values further improve the attractiveness of the instrument by allowing a degree of flexibility in committing to the policy. The policy is expected to be in force from September-2024 and any policy sold after that date should carry a customer information sheet detailing surrender values as such. The policies already in place unfortunately may not allow any improvement in surrender values. IRDAI may also clarify the final surrender values guidelines with an illustration allowing insurance companies to follow.

***(The writer is Sai Prabhakar.)***

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## *Fatherhood and financial freedom: essential steps for retirement planning for a secure future - The Economic Times - 16th June 2024*

Fatherhood brings with it a host of responsibilities, one of the most crucial being the provision of longterm financial security for one's family. Among these responsibilities, retirement planning is fundamental to ensuring financial independence and stability in later years. Retirement planning is an essential part of financial preparedness, yet it often gets overshadowed by immediate financial obligations and commitments. Smart retirement planning enables fathers to secure not only their own futures but also the well-being of their families. A recent Retirement Index Study finds that one in three urban Indians worry about their savings depleting within five years of retirement, and alarmingly, two out of five individuals are yet to start saving for retirement. These statistics underscore the urgent need for fathers to take proactive steps towards ensuring a comfortable and secure retirement.

**Getting Started**

Retirement planning begins by first assessing one's financial goals and current status, considering factors such as desired retirement age, lifestyle aspirations, and potential medical or unforeseen expenses. This foundational assessment guides the calculation of the required retirement corpus, which must account for inflation, life expectancy, and anticipated expenses.

Strategies for Effective Retirement Planning Moreover, diversifying investments across asset classes like equities, bonds, and real estate is crucial for mitigating risks and maximizing returns, with equity investments offering substantial long-term growth despite short-term volatility. Additionally, regular reviews and adjustments of the retirement plan are necessary to stay on track with changing life circumstances and financial markets. As individuals approach their retirement milestone, it is advisable to increase debt exposure and opt for guaranteed pensions. Since retirement is an age-based milestone and usually difficult to defer, choosing predictability becomes essential as the milestone approaches.

Lastly, bridging these foundational steps with actionable options for retirement planning is imperative. Fathers can leverage some of the retirement-specific insurance plans listed below to ensure a stable income stream post-retirement, combining security and growth.

National Pension Scheme (NPS): The Indian government established the National Pension Scheme (NPS) to provide retired individuals with financial stability. Depending on individual choices, money is allocated to debt and equity funds, with returns based on fund performance. For investors with moderate to low-risk tolerance, this government-backed program offers a safe route to successful retirement planning.

Annuity Plans: Annuity plans are unique financial instruments that provide a fixed income stream or pension for the entire lifetime of the customer. These plans address the "risk of living too long by ensuring a guaranteed pension is payable for life. Additionally, annuity plans offer the option to return the original savings amount to the nominee in the event of the customer's death. Joint life options are also available, allowing the guaranteed pension to continue being paid to the spouse in case of the primary annuitant's demise, with the original invested amount going to the nominee after both annuitants have passed away. Annuity plans provide flexibility by offering immediate pensions or the option to defer the start of the pension to a later period. For those who have just retired or received a sizeable lump sum, these products can be purchased with a one-time payment. There are also regular payment options for those who wish to secure pension rates for the future through systematic disciplined savings.

Senior Citizens Savings Scheme (SCSS): Designed for individuals aged 60 and older, this scheme lasts for five years and can be extended for three more years. It is ideal for seniors looking to invest their retirement money, offering attractive interest rates and regular interest payments, ensuring a steady income post-retirement.

Fatherhood is an enduring commitment that extends beyond providing for immediate needs; it involves securing a future where the family thrives even in the father's absence. Effective retirement planning is a critical component of this commitment. By taking informed and proactive steps, fathers can ensure their financial freedom and a secure future for their loved ones. As Father's Day is celebrated, let it also be a reminder to prioritize retirement planning, ensuring a fulfilling and secure second innings of life.

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## *Superhero Dads – This Father's Day, be your kids' superhero! – Financial Express – 16th June 2024*

It is Father's Day. As your children shower you with handmade cards and thoughtful gifts bought from their meticulously saved pocket money, one is forced to reflect… 'Am I becoming the superhero father they deserve?'

You sure can be their superhero! As a father, you've been your family's rock, mentor, and superhero; you would do anything to give wings to their dreams and fuel their ambitions. This Father's Day, why not consider giving your children a return gift as powerful as your love? Here are three financial instruments every superhero dad should consider:

**Term Insurance Plan**
Term insurance is the simplest and arguably the most essential insurance product you should have, as a responsible father. Term insurance ensures that your spouse and children will have the financial support they need to maintain their lifestyle and cover essential expenses in your absence. Term premiums are quite affordable and provide many options on the amount of coverage and age till which you are covered.

The purpose of this instrument is to replace the income in case of your unfortunate demise – choose an amount (called "Sum Assured" in insurance language) that will cover your family's financial needs through its interest alone (of course, insurance companies limit the sum assured to certain amount based on your current income). Opt for a life cover till the age you see yourself working to support your family financially. Some fathers buy a term insurance till the age 99 or 100. That's a way for them to leave a legacy for their children.

**Savings Insurance Plans**
When you have specific financial goals to meet your children's needs and you don't want to take market-related risks on them, savings insurance plans are the best way to reach those goals.

It could be your daughter's college education that's coming up in the next 7-10 years or son's higher studies or wedding gifts and expenses when they are getting married in a decade or so. These are goals and timeframes where you don't want to sign up for a market risk. Nor do you want to be affected by the interest rate fluctuations of fixed deposits. Savings products offer best of both worlds – they provide an assured amount at the end of the term irrespective of the stock market conditions and the prevailing FD rates.

Savings plans are one of the few financial instruments that provide long term guaranteed interest rates. And what's more, since savings plans have mortality charges built into them, even in case of your unfortunate passing away, the financial goal is still protected and your nominees get both the maturity amount and mortality sum assured amount. In most cases, you can also convert the lumpsum payout at maturity into an annual income for 10/20/30 years or full life-time. This could be your secondary income or a retirement plan, so you don't have to be a burden on your kids when you retire.

**Unit-Linked Insurance Plans (ULIPs)**
For those goals where short-term market fluctuations don't matter a whole lot, ULIPs are the best financial instruments. These market-linked plans have the potential to offer better returns compared to traditional insurance policies. ULIPs are a fantastic instrument for creating a retirement fund for yourself or setting up a fund for your children's marriage and higher education, if they are still quite young.

By investing in ULIPs, you're not just relying on market growth but also ensuring that your investment aligns with your long-term financial goals. Most ULIPs provide the flexibility to choose from multiple funds so that you can get as aggressive or as conservative as you want, based on your risk appetite and life stage. And yes, ULIPs, of course, offer a life cover that can help your family financially in case of your death.

**Secure Your Child's Future Today**
This Father's Day, take the proactive step of investing in life insurance covers that guarantee your family's financial security. Whether you opt for savings insurance, ULIPs, or term insurance, each plan offers unique benefits that cater to different needs and financial goals. Be the superhero your children look up to by ensuring their future is protected. Invest for your children, TODAY!

***(The writer is Srinidhi Shama Rao.)***

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## *Multiple levers with insurers to mitigate higher surrender value: Experts - Business Standard - 13th June 2024*


Insurance companies are likely to offset the impact of increased surrender value by changing commission structures and revising the Internal Rate of Returns (IRRs), according to analysts and experts. According to a research note by Emkay Global Financial Services, "Undoubtedly, the impact of this enhanced surrender value, on ceteris paribus, is going to be material on non-par savings products. However, this also gives the life insurers the opportunity to moderate the impact of higher payouts to the surrendering policyholders or the other stakeholders."

The Insurance Regulatory and Development Authority of India (Irdai) in its 'Master Circular on Life Insurance Products' issued on Wednesday prescribed enhanced Special Surrender Value (SSV). As per the circular, life insurers will have to ensure that the SSV is at least equal to the expected present value of the paid-up sum assured, paid-up future benefits, and accrued or vested benefits, duly allowing for survival benefits already paid.

Surrender value will be applicable after the first year if the first-year annual premium has been paid. The guidelines provide for discounting of benefits at 10-year G-sec with a cushion of 50 basis points (bps) as compared to the draft, which proposed discounting at 10-year G-sec rates. “Special Surrender Value (SSV) should be equivalent to at least the present value of the paid-up sum assured, paid-up future benefits, and accrued benefits, if any, and shall become payable on receipt of one full-year premium. With this, payouts on premature exits for policyholders making an early exit will go up,” said Satishwar B, managing director (MD) and chief executive officer (CEO), Bandhan Life.

The increased surrender value is likely to impact the Value of New Business (VNB) margin of the insurance companies. According to experts, even if these norms are applicable to both participating (par) and non-participating (non-par) products, the impact will be materially higher for non-par than for par. Private insurer HDFC Life Insurance informed the exchanges that the company is expecting a gross impact of nearly 100 bps on its New Business Margin (NBM) due to higher surrender value, as a result of early exits.

According to industry sources, the VNB margin of the insurance companies for the entire financial year is likely to see a decline of 100-300 bps ceteris paribus. “As the surrender value comes into effect from the second half of FY25, the (half-year) impact is likely to be around 100-125 bps. It is also likely to result in a shift in product mix,” an industry insider who did not wish to be named said. Meanwhile, speaking on the impact of the change on the VNB margins of the non-par segment, Deepak Jasani, head of retail research at HDFC Securities, said that the industry will see a one-time impact of about 20 to 30 per cent in the profitability of the segment.

Analysts at Kotak Securities estimate the surrender income of life insurance companies to decline by about 55-70 per cent as a result of the norms. According to analysts, the insurance companies, however, have multiple options available to minimise the impact like reducing the guaranteed rates for the persistent policyholders, moving to trail-based commission payout, or introducing the claw-back provision on the first-year higher commission in case of early surrender. The measures are likely to help the companies limit the net impact to 40-120 bps, from 6-8 percentage points (ppt) impact on gross margin due to the higher surrender value as per Jefferies’ estimates.

***(The writer is Aathira Varier.)***

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## GENERAL INSURANCE

### *General insurance body demands reduction in GST from 18% to 5% on general insurance products - Café Mutual – 20th June 2024*


The Confederation of General Insurance Agents Association of India has submitted a memorandum to Nirmala Sitharaman, the Finance Minister of India, demanding a decrease in GST on general insurance from 18% to 5%. The memorandum has also been submitted to the Prime Minister, chief ministers of all states, UTs, GST council, parliamentary standing committee on finance as well as stakeholders. The memorandum points out major reasons why the need for such a reduction in GST can be helpful for policyholders and IRDAI’s vision of ‘Insurance for All’ by 2047. They are listed below:

Low penetration of general insurance: The penetration of general insurance stands at 1% in India for FY2022-23 against the global average of 4%. General insurance density, the ratio of premiums collected by insurance companies divided by the country’s population, is at $22 in India against the global average of $499.

Rise in health insurance premium: The gross premium for health insurance has become almost double in the last 5 years due to the COVID-19 pandemic and healthcare inflation. A normal middle-class person has to pay up to Rs. 12 to 15k as premium for health insurance. Stagnation of share of health insurance premium among states: The same five states have been contributing to 65% of health insurance premium from FY 2018-19 to FY 2022-23. These states include Maharashtra, Gujarat, Karnataka, Tamil Nadu and Delhi. The continuation of this trend can hamper IRDAI's 'Insurance for All' goal by 2047.

Low health insurance renewal: The average percentage of renewal of health insurance in India stands at 65-75%. This makes it clear that a considerable number of people are unable to afford health insurance due to hike in insurance premium and high GST. Impact on tax benefits: The high premium rates can make health insurance unaffordable for the masses thus making the tax benefits given for health insurance under section 80D redundant.

***(The writer is Kushan Shah.)***

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## *Regulatory concerns key hurdle as Pvt. General insurance players gain share - Business Standard – 19th June 2024*

The May 2024 data for the general insurance industry revealed some clear trends. The gross direct premium income (GDPI) grew 14.9 percent Y-o-Y overall in May-24, largely driven by the health segment (up 17.3 percent Y-o-Y) while motor growth did well even as it decelerated to 12.6 percent growth. The retail health GDPI grew at 19.1 percent Y-o-Y while group health growth dipped to 11.2 percent. The crop insurance (which is tender driven) and government health segments grew by 38 percent and 440 percent Y-o-Y. In May'24, the Fire segment reported muted Y-o-Y growth of 4.2 percent Y-o-Y. The implementation of Ind-AS 117 and its assumptions on liability and other insurance-related changes in regulations could be a future cause of concern.

Standalone health insurers and private multi-line (different risk exposures in a single agreement) players gained market share versus PSUs. Motor GDPI growth moderated to 12.6 percent Y-o-Y from 18.3 percent Y-o-Y in Apr-24 but Q1 promises to be strong. There was an uptick of 13.9 percent Y-o-Y in the motor owner driven (OD) segment (versus 23.6 percent Y-o-Y in Apr-24). Private insurers' GDPI grew 15.4 percent Y-o-Y while public insurers' GDPI increased just 5.7 percent Y-o-Y in Apr-24. The health segment registered GDPI growth of 17.3 percent Y-o-Y and this was driven by retail (up 19.1 percent Y-o-Y) and the government segment (up 440 percent Y-o-Y). Growth in group segment moderated to 11.2 percent Y-o-Y in May-24 (versus 24.2 percent Y-o-Y in Apr-24). Government business during May was underwritten by PSU insurers—United India Insurance and National Insurance. The crop segment is tender-driven and seasonal and GDPI grew 38 percent Y-o-Y.

In company-specific terms Bajaj Allianz (BAGIC) had GDPI underperformance due to growth moderation in the motor segment including a third party (TP) contraction of minus 6.2 percent Y-o-Y. BAGIC's retail health segment also underperformed with 11.2 percent Y-o-Y growth while group GDPI growth was good at 47 percent Y-o-Y. ICICI General Insurance (ICICI Lombard) outperformed in motor and health as GDPI for motor OD and TP grew 33.1 percent and 24.3 percent respectively while group health grew 23.8 percent Y-o-Y in May-24. Retail health growth is lower than industry at 11.8 percent. Star Health May-24 retail health GDPI growth came in at 14.8 percent Y-o-Y, underperforming the industry. Total health GDPI grew 16.6 percent Y-o-Y due to 37.3 percent rise in group health. Go Digit's motor GDPI grew 8 percent Y-o-Y as motor OD increased 23.8 percent Y-o-Y while motor TP GDPI contracted 0.8 percent Y-o-Y. Personal accident GDPI soared 10 times Y-o-Y. Group health GDPI contracted 28.5 percent Y-o-Y while retail health GDPI grew 24.9 percent Y-o-Y. Aditya Birla Health saw growth of 62 percent and 23 percent Y-o-Y in the Retail and Group health segments respectively.

During the month, PSU players reported a growth of 7 percent Y-o-Y (lower than industry growth) whereas private multi-line players outperformed and reported a gross written premium (GWP) growth of 16 percent Y-o-Y. In Group Health, PSUs underperformed on account of 13 percent Y-o-Y decline in New India. In Motor, private multi-line players also outperformed the industry in both OD segment (up 18 percent Y-o-Y) and the Motor TP segment (up 13 percent Y-o-Y). ICICI Lombard reported growth of 33 percent and 24 percent Y-o-Y in the OD and TP segment respectively. Acko General posted a strong 34 percent and 29 percent Y-o-Y growth in Motor OD and Motor TP respectively.

***(The writer is Devangshu Datta.)***

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## *Consider Direct Payments, Periodic Review to Enhance Deposit Insurance: RBI - Business Standard – 19th June 2024*

Speedier settlement of deposit insurance claims by making direct payments to customers can boost coverage and lead to improvement in services, according to study by Reserve Bank of India (RBI) staffers. The country's deposit insurance system has evolved over the year’s courtesy an enhanced coverage limit and the deposit insurance fund. Deposit insurance, which has been in existence in India for over 60 years, is crucial to the financial stability and protection of depositors. The system has been adopted by many jurisdictions in the world. There has been a steady expansion in its mandate, reduction in time taken for payouts, a move towards risk-based premium, and stability in the level of insurance coverage.

The article in RBI's June 2024 bulletin said the main issues facing the deposit insurance system were the revision in coverage limits, challenges from fintech developments, and climate change. In India, deposit insurance is mandatory for all banks, including foreign banks. Currently, 1,997 banks are covered, comprising 140 commercial banks and 1,857 co-operative banks. This is the largest number of deposit-taking institutions covered by deposit insurance in the world, second only to the US.

On a by-account basis, the coverage ratio in India stands at 97.9 percent, according to a speech by RBI deputy governor Michael Debabrata Patra at the meeting of the International Association of Deposit Insurers in Rome, Italy on June 14. The current insurance coverage limit is Rs 5 lakh (about $ 6,000) per bank depositor. The RBI article said that the reserve ratio, which is the ratio of deposit insurance fund (DIF) to insured deposits, is expected to increase steadily in the near future.

To improve the Indian deposit insurance system, the article called for speedier claim settlement through direct payments to depositors, proactive treasury management by an apt mix of instruments, and reduction in interest rate sensitivity. A periodic review of deposit insurance coverage and raising public awareness on deposit insurance through financial education and addressing gaps through suitable communication strategies were also important, it said. The modernisation of physical and digital infrastructure was crucial for security and efficiency.

***(The writer is Abhijit Lele.)***

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## *RBI exploring appropriate deposit insurance coverage for green deposits: MD Patra - The Hindu Business Line – 18th June 2024*

The Reserve Bank of India (RBI) is exploring appropriate deposit insurance coverage for green deposits, climate risk based differential premiums and ex ante funding needs for climate sustainability, according to Michael Debabrata Patra, Deputy Governor. “Looking ahead, the evolution of the deposit insurance function is likely to confront more complex challenges amidst heightened uncertainty.”

“For instance, climate change is emerging as an overarching risk to the global economy and financial systems,” Patra said in his keynote address at the 79th Executive Committee Meeting of International Association of Deposit Insurers (IADI) at Rome on June 14th. According to the IADI’s surveys, 60 percent of Dis (deposit insurers) have formalised Environmental, Social, and Governance (ESG) policies and some are members of the Network for Greening the Financial System (NGFS).

“This is what is keeping us awake in India – framing a comprehensive ESG policy incorporating elements of climate sustainability, investment in sovereign green bonds, measuring the impact of climate change on default risk and contingency planning for climate related extreme events via actuarial analysis,” the Deputy Governor said. Patra observed that the size of the Deposit Insurance and Credit Guarantee Corporation (DICGC) of India’s Deposit Insurance Fund, measured by its ratio to insured deposits, at 2.02 percent is comparable with the global median.

The Corporation has targeted the achievement of a ratio of 2.5 percent by March 2028, he added. In the context of the DICGC’s portfolio valued at US$ 24.5 billion, Patra said treasury operations are being reinforced with asset-liability management tools, real time monitoring of liquidity and concentration ratios, and periodic value-at-risk and scenario analyses at various confidence levels. A dedicated market risk reserve has also been created. “Some risk management measures like market borrowing, liquidity support from central bank/government, etc., may necessitate changes in statutory provisions,” he said.

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## *Beyond the old tie: why insurance makes a practical father’s day gift - The Economic Times - 16th June 2024*


Father's Day is a cherished occasion to honour and appreciate the remarkable man who has always been there to protect and support us. Traditionally, gifts like ties, watches, and other accessories have been the go-to. While these items are undoubtedly nice gestures back when we were kids, we now should also note that such gifts often lack the long-term impact and practical benefits that a more thoughtful gift could offer. One such gift that stands out for its practicality and lasting value is Insurance.

**The Practicality of Insurance**

Insurance, as a Father's Day gift, offers a unique blend of care and foresight. It's not just a financial safety net, but a tangible expression of your love and concern for your father's well-being. Here's why it could be the perfect Father's Day gift:

1. Financial Security: Insurance, whether health, motor, or home insurance, provides a safety net that ensures unexpected expenses don't lead to financial hardship. But it's more than just money, it's emotional security. It's a gift that says, 'I've got your back, Dad'.

2. Risk Mitigator: Insurance policies mitigate potential risks and liabilities, allowing fathers to focus on their daily lives without worrying about what might happen. While insurance might not have the immediate appeal of a shiny new watch, its benefits far outweigh the temporary pleasure those gifts provide.

3. Long-Term Benefits: Unlike material gifts, an insurance policy provides long-term benefits. It's a gift that keeps on giving, offering coverage for many years and showing your father that his future is as important to you as his present. This aligns perfectly with a father's role in providing continuous support and protection for his family.

4. Tailored Solutions: Insurance can be customised to meet specific needs, whether a comprehensive health plan or home insurance for protection against natural disasters. This flexibility ensures that the gift is both meaningful and practical.

5. Ageing Concerns: Health is the most valuable asset when parents age. With rising healthcare costs, a good health insurance policy can cover hospital stays, surgeries, and even regular check-ups. This

support ensures that your father can maintain his health without worrying about the financial burden of medical bills.

6. Personalisation: Insurance is a deeply personal gift, a testament to your genuine care for your father's safety and security. While traditional gifts are also thoughtful, they can be seen as materialistic.

On the other hand, this gift is a tangible expression of your love and gratitude to the man who has always cared for you in sickness and health.

This Father's Day, consider moving beyond conventional gifts and offer something that genuinely signifies care and foresight. In a world where the unexpected can occur at any moment, the practical and enduring protection that insurance offers can be the most thoughtful and impactful gift you can give. It's a gesture that speaks volumes about your appreciation and concern for your father's wellbeing, making it a remarkable way to celebrate Father's Day.

***(The writer Rakesh Jain.)***

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## *Family insurance planning: Your shield against life's uncertainties – The Economic Times - 15th June 2024*

Life is a journey filled with unexpected twists and turns, much like a journey with unknown paths. Nurturing our loved ones, through thick and thins of life, holds paramount importance. In today's modern age, where financial stability holds great importance, there exists a cornerstone of protection known as family insurance planning, which offers a crucial safety net during unforeseen circumstances.

It plays a pivotal role in providing financial security and peace of mind for families and serves as a shield against the uncertainties of life, ensuring that loved ones are protected from financial hardships in case of unexpected events like illness, accidents, or loss of income. While life insurance offers financial protection against the unfortunate event of death of a family member, there are several other events such as critical illness, accidents, thefts, risks related to travel etc that can completely alter or impact the financial well being of a family and those need adequate cover and protection.

**Planning Ahead**

Family insurance planning involves assessing the unique needs and risks faced by each family member and tailoring insurance coverage accordingly. It encompasses various aspects, including life insurance, health insurance, critical illness coverage, motor insurance, accident insurance, home insurance, travel insurance and other specialized policies designed to mitigate financial risks associated with unfortunate events such as accidents, illnesses, etc.

Health insurance covers medical expenses arising from illnesses or accidents, ensuring access to quality healthcare without straining the family's finances. Critical illness plan offers financial support to cover the costs associated with serious illnesses such as cancer, heart disease, or stroke. This coverage not only helps in meeting medical expenses but also provides additional funds for rehabilitation, lifestyle adjustments, and other related expenses, allowing the family to focus on recovery without worrying about financial constraints.

A comprehensive motor insurance, which covers third party as well as own damage, is one of the best ways to avoid financial strain in the wake of an accident, or any other unforeseen incidents.

**Customized Solutions**

Every family is unique, with its own set of priorities and concerns. Whether you are a young couple starting a family, a single parent, or a retiree planning for the future, there are solutions designed to protect your loved ones and secure their financial future. In today's world, customers have access to a range of platforms that streamline the process of exploring different insurance options, comparing policies, and ultimately selecting coverage that best fits their needs and financial situation.

Insurance companies not only provide extensive coverage but also pledge outstanding customer service and support throughout the entire insurance process to ensure a smooth and trouble-free experience for customers. By embracing continuous innovation and digital transformation, these companies aspire to improve the accessibility, affordability, and effectiveness of their insurance solutions, aiming to reach a broader audience and promote greater financial inclusion.

In conclusion, the importance of family insurance planning cannot be overstated in securing the future of loved ones amid life's uncertainties. Ensuring optimum insurance coverage and embracing innovative solutions offer a vital shield against unforeseen events. By prioritizing their family's wellbeing, individuals lay the groundwork for a brighter and more resilient future for all involved.

***(The writer is Ramit Goyal.)***

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## *Explained: From home to vehicles - How new general insurance guidelines empower the customer? - The Economic Times - 15th June 2024*


The Insurance Regulatory and Development Authority of India (IRDAI) has recently introduced new guidelines aimed at transforming the general insurance sector, including targeting motor insurance. These new directives, which are effective immediately, introduce a range of innovative options and consumer protections designed to enhance the flexibility, transparency, and overall customer experience. For vehicle onwers, these changes are designed to incentivize safe driving habits and provide a wider array of insurance products tailored to individual needs. This explainer addresses the key guidelines, to help vehicle owners understand the implications and benefits of the updated regulations.

**What new options do vehicle owners have for motor insurance under the IRDAI guidelines?**
Vehicle owners can now choose customised motor insurance covers that incentivise healthy and safe driving habits. These options include a wider choice of general insurance products.

**What directives has the IRDAI issued regarding comprehensive insurance cover?**
The IRDAI has directed general insurers to offer comprehensive insurance cover options such as 'Pay as you drive,' 'Pay as you go,' and 'Pay as you use,' including coverage for depreciation.

**How has the IRDAI addressed the issue of claim rejection due to documentation?**
The IRDAI mandates that no claim should be rejected for the want of documentation. Insurers must call for required documents at the time of underwriting the proposal and may only request necessary documents related to claim settlement if cashless services are not available.

**What are the new guidelines for handling partial loss claims?**
In the event of a partial loss, retail customers will not be responsible for disposing of the salvage. They will receive the claim amount, and the insurer will collect the salvage from the customer.

**What is the Customer Information Sheet (CIS), and what does it include?**
The Customer Information Sheet (CIS) provides clear and concise policy details, including the scope of coverage, exclusions, warranties, and claim settlement processes.

**Can customers and insurers cancel policies under the new guidelines?**
Yes, retail customers can cancel their policies at any time by informing the insurer. Insurers can only cancel policies on grounds of established fraud. Upon cancellation, the insurer must refund the proportionate premium for the unexpired policy period.

**What are the timelines set by the IRDAI for claim settlement?**
The IRDAI has established strict timelines for claim settlement, including turnaround times (TATs) for appointing surveyors and submitting their reports. Insurers are responsible for obtaining timely survey reports.

**What options are available under the homeowners "fire" policy?**
Homeowners can choose add-on covers such as flood, cyclone, earthquake, landslide, rockslide, and terrorism, or they can opt out from a comprehensive fire and allied peril policy.

**When do the new IRDAI guidelines come into effect, and to which products do they apply?**
The new guidelines come into effect immediately and apply to all general insurance products except health cover, which is governed by a separate master circular.

**What is the expected impact of these changes according to experts?**
The changes are expected to empower insurers to offer tailored products, providing policyholders with more choices that fit their specific needs. This flexibility fosters innovation, allowing insurers to design bespoke coverages that address unique risks, enhancing customer satisfaction and market competitiveness.

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## *Non-life insurance sector sees steady growth in May; standalone health insurers lead the pack - The Hindu Business Line - 15th June 2024*

In May 2024, the gross direct premium for all non-life insurance companies grew by 15% to ₹20,908 crore, compared with ₹18,198 crore in May 2023. Standalone health insurers outpaced the overall industry growth.

The total direct premium of 25 non-life insurers rose 14 per cent to ₹18,171 crore in May 2024, up from ₹15,933 crore in May 2023. Standalone health insurers saw a 26% increase in gross direct premium, reaching ₹2,652 crore compared to ₹2,100 crore the previous year, according to data from the General Insurance Council.

Two specialized insurers, Agriculture Insurance Co of India Ltd and ECGC, experienced a 48 per cent decline in their combined gross premium, falling to ₹85 crore in May 2024 from ₹165 crore in May 2023. For the April-May 2024 period, gross written premium of all non-life players increased by 15 per cent at ₹45,090 crore (₹39,279 crore in April-May 2023), while the combined gross premium of five standalone health insurers rose 27 per cent at ₹5,295 crore (₹4,185 crore).

Strong growth in the health segment post-CovidD and revival in motor sales shall continue to drive industry growth, according to a report of Nuvama Wealth Management. Among public sector companies, New India Assurance Co Ltd reported a marginal 2% growth in gross premiums during the first two months of this fiscal year. United India Insurance, National Insurance, and Oriental Insurance recorded growth rates of 13%, 10%, and 13%, respectively.

In the private sector, most non-life insurers achieved double-digit growth, although Iffco Tokio, Liberty General, and Navi General Insurance saw declines in their gross premium growth during the same period. Despite a drop in its market share from 17.07% in April-May 2023 to 15.15% in April-May 2024, New India Assurance Co Ltd remained the leader in the non-life segment. ICICI Lombard General Insurance was the second largest player, with its market share increasing to 10.81% from 10.21% the previous year. United India was the third largest player, with a market share of 7.35%, down from 7.50% a year ago.

In the standalone health insurance sector, Star Health maintained its leading position with a market share of 41.06%, though this was down from 43.56% in April-May 2023. However, its market share in the overall non-life segment increased to 4.3% from 4.16%. All five standalone health insurers increased their overall market share during the April-May 2024 period, with their combined market share rising to 10.47% from 9.55% a year ago. The combined market share of all non-life insurers, excluding health players, stood at 89.13 per cent (89.65 per cent).

***(The writer is G Balachandar.)***

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## *Why only 1% Indians have home insurance - The Tribune - 15th June 2024*


Indians place a significant premium on home ownership, but home insurance penetration is remarkably low at about 1 per cent. This means that only a small fraction of Indian homeowners insure their homes against unforeseen events. A big chunk of the net worth is, thus, exposed to financial losses which a home insurance policy could have covered.

"The penetration of home insurance remains significantly low in India. This is in stark contrast with developed countries. In USA, around 95 per cent of homeowners have some form of home insurance, reflecting a high level of awareness and adoption. In the UK, 70-75 per cent of homes are insured, showcasing a well-established insurance culture," says Sajja Praveen Chowdary, head, Policybazaar for Business.

Japan, he says, also sees a substantial penetration rate as frequent natural disasters necessitate such coverage. "However, in China, despite rapid economic growth and urbanisation, home insurance penetration is relatively low compared to the western countries."
A report of the Ministry of Housing and Urban Affairs highlights India's rapid urbanisation, where the urban population is projected to increase to about 60 crore (40 per cent) by 2031 and 85 crore (50 per cent) by 2051. "Despite this substantial growth in the housing market, the uptake of home insurance remains minimal. The Indian government's various housing initiatives aim to achieve housing for all, which will involve substantial investment, but this has not yet translated into higher home insurance penetration," says Gurdeep Singh Batra, head, Property UW (E&S), Risk Engineering, Bajaj Allianz General Insurance.

**Why the lack of interest**
Insuring a home against structural damage due to a fire or natural disasters can significantly protect the investment made in buying and maintaining it. However, several factors contribute to the low penetration of home insurance in India. The primary reason, say experts, is the lack of knowledge and awareness.

According to Batra, a 2017 survey report on IRDAI's (Insurance Regulatory and Development Authority of India) insurance awareness campaigns from 2010-2015 revealed that only 36.6 per cent of the urban Indian population and 29.7 per cent of the rural population were aware of home insurance. However, awareness does not necessarily translate into purchase of home insurance, which is evident by the low penetration numbers.

Cultural factor is considered another key reason as insurance is not traditionally prioritised unless it is mandated. The perceived high cost of home insurance further deters potential buyers, as many believe it to be an unnecessary expense.

There is also a common belief that claiming insurance is difficult and often futile, which is a misconception. Potential buyers, point out experts, can compare the claim settlement ratios of insurance companies online to make informed decisions. Additionally, the complexity of insurance products, which are often seen as difficult to understand, discourages people from opting for them. Limited distribution channels, especially in the rural and semi-urban areas, hinder the reach of insurance companies.

**Why it is needed**

Home insurance is crucial for several reasons as it provides peace of mind, knowing that one's house and belongings are protected against a range of potential risks. It provides protection against natural disasters, including floods, earthquakes and cyclones. This coverage ensures that homeowners are financially protected against significant damages resulting from such events, according to Policybazaar.

"India is highly vulnerable to various natural disasters. According to data from the National Disaster Management Authority (NDMA), over 58.6 per cent of India's landmass is prone to earthquakes, more than 12 per cent is susceptible to floods and river erosion, and nearly 76 per cent of the coastline is at risk from cyclones and tsunamis. Additionally, hilly areas are prone to landslides. These increased vulnerabilities, stemming from unplanned urbanisation, development in high-risk zones, climate change and geological hazards, underscore the necessity for Indian citizens to protect their lifetime earnings. This makes home and contents insurance essential for securing your future," points out Batra.

A comprehensive home insurance policy not only protects against natural calamities, but also covers losses due to theft or burglary, safeguarding personal property and valuables. Fire accidents, which can cause extensive damage, are also covered under home insurance policies. Liability coverage is another essential aspect, offering protection if someone is injured on the property and decides to sue the homeowner.

Contrary to popular belief, home insurance is affordable. A typical policy covering losses up to Rs 30 lakh costs about Rs 2,000 to Rs 5,000 annually, depending on the coverage for a 10-year term. This small investment ensures your home is protected against major losses.

**Size of market**

The home insurance market in India is expected to grow substantially. Rising property values are a major driver of this growth. The increased risk of natural disasters, theft and other incidents also encourages people to purchase home insurance. Several prominent insurance companies operate in the home insurance market.

Both public and private sector players contribute to a competitive landscape, with a range of products tailored to different customer segments. The potential for home insurance in India by 2030 is immense, driven by several key factors. Rapid urbanisation and rising property values will lead to an increased demand for housing and, consequently, home insurance. As India's economy grows, disposable incomes will rise, making insurance more affordable for a larger segment of the population.

According to Bajaj Allianz General Insurance, additionally, insurers offering affordable and flexible plans tailored to different income groups and housing types will make home insurance more appealing.

"By 2030, the home insurance market in India is set to grow significantly. With 68 per cent young population and 55 per cent in the working age group, combined with the addition of 14 crore middle-income and 2.1 crore high-income households, the need for home insurance will surely go up," says Chowdary. Rising awareness and better financial literacy will help more homeowners understand the importance of home insurance. Technological advancements, such as digital platforms and data analytics, will make it easier to distribute, manage and claim insurance. With these factors in play, India's home insurance market could see substantial growth in the near future, providing better financial security for homeowners across the country.

**How to increase the adoption level**

Enhance awareness: Conduct widespread campaigns to educate people about the importance of home insurance, similar to those run for health and auto insurance. Simplify the process: Simplify policy documents and make the terms and conditions easy to understand. Leverage technology: Use online platforms and mobile apps to make purchasing and managing home insurance policies more convenient.

Affordable premiums and flexible plans: Offer flexible plans that cater to different income groups and housing types. Provide government subsidies or tax incentives for those purchasing home insurance, particularly in disaster-prone areas. Regulatory support: Consider making home insurance mandatory for certain types of properties or loans, similar to auto insurance.

Build trust: Building trust by improving customer service and streamlining the claim settlement process is crucial.
Home Insurance Vs Home loan Insurance
Home Insurance

Home insurance provides essential coverage to safeguard your home against risks. Basic home insurance policies protect the structure of your home against both man-made and natural disasters, including earthquakes, floods, lightning and fires. Depending on the plan, policies also cover home contents, including electrical and electronic appliances like refrigerators, TVs and air-conditioners, as well as portable equipment, furniture and fixtures. Additionally, you can separately insure valuables like jewellery, works of art and curios. To enhance protection, insurance companies offer various add-ons. Public liability coverage protects against third-party injuries or property damage caused by incidents related to your home.

**Home loan insurance**
Home loan insurance policy covers the liabilities of a home loan in cases where the borrower cannot make payments due to unforeseen adversities. This means that the monthly loan instalments are covered by the insurance when the borrower is unable to pay. It safeguards against the risk of defaulting on the home loan due to unexpected circumstances, ensuring that home ownership is not lost due to missed EMI payments. Essentially, home loan insurance provides a financial safety net for the borrower's family, covering the remaining loan amount in case of such adversities.

***(The writer is Vijay C Roy.)***

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## HEALTH INSURANCE

### ***ESIC adds 1.64 million new employees in April - Live Mint – 19th June 2024***

The Employees' State Insurance Corporation (ESIC) added 1.64 million new members in April, payroll data released on Wednesday said. The ministry of labour and employment, which released the data, said that of the new additions, 784,000 were young employees under the age of 25. The month also saw the inclusion of around 18,490 new establishments under the ESIC's social security scheme, expanding coverage to more workers.

**Gender analysis of data**
A gender analysis of the payroll data revealed that women accounted for 338,000 of the net enrolments in April, with 53 transgender employees also registering under ESI. "Through the data, it is noticeable that more jobs have been generated for the youth of the nation as out of the total 1.64 million employees added during the month, 784,000 employees amounting to around 47.60% of the total registrations belong to the age group of up to 25 years," the labour ministry said.

"Also, the gender-wise analysis of the payroll data indicates that the net enrolment of female members was 338,000 in April 2024. Besides, a total of 53 transgender employees have also been registered under the ESI Scheme in April 2024 which attests to the commitment of ESIC to deliver its benefits to every section of the society," it added.

During March, the EPFO added 1.44 million net members, while the total number of new members stood at 747,000. 3.6 Crore Indians visited in a single day choosing us as India's undisputed platform for General Election Results.

***(The writer is Rhik Kundu.)***

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## *Port your health insurance policy to ensure same coverage - Outlook India – 18th June 2024*

Like your mobile number, it is possible to port your health insurance policy. The Insurance Regulatory and Development Authority of India (Irdai) has introduced health insurance portability to empower policyholders across the country. "This option allows individuals to transfer their health insurance policies seamlessly to another insurer if they are dissatisfied with their current coverage or services. By doing so, policyholders retain benefits such as cumulative bonuses and existing waiting periods already completed," says Bhaskar Nerurkar, Bajaj Allianz General Insurance.

However, it is important to note that a new insurer might require the policyholder to undergo medical tests, which might reveal new medical conditions, if any. "Should the new insurers classify the policyholder as a 'high-risk individual' and frequently visit the hospital, they may even reject his application," says Rakesh Goyal, director, Probusinsurance.com, an insurance brokerage firm.

**Ensure Your Benefits Remain The Same Or Improve**
Ensuring that your benefits remain consistent or improve when porting a health insurance policy involves several critical steps.

Compare Features and Coverage: When porting a policy, you should compare the features and coverage of the new policy with your current one. Ensure that the new policy offers similar benefits, including coverage limits, exclusions, riders, and any specific features important to you," says Siddharth Singhal, business head - health insurance, Policybazaar.com.

Ensure Accrued Benefits Are Transferred: Ensure that any accrued benefits like the cumulative bonus (CB) are transferred to the new policy without loss, as these can significantly affect premiums and coverage enhancements.

Check Co-payments And Deductibles: "If your current policy does not have co-payments and deductibles, it is crucial to find a new policy that also does not include these or has comparable terms," says Singhal.
Some insurers may offer policies without co-payments and deductibles, but you need to verify this before porting. "You can negotiate to exclude co-payments and deductibles from the new policy if they are not present in your existing one," adds Singhal.

Verify Benefits: Submitting accurate and comprehensive documentation, including your current policy details and claim history, is essential for a smooth transition. "Once your porting request is accepted, carefully review the acceptance letter or new policy document provided by the insurer to verify that all agreed-upon benefits and terms are accurately documented. Taking these steps ensures that you retain or enhance your health insurance benefits when moving to a new insurer, safeguarding your healthcare needs effectively," says Nerukar.

**To Sum Up**
To ensure that the benefits remain the same when porting an insurance policy, start by thoroughly reviewing your current policy to document all benefits and coverage details. "Compare new policies to find one that offers similar or better coverage, and understand the new insurer's portability rules, adhering to deadlines (typically 45 days before renewal)," says Singhal. Submit all required documents, including policy documents, ID proof, and medical history, and ensure there are no coverage gaps during the transition. Analyze the new policy to confirm that all benefits match your existing policy, and ensure any no-claim bonuses are transferred.

***(The writer is Meghna Maiti.)***

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### *Slash GST on Health Insurance to 5% From 18%: Trade Body to Govt. - Business Standard – 18th June 2024*

The government should bring down the existing GST (Goods & Services Tax) on individual health insurance policies to 5 percent from the existing 18 percent to encourage people to buy these policies as a measure of social security, the Confederation of General Insurance Agents' Associations of India appealed to the government on Tuesday. The umbrella body of non-life insurance agents highlighted that the premium of health insurance has nearly doubled in the last 5 years, driving the growth of the segment. However, the virtual number of lives covered and number of policies issued still remained small.

According to the association, renewal rates of the policies also continued to decline on account of frequent premium hikes and rising medical inflation. In a letter addressed to the Union Finance Minister urging for a revision in GST rates, the association pointed out, "The average percentage of renewal of retail health insurance policies is at 65 percent – 75 percent. From this, it is very much evident that most of the policyholders are not able to pay the premium due to frequent hike in insurance premiums and very high rate of GST."

The GST rates charged by India on insurance is the highest as compared to tax rates imposed by other countries. Senior citizens need to spend an average Rs 12,000 - Rs 15,000 for a health insurance coverage worth Rs 1 lakh, the letter noted. Citing the importance of health insurance, weak penetration, declining renewal rates, higher GST rates among other reasons, the association has urged the government to reduce the rates.

***(The writer is Aathira Varier.)***

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### *IRDAI improves health cover experience - The Hindu Business Line - 17th June 2024*

The insurance landscape in India has seen a major transformation over the last few years, thanks to the consistent efforts of the Insurance Regulatory and Development Authority of India (IRDAI) which has been efficiently aided by insurers turning it into a concerted effort by all stakeholders. In another landmark move, the regulator came out with a master circular with several consumer-centric reforms in health insurance. The latest reform is no claim can be rejected due to the lack of documents. To simplify claim process, IRDAI mandated the necessary documents be sought by the insurer at the time of underwriting. Besides, the customers of general insurers are allowed to cancel policy anytime and be refunded for the unexpired policy period, while insurers can only cancel the policy on the grounds of fraud. The IRDAI had earlier directed while cashless claim must be cleared within a three-hour limit, the decision on cashless authorisation by the insurer has to be made within one hour of the claim request. The Master Circular, which shall be reviewed every year, also lists a number of other initiatives taken by the regulator recently.

The IRDAI circular also mandated all insurers should strive to achieve 100 percent cashless claim settlement in a time-bound manner and ensure claim settlement through reimbursement mode is done only in exceptional circumstances. It added the ratio of reimbursement claims should be kept to the bare minimum. This directive is in line with IRDAI's recent 'Cashless Anywhere' directive which asked insurers to settle claims in cashless mode even in those hospitals not in their list of network hospitals. The IRDAI has asked insurers to immediately put in place necessary systems and procedures, by July 31. It said if required, the insurers could put in place dedicated help desks at hospitals to deal with cashless claim requests within stipulated time-frame. Moreover, they should provide digital pre-authorisation to policyholders to facilitate the claims. To address this, the IRDAI said in case the claim is not settled in three hours, any additional costs charged by the hospital would be borne by the insurer from shareholder's fund.

The only way this directive can be implemented is through better coordination between insurers and hospitals. Not only operational processes would have to be improved, haring of medical records between different stakeholders would have to be more streamlined to help insurer to take a decision on the claim. Medical record digitisation is already happening via the National Health Claims Exchange, which is facilitating a more transparent and smooth exchange of information. Standalone efforts won't be able to achieve this. It requires a concerted effort on the part of the entire healthcare ecosystem. The good news is insurers have been showing positive intent to support the regulator in all its efforts to improve the insurance experience for customers. And, hospitals would surely get on board considering it would ensure faster payouts for them too. Timely settlement will eliminate most glitches and go a long way to better healthcare experience of patients and caregivers.

The IRDAI added if policyholder dies during treatment, the insurer must immediately process the request for claim settlement and get the mortal remains released from the hospital immediately. This will surely offer the grieving family some semblance as they deal with a tragic loss. The norms are consumer-centric and prioritise policyholders' welfare above everything else. This commendable move is poised to revolutionise the health insurance landscape, ensuring timely and hassle-free claim settlements, enhancing customer satisfaction, and providing inclusive and affordable health insurance solutions for all.

***(The writer is Siddharth Singhal.)***

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## ***Insurers likely to seek clarification from Irdai on new health circular - Business Standard - 16th June 2024***


The general and health insurance companies are likely to seek clarifications from the insurance regulator on the operationalisation of certain aspects in the new master circular on health insurance products.

The Insurance Regulatory and Development Authority of India (Irdai) repealed 55 circulars and issued a new master circular on May 29, 2024. It was aimed at reinforcing the empowerment of policyholders and bolstering inclusive health insurance.

The circular included several guidelines, including mandating strict timelines on final discharge authorisation and authorisation of cashless claims within one hour of receiving the discharge note. In the case of porting policies from one insurer to another, the regulator has asked the existing insurers to provide the required details to the acquiring insurance company within 72 hours. According to industry officials, it is easier to acquire claims data for retail health; however, it is not easy to get the same for group health policies.

"Claims data will be easily available for retail health. However, that is not the case with group health policies. Hence, giving all the information in the specified number of days is likely to be difficult. The insurance companies are likely to speak with the regulator on operationalising certain aspects of the circular," said an insurance industry official who did not wish to be named.

The regulator has said that the policyholder is entitled to transfer the credits, including the sum insured, no claim bonus (NCB), specific waiting periods, waiting period for pre-existing diseases, moratorium period, etc., from the existing insurer to the acquiring insurance company in the previous policy.

The industry is also concerned that claims cannot be repudiated without the approval of the product management committee (PMC) or a three-member sub-group of PMC called the claims review committee (CRC). However, the PMC might find it difficult to meet the strict timelines.

***(The writer is Aathira Varier.)***

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## *Govt's 100-day agenda: Expansion of Ayushman Bharat scheme a priority - Business Standard - 15th June 2024*


Expansion of Ayushman Bharat Yojana to cover everyone aged above 70 years, launch of the National Health Claims Exchange (NHCX) and a special drive against tobacco use among youngsters were among the top agenda items discussed during the first high-level meeting chaired by Union Minister of Health and Family Welfare, JP Nadda on Friday.

The meeting was called to discuss the plans which the government wants to take on priority in the first 100 days. Other items on the 100-day agenda include a national campaign against non-communicable diseases (NCDs), and the deployment of mobile hospitals equipped with modern technology. Nadda laid stress on expansion of health insurance coverage under the Pradhan Mantri Jan Arogya Yojana (PMJAY), which was promised in the ruling Bharatiya Janata Party's (BJP's) manifesto.

According to data available on the National Health Authority (NHA) dashboard, the scheme has, so far, covered over 345 million citizens who received free health insurance of Rs 5 lakh for hospitalisation. The move to expand the health insurance scheme's coverage comes at a time when several hospitals have complained of delays in reimbursement related to the procedures performed under the scheme. The health ministry had formed a 16-member committee in March this year to look into the implementation of the scheme and oversee progress in beneficiary identification, hospitalisation and modes of implementation.

According to sources, the meeting also discussed the launch of the National Health Claims Exchange (NHCX) to expedite processing of health insurance claims, a special drive against tobacco use among youth and deployment of the U-Win portal to maintain an electronic registry of all immunisations. While the launch of NHCX is in the works for some time now, U-Win is at present being run on a pilot mode in two districts of each state and union territory. The minister also expressed his concern about the growing incidence of NCD's and the importance of creating awareness on healthy diet and lifestyle with the help of targeted campaigns towards the youth for tobacco control. He also asked officials to leverage technology in programmes like immunisation and health emergency response management.

***(The writer is Sanket Koul.)***

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## *Health insurers set pace for May non-life gross direct premium – The Hindu - 15th June 2024*

General insurers reported 14.89 percent increase in gross direct premium underwritten to ₹20,907.51 crore in May compared to ₹18,197.6 crore in the year earlier period on the back of standalone health insurance companies continuing to perform better than the non-life segment growth.

Without including the numbers of specialised insurers Agriculture Insurance Co. of India and ECGC who posted a 48.20 percent decline in the premium to ₹85.22 crore (₹164.52 crore), the general insurers gross direct premium was 15.47 percent more at ₹20,822.29 crore (₹18,033.08 crore), according to the flash figures released by the General Insurance Council.

The gross direct premium of the five standalone health insurers rose 26.24 percent to ₹2,651.65 crore (₹2,100.48 crore), in line with a pattern seen for several months now.

For the first two months of the fiscal, gross direct premium of the general insurers, including the specialised insurers was 15.46 percent more at ₹50,586.7 crore (₹43,813.74 crore). The share of standalone health insurers stood at ₹5,294.61 crore (₹4,184.86 crore), an increase of 26.52 percent. The two specialised insurers' gross direct premium was 42.08 percent lower at ₹202.39 crore (₹349.44 crore).

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## SURVEY AND REPORTS

### *Health Insurance Spurs Growth in Competitive Non-Life Market: Report - The Economic Times – 20th June 2024*

The non-life insurance sector in India has sustained its double-digit growth trajectory in May 2024, driven predominantly by health insurance premiums. Despite a slight dip in the growth rate compared to the previous year, the industry remains resilient, showcasing a diverse expansion across various segments.

Health insurance continues to be the cornerstone of growth for the non-life insurance industry. In May 2024, health insurance premiums grew by 17.2 percent, reaching Rs. 8,344.2 crore. This segment's year-to-date (YTD) growth stands at 16.9 percent, slightly lower than the 22.6 percent growth witnessed in the same period last year.

The market share of health insurance has increased from 39.6 percent in YTD FY23 to 41.3 percent in YTD FY25. The retail health insurance segment has particularly excelled, with premiums rising by 19.1 percent in May 2024. The group health insurance segment, although the largest, experienced a slower growth rate of 11.2 percent due to premium rationalization and enhanced coverage adjustments.

**Motor Insurance: A Significant Contributor**
Motor insurance remains a significant contributor to the non-life insurance sector, accounting for approximately 50% of the industry's growth excluding health insurance. In YTD FY25, motor insurance premiums grew by 15.4%, reaching Rs. 14,035.2 crore. The segment's growth, however, has decelerated compared to the previous year's 23.1%. The Motor Own Damage (OD) segment grew by 18.7%, while the Motor Third Party (TP) segment saw a growth of 13.1%. The slight decline in growth can be attributed to a slower increase in passenger vehicle sales, which rose by only 3.9% in May 2024 compared to 13.5% in May 2023.

**Sector-Wide Trends and Competitive Dynamics**
The overall market share of private non-life insurance companies has been on a steady rise, increasing to 66% in YTD FY25 from 63% in FY24. This growth differential highlights the competitive edge private insurers have over their public counterparts. Public sector general insurers saw a growth of 7.3% in May 2024, down from 12.8% in May 2023, while private insurers reported an 18.4% growth in May 2024.

Standalone Health Insurers (SAHI) continue to outperform, with a year-on-year (y-o-y) growth of 26.2% in May 2024, up from 23.1% in May 2023. According to the latest report by CareEdge, with IRDAI approving two new SAHIs (Narayana Health Insurance and Galaxy Health & Allied Insurance) competition is expected to be intense in FY25.

**Other Segments: Mixed Performance**
The fire insurance segment reported a subdued y-o-y growth of 4.2% in May 2024. Crop insurance, however, showed a robust growth of 37.9%, driven by increased policy adoption and favourable weather conditions, the report added. CareEdge Ratings projects the non-life insurance market in India to grow at a rate of 13-15% in the medium term.

"The industry's expansion will be bolstered by macroeconomic stability, a favourable regulatory environment, and innovations in the distribution network. However, intensified competition and geopolitical uncertainties pose potential challenges to sustained growth," it added.

***TOP***

## *India Health Insurance Market Present Scenario and Growth Prospects 2024-2032 - Taiwan News - 19th June 2024*

Our extensive research on the India Health Insurance (2024-2032) offers valuable insights for businesses. This comprehensive report delves into emerging trends, investment opportunities, technological advancements, and key industry players. Utilizing both qualitative and statistical data from 2018 to 2032, it features detailed SWOT, BCG, and PESTLE analyses, accompanied by compelling visuals. Readers will gain a thorough understanding of the market landscape, including stakeholder perspectives, and financial considerations.

Health insurance is rapidly becoming an essential financial management tool for Indian citizens seeking healthcare. The increasing prevalence of various health issues and chronic medical conditions among all age groups is driving the growth of India's health insurance industry.
Key Drivers of Market Growth

**Rising Health Issues and Chronic Conditions**
The increasing burden of various health issues and chronic medical conditions is a primary driver of the India health insurance market. As lifestyles evolve, more individuals are recognizing the need for financial protection against medical expenses.

**Government Initiatives**
The Indian government is actively promoting the adoption of health insurance. Recommendations from NITI Aayog suggest that enhancing regulatory mechanisms could rebuild trust among the middle class in health insurance. Government schemes and policies are also boosting market growth.

**Expanding Health Insurance Infrastructure**
The development of private-public partnerships in the health insurance sector and the availability of affordable policies are significantly driving market expansion. This infrastructure development is making health insurance more accessible to the general public.

**Tax Benefits Fueling Market Growth**
Section 80D of the Income Tax Act
Tax reforms in India offer several benefits to health insurance policyholders. Under Section 80D of the Income Tax Act, 1961, individuals can claim deductions on premiums paid for policies covering themselves and their parents. This provision allows significant tax savings, increasing the attractiveness of health insurance policies.

**Technological Advancements in Insurtech**
Rise of Insurtech
India is becoming a key market for Insurtech, providing lucrative growth opportunities for the health insurance sector. Technologies such as cloud computing, AI, and IoT are enhancing user experience and customer engagement. Partnerships between health insurance providers and Insurtech companies are facilitating this technological integration. For instance, ICICI Prudential Life Insurance partnered with the National Payments Corporation of India (NPCI) in August 2021 to offer UPI autopay features.

**Market Segmentation**
By Demographics
The market is segmented into minors, adults, and senior citizens. Senior citizens hold the largest market share due to their vulnerability to medical emergencies. However, the adult segment is expected to grow faster, driven by increasing awareness of health insurance benefits among this demographic.

**By Region**

The market is divided into North India, South India, West India, and East India. Western India currently dominates, but South India is emerging with significant growth potential. States like Andhra Pradesh, Tamil Nadu, and Telangana are leading in health insurance penetration, supported by a preference for private hospitals and structured public healthcare systems. The presence of major health insurance providers in these regions also contributes to market growth.

**Impact of COVID-19**
The COVID-19 pandemic has accelerated the growth of the India health insurance market. The outbreak led to a rapid shift towards Insurtech solutions, improving policy accessibility and facilitating online purchases and sales of health insurance policies. The increased demand for Coronavirus Health Insurance during the pandemic significantly boosted market growth.

Competitive Landscape
Key players in the India health insurance market include:
National Insurance Co. Ltd.
Go Digit General Insurance Ltd.
Bajaj Allianz General Insurance Co. Ltd.
Cholamandalam MS General Insurance Co. Ltd.
Bharti AXA General Insurance Co. Ltd.
HDFC ERGO General Insurance Co. Ltd.
Future Generali India Insurance Co. Ltd.
The New India Assurance Co. Ltd.
SBI General Insurance Co. Ltd.
Reliance General Insurance Co. Ltd.

The market is highly consolidated, with major players like Bharti AXA, SBI General Insurance, and HDFC ERGO dominating due to their strong consumer base and industry position. These companies offer a variety of policies tailored to different illnesses, age groups, and financial situations. They leverage social media and advertising to raise awareness about health insurance benefits. Additionally, competitive strategies such as partnerships, mergers, acquisitions, and joint ventures are prevalent in this market.

**Conclusion**
The India health insurance market is set for significant growth, driven by increasing health awareness, government initiatives, and technological advancements. The market's detailed analysis provides insights into trends, growth drivers, challenges, and competitive dynamics, helping stakeholders make informed strategic decisions.

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## INSURANCE CASES

### *Firm to pay 20k for rejecting insurance claim – The Times of India - 16th June 2024*

The district consumer disputes redressal commission has ordered a general insurance company to pay Rs 20,000 to a person for rejecting his claim for immunomodulator drugs (injection) for multiple sclerosis. The commission also ordered the company to settle and reimburse the claim of complainant Neeraj Singla of Gill Road regarding his stay at a hospital in Delhi from June 9, 2019 to June 11, 2019, in accordance with terms and conditions of the policy within 30 days of the date of receipt of a copy of the order, failing which the opposite parties would be liable to pay interest at the rate 8% per annum on the settled amount from the date of order till actual payment.

As per the complaint, the complainant has been getting medical insurance from the opposite party since 2016, on payment of yearly premium, which was renewed on September 16, 2019 till September 15, 2020. The complainant stated that he was prescribed REBIF 22 MCG PFS Injection (Interferon Beta-1A 22 MCG) thrice a week, for which the claims submitted was reimbursed. Thereafter, the complainant was advised use of injection, Tysabri by the HoD, neurology, at the hospital in Delhi. However, the opposite parties wrongly repudiated the claim of the injection despite the fact that the complainant was fully covered under health protector policy. The complainant said that on September 5, 2019, he received a letter from the opposite party, in which a reference had been made to a health insurance guidebook, which was never part of any policy nor was read out and explained to him. The claim was repudiated by invoking clause 10.d mentioning that "No claim shall be given with regard to intravitreal injection/interferon injection/infliximab and like injection intraarticular injections."

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## PENSION

### *Employees' Provident Fund Organisation adds record 18.92 lakh net members in April - The Telegraph – 20th June 2024*


Retirement fund body Employees' Provident Fund Organisation (EPFO) added a record 18.92 lakh net members in April, payroll data released on Thursday showed. The addition during the month is the highest since the first payroll data was published in April 2018, a labour ministry statement said. An increase of 31.29 percent was registered in net member addition during April as compared to March 2024, it stated.

According to the statement, EPFO's provisional payroll data released on Thursday highlights that it has added 18.92 lakh net members in April. Further, the year-on-year analysis reveals a growth of 10 per cent in net member addition. The surge in membership can be attributed to various factors, including increased employment opportunities, a growing awareness of employee benefits, and the effectiveness of EPFO's outreach programmes, the statement said. The data indicates that around 8.87 lakh new members have enrolled during April 2024. A noticeable aspect of the data is the dominance of the 18-25 age group, constituting a significant 55.50 per cent of the total new members added in April. This is in consonance with the earlier trend, indicating that most individuals joining the organised workforce are youth, primarily first-time jobseekers.

The payroll data highlights that about 14.53 lakh members exited and subsequently rejoined EPFO. These members switched their jobs and rejoined the establishments covered under the ambit of EPFO and opted to transfer their accumulations instead of applying for final settlement, thereby safeguarding long-term financial well-being and extending their social security protection. A gender-wise analysis of payroll data unveils that out of 8.87 lakh new members, about 2.49 lakh are new female members. Also, the net female member addition during the month stood around 3.91 lakh, reflecting an increase of about 35.06 per cent compared to March. The surge in female member additions is indicative of a broader shift towards a more inclusive and diverse workforce.

State-wise analysis of payroll data denotes that the net member addition is highest in Maharashtra, Karnataka, Tamil Nadu, Gujarat, and Haryana. These states constitute around 58.30 per cent of net member addition. Of all the states, Maharashtra is leading by adding 20.42 per cent of net members during the month. Month-on-month comparison of industry-wise data displays significant growth in the members working in establishments engaged in the industries such as expert services, trading -- commercial establishments, etc. Of the total net membership, 41.41 per cent addition is from expert services (consisting of manpower suppliers, normal contractors, security services, miscellaneous activities, etc.). The above payroll data is provisional since the data generation is a continuous exercise, the statement said, adding that the previous data gets updated every month. From April 2018, EPFO has been releasing payroll data, covering the period September 2017 onwards.

In monthly payroll data, the count of members joining EPFO for the first time through Aadhaar validated Universal Account Number (UAN), existing members exiting from coverage of EPFO and those who exited but re-joining as members, is taken into consideration to arrive at net monthly payroll.

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### *National Pension System AUM surges 28 percent to reach Rs 12.28 lakh crore - The Economic Times – 19th June 2024*


The National Pension System (NPS) has witnessed a robust growth, with its assets under management (AUM) increasing by 28 percent to Rs 12.28 lakh crore as of June 8, according to the latest data from the Pension Fund Regulatory and Development Authority (PFRDA). This impressive growth has been significantly driven by the private sector's strong performance.

As of June 8, the number of private sector subscribers, encompassing both the Corporate and All-Citizen-Model categories, rose by 18.53 percent year over year to 56.47 lakh. Within this segment, the corporate category alone accounted for 20.13 lakh subscribers, with approximately 15,900 companies participating in the NPS. In comparison, the government sector boasts 93 lakh subscribers in the NPS.

The private sector has been a major contributor to the sharp rise in NPS assets in recent years, demonstrating a year-on-year growth of 39.02%, reaching Rs 2.42 lakh crore by June 8. However, this figure remains lower than the government sector's NPS assets under management, which stand at Rs 9.43 lakh crore, marking a 25% increase year over year.

The growing importance of the private sector in the NPS is underscored by its increasing AUM share, which rose from 13.1% in March 2019 to 20% in March 2024. Similarly, the proportion of private subscribers in the NPS climbed from 21.6% in March 2019 to 37.5% in March 2024.

**FY24 show**

In the fiscal year 2023-24, a total of 9.47 lakh new subscribers, from both government and private sectors, joined the NPS. Out of these, 8.10 lakh were from the 'all citizen model' and 1.37 lakh were corporate employees. Additionally, the number of new NPS and Atal Pension Yojana (APY) subscriber registrations reached 1,47,901 by June 9 this fiscal year, as per PFRDA data.

In terms of global comparisons, India's pension assets as a percentage of GDP are approximately 16.5%. This is significantly lower compared to developed countries like the UK, US, and Australia, where the ratio exceeds 100%. The Organisation for Economic Co-operation and Development (OECD) countries had a ratio of 81% in 2022, while some Scandinavian countries like Denmark, the Netherlands, and Iceland boasted ratios over 200% in 2021.

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### *Private sector drives NPS asset surge with 39% YoY growth to ₹2.42 lakh crore as of June 8 – The Hindu Business Line – 15th June 2024*

Aided by a strong show from the private sector, the overall National Pension System (NPS) assets under management (AUM) grew robust 28 percent at ₹12.28 lakh crore as of June 8, latest PFRDA data showed. Private sector, which has been key reason behind NPS assets' sharp increase in recent years, continues to lead the charge with whopping year-on-year growth of 39.02 percent at ₹2.42 lakh crore as of June 8, it showed. However, this is much lower than the Government sector NPS assets under management of ₹9.43 lakh crore, which are up 25 percent year over year. As of June 8, the number of private sector subscribers — both Corporate and All-Citizen-Model — stood at 56.47 lakh, up 18.53 percent year over year. The number of subscribers in Corporate category stood at 20.13 lakh. About 15,900 companies are part of NPS and India has 93 lakh government sector subscribers in NPS. The growing significance of the private sector in NPS is evident as its AUM share increased from 13.1 percent in March 2019 to 20 percent in March 2024.

Also, the share of private subscribers in NPS increased from 21.6 percent in March 2019 to 37.5 percent in March 2024. In 2023-24, as many as 9.47 lakh subscribers (both government and private sector) have on-boarded NPS. Of this 9.47 lakh new subscribers, as many as 8.10 lakh subscribers were from 'all citizen model ' and 1.37 lakh were Corporate employees. The number of new NPS and APY subscriber registrations till June 9 this fiscal stood at 1,47,901, PFRDA data showed. In India, pension assets as a percentage of GDP are about 16.5 percent, while the same ratio of developed countries like the UK, US and Australia is beyond 100 percent. The same ratio of OECD countries was 81 percent in 2022. Further, for some of Scandinavian countries like Denmark, the Netherlands and Iceland, it was over 200 percent in 2021.The rapid growth of overall NPS assets is evident as they reached the ₹10 lakh crore mark only in August last year. In nine months, the overall assets of NPS have jumped ₹2 lakh crore, PFRDA data showed. After its implementation in 2009, NPS took six years and six months to reach the milestone of ₹1 lakh crore AUM. It then took four years and 11 months to increase AUM further to ₹5 lakh crore. NPS AUM had doubled to ₹10 lakh crore as of August 25 last year from ₹5 lakh crore in just two years and ten months.

***(The writer is KR Srivats.)***

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## *EPFO undertakes multiple systemic reforms to enhance ease of doing business; improve ease of living - The Economic Times – 14th June 2024*

The Employees' Provident Fund Organisation on Friday said the number of auto transfers generated by the retirement fund body has increased threefold from two lakh in April 2024 to six lakh in May 2024 while more than 25 lakh advance claims have been settled on auto mode. Labour secretary Sumita Dawra took a review meeting on reforms in EPFO on Thursday evening during which the outcome of some of the reform measures taken by EPFO were highlighted.

"The review meeting highlighted the need for the expansion of social security and new initiatives for ease of living and ease of business," labour and employment ministry said in a statement, adding that the secretary Dawra urged EPFO officials to work in close coordination for an effective social security system. According to a statement issued by the labour ministry, more than 50% of the illness claims settled by EPFO have been settled on auto mode. "This has increased claims settlement speed and a large number of them are now being settled within three days," it said.

Besides, the retirement fund body has done away with the requirement of uploading the cheque book or passbook of bank accounts for the know your customer (KYC) Aadhaar linked accounts by members while applying for claims, thus eliminating the scrutiny requirement in almost 13 lakh claims in the last one month, it said.

"EPFO has also reduced and rationalised the remarks for easy comprehension of the members for return of incomplete cases and rejection of ineligible cases,thereby improving the ease of living for millions of its subscribers.

For speedy disposal of claims, auto EPFO has recently extended the facility of claiming advances of up to one lakh for illness, education, marriage and housing.

The advance auto claim settlement facility for up to Rs 50,000 was available for illness since 2020 and recently this was doubled to Rs 1 lakh.
Besides, EPFO is in the process of revamping its application software with the UAN based single accounting system for each member and automation of process flow with minimum human intervention for faster settlement of claims.

The new software is being developed with the consultation of Centre for Development of Advanced Computing (CDAC).

***(The writer is Yogima Seth Sharma.)***

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## *EPFO Lowers Penal Charges on Employers Defaulting on PF, Pension and Insurance Deposits - The Economic Times – 16th June 2024*

The Employees' Provident Fund Organisation has reduced penal charges on employers defaulting on deposit of their employees' provident fund, pension and insurance contribution with the retirement fund body. It has also made the penal charges uniform irrespective of the duration of default. As per a notification issued by the ministry of labour and employment on Saturday, damages from the employer will be recovered at the rate of 1 percent of the arrear of contribution per month or 12 percent per annum across three schemes vis the Employees' Pension Scheme (EPS), the Employees' Provident Fund (EPF) Scheme and the Employees' Deposit Linked Insurance Scheme (EDLI) under EPFO.

Charges were, so far, at the highest rate of 25% per annum. The new provisions will be effective from the date of notification. Until now, the penal charges were calculated at the rate of 5% per annum for default period of less than two months, 10% for default period of two months and above but less than four months, 15% for four months and above but less than six months, and 25% for six months and above. This will reduce the penal liability on employers if they default for a longer period, while there is no significant change in rates for employers who default for a period less than four months. However, if payments are delayed beyond 25 months then the new rates will put a higher penalty on employers.

"The damages leviable under the provisions of the PF scheme have been rationalised and simplified. The rate of damage has been changed to 1% per month of default as against the graded manner of calculation prevalent till now. This would ensure that the employees are subject to damages in line with the period of default," Saraswathi Kasturirangan, partner, Deloitte said. Currently employers are mandated to file returns with EPFO on or before 15th of every month for the previous month and any delay beyond that is considered as default. Out of the 12% of the employers' share, 8.33% goes to the pension account of the employee under EPS, 3.67% to the provident fund account under EPF scheme and an additional 0.5% to the insurance kitty under the EDLI scheme. However, employees' total contribution of 12% goes to the PF account.

***The writer is Yogima Seth Sharma.)***

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## *EPFO halts COVID-19 advance facility with immediate effect – Live Mint - 15th June 2024*

The Employees' Provident Fund Organization has decided to discontinue its COVID-19 advance facility with immediate effect. The scheme was introduced as a non-refundable advance to EPF members during the early days of the pandemic. Another advance was introduced later amidst the second wave of COVID-19 in 2021. "As COVID-19 is no more a pandemic, the competent authority has decided to discontinue the said advance with immediate effect. This will be applicable to the exempted trusts also and accordingly may be intimated to all the Trusts coming under your respective jurisdictions," read a statement from the organisation.

The COVID-19 scheme had allowed eligible individuals to secure a "non-refundable withdrawal to the extent of the basic wages and dearness allowances for three months or up to 75% of the amount standing to your credit in the EPF account — whichever is less". It is pertinent to note here that EPF subscribers can still seek an advance under other conditions — as long as their Universal Account Number is activated and the phone number linked to UAN is functional.

Meanwhile, a release from the Ministry of Labour and Employment indicated on Friday that EPFO would soon UAN-based single accounting system for each member and revamp its application to automate the process for faster settlement of claims. The remarks came soon after Labour Secretary Sumita Dawra chaired a review meeting on EPFO reforms in New Delhi. EPFO has already implemented auto settlement of advances up to 1 Lakh for illness, education, marriage and housing. According to the Ministry statement, about 25 Lakhs advance claims have been settled on auto mode. This has increased claim settlement speed and a large number of them are now being settled within three days.

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# IRDAI CIRCULAR

| *Circular* | *Reference* |
|---|---|
| Master circular on operations and allied matters of insurers | https://irdai.gov.in/web/guest/document-detail?documentId=5083599 |
| Press release on insurance reforms to empower the policyholder | https://irdai.gov.in/web/guest/document-detail?documentId=5084496 |

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# GLOBAL NEWS

## *Philippines: General insurance industry to reach US$3.8bn in 2028 – Asia Insurance Review*


The Philippines' general insurance industry is set to grow at a compound annual growth rate (CAGR) of 9.5% from PHP145.4bn ($2.6bn) in 2024 to PHP209.0bn ($3.8bn) in 2028, in terms of gross written premiums (GWP), forecasts GlobalData, a leading data and analytics company. GlobalData's Insurance Database reveals that the Philippines' general insurance industry is expected to grow by 14.0% in 2024, supported by a strong economic growth, uptake in the construction sector, and the country's exposure to natural catastrophic (Nat CAT) events.

Mr Sutirtha Dutta, insurance analyst at GlobalData, said, "The Philippines general insurance industry grew by 33.8% in 2023, the highest growth in the last five years, supported by strong growth in the key economic sectors such as automobiles, construction and financial services. The initiatives by the government to improve financial literacy, through financial inclusion have also supported the general insurance growth. The trend is expected to continue in 2024."

**Property**
Property insurance is the leading line of business in the Philippines general insurance industry, which is expected to account for 41.5% share of the general insurance GWP in 2024. Property insurance is estimated to grow by 17.2% in 2024, supported by rising demand for policies covering Nat CAT events. According to Philippines Statistical Authority, major natural disasters in the country like typhoons, floods and earthquakes affected 12.1m people in 2023 and accounted for losses of PHP23.2bn.

Mr Dutta added, "The initiatives by the government to expand crop insurance and encourage financial inclusion will support the general insurance growth. In the first quarter of 2024, the Department of Budget and Management (DBM) provided PHP900m of crop insurance cover out of a planned PHP4.5bn for subsistence farmers and fishermen through the state-owned Philippine Crop Insurance Corporation (PCIC)."

PCIC has also entered into an agreement with CARD Pioneer Microinsurance Inc (CPMI) to further expand crop insurance. This is the first step towards public-private partnership in agriculture insurance in the country, which will support the growth of property insurance during 2024-28. Property insurance is expected to grow at a CAGR of 12.3% during 2024-2028.

**Motor**
Motor insurance is the second-largest line that is expected to account for 24.5% share of general insurance GWP in 2024. Motor insurance is expected to grow by 12.4% in 2024, driven by rising vehicle sales. As per the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and the Truck Manufacturers Association (TMA), vehicle sales registered a growth of 12.7% in the first quarter of 2024 as compared to the same period in 2023. Motor insurance is expected to grow at a CAGR of 7.5% during 2024-28.

Marine, aviation and transit (MAT) insurance is expected to account for 6.3% share of the general insurance GWP in 2024. MAT insurance is expected to grow by 12.2% in 2024, supported by the growth of foreign trade and the development of the country's port which will support the increase in trade and cargo volume with Japan, one of the top trading partners with the Philippines. The revival of the Philippines-EU free trade agreement (FTA), which is currently under negotiations, will also expand the country's export business and support MAT insurance growth. Liability, financial lines, and miscellaneous insurance are expected to account for the remaining 27.8% share of the general insurance GWP in 2024.

Mr Dutta said, "Growth in the construction and trade sectors and rising vehicle sales are expected to present a positive outlook for the general insurance industry over the next five years. Increasing losses from nat-cat events will prompt insurers to reassess their risk exposure and strengthen their underwriting practices that will lead to higher premium prices."

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### *Japan: Non-life insurers' overseas business and investment gains offset weak domestic underwriting results - Asia Insurance Review*

Global credit rating agency Fitch Ratings expects Japanese non-life insurance's overseas business and investment profit from the continuous sales of strategic shareholdings to offset weak earnings contribution from domestic underwriting, especially in motor and property insurance, in the financial year ending March 2025 (FYE25).

In the report, "Japanese Non-Life Insurance Dashboard: FYE24 Results", Fitch says that the three major non-life insurers—MS&AD Insurance Group Holdings (operating entity Mitsui Sumitomo Insurance Company: IFS 'A+/Stable'), Tokio Marine Holdings (operating entity Tokio Marine & Nichido Fire Insurance Co: IFS 'AA-/Stable') and Sompo Holdings— recorded historically high profits in FYE24, backed by a strong contribution from overseas subsidiaries with higher underwriting profitability and reduced pandemic-related claims, and the investment profit on the sale of strategic shareholdings. The depreciation of the Japanese currency also worked favourably when the earnings from overseas subsidiaries were converted into yen.

Fitch believes the non-lifers' major business line—motor insurance—will face a challenging underwriting environment. Claim frequency will rise due to the recovered traffic after COVID-19, and claim costs will grow with higher repair costs. Fitch expects the impact of the upcoming premium rate hike in property insurance from October 2024 will be realised gradually. Overseas subsidiaries' earnings should offset weak domestic underwriting performance in FYE25.

The agency expects equity risk from strategic shareholdings—a key credit challenge—to decline as Tokio Marine and MS&AD plan to dispose of all their strategic shareholdings by end-March 2030, while Sompo aims to sell everything by end-March 2031. The accelerated sales will continue to contribute to earnings in FYE25. Fitch sees strong capital adequacy in FYE25. The economic solvency ratio improved in FYE24 and remained sufficient for the ratings, backed by accumulated core capital including retained earnings and capital reserves.

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### *Australia: General insurance body recommends changes to Code of Practice - Asia Insurance Review*

The Insurance Council of Australia (ICA) has outlined its support for strengthening the General Insurance Code of Practice (Code) in a number of areas, including financial hardship, customer vulnerability and claims handling. The proposed changes are included in the peak insurance body's submission to the Independent Code Review Panel, which is currently undertaking a three-yearly review of the Code. First introduced in 1994, the Code sets out the standards that general insurers must meet when providing services to their customers and the timeframes for insurers to respond to claims, complaints and requests for information from customers.

The ICA's submission to the Code Review draws on the views of the organisation's members, who collectively provide around 90 per cent of all general insurance in Australia.

**Proposed changes include:**
Enhanced financial hardship provisions to support customers with premium relief options.

Expanded definitions of vulnerability for greater inclusion of LGBT customers and to recognise the impact of financial abuse and trauma.

Improved identification of people most at risk of financial abuse and trauma, particularly after catastrophic weather events.

Expanded review timeframes for claim decisions, for all general insurance claims and in particular those made following catastrophic weather events

Allowing insurers to give updates on the progress of a claim that are more meaningful and useful for customers.

Given the number of significant reviews and inquiries currently underway, the ICA has proposed that any changes to the Code should wait until these reviews and their recommendations are finalised.

The submission supports a principles-based Code to allow insurers the flexibility to offer support and solutions tailored to customers' particular vulnerabilities and circumstances.

ICA CEO Andrew Hall said, "The General Insurance Code of Practice is a vitally important document for our industry and its customers, providing guidance and setting expectations for insurers and policyholders alike.

"The Insurance Council's submission to the Independent Review Panel, which has been drafted in consultation with our members, proposes sensible and workable solutions for strengthening the Code while maintaining its operational efficiency and effectiveness.

"We believe these proposals would see the Code continue to prioritise customer protections while remaining responsive to our changing regulatory landscape and operating environment, which is still providing some of the most challenging circumstances for insurers and their customers ever seen. "The industry has drawn on a number of lessons learned from the record-breaking floods of 2022 and many of the declared catastrophic events since then."

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***Australia: Insurers will focus on underwriting fundamentals as pressures ease - Asia Insurance Review***

The Australian insurance sector will remain resilient as operating challenges ease in the next few years. Insurers will likely respond to moderating inflation with lower premium hikes, however profitability should remain sound across all segments, said S&P Global Ratings (S&P). In a report titled "Australian Insurance Sector Trends: A Return To Underwriting Fundamentals", released yesterday, S&P credit analyst Julian Nikakis said that premium rate increases have more than countered earnings pressure from claims inflation in all sectors except for mortgage insurance.

"The earnings lift from higher premium rates will continue to offset reinsurance rate pressures, and higher spending on technology, cyber defence and regulation," he said. S&P expects insurers' earnings to remain solid over the next two years. Capital adequacy also remains a key credit strength across all segments. In the agency's view, the creditworthiness of Australian insurers will remain stable over 2024 and 2025. Presently, about 79% of rated Australian insurers have stable rating outlooks.

S&P also said, "In our opinion, Australia continues to provide a supportive and broadly stable economic environment for insurers. The country's effective public policymaking has supported the economy's resilience to external shocks and mitigates the impact of external imbalances, while supporting sustained profitable growth for insurers."

The report covers four segments: property and casualty (P&C), life, health and mortgage insurance.

P&C: S&P expects slower premium growth but solid earnings generation and capital adequacy
Life: Sound earnings and credit quality, with risks well contained
Mortgage: Market demand is slowing, although longer term earnings and benign claims are masking this weakness
Health: Insurers remain challenged by medical claims inflation and rising frequency while premium rises are contained

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### *Indonesia: Authorities draft mandatory motor third-party liability insurance regulations - Asia Insurance Review*

The Financial Services Authority (OJK) is working with relevant ministries and institutions to issue regulations covering Mandatory Third Party Liability (TPL) Insurance. OJK chief executive of the insurance, guarantee and pension funds supervision Ogi Prastomiyono said that the regulator was coordinating with the Fiscal Policy Agency which is under the Ministry of Finance, in formulating the regulations, reported Antara News Agency.

He said that the TPL scheme would cover liabilities to third parties for damage caused in motor accidents. The coverage will not extend to costs related to people as this was insured by Jasa Raharja that provides basic protection to the public through two social insurance programmes, namely Accident Insurance for Public Transport Passengers, and Liability Insurance for Third Parties under the Road Traffic Accident Fund.

He said that the matters to be ironed out in drafting the proposed regulations include product features, premium amounts, premium payment mechanisms, benefits to be paid and claims payment mechanisms. Another matter that would be covered is the standardisation of repair workshops. He also highlighted the drafting of special regulations for electric vehicle insurance.

Indonesian General Insurance Association deputy chairperson of technical affairs (III) Wayan Pariam said previously that TPL insurance regulations are expected to be ready in 2025. He said too that the association was reviewing the feasibility of forming two or three consortia of mandatory TPL insurance providers. He indicated that a consortium would make it easier to implement mandatory insurance.

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## COI TRAINING PROGRAMS

**Mumbai – July 2024**

| Sr. No | Program Name | Program Start Date | Program End Date | Details | Registration Link |
|---|---|---|---|---|---|
| | Cutting Edge Marketing Strategies for Branch/Unit Leaders of Life Insurance | 10-Jul-24 | 10-Ju1-24 | ClickHere | Register |
| | Project Insurance | 11-Jul-24 | 12-Jul-24 | ClickHere | Register |
| 3 | Strategic Selling in Life Insurance | 15-Jul-24 | 15-Jul-24 | ClickHere | Register |
| 4 | Health Insurance and Preventive Care | 15-Jul-24 | 16-Jul-24 | ClickHere | Register |
| 5 | Management of Fire Insurance | 18-Jul-24 | 19-Jul-24 | ClickHere | Register |
| 6 | Managerial Skills for Insurance Executives | 18-Jul-24 | 19-Jul-24 | ClickHere | Register |
| 7 | Digital Marketing in Life Insurance | 22-Jul-24 | 22-Jul-24 | ClickHere | Register |

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|---|---|---|---|---|---|
| 8 | Understanding ESG and its implications for Insurance companies | 22-Jul-24 | 23-Jul-24 | ClickHere | Register |
| | Enterprise Risk Management (ERM) | 25-Jul-24 | 26-Jul-24 | ClickHere | Register |
| 0 | Corporate Governance and Regulatory Compliance in Insurance | 29-Jul-24 | 30-Jul-24 | ClickHere | Register |
| | Reinsurance Treaty Designing | 30-Jul-24 | 31-Jul-24 | ClickHere | Register |
| | Challenges in Fighting Fraud – Motor Third Party Insurance | 30-Jul-24 | 31-Jul-24 | ClickHere | Register |

**Kolkata – July 2024**

| Sr. No | Program Name | Program Start Date | Program End Date | Details | Registration Link |
|---|---|---|---|---|---|
| 1 | Managing Motor TP Claims and Controlling Frauds | 18-Jul-24 | 19-Jul-24 | ClickHere | Register |
| 2 | Leveraging Social Media for Life Insurance Selling | 19-Jul-24 | 19-Jul-24 | ClickHere | Register |

*TOP*

## COURSES OFFERED BY COI

### CC1 - Certificate Course in Life Insurance Marketing

**Course Structure –**

| Particulars | Details |
|---|---|
| **Date** | 20th July 2024 |
| **Duration of the course** | 4 months |
| **Mode of Teaching** | Self-study + 3 days Online Contact Classes |
| **Total hours of Teaching** | 18 hours for Online Contact Classes (to solve queries) |
| **Exam pattern** | MCQ pattern + Assignments |
| **Target Group** | Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies |
| **Fees for the course** | Rs. 5900/- (Rs. 5000/- + 18% GST) |

### CC2 - Advanced Certificate course in Health Insurance

**Course Structure –**

| Particulars | Details |
|---|---|
| **Date** | 20th July 2024 |
| **Duration of the course** | 4 months (3 hours on weekends) |
| **Mode of Teaching** | Virtual Training – COI, Mumbai |
| **Total hours of Teaching** | 90 hours |
| **Exam pattern** | MCQ pattern |

| | |
|---|---|
| **Target Group** | Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies |
| **Fees for the course** | Rs. 11,800/- (Rs. 10,000/- + 18% GST) |

### CC3 - Certificate Course in General Insurance

**Course Structure -**

| Particulars | Details |
|---|---|
| **Date** | 20th July 2024 |
| **Duration of the course** | 3 months (on weekends) |
| **Mode of Teaching** | Virtual Training - COI, Kolkata |
| **Total hours of Teaching** | 100 hours |
| **Exam pattern** | MCQ pattern |
| **Target Group** | Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers |
| **Fees for the course** | Rs. 14,160 /- (Rs. 12,000/- + 18% GST) |

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

**Course Structure -**

| Particulars | Details |
|---|---|
| **Date** | 21st – 23rd August 2024 |
| **Duration of the course** | 3 Days |
| **Mode of Teaching** | Virtual Training sessions |
| **Total hours of Teaching** | 15 hours for online classes |
| **Exam pattern** | MCQ pattern |
| **Target Group** | Employees working in Fraud cells/ Claims Department/ Audit functions of the company |
| **Fees for the course** | Rs. 10620/- (Rs. 9,000/- + 18 % GST) |

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

## Post Graduate Diploma in Collaboration with Mumbai University

### Post Graduate Diploma in Health Insurance (PGDHI)

| Particulars | Details |
|---|---|
| **Duration of the course** | one year (2 semesters) |
| **Mode of Teaching** | Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project |
| **Eligibility** | Graduates in any faculty are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher's, working professionals (including medical doctors) in the health insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [*subject to their passing the examination]. |

| | |
|---|---|
| **Fees for the course** | Rs.45,375/- |
| **Cash Award Prize Scheme** | Rs.15,000/- for the best performing candidate of III-PGDHI |
| **Contact Email id** | pgdhi@iii.org.in |

## Post Graduate Diploma in Insurance Marketing (PGDIM)

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