ISSUE NO. 2024/08

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

17TH – 23RD FEBRUARY 2024

QUOTE OF THE WEEK

"The foundation stones for a balanced success are honesty, character, integrity, faith, love and loyalty."

ZIG ZIGLAR

Insurance Term for the Week

Viatical Settlement

A viatical settlement is an arrangement in which someone who is terminally or chronically ill sells their life insurance policy at a discount from its face value for ready cash. In exchange for the cash, the seller of the life insurance policy relinquishes the right to leave the policy's death benefit to a beneficiary of their choice.

The buyer of a viatical settlement pays the seller a lump sum cash payout and pays all future premiums left on the life insurance policy. The buyer becomes the sole beneficiary and cashes in the full amount of the policy when the original owner dies.

INSIDE THE ISSUE

INSURANCE INDUSTRY

High time to reform the Indian insurance sector by bridging the gaps - ETV Bharat – 20th February 2023

The Indian insurance sector is composed of 34 general insurance (often known as non-life insurance) companies and 24 life insurance companies. Among the life insurers, Life Insurance Corporation of India (LIC) is the only Public Sector Enterprise (PSE). There are six PSEs in the general insurance segment. In addition, there is a sole national re-insurer, known as General Insurance Corporation of India (GIC Re).

Underinsured India

However, India is a hugely underinsured country, compared to global peers. At only 4%, the insurance penetration (premium as a percentage of Gross Domestic Product-GDP) in India was significantly below the global average of 6.8%. Similarly, insurance density (per capita premium paid) was $92 in India, while the global average was $853.

The US remained the largest insurance market in the world, with total premia, non-life and life, of $3 trillion in 2022, followed by China and the UK. The three markets together accounted for over 55% of the global premia. India was in 10th position with a premium value of $131 billion with only 1.9% global market share. India is projected to become the sixth-largest insurance market by 2032 as it is one of the fastest-growing markets in the world.

Unexplored Marketing Opportunity

Most of the life insurance products sold in India are savings-linked, with just a small protection component. That means households remain exposed to a significant financing gap in the event of the premature death of the primary breadwinner. Moreover, 93% of exposures in respect of natural disasters were uninsured in India. The NITI Aayog in its report in 2021 confessed that even among the non-poor, 40 crore individuals in India lacked any form of financial protection for health. Also, over 90% of the present-day workforce in India does not have any social security. This segment is termed as "missing middle" because they are not poor enough to be covered by Government subsidized insurance, and at the same time, they are not rich enough to buy insurance. A well-designed, appropriately priced, voluntary, and contributory insurance product catering to this segment will contribute to achieve the goal of "insurance for all" by 2047.

Proposed Reforms

Against this backdrop, the Standing Committee on Finance of the Parliament (hereafter, the Committee) headed by Jayant Sinha tabled its report entitled, "Performance Review and Regulation of Insurance Sector" in the recent Budget Session of the Parliament which created vibration to the insurance sector in the country. Overall, the recommendations of the Committee are laudable from the insurance industry and the customer perspectives. The government should hold deliberations, maybe through a Working Group to be set by the Insurance Regulatory and Development Authority of India (IRDAI), with all concerned stakeholders to find solutions to the issues that need to be resolved in an effort to provide an appropriate policy framework. The following are some of such salient issues:

Composite licensing for all insurance segments: The Committee recommended that insurance companies should be allowed composite licensing which will enable an insurer to offer both life and non-life insurance products under one entity. So far the regulations of the IRDAI do not allow composite licensing for an insurer to undertake life and non-life insurance products under one entity. A composite license can cut costs and compliance difficulties for insurance firms, and as expected by the Committee such a proactive reform "can offer customers more choice and value, such as a single policy that covers

life, health, and savings." If materialized, the customers can get all-in-one insurance from one provider, with lower premiums and easier claims.

Open architecture for insurance agents: The Committee recommended the introduction of an open architecture concept for insurance agents so as to facilitate a larger outreach of insurance products and a stronger distribution infrastructure in the country. Such a reform would pave the way for insurance agents to associate with multiple insurance companies so as to serve the specific needs of the customers. At present, an insurance agent can associate with one life, one non-life, and one health insurance company for the distribution of insurance products.

High time to lessen GST rates: Insurance is not a mere commercial product; in fact, it is also a societal service! The insurance industry along with the experts have been arguing for a reduction in high rates of Goods and Services Tax (GST) for a long time. Financial services, including premiums for health insurance, term insurance plans and unit-linked insurance plans attract 18% GST. The Committee observed that a high rate of GST results in a high premium burden, which acts as a deterrent to the penetration of insurance in India. To make insurance an affordable product to the common man, the Committee recommended for the reduction of the GST rate to all insurance products, particularly health insurance retail policies for senior citizens and micro-insurance policies up to limits prescribed under Pradhan Mantri Jan Aarogya Yojana - PMJAY (presently Rs.5 lakh), and term policies.

Ensuring level-playing field: The Committee further noted that the PSEs in the insurance sector have to mandatorily participate in government-run insurance schemes which impact their profitability. The Committee, with a view to ensuring a level playing field, recommended that such provisions be uniformly applied to all players. In addition, the Committee took note of an anomaly of the Tax Deducted at Source (TDS) on GST that is applicable only to public sector insurance companies. As these PSEs are included in Section 51 of the Central Goods and Services (CGST) Act, TDS at the rate of 2% is required to be deducted from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply exceeds Rs.2.50 lakh.

Catastrophe insurance for disaster-prone areas: Natural catastrophes in India led to uninsured economic losses of $32.94 billion (Rs.2,73,500 crore) during the five-year period of 2018-22, indicating the low insurance penetration in the country, Swiss Re noted. India has been ranked third after the US and China in recording the highest number of natural disasters since 1900. India witnessed natural disasters almost every day in the first nine months of 2022, from heat and cold waves, cyclones and lightning to heavy rains, floods, and landslides. These calamities claimed over 2,700 lives, damaged 1.8 million hectares of crop area, destroyed over 4.16 lakh houses, and killed almost 70,000 livestock, according to a report of the Centre for Science and Environment (CSE) and Down to Earth journal. Therefore, it is high time to explore how to make catastrophe insurance possible to insure homes and properties, especially those of economically vulnerable groups such as farming communities and those working in the Micro, Small and Medium Enterprises (MSMEs) in areas susceptible to catastrophic damages with the aid of Public-Private Partnerships (PPP).

The successful global examples of risk management pools such as the California Earthquake Authority, Australia's Household Resilience Program, and the Turkish Catastrophe Insurance Pool provide required inputs regarding how to run non-profit establishments that collect funds from insured firms with funding from government and private insurers, helping in managing risk up to a pre-decided limit. India should start working on the creation of such risk management pools to address the risks faced across the country. To start with, a specialized insurance business may be set up by one of the PSE general insurance companies with a subsidised premium for disaster-prone areas.

Addressing the road accidents: The Ministry of Roads Transport and Highways (MoRTH), Government of India intended to introduce cashless medical treatment to all injured road accident victims across the nation in a couple of months. India has a dubious record of the highest number of road accident deaths in the world.

Road accidents claim 19 lives every hour in India, according to a government report. In 2022, there were 4.61 lakh road accidents across the country, out of which 1.68 lakh people were killed. It is in this context the Committee found that a large number of vehicles, particularly commercial vehicles are plying on the Indian roads without any insurance cover, which poses a risk to the owners and third parties in case of road accidents and damages.

As per the Motor Annual Report of the Insurance Information Bureau of India (IIB), of the over 25.33 crore vehicles on Indian roads as of March 2020, the proportion of uninsured vehicles was almost 56%. Many innocent victims suffer due to accidents caused by commercial vehicles. There is no proper insurance coverage that can be identified after the accident. Accordingly, the Committee recommended the implementation of eChallan enforcement across States by leveraging data integration by IIB, mParivahan, and National Informatics Centre (NIC) data.

Need to Strengthen Four General Insurance-PSEs: The Committee advocated that the Reserve Bank of India (RBI), on behalf of the government, can issue "on-tap" bonds of various maturities to meet the capital requirements of the insurance industry to the tune of Rs.40,000-50,000 crore. An appropriate strategic roadmap is needed of the hour to improve the competitiveness and the culture of efficiency, effectiveness and innovation in the management of these PSEs, and enable them to attract sufficient capital and talent.

Indians Spend Higher Out-Of-Pocket Expenditure (OOPE) on Health

A study conducted by the World Health Organization (WHO) in 2022 found that high OOPE on health deprives 55 million Indians, annually. The government estimates further exposed a sorry-state-of-affairs, and according to it, over 63 million Indians are faced with poverty every year due to health costs alone. OOPE includes expenses borne directly by a patient when insurance does not cover the full cost of the health good or service. In India, OOPE on health (48.2%) was more than the government's expenditure on health (40.6%), as confessed by the government in its Economic Survey 2022. While OOPE is generally high in India, it is more so in economically weaker States.

For example, in UP, the patients' OOPE was 71%, followed by Bengal and Kerala (68% each) implying the prevalence of wide inequalities across the States in people's access to affordable healthcare services. While five States of Maharashtra, Karnataka, Tamil Nadu, Gujarat and Delhi contributed almost two-thirds of total health insurance premiums in 2022-23, the rest of the States contributed just one-third. India cannot achieve its laudable goal of universal health coverage and delivery of quality health services for every Indian at affordable cost as envisioned by the National Health Policy 2017, without addressing this pertinent issue.

TOP

INSURANCE REGULATION

Irdai to introduce collaterals for reinsurance transactions with CBRs – Business Standard – 21st February 2024

The Insurance Regulatory and Development Authority (Irdai) is planning to introduce collaterals for reinsurance transactions with Cross Border Reinsurers (CBR). The proposed guidelines given in an exposure draft will be applicable for all the reinsurance placements with CBRs by cedants or insurers from India, for reinsurance programmes from FY25-26 onwards.

Reinsurers are considered key capital management tools that play a crucial role in risk management for insurance companies and against this backdrop, the practice of maintaining collaterals will not only aid in protecting the interest of the policyholders and insurers but also in fostering confidence in the market, attracting reinsurers for promoting a healthy and robust insurance ecosystem. The regulator has also observed an increase in premiums collected by CBRs from the Indian reinsurance market and the need to protect the interest of the Indian reinsurer.

"In addition, the Cross Border Reinsurers (CBRs) have also been getting a significant amount of premiums from India and their share in the Indian reinsurance market is increasing. It is now felt

necessary to ring-fence the interests of Indian cedants to maintain their ability to meet obligations towards policyholders in India," said IRDAI. According to the IRDAI annual report for FY23, 283 companies were participating in the Indian CBR reinsurance business competing with state-owned GIC Re and Foreign Reinsurance Branches (FRBs).

The cedant placing re-insurance business with CBRs shall be responsible for collecting the collateral. The collateral offered will be either in the form of an irrevocable Letter of Credit (LC) from the CBR or premium or funds withheld by the ceding insurer. The LC shall be issued through any IFSC Banking Unit (IBU) in GIFT IFSC or a scheduled commercial bank regulated by the Reserve Bank of India, which the cedant can choose to accept this LC either in Indian Rupees or in any freely convertible foreign currency.

The amount of LC shall be with reference to the aggregate of outstanding claims liabilities and IBNR reserves of the ceding insurer for re-insurance contract or arrangement with the concerned CBR. A CBR with A- or above from Standard or Poor's or equivalent, the minimum amount of collateral (aggregate of outstanding claims liabilities and IBNR reserves) will be 80 per cent while for below A- rating it will be 100 per cent. The insurer will release such collaterals as specified in the new regulations if all the liabilities of the concerned CBR under re-insurance contract(s) are fully extinguished.

If the cedant is satisfied that part of the liabilities of a CBR under the re-insurance contract is likely to continue, it may release the collateral as given by the CBR after making adjustments for any amount that it determines should be kept available for meeting claims in respect of re-insurance contracts entered into by the CBR. Every ceding insurer shall furnish a confirmation regarding compliance with the collateral requirements as indicated in these guidelines, based on the reinsurance programme as approved by its board of directors or the executive committee.

The ceding insurer will not be permitted to take credit of the collaterals held by it, to determine the available solvency margin. In case of the premiums or funds withheld from each CBR shall be identified, accounted for, kept, and invested separately from the funds of the insurer, the investment income, if any, on such withheld funds shall be credited to such fund(s), the minimum amount of premium/ fund withheld shall be 50 per cent of the premiums ceded by the insurer to a CBR. The exposure draft of the proposed guidelines has sought comments from the stakeholders in the next 15 days.

(The writer is Aathira Varier.)

TOP

Bima Sugam to offer free services to consumers: IRDAI - The Indian Express - 19th February 2024

Bima Sugam, the ambitious insurance electronic marketplace which is being kicked off by the Insurance Development and Regulatory Authority of India (IRDAI), will offer free services to consumers through a not-for-profit structure.

The shareholding of the proposed company, which will develop, operate and maintain the platform, will be widely held among life insurers, general and health insurers with no single entity having controlling stake. The shareholders, as and when required, will contribute to the capital requirement of the company, IRDAI said.

"Consumers shall not be charged for availing the services of the marketplace," the regulator said. Bima Sugam is a digital public infrastructure or protocol with open standards and interoperable platforms, enabling seamless integration with various services to facilitate purchase, sale, settlement of insurance claims, grievance redressal and servicing of insurance policies and other related matters as allowed by the authority under a single platform. All insurance companies will join the proposed platform.

Insurers will facilitate availability of their insurance products for sale and provide all services related to an insurance policy including settlement of insurance claims and grievance redressal on the platform on an ongoing basis. The new company will seek prior approval of the IRDAI for appointment, reappointment, termination and change in the terms and conditions of the appointment of Chairperson and Chief Executive Officer. "The company will appoint key managerial persons with appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the Marketplace and clearly specify the roles and responsibilities of the management," IRDAI said in its draft regulations.

IRDAI would nominate two members on the board of company. Alok Rungta, Deputy CEO and Chief Financial Officer, Future Generali India Life Insurance Company, said, "We are happy to witness the imminent launch of IRDAI's 'Bima Sugam'. This initiative represents more than just a digital platform… it's a transformative step in our ongoing commitment to empower policyholders and reshape the insurance landscape." The company, through collaboration and innovation, is poised to enhance accessibility, affordability and transparency, he said. "With its not-for-profit structure and diversified shareholding, it is set to become the central hub for insurers, intermediaries, and consumers alike. This advancement aligns seamlessly with our industry's collective vision, propelling us toward the ambitious goal of 'insurance for all by 2047.' Bima Sugam isn't just a welcome development… it points to a future where consumers and industry advancements work together for the benefit of all," he said.

The proposed platform will a not-for-profit entity established through a company formed under Section 8 of the Companies Act, 2013. According to Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance, the draft regulations for Bima Sugam is a big step towards bringing this transformative initiative to fruition. "The regulations focus on making insurance easy to access and affordable for everyone. It's towards streamlining the entire insurance value chain, from policy issuance to claim settlement, thereby promoting transparency and collaboration at every stage. These initiatives will play a huge role in driving penetration of insurance and enabling us achieve the vision of 'insurance for all' by 2047," he said.

This platform will raise awareness about insurance and significantly enhance the overall customer experience in the industry, similar to the transformative impact that UPI has had on payments in India, said the CEO of an insurance firm. "It will contribute towards easy accessibility of insurance and making products more affordable," he said.

(The writer is George Mathew.)

TOP

IRDAI issues new circular to help speedy disbursal of unclaimed insurance money – The Economic Times – 19th February 2024

The Insurance Regulatory & Development Authority of India (IRDAI) has amended the Master Circular on Unclaimed Amounts of Policyholders due to a rise in unclaimed amounts with the insurers raising regulatory concerns.

Irdai draft guidelines to safeguard insurance policyholder interests: 5 major changes proposed.

The insurers are also urged to step up their efforts to find the legitimate owner of outstanding payments and make sure that funds are distributed quickly.

According to the IRDAI circular dated February 15, 2024, "Basis discussion with the insurers it is to understand that one of the reasons for the increase in the unclaimed amounts are cases where the consumers are traceable but insurers are not in a position to pay the claim for various reasons, including:

- due to any litigation under an insurance policy;
- due to rival claims or open title
- due to the freezing/blocking of insurance policies by any government agency

- where benefits payable during the policy with respect to the insurance policies which are in-force either by reduced paid up or by full paid-up policies on due date, but shifted to unclaimed due to a six-month window for payments;
- consumers have not claimed annuity options and maturity proceeds from pension and insurance products; consumers out of the country and hence taking time to settle the proceeds;

How to check if there is any amount unclaimed under LIC policy

Here are the modifications suggested by the IRDAI from the Master Circular no. IRDA/F&A/CIR/Misc/202/11/2020 dated 17th November 2020 (Master Circular):

Clause 2(1)(c) of the Master Circular stands modified as under: "Due date" shall mean the date on which any amount or claim is due for payment as per the terms and conditions of the insurance policy and/or the extant regulatory framework.

Clause 2(1)(f) of the Master Circular stands amended to the extent stated as under:

"Unclaimed Amounts" shall include any amount held by an insurer, but payable to consumers, including income accrued thereon, on account of their non contactability through any means and remaining unpaid beyond twelve months from the due date of such amount. Provided, irrespective of the status of the contactability, the following pending amounts shall be held under separate sub-heading "Litigation and others" under unclaimed amounts till such time the payments are made:

due to any litigation under an insurance policy;
due to rival claims or open title;
due to freezing/blocking of insurance policies by any government agency;
Provided further that the amounts payable under the following shall not be considered as unclaimed amounts:
Annuity policies; and all in-force insurance policies including reduced paid up and fully paid up on due date; in respect of claims initiated by consumers;
Explanation: 1 and 2: No change.
Explanation 3: A consumer shall be termed non-contactable when such consumer has not responded to any of the insurer's communications.
Explanation 4: All amounts, where the consumer is not traceable, shall continue to be part of the unclaimed amounts.

After Clause 2(1)(f), following new clause is added: Clause 2(1)(g): 'Consumer' for this circular shall mean proposer, policyholder, life assured, nominee, beneficiary, or any other person who has a financial interest in the policy as per the terms and conditions of the insurance policy. The insurers have also been asked to take the following actions to lower the current number of unclaimed claims and prevent further accumulation of unclaimed claims:

Reminder for current policyholders to update their mobile number, email address, current address, bank account details, nominee data, etc. at the time of payment of the renewal premium (online or offline).

Hold responsible the corresponding agents, middlemen, group master policyholders, and other channels of distribution engaged in the request for customer tracking and update the contact information, bank account information, etc.

Complete ongoing KYC for current rules and re-KYC of minors on immediately attaining majority.

automatically validate mobile numbers and email addresses of existing and new consumers to ensure that these details are not of their distribution channels.

Put in place fool-proof systems to automatically validate mobile numbers and email addresses of existing and new consumers to ensure that these details are not of their distribution channels.

Engage with Credit Bureaus, Account Aggregators, CSC/POS, e commerce portals for tracing consumers.

Advertise in Print and Digital media to reach out to consumers who are not traceable.

In all communications include a footnote advising the consumer to update contact details, nominee details, and bank account details in case of any change.

Option to update their contacts including email-ids, bank details, and nominee details at website/portal/app.

Send advance notifications in respect of maturity claims and survival benefits at least 6 months in advance, through all possible modes, and

Advise them to provide KYC/Bank details; follow-up notifications may be sent every 2 months thereafter to customers who have not responded.

Develop an online tool for processing and payment of unclaimed amounts once the consumers identify the amounts due to them on the websites of insurers

Put in place appropriate systems and controls to address fraudulent claims and practices.

(The writer is Sneha Kulkarni.)

TOP

IRDAI gives in-principle nod for Policybazaar to upgrade license, enter reinsurance selling – The Hindu Business Line – 17th February 2024

PB Fintech on Friday said that insurance regulator IRDAI has granted in-principle approval to its wholly owned subsidiary Policybazaar Insurance Brokers (Policybazaar) to upgrade its license from a direct insurance broker (Life and General) to a composite insurance broker. This approval is expected to pave the way for Policybazaar to sell reinsurance products besides being a pure play platform focused on insurance buying.

"Insurance Regulatory and Development Authority of India (IRDAI) has granted In-principle approval to Policybazaar Insurance Brokers Private Limited (Policybazaar), a wholly owned subsidiary of the company for upgradation of license from direct insurance broker (Life and General) to composite insurance broker," PB Fintech said in a stock exchange filing on Friday evening. "This will allow us to deepen the insurance penetration in the country by bringing more technology, process control and data analytics based innovation into re-insurance capacity."

PB Fintech had last month reported its first-ever net profit of ₹37.2 crore for the quarter ended December 31, 2023. For the nine months ended December 31, 2023, PB Fintech reported a net profit of ₹4.2 crore. PB Fintech's revenue from operations grew 43 per cent to ₹871 crore in the third quarter ended December 31, 2023.

(The writer is KR Srivats.)

TOP

Irdai reconstitutes expert committee for Ind AS/IFRS implementation – Business Standard – 16th February 2024

The Insurance Regulatory and Development Authority of India (Irdai) on Friday announced the reconstitution of the Expert Committee on the implementation of Ind AS/IFRS. The 13-member committee, which will be headed by the Member (Finance and Investment) F&I of IRDAI, will also include the Chairman of the Accounting Standards Board (ASB) of ICAI, the President of the Institute of Actuaries of India (IAI), the CGM & HOD of IRDAI's Actuarial Department, among others.

The team will work on steps that may be taken towards the effective implementation of Ind AS/IFRS, along with giving phase-wise timelines. They will also give recommendations on proforma financial statements, suggestions on financial disclosures in compliance with Ind AS/IFRS, along with those which

can be mandated with immediate effect. The committee will also address the requirements of guidance notes, APS, and Education Material from respective professional institutes. It will also address any key issues and concerns arising out of transition activities and also any other issue which may be necessary for the transition.

In December 2023, speaking at an event organized by the National Insurance Academy (NIA), Debasish Panda, Chairman of IRDAI, said, "Dedicated mission board teams are working at full throttle in this direction, and we are expecting that we should be able to transition to the (Risk Based Capital) RBC regime as well as converge to the (International Financial Reporting Standards) IFRS by 2025."

(The writer is Aathira Varier.)

TOP

LIFE INSURANCE

GoDigit Chairman Kamesh Goyal backs IRDAI's higher surrender value proposal, opposes insurers' roll-back demand – Moneycontrol – 20th February 2024

The Insurance Regulatory and Development Authority of India's (IRDAI) December 2023 proposal to lower the surrender charges – penalties for early exit – on traditional endowment policies is a customer-friendly move, says Kamesh Goyal, Chairman, GoDigit Group of Insurance Companies. Goyal's stance is contrary to that of several life insurance companies which have strongly opposed the proposal.

"My sense is IRDAI will not get influenced by it and they should not, because at the end of day, their mandate is to do what is good for the customer. And as I said, we don't have a problem at all with these norms. I am 100 percent certain that it'll lead to growth," Goyal said. Opacity in financial products leads to distrust and anything that is seen with suspicion cannot actually grow, he said. Most life insurance companies are lobbying for the withdrawal of - or relaxation in - provisions of the IRDAI's draft product regulations that promise higher surrender pay-outs than are currently made to policyholders who may want to make an early exit.

Insurers opposed to the proposal have cited asset-liability management (ALM) challenges and lower IRR (internal rate of return) to persistent policyholders (those who continue paying premiums) as problems arising out of higher payouts, during their meeting with the insurance regulator on February 5. As per the December 2023 draft product norms, policyholders terminating their life insurance policies before completing the original tenure would have to pay lower surrender charges, thus taking home more of the premiums paid until then. Surrender charges mean penal charges for making an early exit, in insurance parlance.

For example, at present, a policyholder surrendering her policy after paying the second-year premium is entitled to get just 30 percent of her premiums back. If the IRDAI's December draft were to be finalised in its current form, this 'premium refund' could go up by 175 percent, depending on the threshold premium — a concept introduced in the draft paper. Like most life insurance policies, guaranteed savings insurance policies, or non-participating endowment policies, are sold as long-term policies, but the high surrender charges and lapsation rates mean that most policyholders lose money if they make an early exit, Goyal pointed out.

"Data shows that if the premium payment term is more than five years, we are actually seeing less - just about 50 percent - persistency even for the best companies. Unless a customer pays three years' premiums, they don't get anything at all. So, when you see it from that perspective – if you look at the last ten years and, say, 100 households have bought a non-par policy, 90 percent of them would have lost

money. Almost the entire commission is also upfront. So, basically, this product is not long-term in nature. And with the sort of losses that it is causing, it doesn't make any sense from a customer's perspective," he said.

Industry needs good, customer-friendly products to grow

The proposal will also adversely affect GoDigit Life, which is the most recent entrant in this space, having received the licence in 2023. However, a move that is in customer interest will eventually benefit the industry too, said Goyal. "We will also suffer with all these changes. In fact, our life will be even more difficult, because our expenses in the first five years will be higher. So, every surrender will cause a huge economic loss. But if we, as an industry, cannot give decent products to the customer, how would we ever grow? So that's the reason why I'm saying this," he said.

Goyal had put forth similar views at the Global Actuarial Conference in Mumbai on February 13. "When I decided to speak publicly, it was to say that this behind-the-door lobbying was not good. We need to discuss these things fairly openly," he said.

Industry to benefit in the long-term

Though other insurers are against this move, it will work in favour of the industry too, as was the case with mutual funds. "All arguments which the life insurance industry is making today are very similar to those of mutual funds' in 2010. They were of the view that if there were no exit charges, customer would actually exit, and churn would increase. (However) because the customer value proposition improved, it just led to massive growth and customers are sticking to mutual funds," Goyal said.

The GoDigit Chairman believes that higher management expense outgo is a hurdle in the path of devising and selling more products that are in customers' interests. "In the case of a non-par product, if you're buying a single premium policy, even today you can get a guaranteed return of 7-7.5 percent. In a fixed deposit, post-tax, you will get a guaranteed return of 5.1-5.5 percent, depending on your tax slab," he said.

Yet, such products are not promoted heavily. "Now, why doesn't the industry sell single premium policies? This is because they have very low management expenses built in. People (insurance company officials) want to have lavish salaries, big offices, foreign travel and holidays. Now who will pay for this? At the end of day, the customer is paying for this. So, you have good products, but they are not being sold because management has no interest in selling these," he said.

(The writer is Preeti Kulkarni.)

TOP

Non-linked policies' tax-exempt premium: Rs 5 lakh individual limit – Business Standard – 16th February 2024

The tax-saving season is underway. Many people would be planning to buy an insurance policy in the next few days. They should familiarise themselves with the rules associated with availing tax benefits on insurance policies, especially after the changes in the Union Budget 2023. The proceeds from life insurance policies were exempt from tax under Section 10(10D) of the Income-Tax (I-T) Act, irrespective of premium amount, provided certain conditions were met. From April 1, 2023, maturity proceeds on premiums exceeding Rs 5 lakh annually are subject to taxation. "This will not affect the tax exemption provided to the death benefit. It will also not affect insurance policies issued until March 31, 2023," says Ritika Nayyar, partner, Singhania & Co. This rule applies primarily to traditional plans, which are non-unit linked, insurance-cum-investment plans. Suppose that a person owns three such policies, each with a premium of Rs 2 lakh. Cumulatively, the

premium exceeds the limit of Rs 5 lakh. "The policies having a total premium of Rs 5 lakh or less will continue to enjoy tax exemption at the time of redemption. In this example, the proceeds from only one policy will be taxed," says Ankit Jain, partner, Ved Jain & Associates.

Ulips, too, have a ceiling on the premium amount, above which the maturity proceeds become taxable. "If the total premium paid for all Ulips in a given fiscal year exceeds Rs 2,50,000, the maturity proceeds will be taxed. Otherwise, Ulips retain their tax-exempt status," says international tax lawyer Adithya Reddy. This applies to policies issued after February 1, 2021. Again, if one policy has a premium of Rs 2 lakh and another has a premium of Rs 60,000, proceeds from only the second policy become taxable. Non-Ulip policies, Ulips, deferred annuity schemes, and immediate annuity plans are all eligible for deductions under Section 80C up to a limit of Rs 1.5 lakh in a financial year. Non-Ulip policies: Taxpayers are eligible for deduction under Section 80C on premiums paid for term policies and traditional policies. "This deduction, however, is contingent upon the premium not exceeding 10 percent of the policy's sum assured, ensuring that tax benefits go to policies designed for genuine insurance coverage rather than high-value investment schemes," says Jain. Ulips: They are also eligible for tax deduction up to Rs 1,50,000 under Section 80C and Section 80CCC. "While you can invest a higher amount, the total Ulip tax deduction is capped at Rs 1,50,000 per annum," says Rajarshi Dasgupta, executive director, AQUILA.

(The writer is Bindisha Sarang.)

TOP

GENERAL INSURANCE

Insurers foresee more cancellations, premium rise if Red Sea attacks persist - The Hindu Business Line – 18th February 2023

Amid ongoing disruptions in the Red Sea region, some Indian general insurers have cancelled their policy covers whereas others have hiked premiums for voyages involving Red Sea shipments and are looking at more such increases if the attacks continue to persist.

Insurers such as TATA AIG Insurance have sent notices of cancellation for war, terrorism, piracy and strike covers. Others such as ICICI Lombard and Bajaj Allianz General said that while they haven't pulled out, they are seeing an increase in premiums is specific policies and covers.

Deepak Prinjha, Chief Technical Officer, Commercial – Underwriting, Royal Sundaram General said that a few insurers have started charging an additional premium for bulk cargo transiting through this route. "Our company and the reinsurance industry, have adopted a 'wait and watch' strategy. If the attacks continue, each insurer may charge a higher marine premium for all cargos, including bulk cargo," he added.

The Red Sea is one of the busiest sea routes, especially for Indian logistics. The region has been seeing attacks on commercial ships by armed individuals. If the situation persists, insurers might eventually refrain from providing marine cover for this route, or there may be restrictions imposed by reinsurers and then insurers which will impact the overall marine business, industry players said.

Israeli and other allied merchant ships travelling through the Suez Canal and areas such as the Indian Ocean, Gulf of Aden, Southern Red Sea, and Cabo Delgado are facing attacks by Yemen-based Houthis and Somalian pirates, acting in solidarity with Gaza amid the ongoing Israeli-Palestine war. The route is usually used by Indian ships going to or coming from Europe and the US East Coast, and some of these ships are now being forced to go around southern Africa or take alternative routes, increasing both travel risks and time for shipments.

"Several insurers have already raised their war insurance premiums by 10X, and some are refusing coverage for shipments passing through the Red Sea corridor. However, for existing policies such as the STOP Policy and others, insurers are required to provide notice to policyholders with at least a 7-day timeframe to withdraw coverage," said Amit Agarwal, CEO, Howden India, adding that if the attacks persist, premiums could rise by 30-40 per cent.

However, this does not apply to insured shipments that are already in transit in the area or simply passing through, insurers said adding that measures taken by world government, such as deploying warships, could help the situation. The Indian government, earlier this month, sensitised banks and insurance companies to continue providing trade finance and insurance support to exporters trading via the Red Sea.

"We may witness a stabilisation of price hikes as normalcy returns. However, the attacks will undoubtedly have a long-term impact on pricing," Agarwal said. Global insurers have increased premiums by as much as 1 per cent, and are now underwriting these covers at about 0.10-0.15 per cent of the value of the ship or cargo as against the earlier average of 0.015-0.020 per cent.

The highest impact is being felt in bulk segments such as crude oil, which are controlled by reinsurers, industry players said. Even so, shipping line trade passing through the region has dropped tremendously with ships opting for alternative routes, owing to which insurers' exposure to the region has also dipped and the impact has been controlled, they said, adding that they don't expect a 'knee jerk' reaction from reinsurers.

"Currently we are evaluating the situation and are in constant discussion with our reinsurers and shall take appropriate action based on their advice," said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance. A senior official at GIC Re said reinsurers are closely monitoring developments and exposures and responding as required, including charging prevalent higher rates due to the war like developments. In December 2023, SwissRe too had said that while there are disruptions, the impact has been so far manageable through charging higher premiums.

TOP

HEALTH INSURANCE

Pay higher premiums on making claims: Why this new health insurers' proposal is anti-consumer – Moneycontrol – 22nd February 2024

The health insurance space is split down the middle on a proposal to link renewal premiums to claims made by policyholders. Some companies — primarily, standalone health insurance firms — have floated a proposal to introduce a concept called `cohort-based pricing' to contain claim costs. The stated objective is to 'make health insurance affordable'. However, others feel this is just a ruse to reintroduce the now-abolished claim-based loading, which essentially punished policyholders for making claims once they grew older and fell sick.

General insurance companies that also offer health covers have largely opposed this proposal. "It is horrendous," Kamesh Goyal, Chairman, GoDigit Group of Insurance Companies, told Moneycontrol in an exclusive interview. "Someone over the age of 55 today pays a yearly premium of, say, Rs 40,000-60,000. If the proposal goes through, their premium will grow to about Rs 2 lakh in three-four years if they make a claim. This is completely illogical and immoral," he said.

According to people with direct knowledge of the matter, standalone health insurers have approached the regulator with a request to consider their proposal. Here's an explainer:

What arguments does the proposal make for linking renewal premiums to claims?
The parleys have largely taken place via email among insurers, and not formally through industry associations such as the General Insurance Council. Documents related to the proposals that Moneycontrol has accessed are unsigned, though it is reliably learnt that the pitch has come from a standalone health insurance company. "Majority of customers in the health insurance pool do not make claims in any one year. However, a small 'claiming' population makes the claim ratio adverse, necessitating periodic premium increases to maintain sustainability," the proposal says. The chief objective is to control the insurers' claim costs and claim ratio (premiums received versus claims paid).

According to the proposal, cohort-based pricing is needed to address two key issues: one, that the non-claiming, 'healthier' insured members feel the premium increase is unfair to them. The proposal argues that those who make regular claims must be treated differently from those who do not.

Secondly, new customers cancel or defer health insurance purchases due to the higher premiums. "A very small claimant population, which realises the value of health insurance (makes regular claims for their hospital bills), should not affect the sustainability of the whole product," the insurers' pitch argues. They feel the section that makes a claim will exhibit similar behaviour going forward as well. "However, their premium doesn't reflect the enhanced risk," it says.

How will cohort-based pricing work?
Insurers who have come up with the proposal want to charge "a little" higher renewal premium from policyholders who made claims in the previous year. This will not continue forever but will be time-bound. This is how it is proposed to pan out: let's assume policyholder A and policyholder B pay annual premiums of Rs 100 each in year one when they bought the policies. The renewal premium in year two remains the same. In year two, policyholder B files a claim, while policyholder A doesn't. So, policyholder B's renewal premium will go up to Rs 110, while policyholder A's remains unchanged at Rs 100.

In year three, neither of them files a claim, so the premiums stay as is. However, because policyholder B had filed a claim in year two, she will continue to pay the relatively higher premium of Rs 110. She will pay a higher premium for three years – until year five – after which, it will be the same as that of policyholder A. "The additional premium and the maximum period will be determined by technically sound actuarial calculation. After the defined period, the customers will revert to the premium levels that similar non-claimants pay. Every time a customer makes a claim, the same cycle will repeat for the defined period," the pitch says.

Didn't IRDAI abolish this practice in 2013?
Unlike claim-based loading, which the Insurance Regulatory and Development Authority of India (IRDAI) put a stop to in 2013, the percentage of premium increase will be the same for all those who make claims during the period. It will not vary per the individual's claim size or type of ailment, for instance. That is the difference between what IRDAI abolished in 2013 and what is being proposed now. The insurers in favour of cohort-based pricing believe this will eliminate the scope for discrimination.

Under claim-based loading (the earlier practice), the renewal premiums were computed per the insurer's discretion, though they had to disclose the loading structure upfront in their policy documents. The additional premium was linked to the individual policyholder's claim history, the company's claims ratio, and so on. Put simply, the percentage of renewal premium hikes could vary for every policyholder who made claims, and there was no defined period after which this 'penalty' would cease. Despite the differences, however, cohort-based pricing is claim-based loading in another form.

Why is cohort-based health insurance pricing being seen as an anti-policyholder move?
While official discussions are yet to take place, this is an unethical proposal that ought to be nipped in the bud, even before it lands formally on the regulator's table, top industry officials who are opposing this said. Even claim-based loading was done away with due to its inherent anti-customer nature.

That is because, in simple terms, the approach will punish policyholders for using the very facility they bought the product for — filing claims when they fall sick — defeating the purpose of buying insurance.

Over a period of time, premiums could become unaffordable for the sick and the old, leading to their exit from the insurance net. This is the biggest concern.

While making a distinction between a 'claiming' and 'non-claiming' population, cohort-based pricing fails to recognise that falling sick – and filing claims – is not a matter of choice. It is not a planned activity that claimants have any control over. The creation of two cohorts – 'claiming' and 'non-claiming' – implies that one section is probably benefitting unfairly at the cost of the other when the fact is that illnesses cannot be predicted.

"If I'm driving a car (and meet with an accident), it can be argued whether I was negligent or careful. Have you met any person who says that they want to contract cancer, cardiac illness, or kidney problems? I have not heard anyone complain that their premiums got wasted as they didn't fall sick. Who wants to fall sick? Who wants to get admitted to a hospital because they have health insurance? Nowhere in the world does any health insurance regulator allow any sort of loading on claims, because the whole logic is that you are distributing the risk of a few among many," said Goyal.

Insurers will increase premiums of all policyholders in line with health inflation and then load more premium for people who are filing claims. "The idea is you want to work with a 20 percent loss ratio. Now, how logical or reasonable is this?" he asked. As for incentivising policyholders who do not make claims to continue paying premiums, there is already a mechanism in place – the no-claims, or cumulative bonus – that enhances the sum insured for every claim-free year. Goyal feels that insurers can introduce a small discount in premiums, though the cumulative bonus is better as they get an additional cover that will come in handy in the future.

(The writer is Preeti Kulkarni.)

TOP

Rise of health insurance in India's growing economy – Your Story – 21st February 2024

The Indian economy is on an upward trajectory, but so are the costs of healthcare. Rising medical expenses, fueled by advanced treatments and an increasing prevalence of chronic and lifestyle diseases like diabetes, heart ailments, and even mental health issues, are creating a significant financial burden for many individuals and families. This is where health insurance emerges as a silver ray of hope, offering a solution to bridge the gap between rising healthcare costs and accessible care.

This presents a compelling investment opportunity within the Health Insurance Market, which is expected to exhibit a robust compound annual growth rate (CAGR) of 13.59% between 2022 and 2030. According to Infinium Global Research, the value of India's Health Insurance Market is poised to grow from USD 8.95 billion in 2022 to an impressive USD 24.77 billion by 2030.

What is Driving the Growth of the Market? Rising Healthcare Costs: As the cost of medical care outgrows individual income growth, individuals are increasingly turning to health insurance for financial security. Furthermore, rising medical inflation coupled with an aging population further contribute to the increased demand for affordable healthcare solutions. Government Initiatives: Government-backed schemes like Ayushman Bharat are promoting wider access to affordable health insurance, expanding the market base. These initiatives play a pivotal role in expanding the reach of health insurance coverage across diverse socio-economic segments. Additionally, collaborations between the government and private players are fostering innovation and product diversification within the market.

Employer-Sponsored Insurance: As companies increasingly view employee well-being as a strategic imperative, offering health insurance as part of employee benefits packages is becoming more common. This trend creates a vast and growing insured population, further fueling market expansion.

Heightened Awareness: Rising awareness of lifestyle diseases and the importance of proactive healthcare management is driving demand for comprehensive insurance solutions. Moreover, growing internet penetration and health literacy campaigns have empowered individuals to take charge of their well-being, leading them to consider health insurance as a crucial tool. Tax Benefits: Investing in health insurance offers attractive tax deductions, incentivising individuals and businesses to participate in the market. Recent tax reforms have further increased these benefits, making health insurance an even more appealing option for tax-conscious consumers. Expanding Middle Class: The growing middle class with higher disposable income signifies an increasing demand for quality healthcare and associated insurance solutions. This segment is also receptive to new technologies and digital adoption, presenting opportunities for innovative insurance products and distribution channels. Tech-Savvy Generation: The educated youth actively seek healthcare solutions, presenting a receptive market for innovative insurance products. This tech-savvy generation embraces online platforms and mobile apps, making digital-first insurance solutions particularly attractive.

Lifestyle Disease Awareness: Rising awareness of chronic illnesses like diabetes and heart problems underscores the need for proactive healthcare management, driving insurance adoption. Additionally, growing awareness of mental health issues opens up avenues for specialised insurance products catering to this segment. Conclusion Investing in India's health insurance market goes beyond mere profit; it empowers millions to access quality healthcare. By participating in this dynamic sector, investors can contribute to a healthier and more secure future for India. While challenges persist, market players have abundant opportunities to capitalise on the growing demand for health insurance, cater to diverse customer segments, and drive sustainable growth in the years to come.

(The writer is Roshni Manghnani.)

TOP

How do waiting periods work for health insurance policies? – Outlook India – 21st February 2024

Navigating health insurance waiting periods can be a crucial aspect of securing comprehensive coverage for your medical needs. Understanding how these waiting periods function for various diseases and conditions can help individuals make informed decisions about their insurance plans. Waiting periods serve as a buffer period between when a policy is purchased and when certain benefits become available. There are primarily two types of waiting periods to be aware of pre-existing condition waiting periods and specific disease waiting periods.

If the policyholder submits a claim to the health insurance company before the waiting period elapses, the insurer retains the right to reject the claim. However, once the waiting period concludes, the insurance company is obligated to honour any claims raised thereafter. For instance, if the waiting period for diabetes is 90 days and a claim is filed within 60 days, the insurer will reject the claim. Yet, if the claim is raised after the 90-day period, it cannot be denied by the insurer.

Bhaskar, Nerurkar, head - health administration team, Bajaj Allianz General Insurance said, “Health insurance waiting periods differ based on the disease or condition under consideration. Typically, insurance providers implement these waiting periods to prevent individuals from obtaining coverage solely after receiving a diagnosis for a severe illness.” While a multitude of companies offer health insurance plans, the waiting period imposed by insurers for pre-existing conditions, as well as other ailments and additional features such as maternity coverage, is contingent upon specific terms and conditions. As a result, the waiting period for particular illnesses can differ among insurers.

According to the Insurance Regulatory Development Authority of India (Irdai) regulations, there is an initial waiting period of 30 days from the commencement date of the policy, during which the benefits of the policy are applicable only after this duration, unless in the case of an accident. Additionally, the waiting period for health insurance plans designed for senior citizens varies due to age-related factors and intricate terms and conditions. The pre-existing condition waiting period typically applies to ailments or conditions that individuals have before obtaining health insurance coverage. This waiting period can range from 12 to 48 months, during which time policyholders cannot claim benefits related to their pre-existing conditions. The length of this waiting period varies depending on the insurer and the specific policy.

On the other hand, specific disease waiting periods pertain to particular illnesses or treatments. These waiting periods can last anywhere from 12 to 36 months, with different diseases having different waiting period durations. For instance, joint replacement surgeries might have longer waiting periods compared to other conditions. Minimise Waiting Periods: To minimize waiting periods and ensure timely coverage, individuals can explore several strategies. Researching insurance providers that offer shorter waiting periods for specific diseases can be beneficial.

“While these policies may come with slightly higher premiums, they provide the advantage of prompt coverage for particular ailments, essentially fast-tracking your protection. Another approach involves providing your medical records if you have a pre-existing condition,” added Nerurkar. Moreover, individuals with pre-existing conditions can provide their medical records to insurers. By sharing detailed medical histories, insurers may consider reducing the waiting period or tailoring coverage to better suit the individual's health needs. This approach requires transparency and cooperation between the policyholder and the insurance company but can result in more tailored and efficient coverage.

Lastly, opting for modular and flexible health insurance plans can offer customization options. These plans often allow policyholders to choose the length of the pre-existing condition waiting period, ranging from 12 to 48 months. This flexibility enables individuals to adjust the waiting period duration according to their preferences and budget, ensuring a personalized and adaptable coverage approach.

Keep In Mind: Consider the following key points regarding health insurance waiting periods:
If an insured individual is diagnosed with a disease for the first time during the waiting period, it won't be categorized as a pre-existing condition. In such instances, the policy will cover the ailment.

Many health insurance plans tailored for senior citizens now offer the option to eliminate waiting periods by incorporating a co-pay clause. This clause requires policyholders to contribute a specified percentage of the claim amount, with the remaining portion covered by the insurance provider. For instance, with a 30 per cent co-pay on a claim of Rs 1 lakh, the policyholder would pay Rs 30,000. When considering investing in a robust health insurance plan, it's advisable to explore options with the shortest waiting periods to ensure timely coverage.

(The writer is Meghna Maiti.)

TOP

Central govt employees, pensioners: Rates of CGHS packages revised; full list of CGHS treatments, new rates, eligibility – The Economic Times – 21st February 2024

The rates of the Central Government Health Scheme (CGHS) for general surgery have been revised recently. In an Office Memorandum from the Directorate of CGHS, Department of Health and Family Welfare under the Ministry of Health and Family Welfare, mentioned that the revised rates of packages from the date of issue i.e. February 1, 2024. "These rates are in supersession of the hitherto existing CGHS package rates for the above items. The other terms and conditions of empanelment shall remain unchanged," said the OM.

The revised rates will be valid till further orders, the OM said.

Who is eligible for CGHS facilities?

All the central government employees paid from the central civil estimates (except railways and Delhi administration), including their families are eligible for CGHS. The pensioners of the central government (except pensioners belonging to Railways and the Armed Forces) and their families will also be eligible for CGHS.

Who is eligible for revised rates of CGHS packages?
"Residence" is the sole criterion to determine the eligibility of the central government employee for availing medical facilities under the CGHS. Thus, central government employees and their family members, etc. residing in any of the notified cities are covered under the Scheme. The CGHS facilities are available in as many as 80 cities in India. The revised rates for general surgery are applicable in all CGHS Cities, the Office Memorandum said.

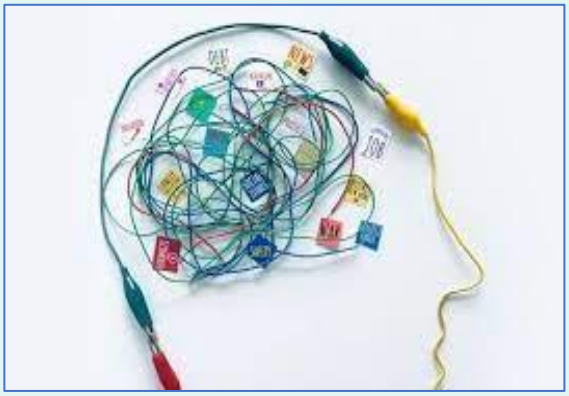
To avail of CGHS services, a central government employee needs to submit the forms in the prescribed format enclosing photos of eligible family members and submit them to the ministry/ department/office where he or she is employed.

The central government pensioners can get a CGHS card made from the office of an additional director of the city. Forms are available in the office of the additional director of the city (additional director headquarters in the case of Delhi). They can also download the forms from the CGHS Website. In case the PPO is not ready for any reason, there is an option to get a provisional card based on the last pay certificate.

(The writer is Anulekha Ray.)

TOP

You can now get cashless insurance for inpatient mental health care – Business Standard – 19th February 2024



Sukoon Health, a chain of mental healthcare hospitals, has inked a pact with five private insurance companies to provide cashless insurance coverage for patients seeking psychiatric inpatient care.

The comprehensive mental health insurance offers coverage for a wide range of conditions, including Bipolar disorder, Acute Depression, Anxiety disorders, Schizophrenia, Mood disorder, Psychotic disorder, Post-Traumatic Stress Disorder, Obsessive-Compulsive Disorders, and Attention-deficit/hyperactivity disorder.

"By ensuring the inclusion of these diagnoses, Sukoon guarantees that policyholders can access the care they need without fear of claim denial," the company said in a release. Sukoon has partnered with HDFC Ergo, Magma HDI, ICICI Lombard, Aditya Birla Capital and Reliance General Insurance for the same but individuals are required to undergo a minimum hospitalization period of 24 hours, acting as the necessary duration for initiating insurance claims within the mental health coverage.

However, certain treatments, such as those for alcohol dependence, substance dependence , self-harm, and talk therapy, are excluded from coverage and are ineligible for cashless insurance benefits. It is crucial to be aware that insurers are not liable to cover pre-existing mental diagnoses under the policy, emphasizing the need for careful consideration and understanding of coverage terms. During Mental Health Awareness Month in October 2023, Sukoon conducted a survey which revealed s substantial knowledge gaps regarding various mental health conditions and insurance coverage.

In 2020, the Insurance Regulatory and Development Authority of India (IRDAI) directed all health insurance providers to cover mental illnesses, which include psychological disorders. Most health insurance plans in India cover inpatient care, while mental health often requires outpatient treatments

like therapy and counselling hence outpatient mental health treatment is only covered during the hospitalisation and post hospitalisation period. "It is advisable for policyholders to consider adding an Outpatient Department (OPD) coverage option to address expenses associated with doctor consultations, pharmacy expenses, health check-ups, diagnostic tests, and similar medical services," said Siddharth Singhal, Business Head - Health Insurance, Policybazaar.com.

At least 82% of respondents were unaware that insurance can cover the costs of mental health treatment. The survey, conducted across India and encompassing a wide age range, revealed some key findings that point to both progress and persisting challenges in the realm of mental health care. Notably, 33.8% had limited to no knowledge about Alcohol & Drugs Addiction, while 22% had a moderate understanding. Knowledge gaps persisted for conditions like bipolar disorder (25.7% limited knowledge), psychosis (54.67% minimal knowledge), schizophrenia (23.86% limited knowledge), Severe Anxiety (24.18% minimal knowledge), and Severe Depression (22.87% minimal knowledge).

Approximately 24 per cent of respondents indicated that either themselves or someone they knew had experienced a serious mental health disorder. This statistic underscores the widespread impact of mental health conditions within Indian society, emphasizing the urgency of prioritizing mental health on a societal level. A significant 29 per cent of participants agreed that mental health conditions require proper diagnosis and treatment, demonstrating a broad understanding of the importance of mental health care and the need for support and intervention. Approximately 33 per cent of individuals actively seek treatment from therapists or counsellors for serious mental health conditions.

(The writer is Sunainaa Chadha.)

TOP

IRDAI to enhance scrutiny of health & savings plans aimed at individuals over 55 to curb misspelling – The Economic Times – 19th February 2024

The insurance regulator is eyeing enhanced scrutiny of complex insurance products, especially those aimed at individuals over 55, including health and savings plans to curb misselling. The Insurance Regulatory and Development Authority of India, IRDAI, is in discussions with all stakeholders, including banks, about ensuring transparency in sales and introducing mandatory video verification before policy acceptance, said people aware of the matter. "There is a view that scrutiny for complex products needs to be tightened further. This should be more so in cases where the benefits fluctuate on account of market-linked products and health or savings products offered to the age group above 55," the person said, adding that a case is also made for greater transparency while selling such products, especially to illiterate customers. The regulator is also in discussion for more accountability by all parties, which includes an appropriate framework to conduct an audit of the solicitation process, customer outcomes, and redressal mechanisms. "IRDAI is looking to curb misselling through the bancassurance channel, and it has been suggested that bancassurance partners will not assign any targets and give direct or indirect incentives to their staff for selling policies," said a bank executive, adding that the proposal also entails audits at regular intervals. An email sent to IRDAI did not receive any response till press time.

Rest Assured

Corporate agents active with insurance business (as on Mar 31, '23)

Category	Banks	NBFC & others	Total
Life.	9	12	21
General	8	27	35
Health	0	0	0
Composite	224	284	508
Total	**241**	**323**	**564**

Source: IRDAI, Annual Report

Bancassurance is a partnership between banks and insurance companies to sell insurance products through bank branches. Among other measures, IRDAI has also suggested that bancassurance partners use assessment criteria developed by insurers and templates as part of policy documents, the official quoted earlier added. In December 2023, financial services secretary Vivek Joshi held a meeting with chiefs of state-run banks over issues related to bancassurance, including its effectiveness in increasing insurance penetration and challenges in the form of misselling. In 2022-23, the contribution of banks as corporate agents was 5.93 percent in non-life premiums and 17.44

percent in new business premiums for life insurance. Last week, ET reported that the Income-Tax Department is learnt to have prepared an assessment report on how a string of intermediaries were used by insurers to pay off extra commissions-over and above allowed under regulations-to their agents selling insurance policies.

(The writer is Dheeraj Tiwari.)

TOP

ESIC adopting digital tech to provide seamless online access to beneficiaries, other stakeholders: DG - The Economic Times – 17th February 2023

At the 23rd World Congress on Safety and Health at Work, organised in Sydney, Australia, in December 2023, the Employees' State Insurance Corporation (ESIC) bagged the 'ISSA Vision Zero 2023' award, for its transformational approach in preventing accidents at work places, and integrating the three dimensions of safety, health and well-being at all levels of work. This award underlines the administrative and operational efficiency that ESIC has achieved through the deployment of innovative digital solutions. At the World Congress on Safety and Health at Work, Dr. Rajendra Kumar, Director General, ESIC, received the award on behalf of the Employees' State Insurance Corporation.

In conversation with Anoop Verma, Editor (Desk), ETGovernment, Dr. Rajendra Kumar sheds light on the social security and medical benefits that ESIC is providing to the employees in the organised sector. He also talks about the digital technologies that ESIC is deploying to ensure that its services and applications are available online to all stakeholders 24/7.

Edited excerpts:

ESIC is one of the oldest government bodies in the country. The passage of the Employees' State Insurance Act, 1948 (ESI Act), by the Parliament was the first major legislation on social Security for workers in independent India. How has the journey of more than 75 years been for ESIC?

ESIC was created in 1948 through legislation and since then the organisation has expanded to cover the entire country. It provides important social security and medical benefits for employees in the organised sector. During its 75 years of existence, the organisation has covered the entire country. All the states and Union Territories are covered under the ESIC scheme and the endeavor has been to ensure that we provide coverage under the scheme to all the eligible workers. I would say that the organisation has done really well. It has provided very meaningful social security coverage to all the workers in the organized sector and our goal is to expand to the few remaining districts, where the scheme is not notified as of now to ensure that the workers in all parts of the country can enjoy the services and benefits of ESIC.

Currently, the ESI scheme is for the workers in the organized sector. If there is a possibility of the ESIC in future providing social security to the workers of the unorganized sector?

As of now the Act's mandate entails that we cover workers only in the organized sector. As and when the mandate is given to ESIC to also cover the workers in the unorganised sector, then we will definitely formulate schemes accordingly and provide coverage to them as well. How is the ESIC using digital and emerging technologies to provide social security to the workers in an efficient and transparent manner?

We have been consistently making the endeavor to provide a seamless digital interface to all our insured beneficiaries and to the employers. We are using cutting edge technology to provide seamless online services to both the employers and the employees through the platform called Dhanwantri. This platform has been operational for several years. Recently we have enhanced the features of this platform and several more online services to it. We provide all our cash benefits through the online application to our

employees and insured persons. We also have an employers portal, where the employers can do all sorts of official activities. All the contributions that the employers and employees need to pay are deposited through the online platform.

How many districts in the country is the Employees' State Insurance (ESI) scheme covering? How many of these districts are fully covered and how many are partially covered?

We are present in all the 36 states and Union Territories. In terms of the number of districts where we have the notified scheme–this number is as of now 661 out of 778 districts. Out of the 661 districts, the scheme is fully notified in 556 districts and in 105 the scheme is partially notified. This means that it is notified at the district headquarter where we have the industrial establishments, and where our insured persons are residing. This is the current status but our endeavor has always been to expand the coverage and provide benefits to all the eligible workers in the organised sector.

You have the mIMP scheme to serve the needs of the beneficiaries in areas where ESIC does not have a physical presence. How does this scheme work?

mIMP stands for Modified insurance medical practitioners scheme. This scheme is meant for providing medical benefits to insured persons in areas where we don't have physical presence. These would be areas where the ESIC dispensaries might not have come up because the area might have been notified recently. In such cases we enroll private medical practitioners to provide the benefits to the insured persons. This is done through a transparent process where we allow private medical practitioners to get enrolled in our mIMP. Once they are enrolled they are allowed to provide medical benefits to the insured persons, which means that they will provide the medical consultation, they will provide the medicines and they will also provide the diagnostic facilities to our insured persons.
ESIC operates several hospitals directly. Some ESIC hospitals are being operated by the state governments. What is the scope of ESIC's medical infrastructure in the country?

At present we have 161 hospitals out of which 55 are being run directly by ESIC. The remaining 106 are being run by state governments. These hospitals are providing medical benefits to insured persons and their dependents. At present we provide insurance and medical benefits to 3.42 crore insured persons. When we include their dependents, the total number of beneficiaries goes up to 13.4 crores. These beneficiaries are part of the ESIC network. Through these hospitals we provide primary care, secondary care, tertiary care for the beneficiaries. The hospitals are run by us, they are staffed by our own people. We recruit the doctors, the nurses and the paramedical personnel. For the hospitals being run by the state governments, we provide budgetary support. The medical staff is recruited by the concerned state governments.

Are ESIC hospitals also providing treatments in traditional Ayush medicines?

Ayush is a vital part of our ESIC bouquet of services. We aim to provide holistic care to all our beneficiaries. The vision is to facilitate treatment from multiple streams and disciplines. The beneficiaries have the option to choose the kind of treatment that they wish to have. Our doctors advise the patients on the best course of treatment from the bouquet of available treatment options. At present we have more than 400 Ayush units working in ESIC and state governments run hospitals. They have the options to provide treatments under Ayurveda, Homeopathy, Unani, Siddha and other streams of Ayush, along with the modern system of medicine. The goal is to provide holistic treatment to all our beneficiaries.

During your service in the Ministry of Electronics and IT (MeiTY), you were involved in the development of several e-governance initiatives. At ESIC have you taken new initiatives to deploy digital technologies for improving the systems and processes?

We have done a lot of work in improving our IT platform. Dhanwantri is our main IT platform which has been greatly enhanced. We have improved our server infrastructure to a great extent to ensure that our systems and applications are available to all the stakeholders 24/7. All our hospitals and dispensaries are fully online. All the activities in the medical centres, including the registration, the prescription and the

pharmacy, are online. All the medical records are available online. The patients get text messages regarding the various stages of their treatment.

ESIC has developed an AAA app for providing mobile services to beneficiaries. What kind of services is this app providing?

We have launched our app called AAA (Ask an appointment). Earlier this app was only for appointments but now we have enhanced it to a full fledged app to access all the services that ESIC offers for insured persons. The app has been made interoperable following the Nation Digital Health Mission platform, this is a major effort that we have made. All the cash benefits that we provide are also available online. People don't need to come to the ESIC office to avail of cash benefits, they can do it online. The disposal of the applications has become much faster as we have a digital workflow system, which is efficient and transparent. We plan to further enhance our mobile and online interfaces and add more features for the convenience of our beneficiaries, employees and other stakeholders.

(The writer is Anoop Verma.)

TOP

Health cover pricing under review amid rising claims – The Times of India – 17th February 2024

Non-life insurance is divided over a proposal by some players to introduce what they describe as 'cohort-based pricing' to increase premium for policies where there are consistently high claims. The insurance industry is in a quandary over health insurance pricing as many companies see claims in excess of premium. At the same time, many customers are dropping out due to unaffordable premiums. The proposal was largely supported by standalone health insurance companies during a recent industry meeting with the regulator. According to insurers, there are some policies where they are constantly paying out claims for over a decade. At the same time, there are also those who have been paying for decades without a claim but are seeing their premium rise manifold due to overall revisions coupled with higher rates for seniors.

"While there might be logic in this proposal from an actuarial point of view - insurance is for unexpected risks - and this goes against the principle of distribution of risks in insurance," said an official with a public sector general insurance company.

The strongest objection is because the proposal would make insurance costlier for those who need it most. "The proposal disproportionately affects those with chronic health conditions by imposing punitive premium loadings at renewal. This practice not only exacerbates healthcare inequalities but also overlooks the continuous care needs of these individuals, potentially compromising their access to necessary treatments," said a digit insurance spokesperson.

Industry data shows that the while health insurance has been growing at 35%, a large part of this growth comes from the increase in premiums. This is due to higher rates coupled with policyholders buying more insurance due to an increase in hospitalisation costs.

Insurers say there has been a surge in healthcare costs after the pandemic because of additional diagnostics. One suggestion for making health insurance more affordable is to reduce the GST on health insurance premium.

(The writer is Mayur Shetty.)

TOP

MOTOR INSURANCE

Covering Your Drive: The Importance of Motor Insurance Simplified – The Economic Times – 18th February 2024

Familiarity with technical terms like Premium and Insured Declared Value (IDV), No Claim Bonus (NCB) is crucial. The premium is the amount paid by the customer to purchase the policy, while IDV represents the current market value of the vehicle. This value is the amount the insurer commits to paying in full in the case of a total loss.

Owning and operating a vehicle inherently carries a degree of risk, making adequate insurance a crucial aspect of responsible vehicle ownership. Whether it's a two-wheeler or a four-wheeler, obtaining motor insurance is not just advisable but essential. Neglecting this aspect can prove to be a significant source of financial strain in an untoward event.

In the insurance market, there are primarily three types of motor insurance products: the mandatory third-party policy (TP Only), covering damages to a third party in accidents; standalone own-damage cover, addressing damage or loss to the insured vehicle; and Package Policy, encompassing damages or losses to both third parties and the insured vehicle. Prospective buyers can explore these options online to make informed decisions.

Below are a few key considerations to bear in mind before purchasing vehicle insurance:

Risk Assessment:

Before selecting a policy, it's essential to assess the risks associated with the vehicle's storage location. Factors such as Usage of the vehicle, number of people driving, susceptibility to floods, accidents, or theft should influence the choice between a basic third-party policy and a more comprehensive coverage plan.

Understanding Premium and IDV:

Familiarity with technical terms like Premium and Insured Declared Value (IDV), No Claim Bonus (NCB) is crucial. The premium is the amount paid by the customer to purchase the policy, while IDV represents the current market value of the vehicle. This value is the amount the insurer commits to paying in full in the case of a total loss.

Exploring Add-On Covers:

Recognizing that risk levels vary among individuals and vehicles, buyers should consider add-on covers offered by insurers. These additional protections, such as engine protection, zero depreciation cover, and roadside assistance, may come at an extra cost but can enhance the overall coverage.

Motor insurance serves as a cornerstone of reassurance and comfort for policyholders, delivering crucial financial support to their families. Opting for a resilient motor insurance policy not only diminishes financial stress but also bestows a profound sense of peace of mind upon individuals, allowing them to navigate life's uncertainties with greater confidence and security.

(The writer is Raghavendra Rao.)

TOP

EV insurance market is expected to grow at a CAGR of over 40% - The Economic Times – 17th February 2023

The tectonic shift towards non-ICE (Internal Combustion Engine) vehicles in the market escalated the demand for electric vehicles (EVs) in India. Automobile manufacturers have accepted the transition (ICE to EV) with the launch of several models like Tata Punch.ev, Tata Tiago.ev, Volvo XC40, Mahindra XUV

400, MG Comet, and others. From approximately 2 lakh units sold in 2019 to 13 lakh in 2023, the auto industry witnessed a commendable growth in EV sales.

Generally, EVs consist of several components like electric motors, batteries, charging socket(s), and others, thus demanding more care and protection. In light of this many moving parts EV owners or potential owners should consider buying at least comprehensive EV insurance to keep their vehicles protected. However, one challenge is that for buying an EV insurance, owners need to shell out more money from their pockets than their counterpart conventional fuel vehicle owners.

There are several Insurance companies providing insurance on EVs like HDFC Ergo, Tata AIG, Digit Insurance, Zuno, and many more. As the world moves towards an eco-friendly mode of transportation, insurance on EVs can aid the owners in getting better coverage of their vehicles if any mishap occurs. The insurance coverage covers all the components of an EV during accidental damage. Non-accidental risks, such as damage due to electric surge or water ingress, which are traditionally excluded, can be included through optional add-ons.

EV insurance coverage

There are several Insurance companies providing insurance on EVs like HDFC Ergo, Tata AIG, Digit Insurance, Zuno, and many more. As the world moves towards an eco-friendly mode of transportation, insurance on EVs can aid the owners in getting better coverage of their vehicles if any mishap occurs. The insurance coverage covers all the components of an EV during accidental damage. Non-accidental risks, such as damage due to electric surge or water ingress, which are traditionally excluded, can be included through optional add-ons.

Insuring an EV differs from an ICE vehicle due to different mileage patterns and customer segments for EVs. Hence experts say that insuring an EV is costlier than similar ICE vehicles. “Variations in vehicle components, such as the heavier battery and the use of more plastics, along with differing manufacturing costs, directly impact the average size of insurance claims following an accident,” said Neel Chheda, Senior Executive Vice President & Head - Auto & Actuarial Analytics, TATAAIG General Insurance.

Cost of EV insurance

EV insurance coverage consists of several EV vehicle specific components like batteries, charging setup, electric motors and others. Experts cite that insuring all of these EV specific components is riskier hence they charge a higher insurance premium than ICE vehicles.

The cost of EV batteries accounts for nearly 60% of the total vehicle cost while the cost of the motor would vary based on the model of the vehicle. It may range from INR 20,000 (roughly for two wheelers) to INR 1,00,000 (roughly for four-wheelers). The service cost difference depends on various factors like periodic maintenance. For example, typical maintenance seen in internal combustion engine (ICE) vehicles like oil replacement etc. will not be applicable to EV vehicles. Hence, the normal service cost is nil in electric vehicles when compared to traditional ICE vehicles. However, as infrastructure for EVs expands, these costs are expected to decrease over time, says Mayur Kacholiya, Head – Motor Product,

Digit General Insurance.

However, in the event of damage or flooding, it's important to note that most of the parts in an electric vehicle may not be repairable, requiring complete replacement. Expensive components and the need for specialized mechanical expertise in electric vehicles (EVs) generally lead to higher maintenance costs compared to internal combustion (IC) vehicles.

IRDAI has stipulated a 15% discount on third-party premium for EVs and a 7.5% discount for hybrid vehicles, which makes it affordable to buy EV insurance. Before buying an insurance for EVs few key components should be noted such as coverage for EV components, repair cost, incentives, discounts, range of coverage, emergency services, and policy flexibility, Parthanil Ghosh, President Retail Business, HDFC ERGO General Insurance, told ETAuto.

However, the higher purchase cost, increased probability of filing claims, and larger average claim size for EVs, compared to ICE vehicles within a similar segment, contribute to the elevated insurance costs

associated with electric vehicles. It has to be noted that every insurance company would offer EV insurance at different costs due to their different add-on cover packages. Though they will cover similar risks and mishaps but the prices may vary across the insurance industry.

Apart from taking a look at the insurance coverage, one should also evaluate the insurer based on various parameters like claim settlement ratio, customer complaints, online customer ratings, etc, before zeroing in on an insurer said, Mayur Kacholiya. Mayur Kacholiya further told ETAuto through a table how EV insurance is different from an ICE. Where he says EVs total premium to IDV cost (cost of premium as a percentage of total vehicle cost) also typically tends to be better in comparison to ICE vehicles.

The same is illustrated in the illustration below:

EV INSURANCE PREMIUM AT PAR WITH PETROL VEHICLES DESPITE HIGHER RISK			
New Vehicle	**Tata Tigor EV (Rs)**	**Tata Tigor - Petrol (Rs)**	**New Verna - Petrol (Rs)**
Insured Declared Value (IDV)	12,80,000	7,00,000	13,70,000
Tariff Premium	40,832	22,330	43,703
Discount Rate	60%	60%	60%
OD Premium (1 year)	**16,333**	**8,932**	**17,481**
Add-On Rate	0.50%	0.50%	0.50%
Add On Premium (1 year)	6,400	3,500	6,850
Third Party (TP) Premium (3 years)	8,104	10,640	10,640
CPA Premium (Rs 15 lakh SI) 1 year	450	450	450
Total Premium	**31,287**	**23,522**	**35,421**
Total Premium to IDV Cost	**2.4%**	**3.4%**	**2.6%**
**Total Premium to IDV cost simply means how much your premium costs as a percentage of your total vehicle cost. EVs typically have a better Total Premium to IDV cost compared to ICE vehicles.*			
Notes: *Premium rates only for reference purposes. Actual prices may vary. Premium excluding GST. Add-ons assumed to be same for all vehicle variants. OD: Own Damage; CPA: Compulsory Personal Accident.*			

EV Insurance market growth

The Indian EV insurance market in 2023 was around INR 1,000 crores when we talk about insurance premiums, according to industry sources. This figure reflects a substantial growth compared to the preceding years, indicating a positive trend in the EV insurance sector.

"The EV insurance business is expected to experience significant growth in the coming years, as more people are switching to electric vehicles due to their lower carbon footprint and potential cost savings on fuel. With this shift, the EV insurance market is expected to evolve to meet the unique needs of electric vehicle drivers, and the market is likely to see continued growth in the coming years", said Parthanil Ghosh.

Talking about the growth of the EV insurance market in India, Chheda from TATAAIG said, it is expected to grow at a CAGR (Compound Annual Growth Rate) of over 40% in the future. However, it's crucial to note that this projection is contingent on the rate of EV adoption, as the growth rate is sensitive to the prevailing trends in electric vehicle usage in the country.

(The writer is Kriti Saraiya.)

TOP

Reinsurance

India's weather events are driving up reinsurance costs – Insurance Business – 21st February 2024

India's reinsurance sector, especially in the realm of property catastrophe insurance, is facing significant challenges due to the escalating impact of climate change and the resultant extreme weather conditions, expert insights reveal. Recent trends indicate a sharp increase in the frequency and severity of weather-related disasters, including storms, floods, and wildfires, leading to substantial hikes in reinsurance rates for property catastrophe coverage.

A report from Business Today revealed that from December 15, 2023, rates have surged by 20-22%, following a 25% increase on April 1, 2023, cumulating in a rise of up to 50% within a nine-month span.

Sanjay Kedia, CEO of Marsh McLennan India (MMC) and president & CEO of Marsh India Insurance Brokers, noted the direct correlation between the uptick in extreme weather events and the increased cost of reinsurance. "The rates for reinsurance on property catastrophe insurance have significantly increased due to the rise in extreme weather events," Kedia said. "Whether it's floods, storms, or wildfires, these perils are occurring more frequently and causing greater damage. Naturally, with higher probabilities and increased damages, reinsurance rates have risen, impacting insurance market rates globally."

In India, the scenario is further complicated by the regulated nature of storm, tempest, flood, and inundation (STFI) rates, which are set by insurers rather than dictated by market forces. This setup suggests that rates for the upcoming renewal season, typically in April, are poised for an increase. Kedia explained the nuanced dynamics of the Indian market, highlighting the regulatory push towards more competitive pricing in areas outside STFI coverage, which has somewhat moderated the overall rate increases. The determination of rates is highly individualized, taking into account factors such as the type of assets insured and the effectiveness of risk management practices. Despite this variability, the overarching trend points to rising rates, with the full impact expected to be evident in the forthcoming renewal period.

(The writer is Kenneth Araullo.)

TOP

SURVEY AND REPORTS

70 per cent choose health insurance for reasons beyond tax benefits: Report – Express Healthcare – 19th February 2024

ICICI Lombard General Insurance unveiled its latest research report providing a deep dive into the intricate relationship between tax savings and health insurance among financially savvy customers. Titled: "ICICI Lombard's report on emerging trends in health insurance with focus on taxation benefit", the report offers a comprehensive analysis of the financial behaviour and preferences of individuals who have made at least one tax-saving financial investment and own health insurance or have an intention to purchase.

Sheena Kapoor, Head of Marketing, Corporate Communications & CSR at ICICI Lombard, said, "Our recent report on 'Tax Savings & Health Insurance' uncovers valuable insights. It's evident that while tax benefits play a role, they're not the driving force behind most consumers' decision to invest in health insurance. Only 30 per cent of respondents identified tax exemptions or rebates as their primary motivation. What truly resonates with our customers is the assurance and security provided by health insurance, surpassing mere fiscal advantages. This revelation reshapes the dialogue in our industry, underscoring the fundamental value of health insurance."

Key takeaways from the study include:

1. **Purchasing health insurance purely for protection – The changes in perception**
   - Only 30 per cent of consumers cited 'Tax exemptions/tax rebates' as one of the top reasons for purchasing health insurance, indicating that tax benefits are not the primary driver for most consumers.
   - Women, with the growing female working population, are more likely to purchase health insurance for tax exemptions in the next year

2. **What drives Indians to purchase Health Insurance?**
   - Cashless Claim' emerges as the top reason for the intention to purchase health insurance, followed by the protection of savings and managing inflating medical costs.
   - Intentions for health insurance purchase are not solely driven by tax benefits.

3. **Information sources for tax savings**
   - More than 6 in 10 respondents (61 per cent) rely on friends, family, and their bank relationship manager as key sources of information for understanding how to make tax savings.
   - The younger age group (21-35 years) shows a greater reliance on self-awareness through knowledge in the public domain.

4. **Understanding all facets of Health Insurance – protection and investment**
   - While the understanding of health insurance as a tool for protection is on the rise, only 54 per cent of consumers are fully aware of how they can save tax by investing in health insurance, highlighting the need for increased awareness initiatives.
   - The future for health insurance looks promising, with close to 98 per cent of existing health insurance owners expressing their likelihood to renew next year, and 72 per cent intending to 1st time purchase or buy more health insurance in the next year.'

5. **The Indian financially savvy customers have found the sweet spot when it comes to health insurance investments**
   - A remarkable 84 per cent of financially savvy customers have invested in health insurance, showcasing the growing recognition of the importance of health coverage.
   - The preference for health insurance as a tax-saving option is on the rise in non-metro areas, emphasizing its increasing appeal beyond major cities.
   - Age and life stage play a critical role in financial decisions, with individuals aged 26-45 making a greater set of investments.

6. **Financial investments and age demographics**
   - Individuals aged 26-35 exhibit the highest intention to invest in health and life insurance, fixed deposits, and mutual funds in the next year, indicating a proactive approach towards financial planning.

7. **Brand consideration**
   - ICICI Lombard is the topmost considered brand for the purchase of health insurance, both for tax-related and non-tax-related reasons.

TOP

Around 84% financially-savvy customers invested in health insurance, 'cashless claims' top priority: Report - The Economic Times – 17th February 2023

A remarkable 84 percent of financially savvy customers have invested in health insurance, showcasing the growing recognition of the importance of health coverage, revealed a latest study by ICICI Lombard General Insurance. Age and life stage play a critical role in financial decisions, with individuals aged 26-45 making a greater set of investments. Individuals aged 26-35 exhibit the highest intention to invest in health and life insurance, fixed deposits, and mutual funds in the next year, indicating a proactive approach towards financial planning.

The future for health insurance looks promising, with close to 98 percent of existing health insurance owners expressing their likelihood to renew next year, and 72 percent intending to 1st time purchase or buy more health insurance in the next year, the report highlighted. The preference for health insurance as a tax-saving option is on the rise in non-metro areas, emphasizing its increasing appeal beyond major cities. While the understanding of health insurance as a tool for protection is on the rise, only 54 percent of consumers are fully aware of how they can save tax by investing in health insurance, highlighting the need for increased awareness initiatives, the report said. Only 30 percent of consumers cited 'Tax

exemptions/tax rebates' as one of the top reasons for purchasing health insurance, indicating that tax benefits are not the primary driver for most consumers, it added.

About 61 percent of survey respondents rely on friends, family, and their bank relationship manager as key sources of information for understanding how to make tax savings. The younger age group (21-35 years) shows a greater reliance on self-awareness through knowledge in the public domain. Women, with the growing female working population, are more likely to purchase health insurance for tax exemptions in the next year. However, intentions for health insurance purchase are not solely driven by tax benefits, the report highlighted. 'Cashless Claim' emerges as the top reason for the intention to purchase health insurance, followed by the protection of savings and managing inflating medical costs.

(The writer is Anushka Sengupta.)

TOP

INSURANCE CASES

Pay claim amount for BiPAP machine, court tells insurance firm – The Times of India – 22nd February 2024

A patient is entitled to get reimbursement of durable equipment used for medical treatment after getting discharged from the hospital. Vijay Joshi had filed a complaint against the National Insurance Company Ltd that accepted only a partial insurance claim citing that the BiPAP machine isn't covered by the policy.

According to a Vadodara consumer forum gave this judgment, while hearing the case of Joshi, a resident of Alkapuri. Joshi, a senior citizen, was admitted to a private hospital in October 2021 and he was diagnosed with a disorder similar to sleep apnea. He lodged an insurance claim of Rs 1.13 lakh, but the insurance firm transferred only Rs 33,837 to his account.

The insurer argued that all the external durable equipment which can be used at home including the CPAP are excluded under a certain clause of the policy, bought by Joshi, who then filed a complaint in the Vadodara District Consumer Disputes Redressal Commission (additional) in December 2022. The complainant said that he was suffering from nasobronchial hyperactivity, obstructive airway disease, obesity hypoventilation syndrome (OHS), and the said condition if not treated early may be effectively life-threatening.

He also said to manage smooth breathing of OHS patients, use of the BiPAP machine - a life-saving device - is essential. Joshi said in the forum he was advised by the medical professional to take BiPAP during the discharge from the hospital and thus the machine was an integral part of the treatment. He also said that he wasn't supplied or explained the terms and conditions of the policy. The forum noted the words 'items that are subsumed into costs of treatment' that was a part of the lists in the policy and observed that BiPAP machines are to be included in the cost of treatment.

Taking a note of the hospital's discharge summary and advice of using BiPAP, the forum said, "Thus the indoor hospitalization was to culminate into a definite treatment thereafter and even at home. Therefore, it should have been considered as the cost of hospitalization treatment." The forum further added that a clause in the policy also permits post hospitalization expenses incurred 60 days immediately after the insured person is discharged from the hospital. The consumer forum ordered the insurer to pay Rs 79,562 with nine per cent interest to Joshi apart from Rs 3,000 for mental agony and Rs 2,000 towards the legal costs.

(The writer is Tushar Tere.)

TOP

Insurance firm penalised for rejecting widow's claim – The Times of India – 21st February 2024

The district consumer disputes redressal commission has directed HDFC Life Insurance company to pay ₹31.62 lakh with interest to a city woman towards an insurance claim and a compensation of ₹25,000 for denying her claim after the demise of her husband. According to an official source, G Surendrakumar, of Sundrapuram, had taken a business loan of ₹31.62 lakh from HDB Financial Services, which had an arrangement with HDFC Life Insurance firm to provide an insurance cover for the loan amount.

"The insurance firm subsequently issued the policy under the Group Credit Protect Plus plan on March 6, 2019. Surendrakumar passed away on July 29 that year because of a cardiac problem." When his wife S Rajeshwari raised the insurance claim, the source said, the firm rejected the same. Rajeshwari then closed the loan on April 4, 2022. She, however, approached the district consumer disputes redressal commission, stating that the rejection of her claim by the insurance firm was untenable.

In its order, commission president R Thangavel and members P Marimuthu and G Suguna said, "The complainant's husband passed away within five months from the date of commencement of the policy. The reason provided by the insurance firm - that her hubby had a previous history of cardiac illness - for rejecting the claim is not sustainable." The commission then directed the insurance firm to settle the claim for ₹31.62 lakh to the complainant with 6% interest from the date of repudiation of the claim. It also directed the firm to pay the woman a compensation of ₹25,000 towards mental agony she suffered and another ₹5,000 towards the cost of legal proceedings.

TOP

Kerala consumer rights panel holds insurance company, bank accountable for medical claim denial – The Hindu – 20th February 2024

In a major verdict, the Ernakulam Consumer Disputes Redressal Commission in Kerala has held a general insurance company and a bank that facilitated insurance coverage accountable for denial of medical insurance claim to a customer and directed them to pay a compensation of ₹2.23 lakh. The commission, comprising president D.B. Binu and members V. Ramachandran and Sreevidhia T.N., issued the verdict on a petition filed by a husband-wife duo from Thevara, Milton and Eva Milton, against Cholamandalam MS General Insurance Company and the Union Bank of India.

The complainants alleged that they were denied claim and had to meet medical expenses to the tune of ₹1.49 lakh out of their own pocket after Mr. Milton had to undergo coronary angioplasty on August 22, 2020. On its part, the insurance company argued that the treatment was not covered as it was related to a pre-existing condition (diabetes mellitus) which is only covered two years from the commencement of the policy whereas the policy was only five months old at the time of treatment. The bank defended itself from any responsibility arguing that it was not involved in the terms and conditions of the insurance policies and has no financial liability in settling claims. It also backed the insurance company's reasoning for denying the claim and further argued that insurance services were "a mere value-added service" offered to customers at subsidised rates.

The bank defended itself from any responsibility arguing that it was not involved in the terms and conditions of the insurance policies and has no financial liability in settling claims. It also backed the insurance company's reasoning for denying the claim and further argued that insurance services were "a mere value-added service" offered to customers at subsidised rates. While ruling in favour of the petitioners, the commission cited a Supreme Court ruling that diabetes mellitus, while a risk factor for cardiac ailments, does not automatically predispose every individual with the condition to heart disease.

"This precedent underscores the necessity for insurers to assess claims based on the specific circumstances of each case rather than applying broad exclusionary principles. The denial of their claim on the grounds of a pre-existing condition, therefore, appears to be based on a broad interpretation of policy which contradicts the principles of fairness and transparency that underpin insurance contracts," the commission observed. Furthermore, the denial of cashless treatment and the subsequent claim rejection seem to be predicated more on policy technicalities than on a fair assessment of the complainant's medical emergency and the disclosures made at the time of policy purchase, it said.

TOP

PENSION

EPFO data breached in 2018 'repackaged' by Chinese cyber agency, probe finds – The Indian Express – 22nd February 2024

A data breach that impacted the systems of the Employees' Provident Fund Organisation (EPFO) in 2018 exposing the personal data of millions of Indians was found to have been "repackaged" by a Chinese cyber agency, as per a preliminary probe by New Delhi's cybersecurity agency, The Indian Express has learnt. However, in 2018, when reports about the alleged breach had first surfaced, the EPFO had denied that its systems were compromised, and had instead said that the vulnerability was exploited from the systems of Common Service Centres (CSCs). On Monday, a big trove of information was leaked on Github as part of documents relating to Chinese cyber agencies – indicating that these agencies were either responsible for the initial breach, or acquired the compromised data after that, a senior government official said.

Following that, the Indian Computer Emergency Response Team (Cert-In) began an investigation on whether the data in these documents was new or collated from breaches in the past. According to information that has been uploaded to Github, the leaked database claims to have information from across Indian institutions – both government and private. It claims to have data pertaining to the Employees' Provident Fund Organisation (EPFO), data of users of BSNL, and information with companies including Air India and Reliance. "Cert-In had carried out a preliminary probe into the claims and it appears that the EPFO data present in the documents is from 2018 when its systems were impacted," a senior government official said.

(The writer is Soumyarendra Barik.)

TOP

PPF, NPS, Sukanya Samriddhi rules: What's the minimum deposit to be made per financial year to avoid penalty or account freezing? – The Times of India – 21st February 2024

Penalties for not depositing in PPF, SSY, NPS: Investors in Public Provident Fund (PPF), Sukanya Samriddhi Yojana (SSY), and National Pension System (NPS) must deposit a minimum amount in their accounts each year to keep them active. If they miss this deposit, their accounts can be frozen, and they may face penalties. The deadline for minimum deposits for the current financial year is March 31, states an ET report.

The government has enhanced the appeal of the new income tax regime. Starting from April 1, 2023, revisions were made to the income tax slabs, increasing the basic exemption limit to Rs 3 lakh from Rs 2.5 lakh per financial year under the new income tax regime. Additionally, standard deductions are now available in this new system, and zero tax is imposed on incomes not surpassing Rs 7 lakh. Income tax regulations permit individuals (excluding those with business income) to select between the new and old tax regimes each financial year based on their preferences.

TOP

NPS transactions to get more secure through aadhaar-based access, PFRDA releases circular - Live Mint – 21st February 2024

The Pension Fund Regulatory and Development Authority (PFRDA) on Tuesday released a circular in a bid to secure NPS (National Pension System) transactions through aadhaar-based access of the Central Recordkeeping Agency system under the government sector. As of now, the nodal offices under central and state governments including autonomous bodies currently use a password-based login in order to access the central recordkeeping agency (CRA) for NPS transactions.

To increase the security measures in accessing the CRA system and safeguard the interest of subscribers and stakeholders, it has been decided to bring in additional security features through aadhaar-based authentication for login to the CRA system.

Two factor authentication
The aadhaar-based login authentication will be integrated with the current user ID and password-based login process so as to make the CRA system accessible through 2 factor authentication. The integration of aadhaar based login authentication is a proactive step to fortify the overall authentication and login framework. The initiative is designed to create a secure environment for all NPS activities carried out by government offices and autonomous bodies.

Will go live in April
The new system is currently being developed and is likely to go live on April 1, 2024.

Additionally, the Central Recordkeeping Agency will disseminate a detailed standard operating procedure along with the proceeds flow to government nodal offices and engage extensively with nodal officers to make them aware of the changes.

Signed by K Mohan Gandhi, chief general manager, the circular has also directed all offices under government sector and autonomous bodies to note the same and put in place the necessary framework for implementation of the additional feature of aadhaar-based login and authentication in CRA system to perform all NPS-related activities.

Partial withdrawal
In another news, PFRDA released a circular stipulating rules for partial withdrawals of pension funds up to 25 percent of their contribution to pension accounts. The pension fund body released a master circular early this month delineating the reasons for partial withdrawals. To be eligible, the subscriber should have been a member of the NPS for a minimum of three years from the date of joining. And only three partial withdrawals are allowed during the entire subscription tenure under the NPS.

TOP

PFRDA eases business processes with simplified trustee appointments – Business Standard – 21st February 2024

In a bid to further enhance the ease of doing business and reduce compliance, the Pension Fund Regulatory and Development Authority (PFRDA) notified amendments made in the National Pension System (NPS) Trust Regulations and the Pension Fund Regulations on Wednesday. The latest amendments in the NPS Trust Regulations simplify the provisions related to the appointment of trustees, their terms and conditions, the holding of meetings of the board of trustees, and the appointment of chief executive officers.

Meanwhile, the amendments to the Pension Fund Regulations simplify the provisions related to the governance of pension funds in line with the Companies Act, 2013, and enhance disclosure by pension funds. Other amendments include clarity of the roles of the sponsor of the pension fund, inclusion of the name 'pension fund' in the name clause, and the requirement for existing pension fund(s) to comply with these provisions within 12 months.

Additionally, the pension fund has to constitute additional board committees, such as an audit committee and a nomination and remuneration committee. The NPS Trust, established by the PFRDA to manage assets and funds under NPS, serves as the registered owner of all assets under the NPS architecture. However, subscribers remain the beneficial owners of the securities, assets, and funds under NPS.

Earlier last month, the financial sector regulator also notified that banks and non-banks can now act as points of presence to onboard NPS subscribers, requiring only a single registration for NPS, instead of multiple registrations. The timeline for disposing of applications was also reduced from 60 days to 30 days, and banks can operate with just one branch with a wider digital presence.

These amendments aim to simplify and reduce compliance in the financial sector and align with the announcement made by Finance Minister Nirmala Sitharaman in the Union Budget 2023-24 to review regulations, reducing the cost of compliance and enhancing the ease of doing business. "To simplify, ease, and reduce the cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations," Sitharaman said in her Budget speech.

(The writer is Shiva Rajora.)

TOP

PFRDA issues RFP for engagement of training agency – The Hindu Business Line – 19th February 2024

Pension Fund Regulatory & Development Authority (PFRDA) has invited proposals from professional training institutes/organisations for imparting training on pension schemes regulated and administered by the pension regulator. For this purpose, PFRDA has issued a Request for Proposal (RFP). The last date for submission of bids is February 27.

The commercial proposals would be evaluated on Least Cost Based selection (LCS) process, PFRDA has said. Only entities (corporates, partnership firms and LLPs) with positive tangible networth in 3 out of five financial years (2018-19 to 2022-23). Average annual turnover exclusively from training activities in the last three financial years must be ₹1 crore (FY2020-21, 2021-22 and 2022-23), PFRDA has said.

Training is proposed to be conducted for central government, state government, central autonomous bodies, state autonomous bodies, Point of Presence, corporate officers and APY subscribers.

The training has to be delivered both online and offline mode, pension regulator said.

National Pension System (NPS) assets, including Atal Pension Yojana, have been growing at a frenetic pace in recent years and are expected to touch ₹12 lakh crore by end March 2024.

In India, currently there are 7.13 crore NPS and APY subscribers. For the current fiscal, PFRDA is targeting to onboard 13 lakh new subscribers. So far, about 8.5 lakh new subscribers have joined NPS this fiscal. Last fiscal, NPS added a million new subscribers.

NPS took six years and six months to reach the milestone of ₹1-lakh crore AUM after its implementation in 2009. It then took 4 years and 11 months to further increase AUM to ₹5 lakh crore. NPS AUM had doubled to ₹10 lakh crore in August 2023 in just two years and ten months.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULAR

Circular	*Reference*
Exposure Draft Guidelines on Collateralized reinsurance transactions for placement of reinsurance business with Cross Border Reinsurers	https://irdai.gov.in/web/guest/document-detail?documentId=4432973

TOP

GLOBAL NEWS

Australia: Most seniors spend all their super savings in retirement – Asia Insurance Review

Two-thirds of retirees are drawing more money from their superannuation (super) funds than they are required to and most exhaust all their super savings by the end of their lives, indicates new research from the Super Members Council of Australia (SMC). Eighty percent of men and 90% of women have no super savings left when they reach life expectancy age, and more than 40% are retiring with mortgage debt — 33% of which, if a coupled household, would exhaust their super in paying off.

The new research is presented as the government considers how to make super funds better assist their customers in retirement amid concerns they are living frugally despite ample savings. The SMC says its research "busts the longstanding myth that retirees are not spending their super." The research also finds that retirees find the super system and retirement too complex. About 73% of members say they would trust advice from their super fund if it were tailored to their needs.

SMC's proposals

In its submission to the current Treasury consultation on how to improve retirement products, the SMC wants the government to make it easier for members to switch to retirement products and lift the ban on making contributions to a retirement phase super account. It adds that, with member consent, the government should notify super funds about members' eligibility for pensions and other government support, like the government-backed Age Pension, so funds can tailor information to them.

The SMC also says a comprehensive retirement test should be introduced that measures investment performance, flexibility to access funds, and giving people control of the level of risk they want. In addition, annuities for members or cohorts of members should not be mandated. SMC's chief executive, Ms Misha Schubert, says the group plans to use significant lobbying power to government and industry to push for overhauls to how funds are allowed to manage customers' retirement.

The SMC was formed in October through the merger of two industry bodies – Industry Super Australia and the Australian Institute of Superannuation Trustees. Its members manage more than A$1.4tn ($918bn) of the retirement savings of more than 10m people. The SMC's findings are drawn from data on 220,000 pre-retirees and retirees from six of its member funds, a qualitative and quantitative survey of 1,562 pre-retirees and retirees aged 55-74, ABS data and the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

TOP

Hong Kong: Regulator scrutinises conduct of insurers - Asia Insurance Review

The Insurance Authority's (IA) supervisory focus has pivoted to the conduct of insurers to ensure that customers are treated fairly, says the industry regulator in its annual report for the financial year ended 31 March 2023 released earlier this week. Mr Clement Cheung, CEO of the IA, in a message carried in the Annual Report 2022-23 of the Insurance Authority (IA), titled "Strive for Success in the New Chapter", said that the move followed the completion of the renewal exercise for deemed licensees in September 2022.

The report outlines some key activities carried out to promote Hong Kong as a global risk management centre and sophisticated insurance hub. Mr Stephen Yiu, chairman of the IA, in his message in the report, said, "The Development Roadmap for the Insurance Sector in Hong Kong released by the Government in

December 2022 is in full alignment with our corporate goal of becoming a prudent and dynamic regulator that maintains market stability and protect policyholders, without losing sight of promoting sustainability and competitiveness of the insurance industry."

Apart from the passage of the Insurance (Amendment) Bill 2023 into law which paves the way for implementation of the risk-based capital regime, notable initiatives on the regulatory front included efforts to scale up compliance with Continuing Professional Development requirements, preparations for investigative and enforcement operations, as well as public education campaigns designed to increase general awareness and knowledge of insurance products and the insurance industry.

Connectivity within the GBA

On Greater Bay Area (GBA) connectivity, Mr Yiu said that momentum continued to build on the establishment of after-sales service centres with insurance regulators in Guangdong, Hong Kong, Macau and Shenzhen forming a quadripartite platform to work together on common principles for standards and requirements. While progress has been hampered by restrictions on cross-boundary movements during the COVID-19 pandemic, all sides would strive to ramp up the pace of deliberations in the coming year, he said. All restrictions were lifted by early February 2023.

Meanwhile, final preparations were made for the Unilateral Recognition policy for cross-boundary motor insurance, with implementation arrangements being announced in May 2023. The policy serves as a trailblazer, opening up room for innovative products designed to meet the needs of people who live, work or study in the GBA. Similarly, the GBA mortality table being developed by the actuarial profession could spur the growth of medical and critical illness policies that provide uniform coverage in the 11 cities of the GBA.

Looking ahead

Mr Yiu said that the IA was working with the insurance industry to assess the feasibility of collaborative business models that exploit the complementary advantage of extended care facilities in the Mainland to relieve the pressure brought about by an ageing population on the social service system in Hong Kong. On alternative risk transfer, Hong Kong's profile as a global risk management centre has been significantly lifted by four issuances of catastrophe bonds — a common type of insurance-linked securities (ILS) — amounting to HK$4.4bn ($563m) in around two years.

Mr Yiu said, "The diverse range of sponsors and underlying perils encapsulate the essence of a sophisticated insurance hub. In the year ahead, we will focus on enriching the mix of ILS product structures and nurturing an ecosystem by addressing data capture, risk modelling and talent recruitment. A further key area concerns prudential supervision. Mr Yiu said, "In the coming year, our Technical Expert Team will devise a macroprudential surveillance methodology and draw up a resolution mechanism for the insurance sector. In addition, we will chart a course for setting up the Policyholders' Protection Scheme."

TOP

Philippines: Regulator considers incentives to boost microinsurance business - Asia Insurance Review

The Insurance Commission (IC) is planning to grant incentives to new microinsurance players to boost financial inclusion in the Philippines. Insurance Commissioner Reynaldo A Regalado said this at a recent industry forum, reported BusinessWorld. While the microinsurance industry has grown in the past years, the sector still lacks major players as there are only 49 companies selling microinsurance, Mr Regalado noted.

He said, “In the Philippines, microinsurance sells itself. The only thing we have to do is expose them to everyone. In terms of policies to boost this, we’re looking at incentives and we’re looking at the way we have been checking them.“ Microinsurance MBA Association of the Philippines chairman emeritus Jaime Aristotle B Alip said that lowering taxes or a tax credit scheme could encourage more insurers to go into microinsurance. At present, microinsurance covers around 56m people in the Philippines which has a population of around 120m.

TOP

Hong Kong: Regulator warns of risks in premium financing in current interest rate environment - Asia Insurance Review

The Insurance Authority (IA) has been closely monitoring the rise in interest rates that has brought severe volatility which has affected policyholders and the insurance market. The IA says that it has a strong focus on the premium financing business, which is particularly sensitive to changes in interest rates. In a statement, Mr Marty Lui, head of Long Term Business (Acting) at the IA, said, “Premium financing is a double-edged sword. In the past era of low interest rates, through premium financing, policyholders may benefit from the spread between their policy returns and bank loans while also amplifying their returns through leveraging. However, this would in turn magnify the risks and potential losses.

“The current high interest rates have already increased the cost of borrowing, and at the same time possibly decreased the policy returns as the majority of products purchased through premium financing in the market are now participating products, which not only offer non-guaranteed returns that are subject to the investment performance of the insurers but also have a longer break-even period, further aggravating the risks involved in premium financing.”

Regulators’ actions

Being cautious about these risks, the IA and the Hong Kong Monetary Authority (HKMA) jointly issued guidance to the industry in 2022 to clarify the supervisory requirements for premium financing. Targeted at insurers and insurance intermediaries, the requirements, which took effect in 2023, focus on enhancing disclosure and improving affordability assessment to protect the interests of policyholders.

The IA also launched a thematic webpage on premium financing in 2022 to raise public awareness about the risks involved through numerical case studies and smart tips. Through its publication, Conduct in Focus (Issue 5 – August 2022), the IA also shared its views on the complex nature of premium financing and highlighted the associated risks.

The IA and the HKMA joined forces again for another round of inspections related to premium financing, carried out since late 2023 to examine compliance with the new requirements and market trends. The regulators will share the observations from the inspection in due course with the industry and continue to urge the cautious use of premium financing to enhance policyholder protection.

Data

The IA’s latest figures show that premium financing activities slowed down substantially in 2023, as the relevant business declined from 43% of the total market in 2022 to 21% in 2023, including a multi-year record low of 9% in 4Q2023, revealing a relatively conservative attitude in adopting premium financing amid rate hikes.

The IA received 28 complaints about premium financing in 2022 and 50 in 2023. The main issues raised were the lack of disclosure of risks by intermediaries during the selling process and the misrepresentation of information such as policy terms and loan rates.

TOP

Vietnam: New bancassurance rules to affect insurance sales at banks - Asia Insurance Review

A new regulation under the amended Law on Credit Institutions, banning commercial banks from bundling insurance together with banking services, is expected to dent bancassurance revenue. The regulation will take effect from July 2024. According to broker MB Securities, with the passing of the law, bancassurance activities will be more strictly managed, which will cause the growth of income from bancassurance to decline compared to previous years, reported Vietnam News Agency.

Already, bancassurance revenue has been falling, decreasing sharply in the first nine months of 2023 after some banks were found to have forced customers to purchase insurance as a condition for banks extending credit to them. For instance, in the first nine months of 2023, the total insurance revenue of eight banks reached more than VND9.4tn ($383m), down by 26.1% over the corresponding period last year. Bancassurance business in 2023 was also hit by the economic situation prevailing in the country.

TOP

Cambodia: Insurance market shows slower pace of growth in 2023 - Asia Insurance Review

Cambodia's insurance industry saw total premium income increase by 3% to $342m in 2023 from $331.8m in 2022, according to data from the Insurance Regulator of Cambodia (IRC). The pace of growth was slower than the 10.7% achieved in 2022, primarily due to a downturn in the global and regional economies, reported The Phnom Penh Post.

Total claims paid by insurance firms amounted to $60.8m in 2023, an increase of 30% from $46.6m in 2022. IRC director-general Bou Chanphiru stated that due to the political stability and economic growth in the country, the Cambodian insurance sector has grown remarkably and has been playing a vital role in supporting social security and the national economy.

However, he noted that the insurance industry contributed only 1.14% of GDP in 2023. Insurance density averaged $20.72. “The indicators show that the insurance market still has significant potential for future development, but the industry also faces several challenges such as lack of insurance skills and public awareness,” he said.
As of the end of 2023, 41 insurance companies, comprising 18 general and 15 life insurers, seven microinsurance companies and one reinsurer operated in Cambodia. These numbers remained unchanged from 31 December 2022, except for one life insurer entering the market in 2023. The industry currently has total assets of nearly $1bn.

TOP

Bangladesh: Insurance sector may see liquidations and mergers - Asia Insurance Review

The insurance regulator, the Insurance Development and Regulatory Authority (IDRA), has suggested mergers of life insurance companies instead of liquidating them due to their weak financial health. Some of the insurance companies did not even make an effort to improve their financial position, reported The Financial Express quoting the IDRA. Sources at the IDRA say that in a recent report sent to the Financial Institutions Division of the Finance Ministry, the regulator pointed out that the failure to pay insurance claims by some companies has caused "a lack of confidence among people in the insurance sector".

Six life insurance companies alone are reported to have unpaid claims totalling BDT26.81bn ($244.3m). "These companies lost the capability of paying insurance claims due to mismanagement, bad investment, financial irregularities and fund misappropriation," the report, signed by IDRA director SM Masudul Haque, reads. Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, told The Financial Express that measures could be taken to help weak insurers by injecting funds into them or appointing administrators. Regarding the liquidation of insolvent insurance companies, he asked which stakeholder would bear the responsibility of paying claims to the insured. 74 insurance companies are operating in Bangladesh including 41 life and 33 non-life insurers.

TOP

Indonesia: Life insurance association predicts market to grow by 7-10% in 2024 - Asia Insurance Review

The Indonesian Life Insurance Association (AAJI) has said that improvements in the real economic sector would have a positive impact on the insurance industry. This is despite a government transition this year, following the 14 February general election to choose a new president, vice president, and also parliamentary and local representatives. The General Election Commission has until 20 March to announce the official results.

The AAJI said that apart from the economy, increased understanding and ownership of insurance products by the public are also expected to have a positive impact on the industry, reported Bisnis.com. "This is the basis on which the life insurance industry's premium income is expected to increase in 2024," Mr Fauzi Arfan, head of Product, Risk Management, and GCG at AAJI, told Bisnis.

In addition, premium revenue will increase because of the return to normal sales of Investment Linked Insurance Products (PAYDI), following adjustments by insurers to the latest regulations. Overall, AAJI's projection for premium growth from the life insurance industry is around 7%-10%, including new business premiums. Indonesia's population is currently dominated by millennials and Gen Z. Mr Fauzi said, "There is an opportunity for the life insurance industry to more aggressively target this generation."

Courses offered by College of Insurance

CC1 - Certificate Course in Life Insurance Marketing

Course Structure -

Particulars	Details
Course Date	4th May 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
Course Date	4th May 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
Course Date	4th May 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
Course Date	14th May 2024 – 16th May 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