ISSUE NO. 2023/47

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

18TH – 24TH NOVEMBER 2023

QUOTE OF THE WEEK

"The golden opportunity you are seeking is in yourself. It is not in your environment; it is not in luck or chance, or the help of others; it is in yourself alone."

ORISON SWETT MARDEN

Insurance Term for the Week

Catastrophic Health Insurance

Catastrophic health insurance was first introduced in October 1973 as a bipartisan bill for catastrophic health insurance coverage. The coverage was meant to be for workers who were financed by payroll taxes and for Medicare beneficiaries.

Today, catastrophic health insurance availability varies by state, with some states having no plans, some having few plans and some having several options to choose from.

Catastrophic plans and premiums vary by insurance company and location. If you buy this type of plan, you won't be able to take advantage of any health insurance premium tax credits you might be eligible for based on your income, which means that some consumers can get better coverage at a lower cost by choosing a bronze plan and using the subsidies.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Private insurers gain market share in H1 - The Economic Times – 23rd November 2023

Public sector general insurance companies continued to lose market share to private sector peers in the first half of the current financial year. In the first half, general insurance industry grew 14.86 percent to ₹1,43,802 crore. The public sector companies had a combined market share of 31.99 percent down from 32.76 percent, growing at 12.16 percent. Meanwhile, private insurers grew the combined market share to 53.58 percent up from 50.81 percent, with a growth rate of 21.13 percent. Among the business segments, health insurance emerged as a leading segment for general insurance companies in the first-half contributing 37.57 percent to the total premium income. Out of 31 insurers, 29 participated in the health insurance business during the period, and three reported negative growth. Among the top insurers in the health segment, New India Assurance has the largest market share of 17.83 percent, followed by Star Health with 12.18 percent and Oriental with 8.07 percent.

Motor segment was the second largest segment and it accounted for 28.40 percent of the total general insurers' premium. New India, ICICI Lombard General Insurance, and Tata AIG emerged as the top insurers in this segment, holding a market share of 29.33 percent, growing 15.65 percent. PSU General Insurers maintained a combined market share of 28.71 percent, growing 15.64 percent. Overall, NewIndia is the largest insurer with market share of 13.09 percent followed by ICICI Lombard at 8.67 percent and Bajaj Allianz General Insurance at 7.69 percent. While stand-alone health insurers grew at 25.25 percent and reached a combined market share of 10.16 percent, the specialised insurers reported decline of 31 percent with combined market share of 4.28 percent.

TOP

LIFE INSURANCE

How have insurance players performed after budget tax cuts? - The Economic Times – 23rd November 2023

After a lull till October, private life insurance companies demonstrated robust performance in the second quarter (Q2) of the fiscal year 2023-24 (FY24), maintaining reasonable growth. October data further indicates positive momentum in the sector.

The industry experienced a slowdown from April to October after witnessing strong growth in March, attributed to a surge in purchases before the Budget became applicable. The dip in performance during the current fiscal year is influenced by this base effect and may impact the growth momentum.

Listed players, including HDFC Life (including the Exide Life merger), posted encouraging Y-o-Y growth of 16.5 percent in October. Max Life and ICICI Prudential Life exhibited robust growth with figures of 37.6 percent and 21.1 percent, respectively, while SBI Life recorded a growth of 16.4 percent Y-o-Y.

Mid-sized players
Mid-sized unlisted players such as Tata AIA and Bajaj Allianz reported growth exceeding 20 percent. In contrast, LIC reported a modest 1.7 percent Y-o-Y growth in Individual WRP, with a flat Y-o-Y performance over April-October.

In October, the individual weighted received premium (WRP) for private players recorded a substantial year-on-year (Y-o-Y) growth of 19.8 percent. However, the growth of Life Insurance Corporation (LIC) of India was comparatively slower, resulting in an overall industry growth rate of 13 percent Y-o-Y. Over the period of April to October, private insurance players sustained a growth rate of 13.6 percent Y-o-Y.

On an unweighted basis, SBI Life maintained its position as the largestprivate insurer, securing a market share of 10.3 percent, followed byHDFC Life at 8.3 percent and ICICI Pru Life at 4.7 percent.

LIC's market share in WRP terms improved to 33.5 percent in October.SBI Life remains the largest private insurer in terms of Individual WRPfrom April to October, holding a market share of 16.3 percent, followedby HDFC Life at 10.6 percent and Tata AIA at 6.6 percent.

H2 performance

Market observers anticipate positive prospects for private players in thesecond half of FY24, given the reasonable performance in Q2 and theuptick in WRP and APE in October. Analysts suggest that the impact oftax changes has likely played out, and private players may see improvedvaluations based on the growth turnaround.

In the broader industry trends, LIC may face challenges in maintainingits current market share, given lower margins compared to the privatesector. SBI Life and Max Life, leveraging relative slowdowns in HDFCLife, could gain market share. The continued strong performance of ICICI Pru Life may contribute to better valuations, reflecting a growth turnaround.

TOP

Private life insurance companies seem to be on a secured path to growth - Business Standard – 21st November 2023

Private life insurers experienced reasonable growth in the July-September quarter (second quarter, or Q2) of 2023-24 (FY24), and the October data is also encouraging. The individual weighted received premium (WRP) for private players grew by 19.8 percent year-on-year (Y-o-Y) in October. However, Life Insurance Corporation (LIC) of India had slower growth, pulling the industry growth rate down to 13 percent Y-o-Y. Over April-October, private insurance players grew by 13.6 percent Y-o-Y. Among listed players, HDFC Life (including the Exide Life merger) posted 16.5 percent Y-o-Y growth in October. Max Life and ICICI Prudential Life posted strong Y-o-Y growth of 37.6 percent and 21.1 percent, respectively, whereas SBI Life clocked a 16.4 percent growth Y-o-Y. Mid-sized unlisted players Tata AIA/Bajaj Allianz reported growth of over 20 percent. LIC reported a 1.7 percent Y-o-Y growth in Individual WRP (4.7 percent in September). Over April-October, the individual WRP for LIC was flat Y-o-Y.

After reporting strong growth in March, the industry witnessed a slowdown over April-October. The dip in performance is due to a large volume of purchases in March before the Budget became applicable. Growth momentum in FY24 could be lower, especially since 2022-23 (FY23) was strong, creating a base effect. LIC’s market share in WRP terms improved to 33.5 percent in October. SBI Life (16.3 percent) remains the largest private insurer in terms of Individual WRP over April-October, followed by HDFC Life (10.6 percent) and Tata AIA (6.6 percent). Even on an unweighted basis, SBI Life was the largest private insurer, with a market share of 10.3 percent, followed by HDFC Life (8.3 percent) and ICICI Pru Life (4.7 percent). In terms of annualised premium equivalent (APE), private players reported 21 percent growth in overall APE in October, which is at the higher end of recent month’s growth rates. ICICI Pru Life was up 21 percent on a low base, whereas HDFC Life (17 percent) and SBI Life (16 percent) were relatively weaker. Max Life (38 percent) and Bajaj Allianz Life (27 percent) continued to grow rapidly.

HDFC Life is not being very aggressive, and it could be waiting for the merger to stabilise before the HDFC Bank channel regains growth. Axis Bank is aggressively pushing insurance products with a 28 percent increase in Q2 after a weak first quarter (Q1) and a slow FY23. Max Life has 30 percent-plus for three months running, with 38 percent APE growth in Q2FY24. However, ticket sizes are down 10 percent in October, implying lower unit linked insurance plans. But this could boost margins. ICICI Pru Life reported

21 percent APE growth in October. Since it had consistently lagged and saw a decline in Q1 and only 3 percent growth in Q2FY24, this might mean a rebound.

Analysts may make the case that the impact of tax changes has played out, and the second half of FY24 will be better for the private players based on reasonable Q2FY24 and a pick-up in WRP and APE in October. Looking at broad trends across the industry, LIC may struggle to maintain its current market share, and it has low margins compared to the private sector. SBI Life and Max Life could be able to claw market share, given the relative slowdown in HDFC Life, which may be temporary. If ICICI Pru Life can maintain its encouraging October performance, it may receive better valuations on the growth turnaround. The listed private sector life insurance stocks all seem to be viewed positively by the market. Their share prices, too, have seen gains recently.

(The writer is Devangshu Datta.)

TOP

High-value insurance policies in the slow lane after tax overhaul – Business Standard – 20th November 2023

High-value insurance policies experienced muted growth in the first six months of the current financial year after the Centre decided to tax such products in this year's Budget. Simultaneously, there has been a marked improvement in the growth of policies with premiums of 'less than Rs 5 lakh', mainly originating from smaller cities. During this year's Budget, Finance Minister Nirmala Sitharaman proposed that insurance policies (excluding unit linked insurance plans or ULIPs) with an aggregate premium exceeding Rs 5 lakh, and the maturity amount, would not be exempt from tax. This rule came into effect on April 1, 2023.

Niraj Shah, Executive Director and Chief Financial Officer (CFO) of HDFC Life Insurance, said, "The business exceeding Rs 5 lakh has declined, but it still remains a meaningful contributor." He added that this segment constitutes nearly 6 percent of HDFC Life's business, experiencing negative growth. Conversely, the 'less than Rs 5 lakh policies', accounting for 90 percent of the company's business, has seen an 18 percent growth. The growth in this segment has neutralised the impact on their overall ticket size. Sharing a similar experience, Amrit Singh, CFO of Max Life Insurance, noted that the 'less than Rs 5 lakh' segment has grown at 21 percent, whereas the more than Rs 5 lakh segment has also been growing but has moderated compared to the previous year. Some companies observed the possibility of a shift from these policies to ULIP plans due to the tax exemption granted to the category.

According to the management of ICICI Prudential Life Insurance, the non-linked annualised premium equivalent (APE) mix declined from 28.8 percent in the second quarter of 2022-23 to 25.8 percent in the same period in 2023-24 (FY24). On the other hand, the linked APE mix increased to 44.9 percent in the second quarter (Q2) of FY24 from 41.1 percent in the year-ago period. This shift is attributed to a possible migration to linked products. Non-linked products are insurance plans not linked to the stock market, and therefore, their returns are not based on market performance.

"One reason for the shift in the mix is a significant proportion of more than Rs 5 lakh ticket size, non-par business shifting to linked and part guarantee products, and this trend has been increasing month-on-month in Q2FY24," the management stated during their after-earnings analyst meeting. Furthermore, Dhiren Salian, CFO of ICICI Prudential Life Insurance, mentioned that "one level of migration was towards unit-linked plans. The second migration is towards participating plans". As a result of the tax imposition, insurers are witnessing a reduction in business from Tier-I cities due to the concentration of policies exceeding Rs 5 lakh in this region. Meanwhile, Tier-II and Tier-III cities have been registering faster growth.

"We have seen Tier-II and Tier-III markets grow much faster for us, almost double what we have seen at the company level. Of course, Tier-I has had an impact this year because the greater than Rs 5 lakh ticket size normally concentrates in Tier-I," said Suresh Badami, deputy managing director (MD) of HDFC Life Insurance.

Speaking on the impact of the tax reform, Siddhartha Mohanty, chairman of Life Insurance Corporation of India, mentioned that the life insurer had a very minimal impact on taxation. "It will be very less, I think less than 2-3 percent, not much on the premium side, and policy side it was something like 0.14 percent." The life industry remains watchful of the growth numbers in the second half of the financial year. "With the final phase of the financial year approaching, it will be an interesting time to see how the industry numbers pan out. I am confident that our strategies will enable us to tide through the phase," noted Tarun Chugh, MD and chief executive officer of Bajaj Allianz Life Insurance.

(The writer is Aathira Varier.)

TOP

GENERAL INSURANCE

Heading off to study abroad? secure your stay with student travel insurance from India – Outlook India – 22nd November 2023

Going to study abroad is one of the most defining moments of a student's life. Life in a foreign country can be tricky, especially since it means staying away from one's loved ones. Plus, there is the pressure of academics.

But while one plans for foreign education years in advance, one thing students tend to neglect is insurance. Staying alone in a foreign country brings about several risks that need to be managed. Here is where student travel insurance can help.

Student travel insurance is essential as it helps students focus on academic pursuits without worrying about unforeseen circumstances. "With rising healthcare costs and university-specific mandatory student insurance requirements, having the right student travel insurance ensures financial security and peace of mind for students and their families," says Manas Kapoor, business head of travel insurance, Policybazaar.com.

Student Travel Insurance And Normal Travel Insurance: How Are They Different
But before we discuss this further, it is vital to understand the difference between student travel insurance and regular travel insurance. "Mainly, the difference between student travel and normal travel insurance lies in the coverage and tenure," says Parthanil Ghosh, President of Retail Business, HDFC ERGO General Insurance.

Duration: Student travel insurance is designed for longer durations, typically matching the length of a student's course, ranging from several months to a few years. On the other hand, regular travel insurance is meant for shorter trips, often covering travel periods ranging from a few days to a few weeks. Coverage: Student travel insurance primarily focuses on the unique needs of students abroad, such as covering tuition fees, compassionate visits from family in case of a medical emergency, and interruptions in academic pursuits.

Standard travel insurance covers common travel-related risks, including trip cancellations, baggage loss, medical emergencies, and travel delays. It may also include coverage for loss or damage of personal belongings left at home in India.

"A student travel insurance caters to the specific needs and risks associated with students studying abroad for extended periods, while a normal travel insurance is more general and suitable for shorter, leisure-focused trips with coverage extending to various aspects of travel and personal belongings both at home and abroad," says Ghosh.

What Is Covered By Student Travel Insurance
Let us take a look at the risks that are covered by travel insurance.

The student travel policy protects them from unforeseen expenses, including baggage loss, flight delays, medical costs, passport/laptop theft, legal fees, and any other challenges arising during their educational journey overseas.

"Moreover, the absence of a student travel plan might force the new settlers to pay out of pocket, which could affect their financial well-being. In addition, it is highly advisable to buy student travel insurance from India, as it will help students save significantly, as it costs much less here," says Kapoor.

Health Coverage: Studying abroad exposes students to various health risks, including unfamiliar illnesses or accidents. To alleviate the financial burden of hospital expenses, student travel insurance provides cashless medical care at network hospitals.

For non-network hospitals, reimbursement is facilitated through the submission of a claim for the billed amount. The medical coverage extends to dental expenses, medical evacuation, body repatriation, and lifelong disability.

Your university will also provide you with health insurance in most cases, so this is one risk covered in most cases. However, student travel insurance covers more than health coverage.

Emergency Evacuation: In cases of severe medical conditions, travel insurance often includes provisions for emergency evacuation, ensuring students can be safely transported to appropriate medical facilities.

Trip Cancellation Or Interruption: Unexpected events, such as family emergencies or academic issues, may require students to cancel or interrupt their overseas studies. Travel insurance assists in recovering costs related to trip cancellations or interruptions. We saw many instances of this during the Covid-19 pandemic.

Loss Of Baggage Or Personal Belongings: To protect against the loss or theft of personal belongings, including important academic materials/documents, laptops, and valuable items, travel insurance offers coverage.

Student travel insurance can thus help pay for the cost of replacing your passport and any other expenses you may incur.

"Baggage loss is a common problem for travellers, and it can be especially frustrating if you are a student travelling with all your belongings. Student travel insurance can help to reimburse you for the value of your lost belongings," says Aashish Sethi, head of health SBU and travel, Bajaj Allianz General Insurance.

Compassionate Visits: In the event of compassionate visits, student travel insurance covers emergency travel expenses for family members to the academy's country or for the student visiting their family.

Legal Assistance: Given the potential need for legal assistance in unfamiliar legal systems, travel insurance often includes provisions for legal support.

24/7 Assistance: Many travel insurance plans offer round-the-clock assistance services, helping with language barriers and locating healthcare providers.

Be Aware Of Exclusions: "While student travel insurance offers comprehensive coverage, it's essential to be aware of potential exclusions," says Santosh Puri, Senior Vice President of health product & process at Tata AIG General Insurance Company. Some of the exclusions include the following.

Pre-Existing Conditions: Some policies may exclude coverage for pre-existing medical conditions.

Illegal Activities: Coverage might not extend to losses resulting from willful participation in illegal acts, violations of the law, or attempted violations.

Alcohol Or Drug Use: Insurance limitations may apply when the insured is under the influence of intoxicating substances, except in cases where the insured is not directly responsible for the resulting injury or accident.

Non-Emergency Medical Procedures: Coverage may not include routine physicals or other examinations lacking objective indications or showing no impairment in normal health.

War And Civil Unrest: Losses arising from war, civil war, invasion, insurrection, revolution, acts of foreign enemies, or hostilities may be excluded from coverage.

"It's essential for policyholders to review the policy documentation carefully to fully grasp what the exclusions are," says Puri. This helps individuals make informed decisions and ensures a clear understanding of the scope of coverage provided by the insurance policy.

(The writer is Meghna Maiti.)

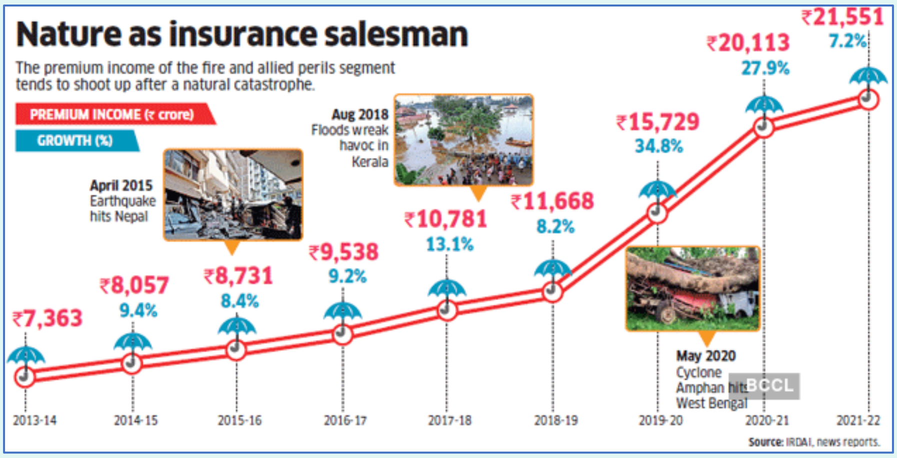
TOP

Home insurance is as cheap as it is necessary; find out why and how to buy it - The Economic Times – 18th November 2023

Chennai resident S. Raman lost more than Rs.20 lakh on Diwali night. A misdirected sky-shot cracker landed inside his eighth floor apartment and started a blaze that destroyed the furniture, gadgets and clothing. Fortunately, Raman and his family were out, so there were no casualties, but many valuables were reduced to ashes.

Though it won't lessen the emotional distress of losing one's belongings and seeing one's house covered in soot, a basic home insurance policy can cover the financial loss. Home insurance is as cheap as it is necessary. The annual premium of covering a house and its contents for Rs.20 lakh is only Rs.900-1,200 (see graphic). The cost is minuscule compared to the coverage it offers. Broken down to daily cost, it is less than half of what you pay for a cup of tea at a roadside vendor.

GAURAV ARORA - CHIEF, UNDERWRITING & CLAIMS, PROPERTY & CASUALTY, ICICI LOMBARD GENERAL INSURANCE

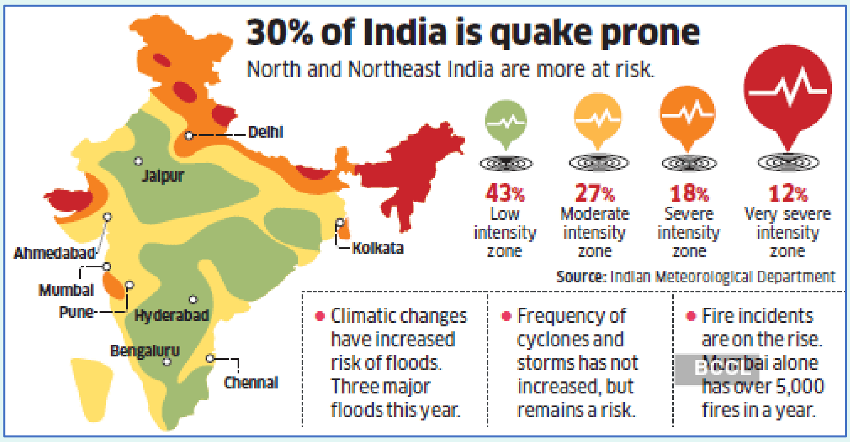


"People invest their life savings in a house, but don't do enough to protect this asset. A big chunk of the net worth is exposed to risk."

Yet, barely one in 20 homeowners purchases this cover. For an average person, his house is the biggest financial investment. "People invest their life savings in building a house, but don't do enough to safeguard this investment," says Gaurav Arora, Chief of Underwriting & Claims, Property & Casualty, ICICI Lombard

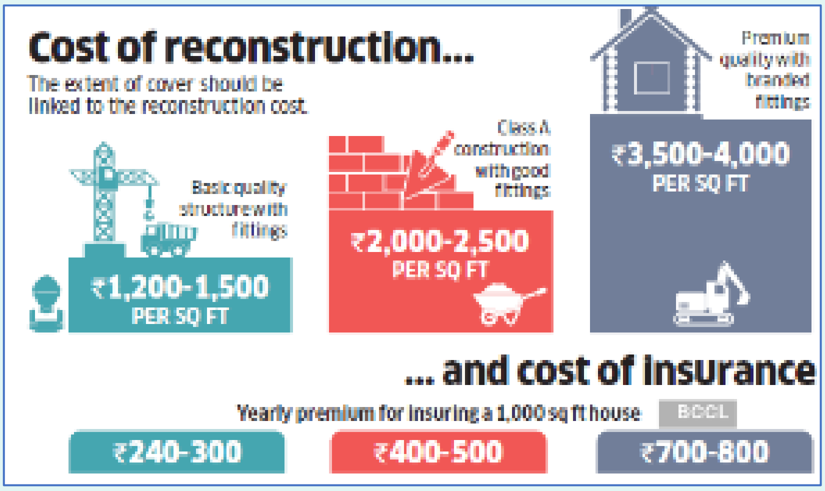
General Insurance. “We have a very optimistic outlook and believe that disasters happen only to other people,” says Vivek Chaturvedi, CMO and Head of Direct Sales, Digit General Insurance. “The frequency of disasters may be low, but the severity of loss when the disaster strikes is very high,” he adds.

Perhaps the most effective salesperson for home insurance is nature itself. Every time there is a natural disaster, home insurance sales pick up. In August 2018, floods wreaked havoc in Kerala. The following year, the fire and allied perils segment witnessed a 34% jump in premium income as homeowners rushed to cover their houses and valuables. In May 2020, cyclone Amphan hit West Bengal and premium income shot up 27% in 2020-21 (see graphic).



However, public memory is short, and once the memories of disaster recede, home insurance is relegated to the backseat again. “We saw a parallel in health insurance recently. When Covid struck and medical bills shot to stratospheric levels, there was a massive surge in the purchase of health insurance. Now that the threat has gone away, health insurance is back to normal levels,” says Chaturvedi of Digit General Insurance.

GURDEEP SINGH BATRA - HEAD OF PROPERTY UNDERWRITING, BAJAJ ALLIANZ GENERAL INSURANCE



“Flat owners need not depend on home insurance taken by the housing society. They can buy an additional cover for their unit and its contents.”

Devastating earthquakes, cyclones and floods are not the only risks that your house is exposed to. The mushrooming of high-rise buildings and growing use of gadgets and appliances have increased the risk of fires. According to one estimate, Mumbai witnesses more than 5,000 fire incidents every year, and 70% of these are caused by electricity. Both Delhi and Bengaluru record about 2,500 fire incidents in a year. “Fire incidents are on the rise because the use of electrical and electronic gadgets has increased the load on electrical wiring, especially in high-rise buildings,” says Arora of ICICI Lombard General Insurance.

In many cases, the fire may not even start, but the interiors may still get damaged. Chaturvedi of points out that once a fire alarm gets activated, water pressure from the sprinkler system often damages the interiors. The electronic gadgets in the house will also get damaged due to water. Unless the contents are insured against damage, the owner will suffer a loss even if there is no fire.

Some people have this misconception that if they live in a rented house, they don’t need home insurance. Any damage to the house will, of course, be the landlord’s headache, but what about the contents? You also need insurance against any damage to the contents (by natural or man-made disaster), and against burglary.

Essential covers for your house

If we have convinced you to buy home insurance, here are the things you need to consider. Buy a policy that fits your needs. Three years ago, the insurance regulator made it mandatory for general insurers to offer a standard home insurance policy. The Bharat Griha Raksha (BGR) policy offered by all insurers covers damage to the house by natural calamities, fire, explosion or even external forces, such as a tree falling or a vehicle crashing into the wall. It also covers many associated costs of damage, such as removal of debris and fees of the architect or consulting engineer.

Though this policy offers comprehensive insurance, the standard BGR has its limitations. The policy covers contents up to Rs.10 lakh or 20% of the cover, whichever is lower. A cover of Rs.10 lakh may not sufficiently cover the contents of the average middle class home. “If you have highvalue items in your house, you should consider buying an additional cover for the contents,” says Gurdeep Singh Batra, Head of Property Underwriting, Risk Engg, Global Accounts and Coinsurance, Bajaj Allianz General Insurance. The BGR offers an additional cover for valuable contents on an agreed value basis, where the value is determined by mutual agreement.

“One can also buy breakdown cover for gadgets and appliances,” says Tarun Mathur, CBO, General Insurance & Co-founder, Policybazaar.com.

Don’t undervalue

While buying home insurance, make sure you have sufficient cover. Yes, you need to insure only the value of the structure, not the cost of the property, but make sure you have calculated the reconstruction cost correctly. “Home insurance buyers often make the mistake of linking the cover to the loan taken for the property,” says Batra of Bajaj Allianz general Insurance. The cost of reconstructing a basic quality structure is only Rs.1,200-1,500 per square foot. But if your house has premium fittings and a lot of branded stuff, the cost will be much higher at Rs.3,500-4,000 per square foot (see graphic). Buy adequate cover for your house.

SRABASTI DHALI - VICE-PRESIDENT & NATIONAL MANAGER, PCG & HOME, TATA AIG GENERAL INSURANCE

“A multi-year plan saves one the trouble of annual renewals, locks future premiums and hikes the cover by 10% every year.”

The other common mistake is that buyers don’t review coverage when the policy comes up for renewal. Inflation will push up the cost of construction every year, so you need to increase the cover accordingly. One way to do this is by taking a multi-year policy. Such policies increase the base cover by 10% every year to offset the impact of inflation. “A multi-year policy saves the buyer the trouble of renewing it every year, locks in the premium amount for the future, and even takes care of inflation by way of 10% annual increase in home building cover,” says Srabasti Dhali, Vice-President & National Manager, PCG & Home, TATA AIG General Insurance.

Valuation of contents

The valuation of contents is critical. Start by making an inventory of the items you want to cover, mentioning the item, the year of purchase, model and machine number, and its value. Keep in mind that insurance companies value appliances, gadgets and other items using the standard depreciation formula. The value of the item keeps reducing over the years. So an electronic item bought for Rs.50,000 two years ago will now be worth only Rs.20,000-22,000.

It’s important to revisit this list every year when the policy comes up for renewal. You may have discarded some items in the list or added new ones. Make sure to notify the company for any additional item and furnish all the required details. If the overall value of the contents is within the insurance cover opted for, there won’t be any change in premium. This is why it is advisable to use the services of an insurance agent so that there is no discrepancy.

If you want to insure some art or artefacts, you will need a valuation certificate from a certified agency. This requirement is waived if the item is worth less than Rs.1 lakh and the total value of such items does not exceed Rs.5 lakh.

VIVEK CHATURVEDI - CMO AND HEAD OF DIRECT SALES, DIGIT GENERAL INSURANCE
Note: “We tend to believe disasters happen only to other people. The frequency of disasters may be low, but the severity of loss is very high.”
How much does it cost?
The essential insurance that your house needs is very cheap.

ESSEN TIAL COVERS
Damage to building
The basic home insurance that everybody needs. It covers the structure
for damage by natural calamities, such as earthquake, lightning, storms and floods, and man-made perils, such as fire, vandalism and riots. The policy pays for repairs and reconstruction of the damaged property.
Cost of cover: Rs.15-30 per Rs.1 lakh

Damage to contents
Apart from the building, you can also cover the contents against these perils. The premium is slightly higher for this coverage, though some companies charge the same rate for both the building and contents.
Cost of cover: Rs.30-50 per Rs.1 lakh

Burglary or theft
The house contents also need to be insured against burglary or theft. The items to be covered (furniture, artefacts, clothing, appliances, gadgets) are specified and insured for an agreed value determined by the customer and insurance company.
Cost of cover: Rs.125-200 per Rs.1 lakh.

GOOD TO HAVE COVERS
Breakdown of gadgets
Gadgets in the house can also be covered against breakdown. Here, again, the items have to be listed and insured for an agreed value determined by the customer and insurance company.
Cost of cover: Rs.200-300 per Rs.1 lakh

EMI protection
If the houseowner had taken a loan for the damaged property, he can buy protection against EMI payments. The insurance company pays the EMIs for a specified period when the damaged house is being repaired or reconstructed.
Cost of cover: Rs.2,500 for six months’ EMIs

Alternative accommodation
If the house is damaged, a tenant will have to take up alternative accommodation. If the rent for this is higher than that being paid by him for the damaged house, the insurance company will pay the difference for the period specified in the policy.
Cost of cover: Rs.2,500 for six months’ rent

Loss of rent
If the damage to house makes it unlivable, the owner will suffer loss of rent. Houseowners can safeguard themselves against this loss with an add-on cover that pays rent for a chosen period.
Cost of cover: Rs.2,000 for a rent of Rs.25,000 per month for six months

AVOIDABLE COVERS
Personal accident
Houseowners can bundle in a personal accident cover with their home insurance policy. This cover is very cheap, though the insured amount is not very high.
Cost of cover: Rs.300 for Rs.5 lakh

Baggage loss
Another add-on cover is for loss of baggage during travel. This cover may not be very useful. In any case, a travel policy taken by the individual will also offer baggage cover.
Cost of cover: Rs.250 for baggage worth Rs.50,000

HOW TO BRING DOWN HOME INSURANCE COST
Worried by the cost of home insurance? Here are ways to reduce the premium.

AGREE TO PAY: If you agree to pay a minimum amount for the repair of your house and contents, the premium is reduced. However, not all companies offer this option.

BE SELECTIVE: Don't insure all items in the house. Very old items, with low depreciated values, should be kept out of the list.

ENHANCE COVERAGE: Some companies offer discounts if you take 2-3 add-on covers. This may not bring down the premium, but will enhance your coverage.

INVEST IN SAFETY: If you install safety measures, such as fire safety alarms and fire-fighting equipment, you can get discounts ranging from 10-15%.

CLAIM TAX BENEFITS: If you are a self-employed professional or businessman, you can claim deduction for the amount spent on home insurance. This benefit is not available to salaried people.

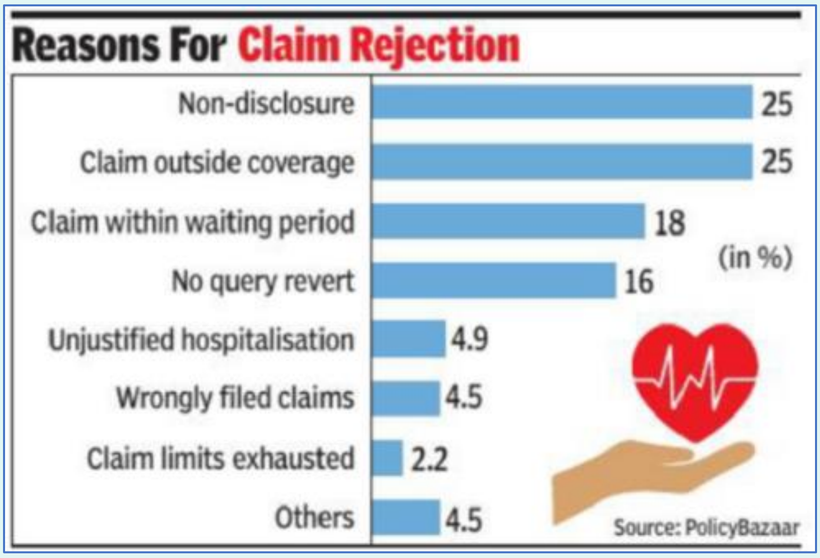
BUY MULTI-YEAR PLAN: A multi-year plan will increase the cover by 10% every year. This will not bring down the cost per se, but will enhance your cover at no extra cost.

(The writer is Babar Zaidi.)

TOP

HEALTH INSURANCE

Illness non-disclosure key to claim rejection - The Times of India – 22nd November 2023



Non-disclosure of existing health conditions is the main reason for insurers to reject claims. Around 25 percent of health insurance claims are rejected because the insured had pre-existing conditions like diabetes or hypertension, which were not disclosed at the time of purchase. Another 25 percent of claims rejections are because policyholders were unaware of the terms of cover and claimed for OPD(outpatient department) or other treatment excluded under the policy.

A large chunk of claims (16 percent) are rejected because the claimant did not revert to queries. PolicyBazaar, which has an insurance broking licence, analysed the data on two lakh health insurance claims between April to September 2023, of which 30,000 were rejected. From the insured's perspective, the worst damage to their financials is caused by claims rejected for non-disclosure. While an equal number of claims are turned down for being outside the scope of the policy, these are low-value claims, with the occasional claim being turned down for experimental procedures.

TOP

Suffering from diabetes or hypertension? Inform insurer before buying health insurance cover – Moneycontrol – 21st November 2023

Insurers can reject your claims, even if unrelated to the ailment, and cancel the policy if the illness is discovered later through medical or insurer's investigations when one is hospitalised.

When Delhi resident Kriti Mehta (name changed) and her husband Girish ported their health insurance policy in 2020, the purpose was to save on premium outgo because the new insurer offered a cheaper policy. Little did they know, however, that the switch would prove to be costlier.

The couple had purchased a family floater policy from a standalone private health insurer in 2018. In 2020, Mehta underwent a hysterectomy.

"Two years later, they ported their policy to another insurance company to avail of cheaper premium rates on offer but did not disclose the procedure she underwent in 2020," said Shilpa Arora, chief operating officer of Insurance Samadhan, a platform that helps aggrieved insurance policyholders escalate their complaints against insurers.

This year, Mehta developed complications due to the procedure and had to be admitted to hospital again. "The new insurer denied the claim, citing non-disclosure of hysterectomy," she said.

This is not uncommon. According to the Mumbai Insurance Ombudsman office, denial of claims on grounds of suppression of pre-existing diseases was the topmost cause of claim rejection.

What is a pre-existing illness and why does it matter?
Any health condition, injury, ailment or disease diagnosed and treated up to 48 months before buying a new insurance policy is called a pre-existing disease.

Such illnesses are usually covered only after a waiting period ranging from one to four years, depending on the product and the insurer. Policy buyers must disclose all ailments or conditions they have ever been diagnosed with.

On the basis of their underwriting – risk assessment – policies, insurers will compute the premium and take a call on whether to issue the policy. Typically, those with diabetes (Type 1 and Type 2), hypertension, heart-related problems or other conditions have to pay a higher premium. However, illnesses such as H1N1 influenza or appendicitis, which were treated and cured, will not attract additional premium.

What happens if information on pre-existing conditions is concealed at the time of buying a policy?
Any illness that has been concealed is very likely to be discovered when a policyholder is hospitalised as the doctors seek a patient's complete medical history. Insurers can reject such claims and worse, cancel the policy on the grounds that important facts were suppressed at the time of buying the policy.

"The insurer's response to the discovery of non-disclosure will depend on the product and underwriting guidelines. If the product's underwriting guidelines are such that it is not to be offered to diabetics and the policyholder conceals diabetes at the time of purchase, then this would constitute material suppression and the claim will not be payable," said Bhabatosh Mishra, director of underwriting, claims and products at Niva Bupa Health Insurance.

Can the insurer cancel a policy if the illness for one is hospitalised is not related to an undisclosed health condition?

Even if the disease for which one is being treated is not linked to the condition concealed, insurers can still cancel the policy, citing misrepresentation of health status. If the cover is a family floater policy, other family members, too, will have to pay the price because of the error.

Do old ailments that are known to an existing insurer have to be disclosed to a new insurance company while porting a policy?

Porting refers to the process of a policyholder switching to another insurer while retaining continuity benefits such as waiting period credits. It is best to disclose all ailments, although the new insurer, too, is required to access claim history from the existing insurer. "One of the biggest problems today is that policyholders do not share all their health information at the time of porting. Though insurers can exchange claim information, all medical records do not flow in," said Mishra.

Non-disclosure can result in claim denial and policy cancellation. "Claim rejection on these grounds (non-disclosure of pre-existing illnesses) by the insurers that the policyholders port to is a very common issue. Many times, people who are porting are doing so because they are looking for cheaper policies. In order to keep premiums low, they often do not disclose illnesses they might have acquired during the course of the previous policy," said Kapil Mehta, Co-founder of Securenow.in.

Insurers, intermediaries and policyholders are often in a hurry to get a deal done and less attention is paid to health disclosures.

"The pressure of meeting sales targets to earn commissions means that insurance companies' agents do not educate policyholders about the importance of declaring existing ailments. Many times, policyholders leave the task of entering all health details to the intermediaries, who simply make a declaration of good health to avoid rejection of the application. A layperson assumes that they have to only share the details of the continuity benefits they are entitled for, not the health history. Insurers see this as concealment," said consumer rights activist Jehangir Gai.

What about new conditions that develop during the policy term?

These have to be disclosed as well.

How can the Insurance Regulatory and Development Authority of India-mandated eight-year moratorium clause help?

Introduced in 2019, the moratorium clause is meant to provide relief to policyholders worried about claim settlement after years of paying premiums. "The whole idea is that after the moratorium period ends, concealment of pre-existing diseases cannot trigger claim rejection," said Mishra. The aim is to ensure that no health insurance policy is contestable after being in force for eight continuous years, except for proven fraud and permanent exclusions. "Fraud is very different from non-disclosure of lifestyle conditions such as cholesterol or mild hypertension. Failure to declare something more serious – such as renal failure, for instance – could be seen as fraud," said Mehta.

Yet, some companies can interpret non-disclosure of ailments as fraud and reject claims. However, such denials can be escalated to the insurance ombudsman. "We help consumers approach insurance ombudsman offices with their grievances around claim rejection on the grounds of suppression of material facts (illnesses). Our observation is that in the case of disputes where the eight-year moratorium period is over, or the insured's disease is treated four years prior to policy purchase, our clients' cases are stronger and have ended up on the winning side," said Arora.

Gai recommends approaching consumer courts directly instead of insurance ombudsman offices.

If a policyholder missed declaring a health condition before buying a policy can she do so at the time of renewal?
If an illness has been concealed before buying a policy and there are concerns over claim rejection due to non-disclosure, one can look to make the disclosure as soon as possible, even after the policy is issued. There are chances, though, that the policy will be cancelled. "But it is better to come clean and deal with the consequences rather than live with the fear of your claim being rejected in future and policy cancelled," said Mehta.

(The writer is Preeti Kulkarni.)

TOP

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59 mn hospitalisations worth Rs 74K cr authorised under AB-PMJAY since 2018 – Business Standard – 17th November 2023

Over 59 million hospital admissions have been undertaken at a cost of more than Rs 74,000 crore under the Centre's flagship health insurance scheme Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) since its launch five years ago, according to the National Health Authority (NHA).

The scheme was launched by Prime Minister Narendra Modi on September 23, 2018. It provides assurance of Rs 5 lakh per year per family, ensuring that quality healthcare is made accessible to low-income earners in the country.

More than 59 million hospital admissions have been authorised at a cost of Rs 74,131.79 crore since the scheme was first launched in Ranchi, the NHA said on its website. General medicine is the most consulted specialty at over 11 million patients under the AB-PMJAY, the data said. It is followed by infectious diseases (4.31 million consultations), general surgery (3.07 million consultations) and medical oncology (2.50 million consultations), it said.

The top six specialties with respect to consultations amount to a combined total of Rs 15,651.89 crore paid out of public exchequer since the scheme's launch. The NHA has described the scheme's primary objectives as ensuring comprehensive coverage for catastrophic illnesses, reducing out-of-pocket expenditure and improving access to hospitalisation care. Currently, the scheme provides 919 Health Benefit Packages (HBPs), covering 1,670 procedures under 26 specialties.

General surgery has the highest number of HBPs with 105 packages, whereas medical oncology covers the most procedures at 264. The NHA data also suggests that hemodialysis is the most frequently performed procedure to date in hospitals enlisted under the scheme, with more than 6 million cases amounting to Rs 2,521.58 crores. It is followed by Percutaneous Transluminal Coronary Angioplasty (PTCA) in its two variations - with and without the inclusion of a single stent. Both procedures have had a combined cost of Rs 2,627.48 crore.

(The writer is Sanket Koul.)

TOP

1% of sum insured as weekly income for 2 years, coverage for coma, 6 key features you must have in accidental policy – The Economic Times – 17th November 2023

People who survive near-fatal accidents may end up with temporary disabilities that make it impossible for them to rejoin work for a considerably long period. This would mean a loss of income as the options would be to take unpaid leave or quit the job during the rehabilitation period. While they may eventually recover from the physical damage, it becomes difficult to recover from financial damage caused by the loss of income. There is a way for you to blunt the impact of such a situation — build a financial support system using disability coverage. Read on to know the details. A comprehensive health insurance policy may work well to help you get treatment in case of an accident. But these plans usually have a limited sum insured, and the trauma caused by an accident may require costly treatment for a prolonged period. To cover this expense, many often spend their savings built over many years, sell their assets or take expensive loans.

Critical features you must have in your accidental coverage policy

Features	HDFC ERGO my: health Koti Suraksha Personal Accident	ICICI Lombard Family Shield	Niva Bupa Personal Accident Plan
Sum Insured	Rs 50 lakh	Rs 50 lakh	Rs 50 lakh
Permanent Total Disability	Max up to Rs 50 lakh	Max up to Rs 50 lakh	100 percent or 50 percent of sum insured (SI)
Permanent Partial Disability	Max up to Rs 50 lakh	Max up to Rs 50 lakh	As per policy
Temporary Total Disability	Rs 50,000 per week for maximum 104 weeks	Rs 20,000 per week	Optional, earning members: 2 percent of base sum insured per week; Max. Rs 1 lakh per week; For max. 100 weeks Non-earning members: 1 percent of base sum insured per week; Max. Rs 25,000 per week; For max. 50 weeks
Comatose benefit	Rs 25 lakh	Optional	25 percent of base sum insured; Max. ₹ 10 lakh*
Disappearance benefit	Up to sum insured	Up to sum insured	NA
Loan Protector	Not available	Yes	Latest principal outstanding loan amount as per bank details. Maximum up to base sum insured

*Only in V3, V4, V5 and V6 variants of the plan

This is where an accidental policy can help you, by making the costly treatment affordable. It is better to have additional coverage to deal with accidents either as a rider with a life insurance policy or a health insurance policy, or through a separate accidental coverage policy. "It supplements health insurance by specifically covering accident-related costs, like hospitalisation and treatment. Accidental coverage provides extra security for unforeseen events, reducing the burden on one's primary health insurance. It's a prudent step to safeguard against accidents and their financial implications," says Rakesh Goyal, Director of Probus Insurance Broker. Another financial burden during such periods is managing household expenses in the absence of a regular income. This can be stressful. Most health insurance policies will fall short of providing any meaningful financial support to take care of household-related expenses if the treatment needs a prolonged recovery period at home. This is where weekly payout feature of accidental policy can help you in case of temporary total disability.

(The writer is Naveen Kumar.)

TOP

7 benefits of adding a health insurance rider to your base plan – The Hindu – 7th November 2023

Ensuring the well-being of you and your loved ones are a top priority in today's unpredictable world. As such, health insurance has become an essential safety net. However, at times having a basic health insurance plan may not be sufficient. To ensure comprehensive coverage against various medical emergencies, you should consider health insurance riders. Before delving into the benefits of health insurance riders, let us first understand what a health insurance rider is.

What is a health insurance rider?

As the name suggests, it is a cover that you buy along with your insurance policy, and it rides along with your base insurance plan. For instance, it could happen that your health insurance plan has insufficient coverage and increasing the coverage might increase the premium. In such cases, you can opt for a rider plan that comes at a nominal additional charge that will not affect your premium drastically.

Most policies have multiple rider plans available in line within your budget and cover requirements. This way, you can avail sufficient coverage at a low cost. Whether it is a family health insurance plan or a health insurance for senior citizens, most buyers go for a basic plan and then opt for a rider plan along with it. This eventually becomes cost-effective with wide coverage.

Health insurance rider benefits

Now, coming back to the benefits of health insurance riders, here are the top 7 benefits you get by adding health insurance riders to your base health plans.

Upgraded protection cover

Rider plans increase the scope of coverage. It basically acts as an add-on cover to your existing insurance policy. Health insurance riders allow you to expand your coverage beyond your basic plan. For instance, you can add riders for maternity care, dental treatment, or vision care. This enhanced coverage ensures you are financially prepared for a wider range of medical needs. Also, this way your family members have sufficient coverage whenever required that too at an affordable premium

Customisable

One of the significant advantages of health insurance riders is the ability to tailor the policy to your specific needs. You can customise your plan by adding riders that are most relevant to your health concerns. For instance, if you have a family history of critical illnesses, you can opt for a critical illness rider. This ensures that you receive the necessary financial support should you be diagnosed with a covered illness. Moreover, you can use the insurance premium calculator to get an estimate of the plan and then customise it accordingly.

Pay for your child's education

Rider plans may also provide additional support for dependants. Riders like child education benefits help you to pay your child's education fee with the claim amount that the rider covers. In short, school, university, or any future academic fees can be paid from the rider cover amount. This ensures a safe and secure future for your child.

Compensation for debts

Rider plans like hospital cash cover act like a compensatory allowance. You can easily avail compensation for your debt with coverage offered on such plans. You can use the lumpsum amount received to compensate for the loss of income, loans, mortgages, repayment of debts, etc. that occurred due to loss of pay at work or treatment of a disease.

Tax saving benefits

In Rider plans you can avail tax benefits, meaning that the policyholder can avail a additional tax saving advantage along with the basic health insurance plan The premiums paid towards critical illness riders are also eligible for tax deductions under Section 80D of the Income Tax Act, 1961. This benefit is available for all the policyholders who pay tax.

Access to preventive care
Preventive healthcare is vital to maintaining your well-being. Many health insurance riders offer coverage for preventive care services such as vaccinations, health check-ups, and screenings. By investing in these riders, you can catch health issues early, which can lead to better outcomes and reduced healthcare costs in the long run.

Extensive financial security
Healthcare costs can be exorbitant, and a major illness or injury can drain your savings. Health insurance riders provide an additional layer of financial security. With riders like a personal accident cover or a hospital cash benefit, you will receive extra financial support when you need it most. This added peace of mind allows you to focus on your recovery without worrying about mounting medical bills.

Health insurance riders are a valuable addition to your basic Mediclaim policy. They offer enhanced coverage, tailored protection, lumpsum payment, faster access to treatment, support for dependents, and potential tax benefits. By considering these benefits, you can make an informed decision about the health insurance riders that are right for you and your family. Remember, your health is an investment, and health insurance riders can be the safety net you need to protect your wealth. You can find a range of pocket-friendly health plans at Bajaj Finance Insurance Mall. Here you can view product features, compare prices, and purchase a plan that is best suited to your needs. All this in a matter of minutes on our 100% digital platform and from the comfort of your home.

TOP

MOTOR INSURANCE

'EV industry should work together to lower insurance costs': Sachin Shilavat, Reliance General Insurance – Auto Carpro – 22nd November 2023

Auto industry stakeholders should work together to bring down the electric vehicle insurance cost for the insurance companies. That's the word coming in from Sachin Shilavat, President and Head - OEM and Automotive Alliances at Reliance General Insurance. Speaking at the India EV conclave organised by Autocar Professional and the government of Tamil Nadu, Shilavat said that costs can be reduced via data sharing among all stakeholders.

According to industry stakeholders, even though electric vehicles possess fewer moving parts as compared to their ICE counterparts, the insurance for EVs is relatively higher. Industry estimates suggest that the average insurance cost remains 1.5 times higher for EV cars than for ICE ones. It becomes much higher for two-wheelers, where the average cost may go up by around three times.

"While the entire EV landscape is evolving, the cost of insurance should come down," Shilavat noted while analysing the challenges faced by insurance companies in relation to EVs.

Among the reasons for higher insurance costs include the specific components in the vehicle, such as electric motors, batteries, and transmission modes, which are expensive at the moment. Localisation and innovation are two ways in which the costs can be lowered, especially when it comes to batteries, which form about 40% of the overall cost of the vehicle. Further, though the maintenance cycle for EVs is on the lower side, it requires a specialised skilled workforce, which also ends up pushing the costs.

He further highlighted that non availability of child parts for high value parts like battery and motor assembly was among the key issues for high claims costs. besides non-repairability of high-value parts. While the challenges remain, he pointed out that the insurance companies are looking to mitigate them to some extent by offering personalised offers, including riders to the EV customers.

However, the situation is likely to change in coming years, as a higher number of EVs on the road means greater competition among OEMs and their suppliers to bring down the vehicle and component costs. Also, it is likely to lead to more data sharing among different stakeholders, which could turn out to be a win-win situation for both the insurance companies as well as the end consumer.

(The writer is Shahkar Abidi.)

TOP

Damage to EV battery, charging station while charging: Insurer launches insurance covers for this – The Economic Times – 22nd November 2023

Zuno General Insurance (formerly Edelweiss General Insurance) has launched three new add-on insurance covers for electric vehicle (EV) insurance policies. These include insurance for private charging stations, charging accessories and also protection of vehicle during charging. Both these are claimed to be industry firsts by the company. Coverage for loss or damage to the insured EV by fire, self-ignition, or short circuit while it is either charging its battery or parked at a charging station. This cover is claimed, by the insurer, to be first in the insurance market.

Normally, most comprehensive insurance policies for motor vehicles provide insurance against fire. When asked about this, the company spokesperson said: "Any loss or damage in insured electric vehicle due to fire is covered in a regular comprehensive vehicle insurance policy; however, in Zuno General's EV Add-On cover, fire due to a specific cause, that is while battery charging is also covered. This is not stated exclusively under a regular comprehensive policy and often comes under grey area, so this gap has been covered through the inclusion of this add-on," explained Pooja Yadav, Chief Product Officer, Zuno General Insurance. According to the press release, the battery coverage add-on also offers protection in case of consequential loss to battery or parts of battery due to water ingression due to insured peril/short circuit. This would protect the insured from the high cost of replacing the battery if damaged due to these causes.

(The writer is Neelanjit Das.)

TOP

Kerala holds talks with firms to lower premium for motor vehicle insurance – The Hindu – 19th November 2023

The Kerala Transport department has requested insurance companies to consider lowering the premium charged from motor vehicle users in the wake of the drop in accidents in the State after the installation of the Artificial Intelligence (AI)-enabled traffic surveillance system. The insurance company representatives who attended a recent meeting convened by Transport Minister Antony Raju agreed to consider the request, said a release issued by the Motor Vehicles department (MVD).

Apart from this, the State has asked the representatives of the insurance companies to consider reducing insurance premium for vehicles not involved in any traffic violations and cost-sharing of the yard arranged for the safe parking of impounded vehicles. Further, the State also sought non-renewal of insurance for vehicles involved in traffic violations. It also sought to avoid entering into any kind of contract with vehicles involved in criminal cases.

The meeting decided to continue talks with the insurance companies in this regard. The meeting deputed Magma HDI General Insurance Company Limited, nominated by the Insurance Regulatory and Development Authority of India (IRDAI), to assess the progress of the suggestions made at the meeting with other insurance companies and the State government.

TOP

CROP INSURANCE

Crop insurance scheme PMFBY makes comeback, enrollments jump – Business Standard – 21st November 2023

The Pradhan Mantri Fasal Bima Yojana (PMFBY), the marquee crop insurance scheme of the Narendra Modi government, is showing signs of revival after a years-long slump. When the kharif season concluded recently, the number of farmers enrolled in the scheme reached an all-time high of 25 million. The share of non-loanee farmers – those who opted for the scheme voluntarily without using it as cover against a loan – jumped to almost 44.5 percent (or 11.1 million). Total enrollments for PMFBY is at the highest since 2018, data showed. In the previous kharif season, around 20.4 million farmers had opted for PMFBY, of which around 42 percent were non-loanee. The increase indicates voluntary acceptance of the scheme among farmers. The fact that 2023 had the El Nino weather pattern, when monsoon usually takes a beating, impacting the crops could be another reason for PMFBY getting more demand. In Financial Year 2023-24 (FY24), the government hopes that by December 31, when the enrollment for the rabi season ends, around 40 million farmers will enroll in the scheme. It also hopes that in FY24 around 57.5-60 million hectares of land will come under PMFBY compared to 49.7 million hectares in FY23.

Not only this, the actuarial premium rates for the 2023-25 insurance cycle is around 32 percent lower than the 2022-21 cycle, leading to a savings of around Rs 10,580 crore for the government exchequer. A number of states are considering rejoining the scheme after moving out for a variety of reasons. Andhra Pradesh has joined back and central government officials are hopeful that Telangana might return too after elections in the state. Gujarat, which left the scheme long ago due to high actuarial premium and demand for scientific method of farm yield estimation, might also return. Among agriculturally important states, Punjab, Bihar, Gujarat and West Bengal are out of PMFBY. The premium is determined through bidding under PMFBY. Farmers have to pay a maximum 2 percent of sum insured for kharif crops, 1.5 percent for rabi food and oilseed crops, and 5 percent for commercial or horticultural crops.

The balance of actuarial, or bided premium, is shared by the Central and state governments on 50:50 basis and 90:10 in case of Northeast states. The premium rate for crops depends on the risk associated and the total liability of a state depends on actuarial, sum insured of crops, area insured and number of crops notified by the states, the central government has told Parliament. So what has brought about this change in scheme? Officials said when PMFBY was made voluntary in 2019, farmers' enrollment and interest dropped as they doubted the need for crop insurance. “Even banks did not encourage farmers to opt for the scheme and then COVID struck which further impacted the performance,” said a senior official. As the claims ratios improved, farmers have returned to the scheme and realised that it does not lead to loss of investment.

In February 2020, more than three years after the scheme was launched, the Union Cabinet made PMFBY optional for loanee farmers as well and incorporated other changes. Till then, the Central had spent almost Rs 50,000 crore as its share of premium subsidy under the scheme. The decision to make PMFBY voluntary for all was part of the BJP's 2019 election manifesto. The earlier models of crop insurance, including the National Agriculture Insurance Scheme (NAIS), run by the previous UPA government has made it mandatory for loanee farmers. The Modi cabinet, in its February 2020, decision also incorporated some other critical changes in the scheme, including capping Central subsidy for premium rates up to 30 percent in un-irrigated areas and 25 percent in irrigated areas, putting a cut-off on states for their failure to release their share of premium subsidy. If states don't release their share of premium subsidy before March 31 for kharif season and September 30th of successive years then they won't be allowed to implement the scheme.

That apart, the cabinet also decided that when states engage any insurance company for PMFBY it will have to keep it enrolled for minimum three years as against the current provision of one to three years. Ever since the scheme was made voluntary in February 2020, data available publicly shows that both in terms area insured, states participating, sum insured and number of farmers who have opted for the scheme has shown a decline. In Rabi 2021, around 19 states participated in the scheme, while the number was 21 in rabi 2018. The farmers covered also declined to 10 million in rabi 2021 as compared to 14.68 million in rabi 2018. The area covered has gone down to 15.73 million hectares in rabi 2021 from 19.37 million hectares in rabi 2018. The sum insured has also fallen during the same period. In the kharif seasons also, there has been decline both in the number of farmers covered, area insured and sum insured. All these seem to be a thing of the past now.

TOP

REINSURANCE

Strengthening disaster risk financing in India – The Economic Times – 18th November 2023

India, a land of diverse landscapes and cultures, is also exposed to a wide range of extreme weather-related events. For example, 27 of the country's 29 states, along with seven union territories, face recurrent natural disasters. Cyclones, earthquakes, landslides, floods, and droughts are common occurrences. Heavy rainfalls, which often lead to deadly flooding and landslides, further exacerbate the situation.

Vulnerable communities are often impacted disproportionately, adding a social aspect to natural disasters. With potential losses likely to grow, more effort has to be put to provide financial protection and resilience to the vulnerable section of the society. Disaster risk in India vs the region and the world In the Asia-Pacific region, natural disasters have resulted in overall losses of approximately US$7 billion, with only roughly US$3 billion covered by insurance, per Munich Re's half-year Nat Cat figures.

The situation is far worse in countries where the insurance penetration remains low, such as in India. On top of the loss of life, these catastrophes seriously threaten the country's economy, particularly with the protection gap having seemingly grown over the years and uninsured losses remaining high. According to Munich Re data, the proportion of Nat CAT losses in India that are insured have remained in low single percentage point level.

Insurance as crucial part of disaster risk financing The growing protection Gap in India highlights the exigency for the necessary actions to be taken and financial safety nets to be put in place to strengthen the resilience of vulnerable communities and ensure they have the means and resources to recover and rebuild post-disaster. At the recent G20 meeting in New Delhi, members emphasised the urgent need to increase financing for disaster risk reduction (DRR) and integrate DRR into public and private sector investment decisions.

Recognising the importance of insurance, the National Institute of Disaster Management in collaboration with the Insurance Institute of India, had formed a working group with representatives from the Indian Insurance and reinsurance sector. The group's mandate was to propose a risk management framework and solutions to bridge the protection gap. Insurance, particularly parametric insurance, has emerged as a promising tool in these efforts.

Parametric insurance: Bridging the protection gap
Having risen in popularity over the years in the coverage of weatherrelated risks, parametric insurance focuses on covering the financial impact of certain events, paying out according to a predefined scheme e.g. a certain magnitude of earthquake or rainfall over a period of a few days, bypassing lengthy claims adjustment processes.

In and of itself, parametric insurance has a couple of significant benefits over traditional indemnity-based insurance: Claims pay-outs can be triggered as soon as specific parameters are met; and it can be easily tailored to suit different climates and topographies – an important aspect in a country as geographically diverse as India where different areas may require bespoke solutions.

But what if we could combine the best of both types of insurance?
Hybrid policies, combining parametric and indemnity components, offer a compelling solution. The moment predefined parameters are met, the policyholders can receive an immediate payout, and then proceed with the claims adjustment process so that all covered assets are ultimately still indemnified.

Parametric solutions in India
Parametric insurance might already be making headway across various states in India, but it is nevertheless important to keep improving awareness of these solutions. Munich Re is actively engaging with state government bodies, designing tailor-made solutions for review. We are also working with the private sector, especially microfinance institutions, to provide microfinance borrowers with coverage against earthquakes, cyclones, and floods.

Today, approximately 300,000 to 400,000 microfinance borrowers in India enjoy the benefits of parametric insurance coverage. This number underscores the positive impact of these initiatives and highlights the potential for further expansion.

An ongoing process, a future resilient
While progress is being made, disaster risk financing in India is an ongoing endeavour, and it is critical to keep spreading awareness and knowledge of the tools and infrastructure it requires. As India continues to face the growing threat of climate change-induced disasters, innovative solutions like parametric insurance need to be scaled up to reach bigger parts of the population. It is through collaborative efforts and a commitment to resilience that India can safeguard its people and build a more disaster-resilient future.

(The writer is Ankur Gupta.)

TOP

SURVEY AND REPORTS

Now, insurance ombudsman offices can adjudicate complaints up to Rs 50 lakh – Moneycontrol – 24th November 2023

Insurance ombudsman offices across India have started admitting policyholder complaints that involve compensation claims of up to Rs 50 lakh. Until November 10, when the finance ministry amended the insurance ombudsman rules, the maximum compensation that these offices could award to policyholders was capped at Rs 30 lakh.

Industry watchers and insurance ombudsman officials had, in the past, pointed out the need to enhance this limit. This is because many policyholders today buy term insurance, health insurance, critical insurance and personal accident policies with sums assured of over Rs 1 crore.

As per a study conducted by insurance broking and online aggregation firm Policybazaar.com, the most preferred cover amount for high networth policyholders was Rs 1.75 crore in the financial year 2022-23.

Higher value claims under the ombudsman ambit now

Rising disposable incomes, coupled with an increase in awareness around the importance of pure protection term cover to secure the financial future of dependents and affordable premiums, have spurred many to buy high-value term insurance policies.

Those who cannot approach insurance ombudsman offices have to knock on the doors of consumer courts for relief. “The increase in limit is a very positive move. This will ensure quicker resolution of even high-value death claims. Else, such individuals have to approach consumer courts, where, in our experience, the resolution time ranges from 1-2 years. At the ombudsman level, the resolution comes through in three months,” says Shilpa Arora, Chief Operating Officer, Insurance Samadhan, a firm that assists policyholders wjth getting their grievances against insurance companies resolved.

However, many believe that customers are better off taking their grievances directly to consumer courts. “They are more likely to get satisfactory resolution and compensation through consumer courts,” says consumer activist Jehangir Gai.

Claim rejected? Escalate the matter to ombudsman offices

Policyholders need to know that in the case of claim rejections, push-back can ensure that the claims are settled to their satisfaction. If you are unhappy with your insurer’s actions – rejection of your grievance or failure to respond – you can file a complaint with the Insurance Regulatory and Development Authority of India (IRDAI) and insurance ombudsman offices in your city.

You can either reach out to the offices in your city or jurisdiction or take the online route (www.cioins.co.in/Complaint/Online) within a year of your insurer rejecting the complaint. Before approaching insurance ombudsman offices, write to the insurer and wait for 30 days. If the company fails to respond, reach out to ombudsman offices. These regulator-mandated adjudicating authorities have to dispose of the case within 90 days of having received it.

The insurance ombudsman will, after examining arguments on both sides, pass an order. If you are not satisfied with the verdict, the next step is to approach consumer courts. However, the order will be binding on insurance companies.

Penalties for non-compliance

Insurance companies are required to implement the ombudsman’s order within 30 days. If they do not, policyholders need to alert the ombudsman offices again. In such cases, insurers have to shell out penal interest (two percentage points over the prevailing bank rate), as per the Protection of Policyholders Regulations, 2017.

(The writer is Preeti Kulkarni.)

TOP

India's workforce faces rising medical inflation, reveals report – Business Standard – 21st November 2023

In a study shedding light on the health of India's workforce, a new report by insurtech company Plum, titled "Health Report of Corporate India 2023," revealed that India has one of the highest medical inflation rates in Asia, reaching 14 per cent. This surge in healthcare costs has put a financial burden on employees, with 71 per cent bearing the financial burden by personally covering their healthcare expenses.

As India's employment landscape is poised to expand from 522 million individuals in 2022 to an estimated 569 million by 2030, the report highlights that only 15 per cent of this vast workforce receives any health insurance support from their employers, as revealed by a Niti Aayog report. The burden of healthcare expenses is disproportionately impacting over 90 million individuals, with healthcare costs exceeding 10 per cent of their total expenditure. Additionally, only 12 per cent of companies provide telehealth support.The report also revealed nearly 59 per cent skip their annual health checkups, while 90 per cent neglect regular doctor consultations to monitor their health. These figures raise concerns about the long-term consequences for individual well-being and overall health outcomes.

Saurabh Arora, co-founder and CTO, Plum, stated, "An average person spends 90,000 hours working. That's almost a third of their life. Employee health should be a top priority for organisations, not only from a humanitarian perspective but also as a strategic investment in their workforce. Hence, just health insurance is not enough - companies should adopt comprehensive healthcare benefits that accommodate insurance, primary, and preventive care."

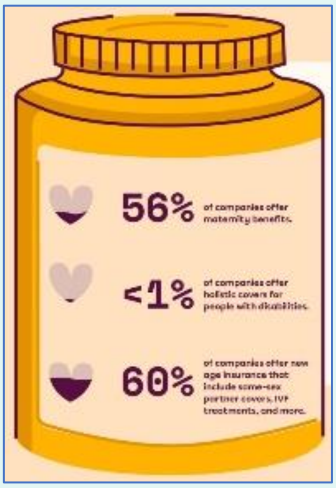
(The writer is Anjali Singh.)

TOP

Rs 3 lakh is the median sum insured offered by India's employers: survey – Business Standard – 21st November 2023

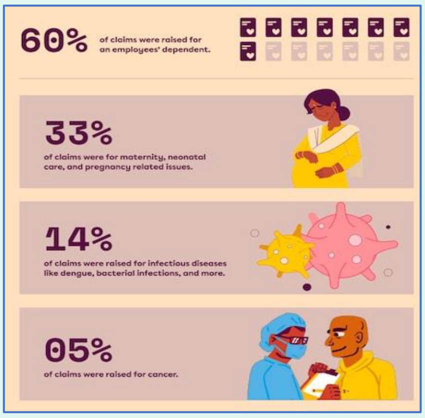
Less than five per cent of companies offer comprehensive healthcare options to their employees that include insurance, telehealth, and other health benefits while the median sum insured offered by India's employers is only Rs 3 lakh, revealed a study by insurance-tech firm Plum.
The study titled 'The Health Report of Corporate India 2023', also found that 85 per cent of employees with a chronic illness do not feel supported by their employers.The report covered over 3,000 employee healthcare plans and healthcare strategies of 5000 companies in India.

"An average person spends 90,000 hours working. That's almost a third of their life. Hence just health insurance is not enough - companies should adopt comprehensive healthcare benefits that accommodate insurance, primary, and preventive care," said Saurabh Arora, Co-founder and CTO, Plum.



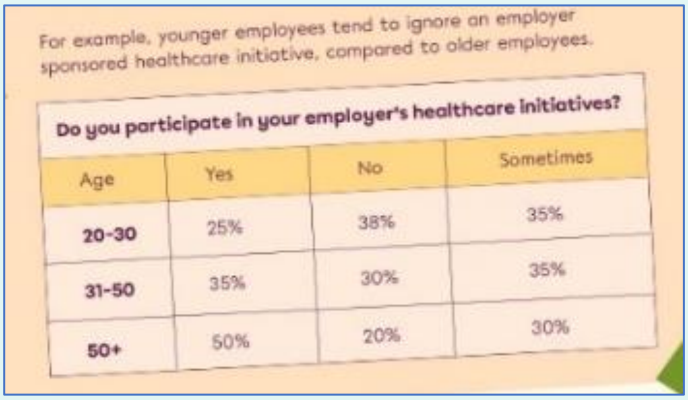
Employees are underinsured in India
Seventy per cent of companies offer health insurance to their employees' families, but only 25 per cent extend it to their employee's parents.

Fifty-six per cent of companies offer maternity benefits, while less than one per cent of companies offer holistic cover for people with disabilities and 60 per cent of companies offer new age insurance that includes same-sex partner covers, IVF treatments, and more.



Further, 12 per cent of companies offer employer-sponsored telehealth to their employees and less than 1 per cent of companies offer OPD coverage.
According to the report, 57 per cent of companies offer employees the option of discounted health checkups, 56 per cent of companies offer employees dental and vision benefits, and 60 per cent of companies offer the option for discounted medicines. However, only 10 per cent of companies offer options for mental well-being through telehealth or other mental wellness benefits.

How employees use their insurance
According to the report, employees are using insurance for their family members with 60 per cent of claims being raised for an employee's dependent.

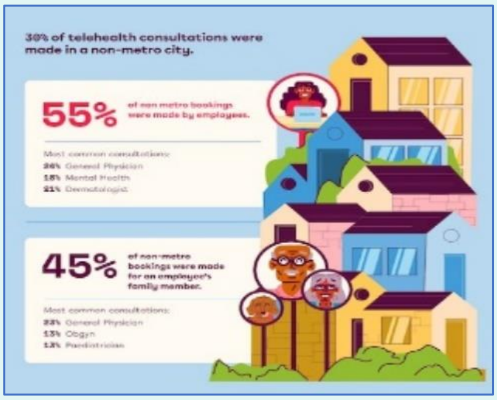

For example, younger employees tend to ignore an employer sponsored healthcare initiative, compared to older employees.

Do you participate in your employer's healthcare initiatives?

Age	Yes	No	Sometimes
20-30	25%	38%	35%
31-50	35%	30%	35%
50+	50%	20%	30%

Thirty-three per cent of claims were for maternity, neonatal care, and pregnancy-related issues, 14 per cent of claims were raised for infectious diseases like dengue, bacterial infections, and more and only five per cent were raised for cancer, said the report.

Younger employees tend to ignore an employer-sponsored healthcare initiative
According to the report, only 60 per cent of employees believe their companies care for their health and wellbeing. Adoption of employer-sponsored healthcare plans among youth aged 20-30 has been half as compared to employees aged 51 and above, said the Plum report.



It further noted that 42 per cent of employees (across age groups) expressed an interest in the availability of 'flex benefits', where they get to choose their own healthcare plans.

Less than 30 per cent of employees participate in company-sponsored wellbeing initiatives with 71 per cent bearing last-mile healthcare expenses out of pocket (which roughly averages to 5 per cent of the annual income), said the report.

Merely eight per cent of employees avail of discounted medicines and less than one per cent of employees avail of vision check-ups.

"There's a constant apprehension of whether employers access personal healthcare data. To increase adoption, companies must first offer employees psychological safety. In addition, vendors change every year, impacting the continuity of care. Most companies do not measure impact or improvement in health outcomes," said Jayanth Ganapathy, Head of Healthcare at Plum. According to the report, with preventive healthcare, employers were able to save their employees over Rs 1.8 crore in healthcare costs.

Employer-sponsored telehealth makes healthcare accessible to non-metro cities
"For preventive and primary health, we recommend that corporates offer their employees virtual healthcare, as well as a wallet that allows employees to avail personalised health benefits that work for them," said the report. According to the report, virtual primary healthcare resulted in employers saving their employees over 6 crores in healthcare costs. Thirty per cent of telehealth consultations occurred in non-metro cities, with 55 per cent made by employees and 45 per cent made by an employee's family member.

Employees are also using telehealth to address sensitive healthcare needs with 26 per cent being used for consultations for a general physician. Eighteen per cent of consultations are for dermatologists, 16 per cent of consultations are for mental wellness and only six per cent of consultations are for nutritionists, said the report. The most common consultations were with a General Physician (24 per cent), for Mental Health (18 per cent), and with a Dermatologist (21 per cent), said the report. Surprisingly, as per the report, only 12 per cent of companies provide telehealth support to their employees.

What report recommends for employees' healthcare plans

According to Plum, employees' healthcare plans should include basic comprehensive coverage, irrespective of size, that also covers spouses and children. The sum insured should be Rs 5 lakh, including maternity and modern treatment expenses of up to Rs 1 lakh. The report also recommends that the insurance sum should be Rs 10 lakh if the coverage includes spouses, children, and parents. This includes maternity and modern treatment expenses up to Rs 1.5 lakh.

TOP

INSURANCE CASES

Commission orders insurance company to deposit ₹15 lakh – The Times of India – 22nd November 2023

The District Consumer Grievances Redressal Commission has directed Chola Mandal Insurance Company to deposit Rs 15 lakh in a bank until the court delivers its verdict on the legitimate claimant. Basavaraj ShankarappaSavadi, a resident of Hal Kusugal in Navalgund taluk of Dharwad district was the owner-cum-driver of a goods carrier and had purchased a general insurance policy of Rs 15 lakh from the said company. The insurance covered accident benefits. On March 21, 2021, Basavaraj met with an accident and died. On behalf of his minor son Siddappa, his mother Prasuti approached insurance company seeking to settle the claim.In the meantime, another woman Malashri claiming to be the wife of Basavaraj and his unmarried sister BasavvaSavadi approached the company, saying they were the legitimate claimants. With several persons staking their claims for the insurance amount, the Chola Mandal Insurance Company refused to settle the claim till the legitimacy of the claimant was decided. Meanwhile, Basavva and Malashri had filed separate petitions in the courts in Dharwad and Belagavi, respectively, seeking to be declared as one of the claimants.

TOP

'Insured has no right to claim car replacement': Supreme Court partly allows BMW's appeal against NCDRC order – Verdictum – 21st November 2023

The Supreme Court, while partly allowing appeal filed by BMW India against NCDRC order, observed that the insured has no right to claim car replacement when the insurance policy does not have any such provision. The National Consumer Disputes Redressal Commission (NCDRC) had affirmed the State Consumer Disputes Redressal Commission's order, instructing both the insurer and BMW to compensate the owner for the complete loss of the BMW 3 Series 320D car by providing a replacement of the same make/model. Against this order, appeals were filed by Bajaj General Insurance (Bajaj) and BMW Pvt Ltd.

The Bench comprising Justice Abhay S. Oka and Justice Rajesh Bindal observed, “In case of total loss/constructive total loss, instead of paying the amount as aforesaid, the insurer has an option available to replace the vehicle with a new one. Thus, it is not the right of the insured under the policy conditions to always claim replacement of the car. It is at the option of the insurer”.

Advocate Anisha Upadhyay appeared for the Appellant and Advocate Vinay Kumar Misra appeared for the Respondent. Mukul Aggarwal's (Respondent’s) BMW 3 Series 320D was irreparably damaged in an accident. His insurance claim with Bajaj General Insurance (Bajaj) was denied due to claim submission delay, non-response to insurer letters, discrepancies in accident descriptions, and the discovery of blood stains in the vehicle. Aggarwal pursued a complaint with the SCDRC, which ruled in his favor, obligating Bajaj and BMW to indemnify him for the car's replacement under BMW Secure Advance. The decision was upheld by the NCDRC dismissing appeals by Bajaj and BMW. Aggrieved, both BMW and Bajaj approached the Supreme Court by way of Civil Appeals challenging the judgment of NCDRC.

The Court noted that the dispute centered on the jurisdiction of SCDRC over a Gurugram accident claim. Citing Consumer Protection Act, 1986 (Act), Section 17(2)(b), which indicated the presence of both insurer and dealer offices in Delhi, the Commissions affirmed the jurisdiction. The National Commission concluded that by entertaining the complaint, the State Commission adhered to Section 17(2)(b) of the Act. The Court, therefore, noted that the SCDRC had the territorial jurisdiction to preside over the accident claim.

"By referring to clause (b) of subsection (2) of Section 17 of the Consumer Protection Act, 1986 (the 1986 Act), the Commissions found as a matter of fact that the insurer as well as the dealer were carrying on business from their offices in Delhi. The National Commission observed that the State Commission, by entertaining the complaint, granted permission for filing the complaint as contemplated by clause (b) of sub-section (2) of Section 17. Therefore, on that count, we cannot find fault with the impugned judgments", the Bench noted. Furthermore, the Bench noted that even though the car was registered under Dassault's name, the owner, who was a director at Dassault at the time of purchase, successfully claimed ownership. Both the State and National Commissions affirmed that the vehicle was purchased for the owner's benefit, with loan payments from his salary. As per the Act, anyone using goods, besides the buyer, qualifies as a consumer.

The Court also noted that the insurance policy's Insured Declared Value (IDV) for the car was Rs.29,46,278/-. The policy includes general and special exemptions, with Clause (4) requiring precautions and immediate written notice to the insurer after an accident. A constructive total loss (CTL) is defined if retrieval or repair costs exceed 75% of the IDV. In case of a total loss, the insurer pays IDV less wreck value, with an option to replace the vehicle. The Bench emphasized that BMW's liability under the Secure policy activates only upon the insurer acknowledging the total loss of the insured vehicle under the motor insurance policy. Establishing the acceptance of the case regarding total loss is crucial.

The Court, on the issue of policy repudiation by the insurance company, observed that the primary basis for repudiation was a significant delay in informing the insurer of the accident. However, the Bench noted that the evidence exists that the accident, reported to the police, transpired on July 29, 2012. The insurer neither contested the accident nor asserted it resulted from the driver's rash and negligent driving. Moreover, the insurer didn't claim that the driver faced prosecution for such conduct. Consequently, the Court concluded that the insurer's repudiation of the insurance policy lacked validity.

The Court observed that all four contentions of the Appellants were rejected by the State and National Commissions. The Commissions found that the insured had promptly informed the insurer of the accident, responded to the insurer's letter, and corrected any discrepancies in the accident reports. The insurer's allegations of negligence and application of policy exceptions were also found to be without merit.

Additionally, the Bench observed that the insured was entitled to monetary compensation from both the insurer and BMW. The direction of the State Commission, confirmed by the National Commission, to replace the car was not sustained and was substituted by a direction to pay monetary compensation. Accordingly, the Court allowed the Appeal and set aside the operative part (replacing car) of the impugned order of the SCDRC.

TOP

Forum directs insurance firm to pay Rs 38K as vehicle damages - The Tribune – 18th November 2023

The District Consumer Forum of Kangra has directed the National Insurance Company to pay Rs 38,500 as claim of damage to vehicle of a complainant Dev Brat Sharma, a resident of Gudkari village. The forum also directed the insurance company to pay Rs 7,000 as compensation to the complainant and Rs 10,000 as litigation cost.

The complainant pleaded before the consumer forum that he bought an online insurance policy for his vehicle in August 2022 and it was valid from August 18, 2022 to August 17, 2023. The vehicle got damaged in an accident on September 22, 2022. The complainant alleged the cost of repair of the vehicle was Rs 52,000 but the insurance company refused to pay the claim.

A representative of the insurance company alleged the complainant had stated in the online renewal that his insurance would lapse on August 17, 2022, but his insurance had already lapsed on August 12, 2022.

TOP

PENSION

Pension plan terms and guaranteed sums explained in one chart – Business Standard – 23rd November 2023

Your must organise your pension now, securing finances you will need in your retired life. This table by Policybazaar will tell you the pension plans of six financial companies, detailing the money guaranteed and features. Regular Pay - 45-year-old Individual with 10 year payment term & 10 year Deferment investing 10k per month (Single Life with ROP) Single Pay Immediate Annuity - 60-year-old individual investing 10 lakh (Single Life with ROP) Single Pay Deferred Annuity - 60-year-old individual with 5 years deferement investing 10 lakh (Single Life with ROP).

Regular Pay - 45-year-old Individual with 10 year payment term & 10 year Deferment investing 10k per month (Single Life with ROP) Single Pay Immediate Annuity - 60-year-old individual investing 10 lakhs (Single Life with ROP) Single Pay Deferred Annuity - 60-year-old individual with 5 years deferement investing 10 lakhs (Single Life with ROP)

Insurer Name	**Key Features of Insurers**	**Plan names under each Insurer**	**Guaranteed Pension for Life (Annually)**
ICICI Prudential	Single Life & Joint Life Pension Plans	Guaranteed Pension Plan Flexi (Regular Pay)	Rs 98,500 annually for Life
	Waiver of Premium in Joint Life Plans		
	Single Pay & Regular Pay Options Available		
	Immediate & Deferred Annuity Payout Options	Guaranteed Pension Plan (Single Pay Immediate Pension)	Rs 61,200 annually for Life
	Single Life with Booster Payouts (Premium paid back while Annuitant is alive)		
	Top up your pension any time before income starts with any amount		
	Option to get 100% Premium paid to nominee on death of annuitant	Guaranteed Pension Plan (Single Pay Deferred Pension)	Rs 91,200 annually for Life
	100% Surrender Value in case of surrender during deferment		
HDFC Life	Single Life with & without ROP	Systematic Retirement Plan (Regular Pay)	Rs 86,100 annually for Life
	Single Pay & Regular Pay Options Available	New Immediate Annuity (Single Pay Immediate Pension)	Rs 70,200 annually for Life
	Option to get 100% Premium paid to nominee on death of annuitant	Saral Pension (Single Pay Immediate Pension)	Rs 56,100 annually for Life
	Death Benefit at 6% compounding Interest Rate	Pension Guarantee Plan (Single Pay Deferred Pension)	Rs 81,400 annually for Life
Max Life	Pension Plans start as early as 30 yrs	Guaranteed Lifetime Income Plan (Regular Pay)	Rs 98, 300 annually for Life
	Single Life & Joint Life Plans		
	Top up your pension any time before income starts with any amount		
	Single Pay & Regular Pay Options Available	Guaranteed Lifetime Income Plan (Single Pay Deferred Pension)	Rs 96,800 annually for Life
	Option to get 100% Premium paid to nominee on death of annuitant		

TATA AIA	Single Life & Joint Life Pension Plans	Fortune Guarantee Pension (Regular Pay)	Rs 97,800 annually for Life
	Single Pay & Regular Pay Options Available	Fortune Guarantee Pension (Single Pay Deferred Pension)	Rs 87,900 annually for Life
	Plan early with deferement period upto 17 years	Fortune Guarantee Pension (Single Pay Immediate Pension)	Rs 60,300 annually for Life
	Get 100% Premium paid to nominee on death of annuitant	Saral Pension (Single Pay Immediate Pension)	Rs 69,900 annually for Life
Bajaj	Single Life & Joint Life Pension Plans	Guaranteed Pension Goal (Regular Pay)	Rs 95,000 annually for Life
	Single Pay & Regular Pay Options Available	Guaranteed Pension Goal (Single Pay Immediate Pension)	Rs 61,700 annually for Life
	Get 100% Premium paid to nominee on death of annuitant	Guaranteed Pension Goal (Single Pay deferred Pension)	Rs 85,600 annually for Life
	Option to get 50%/100% Pension to your wife after you		
Kotak	Single Pay Immeidate Annuity Option Avaiable	Kotak Lifetime Income Plan	Rs 67,100 annually for Life
	Option to get 100% Premium paid to nominee on death of annuitant		
	Option to get 50% / 100% Pension to your wife after you		

Guaranteed income starts after the deferment period, which depends on the annuity amount chosen at the time of purchase of policy and the amount of premium paid. The policy remains in force until the lifetime of Primary Annuitant and after the death of Primary Annuitant until the lifetime of Secondary Annuitant. The option to choose joint life plan and life annuity with 100% return of premium is also available.

Source: www.policybazaar.com

TOP

Private sector's default on PF dues has risen by almost 10% in last 5 yrs, says EPFO's draft report – The Economic Times – 22nd November 2023

The private sector's default on provident fund deposits with the Employees' Provident Fund Organisation (EPFO) has risen by almost 10 percent over the last five years, resulting in arrears of more than Rs 15,000 crore for the retirement fund body in 2022-23. PF dues by the private sector accounted for 74.2 percent of the total dues in 2018-19, 77.6 percent in 2019-20, 79.8 percent in 2020-21, 82.2 percent in 2021-22 and 83.17 percent in 2022-23, shows the EPFO's draft annual report for 2022-23, a copy of which is with ET. While the cumulative increase over the last five years was 8.97 percent, the three years of Covid-19--2020-21 to 2022-23--registered an increase of 5.57 percent.

The total amount pending to be recovered by the EPFO stood at Rs 8,922 crore in 2018-19, Rs 10,509.60 crore in 2019-20, Rs 11,152.5 crore in 2020-21, and Rs 14,202.4 crore in 2021-22. According to the 2022-23 report, while the total PF dues stood at Rs 8,762.76 crore, the pension dues amounted to Rs 4,289.05 crore. The dues for EPF administration and inspection charges were pegged at Rs 566.48 crore, dues towards insurance fund stood at Rs 322.51 crore, while the administration and inspection charges for the deposit-linked insurance scheme stood at 12.39 crore, taking the total default amount to Rs 13,953.18 crore.

(The writer is Yogima Seth Sharma.)

TOP

Over a third of EPFO members opted for non-refundable withdrawals – The Economic Times – (Delhi Edition) – 21st November 2023

About 22 million subscribers or more than a third of the total subscribers of the Employees' Provident Fund Organisation (EPFO) availed themselves of non-refundable withdrawal of some funds from their PF kitty under a special window during the Covid-19 pandemic. As per the EPFO's draft annual report for 2020-21, the withdrawal of retiral savings in three financial years from 2022-21 amounted to ₹48,075.75 crore. As per the report, the retirement fund body disbursed ₹17,106.17 crore in 2020-21, benefitting 6.92 million beneficiaries, ₹19.126.29 crore in 2021-22 to 9.16 million beneficiaries and ₹11,843.23 crore to 6.20 million beneficiaries in 2022-23. The EPFO has about 60 million subscribers and manages a corpus of around ₹18 lakh crore. The government amended the EPF Scheme, 1952 to provide members non-refundable withdrawal to EPF members. They were allowed to withdraw funds equivalent to basic wages and dearness allowance for three months or up to 75 percent of the amount in a member's EPF account, whichever was less.

TOP

IRDAI CIRCULAR

Circular	*Reference*
Circular on Discontinuation of filing of certain returns by Insurers and Insurance Brokers	https://irdai.gov.in/web/guest/document-detail?documentId=4181555
Data For Calculation Of Motor TP Obligation For FY 2023-24	https://irdai.gov.in/web/guest/document-detail?documentId=4172105
Segment wise Gross Direct Premium up to September 2023 (Provisional & Unaudited)	https://irdai.gov.in/web/guest/document-detail?documentId=4172241
Procedures for Implementation of Section 12A of WMD Act, 2005 and 51A of UAPA	https://irdai.gov.in/web/guest/document-detail?documentId=4171760

TOP

GLOBAL NEWS

Bangladesh: Proposed bancassurance rules await Finance Ministry's approval – Asia Insurance Review

The finalised guidelines for bancassurance operations currently await the approval of the Finance Ministry, according to Mr Mohammad Jainul Bari, chairman of the Insurance Development and Regulatory Authority (IDRA). He added that bancassurance would be launched soon in the country. In July this year, the Financial Institutions Division of the Finance Ministry approved a proposal to allow bancassurance in the country.

The lack of trust in insurance companies is expected to be minimised to a great extent following the implementation of bancassurance, reported The Business Standard. Industry players say that banks in the country have a better reputation than insurance companies. If these banks sell insurance products, they will do so while considering their goodwill in the market at the same time. They will try to maintain service standards in bancassurance.

TOP

Taiwan: Regulator to facilitate insurers' transition to IFRS 17 - Asia Insurance Review

Taiwan's insurance regulator will implement measures to assist insurance companies in their adoption of IFRS 17, enhance their resilience and support sustainable operations. Ms Shih Chiung-Hwa, director general of the Insurance Bureau of the Financial Supervisory Commission (FSC), said this yesterday when she reiterated that the FSC is granting insurers 15 years to apply transitional measures in the implementation of International Financial Reporting Standards 17, to enable a smooth transition to the new regime.

She said that South Korea has announced a transition period of 10 years, while Japan applies ICS and will announce a transition period next year. Taiwan's insurance industry is set to adopt IFRS 17 on 1 January 2026, together with the New Generation Solvency System (TW-ICS) which is based on Insurance Capital Standard (ICS) 2.0 issued by the International Association of Insurance Supervisors (IAIS).

Ms Shih said that there are currently 14 life insurance companies with high interest rate policies and mandatory dividend policies of more than 6%, which are much higher than current interest rates. This is a special situation unique to Taiwan. Taking into account its low liquidity characteristics, the FSC will provide an interest rate discount of 0.5 percentage points, to reduce the burden on the industry.

As the US Federal Reserve has raised interest rates by 21 points in a row, that is, the interest rate has increased by 5.25%, the Taiwan Central Bank has also raised interest rates by three points. Ms Shih said that industry players had pointed out that the sharp rise in interest rates has adversely affected asset valuations, and considering the matching of assets and liabilities, the FSC will grant a 15-year period to phase in the risk weights on assets.

Finally, as the interest rate risk measurement standards will increase, it will become a major challenge for the life insurance industry. The FSC pointed out that the capital adequacy ratio (RBC) will also increase linearly in 15 years, from 50% to 100%, and the industry will gradually strengthen its control over interest rates.

TOP

Indonesia: Overwhelming majority of Insurers upbeat about growth - Asia Insurance Review

Almost all (93%) of Indonesia's insurance industry players are optimistic about the future growth of their companies over the next five years, according to the findings of a survey by the Financial Services Authority (OJK) conducted in 2023. Similarly, 87% of the insurance industry has a positive outlook on the industry's growth. However, 33% of insurance industry players perceive that the growth of the insurance industry in Indonesia is not as favourable as the growth observed in foreign countries.

There are two primary challenges to the growth of the insurance industry, namely, public literacy and limited support from domestic reinsurance, according to the "Roadmap for the Development and Strengthening of the Indonesian Insurance Industry 2023-2027—Restoring Confidence Through Industrial Reform" released by the OJK earlier this month.

Industry growth

The insurance industry as a whole is currently experiencing growth. However, growth in the conventional insurance sector over the past five years has been relatively modest, averaging only 1.89% per year. Specifically, conventional insurance premiums have grown by a mere 0.9%, while the contributions of Shariah insurance have increased by 15.7% during the same period. Despite this growth, the market share of takaful contributions remains relatively small compared to conventional insurance premiums (excluding social and mandatory insurance), accounting for only 15.51% in 2022.

As of 31 December 2022 (based on unaudited data), the insurance industry in Indonesia consisted of 136 conventional insurance companies, comprising 52 life insurance companies, 72 general insurance companies, 7 reinsurance companies, and 5 social and mandatory insurance companies (excluding insurance supporting institutions, actuaries, and insurance agents). Life insurance accounted for 38.98% of the total premiums or contributions in the insurance industry, while general insurance and reinsurance contributed 16.03%, and social and mandatory insurance made up 45%.

Joint venture insurers held a dominant market share of 69.1% in the life insurance sector, whereas in the general insurance industry, insurance joint ventures had a market share of 34.4%. Therefore, it is important to enhance the implementation of international standards while also taking into account the unique characteristics of the Indonesian market, says the OJK.

According to the data provided by OJK, a considerable number of insurance companies, both in the general insurance and life insurance sectors, are relatively small in the scale of their business. In contrast, a few insurance companies hold more than 80% of the total premiums of the insurance industry. To sum up, 69.2% of the total number of life insurance companies (36) and 62.5% of the number of general insurance companies (45) contribute less than 20% of the total premium/contribution to the industry. Therefore, it is crucial to enhance the capacity of companies and consolidate the industry, says the OJK.

TOP

Malaysia: General insurers post 7.3% growth in premiums but 38% drop in underwriting profit in 1H - Asia Insurance Review

The general insurance industry has recorded an increase in gross direct premiums of 7.3% to MYR10.5bn ($2.24bn) in the first half of 2023 compared to the corresponding half in the previous year, announced the General Insurance Association of Malaysia (PIAM).

Despite the positive trajectory, the underwriting profit plunged by 37.8% to MYR0.5bn. This decline is largely due to a contraction in profitability in the Motor and Fire lines of business. Specifically, the loss in the Motor portfolio deteriorated by MYR0.2bn as compared to the same period last year, due to a weaker Motor claim experience that was closer to the pre-COVID-pandemic level and rising prices of vehicle spare parts in Malaysia. At the same time, the overall profitability of the Fire portfolio was adversely impacted by various flood events and rising reinsurance costs.

Motor and Fire lines of business continue to dominate
Motor retains its position as the largest line of business at 44% share of the total premiums. Despite a commendable 8% growth in gross direct premiums, reaching MYR4.6bn in the first half of 2023, Motor insurance recorded an underwriting loss of MYR54m with the net claims incurred ratio deteriorating to 67.1%, reverting towards pre-pandemic levels.

Meanwhile, the Fire line of business recorded an 8% increase in premium in 1H2023 to MYR2.11bn compared to 1H2022. This increase is partly due to the rise in residential and commercial construction activities, coupled with increasing demand for flood coverage. The Fire portfolio experienced a decline in profit with the underwriting margin contracting to 26.8%. This decline is attributed to inflationary factors, tariff adjustments, intense competition in the sector and increased flood events.

Increase in flood insurance take-up rate
In 2022, flood events in Malaysia caused overall losses of MYR622.4m, which translated to 0.03% of the country's nominal GDP.

The breakdown of losses is as follows:

	Losses MYR
Public Assets and Infrastructure	232.7m (37.4%)
Living Quarters	157.4m (25.3%)
Agriculture	154.5m (24.8%)
Business Premises (majority in service sectors)	50.3m (8.1%)
Vehicles	18.8m (3.0%)
Manufacturing	8.7m (1.4%)

Similarly, in 2021, the "1-in-100 year" major flood event incurred substantial economic losses of MYR6.1bn, equivalent to 0.4% of Malaysia's nominal GDP. These flood-related events adversely affected the overall claims volume and profitability of the Fire lines of business.

Nevertheless, following the rising flood events, there has been a positive upward trend in policyholders' awareness regarding flood coverage. This is reflected in the increasing take-up rate for flood optional coverage within the Motor and Fire policies. The take-up rate (as measured by the proportion of policies count with flood coverage) has increased by 2% for both Motor and Fire portfolios, to 14% and 33% respectively.

Daily claims payout at MYR23m per day in 1H2023
The general insurance industry settled close to MYR23m daily on total insurance claims. The average daily claims payout in 1H2023 increased by 23% from the full year 2022.

Over the past decade (2013-2022), Motor daily claims payout represented the majority of total claims averaging at MYR16m per day, constituting 70% of the total payout. In 2022, there was a reversal in the trend observed since 2020, with Motor daily claims payout increasing to MYR13m per day. Subsequently in 1H2023, Motor daily claims payouts increased to nearly MYR16m per day, the highest when compared even to the pre-pandemic period.

TOP

Emerging insurance markets, including China, likely to generate over 50% of additional global premiums over 2024-25 - Asia Insurance Review

More than half (52%) of the additional global premiums to be written in 2024?2025 are expected to be generated from emerging markets (including China), up from 45% in the past five years, says Swiss Re Institute (SRI). In a new sigma report, titled "Risks on the rise as headwinds blow stronger: global economic and insurance market outlook 2024?25", SRI said, "We continue to see China as the engine of emerging markets growth, representing 68% of the additional premiums of the next two years. Here, the fundamentals of the economy, including a growing middle class and rising risk awareness will continue to support a moderate recovery in risk-type products.

"Meanwhile, consumers' willingness to save more in fear of future income, low bank interest rates and policy support for private pensions are likely to boost sales of savings products." In emerging markets, SRI expects 7.6% premium growth driven by strong growth in China (10.2%), where life premiums are being boosted by strong sales of savings-type products, mainly via the bancassurance channel.

In other emerging markets (excluding China), premiums are expected to return to growth in 2023 after a slight contraction in 2022. This is supported by a mix of factors across emerging markets including regulatory changes and demand for inflation-linked products. In the Asia-Pacific region, overall insurance premiums are forecast to grow by 2.3% in 2024 and 2025, compared to the region's estimated growth of 0.7% in 2023. In some advanced Asian markets (e.g. Singapore) due to repricing for life products with a time lag, while other financial products become more attractive in the short term in the context of higher interest rates.

TOP

Hong Kong: Seniors have better mind health but financial insecurity remains a key detriment - Asia Insurance Review

The silver-haired generation in Hong Kong (people aged 50 and above) fares better in terms of overall mind health than the general population, while still being vulnerable to significant financial stress, according to the AXA Study of Mind Health and Wellbeing 2023 which assesses the state of mind health across the globe.

Financial insecurity: a key detriment to mind health
The Study reveals that Hong Kong is aging rapidly with the silver-haired generation making up more than one in three Hong Kongers by 2046. According to the Study, 30% of the respondents aged 50 and above are flourishing, compared to only 20% of the general population. The Study also indicates a lower stress level among the group, with 38% of silver-haired respondents experiencing moderate to extreme stress over the past year, compared to 53% of all Hong Kong respondents.

However, financial insecurity remains a key detriment to the mind health of the silver-haired group. Rising prices and cost of living (78%), illness (69%) and economic uncertainty (68%) were identified as the top three issues that had negatively impacted their emotional wellbeing. Meanwhile, only two out of five (41%) silver-haired feel secure about their financial future, and less than half (44%) believe they have sufficient financial resources.

Improving physical health: a gap exists between aspiration and action
The Study also examines respondents' level of engagement in physical activity which plays an important role in improving one's mind health. Among the silver-haired in Hong Kong, only 30% regularly have more than 150 minutes of moderate-intensity exercise per week. Unsurprisingly, 43% of the silver-haired who exercise regularly are flourishing, compared to 25% of those who do not.

On the other hand, when asked about their "one big wish", half (50%) of the silver-haired aspire to achieve perfect physical health, revealing a gap between aspiration and action in improving physical well-being.

Mental health challenges not to be ignored
Furthermore, despite scoring higher in terms of overall mind health, the silver-haired community is not immune to the mental health challenges that affect people of all ages. According to the Study, 15% of silver-haired in Hong Kong currently experience some form of mental health conditions. Among these respondents, however, only 39% seek professional help, while 59% opt to self-manage their conditions or not manage them at all.

The "AXA Mind Health Study" is an annual study of mind health and wellbeing to assess the current state of mind health across the globe, and to provide individuals and businesses with the insights and advice needed to foster positive mind health. The Study was conducted in collaboration with IPSOS between September and October 2022 by means of an online survey and online interviews among a total of 30,000 respondents aged between 18 to 74 years old across 16 European, American and Asian markets. In Hong Kong, a total of 2,336 respondents aged between 18 and 74 were surveyed.

TOP

COI Training Programs

Mumbai – December - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Compliance Management for Principal Officers of Corporate Agents-Banks	14-Dec-23	14-Dec-23	ClickHere	Register
2	Liability Insurance: Focus Cyber & Crime	18-Dec-23	19-Dec-23	ClickHere	Register
3	Life Insurance Claims Management, Legal and Regulatory Issues	18-Dec-23	19-Dec-23	ClickHere	Register
4	Compliance Governance and Risk Management (IRCC)	20-Dec-23	22-Dec-23	ClickHere	
5	New Vistas in Life Insurance Underwriting	03-Jan-23	03-Jan-23	ClickHere	Register
6	Innovative learning & Development (L&D) Strategies for Life Insurance Industry	04-Jan-23	05-Jan-23	ClickHere	Register
7	Engineering Insurance - Operational Policies	04-Jan-24	05-Jan-24	ClickHere	Register
8	Principles of Valuation - Life	05-Jan-23	05-Jan-23	ClickHere	Register
9	Claims Management of Fire Insurance	11-Jan-24	12-Jan-24	ClickHere	Register

10	Health Insurance Management including Fraud Control	12-Jan-24	12-Jan-24	ClickHere	Register
11	Creating High performers in Banca Channel	15-Jan-23	15-Jan-23	ClickHere	Register
12	Customer Grievance, Insurance Arbitration, Ombudsman and Consumer Cases	15-Jan-24	16-Jan-24	ClickHere	Register
13	Miscellaneous Insurance Management	15-Jan-24	17-Jan-24	ClickHere	Register
14	Trade and Credit Insurance	16-Jan-24	16-Jan-24	ClickHere	Register
15	Crop Insurance – Focus: Horticulture, Floriculture, Plantations and Vegetable Insurance	17-Jan-24	18-Jan-24	ClickHere	Register
16	Understanding Bond Markets for Insurance Investments	22-Jan-23	23-Jan-23	ClickHere	Register
17	Consumer Grievances and Redressal Machinery	31-Jan-23	31-Jan-23	ClickHere	Register
18	Managing Project Insurance	01-Feb-24	02-Feb-24	ClickHere	Register
19	Corporate Finance & Post listing compliances	01-Feb-24	02-Feb-24	ClickHere	Register
20	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	05-Feb-24	10-Feb-24	ClickHere	Common
21	Motor Insurance (Own Damage) Workshop	05-Feb-24	07-Feb-24	ClickHere	Register
22	Cyber Security, Resilience and Cyber Claims	07-Feb-24	07-Feb-24	ClickHere	Register
23	Workshop on Soft Skills for team managers and team leaders	12-Feb-24	14-Feb-24	ClickHere	Register
24	Policyholders Service and Protection of Policyholders Interests for Life Insurance	15-Feb-24	16-Feb-24	ClickHere	Register
25	Market Segmentation and product placement – Non par products (ULIPs, Guaranteed maturity products and Annuities)	15-Feb-24	16-Feb-24	ClickHere	Register
26	Up-skilling teams on CRM	20-Feb-24	21-Feb-24	ClickHere	Register
27	Marine Hull & Energy Insurance-Underwriting & Claims	26-Feb-24	27-Feb-24	ClickHere	Register

Kolkata – December - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO- CT(Kolkata)	19-Dec-23	20-Dec-23	ClickHere	Register
2	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO - CVT(Kolkata)	19-Dec-23	20-Dec-23	ClickHere	Register
3	New Vistas in Life Insurance Underwriting	20-Dec-23	20-Dec-23	ClickHere	Register

4	Emerging Trend in Motor OD Underwriting and Claims Handling - CT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register
5	Emerging Trend in Motor OD Underwriting and Claims Handling - CVT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register
6	Financial and Investment Management in Life Officers-CVT	12-Jan-24	12-Jan-24	ClickHere	Register
7	Managing Catastrophe Claims - CT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
8	Managing Catasrophe Claims - CVT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
9	Personal Tax planning & Life insurance - CT	22-Jan-24	22-Jan-24	ClickHere	Register
10	Learning Aviation Insurance-Bracing for the future - CT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
11	Learning Aviation Insurance-Bracing for the future - CVT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
12	Wealth accumulation through ULIP & Annuities - CVT	08-Feb-24	08-Feb-24	ClickHere	Register
13	Raising Effectiveness of Business Development Executives & Managers-CT	20-Feb-24	20-Feb-24	ClickHere	Register
14	Augmenting Women Power in Leadership - CT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register
15	Augmenting Women Power in Leadership - CVT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register