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INSUNEWS - WEEKLY E-NEWSLETTER

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QUOTE OF THE WEEK

"Every moment is an organizing opportunity, every person a potential activist, every minute a chance to change the world."

DOLORES HUERTA

Insurance Term for the Week

Continuous Coverage

Continuous coverage is important for many reasons. In terms of auto insurance, the majority of states require a minimum amount of coverage; thus, a lapse in coverage may result in legal troubles. Moreover, if an individual gets into an accident while uninsured, they will end up paying out of pocket to fix the vehicle. Lastly, they may also see a significant increase in their premium rates once they purchase a new policy. Therefore, it ends up being far more affordable to simply maintain coverage in the long run.

As for health insurance, the Health Insurance Portability and Accountability Act provides individuals with credit against the pre-existing condition exclusion for having continuous coverage. This means individuals with continuous coverage without any significant lapses can switch health insurance without being ineligible due to a pre-existing condition.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Loans bundled with insurance products by SFBs under scrutiny – The Hindu Business Line – 25th April 2024

As a first step to crack down on the mis-selling of insurance products, the banking and insurance regulators are questioning the need to forcefully bundle life insurance products with loans offered by small finance banks (SFBs).

It was recently brought to the attention of the Reserve Bank of India that SFBs were mandatorily forcing individual borrowers to avail of life insurance products and the loan amount disbursed to borrowers was net of premium. While MFIs are permitted to sell insurance products in JLG or joint liability group loans, it is not permitted in the case of loans sold to individuals. "It has come to a stage where banks threaten to cancel the sanctioned loan if a borrower declines to buy insurance products. Since MFI loans have an impact on the livelihood, borrowers end up taking insurance whether they need it or not because they won't be able to avail the loan otherwise," said a senior executive of an SFB aware of the development.

Problem of mis-selling

Microfinance (MFI) loans are largely small-ticket unsecured loans. Both the regulators, Reserve Bank of India and Insurance Regulatory and Development Authority of India (IRDAI) are probing SFBs and insurance companies the rationale for making life insurance products mandatory along with such loans.

"On a ₹40,000 loan if 10 per cent must be reduced because it should go towards the premium for a life insurance product, how would it benefit the borrower. The banking regulator has been warning SFBs for the last two years to review such products because they may not be beneficial to anybody – whether the borrower, bank or insurance company. But with malpractices continuing, the regulator is heavily coming down on a few banks," said a highly placed source aware of the matter.

Lack of persistency

What is also becoming a contentious issue for IRDAI is whether life insurance companies can maintain persistence on such products. "Invariably after the first year's premium is deducted when the loan is extended by the bank, the customer doesn't pay premium on these policies. The persistency ratios of such products are observed to be very weak," said a senior executive of an SFB who didn't want to be named. Such bundled life insurance products merely add to the volume of policies sold and add little or negligible value to insurance companies.

Another aspect of these loans which is under scrutiny is whether the income assessment of the borrower has been done adequately. In most cases where loans and life insurance products were bundled, it was uncovered that the assessed income for life insurance and for availing the loan were different. "Annual household income for MFI loans has been capped at ₹3 lakh, whereas there are instances of the sum insured working out to ₹5 – 8 lakhs or more. These are glaring discrepancies," said a highly-placed source with knowledge of the issue.

Although bundling of life insurance products with loans is becoming a huge problem across the banking industry, the regulator presently is said to be keenly focused on MFI loans, because of the economic implications of such practices. It is expected that there could be some directive or circular from the RBI on such mis-selling of insurance products.

(The writer is Hamsini Karthik.)

TOP

The emergence of generative AI in the Indian Insurance sector - The Economic Times – 20th April 2024

What once seemed like a far-off prospect has now become a tangible reality. AI or artificial intelligence is at the forefront of every industry today. If we talk about its most common and versatile applicability, it has to be generative AI which is proving to be a game-changer. Particularly, in industries like insurance and financial services where data-driven insights and decision-making hold paramount importance, AI holds immense potential. The insurance industry runs on the fine line of balancing risk and resilience. This is the industry that protects millions from financial risks but in the process, is also exposed to infinite risks that plague the industry. This is where AI integration can help solve challenges across diverse consumer segments. In areas such as customer service, underwriting, and fraud detection, generative AI is revolutionising operations for insurers, distributors, and aggregators alike.

Here are some practical applications of generative AI that are transforming the insurance industry -

Changing interactions through content generation:

Just the way generative AI is a popular applicability of AI, then content generation across industries has to be one of gen AI's most common use cases. Generative AI has changed the world of content generation by reducing turnaround time massively. In the insurance sector, it is bringing on a new era of customer interaction by leveraging advanced algorithms. AI-driven chat-bots and virtual assistants are delivering personalised and timely responses to customer inquiries, streamlining processes such as policy inquiries and quotation requests. AI-powered assistants empower customers to make informed decisions and navigate complex insurance processes with confidence. This automation not only improves customer satisfaction but also allows human advisors to focus on more complex and valueadded tasks.

Reshaping claims assistance experience:

Customer interaction is an integral part of any industry and in insurance, claims experience is the make or break moment for the policyholder. AI-powered solutions are already handling bulk of customer queries and concerns about their claims. Known as the moment of truth, claims handling requires quick and informative responses which are being seamlessly handed over to virtual chatbots and assistants across multiple touchpoints. For instance, developed economies have already deployed AI to assess the extent of damage for motor insurance, thereby fast-tracking the claims settlement. In fact, the USbased insurance company Lemonade famously holds the record for its AI assistant settling a claim in mere three seconds! It took just three seconds for the bot to cross-check policy details, run anti-fraud algorithms and settle the claims. The technology only keeps getting edgier, so we are heading towards endless possibilities that AI could unbridle for better claims and customer experience.

Detecting and preventing fraud with data analytics:

The insurance industry has long grappled with the challenge of mitigating mis-selling and fraud.
Generative AI is also playing a crucial role in combating insurance fraud and optimising risk management practices. By analysing vast amounts of data, including customer demographics, purchasing patterns, and behavioural indicators, AI algorithms can identify suspicious activities and flag potential fraud cases with remarkable accuracy.

Moreover, AI's predictive modelling capabilities enable insurers to assess and mitigate risks more effectively, thereby minimising losses and optimising underwriting processes. With the ability to adapt and learn from new data in real-time, AI-driven risk management solutions offer insurers invaluable insights into emerging trends and evolving risks, enabling proactive decision-making and strategic planning. Beyond fraud prevention, this also helps ensure fair pricing for the larger consumer base. The lower risk set can avail of lower premiums and this will balance out the cumulative risk.

Offering better personalisation and recommendations:
The level of customisation that AI can provide not only enhances customer satisfaction but also drives consumer loyalty and retention in an increasingly competitive market. AI algorithms can generate tailored insurance solutions that align with individual preferences and risk profiles. Whether it's motor, health, or life insurance, AI-driven recommendation engines can help optimise coverage and pricing based on factors such as age, location, and past claims history.

While the potential of generative AI in the insurance sector is undeniable, its widespread adoption is not without challenges. Concerns related to data privacy, ethical considerations, and regulatory compliance must be carefully addressed to ensure responsible AI deployment. Nonetheless, the transformative impact of AI on the insurance industry is undeniable. As generative AI continues to evolve, its role in shaping the future of insurance will only become more pronounced, driving greater efficiency and transparency.

(The writer is Saurabh Tiwari.)

TOP

INSURANCE REGULATION

Price to play key role in providing health insurance to senior citizens – IRDAI – ETV – 24th April 2024

In a major relief for senior citizens, the Insurance Regulatory and Development Authority of India (IRDAI) has removed the age restriction for buying health insurance policies effective April 1. Earlier, people over the age of 65 were generally not allowed to purchase a health insurance policy. IRDAI has reduced the waiting period for starting health insurance coverage for pre-existing medical conditions from 48 months to 36 months.

India's ageing population
is projected to double to 2050.20% by 8 and to 36% by the end of the century, according to a report by the United Nations Population Fund and the International Institute for Population Sciences. According to the 'India Aging Report 2023' of the United Nations Population Fund (UNFPA) in collaboration with the International Institute for Population Sciences (IIPS), by 2050, one-fifth of India's population will be above 60. In this century, there will be more elderly than the number of children between zero and 14 years.

While there was no regulatory cap on age for health insurance policies, most companies had an internal policy that did not allow them to sell health insurance products to individuals above 65 years of age. Industry officials said the insurance regulator's new move to allow insurers to sell health products to all age groups, including those above 65 years, is aimed at increasing penetration, though there will be challenges on pricing due to high risk perception.

Benefits of removing age limit for insurance company IRDAI's
new order will increase the eligible base of customers who can buy health insurance due to the inclusion of this group. Some insurers earlier had a higher age limit for customers to buy health insurance. This move will bring more competition and transparency in the 65-plus age group. Companies can now create new products or enhance existing products with comprehensive coverage for the entire family, including parents, in mind instead of the current approach of restrictive offering for senior citizens.

How does the premium increase with age?
The premium usually increases with age due to rising health risks. Going by the experience of the respective insurers and the rising health inflation situation, the premium increases by about 10% to 20% on an average for every five-year age group, which is about 15% in India.

Will the waiting period be long?
According to the IRDAI order, the waiting period has been increased from the current four years to a maximum of three years, whereby most insurers will increase the cost of insurance in the range of 10 to 15 per cent for all customers.

What should senior citizens look for when buying a policy?
Customers aged 65 years and above may or may not have any health problems. Users without any medical condition should consider buying the most comprehensive cover with 100% bill payment and less or no waiting period. Customers with any existing health issues should evaluate multiple insurers for the options they may have and try to optimize the coverage and cost of insurance for themselves. Some of the parameters that they should consider are network coverage, room rent limit, disease sub-limits, consumable cover and other policy terms and conditions that can reduce the payment at the time of claim.

Can senior citizens expect to buy an affordable health insurance policy?
If the situation for senior citizens has to change, insurers will have to come up with innovative, affordable offerings to provide health coverage to this unused category. Many insurers have launched new products with the elderly in mind in 2023, and more companies can step in this direction to make health insurance more accessible to the silver population.

(The writer is Sutanuka Ghoshal.)

TOP

Insurance regulator IRDAI abolishes age restriction on health insurance product – The Telegraph – 21st April 2024

With a view to widen the market and foster adequate protection from healthcare expenses, insurance regulator IRDAI has removed the age limit of 65 years for individuals buying health insurance policies.

This marks a significant departure from the conventional constraints that limited individuals in securing comprehensive coverage.

By abolishing the maximum age restriction on purchasing health insurance plans, the Insurance Regulatory and Development Authority of India (IRDAI) aims to foster a more inclusive and accessible healthcare ecosystem, ensuring adequate protection against unforeseen medical expenses.

As per the earlier guidelines, individuals were allowed to purchase a new insurance policy only till the age of 65. However, with the recent amendment, which has been effective from April 1, anyone, regardless of age, is eligible to buy a new health insurance policy.

In a recent gazette notification, IRDAI said, "insurers shall ensure that they offer health insurance products to cater to all age groups. Insurers may design products specifically for senior citizens, students, children, maternity, and any other group as specified by the Competent Authority." Besides, insurers have been mandated to offer health policies to individuals with pre-existing medical conditions of any kind.

Consequently, insurers are prohibited from refusing to issue policies to individuals with severe medical conditions like cancer, heart or renal failure, and AIDS. According to the notification, insurers are allowed to offer premium payment in instalments for the convenience of policyholders. Travel policies can only be offered by general and health insurers, it said.

There is no limit on AYUSH treatment coverage. Treatments under systems like Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy will receive coverage up to the sum insured without any cap, it said. Policyholders with benefit-based policies can file multiple claims with various insurers, enhancing flexibility and options, it said. The proposed regulation seeks to handle the complaints and claims of senior citizens via a specialised channel, ensuring a more tailored and responsive approach to their requirements, it added.

TOP

IRDAI-Silver Jubilee: Stage for 'Insurance for all by 2047' set, Insurers cheer IRDAI's efforts – The Economic Times – 19th April 2024

In life of an Institution, 25 years is not too long a period, but just as for a person, it's a significant period when the child enters adulthood and starts understanding the nuances of life. So is the case with an institution. The Insurance Regulatory and Development Authority of India (IRDAI) was formed by act of parliament and was established in April 2000 as a statutory body to promote competition in the Insurance Sector to enhance customer satisfaction through increased customer choices while ensuring financial security of the Insurance market.

The process of opening the Insurance sector had begun in the early 1990s, and it was in 1993 that the Government set up a Committee under the Chairmanship of R N Malhotra, former Governor of RBI. The Committee submitted its report in 1994, but it took the Government 6 long years to constitute IRDAI as an autonomous body to develop and regulate the Insurance sector. IRDAI's inclusive approach has facilitated ease of doing business while prioritizing policyholders' interests. The regulator's initiatives have not only led to the development of consumer-centric insurance products but also enhanced access by freeing up the distribution model, Sanjeev Mantri, MD & CEO, ICICI Lombard pointed out.

(The writer is Sheersh Kapoor.)

TOP

LIFE INSURANCE

Variable annuity products set to enter markets in 2-3 months - The Economic Times – 24th April 2024

The insurance regulator has given the go-ahead to variable annuity plans, marking a shift from allowing life insurance companies to offer only fixed annuity products, a move expected to give a boost to the country's annuity market which currently stands at about ₹40,000 crore a year. Variable annuity payments will be determined by a benchmark, according to a products guideline issued recently. The Insurance Regulatory and Development Authority of India (IRDAI) has announced a new rule allowing insurance companies to offer variable annuity plans with a minimum guaranteed annuity amount. This option is available under both group and individual defined annuity products, based on publicly available benchmarks. "The regulator has finally allowed insurers to provide variable annuity plans, which has the potential to offer higher returns linked to market conditions, coupled with guaranteed minimum rates," a senior executive of a life insurance company said on condition of anonymity. In overseas markets, particularly the US, variable annuity products are well-established and form a significant portion of the market. These products often involve complex strategies, including derivatives and long-term options, to provide enhanced guarantees and returns while investing in equities, said the executive.

The first variable annuity products could enter the market within the next two-three months, he said. To start with, variable annuity products are likely to focus on plain vanilla options with equity-linked returns, said industry experts. The benchmark for these returns can vary, ranging from popular indices such as the Nifty or Sensex to specific equity funds offered by insurers, they said. Under variable annuity products, the return of purchase price will need to be guaranteed at least to a minimum specified percentage, typically around 60 percent. This guaranteed portion is usually invested in fixed-income instruments, providing stability similar to fixed annuity policies. “It is like a Ulip (unit-linked insurance plan) with an underlying guarantee which will enable customers to take benefit of market upsides while protecting part of the amount invested,” said an insurance executive, who did not wish to be identified.

The remaining portion, which can range from 20-40 percent, is where the variability and potential for higher returns comes into play. Customers will have the freedom to allocate this portion into equity investments, with returns linked to equity market performance. The regulator has asked insurers to explicitly state the variation of annuity payouts in relation to the benchmark in their filing documents. They are also required to provide clear illustrations of annuity rate variability along with associated risks, helping customers in understanding the options clearly. At present, insurers offer fixed annuity products which are available under immediate and deferred payment structures, with immediate annuities starting payments immediately and deferred annuities starting payments after an accumulation period.

(The writer is Shilpy Sinha.)

TOP

First-year premium of life insurers up 2 pc at ₹3,77,960 cr in FY24: IRDAI - The Hindu Business Line – 23rd April 2024

The first-year premium or new business premium of life insurers increased 2 per cent to ₹3,77,960 crore in the financial year ended March 31, 2024, compared with ₹3,70,543 crore in the previous financial year.

As per the data of Insurance Regulatory and Development Authority of India (IRDAI), Life Insurance Corporation’s (LIC) first year premium declined 4 per cent to ₹2,22,522 crore against ₹2,31,899 crore in the previous financial year. It witnessed decrease in segments of individual single premium, individual non-single premium, group single premium and group non-single premium

The 25 private insurers registered 12.11 percent growth in first year premium at ₹1,55,437 crore as against ₹1,38,643 crore. The highest growth was in the group single premium at 22 per cent at ₹53,719 crore (₹43,748 crore). The private life insurance industry has a market share of 41.13 percent. while LIC had 56.87.

The sum assured for the life insurance industry grew by 21.55 pc to ₹88,48,606 crore (₹72,80,103 crore). Commenting on the growth in life insurance industry, the Life Insurance Council, a forum to coordinate discussions between all stakeholders in the Indian life insurance industry, said: “The life insurance industry in India has been powering ahead by improving insurance access and reaching out to the uninsured section of the country’s population.’”

This was reflected in the `strong’ growth in individual life insurance agents, with Indian life insurers adding 2,76,850 agents in FY24 alone. ``This increase is being complemented by the rapid pace of digitalisation being undertaken by life insurers, auguring well for further increases in insurance penetration that should bolster new business premiums in FY25 and beyond,‘‘ the council added.

(The writer is G Naga Sridhar.)

TOP

Centre plans to extend PMSBY claims deadline for informal workers – Business Standard – 21st April 2024

The Centre is working to extend the deadline for unorganised sector workers to claim life and accident insurance cover under Pradhan Mantri Suraksha Bima Yojana (PMSBY), sources said. Last August, the labour ministry had started a facility that allowed unorganised workers registered on the social security portal—e-Shram — between the inception of the database in August 2021 and March 2022 to file claims and avail insurance cover. According to the guidelines, only incidents that occurred after registration on e-Shram in August 2021 and before March 2022 were to be considered for availing the payout. The deadline to file claims under the facility expired last month. "A large number of states are yet to appoint nodal officers that have to accept and process these claims. Also, the number of claims filed under the facility have been quite low across the country. Given that a lot of people are still unaware of the facility, the government is considering extending the deadline for the facility so that the people who faced hardships during the Covid period can get some relief," the person cited above said.

Between August 2021 and March 2022, close to 270 million workers had registered on the portal. Under the facility, an online ex-gratia module was developed under e-Shram portal to provide benefits in the form of ex-gratia of Rs 200,000 for death or severe accident and Rs 100,000 for accident. The claim can be initiated by the registered worker himself in case of disability and only legal heirs of the registered workers can initiate the claim in case of death. The objective behind the e-Shram portal was the idea of creating a national database capturing the unorganised universe including workers ranging from agriculture and construction to new economy or gig. The portal has details such as name, occupation, address, educational qualification, skill type of the workers. The government is also working on a slew of measures to provide benefits to the millions of unorganised sector workers registered on e-Shram, like integrating different portals. This is expected to help workers automatically avail various benefits under one umbrella.

(The writer is Shiva Rajora.)

TOP

GENERAL INSURANCE

The Imperative of Cyber Insurance in India's Corporate Landscape – CXO Today – 25th April 2024

In the expansive digital landscape of India, where virtually every corporation utilizes technology in some capacity, there exists a looming threat that often goes unnoticed, which is cyber risk. The intricate web of cyber vulnerabilities puts corporations at risk, and it's imperative that we shed light on the importance of cyber insurance in safeguarding the digital future. At the grassroots level, there exists low awareness of cyber threats among individuals and corporations. Many are unaware of the potential dangers posed by end-of-life technologies, pirated software, missing patches, open ports, and other security risks. These vulnerabilities act as open invitations to malicious actors, paving the way for cyber breaches that can significantly impact corporations.

Compounding the issue is the emergence of numerous stringent privacy laws globally. India also introduced the Digital Personal Data Protection Act 2023, the country's first-ever privacy Act aimed at safeguarding the personal data of citizens. It aims to protect individual privacy rights and promote responsible data management practices. The act introduces provisions to regulate the processing of digital personal data and respect individuals' right to protect their data while recognising the necessity of processing and using such data for lawful purposes and any non-compliance can lead to huge penalties.

This Act has provisions around consent of personal data, accuracy of data, storage time limitation, accountability, and other salient features. These regulations necessitate the implementation of robust cybersecurity measures.

In the realm of cybercrime, we are witnessing a paradigm shift. Along with rudimentary attacks, we're seeing sophisticated adversaries wielding double and triple extortion tactics. The rise of ransomware-as-a-service groups has elevated cyber risk to unprecedented heights, making it the foremost exposure for organizations today. Recently, one of the market leaders in India's audio product industry suffered a massive data breach with around 2 Gigabytes of Personally Identifiable Information (PII) readily being sold on the dark web forums for as little as 2 Euros. In the breach, personal information of more than 7.5 million customers was compromised as per the information disclosed in the public domain. As FBI Director Mr. Robert S. Mueller aptly remarked, "There are only two types of companies: those that have been hacked and those that will be hacked." Even the most fortified organizations are not immune to cyber-attacks. In light of these realities, it's essential that organizations fortify their defences with cyber insurance—time has come when both internal preparedness for cyber measures is to be strengthened, and at the same point in time, insurance is necessary for any unforeseen situations. There are mature insurers in the cyber insurance market, where the insurers not only provide indemnity in the event of a breach but also includes diverse pre and post-insurance placement services, which include various services such as cyber assessment calls to analyse the risk posture, working with the client to identify the measures where improvements can be made, employee trainings for cyber vulnerabilities, and various other risk minimization services. They also keep monitoring your risk on different platforms throughout so that vulnerabilities are identified beforehand and mitigated at the right time. Furthermore, in the event of any attack, they can help you with their tie-ups and expertise to recover from the situation. The digital age has ushered in unprecedented opportunities, but with it comes a new frontier of risks. To safeguard our digital future, we must collectively recognize the critical importance of cyber insurance. It's not just a financial safeguard; it's a strategic imperative in our ongoing battle against cyber adversaries.

(The writer is Najm Bilgrami.)

TOP

Insurance cos to curate policies with flexibility in wordings – The Economic Times – 24th April 2024

Insurance companies are working to provide customers with greater choice and flexibility to tailor coverage, particularly benefiting mega-risk policies initially and later extending to retail products like motor own damage cover, following a recent notification from the regulator that allows them to change policy terms, conditions, clauses and wordings.

The changes could be evident from July or October renewals, as it will take some time for insurance companies to implement these and come up with new and innovative policies, said industry experts.

Insurance companies were previously not equipped to free up the policy wordings. By the second fiscal quarter, they will see curated policies coming into the marketplace. So far, insurers have followed a fixed format for their policies and couldn't make many changes, even though pricing had been freed up in 2006.

Now, with this new freedom, the Indian insurance market is catching up with global standards, allowing more flexibility in pricing and policy design, industry experts said. The change will be first visible in mega policies including those with a sum assured of more than ₹1,000 crore. "With the de-notification of tariffs, it opens up a lot of scope for innovation, even on the policy wordings front. Pricing will now be dependent on product coverages, innovative features and services offered," said Tapan Singhel, managing director of Bajaj Allianz General Insurance. "Till now the variation had only been on the price. With this new move, the discussion moves to better products, wordings, and services as well. A lot of modular and customised products would be seen soon, with a host of innovative covers and services, offering customers a wider choice," Singhel said.

India is a price-sensitive market. If insurers bring in value-added policies, customers may be willing to pay more depending on the risk covered. This will help offer insurance policies suited to the specific risks of each business, encourage new ideas and meet customers' needs more effectively. "We will see the introduction of global insurance policies which will be brought in by global reinsurance companies and the role of intermediaries becoming more relevant," said an insurance broker. "The policy wording relaxation will give customers more options and flexibility in choosing insurance coverage that suits them best, especially for large policies initially," said Anup Rau, managing director of Future Generali India Insurance Company. "In some cases, this could even lead to lower premiums for big policies, thanks to customisation with the help of global reinsurance companies."

(The writer is Shilpy Sinha.)

TOP

High insurance premiums pinch exporters – The Times of India – 21st April 2024

Exporters in India are grappling with a surge in costs due to the Houthi attacks on shipping in the Red Sea, which has led to a sharp increase in cargo insurance premiums. Some products have seen increases as high as 500 percent, while the average insurance premium is now 60 percent higher. The increase is because of the heightened risks in the region, prompting insurers to raise premiums for vessel insurance. Consequently, Indian exporters, particularly those in Gujarat dealing in chemicals, textiles, pharmaceuticals and engineering goods are experiencing a significant financial strain.

Natu Patel, former president of Gujarat Chamber of Commerce and Industry (GCCI), said, “Exports have been affected by various issues relating to the Red Sea crisis. Apart from higher freight rates, some products have seen cargo insurance premiums rising sixfold and this will affect mid-size companies the most.”

The effect on freight rates has been equally severe, with costs to Europe almost tripling. Samir Shah, vice-chairman of the GCCI international trade facilitation committee, said, “Exporters are struggling to find shipping options, even when willing to pay elevated charges. Freight rates have risen by between 25% and 200% depending on the destination. The availability of shipping slots has also reduced. Although air cargo presents an alternative, it comes with its own limitations, including reduced capacity for large volumes. On average, cargo insurance premiums have risen by around 60% in the last few months due to the Red Sea crisis.” He added that shipping timelines have also been affected as exporters now face eight to 10-day waits for bookings, compared to the two- or three-day-time frame earlier. This is disrupting the timely delivery of goods to international markets.

Pathik Patwari, immediate past president of GCCI, said, “Increasing freight rates are worsening the situation for already struggling global trade. Due to delayed transit time, payments are also delayed, creating working capital issues for MSMEs and exporters. There are also many orders cancelled and problems with stock piling up as well.” Ronak Shah, a custom house agent. said, “Exporters face increased waiting times because shipping lines are mostly avoiding the Red Sea route. Vessels insurance premium costs have risen significantly, which ultimately affects the margins of exporters.”

TOP

Non-Life Insurance Booms: Health Premiums Exceed Rs 1trillion, Motor Crosses Rs 90,000 Crore Mark in FY24 Surge – The Economic Times – 19th April 2024

The health insurance segment emerged as the primary driver of growth, witnessing a remarkable increase in premiums, breaching the Rs 1 trillion mark and marking a 20.2 per cent growth for FY24, according to the data by Care Edge Ratings. Motor insurance, comprising approximately 50 per cent of the non-life insurance industry excluding health, experienced steady growth, reaching Rs 91,781.3 crore, with a growth rate of 12.9 per cent in FY24. In the fiscal year 2023-24 (FY24), the non-life insurance industry in India showcased substantial growth, propelled primarily by the health and motor insurance segments, although facing headwinds from declining liability, crop insurance, and credit guarantee sectors.

Group health insurance remained the dominant force, fueled by enhanced coverage and rationalization of premium discounts. Government schemes, particularly Ayushman Bharat, significantly contributed to the growth, reflecting an increased share in overall health premiums. The total premium for non-life insurance reached Rs 2.9 lakh crore, marking a growth rate of 12.8 per cent, a slight dip from the 16.3 per cent growth recorded in the previous fiscal year. This growth was attributed to the robust performance of the automotive industry, driven by increased sales and premiumization, particularly in the SUV segment. Other Segments: While health and motor insurance flourished, segments such as liability, crop insurance, and credit guarantee witnessed declines, impacting the overall growth trajectory of the industry. The marine and fire insurance segments also reported subdued growth compared to previous years.

Public sector general insurers demonstrated a commendable performance in March 2024, with a growth rate of 9.9 per cent, while private sector general insurers grew by 9.5 per cent. However, the annual growth rate for both sectors fell short compared to the previous fiscal year. Standalone Private Health Insurers (SAHI): SAHIs continued their growth momentum, with premiums surpassing Rs 4,000 crore in March 2023, reflecting a year-on-year growth of 25.9 per cent. With the approval of two new SAHIs by IRDAI in FY24, competition in the health insurance segment is expected to intensify further in FY25. Despite sectoral challenges, industry experts project a growth rate of approximately 13-15 per cent in the medium term, primarily driven by health and motor insurance segments. Factors such as higher GDP growth, favorable monsoon, and regulatory initiatives are expected to bolster growth.

Intensified competition, uncertainties in the international geopolitical environment, and inflationary pressures pose challenges to the sector's growth trajectory. Additionally, the absence of a motor third-party rate hike for FY25 and geopolitical tensions around the Red Sea could further impact certain segments negatively.

TOP

HEALTH INSURANCE

Got it all WRONG! IRDAI move doesn't mean age cap of 65 for buying health insurance removed – Know why – Financial Express – 25th April 2024

The Insurance Regulatory and Development Authority of India (Irdai) recently announced a policy update, saying health insurance companies must offer products catering to all age groups. This move was misinterpreted as the regulator removing the age cap for buying health insurance.

Media reports kept circulating and social media was abuzz with claims that Irdai had removed the age bar and allowed people above 65 to buy health insurance. However, that's misleading and not true.

Earlier, there was a maximum-entry-age limit of 65 years and insurers were required to design all health insurance plans to be accessible for individuals up to 65 years of age.

Even before the recent changes, individuals who purchased health insurance policies before reaching the age of 65 and renewed them annually found that their policies remained valid even after crossing the age of 65. Therefore, there was no restriction as such preventing individuals above the age of 65 from having health insurance coverage.

As per the latest policy update, effective from April 1, Irdai has omitted a key clause that previously required insurers to offer health coverage to policyholders until the age of 65 years. It's important to note that this clause was not a regulatory cap.

This age limit has now been removed, with effect from 1st April 2024. In a series of posts on social media platform 'X', Mahavir Chopra, the founder of insurance platform Beshak.org, simplified the Irdai notification and explained what it exactly means. "This deletion DOES NOT MEAN IRDAI has removed the cap, and that now older citizens can get health insurance," Chopra's post said.

"It means insurers can now have ANY minimum maximum-entry-age limit in their products." In fact, this means policies can now have entry restrictions of 50 years, 60 years, even 20 years; and this has been left to the insurer, he explains.

Chopra also talked about the positive and negative sides of this Irdai policy update.
Positives:
This will give insurers additional flexibility to design innovative products for younger customers to enter into.
Hopefully, this will attract younger folks to buy health insurance.

Negatives:
Insurers can now restrict older age folks from comprehensive policies they design.
Note, earlier too, through their underwriting guidelines insurers could have restricted a 60-year-old, or a 20-year-old to get a policy. They only had the right to "apply".

Here's is a message for existing customers.
Existing customers above or below 65 years, don't need to worry. Your policy has lifetime renewable guarantee. So, you won't be dropped, said Chopra.

As changes are implemented this regulation will impact NEW customers looking for a new policy or porting, his one of the posts said.

(The writer is Mithilesh Jha.)

TOP

IRDAI paves the way for tailored health products for specific age groups, med conditions – The Economic Times – 24th April 2024

The general insurance industry is set for significant changes as the insurance regulator has eliminated the upper age limit of 65 years for health insurance policies. The new norms, effective from April 1, 2024, encourage insurers to develop products tailored for various demographics, including senior citizens, students, children, and maternity groups.

This move by the Insurance Regulatory and Development Authority of India (IRDAI) is seen as groundbreaking, as it extends comprehensive healthcare coverage to individuals regardless of age. For senior citizens, it eliminates previous barriers to obtaining health insurance, promoting financial security by enabling access to essential healthcare services without age restrictions.

The removal of age limitations is expected to fuel competition and innovation in the health insurance sector. Insurers are now prompted to create offerings that cater specifically to the needs of older demographics, including those with pre-existing conditions. While this opens up opportunities for better protection against medical expenses, insurers must also adjust underwriting practices to manage increased risks associated with insuring older individuals effectively.

The recent notification by IRDAI also prohibits insurance companies from denying policies to individuals with severe medical conditions such as cancer, heart or renal failure, and AIDS. Furthermore, the waiting period for coverage of pre-existing conditions has been reduced from 48 months to 36 months, after which all pre-existing conditions must be covered regardless of initial disclosure.

The challenges
Despite these changes, insurers are expected to encounter difficulties in accurately pricing premiums for senior citizens due to limited past experience. Ensuring adequate coverage for policyholders in this demographic and overcoming administrative hurdles in updating medical underwriting processes are also anticipated challenges.

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Price to play key role in providing health insurance to senior citizens – IRDAI – ETV – 24TH April 2024

In a major relief for senior citizens, the Insurance Regulatory and Development Authority of India (IRDAI) has removed the age restriction for buying health insurance policies effective April 1. Earlier, people over the age of 65 were generally not allowed to purchase a health insurance policy. IRDAI has reduced the waiting period for starting health insurance coverage for pre-existing medical conditions from 48 months to 36 months.

India's ageing population
is projected to double to 20.8% by 2050 and to 36% by the end of the century, according to a report by the United Nations Population Fund and the International Institute for Population Sciences. According to the 'India Aging Report 2023' of the United Nations Population Fund (UNFPA) in collaboration with the International Institute for Population Sciences (IIPS), by 2050, one-fifth of India's population will be above 60. In this century, there will be more elderly than the number of children between zero and 14 years.

While there was no regulatory cap on age for health insurance policies, most companies had an internal policy that did not allow them to sell health insurance products to individuals above 65 years of age. Industry officials said the insurance regulator's new move to allow insurers to sell health products to all age groups, including those above 65 years, is aimed at increasing penetration, though there will be challenges on pricing due to high risk perception.

Benefits of removing age limit for insurance company IRDAI's
new order will increase the eligible base of customers who can buy health insurance due to the inclusion of this group. Some insurers earlier had a higher age limit for customers to buy health insurance. This move will bring more competition and transparency in the 65-plus age group. Companies can now create new products or enhance existing products with comprehensive coverage for the entire family, including parents, in mind instead of the current approach of restrictive offering for senior citizens.

How does the premium increase with age?
The premium usually increases with age due to rising health risks. Going by the experience of the respective insurers and the rising health inflation situation, the premium increases by about 10% to 20% on an average for every five-year age group, which is about 15% in India.

Will the waiting period be long?
According to the IRDAI order, the waiting period has been increased from the current four years to a maximum of three years, whereby most insurers will increase the cost of insurance in the range of 10 to 15 per cent for all customers.

What should senior citizens look for when buying a policy?

Customers aged 65 years and above may or may not have any health problems. Users without any medical condition should consider buying the most comprehensive cover with 100% bill payment and less or no waiting period. Customers with any existing health issues should evaluate multiple insurers for the options they may have and try to optimize the coverage and cost of insurance for themselves. Some of the parameters that they should consider are network coverage, room rent limit, disease sub-limits, consumable cover and other policy terms and conditions that can reduce the payment at the time of claim.

Can senior citizens expect to buy an affordable health insurance policy?

If the situation for senior citizens has to change, insurers will have to come up with innovative, affordable offerings to provide health coverage to this unused category. Many insurers have launched new products with the elderly in mind in 2023, and more companies can step in this direction to make health insurance more accessible to the silver population.

(The writer is Sutanuka Ghoshal.)

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On health insurance and a wide demographic of citizens – The Hindu – 24th April 2024

The Insurance Regulatory and Development Authority of India (IRDAI), the apex regulator of insurance products, has asked companies to enable a wide demographic of citizens to benefit from health insurance. Most significantly, it directs insurance providers to make health insurance available to senior citizens, as those above 65 are currently barred from issuing new policies for themselves. This is clearly an acknowledgement of demographic changes underway in India. Though India's population figures have not been officially accounted for since 2011, estimates from the UN Population Fund and experts suggest that India's is nearly level with China and may have surpassed it sometime in 2023.

The India Ageing Report 2023, which draws from UN projections, estimates that India's cohort of seniors — those above 60 — will increase from about 10% of the population (149 million in 2022) to 30% (347 million) by 2050. That is more than the current population of the U.S. Several of the most developed countries already have their senior demographic (65-plus) ranging from 16% to 28%. That is already precipitating considerable worry within these populations on access to health care, affordable medicine and appropriate care-giving infrastructure to support them. Some of these economically developed countries have government-funded public health systems and others are entirely dependent on private health care, with cost being a significant determinant in access to quality care. In many of these countries, there is no entry barrier to health insurance policies, though, following principles of actuarial economics from centuries ago, health insurance gets progressively, and sometimes exponentially, more expensive as age advances.

Already the small, single-digit percentage of India's economic elite can afford the equivalent of "family floater" plans that take care of individuals and their parents at a cost lower than what individual senior-citizen health insurance would cost. If the only effect of the IRDA's recent circular is to provide many more unaffordable health insurance policies, it would be equivalent to admiring the icing on an inedible cake. Much has been made of the next two decades being critical to India's future, on the reasoning that this is the time that India must reap its 'demographic dividend'.

This is premised on a large proportion of the workforce moving out of agriculture and inevitably followed by a breakdown of the traditional care-giving structure for the aged. The experience in several southern Indian States is telling. Thus, broadening the eligibility of health insurance should be accompanied by a massive upgradation of affordable health care.

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Has IRDAI eliminated age restriction on health policies for senior citizens? Explained – Hindustan Times – 23rd April 2024

A lot of talk has been generated over the recent days about the insurance regulator removing a cap on offering those over 65 years of age health insurance policies. It has been dubbed as the dawn of a new era for the elderly. So, has the Insurance Regulatory and Development Authority of India (IRDAI) removed any regulatory cap, or limit, on providing those over 65 years health insurance policies?

Well, to start with, there was no such cap. In fact, senior citizens should ignore the social media noise, because here is what has actually happened, according experts quoted by MoneyControl.

The older Health Insurance Regulations, 2016 rules applicable till before April 1, 2024, said, "All health insurance policies shall ordinarily provide for an entry age of at least up to 65 years." That means insurers could very well offer these senior citizens health insurance policies and some insurers are already doing so. So, under the rules of the previous policy, IRDAI had mentioned that insurers should try and offer health covers to people at least under the age of 65. That means IRDAI had not barred anyone from offering insurance policies to those above this age, MoneyControl reports.

Notably, IRDAI has skipped mentioning the 65-year age of entry provision in its latest announcement of rules. This has been interpreted as the IRDAI actually allowing insurers to sell medical policies to those above this age level.

What is the current position?

The new policy now in effect does not mean that IRDAI has expressly ordered that covers be made available to senior citizens. Insurers even now have control over the issuing of policies. So, if an insurer deems someone is too big a risk to issue a policy, they may well refuse to do so.

The big change is that "…now, insurance companies may have to design products and put out premium charts for all age groups," MoneyControl quoted Nikhil Apte, chief product officer, Product Factory (Health Insurance), Royal Sundaram General Insurance as saying.

What does IRDAI omitting the mention of 65 years mean?

"In fact, now, some insurers could design products where the eligible age at entry (at the time of purchase) is between, say, 18 years and just 35, 40 or 50 years at the upper end," MoneyControl quoted Bhabatosh Mishra, director, underwriting, Products and Claims, Niva Bupa Health Insurance as saying. "It actually is a much bigger positive news for younger citizens," Mishra added. Notably, senior citizens should know that IRDAI has not reacted to any of these reports about what the official position is.

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Government starts work on expanding Ayushman Bharat scheme – Live Mint – 23rd April 2024

The government has started work on extending its health insurance scheme for the poor, the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), to cover everyone over 70 years of age irrespective of their income level -- not just the poor. The scheme could make it to the full-year budget for FY25 as a poll promise by the Bharatiya Janata Party, two persons informed about discussions in the government said.

The interim budget for FY25 allocated ₹7,500 crore for the scheme, a more than 10% increase over the amount spent in the just- concluded financial year. The scheme in its current form gives beneficiaries an insurance coverage of ₹5 lakh person per year on a means-tested basis—to qualify, the individual's annual income must not exceed ₹2.4 lakh. Expanding the coverage of the scheme to include everyone above 70 years of age by removing the income cap could cost the exchequer an additional ₹15,000 crore–₹20,000 crore a year as per preliminary estimates, said one of the persons quoted above.

While the figure for the over-70 population was not immediately available, as per the UN state of world population report of 2023, 7% of India's over 1.4 billion people are aged 65 years or above.

Welfare agenda

Although the BJP has thus far steered clear of announcing populist measures in its manifesto and stuck to the path of fiscal prudence, improving access to quality healthcare, especially for the middle class, is a key element of the party's welfare agenda. AB-PMJAY, rolled out in 2018, is the largest health assurance scheme in the world. It seeks to provide a health cover of ₹5 lakh a year for secondary and tertiary care hospitalization to over 120 million poor families – or the 550 million individuals who make up the bottom 40% of the Indian population.

Surgeries such as knee replacements, hip replacements, and congenital heart diseases are in demand under the scheme. The Union health ministry is also planning to expand the scope of the scheme, covering more expensive cancer and transplant-related surgeries and treatments. An official with the National Health Authority said the agency is preparing to issue health cards to everybody above the age of 70 years. The official declined to comment on the union budget for FY25.

"Since many aged people find it difficult to buy health insurance policies, government seeking to ensure their healthcare coverage is a welcome decision," said Dr Rajeev Jayadevan, a public health expert. "Many people in this age group find medical insurance expensive, many people are made to pay extra or denied treatment. Right to health and healthcare should be universal irrespective of age. Since the public hospitals are always over-crowded, septuagenarians and older people can avail of the facilities in private hospitals," Jayadevan said.

He said instances of people who are not eligible but access the scheme with fake IDs have been a concern. "Very large number of people, including affluent people are misusing it, which should not be allowed," he added. Some private hospitals have raised the concern that payment from the government at times gets delayed. "People aged above 70 years are more likely to have more health conditions and their treatment can be costlier, so the government needs to resolve this matter on priority else hospitals will not accept patients," said Jayadevan.

(The writers are Gireesh Chandra Prasad & Somrita Ghosh.)

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Health cover for senior citizens: General insurers gearing up to bring in new products – The Hindu Business Line – 23rd April 2024

The general insurance industry is gearing up to bring in new products in line with the insuranceregulator's decision to remove the upper age limit of 65 years for health insurance policies.

The insurance regulator had already notified the change in the norms, which came into effect from April 1, 2024 and advised the insurers to to design products specifically for senior citizens along with students, children, maternity and other groups

According to Rakesh Jain, CEO, Reliance General Insurance, IRDAI's decision to abolish age restrictions on health insurance is a 'ground-breaking move' that opens the doors of comprehensive healthcare coverage to all, irrespective of age.

“For senior citizens, this initiative signifies an end to the constraints that previously barred many from securing health insurance past a certain age. This move fosters financial security by allowing older individuals at vulnerable age to access crucial healthcare without age-based barriers,’‘he told businessline.

Market Dynamics

The competitive market dynamics spurred by this change may result in improved offerings and services for consumers. Insurers will now be encouraged to design products that cater specifically to the needs of senior citizens, including those with pre-existing conditions.

“However, insurers must adapt underwriting practices to manage increased risks associated with insuring older demographics effectively. With no age limit, the opportunity for adequate protection against medical expenses is now a reality for everyone, marking a significant step towards a more inclusive and accessible healthcare ecosystem,‘‘ Jain said.

The decision taken by the IRDAI to remove age limitations on health insurance is a positive step towards fostering competition and innovation within the health insurance sector, said Amitabh Jain, COO, Star Health Insurance. Star Health Insurance, India’s largest retail health insurer, had introduced a health insurance plan exclusively designed for senior citizens 16 years ago.

“Over the years, Star Health Insurance has provided insurance to senior citizens, emphasizing their healthcare and well-being requirements with a practical approach. Acknowledging the vulnerability of this demographic to illnesses, the proactive implementation of preventive healthcare measures including telemedicine and regular health check ups has effectively contributed to sustaining the health of senior citizens,‘‘ he added.

Pooja Yadav, chief product officer, Zuno General Insurance. said the move could bring about a transformative change in health cover. “Overall, it will foster an inclusive healthcare ecosystem that safeguards individuals from unforeseen medical expenses, embracing everyone from children to seniors. We already have no age-based entry barrier for retail health products like HealthPlus and Top-Up since its launch.’’ Yadav said.

Health segment accounts for a lion’s share in over all non-life insurance market. It a 38 per cent in the year ended March 31, 2024 with 20 per cent growth. Health insurance premium was at ₹1.09 lakh crore in FY24 out of a total non-life premium of ₹2.89 lakh crore, as per industry data.

(The writer is B Naga Sridhar.)

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Pricing key challenge for health insurance of older citizens: Experts – Business Standard – 23rd April 2024

The insurance regulator’s move to prod insurance companies to sell health products to all age groups, including those above 65, is aimed at increasing penetration though there would be challenges on pricing due to higher risk perception, experts said. While there was no regulatory cap on age for health insurance policies, most companies had an internal policy which did not allow them to sell health insurance products to persons over 65.

“The key point of contention is affordability of insurance at a senior age. The price of the product is always higher because the risk and vulnerability is higher. So, that has been a touch point always for that age group. Simultaneously, there is an issue on the amount of insurance cover. Also, there is the issue of the existing set of ailments,” said an insurance industry official. Last week, the Insurance Regulatory and Development Authority of India (Irdai) said that insurance companies must ensure that they offer health insurance products to all age groups, effective from April 1, 2024.

This move from the insurance regulator is expected to boost sale of policies to these customers and increase insurance penetration. “The new order by Irdai is an instrumental move for the insurers as it will increase the eligible base of customers who can purchase health insurance due to inclusion in this cohort," said Rupinderjit Singh, vice-president, retail health, ACKO General Insurance.

"Some of the insurers earlier were keeping a higher age limit for customers to buy health insurance. This move will bring more competition and transparency in the above 65 years category. Companies can now build new products or enhance existing ones by keeping in mind the comprehensive coverage to the entire family, including parents, instead of the current approach of restrictive offering for senior citizens," said Singh.

The recent Irdai notification also barred insurance companies from refusing policies to individuals with severe medical conditions like cancer, heart or renal failure, and AIDS.

Irdai also reduced the waiting period for coverage of pre-existing conditions from 48 months to 36 months. After this period, all pre-existing conditions must be covered, regardless of the initial disclosure. However, the waiting period norm of pre-existing diseases will not be applicable for overseas travel policies. Travel policies can only be offered by general and health insurers, it said.

According to industry officials, some key challenges for the companies will be accurate pricing of premiums for the senior citizens due to limited past experience. It will also be difficult to ensure adequate coverage to these policy holders. The companies are also likely to face administrative hurdles in updating medical underwriting processes.

Irdai has also directed health insurance providers to introduce tailored policies for specific demographics, such as senior citizens, and establish dedicated channels for handling their claims and grievances. "A key element of this entire change is also to achieve Irdai's grand vision of insurance for all by 2047. It is at the core of every initiative which Irdai has launched over the last two years, especially the set of regulatory reforms," said Krishnan Gopalakrishnan, head - compliance, Bajaj Allianz General Insurance.

The proposed regulation seeks to handle the complaints and claims of senior citizens via a specialised channel. This is to ensure a more tailored and responsive approach to their requirements, the notification added.

Challenges for insurance firms
> Accurate pricing of premiums for senior citizens due to limited past experience
> Ensuring adequate coverage to these policy holders
> Administrative hurdles in updating medical underwriting processes
> Pricing of the products gets higher due to high risk and vulnerability, say industry experts

(The writer is Aathira Varier.)

TOP

Despite scrapping health insurance policy age limit to help people, high premium for elderly makes it unaffordable – Kaumudi – 22nd April 2024

Although the age limit for taking health insurance policy has been scrapped from April 1, the unaffordable premium is still bothering the common man. The Insurance Regulatory Authority of India (IRDAI) has removed the age limit so that it benefits the senior citizens as well. But the power to fix the premium amount rests with the insurance companies. Till now the age limit for taking the policy was 65 years. A 60-year-old is charged more than double the premium of a 49-year-old. Henceforth the premium amount for these age groups will be higher than this. Even the middle class cannot afford it. The policy is issued after assessing the risk of disease by conducting a medical examination.

It is estimated that less than 20 percent of individuals in the state take public sector and private insurance policies.

Most people take a policy but don't follow through. If it is not used in the early years, the new generation is not interested in continuing the policy. Most of the private institutions offer health insurance for employees and their families.

No age limit in the free plan

There is no age limit for the free health insurance scheme of central and state governments.

More than 40 percent of the families in the state are beneficiaries of the Ayushman Bharat - Karunya health and safety schemes of the central and state governments.

Four years should be reduced to three

The current requirement for those above the age of 60 at the time of taking a policy will have to wait four years to get insurnace cover for the diseases detected during the medical check-up. The regulatory authority has directed that it be reduced to three years. The authority has also instructed the insurance companies not to refuse the policy to those suffering from cancer, heart disease, kidney disease and AIDS.

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IRDAI new regulations seek to make health insurance more inclusive – The Times of India – 22nd April 2024

Insurance regulator Irdai is pushing companies to ensure that health covers are available to all age groups, as well as those with pre-existing diseases, mental health issues and women, to ensure that there is greater coverage and no one is denied the facility. While the regulations have been tweaked, many are interpreting it to mean a mandate from the regulator to ensure that those over 65 are not denied health insurance. Sources said without mandating detailed norms, Irdai is going to monitor how companies are going to respond to the new regulations issued recently.

"The idea is to ensure that appropriate products should come in the market. The regulator has left it to the market to decide the premium and other elements to address the requirements of the wider public," said a source familiar with the deliberations in the Hyderabad-based regulatory agency. So far, insurers have often denied health covers to first time buyers who are over 60 years and very often refuse to renew insurance once a claim is made, even for the younger segment. While insurers are mandated to provide lifelong renewability of health insurance, they are not forced to offer insurance to first time buyers beyond the age of 65. Many insurers have a maximum age of entry at 65, although some such as Star Health accept new proposals from even older people.

Besides, several prospective buyers are turned away citing "pre-existing disease", leaving such consumers to fend for themselves without any insurance. "These risks can be covered which may mean a higher premium," a source explained. "Most citizens shy away from health insurance because they find the terms and conditions confusing, especially when it comes to pre-existing ailments as well as waiting periods. With these new guidelines, it is an endevour of the regulator to ensure standardisation to make life simple for the citizens when it comes to understanding of health insurance. The new regulation intends to make health insurance even more inclusive, especially for senior citizens, person with disabilities and persons with chronic ailments. This will encourage more citizens to opt for health insurance. Operational guidelines are however awaited," said Tapan Singhel MD & CEO Bajaj Allianz General Insurance.

Sources said that there is no mandate yet asking companies to offer policies to all. Insurers say this would be a challenge while underwriting a first-time buyer of say 90 as the higher risk would make the policy prohibitively expensive. Already companies are facing an issue with drop out of healthy seniors whose premium breach 20% of the sum insured once they cross 75 years.

“In 2016, Irdai had asked all insurance policies to provide for an entry age of at least up to 65 years and they were free to offer policies for older first-time buyers,” said a senior executive with an insurance company.

"A literal interpretation of the new regulation would mean that any person, regardless of age, could buy insurance. But it needs to be seen how it pans out in practice," he added. Insurers said that the issue of 'age at entry' should be clarified when Irdai issues a detailed circular. The recent notification (gazetted at the end of March and effective April 1) states "insurers shall ensure that they offer health insurance products to cater to all the age groups".

Besides age, the regulation nudges insurers to design products specifically for senior citizens, students, children, maternity and any other group as specified by the competent authority. "Insurers shall endeavor to offer coverage for persons with all types of existing medical conditions," the regulations said without elucidating on any mandate.

"Waiting period for pre-existing diseases disclosed by the persons to be insured, shall be maximum up to 36 months of continuous coverage under the health insurance policy," the notification said. An industry source said that there would be a pushback on making health policies available without any age restriction. He, however, said that there was a case for designing products for this category for two reasons. "Even with a higher premium, there may be people who want to buy cover as part of financial planning. A bigger issue is that insurers treat anyone who misses their renewal date by even one day as a new proposal. This leads to exclusion of seniors who have missed their renewal date," he said.

(The writer is Mayur Shetty.)

TOP

All health schemes gradually coming under Ayushman Bharat umbrella – Business Standard – 21st April 2024

The Centre’s flagship health insurance scheme, the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), is gradually shaping up as the umbrella scheme for all health schemes in the country, with many central government ones already aligned, and talks on for several others. What’s more, the AB-PMJAY coverage is also likely to be doubled to Rs 10 lakh in days to come. Major central government health schemes like the Employees’ State Insurance Scheme (ESIS) and the Central Government Health Services (CGHS) have already been aligned with the PMJAY. And discussions are on to align others like the Building and Other Construction Workers (BoCW) and Ex-Servicemen Contributory Health Scheme (ECHS), besides several existing state government health schemes.

Sources close to the development said that discussions were on to link ECHS with AB-PMJAY. “Nothing concrete has been decided yet, but discussions are definitely on,” said a source who did not wish to be named. The linking of BoCW with AB-PMJAY has also started, the source added. “This will be led by the state governments.” As many as 157 districts have started work to onboard ESIS beneficiaries on the platform of the National Health Authority (NHA), the apex body responsible for implementing the PMJAY, said the source quoted above. The NHA could not be reached for a comment. The NHA has been entrusted with designing a strategy, building technological infrastructure, and implementing the National Digital Health Mission to create a National Digital Health Ecosystem. The Employees’ State Insurance Corporation (ESIC) had in 2021 entered into a partnership with the NHA to create an ecosystem where ESI beneficiaries might access services at hospitals empanelled with the AB-PMJAY, and vice versa. “This move was aimed at creating demand for health services at the underutilised ESIC-empanelled hospitals. And it also gave ESI beneficiaries access to AB-PMJAY-empanelled hospitals for surgical procedures,” said an industry insider asking not to be named. In the initial phase, a pilot was conducted in Maharashtra’s Ahmednagar and Karnataka’s Bidar, under which ESI beneficiaries of these districts got access to medical care services in PMJAY-empanelled hospitals. This has now been scaled up to 157 districts.

“The Centre is working towards making AB-PMJAY the umbrella scheme for converging the different health schemes available in the country. The idea is to move towards a universal health scheme on the lines of the US. The process has begun. Health coverage can be extended to almost 70-75 percent of the population very easily through this," said the owner of a Delhi-based hospital network who works with the AB-PMJAY scheme. Meanwhile, in a move to integrate various government health schemes under the Ayushman Bharat Digital Mission, the Ministry of Health and Family Welfare earlier this month mandated the linking of CGHS beneficiary ID with the Ayushman Bharat Health Account (ABHA) ID. The linking of the IDs is mandatory from April 1, 2024, and it is to be completed within 30 days by all existing CGHS beneficiaries. More than 4.4 million people in 75 cities are covered under the CGHS scheme, which provides comprehensive health care services to central government employees, pensioners, and their dependent family members. Of them, the CGHS IDs of 126,707 had already been linked with ABHA IDs as on April 21, according to information available on the CGHS dashboard.

The ABHA ID is a 14-digit number that uniquely identifies a beneficiary in India's digital health care ecosystem. All citizens can open and operate ABHA accounts. In another significant move, states like Haryana, Uttar Pradesh, Uttarakhand and Nagaland have started linking their state health insurance schemes with AB-PMJAY, according to a government source. "This would be led by state governments and these beneficiaries will also be issued Ayushman Bharat cards." In the interim Budget for 2024-25, the Centre announced that more than 3 million Accredited Social Health Activist (ASHA) and anganwadi workers and helpers would also be covered under the AB-PMJAY scheme. So far, 342 million AB-PMJAY cards have been issued since the scheme was launched in September 2018, covering more than 65 million hospitalisations across more than 30,000 empanelled hospitals across the country. A government source also indicated that discussions were on to raise the ceiling of Rs 5 lakh for AB-PMJAY beneficiaries to Rs 10 lakh. "A proposal has been sent (to the finance ministry) in this regard. But nothing is concrete yet. This would require the scheme allocation to be almost doubled," said a source. The AB-PMJAY was allocated Rs 7,200 crore in 2023-24, and this was raised only marginally to Rs 7,500 crore in the interim Budget presented in February.

(The writer is Sohini Das.)

TOP

MOTOR INSURANCE

Car modifications that can void your insurance in India: Important things to know – The Economic Times – 19th April 2024

Car modifications are increasingly becoming popular in India as owners now tend to add a personal touch to their vehicles. However, it is important to note that making drastic changes to your cars is not only illegal but can also void your insurance policies. Usually, there are two types of car insurances - third-party and comprehensive insurance policy. The latter also covers the damages caused to your vehicle. Here, let's take a look at what kind of modifications can risk your insurance coverage.

Exterior updates While minor modifications like a fresh paint job (the same that is mentioned on the RC) or tasteful decals typically pose no issue, extensive bodywork modifications such as flared fenders, custom hoods, and wider tyres could be a matter of concern for the insurance company as these changes might compromise the structural integrity and handling of the vehicle, heightening risk in the eyes of insurers.

Furthermore, modifications such as after-market lights (of different colour and intensity) can impact visibility, potentially resulting in insurance denial if not pre-approved.

Performance mods
Modifications such as enhancing engine performance by using turbochargers or nitrous oxide systems, are of particular concern to insurers. These enhancements have the potential to significantly boost the vehicle's power and speed, thereby increasing the likelihood of accidents. Similarly, modifications made to the suspension system to lower or elevate the car's height may provide a custom appearance but can adversely affect handling and ground clearance. In such cases too, there's a risk of insurance coverage concerns.

Why you should inform the insurer when opting for modifications?
When you get insurance, they'll note down your car's details and calculate the policy cost. If you modify your car and its value goes up, you must tell the insurance company about the changes. If you don't inform them and your car gets damaged, like in a natural disaster, the insurer might reject your claim or pay only for the original parts covered in the policy. It's important to keep them updated to avoid these issues.

TOP

SURVEY AND REPORTS

Healthy occupancies to drive double-digit revenue growth for hospitals FY25: CRISIL – Financial Express – 23rd April 2024

Revenue of private hospitals is seen growing at a healthy 11-12 percent in fiscal 2025 after an estimated 14 percent growth in fiscal 2024, CRISIL Ratings said on Tuesday. Good occupancy levels on enhanced capacities and steady uptick in average revenue per occupied bed (ARPOB) will be the tailwinds. According to a report by the rating agency, a rising share of medical tourism and increasing health insurance coverage will be supportive as well, contributing to better bed-utilisation and ARPOBs.

Operating profitability is likely to sustain at a healthy 16-17 percent in fiscal 2025 with better operating leverage offsetting a ramp-up in cost associated with newer capacities. According to CRISIL, this will ensure cash generation remains strong and reliance on external debt is limited even as capex spending remain sizeable. That, in turn, will keep credit profiles stable. “An analysis of 89 companies rated by CRISIL Ratings, accounting for two-thirds of the revenue of large private hospitals and a combined revenue of ~Rs 46,700 crore, indicates as much,” the firm said in a statement.

“Healthy demand for healthcare services, including due to increased awareness of lifestyle treatments, rising medical tourism and increasing health coverage will ensure bed occupancy is sustained at 60-62 percent even on significantly enhanced capacities in fiscal 2025. In addition, ARPOB, which is estimated to have grown ~8 percent to ~Rs 36,000 in fiscal 2024, will rise to ~Rs 38,000 in fiscal 2025 supported by higher share of specialised surgeries and pass-on of inflation linked costs. These factors should spawn double-digit revenue growth for private sector hospitals this fiscal,” Anuj Sethi, Senior Director, CRISIL Ratings said in a statement.

Medical tourism, which accounts for ~10-12 percent of revenue, is expected to grow at almost twice the overall rate in the near to medium term. Lower treatment costs, world-class facilities and skilled personnel will drive the inflow of medical tourists, particularly from south-east Asia and Middle East. They comprise ~80 percent of India’s overall medical tourist arrivals. According to the report, medical tourists are expected to surpass pre-pandemic highs of ~70 lakh this calendar year. Moreover, rising insurance coverage — total gross health insurance premiums continued to grow at over 20 percent in the past two fiscals — is making quality treatment more accessible.

“Besides increasing instances of lifestyle diseases, rising share of ageing population means demand for healthcare services will keep growing. Ergo, hospital chains are seen adding 2,000-2,500 beds in fiscal 2025 after an estimated ~2,000 beds in fiscal 2024. Taken together, that will be ~50% of what was added in the six fiscals ended 2023, reflecting strong investment momentum among private hospitals. Continuing strong demand will ensure bed occupancies is maintained at healthy levels. Notably ~60% of the bed additions are planned in Metros/Tier-I cities of recognized medical tourism hubs of Northern and Southern India,” the agency revealed. Key reasons driving this trend are well-established infrastructure, availability of doctors and nurses, higher paying capacity of patients, and good connectivity, it stated.

“Higher revenue and operating margin will ensure strong cash accrual, which will help fund more than 65% of the total planned capex of ~Rs 4,500 crore by private hospitals in fiscal 2025. This, in turn, will lend stability to credit profiles. We expect debt protection metrics such as the interest coverage and the total debt/Ebitda ratios of CRISIL Ratings rated entities to remain in line with fiscal 2024’s levels of 6.2 times and 1.7 times, respectively,” Poonam Upadhyay, Director, CRISIL Ratings said. While business prospects seem promising for private hospitals, what will bear watching is the sustainability of occupancy levels at higher capacities and any material impact of regulations on these hospitals, the rating agency revealed.

TOP

Indian Insurance Ecosystem Shows Limited Appetite for Pure Risk Policy: JM Financial - The Economic Times – 22nd April 2024

Despite several initiatives by Insurance Regulator and Insurance companies, pure risk policy is not picking up in India. A recent report by JM Financial suggests that the conversation about death is off-putting for large segments of societies. Secondly, value-conscious consumers do not like a insurance product where they pay for something and do not receive any benefit if they survive the term of a pure risk policy.

In the last three years, while individual savings and investments in fixed deposits or equities markets vary with market conditions, the investment in insurance products remained constant at 18 percent of individual financing funds. Insurance has consistently commanded 18 percent of household financial savings assets in FY21, FY21 and FY23.

The report further says that intermediaries too don't take much interest in selling a pure risk term policy. Since the term of a pure risk policy is longer, consumers tend to be more sensitive to premium amount and apply to multiple insurers before making a purchase. So for the intermediaries conversion from prospect to sale is lower. In a country of 140 crore people, in-force insurance policies stood at just 3.285 crores in FY23, of which LIC accounted for 2.774 crores or 84.5 per cent. JM Financials report says, the number of new policies by the industry has grown at just 0.2% CAGR over FY18-FY23.

However, there has been strong growth from upselling and ticket size increase, Private players have seen a 12% CAGR over 10 years while LIC has grown at a CAGR of 8% over the same period. Average ticket size of private players have grown at a brisk pace over last 10 years. Due to focus on higher ticket savings products, India pays 3.0 per cent of its GDP in life premiums, while sum assured per person remains very low at Rs 143,000 or USD 1,746 in FY23. In FY22, as per Swiss Re, India had a sum assured of 85% of GDP compared to 140-150 percent to South Asian peers, like Thailand and Malaysia. Experts say, India's sum assured to GDP at 85% in FY22 implies sufficient headroom for growth. Sum assured to GDP growth of Singapore is 332 percent, for Japan it is 252 percent and for USA it is 251 percent. (ANI)

TOP

INSURANCE CASES

Rohtak District Commission holds New India Assurance. liable for wrongful repudiation of valid damaged car claim – Live Law – 23rd April 2023

The District Consumer Disputes Redressal Commission, Rohtak (Haryana) bench comprising Sh. Nagender Singh Kadian (President), Dr. Tripti Pannu (Member) and Sh. Vijender Singh (Member) held New India Assurance Company liable for wrongful repudiation of a valid claim for a car involved in an accident. The Insurance Company failed to provide adequate evidence to prove that the repudiation was justified based on the Complainant's irresponsive behaviour, a pre-settlement, and overvaluation of the damages. The Complainant owned an 'i20 Sportz' car insured with New India Assurance Company Ltd. ("Insurance Company"). On May 14, 2017, while the Complainant's relative, Sumit, was driving the car from Rohtak to Ahmadabad, an accident occurred in Bhichhiwada, Rajasthan, resulting in injuries to Sumit and his friend Manjeet Singh. Subsequently, the damaged car was transported back to Rohtak. Despite promptly informing the Insurance Company and providing all necessary documents, the Complainant's claim for compensation, including repair charges amounting to Rs. 8,50,000/-, was not settled by the Insurance Company. The Complainant made several communications with the Insurance Company but didn't receive a satisfactory response. Feeling aggrieved, the Complainant approached the District Consumer Disputes Redressal Commission, Rohtak, Haryana ("District Commission") and filed a consumer complaint against the Insurance Company.

(The writer is Smita Singh.)

TOP

PENSION

Good news for first-time job seekers! EPFO Feb payroll numbers show more jobs for youth in this age group – Financial Express – 21st April 2024

In a positive sign for the country's formal jobs market, EPFO's provisional payroll data for February 2024 showed that over 56% of the overall new members enrolled were first-time job seekers in the age group of 18-25, official data released on Saturday showed.

EPFO adds 15.48 lakh net members in Feb
Overall, the Employee Provident Fund Organisation (EPFO) added 15.48 lakh net members during the month against 16 lakh in January 2024, a drop of 3.4%.

It should be noted that net monthly payroll numbers are provisional and get revised often the very next month. Due to this, new EPF subscriber numbers are perceived as more reliable than net jobs added.

New monthly subscribers in Feb
The EPFO saw a 3.7% fall in new monthly subscribers' addition in February to EPF at 7.77 lakh from 8.07 lakh in January 2024.

"The data indicates that around 7.78 lakh new members have been enrolled during February, 2024. A noticeable aspect of the data is the dominance of the 18-25 age group, constituting a significant 56.36% of the total new members added in February 2024 indicating the majority of individuals joining the organized workforce are youth, primarily first-time job seekers," the release said.

The payroll data highlights that approximately 11.78 lakh members exited and subsequently rejoined EPFO.

These members switched their jobs and re-joined the establishments covered under the ambit of EPFO and opted to transfer their accumulations instead of applying for final settlement thus, safeguarding long-term financial well-being and extending their social security protection.

Over 2 lakh new female members join EPFO
Gender-wise analysis of payroll data unveils that out of 7.78 lakh new members, around 2.05 lakh are new female members. Also, the net female member addition during the month stood at around 3.08 lakh. The female member addition is indicative of a broader shift towards a more inclusive and diverse workforce.

Month-on-month comparison of industry-wise data displays growth in the members working in establishments engaged in the industries viz. establishments engaged in manufacture, marketing servicing. The above payroll data is provisional since the data generation is a continuous exercise, as updating employee record is a continuous process. The previous data hence gets updated every month.

From the month of April-2018, EPFO has been releasing payroll data covering the period September, 2017 onwards. In monthly payroll data, the count of members joining EPFO for the first time through Aadhaar validated Universal Account Number (UAN), existing members exiting from coverage of EPFO and those who exited but re-joining as members, is taken to arrive at net monthly payroll.

(The writer is Mithilesh Jha.)

TOP

IRDAI CIRCULAR

Circular	*Reference*
List of Corporate Surveyors and their Director or Partner Surveyors - 31.03.2024	https://irdai.gov.in/web/guest/document-detail?documentId=4816809
List of Individual Surveyors - 31.03.2024	https://irdai.gov.in/web/guest/document-detail?documentId=4816753

TOP

GLOBAL NEWS

Asia: Composite insurance pricing dips by 2% in 1Q2024 – Asia Insurance Review

Insurance rates in the first quarter of 2024 in Asia declined 2% after being flat for the three prior quarters, according to the "Global Insurance Market Index" published by the world's biggest insurance broking group Marsh.

The index is a proprietary measure of global commercial insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90% of Marsh's premium. The report outlines the changes in pricing for major branches of business.

Property insurance rates decrease
In Asia, in 1Q2024, property insurance rates declined by 1%.

- Property insurance rates declined in a number of countries and industries, except those in catastrophe (CAT) exposed geographies and in select industries, such as technology, with significant business interruption (BI) exposure.
- Highly CAT-exposed geographies, including Japan, Taiwan and the Philippines, and industries with significant business interruption exposure remained exceptions to the downward rate trend.
    - Clients in these segments typically retained more risk through increased deductibles, assuming capacity within their insurance program, or adopting alternative risk transfer methods such as captives, parametric or structured solutions.

- Although inflation generally has not been as pressing in Asia as elsewhere, insurers continued to seek validation of values and a deeper understanding of clients' BI calculations.

Casualty rates decline, insurer capacity abundant
Casualty insurance rates in Asia declined by 1%.

- The liability insurance market has remained stable, with some rate decreases, due primarily to ample capacity, especially when exposure is limited to a specific country or region.
- Underwriters continue to scrutinise North American exposures and critical products.
- Insurers remain focused on cyber coverage for business interruption and property damage.

Financial and professional rates decline, led by D&O
Financial and professional lines saw rates decline by 6%.

- Many clients experienced rate decreases in public and private directors and officers (D&O) liability, commercial PI, financial institutions, and flat rates in lines such as crime.
- Increased competition contributed to reduced primary rates and improved terms and conditions.
- Appetite for public company D&O with US exposure increased, with price and deductible improvements, although the UK and Bermuda markets continued to be relied on for capacity on large programs and challenging risks.
- Appetite for digital assets business remained challenging, with insurers exercising caution, particularly with crypto-related assets.

Cyber rates decline, insurers scrutinise cyber security controls
Cyber insurance rates decreased by 3%.

- Underwriters continued to look for and favour companies with strong risk controls.
- Increased capacity in the market led to discussions on expanding coverage options.
- Insurers remained vigilant about ransomware issues and supply chain attacks.

Global
Globally, composite insurance pricing rose by 1% in the first quarter of 2024, half as fast as the 2% growth seen in the last quarter of 2023, according to the report. This was the 25th consecutive quarter in which composite pricing rose, continuing the longest run of increases since the inception of the index in 2012. Increases peaked at 22% in the fourth quarter of 2020.

By region, composite pricing for the first quarter of 2024 was as follows

- US: +3%
- Europe: +3%
- Latin America and the Caribbean: +5%
- UK: -2%
- Canada: -2%
- Asia: -2%
- Pacific: -2%
- India, Middle East, and Africa: -2%

TOP

Pakistan: Regulator calls removing taxation layers on insurance products an imperative - Asia Insurance Review

Multiple layers of taxation in Pakistan are affecting the affordability of insurance and exacerbating existing inequalities by placing a disproportionate burden on those who can least afford insurance, says the Securities and Exchange Commission of Pakistan (SECP).

In a report titled "Unlocking the Potential of Micro and Inclusive Insurance in Pakistan," released last week, the regulator says that taxes on insurance products increase the overall cost of insurance, rendering insurance even costlier for individuals, particularly those from lower-income segments of society.

"Consequently, addressing the issue of multiple taxation layers on insurance products is imperative for promoting financial inclusion and ensuring that insurance remains accessible to all members of society, said the SECP.

Currently, different government taxes and levies are applicable to the insurance business. They comprise: sales taxes on life and non-life businesses. The tax rates vary from region to region and branch of insurance

- withholding/sales tax on the payment of commissions to agents
- stamp duty
- Federal Insurance Fee

GST on telecom services, where these involve insurance products sold through mobile network operators.
The SECP said, "There is a strong need that the taxation on insurance business specifically on the sale of inclusive insurance products be rationalised. Rationalisation of taxation on insurance, specifically on the sale of inclusive insurance products, would lower the tax burden on insurance companies as well as on policyholders and would pave the path for a more conducive environment for the insurance industry. Subsequently, the growth of the industry will result in more tax revenue for the tax authorities and increase financial inclusion."

TOP

Bhutan removes mandatory travel insurance requirement for tourists – The Times of India – 25th April 2024

Bhutan's Department of Tourism has announced a notable change by removing the compulsory travel insurance requirement for tourists. Initially introduced during the COVID-19 pandemic to cover unforeseen emergencies, especially medical expenses related to the pandemic, this requirement is now being lifted as the situation improves and as part of efforts to make travel experiences smoother.

The decision aims to streamline travel procedures and make the process more convenient for tourists visiting the country. While the mandatory requirement for travel insurance has been withdrawn for visa processing, the department still encourages tourists to possess travel insurance as a precautionary measure. This is to ensure they are adequately covered in case of any unlikely emergencies associated with international travel.

By removing the mandatory travel insurance requirement, Bhutan hopes to simplify the visa application process and encourage more visitors to explore its unique culture, landscapes, and heritage. This adjustment reflects Bhutan's commitment to providing a welcoming and hassle-free experience for tourists while maintaining the necessary precautions for their safety and well-being.

Is Bhutan visa-free for Indians?
Indian passport holders enjoy visa-free travel to Bhutan due to the strong diplomatic ties between the two countries. Bhutan is one of the few nations that shares a border with India, maintaining excellent relations.

Do we need an entry permit to visit Bhutan?
Indian passport holders planning to visit Bhutan are required to obtain an entry permit from the Immigration Office in Phuentsholing. This permit, valid for a period of 7 days, is necessary for travellers entering Bhutan by road and must be presented at every checkpoint along the way for verification. However, those intending to extend their stay beyond the initial 7 days need to visit the immigration office in Thimphu and apply for an extension of the permit's validity. Thimphu is the capital of Bhutan and serves as the administrative centre where such extensions can be processed. This process ensures that visitors can enjoy their stay in Bhutan without any hassles while adhering to the country's immigration regulations.

The entry permit issued by the Bhutan Immigration Department for Indian citizens is provided at no charge.

TOP

Insurers must react to demographic changes in healthcare - Asia Insurance Review

Asia is a region where the significance and impact of health, health care and health insurance cannot be overstated, said QBE Singapore CEO, Ronak Shah, speaking in his capacity as General Insurance Association of Singapore president at the 19th Asia Healthcare and Health Insurance Conference yesterday morning.

"Several countries in the region are experiencing significant aging populations, with notable countries such as Japan, South Korea, Taiwan, and Singapore in particular experiencing rapidly shifting demographics. In Singapore, the proportion of its citizens aged 65 years and above is rapidly rising. Last year, almost 1 in 5 citizens were aged 65 and above, and with increasing life expectancy and declining birth rates, we are facing unique challenges and opportunities that accompany an aging population," he said.

Insurers need to react to this demographic tide and exercise their responsibility in providing insurance solutions that not only serve as social security tools, but also cater to customers' changing protection needs. "There are also vital roles for us to play in embracing innovation and technology as part of our solutions to help prevent and postpone illnesses," he said.

Post-COVID bounceback a major factor for inflation
The increased need in healthcare is made worse by the rising costs, with inflation being a major factor, alongside many others. The increasing lack of affordability in healthcare has been a frequent topic of discussion for insurers. A lot of the sudden surge in costs can be traced back to COVID-19.

Most people stayed away from healthcare facilities during COVID and the year that followed. "Elective surgeries were postponed. People were not flying from Indonesia to Malaysia and Singapore to get their treatments done. So, all of those were sort of held back, suppressed artificially with COVID lockdowns and the pandemic," said Munich Re managing director and head of Southeast Asia, life & health, Akash Gupta during his keynote address.

But in a post-COVID world, all of this is coming back, and medical tourism impacts Singapore significantly, as it is a popular destination for healthcare services. "This causes demand for healthcare to go up quite a bit, which is putting a lot of pressure on the healthcare service provider. They have had to reward their employees through bonuses and through higher pay, which has translated into higher costs for the patient, a cost that insurers ultimately have to pay," he said.

This is also accompanied by the fact the COVID virus can stay dormant within cells for a long period of time after recovery, a phenomenon known as 'long COVID'. "It's making people fall sick easier and those who do are falling sick for longer, which means more visits to the doctor."

He also noted that in his own experience, basic consultations at a general practitioner in Singapore has almost doubled in price over the past couple of years – while it still remains affordable for most people, the rising trend does not seem to show any signs of slowing down. The 19th Asia Healthcare and Health Insurance Conference is organised by Asia Insurance Review and sponsored by IBNR.

TOP

South Korea: Insurers expected to be resilient to fall in valuation of commercial property investments abroad - Asia Insurance Review

Fitch Ratings believes that its portfolio of Korean insurers can withstand reduced valuations on their overseas commercial real estate (CRE) and other real-estate exposures without major adverse ratings consequences in the short term.

Korean insurers face potential impairment losses related to their CRE exposure as a result of drivers such as higher interest rates and shifts in work and consumption patterns in the wake of the COVID-19 pandemic. That said, Fitch expects CRE-related losses to have a relatively limited impact on their profitability. The global credit rating agency believes a steady increase in the release of contractual service margins (CSMs), driven by sound underwriting performance, will continue to support Korean insurers' profitability, despite any impact from volatility in insurers' investment returns, including CRE-related impairment losses.

Insurers' overseas CRE exposure at end-September 2023 amounted to KRW31.9tn ($23bn) ,according to the Financial Supervisory Service (FSS). This represented the highest exposure by value among Korean financial institutions. The exposure is equivalent to about 3% of the sector's total invested assets and approximately 12% of insurers' total shareholder equity, including CSMs net of tax as a part of equity capital.

Solvency ratios

Additionally, Fitch expects the impact on insurers' solvency ratios and capitalisation to remain small, given the relatively low levels of portfolio exposure relative to their total invested assets. In a scenario of severe deterioration of overseas CRE markets, Fitch expects the sector's overall Korean Insurance Capital Standard (K-ICS) ratio to decline by only mid-single-digit percentage points. That said, the exact impact will vary from company to company based on their investment appetites and strategies, as well as their risk-management strategies.

High-quality fixed-income securities comprise the largest share of insurers' asset portfolios, accounting for around 60% of assets invested in 2023. However, many Korean insurers increased the share of risky assets in their investment portfolios from 2019, notably in the form of beneficiary certificates, amid the low interest rates at that time. These investments offered increased yield and portfolio diversity, but are less liquid than listed equities and conventional bonds.

The majority of insurers' overseas CRE exposure is indirect, via alternative investments in such beneficiary certificates, which insurers usually invest in via so-called "funds of funds". Korean insurers have only limited direct exposure to CRE, apart from real-estate assets held for their own use.

Geographical distribution

According to the FSS, Korean insurers' overseas CRE exposure at end-September 2023 was concentrated in North America (64.2% of the total), with Europe (14.2%), Asia (4.2%), and other regions (17.6%, including Oceania) accounting for much smaller shares. There was a high concentration of exposure to office assets within CRE exposure, a segment that has suffered a significant post-pandemic value decline in several countries. Moreover, a relatively high proportion of overseas CRE assets were in the form of mezzanine and sub-tranches, which could be more fragile under the severe deterioration of credit conditions that is occurring in many overseas CRE markets.

Most of the insurers recognised part of their CRE-related impairment losses in 2023, after a decline in the market value of these assets. Korean insurers' sound capitalisation levels will provide an important buffer in the event of a more severe CRE downturn. We believe strong capitalisation will continue to give Fitch-rated Korean insurers the headroom to absorb shocks from CRE impairment losses, given the scale of their exposure to CRE.

TOP

Thailand: Regulator to launch database on insurance agents and brokers - Asia Insurance Review

The Office of the Insurance Commission (OIC) has developed a database on insurance fraud or wrongdoing by agents and brokers.

The system is scheduled to start operating in May 2024 with the information on agents and brokers to be shared among insurance companies that recruit agents and engage brokers, according to local media reports citing the OIC. It allows insurers to screen intermediaries before working with them.

The objective is to increase the confidence of the public in the insurance sector.
Data as of 5 April 2024 showed that there were a total of 561,377 individual agents and brokers in the Thai insurance market, comprising 233,174 life insurance agents, 21,137 general insurance agents, 126,970 life insurance brokers, and 180,096 non-life insurance brokers.
The OIC has found that in the past, there were three main types of wrongdoing:
1. Premiums had been collected by intermediaries but not sent to insurers.
2. Misinformation leading to customers misunderstanding their insurance coverage and exclusions.
3. Recommending that policyholders cancel their existing insurance policy to acquire a new policy, leading to losses suffered by the insured.

The system will classify the intermediaries according to four categories that will be denoted by the colours red, orange, yellow, and green.

Category	Details
Red	Agents or brokers currently suspended or who have had their licence revoked for no more than 5 years
Orange	Agents or brokers whose licences were revoked more than five years ago or who have a record of having committed fraud or wrongdoing
Yellow	Agents or brokers who are under investigation given indications that their conduct might result in insurance fraud
Green	Agents or brokers with a clean record. They have no history of misbehaviour and have never had their licences revoked.

TOP

Asia: Life/accident insurance is most provided insurance benefit to employees - Asia Insurance Review

A high proportion of 85% of companies in Asia currently provide some form of insurance benefit to employees, according to the results of a survey which are published in a new report titled "Asia Employee Benefits Report". Life/accident insurance is the most commonly provided insurance benefit in Asia, reported more than half of respondents (55%).

The report, launched by the Chartered Institute of Personnel and Development (CIPD) in partnership with life insurer AIA, summarises the findings of a survey of over 400 respondents in Asia, predominantly

HR practitioners, in Singapore and Hong Kong, and explores current and future employee insurance and non-insurance benefits, as well as the strategies and policies implemented in organisations.

Critical illness insurance

The survey also finds that despite the increasing incidence of critical illness (particularly cancer and lifestyle diseases), critical illness insurance is only provided by a quarter of employers (25%). Health insurance cover for employees' dependents also represents a significant gap, with less than a fifth currently providing it (17%). Comments from the survey respondents highlighted other approaches to insurance benefits: "All these benefits have a financial limit which is the same across all levels of employees."

SMEs and insurance

Small organisations (with 200 employees or fewer) are more likely to say they do not provide any of the insurance benefits (19%), compared with larger organisations with 201 or more employees (6%), according to the report.

SMEs tend to have more limited benefits packages and resources to manage them – particularly the smallest companies, which often do not have any HR staff. In particular, respondents from SMEs were less likely to say they provide life/accident insurance (51%) or hospitalisation and surgical insurance (45%) compared with those from large organisations (69% and 66% respectively).

Barriers to offering insurance benefits

In Asia, the current barriers to organisations offering insurance benefits include (1) budgetary controls and considerations (57%); (2) not required by law (24%); (3) difficulty of implementation (22%).

The survey data was collected online between 9 October and 12 December 2023. The survey was sent out to the databases of CIPD Asia (including CIPD members and non-members), AIA and the Hong Kong Institute of Human Resource Management. In all, the survey covered 409 professionals, including 167 from Hong Kong and 157 from Singapore.

COI Training Programs

Mumbai – April – June 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Holistic Grievance Management	13-May-24	14-May-24	ClickHere	Register
2	ERM and Risk Based Capital	14-May-24	14-May-24	ClickHere	Register
3	Investment Management in Insurance Companies	16-May-24	17-May-24	ClickHere	Register
4	Understanding IFRS 17	20-May-24	20-May-24	ClickHere	Register
5	Workshop on Self Management and Personal Effectiveness	21-May-24	22-May-24	ClickHere	Register
6	Health Insurance: Medical Management and Fraud Control	28-May-24	29-May-24	ClickHere	Register
7	National Economy and Insurance Industry	30-May-24	30-May-24	ClickHere	Register
8	Understanding Electric Vehicle Insurance	03-Jun-24	03-Jun-24	ClickHere	Register
9	Basics of Aviation Insurance	06-Jun-24	07-Jun-24	ClickHere	Register
10	Comprehensive Financial Planning Series-Part 1 : Focus on Tax Planning	06-Jun-24	06-Jun-24	ClickHere	Register
11	Reinsurance Program: International (RPI)	10-Jun-24	15-Jun-24	ClickHere	Register

12	Cutting Edge Marketing Strategies for Branch/Unit Leaders of Life Insurance	10-Jun-24	10-Jun-24	ClickHere	Register
13	Understanding Life Insurance Operations for Middle Level Managers	10-Jun-24	11-Jun-24	ClickHere	Register
14	Risk Inspection- Methods & Reporting	12-Jun-24	13-Jun-24	ClickHere	Register
15	Workshop on Soft Skills for team leaders	12-Jun-24	13-Jun-24	ClickHere	Register
16	Techniques for Telemarketing Teams in Insurance	13-Jun-24	14-Jun-24	ClickHere	Register
17	Basics of Life Insurance for New Recruits	14-Jun-24	14-Jun-24	ClickHere	Register
18	Life Insurance Marketing for Brokers	18-Jun-24	19-Jun-24	ClickHere	Register
19	Creating High performers in BancaChannel	18-Jun-24	18-Jun-24	ClickHere	Register
20	Liability Insurance: Focus - Casualty Lines	20-Jun-24	21-Jun-24	ClickHere	Register
21	Program on AML-KYC-CFT Requirements	20-Jun-24	20-Jun-24	ClickHere	Register
22	Principles of Valuation of Life Insurance Companies	21-Jun-24	21-Jun-24	ClickHere	Register
23	Compliance Management for Principal Officers of Corporate Agents, Banks	24-Jun-24	24-Jun-24	ClickHere	Register
24	Insurtech and Agriculture	21-Jun-24	21-Jun-24	ClickHere	Register
25	Motor OD Insurance - Underwriting and Claims	26-Jun-24	27-Jun-24	ClickHere	Register
26	Liability Insurance: Focus Cyber & Crime	27-Jun-24	28-Jun-24	ClickHere	Register
27	Forensic Science in Insurance Investigations	27-Jun-24	27-Jun-24	ClickHere	Register
28	Compliance 2.0 – An upgrade for Principle based Regulatory Regime	27-Jun-24	28-Jun-24	ClickHere	Register

Kolkata – April - June 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Catastrophic Claims-CVT Kolkata	24-May-24	24-May-24	ClickHere	Register
2	Creating High Performers in Bancassurance-CT Kolkata	24-May-24	24-May-24	ClickHere	Register
3	Annuities as a Distinct Marketing Too-CT Kolkata	12-Jun-24	12-Jun-24	ClickHere	Register
4	Managing Liability Insurance: Marketing, Underwriting and Claims (Other than Motor TP and Cyber Liabilities)-CT Kolkata	13-Jun-24	14-Jun-24	ClickHere	Register

5	Renewable Energy Insurance - The emerging opportunities-CT Kolkata	27-Jun-24	28-Jun-24	ClickHere	Register
6	Paradigm Shift in Life Insurance Underwriting-CVT Kolkata	28-Jun-24	28-Jun-24	ClickHere	Register

TOP

Courses offered by COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	6th July 024
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	6th July 2024
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	6th July 2024
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours

Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

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

Course Structure -

Particulars	Details
Course Date	14th May 2024 – 16th May 2024
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

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

Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

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

Post Graduate Diploma in Insurance Marketing (PGDIM)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any discipline are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher, working professionals in life/general insurance sector can join this course to upgrade their professional qualifications, knowledge and for career

	advancement [* subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDIM
Contact Email id	pgdim@iii.org.in