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INSUNEWS - WEEKLY E-NEWSLETTER

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QUOTE OF THE WEEK

"Freedom consists not in doing what we like, but in having the right to do what we ought."

POPE JOHN PAUL II

Insurance Term for the Week

Self-Insure

Self-insurance is a method in risk management in which a company or person sets aside a sum of money so they can use it to mitigate an unexpected loss. By principle, one can self-insure against any type of damage, such as flood or fire. In reality, most people choose to buy insurance against potentially significant and unusual losses.

Self-insuring against certain risks may be more affordable than buying third party insurance. The more gradual and smaller the failure, the greater the likelihood of a person or firm opting to self-insure themselves.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Centre Mulls Strategy to Deepen Insurance Market, Cushion Insurers' Businesses – Live Mint - 27th February 2025

The Indian government may consider issuing 50-year on-tap bonds in the next fiscal (FY26), in a bid to encourage insurance companies to subscribe and better manage their business, two people familiar with the matter said. The move, being mulled by the Union finance ministry with the help of the Reserve Bank of India (RBI), would also help the government nudge the industry towards its target of insurance for all by 2047, these people said on the condition of anonymity. For insurers, investing in these 50-year on-tap bonds would provide them with a stronger financial cushion needed to operate a business that handles long-term contracts. Life insurance companies, for instance, give out policies that may span decades. Insurance companies use money from premiums collected—and their reserves—to invest in bonds and equities. Typically, they invest the bulk of the monies in fixed-income instruments like bonds so that the assured interest income can help them manage customer claim payouts as well as operational expenses and business expansion over a long period. The extended maturity of the 50-year bonds would provide the stability and predictable returns that are essential for insurers managing large policyholder obligations, the people cited above said.

"The need for longer-tenure bonds stems from the finance ministry's assessment that highlights the need for a secure long-term investment vehicle to help insurers mitigate potential asset-liability mismatches," the first person mentioned above said. Meanwhile, the second person cited above said that while the government is considering an on-tap 50-year bond issuance, no dedicated allocation has been set aside for insurers. "Expected in FY26, the issuance could provide insurers with a stable, long-term investment avenue while easing regulatory capital constraints," the second person said. A standing committee on finance had earlier estimated that the insurance sector requires capital worth ₹40,000-50,000 crore to address the issue of under-insurance in the country.

To be sure, bonds issued by the government—of any duration—can be lapped up by various entities, including insurance firms, pension funds and banks, among others. Industry reactions have been on the positive side. "I see significant interest from insurance companies because we do have long-term liabilities when we give long-term guaranteed offerings as part of our proposition to our customers," said Tarun Chugh, MD and CEO of Bajaj Allianz Life Insurance Company. "I see this particularly being good for non-par saving plans with a long-term tenor and for annuity products." Chugh said this is particularly relevant "because we cannot expect that interest rates will always remain where they are for 50 years. Hence, customers would want long-term guarantees. And that is where this comes in very handy". Venkatakrishnan Srinivasan, managing partner at Rockfort Fincap Llp, a financial advisory firm, said that earlier issuances of 30-year and 40-year bonds have seen robust investor participation, particularly from long-term liability-driven investors such as insurance companies and pension funds.

"The oversubscription in these segments underscores the growing appetite for duration, as insurers seek duration-matched assets to mitigate asset-liability mismatches and optimize capital efficiency under Irdai's (Insurance Regulatory and Development Authority of India) solvency norms," he said. The Irdai requires insurance companies to maintain a minimum solvency ratio of 1.5. This means that the required solvency margin (RSM) is 150 percent. Srinivasan further added that the introduction of a 50-year sovereign bond would be a natural progression in the government's debt management strategy, as it not only caters to insurers' demand for stable, risk-free long-term assets, but also aids the government in smoothing its redemption profile, reducing refinancing risks, and extending the duration of its overall debt stock.

"Moreover, the introduction of an on-tap issuance framework for ultra-long bonds would provide greater market depth and flexibility, allowing institutional investors to calibrate their exposure dynamically without distorting secondary market liquidity. This move aligns well with global best practices," he said. An on-tap bond, also known as a tap bond or tap issue, allows an issuer to raise additional funds by issuing more bonds with the same terms as an existing series, ensuring quick and efficient capital infusion. In contrast, a regular bond is a standalone issuance with unique terms. The key advantage of a tap bond is that it builds on an existing bond structure, eliminating the need to create a new issuance each time capital is required. Meanwhile, the Irdai had agreed with the standing committee's recommendation to issue on-tap bonds with maturities of up to 50 years to provide insurers with long-term investment options. However, the insurance regulator believes earmarking a portion of these long-dated securities for insurers from the government's annual borrowing programme may be unnecessary, as it would obligate insurers to subscribe, according to a recent response by the finance ministry in Parliament. Additionally, the Irdai has noted that in November 2023, the RBI had already issued 50-year securities worth ₹30,000 crore. Any additional quota of higher-tenure bonds up to 50 years will be issued purely on need-based requirements.

(The writers are Subhash Narayan and Rhik Kundu.)

TOP

How insurance is reaching India's tier-2 and 3 cities - bridging the awareness gap - Deccan Chronicle - 27th February 2025

The financial landscape in India has undergone significant changes in recent years, especially in the wake of the COVID-19 pandemic, which highlighted the importance of financial security and protection products. As customers have become more aware of the risks associated with life's uncertainties—whether through health emergencies, or the growing need for long-term financial planning—there has been a notable shift towards insurance as an essential tool for financial protection. Despite this change, financial literacy continues to be a challenge in India's tier-2 and tier-3 cities, particularly in the realm of insurance awareness. The reality in many parts of India, especially in smaller cities and towns, is that insurance remains a complex and often misunderstood concept. Many individuals are either unaware of the various types of insurance products available or simply fail to grasp their importance until faced with a personal or family crisis. This gap in financial literacy stunts the growth of insurance adoption, leaving vast swathes of the population vulnerable to economic shocks.

Addressing this gap is essential to ensuring greater financial security for millions. The expansion of digital platforms and agent partner-assisted models is playing a critical role in improving financial literacy and insurance penetration in Tier 2 & 3 cities of India. Industry players like PBPartners have increasingly turned to technology-driven solutions that empower insurance advisors to provide better guidance and build consumer trust. A strong agent partner network, supported by digital tools, has proven effective in making insurance more accessible, particularly in underserved markets where infrastructure and awareness gaps persist.

Awareness campaigns, targeted training for agent partners, and simplified product explanations have been instrumental in breaking down misconceptions for consumers. By positioning insurance advisors as trusted financial educators, companies ensure that customers receive clear, actionable insights that align with their financial goals. Investment in agent partner networks has been another crucial factor in improving insurance penetration. Well-trained agent partners not only offer personalized guidance but also cultivate long-term relationships built on trust, an essential element in regions where skepticism toward financial products remains high. Companies in the sector are equipping agent partners with the necessary tools to provide detailed policy explanations and guide customers through their financial decision-making processes.

For first-time insurance buyers in smaller towns, the concept of purchasing an intangible product can seem overwhelming. Ensuring transparency at every stage of the process helps mitigate concerns and build confidence. Agent partners play a pivotal role in this by communicating policy details in a clear and accessible manner, enabling informed decision-making. Technology has further transformed the insurance landscape, streamlining the purchasing process and enhancing accessibility. Digital platforms enable agent partners to provide instant quotes, compare policies, and offer seamless guidance to customers. These advancements simplify the customer journey and ensure individuals receive accurate, tailored information that aligns with their needs.

PBPartners, a key player in the insurance industry, exemplifies this shift by utilizing its extensive agent partner network and technology-driven approach to expand insurance accessibility. With coverage spanning over 18.9k pin codes—accounting for 99% of the country—the company ensures that financial products reach even the most remote areas. Through digital tools and targeted training, PBPartners supports its agent partners in bridging the knowledge gap, ultimately strengthening the foundation of financial literacy and insurance adoption across India's tier-2 and tier-3 cities. As financial literacy and accessibility continue to improve, the insurance industry is poised for significant growth in India's tier-2 and tier-3 cities. By combining technology, agent partner-driven education, and customer-centric innovations, industry leaders are working to make insurance a fundamental component of financial planning. With continued efforts to bridge the awareness gap, insurance adoption in semi-urban and rural areas will likely see a steady rise, ensuring broader financial security for millions.

(The writer is Dhruv Sarin.)

TOP

Finance Ministry in talks to work out formal mechanism for global arbitration – The Economic Times – 26th February 2025

The finance ministry is in talks with the ministries of law and external affairs to put in place an institutional mechanism to ensure international arbitrations under bilateral investment treaties (BITs) are handled better, two people aware of the matter said. A response team within the government, comprising experts on taxation, global arbitration and other related aspects, may be created to deal with such notices. The ministry is also firming up a new BIT template to ensure both the parties have adequate time-at least 2-3 years-to exhaust local legal remedies before pursuing global arbitration. However, while the template would serve as a base for negotiations, there would be no one-size-fits-all framework and final BIT offers to various nations would vary, depending on India's strategic, economic and other considerations, the people said. In the latest budget, finance minister Nirmala Sitharaman announced a revamp of the BIT framework to draw foreign investors. Earlier this month, she called for firming up standard operating procedures for responding to global arbitration cases.

(The writer is Banikinkar Pattanayak.)

TOP

IRDAI plans to put risk management at industry core to align with global best - The Economic Times - 25th February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) is working toward implementing major regulatory changes over the next 18-24 months, multiple industry sources said, pointing to the regulator's goal of boosting risk management and putting in place a framework that harnesses global practices. Among the proposed changes are the adoption of a risk-based capital (RBC) framework and

Indian accounting standards (Ind -S 117), and a risk-based supervisory framework (RBSF). "While global markets have taken up to five years to implement similar frameworks, IRDAI is looking for a faster rollout taking lessons from the global markets while ensuring the industry has time to adjust," a source said. The regulator is asking for industry feedback before implementing the measures.

IRDAI began the transition to RBC in 2023 by launching its first Quantitative Impact Study (QIS1). It is now preparing for a second study, which will help refine the framework, the sources said. The current factor-based solvency model does not fully capture business risks and market volatility, whereas the RBC, in contrast, requires insurers to hold capital based on their actual risk exposure.

Alongside RBC, insurers are also preparing for the adoption of Ind-AS 117, which will change how they report their financials. This shift will make financial disclosures more transparent and comparable with global peers. While IRDAI initially set FY25 as the deadline for implementation, the transition has now been extended to April 2027. The rollout will be phased, with larger listed and unlisted insurers required to comply first. The risk-based supervisory framework is another key initiative that will help the industry move from a compliance-based approach to a risk-based model. IRDAI has already started pilot programmes with large insurers and plans to expand the testing phase before full implementation.

The regulator is also pushing for unlisted insurance companies to go public, arguing that a stock market listing will improve governance and transparency. However, several insurers have requested more time before moving forward with their initial public offerings. The regulator is expected to take a gradual approach to ensure a smooth transition. Beyond risk and capital reforms, IRDAI has already implemented expense management guidelines. After looking at the impact, the regulator introduced recent changes, such as capping premiums for senior citizen health insurance to keep insurance more accessible and affordable for vulnerable sections of society.

(The writer is Shilpy Sinha.)

TOP

India's bond forwards may see strong demand from insurers, investors say – Live Mint – 25th February 2025

India's soon-to-be-launched bond forwards could see strong demand from insurers as these instruments offer the option of taking delivery of underlying securities at the end of a contract, bankers and investors said on Tuesday. Bond forwards allow investors to buy government securities at an agreed price on a future date. The central bank announced guidelines for these contracts last Friday, with the rules set to kick in from May 2. Insurers currently use forward rate agreements (FRA), a derivative instrument used to hedge interest rate fluctuations. At the end of a contract, no securities are delivered and only the price differential is settled. "Bond forwards would be very active and insurance companies will most likely prefer bond forwards over forward rate agreements," said Churchil Bhatt, executive vice president at Kotak Mahindra Life Insurance.

Banks and primary dealers will be allowed to act as market makers for these transactions. Bond forwards are also attractive as investors can align their cash flow with asset purchases and opt for either cash settlement or actual bond delivery. "Cash settlement will be more popular with traders, especially those who want to take advantage of their call or are looking at a change in interest rates for a specific timeline. The deliverable part will help long-term investors like insurance companies," said Alok Singh, group head of treasury at CSB Bank. Traders expect domestic banks to participate in this market, which will ensure sufficient liquidity. "Any instrument that allows investors to hedge or trade on both sides curbs volatility," CSB Bank's Singh said. The launch of bond forwards could also improve demand for ultra-long bonds as more insurance companies would be willing be engage in instruments that are regulated by the Reserve Bank of India, investors have said. The majority of debt supply from New Delhi has been focused on ultra-long papers in recent years.

(The writers are Dharamraj Dhutia and Siddhi Nayak.)

TOP

Bima-ASBA will eliminate unauthorised deductions: Insurance sector players – Business Standard – 21st February 2025

Irdai's decision to implement ASBA facility for insurance premium payment will benefit customers by eliminating unauthorised deductions and delayed refunds, say experts.

Insurance Regulatory and Development Authority of India (Irdai) has directed life and health insurers to provide Bima-ASBA, a facility wherein a policyholder blocks the amount towards premium in his or her bank account which gets debited only when the policy is issued. Insurers have been asked to implement the new payment mechanism Bima-ASBA (Applications Supported by Blocked Amount) through Unified Payments Interface (UPI).

ASBA facility or blocking of funds through UPI is widely used by retail investors in stock market. Commenting on the Irdai's decision, Jitendra Attra, Chief Financial Officer, and SBI General Insurance said Bima-ASBA is a significant step toward enhancing transparency, security, and ease in insurance premium payments. "By enabling policyholders to authorise premium payments directly from their bank accounts, Bima-ASBA ensures greater control over transactions, eliminating issues like unauthorised deductions and delayed refunds. This will particularly benefit customers who prefer a hassle-free and automated payment mechanism while ensuring their funds remain secure until policy issuance," Attra said.

Sanket Gupta, Chief Financial Officer, IFFCO Tokio General Insurance Company said that like ASBA in the IPO market, which SEBI introduced almost a decade ago, Bima-ASBA will also lead to smooth premium payments. "With this move, the amount will remain in the policyholder's account until the policy is issued or acceptance is communicated. This will resolve many grievances and disputes that arise between insurance companies and customers/policyholders regarding the timing of policy issuance," he said. At the same time, Gupta added that the move will ensure that policyholders do not forgo any interest income in the interim until official communication is received regarding the policy's issuance.

Indraneel Chatterjee, Co-Founder, RenewBuy too said that Bima-ASBA is a significant step forward for the Indian insurance sector, with substantial benefits for consumers. "Policyholders earlier often faced uncertainty regarding premium payments before policy issuance. Bima-ASBA eliminates this ambiguity by blocking funds rather than immediately debiting them, it ensures that premiums are only transferred once the policy is issued and protects consumers' funds in case the policy does not get issued," Chatterjee added. According to Iradi norms, premium is required to be paid only after the insurer communicates the decision of acceptance of the proposal to customer.

Unified Payments Interface (UPI) One Time Mandate (OTM) feature allows users to block funds in their bank accounts for specific transactions, ensuring availability of funds while deferring actual payments. With an aim to facilitate smooth transactions of payment of premium, Irdai decided to enable UPI-OTM for insurers. Under 'Bima Applications Supported by Blocked Amount (Bima-ASBA) facility, transfer of money from the prospect to the insurer happens only when insurance policy is issued," it said.

Insurers are allowed to use Bima-ASBA mechanism for blocking of premium up to the limit specified by NPCI from time to time. Insurers have been asked to partner with multiple banks and have appropriate systems and process in place.

TOP

Pump Rs 300 Crore into Bima Sugam by February-End: IRDAI to Insurers - Business Standard – 23rd February 2025

The Insurance Regulatory and Development Authority of India (Irdai) has asked insurance companies to inject an initial capital of Rs 300 crore by the end of this month into Bima Sugam, its Amazon-like digital platform for buying, selling, and servicing insurance policies, according to multiple sources familiar with the development. This was communicated to the insurers at 'Bima Manthan', a two-day event hosted by the insurance regulator, where industry issues are discussed.

"During the Bima Manthan this time, the insurance companies have been asked to submit the initial capital for Bima Sugam by the end of February. We are speaking to our board for these funds," said the MD & CEO of a private sector life insurer, who was present at the meeting. "We have to contribute nearly Rs 5 crore for the Bima Sugam, each one of us contributing towards the initial capital of Rs 300 crore. Our board has approved the same. We have to give these funds by the end of this month as per the discussion in the Manthan this time," said the CEO. The capital requirement for Bima Sugam has increased to Rs 500 crore from the previously envisaged Rs 100 to Rs 200 crore. While SBI Life Insurance and HDFC Life Insurance have received board approval for investing Rs 6.6 crore each, ICICI Prudential Life Insurance has received the board's nod to invest up to Rs 10 crore in Bima Sugam. Separately, in November 2024, Life Insurance Corporation of India (LIC) informed the exchanges that it had invested Rs 1 lakh for an 8.33 percent stake in Bima Sugam. The state-owned New India Assurance and ICICI Lombard General Insurance have received board approvals to invest Rs 5 crore each.

After multiple delays, Phase I of Bima Sugam is expected to be launched in mid-2025. The idea, initially proposed by the regulator in 2022, has seen several projected launch dates. Often hailed as the UPI moment for the insurance industry, Bima Sugam keeps the policyholder at the core and aims to democratise insurance in India, potentially becoming the first of its kind globally. This single-window digital platform is expected to serve as a comprehensive marketplace where consumers can compare, purchase, and manage insurance policies across life, health, and general insurance sectors. It will also benefit distributors who can complete a transaction at a cheaper price and in less time.

Bima Sugam is a part of the Bima Trinity envisaged by Irdai. The trinity includes Bima Vistaar – a rural-focused composite insurance product that Bima Vahaak, the women-centric agents, will sell on the Bima Sugam platform. In a statement last week, Irdai said, Bima Sugam India Federation (BSIF), the entity set up to build and operate the Bima Sugam platform, had completed all its incorporation and other foundational actions and was now ready to be capitalised by the enthused Industry participants. The portal for Bima Vahak, the localised women-centric insurance field sales force, is nearing completion and is set for a soft launch for onboarding 'Vahaks' in April 2025.

(The writer is Aathira Varier.)

TOP

Leveraging Insurtech synergies to accelerate Insurance growth in underserved markets - The Economic Times – 22nd February 2025

India's next wave of growth is often projected to come from its smaller cities. It comes as no surprise that tier 2 and tier 3 regions are witnessing a surge in economic activity. The rapid pace of internet and mobile penetration is also driving this change. These cities are expected to contribute nearly 45% of India's GDP growth by 2030. Yet, financial awareness remains a challenge. A 2023 RBI survey found that while overall financial literacy levels need significant improvement in India, the gap was much higher in smaller towns and cities. This gap in financial knowledge has posed challenges in accessing essential services like insurance. For a long time, people in these underserved markets struggled with accessing quality insurance products. Challenges like lack of awareness, complicated products, and difficult processes were just some of the barriers.

But today, these hurdles are gradually being removed thanks to the rise of digital tools, mobile apps, and artificial intelligence (AI), which are changing the way insurance works. The rise of Insurtech is helping simplify insurance for Bharat by making it more affordable, accessible and personalised. From multilingual and vernacular support to AI-driven recommendations, technology is bridging the gap for first-time insurance buyers and those in remote areas.

Insurance that caters to Bharat

Despite the expanding digital footprint, insurance still feels intimidating or irrelevant to consumers in these regions. Oftentimes, they underestimate the financial burden of an unfortunate event like death, disease, or disability and opt for a low-value policy. But mostly, they end up underestimating the criticality of insurance altogether.

For example, someone in a remote area might need a health insurance plan that is more flexible, with premiums that are easier to manage based on their income. AI helps match the right plan with the right person, making insurance not just easier to buy but also more relevant. Vernacular language support is another enabler. Many digital platforms now offer insurance plans in regional languages, making it easier for customers to understand their policies and benefits. This ensures that language is no longer a barrier to financial protection.

Making payments easier with digital solutions

Once a consumer decides to buy insurance, the next step is to pay for it seamlessly. Digital payment systems are making it much easier for people to pay their premiums on time. Mobile payment options, like UPI, allow people to pay in smaller and more manageable installments rather than having to pay a large lump sum upfront. This is especially helpful for workers in informal sectors or those with irregular incomes in smaller cities.

With these easier options, more people can buy insurance without worrying about upfront costs. Automatic payment reminders, flexible payment schedules, and easy renewal processes ensure that policyholders stay insured without any added financial strain. Digital wallets and QR-based payment solutions have further simplified premium payments, ensuring smooth transactions even in regions with limited banking infrastructure.

Empowering local agents with digital tools

While digital platforms are central to the Insurtech revolution, local agents still play a vital role in helping customers navigate their insurance needs. Insurtech is making their jobs easier by equipping them with powerful tools that allow them to assist customers more effectively, even in areas where internet access or infrastructure might be limited.

Agents no longer have to rely on paperwork or time-consuming processes. Mobile apps give them realtime access to customer information, policy details, and claims updates. Some platforms even allow agents to receive their commissions immediately, which helps them stay motivated and continue reaching out to new customers. This instant access to funds makes it easier for agents to manage their businesses and expand insurance access to more people. Additionally, digital platforms now provide AI-powered training modules for agents, helping them better understand products and policies. This ensures they can provide informed guidance to customers, further bridging the financial literacy gap.

Making claims a quicker and hassle-free process

One of the most common reasons people avoid getting insurance is the fear of dealing with complicated claims. In the past, filing a claim often meant endless paperwork and long delays. Today, AI and digital platforms have streamlined this process and made it far easier and quicker. In rural and remote areas, where access to physical infrastructure is limited, insurers are using AIpowered tools to assess claims. For instance, if someone needs to file a claim for damaged property or a car accident, they can simply take a few pictures and upload them via an app.

The system will then analyze the images and quickly approve the claim. This reduces waiting time, ensures transparency, and helps customers get the support they need quickly. Automation has also eliminated several manual steps. Digital KYC verification allows customers to onboard faster without excessive paperwork. AI-driven fraud detection ensures that claims are processed fairly while reducing fraudulent activities.

Additionally, remote video assessments for claim verification allow insurers to validate claims without requiring physical inspections, making the entire process faster and more efficient. The ultimate goal is to create an insurance ecosystem that is accessible to everyone, regardless of their location, income, or background. Innovations in AI, mobile apps, vernacular support, and digital tools will continue to transform the way people buy, use, and claim insurance. Insurtech is making this vision a reality, breaking down barriers and ensuring that insurance is not limited to just the metros but a crucial protection accessible by all.

(The writer is Dhruv Sarin.)

TOP

INSURANCE REGULATION

IRDAI plans to put risk management at industry core to align with global best – The Economic Times – 25th February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) is working toward implementing major regulatory changes over the next 18-24 months, multiple industry sources said, pointing to the regulator's goal of boosting risk management and putting in place a framework that harnesses global practices. Among the proposed changes are the adoption of a risk-based capital (RBC) framework and Indian accounting standards (Ind -S 117), and a risk-based supervisory framework (RBSF). "While global markets have taken up to five years to implement similar frameworks, IRDAI is looking for a faster rollout taking lessons from the global markets while ensuring the industry has time to adjust," a source said. The regulator is asking for industry feedback before implementing the measures.

IRDAI began the transition to RBC in 2023 by launching its first Quantitative Impact Study (QIS1). It is now preparing for a second study, which will help refine the framework, the sources said. The current factor-based solvency model does not fully capture business risks and market volatility, whereas the RBC, in contrast, requires insurers to hold capital based on their actual risk exposure. Alongside RBC, insurers are also preparing for the adoption of Ind-AS 117, which will change how they report their financials. This shift will make financial disclosures more transparent and comparable with global peers. While IRDAI initially set FY25 as the deadline for implementation, the transition has now been extended to April 2027. The rollout will be phased, with larger listed and unlisted insurers required to comply first. The risk-based supervisory framework is another key initiative that will help the industry move from a compliance-based approach to a risk-based model. IRDAI has already started pilot programmes with large insurers and plans to expand the testing phase before full implementation.

The regulator is also pushing for unlisted insurance companies to go public, arguing that a stock market listing will improve governance and transparency. However, several insurers have requested more time before moving forward with their initial public offerings. The regulator is expected to take a gradual approach to ensure a smooth transition. Beyond risk and capital reforms, IRDAI has already implemented expense management guidelines. After looking at the impact, the regulator introduced recent changes, such as capping premiums for senior citizen health insurance to keep insurance more accessible and affordable for vulnerable sections of society.

(The writer is Shilpy Sinha.)

TOP

LIFE INSURANCE

Life insurers report up to 400 bps margin compression in Q3 on new surrender value norms, ULIPs surge – The Indian Express – 25th February 2025

Life insurance companies have reported 75-400 basis points (bps) margin compressions on a year-on-year (y-o-y) basis during the quarter ended December 2024. This is largely reflective of the product mix changes in favour of unit linked insurance plans (ULIPs) over non-participating policies, and the impact of the new surrender value norms. While the impact of the new surrender value guidelines on business and margins were large concerns, life companies have implemented this smoothly, said a report by Kotak Institutional Equities. Insurance regulator Irdai had asked insurance companies to offer a higher special surrender value (SSV) for traditional endowment policies from October 1, 2024. This is expected to provide greater flexibility and liquidity for life insurance customers who want to switch policies or discontinue them.

Irdai had said in a circular that every policy offered by a life insurer under a non-linked platform, which has acquired a surrender value, should not lapse by reason of non-payment of further premiums. It should be kept in force to the extent of paid-up sum assured, calculated by means of a formula as approved by the Authority and the reversionary bonuses or the guaranteed additions, if any, that have already been attached to the policy, Irdai said. This means policyholders will get a higher refund amount for discontinued policies, as per the new calculation approved by the regulator. Surrender value is the amount which the policyholder receives if she stops paying premiums. Insurance companies were paying only a small amount as surrender value towards discontinued policies. Product and commission structures are likely to witness significant changes, leading to volatile premium movement in the second half of the current fiscal. However, since these changes are anticipated to be favourable for customers, the growth is likely to rise over the medium term.

Insurers had asked Irdai to revise the surrender value regulations and extend the deadline to comply with the norms. However, no change was announced. Hitherto, policyholders received less or no payout if they discontinue paying premiums. According to Life Insurance Council data, life insurers reported a 7.78 per cent growth in premium mobilisation at Rs 3,05,912 crore during the 10-month period ended January 2025. The Life insurance Corporation of India (LIC), India's largest life insurer, showed a 4.76 per cent growth in premium collection at Rs 1,74,248 crore during the 10-month period.

Margins are likely to be close to bottom due to the expectation of a reduction in ULIPs next year, reflecting shifting customer preferences. "Seasonal trends suggest higher sequential margins in Q4, reflecting higher volumes… overall strong business momentum may provide some operating leverage benefits as well," the Kotak report said. Select insurance companies had earlier projected an impact of 30-100 bps versus higher impact expected/guided earnings.

According to an insurance company, new surrender guidelines accounted for a 100-bps y-o-y compression in margins and the rest is due to a shift in product mix (ULIPs' share rose up to 45 per cent from 33 per cent in Q3FY24).

(The writer is George Mathew.)

TOP

Life insurers face valuation risks as IRDAI weighs bancassurance limits - The Economic Times – 25th February 2025

Life insurance companies may see further downside as concerns grow over impending regulatory changes in the bancassurance channel. Private life insurers have already witnessed stock price corrections over the past three months due to uncertainties surrounding potential Insurance Regulatory and Development Authority of India (IRDAI) regulations. The bancassurance channel significantly contributes to annualised premium equivalent (APE), with some insurers, such as SBI Life (SBILIFE), deriving as much as 72 precent of APE from this source. Given the high reliance on parent banks for distribution, barring ICICI Prudential Life (IPRU), any regulatory restrictions could lead to further valuation derating.

The extent and timeline of any regulatory changes remain uncertain, but the overhang is expected to persist until clarity emerges. Elara Capital conducted a sensitivity analysis to assess the impact of potential regulatory caps on bancassurance contribution to APE. Two scenarios have been considered: one where the overall bancassurance share is capped at 50% over a three-year period and another where the parent bank's bancassurance contribution is restricted to 50%. If either of these scenarios materialises, insurers with high reliance on bancassurance could face a sharp impact.

The scenarios

In the first scenario, where the overall bancassurance share is capped at 50%, the effect on APE may be less severe, assuming non-bancassurance channels grow at an 18% compound annual growth rate (CAGR) during the transition period. However, SBI Life, which has the highest bancassurance exposure, could see a 15% year-on-year decline in bancassurance APE. This could lead to a 5-6% drop in Return on Embedded Value (ROEV), with an estimated total return CAGR of 9%. HDFC Life (HDFCLIFE) is expected to deliver a 12% CAGR, while Max Financial Services (MAXF) could see a 16% CAGR due to its lower entry multiple, higher ROEV, and relatively lower dependence on bancassurance.

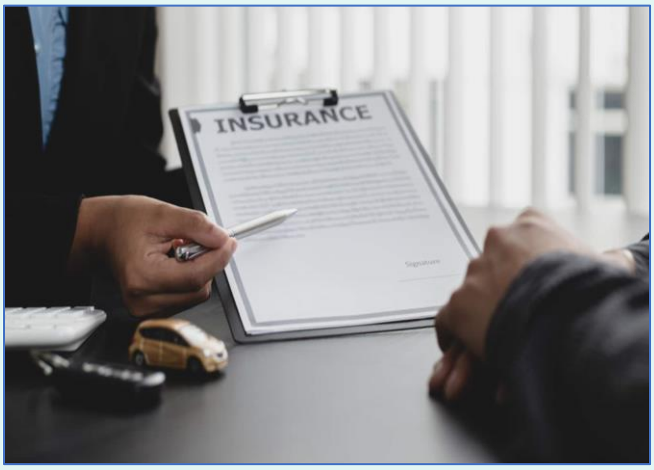
The second scenario, which involves capping the parent bank's share of bancassurance at 50%, could have a more pronounced impact. The resulting decline in APE would hurt VNB (Value of New Business) contribution to Embedded Value (EV), leading to a contraction in the price-to-embedded value (P/EV) multiple. In this case, HDFC Life, Max Financial, and SBI Life could face more disruption due to their higher dependence on parent banks for distribution. Meanwhile, ICICI Prudential Life would be the least affected as it has the lowest reliance on parent bancassurance. This scenario could lead to further derating in P/EV multiples and long-term sector growth slowing to an 8-9% CAGR. Given the regulatory uncertainty, analysts have increased the sectors risk premium, estimating a base multiple of 1.9x FY26E

P/EV, with a higher required return of 12.5%, up by 50 basis points. Among insurers, those with diversified distribution models, such as ICICI Prudential Life, are better positioned to weather potential regulatory changes.

However, the company faces its own challenges, including a higher proportion of unit-linked insurance plans (ULIPs) and lower ROEV. HDFC Life, despite its reliance on bancassurance, has demonstrated resilience in navigating past regulatory changes and remains a relatively safer investment option. Until IRDAI provides clarity on regulatory changes, the life insurance sector is likely to remain under pressure. The market has yet too fully factor in the potential impact, and further valuation declines cannot be ruled out if stricter regulations are implemented.

TOP

New BIMA-ASBA framework could declutter unclaimed amounts with insurance companies – Moneycontrol – 21st February 2025



The Insurance Regulatory and Development Authority of India's (IRDAI's) fresh set of guidelines on Bima-ASBA could resolve the longstanding problem of unclaimed policy amounts cluttering the balance sheets of insurance companies, said Nilesh Sathe, independent director, TATA AIA.
The new guidelines which will take effect from March 1, 2025, state that only the necessary premium amount will be blocked and debited once the policy is issued.

Prior to Bima-ASBA, insurance companies held large sums of unadjusted deposits paid by customers upfront but never converted into policies, such as when a customer abandoned the process or the policy was not issued. These unclaimed amounts earned no returns for insurers. As of March 31, 2024, unclaimed amounts held by life insurance companies totalled Rs 20,062 crore, according to IRDAI's annual report.

Bima-ASBA allows individuals seeking insurance to set up a one-time mandate (OTM) through UPI, which reserves a designated amount in their bank account for the premium. This amount is blocked and undisturbed until the insurer approves the policy proposal. In case the proposal is rejected by the insurer, the funds must be promptly released back to the customer’s account.

Need for revision of guidelines
The initial guidelines, issued on September 5, 2024, mandated that insurance companies were prohibited from accepting deposits or payments from customers until a policy was fully processed and prepared for issuance. However, in this case, for policies requiring medical underwriting, insurers were required to carry out health checkups and assessments to evaluate eligibility and premium rates - steps that incurred costs either paid to medical providers or absorbed by the insurer itself. These regulations failed to clarify what would happen if a customer chose to abandon the policy partway through the process, leaving the outcome uncertain.

According to a CEO of a life insurance company who did not want to be quoted, under the September 2024 framework, if a customer opted out from the polcy after the necessary steps such as medical underwriting, insurers were left with no recourse to recoup their incurred expenses as they did not charge upfront payment for these processes. "While the intent was to safeguard policyholders, this approach posed significant operational difficulties for insurance companies," the CEO explained.

Insurance companies, then, raised concerns with IRDAI, urging it to adjust the guidelines, as bearing the cost of medical underwriting without any upfront payment security was unsustainable and could hurt their efficiency and profitability. To address this, the IRDAI on February 18, 2025, introduced tweaks wherein insurance companies can proceed with medical underwriting and other checks without taking the money immediately. If the policy is approved and issued within 14 days, the blocked amount can be debited from the customer's account and transferred to the insurer. If the company fails to issue the policy within 14 days, the blocked amount meeds to be automatically released back to the customer.

"Since the money is already blocked, customers are less likely to withdraw at the last minute after medical underwriting," said Sathe. Also, previously issuing a policy could take up to a month due to delays from insurers' front leaving funds in limb. Now with the regulator imposing a 14-day timeline, it is likely to nudge insurers to act faster. For customers, the new mechanism would allow them to earn interest as the blocked amount would remain with their in their bank accounts until debited.

(The writer is Malvika Sundaresan.)

TOP

GENERAL INSURANCE

Earthquake insurance: India's coverage is woefully inadequate - Live Mint - 27th February 2025

On 17 February, a 4.0-magnitude earthquake jolted Delhi-NCR, not strong enough to cause damage, but powerful enough to cause concern. Too often, mild tremors are brushed aside as routine, yet they are stark reminders of India's seismic vulnerability. With nearly 59 percent of the country's landmass at varying degrees of risk, the real question is not if a major quake will strike, but when. While this is a region-specific, once-in-150-year event, should it occur, we would need financing for the four 'R's of rescue, relief, reconstruction and rehabilitation. India has a robust disaster risk financing mechanism, but needs to focus on insurance and ring-fencing in preparation for a significant seismic event.

Earthquakes are sudden and each is unique, leaving little time for preparedness and response. Homes collapse, people die, businesses shut down and infrastructure crumbles. The burden often falls on individuals and governments and without a structured earthquake insurance system, recovery is painfully slow, pushing families into years of financial distress. The 2001 Bhuj earthquake resulted in losses exceeding ₹10,000 crore. India's quake insurance penetration remains low largely due to lack of awareness, a weak push from insurers and an element of fatalism among people, as also the conception that the government will provide sufficient relief. However, global experience shows that public finances are often inadequate, covering only a fraction of actual economic losses.

Several countries have earthquake insurance programmes that balance affordability, accessibility and sustainability. Japan, for instance, has a highly developed quake insurance market supported by the government through a reinsurance mechanism, where private insurers provide primary coverage while the government acts as a reinsurer to ensure financial stability for major payouts. Similarly, Turkey's Compulsory Earthquake Insurance Scheme mandates coverage for all residential buildings and has achieved penetration of over 60%. After the 2023 Turkey-Syria quake, it disbursed over $340 million to affected households, demonstrating the effectiveness of compulsory insurance in facilitating swift reconstruction efforts.

Mexico has pioneered the use of catastrophe bonds (or 'cat bonds') to hedge this risk. This financial instrument lets the government transfer risk to global investors and ensures rapid liquidity in the aftermath of a major disaster. Another noteworthy model is New Zealand's Earthquake Commission

(EQC), which played a critical role in financing a recovery after the 2011 Christchurch quake that caused $40 billion in estimated losses. The EQC operates a government-backed insurance scheme funded by levies on home insurance policies, enabling a quick financial response. One approach to retail insurance is the use of parametric coverage, which, unlike traditional indemnity-based covers, triggers payouts based on pre-defined parameters such as a quake's magnitude and location. This ensures rapid disbursement of funds, minimizing administrative delays in disaster response. Another potential solution is the creation of a government-backed earthquake insurance risk pool, similar to Japan's reinsurance model, which could ensure affordability while encouraging private sector participation. A risk pool is a corpus of funds reserved—mostly with a reinsurance company—to cover 'cat risk' beyond the balance sheet of insurers. Some insurance experts are of the view that expressed demand is what spurs the creation of a risk pool.

For example, the need for a 'terror pool' arose in the US after the 1993 bombings. Before that, terror risk was manageable for insurer balance sheets, but as it grew more expensive, companies unbundled terror risk and converted it into an add-on product. To cover this heightened risk, a terror risk pool was created in India by GIC Re. Similarly, marine and nuclear risk pools are also operated by GIC Re. Another means of insuring against disaster risk is the issuance of 'nat cat bonds,' which spreads the risk to global financial markets, albeit at a higher cost. It is a rare instrument, wherein the bond's principal remains at risk. Yet, such bonds are an attractive investment for financial houses, as the disaster risk curve is not aligned with the financial-market risk curve, allowing both risks to be hedged. The World Bank and several global entities offer such bonds, the total market for which is placed at $50 billion outstanding. India's International Financial Services Centre at Gift City could also consider issuing national catastrophe bonds, thereby making India a hub for the Insurance Linked Securities (ILS) market. While home insurance should be mandatory, it is also controversial. We must therefore proceed with care. Some countries have taken the mandatory route for home insurance in highly vulnerable zones through legislation. An alternative is to encourage compliance and ensure affordability through tax benefits or premium subsidies. Additionally, banks and housing finance companies could consider making property loan disbursal incumbent on insurance cover for the entire value of a mortgage property. Above all, it is for the insurance industry to expand the country's property insurance market with innovative products and attractive schemes.

(The writer is Shishir Agarwal.)

TOP

Why personal accident insurance is a lifeline – The Hindu – 24th February 2025

In 2023, road accidents in India claimed almost 1.73 lakh lives and left 4.63 lakh injured, as per according to data shared by States with the Union government. You might think, "I don't drive, so I'm safe," or "I'm a careful driver; accidents won't happen to me." But recent tragedies like the Jaipur-Ajmer highway fire or the Odisha train disaster remind us how little control we have over such situations. While road accidents are widely reported and brought out in the public eye, other incidents are just as disruptive. Home accidents, for instance, are a significant concern, with falls constituting about 30 percent of such incidents, burns making up 20 percent, accidental poisoning from household chemicals and medications accounting for 15 percent and drowning, particularly involving young children, making up about 10 percent.

Workplaces are even more perilous, with over 400 workers killed and more than 850 seriously injured in 2024 alone across various sectors, including manufacturing, mining, and energy industries. Today extreme sports are considered recreational, but they pose serious risks, with mountain climbing, trekking, rafting, and paragliding contributing to numerous accidents. The statistics highlight the pervasive nature of accidents that go beyond road traffic incidents. Personal accident insurance acts as a financial safety net, protecting you and your loved ones from the economic impact of life's unpredictable accidents. Let's explore the standout features of these policies available in the market currently. In the unfortunate event of an accidental death or permanent disabilities like loss of limbs or vision, a personal accident policy offers a lifeline by providing a fixed payout to the bereaved affected family. This financial support ensures that dependents can maintain their standard of living despite loss of income. Many policies in the marke go a step further by including specific provisions for dependents, such as parents, widows, and children. The provisions often include dedicated education Funds and marriage funds helping to secure their future and offering long-term financial stability for major life events. Injuries from mishaps accidents can lead to hospitalisation, burn injuries, amputations, and even comas, placing heavy financial burden. Fortunately, some personal insuranceaccident insurance products offer comprehensive coverage to help alleviate these costs. Beyond covering hospitalisation expenses,The policies also often include unique benefits for injuries resulting from burns or broken bones. Also, additionally, some policies provide lump sum payouts for coma benefits in cases of permanent neurological damage.

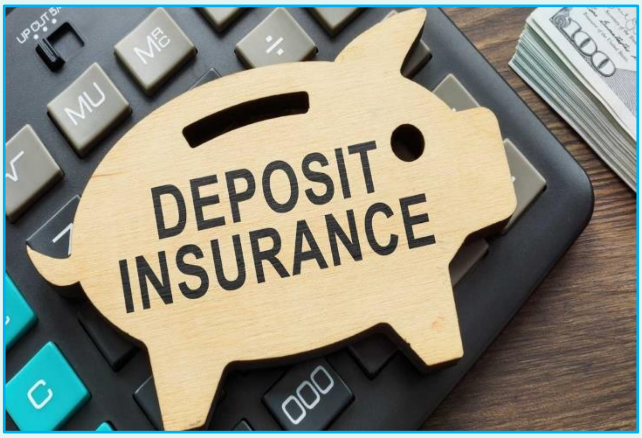
Living with disabilities resulting from accidents can be far more challenging. Than we often anticipate. Life after an accident often requires significant adjustments, such as modifying homes or personal vehicles to support daily living. Innovative personal accident insurance products not only cover the costs of home and vehicle modifications but also extend to expenses for essential aids like artificial limbs, prostheses, crutches, and wheelchairs. With such comprehensive support, the injured can focus on adapting to new circumstances and recovering better. Accidents often result in temporary disabilities, cause individuals to miss work and lose income. Thankfully, there are specific covers like Temporary Total Disablement and Loss of Income that to address these challenges. These policies provide fixed payouts during the recovery period, ensuring thatone you can focus on healing without the added stress of financial instability. When accidents strike breadwinners, the financial stability of families can be severely impacted, often leaving them burdened with outstanding loans. A few comprehensive personal accident insurance products offer specific covers to address this issue. These policies can take care of outstanding loans.s, ensuring that your loved ones are not overwhelmed by financial stress during an already challenging time. For adventure seekers and those who take the road less travelled, innovative personal accident policies can be lifesavers, covering non-professional activities like trekking through rugged mountains, scuba diving in vibrant coral reefs, or soaring high while paragliding. Accidents can happen in remote or inaccessible areas where immediate medical attention is crucial. That's why many policies now include air ambulance services, ensuring timely transfer to the nearest hospital. This can be lifesaving in emergencies, allowing you to embrace your adventurous spirit with confidence.

While keep in mind while personal accident insurance these policies offer comprehensive coverage, certain scenarios are excluded like self-inflicted injuries or suicide attempts, accidents under the influence of alcohol or drugs, injuries from high-risk sports or criminal activities, pre-existing disabilities or illnesses. Understanding these exclusions is crucial to making an informed choice when purchasing a policy. Personal accident insurance is for everyone—because accidents don't discriminate based on age, profession, or location. Whether you are a teacher in a bustling city or a construction worker in a remote area, the risks persist. Occupational risks also influence premiums. For example, miners or factory workers face higher accident probabilities than office employees, leading to different premium rates based on risk categories. One of the greatest advantages of this personal accident insurance product is its affordability. Compared with health or life insurance, premiums are relatively low, making it accessible to individuals across all income groups. Despite its affordability, the policy offers invaluable benefits that can make a significant difference during crisis. In an unpredictable world, securing personal accident insurance is one of the wisest decisions you can make. It's a small investment that offers immeasurable peace of mind, ensuring that you and your loved ones are protected against life's uncertainties.

(The writer is Nirmal Gupta.)

TOP

India needs a much higher deposit insurance for its bank customers – Moneycontrol – 24th February 2025



India's deposit insurance framework needs an urgent recalibration. The threshold of Rs 5 lakh is inadequate in the current economic landscape where deposit sizes have grown substantially. A report by CareEdge Ratings suggests that the optimal range for deposit insurance should be between Rs 5.2 lakh and Rs 21 lakh. The recommendation comes after modelling various approaches to determine the ideal level of protection and it warrants serious consideration.

The insurance deposit scheme is once again in focus after the Reserve Bank of India earlier this month superseded the board of New India Cooperative Bank over its financial health and governance issues, triggering panic among depositors.

The Mumbai-based lender has been barred from taking new deposit, and customers and extending loans for at least six months. Its former CEO was recently arrested for allegedly embezzling Rs 122 crore, pointing to the larger menace of poor governance in the co-operative banking sector, as this column wrote the previous week. The inadequacy of India's deposit insurance is evident when compared globally. In US dollar terms, the Rs 5 lakh ceiling remains low, offering insufficient protection to depositors, particularly those who rely on banks as a haven for their life savings.

As of March 31, 2024, insured deposits stood at Rs 94.1 lakh crore, covering 43.1 percent of all assessable deposits. While a high 97.8 percent of accounts are covered, the absolute protection level remains far from enough. The flaws in the system are not limited to the coverage amount. A fundamental issue lies in the blanket flat rate charged for deposit insurance premiums.

Commercial banks bore the lion's share, contributing 94.4 percent of the total premium in FY24, while co-operative banks — historically more prone to failures — have disproportionately benefitted from insurance payouts. The imbalance highlights the need for a risk-based pricing model that aligns insurance premiums with the risk profile of different banks.

A one-size-fits-all approach is outdated and inefficient. Beyond these structural issues, the case for higher insurance gains further merit in light of rising bank failures.

More banks are failing

In 2024 alone, the RBI cancelled licences of at least a dozen co-operative banks due to regulatory violations.

The trend is alarming — 15 cooperative banks lost their licences in 2023 and 43 in the past four years. Each failure erodes depositor confidence and fuels concerns about the safety of their funds.
It is against this backdrop that RBI deputy governor Rajeshwar Rao's suggestion of full deposit insurance coverage for certain depositors, such as senior citizens and small depositors, is relevant.

Rao proposed an alternative model that ensures complete protection for vulnerable depositors, acknowledging the need for a stronger safety net. This is a welcome step but a piecemeal approach may not be enough. The failures of co-operative banks have already triggered a shift in depositor behaviour, with many moving funds to larger, more stable banks.

The lessons from the Silicon Valley Bank (SVB) crisis in the US is a stark reminder of the consequences of financial instability. While India has, so far, avoided large-scale bank collapse, the increasing number of co-operative bank failures suggests that a trust deficit is emerging. If this continues, smaller banks will struggle to attract deposits, weakening their position in the financial system.

Historically, India has response to the need for enhanced deposit insurance has been slow. The deposit insurance guarantee scheme was set up in 1961 but the insured amount was raised to Rs 1 lakh only in 1993. It took nearly three decades for the next revision when the coverage was increased to Rs 5 lakh in 2021. This pace of reform is insufficient even as the economic environment is changing at a much faster rate.

A more dynamic approach is required — one that periodically reassesses deposit insurance levels in line with economic growth and depositor needs.

Who will foot the bill?
The key question is who will bear the cost of expanded deposit insurance? A higher coverage limit undoubtedly comes with financial implications. However, a well-structured model could distribute this cost effectively.

Risk-based premiums, where banks pay according to their risk exposure, can ensure fairer pricing. Additionally, offering depositors the option to pay a premium for full coverage could be explored. The Deposit Insurance and Credit Guarantee Corporation (DICGC) must find a balance that protects depositors without overburdening banks. India's deposit insurance framework needs an urgent overhaul. A higher coverage threshold, a risk-based premium structure and a mechanism to ensure swift payouts in case of bank failures are crucial. Without these changes, depositor confidence will continue to erode, forcing people to look beyond the banking system. This will be disastrous for financial stability. The RBI and policymakers must act decisively before trust in the banking sector is further undermined.

(The writer is Dinesh Unnikrishnan.)

TOP

Banks' deposit insurance hike may be on the anvil amid periodic review – Business Standard – 23rd February 2025

The mess at the Mumbai-based New India Cooperative Bank has once again put the spotlight on deposit insurance. M Nagaraju, secretary in the Department of Financial Services, has said a hike in coverage is under consideration (speculated to be at ₹15 lakh from the current ₹5 lakh). This issue – among other matters – may figure at a meeting to be held with the chief executive officers of state-run banks on March 4. The Deposit Insurance and Credit Guarantee Corporation of India (DICGC) – a subsidiary of Mint Road – is the executing agency; and if an upward revision were to come through down the line, it would be the quickest in the post-reform period: After 1993, it has moved northwards only once (in February 2020) compared to the four times between 1968 (first hike) and 1980. DICGC was set up in 1962. Should such revisits be episodic? Like after the collapse of Bank of Karad in 1992 (which was merged with Bank of India after the Harshad Mehta scam) and the Punjab and Maharashtra Cooperative Bank fiasco in 2019 (now within the fold of Unity Small Finance Bank).

At present, there is uniform deposit insurance coverage capped at ₹5 lakh per depositor. But as M Rajeshwar Rao, deputy governor of the Reserve Bank of India (RBI), noted (August 19, 2024), a growing and formalising economy can naturally be expected to see a sharp increase in both primary and secondary bank deposits, "driving a wedge between the desirable insurance reserve requirement and the available reserve". And considering multiple factors like growth in the value of bank deposits, economic growth rate, inflation and increase in income levels, "a periodical upward revision of this limit may be warranted". It brings us to a deposit insurance architecture based on risk premium. The rate is now a flat 12 paise per ₹100 of assessable deposits in a year. "When non-banks raise funds, credit rating is mandatory and made known to investors. This is the case even when banks float bonds. In the case of bank deposits, there's no such regulatory requirement. If such ratings are to become mandatory, it may promote better governance," says Ravi Bhadani, partner - SNG & Partners (insurance and funds practice). What's the flipside to this? Ajit Velonie, senior director (financial sector and structured finance ratings) at Crisil Ratings, has it that risk-based deposit premium "has implications due to depositors' perception of the health of individual banks".

Satish Marathe, director - central board, RBI, fleshes it out: "It brings its own issues. There could be a flight of deposits from weaker-rated banks to higher-rated ones. We can't have instability." His stance: "A better way is to give a roadmap for this transition. Again, have a system where better-rated banks' deposit insurance premium also comes down as an incentive." What's lesser known is that a risk-based deposit insurance architecture – radical as it may appear – is not a new concept. It was flagged by the Jagdish Capoor working group on Reforms in Deposit Insurance (1999), the Committee on Credit Risk Model (2006) set up by DICGC, and the Jasbir Singh Committee on Differential Premium System for Banks (2015). Incidentally, the Singh committee was set up after the issue of risk-based premium was discussed at the RBI's board meeting held on October 16, 2014. It was felt that DICGC could "explore the possibility of putting in place a differential premium within the cooperative sector linking it to governance and risk profile of co-operative banks". C H Venkatachalam, general secretary of All India Bank Employees Association, has an entirely different perspective on deposit insurance. The amended Section 45 of the Banking Regulations Act (1947) – put through in 1960 – gave the government and the RBI powers to amalgamate banks to avert their closure; post this amendment, no commercial bank has been shut down. "Only cooperative banks run the risk of closure and liquidation. So, only their deposits need to be covered by DICGC," he says. This may not find takers.

It leads us to another aspect: Deposit-taking non-banking financial companies (NBFCs-D) – these are not covered by DICGC. Public deposits remain an important source of funds even as asset sales and securitisation have emerged as important funding sources for them. As the Report on Trend and Progress of Banking India (T&P: 2024) observed, despite a reduction in the number of NBFCs-D to 25 in FY24 from 36 a year ago, their deposits grew 20.8 percent to ₹102,994 crore during this period (and formed 22.49 percent of their total borrowings). Now, what if there were to be a sudden fall in the key ratios of NBFCs-D and that led to panic withdrawal of deposits? The RBI is aware of this concern. The T&P: 2019 notes, "The strategy adopted of limiting the operations and growth of NBFCs-D is driven by the need to secure depositors' interest, given that deposits are not covered by the DICGC." The Capoor committee had held "a number of entities like financial institutions, NBFCs, etc., have been taking public deposits. The moot question is whether deposit insurance should cover liabilities of these entities as well."

(The writer is Raghu Mohan.)

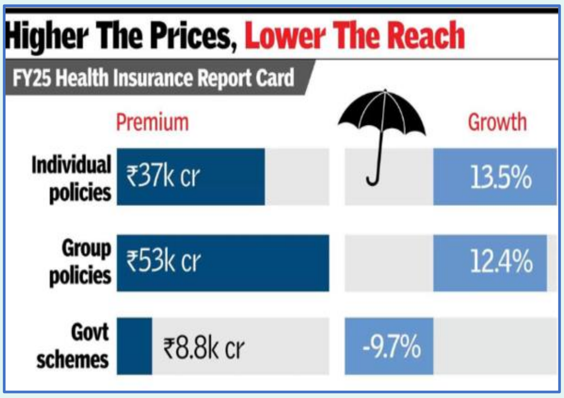
TOP

HEALTH INSURANCE

Health insurers mop up Rs 1 lakh crore in FY25 as premium costs rise - The Times of India - 28th February 2025

Health insurance premiums crossed the Rs 1-lakh-crore mark in the first 10 months of the current financial year, marking a 10 percent increase from Rs 90,785 crore mopped up in the same period last year. However, growth has slowed compared to the previous fiscal year when premiums grew 20%. Total health insurance premiums for FY24 stood at Rs 1.07 lakh crore. In FY25, the premiums reached Rs 1 lakh crore in Jan 2025, data reported by non-life insurers showed. Individual health segment recorded the fastest growth, expanding by 13.5 percent to Rs 37,068 crore, accounting for 38 percent of the total. Group health insurance, primarily purchased by companies for employees, remained the dominant category with a 53 percent share. Premiums in this segment rose by 12.4 percent to Rs 47,312 crore.

In contrast, premiums from govt-backed schemes, including Ayushman Bharat Yojana, declined by 9.7% to Rs 8,828 crore. Under the scheme, state govts either purchase insurance or establish trusts to settle claims. In FY24, all three segments - govt schemes, group insurance, and individual policies - had registered double-digit growth. This year, total premium growth has moderated to 10.4%, with some policyholders seeing increases exceeding 10% following rate revisions by insurers. The rising cost of health insurance has also raised concerns about reach. Last year, despite a 20% increase in premiums, the number of individuals covered under personal health policies grew by just 5%, broadly tracking workforce expansion. Affordability remains a key issue. The sharp jump in premiums under individual policies have increased calls for waiver of 18% GST on health insurance premium. In addition to the increase in rates, insurers have been pushing individuals to take higher sum assured on the grounds of medical inflation. While a decade ago, the standard mediclaim was a Rs 3-lakh-cover, most insurers now suggest Rs 5 lakh.



Besides high claims ratio in group policies, another reason for the increase in the cost of cover is the expansion in its scope. Many policies now cover maternity costs. The regulator has also made it mandatory to include some covers that were earlier excluded. Data from Star Health and Allied Insurance, which accounts for a third of individual health policies in India, show a decline in the retail health renewal ratio from 98.2% in Dec 2023 to 94% in Dec 2024. The company also reported a 10% rise in the overall sum insured in retail health. Among insurers, New India Assurance remains the market leader, holding a 17% share of total health insurance premiums, followed by Star Health (13%) and Bajaj Allianz (7%). Standalone health insurers collectively account for nearly 30% of total premiums.

(The writer is Mayur Shetty.)

TOP

India has all the ingredients to become a reinsurance hub: G. Srinivasan, Galaxy Health & Allied Insurance – Reinsurance – 27th February 2025

According to industry experts, the combination of large carriers, a sizeable market, reinsurance talent, a long-standing insurance market history, and connections to other major markets globally, suggests India is poised to establish itself as a global reinsurance hub. During a recent panel discussion moderated by G. Srinivasan, Managing Director (MD) and Chief Executive Officer (CEO), Galaxy Health and Allied Insurance Co. Ltd, insurance and reinsurance market experts debated the potential for India to develop into a global hub for reinsurance business.

"India being a reinsurance hub is something we have been hearing at least for a decade," said panel moderator Srinivasan. "The aspiration of the policymakers is that India should emerge as a reinsurance hub, at least as a regional hub, if not for the whole world. India has everything – big players in the market, a relatively big market, reinsurance talent, and long insurance history, as well as connections to the major markets in the world. So, India has all the ingredients to become a reinsurance hub, but somehow it has not happened at the speed at which we would have liked that to happen."

Against this backdrop, Srinivasan questioned panellists Ramaswamy Narayanan, CMD, GIC Re, Amitabha Ray, and CEO of India for industry giant Swiss Re, Franz Josef Hahn, CEO of Peak Re, and Shasi Nair, CEO, Berkley Insurance Asia, on what needs to happen to make India a reinsurance hub over the next three years or so. According to Ray, establishing India as a reinsurance hub over the next three years requires talent, risk appetite, underwriting, support and excellence.

He explained, "All these ingredients, when they are there, in the right measure and with some financial incentives like tax, will make it a hub. A hub is a marketplace where people come to transact global reinsurance business, an aggregation of all the risks floating around, a place where all this risk is consolidated and parcelled out to the risk takers. It has to be a very free marketplace to do business because it completely has to be fungible in terms of capital. The risk will seek capital for the right return, the capital needs to come in and go out as and when, for the flexibility that it requires to be a properly functioning marketplace in terms of demand, supply, etc."

At the same time, Ray warned that too many onerous regulations or localization, which hinder the fungibility of capital, prevent bringing global expertise. "All those things are not conducive to making that hub. We have talent in India, capital income and the underwriting excellence that will make this a viable hub," he said. Nair discussed a slightly different route with a focus on India not trying to replicate the ingredients already present in other hubs, like Singapore or DIRC.

"Maybe there are other ways to skin the cat," he said. "Rather than saying, I want to try and become a region so I can compete with the established players, what about sort of picking up a few lines of business and becoming an exchange for that?

"India has demonstrated its leadership in a couple of way, in agriculture, ILS, captives, and cyber. Why don't we start with and sequential this and say, well, let's try and make this as a centre, as an exchange toward them, you build the talent and build a pool. Certainly, I think GIFT is in the right direction, and I think it has a lot of potential for that." As noted by Nair, the Indian government has established a "GIFT-City" (Gujrat International Finance Tec-City), an initiative to inject capital into the market by allowing foreign reinsurers to set up shop in India. The city will be established in Gujrat with the backing of the International Financial Services Centres Authority (IFSCA) as they look to increase the ease of doing business through more concise regulations. Hahn, from his experience in establishing Peak Re in Hong Kong, emphasised how important connectivity is. He explained that at the time of his firm's inception, it was difficult to find specific talents in Hong Kong.

"Hong Kong is also a pool of many towns with very strong universities. But in reinsurance, you need different kinds of specialists. You need a lighthouse, people who can guide in certain lines of business, and we needed very mature immigration offices, who understood how to support the building up of a company like this," he said.

Hahn also highlighted the importance of infrastructure, adding, "India has a lot of those things, and connectivity is being built very clearly (through GIFT city). I think its super smart or many super smart ideas went into the thinking of GIFT City. It makes total sense, and that's why the attraction is so high." India offers itself as the largest market in the region, with access to other potential untapped markets in South Asia. For India to offer itself as a regional hub it should be able to offer regional and international talent creating a need for a "very mature immigration system," according to Hahn. For Narayanan, the main push from the country need to be in the free flow of incoming capital and adequate opportunities to take it out as and when it is required, which according to him is happening at GIFT City.

He explained "I don't think anybody is setting up a business for charity. It has to be business-oriented, and the decisions have to be based on business needs and what you expect out of the business that you write. "As a business, you're not looking just at the domestic market, you're looking at business from around to come to you. I would say, initially, it would be immediately the domestic market, which would attract and once people are based in India, doing the domestic business that is when they would start looking out for your nearby areas business also to be done. So, to that extent, I think the domestic market is important from a growth perspective.

"The growth opportunities available here are enormous, in terms of also 'Insurance for all by 2047', so the amount of business that will come in, and that can be accessed by the insurance companies and the reinsurers is there. "Finally, let me be a little blunt, I think the Indian domestic market needs to understand that we need to be viable. It can't be just about growth, it needs to be about viability. So, pricing and risk management are important. Once we do that, I think the interest levels will definitely be there."

(The writer is Saumya Jain.)

TOP

IRDAI puts cap on senior citizen health insurance premium hikes - Know all about it – Zee Biz – 26th February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurance companies not to increase health insurance premiums for senior citizens by more than 10 percent per annum. This strategy is intended to safeguard seniors from significant premium hikes while assuring ongoing coverage. Clarifying on the move- Rakesh Goyal, Director, Probus says soaring premium rates have imposed a significant financial strain on seniors. Many experienced 20 to 30 percent rises every several years, making it impossible to maintain insurance. The IRDAI's decision seeks to provide stability and affordability, avoiding unexpected hikes that disturbs overall financial planning.

TOP

Why Should Everyone Consider Parents Health Insurance? – The Economic Times – 26th February 2025

Securing health insurance for aging parents is crucial due to rising medical inflation and the increased likelihood of age-related diseases. A comprehensive medical insurance policy can alleviate financial burdens, offer peace of mind, and ensure access to quality healthcare without hefty out-of-pocket expenses. One of the inevitable realisations that kicks in as we grow old is that our parents are also growing old. Protecting our aging parents is a priority. As they approach a certain age, they become more susceptible to developing lifestyle-related and critical illnesses. As frightening as it sounds, there's a way out. Medical insurance can alleviate these fears and protect against unexpected expenses. This blog explores the need for a health insurance policy for parents, its features, benefits and tips for choosing the best plan for them. So, without further ado, let's get started;

Need for Health Insurance for parents
In a fast-paced world, it's easy to neglect our own health. However, securing the health and well-being of our parents should always be a top priority. Here are some top reasons why securing a medical insurance Policy for your parents is essential;

Medical Inflation
Medical Inflation in India has significantly increased in recent years, surpassing the general inflation rates. In 2024, it reached 11% and is further anticipated to reach 13.2% this year. The rising costs of hospitalisation, diagnostics, and medical treatments make healthcare highly unaffordable, especially for middle-class families. Securing parents health insurance can significantly alleviate this financial burden.

Insufficient Insurance Protection
While some corporate employees get an option to cover their parents under a group health insurance policy, this coverage may not address specific treatments required based on their individual health conditions and medical history. Thus, a senior citizen health insurance policy that provides comprehensive coverage against pre-existing conditions.

Increased incidence of Age-Related Diseases
Senior citizens are more susceptible to chronic illnesses such as diabetes, hypertension, cancer and cardiovascular diseases. Effectively managing these conditions requires regular medical consultations and expensive treatments. With constantly rising healthcare expenses, health insurance for parents ensures proper medical attention without the added burden of out-of-pocket expenses.

Top Features of a Parents Health Insurance Policy
Here are the significant features that health insurance for parents include;

Cashless Treatment
When the policyholder receives treatment at a network hospital, the insurer pays the medical bills upon the approval of a pre-authorisation request raised by the hospital's TPA desk.

Pre-existing conditions
Parent's health insurance covers pre-existing diseases after a specified waiting period. This is particularly beneficial for individuals with chronic illnesses requiring ongoing treatment and care.

No Claim Bonus
When no claim is made by the policyholder, the insurer increases the sum insured at no additional costs.

Hospitalisation Expenses
These expenses include costs for pre and post-hospitalisation, in-patient care, daycare procedures, ambulance charges, diagnostic tests and medical treatments.

Advanced Medical Treatments
Most health insurance plans for parents offer coverage for advanced technology methods such as stem cell therapy, oral chemotherapy, and deep brain stimulation, etc.
Benefits of Buying Medical Insurance for Parents
Here are the key benefits of having health insurance for parents:

Financial Security
Parent's health insurance protects unexpected medical expenses that may arise due to their increased susceptibility towards developing diseases. It ensures that you don't burn a hole in your pocket while paying for expensive medical treatments.

Peace of Mind
Health insurance for parents provides financial safety against expensive medical treatments and ensures access to quality healthcare.

Tax Benefits
You can avail of tax deductions on premiums paid for parent's health insurance under Section 80D of the Income Tax Act.

Tips to Choose the Best Health Insurance Plan
If you're thinking of buying health insurance for your parents, here are some tips that will guide you in the process and simplify your journey;

Evaluate their Coverage Needs
Assess the coverage needs of your parents based on their medical history and present health conditions. This will help you choose plans that offer comprehensive coverage for specific diseases and treatments.

Compare Health Insurance Policies
Using online tools compare various health insurance policies based on coverage, premiums, network hospitals and claim settlement ratio. Choose the policy that best aligns with your healthcare needs and budget.

Check Waiting Period
Check the waiting period specified for existing conditions and specific treatments. Opt for one with the shortest waiting period to get quick coverage for necessary medical treatment.

Wrapping it up!
Given the current rate of medical inflation, securing a medical insurance policy for your parent's acts as a protective shield against unannounced medical expenses. It also gives you peace of mind, knowing that in times of health emergencies, your parents have a safety net to fall back upon. Choosing the right plan helps you safeguard their well-being and ensure that the sudden medical expenses don't become a financial burden. Take this vital step today towards a healthier and worry-free tomorrow.

TOP

Health premium per policy up 73% since Covid-19, total sum assured up 240% - Business Standard – 25th February 2025

The Indian health insurance industry is experiencing rapid growth, with consumers increasingly seeking higher coverage to shield themselves from rising healthcare expenses. A new report from insurtech platform Turtlemint reveals a 240% growth in the total sum assured over the past five years, reflecting a significant shift in consumer behavior toward more comprehensive health plans. The surge comes as India grapples with rising medical inflation, which stands at an annual rate of 14%, and a post-COVID era where the importance of financial preparedness for health crises has never been clearer.

The COVID-19 pandemic, which placed immense strain on healthcare systems, served as a wake-up call for many Indians, highlighting the vulnerabilities associated with inadequate health coverage. As the country rebounds, the effects of the pandemic are still evident in the rise of health insurance premiums and policy sales, especially in smaller cities where awareness is steadily increasing. In fact, the premium per policy in Tier 2 and Tier 3 cities has seen an astonishing 73% increase since 2020, showcasing consumers' growing willingness to invest in broader health coverage as they prioritize financial security in the face of unforeseen medical emergencies. "The increasing preference for higher sum assured and comprehensive coverage highlights a growing consumer focus on financial preparedness for medical expenses," said Dhirendra Mahyavanshi, Co-founder & CEO of Turtlemint. With medical inflation at 14%, the health insurance market is projected to reach Rs 2 trillion ($23.8 billion) by 2028, according to GlobalData.

Meanwhile, health insurance premiums in the national capital could soon see a significant hike as insurers consider factoring in the effects of air pollution when pricing policies. Discussions are underway to impose a 10-15 per cent increase in premiums for new health insurance policies in Delhi following a surge in pollution-related claims in 2024, a report by Reuters claimed, citing industry executives.

If approved by the Insurance Regulatory and Development Authority of India (Irdai), this would mark the first instance in the country where air pollution is directly considered in determining health insurance costs. The move could also pave the way for similar price hikes in other cities grappling with severe air quality issues. Just recently, 61 year-old Rajiv Matta drew government's attention to rising health insurance premiums for senior citizens in India, stating on 'X' that in the last two years his health "premium has just gone up by 90%". Over two-third of policyholders have seen their insurance premiums increase by 50 to 200 per cent over the past three years, revealed a survey by Localcircles.

The survey, which received 17,914 responses, aimed to understand the impact of these increases on individuals who rely on health insurance for their well-being. When asked about the cumulative increase in their annual health insurance premiums from 2021 to 2024, a striking 8% of respondents reported a staggering rise of 200% or more. Another 16% saw their premiums jump by 150% to 200%, while 13% faced an increase of 100% to 150%. A further 30% of policyholders saw premiums rise between 50% and 100%.

This is despite not having claimed any payout throughout his years of taking health insurance cover. Even as the health insurance premiums are rising in double digits, pay out of claims by health insurers continues to be a source of problem. However, in a major relief for senior citizens struggling with rising healthcare costs, Irdai has curbed steep health insurance premium hikes for the elderly. Insurers can no longer raise premiums for policyholders aged 60 and above by more than 10% per year without prior approval, which will ensure accessibility of health insurance to those who are the most vulnerable to medical inflation.

(The writer is Sunainaa Chadha.)

TOP

NHA enhances health benefits package rate to rope in more hospitals – Live Mint – 24th February 2025

In a bid to encourage more corporate hospitals to join the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY), the National Health Authority (NHA) has revised the Health Benefits Package (HBP) by introducing a tiered incentive system to make package rates more attractive and viable for private sector healthcare providers. Under the new plan, corporate hospitals in tier-I cities will receive a 10% incentive over and above the reimbursement of the cost of treatment, with an additional 15% for those fully accredited by the National Accreditation Board for Hospitals & Healthcare Providers (NABH). In tier-II and III cities, hospitals will receive a 5% incentive and an additional incentive if they are NABH qualified.

Furthermore, hospitals in any city can earn up to an additional 10% incentive if they run a medical college. Incentivization will be provided to hospitals above and beyond the rates defined in the HBP. HBP is a set of packages under PM-JAY that provides health coverage to eligible families. It includes a variety of medical procedures, including surgeries, diagnostics, and other services. The scheme offers policy holders 1,949 procedures under 27 different specialties.

"We have implemented a tiered structure based on the cities to attract more private hospitals by enhancing the health benefit package rates," a senior NHA official said. For tier-1 cities, the health benefits package rates are 10% higher than the standard rates, and the bigger private hospitals fully NABH accredited will get a 15% additional incentive. Also, all the big corporate hospitals are in tier-1 cities. So, overall, a hospital will get an incentive of 25-30% over and above the claim reimbursement. "We have added oncology and palliative care health packages. The main thing was the stratification of the package. Earlier, the same rate was applied to hospitals throughout the country. Hospitals expressed their disappointment about the health package rate in metro cities and those in tier-III cities. So that is why the tier system has been introduced. So, now the hospitals will be in a decent situation," the official said.

Queries sent to the health ministry remained unanswered till press time.

Currently, the premium per family is ₹1,052 per year, which is shared between the Union and state governments in a 60:40 ratio. Meanwhile, NHA is gearing up to implement PM-JAY in Delhi. NHA and the state government of Delhi will urge corporate hospitals to participate in the scheme as Delhi is one of the hubs of corporate hospitals. The Delhi government has approved a decision to join the PM-JAY and provide poor and vulnerable families with an annual health cover of ₹5 lakh with a top-up of another ₹5 lakh. As part of the plan, the Centre will provide an initial ₹5 lakh, while the Delhi government will provide the balance ₹5 lakh.

(The writer is Priyanka Sharma.)

TOP

The Importance of Pre-existing Disease Coverage in Senior Citizen Insurance Plans - India CSR – 22nd February 2025

Managing health gets more challenging as we get older, particularly for seniors. According to a recent UN Population Fund (UNFPA) 2023 estimate, almost 26% of Indian senior people suffer from several chronic ailments, including cardiovascular diseases, diabetes, and hypertension. Given such common health risks, appropriate healthcare coverage is imperative, and pre-existing disease (PED) coverage in an insurance plan is a major determinant of the health security of a senior citizen.

What Is Pre-existing Disease Coverage?

Pre-existing diseases are health conditions that a person already has before getting a new health insurance policy. From high blood pressure and diabetes to more severe illnesses like heart disease, kidney difficulties, and even cancer, these diseases can strike anyone. The **best medical insurance for senior citizens** policy provides coverage for pre-existing conditions, illnesses, or disorders the policyholder already has at the time of purchasing the policy. Although most insurance companies have a waiting time before such problems can be covered, PED coverage lets seniors get financial protection for these diseases once the required waiting term has elapsed.

Why Does Pre-existing Disease Coverage Matter for Senior Citizens?
The need for pre-existing sickness coverage is much more urgent for senior citizens. Many health problems often strike at this point in life concurrently. Paying for treatments out of pocket might become unbearable without proper insurance coverage.

Senior citizens should consider including pre-existing sickness coverage in the **best family health insurance** plan for the following reasons:

1. Protection against Chronic Health Conditions
Many senior adults have chronic conditions such as asthma, diabetes, or hypertension. These disorders could call for long-term treatment, including frequent prescriptions, doctor visits, or perhaps hospitalisation. Continuous therapy for some diseases can rapidly become expensive without insurance coverage. Coverage for pre-existing diseases guarantees financial protection for senior individuals against the high expenses of treating chronic conditions.

2. Comprehensive Health Coverage
Health insurance policies with pre-existing disease coverage have one of the main benefits: they present a more complete approach to health. Most insurance with this ability lets seniors get coverage for regular treatments and emergencies. This would enable elderly people to concentrate on enjoying their lives free from continual concern about the cost of health management.

3. Peace of Mind
Health becomes a common concern with age. The problem gets much worse when one combines financial uncertainty with the concern of not being able to get reasonably priced medical coverage. Insurance covering pre-existing illnesses provides peace of mind by ensuring support for ongoing health issues.

4. Timely Treatment for Emerging Issues
Seniors with well-managed pre-existing conditions can still face new health issues over time. Insurance that covers these conditions ensures they are protected against new problems and complications. This protection is vital as seniors are more vulnerable to health changes.

5. Better Financial Planning
Managing healthcare expenses can be difficult for seniors with fixed incomes or retirement money. If unanticipated treatments are needed, high medical costs can wipe your savings. With pre-existing disease coverage, seniors can relax knowing their insurance company would handle treatment expenses for these conditions. Seniors with this financial stability can better budget their money and prevent draining their savings.

6. Access to Specialist Care
Many senior citizens need treatment from highly qualified doctors and medical professionals since seniors can occasionally call for specialist care for health problems. Usually speaking, these experts charge more than regular practitioners. However, most senior citizen insurance plans with pre-existing disease coverage guarantee access to networked healthcare facilities and specialists, ensuring that elderly persons get top-quality treatment free from financial stress.

Final Thoughts
Including pre-existing disease coverage in a senior citizen insurance plan is crucial since health issues tend to rise with age. For continuous medical conditions, its financial protection guarantees seniors' ability to maintain their health and well-being without needless financial burdens. One should carefully evaluate the degree of pre-existing disease coverage provided and the terms connected with choosing the best family health insurance plan. After all, the stronger the coverage, the more seniors feel safe about handling their health in their golden years.

TOP

NHA to roll out India's health insurance scheme in Delhi after new govt's approval – Live Mint – 22nd February 2025

A day after the recently formed Delhi government approved implementation of the Union government's health assurance scheme, the National Health Authority is all set to roll it out, providing insurance coverage of ₹10 lakh per eligible family in the national capital. The Delhi government has approved a decision to join the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) to provide an annual health cover of ₹5 lakh with a top-up of another ₹5 lakh to the poor and vulnerable families, NHA joint secretary Kiran Gopal Vaska said on Friday.

"Delhi government officials have already approached the NHA and we are working on onboarding Delhi into the scheme. This includes preparing beneficiary information and integrating hospitals that were previously empanelled directly by the NHA. These hospitals will now be part of Delhi's state empanelment," said Vaska, who is also the mission director of NHA's Ayushman Bharat Digital Mission. "As what we call wallet sequencing in our IT system, the initial ₹5 lakhs will be given by the Centre while the rest ₹5 lakhs will be given by the Delhi government. We are working on how it has to be processed," he said. A Memorandum of Understanding (MoU) between the Central and the Delhi governments to officially launch the scheme is expected soon, Vaska said. "Training for Ayushman Card creation and backend preparations for claim submissions have started and both the Central and State government teams are working together to complete these preparations at the earliest, ensuring the scheme is launched as soon as possible to benefit poor and vulnerable families in Delhi," he added.

India's pursuit of health

A meeting chaired by the secretary of health and family welfare and the chairman of the state health society (Delhi) was called on 17 February to discuss the execution of five critical Ayushman Bharat initiatives: PM-JAY, health and wellness centres, Ayushman Bharat Infrastructure Mission Scheme, Ayushman Bharat Digital Mission, and the Pradhan Mantri Bhartiya Janaushadhi Pariyojana. In the meeting, PM-JAY's mission director emphasised the need to enroll at least 100,000 beneficiaries under the scheme within 30 days of its approval by the Union Cabinet. As a vital part of the Ayushman Bharat programme, introduced under the National Health Policy 2017, PM-JAY aims to cover over 120 million families, or nearly 550 million individuals, which would make it the world's largest health assurance scheme. PM-JAY provides comprehensive secondary and tertiary care hospitalization benefits of up to ₹5 lakh per family annually. The Union government recently expanded PM-JAY coverage for all individuals aged 70 years and above. This decision ensures coverage of up to ₹5 lakh per family, irrespective of income, benefiting about 60 million senior citizens across 45 million families. In all, more than 354 million Ayushman cards have been issued, providing millions of individuals across India with essential health coverage. Currently, PM-JAY operates in 34 states and Union territories. With Delhi set to implement the scheme, the only state left to roll out PM-JAY is West Bengal.

(The writer is Priyanka Sharma.)

TOP

Pollution surge in Delhi may drive up health insurance costs by 10-15% - Business Standard – 22nd February 2025

Health insurance premiums in the national capital could soon see a significant hike as insurers consider factoring in the effects of air pollution when pricing policies. Discussions are underway to impose a 10-15 per cent increase in premiums for new health insurance policies in Delhi following a surge in pollution-related claims in 2024, a report by Reuters claimed, citing industry executives.

If approved by the Insurance Regulatory and Development Authority of India (Irdai), this would mark the first instance in the country where air pollution is directly considered in determining health insurance costs. The move could also pave the way for similar price hikes in other cities grappling with severe air quality issues.

Air pollution in Delhi NCR

Delhi's air quality deteriorates each winter due to a combination of vehicle emissions, industrial pollution, construction dust, and smoke from crop-burning in neighbouring states. On November 18, the national capital's Air Quality Index (AQI) reached 491 out of 500 — an extreme level that can severely impact even healthy individuals. If insurance providers secure regulatory approval to incorporate air pollution into pricing models, it could establish a precedent for other metropolitan areas struggling with hazardous air quality.

Surge in pollution-related medical cases

The capital witnessed record-breaking air pollution in 2024, which led to a sharp rise in hospital admissions for respiratory and cardiovascular conditions, including asthma and chronic obstructive pulmonary disease (COPD). The second half of 2024 saw a notable increase in respiratory-related hospitalisations, rising to nearly 18 per cent from just 5-6 per cent in the first half of the year. A joint report by the Boston Consulting Group and Indian healthcare administrator Medi Assist highlighted that health insurance claims linked to respiratory illnesses in Delhi rose by 8.3 per cent from the financial year 2023 to 2025. Delhi also recorded the highest increase in healthcare costs across India during this period.

Insurers call for pollution-based pricing

Leading insurance providers such as Star Health and ICICI Lombard have indicated that poor air quality could soon become a key factor in setting premiums if pollution levels remain critically high. Bajaj Allianz General Insurance has also suggested that insurers may introduce specific clauses to address pollution-related health risks in policy terms. However, to implement such a change, insurers must first submit evidence to Irdai demonstrating a direct correlation between toxic air and increased health insurance claims.

Expensive health insurance

Currently, an annual health insurance policy covering Rs 8 lakh to Rs 33 lakh for a family in Delhi costs between Rs 8,000 and Rs 32,000. If premiums rise, many residents may find quality healthcare coverage increasingly out of reach. Especially, as this form of claim may disproportionately impact those most vulnerable to pollution, including senior citizens, children, and outdoor workers. Additionally, hopes of a Goods and Services Tax (GST) reduction on health insurance premiums were dashed after the GST Council made no announcements regarding tax relief during its December meeting. At present, an 18 per cent GST is levied on health and life insurance premiums, adding to policyholders' financial burden.

In the financial year 2023-24, the Indian government collected Rs 16,398 crore in GST from health and life insurance policies, including Rs 8,263 crore from health insurance alone. While there have been discussions to exempt GST on premiums for policies with coverage up to Rs 5 lakh, no formal decision has been made.

(The writer is Vasudha Mukherjee.)

TOP

The Rising Demand for Electric Vehicle in India: An Insurance perspective – The Economic Times – 22nd February 2025

The rapid adoption of EVs in India aligns with a global shift towards sustainable practices. This transformation not only impacts the automotive industry but also compels the insurance sector to adapt. With India aiming for 30 percent EV penetration by 2030, there is a pressing need to look beyond traditional insurance models and offer specialized insurance products that address the unique opportunities and challenges arising in this evolving market. The electric vehicle (EV) market is experiencing unprecedented growth, with expectations for continued expansion in the coming years. Consumers are adopting EVs in response to the environmental concerns, government incentives and technological advancements. This shift is creating new frontier in insurance industry with specialised, tailor products to cater to meet the

Specific requirements of EV owners.
According to the IEA Global EV Outlook 2024, global EV sales rose by 25% in the first quarter of 2024 compared to the previous year. In India, the EV segment has emerged as a transformative force, now valued at over $100 billion and significantly contributing to the economy.

A Transformative Shift in the Automotive Landscape
The rapid adoption of EVs in India aligns with a global shift towards sustainable practices. This transformation not only impacts the automotive industry but also compels the insurance sector to adapt. With India aiming for 30% EV penetration by 2030, there is a pressing need to look beyond traditional insurance models and offer specialized insurance products that address the unique opportunities and challenges arising in this evolving market.

The Bright Future of Electric Vehicles
With rising fuel prices and increasing concerns over carbon emissions from internal combustion engine (ICE) vehicles, EVs present a compelling alternative for both consumers and manufacturers. Supportive government policies are further enhancing the attractiveness of EVs. However, EV insurance often remains overlooked, regarded as an afterthought rather than a crucial aspect of vehicle ownership. Insuring EVs entails unique challenges, such as higher costs associated with technology and repairs. Addressing these challenges can empower consumers and bolster the industry, paving the way for a more secure and sustainable future.

Leveraging Technology for Better Insurance Solutions
Insurers can capitalize on technological advancements that play a crucial role in the relationship between insurance and EVs. Tools such as telematics, the Internet of Things (IoT), and AI-driven analytics are essential for risk assessment, preventative maintenance, and real-time monitoring. Insurance companies must utilize these technologies to offer customized coverage, predictive maintenance programs, and dynamic pricing models, thereby enhancing risk assessment accuracy and allowing fleet managers to operate more profitably and safely. Many insurers have recognized the unique needs of EV owners and took a proactive approach by introducing innovative insurance solutions specifically designed for electric and hybrid vehicles. Insurer's key offerings may include Private Charging Station Cover, Personal Accident Cover, and Battery Coverage.

Understanding Consumer Usage Patterns
Analysing how consumers use EVs is vital for designing effective insurance policies. Factors such as distance driven, charging habits, and varied usage environments influence the risk profile of electric vehicles. Equipped with onboard sensors and telematics systems, EVs can function as mobile data hubs, collecting information on speed, acceleration, braking, battery performance, energy consumption, and location. By employing data analytics, insurers can gain insights into these usage patterns, allowing for tailored coverage and incentives that align with sustainable practices and safe driving behaviors.

Evolving Insurance Products for EV Owners

New-age insurers offer a range of motor insurance products, including standalone third-party cover, standalone own-damage cover, comprehensive cover, and bundled long-term options for new vehicles. Additionally, by tracking driving patterns and safe behaviour, insurers can offer flexible premiums based on real-time data with features like Pay as You Drive (PAYD) and Pay How You Drive (PHYD). Allowing customers to save on premiums. These insurance models of Usage based insurance aligns well with eco-conscious EV owners, rewards responsible driving and helps build customer loyalty. As India transitions towards eco-friendly transportation, the government is also taking significant steps to enhance the EV landscape. Initiatives like the battery-swapping policy announced in the 2022 Union Budget aim to expedite EV adoption, creating favourable conditions for the insurance sector.

The Need for Tailored Insurance

As the EV sector grows, insurers must seek clarity on coverage specifics. EV technology, including advanced battery systems and unique repair protocols, requires a deeper understanding beyond traditional vehicle underwriting. The evolving landscape demands clear policies outlining coverage amounts and risks, particularly as incidents like EV fires highlight the importance of comprehensive insurance.

Learning from Global Best Practices

In markets like China and Brazil, insurers are proactively developing effective EV insurance policies. In China, partnerships between insurers and automakers allow for real-time data collection on EV performance, leading to more accurate risk assessments. Brazil has focused on specialized products that cover battery replacement and charging infrastructure. These initiatives have stabilized premiums and reduced uncertainties in the insurance landscape.

Fostering Consumer Awareness

Despite slightly higher insurance costs for EVs compared to traditional vehicles, it is crucial for consumers to understand the specifics of their coverage. With India aiming to become the third-largest EV market globally, policymakers and insurers must develop clear, well-defined policies. couraging consumers to review their insurance options carefully can foster a collaborative environment, empowering both the automotive and insurance sectors to promote a cleaner, more efficient future. By crafting insurance solutions that address the specific risks and benefits of EVs, insurers can play a crucial role in not only managing risk but also advancing India's journey toward greener, sustainable mobility.

(The writer is Pooja Yadav.)

TOP

SURVEY AND REPORTS

'Around 1% of claims related to mental health in group medical insurance' – Business Standard – 26th February 2025

A survey conducted in 150 organisations, encompassing sectors like technology, healthcare, and retail, revealed that less than one per cent of corporate health insurance claims are related to mental health. It is in sharp contrast to the last National Mental Health Survey (NMHS) 2015-16, which had revealed that 10.6 per cent adults in India suffered from mental disorders. The government recently launched the second phase of NMHS, which will come out with post pandemic scenario. The Economic Survey 2023-24 too had, for the first time, raised this critical issue while referring to NMHS.

"India's health insurance frameworks must evolve to provide comprehensive, compassionate coverage for mental health. By doing so, they would ensure that individuals with mental health conditions receive the care, dignity, and timely support them rightfully deserve," said Neerja Birla, Founder & Chairperson, and Aditya Birla Education Trust. Beyond awareness and stigma, structural problems within the insurance market also contribute to the low utilisation of mental health benefits. The health insurance coverage in India is largely for inpatients, but a big part of the mental health services is for the outpatient including consultations, therapy, and assessments, which are often excluded from coverage.

"The exclusions within policies pose a significant challenge. They further diminish the already limited scope of mental health coverage," said Sanjay Kedia, CEO, and Marsh McLennan India. Separately, Kedia said, more firms are now extending Employee Assistance Programs (EAPs) and making available digital mental health services, including AI-based solutions. He also emphasised the growing awareness among corporate leadership. "The corporate leadership, and particularly the HR leadership, understands this," he said, adding that there is a strong demand for mental health coverage, including the removal of exclusions for substance abuse and self-harm.

"The demand for solutions and services by corporate India is at an all-time high," he said. According to the report, among the many things that can be done to bridge the mental health coverage gap include establishing a minimum level of mental health coverage across all insurance plans; implementing public awareness campaigns to reduce stigma surrounding mental health; increasing the availability of in network mental health providers; and establishing guidelines for insurers to include rehabilitation and de-addiction centres as part of their hospital networks. While the corporate sector is making strides, the need to address mental health challenges among other populations, particularly students remains a challenge.

"About 2,000 college kids were surveyed and we found a very strong correlation between sleep, loneliness and stress. The more insomnia you have or the lesser you sleep, the higher the chances you have anxiety. But, what is more telling is, even though 50 per cent of these kids have mental health concerns, only 2 per cent of them seek help," said Birla. Mpower, an organisation for mental health run by Birla, has opened a centre in Kota, a student coaching town in Rajasthan, to help students with mental health and anxiety issues, Birla said.

(The writer is Subrata Panda.)

TOP

INSURANCE CASES

Insurance brokerage fraud case: CBI court convicts five, slaps Rs 5.91 cr fine – The Indian Express – 27th February 2025

The Ahmedabad CBI court on Wednesday sentenced five accused, including the ex-Divisional Manager of UIICL (United India Insurance Company Limited) Ahmedabad, to five years of rigorous imprisonment with a total fine of Rs 5.91 crore in a case related to a fraudulent payment of insurance brokerage.

The convicts are ex-Divisional Manager of UIICL Ahmedabad Madhusudan Patel, Managing Director of Ivory Insurance Broker Pvt Ltd Pankaj Gupta, and Director of Safeway Insurance Broker Pvt Ltd Inderjot Singh, along with the two private firms themselves. As per a press release from the CBI, the agency had registered a case against the accused on February 6, 2012, on allegations of issuing various policies related to insurance that caused losses to the state government exchequer and financial gains for the accused.

The investigation had allegedly shown that Patel had, from March 2007 to November 2010, issued various Group Janta Personal Accident Policies to the Directorate of Insurance, Government Insurance Fund (GIF), and Government of Gujarat. Patel allegedly issued these insurance plans under the Brokers Code of Ivory Insurance Brokers and Safeway Insurance Brokers by using his own user-ID and password. The Gujarat Insurance Fund (GIF) hence placed the plans directly with the UIICL and did not give any mandate letter to the brokers, which means they were unauthorised.

(The writer is Kamal Saiyed.)

TOP

Diabetes, hypertension not pre-existing disease, not grounds for claim rejection: Consumer Commission – ANI News – 22nd February 2025

Allowing a complaint against an insurance company, the District Consumer Redressal Commission II ruled that, as per established law, lifestyle diseases like diabetes and hypertension cannot be treated as pre-existing conditions and therefore cannot be grounds for claim rejection by the insurer. Therefore, these cannot serve as a valid reason for the insurance company to deny a claim.

A claim was rejected by the insurance company because the deceased did not disclose that he was suffering from diabetes and hypertension tension. The deceased had purchased insurance for his house loan. The Commission while deciding the complaint also said, "Moreover, the non-disclosure" in respect of this lifestyle disease all diabetes, will not disentitled the complainant for indemnification of the claim in the light of the judgment of the High Court of Delhi in Hari Om Aggarwal Vs. Oriental-Insurance Corporation.

District Consumer Disputes Redressal Commission (South) passed an order in favour of Nishant Sharma, son of deceased Prem Shanker Sharma. "This Commission is of the view that the claim of the complainant was wrongly rejected by the opposite party (OP) insurance company and the OP is therefore directed to pay the sum insured i.e Rs.45,00,000 with till its realization to the IDBI interest at the rate of 7% p.a from the date of rejection till its realisation to IDBI Bank within two months from the date of pronouncement, failing which OP shall be liable to pay interest at the rate of 9%p. a till realization, the Commission ordered.

The bench headed by President Monika Shrivastava further directed the OP to pay Rs. 25,000 as the cost of mental harassment caused to the complainant. While deciding the complaint commission referred to the decision by the Delhi State Consumer Disputes Redressal Commission (SCDRC) which held that "from the aforesaid settled law it is clear that any lifestyle disease like diabetes and hypertension cannot be treated as pre-existing diseases therefore cannot be a ground of repudiation of the claim by the insurance company. Advocate K K Sharma filed a complaint for Nishant Sharma who is one of the legal heirs of deceased Prem Shanker Sharma.

The complainant's father took a home loan of Rs.45,00,000 from IDBI Bank for 240 months at an interest rate of 7.40% per annum. The complainant, guided by his father, applied for an insurance claim after his father suffered a brain stroke, which is listed as a critical illness by the insurance company. It was further stated that the father of the complainant suffered a stroke resulting in permanent illness which resulted in loss of independent existence" and loss of speech" which made him eligible for seeking a claim under the list of illnesses mentioned in the policy provided.

The complainant, under the guidance of his father, applied for an insurance claim as he was bedridden having suffered from a brain stroke and brain stroke was mentioned in the list of illnesses provided by the insurance company as one of the critical illnesses. The complainant's father succumbed to ailments on September 11, 2023, is annexure-I and the complainant approached the insurance company and furnished all documents of his father and requested the insurance company to settle the entire loan amount with IDBI Bank. Advocate K K Sharma argued that the insurance company maliciously persuaded the complainant to mention the lifestyle disease of the father even though he had never been hospitalised due to such lifestyle disease and it was not the cause of death of the father of the complainant.

TOP

PENSION

EPFO panel to discuss higher pension, new interest rate, changes in insurance scheme - The Hindu - 27th February 2025

A meeting of the Central Board of Trustees (CBT) of the Employees' Provident Fund Organisation (EPFO), scheduled here on Friday (February 28, 2025), will discuss the interest rate to be recommended for PF deposits for the coming financial year and review the implementation of the Supreme Court order on higher PF pension. The meeting of the CBT, the tripartite body consisting of representatives from employees, employers, and the Union and State governments, will also deliberate a proposal to make significant changes to the Employees Deposit Linked Insurance Scheme (EDLI). A source in the panel said the CBT will recommend the interest rate for PF deposits for 2025-26. At present, the interest rate is 8.25%. The Centre has been claiming that it provides the best rate of interest for the workers' money. Workers' representatives in the CBT have been demanding an increase in the rate considering the inflation and general economic distress. The Union Finance Ministry takes a decision on the rate based on the recommendation of the CBT.

Another major issue before the CBT is the implementation of the Supreme Court's November 2022 order on higher pension. The workers' representatives have been seeking clarifications on the EPFO's decision to compute the higher pension on a pro-rata basis. The EPFO, in a recent circular to its regional offices, had maintained that the pro-rata calculation of pension is provided in Para 12 of the Employees' Pension Scheme and is equitable, "treating both categories of pensioners i.e. pensioners under wage ceiling and those with higher wages on an equal footing". The circular added that the Supreme Court had also not found the provision ultra-virés. "Accordingly, Labour Ministry has agreed with the computation of pension on pro-rata basis for the pension on higher wages cases," the EPFO said.

Similarly, in the case of exempted establishments, the EPFO had mandated that the higher pension rules should be in consonance with the directions of the Supreme Court. On Wednesday, the EPFO had informed the executive committee of the CBT that 70% of the higher pension applications had been processed. "EPFO aims to complete the processing of all applications by March 31, 2025," the Labour Ministry had said in a statement, adding that the executive committee instructed the EPFO to expedite the cases of members who have already deposited the required amount, including for the large PSUs.

The trade unions and pensioners' bodies had raised concerns over both issues. They had argued that computing higher pension on pro-rata basis was against the Supreme Court order. They had also demanded strict direction from the EPFO to the exempted trusts on higher pensions. The EPFO is learnt to have proposed changes to the EDLI scheme. At present, there is no benefit if a worker dies within a month of joining the scheme. The proposal is to provide at least ₹50,000 to the worker's family in the event of death. If any death occurs within six months too, the compensation has to be increased, according to the new proposal. "The one-year threshold has been relaxed," a source said.

TOP

EPFO extends deadline to activate UAN for ELI scheme again! Check steps to activate UAN – Financial Express – 25th February 2025

The Employees' Provident Fund Organisation (EPFO) has extended the deadline for activating the Universal Account Number (UAN) and seeding Aadhaar in bank accounts to March 15 for the Employment-Linked Incentive (ELI) Scheme by the retirement fund body. The UAN activation and linking of bank accounts with Aadhaar is necessary to avail of benefits under the EPFO's ELI Scheme.

"... the competent authority has granted an extension of the timeline for UAN activation and AADHAAR seeding in bank account till 15th March, 2025," said an EPFO circular issued by the Ministry of Labour & Employment on February 21, 2025. Before this, the ministry has extended the deadline multiple times. The previous deadline for this was February 15, 2025.

What is ELI scheme?
The ELI scheme, announced in the Union Budget 2024-25, is designed to facilitate job creation and provide incentives to employers and employees. The scheme aims to create over 2 crore jobs in the country in 2 years, increasing employment opportunities and enhancing livelihood. Employees seeking to claim monetary benefits under the ELI scheme are required to activate their UAN and link their Aadhaar to their bank accounts. This process, regulated by EPFO, is necessary to access the benefits of the scheme.

"It is mandatory to seed your Aadhaar with your bank account to avail the benefits of the Employment-Linked Incentive (ELI) Scheme, an employment-centric scheme focusing on job creation in the country. Do it timely to avoid the last-minute hassle!" read the EPFO's post on the social media platform 'X'. Three schemes for ELI were announced in Union Budget 2024-25 as part of the Prime Minister's package of 5 schemes and initiatives to facilitate employment, skilling, and other opportunities for 4.1 crore youth over 5 years with a central outlay of Rs 2 lakh crore.

According to FM Nirmala Sitharaman's Budget 2024 speech, "Scheme A will focus on first-timers joining the employment and Employees' Provident Fund (EPF) scheme; Scheme B will focus on job creation in manufacturing; and Scheme C will focus on support for employers."

What is UAN?
UAN or Universal Account Number is a 12-digit number allotted by the EPFO to each of its members. A UAN acts as an umbrella for multiple Member IDs that an individual may have from different establishments.

How to activate EPF UAN through Aadhaar-based OTP?
The activation process can be completed using an Aadhaar-based OTP (One-Time Password). Employers should ensure that their employees activate the UAN by following the steps given below:

Step 1 – Go to EPFO Member Portal.

Step 2 – Click on the "Activate UAN" link under "Important Links".

Step 3 – Enter UAN, Aadhaar number, name, DOB, and Aadhaar-linked mobile number.

Step 4 – Employees should ensure their mobile number is Aadhaar-linked to access the full range of EPFO's digital services

Step 5 – Agree to Aadhaar OTP verification.

Step 6 – Click "Get Authorization PIN" to receive an OTP on your Aadhaar-linked mobile number.

Step 7 – Enter the OTP to complete the activation

Step 8 – A password will be sent to your registered mobile number upon successful activation.

Once the UAN is activated, members can easily access a wide range of online services on the EPFO portal. EPFO members can manage their PF accounts, view and download PF passbooks, submit online claims for advances, request withdrawals, or transfers, update personal information, and do real-time claim monitoring.

TOP

EPFO adds 16.05 lakh net members during December 2024 – The Tribune – 25th February 2025

The Employees' Provident Fund Organization (EPFO) has released provisional payroll data for December 2024, revealing a net addition of 16.05 lakh members. According to the data released by the Ministry of Labour and Employment, an increase of 9.69 per cent has been registered in net payroll addition during the current month as compared to the previous month of November 2024.

Further, the year-on-year analysis reveals a growth of 2.74 per cent in net payroll additions compared to December 2023, signifying increased employment opportunities and heightened awareness of employee benefits, bolstered by EPFO's effective outreach initiatives. EPFO enrolled around 8.47 lakh new subscribers in December 2024. The new subscribers' addition shows year on year growth of 0.73 per cent from the previous year in December 2023. This surge in new subscribers can be attributed to growing employment opportunities, increased awareness of employee benefits, and EPFO's successful outreach programs.

A noticeable aspect of the data is the dominance of the 18-25 age group, 4.85 lakh new subscribers added in the 18-25 age group, constituting a significant 57.29 per cent of the total new subscribers added in December 2024. New subscribers in the 18-25 age group added in the month shows an increase of 0.91 per cent compared with the previous month of November 2024 and a growth of 0.92 per cent from the previous year in December 2023. Further, the net payroll addition for the age group 18-25 for December 2024 is approximately 6.85 lakh reflecting an increase of 16.91 per cent compared to the previous month of November 2024.

This is in consonance with the earlier trend which indicates that most individuals joining the organised workforce are youth, primarily first-time job seekers. The payroll data highlights that approximately 15.12 lakh members exited and subsequently rejoined EPFO. This figure represents a 5.10 per cent increase compared to the previous month of November 2024. It also depicts a significant year-over-year growth of 25.76 per cent compared to December 2023. 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. Gender-wise analysis of payroll data unveils that out of the total new subscribers added during the month, around 2.22 lakhs are new female subscribers.

This figure exhibits significant year-over-year growth of 6.34 per cent compared to December 2023. Also, the net female payroll addition during the month stood at around 3.03 lakh reflecting a year over year growth of 4.77 per cent compared to December 2023. The increase in female member additions is indicative of a broader shift towards a more inclusive and diverse workforce State-wise analysis of payroll data denotes that the top five states/ UTs constitute around 59.84 per cent of net payroll addition, adding a total around 9.60 lakh net payroll during the month. Of all the states, Maharashtra is leading by adding 21.71 per cent of net payroll during the month. The states/UTs of Maharashtra, Karnataka, Gujarat, Haryana, Delhi, Tamil Nadu, Uttar Pradesh and Telangana individually added more than 5 per cent of the total net payroll during the month. In terms of industries, expert's services, building and construction are among the top industries witnessing additions. Of the total net payroll addition, around 41.23 per cent addition is from expert services (consisting of manpower suppliers, normal contractors, security services, miscellaneous activities etc. (ANI)

TOP

Voluntary pension scheme for all on cards: Won't be tied to employment, will be open for all – The Economic Times – 25th February 2025

India is considering a Universal Pension Scheme that would be voluntary and contributory, aimed at providing social security to all, officials said. The ministry of labour and employment has started deliberations on the umbrella pension scheme. "The scheme, which would be voluntary and contributory, will not be tied to employment and hence will be open for everyone to contribute and earn a pension," a senior government official said. The broad contours of the scheme under the Employees' Provident Fund

Organisation (EPFO) are being worked on, said the people cited. Once this exercise is over, the ministry will hold stakeholder consultations to firm up the scheme. The programme will absorb some existing central schemes to make them attractive and streamline the process while enhancing coverage to all sections of society. The plan is to extend benefits to unorganised workers, traders and self-employed persons and anyone in the contributory age bracket — 18 and above — seeking to avail pension benefits after 60. The existing schemes that could be merged under the umbrella scheme include the Pradhan Mantri-Shram Yogi Maandhan Scheme (PM-SYM) and the National Pension Scheme for Traders and Self-Employed (NPS-Traders). Both are voluntary in nature and entitle subscribers to a monthly pension of ₹3,000 after 60 on a contribution that ranges from ₹55 to ₹200, depending on the age at the time of enrolment, and a matching contribution from the government.

The Atal Pension Yojana, currently administered by the Pension Fund Regulatory and Development Authority (PFRDA), could also be brought under the mega scheme. Besides, the cess collected under the Building and Other Construction Workers (BoCW) Act could be pooled to fund pensions for workers in that industry. The Centre could also nudge states to include their pension schemes under the umbrella scheme so that the government contribution is evenly distributed between them, the quantum of pension goes up and there is no duplication of beneficiaries. India's seniors — 60 and above — are expected to number 227 million by 2036 or 15 percent of the country's population and touch 347 million by 2050, or 20 percent of the total. The US, Europe, Canada, Russia, China and others offer social insurance systems that include social security or pensions along with health and unemployment cover. In India, social security is largely down to the provident fund system along with old-age pensions and health insurance offered by the Centre to identified beneficiaries, mostly below the poverty line.

(The writer is Yogima Seth Sharma.)

TOP

GLOBAL NEWS

South Korea: stricter measures for motor insurance claims – Asia Insurance Review

South Korea has announced stringent provisions to curb fraud in motor insurance claims and help reduce motor insurance premiums for policyholders. The new stipulations that came into effect on 26 February 2025 are being implemented to address rampant fraud and excessive payments linked to automobile insurance claims. The new initiatives put in place by the government have been worked out by the Ministry of Land, Infrastructure, and Transport along with the Financial Services Commission and the Financial Supervisory Service. These are rooted in the growing concern over unauthorised claims and the rising cost burden placed on common motorists. Over the last several years, South Korea has seen alarming trends where insurers have compensated drivers for fraudulent claims, resulting in mounting costs. Since 2023 alone, claims linked to auto insurance fraud have reached staggering amounts, with reports showing payouts exceeding KRW1.4tn ($1.1bn) for minor accident settlements alone. This trend, if not curtailed, would inevitably lead to increased insurance premiums for out-of-pocket policyholders, many of whom are already feeling the pinch.

The new stipulations aim to strike a balance between care and accountability, ensuring those who truly need assistance receive it, without enabling exploitation of the system. South Korea's vice minister Baek Won-guk said, "This plan aims to reasonably improve the operational order of automobile insurance, reducing the burden on policyholders and providing reasonable compensation for accident victims." Such systematic improvements are expected to reduce unnecessary payouts and, as a result, lower insurance costs by approximately 3% for the average customer. To complement these reforms, the government will also strengthen penal measures against those attacking the integrity of the system. Fraudulent repair shops will now face strict administrative penalties, with first offenders subject to immediate suspension and repeat offenders facing the cancellation of their business registrations altogether. The enforcement of laws distinguishing between minor and serious offenses intends to create clear consequences for misconduct.

TOP

Australia: Health insurance premiums are set to rise by an average of 3.73% - Asia Insurance Review

The Australian government has approved an increase of 3.73% on average in health insurance premiums, the largest since 2018. The increase that would be effective from 1 April 2025 means that a single person with gold hospital cover would have to pay an extra A$110 ($69) a year. The insurers had asked the government to effect a hike of 6%. According to Australian health minister Mark Butler the federal government has signed off on a private health average industry premium increase of 3.73% on average, that will take effect from 1 April 2025.

The average 3.73% increase means that some insurers will raise premiums by more than that percentage, and others less. Around 15m Australians have private health insurance and a total of A$29.9bn was paid in premiums in the 12 months to 30 September 2024, according to the federal health department. Private Healthcare Australia chief executive Rachel David said insurers needed to raise premiums to keep up with inflation.

"The increase of 3.73% agreed with federal regulators, is as low as the health funds can go without seriously squeezing private hospitals and other providers." An analysis shows that a family on the average-priced gold hospital policy could face an annual increase of A$217, as the average price rose from A$5,823 to A$6,040 if the 3.73% increase is applied.

TOP

Thailand: Regulator looks to protect insureds by preventing systemic risks - Asia Insurance Review

Since the Office of Insurance Commission (OIC), Thailand's insurance regulator, has revealed that its direction and operations are now stable and secure, and also adaptable to risks and changing environments, it will turn its attention to the inspection and supervision of insurance companies through the examination form assessment, according to deputy secretary-general for legal and auditing Adisorn Pipatvorapong. The regulator has assigned the inspection team, which will be lead by OIC assistant secretary-general for inspection Soraj Raksakulchai. The team will develop the examination form assessment to be used in the performance evaluation of the board of directors, subcommittees and internal supervision units of insurance companies, in terms of compliance with the law of the insurance companies that must operate under the OIC.

According to the OIC, the assessment form has been developed to include questions that reflect the performance of personnel to ensure that insurance companies have appropriate risk management and internal control systems. It will also ensure that various systems work efficiently, have checks and balances, aim to enhance transparency, have good corporate governance and supervise fair treatment of policyholders. These area leads to stability, security, adaptability and a sense of awareness of risks and changing environments among insurance companies.

Mr Pipatvorapong stated that the examination form will be evaluated in nine sections:
Board of directors
Audit committee
Risk management committee
Insurance product committee
Investment committee and credit committee
Internal audit unit
Risk management unit
Actuarial unit
Compliance unit

The examination form will be sent to insurance companies to prepare every quarter. Starting from the first quarter of 2025 onwards, insurers are required to complete and submit the assessment to the OIC.

In order for the assessment to be effective and reliable, the OIC requires that some questions require the company to attach relevant documents to the questionnaire. In addition, the assessment results of the examination form of the company's essential internal control units must be considered by the overseeing subcommittees and signed by the relevant chairpersons to certify the results. As for the assessment results of the subcommittees and the board of directors, the board of directors must consider the answers. The assessment results of all examination form categories must be circulated to all board members for consideration and approval, and the chairman of the board of directors must sign to certify the answers to the OIC.

The OIC, through the audit team, will collect the assessment results to use in assessing the risks of insurance companies together with other tools currently available in the audit team, such as the corporate self-assessment form to determine measures for monitoring and supervision according to the risks of the insurance company. "The result of upgrading the inspection and supervision of insurance companies through the examination form assessment will not only provide the OIC with an effective tool for monitoring and inspecting according to risks, but also provide insurance companies with a tool for monitoring and evaluating the performance of the board of directors, subcommittees and internal control units on a quarterly basis," said Mr Pipatvorapong.

"It is also an opportunity for the company to review its performance and improve the performance and responsibilities of the board of directors to benefit the company with maximum efficiency and effectiveness, as well as being a preventive measure for the company's unlawful practices." He also said, "In addition, upgrading the inspection and supervision of insurance companies through the examination form assessment will help the insurance industry have standards and practices for the performance of the board of directors, subcommittees and internal control units that are in line with international standards, which will benefit the stability and security of the insurance industry in the long term. "Importantly, it can prevent problems of systemic risks, reduce negative impacts on business operations that will lead to damages to policyholders and the public in the future, and help build confidence among policyholders, the public and stakeholders in the insurance industry."

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COI TRAINING PROGRAMS

Mumbai – April - May 2025

Sr No	Program	Program Start Date	Program End Date	Fees for Residential	Fees for Non-residential	Program Type
1	Communication as a Tool for Customer Engagement and Retention-CVT Mumbai	07/04/2025	07/04/2025	NA	1500	Non-residential Programme
2	Basics of Reinsurance-CT Mumbai	08/04/2025	09/04/2025	11000	8000	Residential Programme
3	Elevate Your Brand Through Operational Excellence in Customer Service-CT Mumbai	08/04/2025	09/04/2025	11000	8000	Residential Programme
4	Agriculture Insurance for Surveyors-CVT Mumbai	11/04/2025	11/04/2025	NA	1500	Non-residential Programme
5	Legal & Regulatory Compliance in Insurance-CT Mumbai	15/04/2025	16/04/2025	11000	8000	Residential Programme
6	Bancassurance in General Insurance-CVT Mumbai	15/04/2025	15/04/2025	NA	3000	Non-residential Programme
7	Industrial Risks: Pre-Underwriting Inspection/ Survey - Methods & Report Writing-CT Mumbai	16/04/2025	17/04/2025	11000	8000	Residential Programme

8	Financial Planning : Focus on Tax Planning-CVT Mumbai	17/04/2025	17/04/2025	NA	1500	Non-residential Programme
9	Challenges in Fighting Fraud - Motor OD Insurance-CT Mumbai	21/04/2025	22/04/2025	11000	8000	Residential Programme
10	Certified Insurance Anti Fraud Professional (CIAFP)-CVT Mumbai	21/04/2025	23/04/2025	NA	7500	Non-residential Programme
11	Engineering Project Claims - Dams, Tunnels, Bridges and Pipelines -CT Mumbai	23/04/2025	24/04/2025	11000	8000	Residential Programme
12	Property Insurance - Underwriting and Claims CT-Mumbai	24/04/2025	25/04/2025	11000	8000	Residential Programme
13	Catastrophic Challenges for Insurance Industry Level: Middle-CT Mumbai	28/04/2025	29/04/2025	11000	8000	Residential Programme
14	Health Insurance - New Trends-CVT Mumbai	29/04/2025	29/04/2025	NA	1500	Non-residential Programme
15	Transforming Customers into Brand Ambassadors : Strategy for Insurance- CVT Mumbai	06/05/2025	06/05/2025	NA	1500	Non-residential Programme
16	Crop Insurance - Focus PM Fasal Bima Yojana - CT Mumbai	06/05/2025	07/05/2025	11000	8000	Residential Programme
17	Risk Inspection & Management for Risk Engineers - CVT Mumbai	07/05/2025	08/05/2025	NA	3000	Non-residential Programme
18	Compliance Governance and Risk Management (IRCC) - CVT Mumbai	07/05/2025	09/05/2025	NA	7500	Non-residential Programme
19	Comprehensive Training Program for Principal Officers of the Corporate Agents (Including Banks) - CT	07/05/2025	08/05/2025	11000	8000	Residential Programme
20	Fire Insurance - Standard Products - CT Mumbai	08/05/2025	09/05/2025	11000	8000	Residential Programme
21	Comparative Analysis and Performance of ULIPs & Mutual Funds - CT Mumbai	13/05/2025	14/05/2025	11000	8000	Residential Programme
22	Impactful Selling Strategies - CT Mumbai	13/05/2025	14/05/2025	11000	8000	Residential Programme
23	Risk Based Capital - CVT Mumbai	13/05/2025	13/05/2025	NA	1500	Non-residential Programme
24	Engineering Insurance - Operational Policies Underwriting and Claims - CT Mumbai	19/05/2025	20/05/2025	11000	8000	Residential Programme
25	Health Insurance : Medical Management and Fraud Control - CT Mumbai	22/05/2025	23/05/2025	11000	8000	Residential Programme
26	Miscellaneous Insurance Management - CT Mumbai	26/05/2025	28/05/2025	16500	12000	Residential Programme
27	Program on AML, KYC and CFT Requirements - CVT Mumbai	27/05/2025	27/05/2025	NA	1500	Non-residential Programme

28	Understanding IFRS 17 - CVT Mumbai	28/05/2025	28/05/2025	NA	1500	Non-residential Programme

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

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