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INSUNEWS - WEEKLY E-NEWSLETTER

26TH OCTOBER – 1ST NOVEMBER 2024

QUOTE OF THE WEEK

"The function of education is to teach one to think intensively and to think critically. Intelligence plus character - that is the goal of true education."

MARTIN LUTHER KING, JR.

Insurance Term for the Week

Renters Insurance

Renters insurance refers to property insurance that protects tenants who live in a rented dwelling. Coverage is provided by insurance companies in exchange for premiums paid by people living in apartments, single-family homes, and condominiums. Policies provide coverage for an insured party's personal property as well as liability claims that are not due to a structural problem with the property. These kinds of policies also cover living expenses that need to be paid out when someone makes an insurance claim after their unit is damaged. Although renters insurance isn't a legal requirement, some landlords prefer their tenants to have some type of coverage.

INSIDE THE ISSUE

Breaking the mould: How insurance firms can innovate for growth – Financial Express – 26th October 2024

With India setting an ambitious goal of securing insurance for all by 2047, the opportunity for insurance in India is manifold. At the FE BFSI Insurance Summit 2024, Debasish Panda, chairman, IRDAI encouraged more companies to offer innovative insurance products, setting the stage for non-standard offerings in the insurance sector. Two companies offering differentiated services or "breaking the mould" in the insurance sector are Narayana Health Insurance and PhonePe Insurance Broking Services. They highlighted their unique approaches to insurance at the summit.

"What is being offered in India at the moment is not really healthcare, it is sickness care," says Ravi Vishwanath, CEO, Narayana One Health and who is also the Director, Narayana Health Insurance, adding that in the Indian context, "And then you have health insurance, which is not health insurance, it is hospitalisation insurance, which is largely transactional – consumers buy policies, some claim, some don't claim. In the middle you have the consumer, who is looking for somebody who can partner with him. He wants to get well or stay healthy. Neither the hospital nor the insurance company today are doing this." This is where an integrated product like the offering from Narayana Health brings the two sides together – one paying, one providing, taking away the conflict from the customer. Asked if such a model ensures stability in revenues from premium payments, Vishwanath disagrees: "Revenue from premiums has to be earned by ensuring the customer gets the right product and service." The customer has to see value in the model. "It's not something we take for granted, it's something you have to earn every day," he says.

On the other hand, PhonePe, which is essentially a fintech player with over 550 million customers is now offering Insurance Broking Services to further the reach of insurance to the masses. Speaking about the opportunity that India offers, Vishal Gupta, CEO, PhonePe Insurance Broking Services says: "India has one of the best public digital infrastructures, the regulator has made the right changes and the government is creating the right kind of push."

Insurance for all by 2047

The question is how one convinces the masses to buy insurance. Gupta reiterates that the approach has to be customer-first. Over the years, complexities of the legal insurance contracts and distribution challenges have weighed down the system and players need to now figure out ways to simplify the product offerings based on customer needs. Gupta points out that the Bima Sugam protocol initiated by the government, which is a digital platform showcasing all insurers' products for customers to pick from, will go a long way in democratising insurance. On the claims side, Gupta says technology can help speed up the process, by using AI to assess and help the customer track his claim easily. "We will soon be able to do a 10-minute, no-questions-asked claims disbursal," he says. Gupta and Vishwanath agree that the first challenge though is to win the trust of the customer and for this the industry has to be far-more service oriented. Insurance has to be a service-first model rather than a product-first model. "You should not be trying to sell a health or hospitalisation protection, but you should be selling a health solution that will keep you healthy," says Gupta.

Using data for personalised insurance products

With the vast amount of data now available on consumers, insurance products can be personalised to customer needs. Vishwanath offers a different perspective. He says "While most insurance companies say their job is to pay claims, our job is to keep you out of hospital."

Data can help achieve that as the healthcare knowledge gained from the hospital business can help create the right journey for the customer. "It is better to reward people for taking care of their health rather than punish people for not taking care of their health," says Vishwanath. The future of insurance products will be based on hyper-personalisation gleaned from data on the customer, be it a motor-insurance product based on the person's driving habits to a health product based on his compliance with health checkups. Clearly, the insurance industry will see a lot of innovation in the coming years.

(The writer is Roshun Povaiah.)

TOP

How AI and digital tools can transform India's insurance landscape - Express Computer – 26th October 2024

With a modest insurance penetration, insurers in India have a valuable opportunity to achieve the vision of insuring all by 2047 by leveraging AI and digital tools. In terms of the value of premiums, India, in 2022, was ranked as the tenth largest insurance market in the world. In 2023, India had a total insurance penetration of 4%, which was lower than the global average of 6.8%, and life insurance penetration in India stood at 3%, a drop from the previous year's 3.2%. However, total life insurance premium grew by 13% for the year. The figures indicate that there is an increase in the demand for growth in insurance; however, the proportion of the population covered by life insurance is not keeping pace. This hints towards some significant disparities in insurance coverage. The need is to expand the reach of insurance to all customer segments irrespective of geography and be able to provide solutions for all segments of the society. This is where AI and technology have the ability to bridge the barriers, enabling insurers to more effectively reach and serve India's underinsured and uninsured populations.

Tech solutions make a big difference the internet penetration rate in India has increased from 13.5% in 2014 to 52.45% in 2024. The Government's 'Digital India' initiative has helped boost the ease of doing business using digital tools. Further, people have started trusting these tools and are using them more frequently in their daily lives. When it comes to insurance, a 2023 study says that 20-25% of Indian customers are increasingly accessing digital tools or channels to look for insurance options. However, selling life insurance requires a lot of personal face-to-face interaction. At the same time, technology solutions are very critical — they make a big difference. With the growing comfort with digital technology in India, the stage is set for insurers to deploy advanced tools, including Artificial Intelligence (AI).

This shift underscores the clear necessity for widespread technology implementation, given that technological disruption is a significant factor in the Indian market. Globally, customers are increasingly interacting with brands via multiple channels, with many insurance customers seamlessly experiencing online and offline interactions, finds a 2023 BCG report. Personal channels that include agents or independent intermediaries are still the most popular, adds the report. On the other hand, technology is enhancing customer experience, with chatbots and websites providing 24/7 assistance. These AI-led interventions help users navigate policies and address queries with just a click on the screen. The next phase could see these tools becoming more intuitive by providing individuals with varying levels of digital comfort — a critical step in a country where digital literacy is still evolving. Another key area where AI can transform the insurance industry is claims settlement. With the help of tech, now claims can be settled within a couple of days. This could be improved to a few hours as well. And faster claim settlement builds customer trust and insurance awareness.

AI reduces cost AI can also help reduce cost. Take for instance, it can revolutionise the process of underwriting solutions. This process includes assessing risk and deciding premiums. AI helps insurers analyse vast amounts of data, including medical records and financial information, and this can provide an accurate assessment of an applicant's risk profile. This can lead to potentially lower premiums for policyholders. For instance, if a person leads a healthy lifestyle — which could be assessed from their medical records — they could pay a lesser premium. Tech tools can be used to assess risks, and therefore, help reduce costs. That means insurers could pass on those savings to customers with lower policy premiums. This could make life insurance more affordable and accessible to a much wider group of people.

Offering convenience at a click Technology has not only made people's lives easier but also increased their need for convenience. For instance, more than 80% of GenZ and 74% of millennials shop and discover products on social media, says a report. This indicates they value convenience, and technology offers that at just a click. Insurers have understood this need and are responding by offering a range of online tools, such as calculators that show how their lifestyle choices like smoking and other medical inputs like body mass index, can impact their premiums. Using these tools, users can get personalised recommendations to choose investment options. Technology has moved from being a supplementary tool to become a driving force reshaping the insurance industry. By harnessing these tools, we can build a more inclusive and accessible insurance market for all.

(The writer is Casparus Kromhout.)

TOP

INSURANCE REGULATION

Regulatory changes to provide necessary push to surety bonds biz: Experts - Business Standard – 27th October 2024

Regulatory changes like amendment in the Insolvency & Bankruptcy Code and standardization of bond wordings would give a fillip to newly introduced product underwritten by general insurance companies, called surety bonds, experts said. This product launched in 2022 is going to play a crucial role in supporting India's infrastructure development and heavily reduce reliance on bank guarantees for project finance. As a result, banks can focus on other productive sectors for lending. Bajaj Allianz General Insurance, which is the pioneer of the product said that it has been able to add more than 50 beneficiaries who have started accepting surety bonds. According to Bajaj Allianz General Insurance Chief Technical Officer TA Ramalingam, possible amendments in the legal framework are crucial in providing insurance companies with equal legal recourse as banks under the Insolvency and Bankruptcy Code (IBC).

This parity would provide a level playing field, encourage fair competition and foster market growth for surety bonds, he told PTI. According to a government official, the matter is before the concerned ministry and amendments in IBC may be tabled in Parliament in the due course of time. "The expectation that surety bonds should be cheaper than bank guarantees is unsustainable for insurers. Issues related to pricing, reinsurance options, and lack of clarity on indemnity documents further hinder progress. The Indian Contract Act and Insolvency and Bankruptcy Code do not recognize the rights of insurers at par with financial creditors," Vara Technology founder Sunil Kanoria said. These challenges, if addressed, would give a necessary push to surety bonds and help in unlocking economic development and infrastructure expansion, he added.

Ramalingam further said, "While the surety bond market faces significant challenges stemming from regulatory disparities, data limitations, reinsurance constraints, and lack of standardization, strategic initiatives focused on legal reform, data transparency, industry collaboration, and standardization hold the key to overcoming these obstacles." By addressing these challenges proactively, he said, the surety bond market can unlock its full potential, offering robust alternatives to traditional bank guarantees and fostering broader economic growth.

To address these challenges and drive the growth of the surety bond market, the Insurance Regulatory and Development Authority of India (Irdai) and General Insurance Council recently constituted a task force comprising representatives from insurers and banks. The task force will focus on developing strategies for risk sharing, enhancing collaboration between banks and insurers, and fostering a conducive environment for the growth of surety bond insurance. Surety bonds are financial instruments, where insurers act as 'surety' and provide the financial guarantee that the contractor will fulfil its obligation as per the agreed terms. The surety bond issued by a general insurance company is a three-party contract by which one party (the surety) guarantees the performance or obligations of a second party (the principal) to a third party (the obligee). The surety is a company that provides the financial guarantee to the obligee (usually a government entity) that the principal (business owner) will fulfil their obligations.

TOP

IRDAI tightens fraud rules post hacking incidents – The Economic Times – 26th October 2024

The Insurance Regulatory and Development Authority of India (IRDAI) has proposed stricter guidelines in an effort to stem online fraud after recent high-profile cases at insurers like Star Health Insurance Company. The Insurance Fraud Monitoring Framework Guidelines, 2024 requires insurers to adopt strict measures, including board-approved anti-fraud policies, independent Fraud Monitoring Units (FMUs), enhanced cybersecurity defences, and regular fraud awareness programmes.

"Cyber fraud can have far-reaching consequences, including identity impersonation, financial frauds, reputational damage etc," IRDAI said in the draft guidelines. "Personal information such as KYC details, financial details, and medical records are highly coveted by cybercriminals, who exploit vulnerabilities in security defences to gain unauthorised access to these sensitive data available with insurers or distribution channels." Cyber fraud can have far-reaching consequences, including identity impersonation, financial frauds, reputational damage etc," IRDAI said in the draft guidelines. "Personal information such as KYC details, financial details, and medical records are highly coveted by cybercriminals, who exploit vulnerabilities in security defences to gain unauthorised access to these sensitive data available with insurers or distribution channels."

The initiatives by IRDAI follow a breach linked to Star Health Insurance's chief information security officer after a hacker going by the alias "xenZen" claimed that the company executive had sold the data, and later tried to renegotiate for more money in exchange for continued backdoor access. The hacker has now posted the data for sale at $150,000, or in smaller chunks for $10,000 each, threatening widespread exposure of policyholder data. The regulator has asked insurers to implement a board-approved anti-fraud policy aimed at ensuring zero tolerance for fraud, outline steps for fraud detection, internal controls, and investigative processes. IRDAI has also asked insurers to set up fraud monitoring units (FMUs) to oversee all fraud-related activities, including monitoring, investigation, and collaboration with law enforcement. The FMUs will work alongside the Fraud Monitoring Committee (FMC), which will report every quarter to the risk management committee on all fraud cases. The regulator has asked insurers to raise their defences against digital fraud, with robust cybersecurity frameworks that protect sensitive data and detect fraud risks from digital channels. Insurers must ensure regular audits and use advanced technologies to identify suspicious activities. IRDAI also asked insurers to conduct regular fraud awareness programmes for employees, agents, and policyholders. The goal is to foster a culture of vigilance and transparency within the insurance industry to mitigate potential fraud risks.

TOP

LIFE INSURANCE

Increase in surrender value to reinforce customers' faith in life insurance industry: Kotak Life Insurance MD & CEO – The Economic Times – 27th October 2024

People are now buying life insurance for protection, and the increase in surrender value is unlikely to impact the persistency ratio, Mahesh Balasubramanian, MD & CEO, Kotak Life Insurance said. Edited excerpts:

Do you think the increase in surrender value is likely to affect the persistency ratio in life insurance?
We wholeheartedly support the regulator's idea of increasing surrender value because we believe that everything that is benefitting the customer is going to benefit the industry in the long run. Of course, this is not dissociated from changes in our strategies in terms of refiling our products, reworking distribution commissions, margins, etc., but we truly believe that this will reinforce customer interest and faith in the life insurance industry. In the long run, it will increase the demand for life insurance products because one of the problems with life insurance is that our liquidity has not been as good as it should have been. With this coming in, customers will have greater liquidity in life insurance products. So it is definitely going to increase demand and, obviously, that will trigger further growth in the industry. As for persistency, one has to wait and watch. Ideally, persistency should not be affected because this only gives additional comfort to customers, in that they can withdraw their money, if required, and get better value.

With the new tax regime, the government is moving away from tax incentives. Do you think it will impact the sale of traditional life insurance plans?
Not really. The tax on proceeds from life insurance plans with premiums above Rs.5 lakh came in 2023. Before that, we had Ulips going through a similar tax change. Tax is an important element, but it's not the only reason people buy life insurance. There are two kinds of tax benefits—at the time of investment and when the policy matures. Tax benefit at the time of maturity is still available, and Section 80C benefit is what will change when the tax regime changes and customers make a choice. We don't really believe that tax is the only major driver for insurance demand. People buy insurance for protection and I classify it into three types—protection against dying early, which is term insurance; protection against living long, which is pension and annuities; and protection against vagaries of interest rates, which is what our non-par products offer on the traditional side of the segment. These are the main drivers of the business. We are also looking forward to what's going to happen on the GST side now. Any GST reduction for term insurance will benefit it because at the point of sale it's going to be slightly cheaper for customers.

Insurers are aligning themselves with Irdai's vision of insurance for all by 2047, but does increase in penetration translate to adequacy of insurance?
There are two aspects to life insurance—uninsured and underinsured. Both problems are there in the industry. Life insurance is a dynamic, not static, requirement. Underinsurance happens because of lack of upgrading covers over a period of time. So people should keep reassessing their cover requirement every five years. They should see if they have covered themselves for a minimum of 10 times their annual salary. Ideally, it should be 15-20 times. The second is uninsured, where people have not bought insurance. India has both the problems and we have a long way to go in solving both these. Uninsured is being taken care of now through Irdai's vision of insurance for all, where new products are coming in, including the Bima trinity.

What was the intent behind creating the new product T.U.L.I.P, which combines term insurance and Ulip?

The intent was primarily two-fold. One is that there is a lot of interest in the Ulip segment now because the markets have been doing well, and life insurance offers a good platform for customers who are interested in long-term returns from the market. People should invest for a minimum period of 10 years because the longer you stay invested, the better the returns are going to be due to the compounding impact of investment. At the same time, we realised that some customers who buy term insurance believe that if they survive the term of the policy, say 15-20 years, they are not getting anything back. We looked at consumer research and what they believe and asked, 'Can we look at a product that operates like a Ulip from the return perspective and term plan from the cover perspective?'. So the product is such that if you invest in a Ulip for say, 15, 20 or 30 years, and die during this period, you will get the sum assured. If you survive, you'll get a good sum as corpus at the end of the journey. So it works like a term plan, earns like a Ulip, and has resonated very well with our customers.

What other innovations are likely in the life segment?

From a regulatory perspective, there has been a lot of talk of players offering specific products for specific segments—niche, geographical, focused— that can enter the life insurance market. On the distribution side, continuous innovation is happening in terms of B2C models, using other channels for distribution. We are using AI tools, generating videos and sending to customers, where we are able to personalise and customise product features. On the underwriting side, there is facial recognition through AI. Of course, some of these technologies have to be backed by reinsurers. We are also looking at value-added services and are waiting for regulations and changes. This is what has driven innovation in the world and will also come to India.

(The writer is Riju Mehta.)

TOP

How income protection insurance will help your family's financial security – Business Standard – 25th October 2024

As Indian families examine financial security, one product gaining attention is income protection insurance.

"Income protection is more than just a safety net; it is a commitment to your family's future. It ensures that, even in times of uncertainty, your loved ones can maintain their lifestyle and focus on healing and moving forward," said Rahul Agarwal, founder and chief executive officer, Ideal Insurance. Income protection is a type of insurance that provides financial support to policyholders who are unable to work due to an accident or illness. It is also known as loss of earnings insurance.

Murli Jalan, chief distribution officer at Bharti AXA Life, explained some of its benefits.

Protection against inflation: With prices constantly rising, such an insurance plan helps against impact. These plans can help you maintain your current standard of living, ensuring that you and your family don't have to compromise on your quality of life.

Reduces stress: Knowing that your family is financially protected can alleviate emotional and psychological stress. Enhance financial planning: By providing a regular income stream, these policies can help you protect your savings and avoid depleting your emergency funds.
Key considerations

When contemplating whether to purchase income protection covers, consider the following:
Assess your family's needs: Determine how much monthly income your family would require in your absence. This should reflect their current lifestyle and future aspirations.

Understand policy types: Familiarise yourself with different types of policies available. For example, some plans offer regular monthly payouts while others provide a lump sum payment upon death. Choose one that aligns with your family's financial management preferences. Review premium costs: The cost of premiums can vary based on factors such as age, health status and the level of coverage. It is essential to compare different policies and understand what you will be paying over time.

(The writer is Ayush Mishra.)

TOP

GENERAL INSURANCE

Govt can waive off GST on health cover, step up focus on insurance penetration: FGII CEO Anup Rau – The Hindu Business Line – 25th October 2024

Following a slew of regulatory reforms in recent past, general insurance business has been witnessing lot of shifts. While there has been a remarkable spurt in demand for health cover, there is a concern on levy of GST on health insurance premium. Businessline spoke to Anup Rau, MD&CEO, Future Generali India Insurance Company on a variety of industry issues. Edited excerpts:

How do you think the general insurance industry in India is shaping up, particularly in the light of recent regulatory interventions?
The Insurance regulator has been extremely supportive, consistently working towards reducing compliance burdens, supporting product innovations, streamlining product approvals and subsuming a number of regulations. This in turn has allowed companies more freedom to innovate and grow, which is a positive shift.

What are other areas where things can be improved?
There are areas where the industry needs support, particularly around GST and motor third-party rates. Removing GST on health insurance would make it more affordable, driving higher penetration and reducing the government's burden to provide coverage. Motor third-party premiums have been unchanged for five years. These rates need to be revised. However, the fact is these decisions are not solely under the regulator's purview; they need intervention, involvement, and decision-making from the government.

What do you think is stopping the government from reducing GST on health insurance?
It's not an easy decision to make. After all, 18 percent GST on health insurance represents significant revenue for the government, making it difficult to relinquish. However, I believe there is a solution to every conundrum. In this case, taking away GST and focusing on improving penetration is the key, as this would shift much of the burden of healthcare coverage to the private sector. This would also allow market forces to drive better outcomes—a win-win for all. In fact, we have already seen this in the telecom sector, where private players have delivered affordable services and widespread coverage without heavy state intervention.

There has been significant increase in health cover premiums of late. How do you see this?
Yes, premiums have increased primarily due to two factors: rising hospital and medical costs, and a significant increase in the average sum insured. At FGII, for example, the sum insured has more than doubled between 2020 and 2024. While inflation plays a role, however, the full impact of inflation may be

mitigated by intense competition in the market. This is because insurers are cautious about raising prices too much to avoid putting all the burden on the customer

Given the growth in health insurance, what will be the impact on business? How profitable is health insurance at the industry level now?
At this point, it's essential to view the larger picture. In India, the general insurance business is often seen as an asset-under-management (AUM) business rather than one driven by underwriting profits. The focus is on building a large AUM, which generates interest income, with profits primarily coming from there. For shareholders, profit is typically viewed as fungible—whether it's from underwriting or AUM, what matters is the return on equity. Underwriting profits remain rare and relatively low, but they are offset by investment income. The current focus is on building the business, acquiring customers, and scaling up before shifting focus to profitability

Health insurance portability does not seem to have taken off on the expected lines...why?
Correct. Health insurance portability has not gained as much traction as expected, largely due to customer inertia. Many a times, even when presented with a better product elsewhere, familiarity and comfort are factors that drive policyholders to stay with their existing insurer. However, here I must add that we do see a level of portability within the same company when customers opt for upgraded or differentiated products.

(The writer is G Naga Sridhar.)

TOP

HEALTH INSURANCE

Data enables hyper-personalisation in insurance product and pricing: Experts - Financial Express – 23rd October 2024

The vast amount of data combined with the power of emerging technologies, such as Generative AI, has enabled insurers to design and offer more customised products and solutions, according to insurance industry experts.

Ravi Vishwanath, CEO of Narayana One Health and Director at Narayana Health Insurance, highlighted that health insurance in India is still largely transactional, often purchased to cover expenses in the event of hospitalisation. "With our healthcare expertise and by leveraging consumer data, we can now create the right nudges to keep people healthy and reduce hospital visits," he said.

"Hyper-personalisation in terms of product offerings and pricing is possible, even in motor insurance," said Vishal Gupta, CEO of PhonePe Insurance Broking Services. Gupta explained that, for example, women drivers are generally considered safer compared to their male counterparts. "Today, data allows us to design policies with different pricing for women, or for drivers in cities versus those driving on highways, which tend to be riskier."

In another session, Avinash Naik, president & chief information officer at Bajaj Allianz General Insurance, said that the insurance industry has accumulated vast amounts of unstructured data over the decades. Technologies like GenAI, he said, can help insurers summarise this data in meaningful ways to improve underwriting, product pricing, and even fraud detection. "Insurers are learning how to structure unstructured data and are redesigning algorithms to extract the necessary insights," said Anand Sanghi, chief of retail and government at ICICI Lombard General Insurance. He also noted that insurers are now able to curate products and solutions using data from social media platforms like LinkedIn, Instagram, and Facebook.

In another panel discussion, life and general insurers discussed the impact of economic challenges on the insurance industry. Commenting on interest rate fluctuations, Jitendra Attra, CFO of SBI General Insurance, explained that many general insurers rely on investment income. "A prolonged period of low-interest rates can impact their profitability," he said. Attra added that while the industry is currently comfortable with loss ratios exceeding 100% in some segments, if investment income falls, underwriting practices will need to be tightened. "Interest rate risk is best managed by banks, while we are better positioned to handle mortality risks," said Dhiren Salian, CFO of ICICI Prudential Life Insurance. He explained that, unlike general insurance, which is renewed annually, life insurance is a long-term contract. The premiums received are invested in instruments that can hedge against immediate interest rate fluctuations.

TOP

INSURANCE CASES

Insurance firm told to pay Rs 1.35 cr to kin of consumer who paid premium within grace period before his death – The Indian Express – 28th October 2024

The State Consumer Disputes Redressal Commission of Chandigarh has upheld the order of the District Commission which directed an insurance company to pay Rs 1.35 crore to the kin of an insured man who died due to Covid-19 in April 2021.

As per the case before the District Commission, "On June 30, 2020, Gaurav Sharma purchased a PNB MetLife Mera Term Plan policy with a sum assured of Rs 1 crore and an annual premium of Rs 22,707.84 — to be paid monthly. The policy allowed 15 days grace period for the premium payment. Gaurav paid his premium for March 2021 on March 31, 2021, which is within the grace period. Unfortunately, he fell ill with Covid-19 in April 2021, was hospitalised, and on April 28, 2021, he passed away."

Complainants Jyotsana Sharma, Gaurav's wife, and their son filed a claim on May 20, 2021, which was denied on June 30, 2021, citing a policy lapse due to non-payment of the renewal premium. The complainants claimed that Gaurav paid a premium within the grace period. PNB Met Life India Insurance Company, contested the complaint, by submitting their written response, which included preliminary objections regarding maintainability, concealment of facts, and cause of action and claimed that "the complainants attempted to mislead the Commission by distorting facts". However, they acknowledged that the deceased life assured (DLA) obtained the policy but asserted that he last paid the monthly premium on February 28, 2021.

They further claimed that the premium due on March 29, 2021, was not paid within the grace period, resulting in the policy lapsing and justified the rejection of the claim. After hearing the counsel of both parties and going through the evidence and record of the case, the District Commission ordered the insurance company to pay the sum assured of Rs 1 crore to the complainants, along with Rs 25,000 as compensation and Rs 10,000 as costs of litigation. PNB Met Life India Insurance Company, however, filed an appeal against the District Commission order at the State Commission. The State Commission on hearing the matter held that the policy document explicitly indicates that the DLA elected for a monthly premium payment plan, with the last premium payment recorded as being made on February 28, 2021, a fact acknowledged by the appellants.

"We have thoroughly examined the receipt, which clearly indicates that the premium due on March 29, 2021, was paid by the deceased life assured (DLA) on March 31, 2021. This payment falls well within the stipulated grace period of 15 days. The District Commission correctly concluded that the DLA made the premium payment within the grace period with the next premium due date specified in the receipt as April 29, 2021. Furthermore, given that the DLA passed away on April 28, 2021, it has been unequivocally established that the policy was valid and in force at the time of his death. The appellants' repudiation of the claim, which was based solely on the assertion that the policy had lapsed, lacks sufficient justification," said the State Commission.

TOP

Insurance Company Penalised For Denying Claim on Technical Grounds – KNN India – 26th October 2024

The State Consumer Disputes Redressal Commission, Delhi has ruled against New India Assurance Company for deficiency in service, emphasising that insurers should not reject legitimate claims on technical grounds. The bench, comprising Judicial Member Ms Pinki and Member Ms Bimla Kumari, found the insurer liable for failing to promptly correct address details in a policy and subsequently denying a claim. The case emerged when an export company, which had obtained multiple insurance policies including Rs. 1 Crore coverage for stock, faced difficulties after a fire incident. The policy contained incorrect premises details, showing the location as first floor in Gurgaon instead of ground floor in New Delhi.

Despite the complainant's early notification of these errors and receiving a partial endorsement for location correction, complications arose when filing a claim following an electrical short circuit fire that also injured three workers. Although the insurance company's surveyor assessed the damage at Rs. 73,57,656 after six months, the insurer ultimately rejected the claim citing address discrepancies. This decision came despite the complainant's prompt notification to authorities and full cooperation in providing requested documentation. In its ruling, the Commission rejected the insurance company's contention that the complainant wasn't a 'consumer' due to commercial usage, referencing the Harsolia Motors v. National Insurance Co. Ltd. case.

The Commission determined the matter suitable for summary proceedings as it primarily involved a pre-assessed claim amount. Drawing on evidence from Delhi Fire Service reports and the surveyor's confirmation of the incident location, the Commission found the insurer's failure to correct policy details constituted a deficiency in service. Citing the Supreme Court's precedent in Oriental Insurance Co. Ltd. v. M/S Ozma Shipping Company & Anr., which warns against rejecting genuine claims on technicalities, the Commission ordered the insurer to pay the assessed amount of Rs. 73,57,656 with 6 per cent interest, plus Rs. 1,00,000 as compensation for mental agony and Rs. 50,000/- for legal costs.

TOP

IRDAI CIRCULAR

Circular	*Reference*
Exposure Draft IRDAI(Maintenance of Information by the Regulated Entities and Sharing of information by the Authority), Regulations, 2024	https://irdai.gov.in/web/guest/document-detail?documentId=6064140

TOP

GLOBAL NEWS

Asia Pacific: Improvements underway in regional reinsurance sector – Asia Insurance Review

S&P Global Ratings (S&P) has identified several major trends and risks in the Asia-Pacific reinsurance sector in its report titled "Asia-Pacific Reinsurance Sector Update - Improvements Are Underway". In the report, Wen Wen Chen, director, and Trupti Kulkarni, associate director, at S&P, list the key trends as follows:

Rated regional reinsurers to see stable credit trends, given supportive earnings and capitalisation.
Prospective reinsurance capacity to remain given Asia-Pacific's still attractive growth story

Easing premium rates and organic demands to chart the region's topline growth momentum.
However, headwinds are accumulating amid rising physical risks and a slower economic outlook.
Still-costly retrocession cover could push up risk retention, potentially increasing margin volatility. Softer investment returns will require more underwriting discipline as monetary policy easing takes root across the region.
Higher-than-expected insurance claims and capital market volatility to chip away at capital strength.
The report also comments on the following areas:

More Disciplined Premium Growth
Modest premium growth reflects slower economic growth and moderating rate in certain lines. Increased effort in managing in-force book and re-evaluation of expansion plans. Greater private-public partnership (such as catastrophe and agriculture insurance) and growing liability-related coverages to provide opportunities. Escalating geopolitical tensions could change growth dynamics among countries in the region.

International operations
Moderate growth in international book with a focus on pruning of loss-making accounts. Reinsurers are refining risk appetite and stress-testing in response to increasingly volatile economic conditions. Meanwhile, S&P expects changes in life reinsurance offerings following a cut-back in capital-consumptive products.

Complexities Could Chip Away Underwriting Margin
Better underwriting profits follow the pruning of loss-making accounts. Profits remain thin due to a competitive primary insurance market. Economic uncertainties could intensify competition. Increasing complexities of more frequent natural catastrophes and urbanisation could dilute underwriting profits. Global reinsurers' profitability reflects sustained underwriting discipline. Marginal underwriting profits still thin compared to global reinsurers.

Shifting Interest Rates Lead To Revisiting Investment Allocation
Interest rate cuts (ex-Japan), capital market volatility, and costly forex hedging could demand a reassessment of asset mix. Allocation toward real estate, alternative assets, and equities heightens sensitivity to credit and market risks.

Capitalisation Offers Some Cushion Against Catastrophes
Still costly retrocession could prompt Asia-Pacific reinsurers to retain more natural catastrophe exposures. Rise in exposure to natural catastrophes mainly attributed to organic growth; this could add more volatility to balance sheet. Increased frequency and severity of extreme weather could weigh on underwriting results and dent capital buffers.

TOP

Pakistan: Insurance market growth slowed by challenges - Asia Insurance Review

The Pakistani insurance industry posted total gross premium written of PKR631bn ($2.27bn) in 2023, reflecting 14% growth compared to PKR553bn in 2022, according to the Securities and Exchange Commission of Pakistan (SECP), which indicates that growth could have been more rapid. In its report, "Insurance Industry Statistics 2023", SECP says that the life insurance sector accounted for 64% of the industry's gross premiums written in 2023, while the non-life sector comprises 36%. Claims paid during 2023 amounted to PKR373bn (2022: PKR276bn), with life insurance companies accounting for PKR289bn and non-life companies paying PKR84bn.

In 2023, the total assets of the industry grew from PKR2, 421bn to PKR2, 900bn. Mr Aamir Khan, Commissioner of Insurance, in his message published in the report, said, "The 2023 statistics, though, suggest stagnation when solely viewed through the lens of premiums, particularly in the life insurance sector where growth has remained at less than 10%. I would, however, also draw attention to the increase of 20% in total assets and 36% in claim payment figures. "The slower growth is attributable to challenges confronting the sector, including ineffective enforcement of motor third-party insurance with only 3% of vehicles insured; low adoption of agriculture and livestock insurance; an unfavourable taxation regime; limited local reinsurance capacity with retention levels at 42%, and a shortage of skilled human resources."

Answer to challenges

Mr Khan added that the answer to the challenges lies in:

(a) Whole-hearted adoption of the five-year strategic plan by the insurers, including use of technology;
(b) Federal government's support in passing the long-overdue essential legislative changes;
(c) Provincial governments' focus on strict enforcement of compulsory insurance schemes and use of insurance for managing risks to public assets, securing livelihoods of those engaged in the agriculture/livestock sectors, and providing health and associated covers strictly through insurers in pool structures; and
(d) SECP should simplify its regulatory approval processes, develop a digital ecosystem for capturing, storing, sharing, and using insurance sector data for all stakeholders, and support innovation and product development.

Mr Khan also said, "The current demographics of our market also call for the transition from conventional distributional channels to the digitalized modes which may not only boost the premium coming from digital channels (currently at less than 1%), but also the overall pie of the sector." He said, "I strongly believe that through modernised legislation, harnessing technological advancements, establishing insurance pools, attracting skilled professionals to the sector ,and increasing awareness, we can rapidly advance towards achieving the outcomes identified in the five-year strategic plan." In December 2023, the SECP unveiled a five-year strategic plan for the insurance industry with a target to increase the number of insured people from about 8m then to 15m and total premiums of PKR1.3tn by 2028. As of the end of 2023, there were 41 (re)insurance companies operating in Pakistan, comprising 27 non-life insurers, eight life insurers, two general takaful companies, three family takaful companies, and one reinsurer.

TOP

COI TRAINING PROGRAMS

Mumbai – November 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Standardized Products in Property Insurance	18-Nov-24	19-Nov-24	ClickHere	Register
2	International Program – Technical Excellence in Life Insurance	18-Nov-24	30-Nov-24	ClickHere	
3	Engineering Insurance: Focus Project Policies	21-Nov-24	22-Nov-24	ClickHere	Register
4	Creating High performers in BancaChannel	22-Nov-24	22-Nov-24	Click Here	Register

5	Programme on Anti-Money Laundering (AML), KYC and Counter-Financing of Terrorism(CFT)	22-Nov-24	22-Nov-24	ClickHere	Register
6	Certified Insurance Anti Fraud Professional (CIAFP)	25-Nov-24	27-Nov-24	Click Here	Register
7	Crop Insurance: Focus- PM Fasal Bima Yojana	28-Nov-24	29-Nov-24	ClickHere	Register
8	Customer Engagement- Retention through better Customer Experience	29-Nov-24	29-Nov-24	ClickHere	Register

Kolkata – November 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Marine Hull, Oil & Energy Insurance- Underwriting & Claims	18-Nov-24	19-Nov-24	ClickHere	Register
2	Role of Insutech- Using it for Digital Reach	19-Nov-24	19-Nov-24	ClickHere	Register
3	Industrial Risk Inspections - Methods and Reporting	21-Nov-24	21-Nov-24	ClickHere	Register

COURSES OFFERED BY COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	11 January 2025
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	11 January 2025
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	11 January 2025
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours
Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

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

Course Structure -

Particulars	Details
Date	10th – 12th December 2024
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

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