ISSUE NO. 2023/44

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

28TH OCTOBER – 3RD NOVEMBER 2023

QUOTE OF THE WEEK

"To succeed in business it is necessary to make others see things as you see them."

ARISTOTLE ONASSIS

Insurance Term for the Week

MALPRACTICE INSURANCE

Malpractice insurance is a type of professional liability insurance intended to cover healthcare professionals. Patients can file lawsuits against healthcare professionals seeking damages for medical negligence that resulted in further health problems or death.

Studies show that medical negligence is the third leading cause of death in the United States, so more likely than not, a healthcare professional will need malpractice insurance. Malpractice insurance can be obtained through a private insurer, through an employer, or through organizations, such as medical risk retention groups (RRGs).

The two basic types of professional liability insurance are claims-made policies or occurrence policies. Legal costs, punitive damages, and medical damages are all covered under malpractice insurance.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Insurers eye 50-year bonds: Centre plans to raise Rs 30,000 crore through 50-year paper – The Telegraph – 1st November 2023

All eyes will be on the auction of government securities on Friday, with the 50-year-old bond on offer for the first time. The paper is expected to see strong interest from insurance companies. The RBI as a banker of the government will borrow Rs 6.55 lakh crore in the second half of the fiscal through government securities. The GS 2073 paper — the 50-year bond — will now make an entry.

The government said that the decision to introduce the 50-year paper follows market demand for ultra-long duration securities. The RBI manages the government borrowing programme through weekly auctions. According to the borrowing calendar, the RBI will raise Rs 30,000 crore through the 50-year paper.

The first auction will be for Rs 10,000 crore on November 3, while the second and third auctions of similar amounts are likely between December 11 and December 15 and January 22 and January 26. Market circles said insurance companies and pension funds will bid for the bond given their asset liability management profile, and it is likely to be oversubscribed. A Bloomberg report, quoting Sampath Reddy, chief investment officer at Bajaj Allianz said, that insurers would like to purchase these 50-year bonds to cover their asset-liability mismatch. Reddy added that the long-tenor bond will help the companies manage interest rate risks better for their portfolios. It is felt that the yield on the 2073 note is likely to be around 7.54 per cent, the cut-off for a 40-year bond which was sold last week.

Das view

Meanwhile, RBI governor Shaktikanta Das said that India's growth momentum remains strong and that the official data for GDP growth in the second quarter will surprise on the upside. He was speaking at the annual BFSI Insight Summit organised by Business Standard here on Tuesday. "... looking at the momentum of economic activity, looking at a few early data points that have come in, a few early indicators, I can say that the second quarter GDP number as and when it is released at the end of November, in all probability will surprise everyone on the upside," Das said. The RBI has forecast real GDP growth for the second quarter of the current fiscal to come at 6.4 per cent.

Das said the inclusion of Indian government bonds in the JP Morgan global indices was a double-edged sword: there are estimates that it could lead to inflows of $25 billion. On the other hand, passive funds that track bonds' weightage in an index could sell the securities leading to outflows. However, Das pointed out that the RBI has built a strong track record of efficiently handling both large-scale inflows and outflows.

He said after the Ukraine war, India did not see huge outflows as seen during the taper tantrum of 2013. ``We can handle large-scale inflows (and) large-scale outflows. So, therefore, I don't think we will see that kind of volatility. I think the RBI can deal with it effectively." Das said the RBI is closely watching the high level of attrition in some private sector banks.

TOP

BS BFSI Summit 2023: 'Technology creating watershed moment in insurance' – Business Standard – 31st October 2023

Technology is bringing about a big change in the insurance sector of India, and in these times, there is a need for the regulatory process to be agile and adaptive, Debasish Panda, chairperson of the Insurance

Regulatory and Development Authority (Irdai), said at the Business Standard BFSI Insight Summit 2023 in Mumbai on Tuesday. "Insurance companies must invest in streamlining policy process, access, and claim processing through digital platforms by embracing tools like mobile apps and chatbots to enhance customer engagement and simplify insurance procedures," he said.

"To harness the full potential of the sector and ensure its continued relevance, development and technological advancement is necessary. The insurance sector must embrace innovation," he said. While talking about innovations, Panda said that new technology allows easy processing of voluminous data, enabling insurers to go ahead with predictive analysis, assess the risk more accurately and enhance the overall precision of underwriting processes.

"This not only benefits insurers by minimising risk but also empowers policyholders by offering premiums respective of their unique risk profile," he said. Stating that there will soon be a time when there will be no need to file claims, Panda said that quantum computing will become a reality soon. "We got to be future-ready," he said. He added that artificial intelligence (AI) is leading to enhanced customer service efficiency. Also Read: Technology can help reach more customers in life insurance sector: LIC MD

Moreover, according to the Irdai chairperson, climate change has set its sights on the insurance sector, and the regulators must take note of that. "The increasing frequency of natural disasters necessitates a proactive approach. There is a need to adopt by leveraging advanced climate modelling to anticipate and mitigate climate-related risks," he said. While emphasising that the main responsibility of a regulator is to empower the customer, Panda said that financial sector regulators in India must take cognisance of tech innovations and build these scenarios into the regulatory framework. Also, the consumer should be educated so that they can make an informed decision.

Panda said that the focus should be on consumer advocacy groups and organisations dedicated to safeguarding the rights of financial services users, ensuring that their voices are not only heard but heeded. On regulations, he said that there is a challenge to draft such rules that can foresee, predict and provide guidance for the events of the future. "We need to allow an agile framework which would allow for revisions and adaptations to accommodate emerging trends and risk," he said. "Regulatory framework must display flexibility and adaptability."

Panda further said, "It may involve revising capital requirements, introducing new reporting standards or implementing specific regulations tailored to emerging issues. Therefore, regulation is a continuous job. You have to be on your toes all the time." Panda also cautioned that if the sector fails to do this, the regulations may become "more of a hindrance than a guardian". Addressing the event, Panda added that in these rapid tech advancements, there is also a need to push more insure-tech players. He highlighted that the regulator is already working in that direction.

"We are regularly conducting regulatory sandbox experimentations, hackathons, and the insure-tech mission mode team is working day in and day out towards these objectives," he said. Panda also cautioned that in a digitised world, cybersecurity assumes a position of "paramount importance". "I believe the insurance industry is up to the challenge," he, however, added.

TOP

IRDAI asks insurance firms to revise customer information sheet for easier understanding – The Telegraph – 31st October 2023

Insurance regulator IRDAI on Monday pointed out that insurance policy documents could be “fraught with legalese” and asked insurance companies to revise customer information sheet that helps policyholder to easily understand the basic information about their policy. “It is observed that several complaints are still emanating as a result of asymmetry of information between insurer and policyholder. “In this backdrop, the existing customer information sheet has been improved and now seeks to convey basic information about the policy purchased in a manner that is easily understood,” the regulator said in a circular.

The revised customer information sheet (CIS) now includes basic information such as policy type, sum insured, extent of policy coverage, exclusions, waiting period, financial limits of coverage including deductible and co-payments. Crucially, the CIS now includes details on procedure to be followed for claims, the turnaround time for claim settlement, call center numbers and details of company officials for policy servicing along with details of grievance redressal mechanism.

The CIS shall also include things that a policyholder should keep in mind such as free look cancellation, migration and portability, change in sum insured along with policyholder obligations such as pre-existing disease conditions before policy purchase. “Insurers, intermediaries and agents shall forward the Customer Information Sheet to all policyholders and acknowledgement, physical or digital, shall be duly obtained,” IRDAI said in its circular.

Insurers are required to obtain signatures of the policyholders confirming that they have noted the details of CIS and received it. “This step is expected to result in better-informed policyholders, reduced disputes and delays, and a seamless health insurance experience for policyholders,” the regulator said. IRDAI has been taking steps to simplify and standardise the policy wordings. The regulator said that it is important for a policyholder to understand terms and conditions of the policy that has been purchased.

TOP

INSURANCE REGULATION

Regulators must collaborate on international standards, says Irdai chief – Business Standard – 2nd November 2023

The Insurance and Regulatory and Development Authority of India (IRDAI) Chairman Debasish Panda said that regulatory authorities should collaborate on international standards to ensure consistency and minimise regulatory arbitrage. “…regulatory authorities should collaborate on international standards and harmonise regulations wherever possible, given the interconnectedness of the global financial system. This approach ensures consistency and also minimises regulatory arbitrage,” Panda said at the event organised by Excellence Enablers.

Further, according to him, there is also a need for continuous dialogue between the stakeholders of the industry who are engaged in feedback, in order to make necessary adjustments in the regulations on a real-time basis. There is a need to shift from a purely punitive approach to one that emphasises proactive supervision and risk management. Early detection and prevention of issues can be more effective and efficient than taking punitive measures.

In order for the financial sector to strike a right balance between the interests of the stakeholders and the broader society, the regulatory framework should be both enabling and protecting at the same time. In the backdrop of a financial and technological revolution making it necessary for the regulators to integrate innovations and technology into the framework. It has also made drafting regulations which can predict and provide for the future extremely difficult. “The technologies including artificial intelligence, machine learning, blockchain, internet of things, telematics are changing the way insurance is perceived and also being transacted,” Panda said.

Further, he added that, “for example, I'm very certain that there could come a time when even the need for filing claims would be eliminated. Interconnectivity over blockchain would enable it to initiate instant payouts based on predefined triggers. Similarly, smart contracts may change the way banking is transacted. Algorithmic training in capital markets may also take the front seat.”

Speaking on the key points to ponder in corporate governance, Panda said that they should involve an environment where decisions are made for long-term stability and success of the institutions. The companies should also ensure a diverse composition of the board of directors, independent management, fostering innovation and ethical conduct, and crucially, the alignment of executive compensation with performance.

Corporate governance can be done by embracing more diversity as it enriches decision-making processes. Further, upholding independence and accountability is essential which will give an independent board authority to question and challenge decisions. Nurturing ethical conduct sets the foundation for a morally sound culture within the organisation.

Also, engaging with diverse stakeholders, incorporating their input into decision-making, and prioritising transfer and reporting along with integrating the Environmental, Social, and Governance (ESG) principles into the corporate strategy is of paramount importance, as it not only ensures regulatory compliance, but also contributes to the company's enduring prosperity.

(The writer is Aathira Varier.)

TOP

Insurance regulator's initiative: An opportunity to increase insurance penetration in rural India – Business Standard – 2nd November 2023

Insurance Regulatory and Development Authority of India (IRDAI) Chairman Devashish Panda has announced that the insurance regulator is considering setting up a body similar to the State Level Bankers Committee (SLBC). This can be a useful step towards bringing a large number of Indians into the insurance industry.

The concept of SLBC was introduced under the Reserve Bank of India in 1977 and is an inter-institutional forum at the state level that coordinates issues related to banking development between the government and banks. These high inter-institutional forums meet every quarter and are chaired by the chairperson or executive director of the designated major bank.

It is co-chaired by the Additional Chief Secretary or Development Commissioner of each concerned state. In recent times, SLBC has played a key role in achieving financial inclusion by increasing access to banking to citizens under the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme. Today, there are less than 143 villages that do not have banking connectivity within a five-kilometre radius. In 2019, the number was 11,278. The insurance regulator will need an institution like SLBC if it has to make such an appearance.

India is the tenth largest insurance market in the world but the average Indian is generally deprived of insurance. Life insurance alone, for instance, accounts for only 3.2 per cent. Theoretically this is due to the limited reach of distribution. Among the rural population, less than 10 per cent have life insurance coverage and less than 20 per cent have health insurance cover.

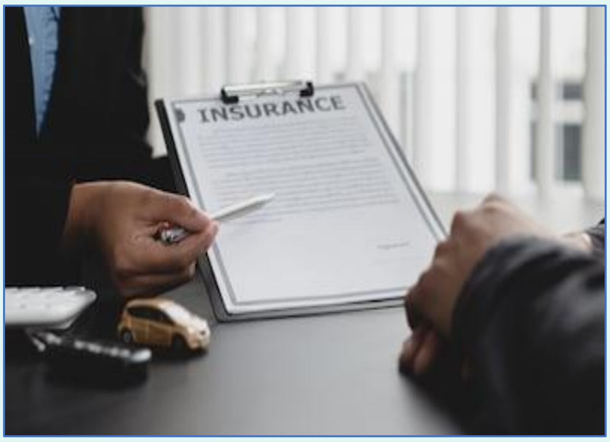
This also happened mainly due to irdai's directive. Overall, according to the Swiss Re study, there is a huge gap in mortality protection i.e. there is a gap of Rs 1,320 lakh crore between the desired resources and the available resources, which shows that the average Indian is indeed at great risk. In that sense, institutions based on SLBC can make a huge difference. The success of SLBC depends to a large extent on the political will of the central and state governments. The PMJDY programme played a key role in the success of SLBC in increasing banking connectivity in rural areas.

The programme was launched in August 2014. But banking access within states remains uneven. In Kerala, for instance, SLBC played a key role in the state's total banking programme. The programme was started by the state bureaucracy. In contrast, Jharkhand is still dominated by moneylenders. A lot will depend on the insurance companies as well. When the SLBC model was introduced in the country, public sector banks were dominant and they could be asked to achieve targets that are not necessarily profitable. There are 57 insurance companies in the country. Of these, 23 are life insurance and 33 are non-life insurance companies.

Seven of these are state-owned insurance companies. Life Insurance Corporation is the only state-owned life insurer and still has a 58.5 per cent share in the business. But its share continues to decline and after its listing in 2022, it will be difficult for the government to ask it to expand into low-profit markets. Private insurance companies operate on very low margins, it will be difficult to convince them to give insurance at the grassroots level. IRDAI has to deal with these issues. It will be important to successfully handle this process. This will not only increase the reach of insurance but will also be able to use the savings present in the economy.

TOP

Insurers rejecting claims after branding them as 'unreasonable' a key cause of heartburn | Simply Save – Moneycontrol – 1st November 2023



The Insurance Regulatory and Development Authority of India (IRDAI) has taken two major decisions on October 26 and October 30 that will help customers understand their insurance policies better. To listen to the podcast, click above. To read the podcast conversation, scroll down. To start with, it announced the setting up of a committee to give recommendations on simplifying policy wordings in insurance contracts.

Insurance regulator IRDAI has also made it mandatory for insurance companies to issue, along with the policy being sold, a customer information sheet (CIS) spelling out the policy's key features and clauses. The revised, updated CIS will include details such as sum insured, waiting periods, sub-limits, exclusions, procedure for filing claims and complaints, among other things. Insurance companies will have to adhere to this diktat from January 1, 2024.

To discuss why simplifying policy wordings is critical and how this move will help policyholders understand benefits and restrictions better, thus ensuring less heartburn, Moneycontrol spoke to Shilpa Arora, Chief Operating Officer, InsuranceSamadhan, a firm engaged in assisting insurance customers resolve their complaints against insurance companies.

Here are the key points that she made during the discussion:

-An insurance contract comes with a bundle of complex jargon. The fine print in the policy documents is difficult to read and understand.

-As a result, policyholders are often not clear about terms and clauses such as co-pay, room rent capping, waiting period, exclusions, network hospitals, pre-existing diseases, sub-limits on claim amount payable in the case of robotic surgeries and modern treatment methods and so on.

-Due to complexities in policy wordings, many simply end up trusting the agents and signing documents without reading, leading to disputes later.

-The IRDAI's initiative seems to be in the nature of a 'Buyer beware' awareness campaign. The objective is to ensure the policyholder is aware of the kind of policy she is signing up for.

-Even as experts, we find it difficult to decode some policy clauses. For example, one of the most common causes of claim rejection is the 'reasonable and customary charges' clause. There is no clear explanation on the implications of this clause. The 'reasonable' charges for surgeries or any other treatment varies as per the area, hospital and diseases.

-Insurance companies take calls on the basis of data gathered by them – policyholders have no way of ascertaining whether charges being levied by hospitals are reasonable or not.

-There is no clear definition. IRDAI should ask insurers to state upfront the payment they will release in the case of, say, heart surgeries, upfront. So, if a policyholder lives in Delhi, what is her entitlement?

-This will ensure that even the policyholder is aware of the financial limits she is bound by while undergoing treatment.

-Then, there is the proportionate deduction clause, which is linked to room rent capping. Now, people understand room rent sub-limits. However, what they do not understand is that due to the proportionate deduction clause, several expenses are linked to the room rent. The payable claim is, therefore, reduced proportionately.

-To communicate in a simple manner, insurers ought not to include such clauses only in the fine print. They should be explained through videos, cartoons and other easy-to-grasp media before selling the product.

-The industry should also focus on regional languages to communicate complex terms and clauses to lay persons.

-Insurance is a boring subject. Insurers should explain policyholders' rights, benefits and exclusions in innovative ways. They can, for instance, send explanatory videos over Whatsapp.

-If you are buying a new policy, you must ensure that you understand waiting periods for pre-existing diseases, treatment procedures that will not be paid for, room rent capping, co-pay importance of network hospitals to ensure cashless processing of claims and so on.

(The writer is Preeti Kulkarni.)

TOP

Grassroots insurance – Business Standard – 1st November 2023

Insurance Regulatory and Development Authority of India (Irdai) Chairman Debasish Panda's announcement that the regulator was exploring the possibility of creating a state insurance plan similar to the state-level bankers' committees (SLBCs) could be a useful step towards bringing larger numbers of Indians within the purview of the insurance industry. The SLBC concept, introduced in 1977 under the aegis of the Reserve Bank of India (RBI), is an inter-institutional forum at state level to enable coordination between the government and banks on issues concerning banking development. These apex inter-institutional forums meet every quarter and are chaired by the chairperson or executive director of a designated lead bank and co-chaired by the additional chief secretary or the development commissioner of each state concerned. The SLBCs have recently played a key role in achieving financial inclusion by identifying and expanding the number of banking touchpoints accessible to citizens under the Pradhan Mantri Jan Dhan Yojana (PMJDY). Today, fewer than 143 villages lack banking touchpoints within a 5-km radius, down from 11,278 in 2019. For the insurance regulator, gains such as this make a compelling case for SLBC-like institutions.

Although India is the world's tenth-largest insurance market, the average Indian is significantly underinsured. The overall penetration of life insurance alone, for instance, is just 3.2 per cent, principally because of a limited distribution reach. Of the rural population, less than 10 per cent have life insurance cover, and for health insurance, it is less than 20 per cent. And even this is principally on account of an Irdai mandate. Overall, according to a study by Swiss Re, there is a huge mortality protection gap — the difference between the resources needed and those available — of Rs 1,320 trillion, suggesting that the vulnerability of the average Indian is at almost catastrophic levels. In that respect, institutions modelled on SLBCs could be a game-changer. That said, the success of SLBCs depends largely on the political will at the Centre and within state governments. The SLBCs' success in expanding the reach of banking touchpoints in rural India has largely been driven by the momentum of the PMJDY programme, which was launched in August 2014. But within states, the width and depth of banking access remain uneven. In Kerala, for instance, the SLBC played a key role in the state's Total Banking programme, which was driven and enabled by the bureaucracy. In contrast is Jharkhand, where the venal moneylender still dominates.

Much will depend also on the insurance companies. When the SLBC model was introduced in India, government-owned banks dominated the scene and could be directed to achieve goals that might not necessarily be compatible with profitability. There are 57 insurance companies, including 23 life insurers and 33 non-life insurers, of which seven are government-owned. Life Insurance Corporation is the sole state-controlled life insurer and still dominates the business with a 58.5 per cent share. But its share has been steadily falling, and its listing in 2022 makes it difficult for the government to compel it to expand into less profitable markets. Private insurers operate on thin margins, which are unlikely to encourage them towards grassroots insurance. These are issues that Irdai needs to address. Managing this process successfully could be the key not just for increasing insurance penetration but also for mobilising savings in the economy.

TOP

IRDAI to review bancassurance norms, forms taskforce – The Hindu Business Line – 31st October 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has formed a taskforce to look into various aspects of the bancassurance channel, including mis-selling.

"Despite the large network of the banks through their branches across the length and breadth of the country, their contribution of banks as corporate agents is only 5.93 percent of non-life premium and 17.44 percent of the new business premium for life insurance for the year 2023-24," the regulator said in a circular. "One of the ways of reaching the last mile and making available insurance products to the nook and corner of the country is leveraging the vast bank branch network," it said.

To achieve this objective, the regulator felt it was `necessary' to review the existing bancassurance intermediation model and carry out modifications, if any, to the regulatory framework governing the same, with focus on the protection of policyholders' interest. J. Meena Kumari, Executive Director (Life), IRDAI, will be chairperson of the taskforce which will have Yegna Priya Bharat, Chief General Manager (Health); Surya Kumar, Chief General Manager (Supervision), and J. Anita, Chief General Manager (Intermediaries), of IRDAI as members. It will also have industry representatives.

The terms of the reference of the taskforce include suggesting the regulatory stipulations on the market conduct requirements of bancassurance partners especially in view of mis-selling and forced selling complaints, to study the effectiveness of the existing model of the channel and recommend ways and means of improving the efficiency and to examine the international best practices in this model and suggest suitable modifications.

Stating that banks play an important role in distribution of insurance products, the insurance regulator observed that while banks had the option to set up a separate legal entity for distribution of insurance products as Insurance brokers, till date, such option has not been exercised by banks.

(The writer is G Naga Sridhar.)

TOP

IRDAI asks insurance firms to keep retail policyholders out of provisions of arbitration clause – The Telegraph – 28th October 2023

Insurance regulator IRDAI on Friday asked general insurance companies to keep retail/individual policyholders out of the provisions of the arbitration clause in their policy document. The move is expected to simplify policy wordings and plug a legal loophole where in case the insurance company has not accepted the policy liability then no dispute can be referred for arbitration, limiting the choice for the insured.

The arbitration clause is a paragraph tucked away within the lengths of policy wordings of a general insurance policy. It typically states that if there is any dispute or difference to the amount payable under the policy, arbitration shall be conducted under the provisions of the Arbitration and Conciliation Act, 1996. A two-judge bench of the Supreme Court in a judgment dated October 5 observed that consumer disputes fall under the category of non-arbitrable disputes and should be kept away from private fora such as 'arbitration' unless both parties are willing to opt for arbitration over the remedy before public fora.

This prompted IRDAI to undertake a comprehensive review of the extant arbitration clause across various lines of business in the general insurance industry. Accordingly, the regulator in a communication to the general insurance companies said that all policies issued under retail lines of business shall not have any arbitration clause. For commercial lines of business, a mutual agreement can be entered separately to settle any disputes in relation to the policy under the provisions of the Arbitration and Conciliation Act, 1996.

For new policies issued on or after October 27 (date of circular), arbitration clause shall be deemed deleted. For existing policies, the clause shall remain valid till the term of the policy unless the policyholder specifically requests the insurance company to replace it.

TOP

LIFE INSURANCE

Demand for 50-year government bond seen firm from insurance firms – Business Standard – 2nd November 2023

Market participants see a firm demand for the 50-year bond scheduled for debut on Friday. The government plans to sell Rs 10,000 crore. "We expect strong demand from the long-term investors. The 50-year bond has been introduced in response to a long-standing demand from the long-term investor community and, hence, we see no dearth of demand," said Badrish Kulhalli, head (fixed income), HDFC Life Insurance.

"The demand will be good for the paper, and the coupon should be around where the 40-year bond is, that is 7.50 per cent," said Churchil Bhatt, Executive Vice President at Kotak Life Insurance. Meanwhile, government bonds and rupee gained on Thursday as the US Treasury yields fell after the US Federal Reserve decided to keep their interest rates unchanged at 5.25-5.5 per cent, along the expected lines, dealers said. Market participants said the comments by US Federal Reserve Chair Jerome Powell were dovish. Even though he left the door open for further hikes, the market believes that the US rate-setting panel was done hiking.

“The idea that it would be difficult to raise again after stopping for a meeting or two is just not right. The committee will always do what it thinks is appropriate at the time,” said Powell. Earlier, the US rate-setting panel had indicated towards one final 25 basis points (bps) rate hike before hitting the pause button. The rupee settled at 83.25 per US dollar, whereas the yield on the benchmark 10-year government bond fell 4 bps to settle at 7.32 per cent.

The Indian unit had hit a fresh closing low of 83.29 against the US dollar on Wednesday due to the rise in dollar index ahead of the US Federal Reserve outcome. “While we continue to see Fed on hold in December and through the first half of next year, we think the UST bear steepening would find some solace as the Fed’s tone gets softer. However, the rising term premium will likely be the next structural driver of higher yields in coming years,” said Madhavi Arora, lead economist, Emkay Global Financial Services.

The yield on the US benchmark 10-year US Treasury bond fell to 4.70 per cent on Thursday. Bank deposits grow 12.4%, but slightly down sequentially. Bank deposits contracted sequentially by 0.44 per cent to Rs 193.79 trillion as on October 20, from Rs 194.64 trillion a fortnight ago. However, they rose by 12.64 per cent year-on-year (Y-o-Y) to Rs 193.79 trillion from Rs 172.04 trillion a year ago, according to Reserve Bank of India data.The bank credit rose 0.6 per cent sequentially to Rs 148.4 trillion as on October 20, from Rs 147.51 trillion a fortnight ago. The advances of commercial banks grew by 15.2 per cent Y-o-Y from Rs 128.83 trillion a year ago.

(The writer is Anjali Kumari.)

TOP

Life insurance a sunrise sector poised for lift-off: CEOs at BS BFSI Summit – Business Standard – 31st October 2023

The consensus view of the Life Insurance CEO panel at the Business Standard BFSI Insight Summit on Tuesday is that life insurance remains a sunrise sector in India, characterised by low penetration, a large protection and pension gap, and massive growth opportunities in the coming decade. This sentiment aligns with the Insurance Regulatory and Development Authority of India’s (Irdai’s) goal of achieving 100 per cent insurance coverage in the country by 2047, setting the life insurance industry on a path of rapid growth.

“The industry is ready to meet the Irdai challenge of providing insurance to all by 2047. Numerous regulatory reforms have been implemented, and companies have initiated efforts to address three key issues: availability, affordability, and accessibility, which have previously hindered growth. The industry’s primary focus is to offer insurance to every insurable individual in the country,” said R Doraiswamy, managing director (MD), Life Insurance Corporation of India.

“Life insurance is highly underpenetrated in the country compared to other banking, financial services and insurance products, such as banking or mutual funds (MFs). India’s protection gap is substantial, standing at around 83 per cent, with an estimated underprotection of life worth approximately $16.5 trillion. Moreover, only a fraction of Indians have pension coverage, resulting in a total pension gap estimated to reach Rs 55 trillion by 2050. These factors present huge growth opportunities for us in the coming decade," emphasised Mahesh Balasubramanian, MD of Kotak Mahindra Life Insurance Company.

"The sum assured to gross domestic product ratio in India is one of the lowest in the world at around 25 per cent, in contrast to upwards of 100 per cent in most comparable markets. With the current regulatory support and encouragement from authorities to accelerate growth and increase penetration, the life insurance industry is poised for take-off," added Naveen Tahilyani, MD and chief executive officer (CEO) of Tata AIA Life Insurance Company.

Tahilyani also pointed out that the private life insurance sector in India lags seven to eight years behind the private sector banking space but has the potential to replicate its success in due course. "The total capital deployed in the life insurance industry currently stands at around Rs 1.2 trillion. In the private sector banking sector alone, the capital employed is of far higher magnitude." This capital gap alone highlights the growth opportunities available in the life insurance industry over the next 10-15 years, according to Tahilyani.

Anup Bagchi, MD and CEO of ICICI Prudential Life Insurance, pointed out that the Indian life industry is in a favourable position as it fulfils essential societal needs without product substitutes. "The industry addresses critical societal needs, which include life protection and credit protection. It also provides investment and retirement solutions to individuals and their families. Currently, there is no substitute product available in any other industry. As per capita income in India increases, and various demographic segments emerge, the need for life insurance products and various forms of protection that we provide will become even more evident."

Vibha Padalkar, MD and CEO of HDFC Life Insurance Company, stressed that the life insurance industry should focus on increasing penetration, especially in rural areas and among women. "Life insurance penetration in rural areas, currently at around 5 per cent, is one-sixth of that in urban India, where penetration stands at around 30 per cent. Additionally, only 9 per cent of women are covered, compared to 18 per cent of men. This represents a substantial growth opportunity for the industry." The CEOs also unanimously expressed readiness to seize this growth opportunity.

Padalkar stated, "We have made significant progress with 2.7 million agents and over 11,000 branches spread across the country. Presently, there is no region or district where the industry is not collectively present." The industry leaders also asserted that the lack of capital is not a challenge for the industry. Tahilyani explained, "There is no dearth of capital in the industry, and raising additional capital, whether from promoters or capital markets, is not an impediment. The real challenge lies in using capital to raise awareness among consumers and increase product penetration."

They also advocated that the life insurance industry should draw inspiration from the MF industry in terms of marketing and diversifying its product offerings to enhance penetration. The industry leaders also supported the idea of allowing life insurance companies to offer health insurance products. Bagchi stated, "Health is the bridge between life and mortality. Therefore, health insurance aligns well with life insurance products."

The CEOs believe that granting regulatory permission for life insurance companies to sell health insurance will enhance underwriting in the industry, reduce misselling, and elevate protection levels, ultimately benefiting consumers. Padalkar highlighted, "Currently, if someone succumbs to a major illness, the nominee must file multiple claims with health insurance, life insurance, and general insurance companies. In contrast, allowing one consolidated claim would be much more consumer-friendly."

(The writer is Krishna Kant.)

TOP

Technology can help reach more customers in life insurance sector: LIC MD – Business Standard – 31st October 2023

In order to create awareness about life insurance, technology has to play an important part, R Doraiswamy, managing director of Life Insurance Corporation (LIC) of India, said. Talking to Business Standard's Banking Editor Manojit Saha at the Business Standard BFSI Insight Summit 2023 in Mumbai, Doraiswamy said, "Awareness creation is important, especially in lower-middle-income groups. To help achieve this, there are various microinsurance schemes and group covers that can help gain more customers." On customers benefiting from deploying technology, Doraiswamy said, "Technology has a tremendous impact on reaching more customers. Companies are focusing on digital boarding, which will help focus on improving persistence in this sector."

However, he said that people are not willing to write off the insurance premium. On being allowed to sell health insurance policies, Doraiswamy said, "We have been in the health market for quite some time. A life insurance company in the health insurance business will have better standing in terms of data building." He added, "If we have to reach the "insurance for all" policy, we have to look for purpose before profit. That's one area LIC has been looking at."

Naveen Tahilyani, managing director and chief executive officer of Tata AIA Life Insurance, said that investment in capital is necessary to create awareness among people. "We need to build awareness to make people realise that life insurance is important. In order to create demand, we need to create awareness," he said. However, he said, a lot of people postpone buying life insurance due to the cumbersome process that exists now.

"As an industry, we have around 11,000 branches across India. However, one bank has over 11,000 branches. Hence, investment is necessary in terms of creating more centres across the country," he added. On awareness in rural India, he said, "We need to invest to reach rural India. This can happen by focusing on expanding reach, generating reach, and deploying technology." On being allowed to sell health insurance policies, he said, "We are allowed to do a lot with health and wellness. Health and wellness can make us an attractive industry. It can help us become a more digitally-oriented industry that can appeal to the youth."

Speaking of the Covid-19 pandemic and the outcome it had on the industry, Mahesh Balasubramanian, managing director of Kotak Mahindra Life Insurance Company, said, "This industry bore the brunt of Covid-19 pandemic. We settled over 72,000 crore worth of claims in a pandemic year, working largely from home. I don't think anybody would have envisaged business continuity plans [BCPs] of this nature, but we all stood the test of time, and everything was done digitally. I must admit that the radiator also supported us in terms of giving us the ability to be digital."

On the industry's future, Anup Bagchi, managing director and chief executive officer of ICICI Prudential Life Insurance, said, "If we look at this industry, it is meeting a couple of societal needs. One is life protection because we are a country with a huge demography. Second is credit protection. Then, there's reinvestment risk and retirement planning because I believe there's no other substitute product in any other industry that meets societal needs."

"The regulator is doing a very good job of nudging us, encouraging us, and also, in a way, facilitating many of the issues. I think it's a bright future ahead for us," he added. "We will start covering more and more people through bundled products. I am confident more people will come into the insurance net," said Vibha Padalkar, managing director and chief executive of HDFC Life Insurance.

TOP

Leveraging blockchain to elevate customer experience in Life Insurance – The Economic Times – 28th October 2023

Globally, the blockchain market size is predicted to reach $162.84 billion by 2027 with a CAGR of 68.4 percent. Hence it's evident that insurance industries leveraging blockchain will be significantly high, more importantly in the life insurance sector. Blockchain is essentially a permanent and immutable record of transactions within a network. At the root of the blockchain are ‘digital ledgers’ that are distributed amongst all network participants to serve as a common source of truth. The decentralized ledger technology is just breaking the surface in the immense potential to revolutionize nearly every industry in the global economy, including Insurance, finance, healthcare, supply chain management, and many more. The insurance and re-insurance industries are complex, with numerous stakeholders involved, including policyholders, insurers, reinsurers, brokers, and regulators. The adoption of blockchain technology in these industries could potentially build trust with the consumer, streamline processes, increase transparency, and reduce costs. One of the areas where blockchain can help is to improve the customer experience in the insurance industry by providing policyholders with more control over their data. Blockchain-based insurance solutions can give policyholders the ability to manage their policies and claims data securely and transparently. This can lead to increased trust in the insurance industry and improved customer satisfaction.

(The writer is Pankaj Gupta.)

TOP

GENERAL INSURANCE

There's distrust regarding claim settlements: PolicyBazaar's Yashish Dahiya – Business Standard – 31st October 2023

"India is the fifth largest economy in the world, but we are at the 15th spot when it comes to insurance coverage and that is an anomaly," said Bhargav Dasgupta, the chief executive officer of ICICI Lombard General Insurance at the Business Standard BFSI Insight Summit on Tuesday. We believe that if the "insurance for all by 2047" agenda has to be realised, we need to move towards more freedom in terms of regulations and towards a principle-based outlook instead of a rule-based one, Dasgupta added.

Responding to Business Standard's query about the lack of insurance penetration in the country, the co-founder of PolicyBazaar, Yashish Dahiya, said, "General insurance industry coverage is not something that can be changed overnight and I think the groundwork has been done to expand insurance coverage in the country." He added that the "asset base" in the country has to increase to effectively widen the reach of the general insurance industry. Dasgupta of ICICI Lombard General Insurance highlighted that the industry needs an atmosphere where the regulator can have confidence and trust in the industry. He added that the players engaged in the general insurance industry also need to act responsibly. We also need to make regulatory changes, keeping the industry's needs in mind, Dasgupta said.

Speaking about the growth in the insurance industry, Dasgupta said that if we examine the growth of the general insurance industry, the cost of insurance products has decreased in recent times, and still, the industry has grown by 15-20 per cent compounded rate per year. The Indian general insurance industry is performing better than other countries, he underlined. This industry has the potential to expand and reach Rs 10 trillion within six to seven years, Dasgupta added.

Kishore Kumar Poludasu, managing director and chief executive officer of SBI General Insurance, said that as India aspires to be a developed nation by 2047, there is ample push in the insurance sector. On the penetration of general insurance in India, Poludasu said, "In the US, what we observe is that general insurance is higher than the life insurance penetration. But in India, the situation is completely reversed." He added that the insurance sector has to strengthen its internal structure for better risk management. "New products, innovative ways to deal with customers and digitisation will help in improving penetration and awareness across India," he said. General insurance penetration through these means can rise by 20-25 per cent, Poludasu added.

Speaking about the Bima Sugam scheme and Bima Vahak promoted by the government and Insurance Regulatory and Development Authority of India, Yashish Dahiya of Policy Bazaar said that this effort to expand insurance coverage is welcome. This can act as a new channel to attract more customers. Echoing Yashish Dahiya, Kishore Kumar Poludasu said that Irda's new initiative, "Bima Trinity", is a game-changer. "Bima Vistaar provides comprehensive coverage for life insurance, general insurance, and health insurance. Bima Sugam is an online platform that will help customers and insurers come together," he added. Dahiya talked about the mindset of consumers buying insurance products and said there is a degree of distrust regarding claim settlements. While the insurance industry is performing well and settling claims based on their merit, the common perception among people is different. The industry should work to increase trust. This can truly expand coverage, and 25 per cent of people who can afford health insurance will start buying insurance, Dahiya said.

Ritesh Kumar, managing director and chief executive officer of HDFC Ergo General Insurance, said that the insurance industry needs to attract capital, which will help align rules and regulations with those overseas. On risk-based solvency, he said, "Risk-based capital will move to a principle-based solvency. People who have diversified portfolios will need to hold less capital." He added, "Risk-based solvency will consider market and credit risk. It is a holistic measure rather than rule-based solvency."

Discussing the challenges the industry faced during the pandemic, Dasgupta said that the industry paid between Rs 30,000 crore and Rs 40,000 crore worth of claims during the pandemic. "We never approached the government or sought any exemption from claim settlements," he said. Dasgupta highlighted that the general insurance industry remained resilient during the pandemic and stood strong. This was a true test of the industry's capabilities, and the general insurance industry performed admirably, Dasgupta highlighted.

Speaking about health insurance, Dahiya said that health insurance is a complex area where people tend to blame the insurance companies but do not question the hospital that overcharges. Hospitals tend to charge more if they know a patient is insured. He said large-scale assets are mostly insured; what we need to do is expand the reach to the general public. Ritesh Kumar of HDFC Ergo said, "At its core, health insurance needs to be affordable. It is a complex issue as we are a regulated industry, but the provider (health service) is not regulated."

TOP

Understanding Cyber Insurance: A Crucial Investment for Modern Businesses – Express Computer – 31st October 2023

In today's digital age, where businesses rely heavily on technology and online operations, the threat of cyberattacks is ever-present. From data breaches to ransomware attacks, the potential for financial loss and reputational damage due to cyber incidents is a real concern. This is where cyber insurance comes into play, offering a safety net for businesses in the event of a cyber catastrophe. In this article, we will explore what cyber insurance is and why it is crucial for businesses to invest in it.

What is Cyber Insurance?

Cyber insurance, also known as cyber liability insurance or cybersecurity insurance, is a specialized form of coverage designed to protect organizations from the financial fallout of a cyber incident. These incidents may include data breaches, hacking, malware infections, denial of service attacks, and other forms of cyberattacks. Cyber insurance policies typically cover a range of expenses related to these incidents, such as legal fees, notification costs, public relations efforts, and even the costs of recovering lost data.

The Importance of Cyber Insurance

Financial Protection: One of the primary reasons to invest in cyber insurance is to protect your business financially. The costs associated with a cyber incident can be staggering. It's not just about the immediate costs of mitigating the breach, but also the potential for lawsuits, regulatory fines, and loss of business. Cyber insurance can help cover these expenses, ensuring that your business remains financially viable.

Legal Support: Cyber incidents can lead to legal action, whether it's from affected customers, regulatory bodies, or other parties. Cyber insurance can cover the costs of hiring legal experts to navigate these complex and potentially costly legal challenges. Business Continuity: Cyberattacks can disrupt your business operations. Ransomware attacks, for example, can lock your systems and data, making it impossible to carry out your day-to-day activities. Cyber insurance can provide coverage for the costs of restoring and recovering data.

Compliance and Regulation: With the increasing focus on data protection and privacy, many industries are subject to stringent regulations. Cyber insurance can help ensure that your business remains compliant with these regulations, as it often covers the costs of fines and penalties resulting from non-compliance. Customized Coverage: Cyber insurance policies can be tailored to the specific needs of your business. This means you can choose the coverage options that are most relevant to your operations, ensuring that you are adequately protected without overpaying for unnecessary coverage.

In an age where technology is the backbone of most businesses, cyber insurance is not an option but a necessity. The digital landscape is fraught with risks, and no organization, regardless of its size or industry, is immune to cyber threats. Cyber insurance provides a safety net, offering financial protection and peace of mind. It allows businesses to navigate the complex and costly aftermath of a cyber incident while focusing on their core operations. Investing in cyber insurance is an essential step in ensuring the long-term sustainability and resilience of your business. It's not a matter of "if" a cyber incident will occur, but "when." By having cyber insurance in place, you can better position your business to respond effectively to cyber threats, minimize the financial impact, and maintain the trust of your customers and stakeholders. In this digital age, cyber insurance is an investment in your business's future.

TOP

BS BFSI Summit: General Insurance sector eyeing 1.5% penetration by 2030 – Business Standard – 31st October 2023

Key industry players revealed at the Business Standard BFSI Insight Summit on Tuesday that the general insurance industry is planning to increase its penetration to 1.5 per cent of gross domestic product by 2030, up from the current 1 per cent.

Bhargav Dasgupta, managing director (MD) and chief executive officer (CEO) of ICICI Lombard General Insurance Company, said, "We had 0.5 per cent penetration when we started; reaching 1.5 per cent in seven to eight years should be feasible. The general insurance industry is expected to grow at a compound rate of 20–25 per cent for the next 10-15 years due to the reforms and progress witnessed in the industry." In the past two decades, the industry has grown at a rate of over 16 per cent despite experiencing price corrections. The per-sum insured price that was charged as an industry has seen moderation, particularly from 2008 to 2012. In a favourable environment, Dasgupta expects the industry to exhibit healthy growth.

The penetration of general insurance companies in India stands at 1 per cent, compared to the 3.2 per cent penetration of life insurance companies. India's penetration is also lower than that of other countries around the world. Due to this low penetration, the leaders of major general insurance companies believe that there is a 4x untapped potential opportunity in India. According to Kishore Kumar Poludasu, MD and CEO of SBI General Insurance Company, to bridge the gap between life and general insurance penetration, companies can focus on rural areas where most assets are uninsured, leading to an absence of risk transmission.

Furthermore, favourable regulations, new products, fresh capital, innovative customer engagement methods, and support from digital technology can help increase the sector's penetration. "The changes initiated by the regulator have facilitated the launch of new products and innovative customer engagement methods, whether in business sourcing, servicing, or claim settlements, with appropriate support from the digital architecture. This, combined with more new entrants into the industry, will help improve penetration and awareness across the nation," added Dasgupta.

With strong support from the insurance regulator and an influx of robust capital for the industry, its growth will receive a significant boost. "I believe that with a sound foundation, it is important for the industry to attract capital. We observed Yashish Dahiya, CEO and co-founder of PolicyBazaar. In addition to industry capital development, maintaining consistent legal standards is equally crucial. There needs to be a certain level of trust and confidence in insurers by regulators, with responsible behaviour from companies in return.

Moreover, increased transparency and the ability to easily identify fraudulent claims in the industry will contribute to its growth. "The more transparent the industry becomes, the faster claim settlements will be. We aim to process claims quickly for rightful claimants, but not for those who have misdeclared," said Ritesh Kumar, MD and CEO of HDFC Ergo General Insurance. Lack of trust and confidence in the sector, coupled with a lack of awareness, is one of the factors hindering the growth of the insurance industry.

"What will change the consumer's mindset towards purchasing more policies? I think the industry, not only in India but globally, suffers from a trust deficit or a confidence deficit, stemming from service difficulties. The industry does a great job of settling claims, but there is a disconnect. When you examine the data, many claims encounter issues. If we can address this, it would truly expand the industry," Dahiya added.

The panel also highlighted the advantages that a diversified portfolio will gain from the shift to risk-based capital and solvency. "What will change is that people with a more diversified portfolio will require less capital. This begins to offer benefits for diversification," added Kumar. This shift will also redirect the focus from a top-line approach to a profitability approach, with a major emphasis on return on capital.

"In the risk-based capital (RBC) framework, we foresee a shift from a top-line approach to a profitability approach, where return on capital will play a significant role in determining the industry's business mix going forward," Poludasu added. Additionally, the RBC approach may influence the strategies of companies depending on their capital constraints. Risk-based solvency will also consider portfolio quality and market risk, representing a more holistic approach compared to the existing rule-based approach.

(The writer is Aathira Varier.)

TOP

Overseas student travel insurance policies to get bigger and better. Here's how – Moneycontrol – 31st October 2023

Soon, students flying out to pursue studies overseas will be able to buy new, 'improved' overseas travel insurance policies. A few Indian insurance companies are in the process of redesigning their overseas student travel products to keep up with the times, especially post Covid-19 pandemic, for those aspiring to fly out to the US and UK for further studies. According to the insurance industry officials Moneycontrol spoke to, these companies include Royal Sundaram and Tata-AIG General Insurance.

"A notable trend has emerged post-pandemic. Numerous universities in the US and the UK have expressed concerns about the coverage provided in the overseas student travel policies offered by Indian insurers. Recognising these concerns, three prominent Indian general insurance companies are taking proactive steps to reassess and restructure their product offerings. This includes increasing the medical evacuation cover and offering higher sums insured at a lower premium," says Manas Kapoor, Business Head - Travel Insurance, Policybazaar.com. The plan is to introduce these updated products by the end of this year.

In time for April decisions

Royal Sundaram plans to have its products in place before April, which is when students get confirmations on securing admissions and begin scouting for travel insurance products.

"We are redesigning our overseas student travel insurance policies because some universities abroad often look to deny approval to covers bought from India on some ground or the other. They have certain requirements – essentially larger covers – which we are trying to fulfil through our new products. For instance, our coverage for repatriation of remains (an unfortunate event where the student passes away and the body has to be brought back to India) is $10,000. However, a lot of universities feel it should be $50,000. We cover termination of pregnancy under maternity cover, but some universities say all expenses should be covered," says Nikhil Apte, Chief Product Officer, Product Factory (Health), Royal Sundaram General Insurance.

He believes the probability of such covers being needed is lower, but because of such requirements, students may have to buy policies – that are typically more expensive – from local insurance companies with whom universities have tied up.

Royal Sundaram will look to offer a product that promises coverage up to $1 million. "Now, some universities also insist on unlimited medical coverage, which will never be a reality in India. We already have student travel policies with sums insured of up to $7.5 lakh. We plan to extend this to $1 million so as to satisfy the universities' requirements," adds Apte.

Most students fly out in the months of June, July and August, ahead of the fall season, to pursue their courses. The purchase decisions around insurance typically happen in April. "Our endeavour is to work on the product over the next three months and have them ready before April. While IRDAI's use-and-file procedure has made product launches relatively easier, we need to have the IT infrastructure in place and commence training programmes for channel partners prior to the rollout," he says.

Insurers look for newer distribution partners

The general insurance industry is also looking to sign corporate agent agreements with overseas education counselling institutes for greater access and acceptability among students as well as their universities. "For instance, overseas education counselling firms such as IDP. If that works out, they can deal with multiple insurance partners by the time the visa and admissions pick up pace in April," says Apte.

Education counsellors throw their weight behind policies from local insurers the universities have tied up with. "These are group policies, custom-made for the students of those universities. Even though Indian policies could be 10-15 percent cheaper than university-recommended covers, the latter are more comprehensive. They offer wider coverage and acceptance in the destination country and hence, we recommend students to stick to the safer alternative of university-linked covers," says Dhaval Mehta, Director and CEO, Globestar EduTech Pvt Ltd.

According to them, even if premiums of overseas travel insurance policies offered by Indian insurers would be cheaper, at the time of claim, your payouts could be higher. "This is because of the limited cashless network of hospitals and clinics that Indian policies typically provide access to," says Rohan Ganeriwala, Co-founder and Director, Collegify, an education consultancy firm. As a result, the deductibles – the amount that you have to shell out from your pocket before the insurer chips in with the rest – are higher as you could be seeking treatment at a non-network hospital or clinic.

“For instance, say you have incurred treatment expenses of $100. if you are covered under the insurance policy purchased through the university tie-up, your deductible could be $20. In the case of an Indian insurance policy, your deductible could be as high as $50 or $60 as the clinic may not be in your insurer’s cashless network of medical facilities. If the medical centre does not consider your policy to be valid, you might have to foot the entire bill yourself,” he adds.

Before you take a call, compare the premium rates as well as the cashless network of hospitals and clinics. If your university gives a hassle-free go-ahead to overseas student plans purchased in India, you will net sizeable savings. Not only does overseas student travel policy cover medical expenses but also loss of passport or baggage, flight delays, missed connections, trip cancellation and so on.

“Overseas student travel policies have been designed keeping most universities’ requirements in mind. They are adequate to meet university’s coverage requirements. Some may have stringent rules, but this is not a very common phenomenon,” says Bhabatosh Mishra, Director, Claims, Underwriting and Product, Niva Bupa Health Insurance.

(The writer is Preeti Kulkarni.)

TOP

Travel insurance: Ensure you’ve got the right cover – Deccan Herald – 30th October 2023

Unpleasant situations on a trip can be nightmarish when navigation them on a strange land. While travellers have woken up to the importance of travel insurance, they may still be blindsided to the appropriate cover they need to seek to tackledifferent eventualities. A plain vanilla travel insurance will not do the job when caught in specific predicaments. So it is important to research and pick the right policy and not be caught unawares by a mis-sold travel cover that is not tailored to variant needs.

Here are some scenarios that need to be anticipated and covered:

- Pre-existing diseases: Travellers’ conditions such as diabetes or hypertension need to be accounted for while travelling abroad.
- Senior citizens: Travellers aged 60 or above who might also have pre-existing diseases.
- Adventure & extreme sports: Travellers with a penchant for sports and activities that might pose a risk to their life & health.
- Geo-political unrest: Travellers who might encounter geo-political unrest or terrorism when on a trip
- Emergency trip extensions: Travellers who might need to extend their stay on a trip due to an unforeseen situation.
- Travel delays & missed connecting flights: Travellers who might face unprecedented delays on their trip and end up missing their connecting flight or face other interruptions.

What is mis-selling?
It simply refers to the unethical practice of selling a product to customers that proves unsuitable for their needs. This can result in the customer paying for unnecessary or inadequate coverage for their needs. It is also important to note the pivotal role played by the Insurance Regulatory and Development Authority of India (IRDAI) in addressing this concern by mandating insurers deliver transparent policy-related information to potential customers.

Some ways of mis-selling:

- Exaggerating benefits of a policy
- Downplaying the policy's limitations
- Distorting facts and presenting misinformation
- Failure to disclose crucial information Selling features that are not required

Why does it happen?
Unlike the kind of time and effort invested in trip planning, very little effort goes into buying travel insurance. Often convenience triumphs and people either go for bundled deals or simply trust their travel agent's recommendation. This lack ofawareness can expose them to the potential risks especially with the scenarios mentioned above. Travellers must familiarise themselves with their travel policy to avoid being duped.

Tips when purchasing travel insurance
Disclose all information
To ensure your claim process is smooth and hassle-free, it is of utmost importance to share accurate and comprehensive information. For instance, disclose your medical history and check if your pre-existing condition will be covered in the policy. If yes, what will be the extent of coverage? Are there any exceptions to the rule? Similarly, if you plan to indulge in extreme sports or adventure, check the extent of coverage in case something unfortunate strikes. For thrill-seekers and adventure travelers, traditional travel insurance policies may not cover activities like skydiving, scuba diving, or mountain climbing. Specialised adventure and extreme sports coverage can provide the protection you need for these high-risk activities. Neglecting any such information may result in disagreements or even rejection of claims.

Carefully evaluate your needs
Travel insurance must come to your rescue when you need it. For that to happen, you first need to go over all your special requirements and evaluate if they fall under the coverage umbrella. If you are required to travel to a country that's prone to political unrest or terrorism, check what all will be covered under the policy and what doesn't make the list. Similarly, if you have senior citizens traveling, a regular plan may not be the best option for them. There are plans specifically designed with benefits meant for senior citizens. Like coverage for pre-existing diseases, a longer stay and no sub-limits. Pick a policy accordingly.

Preparing for unanticipated situations
Not everything can be known before-hand, scenarios like unexpected travel delay or missing a connecting flight is not something you know already. Travel insurance can provide compensation for additional expenses incurred due to these delays, such as meals, accommodations, and alternative transportation arrangements. It ensures that you can continue your journey with minimal disruption.

How to avoid falling prey?
When purchasing travel insurance, it is crucial to ask the right questions regarding the coverage and exclusions. Before finalising your policy, always check the trusted online aggregators and plans listed with verified information. Avoid choosing a plan with unnecessary add-ons that do not benefit you. Additionally, review the inclusions of the travel insurance plan and be certain that you are not paying for anything you do not require.

(The writer is Manas Kapoor.)

TOP

Demystifying Aviation Insurance: Understanding the significance of All-RiskCoverage in aviation – The Economic Times – 28th October 2023

Aviation insurance is a crucial aspect of the aviation industry, providing essential coverage for a range of risks that aircraft operators and owners face. The Indian aviation market is estimated to be around US$20 billion, and India is the 3rd largest domestic civil aviation market in the world, making it a significant market for consumers, employment generation and contributing to India's GDP. Hence insuring this sector is crucial. The insurance industry has been supporting the growing demands of the aviation industry in India, which includes Airlines, Airports, Manufacturing and Space. Let us understand how the insurance for the aviation industry works, the fundamentals of all-risk coverage and how insurance premiums function. Aviation insurance being a catastrophic class of insurance, the distribution of risks is the key to a stable and consistent flow of insurance capacity. Insurance companies are playing a significant role in risk distribution, along with providing insurance support for day-to-day requirements. Additionally, the Indian aviation industry is not away from the impact of globally critical events like 9/11 WTC attack, Russia Ukraine conflict, the B737 Max tail end risks and even the current Israel- Palestine situation.

(The writer is Sourav Biswas.)

TOP

HEALTH INSURANCE

There is no need to stay admitted in the hospital for 24 hours for an insurance claim – Moneycontrol – 2nd November 2023

After taking health insurance, the conditions related to the claim statement are the most important, the condition of 24-hour hospitalization. Generally, most health insurances have the condition that a minimum of 24 hours of hospitalization is required for the claim. However, it is not necessary that one has to be admitted to the hospital for a full day for an illness. Some diseases or problems can be cured in 2 to 5 hours.

Now it is not that you will get a claim only after being admitted to the hospital for 24 hours. Health plans have also come in the market, in which there is no need to stay admitted to the hospital for 24 hours to get a claim. Let's know in this area. In fact, in some of the health insurance policies coming up now, not 24 hours, but 2 hours of hospitalization time are available. In such a situation, you can also claim on being admitted to the hospital for 2 hours. Therefore, before the policy, it should be well understood about the terms of the policy, whether this includes the facility of day care treatment.

The process of filing claims for day-care treatment is similar to regular claims. Nowadays most insurance companies offer coverage for day-care treatment. However, there is a difference between the specific treatment and surgery performed by each insurance company. The special thing is that the facility of care treatment comes with a cashless claim. In March this year, a consumer forum had taken an important decision on matters related to medical insurance, stating that claiming health insurance does not require that a person has been admitted to the hospital or admitted for 24 hours.

TOP

IRDAI's new CIS mandate for health insurance to foster trust, reduce grievances: Experts – The Economic Times – 2nd November 2023

According to a recent circular by the Insurance Regulatory and Development Authority of India (IRDAI), health insurance companies, middlemen, and agents will have to provide simplified customer information sheets (CIS) for health insurance policyholders. A customer information sheet or CIS gives you a glance at the key policy details in a summarised format. These updates mandate insurers to furnish crucial details on the Customer Information Sheet (CIS), encompassing vital information for policyholders such as the insurance product's name, policy number, insurance type, sum insured, and more, Kishore Kumar Poludasu, MD & CEO, SBI General Insurance explained.

(The writer is Sheersh Kapoor.)

TOP

By Dec-end, India set to showcase a workable insurance claims exchange – Financial Express – 30th October 2023

Discharging a patient from a hospital has always been about tedious paperwork and long hours spent staring at the clock. There is reason to believe that much of this could change. In the next two months or by the end of this calendar year, the country may well be able to demonstrate a workable health insurance claims exchange. "We hope that in the next two months we will be able to demonstrate a workable insurance claims exchange," says Dr Basant Garg, mission director, Ayushman Bharat Digital Mission (ABDM) and the additional CEO at the National Health Authority (NHA).

Called the National Health Claims Exchange or NHCX in official parlance, it is a digital deliverance of sorts, that could sharply cut down both the time spent and the cost incurred in insurance claims processing. Put in place by the National Health Authority (NHA), the NHCX is a digital public health infrastructure to link up the entire health insurance eco-system to enabling a seamless processing of health insurance claims.

Sandbox stage

Currently, in a sandbox stage, the NHCX took a major step in this direction between October 25th and 27th, when the insurance companies and the TPAs (Third Party Administrators) were able to demonstrate that they could electronically receive and send the claims and get ready for the next stage of processing it and this involves getting the standardisation in place.

The exchange will be introducing standards for claims filing by the hospitals. "Each hospital would have to meet certain standards and these would be pretty simple international standards like LOINC codes for laboratories, similarly standards for ICDs and for drugs. So, if the standardised language is used then claims will be easily identifiable and readable," says Dr Garg. When such standardisation is in place, the details could be machine-read and processed instead of having a human read it at the other end, as is being done currently. If a diabetic patient's fasting blood sugar results are shared in a standardised laboratory code then it only takes a machine to validate the ailment of the patient and enable the claims processing.

Earlier, in August, 29 insurance companies and 18 TPAs (47 entities in all) that make about 99 per cent of India's insurance sector by volume took to integrating into the national health exchange. They had to log into the NHA system and start testing their integration and demonstrate that their systems were able to create ABHA (Ayushman Bharat Health Account) – the unique health IDs that are assigned to every citizen apart from unique IDs for doctors, nurses – the complete treating team as it were, with health professional ID along with unique IDs for all hospitals and laboratories. As a result, when there is a claim, there is a unique ID for all – patient and the treating team and of the hospital or the laboratory where the test happened. This will play a crucial role in checking fraudulent claims.

To understand the significance of health claims exchange it is important to understand how hospitals are filing their claims with the insurance companies at the moment. Typically, a hospital gets patients covered by different insurance companies and the hospital needs to log into the software applicable that a particular insurance company, upload the documents, usually in PDF form and the claim is filed into the individual system of that insurance company. It means logging into several softwares applicable to different insurance companies.

"The most painful aspect is that of claims processing, which is mostly manual as these PDFs get read manually and lead to back and forth emails exchanges for various reasons, including seeking clarity. All of it leading to delays in claims processing resulting in costs to all the stakeholders – patients, hospitals and the insurance companies," says Dr Garg. Ask him about the costs involved, and he says, "today, it is estimated that the cost of one claim to be processed is around Rs 500 per claim that is typically borne by the insurance company but eventually transferred to the patient. The impact of these inefficiencies fall on the patient ultimately."

So, with the health claims exchange, instead of all insurance companies having their individual claims professing platforms, there would be a single pipeline where claims would be sent from the hospital to the insurance company, identifiable by certain labels and the claims filed by a hospital will land only with the relevant insurance company. "So, instead of multiple softwares there will be one single gateway, which we call the National Health Claims Exchange and all the back and forth between the insurance company and the hospital will happen over this platform," explains Dr Garg.

He also adds that all of it will also reduce the claims processing time. "If today the total processing of a claim takes 15 to 30 days or more, it will be down to minutes with machine readability. Plus, the cost of processing a claims could come down to around Rs 500 per claims to roughly around Rs 10 to Rs 12 per claim. In addition, the added comfort with standardisation will be reduction in error and containment of fraudulent claims," he says.

OPD coverage, the biggest benefit

But the bigger benefit, he says, is that we could move insurance companies towards covering OPD. "Today, no insurance company provides OPD cover and this is for the simple reason that an average OPD claim would be for Rs 200 or Rs 300 but since the processing cost alone is around Rs 500 then servicing that OPD claim becomes an unviable proposition. But if the cost of processing is brought down to Rs 10 or Rs 15 then OPD insurance becomes viable," says Dr Garg.

Why OPD insurance matters? Here, Dr Garg makes an important observation: "Because there is no OPD insurance, the uptake of insurance as OPD is the bulk of the reason why people consult a physician and therefore see no reason to pay for an inpatient insurance. If this taken care of then overall insurance net in the country and we will see a rise in insurance penetration in the country." On the current rate, there are various estimates but could be at best in the region of 8 to 9 per cent, including group insurance. This, apparently is one big reason why the national claims exchange is being with the National Health Authority.

Partners in the journey

Giving a back drop to the journey towards the claims exchange, Dr Garg says, "the effort to conceptualise and design it began 8 to 10 months ago jointly done by IRDAI (Insurance Regulatory and Development Authority of India), National Health Authority with steering groups and working groups formed and comprising of several experts. "After a good amount of deliberation and because we had to experience of running the PM-JAY (Pradhan Mantri Jan Arogya Yojana), which is often referred to as the world's largest health insurance / assurance scheme that is fully financed by the government, the lead was taken for the claims exchange with the support of the IRDAI. Using the good offices of the IRDAI, we were able to get the 47 insurance companies and TPAs on board and the IRDAI is also lending whatever support it can offer to ensure the implementation also happens," says Dr Garg.

When the claims exchange was being conceptualised, a working group was formed with people with experience in digital health and public health roped in. They played an important role in conceptualising it. For instance, one entity that has been involved in the claims exchange since the beginning has been Swasth Alliance, a one-of-its-kind collaborative backed by industry leaders, startups, experts and public-spirited people, that leverages digital technologies to drive healthcare inclusion and for better health outcomes. "Now, when NHA will roll it out, their help as also of all the other public-spirited people and entities would again be needed to popularise it also," says Dr Garg.

In fact, Swasth has already created a claims exchange and given the huge challenges in this hugely complex arena of claims processing, the government could leverage even the platform built by Swasth as ideally the size of the country will need more players and having two exchanges could be an ideal start.

Standardisation, the way forward

On standardisation and the possible challenges, Dr Garg explains, "the standards that we are talking of are already available and do not need to be created. All that the hospitals and insurance companies will need to do is to modify their systems and start using these standards. Once the provider and the payer start using the internationally known standards then the process can take off." Will this not be a challenge for a small healthcare provider in a remote location of India? "It will not be a challenge for a small healthcare provider in a remote location, as it will typically be focussed on only few diseases unlike a super-speciality in a big metropolitan city and will just need checklist of standards for those few ailments that it is largely addressing in that region," he says.

The logic is that Indians are very adaptable and even those who are illiterate are able to use QR codes today for financial transactions so once the standards are made mandatory, the adoption can be possible across the board more so because in this space there are participants who are all educated and can easily appreciate the value of standards.

Underlining the importance of ABHA, he feels, people need to log into abha.abdm.gov.in and a matter of just five minutes create their ABHA ID using the Aadhaar number. Today, 47 crore Indians out of a total of 140 crore have their ABHA. That is nearly 35 per cent of the population has ABHA and medical professionals getting their health professional ID.

With the claims exchange and the manner in which it is being articulated, some see seeds of hope for an NPCI like set up in healthcare. Much like the NPCI, which played a crucial in the digital transformation of the financial payments in the country, the claims exchange could potentially have a much deeper impact with the settlement of not just a financial transaction but also of a health issue.

(The writer is E Kumar Sharma.)

TOP

Individuals availed free drugs over 183 crore times through AB-HWC, says health minister – Pharma Biz – 30th October 2023

Union minister of health and family welfare Dr Mansukh Mandaviya has said that the Ayushman Bharat Health and Wellness Centres (AB-HWC) has made a resounding impact with individuals availing free drugs over 1,830 million times and diagnostic services over 873 million times till October 24, 2023.

He was addressing the 76th session of the World Health Organization Regional Committee for South-East Asia. The Minister was also unanimously elected as Chairperson of the 76th session of the regional committee of South-East Asia. Addressing the gathering, he lauded the progress of Ayushman Bharat Health and Wellness Centres which have played an instrumental role in providing a comprehensive array of primary healthcare services.

"As of October 24, 2023, AB-HWCs have recorded over 2,110 million footfalls. The impact is resounding with individuals availing free drugs over 1,830 million times and diagnostic services over 873 million times," said the Minister. He further added, "26 million wellness sessions have been conducted engaging more than 306 million people." He noted that initiatives such as Ayushman Bharat Digital Mission and PM-ABHIM have substantially strengthened the digital health framework and physical infrastructure, catalyzing a revolutionary evolution of the health care delivery in the nation.

"Our current focus on primary health centres through AB-HWC emulating a synergistic approach will result in immeasurably positive health outcomes and reductions in out-of-pocket expenditures and become a model for other countries engaged in health sector reforms," he added. India is expanding health infrastructure, promoting traditional systems of medicine and providing affordable healthcare to all in alignment with the vision of Universal Health Coverage with the resolute commitment of leaving no one behind.

Dr. Mandaviya also addressed the gathering at the tree plantation ceremony taking place at the WHO SEARO Building site, IP Estate, New Delhi stating, "The WHO SEARO building stands as a symbol of collaborative effort of India and WHO to address the global challenges with the objective of ensuring inclusive and equitable development of healthcare services in the South-East region."

The Union health minister noted India's contribution fund of Rs. 239.5 crore to facilitate the successful completion of this grand project awarded to National Building Construction Corporation (NBCC), envisions a hub for collaboration, research and knowledge exchange among health professionals for addressing regional health challenges, sharing best practices and developing innovative solutions.

Dr. Tedros Adhanom Ghebreyesus, Director-General, World Health Organization (WHO) was present virtually for the event. Union health secretary Sudhansh Pant highlighted that the establishment of the South-East Asia Regional Forum for primary health care (PHC)-oriented Health Systems marked a pivotal moment in our commitment to fostering knowledge sharing and collaborative support in addressing challenges hindering PHC strengthening.

Lauding the progress of member states in embracing PHC-oriented health systems, he further reflected, "focused attention is now required in key areas of enhancing capacities for progress tracking and accountability, institutionalizing participatory mechanisms in urban health care (UHC)/PHC governance, and fostering synergized support from WHO and partners tailored to national systems and contextual nuances."

Dr. Tedros Adhanom Ghebreyesus noted that the 76th Session of SEARO comes at a crucial time point in time, both globally and for the region. He said that the South-East Asia region is home to more than a quarter of the world's population and must address a significant burden of disease. Commending the efforts of the region to combat tuberculosis, Dr. Tedros appreciated Dr. Mandaviya's leadership and commitment for 'Health for All'. He added that 7 of the 11 member countries of south east Asia region have eliminated at least of the neglected tropical diseases.

Dr. Poonam Khetrapal Singh, director, WHO SEARO (Regional Office for South-East Asia) commended India's achievement in operationalizing more than 1,50,000 Ayushman Bharat Health and Wellness Centres and also received the 2022 UN Interagency Task Force and WHO Special Programme on PHC award for its hypertension control initiative, which has now treated more than 4 million people.

TOP

IRDAI mandates updated, simple customer info sheet for health insurance cover from January – The Hindu – 30th October 2023

An updated customer information sheet (CIS) for health insurance cover providing policyholders key information in simple terms while highlighting their obligations to make transparent and fair disclosures will be issued from January.

From coverage details, waiting period, limits, exclusions, concepts like free look cancellation, migration, portability, moratorium period, guidance on procedure for claims submission and contact details for filing complaints will be available "in simple language in a snapshot", the Insurance Regulatory and Development Authority of India (IRDAI) said, mandating the revised CIS to the insurers.

Obligations of policyholders to make transparent and fair disclosures of relevant information pertaining to their health since non-disclosure may affect the claim settlement will also be highlighted in the CIS. The insurers are required to obtain signatures of the policyholders confirming they have noted the details of CIS and received it. IRDAI, in a release, said the revised CIS is expected to result in better-informed policyholders, reduced disputes and delays and a seamless health insurance experience for policyholders.

In a circular to the insurers, the regulator said the existing CIS was conceived as a solution to policy documents that may be fraught with legalese, there have been complaints “as a result of asymmetry of information between insurer and the policyholder.” Stipulating the font size too, the regulator said the revised CIS should be made available in local language if any policyholder so desires. It also advised the insurers, intermediaries and agents to obtain policyholders acknowledgment on the sheet.

The circular comes close on the heels of the regulator constituting a 12-member committee for simplification of insurance policy wordings.

(The writer is N Ravi Kumar.)

TOP

Panel to look at expansion of CM’s health insurance scheme – The Times of India – 29th October 2023

The six-member committee appointed to investigate the functioning of chief minister’s health insurance scheme is preparing a comprehensive report which is expected to be submitted by November, said health minister Ma Subramanian. The committee, chaired by national health system resource centre former director Dr T Sundararaman, has travelled to several districts, and visited hospitals, doctors, paramedics, and patients, among other stakeholders to understand how private hospitals’ participation can be enhanced and how the scheme can be expanded, he said.

The report will be submitted to chief minister M K Stalin soon. The state records show that more than 1.4 crore families are registered under the scheme. Every family gets covered for up to 5 lakh every year for more than 1,000 ailments at all government hospitals and empanelled hospitals in the private sector. However, stakeholders patients, hospital administrators, and doctors complain that the 14-year-old scheme not only denies and delays treatment but also puts pressure on government doctors.

Several private hospitals reserved less than 10% of their beds for patients under the insurance schemes forcing patients to go to government hospitals. The Tamil Nadu government doctors’ association says this increases pressure on government hospitals. The association has demanded that the government must increase private participation. “For instance, deliveries don’t come under the scheme. The state does nearly 60% of all deliveries in GHs. For about 5.5 lakh deliveries there are less than 2,000 gynecologists,” said government doctors association president Dr K Senthil. “We must send women to private hospitals too,” he said.

Scheme for middle and higher economic groups
The committee is also exploring options for making health insurance available for people across economic groups. The scheme, which now meant for BPL families, has people from other income groups as well. The committee is working out strategies to see if those in middle and higher economic groups can be accommodate. “The premium for the poor will be paid by the government and treatment will be done only in general wards. People in other economic groups will be asked to pay higher premiums to be a part of the scheme. The rates will depend on the kind of rooms and facilities they want. We are still seeing

if a part of the premium or the entire amount should be paid by the beneficiary. Like all group insurances, the premium cost will be low compared to the individual or family insurance," a source said.

TOP

SURVEY AND REPORTS

Cyber insurance pricing decreases for first time since 2018: Marsh – Reinsurance – 1st November 2023

Globally, cyber insurance pricing decreased by 2% in Q3 of 2023, compared to a 1% increase in Q2, marking this as the first quarter to record an average decrease since the second half of 2018, according to insurance broker and risk advisor Marsh, a business of Marsh McLennan. More broadly, Marsh's Global Insurance Market Index found that global commercial insurance prices increased by 3% in Q3 of 2023, the same as the prior quarter. This marks the 24th consecutive quarter of pricing increases. According to the firm, pricing continued to be relatively consistent across almost all regions in Q3.

This was reportedly driven by a continuation of the trend for rate decreases in financial and professional lines and the aforementioned small decrease in prices in the cyber insurance market. However, this was somewhat offset by property insurance increases, most notably in the US, where property prices rose on average by 14%. Broken down, in the US, Q3 prices rose overall by 4% on average, the same as the previous two quarters. In Latin America and the Caribbean, pricing increased by 10% (up from 8% in Q2). Meanwhile, in Europe, prices increased by 4% (down from 5% in Q2). In the Pacific, prices increased by 1% (down from 2%) and were flat in Asia.

In the UK, composite pricing decreased by 1% (compared to a 1% increase in Q2). In Canada, prices in Q3 decreased by 1%, and India, Middle East & Africa recorded an increase of 3%. As for some of Marsh's other findings, global property insurance pricing was up 7%, on average, in Q3 of 2023, a fall from an increase of 10% in the previous quarter. Casualty insurance pricing increased 3%, the same as the previous three quarters.

The Index also observed that for the fifth consecutive quarter, overall average pricing for financial and professional lines fell. Driven by rate reductions and additional capacity – particularly in the UK – average pricing decreased by 6% in Q3, compared to a decline of 8% in Q2. Commenting on the report, Pat Donnelly, President, Marsh Specialty and Global Placement, Marsh, said, "After years of increases, even a modest reduction in cyber rates will be welcomed by clients and in large part is recognition of the hard work they have done to improve their cyber resilience.

"However, the property market – and property catastrophe in particular – remains challenging and is an area of focus of our work with clients. "In an uncertain geopolitical and economic environment, we are exploring a wide range of risk mitigation options with clients that can help them to manage the broad range of risks they face, build greater organizational resilience, and gain positive outcomes from insurers at renewal."

TOP

95% car buyers opt for zero-depreciation cover: Study – The Times of India – 4th November 2023

Over a decade since their debut, zero-depreciation policies have become the top choice for 95 percent of new car buyers. Often referred to as bumper to bumper coverage, they do not deduct for part depreciation as vehicles age, which has resulted in increased claim frequency. In the past, motor insurance claims included a depreciation clause to align with the principle that claimants should not financially benefit from a claim, but this often left them with out-of-pocket expenses despite the intention to cover the replacement value of old parts. Besides deduction for depreciation, the standard motor policy also had deductions for non-metal parts which is not there in zero-depreciation covers. According to a study by Policybazaar, over 95 percent of new car buyers choose this coverage. It is not only new car owners, but also policyholders renewing or switching insurers who opt for zero-depreciation coverage. More than 85 percent of buyers choose this coverage for up to the third year of ownership.

(The writer is Mayur Shetty.)

TOP

82% unaware of mental health insurance coverage: Survey – Financial Express – 28th October 2023

A recent survey conducted by Sukoon Health has shed light on the perceptions, awareness, and experiences of mental health care in India. With 70% of respondents affirming the importance of diagnosing and treating mental health conditions, the findings signal a significant shift in societal attitudes towards mental well-being. This growing understanding, catalyzed by initiatives like Mental Health Awareness Month, underscores a collective recognition that mental health is as vital as physical health.

Limited Knowledge Persists: The survey reveals substantial knowledge gaps regarding various mental health conditions. Notably, 33.8% had limited to no knowledge about Alcohol & Drugs Addiction, while 22% had a moderate understanding. Knowledge gaps persisted for conditions like bipolar disorder (25.7% limited knowledge), psychosis (54.67% minimal knowledge), schizophrenia (23.86% limited knowledge), Severe Anxiety (24.18% minimal knowledge), and Severe Depression (22.87% minimal knowledge). These insights highlight the urgent need for enhanced mental health education to create a more informed and supportive society.

Prevalence of Mental Health Disorders: Nearly 24% of respondents indicated that either themselves or someone they knew reported having experienced a serious mental health disorder. This brings to light the widespread impact of mental health conditions within our society and speaks to the urgency of prioritizing mental health on a societal level. Recognizing the scale of individuals affected by mental health issues is not only a matter of compassion and empathy, but it also carries significant implications for resource allocation within the mental healthcare sector. One of the prevailing challenges in the mental health landscape is the shortage of qualified healthcare professionals.

The Importance of Diagnosis and Treatment: A significant 29% of participants agreed that mental health conditions require proper diagnosis and treatment, demonstrating a broad understanding of the importance of mental health care and the need for support and intervention. Approximately 33% of individuals actively seek treatment from therapists or counselors for serious mental health conditions. This shift in societal attitudes towards mental well-being is significant, one that recognizes the necessity of diagnosis and treatment being a crucial step towards reducing the stigma associated with mental health conditions.

Diverse Treatment Experiences: Respondents reported diverse experiences with mental health care, with 17% reporting very positive outcomes, while 15% faced very negative experiences. This highlights the need for tailored and person-centered approaches to care.

Barriers to Seeking Treatment: The survey identified significant barriers individuals face when seeking mental health treatment, including enduring stigma and fear of discrimination (30%), lack of awareness (26%), and financial constraints (15%). These findings underscore the multifaceted challenges individuals encounter when accessing mental health care and emphasize the imperative need to address these barriers for a more inclusive and supportive mental health ecosystem.

Insurance Awareness: The survey also highlighted a pressing issue: 82% of respondents were unaware that insurance can cover the costs of mental health treatment. This significant gap in awareness emphasizes the need for widespread education on available resources and support for mental health treatment, ensuring that individuals are aware of the options available to them.

Commneting on the survey findings, Vidit Bahri, Co-founder & Chief Growth Officer, Sukoon Health, said, “With the survey results highlighting a growing awareness of mental health importance in India, Sukoon is optimistic about the future. We are committed to helping individuals live fulfilling lives by recognizing and treating their diagnosis. By providing quality care, adopting a holistic approach, and raising awareness, Sukoon aims to bridge the gap between mental health awareness and treatment. We ensure this through personalized treatment plans, evidence based interventions, enabling facilities, and above all compassionate care.”

TOP

PENSION

EPFO board approves framework for timely dissemination of information – Financial Express – 1st November 2023

EPFO has approved a Communication Framework Document which will help in the timely dissemination of information within the retirement fund body and its stakeholders, an official statement said on Wednesday. The EPFO board also approved the Draft Audit Manual which will help standardize audit procedures, provide a training resource for employees, facilitate decision-making, and consolidate audit information in EPFO, the Ministry of Labour & Employment said in a statement.

The decisions were taken at EPFO‘s 71st Foundation Day on Tuesday. Besides a Draft Exemption Manual was also approved by the board which will help in streamlining the procedures, training and consolidating the information. Union Minister for Labour & Employment Bhupender Yadav along with Union Minister of State for Labour & Employment Rameshwar Teli inaugurated the foundation day event.

“Minister Yadav exhorted EPFO to become a hassle-free and technology-driven organization. He expressed satisfaction that EPFO is giving 8.15 per cent interest this year and has already credited interest in more than 24 crore accounts,” the ministry statement said. Union Minister for Labour & Employment Bhupender Yadav along with Union Minister of State for Labour & Employment Rameshwar Teli inaugurated the foundation day event. “Minister Yadav exhorted EPFO to become a hassle-free and technology-driven organization. He expressed satisfaction that EPFO is giving 8.15 per cent interest this year and has already credited interest in more than 24 crore accounts,” the ministry statement said.

TOP

PFRDA makes 'penny drop' verification mandatory for NPS fund withdrawal – The Hindu – 29th October 2023

The Pension Fund Regulatory and Development Authority (PFRDA) has made ‘penny drop’ verification mandatory for the withdrawal of funds by subscribers of the National Pension System (NPS) for the timely transfer of money. Through the 'penny drop' process, Central Recordkeeping Agencies (CRA) check the active status of the savings bank account and match the name in the bank account number with the name in the PRAN (Permanent Retirement Account Number), or according to the documents submitted. The provisions will apply across the NPS, the Atal Pension Yojana (APY), and NPS Lite for all types of exits/withdrawals as well as for modification in the subscribers' bank account details. The validity of the account is verified by making a 'test transaction' by dropping a small amount into the beneficiary's bank account and matching the name based on the penny drop response. "The penny drop verification has to be necessarily successful with name matching, for processing the exit/withdrawal requests, and also for modifying the subscriber's bank account details," a recent PFRDA circular said.

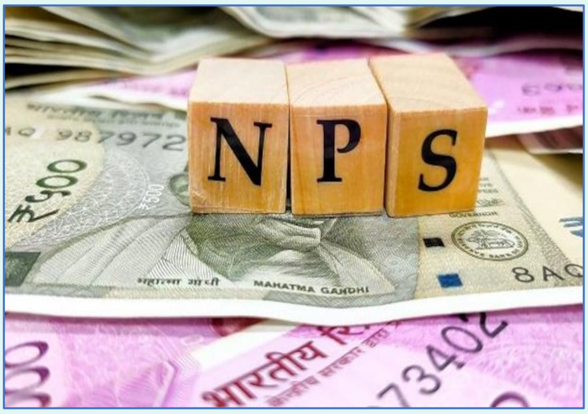
TOP

NPS subscribers can now opt for automated periodic withdrawals of 60% corpus – The Hindu Business Line – 28th October 2023

National Pension System (NPS) subscribers can now opt for automated periodic withdrawal of 60 per cent of their pension corpus through the Systematic Lumpsum Withdrawal (SLW) facility with the pension regulator PFRDA approving its implementation. With this latest PFRDA move, NPS subscribers can avail of the SLW facility through an automated route periodically basis viz monthly, quarterly, half-yearly or annually for a period till 75 years of age as per the choice at the time of their normal exit.

All three Central Record Keeping Agencies (CRAs) have now implemented the necessary technology changes for roll out of the SLW facility to enable withdrawal periodically, sources said. Currently, NPS Subscribers post 60 years/superannuation could defer availing of annuity and withdrawing the lump sum on any combination till 75 years of age.

Prior to the latest PFRDA move, the lump sum amount was allowed to be withdrawn in a single tranche or it could be withdrawn only on an annual basis. If withdrawn annually, the NPS Subscriber had to initiate the withdrawal each time and authorised. Now, with the latest PFRDA move, NPS subscribers can go in for a one-time request to opt for an automated periodic withdrawal with monthly, quarterly, half-yearly and annual time intervals.



Moreover, an NPS Subscriber can also, after setting up an SLW, go and cancel it anytime to claim the balance of the 60 per cent corpus, sources added. However, once a SLW is set up, no fresh contributions would be allowed to the account. To begin with, this periodic withdrawal facility under SLW is being implemented only for Tier-I accounts. Going forward, this automated withdrawal under SLW will be available for Tier II accounts also, they added.

HOW SLW BENEFITS

NPS subscribers could deploy the lumpsum amount (on retirement) in NPS, derive competitive returns at low costs and have drawdowns with desired periodicity. This will be an additional option for highly risk-averse subscribers, ensure efficient delivery of services, reduce compliance burden and costs of intermediaries. So from 60 years (on retirement) till 75 years, you as an NPS subscriber can remain within the NPS system and avail monthly, quarterly, semi-annual or yearly systematic withdrawal.

Either you can take your 60 per cent at one go when you retire at 60 years or stretch it over the next 15 years till you turn 75 years through a systematic withdrawal plan. Through this flexibility, you get a higher return and redeem as you go. Retirees not adept at managing money can settle for periodic lumpsum withdrawals in their golden years without worrying much about their poor investment skills.

This SLW flexibility is essentially targeted at non-government sector subscribers — corporate and all citizens model categories, who are seen as the growth drivers for NPS assets. This SLW facility is also significant given the perceived low annuity returns in the Indian financial system. In September last year, the PFRDA issued an exposure draft and sought stakeholder comments on the introduction of SLW to benefit NPS subscribers and facilitate them with a periodic lumpsum withdrawal facility.

WHAT IS NPS

NPS is a pension scheme introduced by the Pension Fund Regulatory and Development Authority (PFRDA) in India in 2004. As of October 7, 2023, the total assets under management (AUM) stood at over ₹10.21 lakh crore. NPS is mandatory for government servants who joined the service on or after January 1, 2004. For other individuals, NPS is a voluntary scheme that allows subscribers to contribute towards their retirement savings during their working life. The NPS is open to all Indian citizens between the ages of 18 and 70 years.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULAR

Circulars	***Reference***
Constitution of the Task Force to suggest applicable framework post De-tariffication of erstwhile tariffs	https://irdai.gov.in/web/guest/document-detail?documentId=4063144
Taskforce on Bancassurance	https://irdai.gov.in/web/guest/document-detail?documentId=4053784
Circular on revision of Customer Information sheet	https://irdai.gov.in/web/guest/document-detail?documentId=4052017

TOP

GLOBAL NEWS

Asia: Property insurance pricing rises by 2% in 3Q2023 – Asia Insurance Review

Insurance pricing in the third quarter in Asia was flat, the same as in the prior quarter, according to the latest Marsh Global Insurance Market Index.

In its report titled "Global insurance market index Q3 2023 - Pricing continues to stabilise; property line remains challenging", the world's biggest insurance broker, Marsh, makes the following comments about pricing in Asia:

Property insurance pricing rose 2%, the same as in the prior six quarters.

• Some countries, including China and Korea, experienced small pricing decreases, which were offset by pricing increases related to CAT exposure in the region.

• While most domestic insurers demonstrated a return to profitability in their 1H2023 results, some remain cautious regarding the remainder of the year, given North Asia's recent experience with strong weather patterns late in the third quarter.

• Clients in CAT-exposed geographies faced greater scrutiny from insurers.

• While inflation continued to ease from the peaks of 2022, insurers remained vigilant on the impact on their portfolios and maintained requests for updated valuations.

Casualty insurance pricing fell by 2% in the quarter, the fourth consecutive quarter of decline.

• Pricing reflected abundant capacity and in-country competition between international and local companies, as well as decreased turnover for many insureds.

• Casualty insurers continued to scrutinize US exposure due to the size of awards and settlements.

• Workers' compensation and auto liability rates were typically competitive across the region, with pricing decreases experienced in several countries.

• Issues at top of mind for insurers included per- and poly-fluoroalkyl substances (PFAs); bushfire liability, particularly as the El Niño weather cycle begins; product recall; North American exposure; and the claims inflation environment.

Financial and professional lines pricing declined 3% in the quarter, after declining 5% in the prior quarter.

• D&O rates continued to generally decline, with double-digit decreases in several countries.

• There was increased appetite and capacity available from local markets for US-listed companies, resulting in pricing competition and in many instances, reduced rates.

• Pricing was stable for the financial institution sector, with improved terms and coverages offered by insurers in many cases.

Cyber insurance pricing was flat in the quarter, following an 8% increase in the prior quarter.

• Cyber rates stabilized as the market's risk appetite and capacity increased.

• Underwriters continued to focus on cybersecurity controls; some coverage areas continued to face greater scrutiny, especially regarding war perils, given current geopolitical tensions.

• Ransomware severity and the sophistication of bad actors continued to increase. • Data encryption and business interruption were the most impactful loss drivers.

Global

Globally, commercial insurance pricing rose by 3% in the third quarter of 2023, the same as in the prior quarter, according to the report. This was the 24th consecutive quarter in which composite pricing rose, continuing the longest run of increases since the inception of the index in 2012. Increases peaked at 22% in the fourth quarter of 2020.

Regionally, composite pricing for the third quarter was as follows
US: +4%
UK: -1%
Canada: -1%
Europe: +4%
Latin America and the Caribbean: +10%
Asia: Flat
Pacific: +1%
India, Middle East, and Africa: +3%
Source –
https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/86265/type/eDaily/Asia-Property-insurance-pricing-rises-by-2-in-3Q2023

TOP

Philippines: Prospects of insurance market upbeat on growing financial inclusion and consumer awareness - Asia Insurance Review

As financial inclusion and consumer appreciation for insurance continue to grow in the Philippines, there will be opportunities to increase insurance penetration in the market and tailor products to new customer segments, according to Mr Jonathan Matthew Bondy, assistant vice president and head of Actuarial Services for Manulife Business Processing Services (MBPS) in Quezon City.

In an interview carried in the October 2023 issue of The Actuary Magazine: Asia Edition published by the US-headquartered Society of Actuaries, Mr Bondy said, "As more sophisticated products enter the market, such as multipay CI, there will be a continued focus on consumer awareness, product training materials and optimising claims management."

He also said that before the COVID-19 pandemic, universal life (UL) or products with long-term investments were the leading products in the market. Like other Southeast Asian countries, products that prioritised account value development were the norm. Products that offered survival benefits or payback of the accumulated value also were popular because a pure life protection product was not seen as a necessity for most people.

Shift
While these products are still doing well, there has been a shift in the market as the public has gained a heightened awareness of the importance of health-benefit products. As in other countries, there is increased attention on health products, with a critical illness (CI) rider attachment increasing post-COVID-19.

Other measures introduced during COVID-19 continue to allow for innovation in non-face-to-face and digital distribution methods. It also helps that the government is pushing for digitalization and the use of technology, including in the insurance sector.

Demographics
Mr Bondy pointed out that the Philippines, with a population of more than 110m, has room to grow insurance penetration due to limited financial inclusion and awareness of insurance in some segments of the population.

The current insurance penetration level in the Philippines is low due to the general poverty level, lack of technology for some parts of the population and prioritisation of other sectors to boost gross domestic product.

However, there is steep competition for the primary target demographic (upper middle class to affluent), and frameworks are in place to support microinsurance and other products that target lower-income customer segments. Agency is the dominant distribution channel in the country followed by bancassurance partnerships. Recently, companies are increasingly investing in digital channels. Commercial insurance—such as investment-linked policies (ILP), traditional life, HMO and fire insurance—are mostly purchased by middle-class and affluent consumers.

TOP

Majority of respondents polled understand importance of treating mental health conditions - Asia Insurance Review

Seventy percent of respondents to a survey on perceptions, awareness, and experiences of mental healthcare in India, have affirmed the importance of diagnosing and treating mental health conditions.

Sukoon Health, India's pioneering chain of speciality hospitals dedicated to psychiatry, mental health, and addiction, which released the survey results, says that the findings signal a significant shift in societal attitudes towards mental well-being. This growing understanding, catalyzed by initiatives like Mental Health Awareness Month, underscores a collective recognition that mental health is as vital as physical health.

The main survey findings include:
Limited Knowledge Persists: The survey reveals substantial knowledge gaps regarding various mental health conditions. Notably, 33.8% of respondents had limited to no knowledge about alcohol & drug addiction, while 22% had a moderate understanding. Knowledge gaps persisted for conditions like bipolar disorder (25.7% limited knowledge), psychosis (54.67% minimal knowledge), schizophrenia (23.86% limited knowledge), severe anxiety (24.18% minimal knowledge), and severe depression (22.87% minimal knowledge). These insights highlight the urgent need for enhanced mental health education to create a more informed and supportive society.

Prevalence of Mental Health Disorders: Nearly 24% of respondents indicated that either themselves or someone they knew, reported having experienced a serious mental health disorder. This brings to light the widespread impact of mental health conditions within our society and speaks to the urgency of prioritising mental health on a societal level. Recognising the scale of individuals affected by mental health issues is not only a matter of compassion and empathy, but it also carries significant implications for resource allocation within the mental healthcare sector.

One of the prevailing challenges in the mental health landscape is the shortage of qualified healthcare professionals.

The Importance of Diagnosis and Treatment: A significant 29% of participants agreed that mental health conditions require proper diagnosis and treatment, demonstrating a broad understanding of the importance of mental health care and the need for support and intervention. Approximately 33% of individuals actively seek treatment from therapists or counsellors for serious mental health conditions. This shift in societal attitudes towards mental well-being is significant, one that recognizes the necessity of diagnosis and treatment being a crucial step towards reducing the stigma associated with mental health conditions.

Diverse Treatment Experiences: Respondents reported diverse experiences with mental health care, with 17% reporting very positive outcomes, while 15% encountered very negative experiences. This highlights the need for tailored and person-centred approaches to care.

Barriers to Seeking Treatment: The survey identified significant barriers individuals face when seeking mental health treatment, including enduring stigma and fear of discrimination (30%), lack of awareness (26%), and financial constraints (15%). These findings underscore the multifaceted challenges individuals encounter when accessing mental health care and emphasise the imperative need to address these barriers for a more inclusive and supportive mental health ecosystem.

Insurance Awareness: The survey also highlighted a pressing issue: 82% of respondents were unaware that insurance can cover the costs of mental health treatment. This significant gap in awareness emphasizes the need for widespread education on available resources and support for mental health treatment, ensuring that individuals are aware of the options available to them.

Methodology

The survey received responses from 700 participants across India, spanning a wide age range, with 58% falling within the 19-30 age bracket and 41% in the 31-40 category. This indicates a cross-generational interest and concern regarding mental health issues.

TOP

COI Training Programs

Mumbai – Training Programs – November - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	20-Nov-23	24-Nov-23	ClickHere	Common
2	Basics of Aviation Insurance	01-Dec-23	02-Dec-23	ClickHere	Register
3	Retail Marketing for General Insurers	07-Dec-23	08-Dec-23	ClickHere	Register
4	Challenges in Travel Policy and PA Claims	12-Dec-23	12-Dec-23	ClickHere	Register
5	Liability Insurance: Focus Cyber & Crime	18-Dec-23	19-Dec-23	ClickHere	Register
6	Compliance Management for Principal Officers of Corporate Agents-Banks	14-Dec-23	14-Dec-23	ClickHere	Register
7	Compliance Governance and Risk Management (IRCC)	20-Dec-23	22-Dec-23	ClickHere	
8	Resource Building for Growth and Sustainability	01-Dec-23	02-Dec-23	ClickHere	Register
9	Financial Reporting and Analysis (Life)	07-Dec-23	07-Dec-23	ClickHere	Register
10	Workshop on Communication &	11-Dec-23	12-Dec-23	ClickHere	Register

	Presentation Skills (Life)				
11	Life Insurance Claims Management, Legal and Regulatory Issues	18-Dec-23	19-Dec-23	ClickHere	Register
12	International Reinsurance Program	04-Dec-23	09-Dec-23	ClickHere	Common

Kolkata – Training Programs – November - December 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Marine Hull, Oil and Energy Insurance-Underwriting & Claims - CT	20-Nov-23	21-Nov-23	ClickHere	Register
2	Managing Marine Hull, Oil and Energy Insurance-Underwriting & Claims - CVT	20-Nov-23	21-Nov-23	ClickHere	Register
3	Managing Project & Engineering Insurance - Underwriting and Claims - CT	22-Nov-23	24-Nov-23	ClickHere	Register
4	Managing Project & Engineering Insurance - Underwriting and Claims - CVT	22-Nov-23	24-Nov-23	ClickHere	Register
5	Package Policies for Business Insurance: For SMEs, Traders, Jewellers and Bankers-CT	28-Nov-23	29-Nov-23	ClickHere	Register
6	Package Policies for Business Insurance: For SMEs, Traders, Jewellers and Bankers-CVT	28-Nov-23	29-Nov-23	ClickHere	Register
7	Financial and Investment Management in Life Insurance Companies-CVT	23-Nov-23	23-Nov-23	ClickHere	Register
8	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO- CT	19-Dec-23	20-Dec-23	ClickHere	Register
9	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO - CVT	19-Dec-23	20-Dec-23	ClickHere	Register
10	New Vistas in Life Insurance Underwriting	20-Dec-23	20-Dec-23	ClickHere	Register