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INSUNEWS - WEEKLY E-NEWSLETTER

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QUOTE OF THE WEEK

"A man only learns in two ways, one by reading, and the other by association with smarter people."

WILL ROGERS

Insurance Term for the Week

Endorsement in Group Health Insurance Policies

An endorsement is a document that changes certain terms and conditions of an existing insurance policy. The endorsement takes the form of a new insurance policy on top of the existing policy.

Endorsements are highly common in group health insurance policies. This is because when a company avails a group health insurance policy, a standard agreement is offered to the employees of the company. However, over time, changes may need to be made to the standard agreement to reflect the needs and circumstances of the individual employees.

Endorsements are also called riders in the insurance industry. An endorsement or a rider may be needed for a variety of reasons. An endorsement can be made at the time of the purchase of the policy, at the time of renewal of the policy, or at any time while the policy is ongoing.

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INSURANCE INDUSTRY

Insurance industry awaits liberalisation of rules for MGAs to play bigger role- Asia Insurance Review – 4th October 2024

While Managing General Agents (MGAs) are being recognised as a useful innovation tool in less developed insurance markets, they are currently not eligible to operate in India, according to Global Insurance Law Connect (GILC), the network of specialist insurance law firms. However, the Indian insurance regulator is examining the scope of MGAs in the Indian market and there could be the potential for an opening for MGAs in the future, GILC says in the report, "Innovation Abounds: Opportunities for Growth in the Global MGA Market".

Mr Sakate Khaitan, partner at Khaitan Legal Associates in India, commented, "It is expected that once the regulatory environment is created for MGAs in India, some of the current insurance intermediaries, who as of now are only allowed to focus on distribution, may have a bigger role to play in the scheme of things, revolving around product development and underwriting expertise for specific business segments."

While future regulatory changes are possible, there is no clarity to date as to whether the regulator will ultimately permit MGAs to set up operations in the country. However, MGAs are eligible to register as International Financial Services Centre Insurance Offices (IIOs) in the Gujarat International Finance Tec-City (GIFT City) under the IFSCA (Registration of Insurance Business) Regulations, 2021.

Under these regulations, an MGA who has a valid binding agreement with a specific foreign (re)insurer is eligible to apply for registration as an IIO with the IFSCA and, if granted the certificate of registration to operate as an IIO, is required to comply with all regulations applicable to an IIO.

TOP

Insurance companies enhance tech spending to meet evolving customer needs - Business Standard – 29th September 2024

Insurance companies are significantly ramping up their technology-related spending, including on artificial intelligence (AI), as the industry seeks to move towards the modern Cloud architecture to enhance the online experience of customers, employees, and distributors. According to rough industry estimates, information technology (IT)-related expenses now account for nearly 10 percent of the companies' expenses. In the last five years, IT spending by insurers has seen robust growth, driven by digital transformation initiatives of companies to meet evolving consumer demands. The growth in tech investments is focused on modernising platforms and enhancing online customer experiences. There has also been a marked rise in spending on AI and machine learning technologies for underwriting, claims processing, and customer service automation, industry experts said.

"Tech spending as a proportion of expenses is 10 to 15 per cent currently. It was around 5 to 6 per cent five years ago," said Krishnan Badrinath, Head for Technology & Innovation, Tata AIG General Insurance. "Cloud is one area where a good amount of spending is being done. In the last two years, I would say that AI has picked up well and a lot of companies, like us, are trying hands-on generative AI. We are all pumping funds into AI," Badrinath added. Industry insiders suggested that the integration of Internet of Things (IoT) technologies, particularly in telematics and health monitoring, has further increased tech spending of insurers to better assess risk and enhance service offerings. The adoption of Cloud computing, they said, has prompted significant expenditures on Cloud infrastructure and services, improving scalability and flexibility. Insurers are also investing more in advanced analytics tools to gain deeper insights into customer behavior and risk assessment. “In the insurance industry, technology spending generally represents about 5 per cent to 12 per cent of total company expenses. This percentage can vary depending on factors such as company size, technology maturity, strategic priorities, and specific initiatives,” said Sharad Mathur, MD & CEO, Universal Sompo General Insurance. Insurers undergoing significant digital transformations and legacy modernisation may find their tech spending leaning toward the higher end of this range or even exceeding it during peak investment phases, he said.

“We plan to enhance our IT investments as part of our long-term strategic initiatives. On average, we anticipate increasing our technology spending by 15-20 per cent annually over the next few years to remain competitive and meet evolving customer expectations,” he added. The rise in digital transactions has also prompted companies to invest more in cybersecurity to protect sensitive data and ensure regulatory compliance. A data breach recently at Star Health and Allied Insurance servers reportedly put up for sale on the messaging platform Telegram sensitive data of 31 million customers, amounting to an estimated 7.24 terabytes. According to some experts, despite the substantial amount of investment by insurers, it is still not enough when compared to the investment in the dark web. “The investment in cyber security needs to be pegged up seriously in view of the ever-increasing attacks from hackers of the dark web. Maybe, the investments in the dark web far outdo what we do in managing cyber security,” said Amit Roy, Partner & Leader - Insurance & Allied Businesses, PwC. “While there have been some severe incidents in the recent past, insurance players have been taking this aspect seriously with major investments made to protect the data of their customers. I would say things are getting better every day,” Roy said.

(The writer is Aathira Varier.)

TOP

YouTubers Run for Cover, But Insurers Lack Policy Umbrella - The Economic Times – 28th September 2024

India's top YouTubers, facing a surge in cyberattacks, are increasingly exploring cyber insurance to protect their businesses and digital assets. The recent hacking of popular creator Ranveer Allahbadia's channel, which resulted in the deletion of several videos, has raised the need of content creators. Content creators with 100,000 subscribers typically earn ₹75,000 to ₹2.25 lakh per month, while those with over one million followers can rake in as much as ₹7.5 lakh monthly, excluding additional earnings from promotions of ₹5 lakh to ₹20 lakh, experts said. India has over 92,935 YouTube channels with at least 100,000 subscribers, making it the largest market for such content worldwide.

"After this incident, we expect demand for cover from YouTubers to come," said Sharad Mathur, MD and CEO, Universal Sompo General Insurance. "Now, they have realised the kind of risk they are exposed to and need to cover their content." Industry experts believe that if insurers begin to offer such products, they will have to account for the diverse revenue streams creators rely on, from co-branding to paid promotions. These policies would need to cover a wide array of risks, from hacking and content loss to platform outages, posing challenges for insurers in pricing the product.

Ankur Warikoo, a prominent Indian YouTuber, said that while cyber insurance exists, it doesn't cater to creators' specific needs. "Like celebrities who insure their voices or body parts, YouTubers need policies tailored to their digital assets," he said. "The development of such a policy will require innovative thinking and an understanding of the diverse revenue models in the creator economy," said Hari Radhakrishnan, expert member of Insurance Brokers Association of India (IBAI). "It will need to cover multiple digital platforms where content is shared, thereby making it a sophisticated offering compared to traditional cyber insurance products. We anticipate that as the content creator economy matures, the demand for insurance solutions that cater specifically to this demographic will become a compelling opportunity for insurers to explore." As the content creation market continues to expand-expected to grow from $2 billion in 2023 to $8 billion by 2027-the demand for insurance is likely to grow. "With the recent spate of cyber-attacks impacting content creators like Ranveer Allahbadia, there is growing concern around the security of digital assets for influencers," said Neha Anand-VP-head of cyber at Prudent Insurance Brokers." Many of these attacks include malware introduction, phishing attempts, and ransomware, ultimately leading to a direct loss of revenue, Anand said adding influencers derive a substantial portion of their earnings from digital assets, which makes the financial impact of these hacks devastating.

(The writer is Shilpy Sinha.)

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LIFE INSURANCE

Insurance Firms Revising Key Products to Comply with IRDAI's New Surrender Value Norms – The Economic Times – 3rd October 2024

Life insurance companies are rolling out revised versions of their best-selling non-participating products to comply with the new surrender value norms effective from Tuesday. These products contribute significantly to their premium collections, and insurance firms are targeting to complete the revision of their entire portfolios by December 2024. The Insurance Regulatory and Development Authority of India (Irdai) introduced these changes through the Product Regulations 2024, aimed at offering better payouts to customers exiting their policies prematurely. Under the new norms, insurers must now pay an enhanced special surrender value (SSV) after the first policy year, provided the customer has paid the full premium for that year. This marks a significant shift from earlier practices where companies did not offer surrender value during the first year of policy termination.

Additionally, the revised rules allow insurers to apply a discount rate for calculating the SSV up to 50 basis points higher than the 10-year government security (G-Sec) yield. The current yield for 10-year G-Secs stands at approximately 6.8 percent, down from 7.2 percent in April 2024. While the industry is working on meeting the revised regulations, several companies requested an extension of the deadline, which Irdai denied. As a result, insurers are prioritising the revision of their key products, which contribute to the majority of their business, with plans to phase in the remaining product changes by year-end.

The impact

The changes in surrender value norms are expected to influence both the internal rate of return (IRR) for policyholders and commission structures for distributors. With the downward trend in interest rates, particularly the 10-year G-Sec yield, insurance firms have had to adjust their IRR calculations accordingly. Moreover, the industry is evaluating new commission models to address the impact of the updated norms, including clawbacks, reductions, or spreading commissions over multiple years. These changes aim to balance the financial interests of insurers, distributors, and policyholders while ensuring compliance with the new regulatory framework. The new regulations are expected to improve persistency rates as customers now receive better value upon early exit from their policies.

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Surrender Value Norms: Life Insurers Begin Rolling Out Revised Bestsellers - Business Standard – 01st October 2024

With the new surrender value norms effective from Tuesday, most life insurance companies are immediately rolling out revised versions of their best-selling, non-participating products. These contribute a significant portion to their overall premiums, in line with the Irdai Product Regulations 2024. The remaining products in their portfolios will be rolled out in due course, with a target completion by December, industry insiders suggested. In June this year, insurance regulator Insurance Regulatory and Development Authority of India (Irdai) issued a 'Master Circular on Life Insurance Products.' Here, it introduced norms to ensure better payouts for customers who exit their policies prematurely. According to the revised norms, life insurers have to pay an enhanced special surrender value (SSV) after the completion of the first policy year provided the customer has paid one full-year premium. So far, companies did not pay such an amount to customers surrendering their policies in the first year.

Additionally, the norms stated that the discount rate for discounting the paid-up value to calculate SSV will be allowed up to 50 basis points (bps) higher than 10-year G-Sec yield. "In accordance with the Irdai Product Regulations 2024, IndiaFirst Life is well prepared with revisions to products that contribute 85-90 percent of our business," said Rushabh Gandhi, managing director (MD) & chief executive officer (CEO), IndiaFirst Life Insurance. "Recent regulatory changes are aligned with the noble vision of achieving 'Insurance for All' by 2047. We believe this goal can be realised by optimising the value proposition for customers, shareholders, and distributors alike, which is the ethos that we are working with," he added. Most major life insurance companies have products in excess of 30. It was becoming difficult for the companies to revise all their products, in accordance with regulations by the deadline.

Hence, the companies had written to Irdai seeking a three-month deadline extension to implement the surrender value norms, which has not been accepted by the regulator. Insurers had indicated that they would need more time to revise their non-par products and renegotiate commercials with distributors. Industry sources said that the new norms will have a bearing on the commissions insurance companies pay to distributors, as well as the internal rate of return (IRR) for customers. However, insurers suggested the impact on IRR is mostly due to the change in the interest rate cycle. Life insurance companies had not revised the IRR for a while now, despite the yields on 10-year government securities trending downwards since April 2024, when the 10-year G-sec yield was at 7.2 percent. Currently, the 10-year G-sec yields are hovering around 6.8 percent.

According to an industry source, when it comes to commission arrangements with distributors, the industry is considering three options — clawback of commissions, reduction in commissions, or spreading commissions over 2-3 years. A combination of two or more of these options may also be on the table. "All of us have clarity on what we have to do in terms of product, technology and sales perspective. We are ready to launch our key products in compliance with the new norms. We mostly expect the rest of the products to be ready by December 2024. The biggest focus of the industry will be on the quality of business as persistency will become more important," said Pankaj Gupta, MD & CEO, Pramerica Life Insurance.

(The writers are Subrata Panda & Aathira Varier.)

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Insurance premium may rise as revised surrender value kicks in from Tue - Business Standard – 30th September 2024

Insurance premiums may increase or the commission of agents could see a reduction as the revised surrender value proposed by the sector regulator IRDAI comes into force from Tuesday. Earlier this year, the Insurance Regulatory and Development Authority of India (IRDAI) introduced revised surrender value guidelines to offer better returns to policyholders exiting early from their life insurance policies.

A surrender value in insurance refers to the amount paid by the insurers to the policyholder upon terminating the policy before its maturity date. If the policyholder surrenders during the policy tenure, the earnings and savings portion will be paid to him or her.

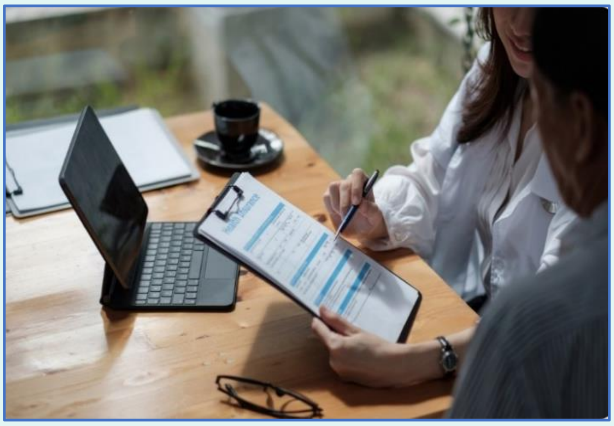
The regulator has emphasised the need for insurers to ensure 'reasonableness and value for money' for both exiting and continuing policyholders when determining surrender values. According to a senior official of the private sector insurance company, to meet the revised surrender charges, life insurers would either raise premium or cut the commission of their agents.

The product and commission structure could likely witness significant changes, leading to volatile premium movement in the second half of the current fiscal," Gaurav Dixit, Director at CareEdge Ratings, said. Most of the insurance players have readied changes in their policies to meet deadlines. Most of these players have a limited number of policies compared to life insurance behemoth LIC. LIC has a huge task ahead to bring changes in their policies to meet the regulator's dictate.

TOP

GENERAL INSURANCE

Rising Claims and Evolving Risk Profiles: Challenges Facing India's General Insurance Sector – Outlook - 2nd October 2024



The Indian insurance sector is undergoing a transformative journey thanks to its expanding customer base and regulatory innovations. The positive developments can be credited to the efforts by the Insurance Regulatory and Development Authority of India (IRDAI) to achieve "Insurance for all" by 2047. However, the vision is marred by several challenges, especially in the general insurance domain, where rising claims and changing risk profiles are causing concerns for both insurers and the insured. India's non-life insurance sector, which encompasses health, property, motor, and liability insurance, has grown in the last few years. However, it comes at a cost. For instance, the health insurance sector is finding it increasingly challenging to manage the burden of rising claim frequency amid escalating medical inflation, which currently stands at 14%. Due to the mounting claims and payouts, they are struggling to offer competitive premiums and retain profitability.

Similarly, the frequency of claims across motor and property insurance categories is increasing due to frequent natural calamities and other risk factors. Despite penetration rising from 3.69% to 4.57% between 2018 and 2022 across all insurance businesses, there's a protection gap of 90%. This problem arises due to several underlying challenges, such as a limited understanding of products, complex insurance processes, and delays in claim settlements.

Key Drivers Fueling Claim Frequency and Changing Risk Profiles

Both health and motor insurance have witnessed a sharp jump in claim numbers in the last 4-5 years. Similarly, the pandemic has made the general public realize the benefits of comprehensive health coverage, driving them to purchase insurance. On the other hand, the increasing number of road accidents and flood occurrences due to global warming is driving individuals to avail of motor insurance.

Frequent natural calamities such as floods, cyclones, and landslides have increased claims under property and crop insurance products. This is stretching insurers' capacity to cover future risks.

On the other hand, medical inflation is outpacing general inflation rates. In India, hospitalization costs jumped 12.8% in 2023-2024 from the previous financial year. One of the primary contributors to this rising cost is the surge in critical illness among the current population. Today, lifestyle disorders such as diabetes, cardiac issues, and hypertension have become common among the population due to sedentary lifestyles, poor dietary choices, and changes in environmental factors. Additionally, as the number of cancer diagnoses increases, it's driving demand for comprehensive health plans that cover the cost of surgeries, radiation therapy, chemotherapy, and hospitalization. As a result, insurers are receiving a growing number of high-value claims related to cancer treatments, stretching their resources.

Besides, more consumers are filing insurance claims digitally for a faster and simpler experience. This digital shift is increasing the pressure on insurance companies to expedite claim processing and ensure transparency at all stages.

How is Fraud and Compliance Affecting the Insurance Landscape?

Lack of trust in insurance products and companies due to the rampant misselling and aggressive sales tactics is another critical gap in the industry. The mistrust in the industry deters many potential policyholders, especially in the under-penetrated segments, from purchasing insurance products. In this regard, lack of financial literacy and accessibility to tailored products are worsening the situation. Complex insurance products, unfamiliar jargon, tricky clauses, and lengthy claim processes make it difficult for laymen to navigate insurance products.

On the other hand, the rise of fraudulent cases has prompted insurance companies to implement strict Know Your Customer (KYC) and Anti-Money Laundering (AML) measures. While these initiatives are adept at tackling the issues, they often increase operational costs and delay onboarding. Similarly, meeting regulatory norms takes time, which clashes with customers' demand for faster service and insurers' need for compliance.

The Role of Technology and Innovation in Addressing Insurers' Challenges

To overcome these challenges, insurance companies are seeking insurtech solutions. They use AI, automation, and data analysis to minimize fraud risks, improve claim management, and ensure compliance with regulatory norms without hampering operational efficiency. It is helping insurer's lower friction in the claim settlement process.

Additionally, more companies are using AI-powered solutions to develop hyper-focused personalized insurance products to cater to changing consumer preferences and increase insurance penetration. The IRDAI has introduced multiple initiatives like the BIMA VAHAK, BIMA SUGAM, BIMA VISTAAR, etc., to ease doing business and make general insurance products more accessible to consumers.

In short, it can be said that India's general insurance is facing new challenges, especially when the frequency of claims is increasing rapidly and the consumer risk profile is undergoing a notable shift. While regulatory efforts and technological innovations can help overcome these challenges, insurance companies need to develop a customer-first approach. This approach can help build tailored insurance products, lower the trust deficit in the industry, and make the vision of 'insurance for all' by 2047 achievable.

(The writer is Shilpa Arora.)

TOP

Travel insurance now covers pet emergencies, scuba and hole-in-one parties – The Economic Times – 2nd October 2024

Once limited to covering basic trip cancellations and health emergencies, travel insurance is evolving rapidly to keep up with changing travel habits of modern travellers seeking unique experiences and adventure amid a post-Covid travel boom. A new breed of policies now caters to adventurous and niche activities like golfing and scuba diving besides offering emergency coverage for pre-existing conditions, home-to-airport coverage, upgrading to business class due to health reasons and even pet care. For instance, some insurers are offering coverage that reimburses golfers for the cost of a hole-in-one celebration - a grand party a golfer must host if he/she manages to hit the ball from the tee all the way to the hole in a single stroke.

"If you are a golfer and you hit a hole-in-one while playing abroad, tradition says you must throw a grand party, and that can get expensive. The insurer covers those costs, so there is a policy to protect your hobby by covering that celebration," said Abhash Pathak, lead-travel insurance at Go Digit General Insurance. That said, a hole-in-one rarely happens in golf and Go Digit has yet to see a claim for that. "
New coverages also extend to adventurous activities. From bungee jumping to scuba diving, insurers provide protection for medical emergencies, dental treatments, personal liability, and even bail bonds, if required.

"Travel insurance has evolved to address the diverse and changing needs of modern travellers," said Aashish Sethi, head of health SBU and travel at Bajaj Allianz General Insurance. "We are offering customised plans, such as providing coverage for medical expenses up to $4 million, adventure sports, professional sports, 'cancel for any reason' cover, pre-existing condition coverage for seniors, and covers for students."

While earlier pre-existing conditions were not covered under travel insurance policies, some new policies provide for financial protection in case a pre-existing ailment leads to a medical emergency during the trip.

Upgrading to business class due to health reasons is another recent addition, especially for travellers who may find it uncomfortable to fly economy class due to medical conditions. Some policies also cover costs related to pet care while traveling, including medical emergencies. We have introduced a home-to-home cover that protects travellers from their home to the airport and back, especially helpful for those travelling from tier-2 cities to larger airports," Pathak of Go Digit said. "Now, an upgrade to business class for travellers who are not well enough to fly in economy is covered, and we are considering adding more covers like visa rejection in future."

Premium on travel insurance is generally less than 1% of the sum assured. It depends on factors like the traveller's age and destination. For example, medical costs in countries like Canada are much higher than those in Thailand, and this is reflected in the premium. In FY23, insurers had covered 7.87 million lives under 2.20 million overseas travel insurance policies, which generated a total premium of ₹906 crore.

(The writer is Shilpy Sinha.)

TOP

Why a tailored insurance strategy is important for MSME to tackle risks and grow - The Economic Times- 30th September2024

Tailor-made insurance solutions can significantly address challenges such as affordability, working capital constraints, and improve access to suitable risk coverages for MSMEs, say industry stakeholders. Furthermore, a tailored insurance strategy can offer crucial support to small businesses in terms of supply chain disruptions and even cyber security risks. Sajja Praveen Chowdary, Head of Policybazaar for Business, says MSMEs often navigate a web of risks, from financial instability to cyber threats and supply chain disruptions. "A customised insurance plan helps MSMEs manage these unexpected challenges, allowing them to focus on what they do best: serving their customers and growing their business," adds Chowdary.

He explains the need for a tailored insurance strategy via an example of a family-owned business that suddenly faces an unexpected equipment failure. Without business interruption insurance, the business might struggle to cover its bills and maintain its workforce. A tailored insurance strategy can offer crucial financial support. "Let us say this business is a cafe that has to be shut down temporarily due to a burst pipe. Business interruption insurance can help cover the loss of income and ongoing expenses, allowing the bakery to reopen and serve its community again," says Chowdary. Similarly, when a small graphic design firm experiences a ransomware attack, cyber risk insurance would help cover the costs of restoring data, dealing with legal issues and communicating with clients — safeguarding the firm from potentially devastating financial setbacks. "Consider a boutique clothing store that depends on shipments from overseas. If a shipment is delayed or damaged, marine or transit insurance can cover the costs, ensuring the store remains stocked and able to meet customer demands," adds Chowdary.

Yogesh Agarwal, C.E.O & Founder, Onsurity, says that in the underpenetrated MSME market, challenges such as affordability, working capital constraints and access to suitable risk coverages often limit insurance adoption. "Tailor-made insurance solutions can significantly address these challenges by enhancing adoption by embedding insurance into everyday transactional processes. For instance, providing marine coverage during e-way bill issuance or invoice issuance, or offering product protection at the point of sale can make insurance more accessible and relevant."

Mudassir Khalil, Head of Liability, Go Digit General Insurance, says most MSMEs don't have the financial wherewithal to cope and survive such adversities, leading to many such businesses being shut down. For example, the impact of the Covid-19 pandemic led to the closure of 9 percent MSMEs. "One way for MSMEs to safeguard their interests is by obtaining public liability insurance as mandated by the 1991 Public Liability Act. These offer pre-defined coverages to the businesses. When it comes to managing risks related to business operations and product liability concerns of manufacturing companies, it's important to look into covers like public liability insurance and industrial or product liability coverage individually or, as part of a comprehensive general liability policy," adds Khalil.

"One way for MSMEs to safeguard their interests is by obtaining public liability insurance as mandated by the 1991 Public Liability Act. These offer pre-defined coverages to the businesses. When it comes to managing risks related to business operations and product liability concerns of manufacturing companies, it's important to look into covers like public liability insurance and industrial or product liability coverage individually or, as part of a comprehensive general liability policy," adds Khalil.

Role of liability, property insurance in safeguarding MSMEs In the current business landscape, liability and property insurance are essential for MSMEs, say industry stakeholders.

Chowdary explains liability insurance through the example of a local photography studio that faces a claim from a client who slipped and fell during a photo session. General liability insurance would cover the legal costs and any potential settlement, ensuring that the studio can continue to operate without financial strain, adds Chowdary. Similarly, property insurance protects physical assets like buildings, equipment, and inventory from risks such as fire, theft, and natural disasters, ensuring quick recovery and continuity.

Agarwal of Onsurity says that due to the comparatively less litigious market of India, liability insurance in India is often seen as a compliance tool to meet agreement requirements, rather than for its true purpose of protecting against legal claims. “The real cornerstone for MSMEs today is property insurance, which is essential for business continuity. Property insurance protects key physical assets — such as buildings, machinery, and inventory — against risks such as fire, theft or natural disasters. For example, a manufacturing unit could face crippling losses if machinery is damaged in a fire, while a trading business could lose significant inventory due to theft. Both scenarios underline the importance of property coverage to avoid operational downtime,” adds Agarwal.

Similarly, Khalil of Go Digit General Insurance says that in the realm of insurance for MSMEs, there are various standard offerings available to businesses based on their risk size. “Bharat Laghu Udyam Suraksha is typically meant for businesses that have a total value of risk between Rs 5 crore and Rs 50 crore, while Bharat Sookshma Udyam Suraksha is meant for businesses with a risk value of up to Rs 5 crore. It comes with a standard cover that provides coverage to various assets like buildings, plant and machinery, stock and other assets and protects it against various perils like fire, explosion, natural calamities, terrorism, theft, among others,” adds Khalil.

(The writer is Ashish Pandey.)

TOP

How is Insurtech transforming claims processing - The Economic Times- 29th September2024

The article discusses the impact of Insurtech on the insurance industry in India. It highlights how advanced technologies like AI, blockchain, and IoT are transforming claims processing, risk management, and customer engagement. The piece emphasizes the potential for these innovations to streamline operations and enhance efficiency in the sector.

Technology is changing sectors and industries and eliminating redundancies to craft more efficient solutions. Insurance is no exception to this change, and in the last few years, the emergence of Insurtech—which marries the key elements of insurance delivery with new-age tech tools, is offering new solutions. It has changed the way insurance services are delivered, especially in India, where, backed by a large population, demand for efficient, accessible, and customer-centric solutions is essential. Advanced tech tools, including AI/ML, Blockchain, telematics, and the ability to analyse vast data sets will aid in creating innovative products, optimise costs, and enhance the overall customer experience.

The insurtech market is growing by leaps and bounds and is projected to cross the $ 121 billion mark by 2032. These solutions, primarily digital tools, feature omnichannel and user-friendly interfaces that enhance customer engagement and foster loyalty. Similar to generative AI, insurtech can help firms automate routine tasks and streamline key processes, thereby reducing operational costs. Advanced data analytics enable customised offerings, which build customer loyalty and provide firms with valuable insights into customer behaviour and preferences. Insurers can work on risk management with accurate risk-based underwriting and fraud detection, with improved precision using sophisticated predictive models.

Claims processing is a crucial area in which digital solutions can help. For many years, processing claims has meant long delays and inefficiencies creeping up at multiple levels. Unfortunately, such process inefficiencies are often perceived as lack of transparency & lead to distrust. Traditionally, claims processing involved filing mounds of paperwork and approvals and a lot of manual data entries. This meant time-consuming processes and huge dependence on human intervention, at times resulting in errors. On one hand, policyholders were frustrated with expectation mismatch in service delivery, and on the other hand, insurers grappled with high operational costs & reduced margins driving the premiums higher.

Insurtech checks in

These issues need fixing, and insurtech offers solutions that use new-age tech tools to re-imagine the wheel and change the claims management process, aided by innovations. Enabled tools can automate many of the repetitive, routine tasks via RPA/AI/ML with a simple prompt. In practice, this means insurers do not need to spend much time and money for manual verification of information and documents and assessing damages. AI-enabled systems can handle these tasks with speed and efficiency, reducing human error capacity. For instance, AI tools can go through multiple photos of a damaged vehicle and estimate repair costs quickly, which speeds up the claims process and makes sure decisions are consistent and backed by solid data analysis. Similarly, technologies like OCR enable instant digitization of key information by reading the templated documents (such as lengthy hospital/workshop invoices, vehicle RC or driving license) and automation of claims adjudication processes, which results in increased productivity for insurers, enhanced accuracy of data & thereby, lesser margins for errors. Recent times also witnessed use of technologies like real-time video streaming for risk/loss assessment for small to mid-sized risks, use of drone imagery to assess large commercial risks / losses, AI- driven facial analytics to assess/predict individual's health risks

Making a digital punt

Traditionally, to submit claims, policyholders had to visit insurance offices or mail the documents, resulting in delays. Tech tools have made this redundant, and claims can be filed instantly on intuitive, consumer- friendly apps that guide users with many prompts and ticking checklists to feed in all information. These apps also help in real-time tracking of claims status, thereby keeping policyholders informed. Similarly, well- trained BOTs are now fully capable of servicing routine customer requests within seconds that too via the most convenient channels like WhatsApp. The ability of insure tech tools to go through mounds of data and offer actionable insights has improved the overall accuracy and claims assessment. Insurtech firms are using big data to analyse vast amounts of information, from historical claims data to real-time inputs using IoT devices. It lets insurers identify patterns and trends that help in risk assessment, flag potential chances of fraud and reduce the chances of disputes. For instance, data insights in driving behavior can be gleaned from connected devices like telematics, which help insurers offer personalised premiums and make more informed decisions when processing claims. This means claims are not rejected on subjective calls but on objective reading.

On the other hand, working on the blockchain, with its promise of solid data security, decentralised nature, and creation of immutable records that can be shared among stakeholders, reduces the chances of fraud. Every transaction is recorded on a public ledger that cannot be altered retroactively. It can also create smart contracts that trigger payments when predefined conditions are met, reducing manual intervention and the risk of disputes. The integration of AI, blockchain, and the Internet of Things (IoT) will be transformative in the future. AI tools, for instance, can help insurers predict and prevent claims before they occur, reduce costs and keep consumers happy. IoT devices can offer insurers real-time data that can be used to assess risks and process claims more efficiently.

Insurtech stands at the cusp of bringing about massive change, by eliminating long standing inefficiencies into fresh chances for innovation and growth. They can help insurers streamline operations and forge deeper, meaningful connections with policyholders. In due course, insurers who effectively use AI, blockchain, and IoT will be the acme for modern insurance. The ones that can adapt and evolve will redefine the industry for years to come.

(The writer is Udayan Joshi.)

TOP

HEALTH INSURANCE

Why senior citizens should combine Ayushman Bharat with private insurance - Business Standard – 3rd October 2024

As healthcare expenses continue to rise, ensuring adequate medical coverage is critical, especially for senior citizens. With increasing age, the likelihood of health-related issues increases, making health insurance a necessity. Senior citizens can take advantage of both private insurance and the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) to create a more comprehensive healthcare safety net. By combining the two, they can enhance their coverage and avoid financial strain during medical emergencies. Here's how they can effectively utilise both.

Understanding the Ayushman Bharat Scheme

The Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), a flagship health insurance scheme of the Government of India, has recently expanded its eligibility criteria to include senior citizens above the age of 70 years.

The government has clarified that all senior citizens aged 70 and above, who belong to families already covered under AB PM-JAY, will be eligible for an additional top-up cover of Rs 5 lakh per year. This means families can share this coverage between their senior members.

“While the annual floater health coverage of Rs 5 lakh per family can help in managing a wide range of secondary and tertiary medical expenses, it may not be sufficient to cover certain high-cost treatments for age-related illnesses,” said Siddharth Singhal, Head - Health Insurance, Policybazaar.

Many senior citizens also have their own private health insurance policies, which they have maintained over the years. The good news is that there is no restriction on combining Ayushman Bharat with private health insurance. This integration means that senior citizens can use their private insurance as their primary coverage and treat Ayushman Bharat as a backup for additional expenses. Essentially, the government-provided coverage complements their private insurance, offering a wider safety net. This approach ensures that they have access to multiple sources of funds when dealing with medical bills, creating a more comprehensive healthcare plan.

“Those who can comfortably afford a personal health cover should definitely go for it over and above the Ayushman Bharat coverage. Independent policies typically also offer broader benefits, such as OPD services, wellness programs, and coverage for critical illnesses, which are vital for seniors who require more frequent and specialised healthcare. A personal health cover also ensures continuity of care, especially for those with pre-existing conditions, and guarantees access to quick and seamless care,” Siddharth said.
Points to keep in mind when building a comprehensive coverage strategy

Assess your needs: Start by evaluating your health condition, family medical history, and potential future requirements. This assessment will help in choosing the right combination of coverage.

Understand Ayushman Bharat eligibility: Check if you are eligible for Ayushman Bharat. If you are, it can serve as your base coverage for major hospitalizations.

Choose the right private insurance: Look for policies that cover areas not included in Ayushman Bharat.

Consider top-up plans: These plans offer additional coverage over your base policy at a relatively lower premium. They can significantly enhance your overall coverage.

Look into critical illness covers: These specialised policies provide a lump sum amount upon diagnosis of specified critical illnesses, helping manage the financial impact of severe health conditions.

(The writer is Ayush Mishra.)

TOP

Now, expecting parents too can secure maternity insurance with the waiting period down to 3 months - The Times of India – 3rd October 2024

Parenthood marks the start of a life-changing chapter where joy and responsibility intertwine. Alongside the emotional and personal growth, welcoming a child brings new financial considerations, from prenatal care, labour and delivery, hospital stays, and postnatal care, as well as additional costs for newborn essentials and ongoing healthcare. Welcoming a child is a life-changing experience filled with joy and responsibility.

However, it also brings significant financial considerations, from prenatal care to education and healthcare. As medical inflation soars, health insurance has become essential for safeguarding families from unexpected expenses.

However, people normally start thinking about maternity coverage once they are already expecting a child or planning to expand their family immediately. Traditionally, maternity plans in health insurance came with a waiting period of 1-2 years, which made them futile for those who wouldn't qualify for the waiting period criteria. This brought the focus on a glaring need gap – the need for more reasonable and realistic waiting period. The demand for maternity coverage is highest among women aged 25- 35, with 65% already expecting or planning to conceive. Fortunately, the landscape is changing now with newer, flexible maternity products.

The rise of new-age maternity products
New-age maternity plans address this gap, offering timely coverage with lower waiting periods. Until sometime ago, the waiting periods for maternity coverage came down to 9 months, which offered a more realistic family planning picture to couples. However, recently, a product with a waiting period of 3 months has been launched which is the industry's lowest-ever waiting period in. A waiting period this low is essentially a game-changer in this category because for the first time ever, it allows pregnant women to avail of the coverage without having to bear the longer waiting periods.

Apart from this, new-age plans in the maternity category now cater to young families' needs, providing comprehensive coverage for normal and C-section deliveries, IVF treatments, adoption processes, and pre and post-natal expenses. Affordable premiums, flexibility in entry age (18+ years), and coverage for newborn care are additional benefits. Some plans now let the spouse's served waiting period to be transferred which enables maternity coverage from day one. The covered maternity sum can be carried forward to the following year if policyholders do not file a claim.

Breaking down barriers: Accessibility and affordability
New-age maternity insurance aims to make coverage widely accessible to a broader audience. With significantly shorter waiting period, these plans directly address the difficulties expectant parents face.

While seeking timely coverage. Modern maternity insurance plans ensures inclusivity, offering:

- Comprehensive coverage for various delivery types and related expenses
- Affordable premiums, making it easier for young families to secure coverage
- Flexibility in entry age, allowing women aged 18 and above to enroll Coverage for treatments like IVF and adoption processes Pre and post-natal expense coverage, alleviating financial stress
- A comprehensive approach to securing parenthood

Investing in comprehensive maternity coverage ensures mental peace and financial stability. With innovative plans available, now is the perfect time to secure your family's well-being. Maternity insurance provides financial protection for expectant mothers and infants, bridging the gap between traditional health insurance and actual medical expenses. When selecting a maternity insurance plan, consider factors such as waiting period, coverage duration, and policy premium and coverage amount, among others. By embracing new-age maternity insurance, families can navigate the challenges of parenthood with confidence, and ensure their financial stability. As medical expenses continue to rise, securing comprehensive coverage has become even more essential. With the right plan, young families can focus on the joys of parenthood, knowing their financial future is secure.

(The writer is Siddharth Singhal.)

TOP

Only 1 in 4 recognise heart condition symptoms: India Wellness Index 2024 - Business Standard – 1st October 2024

Financial wellness has seen a decline, particularly among millennials, according to ICICI Lombard General Insurance's 7th edition of its India Wellness Index 2024, released on Monday. The survey, covering 2,155 consumers across 19 cities in India, highlights that corporate employees have witnessed a 7 percent decline in awareness and influence over managing wealth and investments, particularly in Tier 1 cities. The situation is even worse when it comes to access to financial infrastructure, where a 9 percent decline was noted among corporate workers. Millennials, too, have been struggling with their financial health. The survey revealed a 6 percent drop in their financial wellness, with a noticeable lack of motivation and resources to invest in their future. Awareness about wealth management has decreased, leaving this generation grappling with financial instability. The survey covered people aged between 18 to 50 from the National Consumer Classification System (NCCS) A and B categories, which represent middle to upper-income groups.

Participants were:
69% male and 31% female participants
35% aged between 18 to 24, 35% aged 25 to 35, and 30% aged 35 and above
Equally split between 50% health insurance owners and 50% non-owners

Business Standard breaks down the outcome of the survey:
Corporate financial wellness
Corporate employees saw a 7% drop in financial awareness, a 7% decline in influence, and a 9% drop in access to financial infrastructure. Millennials have seen a 6% decline in financial wellness, struggling with managing investments and lacking access to resources. he decline in awareness around managing wealth was particularly evident among women in Tier 1 cities, where financial awareness saw a 9% drop compared to previous years, according to ICICI Lombard.

Mental wellness concerns on the rise

The report further revealed a troubling picture of mental wellness across all age groups. 80% of Indians report suffering from at least one stress symptom, with 43% feeling weak or tired, 38% having trouble sleeping, and 33% experiencing nervousness, restlessness, or tension. Women are more likely to report these stress symptoms than men, which reflects the higher levels of mental stress among women, particularly in corporate sectors. Depression symptoms are also widespread, with 69% of respondents experiencing at least one symptom of depression, such as fatigue (30%), hopelessness (27%), and uncontrollable emotions (26%). These mental health challenges have added to the overall wellness concerns in India.

Awareness of heart conditions

When it comes to heart health, the report showed that 89% of Indians are aware of the symptoms associated with heart disease, but only 25% could accurately identify the correct symptoms. Many people confuse unrelated factors like irregular sleep (33%), drinking less water (28%), and high screen time (21%) as heart disease risks. The most commonly reported heart-related ailments include stress or anxiety (31%), joint or back pain (28%), and high blood pressure (24%). These findings underline the need for better public education on heart health.

Millennials vs Gen Z: Who is faring better?

While millennials continue to struggle with their overall wellness, the younger Gen Z generation seems to be doing better. The report highlighted that millennials have seen a 5% decline in physical wellness, a 5% drop in family wellness, and a 6% drop in financial wellness.

In contrast, 80% of Gen Z respondents reported feeling physically well, and 75% expressed confidence in managing their finances. This generation appears to have a more positive outlook on balancing wellness aspects like personal, physical, and financial health.

Millennials: 5% drop in physical and family wellness, 6% decline in financial wellness.

Gen Z: 80% report feeling physically well, 75% report financial wellness.

Family wellness sees a decline

The report shows a drop in family wellness, particularly among millennials. Only 68% of millennials feel they are spending enough time with their families or adequately managing family-related responsibilities. This marks a 5% decrease compared to the previous year. The pressures of work and managing finances appear to be taking a toll on family life, particularly in Tier 1 cities.

Social media’s growing influence

Social media has become a popular tool for discussing and gaining information on wellness. According to the survey, 70% of Indians use platforms like Instagram (87%) and YouTube (81%) to seek out content on physical and mental wellness. Millennials are especially active in this space, with 63% following wellness influencers for advice.

Wellness trends across regions

Varanasi and Chandigarh topped the list of cities for overall wellness, with scores of 87% and 86%, respectively. The North zone cities lead the country with an overall wellness score of 76%, while the West zone lagged at 69%.

Tier 1 cities continue to show lower financial and mental wellness compared to Metro cities. The dissatisfaction is more pronounced among women, who report both lower mental and financial well-being. Corporate employees in Tier 1 cities reported lower access to mental health resources, with only 59% feeling they had adequate access to support groups or counselling services.

(The writer is Surbhi Gloria Singh.)

TOP

Can NRIs avail 100 percent cashless health insurance coverage in India? – Gujarat – 30th September 2024

Day by day the healthcare sector in India is growing more and more and now the country has state-of-the-art medical treatment, state-of-the-art facilities and highly skilled professionals. With a focus on technology, innovation and patient care, India has now become a global hub for medical tourism. Most notably, high quality healthcare facilities are available in India at relatively cheap rates. As the healthcare sector is developing in India, health insurance is also developing in India. Regulators, sector leading organizations and insurance companies are continuously working together to introduce innovative products and policies to enhance coverage and provide better facilities keeping in mind the needs of consumers.

The General Insurance Council (GIC), the industry body for general and health insurance in association with insurance regulator IRDAI, recently introduced the 'Cashless Everywhere' initiative to ease the burden on policyholders seeking medical treatment in hospitals. Under this initiative policyholders can avail cashless facility at any hospital in India. That means they can get cashless facility even in hospitals that are not in the network of the insurance company. Earlier, the policyholders could avail the cashless facility only at the hospital which was included in the hospital network decided by the hospital insurance company. However, now the whole picture of cashless facility in India is going to change.

In case of hospitalization under cashless facility, the medical bill is paid by the insurance company directly to the hospital. Due to which the policyholders do not have to pay even a single rupee from their pocket. However, the only condition for that is that the hospital bill should not exceed the insurance policy amount and the hospital where the treatment is done should be a network hospital. Earlier, if these conditions were not met, policyholders had to pay the full amount from their own pockets and then seek reimbursement, a process that was often long and tedious. However, now with this new initiative of the government, policyholders can avail the cashless facility even in hospitals that are not included in the insurance company's hospital network.

A new initiative to benefit all stakeholders

According to the General Insurance Council, approximately 63 percent of customers use cashless claims. The goal of the government's new initiative is to simplify the claim process and increase policyholders' confidence in the system. It is also a crucial step towards reducing and ultimately eliminating fraud. Fraud in health insurance has significantly affected the industry and eroded trust. So this has been started keeping in mind the interest of both policyholders and insurance companies. However, there are some rules to be followed to avail the benefits of Cashless Everywhere. The policyholder must inform the insurance company at least 48 hours before the hospital admission. In case of emergency treatment, the insurance company must be notified within 48 hours of admission. Apart from this, the claims must be in accordance with the policy terms and the cashless facility must follow the operational guidelines of the insurance company.

Health Insurance in India is essential for NRIs

NRIs are often faced with a dilemma in which they should continue their health insurance policy or buy a new policy in India. With earlier and newer policies like 'Cashless Everywhere', having health cover has become a must in India. Having a health insurance policy only in the countries you live in may not cover all medical expenses in India as these policies have geographical restrictions. So cashless insurance is a lifeline for NRIs to support family members in India. This enables them to get treatment easily without having to worry about arranging funds from abroad. Healthcare in India is relatively cheap as compared to countries like USA, UK, Canada and Gulf countries. Apart from this, advanced technology is also becoming available in India like abroad. Also the cost of health insurance is less compared to western countries. So it is essential to have a comprehensive health insurance policy in your home country. NRIs have to come to India from time to time to fulfill their responsibilities, family commitments, weddings etc. People living abroad are at increased risk of health problems like stomach infections, flu etc. when they come to India. There are many health insurance plans these days that offer high coverage at low premiums. They also offer OPD coverage which includes doctor consultation, diagnostic tests and pharmacy expenses. A health cover of Rs 1 crore for a 30-year-old can be as much as Rs 1000 per month.

NRIs can also claim a GST refund of 18 percent if they buy a health insurance policy from India. They are eligible for GST refund as they are already paying tax in the country where they reside. However, they must be among the insured members. In addition, under Section 80D of the Income Tax Act 1961, NRIs below the age of 60 are eligible to claim a tax deduction of up to Rs 50,000 per financial year (April to March) on premiums paid for health insurance plans covering themselves.

So the new 'Cashless Everywhere' policy not only simplifies the process of accessing healthcare but also highlights India's commitment to advancing health insurance coverage. This highlights the importance for NRIs of maintaining health insurance coverage in their home country in addition to affordable premiums and potential tax benefits.

TOP

World Heart Day 2024: The role of health insurance in cardiovascular health – Financial Express - 29th September 2024

In today's fast-paced world, people often tend to neglect lifestyle choices and take their health for granted. According to the World Health Organization (WHO), cardiovascular diseases (CVD) remain a leading cause of death globally taking an estimated 17.9 million lives each year.

CVDs refer to a group of disorders affecting the heart and blood vessels. This includes conditions such as coronary artery disease, heart attacks, strokes, hypertension (high blood pressure), heart failure etc. While it's not possible to completely overhaul one's lifestyle overnight, it's essential to begin considering preventive steps. This is where health insurance becomes crucial, serving as a safety net by offering financial support for medical treatments, routine checkups, and emergency care.

The Price of a Heart Attack

A heart attack often strikes unannounced, bringing with it an unimaginable treatment cost. Without health insurance, these expenses can become overwhelming. For instance, life-saving procedures like bypass surgery or angioplasty can range from Rs 2.5 lakh to Rs 10 lakh or more. For the average person, gathering such large sums in a short time without health insurance is nearly impossible. While heart attacks are unpredictable, regular health check-ups can make all the difference. Routine screenings are key to detecting cardiovascular issues early. Tests such as ECGs, stress tests, and cholesterol checks help identify potential risks before they become serious. Health insurance plays a crucial role here, often covering these essential screenings, keeping individuals informed about their heart health. Additionally, health insurance eases the financial strain of unexpected medical costs, allowing individuals to focus on recovery and prevention, rather than the weight of medical bills. By prioritizing health insurance, individuals empower themselves to stay on top of their cardiovascular health.

Health Insurance: Securing Your Heart's Future

Health insurance serves as a reliable ally in safeguarding your heart health. It plays a vital role by ensuring access to preventive care, regular check-ups, and essential treatments. By covering screenings such as ECGs and cholesterol tests, health insurance enables early detection of potential issues, helping to ward off more serious cardiovascular conditions. Moreover, with the advancement of policies, many now offer critical illness coverage, providing additional support for those dealing with heart-related health challenges.

But what exactly is Critical illness insurance?
Critical illness insurance are add-ons to standard health insurance policies that provide additional financial protection for serious health issues. When it comes to heart conditions, these riders can be particularly beneficial, for eg: The Lump-Sum Payout facility when an individual is diagnosed with a covered critical illness, such as a heart attack, stroke, or coronary artery disease, provides a lump-sum payment that can be used for medical expenses, rehabilitation, or even day-to-day living costs during recovery.

Another feature of these health policies is the Specific Coverage for Specific Heart Conditions.

Many health insurance providers now offer plans specifically designed to cover heart-related illnesses. These plans often include coverage for treatments like angioplasty, bypass surgery, and other cardiac procedures, along with follow-up care, medications, and consultations with specialists.

These are just some of the features available. Today, numerous health insurance companies offer critical illness riders or standalone policies, ensuring policyholders have the necessary financial support when facing serious health challenges.

Urgent Need to Prioritize Heart Health
Protecting your heart health has never been more important. Heart disease rates are steadily increasing and can affect anyone, regardless of age, lifestyle, or gender. While it's impossible to completely prevent heart disease, taking preventative measures and being prepared can make all the difference. Awareness, along with understanding the significance of health insurance, puts individuals in a better position to manage potential risks effectively.

As Indians, we always aim to maximize the value of our investments, and health insurance is no different. The routine check-ups and health screenings offered through these plans encourage individuals to prioritize their well-being, often leading them to seek medical evaluations they might otherwise overlook.

It is essential to actively focus on heart health by securing the right insurance coverage. This not only ensures access to necessary medical services but also promotes a proactive approach to managing one's health. Regular screenings enable early detection of potential risks, making treatment more efficient and less costly. By investing in health insurance, individuals take a critical step toward protecting their cardiovascular health and overall well-being. A healthy heart is the foundation of a fulfilling life, and making informed choices about health coverage today can pave the way for a healthier and more secure future.

(The writer is Shashank Chaphekar.)

TOP

Ayushman Bharat health insurance scheme: States, UTs asked to facilitate enrolment of eligible senior citizens - Deccan Herald – 29th September 2024

The Union Health Ministry has asked all states and Union Territories to facilitate the enrolment of all eligible senior citizens aged 70 years and above to enable them to avail the benefits of the Ayushman Bharat health insurance scheme. In a letter sent to the states and UTs, Union Health Ministry Additional Secretary L S Changsan said that a separate module has been created in mobile phone application (Ayushman App) and in web portal (beneficiary.nha.gov.in) for enrolment of those senior citizens who would like to avail the benefits under the scheme. "Desirous senior citizens would have to apply on this portal or app. A distinct Ayushman card will be issued to all eligible senior citizens with the age 70 years and above for both existing and new families," she said in a recent letter.

TOP

Buying health plan in India can help NRIs during visits here - Financial Express – 28th September 2024

Non-resident Indians (NRIs) who frequently visit India should buy a separate health insurance policy in India as an international cover may not offer comprehensive protection here. While travel insurance may provide a safety net for health-related risks during visits home, it may not address ongoing health issues or chronic conditions. Buying a health cover in India offers the advantage of a local network of hospitals, direct claim settlements, and no currency conversion issues. And if an NRI decides to return to India permanently, having a domestic health insurance plan in place will ensure continuous coverage without the need to serve a waiting period for pre-existing diseases.

Sharad Bajaj, chief operating officer, Insurance Dekho, says when choosing a policy, NRIs should consider coverage for pre-existing diseases, cashless hospital networks, and critical illness. "Exclusions typically include cosmetic surgeries, maternity benefits, and treatments outside India. So it's important to carefully review the terms before purchasing," he says. NRIs need to ensure that they have an OCI (Overseas Citizen of India) card when applying for health insurance in India. Additionally, if payments are made through an NRE account, NRIs can avail of GST exemptions by submitting an exemption form to their insurance provider.

Higher top-up a better option

Opting for a base cover with a top-up can be a smart and cost-effective strategy for NRIs. A base cover offers essential protection, while a top-up ensures higher coverage for critical illnesses or expensive treatments without significantly increasing premiums. For instance, if the base cover is for Rs 10 lakh and the top-up is for Rs 90 lakh, then the total cover becomes Rs 1 crore. This approach is very cost effective. Rakesh Goyal, director, Probus, an insurance broking firm, says given the rising cost of healthcare in India, a top-up plan provides an affordable way to secure extensive coverage for serious medical situations, while keeping the initial investment minimal. "This is especially useful for those who do not anticipate using their health insurance frequently but want a safety net in case of high-cost emergencies."

Similarly, Siddharth Singhal, head, Health Insurance, Policybazaar, says taking a base cover of a minimal amount along with a higher top-up is a good strategy for NRIs. "The base policy can cover routine or small healthcare needs, the top-up on the other hand can provide coverage for high-cost treatments," he says.

What to look out for

Before finalising a health policy in India, NRIs should check whether the insurer has a wide hospital network and hassle-free claim processes. Waiting periods for pre-existing conditions, age restrictions, renewal terms, and sub-limits on treatments must be closely reviewed. They should note that in most policies there are exclusions for specific treatments such as cosmetic surgeries, fertility treatments during the initial policy years. They must note that plans bought from India may not cover international treatments. While travel insurance typically provides coverage for emergencies, it does not cover planned treatments. So, a health insurance plan bought from India will not only provide comprehensive coverage, but will also help with doctor visits, pharmacy costs and diagnostics.

(The writer is Saikat Neogi.)

TOP

MOTOR INSURANCE

Timely car insurance renewal: Why it is crucial for every vehicle owner - Business Standard – 1st October 2024

Car insurance provides financial backup in case of accidents, theft, and damage. Renewing it in time is important, and failure to do so can lead to penalties, loss of financial protection, and increased premiums.

In India, where the Motor Vehicles Act mandates that every vehicle must have at least third-party insurance coverage, timely renewal is crucial. Whether navigating the busy stretches of a city or the bumpy roads in rural areas, a valid insurance provides peace of mind.

Why lapsed insurance may not be good?

Driving without valid insurance in India can lead to hefty fines, with penalties increasing for repeated offences. In some cases, vehicle owners may even face imprisonment for up to three months for failing to maintain insurance coverage. If your policy lapses, and you're involved in an accident, you could be held personally liable for any damages or injuries. This can lead to severe financial losses, as you would have to cover expenses out of your own pocket.

Here's how timely renewal protects you:

Coverage for damages: Comprehensive insurance covers a wide range of risks, including accidents, theft, fire, and natural disasters.

Third-party liability: Third-party insurance covers damages or injuries to others involved in an accident caused by you. Without a valid insurance, these costs would fall on you directly.

No claim bonus (NCB): You get 'No Claim Bonus' on timely renewal, which is a discount on future premiums for claim-free policy periods. Letting your policy lapse can cause you to lose this valuable discount. Additionally, many insurers impose extra fees or penalties for renewing a lapsed policy. Avoiding these costs is another reason why timely renewal is critical.

Protect your driving licence

Your car insurance policy is closely tied to your driving licence. Driving without valid insurance not only results in penalties but can also lead to suspension or cancellation in extreme cases.

Simplified renewal process

Renewing car insurance has become very easy, thanks to online platforms. Most insurers offer online renewal services, allowing you to complete the process from the comfort of your home. Online renewal also allows you to compare policies and choose the best coverage for your needs.

(The writer is Ayush Mishra.)

TOP

SURVEY AND REPORTS

ICICI Lombard and IRM India release 2nd India risk report a deep dive into risk culture – The Week – 3rd October 2024

As India progresses toward becoming a developed nation under the Viksit Bharat 2047 program, it maintains rapid economic growth. This progress, amid a complex risk environment, presents both opportunities and challenges for Indian industries. A strong risk culture will enable an organisation to confidently pursue its objectives by taking calculated risks and effectively managing potential threats and hazards.

India Risk Report 2024 by ICICI Lombard and IRM India highlights the crucial need for embedding a risk culture into organizational strategies. The report emphasises a simple A-B-C approach for understanding the “Risk Culture” of an organization. Attitudes of individuals and groups shape their Behaviours. Over time, these repeated behaviours form the Culture, which in turn influences the attitudes and behaviours within the organisation. This report is a timely reminder of the importance of proactive risk management. It assesses the self-evaluation of processes and cultural standing within Indian enterprises, based on a comprehensive survey of risk perceptions, management practices, and cultural aspects. It equips businesses with actionable insights to navigate the complex risk landscape and unlock opportunities for sustainable growth.

The comprehensive study, combining primary and secondary research, incorporates valuable insights from business and risk leaders across various fields. This report aims to enhance our collective understanding and management of risks while promoting a resilient organizational culture grounded in effective risk practices. It examines risk disclosures from over 500 Indian companies and more than 50 global companies, based on their annual reports for years 2022 and 2023. The quantity and quality of these disclosures provide insights into the prevailing risk culture within these organizations.

Key Findings:

1. **Risk Maturity:** Mature organizations ensure that all employees can identify risks within their areas of responsibility. According to survey responses, there has been a marked improvement in this aspect compared to the previous year. Still 42% of organizations still expect the Board or the Risk department to identify risks.

2. Risk Culture: Measuring risk culture presents unique challenges due to its intangible and subjective nature. Despite this complexity, our research team has developed a risk culture scoring system (0–100) to benchmark organizational resilience. Our findings indicate that only 16% of businesses score above 60, with a mere 6% achieving scores between 80 -100.

3. Top Risks: Cybersecurity, technology, and talent shortages have emerged as pressing concerns across all sectors. As businesses increase their reliance on digital platforms, the risk of cyberattacks has grown significantly, while the challenge of hiring and retaining skilled talent continues to escalate

4. Mid-size companies: This year's report also emphasizes the importance of risk in mid-sized enterprises, which form the foundation of the Indian economy and account for nearly one-third of India's GDP and half of our total exports. Overall, mid-sized companies have shown significant evolution over the past few years.

5. Expert analysis from 10 industry leaders and 5 risk experts: Our expert contributors and key external stakeholders, who have accumulated years of experience navigating complex risk landscapes across diverse fields, provide these strategies, offering a comprehensive perspective on achieving sustainable growth and managing complex risk landscapes.

Sandeep Goradia, Chief - Corporate Solutions Business at ICICI Lombard, states "Risk perception across industries is evolving at an unprecedented pace. Sectors that were once considered risk-averse are now confronting new and complex challenges, driven by the increasingly dynamic and interconnected nature of the global risk landscape. The rise of cybersecurity threats, coupled with talent shortages and economic uncertainties, has transformed risk management from a strategic consideration to an operational imperative. In today’s environment, organizations must adopt a forward-thinking approach to anticipate and navigate these emerging threats. Insurance plays a pivotal role in this framework, offering both financial protection and a strategic buffer against unforeseen disruptions. Our collaboration with IRM enables us to deliver in-depth insights and actionable strategies that not only address immediate risks but also foster long-term resilience. By integrating risk management into the core of their operations, businesses can not only safeguard their future but also capitalize on opportunities that arise even in volatile conditions."

Hersh Shah, CEO, IRM India Affiliate and India’s Youngest Enterprise Risk Expert, said “As India charts its course towards becoming a developed nation under the Viksit Bharat 2047 initiative, it finds itself at the intersection of immense opportunities and intricate challenges. The dynamic landscape of business and risk demands a new level of agility and foresight. It is within this context that we present the second edition of our report, "Building Resilience: A Comprehensive Analysis of Risk Culture in India’s Corporate Sector,” with ICICI Lombard. The second edition delves deeper into the essence of risk culture, a crucial yet often overlooked facet of organisational health. Our commitment to understanding and enhancing risk culture stems from its profound impact on an organisation's ability to prepare for evolving scenarios, navigate uncertainties, and leverage opportunities effectively.”

Key Takeaways:

• **Top Risks in Focus:** Cybersecurity threats and talent shortages are becoming key concerns across sectors. As businesses increasingly rely on digital platforms, cyberattacks have escalated, presenting a critical risk. Furthermore, many organizations are finding it difficult to source and retain skilled talent, a trend likely to intensify as the labor market becomes more competitive.

• **Changing Perception of Risk:** The report reveals a shift in how some sectors perceive risk. BFSI and Services were low-risk last year and are seen as riskier as they face complex challenges like macroeconomic pressures and cybersecurity, whereas Energy/Utilities and Pharma, which were high-risk last year, are beginning to address risks related to digital transformation. However, Manufacturing and Distribution is at the same lower level both years, so it’s a constant.

• **Risk identification:** As per the trends, we see that risk identification among all employees rose by 6% from 26% in 2023 to 32% in 2024, which indicates increased ownership and responsibility. Identifying "black swan" and "gray rhino" events (that refer to unexpected and foreseeable catastrophes, respectively) is now being looked at as a significant contributor to an organisation’s success.

• **Risk Management and Insurance:** Furthermore, the report highlights that businesses are increasingly turning to loss control solutions and insurance to mitigate key risks. For cybersecurity, over 47% of respondents have adopted loss control measures, while an equal percentage have chosen insurance to manage their exposure. Technology risk is mitigated by 71% of organizations through loss control efforts, while 66% manage legal and regulatory risks. Fire hazards remain the most insured risk, with 70% of businesses covered. However, there is a significant gap in managing climate change risk, as 37.5% of companies still lack any form of risk solution, indicating an area where further insurance and risk management efforts are required.

• **Strengthening Risk Culture:** A key theme in the report is the importance of fostering a strong risk culture within organizations. The survey shows that many businesses are still struggling to instil a culture where risk management is part of everyday decision-making. Companies across sectors must prioritize building a risk-aware workforce to improve their overall resilience.

• **Risk Disclosures:** The dedicated chapter on risk disclosure analyzed 521 listed Indian companies reveals that only 3% of respondents maintained consistent risk disclosure over two years, serving as a wake-up call for Indian organizations. Effective risk disclosure requires a top-down approach, where the tone is set at the top, and the board is held responsible for driving risk culture throughout the organization.

While solid risk management processes and advanced technology are essential for risk management, a strong risk culture is also critical. This culture must empower everyone in the company to recognize, identify, and manage risks.

The self-assessment of risk culture, combined with the risk disclosure analysis, highlights the urgent need to enhance risk culture within organizations. This research will benefit industry risk leaders and all Indian enterprise stakeholders. It will help them identify the key areas that require attention to become risk-intelligent and risk-ready, enabling them to confidently pursue ambitious goals.

TOP

Healthcare cost in India rising by 14 percent annually: Report - ANI News – 28th September 2024

The healthcare cost in the country rising at an annual rate of 14 per cent, highlighted the ACKO India Health Insurance Index 2024. The index report noted that each year the healthcare cost in the country is becoming expensive because there is double-digit inflation in healthcare. It said, "Healthcare inflation was reported at 14 per cent in India." The index also noted 23 per cent of hospital charges in the country are financed through borrowings which puts a significant strain on families' financial health. With 62 per cent of healthcare expenses paid out of pocket in India, the report stressed the necessity for better health care coverage to protect against unexpected health crises. Highlighting the major diseases in the health insurance claims the report stated that Delhi has emerged as the capital for kidney disease in India, with the highest share of health insurance claims made related to kidney health. The index noted that after the capital, the highest claims in health insurance for kidney disease were from Kochi "Delhi is the capital for kidney disease, followed by Kochi. Delhi NCR had the highest share of claims related to kidney health. Kochi, Secunderabad, Bengaluru & Jaipur's share of claims was above the National average" said the index report.

The index also noted that the average age of patients claiming kidney and renal problems is 47 years, indicating a significant health concern. Notably, the largest bill filed as per the index for kidney-related issues last year amounted to Rs 24,73,894, highlighting the financial burden associated with these health conditions. In addition to kidney health, the report also sheds light on other critical health issues, including heart disease. It noted that Kolkata and Mumbai have the highest claims for heart-related conditions, with a significant increase in hospitalizations for heart diseases observed between the ages of 31 and 50. "Kolkata and Mumbai topped the list of metros when it came to disorders of the circulatory system like heart attacks" the report added. Furthermore, the report highlighted alarming trends in cancer cases, predicting a 13 per cent increase from 2020 to 2025. Meanwhile, the government recently introduced various schemes to improve healthcare in the country. On September 11 this year, the Union Cabinet had approved health coverage for all senior citizens aged 70 years and above, irrespective of income, under the flagship scheme Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY). With this approval, all senior citizens of the age 70 years and above irrespective of their socioeconomic status, would be eligible to avail the benefits in this scheme. AB PM-JAY is the world's largest publicly funded health assurance scheme, which provides health cover of Rs 5 lakh per family per year for secondary and tertiary care hospitalisation. All members of the eligible families, irrespective of age, are covered under the scheme. (ANI)

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PENSION

PFRDA launches new scheme with higher equity element - Financial Express – 2nd October 2024

The Pension Fund Regulatory and Development Authority (PFRDA) launched a new life cycle scheme under the National Pension System (NPS) on Tuesday that will entail people to invest 50% of their corpus in equity till the age of 45. The move aimed at boosting the pension corpus of the government and private subscribers. The tapering of equity allocation under the Balanced Life Cycle Fund (BLC) is similar to existing LC50, where the equity is capped at 50% but the equity tapering starts at the age of 45 instead of 35. “This new life cycle fund focuses on growth assets, particularly equity investments, providing more flexibility and potential for higher returns for NPS subscribers,” the PFRDA said. The BLC can also be tapped by risk-taking government employees under the proposed Unified Pension Scheme (UPS) looking to get higher returns sans guaranteed pension at the rate of 50% of the average pay of the last 12 months in service. Under UPS, subscribers choosing the default investment option would get a guaranteed pension. The assets under management (AUM) under the NPS may rise by 28% on year to Rs 15 trillion by end of 2024-25, aided by fresh enrolment of private subscribers and the new life cycle scheme. The auto choice lifecycle fund would offer an easy option for those private subscribers who do not have the required knowledge to manage their NPS investment.

The proposed scheme is an improvement over the extant LC50 – Moderate Life Cycle Fund which provides a cap of 50% of the total assets for equity investment. The exposure in equity starts with 50% till 35 years of age and gradually reduces as per the age of the subscriber. This extant scheme is also available to the government staff. Subject to market conditions remain as it is now, the cumulative NPS AUM including Atal Pension Yojana (APY) will likely reach Rs 15 trillion by March 31, 2025. PFRDA expects to add 13 million new APY subscribers in FY25 and as many as 1.1 million private sector subscribers. PFRDA is making efforts to expand private subscriber's base as government sector subscribers are saturated.

TOP

EPFO gets smarter, claims settlement now 30 percent faster - Financial Express – 28th September 2024

Processing of claims by the Employees' Provident Fund Organisation (EPFO) has seen a sharp jump of about 30 percent year-on-year in August-September, thanks to the latest software upgrade by the world's largest retirement fund body's digital platform. The slower pace of claims settlement by EPFO had earlier been a burning issue, and caused much heartburn among the subscribers, including those who sought to prematurely withdraw part of the accumulated funds to meet financial emergencies.

A senior official told FE that the upgradation of the software was completed six weeks ago. "During peak hours, we're seeing processing of claims have now doubled (as against a few months ago)," the official said. "The EPFO is expected to upgrade its hardware too, and further upgrade its software for this purpose very soon," the person added. The Centre for Development of Advanced Computing (C-DAC), under the Ministry of Electronics and Information Technology (MeitY), has built the new software for the EPFO, which is helping the retirement body in reducing rejection of claims. As per official data, the rejection rates of EPF final settlement had surged from around 13% in 2017-18 to nearly 34% in 2022-23. It is now much lower. Out of the three PF claim categories – final settlement, transfer, and withdrawal – the rejection rate saw a sharp rise for the final settlement of PF claims over the last five years. Overall, in 2022-23, total claims for final PF settlement, transfer claims, and withdrawal claims totalled 52.1 million. Of this, 13.4 million or 25.8% claims were rejected, while 37.7 million or 72.4% claims were settled, showed official data.

Sources say the main reason for the rise in the rejection rates was discrepancies in data which the EPFO systems had and what the claimants shared, and technical issues with the IT infrastructure. But post the software upgrade, improvement has been seen on both fronts, said another official. An official had earlier told FE that the "rejection (of claims) occurs when members' details are not matched with the system, and they don't act in the prescribed manner." Meanwhile, the official said that the government is working on building a "centralised database for a centralised payment system" under the EPFO, which is expected to be operational in the next two months. The database will keep records of a subscriber at one place, even if they shift locations. In the first 100-days of the Narendra Modi led NDA government, the EPFO relaxed the mandatory requirement of uploading the image of cheque leaf/attested bank passbook for certain eligible cases for EPF claims. As per an official release, this will ensure faster settlement of claims filed online thus promoting ease of living, and reduce instances of rejection of claims due to non-uploading of the image of cheque leaf/attested bank passbook. Earlier, over 10% of partial withdrawal cases were rejected on account of non-uploading of these documents.

(The writer is Priyansh Verma.)

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GLOBAL NEWS

Philippines: Insurance regulator commences first morbidity study – Asia Insurance Review

The insurance Commission (lC) has announced the start of the first industry-wide morbidity study among all insurance companies selling health insurance products as well as all Health Maintenance Organisations (HMOs). All data and reportorial requirements shall be submitted to the lC Actuarial Division on or before 30 November 2024. The study, a joint initiative with the Actuarial Society of the Philippines (ASP), will cover lndividual, family and group/corporate products. The study parameters are as follows:

1. Period of Study: 1 January 2018 to 31 December 2022
2. Type of Processing: Seriatim (record-by-record)
3. Policy Data (Membership Data) Required: Policy (Membership) in-force record as of yearend in the calendar years indicated under the period of study.
4. Claims Data Required: Claims incurred by those included in the policy data.
   The study will be carried out in accordance with the Memorandum of Understanding signed by lC and ASP on 24 January 2024.

Aims
The objectives of the study are:
1. To develop industry-level health or medical claim costs and utilisation rates which can serve as benchmarks for the lC in evaluating the reasonableness of rate filings and reserve valuations of insurers and HMOs. This would promote fairness and strengthen consumer protection and prudential regulation.
2. To provide insurers and HMOs with industry-level experience which can be used as a benchmark for developing and pricing new health products and benefits.
3. To create credible data that are relevant and specific to the Philippine experience which would lessen dependence on data or experience of other countries which may not represent local conditions.
4. To provide information and insights which could aid the government in health policymaking.
5. To be able to determine parameters that may be used in pricing and valuation of insurance and HMO industries. It aspires to produce the following statistical results: (utilisation rate, length of stay, and average claim amount) by different categories (gender, age group, lP/OP, surgical/non-surgical, ABL/IMBL).

A Morbidity Study System shall be developed to aid in the collection of data and to ensure the integrity of data collected. Companies shall be given access to the system to conduct their own future morbidity study.

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COI TRAINING PROGRAMS

Mumbai – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
7	Marine Cargo Claims and Fraud Management	21-Oct-24	22-Oct-24	ClickHere	Register
8	Risk Inspection & Management for Risk Engineers	24-Oct-24	25-Oct-24	ClickHere	Register
9	Workshop on Team Dynamics and Interpersonal Relationships	07-Oct-24	08-Oct-24	ClickHere	Register
10	Relevance of Monetary policy and its implications for Insurance sector	21-Oct-24	21-Oct-24	ClickHere	Register
11	Insurtech and Digital Marketing	24-Oct-24	25-Oct-24	ClickHere	Register
12	Boosting Productivity of Marketing Personnel of Banks, Corporate Agents, Brokers	16-Oct-24	16-Oct-24	ClickHere	Register
13	Understanding Consumer Behaviour in Insurance Sales Management	23-Oct-24	23-Oct-24	ClickHere	Register

Kolkata – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Handling Project & Engineering Insurance – Underwriting and Claims	22-Oct-24	23-Oct-24	ClickHere	Register

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COURSES OFFERED BY COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

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

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

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

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	11 January 2025
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours

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

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

Course Structure -

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

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