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COLLEGE OF INSURANCE

INSUNEWS - WEEKLY E-NEWSLETTER

2ND – 8TH SEPTEMBER 2023

Insurance Term for the Week

ADDITIONAL INSURED

Additional insured is a type of status associated with general liability insurance policies that provides coverage to other individuals or groups that were not initially named in the policy. With an additional insured endorsement, the additional insured will then be protected under the named insurer's policy and can file a claim in the event that they are sued.

Liability insurance provides insurance for the party named in the policy for protection against insurance claims due to injury or damage to property or individuals. Liability insurance policies provide coverage for the costs of monetary payments or payouts that the insured party might be responsible for if it's determined the insured party is legally liable.

An additional insured status in a liability policy extends the coverage beyond the named insured to include other individuals or groups that were not named in the original policy. Additional insured typically applies where the primary insured must provide coverage to additional parties for new risks that arise out of their connection to the named insured's conduct or operations.

QUOTE OF THE WEEK

"Knowledge has to be improved, challenged, and increased constantly, or it vanishes."

PETER DRUCKER

INSIDE THE ISSUE

INSURANCE INDUSTRY

Empowering Financial Security: How insurance solutions are shaping the personal finance landscape – 7th September 2023 – Financial Express

In today's financial world, planning for the unexpected has become more important than ever. At the heart of this planning is insurance. Once just a safety net for life's surprises, insurance has grown to be a core part of how we manage our money, plan for our future, and ensure peace of mind. Let's explore how insurance is shaping the broader landscape of personal finance with Maya's example.

In a bustling café on a bright Tuesday morning, Maya sips her coffee, scrolling her phone. She's not checking the latest social media trends or texting friends about weekend plans, but rather perusing a personalized insurance dashboard. It showcases her life insurance, a recently acquired disability cover, and a health plan she's contemplating for her parents. It's a vivid reflection of our evolving financial environment.

1. The Safety Net Becomes Personal
Traditionally, insurance was viewed as a one-size-fits-all safety net—a necessity but distant from our daily financial choices. Today, the game has changed. With personalized insurance solutions, individuals like Maya can calibrate their coverage to their unique life circumstances. As personal financial landscapes evolve with career changes, family additions, or health concerns, so too can insurance portfolios.

2. Nurturing a Holistic Approach
Insurance isn't just about cushioning against life's uncertainties anymore. It's become a tool to foster a holistic financial strategy. With comprehensive health coverage, for instance, individuals are more likely to engage in preventive health practices, knowing that their insurance has got them covered. This proactive stance means fewer hospital visits in the future, ensuring both physical and financial health.

3. Bridging Knowledge Gaps with Technology
With the proliferation of insurtech solutions, information asymmetry is a thing of the past. Now, anyone can tap into a world of knowledge, comparing policies, understanding benefits, and even forecasting future coverage needs—all from the comfort of their homes. This democratization of information is making insurance an informed choice rather than a baffling obligation.

4. Financial Preparedness over Lifetimes
Consider the changing dynamics of the modern family. Earlier, a sole breadwinner might have sought insurance for peace of mind. Today, dual-income households, freelancers, and gig workers present a varied tapestry of insurance needs. Tailored solutions now cater to these evolving roles, ensuring financial preparedness across changing lifetimes.

5. Integrating Insurance into Financial Planning
As the significance of insurance mushrooms, financial planners are integrating it into broader wealth management strategies. A life insurance policy can be more than a safety net; it can be a part of estate planning. Similarly, a health insurance policy can complement retirement planning, providing security against unforeseen medical expenses in the golden years.

6. The Role of Empathy in Policy Design
In the past, policyholders often felt like numbers in an actuarial table. But today's insurance world is different. Companies are increasingly leveraging empathy, crafting policies that resonate with real human needs and concerns. It's not just about mitigating risk; it's about understanding and addressing life's intricate challenges.

So, as Maya finishes her coffee, contemplating her next insurance move, she's not just thinking about unforeseen calamities. She's mulling over her dreams, her family's aspirations, and her evolving financial journey. And in this narrative of empowerment, insurance emerges not as a grudging obligation but as a steadfast ally.

In the modern world of personal finance, insurance has taken center stage. It's not just about preparing for unexpected events anymore. It's a crucial tool that helps individuals plan, secure their future, and ensure peace of mind. As we navigate our financial journeys, insurance stands out as a reliable partner, promoting stability and confidence in an uncertain world.

(The writer is Sanchit Malik.)

TOP

INSURANCE REGULATION

IRDAI exploring flexible, do-it-yourself insurance products, says Chairperson Debasish Panda – Financial Express – 7th September 2023

During his address at the Global Fintech Fest 2023, Insurance Regulatory and Development Authority of India (IRDAI) Chairperson Debasish Panda said that the firm is pursuing reforms in the insurance sector in order to explore and offer flexible, do-it-yourself insurance products. "IRDAI is actively pursuing reforms in the insurance sector to enhance its adaptability and responsiveness. We are currently at a juncture marked by personalized offerings and shifting consumer preferences. To meet these changes, we are exploring flexible, do-it-yourself insurance products, leveraging advisory technologies and digital assistants. We anticipate a future where insurers can efficiently manage large and diverse data sources, harnessing quantum computing to revolutionize risk assessment and decision-making, thereby significantly improving the insurance lifecycle," said Debasish Panda.

Debasish Panda discussed new technological developments lined up for the insurtech sector. He said, "AI algorithms combined with machine learning models and predictive analysis will be leveraged to make underwriting an essential process in the insurance industry. Process automation will help increase the speed of traditional processes that require manual intervention. Further, conversational AI will be harnessed in the insurance industry throughout the value chain and will help customers by assisting them during various stages of insurance procurement to claim process."

Underlining his vision for the future of the sector, Debasish Panda said, "It is safe to say that smart contracts, parametric triggers and decentralised insurance would be the future. Simple, fast, automated and efficient – that is where we want to reach. Accessibility, availability, awareness, choiceness, healthy competition all led by technology is the way forward."

TOP

IRDAI chief stresses on need for more insurers, enhanced products and services – The Economic Times – 7th September 2023

The Indian insurance sector, with around 70 players, is inadequate to serve its 1.4 billion population and the industry requires more insurance companies to meet the growing demand, said Debasish Panda, chairman, Insurance Regulatory and Development Authority (IRDAI). Catering to the needs of the biggest population on the planet "cannot be done with a handful of players or with a handful of products," Panda said at the Global Fintech Fest, describing as "grossly inadequate" the number of service providers now operating in the country Panda said there is scope for insurance proliferation in the traditional risk areas — life, health, property, motor or crops. Also, as the world becomes increasingly tech-based and digital, the emergence of cyber risks and potential losses create a significant market opportunity in the insurance sector, he added. He expressed his vision for a future without the necessity of filing insurance claims, referring to it as "Insurance 2.0." He emphasised on the significance of enhancing products and services and pointed out that technology would have a central role in shaping this emerging era of insurance.

Talking about the opportunity, Panda said that the next 10 years are of utmost importance for the insurance sector since the industry will see change in the nature of insurance products as well as the way that companies distribute it given the rise in level of awareness. "More customised products will be required and all of this will necessitate more players, more opportunity, more expertise, and most importantly more capital to be infused in the sector," said Panda. On the product innovation front, Panda talked about the need to create flexible retirement plans. There is also a surge towards DIY (do it yourself) products or self service approach to determine the best personalised option, which has led to the rise of various advisory technologies and tools like digital assistants, he pointed out. He asked the industry to leverage AI and machine learning to enhance underwriting accuracy which can be used to tailor products based on customer risk profiles. Panda also mentioned plans to explore the 'Bima Trinity', which represents a comprehensive approach to insurance services. He talked about achieving 100 percent cashless health insurance. While acknowledging the success of UPI, he said 'Bima Sugam', a single platform for insurance needs could be the UPI moment for insurance.

TOP

Technology could help pay claims automatically in future: IRDAI chairman – Moneycontrol – 6th September2023

With the help of technological tools, insurance companies could pivot to paying certain claims without the policyholder having to file them, insurance regulator Debasish Panda has said. "It is time for the insurance industry to reinvent and introduce more responsive tech-led avenues to cater to the needs of over 140 crore Indians and their businesses. It is time to become future ready," the Insurance Regulatory and Development Authority of India (IRDAI) chairman said during his address at the Global Fintech Fest in Mumbai on Wednesday.

Also read: MC Exclusive: Common hospital network, health claims exchange and deeper penetration can minimise claim hassles, says IRDAI chief. He stressed on the need for greater adoption of technology to increase insurance penetration, reduce frauds and provide better customer service. "…smart contracts, parametric triggers and decentralised insurance would be the future… I am certain that there would be a time when even the need for filing claims will be eliminated," he said.

This is possible through smart contracts that make extensive use of technology. "For instance, in travel insurance, a smart travel contract operating on a public blockchain will have all details of the booked flight…it would be programmed to monitor flight data continuously, triggering instant claim settlement in the case of delay or cancellation," he said. Likewise, if a cyclone or hurricane were to hit a region at a certain speed, the compensation would get paid based on the policy terms and conditions for people in that area with decentralised insurance.

"AI algorithms combined with machine learning models and predictive analysis will be leveraged to make underwriting an essential process in the insurance industry. Process automation will help increase the speed of traditional process that required manual intervention. Further, conversational AI will be harnessed in the insurance industry throughout the value chain and will help customers by assisting them during various stages of insurance procurement to claim process," Panda said. The IRDAI is also looking to boost Insurance Information Bureau (IIB) as a one-stop solution for data needs of the industry – it will provide insights, early warning signals and analytics.

All general and health insurance companies are now onboard the National Health Claims Exchange and are in the process of full integration. He also spoke about the industry-wide, regulator-backed effort to move towards 100 percent cashless claim settlements in the health insurance segment. "(Life and General

Insurance) Councils are playing an active role in enabling common empanellement for hospitals and interoperability to provide seamless and frictionless claim settlement for customers," he said.

TOP

IRDAI to move toward principle-based architecture – The Times of India – 6th September 2023

The insurance regulator indicated that it is moving towards a principle-based regulatory architecture in its meeting with the CEOS of insurance and reinsurance companies at Hyderabad on Monday and Tuesday. The regulator has also informed insurance companies that the adoption of Risk-Based Capital Framework (RBC) and Risk-Based Supervision Framework (RBSF) is expected to evolve, with insurers actively engaging in quantitative impact studies that is underway. A risk-based capital and supervision framework would mean that the extent of capital required and intensity of supervision would vary depending on the risk that a company undertakes.

The future roadmap was conveyed to the CEOs under the aegis of the Bima Manthan, a periodic meeting the regulator has with the industry. This is the fourth such meeting under the Bima Manthan forum, initiated by current chairman Debasish Panda, which has the aim of `Insurance for all by 2047' as a core objective. In the meeting the regulator told industry participants that the State Insurance Plan (SIP) is positioned to play a pivotal role in extending insurance coverage across diverse regions. Insurance companies were also asked to collaborate with microfinance institutions and non-banking finance companies to promote financial inclusion.

The regulator also sought feedback from the industry on their geographical expansion and distribution strategies which are expected to contribute to increased insurance accessibility.

(The writer is Mayur Shetty.)

TOP

IRDAI Proposes Changes in Customer Information Sheet – Clear Tax – 4th September 2023

The Insurance Regulatory and Development Authority of India (IRDAI) is mulling to introduce changes to the existing format of the customer information sheet (CIS), which an insurance company(insurer) provides with policy documents on purchase and renewal. On the anvil is a simplified document, which will make it easier for policyholders to understand various complex clauses, claim procedures and requirements through the usage of simplified language.

Currently, insurers follow the template set in 2020, when IRDAI tried to standardise the CIS format through the introduction of guidelines on product filing in the health insurance business.

A few of the key changes proposed in the CIS include:

While the policy is issued and documents delivered to a policyholder's home, they still have the option of returning the same in case one notices a gap between promises and actual offerings. This can be done during the initial 15-30 days of receipt of the policy docket, which is referred to as a free-look period. Insurance companies will be mandated to specify this free-look period on the CIS, states IRDAI.

Presently, despite being the offering for which premium is being charged, the sum insured doesn't tend to form part of a standardised CIS format. However, the new CIS will be mandated to specify the sum insured or cover amount under individual and family floater policies, as per IRDAI's draft. Further, the document will also, in a transparent manner, specify whether the policy operates on the reimbursement principle, where hospitalisation expenses are reimbursed to the extent of the sum insured, or is a defined benefit cover that pays out a pre-agreed sum upon diagnosis.

Currently, the CIS does not require health insurance companies to state the timeframe for paying claims. However, in case the proposals are introduced, insurers will have to highlight the turnaround time that policyholders can expect for claim settlement in the CIS.

In addition, insurers will be required to mention the exclusions or expenses that will not be paid for and deductibles, that is, the amount that a policyholder has to shell out before the insurance company settles the claim. Also, the document will contain contact details of the company's grievance redressal officers, besides IRDAI-appointed ombudsman offices.

The insurer will have to detail the process for migration to another product or port-out to another insurer. At present, the insurer is only required to mention the email IDs and addresses of the company officials who need to be contacted in case a policyholder wants to switch to another insurer.

(The writer is Rajiv Dogra.)

TOP

Insuers can alter terms for customers of withdrawn products – The Times of India – 2nd September 2023

The insurance regulator has allowed life companies to alter the terms of policies that have been withdrawn. Companies can now add riders, provide flexible payment terms and cut interest charges for revival of policies. "This applies to products no longer available for sale but still have existing policies serviced by insurers. The key objective of this circular is to provide greater flexibility to existing policyholders while safeguarding their interests. The decision follows consultation with the Life Insurance Council," the Insurance Regulatory and Development Authority of India said in a statement.

The regulator has said that insurers must ensure that the withdrawn file and use products shall not be altered or amended while offering these option to policyholders.

(The writer is Mayur Shetty.)

TOP

Irdai approves modification on withdrawn life insurance products – Business Standard – 2nd September 2023

The Insurance Regulatory and Development Authority of India (IRDAI) approved the reduction of interest rate for revivals or policy loans, among others. The regulator sanctioned a set of modifications to withdrawn life insurance products. These are applicable to existing policies that were closed for new business but still exist on insurers' books. The alterations are introduced to give additional benefits and flexibility to existing policyholders, ensuring they are not adversely impacted.

As per the circular released recently, the insurance regulator has decided to allow the addition of existing riders which are open for sale, the addition of premium payment modes, reduction in interest rate for revivals or policy loans, and the addition of one or more payment frequencies to income benefits payable to policyholders. While offering these benefits, insurers should ensure that the withdrawn application is not altered. Policyholders must be informed about the options available to enable well-informed decisions.

Furthermore, the changes must be properly documented in the policy document. Insurers must also ensure that the changes are not detrimental to the policyholders. Finally, they must also ensure that the term of the rider does not exceed the outstanding policy term under the base policy. Although the circular is effective immediately, these changes will require approval from the Product Management Committee (PMC).

(The writer is Aathira Varier.)

TOP

Irdai plans women-led distribution force to win over rural customers – Live Mint – 2nd September 2023

To boost insurance coverage in the rural areas, the Insurance Regulatory and Development Authority of India (Irdai) is working on a women-led localized distribution force called Bima Vahak, said a person in the know. The aim is to engage women in raising awareness about the importance of insurance, and educating the rural population about a range of products tailored to their requirements. The final guidelines for this initiative are likely to be released this month, the person added. Irdai had issued draft guidelines on Bima Vahak in May.

"The consultative process is over and guidelines to operationalise will be notified soon," the person said. Irdai did not respond to Mint's queries till press time. "... various modalities are under consideration, including an e-marketplace protocol, localized, women-centric distribution force, simple benefit-based products which may greatly enhance ease of doing business and significantly contribute to insurance inclusivity," Irdai chairperson Debasish Panda had said in an earlier interview with Mint.

Bima Vahaks will promote insurance penetration in the remotest parts of India. A field force in remote areas will help to build trust of the local population. They will be patient and persuasive to explain the need for risk cover. In this context a women-led distribution network will emerge as an effective alternative, he said. Bima Vahaks would identify and develop resources who understand and appreciate local needs within every gram panchayat and village. Women who can gain trust of locals will be onboarded as Bima Vahaks for distribution and servicing of insurance products.

A Bima Vahak will sell and service the Bima Vistaar product approved by the Authority and such other insurance products specifically approved by the Authority. They will work with only one life insurer, one general insurer and one health insurer and additionally are permitted by the Authority to work with the Agriculture Insurance Company of India Ltd. The scope of activities that may be assigned to the Individual Bima Vahaks and Corporate Bima Vahaks may include collection of proposal information, KYC documents and related submissions, coordination and support in policy and claims-related servicing, as applicable.

(The writer is Subhash Narayan.)

TOP

LIFE INSURACNE

Life insurers' premium income continues to fall in August – The Economic Times – 8th September 2023

The life insurance industry reported a 12.33 percent decrease in new business premium income during April-August 2023, primarily due to a decline in income generated by the state-run Life Insurance Corporation of India (LIC).

While the private sector insurance industry reported a 14.51 percent increase in premium income during the same period, reaching ₹53,144 crore, riding on the growth in group single premiums, LIC's overall premium income declined 25 percent to ₹74,156 crore for the same period.

In August, the life insurance industry's new business premium decreased by 18.46 percent to ₹26,789 crore, as per preliminary data from the Life Insurance Council. Private insurers, however, saw their new business premium increase by 14 percent to ₹12,496 crore against ₹10,974 crore. LIC continued to drag the industry's growth down in August with a 35 percent fall in new business compared to August last year. Among private listed insurers, Max Life Insurance, HDFC Life and SBI Life reported the highest increase on year-on-year growth in premium for August.

TOP

Life insurers can now tweak their lapsed insurance plans to extend benefits to existing policyholders – Live Mint – 7th September 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has sanctioned alterations to lapsed life insurance policies that will be advantageous for current policyholders, reported Economic Times. The circular issued by IRDAI represents a significant stride in safeguarding the welfare of current policyholders.

The IRDAI in its circular dated September 01, 2023, shared, "IRDAI has introduced measures allowing more choices and benefits for policyholders with withdrawn life insurance products. Effective immediately, this applies to products that are no longer available for sale but still have existing policies serviced by insurers." The central objective of this circular is to provide greater flexibility to current policyholders while ensuring the safeguarding of their interests.

The key developments include:

- Introducing additional riders: Companies have the option to offer new riders to policyholders with existing withdrawn plans.
- Payment flexibility: Offer the choice to adjust the premium payment mode.
- Reduced interest rates: A decrease in interest rates for policy reinstatements and permissible policy loans.
- Expanded payment choices: Policyholders can select the frequency of certain benefits received from their policies, including income benefit payments.
-

In compliance with the circular released by IRDAI on August 31, 2023, adjustments are authorized for the withdrawal of life insurance products. The insurance provider must guarantee that:

No modifications or amendments are made to the withdrawn file and use applications when extending the aforementioned options to existing policyholders. An addendum, listing all alterations in chronological order following the format outlined in Annexure I, is consistently maintained for the withdrawn File and Use application, including all changes made up to the current date.

Policyholders are adequately informed about these choices, and explicit requests have been obtained from policyholders regarding points 4(i), 4(ii), and 4(iv). The adjustments are accurately recorded within the respective policy documents. Providing the aforementioned options does not compromise the interests of the policyholders.

Prior to this, numerous insurers discontinued plans for various reasons. For instance, during the financial year 2022-2023, the Life Insurance Corporation of India (LIC) withdrew approximately 12 plans, as indicated on the LIC website. Similarly, several prominent life insurance companies such as Bharati Axa Life, HDFC Life, Future Generali India Life Insurance, Max Life Insurance, and others have also ceased offering several insurance products for new purchases. Details of the withdrawn policies can be found on the respective insurers' websites.

(The writer is Abeer Ray.)

TOP

Some assurance in insurance; 3 life & 2 other insurance majors with potential upside of up to 33 percent – The Economic Times – 7th September 2023

After the announcement of changes in tax law early this year, all insurance stocks were hit badly. Yes there is a clear case of the life insurance companies coming under pressure but the trouble is that just because the word insurance is present in non-life insurance companies stocks were also hammered. Though some of them have made a comeback in the current phase of the across the board rally which stock markets have witnessed in the last few months. In reality, while both are insurance sectors, there is a world of difference in what macro and micro factors impact the bottomline of the life insurance player and non life insurance player. For non life insurance right from automobile sales to industrial growth is what matters. For life insurance companies, what matters is awareness about the need to have insurance, tax incentives given by the government are more important than anything else. Even on the cost side, the operating matrix is different for both the segments of insurance companies. Big incentives in life insurance is a well known industry practice, whereas in non-life it is not the case. In case of health insurance, the operating matrix is very different, while covid brought in awareness, the cost has been a prohibitive factor for the spread of private insurance, but then as the organised sector grows, health insurance will become part of the salary packages and there would be a certain amount of growth in health care. Will private health insurance companies be able to take the share of that growth is still an open question.

So when the finance minister announced changes in tax law, all the stocks with the word insurance tumbled. But as it is important to understand that over a long term, both segments of insurance will have different trajectory. Even in the case of non-life insurance players each player has very different operating strength and that is why probably analysts have a very different opinion on possible price targets. In the case of one company while they are expecting just one percent return in next 12 months, there is another where as per analyst estimates, possible upside could be as high as 33 percent. The list comprises companies with a target upside potential of up to 33 percent from the Insurance sector. The stocks collated with data from the latest Stock Reports Plus report dated Sep 6th, 2023. The list also contains a count of analysts evaluating each Insurance sector stock for the one year. For the purpose of this report, we have selected stocks wherein the count of analysts is at least 10 and the average stock report score is at least 4. Further, the stock must have an overall rating of either a "Strong Buy" or a "Buy". The list has then been sorted with the highest potential stock coming on the top of the list.

Insurance sector stocks - Upside potential

Sep 7, 2023

Company Name	Avg Score ▲	Reco	Analyst Count	* Upside Potential %	Inst Stake %	Market Cap Rs Cr
ICICI Prudential Life	4	Buy	31	32.7	14.6	77,584
HDFC Life	4	Buy	31	26.6	24.5	139,124
Max Financial Services	5	Buy	16	28.7	77.6	32,160
ICICI Lombard	6	Buy	24	21.2	31.0	65,946
Star Health Insurance	7	Buy	18	23.3	12.9	37,811

** Calculated from highest price target given by analysts*

Source: SR Plus

** Data Source - Stock Report Plus*

TOP

Discover the right insurance coverage through a calculated & scientific approach – The Economic Times – 6th September 2023

LIC of India in its annual report for 2022-23 stated that India has become the tenth largest country globally in 2021 and second largest amongst the emerging markets in terms of total premium volume with an estimated market share of 1.9 percent. India is tipped as one of the fastest-growing insurance markets in the world. Swiss-re Sigma 04/2022 has forecasted that the insurance premium will grow at an average of 14 percent per annum in nominal terms (9 percent in real terms) over the next decade. This could lead India to become the sixth-largest insurance market by 2032 ahead of countries like Germany, Canada, Italy, and S. Korea. Despite these great numbers, there is a huge potential for bridging the staggering insurance protection gap, since the majority of Indians are underinsured. The gap is even higher in the rural parts of the country which are still highly under-penetrated. The insurance gap simply means that the insurance coverage held by households is lesser than the actual sum assured required. So, there lies a great need to have optimal insurance coverage. Also, the fact that the core objective of any life insurance is to provide financial strength to one's family which arguably throws light on owning a pure term insurance plan than a savings-linked plan. While the savings-linked plans could yield some investment benefits, the sum assured will be lower and the premium will be much higher in this case. Also, insurance ideally should not be looked at as an investment vehicle.

Now is that sum assured some sort of a magic number or is there a scientific way to look at it? There are several methods to calculate how much insurance coverage will be enough so that the family is able to maintain the current lifestyle even in the future. We will examine this in a step-by-step manner:

Insurance Cover Calculation

Particulars	Monthly Amt (Rs.)	Present Value (Rs.)
Income	100000	14418623
Household Expenses	45000	6488380
Net income required		**7930243**
Liabilities	**EMIs**	**3600000**
Future Family Goals	**Amt (Rs.)**	
Child Education	2400000	
Child Marriage	2000000	
Spouse's retirement	5000000	
Total Goal needs	**9400000**	
Cumulative Needs	**Amt (Rs.)**	
Net income req'd	7930243	
EMIs	3600000	
Future Goals	9400000	
Total	**20930243**	
Particulars	**Monthly Amt (Rs.)**	**Present Value (Rs.)**
Investments	30000	3108739
Savings	10000	1650219
Investments & savings available		**4758957**
Total Insurance cover needed		**16171285**

Please note that it is just a hypothetical calculation based on certain assumptions.

Suppose, a person is 40 years of age and wants to retire at 60 years. Thus, the years left to retire will be 20, and the total no of months will be 240.

1. Human Life Value (HLV) method: This is the most popular and quite effective method to determine the amount of life coverage one needs. It is based on the economic value of a person's life to his family. The HLV method considers this future aspect in terms of income, expenses, assets & liabilities. One needs to factor in inflation to determine how much the future value could cost today. If one is doing existing investments into equities or other investment avenues then the present value of this future stream of income based on a projected rate of return will provide more accurate coverage. This method is usually recommended by most insurance companies.

2. Underwriter's rule of thumb: Many insurance companies also promote this method because of its simplicity. Under this, an insurance agent may ask you to have insurance coverage that is 10-15 times your annual income. The agents could also relate your age with some multiplier to arrive at the magic number of insurance coverage.

E.g. for people in the age bracket of 20-40 years, the multiplier could be 15-20 times one's annual income. For people in the age bracket of 40-50 years, the multiplier could be 10-15 times, and for people above 50 years, there could be a 5-10 times multiplier. So, if someone is 30 years of age and has an annual income of Rs.15 lakh then with a higher multiplier, the insurance cover needed will be Rs. 3 crore. While it could give some direction, the major limitation of this method is that there is no scientific approach related to it. So, investment advisors wouldn't recommend this method.

3. Income Replacement method: As the name suggests, this method opines that the insurance coverage needed should be the amount that could replace the income of the breadwinner. So, the coverage according to this method will be one's annual income multiplied by the number of years left to retirement as it is during this period that income gets lost and thus needs to be replaced in the event of an untimely death of the breadwinner.

E.g., if one's annual income is Rs.15 lakh and 20 years are left for his retirement, in the event of death, the insurance cover will be Rs. 15 lakh *20 years = Rs. 3 crore.

The drawback of this method is the amount could be an inflated number since it is based on future income. Consequently, the premium paid is higher. So, someone looking to buy insurance coverage could shell out more money if he opts for insurance coverage from this method.

4. Expense Replacement method: This method takes into consideration the daily household expenses, loans that need to be set off, and the future life goals that need to be met to calculate the coverage that is needed. Unlike the income replacement method, the present value of one's investments and any existing cover will be deducted from the coverage amount to arrive at the final amount one needs. This method is also preferred since it considers one's sustainable lifestyle.

As we can see, the human life value method is the most effective method of all. It is the need-based approach of this method that sets it apart from others. Now, we will calculate the insurance coverage through this method. Suppose, a person is 40 years of age and wants to retire at 60 years. Thus, the years left to retire will be 20, and the total no of months will be 240. Now, let's look at the basic monthly financial sheet of this person. His monthly income is Rs. 1 lakh. Of this, he spends Rs. 45,000 in household expenses and has EMIs of Rs. 15,000. The person is making monthly investments of Rs. 30,000 through SIPs to achieve his family's various life goals and the remaining Rs. 10,000 is lying in his bank account.

*Based on these assumptions and the monthly financial sheet, a person's life insurance cover will be calculated which will be his total needs minus the resources available. While the total needs will be the culmination of the person's net income required after factoring inflation along with his liabilities that need to be paid off and the future family goals that are required to be fulfilled; resources available would include the investments the person is making at a projected rate of return of 10 percent and the money lying in his bank account which will yield interest at 4 percent. As we can see, the total needs of the person based on his net income requirement, liabilities, and future life goals are coming out to be over Rs. 2 crore. While EMIs are assumed to remain constant throughout the period, future life goals like child education and child marriage are one-time expenses. Spouse's retirement is also added since the spouse needs to take care of her retirement also and therefore would want to maintain a decent lifestyle even during that time period. Now, his future stream of savings and investments at assumed rates would collectively give him Rs. 47.5 lakh in today's value terms. Thus, the insurance coverage this person requires will be total needs minus investments & savings available with him which is coming out to be approximately Rs. 1.61 crore.

TOP

Indian insurers tweak trading strategy as bond-swap spread widens – The Economic Times – 6th September 2023

Demand for stripped-down Indian government bonds among domestic insurers has risen as the widening spread between their yields and overnight index swaps (OIS) rates has turned forward rate agreement (FRA) derivative trades unattractive. The one-year and five-year swap rates have risen by more than 20 basis points (bps), while the bond yields have risen by less than 10 bps, "rendering FRAs less appealing," said Rahul Bhuskute, chief investment officer at Bharti AXA Life Insurance.

FRAs are agreements that insurers enter into with banks to lock in rates on long-dated bonds, helping them offer guaranteed returns to policyholders. Banks charge a margin to hold these bonds on their balance sheets until maturity. However, FRAs only stay attractive as long as the OIS rates remain on the lower side, especially due to their complicated nature.

The widening spread has insurers "favouring alternative long-duration instruments like STRIPS," added Bhuskute.

Separate Trading of Registered Interest and Principal of Securities (STRIPS) are bond instruments that dealers break apart, or "strip", to sell the principal payment and coupon rates separately. Those buying the principal get paid the principal amount on maturity, while those buying the coupons get paid the interest.

Investors can choose to buy only the required long-term duration for a more efficient asset-liability matching, said Badrish Kulhalli, head of fixed income at HDFC Life Insurance, leading to strong demand for these instruments generally private banks which used to typically undertake FRAs have reduced this activity.

"There was regular demand from some banks at auctions for FRAs, which has now come down, but at the same time primary dealers that sell STRIPS to insurers have become more active," a senior treasury official with a foreign bank said requesting anonymity. Investors from the 'others' category, which includes insurers, have bought bonds worth 214 billion rupees ($2.95 billion) on a net basis in the last five weeks, while primary dealers have sold bonds worth 578 billion rupees on a net basis during this period, data showed. ($1 = 82.9120 Indian rupees)

(The writer is Dharamraj Dhutia.)

TOP

Should you take an accidental death benefit rider with your life insurance policy? – Moneycontrol – 5th September 2023

You can top up your base term plan with an accidental death benefit rider for higher protection at a small additional cost. While this rider is no substitute for a comprehensive term plan, it can be a low-cost way of boosting your life cover. A life insurance cover (term plan) is a must-have for ensuring that your family is financially protected in the event of your demise. But apart from having a term plan (base cover), you can also opt for a rider — an additional feature on top of the base cover — to make your life insurance more comprehensive.

Now, certain riders such as the critical illness rider come at significant cost and therefore, require a cost-benefit analysis before you opt for them. However, an accidental death benefit (ADB) rider is a relatively low-cost option that gives you additional protection. “An accidental death benefit rider is easy to purchase. It does not require any elaborate documents or formalities. You just have to fill out an application form,” says Sanjay Arora, Executive Vice President and Head of Operations, Tata AIA Life Insurance. After all, unlike critical illnesses, there are no disclosures to be made regarding any pre-existing diseases.

While some companies sell accidental death and disability covers in the form of a single rider, others offer these separately. Affordability permitting, it is best to buy a combined accidental death and disability benefit (ADDB) rider. An ADDB rider offers compensation for loss of income due to total and permanent disability caused by an accident, while a simple ADB rider pays out the claim amount only in case of death.

Like any rider, the ADB rider too can be taken only on top of a base plan, say a term plan. This easy-to-understand rider gives the policyholder’s nominee an additional pay-out (besides the sum assured under the base plan) if the policyholder dies due to an accident. If the death is caused due to reasons other than an accident, then the insurer pays out only the sum assured under the base plan. That is, the rider provides additional financial protection in case of an accident-related death.

Let’s say, you have a term plan with a base cover of Rs 1 crore and an ADB rider of Rs 1 crore. Then, in case of accidental death, the policyholder’s nominee will be paid Rs 2 crore, and in case of death due to other reasons, the pay-out will be Rs 1 crore.

Professor Manoj K Pandey, a faculty member at Birla Institute of Management Technology and a life insurance industry veteran, points out that one can take an ADB rider not only with a term insurance plan but also with a host of ULIPs, endowment plans etc.

ADB rider cannot exceed base coverage

So, what is 'accidental death' and how much cover can you take under this rider? Deaths due to car or other road accidents, airplane crashes, injuries from a fall, fire or firearm accidents qualify as accidental death under this rider. However, deaths due to suicide or self-inflicted injuries, parachuting, engaging in hazardous sports, etc., are excluded.

Your ADB rider amount cannot exceed your base plan cover. If you have a term plan with a base sum assured of Rs 1 crore, you can at best take an ADB cover of a crore. But how much cover should you actually take? "An ADB rider comes at a very low additional premium, so you should take the maximum possible cover," says Rhishabh Garg, Head, Term Insurance, Policybazaar.com.

Giving a rough estimate, he says, if you already have a term plan with a sum assured of Rs 1 crore, then the cost of an additional Rs 1 crore cover will be 80-90 percent of the first Rs 1 crore. But, with an ADB rider, the additional cost could be just 25-30 percent. Of course, with the latter, you are covered only if the death is due to an accident.

Higher base cover or ADB rider

So, should you go for a higher base sum assured or an ADB rider? Here is what experts have to say.

"As the name suggests, the rider 'rides' on a base policy. The sum assured under the rider cannot exceed the sum assured of the base policy. Hence, one should take the maximum possible life insurance cover in the base policy. This (base policy) provides protection against death by any cause, be it due to an illness, old age or accident," says Pandey.

Accidental rider is like a top-up, to enhance the benefit should one die because of an accident. "This is the easiest rider to get with almost no underwriting attached to it, except for those with some deformity, etc. The premium is also very low," he says.

Kapil Mehta, co-founder and CEO of SecureNow Insurance Brokers, offers a similar view. "Taking a higher sum assured under the base plan is the best option, if you can afford it. The accidental death benefit can be seen as a cost-effective way of increasing your sum assured," says Mehta.

Garg suggests that while making this choice, it's important to evaluate one's lifestyle. "If you have heavy usage of two-wheelers or public transport such as shared autos, which expose your life to greater risk than, say, travelling by car, then you can consider taking this rider." Do note, however, that the payout is not confined to vehicular accidents alone. Death due to a fall at home will also qualify as an accident.

While the ADB rider is no substitute for full-fledged life insurance, it is a good addition for enhanced protection, especially considering its lower cost and the ease of availing of it.

(The writer is Maulik.)

TOP

Now, buy rider benefits for additional protection even if you own withdrawn life insurance policy – Moneycontrol – 4th September 2023

Soon, you will be able to buy rider benefits such as accidental death and disability, critical illness or waiver of premium covers even if you own a life insurance policy that was subsequently withdrawn by your life insurer. So far, the Insurance Regulatory and Development Authority of India (IRDAI) rules did not allow life insurance companies to make changes to their old, withdrawn products. Now, the insurance regulator has changed its stance.

"The key objective of this circular is to provide greater flexibility to existing policyholders while safeguarding their interests. The decision follows consultation with the Life Insurance Council…with this initiative, IRDAI reaffirms its dedication to policyholders by offering greater flexibility and enhancing policyholders' insurance experiences," IRDAI said.

New features under old policies

The move will offer additional options to policyholders who may want to enhance their policies' comprehensiveness. "Despite being not open for sale, these products still affect all the existing policyholders who would have bought these products when they were being actively sold. Hence, it makes absolute sense to allow certain basic changes to be made to these products so that the existing policyholders can avail those if needed and yield benefits from them," says Akshay Dhand, Appointed Actuary, Canara HSBC Life Insurance. Besides rider benefits, life insurance companies can also allow policyholders to alter premium payment modes – for instance, if only yearly premium payment was allowed earlier, insurers could allow the flexibility to pay monthly premiums.

"The changes will largely be in the nature of operational benefits – for instance, if the existing product only permitted yearly mode of premium payments, insurers can now also offer monthly or quarterly modes. Likewise, they can also modify (but not add) income payout options from, say, annual mode to monthly mode," says a Bajaj Allianz Life Insurance spokesperson.

Insurance companies have also been permitted to reduce the rate of interest applicable to loans under the products or for reviving lapsed policies. To be sure, insurers do not have to mandatorily offer these changes, nor do policyholders have any obligation to purchase them. "These are not mandatory in nature and can be made as and when the insurers feel that these will benefit existing policyholders of those withdrawn products," adds Dhand.

Take your pick after evaluating premiums, your financial needs

The insurers will make modifications and offer them to older policyholders. They have to obtain specific requests from policyholders seeking the modified benefits. As a policyholder, you can also approach your insurer if you feel the need to make such changes to your policy. If you are opting for a rider benefit, you might have to go through the risk evaluation process, depending on the insurer's policy.

For example, if you are opting for a critical illness rider, the insurer might ask you to sign a declaration stating that you do not have any pre-existing illnesses or ask you to undergo medical check-ups. You can take your decision after receiving a premium quote from your life insurance company. On the other hand, if the insurers' rider products do not necessitate a fresh round of underwriting (risk assessment), you may not need to.

(The writer is Preeti Kulkarni.)

TOP

GENERAL INSURANCE

Home Insurance: A lifeline amidst nature's fury – Financial Express – 2nd September 2023

India has recently witnessed the wrath of nature in its most unforgiving form. From the unexpected flash floods in Himachal Pradesh to the devastating floods in Assam, these calamities have jolted us to the core. The staggering numbers speak of the impact. The flash floods in Himachal Pradesh claimed over 300 lives while many people lost their homes. Similarly, the floods in Assam left a trail of destruction, submerging entire communities, and disrupting lives and livelihoods. It is estimated that over a million people were impacted by these floods.

Challenges Faced by Homeowners:

More Than Just Structural Damage

The images and videos of property being washed away, of houses being submerged in water or collapsing completely were a common sight during the floods. Beyond the structural damage these disasters inflict, homeowners find themselves grappling with challenges that run far deeper. The emotional toll is immeasurable as families witness their memories and belongings swept away by nature's fury. The uncertainty of what lies ahead, coupled with the task of rebuilding, can often lead to overwhelming stress. The need for not just physical, but also financial security becomes glaringly apparent.

Home Insurance: A Ray of Hope Amidst the Chaos
In the face of such turmoil, home insurance emerges as a ray of hope. The emotional connection to our homes runs deep, making the process of restoration both physically and mentally challenging. Home insurance provides protection against the unknown, offering both financial and emotional support when it's needed most.

Home insurance is like having a guardian for your dwelling. If your home faces damage due to natural events like floods, earthquakes, or fires, a solid insurance policy is your ally. It helps you rebuild, repair, and recover without burdening your finances.

But what does home insurance really cover? Well, the good news is that it covers a lot, and the even better news is that it is not complicated. It typically covers damage to the structure of your home, including walls, roofs, and floors. If your personal belongings like furniture, electronics, and appliances take a hit, insurance steps in. Even additional living expenses, like temporary housing if you are displaced, are covered. It is like having a safety net for both your home and your peace of mind.

However, it is important to note that not everything falls under the insurance umbrella. Landscaping and fences usually do not make the cut. Damage caused by poor maintenance or negligence may not be covered. While many policies cover structural damage caused by natural disasters, it is important to note that damage to personal belongings might not always be included. Furthermore, certain high-value items like jewellery and electronic gadgets might require additional coverage, often referred to as "riders".

It's crucial to note that standard policies won't necessarily cover damages caused by flooding from rivers or lakes unless explicitly stated. Therefore, one must obtain a policy that covers such events.

Choosing the Right Amount of Coverage
Now, here comes the million-dollar question: How much coverage should you go for? Well, the answer isn't a million dollars but rather an evaluation of your home's worth. If your home is more like a cosy cottage than a sprawling mansion, you won't need as much coverage. But remember, a little extra coverage can be your safety cushion.

When it comes to policies, there are two main types: named perils and all-risk coverage. In India, the former is called Standard Fire and Special Perils Policy, while the latter is more of a Comprehensive Home Insurance. Named perils cover specific disasters listed in the policy, like fire or lightning. All-risk coverage is like your go-to hero. It embraces a wider range of events unless specifically excluded. It is like having a friend who always has your back.

It is always a good idea to opt for a comprehensive home insurance plan that covers all risks irrespective of whether they are caused by floods, storms, earthquakes or other natural calamities. A comprehensive policy not only covers the structure of your home but also its contents. Moreover, such policies cover damage due to fire, riots, strikes and so on. Even theft and burglary are covered.

Choosing Wisely: Finding Your Ideal Policy
So, how can you decide which is the right policy for you? Well, it is like shopping for the perfect pair of shoes – you want a good fit, not just something flashy. Start by comparing policies online. Don't shy away from asking questions; a good insurer will provide thorough explanations to help you make an informed decision.

When the skies darken and nature unleashes its fury, home insurance is your shelter in the storm. It is not just about fixing walls and replacing roofs; it is about rebuilding lives and nurturing hope. Home insurance can serve as a trusted companion to help navigate the difficulties and uncertainties that arise in the aftermath of disasters.

As you contemplate home insurance, remember that it is not just about money. It is about safeguarding your haven, your memories, and your future. The road to recovery may be daunting, but with the right insurance, you will never walk it alone.

TOP

HEALTH INSURANCE

What exactly is CIS and what does a health insurance policyholder need to understand? Anuj Parekh explains – The Economic Times – 7th September 2023

Anuj Parekh, Co-Founder & CEO, HealthySure, says "IRDAI has now announced a new format of CIS or Customer Information Sheet, which is more objective in nature and which will allow policyholders to clearly understand that what are the key parameters of the policy, something as simple as sum insured is what policyholders at times do not really understand because there is also no claim bonus and there is accretion of the sum insured over the years. So, people don't really understand what is the current sum insured that they are holding. So sum insured to start with." Edited excerpts:

We know that IRDAI is very active in protecting all the interests or best interests of policyholders but there have been some new additions or a new format of CIS. Let us just break this down with understanding what exactly is CIS and how a policyholder needs to understand the importance of this?

So, CIS or customer information sheet, was an initiative that IRDAI had launched in 2020, which would allow retail insurance policyholders to clearly understand the policy benefits that they have subscribed for. That was at a very holistic level where at least the policy benefits of what is covered and what is not covered with certain parameters around the waiting periods was mentioned.

But, IRDAI has now announced a new format which is more objective in nature, which will allow policyholders to clearly understand that what are the key parameters of the policy, something as simple as sum insured is what policyholders at times do not really understand because there is also no claim bonus and there is accretion of the sum insured over the years. So, people don't really understand what is the current sum insured that they are holding. So sum insured to start with.

The type of policy, say, for example, whether it is a lump sum based cover or indemnity based cover. A lump sum based cover would mean that on diagnosis of an incident, you get a straight flat sum insured to the policyholder but when it comes to an indemnity based cover, that means a traditional hospitalisation cover, where you are compensated to the tune of your actual expenses. Distinctions like these need to be clearly called out for policyholders and the idea is that the policyholders should now even sign up for these benefits or parameters at time of purchase of policy.

So, one big change that is happening under this customer information sheet is that the policyholder signature is required before the payment of the policy. This is one big change which the insurers will have to build into their user journey as they sell the next batch of retail insurance policies so that they have the policyholders' consent on the benefits and this will avoid any form of mis-selling that would traditionally happen in this space. This is a step in the right direction. And yes, insurers and the distribution intermediaries would figure a way out together as to how they would continue to simplify the journey of purchase and that would help the policyholders make more informed decisions.

We have something called benefits illustration in life insurance. Health insurance is possibly slightly more complicated than life insurance and the CIS will help the user's understanding of what his benefits are. We see a lot of claim rejections and insurance companies not giving enough coverage and all that stuff. I want to understand how you think this would be impacting the overall decision-making of a policyholder? Also, when do you see this being implemented by insurers? Will it impact buying of health insurance policies from an insurance company?Will there be more transparency and more power to a policyholder?

So, life insurance, as you rightly explained, have something called benefits illustration. This is what a user signs up forthat what is the per annum premium that they are going to pay? What is the sum assured that he would get on retirement or on death, depending on the type of policy and what would be the rate of returns on that policy if it is an investment-linked product. So, he clearly understands the benefits that he signs up for.

Health insurance is possibly slightly more complicated than life insurance and this will help the user's understanding of what his benefits are because today, when you talk about health insurance selling, today there will be four different set of documents. One is the policy brochure, the policy prospectus, the policy wordings and the customer information sheet. The policy prospectus and the brochure are more like marketing collaterals. You may not understand what is the clear fine print of the policy until you read the policy wordings. So, customer information sheet is an objective information around the policy prospectus and brochures combined.

The customer can see the brochure to understand what are the key benefits that matter but at least no benefit goes unnoticed if there are any fine print benefits like sub-limits on what is the room rent or what is the waiting period or what is the specific exclusions on the policy. Even something like what is the claim settlement process has to be clearly defined under the new format of the customer information sheet and even the port-out process which we term it as migration, even that process needs to be clearly called out.

The most important change is that the customer has to consent to be signing on these benefits which earlier was not the case. Earlier while insurers will issue a customer information sheet, quite likely that the customer will not even have seen it. Now it is mandatory for them to sign up for those benefits.

It is a very good thing now the entire CIS is standardized so that there is no confusion because all the insurers had their own format of CIS. But talking about the additional features, apart from the stuff that we just focused and we spoke about, I really want you to stress on the grievance redressal. This document specifically talks about grievance redressal and it is an existing feature also. What is new and what is the kind of trust that has been introduced in the CIS or in a standardized form of CIS?

I would still need to understand in more detail what has really changed in the customer information sheet when it comes to grievance redressal. But what I understand is that so far, the grievance redressal process was not forming part of the customer information sheet. You would only get the details of the IRDA ombudsman process but each insurer has to have an in-house grievance redressal officer and there has to be a grievance redressal officer and there has to be a grievance redressal mechanism.

So to the best of my understanding, the new format of the customer information sheet will carry the contact details of such grievance redressal officers and they can be contacted in case of grievances and only in the last stage should you resort to an IRDA ombudsman process. I do not think except for sharing the contact details of those grievance redressal officers, any other change has taken place in the customer information sheet. But at least people have the awareness of who they can approach in case of any claim rejections or under-settlement of claims.

The fact that the changes in the CIS includes migration to different policies and inclusions and exclusions kind of information also, which are in a way included in your policy document also, but CIS gives specific focus on this. So when we talk about claim rejections, the kind of information that a policyholder will have to give and be really honest when buying or getting into a contract like a health insurance, do you think rejection might just go up?

The customer information sheet will not carry any form of health declaration of the user or the insured policyholder. It will only specify what is the waiting period and what are the key exclusions. Many times, it so happens that a user has gotten hospitalized, but it is not for a valid reason. It is more a preventive or precautionary measure. That is one of the reasons of claim rejection. If you need to get hospitalized, then there has to be a valid reason for getting hospitalized and it cannot be preventive in scope. Otherwise you can access OPD hospitalization or OPD curative treatments, which is not the scope of most of the health insurance plans that we have today.

The second big reason for claim rejection is customers do not clearly declare their pre-existing health conditions. So that problem will not get fully solved with this new format of CIS because that does not capture the user's pre-existing health conditions. But yes, the policy copy will cover for those health declarations, but this will at least call out explicitly that to what extent or to what period is those waiting periods applicable on the pre-existing health conditions. So the user will not be caught off guard, say that he has declared his health conditions but he was unaware that there was a waiting period under the policy. That will get clearly called out.

So there will be a larger set of awareness but will not completely address the problem of claim rejection because that is more of an understanding of whether that hospitalization was a), whether valid or invalid, and b), whether you had correctly disclosed your health conditions at time of signing up.

Is this just a proposal for the changes in the format or has this already been implemented?
No, this is just a draft proposal or format that has been prescribed by IRDA and they have invited suggestions from the industry. This has not yet formally been announced for insurers to start adopting.

TOP

Working on with health insurers to ensure 100% cashless claim settlement soon: IRDAI – The Times of India – 6th September 2023

Insurance sector regulator IRDAI on Wednesday said it is working on with health insurance providers to ensure 100 percent cashless settlement of medical expense claims as soon as possible. Currently cashless claim process is tiresome and insurers deduct 10 percent or more from the total billing in the name of consumables and other heads. Also, most hospitals don't allow cashless admissions even though the insurance product offers such a facility, citing one or other excuses.

Addressing the three-day global fintech festival here on the second day, IRDAI (Insurance Regulatory and Development Authority of India) chairman Debasish Panda said the regulator is working with health insurers and the national health authority and also the insurance council to roll out 100 percent cashless claim settlements as soon as possible.

However, he didn't give any time frame. IRDAI is also working closely with the Insurance Council and the National Health Authority to onboard more hospitals onto the National Health Exchange for this, he said.
Panda said the regulator is working with insurers to facilitate better and affordable pricing of health insurance for the elderly, which, he said, is an area of critical concern now as current pricing make mediclaim policies beyond the reach of most of the elderly. On the drive for 'insurance for all' by 2047 when the nation will be celebrating a century of independence, Panda said, "we should work for achieving the target much before the terminal date".

TOP

Soon, health insurance customers may be able to get their policy details in a simple-to-follow sheet – CNBC – 5th September 2023

In a world filled with jargon-laden policy documents and complex insurance clauses, the Insurance Regulatory and Development Authority of India (IRDAI) is stepping up to make a significant change to make things simpler for the common man. This proposal, if finalised, will revolutionise the way policyholders understand their health insurance policies. It is proposed that policyholders will soon be given access to simplified and easy-to-use documents.

The current landscape: Complex policies and information overload

While health insurance policies are crucial for our well-being and financial security, understanding the documents fully is an uphill battle for many of us. That's where the customer information sheet (CIS) comes into play. This concise document is usually provided by insurers at the time of policy purchase and renewal, offering a snapshot of critical policy details. However, even the CIS has often fallen short of being truly user-friendly.

IRDAI's vision

In a draft proposal, the insurance regulator expressed its intent to redefine the CIS, making it more accessible and reader-friendly. The primary goal is to ensure that policyholders can grasp the intricate nuances of their health insurance policies with ease.

Here's a breakdown of what we might see in the revamped CIS:

Type of policy

The new CIS is set to include a section indicating the type of policy the customers hold — whether it's indemnity, benefit, or a combination of both. This distinction can be pivotal in understanding how the policy functions.

Sum insured clarity

Have you ever been confused about the sum insured, especially in family floater policies? The revamped CIS aims to eliminate this confusion by clearly specifying the sum insured amounts for both individual and family floater policies.

Financial limits of coverage

To make it even simpler, the proposed CIS merges certain sections, such as payment basis and loss sharing, into a new section called "financial limits of the policy." This streamlined approach promises a clearer understanding of the extent of the coverage.

Claim settlements

At present, the CIS does not require health insurers to specify the timeframe for paying claims. This will also change if the proposals are implemented. Insurance companies will have to mention the turnaround time that customers can expect for claim settlement in the CIS.

Industry praise and consumer empowerment

Amrit Singh, Co-Founder and CRO of Loop, has lauded IRDAI's proposal as a remarkable leap towards transparency and simplicity in the insurance sector. This initiative is not just about documents; it's about empowering consumers to make informed decisions about their health insurance coverage. Singh emphasises that the proposal aligns perfectly with the modern era's call for simplicity and transparency.

"It's a welcome change in an industry often perceived as complex and overwhelming. The revamped CIS aims to distil the intricacies of insurance features and terms into an easily understandable format, empowering consumers to navigate the world of health insurance effectively," Singh told CNBC-TV18.com. A glimpse into the future. If this proposal becomes a reality, it could be a game-changer for the insurance industry. It could set the standard for transparency and clarity in policy documentation, guiding the sector towards a future where choosing the right coverage is straightforward and comprehensible.

(The writer is Anshul.)

TOP

Indians are underinsured – Deccan Chronicle – 5th September 2023

The COVID-19 pandemic magnifyied the awareness about health and the vital role of health insurance. Most individuals are not adequately covered for health-related emergencies. ACKO, India's tech-first insurance company, reveals surprising data in its new report, 'The ACKO Health Insurance Index'. The report surveyed 1000 respondents across six metros Indian cities between the ages of 28 and 55 and identified that 60% of the respondents feel they understand the terms and conditions of their health insurance policy. However, the assessment of policyholders' comprehension of terms and conditions highlighted limited awareness of only three crucial features - cashless treatment (53%), accident covers (50%), and 100 percent bill payment (45%).

Is India adequately covered for future medical emergencies?
Worryingly, through the survey it was revealed that Indians are underinsured. Nearly 68 per cent policyholders surveyed only have a medical cover of under Rs 10 lakh, with 27 per cent having medical cover under Rs 5 lakh. What's more, 64 per cent have not increased their coverage from the previous year. It further revealed that 61 per cent of potential buyers are not looking at buying health insurance with a sum insured over Rs 10 lakh and 65 per cent stated that coverage of upto Rs 10 lakh is adequate. Therefore, it is evident that Indians are putting themselves at considerable financial risk by not opting for a sufficient cover.

Health Insurance Expectations
100% Bill Payment: Over 46% of policyholders believe that their health insurance policy will cover the entire bill of hospitalization along with consumables. Similarly, 59% of potential buyers are actively looking for a health insurance policy that offers 100% bill payment. Waiting Periods: 31% of policyholders believe that they are covered by their health insurance policy from day 1 while 27% have stated that there are no waiting periods in the health insurance policies.

Family Floater Plans: The most popular health insurance policy amongst both potential buyers and existing policyholders are Family Floater Plans. 71% of policyholders and 72% of potential buyers would opt for a family floater plan since it allows them to add their parents, spouse, and children to the same policy without having to buy separate policies.

Deterrents for potential buyers and policyholders when it comes to health insurance policies
Claim Process: 43% of both policyholders and potential buyers expressed that a slow and cumbersome claim settlement process is a deterrent when it comes to health insurance policies.

Lack of 100% Bill Payment: A major factor for potential buyers and policyholders when evaluating health insurance policies is that they want insurance companies to pay the entire bill of hospitalization. The lack of this feature is a deterrent for 47% of policyholders and 56% of potential buyers.

Lack of number of network hospitals: 41% of both policyholders and 44% of potential buyers are concerned about the insurers not having a good network with hospitals.

Is having health insurance necessary?
Although existing and potential customers are opting for a low sum insured, they strongly feel that having a health insurance policy is a must. When it comes to potential buyers, 48% feel it is necessary to have a health policy irrespective of any health condition, 44% believe it will offer them the best medical care and 41% understand it will address the inflated healthcare costs.Moreso, for more than 50% of the potential buyers the decision of buying a health insurance policy is influenced by family, relatives, friends, and financial advisors.

How are customers buying their health insurance?
It is interesting to note that when buying insurance policies, potential buyers as well as policyholders are looking to purchase directly from the insurance company. With 30% of policyholders having bought their health policy directly from the insurer highlights that customers are gaining awareness about buying directly without the involvement of agents, thereby receiving cost benefits. However, 52% of customers have bought their policies from third parties.

"Understanding the customer's mindset regarding their health insurance needs is crucial. It is important to know how they evaluate their options and what gaps they want their insurers to fill. The ACKO Health Insurance Index has identified these gaps when it comes to health insurance. These gaps can be filled by new age insurers like ACKO to provide their customers with a better health insurance experience," said Rupinderjit Singh, Vice President- Retail Health at ACKO, during the launch of the report.

TOP

Several insurers launch plans for persons with disabilities – Asia Insurance Review – 5th September 2023

Several general and health insurance companies, including four government-owned insurers, have launched insurance products for persons with disabilities, the Delhi High Court has noted.

While these products may not be perfect, the court views them as a crucial step towards achieving equality for specially-abled individuals, in line with legislation such as the Right of Persons with Disabilities Act, reported the Indo-Asian News Service.

The court clarified that it had not assessed the merits and reasonableness of each insurance product launched for persons with disabilities, leaving this open for consideration by relevant forums in case grievances arise.

IRDAI
The court stressed the responsibility of the IRDAI to ensure that Persons with Disabilities (PwDs) are not subject to unfairly high health insurance premiums and loading charges. This was stated in a case presided over by Justice Prathiba M Singh brought by Saurabh Shukla who is suffering from multiple health ailments, including tetraplegia, due to an injury suffered in 2012. Mr Shukla, who uses a wheelchair with limited use of his arms, had approached two insurance companies, but was refused by them both for health insurance cover.

“The IRDAI being the sector regulator would also have an obligation to ensure that PwDs are not unduly prejudiced and give suitable directions to insurance companies after reviewing the products launched,” said the court. The court stressed the “principle of reasonable accommodation,” which obliges society and the state to provide additional support to specially-abled individuals, enabling them to lead lives of equal worth and dignity. This includes the right to access healthcare, including medical insurance.

The court also highlighted the United Nations Convention on the Rights of Persons with Disabilities, which unequivocally recognises the rights of persons with disabilities to lead dignified lives and be treated without discrimination. These principles are also enshrined in the Constitution of India.

Insurance premiums payable
In terms of addressing concerns about premium amounts, the court stated that individuals with insurance policies have legal remedies available to them. It granted the petitioner the liberty to approach the relevant authority if he wished to raise concerns about premium charges.

In March, the court directed the IRDAI to review proposed policies from insurance companies for individuals with disabilities and promptly approve them after examination. The IRDAI was earlier instructed to ensure the products are designed and introduced on an early date for persons with disabilities so as to enable them to obtain health insurance coverage.

TOP

Health insurance policyholders to get claim settlement time, coverage, limit, key details in single document: IRDAI proposes – The Economic Times – 5th September 2023

In a bid to make it easier for thousands of health insurance policyholders, the insurance regulator has proposed to make customer information sheets (CIS) simple and easy to understand. A customer information sheet gives you a glance at the key policy details in a summarised format. Usually, the insurer provides a customer information sheet with the policy at the time of purchase and renewal of the policy.

Now, the Insurance Regulatory and Development Authority of India (IRDAI) has suggested changing the existing format of the customer information sheet. "To ensure that the health insurance policy information is provided in a simple and easily understandable language, it is proposed to revisit the customer information sheet," the insurance regulator mentioned in a draft proposal dated August 30, 2023.

"Typically, the policy document is rather lengthy, and policyholders must carefully examine crucial information. However, policyholders will be able to obtain facts like as exclusions, waiting periods, financial limits of coverage, and claim procedures in very simple words in this overhauled customer information sheet," said Rakesh Goyal, Director, Probus Insurance Broker.

If finalised, it will further help policyholders understand the complex terms and procedures related to their health insurance policies better, said Abhishek Kumar, a SEBI-registered investment adviser and Founder of SahajMoney.com.

Let's take a look at the key changes in the proposed customer information sheet of health insurance policies.
The new format of customer information sheet will ensure that policyholders receive all of the basic information regarding the coverage. “The proposed CIS format is simple, and conversational in nature,” said Bhaskar Nerurkar, Head, Health Insurance Administration, Bajaj Allianz General Insurance.

Health insurance:
Type of policy and sum insured
At present, the customer information sheet does not mention some critical information that the insurance company will need to add if the draft proposal is accepted in the current form. According to the proposed format, the customer information sheet will have a few new sections such as what type of policy it is — indemnity, benefit, or both, added Kumar. Further, the CIS will have to specify the sum insured amount under individual as well as family floater policies, he mentioned.

Health insurance:
Financial limits of the coverage
The proposed customer information sheet has merged some of the previous sections such as payment basis and loss sharing under a new section, financial limits of the policy, added Kumar.

The new CIS further breaks down the complex terms of a health insurance policy including sub-limit, co-payment, and deductible, and mentions them in straightforward language, barring jargon or technical terms.

This is how the customer information sheet will look as per IRDAI proposal
Health insurance claim settlement turnaround time
The proposed customer information sheet will contain the details of procedures that have to be followed for cashless service as well as for reimbursement of claims including pre- and post-hospitalisation.
The format, according to the IRDAI proposal will be as follows:
Turn Around Time (TAT) for claims settlement: XX
Further, the insurer has to provide the details/web link for the following:
i) Network Hospital details
ii) Helpline number
iii) Downloading/getting claim form

This information aims to speed up your health insurance claims, say experts
"IRDAI's proposal to amend the CIS, or customer information sheet, is definitely a customer friendly move. It will provide policyholders with a quick, convenient guide about their policy will also provide a hassle-free experience at the time of hospitalisation, as they will not have to deal with voluminous policy documents. Additionally, this simple-to-follow and uniformly formatted customer information sheet will help policyholders understand policy clauses, any restrictions, sub-limits, claim procedures, and requirements with sheer ease," said Amit Chhabra, Chief Business Officer - Health and Travel Insurance, Policybazaar.com.

Health insurance: Contact of grievance redressal officer
The customer information sheet will include the contact details of the company's grievance redressal officers and IRDAI-appointed ombudsman offices. Thus, health insurance customers can easily raise their complaints if they have any grievances.

Health insurance: Free look period, how to port your insurance
There will be a separate column about things a health insurance customer needs to know. It will specify the free look period (you may cancel the policy within xx days if you do not want it) and the process, policy migration and portability (the process for migration and portability at the time of renewal) and clauses of policy renewal (except on grounds of fraud, moral hazard or misrepresentation or non-cooperation, renewal of your policy will not be denied, provided the policy is not withdrawn).
When compared to the existing CIS, the proposed format seems easier and simpler to understand. "It remains a great way for customers to understand the terms and conditions of the product they intend to purchase and brings in greater transparency," Nerukar added.

"The regulator aims to distill the intricacies of insurance features and terms into an easily understandable format, essentially encapsulating the idea of enabling informed decision-making. It provides consumers with the assurance required to navigate the intricate realm of health insurance effectively," says Amrit Singh, Co-Founder and CRO, Loop, a healthcare startup.

Health insurance: Disclose pre-existing diseases, know your obligations
While purchasing a policy, you also have a few responsibilities. You must disclose all your pre-existing diseases and conditions to an insurer before buying a policy. Do note that hiding your pre-existing conditions will be termed as fraud and it will affect your claim settlement. IRDAI has also asked the insurer to mention other material information that a policyholder needs to discloseduring the policy period.

Further, the insurer must provide an online link to where the product-related documents including the customer information sheet are available on the website of the company. "With easy digital access proposed in the exposure draft, it would be easier for customers to understand product-related information," Nerukar mentioned. "All stakeholders are requested to review the attached exposure draft and provide their views/comments in the prescribed format to g.rajeshwar@irdai.gov.in email id on or before 13.09.2023," the regulator added.

(The writer is Anulekha Ray.)

TOP

How to retain your company's health insurance even after getting laid-off – Moneycontrol – 4th September 2023

India has long been a vibrant economy, teeming with numerous employees across diverse sectors. Yet, across the ever-changing job landscape, one thing that tends to unsettle individuals is the fear of losing their company's health insurance benefits post a lay-off, retirement, or when the employer discontinues the coverage.

In such scenarios, the question looms: How can one efficiently manage one's medical expenses?

Fortunately, the answer lies in an often-overlooked option: porting your group health insurance policy. Portability provides a safety net, allowing employees to transition seamlessly from a group to an individual health insurance plan.

This strategy not only ensures continuous health coverage but also offers the flexibility to select a personalised plan catering to one's unique healthcare needs.

Let's, for instance, take the case of Ramesh Mehra*, who worked for a leading tech firm in Mumbai. Like many, he cherished the comforts of his job, especially the group health insurance that kept his family of four protected.

However, life took an unexpected turn when he was laid off following a company restructuring. The first question that came to his mind was, "What about our medical coverage?"

Ramesh discovered that he could port his group health insurance policy. This option became his safety net, ensuring that his family wouldn't be left vulnerable. It allowed him to move from a group to an individual health insurance plan, offering the flexibility to choose a tailored plan that best suited his family's needs.

Here's how he made it happen.
Digging into the fine print: Ramesh started by thoroughly reviewing the portability clause in his group policy. Knowing the terms and conditions related to portability laid the foundation for his transition.
Reaching out to HR: He communicated with the HR department at least one-and-a-half months before his last day, which helped make the switch smoother and avoid any surprises.

Preserving existing benefits: Ramesh was relieved to learn that all the benefits of his corporate group insurance would remain unchanged when ported to an individual policy.

Document submission: Once he selected an individual policy, he furnished the necessary documents to begin the porting process.

Waiting period: After submitting his documents, there was a short wait. This interval gave his insurer time to review his application and decide on the terms of the new policy.

Know the continuity benefits
Waiting period waiver: Ramesh had been with his company for five years. Hence, the typical waiting period for a new policy was waived.

Tax benefits: Under Section 80D of the Income Tax Act of India, he enjoyed deductions on the premium paid towards the new policy. For Ramesh, and many like him, layoffs or retirement shouldn't mean compromising on health cover. By porting, they can ensure continuity and safeguard their loved ones. Whenever life throws a curveball, remember Ramesh's story — and know that policy porting could be the silver lining.

(The writer is Sanchit Malik.)

TOP

CROP INSURANCE

Crops in distress but insurance elusive – Deccan Herald – 8th September 2023

Amid the severe rainfall deficit in the state, farmers who have suffered large-scale crop devastation say they rarely get the crop insurance cover because of lapses in processing the claims.

In 2022-23, for instance, out of the Rs 1,928 crore crop insurance premiums that farmers, state governments and the Union government paid, only Rs 1,094 crore, or 56 per cent, of insurance cover, was provided. Farmers say that most are unable to even complete the insurance claim procedure due to lack of response from the Union government-empanelled private insurance firms.

Across India, out of the Rs 27,900 crore crop insurance premiums paid, only Rs 5,760 crore insurance cover was provided in 2022-2023. Under the Pradhan Mantri Fasal Bima Yojana (PMFBY), farmers pay between 1.5 per cent and 5 per cent of the premium depending on the crop, and the rest is paid by the state and Centre.

As a result, over the years, there has been a drop in interest in the scheme. In Karnataka, crop insurance was widely adopted with 25 lakh farmers opting for it when the PMFBY debuted in 2016. By 2019, this number had dipped to 21 lakh, according to data accessed by DH. Last year, the insurance cover rose to 22 lakh.

Even last year, when excessive rainfall ruined crops in Kalaburagi, Ramesh, a farmer, says he received no support for his cotton and tur dal crops. “After the premium is paid and farmers submit a claim, no insurance official visits the field to assess the crop,” he says. “They say they will refer satellite images,” he explains. Only after concerted pressure from a large number of farmers will officials visit, explains Mallikarjuna Ballari, a Haveri-based farmer who has been collectivising farmers to demand that insurance companies follow up on claims responsibly.

An official in the agriculture department says the state has a good procedure to compensate farmers based on yield reduction due to adverse weather events. “Karnataka has maintained historical data and captures crop development real-time through an app,” the official says. However, in the case of local calamities, the official acknowledged several lapses in procedure. “Insurance companies lack officials at the district and taluk levels to follow up these claims,” the official added. Samad Patel, joint director of agriculture in Kalaburagi, also recently recommended farmers to contact toll-free helplines to report crop loss due to excessive rainfall, within 72 hours.

Ballari explains that though there are provisions for interim settlements of up to 25 per cent of the insurance amount, the claims generally fall through as officials fail to visit the field within 72 hours of crop loss as specified in the PMFBY. “Last year, when there was excess of rainfall, we had to protest in front of the district commissioner’s office for some action to be taken,” says Bellari. The result, according to Mandya-based farmer A L Kempugowda, “Insurance companies benefit more than farmers.”

In fact, according to data tabled in the Rajya Sabha, insurance companies made a surplus or savings of over Rs 40,000 crore from 2016-2017 to 2021-2022. The data shows that the companies paid claims worth Rs 1,19,314 crore against the deposited premium of Rs 1,59,132 crore. There are three methods of making a claim — through telephone, online or offline. In reality, the offline mode, which is what most farmers prefer due to issues with network and connectivity, is mostly defunct. “Most farmers face issues because of the lack of insurance officials at the zilla, taluk and district levels,” Ballari says.

(The writer is Varsha Gowda.)

TOP

Technology and crop insurance can mitigate climate-change impact – Asia Insurance Review – 4th September 2023

A2019 study Risk and Vulnerability Assessment of Indian Agriculture to Climate Change conducted by the Indian Council of Agricultural Research (ICAR) found that out of a total of 573 districts in the country, 109 districts are in the very high-risk category, while 201 districts come under the risky category.

Agriculture is an important and high-priority part of the Indian economy as more than 58% of the country's population depends on it for its livelihood. With the level of vulnerability that has been revealed by this study and the changing climatic patterns and uncertainties of weather, the threat to food security and to our economic prowess has increased tremendously.

Speaking with Asia Insurance Review, Bajaj Allianz General Insurance head of agriculture business Ashish Agarwal said, "Climate-resilient agriculture, along with suitable risk mitigating options like crop and parametric insurance, is very crucial to protect our agriculture system and ensure food security in the country.

He said, "Many policies and initiatives have been launched by the federal as well as state governments to ensure food security and also protect the interest of farmers. Today, the agriculture and farming activities are being provided with opportunities to increase productivity and production both through advanced technologies and financial support."

Climate change impacts

He said, "However, in recent years, the impact of climate change has been rapid and with the increase in temperatures, frequent and extreme heatwaves, droughts, floods, extreme rainfall events and intense cyclonic activities the mitigating efforts have not been able to keep pace." According to government data as presented to the parliament in the last three decades, the production of major crops in the country has fluctuated in view of climate change. As per the Ministry of Agriculture, crops standing over 33.9m hectares were lost to hydro-meteorological calamities during 2015-16 to 2021-22.

A study carried out by India Meteorological Department found that a significant increasing trend is observed in the frequency of heavy rainfall days across the country. Mr Agarwal said, "Indian insurance companies are doing their bit in this regard. We offer coverage for climate related risks to the farmers through two government subsidised Weather-Based Crop Insurance Scheme and Pradhan Mantri Fasal Bima Yojana (PMFBY), which mitigates the financial impact of climate change on the farmers."

Technological initiatives

In July 2023 the Ministry of Agriculture and farmers welfare introduced several new technological initiatives under the PMFBY. The new changes and initiatives are expected to empower farmers and streamline operations.

The new technology-driven yield estimation system (YES-TECH) manual is a comprehensive guide developed after extensive testing and piloting in 100 districts. It facilitates the implementation of the technology-driven yield estimation system, offering methodologies, best practices and integration insights for accurate yield assessments.

The WINDS portal initiative is a centralised platform that hosts, manages and processes hyper-local weather data collected by automatic weather stations and rain gauges. The portal enhances risk assessment and decision-making in crop insurance, agriculture advisories, and disaster mitigation, supporting the agricultural sector and rural economy.

The introduction of a new app on the Android platform aims to revolutionise the enrolment process, bringing it directly to the doorstep of farmers. This door-to-door enrolment ensures a seamless and transparent process, making crop insurance more accessible and convenient for farmers.

Insurance covers

Mr Agarwal said, "These insurance schemes are helping Indian farmers to a great extent in coping with their financial liabilities due to weather uncertainties, however, there are still a significant number of farmers who are either not aware about these insurance solutions or are not participating in these programmes because of its premium, low affordability, inaccessibility, lack of trust, poor risk perception and delay in claim payouts."

The government had set a target to bring at least 50% of the gross cropped area under the ambit of crop insurance within three years of the launch of PMFBY in the year 2016. Until the end of March 2023, however, the actual coverage was only in the range of 30%.

Mr Agarwal said, "Efforts are being made by the governments and all participating insurance companies to educate the farmers about the importance and benefits of crop insurance by providing them direct financial benefits and making the enrolment process easier through technological interventions."

PMFBY is the world's largest crop insurance scheme in terms of farmers enrolled. Since implementation in 2016, around 380m farmers have been enrolled and over 124m farmers have been paid their claims.

The scheme has been successful in providing financial assistance to farmers who have suffered crop losses due to natural calamities. During this period, farmers contributed nearly INR252bn ($3.05bn) as their premium and in return, they received claims amounting to over INR1300bn.

This translates to approximately INR514 in claims for every INR100 of premium paid by the farmers. However, the total premium paid to the insurance companies from farmers and the government subsidies was close to INR2000bn.

Additional efforts

Mr Agarwal said, "In addition to government subsidised insurance programmes, insurance companies have now started offering parametric insurance products which pay out a predetermined amount when specific triggers, based on weather or climate data, are met. It provides a faster payout compared to traditional insurance and is well suited for climate related risks.

"These parametric products are as of now, limited to horticulture, medicinal and fodder crops which are not covered under the government insurance schemes, but their demand is consistently increasing, especially from the corporates involved in agribusiness and other farmer organisations."

He said, "The insurers are also coming out with apps which help them make informed decisions about sowing, planting, irrigation, and crop protection. Satellite imagery and drones are being used for crop health monitoring and assessing the impact of weather events, aiding in early interventions."

The government has made it mandatory for the states to give 30% weightage to the technology-based crop loss assessment using various crop models and remote sensing technology under the PMFBY through its YES-TECH initiative.

Mr Agarwal said, "Mobile apps and technology are being used for monitoring not only crop health but also for monitoring the health and nutrition level of livestock, which is extremely useful in managing the changing climatic conditions."

Agriculture research organisations are in the process of developing crop varieties which are more tolerant to heat, drought, and flood, and they are also recommending that farmers change the cropping pattern and crop cycles to adapt the climatic change.

According to information provided by the government to the Indian parliament the ICAR has developed and released 41 water logging tolerant varieties and hybrids of different crops for commercial cultivation during 2014 to 2021.

Mr Agarwal said, "PMFBY and other agriculture insurance products are helping farmers build resilience against the challenges posed by climate change, providing them with financial security and encouraging sustainable agricultural practices.

"A lot more, however, needs to be done to customise these products to meet the specific needs and challenges of different regions of the country. Also, continued investment, training and support are crucial to harness the potential of technology in mitigating the impact of climate change on Indian agriculture." A

(The writer is Anoop Khanna.)

TOP

SURVEY AND REPORTS

Skift India Report: Majority of Travelers Procrastinate Buying Insurance – Skift – 5th September 2023

Only 25% of Indians traveling abroad purchase travel insurance well in advance while making travel arrangements, while the majority of them wait until the last three days to buy it, according to data compiled by insurance aggregator Policybazaar. "Early buying allows travelers ample time to carefully review and select a travel insurance policy that offers the specific coverage they need. Besides focusing on coverage limits, deductibles, and exclusions, travelers must ensure the policy covers the destinations they plan to visit and any specific activities they intend to do, such as adventure sports," Manas Kapoor, business head of travel insurance, Policybazaar.com told Skift.

What Influences this Behavior? A major chunk of Indian travelers visit Asian countries, where policy documents are not required until the day of the trip. This practice can lead to travelers overlooking the importance of securing insurance well in advance. Benefits of Travel Insurance: To provide protection against baggage loss, flight cancellation, and medical emergencies.

Key Findings:
As of July 2023, over 38% of the people traveling abroad plan their trips for more than 15 days, mostly for European countries, followed by 26% of them planning to stay for 7-10 days. 7 out of 10 people understand the importance of having an adequate sum insured while traveling abroad, choosing over 1 lakh dollars as the sum insured. While the rest of them choose almost half of it, which is the minimum coverage one can opt for.

International leisure travel has rebounded to pre-pandemic levels, with over 97% of travelers exploring foreign destinations. Thailand continues to be the most preferred Asian travel destination for Indians. Statistics for the first quarter of 2024 reveal that 50% Indians traveling to Asian countries belong to the age group of 18-35 years, while those in the age bracket of 36-50 years account for 24% of travelers.

IndiGo Expands Fleet With Order for 10 More Airbus A320 Neo Planes

Budget carrier IndiGo has decided to place an order for another 10 A320 neo family aircraft.

Existing Order: The additional aircraft will be part of a previous order for 300 Airbus jets worth around $33 billion, which was placed in October 2019.

The latest decision comes three months after IndiGo announced placing a record order to buy 500 narrow-body planes from Airbus worth $50 billion, which was one of the largest-ever aircraft purchases by an airline.

Delivery: The aircraft will be delivered between 2030 and 2035, the airline had said.

International Operations: Foraying into Central Asia, IndiGo is set to operate four weekly non-stop flights between Delhi and Tashkent from September 22. The airline recently launched new flights to destinations in Africa, West Asia and Southeast Asia.

Russia Woos Indian Travelers With E-Visa and Foreign Tourist Card
Russia is pulling out all the stops to lure Indian tourists in a bid to shore up arrivals in a post-pandemic scenario and amid the ongoing Ukraine conflict.

"We are still on our way to restore the flow of Indian tourists in Moscow like it used to be before the pandemic. Before the pandemic, there was very steady growth like 12-15% on a year-on-year basis," said Bulat Nurmukhanov, head of international cooperation division at Moscow City Tourism Committee.

Visa Offering: The e-visa facility with validity for 60 days and a processing time of just four workdays was extended to Indians last month. The facility is expected to cut short the extensive documentation process and reduce the processing time.

"In the first half of this year, we have already received about 20,000 Indians in Moscow – 56% higher than the same period last year. Indians are coming back," Nurmukhanov added.

Enabling Cashless Payments: The Russian government is also working on a plan to issue a foreign tourist card to help address payment-related issues, after the departure of MasterCard and Visa from the Russian market.

Chennai Airport to Have Two Domestic Terminals from October
Chennai airport will have two functional domestic terminals, starting from October.

How This Will Benefit Passengers: The development aims to reduce congestion, streamline operations, and enhance passenger experience during peak hours.

Operations: The move comes following the opening of a part of the new integrated terminal (T2) to which the international flight operations have shifted in July. While the existing domestic terminal (T1) will operate as usual, the international terminal (T4) that was handling international flights till a few months ago will turn into the second domestic terminal.

Clear Signages: Airlines, including IndiGo, SpiceJet and Akasa Air, will use the T1 terminal while Air India, Air Asia and Vistara will shift to the T4 terminal, airport officials said.

Signum Resort Igatpuri Opens Doors in Maharashtra
Hotel management company Signum Hotels & Resorts has announced the opening of Signum Resort Igatpuri in the western state of Maharashtra.

Number of Rooms: The property will feature 35 rooms.

Recent Openings: Last month, Signum Hotels launched a property in Gujarat — Signum CityScapes Landmark in the port town of Dahej.

Footprint: The company has already opened 12 hotels in India and manages over 500 apartments spread across more than 40 locations.

Expansion Plans: Signum plans to open more properties in the fourth quarter of 2023.

Air India Express to Launch New Brand Soon
Air India Express, which will function as the low-cost arm of Tata Group-owned Air India, will follow in the footsteps of its parent company and unveil its new brand in the next couple of months, the airline said in a statement.

What the Rebranding Entails: Air India Express, which is in the process of getting merged with AIX Connect (formerly known as AirAsia India), will aim to establish meaningful connections' including international routes, offer a 'unique experience' with an Indian touch, and offer 'best-in-class value to its passengers, the airline said.

"Our ambitions will ride upon our huge fleet and network expansion, in the domestic India market as well as short-haul international region, unlocking synergies with the merger of the two entities," said Aloke Singh, CEO of Air India Express and AIX Connect.

Integrated Website: In July, the two airlines had received regulatory approval to operate under the brand “Air India Express” and launched a unified website, airindiaexpress.com.

Operations: Air India Express and AIX Connect are subsidiaries of Air India, together operating over 300 flights daily across 30 domestic and 14 international airports, with a fleet of 54 aircraft, comprising 26 Boeing 737s and 28 Airbus A320s.

Vizag International Cruise Terminal to Launch Services in November
Set to launch services in November, the newly-inaugurated $11.56 million Vizag International Cruise Terminal is expected to boost cruise tourism from the port city in Andhra Pradesh.

Capacity: The terminal can accommodate 2000 passenger cruise ships.

Other Facilities: Additionally, the terminal houses a covered storage shed-2 in port area, a truck parking terminal as well as one oil refinery berth to boost the capacity of the Vizag Port.

Cruise Services: The Visakhapatnam Port Authority — in association with cruise lines Cordelia, Royal Caribbean and MSC Cruises — plans to add services to Chennai, Colombo/Trincomalee, Singapore and Bangladesh, besides exploring coastal cruises to Orissa and the Sunderbans.

UAE-India Flight Prices Set to Drop 15-30% After September 14
After three months of price hikes, airline ticket prices from the UAE to several Indian cities are expected to decrease by 15-30% after September 14.

Airfare Range: One-way fares are expected to remain in the $215.39 to $258.26 range until November 1. Following this, fares are expected to stay elevated until the second week of January 2024, coinciding with the festival season as well as the New Year rush, according to travel agents.

Sweet Respite: Many Indian expatriates returning to the UAE after the summer holidays had to delay their travel plans due to a more than 200% increase in fares compared to off-season dates. However, fares for round-trip travel have now significantly dropped.

New Offering: Emirates will introduce Premium Economy services to Mumbai and Bengaluru from October 29, coinciding with the beginning of the winter peak season.

(The writer is Amrita Ghosh.)

TOP

INSURANCE CASES

Ensure disabled don't have to pay unfair insurance premiums: HC – The Times of India – 3rd September 2023

Delhi High Court has underlined the responsibility of Insurance Regulatory and Development Authority of India (IRDAI) to ensure that persons with disabilities (PwDs) are not subject to unfairly high health insurance premiums and loading charges. Justice Prathiba M Singh, while hearing a plea by a man suffering from multiple health ailments, including Tetraplegia due to an injury suffered in 2012, said it is IRDAI's obligation that such persons are not "unduly prejudiced".

The petitioner, confined to a wheelchair with limited use of his arms after an injury, had approached two insurance companies, but was declined any health insurance policy. The court said the "principle of reasonable accommodation" mandates that such persons are provided additional support by the society and the state to enable them to lead a life of equal worth and dignity, and that right to life includes the right to avail healthcare, including medical insurance.

Following several judicial orders, various general and health insurance companies, including four government ones, have now launched products for PwDs, HC noted, adding these insurance offers "may not be the most ideal", but are the "first step in the process of achieving equality" for PwDs, which is the solemn intent of legislation, including the Right of Persons with Disabilities Act.

The court further stated that the United Nations Convention on the Rights of Persons with Disabilities (PwDs) unequivocally recognises the rights of PwDs to lead a dignified life and to be treated in a non-discriminatory manner, which is also inherently recognised in the Constitution of India. "Despite these international conventions and statutes which have been enacted recognising the rights of PwDs, actual equality on the ground remains elusive – though there is positive effort in the right direction. It is also well established that the Right to Life includes the right to avail healthcare, including medical insurance," HC observed in a recent order.

The court said it has not examined the merits and reasonableness of every product launched by the insurance providers for PwDs and the same is left open for consideration by any appropriate forum if any grievance is raised by an aggrieved person. The IRDAI "being the sector regulator would also have an obligation to ensure that PwDs are not unduly prejudiced and give suitable directions to insurance companies after reviewing the products launched," said the court, noting that the petitioner has now availed a health insurance policy. In March, the court had asked the IRDAI to call for proposed policies from insurance companies for persons suffering from disabilities and expeditiously approve the same after examination.

TOP

PENSION

EPFO can invest proceeds from sales, redemption of its investment in equities and related products – The Hindu Business Line – 4th September 2023

The government has permitted the Employees Provident Fund Organisation (EPFO) to invest proceeds arising out of the sale or redemption of investments in equities and related investments. However, the condition remains that it should not exceed the prescribed limit. EPFO investments in equity are through Exchange Traded Funds (ETF) only and as of July 31, the total investment is more than ₹2 lakh crore. There are over 6.5 crore susbcribers of EPFO. A new clause, in this regard, has been deemed to have been inserted with effect from August 24, 2023, a government notification said. The insertion has been made in the guidelines for investment prescribed two notifications dated April 23, 2015, and May 29, 2015, respectively. While the April 23 notification talks about the investment of all incremental accretions belonging to the EPFO, the May 29 notification defines the instruments and limits for the investment. Change in these two notifications has been made through the latest notifications, dated September 1.

Earlier, paragraph 4 of 2015 notifications prescribed that proceeds arising out of the exercise of put option, tenure asset switch or trade of any asset before maturity can be invested in any of the permissible categories in such a manner that at any given point of time the percentage of assets under that category should not exceed the maximum limit prescribed for that category and also should not exceed the maximum limit prescribed for the sub-categories, if any. However, an asset switch because of any RBI-mandated government debt switch would not be covered under these restrictions. Now, after "Proceeds arising out of", the words "sale or redemption of investment in equities and related investments," have been added. As of date, EPFO can invest minimum of 5 percent and maximum of 15 percent in equities and related instruments. Under the guidelines related to equities and related Investments, EPFO can invest in shares of companies listed on BSE or NSE which have a market capitalisation of ₹5000 crore or more and derivatives with the shares as underlying traded in either of the two stock exchanges. Investment can also be made in mutual funds which have a minimum of 65 percent of their investment in BSE or NSE listed equity.

Another option is Exchanged-Traded Funds (ETFs)/Index Funds that replicate the portfolio of either the BSE Sensex Index or the NSE Nifty 50 Index. ETFs issued by SEBI-regulated mutual funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates can also be used for option. Another instrument is Exchange traded derivatives having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging. However, it should not exceed 5 percent of the total investment in equity and equity related instruments. It needs to be noted here that EPFO does not invest directly in individual stocks including stocks of any blue-chip company. EPFO invests in Equity markets through ETFs replicating BSE-SENSEX and NIFTY-50 indices. EPFO has also invested from time to time in ETFs constructed specifically for disinvestment of shareholding of the Government of India in body corporates. As of December 31, 2022, the total corpus of various funds managed by EPFO as of 31.03.2022 was Rs. 18.30 lakh crore, out of which over 91 percent investment in Debt instruments, with the remaining in ETF Investments. The retirement body has invested a total of over ₹2.01 lakh crore in ETFs since 2018-19 till July 2023.

(The writer is Shishir Sinha.)

TOP

PFRDA's Rural Push: NPS expansion through RRBs gain momentum – The Hindu Business Line – 3rd September 2023

In a significant move aimed at expanding the reach of the National Pension System (NPS) across rural India, the Pension Fund Regulatory and Development Authority (PFRDA) is actively working to onboard Regional Rural Banks (RRBs) as Points of Presence (PoPs). This strategic initiative, spearheaded by PFRDA Chairman Deepak Mohanty, seeks to emulate the successful distribution model of the Atal Pension Yojana (APY) through RRBs. "We are very keen that RRBs start offering NPS. RRBs had played a crucial and successful role in APY. We now want them to do the same in NPS also", Deepak Mohanty, PFRDA Chairman said. "PFRDA is now directly speaking to RRBs and the sponsor banks. It takes time. From Policy perspective, we have enabled this". Already the PFRDA efforts are showing some results with ten out of the 14 RRBs sponsored by State Bank of India (SBI), the nation's largest commercial bank, now having expressed their interest in registering as PoPs with PFRDA, sources said.

This surge in RRBs seeking to offer NPS is poised to significantly enhance the accessibility of the pension system in rural areas. PFRDA is actively engaging in discussions with both RRBs and their sponsor banks to facilitate the seamless integration of these rural banks into the NPS framework. The collaboration between PFRDA and RRBs through their sponsor banks marks a pivotal step in the drive to bolster financial security for rural populations across India, furthering the vision of inclusive and comprehensive pension coverage, experts said. This effort aligns with the broader goal of promoting pension coverage among rural communities, ensuring that individuals with varying income levels in rural areas can avail themselves of the benefits of the NPS. Regional Rural Banks, established under the RRB Act, 1976, were designed to provide financial services, including credit, to small farmers, agricultural laborers, and artisans in rural areas. Presently, the Central government holds a 50 percent stake in RRBs, with 35 percent ownership resting with the sponsoring banks, and the remaining 15 percent under the purview of state governments.

Mohanty said that PFRDA is "on course" to complete its exercise of revamping its existing regulations as part of its aim to further ease of doing business and bring down compliance costs leading to increased returns for subscribers. "We have already received stakeholder comments. We are hopeful of completing it during the current fiscal. We had already set up internal as well as external committee which is looking into this", Mohanty said. The PFRDA move to review and overhaul its Pension Fund regulations comes in the wake of Finance Minister Nirmala Sitharaman's announcement in her budget speech this year that financial sector regulators would be requested to undertake comprehensive review of Regulations to simplify, ease and reduce cost of compliance. PFRDA has now proposed changes that would lead to simplification of governance norms of Pension Funds (PFs) in line with Companies Act 2013 based on enhanced disclosures for PFs. PFRDA proposes to stipulate Directors' Responsibility Statement and CEO and CFO certification to be part of scheme financial statements. CEOs and CFOs have to take responsibilities that Scheme financial statements have been prepared and presented to provide a true and correct view of Scheme state of affairs and scheme NAV; there is adequacy and effectiveness of internal financial processes and digital architecture controls; compliance with PFRDA Act, PFRDA (pension fund) Regulations, investment guidelines, valuation guidelines,stewardship code, voting policy and other applicable laws and Adherence to Code of Conduct and Ethics.

(The writer is KR Srivats.)

TOP

NPS subscribers to soon enjoy expanded choices with annuity mix option – The Hindu Business Line – 3rd September 2023

NPS subscribers can soon avail multiple annuity plans from the same Annuity Service Provider (ASP) at the time of exit from the National Pension System (NPS), Deepak Mohanty, Chairman, PFRDA has said. The necessary system-level functionality (software) to facilitate the implementation of this change is being built by the Central Record Keeping Agency (CRAs) and would be ready by October end, Mohanty said. Initially, the pension regulator has decided to allow NPS subscribers to avail a dual option —two types of annuity plans from the same ASP. Hitherto, NPS subscribers were allowed to buy only one annuity scheme from the ASP at the time of exit. Currently, at the time of retirement, an NPS subscriber looking to withdraw NPS corpus has to park 40 percent in annuities. They can choose from a menu of seven annuity variants for their retirement.

By allowing NPS subscribers to avail annuity mix (buy two variants from the same ASP), the pension regulator believes this change will greatly benefit subscribers by providing them with a wider range of annuity options and optimising their retirement income. The option of multiple annuities will be allowed to those NPS subscribers who earmark the annuity corpus of over ₹10 lakh, wherein ₹5 lakh will have to be utilised to buy each annuity scheme. Currently, there are 15 ASPs empanelled by PFRDA to maintain the annuity contribution of subscribers. The ASPs are life insurance companies regulated by the insurance regulator IRDAI and empanelled by the PFRDA to provide the annuity to the NPS subscribers. "Annuity …now one can mix. That is being enabled. Somebody who wants both pensions for life at a uniform rate (pension payable for 5, 10, 15 or 20 years) and also pension for life with return of purchase price on death of the annuitant can opt for the mix", Mohanty said. From the policy and regulatory side, necessary instructions have already been issued to the ASPs, Mohanty added.

Mohanty said that PFRDA is committed to implementing both the multiple annuity facility and systematic withdrawal plan for the benefit of NPS subscribers in this calendar year itself. India's NPS assets under management hit a milestone of ₹10 lakh crore on August 25 this year on the back of robust returns from equity and debt markets. as well as a surge in enrolment of new subscribers in the corporate and 'All citizen model' categories. Individuals looking for post-retirement support in their golden years are voluntarily opting for NPS in a big way. Last fiscal, over a million new subscribers joined NPS under these categories. PFRDA is confident of onboarding at least 13 lakh new subscribers this fiscal in these two categories. National pension system (NPS) was introduced as a defined contribution pension plan with co-

contribution by the government and the employees who joined Central government (except for armed forces) with effect from January 1, 2004. Subsequently, a number of State governments adopted NPS. It was extended to all citizens in May 2009 and to corporates in 2010.

Since then, NPS has made significant progress. Between March 2019 and August 2023, the number of subscribers have increased from 80 lakh to 136 lakh, and assets under management increased over threefold from ₹3.1 lakh crore to ₹10 lakh crore now. The NPS corpus is invested in equity and debt. It has generated competitive returns. For example, since inception, the equity scheme has given an annual average return of about 12.5 percent and the government debt scheme has given a return of over 8.6 percent. NPS is a flexible scheme giving the investor the choice of fund managers and asset allocation. Currently, there are ten pension fund managers. NPS is portable across employers and across employment (salaried or Self-employed). NPS can be continued, even with change in residency status, as it is open to NRIs (Non Resident Indians) and OCIs (Overseas Citizens of India).

(The writer is KR Srivats.)

TOP

Over ₹10 lakh crore under its watch, NPS to ease withdrawal options – The Hindu – 1st September 2023

State governments that have ostensibly opted out of the National Pension System (NPS) for their employees and have reverted to the Old Pension Scheme that guaranteed 50% of final salary as monthly pension, continue to remit due contributions to the NPS corpus. State government employees account for the largest chunk of the savings pool which crossed ₹10 lakh crore on August 25, 14 years and three months after the NPS regulated by the Pension Fund and Regulatory Development Authority (PFRDA) actively started managing the old-age savings of government employees who joined service on or after January 1, 2004.

The NPS, which was earlier referred to as the New Pension Scheme, now offers retirement schemes for the unorganised sector through the Atal Pension Yojana (APY), which has 4.94 crore members as well as 18.13 lakh formal sector employees, apart from managing Central and State government employees' retirement savings. "The NPS has made pension accessible to all, irrespective of their salaried status, and the journey from ₹5 lakh crore to ₹10 lakh crore in terms of assets under management has taken just two years and 10 months," said Deepak Mohanty, chairman of the PFRDA, noting that the system now has almost 6.63 crore members.

Nearly 53 lakh State government employees account for about 44% of the NPS corpus, while members who have joined on a voluntary basis stand at around 49 lakh with savings worth ₹1.82 lakh crore; 66 central public sector enterprises have logged on to the NPS while public sector banks have enrolled over 5.2 lakh employees, the PFRDA said. While 46% of APY members are women, Mr. Mohanty said that this ratio is far lower in the other NPS schemes at around 27% to 28%. He attributed this to the broader issue of women's low labour force participation rate.

New options

The PFRDA is ringing in two important changes to expand the options available to NPS members at the time of retirement, likely as early as next month, Mr. Mohanty said. Presently, on superannuation, members have to purchase an annuity with 40% of their accumulated retirement savings and withdraw the balance.

"Now, we will allow members to opt for a systematic withdrawal plan for 60% of the corpus, by which they can choose to receive a fixed sum from their savings on a monthly, quarterly or half-yearly basis. This will be helpful for those who retire, say during a bearish market, and also help members continue to earn better returns in the NPS framework rather than look for alternative investment options," the PFRDA chief explained.

Moreover, for the mandatory annuity purchases, members would be able to opt for a mix of schemes rather than a single scheme. Annuity products entail a fixed payout to investors after they invest a lumpsum. Some schemes assure a return of capital to members' next of kin after their demise, but offer lower regular incomes. "We are enabling members to direct their annuity component to a variety of schemes and are waiting for the necessary technological changes to roll out this feature," Mr. Mohanty said.

(The writer is Vikas Dhoot.)

TOP

Asset under management of NPS and APY crosses milestone of Rs 10 trillion – Business Standard – 1st September 2023

Asset under management of National Pension System (NPS) and Atal Pension Yojana (APY) has crossed a milestone of Rs 10 lakh crore, Pension Fund Regulatory and Development Authority (PFRDA) Chairman Deepak Mohanty said on Friday. The landmark AUM was reached on August 23 and it took two years and 10 months to double from Rs 5 lakh crore.

Of the total, AUM under APY stood at Rs 30,051 crore at the end of August 25 while the figure for NPS Lite reached Rs 5,157 crore. The number of subscribers under the National Pension System (NPS) and Atal Pension Yojana (APY) together increased to more than 6.62 crore.

The National Pension System (NPS) has been implemented for all government employees (except armed forces) joining central government on or after January 1 2004. Most of the state/UT governments have also notified the National Pension System (NPS) for their new employees. NPS has been made available to every Indian citizen from May 1 2009 on a voluntary basis. Further, from June 1, 2015, the APY has been launched. Pension fund regulator PFRDA plans to come out with a systematic withdrawal plan which will provide flexibility to pension account holders to withdraw a lump sum fund as per their choice on completion of 60 years.

"It is at a very advanced stage. Hopefully, it should be implemented from October and November," Mohanty said. Currently, National Pension Scheme (NPS) subscribers after turning 60 years withdraw up to 60 per cent of the retirement corpus as a lump sum while the remaining 40 per cent of the corpus mandatorily goes into buying an annuity.

However, a systematic withdrawal plan will allow NPS subscribers to opt for periodic withdrawal -- either monthly, quarterly, half-yearly, or annually - till the age of 75 years. PFRDA increased the entry age up to 70 and the exit age to 75 keeping in view longevity.

PFRDA has taken various steps to enhance financial education, empowering subscribers to make well-informed decisions and leverage the advantages of the formal financial sector while maintaining a clear understanding of associated risks and trade-offs, he said.

In pursuit of the objective to promote pension and retirement planning, he said, PFRDA annually celebrates October 1 as National Pension System Diwas (NPS Diwas).

This initiative contributes to the financial self-sufficiency of Indian citizens in their post-retirement phase, he said.

In observance of NPS Diwas this year, he said, PFRDA has planned a month-long sequence of digital media and publicity initiatives.

These endeavours are strategically designed to commemorate NPS Diwas and effectively communicate the importance of pension planning to the subscribers as well as to the general public, he said.

TOP

GLOBAL NEWS

Global: Market conditions push CAT bonds into lifting ILS market – Asia Insurance Review

Prevailing market conditions have enabled the insurance-linked securities (ILS) market to secure advantageous terms and conditions for renewed and new programmes, leading to a significant increase in yields for funds as well as catastrophe bonds, according to a new AM Best report.

The Best's Market Segment Report, "Cat Bonds Lift a Muted ILS Market", released ahead of the Rendez-Vous de Septembre in Monte Carlo, says that catastrophe bond issuance in 1H2023 reached a record of approximately $9.7bn, which already surpasses the total for 2022. The size of the cat bond market has grown consistently for the last five years and remains one of the bright spots in the ILS market.

This has helped to lift overall ILS market capacity by approximately $3bn since the beginning of the year to approximately $99bn, as estimated by AM Best in conjunction with Guy Carpenter. At the same time, the net capacity provided by the ILS market is lower than $99bn due to an unknown amount of trapped capital, and despite the prospect of higher returns, capital formation remains tepid due to a number of factors.

Pent-up demand for reinsurance
"The dearth of capital injections into the reinsurance market and the resulting supply shortfall has meant that many insurers were unable to fill their requested covers from reinsurers except at exorbitant prices during the year," said Wai Tang, senior director, insurance-linked securities, AM Best. "At year-end, the cat bond and collateralised reinsurance markets may be met with pent-up demand for reinsurance cover among cedents that didn't have room in their budgets to purchase as much reinsurance coverage as they would have liked at the January or July 2023 renewal periods."

Looking ahead
AM Best expects the ILS market to remain hard if heightened cedent demand for capacity is met with overall reinsurance capital levels that are relatively flat.

"Whether higher returns posted by the ILS asset class begin to attract additional capital remains an open question," said Mr Emmanuel Modu, managing director, insurance-linked securities, at AM Best. "Industry observers have noted that ILS investors are likely focused on other, more familiar asset classes that offer higher expected returns with greater liquidity and perhaps less volatility."

TOP

Global reinsurance market improves to 'Stable', per S&P Global Ratings - Asia Insurance Review

S&P Global Ratings has revised its view of the global reinsurance sector to 'Stable' from 'Negative'. In a report titled "Global Reinsurance Stabilises As Green Shoots Emerge In Underwriting," published yesterday, S&P Global Ratings credit analyst Mr Taoufik Gharib said, "During the 2023 renewals, much-needed structural changes in reinsurance underwriting, including tighter terms and conditions and repricing of risk, resulted in the hardest market in decades in short-tail lines, shifting pricing power back to reinsurers."

He also said, "We have changed our view of the global reinsurance sector to 'Stable' from 'Negative' because we expect it will earn its cost of capital in 2023-2024, based on favourable property/casualty reinsurance pricing conditions, pre-pandemic earnings levels in life reinsurance, and increasing net investment income. "We expect these green shoots will take root and help address industry challenges. Reinsurers have had to quickly adapt to evolving conditions amid more frequent and severe natural disasters and an abundance of unprecedented economic and geopolitical events. High inflation, COVID-19, and the Russia-Ukraine conflict have had untimely negative effects on an already overburdened sector."

Meanwhile, mark-to-market losses eroded aggregate capital buffers for the reinsurance sector to a position just redundant at the 'AA' confidence level at year-end 2022, but some of those losses are beginning to unwind, and improving operating results should sustain the industry's capital adequacy.

TOP

Australia: Actuaries say disability insurance scheme needs reform to better support children with developmental delay - Asia Insurance Review

Community-based programmes would provide better long-term outcomes for young children with autism or developmental delay compared to individual supports currently provided by the National Disability Insurance Scheme (NDIS), according to a paper released by two senior actuaries. The Dialogue Paper, written by actuaries Ms Maathu Ranjan and Mr Anthony Lowe and published by the Actuaries Institute, argues that community-based programmes would also help make the Scheme financially sustainable.

The paper, "Providing Better Support for Children with Autism and Developmental Delay", outlines three measures for consideration by the NDIS Independent Review Panel ahead of its final findings in October. These include replacing clinical diagnoses with functional assessments by early childhood specialists to better support early intervention, investing in community-based supports rather than individualised funding to make the support more effective, and transforming the provider market to better measure outcomes, direct people to the right settings, and focus "on what people could do" instead of "what they can't do".

Ms Ranjan said, "The NDIS was envisioned and legislated based on a social model of disability but has been implemented using a medical model. We are proposing that the Scheme return to its original design with an increased focus on community-based support for young children with autism and developmental delay."

Number of Scheme participants

The number of NDIS participants living with autism has increased markedly, representing almost a third of new entrants to the Scheme. There are now over 313,000 NDIS participants under 18, accounting for more than half the Scheme's population and a fifth of its costs. Of those children, 75% have a primary disability of autism or developmental delay. "Children, particularly children with autism or developmental delay, are one of the fastest growing cohorts of NDIS participants – this is largely because the system gives families little choice but to seek out formal medical diagnoses," said Ms Ranjan.

"This means lengthy waitlists that can prevent timely access to early interventions – something we know is most effective when it happens earlier in a child's life. If we provide support through community-based programmes, we can bring that timeline forward. "We see these changes as win-win-win. It will mean better outcomes for children and families, more effective government spending to achieve a sustainable NDIS, and an essential step towards a society that is more aware and actively inclusive of the needs of neurodiverse people, including those with autism. "We acknowledge implementation will not be easy. However, a transformational change in the way children are supported by the NDIS and the community is necessary to ensure that the Scheme will continue to be there for those who need it in the years to come."

TOP

China: Insurance industry's declining solvency ratios remain above the required minimum - Asia Insurance Review

China's insurance sector maintained adequate solvency as of the end of the second quarter of this year, official data show. The average comprehensive solvency ratio of the 186 insurers reviewed at a regulatory meeting stood at 188% as of 30 June 2023, reported Xinhua News Agency quoting to the National Administration of Financial Regulation (NAFR).

Their average core solvency ratio hit 122.7%, the NAFR added. Specifically, the average comprehensive solvency ratio of property insurance companies, life insurance companies, and reinsurance companies stood at 224.6%, 178.7%, and 275.2%, respectively. The NAFR said it would strengthen regulation and promote the high-quality development of the insurance market.

A comparison of the solvency position of the insurance industry shows that the solvency position of the sector fell in the first half of this year:

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Solvency ratios				
	30 June 2023	31 March 2023	31 Dec 2022	31 Dec 2021
Average comprehensive solvency ratio				
Overall	188.0%	190.3%	196.0%	232.1%
Property insurers	224.6%	227.1%	237.7%	283.7%
Life insurers	178.7%	180.9%	185.8%	222.5%
Reinsurers	275.2%	277.7%	300.1%	311.2%
Average core solvency ratio	122.7%	125.7%	128.4%	219.7%
Number of companies	186	185	181	179

TOP

Pakistan: Regulator holds roundtable to discuss strategic direction for insurance sector - Asia Insurance Review

The Securities & Exchange Commission of Pakistan (SECP) has organised a roundtable discussion to shape the strategic direction of the insurance sector in Pakistan. The board chairpersons and CEOs of all insurance companies attended the roundtable discussions, according to a report by Pakistan Point News. During the roundtable, the SECP insurance team delivered a presentation on the 5-year strategic direction plan. They provided a current snapshot of the industry, outlined challenges faced by the insurance sector, explained the vision and mission of the plan, and detailed the operational and strategic outcomes of the plan.

They emphasised key objectives such as policyholder protection, innovation, cooperation and transformation, and improved insurance coverage. They also shared their approach to enhancing the ease of doing business, engaging with stakeholders, facilitating access to information, building capacity, providing access to capital and reinsurance, raising awareness through innovation, and modernising legislation to align with international standards.

TOP

COI Training Programs

Mumbai – Training Programs – September-October – 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Mega Risk Insurance	11-Sept-23	12-Sept-23	ClickHere	Register
2	Liability Insurance Focus - Financial Lines - CT Mumbai	14-Sept-23	15-Sept-23	ClickHere	Register
3	Industrial Risk Inspection- Methods & Reporting - CT Mumbai	25-Sept-23	26-Sept-23	ClickHere	Register
4	Health Insurance Underwriting - CVT Mumbai	29-Sept-23	29-Sept-23	ClickHere	Register
5	Social Media Marketing-Tools and Techniques for Insurers - CT Mumbai	26-Sept-23	26-Sept-23	ClickHere	Register
6	Workshop on Communication & Presentation Skills	07-Sept-23	08-Sept-23	ClickHere	Register
7	Techniques for Tele Marketing Teams in Insurance - CT Mumbai	04-Sept-23	05-Sept-23	ClickHere	Register
8	Creating High performers in BancaChannel	01-Sept-23	01-Sept-23	ClickHere	Register
9	Techniques for Tele Marketing Teams in Insurance - CT Mumbai	04-Sept-23	05-Sept-23	ClickHere	Register
10	Financial and Investment Management in Life Insurance Companies	11-Sept-23	11-Sept-23	ClickHere	Register
11	Marketing Strategies for creating a captive Market - CT Mumbai	12-Sept-23	12-Sept-23	ClickHere	Register
12	Personal Financial Planning and Life Insurance	14-Sept-23	15-Sept-23	ClickHere	Register
13	Customer Service and Claims Management	21-Sept-23	21-Sept-23	ClickHere	Register
14	International Program -Excellence in Insurance Technical - Non Life	04-Sept-23	15-Sept-23	ClickHere	Non-Life
15	Reinsurance Treaty Designing - CT	03-Oct-23	04-Oct-23	ClickHere	Register
16	Bankers Indemnity: Focus Cyber Security and Computer Crime-CVT	06-Oct-23	06-Oct-23	ClickHere	Register
17	Crop Insurance – Focus: Horticulture, Floriculture, Plantations and Vegetable Insurance - CT	09-Oct-23	10-Oct-23	ClickHere	Register
18	Health Insurance: Medical Management and Fraud Control-CT(Mumbai)	26-Oct-23	27-Oct-23	ClickHere	Register
19	Equity Research and Valuation - CVT	06-Oct-23	06-Oct-23	ClickHere	Register

20	Insurtech and Digital Marketing-CT	30-Oct-23	31-Oct-23	ClickHere	Register
21	Customer Service-Engagement – Retention & Customer Experience- CT	03-Oct-23	04-Oct-23	ClickHere	Register
22	Accounting Standards for Insurance Companies (Ind-AS)-CT	05-Oct-23	06-Oct-23	ClickHere	Register
23	Enhancing the Productivity of Specified / Authorized Persons of Banks, other Corporate Agents and Brokers-CVT (Mumbai)	12-Oct-23	12-Oct-23	ClickHere	Register
24	Exclusive Module for Principal Officers of Corporate Agents- Banks - CT	12-Oct-23	13-Oct-23	ClickHere	Register
25	Environmental, Social, and Governance (ESG) in Life Insurance Companies-CVT	13-Oct-23	13-Oct-23	ClickHere	Register

Kolkata – Training Programs – September – 2023

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Project & Engineering Insurance - Underwriting and Claims - CT-Kolkata	25-Sept-23	27-Sept-23	ClickHere	Register
2	Managing Project & Engineering Insurance - Underwriting and Claims - CVT-Kolkata	25-Sept-23	27-Sept-23	ClickHere	Register

Note - Virtual Training Program are conducted on Microsoft Teams application.
For More Details / help for enrollment mail at college_insurance@iii.org.in