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INSUNEWS - WEEKLY E-NEWSLETTER

30TH DECEMBER 2023 – 5TH JANUARY 2024

QUOTE OF THE WEEK

“The turning point in the process of growing up is when you discover the core of strength within you that survives all hurt.”

MAX LERNER

Insurance Term for the Week

Additional Insured

An assured party specifically named under an insurance policy that is not automatically included as an insured under the policy of another, but for whom the named insured’s policy provides a certain degree of protection. An endorsement is typically required to effect additional insured status. The named insured’s impetus for providing additional insured status to others may be a desire to protect the other party because of a close relationship with that party (e.g., employees or members of an insured club) or to comply with a contractual agreement requiring the named insured to do so (e.g., customers or owners of property leased by the named insured).

INSIDE THE ISSUE

INSURANCE INDUSTRY

Insurers expect further progress in tech, regulations, M&A & investment - economic Times – 4th January 2024

The general insurance and life insurance sectors have displayed positive strides toward recuperation post the COVID-19 pandemic, achieving growth rates of 16 percent and 18 percent respectively, in 2023 compared to the preceding year. The trajectory indicates a projected higher growth rate for the insurance industry in India over the next decade.

Projections of Insurance leaders indicate a continued growth trend, with further advancements in technology, regulatory frameworks, customer-centric approaches, and innovative product offerings driving the sector's overall expansion over the next decade. The Insurance Regulatory and Development Authority of India (IRDAI), in 2023, brought multiple reforms, focusing on 3 prominent themes – strengthening the ecosystem, improving accessibility & reach, and safeguarding policyholders' interest. As we now look forward to 2024, regulatory reforms are expected to continue to steer the industry.

Here are some of the key trends likely to unfold in the New Year:

The general insurance industry in the year 2024, is expected to see insurers venturing into new territories to extend coverage to a broader section of the Indian population. Collaborations will be on the rise, with insurers partnering with insurtech startups, healthcare providers, and government bodies. "These partnerships will drive innovation, moving beyond traditional insurance offerings to create products that meet the evolving needs of customers. The integration of advanced technologies such as AI, blockchain, and big data will play a crucial role in improving efficiency and enhancing CX. Technology will enable insurers to design highly tailored insurance products, addressing individual customer needs precisely," Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance said.

Looking ahead, generative AI promises a future where hyper-personalized services will be available on the go, enhancing customer satisfaction and improving risk assessment, fraud detection, and claims processing. Additionally, regulatory reforms, including the 'Risk Based Supervision' framework by IRDAI, aim to ensure a thorough understanding of risk-related activities, contributing to financial stability, he added.

New entrances, composite license and Insurance bill 2023

While the regulator has already licensed 3 new players this year, it is expected to allow entry of more companies going forward. IRDAI has said that it is looking to issue licenses to 20 new insurers in the immediate future. Additionally, the regulator is also likely to relook the capital requirements, making entry of new players easy. With an increased competitiveness in the market, the sector will see more innovation, improved distribution models, automation and more, Sumit Rai, MD & CEO, Edelweiss. Tokio Like Insurance highlighted.

One of the awaited developments of 2024 is that the government will table the Insurance Laws (Amendment) Bill 2022 as it has the potential to bring another round of positive reforms and bolster growth prospects of the industry, he added. Proposals for composite licenses also promise diverse insurance offerings, ensuring enhanced affordability and accessibility.

Life Insurance -Budget Wishlist

The journey towards 'Insurance for All by 2047' is marked by strategic steps and certain recommendations for the upcoming Budget which could pave the way for growth and accessibility in the Life Insurance

Sector, said Satishwar B, MD & CEO, Aegon Life Insurance. No Taxation for Annuity Plans to Benefit Both Retirees and the Industry.

Improving Tax Benefits to Increase Insurance Coverage

Separating Savings for Life and Health: Changing tax sections 80C and 80D to provide separate tax breaks for the life-threatening risk part of life and health insurance payments, as well as for fixed-term insurance plans, he highlighted. Complete Deduction for Life Insurance Premiums: According to the expert, permitting individuals to deduct the entire amount paid for life insurance premiums from their taxable income, as stated in Section 56, without any decrease due to claims made under other sections such as 80C, will encourage more people to buy insurance

GST Reforms for Wider Reach: GST on term life insurance and applying a 'Zero rating' –which means setting the tax rate to 0%— for certain essential policies like the Pradhanmantri Jeevan Jyoti Bima Yojana (PJJBY), smaller insurance policies covering up to ₹2 lakh, and annuity products for National Pension Scheme (NPS) subscribers, he added.

Empowering Communities through Bima Vahaks

The IRDAI's Bima Vahaks initiative is set to make insurance knowledge more accessible. This women driven distribution force promises to bridge the gap between insurance and the masses through personal interactions and localized understanding. Bima Vahaks, together with Bima Sugam (the onestop-shop insurance platform) and Bima Vistaar (an affordable composite insurance product) promise to lead the path towards insurance for all.

Use of AI in Health Insurance to reshape industry

Traversing the landscape of healthcare finance with the vision of 'health for all' has left a mark in 2023. The surge in telemedicine, addressing the need for safe and convenient healthcare, is gearing up for further expansion in 2024. The use of AI for precise diagnostics, a standout trend, is projected for substantial growth this year. AI's pivotal role in streamlining insurance processes, detecting fraud, and enhancing healthcare system efficiency remains crucial, said Aniruddha Sen, Co-founder, Kenko Health.

The proliferation of wellness apps, fitness wearables, and incentivized programs from insurance providers is guiding individuals towards healthier lifestyles. Rooted firmly in 2023, this trend is set to solidify in 2024, fostering a holistic approach to well-being. Anticipated innovations from insurance providers are expected to introduce policies incentivizing proactive health measures, Sen added.

Insurtechs likely to witness more investments, M&A.

We will also see new-age players addressing various unique challenges of the industry and one can expect investment in insurtech rising in the coming year. With IRDAI also allowing an additional expense towards insurtech expenses up to 5% of the allowable expenses of management to widen customer reach, one can expect insurance companies to increase investment in developing better tech solutions for customers, Vivek Chaturvedi, CMO and Head of Direct Sales at Digit General Insurance said.

With IRDAI reviewing over a dozen applications for licenses, new players are anticipated to enter the market, which could stimulate M&A activities in the insurance sector and insurance intermediation field. Mergers and acquisitions within the insurtech space have the potential to drive significant consolidation, reshape market dynamics, and contribute to the growth and advancement of individual companies, he added.

(The writer is Sheersh Kapoor.)

TOP

Bank assurance sought to curb mis-selling of insurance products – The Economic Times – 3rd January 2024

The government has sought suggestions from lenders on steps to curb mis-selling through banking channels as part of efforts to strengthen regulatory oversight of the bancassurance model, said people aware of the matter. Bancassurance is a partnership between banks and insurance companies to sell insurance products through bank branches. Some of the measures being considered may include a cap on commission charges paid to banks for selling insurance products, stricter disclosures of commission while selling policies, and delinking bank employees' performance appraisals from insurance sales targets, said the people. Last month, financial services secretary Vivek Joshi held a meeting with chiefs of state-run banks over issues related to bancassurance, including its effectiveness in increasing insurance penetration and challenges in the form of mis-selling. In 2022-23, the contribution of banks as corporate agents was 5.93 percent in non-life premiums and 17.44 percent in new business premiums for life insurance.

A senior bank executive said discussions are being held with all stakeholders, including the Insurance Regulatory and Development Authority of India (IRDAI) and both life and general insurance councils. In October 2023, the IRDAI had set up a task force to review the existing banking intermediation model and carry out modifications in the regulatory framework. The committee is to submit its report this month. "One suggestion is that there should be a cap of around 15 percent of the total premium on commissions and other charges paid to banks for selling insurance products," the executive said on condition of anonymity, adding that the government also wants proper disclosure while issuing policies on commissions and other charges paid to banks. Last year, the regulator, under the IRDAI (Payment of Commission) Regulations, 2023, in order to enable and provide flexibility to insurers to manage their expenses within the overall limits based on their gross written premium, replaced the cap on commission payments with an overall cap on expenses of management (EoM) of insurers. The maximum amount that can be incurred towards EoM is 30 percent of the gross written premium for that financial year. In the case of standalone health insurance companies, the limit is 35 percent of the gross written premium.

(The writer is Dheeraj Tiwari.)

TOP

India's insurance sector stuck despite decades of openness – Bizz Buzz – 3rd January 2023

The recently released IRDA Annual Report 2022-23 debunked the tall claims made by successive governments on FDI in the insurance sector, P Satish, president of South Central Zone Insurance Employees' Federation said. Insurance Regulatory and Development Authority Bill was enacted in 1999 by facilitating penetration of foreign and private insurance companies in the Indian insurance industry. In 2015, FDI limits in India were enhanced from 26 per cent to 49 per cent and again in 2021 to 74 per cent. At the time of opening up of the life Insurance industry in 1999, then Deputy Prime Minister LK Advani boasted that India will receive $25 billion of FDI in the insurance sector every year. Moreover, the then government parroted that FDI in insurance will enhance employment opportunities, insurance penetration, insurance density and technological upgradation, Satish, who is the vice-president of All India Insurance Employees' Association (AIIEA) told Bizz Buzz on Tuesday. He said though government of India had already allowed 100 per cent FDI in insurance intermediaries and FDI to 74 per cent in insurance, yet the experience has proven that it is not useful for the productive development of the country

He pointed out that the country has received around Rs 2,000 crore FDI in life insurance industry equivalent to $1.5 billion and Rs 5,000 crore in general insurance over a period of 23 years from 2000 to 2023. During the total period, an amount of Rs 3,500 crore FDI only came in the Indian insurance sector, which is a trifle, despite raising FDI limits from 26 per cent to 74 per cent. Moreover, most of the FDI and FIIs have come into India only to indulge in speculative investments and to take over Indian companies through acquisitions and mergers.

Satish observed that even after 23 years of opening up of the insurance sector, the insurance penetration (insurance premium as a percentage of GDP) levels in the life sector has come down from 3.2 per cent to 3 per cent and the same for the non-life insurance sector remained at 1 per cent only. India's overall insurance penetration reduced to 4 per cent in 2022-23 from the level of 4.2 per cent in 2021-22. In 2022-23, the life insurance density increased to 70 from 69 in 2021-22. Whereas, non-life insurance density remained stable. In 2022-23, the insurance density in India increased from 91 in 2021-22 to 92 in 2022-23. It is obvious that the insurance penetration in India is comparable despite a lesser disposable income of the people whereas the world average is 4 per cent; USA 3.5 per cent, Australia 3.1 per cent, China 2.5 per cent and Brazil 1.5 per cent. The insurance penetration has declined because the private insurance companies are engaged in selling mainly ULIP and big-ticket policies and are concentrating mostly on urban clientele. The argument that FDI will create employment is a rude joke, he said.

The country is now facing the worst employment crisis in its history. No new products have come except ULIPs, which are not considered as conventional insurance products. Hence, the argument of the government that by promoting the FDI in this country, insurance penetration employment opportunities will increase is not tenable. Moreover, no new technology has come for the benefit of customer servicing. In fact, LIC in a systematic manner upgraded its technology from time to time keeping in mind the customer expectations and requirements. Today it is recognized as the number one technology user in the country, he stated and demanded doing away with levying of GST on insurance and initiation of measures to strengthen LIC in the long-term interests of the country.

(The writer is Santosh Patnaik.)

TOP

Mis-selling: Government suggests checks on insurance agents – The Times of India – 3rd January 2024

Soon, insurance agents may be required to maintain audio-visual records of their sales pitch, where they must read out a summary of the policy features to prospective buyers. With multiple cases in consumer forums and thousands of complaints of mis-selling, the consumer affairs department has written to the finance ministry seeking a change in rules that the terms & conditions, or at least the summary, should be clearly explained as it is not properly communicated, resulting in disputes. In a letter to financial services secretary Vivek Joshi, consumer affairs secretary Rohit Kumar Singh has noted that the genesis of the dispute often lies in lack of proper communication, although consumers often complain that only positive aspects of the policy are told to them when insurance is sold. A final decision on the issue will, however, have to be taken by the Insurance Regulatory and Development Authority of India (IRDAI), which sets the rules.

Also flagging that terms and conditions in insurance policies are often in "ambiguous language", which are not understood by consumers, Singh has suggested that insurance policies be framed "in the regional languages concerning the rural population of that particular area". The consumer affairs department has also suggested that the policies must make the inclusions and exclusions extremely clear in their terms and conditions. In several cases, when policyholders apply for claims, the insurance company representatives inform them about the exclusions then. Such clarity in policy documents will also bring down litigation in the sector, officials said. Another suggestion by the National Consumer Disputes Redressal Commission president Justice Amreshwar Prata Sahi is regarding the rejection of medical claims by hospitals if a policy holder is not hospitalized for at least 24 hours for surgery or treatment. "As advancements allow for treatments and surgeries to be completed within a few hours, it is imperative that such a clause be re-examined and suitably amended," Singh said in the letter reviewed by TOI.

(The writer is Dipak K Dash.)

TOP

The highs, lows and everything in between for the Indian insurance sector in 2023 – CNBC – 2nd January 2024

Multiple regulatory changes and industries' response to them kept the insurance sector in limelight in 2023. The year started with the newly introduced reforms in taxation for life insurance companies following which there were reforms which were introduced in the products, accounting and investment verticals. The insurance regulator, IRDAI in its annual report has summarized these reforms and the impact on the industry. Here are the most interesting observations. As per IRDAI's annual report, life insurance companies paid a total of ₹5 lakh crore worth of benefits in 2023. The total benefit was 64 percent of the net premiums collected by life insurance companies. Under benefits, the benefits of surrender or withdrawal paid increased by 26 percent in 2023 over the previous year.

Under the individual business, life insurance companies settled 10.6 lakh policies as claims out of the total 10.76 lakh policies received. A total amount of ₹28,611 worth of claims was settled by life insurance companies under the individual business against ₹30,216 crore worth of claims received for settlement. Under the group business, life insurance companies settled 12.4 lakh policies as against 12.48 lakh policies which were received for claims. A total amount of ₹17,178 crore worth of claims was settled by life insurance companies under the group business against ₹17,769 crore worth of claims received for settlement.

The claim settlement ratio in individual segment on policies settled stood at 98.45% and on amount settled stood at 94.69%. The claim settlement ratio for group segment on policies settled stood at 99.35% and on amount settled stood at 96.67%. Life insurance industry's total claim settlement ratio dropped to 98.45% in 2023 as compared to 98.64% in 2022.

It was a year when losses for public sector general insurance companies also mounted. The total underwriting losses for the general insurance industry in 2023 stood at ₹32,797 crore. 77% or ₹25,317 crore of the general insurance industry's total underwriting loss came just from public sector general insurance companies- New India Assurance, National Insurance, Oriental Insurance and United India Insurance. Public sector general insurance companies made a net loss of ₹11,000 crore in 2023 whereas private insurers made a net profit of ₹4,665 crore. Public sector general insurance companies appeared quite weak on solvency front as well.

On one hand where all private insurance companies complied with minimum regulatory solvency level of 150%, public sector general insurance companies defaulted in it. National insurance and United India Insurance had solvency of 29% whereas Oriental Insurance had solvency of 96%. The awareness around insurance definitely increased in 2023 but that failed to show up in numbers. As per a report from Swiss Re Sigma, life insurance penetration in 2023 reduced to 3% against 3.2% in 2022. General insurance penetration remained constant at 1% in 2023. The average global insurance penetration stood at 6.8% insurance penetration is the ratio of total premium collected to the Gross Domestic Product (GDP).

Insurance density in 2023 showed minor improvement. Life insurance density in 2023 improved to US $92 as compared to US $91 in 2022. General insurance density I. 2024 remained constant. Global insurance density for 2023 stood at US $853. Insurance density is a country's per capita premium. In 2023, the life insurance industry added 1.85 lakh agents to distribute insurance products. The growth in 2023 agent force was 8% over 2022. The agent growth for private life insurance industry was 15% whereas LIC's agent growth was close to 2%. LIC's agent force is bigger than the agent force of the entire private life insurance industry out together. At the end of 2023, LIC 'an agent force stood at 13.47 lakh as compared to private life insurance industry's agent force of 12.8 lakh.

To speak about investments from the insurance industry. Insurance industry investments stood at ₹60.04 lakh crore at the end of March 2023 as compared to ₹54.36 lakh crore at the end of March 2022. Life insurance industry's share out of the total investments of the insurance industry was 91%, general insurance industry's share was 7.15% whereas reinsurance companies share was 1.85%.

To end this on a positive not, the policyholder grievances against life insurance companies in 2023 came down. Total number of grievances against life insurance companies reduced by 18% in 2023. The ratio of total unfair business to new policies issued also remained contract at 0.09% in 2023.

(The writer is Yash Jain.)

TOP

Key regulatory developments that changed the course of insurance industry in 2023 – Business Today – 2nd January 2024

Embracing regulatory transformation and innovation, the year 2023 was nothing short of a milestone for the insurance industry. The dynamic customer needs served as a catalyst of change and the industry rose to the occasion with several customer-centric policy changes. The regulatory authority is already steering the sector toward Insurance 2.0 with initiatives like Bima Trinity, bringing about better accessibility and inclusivity to the insurance industry.

From the adoption of modern technologies for creating seamless customer experiences to transforming claim settlements, the year saw many successful endeavors to redefine the insurance landscape. The IRDAI's inspiring objective has every stakeholder united in the mission of a fully insured India by 2047, the efforts of which are already visible. Let's delve into some of these standout initiatives that defined the industry's trajectory this year.

Amendments to EOM and deregulation of commission
IRDAI has indeed shifted from a rule-based approach to a principle-based approach and it is reflected through several changes that have been recently introduced. One such example is the amendment to EOM (Expenses of Management) which provides far greater flexibility and autonomy to the industry players. This is an enabling provision for the industry in ways more than one. The insurance players can decide how to manage their fixed cost and commission as per the model that best suits them. As the stakeholders get a better grip on managing their expenses and reduce the cost of distribution, this will lead to a better pricing structure and ultimately benefit the end consumer. This will synergize the multi-directional efforts of the industry towards the holistic objective of bridging India's protection gap.

The integration of Account Aggregator framework
Albeit introduced a few years back, another important initiative that has gained traction this year has been the "Account Aggregator Framework" wherein an entity regulated by the RBI can share consensual data from individuals among financial institutions. This initiative not only offers enhanced security but also holds long-term convenience for the end consumer. The framework collects consent to access an individual's financial information with their existing financial institution and transfers it to the financial institution providing them the service in a secured manner.

Insurtech getting the nod to integrate this consent-based framework translates to ease of data transactions in the same manner as UPI had eased payment transactions. The need for safe and secure data exchange cannot be stressed enough and this RBI-regulated framework facilitates the same. This also makes the entire process a lot more seamless and hassle-free. With safe and seamless access to digital data, the account aggregator framework has made the policy issuance process much simpler and tamper-proof for the consumer. The reduced drop-off rate and faster policy issuance would also translate to higher penetration of term insurance in India.

Fast tracking innovation with Use & File procedure

This year, IRDAI also expanded the scope of Use & File procedure for life insurance industry, which was earlier introduced only for general insurance products. With this modification, insurers are now allowed to use and file individual and group-linked products. This promotes new launches in the market with a quicker turnaround time and less procedural formalities. This fosters a positive environment for product innovation and widens the scope of insurance in a holistic manner.

Comprehensive Policies, Simple Wordings

Gone are the days when policyholders would need to decipher long, complicated documents to understand the insurance policies they are buying or even considering to buy. As per the latest IRDAI mandate issued in October this year, the insurance companies would have to release a revised customer information sheet (CIS) from January 1. This sheet would declare in simple language "as a snapshot" the details of the insurance policy. This would include key details in simple words like coverage extent, exclusion, mandates, waiting periods, etc. Also, it would detail out finer concepts like migration, guidance on claims submission, portability or free look cancellation. Not just that, all insurance companies would be required to ensure that the policyholders have reviewed this information sheet and signed on it. Earlier, the regulator had also formed a 12-member committee to find ways to simplify the complex insurance policy wordings. Essentially, this means informed policyholders, which would lead to more trust in the insurance sector and a lower number of disputes. And of course, a seamless experience for the policyholders. Cashless Health Insurance - Anytime, Anywhere. In one of the most innovative solutions ever brought into the insurance industry in the country,

(The writer is Sarbvir Singh.)

TOP

LIFE INSURANCE

Hurdles and solutions: What self-employed should do to get term insurance – Business Standard – 4th January 2024

With life insurers altering their income assessment criteria for the self-employed, more people from this category are opting for term policies (which are pure insurance covers). Online insurance platform Policybazaar.com witnessed a 10 percent jump in the issuance of term insurance policies to self-employed individuals between Q2 FY22 and Q2 FY23. Self-employed individuals often encounter hurdles in obtaining term insurance due to the absence of standardized income proof. "The lack of consistent documentation, unlike in the case of their salaried counterparts, can result in difficulties in proving their income. This, in turn, leads to inadequate coverage or, in some cases, a complete lack of coverage," says Vaibhav Kumar, head-products, Max Life Insurance. Since the self-employed are not able to offer a salary slip, they are offered term insurance based on the income-tax return (ITR) filed by them (and the Computation of Income document). Says Srinidhi Shama Rao, chief strategy officer, Aegon Life Insurance: "However, in many cases this is missing as well. As a result, they face a high rate of rejection from insurance companies, which in turn deters them from trying to get term insurance."

There are other hurdles. "The income eligibility for self-employed individuals is higher than for salaried individuals. The minimum annual income required for salaried people, for instance, is Rs 3 lakh whereas for the self-employed it is Rs 5 lakh. Apart from this, salaried individuals usually get a 5 percent discount on their first-year premium, which the self-employed do not," says Naval Goel, chief executive officer (CEO), PolicyX. Low awareness is another issue. "Many are not aware of term insurance and why they should buy it, especially when it does not make a payout if the policy holder is alive at the end of tenure," says Rao. The availability of the right products for the self-employed is another issue. The insurance sector has traditionally focused on people living in the metros and Tier-I cities and on the salaried class. Experts say that when addressing this segment, there is a need to have a lower ticket size, high volume paradigm. Most self-employed tend to be first-time buyers of insurance. “There is a need to create byte sized products that a customer finds affordable and hence is more easily able to make a purchase decision,” says Rao. Insurance companies have now realized that the biggest growth will come from the self-employed. “They have realized the high contribution the self-employed make to the economy, which will only increase with time,” says Rhishabh Garg, head-term insurance, Policybazaar. Hence, they are now pivoting towards putting in place authentication processes suited to the self-employed.

Life insurers are now trying to make use of alternative data sources through which they can estimate a person’s income even in the absence of a salary slip or ITR. They are increasingly relying on investment and consumption data to estimate income. “Insurers are attempting to analyze data such as vehicle ownership or GST databases to gain insights into the volume of business generated by self-employed individuals,” says Kumar. Many self-employed individuals use credit cards. Insurers take their consent and then check their credit history with the credit bureaus. This provides them with a lot of information about a person’s financial status. "While a credit card does not tell us a person's income, the amount of spending a person does through his credit card enables insurers to estimate his overall earnings with a good amount of confidence," says Rao. The government has now enabled account aggregator. If the client provides OTP-based consent, insurers look up the credit and debit from a person’s bank accounts. Then they use algorithms to estimate that person’s income. “Account aggregator has acted as a force multiplier for providing insurance to the self-employed,” says Rao. Insurers are also turning to investment-related data. “Insurers are also making use of data related to mutual fund investments, house ownership, the amount of housing loan taken, and the EMI paid on the loan to arrive at an estimate of income,” says Garg.

The basic purpose of term insurance is that the family should not suffer financial hardship if the breadwinner passes away. Most people have goals like children’s education and marriage, repayment of home loan, saving for retirement, and so on. The sum assured should be adequate to fulfil these goals. “A prudent guideline for self-employed individuals is to target at least 10 to 15 times their actual annual income when determining life insurance coverage,” says Kumar. For a more detailed calculation, individuals should also take into account their assets and liabilities. They may make use of the services of a financial advisor or rely on an online calculator. Most salaried persons work till 58 or 60, so they buy coverage till that age. After that, since they don’t have an income, they don’t require insurance. The self-employed may continue to work even after 60. There are two ways to answer the question regarding tenure. One, estimate the age till which you are likely to work and have an active income. If someone within the family is dependent on that income, you need term insurance. The other way is to think in terms of obligations. “You should have a term cover for around 30 years from the birth of your youngest child. Your children are likely to be settled by then and your savings should suffice to take care of your spouse’s retirement,” says Garg.

Some people are keen to pass on wealth to their nominees. They may take term insurance for an extended period. Term insurance comes into play when you are not around. “Make sure your nominee is aware of the term cover you have bought,” says Garg. While the usage of alternative data is increasing, it is still advisable for the self-employed to file their ITR as it boosts their chances of getting this vital cover. “The ITR should be based on actual income and it should transparently show the increase in income that happens over the years,” says Goel. Make complete and transparent disclosure of any medical condition you have. “This will help your family members avoid hassles at the time of claim,” says Garg. The premium rate should not be your primary consideration when choosing a policy. “Conduct a holistic evaluation of insurance plans, taking into account aspects such as claim settlement ratio, policy flexibility, and additional benefits,” says Kumar. Having bought the policy, the self-employed sometimes stop paying the premium whenever they witness turbulence in their income. “Avoid allowing your policy to lapse as reinstating it can at times be a long-drawn procedure,” says Rao.

(The writer are Sanjay Kumar Singh & Karthik Jerome.)

TOP

Private players see 6% rise in benefits paid to Rs 1.57 trillion in FY23 - Business Standard – 3rd January 2024

The total benefits paid by private life insurance companies to policyholders rose by 5.98 percent to Rs 1.57 trillion during 2022-23. This figure stood at Rs 1.49 trillion in the corresponding year-ago period. On the other hand, Life Insurance Corporation of India (LIC) paid out 4 percent fewer benefits at Rs 3.39 trillion from Rs 3.53 trillion in 2021-22. The total benefits paid by the insurance companies dropped to Rs 4.96 trillion during 2022-23 from Rs 5.02 trillion in the corresponding year-ago period. The total benefits paid in the period under consideration constitutes 64 percent of the net premium. As of March 2023, LIC dominated the market with 62.58 percent share and the private insurers accounted for the remaining 37.42 percent of the life insurance industry. According to the latest data released by the Insurance Regulatory and Development Authority of India (Irdai), the total benefits paid by the industry moderated on the back of falling death claims and maturity.

The death claims paid during the period declined by nearly 32 per cent to Rs 41,457.3 crore from Rs 60,821.8 crore in FY22. Similarly, maturity payments fell by 11.1 per cent to Rs 2.13 trillion from Rs 2.4 trillion. In case of individual life insurance business, out of the total 1.076 million death claims, the companies paid 1.06 million claims worth Rs 28,611 crore. The claim settlement ratio of the industry during the period fell to 98.54 per cent from 98.64 per cent last year. In group life insurance business, of the total 1.248 million claims, 1.24 million claims were paid for Rs 17,178 crore with the claim settlement ratio standing at 99.35 per cent. On the other hand, the surrender or withdrawals paid by the life insurance companies rose by 25.62 per cent to Rs 1.99 trillion in FY23 from Rs 1.58 trillion. The surrender value paid by private companies saw an increase of 37.64 per cent to Rs 86,943.27 crore from Rs 63,166.9 crore. Whereas, LIC's surrender value paid rose by 17.63 per cent to Rs 1.11 trillion, which accounted for 56.27 per cent of the segment. Further, the benefits for Unit-Linked Insurance Plan (ULIP) accounted for 62.51 per cent for private insurers and 1.56 per cent for the public sector company.

According to the annual report, "Swiss Re forecasts global premiums for life insurance to grow by 0.7 percent in real terms in 2023 in comparison to the 10-year trend of 1.3 per cent growth. High inflation leading to high level of policy surrenders is likely to impact the profitability of the sector." Recently, Irdai released an exposure draft to increase the surrender value for non-linked policies (both par and non-par) products of life insurance companies. According to experts, the measure, if implemented, is likely to affect the overall margins of the life insurers. The companies are expected to submit their response for the draft by January 3, 2023. The benefits paid for annuity products by the companies increased by 13.42 per cent to Rs 20,696.26 crore from Rs 18,247.97 crore a year ago.

(The writer is Aathira Varier.)

TOP

Life insurers wish for separate tax deduction for life insurance – Deccan Chronicle – 2nd January 2024

As the countdown for the Union Budget begins, life insurers want the government to introduce a separate tax deduction limit exclusively for life insurance premiums paid, bring life insurance annuity and pension products at par with the National Pension Scheme (NPS) and reduce the Goods and Service Tax rates on insurance products or provide GST exemption on them. Says Vighnesh Shahane, chief executive officer and managing director at Aegas Federal Life Insurance, "We have been asking the government to introduce a separate tax deduction limit for life insurance for the last 5 to 6 years but nothing has happened.

The reason is that the current Section 80 C is too cluttered where a person can claim deductions up to Rs 1.5 lakh for PPF, Sukanya Scheme, ELSS, tax saving fixed deposits, school fees, principal sum of a home loan, including life insurance." "The other demands are to make pensions tax-free in the hands of annuitant. The current Rs 50,000 tax exemption for the National Pension Scheme under Section 80CCD(1B) should also apply to pension and annuity plans of insurance companies to provide a more level playing field," added Shahane. Any individual who is a subscriber of NPS can claim tax exemptions under 80 CCD (1) within the overall ceiling of Rs 1.5 lakh under Sec 80 CCE. Furthermore, an additional tax benefit for investments up to Rs 50,000 in NPS ((Tier I account) is available exclusively to subscribers under subsection 80CCD (1B). This is over and above the deduction of Rs. 1.5 lakh available under section 80C of the Income Tax Act. 1961.

"Permitting individuals to deduct the entire amount paid for life insurance premiums from their taxable income, as stated in Section 56, without any decrease due to claims made under other sections such as 80C, will encourage more people to buy insurance. This means they get the full tax benefit for their insurance premiums, making insurance more financially appealing," said Satishwar B, MD & CEO of Aegon Life Insurance. The tax benefits for health insurance should be increased significantly and GST rates should be reduced from the current levels. Also to promote the agency channel, the TDS limit for agents should be increased are the other demands of the sector.

(The writer is Falaknaaz Syed.)

TOP

'Huge demand for life insurance products in India' – Rediff – 1st January 2024

Life insurance remains a sunrise sector in India with low penetration, large protection, and pension gap, and a massive growth opportunity over the next decade -- this was the consensus view of heads of life insurance companies, including R Doraiswamy, managing director (MD) of Life Insurance Corporation (LIC) of India, Anup Bagchi, MD and chief executive officer (CEO) of ICICI Prudential Life, Vibha Padalkar, MD & CEO of HDFC Life, Naveen Tahilyani, MD and CEO, Tata AIA Life, and Mahesh Balasubramanian, MD of Kotak Mahindra Life.

These discussions took place at the Life Insurance CEOs panel at the Business Standard BFSI Insight Summit. Is the insurance industry ready to take up the Insurance Regulatory and Development Authority of India (Irdai) challenge to take insurance to all by 2047?

R Doraiswamy: The industry is ready to meet the Irdai challenge to provide insurance for all by 2047. There has been a slew of regulatory reforms, and companies have begun to work on three key issues of availability, affordability, and accessibility that affected growth in the past. The industry focus is clearly to take insurance to every insurable person in the country. The growth movement is especially strong in the life insurance industry with two new players joining the industry and many more waiting to enter it and grow it further.

Anup Bagchi: There is no doubt about it. The life insurance industry is unique in that it meets a couple of key societal needs -- which is critical in a country like India with a varied and diverse demographic. The first is life protection and the second is credit protection, so that there is no default if something unfortunate happens to borrowers. The industry also provides for investment and retirement risks to individuals and their families. There is currently no substitutable product in any other industry that can cover so many risks in one shot.

There is a huge latent demand for life insurance products in India, and as our per capita income increases and various demographic segments emerge, this latent need for various kinds of protection and risk covers will become even more explicit. The regulator has done a great job by facilitating us to achieve the vision of insurance for all. Vibha Padalkar: While we are extremely enthused with all the growth opportunities and with a regulator which in our living memory has been extremely facilitative, we should focus on what the industry has achieved so far. For example, look at the expanse of our reach -- whether it's the network of 2.7 million agents or 11,000 branches, and there is now a region in the country where collectively as an industry we don't have a presence.

If you look in terms of the number of life covered, then 14 per cent of individuals in the country now have a life cover, and for most of us more than 50 per cent of the new business is coming from individuals 35 years or younger, so we are bringing in younger and new people under life cover. I think where the industry and the regulator need to focus is to increase coverage, whether it's through Bima Vahak, Bima Sugam, or Bima Vistaar. This becomes clear if we dig deeper into the coverage data.

Currently, 30 per cent of individuals in urban areas are covered by life insurance but the coverage ratio is only 5 per cent in rural India. This could be due to a paucity of relevant life insurance products. Similarly, only 9 per cent of women are covered, against 18 per cent coverage in the case of men. This represents a huge growth opportunity for the industry. Mahesh Balasubramanian: The biggest growth opportunity or I would say even an obligation for the industry is to take care of the two important things as far as insurance goes.

The first is the protection gap which is extremely high in India at around 83 per cent, with under-protection of life estimated to be around $16.5 trillion. Life insurance is a highly underpenetrated product in the country compared to other BFSI products, such as banking or mutual funds (MFs). Similarly, only 12 per cent of retail households in India have taken insurance, so there is a huge addressable market that is staring at us and where all the initiatives from the regulator and the industry will help us bridge the gap.

The second is the long-term savings. People should understand that insurance is a bit of a challenging category as we are not into instant gratification but we are into long-term savings. We are asking people to save for their future and for their pension. For instance, the pension gap in India is estimated to be around Rs 55 trillion by the end of 2050. I think we need to build awareness and the message that insurance 'zaroori hai' is still not getting into the minds of our customers and that is where the challenge lies.

TOP

Investment income of life insurance industry down 6.63% to ₹3.89 lakh crores in FY23: IRDAI - The Hindu Business Line – 1st January 2024

The investment income of the life insurance industry declined 6.63 percent in FY23 to ₹3.89 lakh crore. According to the latest data from the Insurance Regulatory and Development Authority of India (IRDAI), the trends in investment income including capital gains and other income of life insurance industry were mutually divergent. While the public sector insurer recorded 7.25 percent growth, private sector insurers registered a 39.86 percent decline in investment income in the year 2022-23.

The total paid-up capital also showed declined. As of March 2023, the total paid-up capital of the life insurance sector stood at ₹34,957 crore, reflecting a 1.66 percent decline compared to the previous year. "This decrease was primarily attributed to a ₹1,850-crore reduction in the paid-up capital of Exide Life Insurance Company due to its acquisition by HDFC Life Insurance,"IRDAI said. Nevertheless, ten other insurers injected an additional ₹1,262 crore into the life insurance industry. Consequently, the net impact on the total paid-up capital for the fiscal year 2022-23 was a decrease of ₹590 crore, according to the regulator's data.

Of the 24 life insurers in operation during 2022-23, 17 companies reported profits. Profits of the life insurance industry grew 452 percent in 2022-23 with a profit after tax of ₹42,788 crore as against ₹7,751 crore in 2021-22. The public sector reported an 800 percent increase in profits while private insurers together reported a 72.36 percent increase in profits in 2022-23 while the dividend paid by private life insurers stood at ₹925.88 crore for 2022-23.

The investment income of all general insurers during 2022-23 was ₹38,839 crore (₹32,546 crore in 2021-22) registering a growth of 19.34 percent. The growth in investment income of public sector insurers, private sector insurers, standalone health insurers, and specialized insurers was 34.54 percent, 6.35 percent, 21.48 percent, and 2.06 percent respectively, according to IRDAI.

(The writer is G Naga Sridhar.)

TOP

Technology-driven transformation is the future of insurance – The Economic Times – 31st December 2023

In 2023, post the pandemic years, the insurance sector continued to experience transformation driven by the evolving expectations of a digitally connected populace. The adoption of modern technologies, with AI taking center stage in understanding customer intentions, providing real time recommendations and resolution, is the future of service driven company's offerings. NLP driven chatbots emerged as integral components, delivering quick & interactive experiences while reducing dependence on human assistance, wherever possible. It also elevated personalization by tailoring product offerings based on user interactions, all while prioritizing customer profile-based recommendations.

Looking ahead to 2024, the industry is poised for a substantial leap as it fully embraces technologies like AI, GenAI, IoT, the metaverse etc. These innovations promise transformative changes, ranging from improved customer interactions, distributor efficiencies, instant claim processing and secure, and customer consented, data management. This technological integration is expected to enhance insurers' accessibility, penetration in diverse markets, superior CX and claims processing capabilities.

Customer, Distributor and Employee experience (CX, DX and EX)
The evolving landscape of CX, DX and EX are now important factors in making choices when selecting an insurance provider. Technological strides have reshaped this experience, prompting insurance companies to craft user-friendly digital platforms aligned with the prevailing DIY trend. These platforms empower distributors and employees to effectively enable customers with seamless exploration of coverage options, instant quotes, and self-assessments, facilitated by intuitive interfaces driven by AI, predictive analytics, digital identity verification, and more. These innovations also expedite policy persistence, ability to resell, claim settlements but also fortify fraud prevention measures.

Noteworthy development is the emergence of vernacular chatbots supporting regional languages, promoting inclusivity, and extending digital services beyond metropolitan areas. AI-driven underwriting has revolutionized conventional risk assessment processes, enabling real-time customer decisions without the need for extensive documentation or medical tests. Looking ahead to 2024, Generative AI is poised to be a transformative force, offering increasingly sophisticated solutions, and ushering in an era of hyper-automation. This automation will extend to tasks such as document review, video-based risk assessment, payment calculations, and communication with customers and claimants.

Advisory & services
Quality of advisory plays a significant role in CX, DX and technology has driven significant change in industry's approach towards advisory. Technology, particularly through AI, predictive data analysis, IOT location-based services is revolutionizing advisory services, altering how the industry interacts with and

serves customers and distributors by offering streamlined onboarding experiences that enhance conversion rates and customer satisfaction.

AI algorithms leveraging historical customer data and real-time information have the potential to provide proactive recommendations. By analyzing spending habits, investment portfolios, and life aspirations, AI can predict the optimal financial product for each customer. These data-driven, highly targeted recommendations delivered through the customer's preferred touchpoints, have the potential to build a consistent and seamless experience across touchpoints and channels, ultimately fostering trust and loyalty.

Business Operations

The synergy of AI and data can not only unlock avenues for introducing new innovative personalized products but also have proven effective in creating business models for upselling and cross-selling which empowers insurers to scale their operations with efficiency.

Digitalization & automation, a true game-changer, are substantially diminishing reliance on paperwork, leading to enhanced service quality, faster underwriting, expedited processing times, and prompt responses to policyholders etc. This transition is contributing not only to heightened customer satisfaction and increased retention but also to the attraction of new customers. The strategic realignment of business operations through automation will continue to play a pivotal role, ensuring significant cost optimization across the entire value chain within the industry.

(The writer is Kayzad Hiramanek.)

TOP

CONVERTIBLE TERM INSURANCE PLANS: Upgrade to lifelong cover easily – Financial Express – 30th December 2023

Convertible term insurance plans are increasingly becoming popular as these offer the option to convert a regular term policy into a whole life insurance or an endowment plan without requiring any additional medical underwriting. This feature enables a policyholder to secure lifelong coverage.

While regular term plans only offer life cover for a specified period, a convertible term insurance plan provides the flexibility to upgrade to lifelong coverage securing insurance needs for the long term. In a pure term insurance plan there is no maturity benefit if the policyholder survives the policy term. However, if the pure term is converted into an endowment after a predefined policy period, the policyholder will get maturity benefit as well even if she outlives the policy period. However, the premium for convertible term insurance plans is higher than that of pure term insurance plans.

A convertible term insurance is helpful to stay protected with insurance as family responsibilities rise. Moreover, buying a new endowment assurance plan later in life will be expensive as the mortality charges increase with age. So, a convertible term insurance plan will give an individual the benefit of savings as well as insurance cover without paying higher mortality charges. Rakesh Goyal, director, Probus Insurance Broker, says a convertible term plan offers an initial affordable term insurance that can be transformed into a permanent life insurance plan later on, maintaining the same coverage and death benefit. “This option ensures lifelong protection, regardless of future health changes, while locking premiums at a lower rate based on the age at which the term plan was purchased.”

What to keep in mind

Before purchasing a convertible term plan, individuals must align the plan with their family’s long-term requirements such as children’s education, buying a house or retirement. As insurers will have separate regulations and conditions to convert a term plan, individuals must review the conversion options meticulously for flexibility and understand the current and future costs and premiums to ensure that they fit into the budget. Also, it is cheaper to buy a convertible term plan online. The life insurer may ask for a medical test as a part of risk assessment before approving a convertible term plan. However, there will be no new underwriting process at the time of conversion. Before converting a term plan to an endowment plan, one must keep in mind that the maximum sum insured will be that of the original term plan for the remaining tenure of the policy. A policyholder can opt to pay the premium amount monthly, quarterly or annually.

Higher premium amount
The premiums for convertible term plans are determined based on the insured's age at entry, sum assured amount, policy term and the underlying health status. The premiums remain constant only throughout the policy term of the term plan. Once the policyholder converts the term plan into a permanent one, the premiums are recalculated based on the attained age and the new permanent plan. "The premiums increase substantially after conversion to the new permanent plan," says Goyal. A policyholder will get tax deduction under Section 80C of the Income Tax Act for premium up to `1, 50,000. The maturity benefits are also tax-exempt under Section 10(10D) of the Act.

(The writer is Saikat Neogi.)

TOP

34% of life insurance policies issued to women in FY23 – The Hindu Business Line – 30th December 2023

The number of life insurance policies issued to women accounted for 34.20 percent of total policies at 97.38 lakhs in the year 2022-23 out of a total 2.84 crore policies. According to the latest data of the Insurance Regulatory and Development Authority of India (IRDAI), this concerns individual new business data – number of policies and first-year premium for the year. Women comprise roughly 49 per cent of the total population in India. Their contribution to the country's economic activity is significant and is increasing every year.

``Life insurers are rising to the occasion by catering to the growing demands of the women population, and are offering suitable product solutions to provide adequate life insurance coverage,'' the insurance regulator said. In 2021-22, the share of women in total policies was 34.7 pc. Karnataka tops the list of states with the highest share for policies of women at 44.23 per cent followed by Kerala at 43.96 per cent and Mizoram at 42.97 per cent. With a 23 per cent share of women in total policies, Ladakh is at the bottom.

MARKETING
In marketing, about 7.45 lakh women work as agents in the life insurance industry, making it 28.35 per cent of the total individual agency force as at March 31, 2023. Private life insurers are ahead of public companies in deploying women as agents. Out of the total number of women agents in the industry, the share of private life insurers was 57.33 per cent, and the public sector was 42.67 per cent.

(The writer is G Naga Sridhar.)

TOP

GENERAL INSURANCE

PSU general insurers need to be turned around – The Hindu Business Line – 31st December 2023

In its latest Financial Stability Report, the Reserve Bank of India noted that three state-owned insurance companies are not meeting regulatory solvency requirements. Within the public sector non-life insurers' group, the solvency ratio falls below the desired level, with three out of four PSU insurers recording ratios beneath the regulatory threshold. The Insurance Regulatory and Development Authority of India (IRDAI) stipulates a minimum solvency ratio of 150 percent for insurance companies emphasizing the importance of a higher ratio for ensuring the insurer's capacity to meet its liabilities. The solvency margin represents the additional capital companies need beyond the expected claim amounts, serving as a financial cushion in critical situations to facilitate the settlement of all claims. In 2022, the government injected ₹5,000 crore capital into three insurers — National Insurance Company Ltd, Oriental Insurance Company Ltd, and United India Insurance Company. This strategic move was part of the government's playbook, acknowledging the challenges posed by the unprecedented pandemic. Notably, the Budget for 2023-24 does not allocate funds for capital infusion into insurance companies. Earlier this year, three PSU general insurers (excluding New India) were estimated by an ICRA report, to require a substantial ₹17,000 crore to meet solvency criteria. The preceding year witnessed an upturn in underwriting losses for public sector insurers, attributed to wage revisions and the settlement of associated arrears.

Among the four state-run general insurance companies, only New India Assurance Company is publicly listed, while the other three are entirely owned by the government. Despite the government's intention to privatize one general insurance company and the parliamentary approval of amendments to the General Insurance Business (Nationalization) Act (GIBNA) to facilitate it, there has been no progress. In February 2018, the government announced the proposed merger of three PSU General Insurers — National Insurance (NIC), United India Insurance (UII), and Oriental Insurance (OIC) — into a single entity before being listed on Indian stock exchanges. However, this plan was called off in July 2020.

Earlier, IRDAI identified LIC, GIC Re, and NIA as Domestic Systemically Important Insurers (D-SIIs). Despite being subjected to enhanced regulatory supervision to address systemic risks and moral hazard issues, these entities were instructed to elevate corporate governance and establish a robust risk management culture. However, there has been a notable lack of progress. Considering the prolonged financial challenges faced by PSU insurers, one questions the significance of such a SIFI nomenclature. Despite a significant deficiency in risk management and a prolonged low solvency margin, the regulator seems unable to take decisive action. The absence of incentives for management to pursue a turnaround is evident, and there are no anticipated regulatory penalties or consequences given their state-owned status. In a hypothetical scenario involving a private insurer, the regulator might have facilitated a merger or acquisition with a more robust insurer.

Another complicating factor is that PSU insurers have been subject to governance processes mandated by the government's administrative ministry since their inception. The inconsistent approach makes it challenging for improvements to take effect. Presumably, until the conclusion of national elections, the political volatility hinders decisive action on these struggling PSUs. The harsh reality is that additional taxpayer funds may be required to sustain these entities until a decision is reached. Following 50 years of insurance nationalization, government companies can no longer assert to be solely driven by social purpose considerations, potentially conflicting with policyholders' interests. Therefore, it is imperative that all PSU insurers transition to a professional set-up, free from day-to-day administrative ministry control. These entities must prioritize accountability to policyholder interests, reflecting the core principles of insurance governance.

(The writer is Srinath Sridharan.)

TOP

HEALTH INSURANCE

The importance of Consumable Covers in health insurance – The Times of India – 4th January 2024

Imagine you are undergoing a surgical procedure. Just like you are sure that the doctors will nurse you back to health, you also know that your health insurance will cover medical expenses. And then, at the time of discharge, you are handed over a bill, which is way more than what you had expected. You now have to pay for bandages, PPE kits, syringes, surgical gloves, and masks, among other consumables used in your treatment. Well, while it may seem unfair, your policy had listed them as exclusions when you bought it. Read on to learn more about Consumables Cover and how it can help you save money.

In the world of health insurance, it's quite important to know the various terms and conditions. Being well aware of some of the clauses can help you make informed decisions that will increase the benefits you draw from your health insurance plans. For instance, you should know that cashless treatment may not always be entirely cashless. During full settlement, you may be asked to pay a percentage for the housekeeping items used, like slippers, sanitizers, masks, combs, shampoo, etc. The best way to avoid such expenses is to have Consumables Cover as part of your health plan. Let's take a closer look at its benefits.

What are Consumables?
Consumables are medical aids or equipment used during treatment and discarded after use, such as masks, gloves, syringes, PPE kits, etc. In 2016, the IRDAI listed 199 consumable items that insurance companies do not cover. However, insurers have the freedom to include or exclude any or all the items when it comes to coverage in health insurance.

Consumables Cover in health insurance
Before COVID-19, around 3-5% of the medical bills accounted for consumables, and people did not mind paying from their pockets. But post-pandemic, the share of consumables in medical bills shot up to around 30%, making it unaffordable for many policyholders. Considering the high proportion of consumables in hospital bills and to make it affordable, many insurance companies started offering Consumables Cover as an add-on to the base plan. By paying an extra premium for the add-on cover, you can get financial protection against the hefty bills of consumables.

List of Consumables covered under Consumables Cover
Administrative charges: Costs of documentation and paperwork, birth/death certificate, admission kit, visitor's pass, daily chart, maintenance of medical records, discharge procedure, etc. Surgical equipment: Gloves, masks, cotton, needles, syringes, razors, gowns, surgical tape, slings, braces, splints, collars, and other surgical disposable items that may be required. Room expenses: Cost of facilities provided in the room, such as AC, TV, telephone, attendant charges, IV injections, luxury tax, etc. Housekeeping: Everyday items like toothbrushes, toothpaste, tissue paper, soaps, shampoo, slippers, sanitary pads, combs, diapers, carry bags, mineral water, etc.

Benefits of Consumable Cover
Consumables may not seem very expensive when bought as a single item or for a short stay in the hospital. But they can shoot up the bill during an extended period of hospitalization or when the consumable items are repeatedly required during a procedure. A Consumables Cover can take care of these additional expenses and relieve you from financial stress. As the insurance provider covers the cost of consumables, you can be assured that doctors take all preventive measures during the treatment. Since there is no financial constraint, you will not compromise on your health.

Why consumables are not covered in Health Insurance
The main reason why insurance companies do not cover consumables in health insurance plans is because the items are discarded after a single use. If used in large quantities in any medical procedure, the consumables inflate the hospital bills, resulting in a high claim amount. Insurers are, therefore, reluctant to cover consumable items in health insurance. Consumables are essential medical aids and services which cannot be avoided. In order to reduce the policyholder's financial burden, some insurance companies have, therefore launched a Consumables Cover to provide financial coverage for these items or single-use equipment. Despite having the best health insurance plan, you are asked to pay at least 40% of the hospital bills while the insurer pays the remaining amount. Unbelievable? This can happen because the cost of consumables is not payable by the insurer. Consumables cannot be avoided, and so, for financial protection against these extra expenses, you have to opt for a Consumables Cover by paying an additional premium. Considering the high proportion of cost associated with consumables, this add-on cover can reduce your out-of-pocket expenses.

TOP

New health insurance rule in 2024: CIS will show claim settlement time, other key policy details from January 1 – The Economic Times – 3rd January 2024

To make it easier for policyholders to understand critical aspects of their health insurance policies, insurance companies have been asked to provide revised customer information sheets (CIS) highlighting all key policy details in simple terms. From type of policy to coverage details to waiting period to limit and sub-limits to exclusions to free-look period to portability to guidance on the procedure for claims submission to turn around time for settling the claims to contact details for filing complaints — all will be available "in simple language in a snapshot" in the customer information sheet in the preferred language of the policyholders.

What is a customer information sheet (CIS) of a health insurance policy?
A customer information sheet or CIS gives you a glance at the key policy details in a summarized format. Usually, the insurer provides a customer information sheet with the policy at the time of purchase and renewal of the policy. The new format of the customer information sheet will help the policyholders understand the complex terms and procedures related to their health insurance policies better.

How new customer information sheet of your health insurance policy will look from January 1, 2024
According to a format prescribed by the Insurance Regulatory and Development Authority of India (IRDAI), your CIS will have the following details
1) Name of the insurance policy
2) Policy number
3) Type of insurance product: Indemnity, benefit, or both indemnity and benefit.
4) Sum insured (basis): The amount will be mentioned here.
5) Policy coverage: What your health insurance policy covers.
6) Exclusion: What your health insurance policy does not cover.
7) Waiting periods
8) Financial limit: Sub-limit, co-payment, deductible, and any other limit as applicable.
9) Claim procedure: Turnaround time for claims settlement for i) preauthorization of the cashless facility, ii) cashless final bill authorization.

The details of online links of the following will be mentioned:
i) Network hospital details
ii) Helpline number
iii) Hospitals which are blacklisted or from where no claims will be accepted by the insurer.

10) Policy servicing: i) Call center number of the insurer; ii) Details of company official
11) Contact details/web links for grievance/complaint filing
12) Things to remember:
i) Free-look period
ii) Policy renewal
iii) Migration and portability
iv) Change in sum insured
v) Moratorium period

13) Your obligation: You need to disclose all pre-existing diseases or conditions before buying the policy. Non-disclosure of pre-existing conditions may affect your claim settlement later.

Additionally, it will also highlight the policy clause numbers for each of the above-mentioned fields (where it is applicable) to make the policy more transparent to the customer.Further, the insurers are also required to obtain signatures of the policyholders confirming that they have noted the details of CIS and received it, IRDAI mentioned earlier.

How will this updated CIS benefit the health insurance policyholders?

Typically, the health insurance policy document is very lengthy, and has very complex wordings which makes it very cumbersome for most policyholders to carefully examine crucial information. The updated CIS or customer information sheet, will provide policyholders with a quick, convenient guide about their policies, said many industry leaders. "This initiative addresses a longstanding challenge for policyholders – deciphering the complexities of their coverage.

On average, a standard health insurance policy document has 10,000+ words with a reading time of 1 hour and 15 mins, and a reading comprehension score so low that it should be difficult for most English-speaking adults to even understand. With the proposed CIS, insurers are mandated to communicate policy details clearly and concisely, ensuring transparency. Notably, the inclusion of claim settlement timeframes is a significant improvement, setting expectations for policyholders," says Abhishek Poddar, Co-founder and CEO, of Plum.

"A simpler CIS will reduce the complexities, policyholders find while dealing with their service experience. This step is expected to result in better-informed policyholders, reduced grievance, higher renewals, and seamless health insurance experience for policyholders," says Anand Singhi, Chief Distribution Officer, Reliance General Insurance Company Limited. "The new CIS will also provide a hassle-free experience at the time of hospitalization, 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. In case the policyholder does not have time to go through the detailed policy document, they can study the policy summary carefully via CIS," says Siddharth Singhal, Business Head, Health Insurance, Policybazaar.com.

(The writer is Anulekha Ray.)

TOP

30% People Don't Buy Health Insurance Due To High Premium: Study – News 18 – 3rd January 2024

A new study by healthcare provider Pristyn Care found that 3 out of 10 people across cities in India don’t buy health insurance due to high premiums. Additionally, approximately 34% of people do not have much awareness about which health insurance to buy. The study was conducted among 3,150 people in Mumbai, Delhi, Gurugram, Noida, Chennai, Bengaluru, Kanpur, Patna, Kochi and Vijayawada.

The study highlighted that Covid-19 pandemic with its unpredictability and deadly consequences underscored crucial lessons in healthcare and how the system needed to be more resilient and adaptable in the coming times. The rapid spread of the virus overwhelmed hospitals, strained supply chains and caught us unaware.

The survey revealed that around 45% of people bought health insurance after the pandemic, while around 42% increased their insurance limit – which shows the importance and value of health coverage. The study also revealed that more than 60% think medical procedures are cost-effective in India but 5 out of 10 patients in tier 2 and 3 cities still travel to metros for better treatment.

When asked about what aspect of the healthcare system in India requires the most improvement, 30% mentioned affordability of medical treatment and 24% mentioned that the quality of healthcare professionals should improve. On the bright side, 7 out of 10 respondents in metro cities report that they are satisfied with the current state of surgical care accessibility in the city. These findings highlight that India is striving to achieve Sustainable Development Goals, recognizing healthy people as the cornerstone of healthy societies and economies.

(The writer is Namit Singh Sengar.)

TOP

Planning to have a kid? Ensure you get the right maternity insurance plan – Money control – 3rd January 2024

Selecting a health insurance plan that adequately covers maternity expenses is a crucial decision for couples. The journey towards parenthood comes with its own set of joys and challenges, and having a well thought-out maternity cover can significantly ease the financial burden associated with prenatal, delivery, and post-natal care. When it comes to maternity cover, planning and starting early is the key. Since all maternity covers come with a pre-defined waiting period, the decision to purchase a health insurance plan with the right maternity plan should go hand-in-hand with the couple's family planning to ensure that maternity cover is available when they need it.

One must keep these points in mind while deciding on maternity cover:

Are alternative reproductive treatments covered?

Given our current lifestyle and stress, an increasing percentage of couples nowadays need to go for alternative reproductive treatments such as IVF or surrogacy, which is often a very costly proposition. Having a health insurance plan that covers these alternative reproductive treatments as well would save couples from this unexpected and unplanned expense.

Will surrogacy and adoption be covered?

Many couples have started opting for surrogacy and adoption. While most maternity cover only pays for deliveries, a maternity cover that also covers expenses related to surrogacy and adoption would be useful.

Comprehensive maternity cover

Most maternity health insurance plans only cover deliveries. One should ensure that the plan covers pre-natal check-ups, hospitalization, and delivery costs. Look for plans that go beyond the basics and provide a holistic approach to maternity healthcare.

Maternity cover over sum insured

Maternity benefits are included in the overall sum insured in the case of most plans available in the market. However, some plans offer this coverage over and above the basic sum assured.

Hospital network

Check if maternity clinics and hospitals are part of your insurer's network hospitals. Look for health insurance plans that have tie-ups with reputable hospitals and maternity clinics. Having access to a network of hospitals can streamline the admission process and provide a more comfortable experience during pregnancy and childbirth.

Waiting period

Be mindful of waiting periods and policy terms associated with maternity coverage. A waiting period is the time after a policy is bought when the insurance company does not reimburse hospital bills. If you wish to have a child after say, a year, and you buy a policy currently that has a waiting period of say, four years, then your maternity won't be covered at that point in time. All plans have waiting periods before one can avail of maternity benefits. Some plans have specific terms related to the number of pregnancies that can be covered.

Coverage for babies

Some health insurance plans offer coverage for the newly born immediately after birth. Check if your policy includes this feature as it can be valuable in covering the initial medical expenses for your baby.

Easy to understand policy wording

Look for maternity cover with transparent policy terms, clearly outlining the waiting period, the policy duration, and any specific conditions related to maternity benefits. The best plans are upfront about their terms, helping you make decisions with confidence. Some maternity covers come with added benefits such as postnatal support, newborn care, and wellness programs. Explore plans that offer these additional perks, enhancing the overall value of your maternity cover. Thoroughly review the exclusions and limitations of each maternity cover plan. Familiarize yourself with specific conditions or situations that may not be covered. This knowledge ensures that you are aware of the extent of your coverage and can plan accordingly.

Make the right choice

Selecting the right maternity cover involves careful consideration of waiting periods, coverage limits, network hospitals, and additional benefits. By planning ahead and thoroughly reviewing policy details, you can secure a health insurance plan that provides comprehensive coverage during the exciting journey of pregnancy and beyond. Remember, the right maternity cover not only safeguards your financial well-being but also ensures a smooth and worry-free pregnancy experience.

(The writer is Bhabatosh Mishra.)

TOP

Insurance claims drop 30-35% during Chennai floods compared to 2015 – Rediff – 1st January 2024

Yet another first week of December brought familiar scenes of rain, storm, flooding, power outages, and fallen trees. When Cyclone Michaung wreaked havoc, leading to the heaviest rainfall in 47 years in the city, residents of Chennai drew parallels to the devastating floods of 2015. However, initial data on insurance claims suggests that the impact this time may portray a more optimistic scenario. According to data shared by industry sources, the proactive response from both authorities and the public contributed to a significant reduction in claims, with a 30-35 per cent decrease in motor and non-motor insurance, compared to the 2015 floods.

This is despite the number of policies issued across India by general insurers (other than standalone health insurers and specialized insurers) increasing 74 per cent in 2021-22 compared to 2014-15. On the other hand, the claim settlement process is taking an average of around 50 per cent less time in 2023 due to efficiency in the system. According to reports, insurance companies took a hit of around Rs 4,800 crore due to the claims of the 2015 floods in Chennai and nearby areas.

Non-motor insurance includes home, health, travel, and liability insurances, among others. The Michaung cyclone in 2023 saw a more proactive response from the public, with heightened awareness and precautionary measures. This proactive approach has played a crucial role in mitigating the impact of losses, resulting in a decrease of approximately 30 to 35 per cent compared to the devastating floods of 2015, said TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance. The company added that the current assessment is based on the available data and claim intimations.

With more information and claim reports in the coming days, a more comprehensive picture will emerge, it said. According to Shriram General Insurance Company, the number of policies issued across India was seen at 205.5 million in 2021-22, compared to 118.2 million in 2014-15. Rains and the consequent floods damaged many vehicles, business premises and factories. It not only resulted in infrastructural damages but also caused business interruption significantly, said Shashi Kant Dahuja, chief underwriting officer, Shriram General Insurance Company.

He added the company s products like Standard Fire and Special Perils Policy and Fire Loss of Profit are specially designed for such occasions. During the current year, the worst affected may be the micro-small and medium enterprise (MSME) sector. According to data shared by T L Arunachalam of Bharat Re

Insurance Brokers, the value of damage by machinery and building was Rs 1,000 crore for MSMEs in 2015, with around 8,500 units getting affected. This has increased to Rs 3,000 crore for the sector this year.

According to sources at Ambattur Industrial Estate, which suffered losses to the tune of around Rs 2,000 crore, this may affect the MSME players more as the majority of them are not insured. Comparing the current year situation in Chennai with that of 2015, there has been a significant improvement. In 2015, the public faced substantial challenges in securing survival essentials, leading to delays in claim intimation and documentation for processing claims. This is because insurance matters took a backseat amid more immediate concerns. In contrast, the present scenario exhibits better control, with heightened awareness regarding the insurance claims process. This increased awareness is poised to expedite the claim settlement process, projecting a 50 per cent reduction in the average time span, said Ramalingam.

(The writer is Shine Jacob.)

TOP

Insurers settle more health claims through cashless mode – Deccan Chronicle – 1st January 2024

More than half of the health insurance claims received by non-life and standalone health insurers are settled through cashless mode. According to the recently released IRDAI Annual Report 2022-23, around 56 per cent of the total number of health insurance claims settled were through cashless mode, 42 per cent through reimbursement mode while two per cent of the claims amount was through "both cashless and reimbursement mode."

In 2021-2022, around 59 per cent of the health claims settled were through cashless mode while 38 per cent through reimbursement. Non-life and health insurers settled 2.36 crore number of health insurance claims and paid Rs 70,930 crore towards them. They covered 55 crore lives under 2.26 crore health insurance policies (excluding policies issued under personal accident and travel insurance).The FY23 numbers were slightly better as insurers had covered 52.04 crore lives under 2.26 crore health insurance policies in FY22.

During 2022-23, the average amount paid per claim was Rs 30,087 compared to a claim amount of Rs 31804 in 2021-22. In terms of number of claims settled, 75 per cent of the claims were settled through the third party intermediaries (TPA) while the balance 25 per cent of the claims were settled through in-house mechanism. During the year 2022-23, non-life and health insurance companies collected Rs 89,492 crore as health insurance premium registering a growth of about 23 percent over the previous year.

While five States namely Maharashtra, Karnataka, Tamil Nadu, Gujarat and Delhi contributed about 64 per cent of total health insurance premium in 2022-23, the rest of the States have contributed remaining 36 per cent. The net incurred claims under health insurance business of general and health insurers stood at Rs 64,631 crore in 2022-23 an increase of about 2 percent from the previous year." There is a decrease in Net Incurred Claims Ratio of health business from 109 per cent in 2021-22 to 89 percent in 2022-23 and this decrease is witnessed across all classes/sector of health insurance business said the IRDAI Annual Report.

(The writer is Falaknaaz Syed.)

TOP

MOTOR INSURANCE

New Insurance Options for Electric Vehicle Owners in India – Gillett News – 4th January 2024

Indian consumers are increasingly turning to electric vehicles (EVs), with data showing that EVs accounted for more than 6% of vehicle sales in India in 2023. This represents a significant growth compared to just 1% five years ago. With the rise of EV sales, insurance companies have recognized the need for proper insurance options for these vehicles. Several insurance companies have adapted their policies to cater specifically to the unique needs of EV owners. For instance, HDFC Ergo, Bajaj Allianz, and Royal Sundaram offer EV-specific policies, while Magma HDI insurance provides battery-secure add-ons for private cars. Zuno General Insurance has recently launched three new add-on covers for EV owners, including coverage for private charging stations, charging accessories, and protection during charging.

Insuring an EV involves considering important factors such as the battery, electric motor, and charging setup. Compared to conventional fuel-powered cars, insuring an EV is typically more expensive due to the higher Insured Declared Value (IDV) of electric cars. Furthermore, EV insurance includes replacement costs and maintenance expenses, which are higher for electric cars. Operational aspects like charging station compatibility and voltage fluctuations are also taken into account during the insurance process. These factors can significantly impact the overall value of an EV in case of accidents or mishaps.

Insurers like Zuno General Insurance offer comprehensive coverage for privately-owned charging stations and charging accessories, safeguarding them against common mishaps like fire, theft, and accidental damage. Other insurers like HDFC Ergo and ACKO provide coverage for third-party liability, damages from accidents, theft, and natural disasters. When purchasing insurance for an EV, one should consider add-on covers that provide enhanced protection for the battery, extended warranty, coverage for consequential losses, and damage caused by water. It is also important to look for engine protection covers that cover electrical system failures and motor burnout costs. As EVs continue to gain popularity in India, it is expected that insurance companies will develop more relevant add-on coverages in the future to address the unique needs and risks associated
with electric vehicles.

(The writer is Casey Martinez.)

TOP

SURVEY AND REPORTS

9.3 lakh lives lost to cancer in India, urging the need for comprehensive health insurance – Live Mint – 4th January 2024

In 2019, India recorded approximately 1.2 million new cancer cases and 9, 30,000 deaths, securing its position as the second-largest contributor to the disease burden in Asia for that year, as revealed in a recent study published in The Lancet Regional Health Southeast Asia journal. This data on cancer is certainly alarming as it highlights the potential consequences of the cancer burden in India. The increasing prevalence of diseases such as cancer is placing substantial pressure on healthcare systems and personal finances globally, including in India. Given the considerable number of cancer cases and fatalities in 2019 alone, the necessity of having a robust health insurance plan becomes even more crucial.

Buying comprehensive health insurance
As the number of cancer cases continues to increase, accompanied by the growing expenses in healthcare, the importance of possessing a versatile and inclusive health insurance policy with sufficient coverage becomes increasingly paramount. Such a policy can serve as a financial safeguard, shielding both you and your loved ones from the substantial burden of medical costs. Here are compelling reasons why giving it serious consideration is worthwhile. These include:

Financial protection: Dealing with cancer often incurs significant expenses, including hospitalization, surgery, chemotherapy, radiation, and possibly other therapeutic measures. A reliable health insurance policy will shoulder these financial burdens, averting economic hardship and guaranteeing access to essential treatment.

Extensive protection: Choosing a comprehensive policy guarantees coverage for a diverse array of medical expenses, encompassing hospitalization, daycare procedures, ambulance services, diagnostic tests, and even alternative therapies.

Adaptability: One must opt for a policy that grants you the flexibility to tailor coverage according to your requirements and financial constraints. This could involve choices for co-payments, deductibles, and additional riders for specific critical illnesses.

Sufficient coverage limit: This signifies the maximum amount that your policy will reimburse for each claim. Given the escalating healthcare expenses, maintaining an ample sum insured is essential to prevent out-of-pocket costs. Periodically assess and modify your coverage limit to account for inflation and evolving medical requirements.

Considerations when purchasing all-encompassing health insurance
Possessing an inadequate health insurance plan can seem like a dual setback. Not only are you confronted with the possible financial strain of medical costs in case of need, but you're also paying premiums for a plan that ultimately doesn't meet your requirements. Before deciding to purchase a comprehensive health insurance policy to address your medical needs, be sure to examine the following crucial factors.

Coverage amount: The insurance coverage should encompass room rent, doctor fees, surgery charges, and other in-patient expenses. Seek plans that extend coverage to various room categories (single, shared, etc.). Additionally, check if these plans include payment for daycare procedures, as some policies cover diagnostic tests, minor surgeries, and other procedures that do not necessitate overnight stays. Pre and post-hospitalization expenses are crucial aspects to consider. Look for coverage for diagnostic tests, consultations, and medications both before and after hospitalization. If you lack a critical illness cover, contemplate adding extra riders for specific critical illnesses like cancer, heart disease, or stroke. Some plans also cover alternative therapies such as Ayurveda, Homeopathy, or Yoga. Opt for this if you prefer such treatments or are averse to hospitalization or allopathic treatment.

Adequate sum insured: Selecting an appropriate sum insured is vital to guarantee ample financial safeguard in the event of a medical crisis. This is pivotal as the chosen amount dictates the maximum coverage your policy will extend for each claim. Opt for a suitable sum insured by taking into account factors such as your age, medical history, family medical history, and the escalating costs of healthcare. It is advisable to consistently assess and modify your sum insured as circumstances demand. Additionally, it is crucial to consider the impact of inflation on healthcare costs to ensure the enduring value of your coverage.

Network coverage: Opting for a health insurance plan that encompasses an extensive network of hospitals within your city or travel range brings about numerous notable benefits for cashless hospitalization. Initially, these network hospitals maintain established affiliations with your insurer, reducing the necessity for elaborate documentation and claim procedures. Often, hospitals within the insurer's network manage the pre-authorization process directly with your insurer, streamlining the process and saving you both time and inconvenience. The insurance company directly settles the bills with the hospital, eliminating the requirement for upfront payments and subsequent reimbursement claims.

Claim settlement ratio: When selecting an insurance company, a crucial factor to weigh is its high claim settlement ratio. This ratio reflects the percentage of claims that the company has successfully resolved within a given timeframe. While a ratio exceeding 90% is a commendable benchmark, there are additional intricacies to consider.

Policyholders should be aware of the two primary types of ratios: Claims settled by number and claims settled by amount. Both offer valuable insights, with the number ratio being more pertinent for individual claims, and the amount ratio playing a crucial role in assessing larger claims. Furthermore, it is essential to compare the company's ratio with the industry average specific to the type of insurance under consideration. Opt for a company with a consistently high ratio over multiple years, indicating a sustained and reliable performance.

Added benefits: Search for insurance plans that include coverage for ambulance expenses up to a specified limit per hospitalization. Some plans specifically cover emergency ambulance services, while others extend coverage to both emergency and non-emergency situations. Examine the maximum benefit amount and any sub-limits associated with ambulance coverage. Additionally, explore plans that provide limited coverage for Outpatient Department (OPD) services, encompassing consultations, diagnostics, and medication.

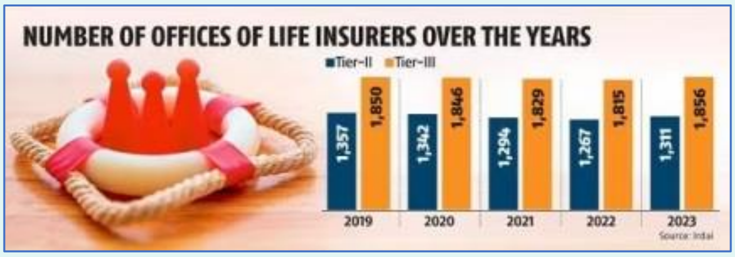
This coverage may come in the form of a fixed annual amount or operate on a co-pay basis. Assess your potential frequency of needing OPD services and determine whether the offered coverage meets your requirements. Don't overlook the wellness programs offered by some insurance providers. Many insurers feature wellness programs with perks such as complimentary health checkups, discounts on gym memberships, or access to online health resources. Evaluate these specific benefits and consider how you can leverage them to enhance your overall health. These factors are over and above commonly looked factors including premium charges, co-payments and deductibles, waiting periods, renewal clauses, and more. Buying comprehensive health insurance is a must in today's times affected by various diseases stemming from myriad factors.

(The writer is Abeer Ray.)

TOP

After 4 yrs. of decline, insurers ramp up presence in smaller cities in FY23 – Business Standard – 3rd January 2024

The overall physical presence of life insurance companies in Tier-II and Tier-III cities increased in FY23 compared to a year ago period on account of the higher impetus given to financial inclusion by the government and insurance regulator, as well as recovery from the Covid-19 pandemic, according to the latest data released by the Insurance Regulatory and Development Authority of India (Irdai). It is the first time that there has been growth in the number of offices since the financial year 2019-20. As per the data, during 2022-23, the presence of the life insurers rose by nearly 3.5 percent year-on-year (Y-o-Y) to 1,311 offices from 1,267 offices in 2021-22. Similarly, in Tier-III cities, the growth was 2.21 percent to 1,856 offices. The number of offices in these regions by the private life insurers had consistently fallen from 801 in the 2019-20 period to 706 offices till 2021-22 before recovering to 749 offices in 2022-23 in Tier-II cities. Likewise, in Tier-III cities, the presence had dropped to 458 offices from 500 offices before jumping back to 496 offices during the period under consideration.



Meanwhile, for the sole public sector company – Life Insurance Corporation of India (LIC), the growth of offices in the Tier-II cities saw a nominal improvement to 562 from 561 in 2021-22 and in Tier-III cities it rose from 1,357 to 1,360. "The focus on financial inclusion, aim to increase insurance penetration, recovery from Covid-19 pandemic and intention to build customer trust has all together led to an increase in the number of offices," said Vivek Iyer, Partner, Grant Thornton Bharat. "Also, during the pandemic, it was these people in Tier-II and Tier-III cities that suffered the most and they will look at insurance as a way of protecting themselves against similar hazardous situations," Iyer added. The pandemic period led to a decline in office spaces due to increased work-from-home arrangements. During the 2019-20 to 2021-22 period, the number of offices went down to 1,267 from 1,357 in Tier-II cities and declined to 1,815 from 1,850 in Tier-III cities. "The pandemic led to a drop in office spaces used during 2019 – 2022, with organizations moving to work-from-home mode. Many insurers had freed up office spaces that weren't being utilized," said Subhankar Sengupta, Chief Marketing & Development Officer, IndiaFirst Life. In November 2022, Irdai announced a commitment to enable 'Insurance for All' by 2047 whereby every citizen has an appropriate life, health and property insurance coverage and every enterprise is supported by appropriate insurance solutions. The reformative agenda was taken by the regulator in line with the Government of India's vision of financial inclusion.

"The increase in the number of offices can be seen as an effort to increase penetration and companies will have to go deeper to increase penetration and awareness of insurance. During the pandemic, insurance companies were facing high payouts and companies were pulling down on their expenses. Now, since the conditions have stabilized companies are making these investments to boost business," said Karan Gupta, Director and Head of FI, India Ratings. According to the report, as of March 31, 2023, the public sector life insurer had offices in 688 districts out of 750 districts in the country covering 92 percent, whereas the private sector insurers had offices in 604 districts covering 81 percent of all districts in the country. In 21 out of 36 states/UTs, all the districts were covered through life insurance offices. The number of districts without a life insurance office stood at 59 in the country, out of which 49 districts belong to the northeastern states. Going forward, insurers expect the number of offices to further rise. The number of offices will reach pre-Covid levels to cater to the customer base residing in the hinterlands which will require more branches in these markets, Sengupta added. "A dynamic market shift and buoyant consumer demand characterize the current Indian real estate market. Several compelling factors combine to make the Indian real estate sector a standout. These factors include rapid urbanization, political stability, infrastructure development, buoyant capital markets, institutional investment, favorable demographics, and rising incomes," said Hiranandani.

According to him, a comprehensive landscape of growth, resilience, and innovation in the Indian real estate sector generates an overall sense of optimism for the financial year 2024-25. The surge in demand will result in a 10-12 percent increase in property prices in 2024, along with a snowball distribution of commercial and retail space. Overall market's unsold inventory levels across key eight cities rose 5 percent owing to higher launches. However, the quarter-to-sell level based on sales velocity for these markets has been consistently falling from 8.7 in 2020 to 5.9 quarters--less than 18 months--in 2023 and depicts a market with improving fundamentals despite increasing inventory. Under stable policy regimes, experts believe, India's real estate market continues to attract homeowners as well as institutional investors. Since India has a housing deficit, the demand for sustainable housing is expected to remain buoyant. A strong pipeline of supplies is being developed. There has been a surge in real estate demand in metro and tier cities due to rising disposable incomes and better employment opportunities among Indian demographics. To navigate the evolving landscape of the Indian real estate market, investors, developers, and homebuyers expected to closely monitor these seis key developments at macro and global levels. Ends

(The writer is Aathira varier.)

TOP

Life insurance death claims plummet by 31.8% as Covid-19 mortality drops: Report - Deccan Herald – 30th December 2023

Life insurance companies have witnessed a 31.8 percent fall in death claims paid out during this fiscal year, per a report in the Indian Express. For the fiscal year ending in March 2023, the amount paid by insurers was Rs 41,457 crore, almost 20,000 crore less compared to Rs 60,821 crore in the previous year. This is largely due to the sharp decline in deaths that the country has seen since Covid deaths fell after the effect of the virus waned.

There were 5.33 lakh total deaths due to Covid since March 2020 as per Health Ministry data. However, insurance benefits availed remained minimal as insurance penetration remains abysmally low in the country. The report quoted the Insurance Regulatory and Development Authority (IRDAI) annual data to show that insurers settled 2.36 crore health insurance claims this year and paid Rs 70,930 crore towards the settlement of health claims. The same number last year was Rs 69,498. The average amount paid per claim was Rs 30,087 in 2022-23 as against Rs 31,804 in the previous year.

"The general insurers and stand-alone health insurers received a huge number of Covid treatment related claims which the industry handled quite efficiently and settled claims approximating to Rs 25,000 crore," IRDAI said in its report.

The report said that of the Rs 41,457 crore that was paid out this year, Rs 23,423 crore was paid out by public sector companies — mainly Life Insurance Corporation (LIC).

After a long respite, Covid cases have started rising across the country again since the beginning of December. As per the Health Ministry's data on December 30, around 4,000 active cases have been reported across the country. Till December 29, a total of 162 cases of Covid-19 sub-variant JN.1 were detected in the country, with Kerala reporting the highest number of 83, followed by Gujarat at 34.

TOP

INSURANCE CASES

Bajaj Allianz General Insurance asked to reimburse US$20,000 cost of treatment with 9% interest - Money Life – 4th January 2024

Terming the repudiation of an insurance claim for medical treatment as untenable, the national consumer disputes redressal commission (NCDRC) directed Bajaj Allianz General Insurance Co Ltd to pay US$20,000 along with an interest of 9%pa (per annum) as expenses for treatment overseas. While the insurer had rejected the claim, citing failure to disclose pre-existing medical conditions, the policyholder pointed out that she was never asked to fill out any proposal form and thus did not have an opportunity to reveal her pre-existing medical conditions.

In an order last week, the NCDRC bench of air vice-marshal (AVM) J Rajendra (retd) (presiding member) said, "It is evident that the complainant was entitled to medical treatment abroad during her hospital admission from 29 June 2009 to 3 July 2009, and the repudiation of her claim based on the grounds stated in the letter dated 28 July 2009 is, therefore, untenable. However, in terms of the policy in question dated 11 June 2009, obtained by her by paying an appropriate premium, the limit of her claim towards the scope of medical expenses was US$20,000. Therefore, she is entitled only to claim up to US$20,000, as of the date of discharge from the hospital on 3 July 2009. As Bajaj Allianz General Insurance repudiated the entire claim on untenable grounds, she will also be entitled to compensation for the delay."

Further, the bench observed that the complainant did not fill out any proposal form for the policy. "There is no record indicating that she was communicated any exceptions to the applicability of the policy prior to her hospitalisation. Therefore, the attempt of Bajaj Allianz General Insurance to raise such issues at a later stage is untenable. As regards informing the pre-existing medical conditions, the insurer has not brought out anything to establish that she filled any proposal form or any other document containing information about existing medical conditions upon which the policy was issued or she stated anything to Bajaj Allianz General Insurance in respect of the said policy, which was contradictory or false." The case is related to an overseas travel insurance policy obtained by New Delhi-based Aruna Vaish (since deceased) from Bajaj Allianz General Insurance. The policy, valid from 19 June 2009 to 16 October 2009, covered medical expenses incurred in hospitalisation and other benefits.

While in the US, on 29 June 2009, she was admitted to Sequoia Hospital in Redwood City, California, due to weakness and low blood pressure. The diagnosis revealed urinary tract infection (UTI) and sepsis, necessitating her stay in the hospital from 29 June 2009 to 3 July 2009. Notably, she was not requested to provide specific details during the policy purchase based solely on her passport and travel documents. At the time of acquiring the insurance, she was unaware of her UTI and sepsis conditions.

During the course of treatment in the Hospital, she incurred US$83,801.48, equivalent to Rs41.90 lakh in Indian currency at about Rs50 per US dollar (at that time). Based on the insurance cover, she claimed Rs41.90 lakh, equivalent to US$83,801.48 as reimbursement from Bajaj Allianz General Insurance. However, the insurer had repudiated the claim, stating that Ms Vaish had a past medical history of hypertension, diabetes, rheumatoid arthritis, hypercholesterolemia and hypothyroidism as per the medical record obtained from Sequoia Hospital. "You have presented to a medical centre overseas with complaints of generalised weakness and were diagnosed with sepsis secondary to urinary tract infection, diabetes, hypercholesterolemia, hypertension, rheumatoid arthritis, hypothyroidism and atrial fibrillation.

The expenses are attributable to, arising out of, traceable to, and a complication of your pre-existing ailments not payable under policy exclusion clauses 2.4 and 2.4.12," the insurer says.

Ms Vaish then filed a complaint before the Delhi state consumer disputes redressal commission. Contrary to her assertion of not being prompted for detailed information and having the policy issued solely on the basis of passport and travel details, the insurer contended that Ms Vaish was, indeed, requested to complete the proposal form. The insurer's stand was on the assertion that non-disclosure of her pre-existing medical conditions and medications during policy acquisition barred her from seeking coverage under the policy, as per the explicit exclusion clauses.

While allowing the complaint, the state commission directed Bajaj Allianz General Insurance to pay Rs41.90 lakh to Ms Vaish. In the order, it says, "...repudiation of claim by the insurer is not justified. However, the complainant must get only reimbursement for her expenses of treatment. Since Bajaj Allianz General Insurance was defending its case on a plea which cannot be termed as malafide, the complainant is not entitled to compensation for loss of mental peace, agony, harassment and insult. For the same reasons, she is not entitled to the cost of litigation."

Aggrieved by the state commission's order, both parties filed cross-appeals before NCDRC. The counsel for Ms Vaish reiterated the grounds of appeal and raised concerns regarding using the prevailing US dollar rate from 2011 to determine compensation. He argued that there was a significant change in the value of the US dollar and, hence, basing compensation on the 2011 rate is unjust. He expressed that this decision could potentially reward the wrongdoer and undermine consumer confidence in the legal process. The counsel also highlighted that Bajaj Allianz General Insurance was aware from the very outset that no proposal form was filled, yet they seemingly claimed otherwise during the proceedings.

On the other hand, the counsel for Bajaj Allianz General Insurance reiterated the grounds of the appeal and emphasised that Ms Vaish's admission to Sequoia Hospital in California on 29 June 2009 was due to her generalised weakness and subsequent diagnosis of sepsis secondary to UTI, along with her history of pre-existing ailments. After examining the pleadings and associated documents placed on record, NCDRC noted that the main issues for determination are the application of policy clauses related to pre-existing conditions, scope for disclosure of medical conditions prior to the issue of the policy and whether the insurance contract covers the expenses towards medical treatment actually provided to Ms Vaish abroad.

Referring to a Supreme Court judgement in the DLF Homes Panchkula Pvt Ltd vs DS Dhanda case, the bench says multiple compensations for singular deficiency is not justifiable and, thus, the award of further compensation as claimed by Ms Vaish is untenable. While disposing the appeals, NCDRC directed Bajaj Allianz General Insurance to pay Ms Vaish's legal heirs US$20,000, equivalent to Indian rupees as of 3 July 2009, the date of her discharge from the hospital, along with an interest of 9% from the date of repudiation of her claim on 28 July 2009, till the final payment.

TOP

Shriram General Insurance Wins in Gurugram Court Fraud Verdict - Bizz Buzz – 3rd January 2024

Shriram General Insurance Company (SGIC), part of the Shriram Group, has obtained a significant order from the Gurugram Sessions Court. The landmark judgement can serve as a strong deterrent to anti-social elements keen to exploit the insurance process for nefarious objectives. The court has ruled in favor of SGIC against accused Manoj Kumar, owner of vehicle HR55N-0775, and another accused, Rupesh Kumar Chaurasia, resident of Rahagod in Dhanbad, Jharkhand. The case revolves around the fraudulent forging of an insurance policy to benefit the vehicle owner.

Manoj Kumar had initially purchased insurance coverage for his vehicle from the co-accused's wife, Kavita Chaurasia, an authorized insurance agent of SGIC, with validity from 18.10.2016 to 17.10.2017. On 05.10.2016, the vehicle met with an accident. Subsequently, as the vehicle was uninsured on the date of the incident, the co-accused, at Manoj Kumar's request, manipulated the policy in an attempt to retroactively validate it from October 2, 2016.

Rupesh Kumar Chaurasia, accused of issuing a fake policy on behalf of his wife, who is an authorized insurance agent for SGIC, has been held accountable for his actions. SGIC successfully contested the matter, highlighting the fabrication of the policy, resulting in its exoneration from third-party liability. Furthermore, the court directed SGIC to file a First Information Report (FIR) against the wrongdoers. Following investigations, it was revealed that the insurance policy had indeed been forged and fabricated by the vehicle owner and the co-accused.

The honorable court, taking cognizance of the investigation reports, issued orders under sections 420, 467, 468, and 471 of the Indian Penal Code, mandating the arrest of Manoj Kumar and Rupesh Kumar for charges related to fraud and impersonation. Both accused individuals have been placed under judicial custody by the Shivaji Nagar police station in the Gurugram district.

(The writer is Kumud Das.)

TOP

New India Assurance Asked To Reimburse 60% of Medical Expenses - Money Life – 2nd January 2024

While modifying an order passed by the state commission, the national consumer disputes redressal commission (NCDRC) directed New India Assurance Co Ltd to pay Rs14.06 lakh, 60% amount of the total medical expenses and Rs18, 000 towards temporary total disablement to the nominee of the deceased life assured (DLA). After a fall on a staircase in Indonesia on 29 September 2010, the DLA underwent hospitalization at various hospitals before passing away on 9 January 2013.

In an order last month, the NCDRC bench of Subhash Chandra (presiding member) and air vice-marshal (AVM) J Rajendra (retd) (member) says, "New India Assurance rightly awarded Rs18,000 due to accidental injury between 29 September 2010 till his (the DLA) first discharge from Hinduja Hospital on 21 November 2010. However, New India Assurance ignored the fact that the insured had also paid an additional premium of Rs552.40 towards medical expenses. The Insured had also paid Rs3, 382 towards additional premium... Records revealed that the policy was for Rs20 lakh with accrued bonus of Rs75, 000. However, while the deceased and complainant incurred expenses of Rs23.44 lakh, New India Assurance sanctioned only Rs7, 500 towards medical treatment."

"The insurance company was to reimburse 60% of medical expenses to them and 60% of Rs23.44 lakh is Rs14.06 lakh. The complainant is entitled to claim said amount towards medical expenses of the deceased, which is covered under the policy when a premium for medical treatment is received by the opponent. The complainant is also entitled to Rs18, 000 for temporary disablement of the deceased and Rs14.06 lakh towards medical expenses," the bench says.

The case is related to the death of Mumbai-based Bhogilal Mehta following his fall on a staircase in Indonesia and subsequent hospitalizations before his death. His wife, Jyoti Mehta had filed the insurance claim. After falling down a staircase, Mr Mehta was immediately taken to a hospital in Indonesia. The information about the incident was given to the insurance company after he arrived in Mumbai via letter on 14 October 2010. After his discharge from the Indonesian hospital, Mr Mehta returned to India via Singapore. He was also treated in a Singapore hospital.

On return, he was admitted to PD Hinduja Hospital and underwent surgery on 12 October 2010 for subdural hematoma and was discharged on 21 November 2010. He was again admitted to Fortis Hospital from 21 December 2010 to 13 January 2011 and then to Jaslok Hospital. However, Mr Mehta did not recover from the injuries sustained in the step-fall accident and remained entirely disabled and passed away on 9 January 2013.

Jyoti Mehta, the wife of Mr Mehta, filed her claim with New India Assurance on 19 April 2012. However, the insurer agreed to pay only Rs25, 200 as compensation without any justifiable reason for the meagre amount.

Ms Mehta then filed a complaint before Maharashtra state consumer disputes redressal commission seeking Rs27.50 lakh and an interest of 18%pa (per annum) from New India Assurance. The insurer also sought the medical expert opinion of Dr AV Patil, a qualified medical professional with expertise in forensic medicine, regarding the case. Dr Patil reviewed the medical reports from the Indonesian hospital, and Hinduja Hospital, and consulted with various specialists in neurology and radiology.

Based on the report, the insurer contended that the alleged injury, a subdural hematoma resulting from the purported accident on 29 September 2010, did not immediately, permanently, totally, and absolutely disable Mr Mehta from any form of employment or occupation. In accordance with clause 1(d) of the policy terms, the Mehtas were not entitled to claim 100% of the sum assured, except for the temporary total disablement under clause 1(f) of the policy at 1% of the sum insured, equaling Rs3,000 per week, the insurance company argued.

Holding the insurer guilty for deficiency in service and unfair trade practice, the state commission directed New India Assurance to pay Rs18,000 towards disability sustained by Mr Mehta, Rs14.06 lakh towards medical expenses, Rs40,000 as accrued bonus, Rs1.30 lakh as compensation and cost of litigation to Ms Mehta. Aggrieved by the order, New India Assurance filed a revision petition before NCDRC. It contended that if an insured person is disabled by any injury immediately, permanently, totally, and absolutely from engaging in any employment or occupation, it would entitle them to a lump sum equal to 100% of the capital sum insured. "Mr Mehta, the DLA was temporarily totally disabled from the date of the accident till his first discharge from Hinduja Hospital on 21 November 2010 after six weeks."

The counsel for Ms Mehta reiterated that according to the policy, the total calculated claim was Rs50.93 lakh but it was restricted to Rs27.50 lakh due to the sum assured. "However, the New India Assurance paid only Rs25,200 with mala fide intention, rejecting the substantial part of the claim, without providing a valid and justifiable breakdown, completely ignoring the claim, even though Mr Mehta had consistently paid an additional premium for such coverage and the accident occurred within the policy period," he argued.

The NCDRC bench observed that Mr Mehta was admitted to Hinduja Hospital and was diagnosed as a case of left-sided subdural hematoma. He underwent surgery and was discharged on 21 November 2010. "At that stage, there was no mention of a cerebral infraction (infarction). The cerebral infraction was first noticed in the CT scan on 21 December 2010, which showed a wedge-shaped left middle artery territory infraction and he was diagnosed as a case of status epileptics and thereafter, his condition did not improve. Thus, clearly, the subdural hematoma caused due (to) the accidental fall was treated successfully in Indonesian hospital and Hinduja Hospital."

"The second hospitalization was for epilepsy, which was due to the cerebral infraction, which is altogether a separate episode and not related to the subdural hematoma or decompression surgery. The injury he suffered due to (the) fall did not result (in) any total permanent disability. As per the expert opinion of Dr Patil, the disability sustained cannot be considered as a direct consequence of head injury and cannot be said to have arisen immediately, as required by the personal accident policy," the bench says. New India Assurance illegally repudiated the genuine claim of Ms Mehta, NCDRC says, while upholding the state commission order except the compensation of Rs1 lakh.

TOP

Accidental death claim cannot be rejected for delay in intimation of death, rules Virudhunagar consumer disputes redressal forum – The Hindu – 30th December 2023

An insurance company cannot reject the claim of an accidental death insurance policy on account of a delay in intimating the death, ruled the Virudhunagar District Consumer Disputes Redressal Forum. The forum's president, S.J. Chakkaravarthy and member, M. Muthulakshmi, also directed Universal Sompo General Insurance Company, Navi Mumbai and the Indian Overseas Bank, Sengipatti Branch, Thanjavur to release the claim of Santhanaraj for the death of his son, Vigneshwaran of Amathur. Besides, both the insurance company and the bank have been directed to pay a compensation of ₹10,000 towards the petitioner's mental agony and ₹10,000 towards litigation expenses. A daily wage earner, Santhanaraj, said that his son had died on March 14, 2019. One year after his death, he got a call from the authorities of the college where

Vigneshwaran had studied, to collect the documents of his son. It was then that the father came to know of the savings bank passbook of his son and later about the IOB Sureskha Insurance scheme policy for which he had paid the premium.

When Santhanaraj applied for the compensation under the accidental death policy, the insurance company rejected the claim contending that the claim was made after an inordinate delay in August 2021. The general condition of the claim procedure had stated that the company should be notified within 7 days on occurrence of a claim. Besides, the insurance company said that the photo identity proof of the deceased person, duly attested by the bank authority, was not submitted. The reason justifying the delayed intimation of the claim made after 30 days from the date of loss was not provided. The forum said that the father, who is a daily wage earner, could intimate the opposite parties only after he came to know about the insurance policy for which his son had paid the premium. The forum said that reason given by the complainant was convincing and hence he was entitled to receive the accidental death claim.

TOP

Son fights for 9 years with HDFC Bank to get Rs 5 lakh accidental death insurance cover on debit card – The Economic Times – 29th December 203

HDFC Bank was ordered to pay Rs 5 lakh by NCDRC as insurance benefit to the son of a deceased customer, who had an HDFC Bank debit card with Rs 5 lakh accidental death insurance coverage. However, the battle was not easy. The son of the deceased customer had lost his father in October 2013 after which he applied for an insurance claim with HDFC Bank. However, the bank kept on delaying the insurance claim payment. After many months of follow ups when the son did not get the insurance amount, he filed a case against the bank in the District Consumer Forum. The forum ruled in favor of the son and directed the bank to pay the insurance amount with compensation and interest. However, the bank took the fight to a higher level by appealing to the higher authorities.

However, this didn't deter the deceased customer's son in pursuing the case. Despite losing his father, the complainant fought in various consumer forums/commissions, and this fight went on for a long time. The son of the deceased HDFC Bank customer went on to fight against the bank in the State Consumer Forum in 2016, and also in the National Consumer Commission from 2017 to December 2023. The National Consumer Disputes Redressal Commission (NCDRC), via an order dated December 20, 2023, directed HDFC Bank to make the payment of Rs 5 lakh with 9% interest and Rs 10,000 compensation for mental tension and harassment to the son and his family.

Why was HDFC Bank reluctant to pay the insurance amount?
The complainant's father had a savings bank account and a debit card, too with HDFC Bank. The debit card that was issued to his father had accidental death insurance coverage of Rs 5 lakh. Due to an unfortunate incident in Madhya Pradesh, the complainant's father died on October 30, 2013. While dealing with the grief of the loss of his father, the son filed an insurance claim with the bank.

After the District Forum passed the Order, HDFC Bank filed an appeal against that Order before the State Consumer Commission. The bank said: "The Complainant has no right of cause of action to file the case and that the same is frivolous, vexatious and that District Forum had no jurisdiction to hear and decide the Complaint. On merit, it is admitted that the deceased, Randhir Singh, had a savings bank account with the bank. However, it is denied that he was ever insured for Rs 5 Lakh, payable in case of his accidental death. As Randhir Singh was not insured with the bank, the question of any insurance coverage for him by the bank does not arise at all."

How the son countered the bank with facts
"The complainant alleged that at the time of opening the account, the bank had also issued a debit card and further informed that the debit card holders are insured for Rs 5 Lakh each, which is payable to his nominee in case of accidental death of the debit card holder. It was further averred that the bank did not issue any insurance policy to the life assured," said the State Commission in their Order.

The complainant's father died on October 30, 2013, in a road accident in Madhya Pradesh. On the same day, he filed an FIR. The complainant further claimed to have submitted all the required paperwork to the bank for processing of the insurance claim. The complainant alleged that the bank informed him that the documents would be forwarded to the insured for payment of a claim. But even after visiting the bank so many times, the insurance claim money was not paid. "The complainant alleged deficiency in service on the part of the bank and thus filed a case with the District Consumer Forum," said the State Commission in its Order.

After hearing the facts of the case and arguments made by HDFC Bank, the District Forum passed an order on September 18, 2014, mandating the bank to pay the insurance money with interest and compensation. After passing of the District Forum's order HDFC Bank filed an appeal with the State Commission. The State Commission dismissed the appeal made by HDFC Bank. The reason behind the dismissal as given by the State Commission was that the father of the complainant had an HDFC Bank 'Easyshop Gold Debit Card', which mentioned the existence of the insurance policy in its terms and conditions. As per Ex.C-6 Easyshop Gold Debit Card insured had insurance cover in case of personal accidental death covered by air, road, rail or road to pay a sum of Rs 5 lakh and along with written arguments usage guide along with terms and conditions was placed on the record.

However, according to the said terms and conditions, the cardholder should have carried out one purchase transaction using the debit card within six months prior to the event date. The State Commission noted that HDFC Bank has not produced any evidence that the complainant's father did not transact in the last six months prior to the date of the event.

"Even if those terms and conditions were there before the District Forum, it did not produce any evidence that these were brought to the notice of the insured. Further, there is no statement of account showing no transaction within six months prior to the date of the event. In these circumstances, the District Forum was justified to allow the Complaint. In view of the above, we do not find any merit in the appeal and the same is hereby dismissed," said the State Commission.

After the Order of the State Commission was passed on November 4, 2016, HDFC Bank filed an appeal with the NCDRC. NCDRC, in an order dated December 20, 2023, said, "I do not find any merit in the present Revision Petition, and the same is dismissed. Consequently, the impugned Order passed by the learned State Commission is upheld." Though the determined son won the case in NCDRC, however, getting the insurance amount is still not guaranteed. An appeal against the NCDRC order can be filed in the Supreme Court within 30 days of passing of the Order. The lesson that such debit card holders draw from this episode is this that they should be conscious about fulfilling the terms and conditions of the insurance cover, keep a record of these and also make the beneficiaries aware about the process of claim.

(The writer is Neelanjit Das.)

TOP

PENSION

General Provident Fund (GPF) interest rate for January- March 2024 quarter announced – The Economic Times – 4th January 2024

The Ministry of Finance has announced the interest rate for the General Provident Fund (GPF) and other similar provident fund initiatives for January- March 2024 quarter. According to the resolution released by the Department of Economic Affairs (DEA), Ministry of Finance on January 2, 2024, It is announced general information that during the year 2023-2024, accumulations at the credit of subscribers to the General Provident Fund and other similar funds shall carry interest at the rate of 7.1 percent (Seven point one percent) w.e.f . 1 January, 2024 to 31th March, 2024.

This rate will be in force w.e.f . 1 January, 2024.” The government has kept the interest rate on GPF and linked funds constant for this quarter of 2024.
The funds concerned are:
1. The General Provident Fund (Central Services).

2. The Contributory Provident Fund (lndia).
3. The All lndia Services Provident Fund.
4. The State Railway Provident Fund.
5. The General Provident Fund (Defence Services).
6. The lndian Ordnance Department Provident Fund'
7. The lndian Ordnance Factories Workmen's Provident Fund.
8. The lndian Naval Dockyard Workmen's Provident Fund.
9. The Defence Services Officers Provident Fund. 10. The Armed Forces Personnel Provident Fund.

What is a General Provident Fund?

General Provident Funds are provident funds offered only to Indian government employees. Everyone in the government is eligible to contribute a portion of their wages to the General Provident Fund. As a result, when the employees retire, they receive the entire money accrued over their service tenure. The finance minister reviews the GPF interest rate every quarter.

EPF interest rate

Every year, the EPF interest rate is revised. It is set at 8.15% for FY 2023-24. After the EPFO publishes the interest rate for a fiscal year, the rate is computed based on the monthly closing balance and then for the whole year.

Small saving schemes' interest rates for January – March quarter of 2024

The government published the interest rates for modest savings programs for the January-March 2024 quarter. The government has announced an increase in interest rates for selected small savings plans and post office schemes for the period ending March 31, 2024. The government has also hiked Post office time deposit for tenure 3 years by 10 basis points.

(The writer is Sneha Kulkarni.)

TOP

Higher PF pension | Employers get five more months to process applications – The Hindu – 3rd January 2024

The Employees' Provident Fund Organisation (EPFO) on Wednesday extended the time for employers for uploading and submitting the joint options of employees to claim higher pension with their wage details online till May 31. This is the fifth extension for the process, which was initiated to implement the Supreme Court verdict on the matter delivered on November 4, 2022. The decision was taken by Labour Minister Bhupender Yadav, the Union Labour Ministry said in a release.

A senior EPFO officer told The Hindu that the extension would not impact the distribution of higher pension. The officer said the disbursement had already started wherever the retired subscribers had deposited the demand amount calculated by the EPFO based on their higher wages.

The EPFO had started an online facility for submitting applications for validation of option and joint options for pension on higher wages on February 26, 2023 till May 3, 2023. The limit was extended to June 26, 2023 and later 15 days were further given to remove any difficulty faced by the eligible pensioners and members. "About 17.49 lakh applications for validation of option / joint options have been received from pensioners / members till July 11, 2023," the Ministry said, adding that more than 3.6 lakh joint options were still pending with the employers for processing.

Employees and Employers' associations had sought extension of period for uploading wage details of applicant pensioners / members. The employers were given further period of three months to submit wage details etc. online latest by September 30, 2023. "This time was further extended till December 31, 2023 because many representations were received from employees and employers' associations wherein requests were made to extend further time period for uploading wage details of applicant pensioners / members," the Ministry said, justifying the decision to give yet another extension.

TOP

Spread your NPS corpus across fund managers; Opt for multiple funds for higher returns – Financial Express – 1st January 2023

THE Pension Fund Regulatory and Development Authority (PFRDA) has allowed investors of National Pension System (NPS) to select multiple pension funds for the various asset classes. So investors must review the performance of the funds at the beginning of the year and spread the corpus across three top-performing pension fund managers to earn higher long-term returns.

Unlike mutual funds, there is no tax implication of switching from one fund to another for investing in equity, corporate bonds or government securities. Under the active mode, a subscriber decides on the asset allocation percentage in different classes subject to their upper limits. And in the auto mode, the asset allocation is decided by the age of the investor.

Sushil Jain, CEO, PersonalCFO.in, a wealth management firm, says investors should review their funds and fund managers regularly because even a minor difference will create a huge impact in the long run. "Investors should choose a fund which gives consistent returns over a longer period and should review the performance once every three years. If the fund is in the top three of its category then once should be happy with the performance," he says.

While the portfolio guidelines for all the fund managers in NPS are common, there is a marginal difference in the overall returns across different asset classes and portfolio managers. Harshad Chetanwala, co-founder, MyWealthGrowth.com, says it is always good to check how your fund is doing compared to its peers and review the portfolio and performance on a periodic basis.

Tier 1 — equity schemes

With the benchmark indices touching new highs, aggressive investors in NPS have gained the most. In fact, private sector investors who opt for active choice may invest up to 75% in equity. In equity, fund managers invest about 85% in large-cap stocks and the rest in mid- and small-cap stocks for growth. Over a five-year period, Kotak Mahindra Pension Fund is the best performer with 16.6% returns followed by ICICI Prudential Pension Fund, data from NPS Trust show. Over a longer seven-year period, HDFC Pension Fund has clocked the highest at 16.3%, followed by Kotak Mahindra Pension Fund at 16%.

As NPS is a very long-term investment product, experts say young investors should allocate the maximum 75% in equity and even existing investors should review the allocation of funds periodically. Chetanwala says there are many investors who had selected the allocation at the time of opening the account and had never reviewed it despite changes in market dynamics. "Irrespective of how long an investor continues to invest in an NPS account, a mismatch in allocation will have a huge impact on the overall corpus," he says.

Tier 1 — government securities

The returns from government securities were muted as the rise in interest rates since May 2022 drove down bond prices. However, when the interest rate cycle turns, returns from gilt funds are expected to rise as fund managers hold the paper till maturity. Over a five-year period, LIC Pension Fund is the outperformer with 8.1% returns, followed by Aditya Birla Pension Fund and HDFC Pension Fund at 7.9%. The benchmark return is 7.4%. Over a seven-year period, LIC Pension Fund remains the top performer with 7.9% returns.

Tier 1 — corporate bonds
Even corporate bonds were hit because of the rising interest rates. Over a five-year period, HDFC Pension Fund is the top performer with 8.5%, followed by Aditya Birla Pension Fund at 8.3%. Over a seven-year period HDFC Pension Fund is the top performer, with 7.7% returns, higher than the benchmark's 7.4%.

(The writer is Saikat Neogi.)

TOP

GLOBAL NEWS

South Korea: Insurance market expected to rebound in 2024 – Asia Insurance Review

The insurance market in Korea is forecast to rebound in 2024, with an expected growth rate of 2.6%, following a period of negative growth in 2023, says Korean Re in a blog posted on its website. Total premiums are forecast to reach KRW253.8tn ($194bn), added Korean Re citing an outlook report released by the Korea Insurance Research Institute in October 2023.

Life insurance
The life insurance market is expected to recover in 2024 after declining steeply in 2023, with premium income forecast to grow by 0.6% to KRW120tn in 2024. Premiums from protection-type insurance are projected to grow by 2% because sales of health insurance remain robust. The COVID-19 pandemic has become a driving force behind rising risk awareness and demand for health insurance coverage. This will provide a greater boost to insurers' marketing initiatives to increase protection-type products under the new regulatory frameworks of IFRS 17 and K-ICS. However, a limited economic recovery may have a negative impact on insurance sales growth as fewer consumers will have extra money to spend on insurance.

Savings life insurance premiums are projected to fall by 6.6% as life insurers will continue to focus on selling protection products. The demand for savings insurance is expected to decrease, with rising interest rates on bank deposit products making savings insurance look relatively less attractive. Variable life savings insurance is also faced with some headwinds due to a lacklustre stock market, but a growing interest in investment products may push up the demand for variable savings insurance. On the other hand, sales of life annuity premiums will remain solid because increasing life expectancy is fuelling the growth of the demand for annuity plans, and rising crediting rates may lead to a renewed interest in annuities with an increasing number of baby boomers hitting retirement age.

Non-life insurance
The non-life insurance market has been demonstrating greater resilience over the last few years compared to the life sector, and its premium volume is expected to grow by 4.4% to KRW133.8tn in 2024. The growth will be supported by long-term personal accident and health insurance, general property and casualty (P&C) insurance, and retirement annuities.

Long-term insurance is projected to grow by 4.3% in 2024, driven by personal accident, health insurance and driver insurance. The motor insurance market is projected to slow down, growing by 1.8%, under the assumption that there is no premium rate adjustment. The rise of usage-based insurance and online distribution channels usually offering lower prices is also putting downward pressure on premium income growth per policy. General P&C insurance will remain a strong driver of growth, although it still accounts for a small portion of the entire non-life market. Its premiums are expected to grow by 5.2% in 2024, and firm growth momentum will come from the casualty lines of business backed by liability insurance amid increased awareness of the importance of liability protection for companies and the expansion of compulsory insurance.

Profitability

The contract service margin (CSM) in the insurance industry is expected to maintain its growth trajectory for both life and non-life insurance in 2024. The CSM for life insurance is estimated to increase to KRW69.9tn in 2024 from KRW61.9tn in 2023. Similarly, the approximate CSM size for non-life insurance is projected to be KRW64.6tn in 2023 and KRW67.9tn in 2024, based on estimates for 11 domestic general non-life insurance companies. The robust growth of the CSM suggests a potential increase in the profits of insurers. However, there is an expectation of considerable volatility in investment income. Since the implementation of a stringent monetary policy in 2022, profitability deviations among insurers have widened, and this trend may persist into 2024 due to the prolonged period of high interest rates. With the anticipated high volatility in financial markets, an insurer's profit size may fluctuate, contingent upon its capabilities in managing investment income.

TOP

Indonesia: Regulator issues regulation on new capital requirements - Asia Insurance Review

The Financial Services Authority (OJK) has issued OJK Regulation (POJK) Number 23 of 2023 on "Business and Institutional Licensing of Insurance Companies, Shariah Insurance Companies, Reinsurance Companies and Shariah Reinsurance Companies". Under the regulation, issued at the end of December 2023, the OJK increases the minimum paid-up capital of insurance and reinsurance companies. The increase is to be effected in two stages, the first of which is to be carried out by 31 December 2026. The second stage of the increase in minimum capital will be carried out by 31 December 2028, at which time the OJK will also classify (re) insurance companies based on their equity. There will be two classes of companies, categorised as KPPE 1 or KPPE 2.

The new minimum capital requirements are:

Figures in IDR bn	By 31 Dec 2026	By 31 Dec 2028	
		KPPE 1	KPPE 2*
Conventional			
-insurers	250	500	1000
-reinsurers	500	1000	2000
Shariah			
-insurers	100	200	500
-reinsurers	200	400	1000
KPPE 1 insurers will offer simple products. Meanwhile, KPPE 2 companies can carry out all conventional or Shariah insurance business activities. * Applicable immediately to new insurance or takaful companies			

Based on OJK records, as of 30 November 2023, the majority of insurance companies already met the first-stage minimum capital requirements.

Non-compliance

Companies that fail to meet the required minimum capital by the respective deadlines will have to submit a plan indicating how they would comply with the regulation. POJK23 also states that insurance entities that do not meet the minimum paid-up capital will be placed in a KUPA (Insurance Company Business Group). This regulation states that insurance companies classified as KPPE 2 can become holding companies of KUPA insurers. The objective of the new regulation is to boost the integrity and stability of the insurance sector. Mr Ogi Prastomiyono, chief executive of the Insurance, Guarantee and Pension Fund Supervision of the OJK, says that KUPA companies can choose a parent company or invite partners to join the KUPA.

TOP

South Korea: Driver insurance business expands with tighter regulations - Asia Insurance Review

The driver insurance market in Korea has shown robust growth in the past few years, driven by strengthened legal regulations related to traffic accidents, says Korean Re in a blog posted on its website. The blog, titled "Growth of the Driver Insurance Market in Korea", says that from 2016 to 2022, the compound annual growth rate (CAGR) of initial premiums of driver insurance remained high at 8.6%. Notably, in 2020, there was a significant increase in new sales as the legal penalties for accidents in child protection zones were reinforced.

Prospects

The trend of strengthening laws for accident prevention is expected to continue, and in this context, it is expected that both the demand and supply for driver insurance products will keep expanding, says Korean Re. Moreover, the supply of protection insurance products, which are expected to bring a higher contractual service margin (CSM), is likely to expand further, with the implementation of IFRS 17. From this perspective as well, it appears that there will be a continued focus on product development and sales expansion strategies for driver insurance products.

Mis-selling

However, excessive competition through expanding coverage and limits could lead to mis-selling, moral hazard, and an increase in loss ratios. Increasing coverage and limits excessively can raise the likelihood of moral hazard for policyholders and may aggravate the insurance company's loss ratio, Korean Re warns. In this respect, the Financial Supervisory Service (FSS) has issued guidance to raise consumer awareness of driver insurance and has encouraged insurance companies to exercise restraint in overheated competition and consider imposing coverage limits on attorney fees. Concerns have been raised regarding insurers developing and selling driver insurance products unreasonably to increase the CSM, leading to a deterioration in the financial health of the insurers and an increased likelihood of mis-selling.

Risk management

To address this, the FSS has decided to impose a maximum limit of 20 years on the coverage period of driver insurance. Currently, insurance companies have been setting coverage periods of up to 100 years. Policyholders aged 80 and above who may find it challenging to drive are not likely to receive meaningful coverage. This brings criticisms that the unnecessarily longer policy period may cause insurance churning. Against this backdrop, insurers need to pay close attention to product design and sales and seek proactive risk management, such as setting appropriate coverage limits and deductibles. Rather than offering excessive coverage, they need to develop and sell driver insurance products that encourage consumers to choose appropriate coverage levels in a way that prevents moral hazards among policyholders, Korean Re says.

Difference between motor insurance and driver insurance

Motor insurance and driver insurance are distinct insurance lines. The primary difference between them lies in the scope of protection each provides. Motor insurance is designed to protect the car owner against financial loss in the event of an accident involving the vehicle. It provides property coverage for damage to or theft of the car as well as liability coverage for the legal responsibility to others for bodily injury or property damage. In contrast, driver insurance is tailored to protect a specific driver, regardless of the car they are driving. While car insurance focuses on the vehicle and its owner, driver insurance centres on providing coverage for the person operating the vehicle, irrespective of the ownership of the car in question. In Korea, motor liability insurance is compulsory, but driver insurance is not mandatory.

Loss ratio
As the driver insurance market has expanded, the experience loss ratio has decreased, with an increase in earned premiums. However, the net expense ratio is showing an upward trend because of higher acquisition costs. For long-term insurance products in general, acquisition costs are initially high, while insurance claims are relatively low in the early stages. Therefore, it is common for the expense ratio to increase in line with rising sales at the beginning, while the loss ratio decreases.

TOP

Australia: Regulatory enforcement and reform in insurance market to continue unabated - Asia Insurance Review

The Australian regulatory landscape remains turbulent and challenging, with the pace of enforcement and reform unabated and further generational regulatory change imminent, says the global law firm Clyde & Co. In a report, titled "Insurance Regulatory Landscape 2024", Clyde & Co gives its views on the key regulatory reforms that will shape the insurance sector in the coming year and beyond.

The report reads, "The global economic and political headwinds throughout 2023 have provided the impetus for an even sharper focus by Australian regulators on consumer protection measures and the protection of the prudential standing of the sector. While the Australian Securities and Investments Commission (ASIC) is now actively utilising its full regulatory 'toolkit' in conduct-related enforcement, the Australian Prudential Regulation Authority (APRA) has set its sights on elevating the standards of operational resilience which has undoubtedly been tested through the pandemic. Both regulators are charged with supervising the Financial Accountability Regime, a regime that will fundamentally expand the risk of misconduct from organisations to individuals in line with similar regimes in the UK and elsewhere."

Clyde & Co identifies some of the key trends for 2024 to be:
A generational regulatory change is imminent, as the Financial Accountability Regime ushers in a new age of individual responsibility for corporate misconduct of regulated insurance carriers. All entities subject to FAR will need to be using 2024 to implement and test their FAR frameworks, to ensure they will be compliant by March 2025 when the laws come into effect. Across roughly the same period, organisations will need to materially uplift their operational resilience standards to meet the new prudential standard, CPS 230 (Operational Risk Management). This will require comprehensive reviews of supply chains, distribution networks and the contractual frameworks of organisations.

Claims handling services are high on ASIC's priority list for 2024, and it has been made clear that insurers must maintain sufficient resources to cater for natural disaster-related spikes in claims handling to ensure regulatory requirements are met even in periods of extreme demand. ASIC continues to demonstrate a desire to use all available enforcement tools at its disposal, with enforcement action under the duty of utmost good faith, the general obligation of 'honestly, efficiently and fairly' and mechanisms such as interim stop under the design and distribution obligations regime all being deployed. The risks and consequences of non-compliance have increased, as has how regulated entities need to deal with and be prepared for regulatory engagement.

Considerable changes to Australia's privacy laws will also come into effect, significantly increasing the exposure of organisations for failings in data governance and lifting the protections and burden of compliance in Australia beyond those of the GDPR (General Data Protection Regulation) and other jurisdictions. 'Greenwashing' will remain a firm focus of ASIC, with prosecutions expected to rise significantly in this space as legal obligations around climate-related exposures increase, and ASIC keeps a close watch on purported ethically aligned or sustainable financial products and investments.

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COI TRAINING PROGRAMS

Mumbai – January - February 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Understanding Bond Markets for Insurance Investments	22-Jan-24	23-Jan-24	ClickHere	Register
2	Consumer Grievances and Redressal Machinery	31-Jan-24	31-Jan-24	ClickHere	Register
3	Managing Project Insurance	01-Feb-24	02-Feb-24	ClickHere	Register
4	Corporate Finance & Post listing compliances	01-Feb-24	02-Feb-24	ClickHere	Register
5	Motor Insurance (Own Damage) Workshop	05-Feb-24	07-Feb-24	ClickHere	Register
6	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	05-Feb-24	10-Feb-24	ClickHere	Common
7	Cyber Security, Resilience and Cyber Claims	07-Feb-24	07-Feb-24	ClickHere	Register
8	Workshop on Soft Skills for team managers and team leaders	12-Feb-24	14-Feb-24	ClickHere	Register
9	Policyholders Service and Protection of Policyholders Interests for Life Insurance	15-Feb-24	16-Feb-24	ClickHere	Register
10	Market Segmentation and product placement – Non par products (ULIPs, Guaranteed maturity products and Annuities)	15-Feb-24	16-Feb-24	ClickHere	Register
11	Up-skilling teams on CRM	20-Feb-24	21-Feb-24	ClickHere	Register
12	Marine Hull & Energy Insurance- Underwriting & Claims	26-Feb-24	27-Feb-24	ClickHere	Register

Kolkata – January - February 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Personal Tax planning & Life insurance - CT	22-Jan-24	22-Jan-24	ClickHere	Register
2	Managing Catastrophe Claims - CT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
3	Managing Catasrophe Claims - CVT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
4	Learning Aviation Insurance-Bracing for the future - CT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
5	Learning Aviation Insurance-Bracing for the future - CVT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
6	Wealth accumulation through ULIP & Annuities - CVT	08-Feb-24	08-Feb-24	ClickHere	Register
7	Raising Effectiveness of Business Development Executives & Managers- CT	20-Feb-24	20-Feb-24	ClickHere	Register
8	Augmenting Women Power in Leadership - CT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register
9	Augmenting Women Power in Leadership - CVT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register