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QUOTE OF THE WEEK

"Knowledge is not a passion from without the mind, but an active exertion of the inward strength, vigor and power of the mind, displaying itself from within."

RALPH CUDWORTH

Insurance Term for the Week

Lender's Title Insurance

Lender's title insurance protects your lender against problems with the title to your property-such as someone with a legal claim against the home. Lender's title insurance only protects the lender against problems with the title. To protect yourself, you may want to purchase owner's title insurance.

Lender's title insurance is usually required to get a mortgage loan. Lender's title insurance protects your lender against problems with the title to your property—for example, if someone sues to say they have a claim against the home. Lender's title insurance does not protect your investment in the home (your equity). If someone sues with a claim against your home, you are the first person responsible. The lender's title insurance policy only covers claims that affect the lender's loan. To protect your equity in the event of a title problem, you may want to purchase an owner's title insurance policy.

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INSURANCE INDUSTRY

'Cyber insurance gains momentum in India' – The Pioneer – 6th October 2023

The cyber insurance market in India is expected to grow by 27-30 per cent in the coming years, a Deloitte report said forecasting cyber insurance gaining momentum.

The report indicates that the current Indian cyber insurance market is valued at USD 50-60 million, maintaining a steady 27-30 per cent compound annual growth rate (CAGR) in the past three years.

"This growth is expected to continue for the next 3-5 years, driven by an increased awareness of the need for cyber insurance," the report 'Cyber Insurance in India' said.

It identifies industries heavily involved in digitisation, such as IT, pharma, and manufacturing, as well as those integrated with broader economic sectors like supply chain, retail, critical industries, and finance, to be the prime targets of cybercriminals. "These sectors are typically early adopters of cyber insurance," it said. The report included a survey of several Chief Information Security Officers (CISO), with 70 per cent of respondents expressing willingness to increase spending on securing their digital infrastructure over the next three years.

"Notably, willingness was most prominent among mid-sized firms. Conversely, certain leading companies in the consumer sector overseeing substantial consumer databases exhibited a cautious approach when expanding their digital infrastructure budgets," Deloitte said in a statement. However, they expressed an interest in boosting their insurance coverage. "About 60 per cent of respondents wanted to increase insurance coverage without wanting to invest much in improving their digital infrastructure security," it said. The survey suggests that the cyber insurance market will experience modest growth in the short term, expecting exponential acceleration with momentum.

In India, the cyber insurance market trajectory will be influenced by three key factors - the pace at which firms achieve digital maturity, government initiatives to digitise and enforce stringent cyber laws, and the evolving landscape with non-traditional players including technology giants and MNCs entering the cyber insurance domain, intensifying competition.

Debashish Banerjee, Partner and Insurance sector leader, Deloitte India, said, "It is crucial to shift the perception that cyber insurance isn't merely an expense; it is a strategic investment. The dynamic cyber insurance market caters to rising demand to counter cybercrime losses. In this era of rapid digitisation, businesses must see proper coverage of cyber insurance as indispensable." "As organisations embrace the digital realm, they must prepare to tackle surging cyber threats. The boards and CEOs of organisations need to elevate their cybersecurity knowledge, acknowledging that cyber risks are now central to comprehensive risk management," he added.

TOP

India's Insurance Sector: Leveraging the Digital 'Bima Sugam' Portal – India Briefing – 5th October 2023

The insurance sector in India is undergoing a major transformation with the launch of Bima Sugam, a portal that aims to simplify the process of buying and claiming insurance policies. Bima Sugam, which means "easy insurance" in Hindi, is an initiative of the sector's regulator, the Insurance Regulatory and Development Authority of India (IRDAI).

IRDAI has described Bima Sugam as a "game changer" and a "UPI moment" for the insurance sector, referring to the Unified Payments Interface, a digital payment system that has revolutionized the way people transact in India. IRDAI believes that Bima Sugam will create a similar impact on the insurance sector, by making it more accessible, affordable, and transparent for the customers.

What is the Bima Sugam Portal?
It is an online platform where consumers can select a suitable plan from a variety of options provided by multiple corporations. The proposed platform is anticipated to reduce documentation while assisting consumers in identifying the best scheme from among thousands of products and services.

Bima Sugam will fulfill all insurance demands, including those for life, health, and travel insurance. This platform will facilitate the electronic settlement of claims, including health coverage and mortality claims, based on policy data. Initially, it is anticipated that details about insurance schemes will be maintained on the platform via the insurance repository. Following this will be a list of policies. The service providers will be the technological partners in the development and operation of a centralized infrastructure for the provision of all services.

How can Bima Sugam Portal help customers?
The proposed interface would provide policyholders with a singular point of access for managing their insurance coverage. It will provide seamless end-to-end insurance solutions for consumers, including purchase, service, and settlement. These policies will be sold by web aggregators (PolicyX, Policy Bazaar, etc.), brokers (Bajaj Capital, Probe Insurance Broker, etc.), banks, and insurance agents. It will allow insurance companies real-time access to validated and authentic data from multiple contact points. The platform will enable intermediaries and agents to market policies, supply policyholders with services, and decrease paperwork, among other things.

Insurance companies (both general and life insurers) will be significant shareholders in the platform, which will offer facilities to clients via a 'e-insurance account' (E-IA). Commissions on policies are anticipated to decline, which will benefit consumers. The cost of purchasing policies will decrease, according to insurers. Currently, there are hundreds of life insurance and non-life insurance plans available but customers are unaware of comparable policies with better benefits or the advantages and disadvantages of various schemes. On a single platform, Bima Sugam will enable customers to identify a suitable scheme for themselves.

The insurance policies will be maintained in the customer's insurance account, eliminating the need for tangible documents. In addition, the amount of documentation required to purchase a policy will decrease. As a result, the settlement of claims and renewal of policies will also be expedited. The process will resemble demat accounts and online trading.

Electronic marketplace for the insurance sector
According to IRDAI, Bima Sugam is a protocol for an electronic marketplace that will universalize and democratize insurance. This protocol will be connected to India Stack, a set of APIs (application programming interfaces) that enables governments, enterprises, startups, etc. to utilize the distinct digital infrastructure to enable seamless service delivery.

It is anticipated that this e-marketplace will facilitate and empower all insurance stakeholders across the insurance value chain, according to Debasish Panda, chairman of the IRDAI.

Changing customer behavior in India's insurance sector
According to a recent Swiss Re study, the increase in digital activity caused by the COVID-19 pandemic has led to more Indians purchasing insurance online. Customers have always found purchasing insurance through traditional channels to be a multi-step process that is cumbersome. A study conducted in five main cities in India indicates that insurers can no longer afford to rely solely on offline channels. To capture the interest of the youth cohort, Gen Z and millennials, the sector has needed to transition to the digital domain.

IDC FutureScape predicts that by 2024, 50 percent of all non-life and life insurance policies will be sold via an entirely automated and personalized insurance engine. According to a McKinsey report, 25 percent of the insurance industry will be automated by 2025 with the aid of AI and machine learning techniques. In accordance with IRDAI's desire to digitize insurance distribution in India, Bima Sugam will assist the industry in scaling the insurance infrastructure in significant ways.

When will the Bima Sugam Portal be launched?

IRDAI originally intended Bima Sugam to be operational by January 2023, but timelines have been delayed, first to August 1 and later to June 2024.

Under the structure of Bima Sugam, both life insurance and general insurance companies are slated to possess a 47.5 percent ownership stake each, while brokerages and agent organizations will each own 2.5 percent.

Although the implementation of Bima Sugam presents inherent challenges, given its reliance on technology and innovation, industry experts remain optimistic about its potential to enhance insurance penetration within the country.

Notably, the aggregate budget allocated to Bima Sugam has undergone an upward revision, increasing from approximately INR 850 million (US$10.20 million) to INR 2 billion (US$24.02 million).

IRDAI has appointed a committee to create the platform and will shortly issue requests for proposals (RFPs) to select a service provider for the platform.

India's strategy to increase insurance penetration

Bima Trinity plan

The central government is pursuing a three-pronged strategy to increase insurance penetration across all regions in India. These three make up the 'Bima Trinity':

The first component is Bima Sugam.

The second component is Bima Vistar. It will be a bundled risk cover product that provides defined benefits for each risk and seeks to expedite claim settlements without requiring surveyors.

The third component is Bima Vaahaks. The third component of the plan entails deploying Bima Vaahaks (carriers) to promote the benefits of insurance products in each gram sabha (village council).

Health Claims Exchange

In addition to Bima Sugam, a different comprehensive instrument on the horizon is the Health Claims Exchange, which aims to streamline the process of health insurance claims for policyholders. This program will expedite claim submission and allow hospitals and policyholders to monitor claims online in real-time, promising a streamlined experience.

Outlook for the Indian insurance sector

The insurance market in India has seen significant expansion in the last 20 years, mostly due to the increased involvement of private enterprises and advancements in distribution capacities. Additionally, notable enhancements in operational efficiency have contributed to this development.

Based on data from S&P Global Market Intelligence, India holds the position of the second-largest insurance technology market in the Asia-Pacific region. This market segment has seen significant venture investments, amounting to a total of US$3.66 billion, with India accounting for 35 percent of these investments.

Private life insurance businesses in India enjoyed a robust growth of 35 percent in premium during the month of March 2023, compared to the same period the previous year. The industry's premium growth for FY 2022-23 reached 20 percent. Life insurance companies saw a notable increase of 18 percent in premium collections during FY 2023 over FY 2021-22.

According to the most recent statistics from IRDAI, life insurance companies garnered a first-year premium of INR 3.71 trillion (US$44.85 billion) in FY 2022-23, compared to INR 3.14 trillion (US$37.96 billion) in FY 2021-22. It is projected that the life insurance sector will see a compound annual growth rate (CAGR) of 5.3 percent from 2019 to 2023. In FY 2021, the insurance penetration in India was estimated to be 4.2 percent. Within this, the penetration of life insurance was recorded at 3.2 percent, while the penetration of non-life insurance was at 1.0 percent. India's insurance density in FY '21 was recorded at US$78.

It is anticipated that the premiums generated by India's life insurance sector will amount to INR 24 trillion (US$317.98 billion) by FY 2031.

During the period spanning from April 2021 to March 2022, non-life insurers recorded gross premiums written off amounting to INR 2.20 trillion (equivalent to US$28.14 billion), indicating a growth rate of 11.1 percent compared to the same period in the previous fiscal. In May 2022, the non-life insurance category had a total premium earning of INR 366.80 billion (US$ 4.61 billion), indicating a growth of 24.15 percent in comparison to the same period the previous year.

The market share held by private sector enterprises in India's general and health insurance market saw growth increase from 48.03 percent in FY 2020 to 49.31 percent in FY 2021. In May 2021, there was a significant increase of 66.6 percent in the gross premium of six independent private sector health insurance firms. The total amount reached INR 14.06 billion (equivalent to US$191.84 million), compared to the previous figure of INR 8.44 billion (equivalent to US$115.12 million).

(The writer is Harshwardhan Sharma.)

TOP

Unlocking Financial Stability with Guaranteed Income Plans – The Economic Times- 4th October 2023

In an economic landscape where retirement security and stable income are paramount, the need to incorporate a well-structured plan into your financial portfolio cannot be overstated. This serves as a protective shield, offering reassurance and acting as a safety net during unforeseen and challenging circumstances. Whether you're a seasoned investor or someone just beginning to commence your financial future, amid the many options available, the task of finding the right one can get a bit daunting.

A noteworthy option, thus, is the Guaranteed Income Plan. This hybrid of investment and insurance products offers a multitude of benefits while keeping the money secure. So, let's delve into the compelling reasons that position guaranteed income plans as a frontrunner in the realm of financial strategies.

Higher returns, free of tax

Guaranteed income plans offer an assured return on investment against a fixed premium for a specified timeframe. The premium paid may not necessarily be a lump sum and can be for a specific number of years. The payouts received by the policyholder in these can also be customizable as per preference, i.e. lump sum, short-term, long-term, or income payout on a particular day. Some plans even have the option of accrual income, i.e., the earned income, at a later date with added interest. Moreover, as they are not influenced by market performance or bonus components, they are free from ambiguity and offer returns as per the pre-defined rate. When compared to competing products like fixed deposits, which are taxable and have a re-investing risk related to them, these provide a relatively higher return. Some guaranteed income plans offer returns of up to 7%, which are tax-free under Section 80(C) of the Income Tax Act, 1961, provided the annual investment should be less than Rs. 5 lakhs. This assists in easing the overall tax liability.

Apt when irregular or no income

They are furthermore the right plan, especially for retirement or on discontinuation of a person's regular income. For instance, if you invest Rs. 20,000/month for ten years in a guaranteed income plan, then you have a two-year gap; from the 13th year, you get Rs. 23,000/month for 30 years. So, after paying Rs. 24 lakhs after the tenure, you also get a return of all premiums paid. So, you will get Rs. 1 crore over a span of 30 years, making it 4.5 times the return, which is considerable growth.

Get easy loans

Another benefit that's worth highlighting is that it helps the insured avail loans against the policy from banks during financial emergencies. To keep up with the current times, some companies even offer unique advantages and discounts, such as existing customer deals, transgender lives discounts, exclusive rates for females, and boosters upon selecting higher premiums or/and auto-pay modes of premium payment. To enhance coverage, guaranteed income plans also offer optional riders or add-ons such as accidental death add-ons, critical illness cover, or waivers of premium benefits to policyholders.

Readily Available

Easily accessible, these plans are suitable for investors between 18 and 60 years old, with a policy term ranging from anywhere between 5 years to 30 years. They also provide life insurance coverage, which financially secures the family in the event of the insured's untimely death. These plans additionally offer the flexibility to surrender the policy within the initial five years and receive your initially invested amount. This process incurs no surrender charges, ensuring they can access the invested funds without delay.

To conclude, the pure black-and-white guaranteed income plan makes for an ideal gift for your sibling. This is because, as the name suggests, it assures 100% assured returns, thus securing their future income. So, if you are looking for a thoughtful gift, then this substantial return plan is highly advisable. However, do compare various options online and carefully read the features, terms, and conditions before finalizing a plan.

(The writer is Vivek Jain.)

TOP

OECD urges India to pare govt ownership in banks, insurance companies – Business Standard – 3rd October 2023

The Organisation for Economic Co-operation and Development (OECD) on Tuesday urged India to further promote structural reforms in the financial sector by reducing government ownership of banks and insurance companies and liberalise foreign direct investment by removing remaining restrictions. In its latest Going for Growth 2023 report, the OECD charted country-specific structural policy priorities to strengthen growth fundamentals and pave the way for successful green and digital transitions. The recommendations are in four key policy areas, such as enhancing the design of social support programs, lifting potential growth by removing obstacles to effective resource utilisation, securing faster progress towards decarbonization, and making digital transformation a driver of productivity growth.

The OECD said India's recent reforms reduced government participation in the finance sectors, allowing greater foreign participation in insurance, defence, petroleum and natural gas, and telecoms. "However, in the last few years, private conglomerates have increased their role in the economy, with negative consequences for competition," the report stated. Despite the reduction in non-performing loans and the creation of an asset reconstruction company (also known as a 'bad bank'), resolution procedures remain slow, it said.

The OECD said the government needed to enhance resilience in the financial sector by accelerating the Insolvency and Bankruptcy Code process, managing non-performing assets, and providing appropriate government supervision. It also advised the creation of quality jobs by modernising labour regulations and skill development programmes. The Paris-based group of rich countries asked India to enhance access to affordable and secure high-speed broadband networks and services in rural areas and for micro, small, and medium enterprises and poor households. It also asked the government to boost digital literacy and skill development through education and training in women and marginalised groups.

It said despite high mobile telephone penetration and the success of public policies promoting digitalisation of government services finance, education, and health, as well as delivery of social services, large digital divides persist in India by location, gender, age, income, wealth, and firm size. The OECD said that while both monetary and multidimensional poverty rates had declined in India, at least before the pandemic, inequality of opportunities and social protection remains a challenge, with migrant workers and women being particularly vulnerable due to poor competencies and skills. "The Right to Education Act introduced the obligation to provide free and compulsory education for all children from age six to 14, but actual coverage is lower and quality is lagging," it added.

The group said India needs to enhance social mobility by widening access to social services and infrastructure, especially ensuring equal access to high-quality education for all children at least from six to 14 years, for successful implementation. Though India has committed to reducing greenhouse gas emissions and increasing the share of renewable energy, the OECD held that the energy mix is still highly dependent on fossil fuels and coal, the import bill has increased, and energy efficiency is low. "Air pollution, extreme weather episodes, and droughts are becoming increasingly problematic," it added.

The OECD advised the government to further increase the share of renewable energy by facilitating long-term investment in clean energy development projects. "Improve the performance of state-owned distribution companies (discoms), incentivise private sectors to adopt more energy efficient and less carbon-intensive measures, and provide additional government support to shift household cooking fuels from biomass-based to less-carbon intensive sources," the OECD advised.

(The writer is Asit Ranjan Mishra.)

TOP

Emerging opportunities for insurance in Asia - The Economic Times – 30th September 2023

Asia is a region of continuous growth and opportunities. With increase in consumption, tourism and investments, the businesses are growing consistently in the region. The economy of Asia has grown at around 4.8 percent this year, and the region is expected to contribute around 70 percent of the global growth. The positive growth numbers make Asia a globally lucrative market for more businesses and opportunities. Asia has not yet witnessed major impact of the recent banking turmoil in the US and Europe, and it is continuously advancing in regional production, trade, investment as well as financial integrations. The Asian economies are turning out to be champions of reformation of the multilateral trade system. It is thus time for global companies, investors, businesses to explore opportunities in Asian market and for Asian companies to expand their businesses.

Asia's strong economic growth has made insurance one of the most sought-after and lucrative industries. Insurance in Asia is entering a new era with new-age insurance models, while exploring innovative opportunities. Though the emerging Asian markets like Cambodia, Indonesia, Philippines, Vietnam (to name a few), have lower insurance density; insurance is now fast growing in the emerging markets too, with increased risk awareness, disposable income, and economic revival post Covid 19. Agricultural insurance is on the rise in Mekong region.

The industry is facing rapid changes in regulations and policies, and volatile macro-economic and geo-political environments are leading to increased insurance demand from consumers. Offering insurance in Asian markets, today needs the cumulative knowledge of finance management and wealth protection. Life insurance has seen significant growth, and Covid pandemic bridged the gaps between healthcare needs and insurance. Consumers are moving towards availing healthcare coverage and expecting financial protection for unprecedented healthcare scenarios. Thus, insurers across countries are investing heavily in the healthcare value chain. Insurance companies are looking at international collaborations; partnerships are beyond the age-old tie-ups between banks and insurance companies. Insurers are partnering with insurance/ InsurTech companies across countries and tapping consumers across borders, by leveraging each other's strengths. Digital is more and more integrated, and the insurance products are embedded into the digital insurance journey. With digital penetration in Asia at around 3.2%, it is time for Asian countries to fasten the digital growth into every possible business, especially in the insurance industry.

Technology will play a significant role in boosting insurance across Asian markets. The developed countries are already harnessing technology and reaching out to consumers with customized and affordable insurance products. For example, Singapore is a highly emerging market for wealth space and insurance is gradually playing a dominant role in the protection of the wealth, while digital is playing a significant role in reaching out to the tech savvy consumers. Countries like China are moving towards a fast paced, advisory based agency business model, simplifying the branch-led distribution. Most of the Asian counties are now looking at cost models more closely. Insurance companies are looking at reducing operating costs, reducing agent on-boarding time and processing, which can again be possible through digital integrations. Digital led insurance/ InsurTech companies have increased their revenues by five times, compared to the traditional ones and they take considerably less time to market new products. Digital in Asia insurance is positively impacting - strategy, talent acquisition, organizational structure and operations. There is a movement towards cultural change with digital in the developed nations, whereas there is more need for digital integrations in the emerging markets, which are relatively underpenetrated.

The good thing is, emerging Asian markets are expected to see a rise in premium growth than the ones in the coming 2-3 years, and this cannot be possible without digital. There is also a lot of growth optimism from countries like Indonesia and Vietnam and the more mature markets like Thailand, Malaysia and Singapore. Countries like India are riding heavily on digital insurance and there are multiple innovations and new age players in the space. regulator too is making progressive and innovative moves, to increase the insurance penetration within the country. In conclusion, the Asian market is a growth hub for insurance. Most of the countries have been following the traditional insurance models for years, but now there is an increased focus towards improvising productivity, improving insurance outreach, personalization of insurance. Digital will play a key role in improving insurance product efficiency and overall penetration. Public-private partnerships will play a significant role in bringing more innovations and companies will constantly improve and seek newer ways to create value for our customers across Asia.

(The writer is Balachander Sekhar.)

TOP

INSURANCE REGULATION

Life insurance sector has not even touched 5% of its scope in India, Says BC Patnaik – BQ Prime – 5th October 2023

The life insurance industry has a huge scope, and we have not even touched 5% of that scope, according to BC Patnaik, a member (life) at the Insurance Regulatory and Development Authority. This is despite the fact that the life insurance industry is trying to recover from the fall in demand for high-ticket non-par policies due to taxes imposed on payouts from policies whose premiums exceed Rs 5 lakh from April 1, 2023 onwards.

Most insurers are confident of more than double-digit growth, he said on the sidelines of the National Insurance Academy annual event held on Oct. 3. Citing the figures calculated by Swiss Re, he said that there is a huge mortality protection gap in India of around Rs 1,320 lakh crore, and people are now recognising the importance of having insurance. He expects the life insurance industry to grow at a steady pace, citing the huge scope and potential for growth. The regulator, as well as both the life and general insurance councils, are working on increasing insurance awareness, and campaigns are already in force, said Patnaik.

(The writer is Monal Sanghvi.)

TOP

IRDAI member says insurance sector needs to reorient itself – Deccan Chronicle – 4th October 2023

While the domestic economy is growing well, the insurance sector has been unable to keep pace with it unlike the banking sector, BC Patnaik member life Insurance Regulatory and Development Authority of India (IRDAI) said on Tuesday. Patnaik said that although the life insurance sector has covered a substantial 52 crore lives, including the adult population through initiatives such as the Pradhan Mantri Jeevan Bima Yojana, challenges persist, with an average inadequate sum assured in life insurance and a notable mortality protection gap.

Speaking at the National Insurance Academy, Insurance Summit, Patnaik said that the mortality protection gap in India is a whopping 83 per cent. In absolute terms, India's mortality gap is Rs 1320 lakh crore. Of the Rs 60 lakh crore of assets under management of the insurance sector, Rs 55 lakh crore is life insurance. These numbers have the potential to grow 10 times in 10-15 years, he said. According to Swiss Re, the mortality protection gap is defined as the difference between the amount needed to substitute a household's future income in the event a major breadwinner dies, and the existing resources available to repay outstanding debts and maintain living standards.

"The economy is growing higher and the insurance sector is unable to catch up. On the other hand, the banking sector has made better strides. The housing sector is booming, SBI's home loan is way over Rs 5 lakh crore." While the general insurance sector shows upward growth, only 5 per cent property insurance coverage and an overall (life plus general insurance) penetration of 4 per cent indicate a lag in keeping pace with the expanding economy. He urged the insurance industry to be aggressive, reorient itself, rework on its approach, adapt technologically, and invest in human capital to navigate the evolving landscape successfully. A failure to support economic growth can lead to adverse effects, he warned.

(The writer is Falaknaaz Syed.)

TOP

Insurance industry lacks human capital in administration: Irdai member – Business Standard – 3rd October 2023

The Indian insurance industry, which suffers from a dearth of human capital in administration and marketing functions, should invest in human capital, BC Patnaik, Member (Life) at the Insurance Regulatory and Development Authority of India (IRDAI), said.

"There has been a clear lack of investment in human personnel in the administrative and marketing wing of insurance companies," Patnaik said at an insurance summit on Tuesday.

He further said that the lack of skilled professionals has affected the Assets under Management (AUM) of these companies. Most of the life insurance companies have asset values which are less than Rs 10,000 crore.
As of the financial year ending in March 2022, the overall AUM of the insurance industry stood at Rs 55 lakh crore. Out of which, the AUM of the life insurance industry stood at Rs 50 lakh crore and the non-life industry was at Rs 5 lakh crore.

Further emphasising the importance of investment in human capital and resources, Neelesh Garg, managing director and chief executive officer of Tata AIG General Insurance, said, "This industry needs fresh thinking and human capital to achieve Insurance for All by 2047. Human capital is the most important raw material, and it is the training and retention of these that is key for the growth of the sector."

(The writer is Aathira Varier.)

TOP

LIFE INSURANCE

PMJJBY: You will get a fund of Rs 2,00000 on investment of just Rs 36, avail the benefits of the scheme like this – Informal Newz – 5th October 2023

The Government of India prepares many schemes with the aim of benefiting every section of the country. One of these is Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). In this scheme, on the death of the insured, the nominee or family gets an amount of Rs 2 lakh. This scheme is run with the aim of providing financial help to the family in difficult times. For this an annual premium has to be paid.

But the premium is so cheap that even if you save Rs 36-37 every month, the annual cost of the premium will be easily covered. Let us tell you about this special insurance scheme of the government.

Who can buy the plan
Any person between 18 to 50 years can buy this insurance plan. To buy PMJJBY, a premium of Rs 436 has to be paid every year. If you divide Rs 436 into 12 parts, the monthly expenditure will be around Rs 36.33. This is such an amount which even a poor person can easily add. The cover period of this insurance plan is from 1st June to 31st May i.e. you can buy it in any month of the year, But you will get the coverage only till 31st May, you will have to renew it again on 1st June. If the insured dies during the policy term, then Rs 2 lakh is given to the family as financial assistance.

Where to buy policy
You do not need any kind of medical test to take this policy. Some specific diseases are mentioned in the consent form of the insurance policy, you have to mention them in the declaration form. That you are not suffering from those diseases. If your declaration proves to be wrong, then your family does not get the benefit of this scheme. If you also want to take this policy, then you can take its form from the bank where you have your account. After filling the form, the rest of the work is done by the bank itself.

These are the conditions
If you want to take advantage of this scheme of the Government of India, then you must have Aadhar card, identity card, bank account passbook, mobile number and passport size photo. You have to link your bank account number with Aadhaar number because your identity is verified through Aadhaar.

The year of this policy is from 1st June to 31st May. One time investment is for one year. If you have chosen Automatic Renewal, then every year between May 25 and May 31, Rs 436 of the policy is automatically deducted from your account. You can avail the benefits of Pradhan Mantri Jeevan Jyoti Bima Yojana through only one bank account. This policy cannot be linked to any other account. The benefit of this insurance cover is available only after 45 days of taking the policy. However, the condition of 45 days is not valid in case of death in an accident.

(The writer is Shyamu Maurya.)

TOP

A detailed introduction to term insurance – Tech Genyz – 4th October 2023

According to the India Protection Quotient (IPQ) survey 4, the ownership of term insurance plans among Indians has increased from 39% to 43%.

But what has led to this surge in term insurance plans? What is so special about this insurance? In this 4-minute read, we will dive into the world of affordable life insurance and enlighten you with every detail you need to know.

So, what is Term insurance, and why is it essential to understand the importance of term insurance in your financial planning?

Term insurance is a type of life insurance that offers financial security to your beneficiaries in your absence. A death benefit will be paid if the insured passes away during the specified term while the policy is active. This life insurance covers a specific period without any cash value component, leading to lower premiums.

A term insurance plan is like that helpful friend you can always rely on. A friend who has your back, even in situations when everything seems to fall apart, and can easily entrust your family with. It comes with several benefits, including (but not limited to):

- Affordable Premiums
- Death Benefits
- Premium Payment Flexibility
- Income Tax Benefits

Now that you know what a term insurance plan is, let's understand how it works.

How Term Insurance Works?
A term insurance policy is a contract between the owner and an insurance company. The owner agrees to pay a minimum regular premium for a specified term, usually 10 to 30 years. In return, the insurance company promises to pay a predetermined death benefit in cash to a designated beneficiary upon the insured's death.

Types Of Term Insurance Policies
Level-Term Insurance: Provides a fixed death benefit and consistent premiums for a specified period.
Advantages: Predictable premiums, steady coverage, and easy to understand.

Factors: Appropriate for stable coverage needs, like mortgages or income replacement during critical life stages.

Decreasing Term Insurance: Offers a death benefit that decreases over time.

Advantages: To cover loans or mortgages, where the outstanding amount decreases over time.

Factors: Cost-effective for specific purposes. Limitations: Reduced coverage over time, limited application beyond debt coverage.

Renewable Term Insurance: It allows policyholders to renew coverage at the end of each term without a medical exam.

Advantages: Continuity of coverage, flexibility to adjust coverage.

Factors: Assess future needs and explore conversion to permanent coverage if required.
Convertible Term Insurance: Enables policyholders to convert to permanent coverage without a medical exam.

Advantages: Guaranteed insurability, potential cash value accumulation.

Factors: Evaluate long-term needs and conversion period limitations for appropriate decisions.

Key Considerations for Choosing a Term Insurance Plan

Choose the right insurer:
Assess the Claim-Settlement Ratio: Assess the claim-settlement ratio and solvency ratio of the insurance company.

Verify the Solvency Ratio: Evaluate the solvency ratio of insurance companies to ensure their ability to fulfill financial obligations. The solvency ratio should meet the IRDAI's minimum requirement of 1.5. Access the solvency ratio information online.

Determine your Needs: Calculate the premium you might need to pay using the term insurance calculator.

Evaluate Benefits: Compare policy benefits to find plans offering superior advantages. Look for policies with maturity benefits, flexible payment options, and varied payout choices.

Opt for Riders: Explore additional riders with term plans, such as critical illness and accidental disability coverage. These riders provide extra financial security during challenging times for you and your loved ones.

Seek Flexible Payout Options: Consider term insurance plans that offer flexible payout options aligned with your financial goals. Monthly payouts can be more manageable for your nominee, assisting them with immediate financial needs.

Research Online Availability: Ensure your insurer offers online and offline availability. Check if they have 24×7 chat features on their website for quick query resolution. Look for companies that facilitate online claims filing for faster processing.

Addressing Common Misunderstandings About the Term Insurance
Despite the increasing popularity of term insurance plans, several misconceptions surround this essential and straightforward life insurance product. Let's check them out!

Myth: Term insurance is not worth it if I outlive the policy.

Fact: While there is no payout if you outlive the policy, term insurance is valuable for income protection during vulnerable years when dependents or financial obligations exist, ensuring financial security in case of an untimely death.

Myth: Term insurance lacks cash value, making it less valuable.

Fact: Term insurance prioritizes affordable coverage and pure protection without cash value accumulation, making it valuable for those seeking straightforward life insurance without added investment costs.

Conclusion
Term insurance is an important part of financial planning. It can provide financial security for your loved ones in the event of your death. If you are considering term insurance, be sure to do your research and choose a policy that is right for you.

TOP

If income is low and liabilities high, go for term insurance – Financial Express – 30th September 2023

In unit-linked life insurance plans (Ulips), a high proportion of the premium is invested in debt and equity markets.Those who buy such a policy mostly prefer growth funds because 60-80% of the fund is invested in stock market, promising high return. In non-linked products, however, not more than 15% is invested in equities and the rest in various debt instruments. There has to be life insurance cover in both linked and non-linked insurance products. However, it is important to understand how much that insurance cover is.

In Ulips, an individual gets a risk cover of 10 times the annualised premium. So, if you pay Rs 50,000 annually, you get a risk cover of Rs 5 lakh. In contrast, an individual (age around 30) who pays 50,000 towards a pure protection plan, can get a risk cover of at least2 crore. Even if one buys a traditional endowment plan (with profits), he can get an insurance cover of at least Rs 15 lakh. At the end of the term of 20-25 years, the maturity value of the policy will be no less than `40 lakh at the present rate of bonuses declared by leading insurers.

Thin slice of insurance

Now, it should be obvious to the insured public that Ulips offer very little insurance cover as compared to the premiums that they collect. The same amount of premium can buy far more insurance cover under non-linked products. Since the primary objective of life insurance is to offer as much financial protection as possible at the minimum possible premium, it makes sense to go for non-linked products first and consider buying Ulips when adequate insurance cover has already been purchased. If an individual has the capacity of paying Rs 50,000 annually as life insurance premium, she deserves much more than a paltry Rs 5 lakh insurance cover.

While there is no harm buying a Ulip and expecting a 'high return' from the product in near term, the fact is that life insurance is primarily designed to provide reasonable insurance cover to the people according to their Human Life Value. Buying only Ulips and giving other conventional products a miss is not a prudent financial decision.

Life insurance products help in financial planning at various life stages. When the income is low and liabilities are high, term insurance can be the best option. When income increases substantially in the later years, one should be in a position to start saving enough for the post-retirement days and endowment/whole life plans can provide various living benefits. Deferred annuity plans can enable a person to get a series of passive incomes in post-retirement days. If an individual ignores these products and buys only Ulips, he is inviting further risks in a life already replete with increasing risks and uncertainties.

TAKING COVER

In Ulips, risk cover is 10 times the annualised premium. But in a pure protection plan, it is at least 400 times

Go for non-linked products first and think of buying Ulips when adequate risk cover has already been purchased

(The writer is Nirjhar Majumdar.)

TOP

GENERAL INSURANCE

India poised to become 6th largest insurance market: TATA AIG General Insurance CEO – Bizz Buzz – 6th October 2023

India is poised to become the sixth largest insurance market. Neelesh Garg, MD & CEO, TATA AIG General Insurance, in his address at an event mentioned that trust is pivotal in realizing the vision of insurance for all by 2047, with India poised to become the sixth largest insurance market. Despite a 14 per cent Compounded Annual Growth Rate (CAGR) in the last decade, the goal is to aim for 20 per cent growth, especially after the heightened awareness brought about by the Covid-19 pandemic.

The health insurance segment, the largest in the industry, saw increased awareness during the pandemic, but challenges persist, with two-thirds of individuals still self-insured in health and a significant portion of vehicles uninsured. Fresh thinking and human capital are identified as essential for further growth. Garg emphasised the impact of privatisation that happened since 2001. The changing product landscape over the past two decades calls for connecting data ecosystems, such as Vahan, to enhance convenience. India experiences frequent catastrophes, highlighting the need for home insurance, which faces challenges on both the supply and demand sides. Bridging the gap in understanding insurance products among average customers is crucial, with initiatives like Bima Vistar, Bima Vahak and Bima Sugam for increased transparency.

Addressing claims with the right balance between empathy and efficiency is emphasized, requiring strong data analytics to identify fraud. The distribution side, particularly in reaching over 6,000 villages, is deemed critical, with the concept of Bima Vahak introduced for village-level insurance. Garg stressed designing products and processes for the majority of genuine insured rather than concentrating on the remaining minority with mala fide intentions.

The role of technology is highlighted in making insurance affordable, reducing costs, and increasing distribution. Automation is proposed to streamline processes and reduce inefficiencies. The future of insurance is seen as increasingly technological, with a shift towards pay-as-you-consume models. The rising digital presence is expected to increase the demand for cyber liability coverage. Despite the growth, only 10 per cent of catastrophic losses are covered by insurance in India compared to developed countries with 80-90 per cent coverage. The call to embrace technology, expand distribution, and innovate products is underscored as essential for achieving the vision of comprehensive insurance coverage in India by 2047.

The flagship event of the National Insurance Academy, Insurance Summit, 2023 was organized on October 03 in Mumbai. The theme of the summit was “Reimagining Insurance Business: Insurance for all by 2047”. Dr Tarun Agarwal, Director, NIA said in his opening remarks, that the current era is marked by economic changes, risks, and challenges, underscoring the essential need for insurance coverage. The Insurance Regulatory and Development Authority of India (IRDAI) envisions a comprehensive insurance framework for all citizens by 2047.

This includes life, health, and property coverage, with a strategic focus on tailoring products, innovation, and transitioning to a principal-based regulatory system. Recognizing the pivotal role of data, Dr Agarwal emphasizes the rise in data skills and the importance of customer relationship management for effective customer engagement. He highlighted the need for increased Request for Information (RFI) and user-friendly, tech-driven end-to-end services. Natural perils such as wind, hailstorms, and floods are not acknowledged enough, stressing the necessity for innovative insurance coverage. Agarwal also underlines the importance of a digital mindset, advocating for the integration of technologies like drones, robotics, and analytics to enhance risk assessment and streamline processes. BC Patnaik, Member Life, IRDAI, in his keynote address, has given the regulator’s perspective on “Insurance for All by 2047”. In India's insurance landscape, the life insurance sector has covered a substantial 52 crore lives, including the adult population through initiatives like Ayushman Bharat. Despite this, challenges persist, with an average inadequate sum assured in life insurance and a notable mortality protection gap.

The potential for a tenfold increase in life insurance looms, promising employment generation of 29-30 lakh, and over 50 lakh if distribution channels are also included. While the general insurance sector shows upward growth, only 5 per cent property insurance coverage and an overall penetration of 4 per cent indicate a lag in keeping pace with the expanding economy. The booming market, surpassing 5 lakh crore in standalone housing loans, underscores the need for expanding insurance products. Health insurance is on the rise, growing at a rate of 20-22 per cent. Assets under management face a challenge due to a lack of skilled individuals in marketing and relations. Most life insurance companies have asset values of less than 10,000 crores, posing a significant hurdle.

Recognizing these challenges, institutes like NIA are called upon for support to build capability. It is emphasized that the insurance industry needs to evolve aggressively, aligning itself with the developing economy. A failure to support economic growth can lead to adverse effects. The regulatory environment, led by IRDAI, is evolving with the liberalisation of the social sector and distribution channels. Insurance density has grown ten times with expectations of further growth. Patnaik stated that the insurance industry is urged to reimagine its approach, adapt technologically, and invest in human capital to navigate the evolving landscape successfully.

(The writer is Kumud Das.)

TOP

Bank's liability for locker content is limited, so buy insurance coverage – Business Standard – 4th October 2023

If you plan to keep cash in your bank locker, think again. A woman residing in Moradabad, Uttar Pradesh, had kept Rs 18 lakh for her daughter's wedding in a bank locker. She discovered termites had eaten up the cash. Are banks liable to offer compensation in the case of such a loss? According to the revised safe deposit locker agreement, a locker can be used for limited purposes only. The State Bank of India's (SBI) agreement, for instance, says the locker can be used "only for legitimate purposes such as the storage of valuables like jewellery and documents, but not for storing any cash or currency". The Reserve Bank of India's (RBI) circular titled 'Safety Deposit Locker/Safe Custody Article Facility' of August 2021 describes a bank's liability. Says Ankur Mahindro, managing partner at law firm Kred Jure: "It is only in cases of natural calamity, acts of god, or acts attributable to the customer that the bank can claim exemption from liability." Banks are expected to exercise appropriate care to protect their locker systems from calamities. "The presence of termites can only be said to be attributable to the bank, for which the bank will be liable," says Mahindro.

If a customer can prove that the loss or damage occurred due to the bank's negligence, she can claim compensation. In the past, consumer courts have come to the customer's rescue when the latter proved negligence on the part of the bank. In July 2007, the National Consumer Disputes Redressal Commission (NCDRC) awarded compensation to a customer after termites ate into currency notes and important papers kept in the bank locker. However, the amount involved then was only Rs 11,000. According to the revised bank agreement, in case of events such as fire, theft, burglary, building collapse, or any incident attributable to the bank or its employees, the bank is liable. Says Shashank Agarwal, advocate, Delhi High Court: "The bank shall be liable to the extent of 100 times the value of the locker's prevailing annual rent." If your annual locker rent is Rs 5,000, you will be protected against losses of up to Rs 5 lakh, due to incidents like fire, theft, burglary, robbery, dacoity, building collapse on the bank's premises due to negligence or shortcomings on the bank's part.

Says Mahindro: "It remains to be seen whether the courts will in future award damages more than the bank's liability of 100 times the yearly locker rent." A bank cannot offer to insure a locker's contents. Moreover, a bank's maximum liability is low and may not necessarily cover the value of the contents stored in the locker. Says Adhil Shetty, chief executive officer (CEO), Bankbazaar: "If you have expensive jewellery, you should insure it as an added protection." Jewellery kept in a bank locker can be insured as part of a household cover. Says Kapil Mehta, co-founder, SecureNow: "This cover costs very little because cases of lockers being burgled are rare."

Belongings kept in a locker can also be insured through a bank locker policy (like the one offered by Iffco Tokio General Insurance). "These policies usually cover valuables such as jewellery, documents, certificates, and passports, among others. The coverage is usually for burglary, theft, and accidents leading to the loss of belongings," says Naval Goel, CEO and founder, PolicyX.com. Most banks use safes from the same companies that make safes for homes. You could acquire one for around Rs 10,000-15,000. Access your locker at least once a year. Check the size of the locker before you sign up. Says Shetty: "If you plan to use the locker to keep your documents secure, make sure it can accommodate them comfortably. Also, use air-tight zip-lock bags to store the documents and place desiccants like silica gel to protect the documents from humidity." Keep a couple of copies of the list of documents and valuables stored in the locker, so you can keep track of what you have stored.

(The writer is Bindisha Sarang.)

TOP

Why embedded insurance works – Financial Express – 2nd October 2023

The heightened awareness of risk has led to greater recognition of the need for insurance. It has prompted individuals and businesses to re-evaluate their insurance needs and seek comprehensive coverage that addresses specific risks.

Embedded insurance involves seamlessly integrating insurance offerings into the purchase of other products and services. One example of embedded insurance is phone purchases coupled with anti-theft insurance, where the coverage for potential theft is built into the purchase itself. Likewise, the purchase of flight tickets often comes with the option of adding travel insurance, offering protection against flight cancellations, delays, or lost luggage. In such cases, embedded insurance is a potential solution. It simplifies the customer experience, reduces friction in the insurance buying process, and provides a more personalised and tailored insurance solution at the point of purchase. In most cases, coverage can be bought at the touch of a button. This seamless integration makes it easier for customers to obtain insurance protection.

Embedded insurance is increasingly becoming popular with millennials and Gen Z, who seek quick, simple, and digital access to solutions. The fact that coverage is made available at the point of sale, be it online or offline, for a premium, benefits insurance companies as well.

Customised insurance
It gives customers the option of opting for a customised insurance product that matches their product or service purchases, however small they are, without having to look around for the best insurance deals. It also enables businesses to enhance their products or services by adding insurance protection, thus increasing customer loyalty and generating additional revenue streams.

One of the biggest advantages is that it is now contextual. Gen Z and millennials are open to sharing their whereabouts, activities, and personal preferences with the world through social media without hesitation. Insurtech mines this crucial data to offer personalised insurance solutions to this new class of aspirational buyers. With this information, insurers can make sure that the right product is delivered to the right customer at the ideal time.

Lower onboarding costs
The fact that embedded insurance offers significantly lower onboarding costs for insurers is an important feature. Insurtech companies are collaborating with regional micro-credit organisations and micro-lending institutions to offer embedded insurance products at competitive prices in rural areas like India where insurance penetration is low and data availability limited.

Embedded insurance holds potential to reshape the insurance landscape by making it more accessible and integrated into everyday transactions. It offers convenience, customisation, and new opportunities for businesses, but also requires careful marketing and clear communication to ensure its successful adoption.

TOP

Insurance premium likely to undergo price correction, rise by 15-20% - The Indian Express – 1st October 2023

General insurance premium is expected to rise by 15-20 percent in the coming months as part of the risk management by the insurers, especially in the wake of the anticipated increase in reinsurance costs. Indian general insurance market may see further hardening of premiums going ahead as reinsurance prices may get costlier, Devesh Srivastav, Chairman and MD of public sector GIC Re has cautioned. Health and motor are the two major insurance segments in India with the non-life general insurance clocking a premium of Rs 1.02 lakh crore in the first five months of FY2024. "We are putting our pricing approach on more sound technical basis and have tried pricing correction wherever we feel it is warranted. Restructuring is underway in terms of business portfolio composition and achieving pricing adequacy at contract level. The measures so far have focused on property and agriculture and in the next renewal, we are also touching upon other classes," Srivastav said.

The rate increases in the international market have been unprecedented and has acted as a boon to GIC Re's bottom line focussed approach. GIC Re will continue its profitability with growth approach and ensure price sufficiency in all its underwritings, Srivastav said. Srivastav, who is ending his four-year stint at the third largest Asian reinsurer with a market share of 70 percent this month end, said, "it is important that we write only keeping a bottom-line focus. A consistent endeavour has been made to improve the solvency ratio, loss ratio, combined ratio, increasing customer satisfaction and retention." "Our prime focus is to mitigate the underwriting losses and maintain the underwriting discipline. We are focussing on bottom line and the mantra going forward will be profitable growth," GIC Re chief said.

Further, the rise in retail inflation has added to the overall costs for the insurers. Health expenses have also shot up with medical inflation rising across the board. Claims due to natural calamities have shot up globally, including India, in the last one year. Globally there is a churn following record level catastrophe losses during last 3-4 years and the situation was exacerbated by the pandemic. It is expected that the hardening rates witnessed during last couple of years will sustain for at least for some time, he said. "GIC Re has done exceedingly well in restoring the solvency and to protect the balance sheet and shareholder's fund. Its solvency today is 2.88 which gave me a sigh of relief. Our main objective is to maintain the solvency and control underwriting losses thereby improving our rating," he said.

GIC Re has implemented the ambitious 'Project Parivartan', which will be a game changer for HR transformation. Similarly, the reinsurer is also going with full steam ahead for the Project SAP Hana, which will assist its operations vastly. "A paperless GIC Re is our commitment to the environment, while also leaving a clear audit trail and making our operations more transparent," he said. Speaking about the competition in the Indian reinsurance market after entry of over 10 global reinsurers which have set up branches in the country, Srivastav said the Indian market is big enough for all the players. "With just one percent penetration, we have only scratched the surface," he said. GIC Re, with a global premium of $4.5 billion in FY 2022-23, has a long-term vison to maintain a ratio of 50:50 between its Indian and international business. "Today, we are 70:30. We will look to grow our international book with caution ensuring price sufficiency," he said.

According to a Kotak Securities report, fire and other commercial lines are more profitable, especially for the larger players, due to pricing discipline enforced by reinsurers. Motor OD combined ratio has increased for most players in FY2023. The pricing pressure in the segment has not waned and in Q1 of FY24 as well, the trends are mixed. Motor TP (third party) combined ratio is lower than the OD segment for most players in FY2023. Motor TP combined ratio has dropped during FY2018-20 due to hike in TP tariffs. Combined ratio for the health segment has moderated to 92-156 percent in FY2023 across players, likely due to pricing action taken by most insurers. The impact of Covid-related claims inflation followed by high medical inflation led to gradual increase in combined ratio — up to 113-233 percent in FY2022 from 54-187 percent in FY2019).

(The writer is George Mathew.)

TOP

A Comprehensive Guide to Safer Journeys and Peace of Mind – Financial Express – 30th September 2023

Travelling is one of those things we all look forward to, no matter where we plan to take off. From sandy beaches and snow-covered mountains to hilly greens and bustling cities, the world is our platter, and the very act of travelling is our chance to experience at least one portion of it. However, travelling comes with its own set of uncertainties and risks. That is where travel insurance comes in. It ensures safer journeys and peace of mind.

The Stats Speak Volumes

Travelling can be a thrilling adventure, but it is essential to be aware of the potential risks and uncertainties that can disrupt your journey. Each year, 5% of the 28 million mishandled bags result in a staggering 1.4 million lost luggage incidents, as reported by Claim Compass. Also, The Economic Times reveals that 1 in 4 passengers has experienced lost checked-in baggage in the last 3 years, and there are approximately 20,000 daily flight delays and cancellations. Shockingly, 47% of baggage losses occur during international transfers, according to The Telegraph.

Importance and Benefits of Travel Insurance

Embarking on a long and expensive trip requires extensive preparation, wherein you invest time and money. From flight bookings to hotel arrangements, from trip advisors to on-trip travel guides, there is a lot that you spend on. Travel insurance ensures the safety of your hard-earned assets from travel uncertainties or trip cancellations. While on a journey, medical emergencies often come uninvited. If you are vacationing on lone islands or quiet beaches, medical aid in the first place might not be readily available, and second, it may cost you a lot. In such a situation, travel insurance comes to the rescue.

Also, sudden flight cancellations due to bad weather or hotel restrictions due to unexpected civil unrest might ruin your plans. An unexpected illness or injury before the journey or a sudden, unavoidable situation can become a cause of your trip cancellation. Travel insurance can assist you in retaining your non-refundable, prepaid cost.

Furthermore, while you plan your trip to spend precious time with family and friends, you already get occupied with a lot of packing and scheduling tasks. In between all of this, there are high chances of losing or misplacing important documents and belongings. When you buy a travel plan, you get coverage for financial losses associated with such scenarios.

Moreover, some emergencies may lead to unintended damage or loss to a third party's possession and may charge you an expensive amount. By mistake, if you spoil or damage a third-party property on your tour, then travel insurance pays for the loss and will save you from the mess.

Additionally, for students planning to study overseas, travel insurance acts as a safety prerequisite that will assist in dealing with uncertain situations on their tour abroad. Factors to Consider When Buying Travel Insurance. Student travelers can select a student-specific insurance plan with travel benefits and longer validity. If students face challenges during their time abroad, they can pre-opt for study interruption coverage in their travel plans to ensure safety against unpredictable scenarios.

There are a variety of plans and insurers available on the market, you might get overwhelmed. One must consider the following before buying a policy:

1. The delay and cancellation history of the trip being taken
2. Time of the year and weather conditions while travelling

3. Cost of luggage being carried for the trip
4. Trip duration
5. Age of the traveler
6. The cost of the policy
7. Medical expenses in the country being visited

To Conclude
Travel insurance is not just an optional expense; it is an essential investment that safeguards your journey, your finances, and provides peace of mind.

TOP

HEALTH INSURANCE

India's ageing population is crying for a new health insurance model – Live Mint – 4th October 2023

A new UN report's forecast of a rapid spike in India's ageing population by 2050 calls for robust regulation to help this vulnerable group manage and finance healthcare better. The country had about 149 million people aged 60 years and above as of 1 July 2022, translating to 10.5 percent of the population. The share will double to 20.8 percent, with the absolute number at 347 million by 2050, according to the India Ageing Report 2023. In other words, one out of every five Indians will become elderly by 2050. Old age is when people need health insurance the most, but insurers deny this cover to senior citizens because it is a loss-making portfolio. In 2009, the Insurance Regulatory and Development Authority of India or Irdai took some baby steps, setting rules to allow entry into health insurance schemes till 65 years of age. Insurers were mandated to record reasons for denying the elderly insurance covers.

Later, insurance companies were also allowed to raise premiums based on the age of the insured. Rules included disclosing upfront the premiums charged from senior citizens, settling claims within 30 days, and giving consumers the option to migrate from one health insurer to another. Yet, the regulator is besieged with complaints from consumers who have been denied this cover It must of course do more to enhance the protection for policyholders, raise competition, lower tariffs and improve service quality. More importantly, the Irdai must ensure that insurers and healthcare service providers swiftly join the National Health Claims Exchange – a gateway for exchanging claims-related information among stakeholders – for faster claim settlements. That will go a long way in addressing the bulk of the hassles faced by policyholders, especially the elderly among them.

Besides, integrating hospitals, healthcare service providers, third-party aggregators, and insurers onto a single platform to ensure seamless exchange of data and information will help in judicious underwriting. That's because insurers would want to underwrite policies only when they are realistically priced. There's much to be gained also from advocating to the young, the largest cohort of the population, to buy policies early on, which will minimise the risk of insurance covers being denied to them at an advanced age.

Out-of-pocket expenses can worsen their financial insecurity, disrupt their access to healthcare and in the worst cases push them into poverty. A study on publicly-funded health insurance (PFHI) for the elderly has been reported to have raised concerns over rising out-of-pocket expenses for the poor. The key limitation of the PFHI policy, it appears, is the over-reliance on a poorly regulated private sector. The remedy then inescapably is to strengthen regulation and enforce it strictly. This is especially so when the quality of public health services remains poor. While the government must leverage the private sector for tertiary care and use digital platforms, technology and data and processes for improving overall outcomes, there's no alternative to a well-run public health system. Second, there are flaws in purely traditional insurance models owing to well-known conflicts of incentives: Private hospitals invariably try to inflate costs such as by pushing patients into avoidable and unnecessary surgeries, procedures and investigations, while insurers would naturally like to minimize their To align the incentives of the insurer, healthcare provider and the patient, a new model must be introduced in which healthcare providers will agree to provide expert care to a group for whom they would receive an upfront per-capita fee. That fee can be worked out by actuaries used by insurers. These care providers, in turn, would be monitored on the insured individuals' health parameters and treatment administered in case of illnesses. In such a model, there would be no incentive really for the care provider to jack up costs, as the per-capita premium would be disbursed to them directly by the insurance buyer. For the poor, the government should foot this bill. Those in lower income groups can pay a share of the per capita fee which can be linked to their incomes. Safeguards in the form of robust regulation can be built in for placing checks on the care provider.

TOP

If you don't have trust in insurance, then what must you do? – The Economic Times – 2nd October 2023

Insurance has been there even before we evolved into human beings. It existed in the animal world and the earliest forms of civilization, and it shall exist till there is life on this planet. If you look at animals, they move in a herd so that they're able to protect each other, and if something goes wrong with one of them, the others are there to support them.

Similarly, in early civilizations, humans stayed together in caves or villages and took care of each other. If you remember your childhood, a time when you were part of a close-knit community, a village, or a large extended family, you'll recall that when problems arose, everyone in the family, village, or community came together. The pooling of resources would occur organically, with individuals not dwelling on whether they were contributing more or less; it was all about collective well-being.

This sense of communal support provided significant peace of mind to people. As more and more people started moving out of their hometowns for better career prospects, the world became smaller, and these close-knit communities gradually blended into a vast sea of people. This is where insurance steps in, to create a close family or group of millions of people who support each other when things go wrong. If I go back into history again, to when insurance started, right from the Babylon Civilization to how Lloyd's of London was formed to facilitate risk-sharing among merchants and ship-owners.

You would see examples across history and civilizations where people came together to pool their resources and mitigate risks. However, over the years, the insurance industry started selling insurance on the pretext of fear, which was never the underlying principle of insurance. At its core, insurance is simply a collective mechanism of caring for each other; earlier, in close-knit circles and communities, this support was only extended to people we know. In the modern sense of insurance, this support goes beyond people we know. This is what insurance does; it extends support to people. If you look at it in the Indian context, out of every INR 100 collected as premium by the general insurers, the outgo is INR 118, meaning millions of people are benefited through insurance.

During the Covid-19 pandemic, the industry helped millions through health insurance. Insurance should have been sold from the perspective that it is a bigger group of people simply taking care of each other. Our money is helping some friends whom we know and some whom we do not know; in a way, our money is giving support and comfort to people. Similarly, if something goes wrong at our end and we are a part of this bigger family, we don't have to worry; we will be taken care of.

Now, let us say we don't trust insurance companies. What can we do, and what would happen?

Then, we would form a group, pool money and agree that if and when things go wrong for one of us, that pool of money will be utilized to take care of that person. When such a pool is formed, it is created with certain conditions, like using this money when one is hospitalized with a major illness. Such conditions would be imposed to ensure that the pool does not deplete rapidly.

This takes care of some unforeseen situations for you. Now, if you look, this is precisely what an insurance company does. It collects premiums from individuals and creates a pool. It imposes certain conditions if someone wants to withdraw money from this pool, which are set to avoid substantial individual financial burdens. There are pools in which you have unlimited coverage. In motor insurance, we have something called V-Pay, a no-questions-asked cover; the premiums are higher for such pools.

Let's say you created a pool with your friends, and if somebody raised a fraudulent or extrapolated claim on that pool, what would you do? You will naturally question the person and ask why they did this since this pool is for the common good.

You would question why the person is trying to breach the faith and trust of others. That is exactly what the insurance companies do when somebody raises a fraudulent or extrapolated claim which is beyond the terms of the contract; it questions the validity of the claim. Once we look from this perspective, it helps us understand the true purpose of insurance and how the industry operates. Industry is simply a bigger village; present globally, we have evolved from small groups supporting each other to bigger groups taking care of each other. Insurance is all about collectively building a well-protected society where individuals and communities are supported in adversity. It's time to shift our perception of insurance from fear-driven to community well-being, recognizing it as a valuable tool for securing our future.

TOP

Your health, your wallet: making informed choices using digital resources – Financial Express – 29th September 2023

In today's world, the cost of healthcare continues to rise leaving many individuals and families grappling with hefty medical bills. For those without extensive financial or insurance literacy, navigating the complex healthcare landscape can be a daunting task. However, the digital age has ushered in a wealth of opportunities for consumers to leverage technology and online resources to make well-informed decisions and save on healthcare costs. Individuals can harness the power of health apps and online resources to seek medical advice, compare prices, reduce out-of-pocket expenses and make better choices as to their requirements.

Accessing Medical Advice with Telemedicine
One of the most significant advancements in healthcare technology is the rise of telemedicine. Telemedicine allows individuals to consult with healthcare professionals remotely, eliminating the need for costly office visits. This can be particularly beneficial for routine check-ups, minor ailments, or follow-up consultations. By using telemedicine apps and platforms, consumers can access expert medical advice without the burden of travel time and expenses.

Comparing Prices for Medical Services
Understanding the cost of medical services is essential for making informed decisions about where to seek care. Fortunately, there are numerous online resources and apps that provide price transparency for medical procedures, treatments, and prescription drugs. These platforms enable consumers to compare prices across different healthcare providers and pharmacies, helping them choose cost-effective options.

Avoiding Surprise Medical Bills
Surprise medical bills can be a financial nightmare. They occur when patients inadvertently receive care from out-of-network providers during a medical procedure. To avoid such surprises, consumers can use

online tools that help them verify whether all providers involved in their care are in-network. These resources empower individuals to make informed choices and reduce unexpected expenses.

Utilizing Prescription Savings Apps
Prescription medications can be a significant expense for many individuals. Prescription savings apps and websites provide information on drug prices and discounts available at various pharmacies. Additionally, some apps offer coupons and manufacturer discounts, allowing consumers to access their medications at a fraction of the cost. This is particularly helpful for those without prescription drug coverage.

Managing Health Records Electronically
Online platforms for electronic health records (EHR) allow individuals to manage their medical information securely. These platforms streamline communication between patients and healthcare providers, enabling patients to access their records, test results, and treatment plans. Having easy access to health records empowers consumers to make informed decisions about their care and avoid unnecessary duplicate tests.

Staying Informed about Preventive Care
Prevention is often more cost-effective than treatment. Many health apps and websites equip you with information on healthy lifestyle choices, recommended screenings, and preventive measures, healthy lifestyle choices, and recommended screenings. By staying informed about preventive care, individuals can take proactive steps to stay healthy and reduce the need for costly medical treatments.

Understanding Insurance Options
Online resources also play a crucial role in helping individuals understand their insurance options. Educational websites and apps can explain different types of insurance plans, coverage details, and eligibility criteria. Armed with this knowledge, consumers can select insurance plans that align with their needs and budget, thus avoiding overpayment or underinsurance.

Compare Policies: Compare different insurance policies that offer OPD coverage. Look at factors like premium costs, coverage limits, waiting periods, and any additional benefits.

Read Reviews: Seek out reviews and testimonials from policyholders who have experience with OPD coverage from different insurance providers. Their insights can help you understand the practical aspects of using OPD benefits.

Premium Costs: Consider the premium costs associated with OPD coverage. Make sure it fits within your budget and that you understand any co-pays or deductibles you may need to pay.

Additional Benefits: Some insurance policies offer additional benefits like preventive care coverage, wellness programs, or discounts on health-related services. Explore these extras to get the most value from your policy.

Conclusion
In today's digital era, healthcare consumers have more tools at their disposal than ever before to make informed decisions and save on healthcare costs. By leveraging telemedicine, price comparison tools, prescription savings apps, and electronic health records, individuals can take control of their healthcare journey. Additionally, staying informed about preventive care and understanding insurance options can further empower consumers to make choices that protect both their health and financial well-being.

While technology and online resources have the potential to transform the healthcare experience, it's crucial for consumers to exercise caution and ensure the credibility and security of the platforms they use. By using these tools wisely, individuals can navigate the healthcare landscape with confidence, making choices that are both financially prudent and conducive to their overall well-being.

(The writer is Aniruddha Sen.)

TOP

SURVEY AND REPORTS

BIMTECH's Insurance India report urges governments to climate-proof finances – The New Indian Express – 4th October 2023

Birla Institute of Management Technology (BIMTECH) on its 36th foundation day on October 02, released the Insurance India Report - Series II which highlighted the need for developing insurance markets for climate risk financing. In the chapter on this issue, authored by Arup Chatterjee, Principal Financial Sector Specialist, Finance Sector Office, Asian Development Bank, emphasised that Governments must climate-proof their public finances to avoid an ever-worsening spiral of climate vulnerability and unsustainable debt burdens.

"Targeted taxation can have a real impact when linked to risk reduction and risk transfer activities that private households and firms take. Favourable tax treatment can encourage people to purchase insurance, expand the size of the insurance market, and enhance the ability to pool risk, resulting in lower premiums and less government expenditure after a catastrophe," Chatterjee said. Meanwhile, the report also said that the environmental, social and governance(ESG) criteria can influence an insurer's operations, investment decisions, product offerings and overall brand reputation.

"Embracing ESG can help insurers manage risks better, identify new growth opportunities, and strengthen their brand reputation. It can contribute to the long-term sustainability and success of insurers in a world where stakeholders increasingly value not just financial performance but also social and environmental impact," Bhargava Dasgupta, MD & CEO, of ICICI Lombard General Insurance Company said in the report. Natural catastrophes like floods, cyclones, earthquakes and wildfires can lead to massive insurance claims. Insurers need to consider such environmental risks in their underwriting and pricing decisions. They also have a role in promoting environmental sustainability by providing coverage for green technologies like renewable energy and electric vehicles, as per Dasgupta. According to Dr Abhijit K. Chattoraj, chartered insurer, dean and professor at BIMTECH, the changing profile of insurance buyers will demand more customised products. In the report, he along with Dr Steward Doss, Professor, National Insurance Academy, Pune flagged the lack of research and development by the insurance industry. "In 2030, India will add 140 million middle-income and 21 million high-income households. These demographic changes would drive the demand and growth of the Indian insurance sector. Insurers must understand these changes and develop appropriate business strategies," Chattoraj said. He also added that the revival of Mutuals as insurance companies can be a game changer in promoting micro-insurance to the nooks and corners of the country with community participation.

(The writer is Monika Yadav.)

TOP

Get insured, travel secure. 92% Indians like to go big on travel insurance, finds study – The Economic Times – 30th September 2023

If the consumer study on the international travel behaviour of Indians were to be believed, about 92 percent people intend to purchase travel insurance for their next international trip. In what has emerged as a growing awareness of the importance of safeguarding travel experiences, the survey by ICICI Lombard General Insurance, found that 76 percent of respondents purchased their travel insurance well in advance for their most recent trips.

About 73 percent of those surveyed demonstrated a high level of awareness regarding the importance of travel insurance. Interestingly, the study also found that awareness of travel insurance increased with the progress of the family stage. Among the different customer classes, married couples with children emerged as the highest travel insurance purchasers, with a rate of 78 percent, followed by married couples without children at 67 percent, and singles at 66 percent. For the immediate future, the intention to purchase travel insurance will increase with the family stage – Couples with kids (94 percent), couples with no kids (92 percent) and singles (87 percent).

“It is indeed encouraging to see that travel insurance is no longer an afterthought but a proactive choice for a majority of respondents. Additionally, the correlation between family stages and travel insurance awareness is a noteworthy discovery, demonstrating that individuals are increasingly recognizing the importance of securing their travel plans, particularly as they progress through various life stages,” said Sheena Kapoor – Head Marketing, Corporate Communications & CSR, ICICI Lombard. “We believe these findings will serve as valuable insights to help us further enhance our offerings and continue to be a trusted partner for travellers, ensuring peace of mind during their journeys,” she added.

Travel behaviours and future outlook:

Respondents' travel habits and preferences have also been unveiled in the recent study, shedding light on how various factors influence the way Indians plan and experience international travel. One finding is the connection between the presence of children and the frequency of international trips. It turns out that respondents with kids are more inclined to be frequent flyers, with a significant number taking more than two trips a year. In contrast, among those aged 45 and above, only one in three indulged in such frequent travel.

Interestingly, the study also highlighted how the duration of trips seemed to vary based on travel frequency. Respondents embarking on a single international trip each year tended to enjoy slightly longer vacations, typically spanning around 13 to 14 days. However, those who ventured abroad two or more times annually had shorter trips, averaging approximately 11 to 12 days for their most recent expedition. Singles, on the other hand, exhibited a different travel pattern. The majority of single travellers, around 55 per cent, typically embarked on just one international trip annually.

When it comes to the challenges faced during the planning phase of international travel, the study revealed some intriguing insights. Two in five respondents encountered issues, with married couples without children seeming to face the most problems, with 48 per cent reporting challenges in their planning process.

Diving into the specific issues faced during travel planning, the study found that younger travellers grappled with applying for visas and finalizing bookings, both ranking at 51 per cent in terms of reported issues. In contrast, the middle age group struggled more with airline bookings and the logistics of navigating between cities, with both issues standing at 48 per cent. Surprisingly, travel insurance-related issues were less prominent across both age groups, the study shared.

A recurring challenge that transcended age and booking preferences was the logistics of coordinating travel between cities, emerging as a common issue among international travelers. Looking ahead, the study uncovered the preferences for future travel destinations among respondents. Southeast Asia proved to be the top choice for 47 per cent of those surveyed, followed closely by the Middle East at 40 per cent. One noteworthy revelation was that 71 per cent of respondents believed that their chosen destination will play a pivotal role in determining the need for travel insurance.

TOP

INSURANCE CASES

Insurance firm rejects claim of dengue patient, fined 10,000 – The Times of India – 3rd October 2023

The District Consumer Disputes Redressal Commission has directed a health insurance company to reimburse Rs 4.5 lakh claim lodged by a consumer in respect of the treatment of his daughter, who was diagnosed with dengue fever. The commission, comprising president Sanjeev Batra and members Jaswinder Singh and Monika Bhagat, has also asked the firm to pay a composite cost of Rs 10,000 to the complainant.

As per the complainant, Ishant Passi of BRS Nagar, he had purchased a Rs 7.5-lakh medical insurance policy, valid from March 4, 2018 to March 3, 2019, covering him, his wife Nivedita Passi, and daughter Avni Passi and son Avyukt Passi. He paid a premium of Rs 17,818. The policy was in continuation of the previous policies since 2014.

The complainant stated that Avni Passi fell ill and was diagnosed with dengue fever. She was admitted at CMC Hospital, Ludhiana, on November 29, 2018 and was discharged on December 12, 2018. “I spent over Rs 4.5 lakh on her treatment and submitted the claim along with relevant papers with the opposite parties, who repudiated the claim vide letter dated 28 February 2018 and 7 March 2019, on the ground that the person was suffering from pre-existing disease,” he said, adding that he served a legal notice dated 27 March 2019 upon the opposite parties, but to no avail.

The complainant claimed the repudiation of the claim to be illegal, arbitrary and against the principle of natural justice. He prayed for issuing direction to the opposite parties to pay medical treatment expenses to the tune of Rs 4.5 lakh, along with a compensation of Rs 1,00,000 and litigation expenses of Rs 33,000. The opposite parties, in a written statement, stated that the repudiation of the claim was on the grounds of misstatement of information, suppression of material information and furnishing of false information in proposal form. The opposite parties further stated that the complainant submitted the claim under the policy stating that the insured was treated for dengue from November 21 to December 12, 2018 and the same was rightly repudiated by them on the ground of non-disclosure of material facts.

Court’s verdict

The commission after appreciating the evidence on record remarked: “It appears to be the unilateral decision of the opposite parties and no reasonable opportunity of being heard was afforded either to the insured or to the complainant before cancelling the policy. It is a gross violation of principle of natural justice. So the cancellation of the policy is hereby revoked and it will be deemed to be in operation for all intents and purposes during the period of its validity. Therefore, in our considered view, the repudiation of the claim on the basis of non-disclosure of pre-existing diseases could not have been made a ground to reject the claim and cancel the policy on this ground cannot be sustained in the eyes of law. The insurance companies are required to be more liberal in their approach without being too technical.”

It observed that the complainant has raised a claim of Rs 4.5 lakh vide bills and in the given set of above said facts, it would be just and appropriate if the repudiation/cancellation letter issued by the opposite parties is set aside and thus, it is directed to settle and reimburse claim lodged by the complainant in respect of the treatment of his daughter.

TOP

Insurance firm to pay for stolen 'unregistered' vehicle – The Times of India – 3rd October 2023

The state consumer commission has ordered an insurance company to compensate a policyholder whose vehicle was stolen shortly after purchase in 2017. At the time of the theft, the two-wheeler had not been registered with the road transport department. The district consumer commission initially ruled in favour of the consumer, which was challenged by the insurance company at the state commission. Now, the state commission has ordered the insurance company to pay 75 percent of the claim to the policyholder. On October 17, 2017, Haridwar resident Abhishek Arya bought a two-wheeler for Rs 51,357 and got it insured by New India Assurance Company Limited. On November 2, the vehicle was stolen. Arya filed an FIR and notified the insurance company. However, his claim was not settled, leading him to file a complaint with district commission, which ruled in his favour in June 2019. Pankul Sharma

The district consumer disputes redressal commission has ordered an insurance company to pay Rs 10,000 to a customer for not settling her insurance claim after a fire incident in her factory. The customer had her machinery insured through her bank, but the insurance company refused to honor the claim, stating that the policy had expired. The commission directed the company to settle the claim within 30 days or pay interest on the settled amount.

The district consumer disputes redressal commission has ordered a life insurance company to pay Rs 10,000 to a woman whose insurance claim was repudiated after her husband died of cardiac arrest. The commission also directed the insurance firm to reimburse the claim and awarded the complainant compensation for mental pain and harassment. The opposite party claimed that the policyholder had concealed a chronic renal disease, but the commission found the repudiation unjustified.

The number of crop insurance policies issued in Maharashtra exceeds the number of registered farmers, according to state agriculture minister Dhananjay Munde. The state has around 1.10 crore registered farmers, while 1.17 crore crop insurance policies have been issued. The government has started offering crop insurance for a nominal premium of Re 1, leading to a massive response. Insurance companies will pay 25% of the sum assured upfront before assessing damages, and the state government will provide additional compensation based on disaster relief funds. The government is also monitoring losses due to the yellow mosaic virus affecting soybean crops.

TOP

Policyholders are increasingly taking insurance companies to consumer court: comprise 27% of cases in 2022 – The Economic Times – 3rd October 2023

The Department of Consumer Affairs has taken proactive measures to resolve cases in consumer courts, prompting individuals to reach out to the concerned regulatory body with their grievances. As a result, the inflow of appeals has increased, doubling the total number of pending cases between April-July, 2022 and August-November, 2022.

Notably, out of the 5,78,061 pending cases, a staggering 1,61,134 are related to the insurance sector, indicating a state of chaos within the industry. These numbers also signal a steep rise in the resoluteness of the consumers to seek redressal in case of claim rejection or discrepancy with the cover amount. The growing consumer awareness backed by the efforts of the Insurance Regulatory and Development Authority of India (IRDAI) is strengthening consumer advocacy in the insurance sector.

The government recently flagged a few crucial issues before the IRDAI and asked the regulator to address them quickly to lower the number of cases held with the consumer court. A lack of transparency in insurance contracts, rigid terms and conditions, claim rejections due to pre-existing diseases, and tying crop insurance claims' success with central schemes were highlighted as a few issues in the sector. This prompted IRDAI to simplify the grievance redressal process to offer suitable quick solutions to policyholders. Additionally, the government plans to develop a reliable grievance redressal process to help settle policyholders' claims faster and encourage them to seek timely redress. The Department of

Consumer Affairs suggested insurance companies implement the following measures to protect consumer's interests and help them in these ways.

Keep insurance policy documents' language simple for transparency
The policy documents need to be more transparent by writing the terms and conditions in simple language so that the layman can understand the wording easily. Using simple words and local language has been further encouraged to facilitate a better understanding of the insurance policy's terms.

Mention exclusions clearly to avoid confusion
Policy exclusions must be written in readable fonts to avoid confusion related to policy exclusions or the claim process, lowering the risk of claim rejection. Insurers must avoid using technical words and jargon and claim rejection. Insurers must avoid using technical words and jargon and always explain the policy terms to the policyholders before they sign on the dotted line. This will help policyholders understand the terms and limitations of their chosen policy and will help them make an informed decision about a policy.

Avoid multiple hearings to avoid cases from piling up
Insurers are also encouraged to set up intermediary management services and utilise information technology to settle insurance cases internally between the policyholder and the insurance company quickly and avoid multiple hearings. This step could ensure speedy settlements and offer consumers proper solutions within two weeks. Putting these into practice can safeguard the interests of policy buyers, including their right to be fully informed about their policies and claims. The increased efforts encourage individuals to seek redressal when they feel the insurer is not meeting their policy needs.

Conclusion
The growing need for consumer advocacy could help policyholders access timely support to hold insurance providers accountable when they fail to deliver their service. A widespread awareness in the insurance sector can help consumers resolve claim settlement or coverage issues more effectively.

(The writer is Shilpa Arora.)

TOP

PENSION

Govt. maintains GPF rate at 7.1% - The Hindu – 4th October 2023

The government has retained the interest rate on General Provident Fund (GPF) savings at 7.1% for the October-December quarter, the 15th successive quarter that it has maintained status quo for rates paid out on government employees' retirement savings. The Finance Ministry on Wednesday notified the 7.1% rate, which is also applicable for other provident funds for government employees, including those serving in the Railways and the Armed Forces.

The GPF rate was last tweaked in the first quarter of 2020-21, when it was slashed from 7.9% to 7.1%. While the rates on select small savings schemes have been raised for five successive quarters, the return on the popular Public Provident Fund (PPF) has been left untouched at 7.1% since the first quarter of 2020-21.

Last week, the government had retained the interest rates offered on 11 of 12 small savings schemes for this quarter at the same levels that prevailed in the previous quarter. The returns on five-year recurring deposits alone have been raised to 6.7% for this quarter, from 6.5% in the July-September period.

TOP

Centre may unveil pension guarantee for staff before polls – Financial Express – 3rd October 2023

The Centre is likely to unveil a new pension model for its staff before the start of state assembly elections in November, guaranteeing a decent amount of pension under a workable formulation, a senior official said. The scheme will be jointly "funded" by the employees, and the guarantee could depend on actuarial analysis factoring in the longevity of retirees and their contributions.

Analysts believe that 35-40% guarantee would be feasible by tweaking the current structure of National Pension System (NPS), a nearly two-decade old scheme that is based on the concept of defined contribution.

A guarantee option of 50% of the last salary drawn could also not be ruled out, the source said, but it might involve substantial additional cost to the government and the employees. Unlike the Old Pension Scheme (OPS) where benefits are defined and fully adjusted to inflation on an annual basis, the pension for the government staff under the proposed formula will adjust for inflation only every five or ten years, due to fund constraints, the source indicated.

"The government may announce pension guarantee for its staff by November," he said. State elections for five states including Rajasthan, Madhya Pradesh, Chhattisgarh and Telangana are slated to be held in November-December. However, the government might refrain from rolling out any new big-ticket schemes, ahead of the assembly and general elections, and instead would continue to focus on targeted interventions for the welfare of the lower strata of the population.

"We have not heard any discussion on any major new schemes. The government is instead focused on achieving saturation of existing welfare schemes and is undertaking some targeted interventions wherever the need is felt," another official said. In the last couple of months, the Centre has announced several interventions such as Rs 13,000-crore PM Vishwakarma scheme and the extension of free LPG connections to additional beneficiaries.

The government staff under NPS constitute a small part of the electorate with 8.7 million employed by the Centre and states. The government's move on guaranteed pension comes after many Opposition-ruled states luring voters by returning to the fiscally unsustainable OPS.

Sources said the top echelon of the government is seized of the matter a decision in this regard based on the recommendation of the Finance Secretary-led panel is expected before the upcoming assembly elections. Punjab, Rajasthan, Jharkhand and Chhattisgarh returned to OPS last year.

Under the non-contributory OPS (for pre-2004 staff), a government employee is entitled to 50% of her last salary as a pension if she has completed 33 years of uninterrupted service. Employees with uninterrupted service of more than 10 years and less than 33 years are entitled to pension on a pro-rata basis. Also, their pension gets inflation-adjusted twice a year.

According to extant NPS norms, a minimum of 40% of the accumulated NPS corpus from contributions during a person's working years (the government and staff contribute 14% and 10% of pay, respectively) must be invested in annuities to generate a monthly pension, which is linked to annuity returns and not guaranteed. The balance of 60% can be withdrawn, which is tax-free. These features might undergo changes if the pension guaranteed options are given to the staff.

(The writer is Prasanta Sahu.)

TOP

EPFO extends deadline to upload details by employers for higher pension option by 3-month till Dec 31 – Financial Express – 29th September 2023

Retirement fund body EPFO has given three more months until December 31, 2023, to employers for uploading wage details regarding pension on higher wages. The deadline for uploading wage details which was ending on September 30 has been extended following representations from Employers & Employers' Associations, according to a labour ministry's release. "Now, again many representations have been received from Employers & Employers' Associations wherein requests have been made to extend further time period for uploading wage details of applicant pensioners / members. 5.52 lakh Applications for Validation of Option / Joint Options are still pending with employers, as of September 29, 2023," the labour ministry said.

Therefore, the request has been considered sympathetically and the Chairman, Central Board of Trustees has extended the time, for the employers to submit wage details etc till December 31, 2023. In view of representations received from Employers & Employers' Associations wherein requests were made to extend time period for uploading wage details of applicant pensioners / members, the employers were also given further period of three months to submit wage details etc. online latest by September 30, 2023, it noted.

As many as 17.49 lakh Applications for Validation of Option / Joint Options have been received from pensioners / members till July 11, 2023. Earlier an online facility was made available by the Employees' Provident Fund Organisation (EPFO) for submitting Applications for Validation of Option /Joint Options for pension on higher wages, a labour ministry statement said. According to the statement the facility was for eligible pensioners / members in compliance with the Supreme Court order on November 4, 2022.

The facility was launched on February 26, 2023, and was to remain available only till May 3, 2023. However, it stated that considering the representations of the employees, the time limit was extended to June 26, 2023 in order to provide complete four months' time to eligible pensioners / members for filing applications. A last opportunity of 15 days was further given to remove any difficulty faced by the eligible pensioners/ members. Accordingly, the last date for submission of Applications for Validation of Option / Joint Options by employees was extended to July 11, 2023.

TOP

GLOBAL NEWS

Australia: Proportion of automatically renewed home insurance policies drops – Asia Insurance Review

As Australians have faced increasing cost of living pressures over the last two years, fewer are automatically renewing their household insurance policies while an increasing number are approaching other insurers and considering switching compared to two years ago, indicate new data from market research company Roy Morgan. In the year to June 2023, only 66.1% of the 29m household insurance policies were renewed without even approaching another company, down from 66.5% in the year to June 2022 and down from 67.2% in the year to June 2021 – a decline of 1.1% points over the last two years.

Over a fifth of household insurance policies, 23.2%, were renewed after approaching other companies, up 1.1% points from a year ago. There is also an increasing market for new entrants to the market with 4.3% of household insurance policies taken out for the first time, up 0.4% points from two years ago. These are some of the latest findings from Roy Morgan's Single Source insurance data derived from in-depth personal interviews conducted with over 60,000 Australians per annum.

Some insurers have above average automatic renewals

Analysing the company-specific data on household insurance closely shows that some companies are performing far better than others at securing automatic renewal of policies.

The four brands which have the highest proportion of automatic renewals for household insurance policies include RAC, RACV, CGU and APIA. These four brands have automatic renewal rates of over 70% of their policyholders. This is over 5ppt above the market average of 66.1%.

Switching
Ms Michele Levine, CEO of Roy Morgan, said, "The latest Roy Morgan data on household insurance policies show that in the year to June 2023, over 8.2m household insurance policies were at risk of being switched to another provider, up from around 7.2m two years ago. In the pre-pandemic period in the year to March 2020, just under 3.7m household insurance policies were at risk of being switched.

"Of the 8.2m at-risk policies in the household insurance market, the vast majority, around 6.4m, were eventually renewed with the same company. However, this does leave over 1.8m household insurance policies that were eventually switched.

"As these figures show the number of policies at risk of being switched jumped significantly during the pandemic and has continued to rise since as Australians grapple with a rising cost of living caused by high inflation and increasing interest rates."

Ms Levine added, "The big increase in Australians considering switching their household insurance providers during the pandemic has not returned to pre-pandemic levels but has continued to rise as the economic uncertainty has increased and the competitive forces in the industry have intensified."

She also said, "The financial stresses facing millions of Australians present an opportunity for nimble and innovative insurance companies to tailor their product offerings to those looking for a better deal and potentially sign up a customer who is looking to adjust their insurance policies to better suit their changing financial circumstances."

TOP

Pakistan: Insurance market posts gross premiums that reach nearly US$2bn in 2022 - Asia Insurance Review

The Pakistani insurance industry grew by 28% in terms of gross premiums in 2022, according to the report "Insurance Industry Statistics 2022" released by the Securities and Exchange Commission of Pakistan (SECP). The report says that gross premiums rose to PKR553bn ($1.94bn) in 2022 from PKR432bn in 2021. The life insurance sector accounted for 68% of the total gross premiums written, while the non-life sector accounted for 32%.

Claims paid increased by 26% to PKR276bn in 2022, compared to PKR218bn in 2021. The insurance industry's total assets increased by 14.5% to PKR2,421bn as of 31 December 2022. The inflation rate in Pakistan in 2022 was 19.9%.

Long-term strategic direction to be set
Insurance Commissioner Mr Aamir Khan said in a message in the report, "SECP remains steadfast in its commitment to not only address the pressing issues but also nurture an environment ripe for sustainable growth and innovation in the insurance landscape of Pakistan. We are closely collaborating with all stakeholders to chalk out a mutually agreed long-term strategic direction to strengthen the entire insurance ecosystem."

He said that the challenges faced by the industry included the lack of implementation of motor third-party liability insurance, lower uptake of agriculture and livestock insurance, ambiguous taxation, limited local reinsurance capacity, immature digital distribution channels and scarcity of quality human resources.

He indicated that the increase in 2022 in gross premiums was largely due to the Sehat Sahulat Programme in the life sector and the impact of inflation on the non-life sector. The Sehat Sahulat Programme is a social health insurance initiative launched by the government in 2019 to provide free healthcare services to the underprivileged segment of the country.

“Despite the challenges posed by the economic environment, data clearly indicates that the potential for growth of the insurance sector across the country is immense. Disruptive events including an increasing number of natural disasters and economic disruptions from pandemics will continue to increase demand throughout this sector,” Mr Khan said. There were 42 insurance entities operating in Pakistan as of the end of 2022. The number comprised 8 life insurers, 28 non-life insurers, 3 family takaful operators, 2 general takaful operators and one insurer. The “Insurance Industry Statistics of 2022” is available on the SECP’s website.

TOP

South Korea: Non-life insurance market growth expected to be boosted by most business lines - Asia Insurance Review

The non-life insurance market in South Korea has been demonstrating resilience over the last few years, and its premium volume is expected to grow by 4.4% to KRW125.4tn ($92.5bn) in 2023, according to a blog posted on the website of Korean Re. The growth will be supported by most lines of business including long-term personal accident and health insurance, general property and casualty (P&C) insurance, motor insurance, and retirement annuities, Korean Re says.

Individual annuity premiums will continue to decline, but the pace of decline is expected to slow down. Excluding retirement annuities, premium growth is forecast at 4.1% in 2023, with total premiums of KRW101.6tn.

The performance of various branches of business is expected as follows:

Long-term insurance is projected to grow by 4.8% in 2023, driven by personal accident and health insurance as well as driver insurance. The growth of long-term savings insurance premiums is likely to be limited, as insurers remain focused on marketing protection products.

Motor insurance is projected to slow down further, growing by 1.2% in 2023, due to a decrease in premium rates amid the stabilisation of loss ratios. The rise of usage-based insurance and the growing popularity of online distribution channels that usually offer lower prices are also putting downward pressure on premium income growth per policy.

General P&C insurance will remain a strong driver of non-life insurance growth, although it still accounts for a small portion of the entire non-life market. Its premiums are expected to grow by 7% in 2023, with solid growth momentum coming from the casualty lines of business.

Liability insurance will continue to boost the casualty market, which is expected to expand by 8.5%, amid an increased awareness of the importance of liability protection for companies and the expansion of compulsory insurance.

The growth of marine insurance is set to decelerate, but increasing trade flows and shipbuilding orders will allow marine insurance to maintain positive growth.

Fire insurance premiums are poised to grow by 2%, thanks to growing demand from households.

Retirement annuity

The retirement annuity market in Korea is on track to keep growing. As the country’s 65-and-older population is growing rapidly, the demand for annuity products is rising. Strong growth will be particularly pronounced among life insurers, with their retirement annuity premiums projected to grow by 15.4% in 2023. Non-life insurers are expected to show a slower growth of 6% in retirement annuity premiums primarily due to the base effect of an unusually high growth rate in the prior year.

However, there is a higher level of uncertainty surrounding growth projections for the retirement annuity market due to a substantial portion of premium contributions being made toward the end of the year.

Several upside factors fuel the growth of the overall retirement annuity market, such as rising credited interest rates, the expansion of the individual retirement pension (IRP) sector, growing awareness of retirement income planning, and an increase in tax benefits for retirement pension contributions. On the other hand, insurers are facing downside factors, including intensified competition from other financial sectors and capital burdens for annuity reserves.

TOP

South Korea: Insurance market expected to see premiums dip in 2023 - Asia Insurance Review

The insurance market in Korea is expected to decline by 0.7% in 2023 compared to an increase of 11.6% in 2022, with total premiums projected to reach KRW250.9tn ($186bn), according to a blog on the website of Korean Re. The blog, citing a revised outlook report released by the Korea Insurance Research Institute, says that the life insurance market is forecast to contract sharply due to a decline in savings and investment-type insurance.

The non-life insurance sector is likely to moderate from an unusually high growth rate in the previous year, but positive growth will be sustained on the back of general property and casualty (P&C) insurance as well as long-term insurance. This revised outlook reflects a gradual economic recovery and increasingly intense marketing competition among insurers, presenting higher growth estimates for 2023 compared to the previous forecast made in October 2022. However, the insurance market outlook remains uncertain due to the high levels of uncertainty surrounding the current economic and financial market environment.

With macroeconomic and financial market uncertainty set to prevail, insurance companies will maintain a vigilant watch over economic conditions, such as interest rates, inflation, GDP growth, and household indebtedness. Long-term interest rates are expected to be slightly higher in the second half of 2023 compared to the first half. Even though inflation has moderated in recent months, it remains to be seen whether the trend will continue.

TOP

COI TRAINING PROGRAMS

Mumbai – Training Programs – October - December 2023

Program Name	Program Start Date	Program End Date	Fees For Residential + 18% GST	Fees For Non-Residential + 18% GST
Health Insurance: Medical Management and Fraud Control - CT Mumbai	26/10/2023	27/10/2023	10000	7200
Risk Inspection & Management for Risk Engineers - CVT Mumbai	26/10/2023	27/10/2023	3000	3000
Insurtech and Digital Marketing-CT Mumbai	30/10/2023	31/10/2023	10000	7200
Agriculture Insurance for Surveyors-CVT Mumbai	03/11/2023	03/11/2023	NA	1500
Underwriting and Valuation Surplus in Life insurance Companies-CT Mumbai	06/11/2023	07/11/2023	10000	7200
Challenges in Miscellaneous Insurances - CT Mumbai	06/11/2023	07/11/2023	10000	7200
Challenges in Fighting Fraud - Motor OD Insurance-CT Mumbai	07/11/2023	08/11/2023	10000	7200
Engineering Insurance: Focus Project Policies-CT Mumbai	22/11/2023	23/11/2023	10000	7200

Certified Insurance Anti-Fraud Professional (CIAFP)-CVT Mumbai	22/11/2023	24/11/2023	NA	7500
Crop Insurance: Focus- PM Fasal Bima Yojana - CT Mumbai	28/11/2023	29/11/2023	10000	7200
Resource Building for Growth and Sustainability-CT Mumbai	01/12/2023	02/12/2023	10000	7200
Basics of Aviation Insurance-CT Mumbai	01/12/2023	02/12/2023	10000	7200
Retail Marketing for General Insurers - CT Mumbai	07/12/2023	08/12/2023	10000	7200
Financial Reporting and Analysis (Life) - CVT Mumbai	07/12/2023	07/12/2023	NA	1500
Workshop on Communication & Presentation Skills (Life) - CT Mumbai	11/12/2023	12/12/2023	10000	7200
Challenges in Travel Policy and PA Claims - CVT Mumbai	12/12/2023	12/12/2023	NA	1500
Compliance Management for Principal Officers of Corporate Agents-Banks - CVT Mumbai	14/12/2023	14/12/2023	NA	1500
Life Insurance Claims Management, Legal and Regulatory Issues - CT Mumbai	18/12/2023	19/12/2023	10000	7200
Liability Insurance: Focus Cyber & Crime - CT Mumbai	18/12/2023	19/12/2023	10000	7200
Compliance Governance and Risk Management (IRCC) - CVT Mumbai	20/12/2023	22/12/2023	NA	7500

Kolkata – Training Programs - October - December 2023

Program Name	Program Start Date	Program End Date	Fees For Residential + 18% GST	Fees For Non-Residential + 18% GST
Handling cust. Grievance,Cases before Ombudsman,Consumer Cases,Mediation and Arbitration-CVT Kolkata	03/11/2023	03/11/2023	NA	3000
Handling cust. Grievance,Cases before Ombudsman,Consumer Cases,Mediation and Arbitration-CT Kolkata	03/11/2023	03/11/2023	5000	3600
Managing Marine Hull,Oil and Energy Insurance:Underwriting & Claims - CVT Kolkata	20/11/2023	21/11/2023	NA	6000
Managing Marine Hull,Oil and Energy Insurance:Underwriting & Claims - CT Kolkata	20/11/2023	21/11/2023	10000	7200
Managing Project & Engineering Insurance - Underwriting and Claims-CVT Kolkata	22/11/2023	24/11/2023	NA	9000
Managing Project & Engineering Insurance - Underwriting and Claims-CT Kolkata	22/11/2023	24/11/2023	15000	10800
Financial & Investment Management in Life Insurance-CVT Kolkata	23/11/2023	23/11/2023	NA	3000
Package Policies for Business Insurance:For SMEs,Traders,Jewellers and Bankers-CVT Kolkata	28/11/2023	29/11/2023	NA	6000

Package Policies for Business Insurance:For SMEs,Traders,Jewellers and Bankers-CT Kolkata	28/11/2023	29/11/2023	10000	7200
Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO-CVT Kolkata	19/12/2023	20/12/2023	NA	6000
Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO-CT Kolkata	19/12/2023	20/12/2023	10000	7200
New Vistas in Life Insurance Underwriting-CVT Kolkata	20/12/2023	20/12/2023	NA	1500

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