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INSUNEWS - WEEKLY E-NEWSLETTER

31ST AUGUST – 6TH SEPTEMBER – 2024

QUOTE OF THE WEEK

"If you want to lift yourself up, lift up someone else."

BOOKER T. WASHINGTON

Insurance Term for the Week

CREDIT LIFE INSURANCE

This is a special type of coverage usually designed to pay off a loan or charge account balance if the policyholder dies. Some lenders or sellers may require credit life insurance before they will approve a loan. If credit life is required, the lender or seller cannot require the policyholder to purchase it from them or a particular insurance company. If the policyholder has an existing life policy, the creditor has to accept an assignment of benefits under their existing policy instead of requiring them to purchase a credit life policy. Credit life insurance premium rates for loans of 10 years or less are regulated by TDCI, but premium rates for loans that are more than 10 years old are unregulated.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Revolutionising insurance: How machine learning is driving personalised policy solutions – Express Computer – 5th September 2024

The insurance sector is in the midst of a profound transformation, with technology driving the change and reshaping its future. At the center of this shift is the Insurtech industry, which is increasingly relying on machine learning (ML) to enhance policy design, improve the accuracy of risk assessments and other range of issues. The shift from traditional models to data-driven decision-making marks a significant leap forward for the industry.

ML doesn't just improve customer offerings; it also automates routine tasks like document processing, compliance checks, and customer communication. By automating these processes, it frees up brokers to focus on more strategic, value-driven activities. Probus, a leading name in the industry, has embraced this technology to boost operational efficiency and deliver tailored, proactive services. In today's rapidly evolving digital environment, adopting ML is no longer an enhancement—it's a necessity for staying competitive.

Machine learning algorithms can analyze vast datasets from a wide range of sources, including demographic information, behavioral data, social media activity, medical records, and even inputs from Internet of Things (IoT) devices such as fitness trackers. By processing this data, insurers can identify patterns, anticipate customer needs, and assess risks with greater precision. This allows them to craft policies tailored to individual clients, offering relevant coverage at competitive prices.

One of Probus' standout applications of AI is its automated renewal reminders, which are crucial for maintaining continuous coverage and avoiding penalties. By sending renewal alerts to partners well in advance of the due date, Probus ensures that stakeholders can engage with clients early, leading to better retention rates and enhanced customer satisfaction. The proactive approach strengthens client relationships and ensures policies remain active, ultimately securing continuous protection for policyholders.

Another area where Probus excels in applying machine learning is vehicle inspection and damage assessment. In the past, evaluating car damage and estimating repair costs involved manual inspections, which were time-consuming and often inaccurate. Probus uses machine learning to analyze images and data, resulting in faster and more accurate damage assessments. This innovation is particularly beneficial in the Indian market, where quick and reliable service is vital. The technology not only improves the efficiency of the claims process but also enhances the overall customer experience by providing more accurate and transparent repair estimates.

ML is also transforming the claims process, which has long been seen as cumbersome due to the multiple investigations, paperwork, and back-and-forth communication involved. Additionally, machine learning algorithms can detect patterns that signal fraudulent claims. By analyzing irregularities in documents or identifying unusual behavior patterns, insurers can flag suspicious claims early on, reducing the risk of fraud. The combination of faster claims processing and enhanced fraud detection not only improves customer satisfaction but also helps insurers manage risk more effectively.

Looking ahead, the adoption of machine learning in Insurtech will continue to drive the industry toward greater personalisation, efficiency, and customer focus. The ability to offer bespoke insurance solutions, improve underwriting accuracy, and refine pricing models will become increasingly important as consumer expectations evolve.

Probus is leading the charge by integrating advanced technologies into its operations, setting a new standard for customer satisfaction and operational excellence. Its forward-thinking approach highlights the importance of anticipating challenges, offering personalised services, and ensuring seamless operations in a rapidly digitalising world. By leveraging machine learning to deliver more relevant, timely, and accurate services, Probus is redefining what it means to succeed in the insurance industry.

As the industry continues to evolve, companies that invest in machine learning and similar technologies will be better positioned to meet the demands of modern consumers. The future of insurance lies in the ability to adapt to changing market conditions while keeping the customer at the heart of every decision. Probus' pioneering use of machine learning underscores the importance of maintaining a competitive edge in this dynamic landscape, setting a benchmark for the entire industry to follow.

TOP

GSTN to roll out invoice management system from October 1; details here – Live Mint – 3rd September 2024

The GST Network will introduce the Invoice Management System (IMS), which will assist taxpayers in matching their records and invoices with those issued by their suppliers to ensure they claim the correct Input Tax Credit (ITC), on October 1.

"To enable taxpayers to efficiently address invoice corrections/amendments with their suppliers through the portal, a new communication process is being brought at portal. This will also facilitate taxpayer in matching of their records/invoices vis a vis issued by their suppliers for availing the conett Inpul lax Crocit (IC), GSTN is in the process of developing a new functionality called Invoice Management System (INS) which will allow the recipient taxpayers to either accept or rejecl an unvoice of to keep it pending in the system, which can be availed later," GSTN said in a circular.

In an advisory to Goods and Services Tax (GST) payers, GSTN said to enable taxpayers to efficiently address invoice corrections/amendments with their suppliers through the portal, a new communication process called the IMS is being launched.

"This will also facilitate taxpayer in matching of their records/ invoices vis-a-vis issued by their suppliers for availing the correct ITC," GSTN said.

IMS will allow the recipient taxpayers to either accept or reject an invoice or to keep it pending in the system, which can be availed later.

This facility shall be available to the taxpayer from October 1 onwards on the GST portal.

"This facility shall be available to the taxpayer from 1st October onwards on the GST *Now, only the accepted invoices by the recipients would become part of their GSTR-2B as their eligible ITC. Therefore IMS will provide the taxpayers an opportunity to review the genuineness and authenticity of the received invoices. Once the suppliers save any invoice in GSTR 1 / IFF / 1A /the same invoice would be reflected in the IMS dashboard of the recipient," GSTN added.

Moore Singhi Executive Director Rajat Mohan said by maintaining a detailed record of all actions taken on each invoice, the IMS creates a robust audit trail that is invaluable during GST audits. This feature provides tax authorities with clear evidence of the recipient's due diligence in managing ITC claims, potentially simplifying the scrutiny process.

TOP

Long-term projects should be funded through debt market: Sanjiv Bajaj – Business Standard – 3rd September 2024

Banks are ill suited to lend for long-term projects and their funding should ideally come from the debt market through insurance and pension money, said Sanjiv Bajaj, MD, Bajaj Finserv on Monday.

Speaking at a CII event in Mumbai, Bajaj said, "There is no reason why banks should be lending for long term projects. They are actually ill suited as there is a mismatch between assets and liabilities. This has to come from the debt market through insurance and pension money."

Bajaj also highlighted that insurance and pension businesses in the country are very small, restricted by limitations on how to invest for the long term. He added that while India has a large stock market, its larger capital markets are under-grown.

"Our bond markets have a long way to go. We need to do this by facilitating new products, bringing in additional industry participants into it," he said.

Bajaj emphasised that India needs much greater spread of financial services, whether its banking products, insurance products, mutual funds, pension products, etc.

"We need to ensure these permeate all across the country," he said, adding that there needs to be a greater harmony between various regulators to ensure that the policies are robust and allow for innovation, and are aligned.

According to Bajaj, the financial sector plays a very important role in the economy, whether it is banks, insurance companies, asset management companies, over the years have helped India's economy grow from about $300 billion to $3.5 trillion that it is today. Also, in the last decade or two, a number of Indian firms have not only built scale but have also gone global.

"We have to ensure that there are many more financial services institutions that can match them in scale, capability, and ambition," he said. He also highlighted that India's credit to GDP is in the mid-30s, while that for the US and UK are between 70-80 per cent. "Our biggest growth engine is the MSME sector, it accounts for 30 per cent of GDP and yet the access of formal financial credit is available to less than 15 per cent of MSMEs, and that means there is a gap of Rs 22 – 25 trillion credit to the sector," Bajaj said. He also cautioned that while it is important to give greater access to credit, it has to be also ensured that the credit availability comes with the right quality.

The writer is Subrata Panda

TOP

Centre may Double Cover Under 2 Insurance Plans – Live Mint – 2nd September 2024

In the run-up to the high-stakes state assembly elections, the central government is likely to more than double the amount covered under its flagship life and accident insurance schemes, according to two persons aware of the development.

The government proposes to offer a life cover of ₹5 lakh, up from the present limit of ₹2 lakh, under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), the people said on the condition of anonymity. PMJJBY is one of the largest life insurance programmes to be introduced by the government, and it provides insurance coverage to more than 200 million subscribers. The government's plan also involves enhancing the cover provided under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) from the current ₹2 lakh to ₹5 lakh to the insured persons in the case of death or disability caused by accident. As of 31 July, enrolments under the scheme stood at 453.6 million.

The push to increase coverage is part of the government's "insurance for all by 2047" initiative. While the number of insurers in the country rose from 53 to 70 over the past 10 years, India's insurance penetration—or percentage of premium to GDP—of 4 percent is still lower than the global average of 6.8 percent.

"The changes are being considered with a view to address the issue of protection gap in the insurance cover. Higher coverage will provide the requisite amount required by an insured or a dependent in meeting the financial obligations. The thinking is that a ₹5 lakh cover under the schemes would help to bridge this protection gap substantially," said the first of the two persons quoted above.

Queries emailed to the ministry of finance and to the secretary, department of financial services, remained unanswered till press time.

Discussions on to raise coverage

The officials cited earlier said discussions are already under way to raise coverage under the two schemes. Individuals will have the option to either take the higher cover on paying increased premium or continue with the existing ₹2 lakh coverage—at a premium of ₹20 per annum per member of a family for PMSBY, and ₹436 per annum per member for PMJJBY.

The premium payable under expanded schemes is yet to be worked out as the government would discuss it with public and private insurers and distribution platforms such as banks and post offices. However, the second person quoted earlier said, the effort would be to keep premiums low even with higher coverage to bring more people under insurance.

"More inclusive policies will contribute towards making insurance coverage more ubiquitous, in addition to addressing the growing and evolving needs of the nation," said Rahul Singh, founder, InsurMonthly, a Bangalore-based health and wellness platform that widely distributes and services government-backed insurance products.

"Wider inclusions and improved coverage under PMJJBY and PMSBY will make these schemes more attractive and significantly help the uninitiated and underprivileged sections of the society, while helping mitigate the concerns of adequacy of coverage in times of need," he said.

Centre's Insurance Schemes

PMJJBY, PMSBY and APY (Atal Pension Yojana) were launched by Prime Minister Narendra Modi on 9 May, 2015. PMSBY is a one-year personal accident insurance scheme, renewable from year to year, offering protection against death or disability due to accident. The total amount payable in case of death in an accident is ₹2 lakh, while the payout in case of disability caused by an accident ranges from ₹1-2 lakh. The scheme is available for individuals between the age of 18 and 70 with bank accounts and the premium for the scheme will be deducted from the savings account of the insured.

PMJJBY offers life cover for death of the insured. It is offered through Life Insurance Corp. of India and other life insurers and banks that are willing to offer the scheme on similar terms. Indian residents between the age of 18 and 50 who hold a bank account are eligible to enroll in the scheme.

The writer is Subhash Narayan

TOP

Pay-as-you-go insurance: A boon for Indian consumers? – Financial Express – 31st August 2024

Is pay-as-you-go insurance a boon for Indian consumers? Well, this is a loaded statement.

Whether it's a boon or not so, requires closer examination of key aspects of how insurance works, what drives its cost and which factors influence the user experiences and the eventual customer delight.

First, let's understand what's Pay-as-You-Go Insurance (PYGI)?
It's a mode of coverage, where you need to pay for only the time it's used, like your water or electricity bills. The most common example of PYGI is travel insurance.

You take pay-as-you-go travel Insurance only when you take a flight and not while you are on the ground. Similarly, you may take overseas health cover when you are travelling abroad. Why so? Because you perceive the risk of losing bags or falling sick while traveling is high and worried that the expenses of health care or missed flights in a foreign land are too painful.

This means the probability of an adverse factor occurring as well as the intensity of pain of such adverse events is perceived to be high, which drives your decision to buy travel insurance.

Now, please appreciate both probability and intensity of pain, are the key things that drive the need for insurance from a customer perspective. Where both these factors are high, the cost of insurance goes up and where it's less, premiums charged are lower.

In a long journey of life, people meet with many adverse events. They do not know when and how exactly they could fall victim to such events. Insurance companies can cover these uncertain adverse events and still make some money, only when things are less probable so that they don't end up paying more than what their claim reserves could withstand. If the probability is high, that means there will be a greater number of people who claim than what is estimated, and insurers end up in huge losses, unless they rate up their premiums steeply. This is the reason why, high probable risks (home insurance for people living in river beds, health insurance for people with critical illnesses) are routinely denied, because they are sure ways for the insurance companies to go belly up.

What does all this have to do with Pay-as-You-Go Insurance (PYGI)?
In PYGI, customers intuitively choose a "high probable" moment to pay for insurance and they will avoid paying when the moment passes. This means, in PYGI, by design the underlying risks are higher in the pool of policies the insurance company covers. So, naturally, Insurers have to charge higher premiums for those short periods of high-risk moments. Is this a boon for customers? Yes and No.

Yes, because even if the short-period PYGI costs are proportionately high, still overall the customer saves money than covering the full year where only few moments could be high risk. The example of travel insurance underscores this point. Why will anyone should take an annual travel insurance cover when he/she likely to take only one or two trips abroad in a year? It makes sense only to cover those trips than the whole year.

If this logic is applied to car insurance, you pay for insurance only when you take the car on the roads but not while it is in the parking lot. Just like toll, you pay car insurance too for the rides you go on expressways, where the probability of accidents may be higher.

So, it's a boon for the customer, right? Well, this could also cause some problems for the customers. Imagine, he/she forgets to activate the car insurance before going on a road trip. Insurance may not be at the top of your mind when you plan to go on a long drive with the family. Forgetfulness, and too much selection in choosing when to activate PYGI ("I will take only when I am crossing 100 km speed") can negate the feeling of overall security a person should enjoy for a hassle-free life.

So, in essence, use PYGI rationally, do not expect to save a few rupees second-guessing when you need it the most. The journey of life is too unpredictable for average customers to don the hat of actuaries. Like in stock markets, the best advice is to stay invested and not try to time the market. In insurance too, staying insured for longer periods may not be a bad idea.

The writer is Dr. P Nandagopal

TOP

INSURANCE REGULATION

Assess whether savings-cum-insurance policies suit customers' needs before issuing them, says IRDAI – Moneycontrol – 5th September 2024

In a bid to address criticism around inability to curb mis-selling practices in the life insurance sector, the Insurance Regulatory and Development Authority of India (IRDAI) has reiterated the need to assess the suitability of savings-cum-life-insurance policies for policyholders before concluding the transactions.

Ascertain suitability to curb mis-selling

"Assessment of suitability for life insurance is required to be done in case of savings related life insurance products and annuity products, except those annuities purchased from proceeds of National Pension System (NPS) and from employer offered superannuation fund," the IRDAI said in its master circular on the new policyholders' protection regulations, originally issued in March 2024.

It has directed insurers and distributors who source these policies to obtain details such as the need (of policyholders) for buying insurance, income and affordability, policyholders' needs that the policy will fulfill, expected benefits and so on. Also, these should be confirmed by prospective policyholders and concerned salespersons involved in the transaction. "Based on the information obtained from the prospect, the insurer or distribution channel, as the case may be, shall recommend a suitable products meeting the needs of the prospect. Such need analysis shall be documented and copy of the same is provided to the prospect and copies of such need analysis shall be part of the policy document," the circular says.

Insurers allowed to appeal against ombudsman orders

As per Insurance Ombudsman Rules, 2017, the orders of these quasi-judicial bodies were binding on insurers. However, now, the master circular states that the insurance companies can choose to appeal against awards passed by insurance ombudsman offices within 30 days. These offices adjudicate complaints involving amounts of up to Rs 50 lakh.

Insurance companies have to comply with the awards within 30 days, and failure to adhere to this rule will invite a penalty of Rs 5,000 per day for each day of delay. "(However), this provision will not be applicable in case insurer chooses to appeal against the award of the Insurance Ombudsman within 30 days. In such case, due intimation shall be sent to the policyholder," the circular says. Insurance industry officials who spoke to Moneycontrol on the condition of anonymity said that the change in rules was not in policyholders' interests as it could prolong the grievance redressal processes.

Timeline for 14 days for grievance resolution

Insurers have to acknowledge customer grievances immediately and resolve them within 14 days, along with reasons for not admitting the complaint, specifying the terms and conditions of the policy applicable in such cases. Aggrieved policyholders can track their complaints through IRDAI's Bima Bharosa portal. They can also access details of any unclaimed amounts through this website.

Death claims to be settled within 15-45 days

The IRDAI has asked life insurance companies to settle death claims that do not require investigation within 15 days, while claims that involve investigations ought to be settled within 45 days. "In case the claim is not settled within the specified timelines, then the claimant is entitled for interest at bank rate plus 2 percent from the date of receipt of intimation till the date of payment. Such interest shall be paid by the insurers suo moto along with the claim amount," the circular says.

Timelines for processing health insurance proposals, claims

Insurance companies will have to process applications to purchase within seven days. They will also have to, in the case of cashless claims, grant final authorisation within three hours of the receipt of discharge intimation from the hospital. "In no case the policyholder shall be made to wait to be discharged from the hospital. If there is any delay beyond three hours, the additional amount, if any, charged by the hospital shall be borne by the insurer from shareholder's fund," the circular said. Reimbursement claims will have to settled within 15 days from the date of claim submission.

The writer is Preeti Kulkarni

TOP

Irdai asks insurance companies to integrate IT systems with Digilocker – Business Standard – 5th September 2024

The Insurance Regulatory and Development Authority of India (Irdai) on Thursday asked insurance companies to enable their IT systems to interact with Digilocker, allowing policyholders to use the service effectively.

In its Master Circular on Protection of Policyholders' Interests under the Irdai (Protection of Policyholders' Interests, Operations, and Allied Matters of Insurers) Regulations, 2024, replacing 30 circulars, the regulator consolidated policyholder entitlements into a single reference document and emphasised measures towards providing a seamless, faster, and hassle-free claims settlement experience to a policyholder and enhance service standards to foster a climate of trust and transparency within the insurance sector.

According to the circular, both life and general insurers are mandated to provide an essential summary of important information at different stages of the insurance contract. This includes guidance for prospects, policyholders, and customers prior to sale, at the proposal stage, upon receiving policy documents, during the policy's term, and at the time of claim for all insurance segments.

Insurers have to provide a customer information sheet (CIS) for all insurance segments, outlining key policy features, benefits, and exclusions. The proposal form and CIS must be made available in regional languages upon the customer's request.

Also, both life and general insurers will give policyholders a 30-day free look period to review the terms and conditions of the policy. The regulator also stated that insurance companies will not accept premium proposal deposits on life or health insurance policies along with the proposal form, except in cases where risk cover begins immediately on receipt of the premium.

Insurance companies must provide a search tool on their website to enable the verification of authorised distribution channels that can sell their insurance products. An assessment of suitability for life insurance is required for savings-related life insurance products and annuity products, excluding annuities purchased from the proceeds of the NPS and employer-offered superannuation funds. Also, at the proposal form stage itself, insurers should collect nominee details, including bank account details, to facilitate prompt settlement of claims in case of the policyholder's death.

The writer is Aathira Varier

TOP

IRDAI streamlines policyholder protection norms with a master circular – The Hindu Business Line – 5th September 2024

The Insurance Regulatory and Development Authority of India (IRDAI) has streamlined norms on the protection of policyholders' interests by repealing 30 different circulars and issuing a Master Circular.

The Master Circular on Protection of Policyholders' Interests under the IRDAI (protection of policyholders' interests, operations, and allied matters of insurers) Regulations, combines policyholder entitlements into a comprehensive reference document.

It emphasises measures towards providing a seamless, faster and hassle-free claims settlement experience for policyholders, while improving service standards to foster a climate of trust and transparency within the insurance sector.

According to the circular, both the life and general insurers are mandated to provide an essential summary of important information at various stages of an insurance contract. This includes guidance for prospects, policyholders and customers prior to sale, at the proposal stage, upon receiving policy documents, during the policy's term, and at the time of claim for all insurance segments.

Insurers have to provide a customer information sheet (CIS) for all insurance segments, outlining key policy features, benefits, and exclusions. The proposal form and CIS must be made available in regional languages upon the customer's request.

A 30-day free look period applies to both Life and Health insurance policies, allowing policyholders to review the policy terms and conditions. No premium proposal deposit is required to be paid to the life or health insurer along with the proposal form, except in the case of policies where risk cover commences immediately on receipt of the premium.

Search tool

Insurers must provide a search tool on their website to enable the verification of authorised distribution channels that can sell their insurance products. An assessment of suitability for life insurance is required for savings-related life insurance products and annuity products, excluding annuities purchased from the proceeds of the NPS and employer-offered superannuation funds.

At the proposal form stage itself, the insurers should collect nominee details including bank account details, to facilitate prompt settlement of claims in the event of the policyholder's death. Insurers are directed to enable their IT systems to interact with Digilocker allowing policyholders to use this service effectively.

Turnaround Times specified

Turnaround times are specified for policy processing and claim settlements. According to the circular, policyholders can now search for unclaimed amounts on the Bima Bharosa website of IRDAI.

"By implementing these measures, IRDAI continues to prioritise the interests of policyholders, enhance transparency and efficiency of the insurance sector," the regulator said on Thursday.

The master circular has been issued in response to recent concerns raised by the IRDAI regarding the rising complaints of mis-selling of policies in the industry. As per the data from IRDAI's FY23 annual report, the total number of grievances registered with life insurers was 1,24,293 with 20 per cent related to unfair business practices. In the case of non-life insurers, the number of grievances was 78,347, with 66 per cent related to claims.

The writer is G Naga Sridhar

TOP

Grievances in the life insurance sector are about the product: IRDAI member – The Hindu Business Line – 3rd September 2024

Insurance companies must reduce the number of policyholder complaints and also ensure that the premium-paying public gets the facilities they expect at the time of buying the policy, said Satyajit Tripathy, Member (Distribution), IRDAI.

Referring to the three parts of insurance – pricing based on the actuarial calculation, the development and design of the product, and finally selling the product, Tripathy said: "Having sold the product, what are the kind of grievances that come to the regulator? Very frankly, the grievances that are raised against life and non-life companies are totally different.

"So when we talk about the next boom, the issue starts from the bottom, in the sense that from the end of the product, that is from the grievance. Why are there so many grievances?"

Speaking at CII's Financing 3.0 Summit, the IRDAI member said the grievances in the life insurance sector are not about the claim amount or the time taken for settlement, but about the product itself.

“In case of death.... the claim amount comes. That is not a grouse. The grouse is about the misselling of a product. And I must say that it is at an alarming level. It has caught the attention of the policymakers. The policy makers are very concerned and they want this to be addressed.

“And if we talk about the boom (in the insurance sector) in the coming days....that we increase the penetration, we increase the sale of the various products, and we make it affordable, then we must address the grievances.,” Tripathy said.

He noted that the complaint or the grievance in the the non-life sector are dynamically different.

“It is not about the misselling of a product. it is particularly about payment of claims, the claims being rejected. The amount of claims that are being paid is substantially less than what was expected. And, of course, at that point in time, the exclusions in the contract, though legally binding, are sentimentally very much opposed.

“You have a grievance redressal mechanism within the company. Above that, you have the Ombudsman to settle the issues. Despite that, even in non-life also, majority of the grievances come from health, (8:37) very few maybe from other areas,” Tripathy said.

Aarati Krishnan, Consulting Editor, businessline, said: “The insurance industry cannot move on to the next level of penetration or growth without addressing the poor customer experience...The life industry needs to focus on protection products...To measure insurance penetration, instead of looking at premiums paid by GDP, we should be looking at the sum assured (benefit customers get) by GDP and the sum assured by population.

“When it comes to health insurance, policy holder needs certainty in settlement of claims...The industry can look at an awareness campaign to make policyholder saware of medical conditions and exclusions.”

TOP

LIFE INSURANCE

Will 18% GST on term life insurance premium be removed in the GST meeting on September 9, 2024? – The Economic Times – 3rd September 2024

The upcoming meeting of the Goods and Services Tax (GST) Council is likely to discuss the removal of GST on premiums paid towards term life insurance policies, two experts said. Removal of 18 percent GST on insurance premiums has been a longstanding demand of the various stakeholders of the insurance industry. Insurance customers also want the government to remove GST as the additional tax increases their financial burden. The debate over the 18 percent GST levied on life and health insurance premiums came to the forefront last month after various political leaders, including Union Minister of Road Transport and Highways Nitin Gadkari, urged Finance Minister Nirmala Sitharaman to rollback the tax. Will the central government finally remove 18 percent GST and bring down your life and health insurance premium? Read on to find out what experts are saying.

Will the GST Council remove 18% GST on term insurance premiums?
Harsh Bhuta, Partner, Bhuta Shah and Co. LLP says, "The GST Council is likely to address critical issues related to rate rationalisation, tax on TDR, the inverted duty structure, etc., in its upcoming meeting scheduled for September 9, 2024. One such issue expected to gain favour in the meeting is the removal of GST on premiums paid towards term life insurance."

Why GST Council is likely to remove 18% GST on term insurance premiums

Term insurance policies are the most popular type of life insurance, offering only a death benefit without any maturity benefit. These are pure-risk products designed to provide substantial coverage at a relatively low cost. Adding GST to term insurance premiums ultimately leads to higher premium payments. Moreover, the insurance policyholders only get the benefit or their money back in case of unforeseen events such as deaths. Otherwise, they may not even benefit from buying term insurance plans. Shah adds, "The idea behind such policies is to provide financial support to the family of the deceased against disruptions in income due to the sudden death of a family member. Therefore, taxing instruments that are purely protective and not income-generating is not in line with the intent of GST law to be included within the ambit of supply."

Bhuta says, "The Council may therefore consider that exemptions should be granted for premiums paid for life protection or to guard against life's uncertainties, rather than for investments made for future returns."

Narendra Bharindwal, Vice President, of the Insurance Brokers Association of India (IBAI) says, "The primary purpose of term plans is to provide financial security to the beneficiaries upon the demise of the policyholder. Given its role in mitigating financial challenges for families during their most vulnerable moments, reducing or removing GST on term insurance could significantly enhance its appeal to prospective policyholders. This focus on term insurance stems from its potential to increase insurance penetration, offering crucial financial support to families in times of need."

Will the GST Council remove 18% GST on other life insurance products as well?

On the removal of GST on premiums of other life insurance policies such as Unit Linked Insurance Plans (ULIPs) or investment-linked plants, Shah says that those policies will continue to be taxed. One of the main reasons is that those plans offered a return on your investments along with a life protection cover. It is unlikely that the GST Council will consider removing GST on investment-related products.

Sandeep Pareek, Partner, Indirect Tax, BDO India says, "It is likely that the GST Council may favourably consider this demand of the industry, especially if the revenue loss, due to grant of such exemption, is not major. However, to allow the full effect of exemption from GST to be passed on to the public at large, the insurance companies would also need to be allowed full input tax credit, without requiring a reversal of credit due to exemption from GST on term insurance."

Gadkari earlier urged FM to roll back GST on life, health insurance premiums

Earlier in a letter dated July 28, 2024, Gadkari addressed the concerns outlined in a memorandum submitted by the Nagpur Division Life Insurance Corporation Employees Union about matters affecting the insurance industry. Referring to their memo, the minister said that "levying GST on life insurance premiums amounts to levying tax on the uncertainties of life. The Union feels that the person who covers the risk of life's uncertainties to give protection to the family should not be levied tax on the premiums to purchase cover against this risk."

"Similarly, the 18% GST on medical insurance premiums is proving to be a deterrent for the growth of this segment of business which is socially necessary," he wrote.

Will take up with GST Council: FM on 18% GST removal on insurance premiums

On the withdrawal of 18% GST on life and health insurance premiums, Sitharaman said on August 7, 2024, "Several suggestions have come up and I shall take up with the GST Council."

GST on health insurance premiums should also be removed or lowered: Industry

The insurance industry has been actively demanding the removal of this tax, arguing that it significantly increases the cost of insurance coverage for policyholders. Tapan Singhel, MD & CEO, of Bajaj Allianz General Insurance, says, "We have been saying for a while now that reducing the GST rates on health insurance premiums is crucial given the low insurance penetration in India and the essential financial support insurance provides against sudden financial loss. Lowering the GST on health insurance from 18% to 5% would make it more affordable, encouraging more people to purchase it. Insurance is not a luxury commodity; it's a necessity that everyone should afford. Heavy taxation makes it difficult for people to get financially protected. We need to see insurance as a fundamental need, like how developed countries make health insurance mandatory for employers, but at affordable rates like those offered by many state governments. High taxes create a barrier to entry, leaving a large portion of the population, exposed to financial vulnerability. By creating a more conducive environment through lower GST, we can empower more people to opt for insurance protection thus achieving financial security, ultimately benefiting the entire economy. Look forward to this initiative from the Government soon."

Bharindwal adds, "Insurance serves as a vital tool for risk mitigation, providing financial support to individuals and entities when insured perils strike, thereby reducing the burden on the government to offer financial assistance. While affordability is a shared responsibility between the government and insurers, tax reductions or exemptions on insurance products could play a pivotal role in making these products more accessible. However, such tax relief should be strategically targeted at at personal lines of insurance, as commercial lines already benefit from input tax credits. By focusing on personal insurance, the government can help ensure that essential protection is within reach for a broader population."

The writer is Anulekha Ray

TOP

GENERAL INSURANCE

Calamities drive up hydropower firms' insurance expenses – Live Mint – 6th September 2024

Cloudbursts, floods and landslides that crippled some of India's largest hydropower projects in the last few years have jacked up insurance claims and premium payments, holding the potential to raise power tariffs over time. Income from insurance claims for the country's largest hydropower company NHPC Ltd jumped twentyfold to ₹472.68 crore in FY24, while premium payments rose 42 percent to ₹376.5 crore. SJVN Ltd's income from claims was ₹51 lakh in FY24, after gaining no money from claims in FY23, while premium payments rose 8.6 percent to ₹56.63 crore. NTPC Ltd did not specify its income from claims in its annual report, but stated that its insurance expenses touched ₹336.58 crore in FY24, up 31.4 percent from ₹256.12 crore in FY22. Hydropower makes up just 5 percent of the total generation capacity of NTPC, which is primarily a thermal power producer.

Extreme weather episodes over India's hydropower projects have been relentless. In 2021, a glacier burst in Uttarakhand paralyzed NTPC's under-construction 520 MW Tapovan Vishnugad project site. In 2022, JSW Hydro Energy's 1,091 MW Karcham Wangtoo plant in Himachal Pradesh saw a massive slope failure. In 2023, Chungthang dam, part of the 1,200 MW Teesta III hydro power project operated by Sikkim Urja Ltd, was damaged due to a glacial lake outburst flood. Just last month, the power station of NHPC's Teesta V project in Sikkim suffered damages after river waters rose. "Insurance premium has an increasing trend, and we have paid insurance premiums in the range of ₹200-500 crore per annum in the last five years," said Rajendra Prasad Goyal, director of finance at NHPC, acknowledging that "the insurance claims and the insurance losses in the past year are due to landslides and flash floods, which have significantly impacted the operations at power stations located in Teesta basin, particularly Teesta-V Power Station."

Power generation companies such as NHPC and NTPC sell electricity to distribution companies through power purchase agreements (PPAs), and higher costs for generation companies translate into more expensive power over time. Besides losses and insurance, damage to hydropower projects may strain the electricity grid as well. This is because unlike thermal projects, hydropower projects can be swiftly turned on and off, keeping the grid stable at times of high demand. "PPAs are generally based on cost-plus-return on equity," said Vikram V., vice-president & co-group head, corporate ratings, ICRA. "Operating cost plays a key role in the PPA, and thereby the tariffs. An increase in insurance costs would increase the overall cost. If the cost increases, the power generator would pass on the increased cost to the discoms and the discoms would then pass it on to the consumers. However, when the discoms decide on reflecting the higher cost on the tariffs depends on them," he added.

NTPC said in its annual report that it has diversified its thermal project locations to mitigate climate risk, but hydropower does not have that luxury, and need to be built over rivers or close to glaciers, facing much higher risk. Hydropower projects are always insured since they are vulnerable to weather events and repairs require significant expenditure, said Rajeev Vishnoi, chairman and managing director of THDC India Ltd. "So, insurance companies get a lot of claims against damages that occurred because of extreme weather events. Because of the trend, they have increased premiums in the range of 20-50 percent offered to hydro projects, which are an extra burden to hydropower project developers," Vishnoi said, adding, "This puts additional burden to the cost of electricity which is being generated from the project and the additional cost gets passed on to consumers."

According to Sajja Praveen Chowdary, director at Policybazaar for Business, insurance claims have increased in the past three years in line with the rise in damages to hydro projects due to natural calamities. The premiums are likely to have increased more in hilly states prone to landslides and floods. Out of India's installed capacity of 448.381 GW, hydropower makes up a tenth or 46.92 GW. Under its energy transition plan, the government aims to increase it to 67 GW by FY32. "Premiums have definitely increased by two to three times year-on-year," said Chowdary, director at Policybazaar for Business, adding that premiums in such cases are location-specific since climatic phenomena repeatedly occur in the same region. NHPC witnessed significant damage to its operations due to the flash floods on Teesta in 2023. The company submitted claims for ₹1,086.80 crore but received only ₹112.50 crore, with balance receivables of ₹834.19 crore.

The writer are Puja Das, Manas Pimpalkhare & Rituraj

TOP

Govt asks insurers to swiftly settle claims in flood-hit Andhra, Telangana – Business Standard – 5th September 2024

The Finance Ministry on Thursday said PSU insurance companies have been directed to ensure swift claim settlements by organising special camps and easing claim processes for those affected by heavy rains and floods in Andhra Pradesh and Telangana.

The insurance companies have been also instructed to widely advertise the names and contact numbers of nodal officers to whom the policyholders can contact.

In a statement, the ministry said in view of the heavy rains and floods in Andhra Pradesh and Telangana, the Department of Financial Services issued directions, on Thursday, to the public sector insurance companies to extend and provide full support to the people affected by floods.

"The insurance companies have been instructed to ensure swift claim settlements by organising special camps and easing claim processes and thereby provide relief to those affected," the ministry said in a post on X.

The central government and finance ministry are committed to supporting those affected by this calamity and ensuring they receive the necessary assistance at the earliest, it added.

TOP

India Post Payments Bank comes up with accident insurance scheme with low annual premium – The Hindu – 4th September 2024

India Post Payments Bank of Department of Post in association with insurance companies has introduced an accident insurance scheme for ₹10 lakh and ₹15 lakh with an annual premium of ₹520, ₹555 and ₹755. A statement said that the insurance scheme with lower premium has been introduced with an objective to reach the benefits of accident insurance scheme to the common man through the post offices located across the length and breadth of the country. People in the age group of 18 years to 65 years can join the accident insurance scheme. They can enroll themselves in a paperless mode without any application form and proof of identity and address. India Post Payments Bank of Department of Post in association with insurance companies has introduced an accident insurance scheme for ₹10 lakh and ₹15 lakh with an annual premium of ₹520, ₹555 and ₹755.

A statement said that the insurance scheme with lower premium has been introduced with an objective to reach the benefits of accident insurance scheme to the common man through the post offices located across the length and breadth of the country. People in the age group of 18 years to 65 years can join the accident insurance scheme. They can enroll themselves in a paperless mode without any application form and proof of identity and address. The digital policy would be given within five minutes through the smart phone and biometric reader carried by the postman, the statement added. All those who have their savings accounts with India Post Payments Bank can enroll themselves for the accident insurance scheme. For opening a savings bank account, people need to provide their Aadhar number, mobile phone number and ₹200.

Among the salient features of the scheme is compensation for loss of life due to accident, permanent disability and permanent partial disability. The insured can also get annual full body check up, unlimited medical counselling over phone and medical expenses due to accidents. Besides, educational assistance of ₹1,000 to maximum of two children of the insured person in case of death, permanent disability and permanent partial disability due to accident. Similarly, upto ₹1 lakh marriage assistance for two children. Hospitalisation expenses of ₹1,000 per day would be given for admission in hospital due to accident for a maximum of 15 days.
Similarly, ₹5,000 funeral expenses would be given to the family members in the event of death of the insured due to accident. Road accident, lightning strike, snake bike and accidental fall would be covered under the insurance scheme. The scheme would help the insured and his family

members from financial burdens due to accidents. Industrialists can make use of the scheme for their employees, the statement added.

TOP

IPPB Gujarat facilitates general insurance for 1.19 lakh – Zee Business – 31st August 2024

In the current financial year, India Post Payments Bank (IPPB) in Gujarat has provided general insurance to 1.19 lakh people, updated mobile numbers for 1.80 lakh individuals, and facilitated Aadhaar enrolment for 2,571 children under Child Enrolment Lite Client (CELC).

Additionally, DBT payments totalling Rs 242 crore have been made to over 15 lakh people.

According to the Ministry of Communication, India Post Payments Bank (IPPB), established as an initiative of the Department of Posts, has set numerous milestones over its six-year journey by promoting its 'Aapka Bank, Aapke Dwar' mission.

Krishna Kumar Yadav highlighted that IPPB has revolutionised banking by offering paperless, cashless, and presence-less services directly to customers' doorsteps, even in remote locations. The bank has targeted some of the most financially excluded and vulnerable segments of society, using innovative and user-friendly approaches to enable assisted banking at the last mile. Notably, 44 per cent of IPPB's customers are women, underscoring its role in empowering women.

He further mentioned that Postmen and Gramin Dak Sevaks are functioning as mobile banks through IPPB, delivering various services directly to people's homes. These services include Aadhaar enrollment for children under five, mobile number updates via CELC, digital life certificates, DBT, Aadhaar-enabled payment systems, bill payments, and various insurance schemes like vehicle, health, accident, and the Pradhan Mantri Jeevan Jyoti Bima Yojana.

Customers with IPPB accounts can also make online deposits into Sukanya, RD, PPF, and Postal Life Insurance schemes. Yadav emphasized that IPPB is committed to improving the lives of those without easy access to insurance and other financial services.

Dr Rajeev Awasthi, Assistant General Manager of IPPB, reiterated the bank's commitment to providing comprehensive financial solutions through the extensive and trusted network of the Department of Posts.

It now plays a crucial role in advancing financial inclusion and Digital India, particularly in rural areas. The bank has been instrumental in ensuring the seamless delivery of various public welfare schemes from the Central and State Governments to the most remote parts of society. This sentiment was expressed by Krishna Kumar Yadav, Postmaster General of the North Gujarat Region, Ahmedabad, during a program held at the Ahmedabad GPO on the eve of the 7th Foundation Day of India Post Payments Bank.

At the event, Postmaster General Krishna Kumar Yadav, alongside IPPB's Independent Director Jayshree Vrajlal Doshi, IPPB's AGM Dr Rajeev Awasthi, Chief Manager Kapil Mantri, and Chief Postmaster Ritul Gandhi inaugurated the celebrations by cutting a cake.

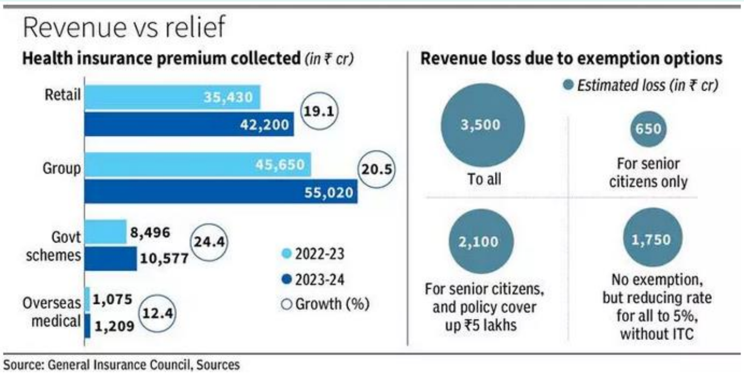
He also recognised the outstanding performance of IPPB officials. Launched nationwide by Prime Minister Narendra Modi on September 1, 2018, IPPB has more than 33 lakh accounts operating within the Gujarat circle.

TOP

GST rate rejig in health insurance premia could result in revenue loss up to ₹3,500 cr – The Hindu Business Line – 6th September 2024

Fully exempting or lowering the GST on health insurance and re-insurance could lead to a revenue loss of up to ₹3,500 crore, officials involved in preparing proposals for GST Council have said. However, the Fitment Committee (the committee of officers under the Council), is unlikely to give any specific recommendations and leave the matter for the all-powerful body of Centre, States and Union Territories with legislature.

The Council is scheduled to meet on Monday and deliberate reducing or even fully exempting GST on life and health insurance premium. As on date, the GST rate on premia for health insurance, term insurance plans and unit-linked insurance plans, attract 18 percent GST. On endowment plans, the GST is applied differently. While it is 4.5 percent for premium paid during the first year, it is 2.25 percent from the second year. For life insurance in the form of single premium annuity policies, the GST rate is 1.8 percent. Rates are the same for all age groups and can be reviewed based on the recommendation of the GST Council.



Four options

Sources say the fitment committee is likely to present four options for GST on health insurance premium: full exemption, exemption only for senior citizens, exemption for senior citizen along with policy having coverage up to ₹5 lakh and reducing rate to 5 percent without Input Tax Credit (ITC), and that these could result in revenue loss of ₹3,500 crore, ₹650 crore, ₹2,100 crore and ₹1,750 crore, respectively. However, "the committee is unlikely to propose any particular option and may request the Council to take a final call," a source said.

Earlier, this month, in a response to a question, the Lok Sabha was informed that health, reinsurance premia fetched ₹24,500 crore in GST over 3 years till FY23-24. Later, the issue of GST on health became a big political issue during last session of Parliament. Responding to this, Finance Minister Nirmala Sitharaman pointed out that even before the rollout of GST, States used to levy tax on insurance premiums.

"Out of the 18 percent GST on medical insurance, nearly half goes directly to the States. Of the remaining half, 41 percent moves into the devolution pool, which also goes to States. This means more than ₹74 out of every ₹ 100 collected goes to the States," she said, dismissing allegations that money collected through GST is "pocketed" by the Centre.

Further, Sitharaman said Parliament is not the right forum to decide about GST, but the GST Council. Also, the issue of GST on insurance has been discussed nearly three times in the GST Council, yet this debate still keeps surfacing.

In February this year, the Parliamentary Standing Committee on Finance recommended lowering of GST on health insurance, particularly for senior citizens. It underlined that there is a need to rationalise the GST rate on insurance products, especially health and term insurance, which is 18 percent now. The high GST rate results in a high premium burden which acts as a deterrent for purchasing insurance policies, the committee said.

To make insurance more affordable, the committee said: "GST rates applicable to health insurance products, particularly retail policies for senior citizens and micro-insurance policies (up to limits prescribed under PMJAY or Pradhan Mantri Jan Aarogya Yojana, now ₹5 lakh) and term polices, may be reduced."

The writer is Shishir Sinha

TOP

GST relief on health insurance: Council likely to take up 4 options – Business Standard – 5th September 2024

The Goods and Services Tax (GST) Council in its meeting on Monday is likely to decide on four options regarding tax treatment of health insurance, with the cost to the exchequer potentially ranging from nearly Rs 650 crore to Rs 3,500 crore.

These four options have emerged from a detailed analysis by the Council's fitment panel, which includes revenue officials from both central and state governments, and follow a request from the Department of Financial Services (DFS) to reduce taxes on health insurance products to make them more affordable and accessible.

The fitment panel is expected to submit before the Council a detailed report outlining these options, which include a full exemption for all health insurance premiums and reinsurance, or a reduction in the GST rate from 18 per cent to 5 per cent on health insurance services, according to officials in the know.

Other possibilities include exempting premiums paid by senior citizens and premiums with coverage up to Rs 5 lakh, or alternatively, only exempting premiums paid by senior citizens from GST ambit.

Each of these four proposals carries different financial implications: Rs 3,495 crore, Rs 1,730 crore, Rs 2,110 crore, and Rs 645 crore, respectively.

In a separate move, the panel also considered the possibility of exempting life insurance premiums from GST. It recommended limiting the exemption to pure-term individual life policies and reinsurers, a suggestion that carries a likely revenue impact of Rs 210 crore.

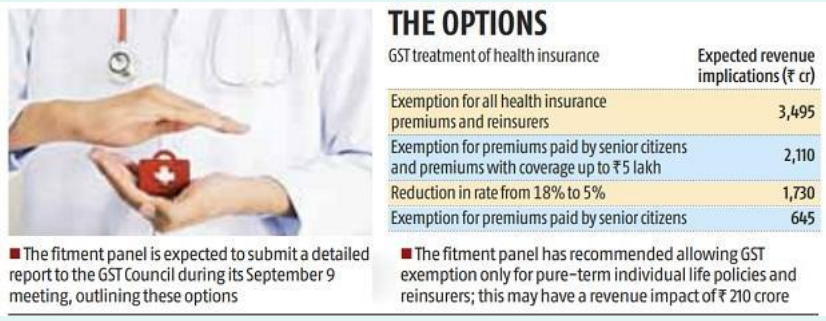
However, it stressed that any reduction in life insurance taxes should be contingent upon insurance companies passing on the benefits to policyholders.

The panel's recommendations were based on data from the DFS, which showed that total health insurance premiums in India during FY23 were Rs 90,032 crore, with the individual health insurance segment accounting for Rs 35,300 crore, or 39 per cent of the total. At the current 18 per cent GST rate, the government collected Rs 6,354 crore on individual health insurance premiums.

The DFS argues that reducing GST on health insurance would help address India's low insurance penetration by lowering premiums, encouraging more people to purchase insurance, and opting for higher coverage.

It also believes that increasing the number of insured individuals would offset the short-term loss in GST revenue, supporting the central government's efforts towards providing a minimum of social coverage net for every citizen and aligning with the "Insurance for All" vision for 2047.

In her reply to the amendments to the Finance Bill, 2024, on August 7, Union Finance Minister Nirmala Sitharaman stated: "…Tax has been there on medical insurance even before the introduction of GST. There was already a pre-GST tax on medical insurance before GST was introduced. This is not a new issue; it was already there in all the states." Her statement was in response to the Rajya Sabha MPs demanding removal of the GST levied on medical insurance.



Also, Union Minister of Road Transport and Highways Nitin Gadkari had written to Sitharaman to remove the 18 per cent GST on life and medical insurance premiums. He argued that this tax burdened the uncertainties of life and hindered the sector's development.

The writer is Shrimi Choudhary

TOP

On students' platter: Health insurance cover, women's gym and better hostel food – The Indian Express – 5th September 2024

From installing sanitary pad vending machines, women's gym, providing health insurance cover for students, pink security booths, scholarships, and better hostel food — it is raining promises in the PU Student Council poll, PUSC polls, PUSC elections, Akali Dal, PUSC election campaign, express news, Chandigarh news

The National Students' Union of India (NSUI) features Rahul Nain for president, Archit Garg for vice-president, Paras Prashar for secretary, and Yash Kapasiya for general secretary. Their promises include ambitious goals such as achieving 50% student placement, establishing a women's gym, offering self-defence classes, and increasing "earn while you learn" fund to ?27,500 per head. They also aim to collaborate with NGOs for installing sanitary pad vending machines and bolster menstrual hygiene support on campus.

The Akhil Bharatiya Vidyarthi Parishad (ABVP) candidates — Arpita Malik for president, Abhishek Kapoor for vice-president, Shivnandan Rikhee for secretary, and Jasvinder Rana for joint secretary — promise to install sanitary pad vending machines and incinerators, advocate for student health insurance, and improve girls' hostel facilities. They also propose a helpline for social media abuse targeting female students, the establishment of the Sahasi Women's Club, and pink security booths near girls' hostels.

The Students' Organisation of India (SOI), led by its presidential candidate Tarun Sidhu, has pledged to reduce public transport fares for students, install commercial washing machines and air conditioners in hostels, and expand library facilities. Additionally, SOI promises to address campus safety, enhance sports infrastructure, and improve sanitation.
Festive offer

The Chhatra Yuva Sangharsh Samiti (CYSS) has declared Prince Chaudhary for the president's post, Karanveer Kumar for the vice-president's post, Vineet Yadav for the secretary's post, and

Rohit Sharma for the joint secretary's post. Their poll planks include creating a centralised placement cell, offering full-time gynaecological and psychological support, renovating the A C Joshi Library, and enhancing campus security with improved lighting and CCTV installation.

Other notable candidates include Anurag Dalal from SOPU+ Student Front + HIMSU + Independent, promising improvement in women's safety and campus facilities, and Alka from the ASF, advocating for scholarships and support for disabled students. Sarah from PSU (Lalkaar) and Mukul Singh Chauhan (Independent) too promise transparency, security, and inclusivity.

Panels and promises
NSUI panel
– Rahul Nain (President)
– Archit Garg (Vice-president)
– Paras Prashar (Secretary)
– Yash Kapasiya (Joint Secretary)

Promises
1. Ensure 50% student placement.
2. Create a women's gym.
3. Offer self-defence classes.
4. Increase "Earn While You Learn" fund to ?27,500.
5. Collaborate with NGOs for sanitary pad vending machines.
6. Enhance menstrual hygiene support on campus.

ABVP panel
– Arpita Malik (President)
– Abhishek Kapoor (V-P)
– Shivnandan Rikhee (Secretary)
– Jasvinder Rana (Joint Secretary)

Promises
1. Install sanitary pad vending machines and incinerators in all departments.
2. Advocate for health insurance coverage for students.
3. Improve facilities in girls' hostels, including water coolers, washing machines, ventilation, quality furniture, and healthy food.
4. Establish a helpline for social media abuse targeting female students.
5. Introduce Sahasi Women's Club for addressing issues and empowering female students.
6. Implement pink security booths near girls' hostels to prevent harassment and ensure safe movement.

SOI panel
-Tarun Sidhu (President)

Promises
1. Reduce public transport fare for students by 50% with PU ID.
2. Install commercial washing machines and ACs in all hostels.
3. Expand AC Joshi Library's seating capacity and renovate hostel reading rooms.
4. Open a health clinic for students and improve sanitation across campus.
5. Address monkey menace, enhance campus security, and improve Wi-Fi connectivity.
6. Improve sports infrastructure, install rain shelters, and resume shuttle bus service between South and North Campus.

CYSS panel
– Prince Chaudhary (President)
– Karanveer Kumar (V-P)
– Vineet Yadav (Secretary)
– Rohit Sharma (Joint Secretary)

Promises
1. Centralised Placement Cell for all departments.
2. Full-time gynaecologist and psychologist at health centre.
3. Increased availability of reading halls on campus.
4. Renovated A C Joshi Library.
5. 24/7 ground access with improved security and lighting.
6. Enhanced campus security with CCTV installation and additional personnel.

SOPU+ Student Front + HIMSU + Independent
– Anurag Dalal (President)
– Jashanpreet Singh (Secretary)

Promises
1. Focus on women's safety, addressing sexual harassment, and increasing police presence.
2. Improve campus safety with a shuttle bus service.
3. Resolve library overcrowding and enhance mess facilities.
4. Advocate for the implementation of PWD Act for inclusivity.
5. Prioritise hygiene and facility improvements, including hostel wall whitewashing.
6. Ensure student voices are heard through memorandums, protests, and active representation.

ASF
-Alka (President)

Promises
1. Advocate for post-matric scholarships and support for disabled students, including providing scribes for the blind.
2. Push for shuttle bus service to improve women's safety on campus.
3. Enhance campus accessibility for disabled students.
4. Ensure professors adhere to timetables and personally conduct classes.
5. To drive student-led change on Ambedkar ideology.
6. Promote student empowerment with her motto: "Educate, Agitate, Organise."

PSU (Lalkaar)
– Sarah (President)

Promises
1. Protect student voices, ensure 24-hour campus access, and ban police presence on campus.
2. Extend library hours, host cultural events, and improve academic facilities.
3. Publicise details of campus funds and maintain transparency in all services.
4. Regularly inspect hygiene, improve hostel amenities, and ban disposable items.
5. Fill faculty vacancies, provide affordable food, and maintain sports and hostel infrastructure.
6. Implement PWD-friendly infrastructure, expand scholarships, and support research scholars.

Independent

– Mukul Singh Chauhan (President)

Promises
1. Address fund and faculty shortages by securing alumni funding and recruiting more teachers.
2. Improve hostel food safety by appointing food inspectors.
3. Promote campus safety by making the area in front of girls' hostels a no-car zone and increasing security personnel.
4. Advocate for student voices in university policies through collaboration with departments.
5. Promote inclusivity with cross-cultural programmes and proper implementation of PWD policies.
6. Enhance academic support by improving resources and advocating for more faculty recruitment.

The writer are Shreya Suman & Ajay Raj Singh

TOP

No consensus among states on GST relief for health insurance premium – Moneycontrol – 4th September 2024

The states continue to remain divided over a proposal to exempt health insurance premium from Goods and Services Tax (GST), with the Fitment Committee, comprising revenue officials from both the state and Union governments, struggling to reach a consensus on the contentious issue.

A decision to this effect is likely to be taken during the upcoming GST Council, chaired by Union Finance Minister Nirmala Sitharaman, meeting to be held in Delhi on September 9.

Various options, including exemptions for senior citizens, partial exemptions, or reducing the tax rate of 5 percent with or without the Input Tax Credit (ITC), are still under discussion, according to two officials, who are privy to the matter.
The proposal to exempt health insurance premium from GST has sparked a debate amid states expressing concerns about the potential revenue loss, which is likely to range between Rs 3,200 and Rs 4,000 crore. However, the final loss figure depends on the retention of ITC, the officials said.

"There are nuances to the tax system. Some states are conscious of the revenue implications of exemption of health insurance premium from GST. Some are very conservative, while others feel that lower tax could lead to a wider coverage of health insurance. The overriding sentiment is that whatever losses are suffered due to the tax relief could be recouped by other sectors, thanks to a growing economy," an official told Moneycontrol.

ITC remains a bone of contention
"If GST on health insurance is proposed at 5 per cent without ITC, then the tax burden is inclusive of the 5 per cent tax rate and additional tax on inputs. In such a scenario, the government will continue to levy tax on inputs. As a result, some revenue will accrue to the government for discharging its output liability. This policy move will also lessen revenue loss for the state exchequer," the official said.

At present, health insurance premium attracts a GST of 18 per cent. The debate around withdrawal of the GST has been raging for a while.

Days after Sitharaman tabled the Union Budget 2024-25 in the Lok Sabha; Minister for Road, Transport, and Highways, Nitin Gadkari, advocated for the exemption of health insurance from the GST. He expressed concerns about the impact of the 18 per cent GST on the accessibility and growth of health insurance.

The deadlock is yet to be resolved since states are seeking more data and deliberating on the most feasible approach to balance consumer relief with revenue protection.

The Writer is Meghna Mittal

TOP

Health insurance premiums can rise 10%-15% due to high medical inflation, says Star Health MD and CEO – Moneycontrol – 4th September 2024

Health insurance premiums could rise by 10-15 percent in the days to come, Star Health Insurance MD & CEO Anand Roy has said.

The standalone private insurer is evaluating probable hikes in two of its products, after having raised premiums under its Youngstar plan by 10 percent in July.

“Almost all companies have increased health insurance premiums…ours is in line with the industry. We have 35 products, but not all of these have seen premium hikes. We are evaluating a couple of products, but have not finalised any hikes yet. Price increase is not our growth strategy, affordability of health insurance policies is paramount,” Roy said.

He attributed the price revisions largely to the estimated medical inflation of 14-15 percent in India rather than the insurance regulator IRDAI’s master circular on health insurance that has sought to increase some coverage benefits and dilute restrictive clauses. “We welcome the master circular as it is pro-customer. It provides greater clarity to customers on coverage and waiting periods. IRDAI is moving towards reducing friction in the health insurance space. But, it does come with a bit of price impact for customers,” he said.

The company also offers differential pricing to policyholders based on their location. For example, those living in Tier-II cities are charged lower premiums compared to what their counterparts in metro cities like Mumbai or Delhi have to pay. “We have collected sufficient data over the last 18 years. We know the cost of treatment in different cities. In fact, not only cities, we also know what the treatment cost structures across pincodes within the city of Mumbai are, for instance. So, we are able to price customers more granularly,” he said.

The industry is hopeful that the GST Council will consider reducing the tax on health insurance policies from 18 percent to 12 percent, Roy said, while speaking on the sidelines of the company’s media conference to announce the launch of its Special Care Gold, a health insurance plan targeted at visually-impaired individuals. “We have simplified the underwriting process for such individuals to access such products easily, unlike other policies where the medical underwriting is more stringent. Here, it is simpler and onboarding straightforward. Our focus has also been on making this product more affordable. There is no discount, but there is no additional loading. Our data also shows that such individuals are not at any higher (health) risk, and they take care of themselves much better. This, however, does not mean that people living with disabilities cannot buy regular products,” Roy said.

The writer are Preeti Kulkarni & Jinit Parmar

TOP

Lower GST on insurance likely to come with caps – The Economic Times – 4th September 2024

The body that recommends goods and services tax (GST) rates may propose a lower levy on health and life insurance policies with annual premiums up to ₹50,000 to reduce the cost for lower and middle-income groups. The fitment committee may even suggest a cap on the sum assured for a lower GST levy or a combination of premium and sum assured.

The committee is not in favour of a blanket GST exemption on life and health insurance premiums, said people aware of deliberations. It's likely to give a detailed report on the revenue impact under different rate scenarios for insurance products to the GST Council, which is scheduled to meet on September 9. Currently, insurance premiums attract 18 percent GST. Opposition parties have said this is too high. The industry wants insurance products out of the GST ambit or taxed at the lowest 5 percent rate. "While there is a case for reducing GST on insurance premiums, the committee feels that there must be a cap on insurance premium or on the sum assured amount or both, maximum up to Rs 50,000, which will help in penetration in the low and middle-income group," a senior official said. "However, in cases where premiums are very high, the reduction of rates is not required."

The writer is Anuradha Shukla

TOP

Star Health launches insurance policy in Braille – The Hindu Business Line – 4th September 2024

Star Health and Allied Insurance Co Ltd has launched an insurance policy in Braille. The 'Special Care Gold' policy, available in standard print and Braille formats, offers comprehensive health coverage to individuals with 40 per cent or more disability. The visually impaired population is estimated at 34 million in India.

The shares of Star Health and Allied Insurance Co Ltd were trading at ₹631.65, down by ₹6.10 or 0.96 per cent, on the NSE at 3 pm.

The Braille version, produced in collaboration with the National Association of the Blind (NAB), allows visually impaired customers to independently review and understand their policy terms. Alongside the policy launch, Star Health announced a diversity drive to train and employ visually impaired individuals as health insurance agents.

Anand Roy, MD and CEO of Star Health Insurance, said, "We are pleased to announce the launch of 'Special Care Gold' policy in Braille. This is a significant milestone in our mission to deliver equitable access to health insurance across all segments of society. This policy transcends traditional insurance, embodying our commitment to ensuring that individuals with disabilities receive the comprehensive support and coverage they need. We aim to build a more inclusive insurance sector — and specifically the 34 million individuals in India that are visually impaired. Aligned with IRDAI's 'Insurance for All' vision, we are dedicated to ensuring democratisation of not just quality health insurance but also extend to enabling financial inclusivity by creating sustainable income generation opportunities for this unserved and marginalised section of society."

Srikanth Bolla, CEO of Bollant Industries who is visually impaired, endorsed the initiative and became a licensed health insurance agent with Star Health. He said, "As someone who has experienced the challenges faced by individuals with special abilities, I applaud Star Health Insurance for this industry first, inclusive initiative. Special Care Gold is not just an insurance policy in Braille, it is also a message of empowerment and equal opportunity. It acknowledges that people with special abilities have the same right to health protection as anyone else, and that's a significant stride towards true inclusivity in our society."

Star Health reported a gross written premium of Rs 15,254 Cr in FY24 and aims to align with IRDAI's "Insurance for All" vision through this initiative.

The writer is Anupama Ghosh

TOP

Demand for professional liability insurance rises among doctors – Asia Insurance Review – 4th September 2024

Insurance companies are seeing a boost in demand for professional liability insurance (PII) in the healthcare field, according to CoverYou CEO and co-founder Deepanker Mahajan, an insurance broker dedicated solely to the healthcare industry.

Speaking to IndiaMed, a media platform for healthcare professionals, Mr Mahajan said, "There has been a tremendous increase in medical malpractice claims against doctors lately in India, with cases under the Consumer Protection Act growing 110% since 2015."

Outlining other factors that have led to the increase in demand, he said that defending such cases may be very expensive, costing between INR200,000 ($2,382) and INR1m. The new Consumer Protection Act of 2019 has made it easier for patients to claim medical negligence, with tougher penalties and better redress systems. More patients are aware of their rights now—over 60%, according to a 2022 survey by the Indian Medical Association (IMA). Peer influence plays a big role too; in a 2021 IMA survey, 75% of doctors said they bought liability insurance because their colleagues recommended it.

Factors driving growth in demand

Explaining the different coverages for a consultant, surgeon, practitioner, and health coach, Mr Mahajan said that healthcare professionals (HCPs) are given tailor-made professional indemnity insurance (PII) based on their profession and the risks involved in their practice. Consultants pay premiums that differ per specialty and threat level, with higher charges being imposed on high-risk areas like cardiology and oncology as they have several frequent and expensive claims. The risks associated with surgery make surgeons' premiums higher, those of general practitioners or family doctors moderate reflecting average risk; whereas health coaches incur the lowest costs because of lower risk. High-risk practices such as surgery attract higher rates than low-risk fields like psychology.

For example, neurosurgeons pay between INR50,000 – INR100,000 annually; Cardiologists pay between INR30,000 – INR60,000 per annum; family physicians pay between INR10,000 – INR25,000 for protection every year while health coaches usually pay less than INR5,000 per year.

Geographic location also affects the amount charged due to varying trends in local medical practices and litigation levels. Experience also counts; highly experienced professionals may be offered PII at a relatively cheaper rate while recently qualified or less experienced ones may have to pay more premiums.

CoverYou says that it works with over 75 different medical societies, to make sure insurance plans are tailored for cost effectiveness and customised offerings. It also considers mob attacks as a risk thus covering these incidents such as physical assault and property damage among other things.

TOP

Health insurance slab: GST Council's bugbear – Live Mint – 4th September 2024

The tax slab on health and life insurance may resurface as an item on the agenda of the Goods and Services Tax (GST) Council's 54th meeting on Monday. The Opposition has intensified its demands for a cutback, and a senior minister, Nitin Gadkari, highlighted the issue in a letter to the finance minister in July. Currently, premiums on health insurance policies attract a GST of 18 percent, the second-highest tax slab. Over the past three years, premium payments have brought in over ₹24,500 crore in GST revenue for the Centre, according to finance ministry data. These significant collections have come under public scrutiny, especially after the pandemic, as health insurance premiums have surged due to high medical inflation and rising costs of private healthcare. Health inflation has consistently outpaced core inflation for much of the past decade, with the gap widening in recent years.

In India, two-thirds of hospitals are operated by private entities, a sector with limited regulatory oversight on pricing. This situation leaves the public increasingly dependent on insurance to cover catastrophic healthcare expenses. "The cost of seeking care has gone up since covid as hospitals have increased their charges. This has led to a rise in overall premiums as well, as the cost burden falls on the insurance company," said Hiten Kothari, chief underwriting officer and chief actuary at HDFC ERGO General Insurance.

TOP

GST on insurance premiums: Karnataka in favour of exemption on products used by working class – The Economic Times – 3rd September 2024

Karnataka is expected to pitch for GST exemption on health and life insurance only on such products used by the working and lower middle classes at the upcoming GST Council meeting. The Congress-ruled state is not in favour of a blanket exemption on premium insurance products bought by the higher income groups, according to Krishna Byre Gowda, the state's revenue minister who represents the southern state on the GST Council. "We are open to the issue," he said, responding to queries on demands for the removal of 18 percent GST on life and health insurance premium. "We will suggest health and life insurance, which are more of a working class and lower middle class issue, should be looked at positively, regardless of revenue considerations," Gowda said.

The writer is K R Balasubramanyam

TOP

Professional liability insurance is expected to change considerably – IndiaMed – 3rd September 2024

The professional indemnity insurance a.k.a malpractice insurance or error and omissions insurance has become imperative and a burgeoning need for medical professionals in today's times. Cover you, India's insurance broker provides professional indemnity insurance specially for healthcare professionals. Their insurance covers doctors, surgeons and pathologists against professional negligence owing to unforeseen circumstances. Deepanker Mahajan, Co-Founder and CEO, CoverYou, reveals more

Professional liability insurance for healthcare professionals is being increasingly availed and insurance companies have been seeing a boost in demand. What factors have brought about this wary mindset amongst healthcare professionals to increasingly adopt liability insurance coverage?

There has been a tremendous increase in medical malpractice claims against doctors lately in India, with cases under the Consumer Protection Act growing 110 per cent since 2015. Defending such cases may be very expensive, costing between Rs 2 to Rs 10 lakhs. The new Consumer Protection Act of 2019 has made it easier for patients to claim medical negligence, with tougher penalties and better redress systems. More patients are aware of their rights now—over 60 per cent, according to a 2022 survey by the Indian Medical Association (IMA). Expectations have also risen by 40 per cent from 2015 to 2020, according to a National Law School of India University study. Peer influence plays a big role too; in a 2021 IMA survey, 75 per cent of doctors said they got liability insurance because their colleagues recommended it.

Can you outline the lucrative benefits of professional indemnity insurance coverage for doctors and HCPs?

Doctors' Professional Indemnity Insurance in India covers an extensive range of risks, encompassing both compensation and defense costs thereby providing financial protection. Legal support services are also included in these policies which usually allocate legal representation within one or two days upon receipt of notification from the insured party. Also included are risk management tools such as regular provision of legal advice as well as risk assessments and training sessions that aim at minimising potential claims. Given the high-risk nature of the medical field, doctors in India face a relatively high claims frequency, averaging around 5-10 per cent per year.

Are there different brackets/segments for coverage depending on the risk associated or the type of HCP i.e. a different coverage for a consultant, surgeon, practitioner, and health coach?

Healthcare professionals (HCPs) are given a tailor-made professional indemnity insurance (PII) based on their profession and the risks involved in their practice. Consultants pay premiums that differ per specialty and threat level, with higher charges being imposed on high-risk areas like cardiology and oncology as they have several frequent and expensive claims. The risks associated with surgery make surgeons' premiums higher, those of general practitioners or family doctors moderate reflecting average risk; whereas health coaches incur the lowest costs because of lower risk. Specialty carries significantly more weight when it comes to premium amounts, for instance high-risk practices such as surgery attract higher rates than low risk fields like psychology.

Geographic location also affects the amount charged due to varying trends in local medical practices settings and litigation levels. Experience also counts; highly experienced professionals may be offered PII at a relatively cheaper rate while recently qualified or less experienced ones may have to pay more premiums. For example, neurosurgeons pay between Rs 50,000 – Rs 100, 000 annually; Cardiologists pay between Rs 30,000 – Rs 60,000 per annum; family physicians pay between Rs 10,000 – Rs 25,000 for protection every year while Health Coaches usually offer less than Rs 5,000 per year.

What is your competitive advantage amidst multiple players in the market offering this sort of malpractice insurance for HCPs?

Leading in the line of a variety of products is professional indemnity insurance for healthcare rofessionals

(HCPs). CoverYou is an IRDAI-approved broker. We provide immediate and focussed legal assistance available nationwide through an extensive legal network of over 10,000 medico-legal lawyers. The policies provide comprehensive medico-legal coverage even against FIRs, E-notices & even threat calls. Policyholders can choose their own lawyers, thus enhancing personalised legal representation. Besides expert advice on case defenses and risk management, second-level consultation is available from a panel of over 500 senior doctors. Unlike the industry norm which has 0.25 per cent - 1 per cent compulsory excesses, CoverYou provides ZERO compulsory excess.

What sort of trends and advancements do you foresee shaping this niche segment of the insurance sector in the future?
Professional liability insurance is expected to change considerably due to several important trends. In India, personal insurance is classified as non- life insurance and this is in contrast to the global experience. The global ratio of life to non-life insurance sits at 45:55 pointing at a bias towards non-life insurance. However, contrary to this trend, life insurance holds 75 per cent of the Indian market while non-life takes just 25 per cent.

What sort of restraints and challenges does the medical professional liability insurance market face in India?
India's literacy and education levels have risen by 77 per cent, consequently empowering patients. The legal profession has also seen growth with about 1.7 million lawyers being registered as of 2021, According to the Bar Council of India. However, the healthcare system is overwhelmed with an approximate doctor-to-patient ratio of 1:834. This extra burden usually results in mistakes such as surgical accidents and wrong diagnosis, whose incidence has recently increased by between 7-10 per cent. Consumer Protection Act now makes it easier for individuals to seek redress against medical negligence thereby simplifying the process that was once prolonged before one could complain against healthcare providers. In fact, even minor occurrences like misdiagnosis and adverse drug reactions fall under this lawsuit in Indian law now which formerly only dealt with severe cases.

What is the market size of the medical Professional liability insurance sector in India? Do you expect to see further developments in terms of value and revenue added to the market in the future?
Increasing awareness and demand for risk management solutions among healthcare providers are driving significant growth in India's medical professional liability insurance. As per the latest report, the allied market research projects a rise of about $ 16.6 billion by 2021 with an expected $25.7 billion by 2031 at a CAGR of 4.5 per cent. India has seen a dynamic shift within its wider insurance industry, changing the face of financial services in niche markets like medical professional liability insurance.

Factors such as increased foreign direct investment (FDI), regulatory support, use of advanced technology, and claims management, provide a positive outlook for this sector. Medical professionals are at the receiving end when in the majority of the cases medical negligence tag is being used against them, sometimes facing mob violence.

What role is Cover You playing when it comes to the safety of doctors, nurses, etc?
CoverYou embodies the safety measures for doctors by providing a range of Professional Indemnity Insurance policies that include coverage for legal expenses incurred in defending and resolving medical malpractice claims. They have an in-house team of claim experts who provide handheld support to doctors to go through the medico-legal process worry free. In addition,

CoverYou works with over 75 different medical societies, in order to make sure insurance plans are tailored for cost effectiveness and customised offerings. They also consider mob attacks as a risk thus covering these incidents such as physical assault and property damage among other things. Besides, organising seminars for healthcare providers to enlighten them about their rights and methods of handling medico-legal problems giving them the knowledge and instruments needed to shield against false allegations and violence.

A majority of the patients face hurdles when it comes to getting the health insurance facility despite paying high premiums. How accessible is it when it comes to providing insurance for doctors?

Our website allows us to easily compare robust plans from over 20 top insurers, ensuring you find the best fit for your needs. We've significantly streamlined our process, cutting the policy issuance time down from 24 hours to an impressive 5-7 minutes, allowing you to get covered swiftly.

Moreover, our in-house claim settlement team is available 24/7 to provide you with unparalleled support whenever you need it. We also understand the importance of continuity in coverage; that's why we provide coverage from the first day in cases of portability, ensuring there are no gaps in your protection.

How many doctors, nurses, etc are under the purview of CoverYou?

At CoverYou, we are dedicated to serving the medical community with excellence. Annually, we consult 518,400 doctors, making an impressive 1,800 calls daily over 24 working days each month. Our commitment ensures that each doctor receives personalized attention and support. With our extensive reach and consistent communication, we strive to address the unique needs and concerns of doctors, helping them secure their professional and personal futures with confidence and ease.

The writer is Sonali Patranabish

TOP

GST relief on health insurance may lead to Rs 3,500 crore revenue loss, says govt official – Moneycontrol – 2nd September 2024

A proposal to exempt health insurance policies from the 18 percent goods and services tax (GST) could deal a Rs 3,500 crore blow to government revenues annually, according to a senior official who is part of the Fitment Committee considering the plan ahead of the GST Council's September 9 meeting.

"If we exempt full health insurance, the loss will be almost Rs 3,500 crore. Exemption of health insurance from GST, if approved by the Council in the meeting on September 9, will cause a huge revenue loss," the official said, requesting anonymity.

The Fitment Committee, comprising state and central government revenue officials, is tasked with weighing the potential benefits of relieving consumers of a significant financial burden against the revenue loss to the exchequer and making recommendations to the council. The council — chaired by Finance Minister Nirmala Sitharaman and comprising state finance ministers — will take a final call on the matter.

"The proposed exemption of health insurance from GST, if approved, could result in a significant annual revenue loss for the exchequer. Additionally, this exemption would render the insurance sector ineligible for input tax credits, leading to an immediate increase in the cost of servicing insurance policies. The reduction in taxes might partially offset the increased costs. However, the exact balance between these factors is difficult to determine at this stage," said Rajat Mohan, Executive Director at tax consultant Moore Singhi.

The potential benefits of such an exemption are also under discussion. Some experts believe that making health insurance more affordable could increase its appeal among consumers.

However, the associated rise in costs due to the loss of input tax credits could act against these benefits, potentially dampening consumer enthusiasm.

"The government is walking a tightrope with discussions on exemption of health insurance from GST. On one hand, it will result in a huge revenue loss to the government, while on the other hand, exemption from GST will make insurance more affordable to the public at large and also increase market penetration," Anchal N. Arora, Partner at Felix Advisory, told Moneycontrol.

Earlier, Union Minister for Road, Transport, and Highways Nitin Gadkari, also batted for health insurance's exemption from GST. On June 28 — days after Sitharaman tabled the Union Budget in the Lok Sabha on July 23 — Gadkari appealed to the finance minister for the withdrawal of GST on life and medical insurance premiums. He emphasised how taxing these essential services restricts their accessibility and growth.

"The 18 per cent GST on medical insurance premium is proving to be a deterrent for the growth of this segment of business, which is socially necessary," stated the letter.

The writer is Meghna Mittal

TOP

Most Indians are just 'one hospitalization away from bankruptcy,' Zerodha's Nithin Kamath warns – Hindustan Times – 1st September 2024

Zerodha co-founder Nithin Kamath warned that most Indians were just "one hospitalization away from bankruptcy," stressing the need for comprehensive health insurance.

Kamath wrote in a post on X that Indians should carefully choose insurers with a track record of at least five to ten years and a desirable claim settlement ratio in the range of 80-90 percent to avoid a financial difficulties in times of a health crisis. "Most Indians are just 1 hospitalisation away from bankruptcy," he wrote. "A good health insurance plan is mandatory." Kamath himself suffered a stroke in February this year, and cited anything from poor sleep, overwork, and exhaustion to the passing away of his father as the possible reasons.

Kamath also recommended selecting an insurer with a network of anywhere between 5,000-8,000 hospitals and an incurred claim ratio of 55-75%.

Why is it important to consider getting medical insurance?

India has one of the highest medical inflation rates in Asia, reaching 14%, meaning medical costs have growth this much, according to a report by insurtech company Plum, titled "Health Report of Corporate India 2023," which also found out that a staggering 71% of workers cover their healthcare costs out of their pocket and only 15% got health insurance support from employers.

There are also other issues such as getting insurance claims approved. 43% participants in a survey by Local Circles, involving 39,000 participants across 302 districts, struggled to get their claims approved due to a lack of full disclosure of policy exclusions, ambiguity caused by technical jargon, and claims rejected due to pre-existing conditions.

The writer is Abhyjith K. Ashokan

TOP

The Rising Threat of Vector-Borne Diseases: Are You Financially Prepared? – The Economic Times – 31st August 2024

The alarming increase in dengue, malaria, and chikungunya cases is not just a statistic—it's a pressing concern that emphasizes the immediate risks posed by vector-borne diseases, particularly in regions with high mosquito activity. According to the World Health Organization (WHO) highlights that mosquito-borne diseases account for more than 17% of all infectious diseases globally, causing over 700,000 deaths annually. As these diseases become more prevalent, understanding how your health insurance can protect you from the financial burden of contracting a vector-borne disease is more crucial than ever.

Does Your Health Insurance Have You Covered?

While most health insurance policies cover hospitalization for most diseases, including vector-borne diseases, the extent of this coverage can vary widely. Understanding the details of your policy is not just important; it's crucial to ensure you're not caught off guard when you need it most. This knowledge empowers you to make informed decisions about your health and financial security.

Inpatient and Outpatient Care: Health insurance generally covers hospitalization costs, including room charges, doctor's fees, and diagnostic tests. For instance, hospitalization costs for severe malaria cases requiring intensive care can exceed INR 1,00,000. Some plans also extend coverage to outpatient services, including consultations and necessary medications.

Pre and Post-Hospitalization Expenses: Medical expenses don't start and end at the hospital door. Many policies cover the costs incurred for diagnostic tests, follow-up consultations, and prescribed medications both before and after your hospital stay.

Emergency Ambulance Services: In the event of an emergency, the cost of ambulance services is often covered by health insurance, ensuring that you can get to the hospital without worrying about the bill.

Cashless Treatment Options: Dealing with medical emergencies is stressful enough without having to worry about upfront payments. Cashless treatment facilities at network hospitals, which are hospitals that have a tie-up with your insurer, allow you to focus on recovery while your insurer settles the bills directly with the hospital.

Why Choose an Exclusive Health Insurance Plan for Vector-Borne Diseases?

Opting for an exclusive health insurance plan for vector-borne diseases can offer several distinct advantages:

Higher Coverage Limits: These plans often provide higher coverage limits specifically for treating vector-borne diseases, ensuring that you are adequately protected against high medical expenses.

Focused Protection: By choosing a plan dedicated to vector-borne diseases, you ensure that your insurance is specifically designed to cover the unique risks and costs associated with these illnesses.

Shorter Waiting Periods: Specialized plans may have shorter waiting periods for coverage to kick in, allowing you to access benefits sooner.

Preserve Your No Claim Bonus: By using a specialized plan for vector-borne diseases, you can avoid making claims on your regular health insurance, thereby preserving your no claim bonus. This can help you maintain lower premiums over time.

Tailored Benefits: These policies can include benefits tailored to the treatment of vector-borne diseases, such as coverage for specific diagnostic tests, specialized medications, and extended post-hospitalization care.

Vector-borne diseases can be severe, but with the right health insurance, you can protect yourself from the financial strain often accompanying treatment. Take the time to review your current policy or explore specialized options if necessary to ensure you're fully covered. In doing so, you're not just safeguarding your health—you're also securing peace of mind, knowing that you're prepared for any health emergency.

The writer is Rakesh Jain

TOP

How do Modern Health Insurance Plans help you save costs? – Financial Express – 30th August 2024

Health insurance helps you save costs by covering expensive medical treatments and offering preventive care services to keep you healthy and avoid major expenses. It provides financial protection against unexpected health issues, ensuring you receive timely medical attention without breaking the bank. Our forefathers always said, "Health is Wealth" or "Jaan hai toh jahaan hai". They emphasized on the importance of good health and encouraged taking timely precautions to secure one's wellbeing. And rightly so, considering the dynamically evolving world that we are currently thriving in – health and financial stability are the pillars of a comfortable and peaceful life.

Rising healthcare costs in India – an overview

The rapid profit driven corporatisation of hospitals in the last few years has led to a surge in health care costs in India. Recent reports have also stated that India has the highest rate of medical inflation across all its contemporaries in Asia – an alarming 14%. To put things in perspective, without adequate medical insurance, a conventional middle-class family in the country can end up incurring lakhs of rupees in treatment and hospitalisation in a multi-speciality care facility in the country. The growing medical inflation in India reinstates the need for health insurance as a solid instrument that helps you save a substantial corpus of money in times of emergencies.

Benefits of proactive health management and different aspects of health protection

Modern health insurance encourages proactive health management. These plans not only cover illnesses but also preventive health check-ups, tests, vaccinations, and screenings, which can detect potential health issues early on. Early detection and treatment of health conditions can prevent them from developing into more severe and costly problems. By covering these preventive measures, health insurance thus helps individuals maintain better health and avoid expensive treatments in the future. Naturally, making health insurance a financial saving as well as risk mitigation tool.

Moreover, this is no longer limited to physical health conditions only. Modern medical cover goes above and beyond. It encompasses different aspects of health protection like mental health, wellness, dental/ oral care, vision health, nutritional health and other forms of health that focus on holistic wellbeing. Many insurance plans offer wellness programs, telemedicine services, and discounts on gym memberships, promoting a healthier lifestyle. This proactive approach not only improves overall well-being but also reduces the likelihood of major medical expenses, thereby saving money in the long run.

Modern health insurance plans – cost benefits and savings

The evolution of health insurance in India took giant strides post 2019. Until 2019, health and general insurance companies were quite reluctant in covering treatments or procedures that were new or 'out of the ordinary'. This changed after the Insurance Regulation and Development Authority issued significant amendments in 2019. This introduced the era of modern health insurance plans. Policies, which were more inclusive and covered treatments that not only related to physical, tangible health but also mental or intangible health.

Savings through modern health insurance plans

Ever wondered how modern health insurance plans can also be a great tool for saving money? Here are some ways:

1. **Cashless treatment**: One of the greatest boon of modern medical cover is the introduction of cashless payments. It enables policyholders to get medical treatments without having to pay any money simply by quoting their policy number. The hospital directly settles the bill with the insurance company thus reducing the financial burden during medical emergencies.

2. **No claim bonus**: To reward policyholders who do not make claims, many insurers offer a no-claim bonus. This can be in the form of a reduced premium or an increased sum insured for the following year, incentivizing healthy living and prudent use of health services.

3. **Top up and super top up plans**: Top-up and super top-up plans provide additional coverage once the basic sum insured is exhausted. These plans are cost-effective ways to enhance coverage, especially useful for covering major medical expenses without significantly increasing premium costs.

4. **Wellness and preventive care**: Insurers are increasingly focusing on wellness and preventive care. These programs often include free health check-ups, gym memberships, diet counselling, and smoking cessation programs. By encouraging a healthy lifestyle, these features help policyholders avoid serious health issues, ultimately leading to lower healthcare costs.

5. **Customisable coverage**: Modern health insurance plans offer a high degree of customization, allowing policyholders to tailor coverage based on their specific needs. Whether it's adding riders for additional protection or choosing specific coverage options, this flexibility ensures that individuals get the most relevant and effective insurance coverage.

Conclusion

Maintaining good health and financial savings are deeply interconnected, and comprehensive health insurance plans play a crucial role in bridging this gap. By investing in a robust health insurance plan, individuals can ensure access to quality healthcare without the worry of financial ruin.

TOP

MOTOR INSURANCE

Zurich Kotak General Insurance explains the importance of timely car insurance renewals – Business Standard – 2nd September 2024

Zurich Kotak General Insurance, an insurer in India explains the importance of timely car insurance renewals. It is easy to overlook important tasks in today's world we live in. However, timely renewal is not something that should be pushed to the bottom of your to-do list when it comes to car insurance. Timely car insurance renewal is very important for maintaining continuous coverage, protecting policyholder's financial investment and adhering to the legal requirements as per Motor Vehicle Act, 1988.

Importance of timely car insurance renewals
Let's explore why renewing car insurance on time is very important and the potential consequences of letting the policy lapse:

- **Continuous coverage**: One of the important reasons for renewing car insurance on time is to maintain continuous coverage. Accidents are unexpected and having a lapse in car insurance can leave policyholders vulnerable to financial losses.
- **Avoid legal consequences**: Driving without third-party insurance as per Motor Vehicle Act, 1988 is illegal in India and can lead to severe penalties. If you're caught driving without a valid car insurance, you could face fines, license suspension and even imprisonment of up to three months.
- **Preserving financial stability**: Car insurance is not just a legal requirement, it is a financial protection from unforeseen circumstances. The cost associated with car accidents can be high and without car insurance, these costs can be stressful. Renewing car insurance preserves financial stability and protects policyholders from financial implications.
- **Maintaining No Claim Bonus benefits**: Allowing car insurance to lapse can result in the loss of No Claim Bonus benefits, which can increase your overall car insurance costs in the long run. By renewing car insurance on time, policyholders can enjoy the benefits of No Claim Bonus.

To wrap up
For maintaining continuous protection, adhering to legal requirements and avoiding financial risks, timely car insurance renewal is very important. Don't let your car insurance lapse - set reminders, renew online and stay protected to drive with confidence.

TOP

CROP INSURANCE

Digital Agriculture Mission to check false crop insurance claims, stop procured gain 'recycling' – The Hindu Business Line – 3rd September 2024

With the launch of Digital Agriculture Mission, the government hopes to see significant impact over the next 2-3 years in some areas such as grain procurement, crop insurance scheme PMFBY and crop production estimates.

"We are building a digital public infrastructure (DPI) for agriculture, which will have credible and verified data on agriculture sector. Various agencies of the government can use the DPI for

re-engineering their current processes to provide hassle free services to farmers in near real time," said Pramod Kumar Meherda, Additional Secretary in the Union Ministry of Agriculture and Farmers' Welfare. He said there are several components under the Mission and the recent launch of Krishi Decision Support System portal is one of them.

The Cabinet on September 2 approved the ₹2,817-crore Digital Agriculture Mission, under which the Centre's share will be ₹1,940 crore and the Budget has to be spent by March 31, 2026.

Providing details, a senior official said several data related to farming and farmers, which are currently scattered at different places, some of those even in physical form, are being digitised, a senior official said. For instance, data of land records (including Swamitva certificate), fertiliser and other inputs application, indebtedness are available with State governments, whereas many other information is scattered at Cooperation Ministry, Animal Husbandry Ministry, Rural Development Ministry and Panchayati Raj Ministry, which will be now collated at one place to avoid any anomaly in the sector.

Uniform data

Though, the objective is to have a consolidated database on a single platform instead of having multiple database and different platforms, both platforms will continue, but the data will be uniform, officials said.

The government hopes that after 2-3 years farmers would be able to digitally identify and authenticate themselves to access benefits and services, obviating cumbersome paperwork and with little or no need to physically visit various offices or service providers.

"A farmer would be able to access crop loans, paperless MSP-based procurement, crop insurance, credit card-linked crop loans connected to agri-input suppliers and buyers of agricultural produce, with minimal or no documentation," the senior official said.

The Digital Agriculture Mission will also help the government to frame evidence-based policies on pricing, import and export of agricultural produce as the 'digitally captured data on crop-sown area', 'Digital General Crop Estimation survey-based yield' and 'remote-sensing data' will help in accurate crop production estimation, the official said.

MoUs with States

The government had announced DPI for agriculture in the Union Budget 2023-24. "The DPI for agriculture aims to provide comprehensive and useful data on farmers, including tenant farmers, comprising authenticated demographic details, land holdings and crops sown," an official statement said Monday.

A Memorandum of Understanding (MoU) is being signed with each state government to create and implement the DPI for agriculture and 19 States have signed MoUs with the Union Agriculture Ministry.

For the creation of Farmer IDs, pilots have been conducted in one district each across 6 States: Uttar Pradesh (Farrukhabad), Gujarat (Gandhinagar), Maharashtra (Beed), Haryana (Yamuna Nagar), Punjab (Fatehgarh Sahib), and Tamil Nadu (Virudhnagar).

TOP

SURVEY AND REPORTS

Indians see uncertainty ahead despite strong growth: Survey – The Economic Times – 3rd September 2024

Despite robust macro-economic growth, India grapples with micro unpredictability due to technology among others, a survey by Aditya Birla Sun Life Insurance Company Limited. Based on the responses gathered from 7,978 participants across all age groups and professions, the survey reveals that 88 percent of respondents anticipate high or very high levels of financial uncertainty over the next five years, with economic factors emerging as the primary source of uncertainty among respondents. 35.11 percent of participants cited economic uncertainty, such as potential job loss, as their top worry. Technological advancements, including AI and tools like ChatGPT, followed close at 33.95 percent, reflecting anxieties about the potential impact of these technologies in changing the nature of work.

The writer is Gayatri Nayak

TOP

INSURANCE CASES

Insurance company, car owner, driver told to pay Rs 18.50 lakh compensation – The Tribune – 5th September 2024

The Motor Accident Claims Tribunal, Chandigarh, has directed an insurance company, driver and owner of a car to pay compensation of Rs 18.50 lakh to parents of a 23-year-old student Kapil, who died in an accident six years ago.

The claim petition has been filed by claimants Yashpal Sharma and Neelam, father and mother of Kapil, under Section 166 of the Motor Vehicles Act for compensation. The claimants, both residents of Pathankot district, said on May 1, 2018, their son was going from Jammu to Pathankot in a car. On the way, when he reached Swankha Mor near Vijaypur police station, his car collided with a wrongly parked tractor-trailer. They alleged that the car was being driven by the driver in a rash and negligent manner.

After the accident their son was taken to Government Medical College and Hospital, Jammu, where he was declared brought dead. An FIR under Sections 279 and 304-A of the IPC was registered against the driver with regard to the accident.

The claimants said their son was a student of A&M Group of Institutes of BCA. The claimants claimed compensation of Rs 50 lakh along with interest at the rate of 18 per cent per annum from the date of accident till realisation.

On the other hand, the driver and the owner of the car denied the allegations.

After hearing the arguments, the tribunal observed that in view of the facts the claimants were entitled to receiving compensation of Rs 18.50 lakh.

The writer is Ramkrishan Upadhyay

TOP

PENSION

NPS for minors set for launch next fortnight – The Hindu Business Line – 5th September 2024

The wait for the much-talked about NPS Vatsalya, an NPS for minors, will soon be over. The government and pension regulator PFRDA plan to launch this scheme in the next fortnight. NPS Vatsalya is poised to be a transformational financial tool, offering parents a secure pathway to long-term wealth creation for their children as they grow up. It reflects the government's vision of promoting financial inclusion and security across generations. The Pension Fund Regulatory & Development Authority (PFRDA) is giving final touches to the NPS Vatsalya scheme, which will be launched at the hands of Finance and Corporate Affairs Minister Nirmala Sitharaman next fortnight, sources said. In her Budget speech this year, Sitharaman had said: "NPS Vatsalya, a plan for contribution by parents and guardians for minors, will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account."

Put simply, NPS Vatsalya will be a modified version of the National Pension System (NPS) specifically designed for minors. It would allow parents and guardians to open an NPS account for their children and contribute regularly towards a savings pool until the minor turns 18. When the minor turns 18, the account can be seamlessly converted into a regular NPS account. Upon reaching adulthood, the beneficiary will have the autonomy to manage the account and decide on the investment strategies. By encouraging early investments, this scheme is expected to provide a robust long-term savings vehicle that supports individuals through various life stages, beyond just retirement. Similar to the existing NPS structure, this NPS Vatsalya account is expected to offer a mix of equity, government securities, and corporate bonds, providing a balanced risk-return profile.

Subscribers to NPS Vatsalya are likely to have an option to choose between auto choice (life cycle funds like LC25, LC 50 and LC75) and active choice depending on their risk profile. India has over the last two decades (since 2004) successfully built a defined contribution NPS that has grown leaps and bounds to touch Assets under management of ₹13 lakh crore as of August 31 this year. The primary advantage of this NPS Vatsalya scheme is the potential to create significant wealth over time through compounding, pension industry observers said. Starting early allows for higher accumulation, as investments grow exponentially over a longer period. This gives minors a head-start in retirement savings, which can lead to substantial financial resources when they reach their retirement age, they said. Also, this scheme can serve as a tool for funding the college education as it would help build a corpus for that purpose from an early stage.

Indications are that the proposed NPS Vatsalya scheme would allow partial withdrawal before subscriber turns 18. Subscribers may be allowed to do partial withdrawal after three years of joining NPS Vatsalya and the maximum sum allowed for withdrawal is likely to be 25 percent of contributed amount. Partial withdrawal is expected to be allowed for the purposes of education, treatment of specified illnesses, disability etc. An NPS Vatsalya subscriber is also proposed to be allowed to exit NPS at 18. On exit, at least 80 percent of the accumulated corpus may be required to be invested in annuity plan, while 20 percent can be withdrawn as lumpsum.

The writer is KR Srivats

TOP

Now, EPS pension can be withdrawn from any bank – The Economic Time – 5th September 2024

Labour and employment minister Mansukh Mandaviya on Wednesday approved the centralised pension payment system (CPPS), which will allow 7.8 million Employees' Pension Scheme subscribers to withdraw their pension from any branch of any bank across India starting January 1, 2025.

In the next phase, CPPS will enable a smooth transition to the Aadhaar-based payment system (ABPS), the ministry of labour and employment said in a statement.

The move will enhance ease of living while significantly cutting pension disbursement costs of the Employees' Provident Fund Organisation (EPFO).

"The approval of the centralised pension payment system marks a significant milestone in modernisation of the Employees' Provident Fund Organisation," the ministry said, quoting the minister. "This initiative addresses the long-standing challenges faced by pensioners and will ensure a seamless and efficient disbursement mechanism," the minister said.

TOP

New milestone as NPS assets surge past ₹13 lakh crore – The Hindu Business Line – 4th September 2024

Aided by strong show in the private sector, the overall National Pension System (NPS) assets grew nearly 30 percent year-on-year, as of August 31, to touch ₹13.06 lakh crore, latest PFRDA (Pension Fund Regulatory and Development Authority) data showed. Private sector assets (non-government sector) grew a robust 41.68 percent year-on-year basis to touch ₹2.62 lakh crore, as of August 31, on the back of buoyant equity markets and growing subscriber base in the non-government sector. Meanwhile, the number of subscribers in private sector as of August 31 stood at 58.71 lakh, up 9.77 lakh on a y-o-y basis - a 20 percent rise on a y-o-y basis. A strong-showing from the private sector had helped NPS assets record a robust 30.5 percent y-o-y growth in 2023-24 to touch ₹11.73 lakh crore as of March end 2024.

Meanwhile, Atal Pension Yojana (APY) assets touched ₹39,959.35 crore as of August 31, up 32.20 percent y-o-y basis. The PFRDA had onboarded 1.2 crore APY subscribers in 2023-24. This fiscal, the target is 1.3 crore. So far this fiscal the net addition in APY subscriber base stood at about 30 lakh. Private sector growth this fiscal has been better across all schemes including APY. It must be noted that private sector has been the key reason behind NPS assets' sharp increase in recent years. PFRDA Chairman Deepak Mohanty had recently said that the pension regulator has a target of overall NPS assets of ₹15 lakh crore by end of March, 2025. The number of new NPS subscriber registrations till August 31 stood at 3,82,221, PFRDA data showed.

PFRDA is now aiming to onboard about 11 lakh new NPS subscribers from private sector. In the previous fiscal, 9.7 lakh private sector employees had enrolled for NPS.

The rapid growth of overall NPS assets is evident from the AUM, which grew from about ₹1 lakh crore in 2015 to ₹10 lakh crore in August last year. The continued bull run in equity markets has helped pension funds record a robust average annual return of 37.93 percent as of August 30. The returns from equity has comfortably surpassed Corporate Bonds by over four fold, and outperformed the Government Securities and State Government Schemes, latest PFRDA data showed.

Over the past three years, pension funds achieved an average return of 18.08 percent in equities, with returns since NPS inception coming in at 14.37 percent for equity investments. As of August 30, Corporate Bonds recorded an annual return of 8.44 percent, while Government securities saw a return of 10.35 percent. The annual return from the Central and State Government schemes stood at 12.94 percent and 13.02 percent respectively, data showed. The total number of NPS and APY subscribers as of August 31 this year stood at 7.73 crore, up 16.17 percent from 6.65 crore a year ago.

The writer is KR Srivats

TOP

New Public Provident Fund Rules: These PPF accounts will earn ZERO interest from this date – Financial Express – 4th September 2024

Public Provident Fund (PPF) is a central government-backed savings-cum-investment product known for its investor-friendly features and long-term benefits. The scheme falls in the EEE (exempt-exempt-exempt) category, which means the principal amount, interest earned and the maturity amount will remain tax exempted under the Income Tax Act, 1961.

The Centre has made several changes to PPF rules over the years. Last month also, the Department of Economic Affairs, under the Ministry of Finance, came out with a circular notifying certain revisions to the PPF norms. These changes in PPF rules, to be effective from October 1, 2024, pertain to PPF accounts opened in the name of minors, multiple PPF accounts held, and the extension of PPF accounts by Non-Resident Indians (NRIs) under the National Saving Schemes held through the post office.

According to the circular issued by the finance ministry on August 21, 2024, "It needs to be noted that the powers to regularise irregular small savings accounts are vested with the Ministry of Finance. Therefore, all cases pertaining to irregular accounts should be forwarded to this division for regularisation by the Ministry of Finance."

Following are the changes in the PPF rules to be implemented from October 1, 2024:

PPF account opened under the name of a minor:
Post Office Savings Account (POSA) interest shall be paid for such irregular accounts until the individual (minor) becomes eligible for opening of account, that is, the individual attains 18 years of age. Thereafter, the applicable interest rate will be paid.

Maturity period for such accounts will be calculated from the date the minor becomes an adult, that is, the date from which the individual becomes eligible to open the account.

More than one PPF Account:
The primary account shall earn the scheme rate of interest subject to the deposit being within the ceiling applicable for each year. (Primary Account is one of the two accounts chosen by the investor in any Post Office/ agency bank where the investor prefers to continue with the account upon regularization).

The balance amount in the second account shall be merged with the first account subject to the primary account remaining within the applicable investment ceiling in each year. Post-merger, the primary account will continue to enjoy the prevailing scheme rate of interest. Excess balance in the second account, if any, shall be refunded with Zero percent rate of interest.

Any additional accounts beyond the primary and second account, shall earn zero percent rate of interest from the date of opening of that account.

Extension of PPF account by NRI:
For only those active NRI's PPF accounts opened under the Public Provident Fund Scheme (PPF), 1968, where Form H did not specifically ask the residency status of the account holder, POSA rate of interest shall be given to the account holder (Indian citizen who became NRI during the currency of Account) till 30th September 2024. Thereafter, the said account shall earn zero percent rate of interest.

Conclusion:
These changes in PPF guidelines are aimed at addressing the discrepancies in the way these accounts have so far been operated. PPF customers are advised to take action as the earliest if these changes are relevant to them.

TOP

Investment rate of 36% needed for 8% GDP growth: PFRDA Chairman – Financial Express – 4th September 2024

To achieve an annual economic growth of 8%, India needs an investment rate of 36% of gross domestic product (GDP), the Pension Fund Regulatory and Development Authority Chairman Deepak Mohanty said on Tuesday.

"As we aspire to be a high–income country over the next 25 years, we need to be growing on an average of around 8% per annum. This will require commensurate levels of investment," Mohanty said addressing the CII Financing 3.0 Summit in Mumbai.

In the first quarter of FY25, the gross fixed capital formation (investment) rate was 34.8% of GDP. Indian economy grew by 8.2% in FY24 and is projected to grow around 7% in FY25.

In this context, efficient conversion of savings to capital formation is crucial, he said.

"This (investment) has to largely emanate from domestic saving. Of course, we can afford capital from abroad, which we have been doing for years, but there is a limit as it has an implication for our external balance," he said.

Components of household gross financial assets indicate that during the years 2000-16, on average 81% of the financial assets were held in cash and bank deposits with investment in bonds and equity averaging 3%.

In more recent years, 2017-22, the share of cash and bank deposits has declined to 46% and that of bond and equity has risen to 7%.

Financial savings for social security such as in insurance, pension and small savings have shown a steady increase, Mohanty said.

The change in financial behaviour and attitude, from safe or risk-averse to taking risks for growth of wealth, is quite evident from the rise in Demat accounts holder (16.2 crore), MF SIP accounts (9.34 crore), emergence of a number of online equity trading platforms, the share of retail investors in equity cash segment turnover rising to 36% in 2023-24 from 12% in 2013-14.

TOP

Transition from a nation of savers to investors marks a paradigm shift: PFRDA Chairman – The Hindu Business Line- 3rd September 2024

India's transition from a nation of savers to investors represents a paradigm shift in the country's economic and financial landscape, according to Deepak Mohanty, Chairperson, Pension Fund Regulatory and Development Authority

"The ongoing transition from a nation of savers to investors represents a paradigm shift in our economic and financial landscape," said Mohanty during the session on 'From a Nation of Savers to a Nation of Investors - The Transition' at the Financing Summit 3.0 of the Confederation of Indian Industry (CII) in Mumbai today. "It reflects our growing confidence in the financial system and its regulatory foundations, improving financial literacy, and expanding investment opportunities," he added.

Mohanty pointed out that the share of cash and bank deposits in household financial assets has been declining, while investments in bonds and equities have been on the rise. Additionally, there has been a steady increase in financial savings directed towards social security, including insurance, pensions and small savings.

"As we aspire to be a high-income country over the next 25 years, we need to grow at an average rate of around 8.0 percent per annum. This will require commensurate levels of investment," he said adding that the importance of efficient conversion of savings to capital formation to meet these growth targets, underlining that "to achieve an annual GDP growth rate of 8 per cent, we need an investment rate of around 36 per cent of GDP per annum."

Nilesh Shah, Managing Director of Kotak Mahindra Asset Management Company, stressed the importance of transforming India's savers into informed investors.

He noted that many households still prefer to keep money at home rather than in banks, often driven by greed, underscoring the urgent need for increased financial literacy.

Vishal Kampani, Non-Executive Vice Chairman, JM Financial, highlighted that the transition from a nation of savers to investors should lead to wealth creation that benefits a broader segment of the population rather than a select few.

TOP

IRDAI CIRCULAR

Circular	*Reference*
Circular on Insurance claims relating to floods in Telangana and Andhra Pradesh	https://irdai.gov.in/document-detail?documentId=5634927
Master Circular on Protection of Policyholders' interests 2024	https://irdai.gov.in/document-detail?documentId=5625747
Subscribers to Other Forms of Capital	https://irdai.gov.in/document-detail?documentId=5659278

TOP

GLOBAL NEWS

Reinsurers show growing appetite for Nat CAT risks – AIR – 2nd September, 2024

Global reinsurers will seize the opportunity to deploy more capital over the next two years, within strict limits, says S&P Global Ratings (S&P).

"Rising demand, improved pricing, and more favourable terms and conditions boosted reinsurers' appetite for property catastrophe risk during 2023," S&P credit analyst Sachin Bhojani said in the report, "Reinsurers Show Growing Appetite for Natural Castastrophe Risks".

While global reinsurers' natural catastrophe risk appetite has diverged in previous years, most of the 19 largest global reinsurers rated by S&P increased their exposure to natural catastrophes during the January 2024 reinsurance renewals. S&P observed an average overall increase in risk exposure of 14%, although a smaller group of reinsurers continued to reduce theirs. Favorable reinsurance pricing and improving net investment income in 2023 and 2024 have presented reinsurers with opportunities to deploy capital and expand their property catastrophe business.

Improved underwriting margins and sound investment returns, coupled with robust capitalisation, are expected to add to reinsurers' already strong buffers against exceptional shocks.

Based on the budgeted property catastrophe losses at the top 19 global reinsurers, S&P calculates that return on equity could benefit by 3 percentage points from this line of business in 2024.

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Singapore: AIA and university launch nation's first insurance minor to groom next-generation talents – AIR – 2nd September 2024

AIA Singapore and Singapore University of Social Sciences (SUSS) have launched Singapore's first Minor in Insurance Fundamentals as part of a newly signed Memorandum of Understanding (MoU) between both parties.

This programme aims to cultivate and expand the pool of future-ready talent for the insurance industry. It represents the inaugural collaboration between a Singapore university and an insurer to develop a joint training programme.

The introduction of this programme seeks to address the growing demand for skilled professionals in Singapore's financial services sector. Singapore's life insurance market is poised for substantial growth, with the gross written premium projected to expand at a CAGR of 6.41% from 2024 to 2028, reaching a market volume of $58.83bn by 2028. This growth, however, is tempered by persistent talent shortages. The programme will bridge the talent gap by equipping training professionals with essential insurance principles, compliance knowledge, and financial acumen.

The programme will commence in January 2025, with registrations opening in September 2024. It will be available to:

• SUSS full-time and part-time undergraduates.

• Working adults, including Continuing Education and Training (CET) learners in the financial services industry and graduates from SUSS' SkillsFuture Career Transition Programme

Certificate in Personal Banking. They will receive a Certificate in Insurance Fundamentals upon completing the programme.

Enabling students to acquire theoretical knowledge and in-depth professional skills in insurance

The curriculum is designed to provide students with a robust understanding of core insurance concepts and equip them with the essential knowledge and skills for careers in insurance and related fields, including roles such as financial planners, brokers, and agency management officers. It comprises a set of courses that explore topics such as contract and agency law, customer relationship management, and financial markets.

Additionally, as part of the AIA-SUSS partnership, a six-week internship with AIA will be open to all full-time SUSS undergraduates in the second year of studies. This exclusive internship programme with AIA Singapore offers students a comprehensive introduction to the insurance industry when they join either AIA's agency or corporate arms.

During the internship, students will benefit from the guidance of seasoned mentors and dedicated professionals, gaining deeper insights into financial planning and building meaningful networks to fast-track their careers. Those seeking to obtain a deeper knowledge of the insurance field will also have the opportunity to pursue full-time employment with AIA Singapore upon graduation.

In their third year, full-time students pursuing the Minor in Insurance Fundamentals and meeting the prerequisites will have the chance to work at AIA Singapore while continuing their education, under the SkillsFuture Work-Study Degree (WSDeg). The WSDeg allows students to apply their academic knowledge in real-world industry settings, gaining valuable practical skills and professional exposure. The Work-Study and Industry Readiness component is thoughtfully integrated with their major and minor courses, ensuring a balanced and enriching educational journey.

Ms Aileen Tan, chief human resources officer of AIA Singapore, said, "Despite the rise in online platforms and digital touchpoints, we continue to see a growing demand among customers for personalised advice and guidance from financial consultants. This demand, coupled with Singapore's shifting demographic, signals the need for a direct and formal pathway for professional development in insurance, which is currently lacking. Through this partnership with SUSS, we hope to inspire more students to explore rewarding careers in insurance and in turn, uplift the sector."

Professor Tan Tai Yong, president of SUSS, said, "This initiative is not just about academic advancement; it's about nurturing future leaders who will elevate the financial services sector and make a meaningful impact on society. The collaboration with AIA Singapore serves as a testament to SUSS' continued commitment to providing students with a well-rounded education that blends theoretical knowledge with practical, real-world skills. By opening doors to rewarding careers in the insurance industry, we hope to inspire our students to pursue fulfilling careers and support their professional trajectory."

Job redesign and reskilling for AIA employees

Another component of the MoU involves AIA Singapore and SUSS jointly developing reskilling training to enable AIA employees to take on growth job roles, in line with Workforce Singapore's (WSG) Information and Communications Jobs Transformation Map. Through this initiative, AIA Singapore plans to reskill about 100 of its employees in artificial intelligence (AI) and adjacent technological skills over the next few years.

This effort also aligns with SUSS' role as one of five Training Partners working with the Infocomm Media Development Authority (IMDA) to develop reskilling courses with training interventions for AI professionals, supporting the national reskilling and upskilling agenda.

Ms Tan added, "As a leading life insurer and employer of choice, we recognise the important role we play in shaping the future of insurance in Singapore. This is why nurturing talent and creating rewarding career opportunities for individuals here continue to be core to our business, and we look forward to empowering leaders of tomorrow."

TOP

Philippines: Insurance regulator issues guidelines on institutional AML/CFT risk assessment

The Philippine Insurance Commission (IC) has issued guidelines on the conduct of institutional risk assessment relating to anti-money laundering and combating the financing of terrorism (AML/CFT) by insurance entities to ensure that such a review is carried out comprehensively and uniformly.

The guidelines follow a 2018 IC circular that requires the conduct of institutional risk assessments at least once every two years, or as often as the board or senior management may direct, depending on the level of risks identified in previous assessments or other relevant AML/CFT developments that may have an impact on the operations of IC-regulated entities.

IC commissioner Reynaldo Regalado says that a risk-based strategy for AML/CFT and proliferation financing (PF) will ensure that appropriate measures commensurate with those risks are adopted to mitigate them effectively.

The new guidelines stipulate three stages of the risk assessment process. These are:

- identification of the various ML/TF/PF threats and vulnerabilities (inherent risks) germane to the business operations of insurance entities;
- risk analysis, including likelihood and impact assessments;
- estimate of the level of each identified risk.

COI TRAINING PROGRAMS

Mumbai – September – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Strategic Selling in Life Insurance	11-Sep-24	11-Sep-24	ClickHere	Register
2	Mega Risk Insurance	11-Sep-24	12-Sep-24	ClickHere	Register
3	Suitability Assessment and Product Recommendation	12-Sep-24	13-Sep-24	ClickHere	Register
4	Liability Insurance Focus - Financial Lines	17-Sep-24	18-Sep-24	ClickHere	Register
5	Comprehensive Financial Planning –Focus Insurance Planning	17-Sep-24	18-Sep-24	ClickHere	Register
6	Emerging Issues of Regulatory Compliance in Life Insurance	18-Sep-24	18-Sep-24	ClickHere	Register
7	Enterprise Risk Management (ERM)	18-Sep-24	19-Sep-24	ClickHere	Register
8	Health Insurance Underwriting	19-Sep-24	19-Sep-24	ClickHere	Register
9	Challenges in Fighting Fraud - Motor OD Insurance	19-Sep-24	20-Sep-24	ClickHere	Register
10	Appreciation of Project Insurance – Customer Perspective	23-Sep-24	23-Sep-24	ClickHere	Register
11	Social Media Marketing-Tools and Techniques for Insurers	26-Sep-24	26-Sep-24	ClickHere	Register

12	Managing Marine Hull Insurance - Underwriting & Claims	03-Oct-24	04-Oct-24	ClickHere	Register
13	Comprehensive Health Insurance	07-Oct-24	09-Oct-24	ClickHere	Register
14	Bankers Indemnity - Focus: Cyber Security and Computer Crime	08-Oct-24	08-Oct-24	ClickHere	Register
15	Crop Insurance - Focus: Horticulture, Floriculture, Plantations and Vegetable Insurance	09-Oct-24	10-Oct-24	ClickHere	Register
16	Marine Cargo Claims and Fraud Management	21-Oct-24	22-Oct-24	ClickHere	Register
17	Risk Inspection & Management for Risk Engineers	24-Oct-24	25-Oct-24	ClickHere	Register
18	Workshop on Team Dynamics and Interpersonal Relationships	07-Oct-24	08-Oct-24	ClickHere	Register
19	Equity Research and Valuation	07-Oct-24	07-Oct-24	ClickHere	Register
20	Relevance of Monetary policy and its implications for Insurance sector	21-Oct-24	21-Oct-24	ClickHere	Register
21	Insurtech and Digital Marketing	24-Oct-24	25-Oct-24	ClickHere	Register
22	Boosting Productivity of Marketing Personnel of Banks, Corporate Agents, Brokers	16-Oct-24	16-Oct-24	ClickHere	Register
23	Understanding Consumer Behaviour in Insurance Sales Management	23-Oct-24	23-Oct-24	ClickHere	Register

Kolkata – September – October 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Workshop on Communication Skills for frontline Marketers	10-Sep-24	10-Sep-24	ClickHere	Register
2	Managing Motor TP Claims and Controlling Frauds	18-Sep-24	19-Sep-24	ClickHere	Register
3	Financial Planning for Golden Years (Retirement)	23-Sep-24	23-Sep-24	ClickHere	Register
4	Managing Marine Hull, Oil & Energy Insurance- Underwriting & Claims	25-Sep-24	26-Sep-24	ClickHere	Register
5	Handling Project & Engineering Insurance – Underwriting and Claims	22-Oct-24	23-Oct-24	ClickHere	Register