ISSUE NO. 2024/19

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

4TH – 10TH MAY 2024

QUOTE OF THE WEEK

"The size of your success is measured by the strength of your desire; the size of your dream; and how you handle disappointment along the way."

ROBERT KIYOSAKI

Insurance Term for the Week

Terminal Illness

A terminal illness in term insurance is considered valid if two certified doctors confirm the policyholder's diagnosis of a terminal illness, i.e., an untreatable condition that reduces the policyholder's life expectancy to less than 6 months. In simpler words, the terminal illness meaning in insurance is that if the policyholder is diagnosed with a terminal illness during the policy term, he/she will either receive the entire or a part of the base sum assured to seek better medical treatment and cover the hospital charges. The payout amount on the diagnosis of a terminal illness depends on the policy's T&Cs, and thus, you should go through the policy documents before adding the rider to the base plan.

INSIDE THE ISSUE

INSURANCE INDUSTRY

Good news for insurance agents! They can use this platform to track and receive commissions in real-time – Financial Express – 7th May 2024

For the first time in India, insurance Point of Sales Persons (PoSPs) will be able to see live brokerage against each quote option they generate and upon completing sale, they will receive their commission payment immediately.

Innovative features: Live Brokerage and InstaPay
PolicyBoss.com, one of India's leading insurtech, has launched two innovative features: Live Brokerage and InstaPay. With these features, PoSPs registered with the company can get real-time access to their earnings from selling the insurance policies and immediate realisation of the same, the insurtech platform said in a release.

Traditionally, insurance agents and PoSPs have to refer to complex grids to understand the income potential from commissions. Add to that, there are over 72 parameters that need to be considered for ensuring payout. Usually, commission payments are made over 30-45 day payment cycles across the industry, and reconciliation efforts further take time. Hence, for the insurance agents and PoSPs, a lot of productive time goes in figuring out the accuracy and case wise details of commissions earned.

Susheel Tejuja, Managing Director and Co-Founder of PolicyBoss.com, explains, "With the unveiling of Live Brokerage and InstaPay features, we're ushering in a new era of support for PoSP agents. These features will provide our PoSPs with seamless commission tracking and swift commission realisation. It will unlock their full potential and drive industry innovation. We are now confident that more PoSPs will join the PolicyBoss community and revolutionise the insurance industry."

The 'Live Brokerage' feature seamlessly integrates commission tracking into the policy quote page, providing real-time visibility of earnings. PoSPs get immediate information about the commission that can be earned on the said quote, ensuring transparency and clarity in their earnings. By integrating commission tracking into the quote page, Live Brokerage eliminates the need for manual tracking through separate systems or paperwork.

InstaPay tackles a common challenge faced by PoSP agents – delayed commission payments. The 'InstaPay' feature facilitates seamless and instant realisation of commissions by simplifying the payment process. The launch of industry-first features marks a significant milestone in the Indian insurance industry, said PolicyBoss. These innovative features provide PoSP agents with transparency, efficiency, and instant gratification for their hard work, it added.

TOP

LIFE INSURANCE

Base effect: Fuelled by LIC, life insurers clock 61% NBP in April - Business Standard – 9th May 2024

Life insurers posted 61 per cent year-on-year (Y-o-Y) growth in new business premiums (NBP) in April this year on the back of robust growth registered by the Life Insurance Corporation of India (LIC). According to data released by the Life Insurance Council, the NBP of life insurance companies was Rs 20,258.86 crore, 61.23 per cent higher from Rs 12,565.31 crore in the year-ago period. LIC's premium rose by 113 per cent to touch Rs 12,383.64 crore, while private life insurance companies reported 16.58 growth to Rs 7875.22 crore.

NBP is the premium collected by life insurance companies from new policies for a particular year. It is the sum of the first-year premium and single premium, reflecting the total premium received from the new businesses. According to industry players, the private players witnessed lacklustre growth in April last financial year after the Union Government imposed a tax on the high-value policies (Rs 5 lakh and above premiums) due to which the base for April 2024 is muted for the private life insurers, which are the biggest players in the individual premium segment.

Among the segments, the Group Single Premium grew over 126 per cent from last year to Rs 11,715.42 crore. The entire group premium is dominated by LIC. The group single premium of the company increased by 200 per cent to Rs 9020.22 crore. Among large private players, the largest private life insurer, SBI Life's premium grew by around 26 per cent. Meanwhile, other private sector players also posted healthy growth. HDFC Life's NBP rose marginally by 4.31 per cent, ICICI Prudential Life Insurance's premia increased 28.13 per cent, Bajaj Allianz Life swelled 25.20 per cent, and Max Life Insurance's premium climbed by around 41 per cent.

"It is evidently because of a growth in group single premium. LIC has also done very well which has seen a huge order in the group single premium. Also, for the private insurers a huge amount of premiums was accrued in March 2023 dampening the growth in April 2023 amid change in taxation norms. When considering April 2024, the muted needs to be discounted," said Saurabh Bhalerao, associate director, CareEdge Ratings.

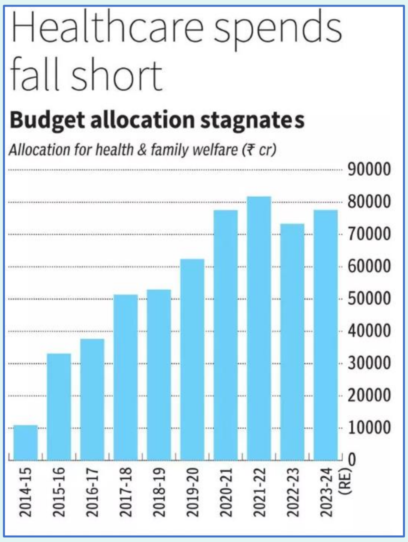
(The writer is Aathira Varier.)

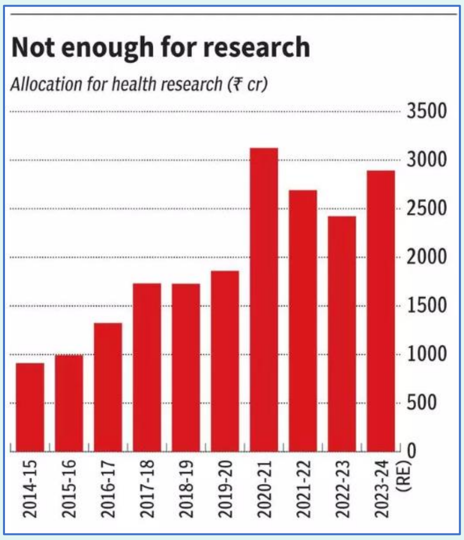
TOP

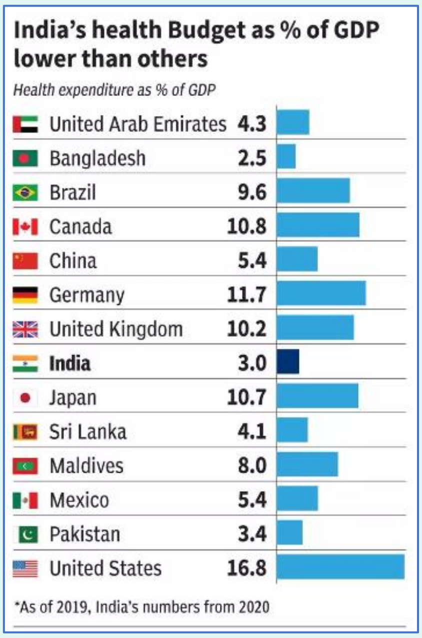
HEALTH INSURANCE

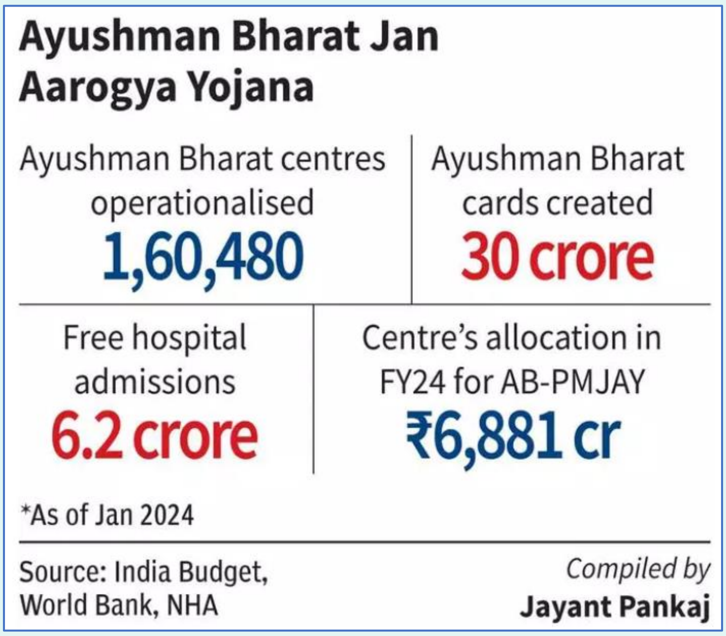
Strong steps taken in healthcare, but more mountains to scale – The Hindu Business Line – 9th May 2024

It's been a decade of health like no other. At least not in the last 100 years – as the Covid-19 pandemic continues to dominate many lives and conversations, till date. For Governments, it was not the best of times — trying to understand the virus, its impact and to draw-up a plan to contain the virus and treat the infection. Back home too, the story was not too different, from navigating lockdowns to stocking up on medicines, vaccines, diagnostics and so on. The terrain was difficult. Having done well in childhood immunisation, the health administration managed to run a largely smooth adult vaccination campaign — about 220 crore Covid-19 vaccine doses were given. But there have been huge learnings from the experience, as well, involving communication, consent, transparency and disclosure — as families claiming vaccine-linked injuries today, deal with their loss. In fact, Covid-19 remains a moment of truth, with much to learn on preparing and planning for a health crisis.









The unprecedented crisis aside, the last decade has seen efforts in multiple segments contributing to delivering healthcare — pharmaceuticals, medical devices, hospitals and the ever-increasing fledgeling digital companies.

In the public health arena, initiatives like Ayushman Bharat and the Jan Aushadhi stores (selling less expensive medicines), for example, have been turbo-charged from their earlier avatars. While the initiatives are in the right direction, there is need of more work in expanding to more hospitals and weeding out corruption, as pointed out by the CAG report, to mention a few drawbacks. The Jan Aushadhi stores, too, need to stock-up more and become more visible, besides gaining the confidence of consumers through supplying quality products.

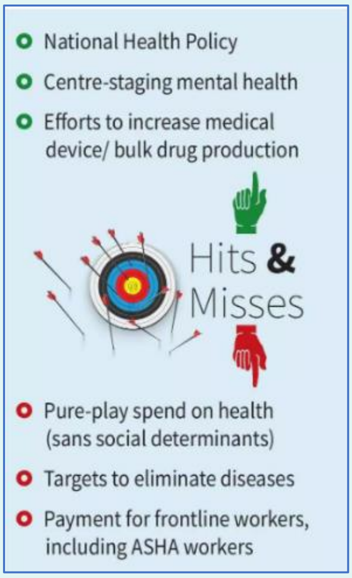
Health coverage

Public health experts prefer a universal health coverage model, to an insurance-backed one. Till we get there, the existing schemes should be seamless between Central and State programmes, they say, also calling for a greater thrust on preventive primary healthcare, to reduce the tilt towards more expensive secondary and tertiary care treatments.

Former Union Health Secretary JVR Prasada Rao calls for greater coordination between the Ayushman Bharat's wellness centres (over a lakh were planned), the Jan Aushadhi stores and the insurance scheme. Every health and wellness centre should have a store where people can be given free or subsidised, quality medicines, he says, so a person goes to the hospital only when really unwell (where she is covered by the insurance.)

While the health and wellness centres are positive initiatives, more needs to be done to deliver comprehensive care, says Indranil, health economist, with the OP Jindal Global University. Several States have well-oiled health coverages, he said, reserving a verdict on the national health insurance scheme and its long-term outcome, that is not known, he adds.

The Centre needs to increase its spending on health to over 2.5 percent of GDP (from about 1 percent), he said, pointing to several national schemes that require support. The progress on infant and maternal mortality, childhood immunisation campaigns etc, have been achieved with strong public health efforts, he points out. But medicine bills have increased, says Indranil, calling for measures to prevent companies from side-stepping price control by changing their formulation.



Health spends

Rao also points to the spending on public health and calls for the promised 2.5 percent of GDP to be spent entirely on health (not including other social determinants like sanitation, that are important but need their own separate spending.)

While the pharmaceutical sector has built on its existing legacy of being pharmacy to the world, it needs to keep a stringent watch on quality for both domestic and overseas consumers. Recent cough syrup-linked tragedies have highlighted the need for stringent norms and a stronger drug regulatory system, equipped with more people, training and technology to ensure quality products and devices enter the system.

Efforts are underway to set up bulk drug parks and medical device parks, to ensure sustainable domestic supplies. Digital companies have sprung up, with digital lockers, for example, to help people access their medical records in one place.

But health has several mountains to scale — from improved procurement of medicines to prevent stockouts, payments for frontline workers, affordable hospital care, protecting healthcare data — the list is long. The last 10 years have reflected this uphill task, but it requires constant and increased attention and funding to get quality healthcare to people.

(The writer is PT Jyothi Datta.)

TOP

Rising health insurance premium leaves buyers sore – The Hindu Business Line – 8th May 2024

With premiums going through the roof, people are anxious over health insurance burning a hole in their pockets. Industry insiders and consumers businessline spoke to want the government to expedite the setting up of a health regulator or reduce the GST rate from current 18 per cent to curb the surging cost of health insurance.

Tops retail inflation

According to Srinath Sridharan, an insurance customer, the rise in health premiums exceeds the average retail inflation rate by 3-4x. "The sector's foundation seemingly rests on a distrust of its customers, burdening policyholders with the onus of proof and claims efforts. This is evidenced by the persistently low claims ratio and payouts," he said. Moreover, consumers are often left holding exorbitant hospital bills, in what can only be described as 'fleecing', Sridharan said. "Perhaps it's time to consider regulatory measures to restore affordability and bolster consumer confidence in healthcare services," he said.

Soaring premium

For instance, a health insurance policyholder, who sought anonymity, said that the annual premium for a ₹10-lakh cover has increased from ₹29,740 for coverage period of April 2018-April 2019 to ₹31,305 for April 2019-20, April 2020-21, April 2021-22) to ₹34,822 (April 2022-April 2023) to ₹42,486 for (April 2023-24) and to about ₹51,000 for April 2024-25.

General insurers gearing up to bring in new products

Health has been the fastest growing insurance segment, clocking premium of close to ₹1-lakh crore in 2023-24, reflecting a robust compounded annual growth rate of 20 percent, per latest General Insurance Council data.

Also, the health segment now accounts for 38 per cent of the insurance market with more than 50 crore people having some form of cover. Tapan Singhel, Chairman, General Insurance Council and Chairman of the CII National Committee on Insurance and Pensions, said: "We have been saying on various forums for a while now that GST on health insurance should be brought down from the current 18 per cent to the minimum slab of 5 per cent."

GST must be cut
"We should see insurance as a necessity that everyone should afford. Reducing the GST will address the issue of affordability to a certain extent," said Singhel, who is also MD & CEO, Bajaj Allianz General Insurance.

S.K.Sethi, Co-Chairman, BFSI Committee, PHD Chamber of Commerce and Industry (PHDCCI), said: "Inflation in the country is in the range of 7 per cent but it is a fact that medical healthcare inflation has been 18-20 per cent year over year."

Many issues persist
The attempts in certain quarters to bring in a health sector regulator has not made any headway. Also, the Supreme Court directions to the Centre to hold consultations with State governments and arrive at a consensus on determining treatment rates at hospitals across the country is still work in progress.

Standardisation — although a complex exercise— is seen to be the need of the hour as it would bring in much-needed transparency in the healthcare sector. It is expected to also reduce frauds and any kind of extrapolation of undue costs. This can lower healthcare inflation and thereby lower insurance premiums.

"The GST is not being let go, price regulation of hospitals is not happening, premium adjustment to medical inflation can happen only once in three years. So, what relief can insurance companies bring to the table," wondered an industry player.

(The writer is KR Srivats.)

TOP

Under The Ayushman Bharat health insurance scheme, more than 300 million card generated through beneficiary NHA - Daily Excelsior - 8th May 2024

Under the Ayushman Bharat Health Insurance Scheme, a landmark initiative by the Indian government, more than 300 million cards have been generated through the efforts of the National Health Authority (NHA), marking a significant milestone in public health services. This initiative, widely known for its scale and scope, aims to provide affordable health insurance to the underserved and economically disadvantaged sections of the society. This article examines the role of the Beneficiary NHA in the execution of this scheme and how it has transformed healthcare accessibility in India.

Introduction to Ayushman Bharat Health Insurance Scheme
Launched in 2018, the Ayushman Bharat Health Insurance Scheme, also known as Pradhan Mantri Jan Arogya Yojana (PMJAY), is designed to cover the poorest 40% of the Indian population, offering a cover of up to 5 lakh rupees per family per year for secondary and tertiary care hospitalization without any cap on family size and age. The role of the Beneficiary NHA has been pivotal in operationalizing this scheme, which has not only improved the health outcomes but also has shielded the vulnerable populations from the financial hardships associated with healthcare expenses.

The Role of Beneficiary NHA
The Beneficiary NHA, functioning under the Ministry of Health and Family Welfare, serves as the backbone of the Ayushman Bharat scheme. It oversees the implementation, management, and upgrading

of the scheme across the country. The authority is also responsible for the enrollment of beneficiaries, issuance of Ayushman Bharat cards, and ensuring that the hospitals are reimbursed for the healthcare services provided to the insured individuals.

1. Technology Integration

One of the significant achievements of the Beneficiary NHA has been the integration of sophisticated technology to manage and streamline the processes involved in the health insurance scheme. The use of technology has enabled the automation of several critical operations, including the generation of more than 300 million **health insurance** cards, which ensures that healthcare services are delivered efficiently and transparently.

2. Awareness and Outreach Programs

The Beneficiary NHA has also launched numerous awareness and outreach programs to educate the masses about the benefits of the scheme. These programs are crucial in ensuring that the target population, especially in rural and remote areas, is aware of and can access the health insurance benefits. This proactive approach has significantly increased the enrollment rates and the utilization of insurance benefits.

3. Monitoring and Evaluation

Continuous monitoring and evaluation mechanisms put in place by the Beneficiary NHA have ensured the quality and effectiveness of the health insurance scheme. Through regular audits and feedback loops, the authority has been able to address any challenges promptly and enhance the service delivery model, leading to better health outcomes and increased beneficiary satisfaction.

Impact on Public Health

The direct impact of the Ayushman Bharat Health Insurance Scheme on India's public health landscape has been profound:

Reduction in Healthcare Costs: The financial barrier to accessing quality healthcare has been substantially reduced. Families that were previously unable to afford medical treatment can now receive necessary care without the fear of financial ruin, thanks to the health insurance provided under the scheme.

Improved Health Outcomes: With more people able to access timely medical interventions, there has been a noticeable improvement in health outcomes. Diseases are being treated earlier, and the overall burden of untreated health conditions has decreased across the covered population.

Strengthened Healthcare Infrastructure: The influx of insured patients has provided hospitals with the financial stability to upgrade their facilities and services, leading to an overall strengthening of the healthcare infrastructure, particularly in underdeveloped areas.

Challenges and Future Directions

Despite the successes, there are challenges that the Beneficiary NHA continues to tackle:

Inclusion of Non-Covered Populations: There are still segments of the population that are either unaware of or unable to access the benefits. Expanding the reach of the scheme to include these groups remains a priority.

Healthcare Provider Fraud: Ensuring that the health insurance claims are legitimate and that healthcare providers do not exploit the system is an ongoing challenge that requires robust oversight and stricter controls.

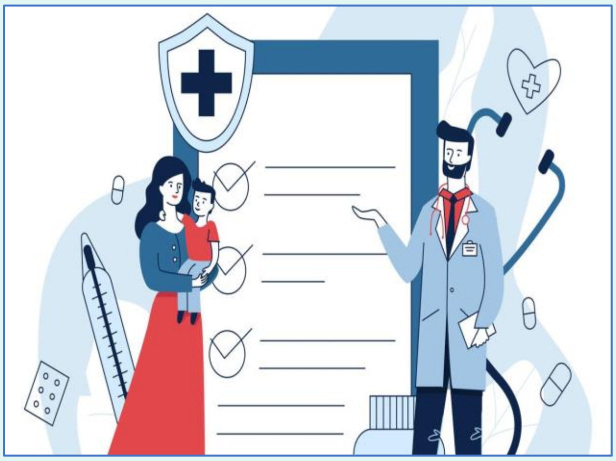
Enhanced Coverage: There is a growing need to expand the list of procedures covered under the scheme to include more diseases and advanced treatments, which would further alleviate the burden on the poor.

Conclusion

The role of the Beneficiary NHA in the successful implementation of the Ayushman Bharat Health Insurance Scheme has been crucial. More than 300 million health insurance cards have been generated, providing unprecedented access to healthcare services for India's underserved populations. As the scheme continues to evolve, the focus remains on improving the reach, efficiency, and scope of the health insurance coverage, ensuring that more citizens can enjoy the benefits of a well-rounded healthcare system. This initiative not only enhances the health security of individuals but also contributes to the socio-economic development of the nation.

TOP

‘Cashless Everywhere’ to ‘Bima Vistaar’ – Mega insurance reforms on the way – Financial Express – 8th May 2024



The Insurance Regulatory and Development Authority of India (IRDAI) has plans to introduce big reforms for the health insurance sector in a bid to make insurance more accessible and consumer-friendly.

The General Insurance Council (GI Council), an important link between IRDAI and the non-life insurance industry, is striving to ensure that health insurance serves as a crucial aspect of financial security for individuals and families across India, the council said in a recent press note.

The council is spearheading various initiatives to make health insurance more accessible, with initiatives like, customized products for senior citizens, simplification of policy wordings, expansion of cashless access and collaboration with hospitals and other stakeholders.

Major insurance reforms in pipeline
Efforts are underway to increase market penetration in underserved regions, with a specific focus on reducing the protection gap and enhancing insurance access through rural and social targets to insurers. Through the Bima trinity of Bima Vistaar, Bima Vaahaks, and Bima Sugam, the regulator wants insurance to reach every stratum and every corner of the country.

Bima Vistaar will be announced soon
The Bima Vistaar product which will be announced soon, will have not just coverage for life and property but will also be a health insurance cover at an affordable price, the council said.

IRDAI identifying and removing roadblocks
The industry is focused on identifying and removing roadblocks to ensure speedy claim settlements. The ‘Cashless Everywhere’ initiative is expected to set new standards for quick, hassle-free settlements and reduce incidents of fraud. The industry has come together through the aegis of the council and is aggressively looking to tackle, reduce, and ultimately eliminate fraud. This will bring in greater trust in the system, augment claim settlement, and encourage more citizens to go for insurance.

Tapan Singhel, Chairman of the General Insurance Council, said “Our collective efforts are focused on making health insurance a key enabler of not just our citizens health but societal health at large. We aim to make quality treatment accessible to everybody, irrespective of where they are from, and ensure we can take away their worries so that they can live a life of dignity. By fostering collaboration among insurers, the council, regulators, ministries, and fintech, we are dedicated to making health care affordable, accessible, and comprehensible to every citizen.”

“A lot has already been achieved and we firmly believe we are on the right path to completely revolutionize the way health insurance is perceived. The aim is to alleviate concerns and simplify the lives of people, ensuring that they have the confidence and support they need to secure their health needs,” he added.

TOP

Customise insurance riders to fit your family's medical background – Business Standard – 8th May 2024

A growing number of health insurance customers are nowadays supplementing their base health insurance policies with riders. According to insurance aggregator Policybazaar.com, while only 15 per cent of customers purchased riders on their platform in 2022-23 (FY23), the number rose to 60 per cent in FY24. A rider is a supplementary cover which can be purchased with the base policy by paying an additional premium. “Riders allow customers to extend the scope of coverage and customise their plans to suit their individual needs,” says Bhaskar Nerurkar, head - health administration team, Bajaj Allianz General Insurance.

Sum insured bonus: In a normal policy, if the customer does not make a claim, the insurer offers a no-claim bonus and increases the sum insured by 10 to 20 per cent each year. “By buying this rider, you can fast track the bonus amount and enhance the sum insured by, say, 100 per cent each year, up to 500 per cent,” says Siddharth Singhal, business head-health insurance, Policybazaar.com. The bonus accrues even if the customer makes a claim.

Consumables: Many health plans do not cover the cost of disposable items, such as syringes, medical tapes, masks, etc. “The cost of such consumables can constitute as much as 15 per cent of the hospital bill in case of a prolonged hospitalisation,” says Varun Kaushik, executive vice president & head of marketing at PolicyBoss.com. During Covid, the bill arising from consumables shot up (due to the usage of PPE kits and so on), resulting in high out-of-pocket expenses for policyholders. “By purchasing this rider, customers can ensure they do not have to worry about this expense during a medical emergency,” says Ajay Shah, head-distribution, Care Health Insurance.

Day one pre-existing disease cover: Pre-existing diseases (PED) are expensive to treat as they are chronic. Most health insurance plans cover PEDs after a waiting period of two or three years. By buying this rider, customers can get PEDs covered from day one.Hypertension, diabetes, high or low blood pressure, and asthma are some of the diseases covered by this rider. Kaushik says this rider is recommended for those already suffering from certain diseases at the time of policy purchase. According to Singhal, this rider covers a maximum of seven conditions.

Day one here means coverage from the 31st day after the start of the policy (since it is mandatory to serve an initial waiting period of 30 days). Room rent waiver: Many policies come with a cap on the kind of hospital room the customer can stay in. This cap is sometimes an absolute amount and sometimes a percentage of the sum insured. “In many cities, hospital room rents have shot up due to which this cap does not allow patients to stay in the kind of room they would like to,” says Kapil Mehta, co-founder of tech-enabled insurance broker SecureNow. Customers who buy this rider can get admitted into any room they like, including a suite (if one is available).

OPD rider: OPD expenses include doctor’s consultation fee, teleconsultation fee, diagnostics, and pharmacy. “This rider is useful for families where there are children and seniors, requiring recurring visits to the doctor and a pharmacy,” says Singhal.

Do’s & don’ts: Purchase riders that align with your family’s needs. “Evaluate your medical history, lifestyle, and potential future needs before purchasing a rider,” says Nerurkar. He warns against buying unnecessary riders that inflate your premium without providing significant value. Shah emphasises the need to understand the terms and conditions of each rider to avoid surprises at the time of claim.

Finally, buyers need to decide whether to buy a cover in the form of a rider or as a standalone policy. "In some cases, like a critical illness policy, a standalone policy may be advisable as it covers a wider range of ailments," says Mehta.

The cost of riders
> According to Irdai guidelines, the total cost of riders cannot be more than 30% of the premium of the base policy
> A sum-insured bonus rider costs about 10-15% of the base premium
> The consumables rider would increase the premium by about 6-8%
> A rider for Day-1 pre-existing disease cover is expensive; it could cost as much as 20-25% of the base premium
> The cost of riders varies according to medical condition, pre-existing diseases, age, and other underwriting considerations

(The writers are Karthik Jerome & Bindisha Sarang.)

TOP

Private hospitals pull back on Ayushman Bharat amid low state funding – Live Mint – 8th May 2024

Private sector hospitals in many states have reduced their services to beneficiaries of the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) due to payment delays amid insufficient fund allocations from state governments towards the health insurance scheme.

The scheme, launched in 2018, is jointly funded by the Centre and states in the ratio of 60:40, with the union government allocating ₹7,500 crore to PMJAY this year.

Officials from NITI Aayog, health ministry, and private hospitals who held a review meeting of the scheme on 1 May raised concern over the inadequate release of funds by states for the insurance scheme, persons aware of the matter said.

"The problem of untimely payments to the hospitals arose when some states like Telangana, and Andhra Pradesh merged their state health scheme into the PMJAY," said Girdhar Gyani, director general, Association of Healthcare Providers of India (AHPI). which represents majority of healthcare providers in India.

The inordinate delay in receiving reimbursement has hampered the cash flow of these private hospitals and created serious operational issues, Gyani said.

The reduced participation of private hospitals in the Ayushman Bharat scheme could severely impact patients, especially as a brutal heatwave sweeps across many states, triggering a surge in heat-related illnesses.

"The government is positively reviewing the critical feedback of the scheme from the private sector," one of the persons cited above said. "The National Health Authority has played its role. Now, the state government must finance the scheme to make PM-JAY sustainable for the private sector," one of the persons said.

"Right now, private hospitals are feeling exhausted because of PM-JAY. Initially, the private sector thought that they would be able to fill their vacant beds at subsidized rates, but now it is consuming their profits," said the person, adding the government is trying to address the concerns raised.

Queries sent to the health ministry and NHA spokesperson remained unanswered till press time.

“Pending bills of the hospitals are being reviewed by the finance department," said Lakshmi Shah, CEO, State Health Authority, Andhra Pradesh.

Cash concerns
PMJAY currently has a network of 30,178 empaneled hospitals—both private and public—with a 12,881 share of private healthcare providers. They offer over 2,000 treatment procedures across 27 specialties.

Hospitals can sustain low health package rates, but if the cash flow is affected, they will not accept the scheme and will start avoiding the beneficiaries citing unavailability of beds, Gyani said, adding that a representation had been submitted to the government to resolve this matter as soon as possible.

"The central government has been consistently telling the states that if they want to bring additional population under PMJAY, then the additional amount must be given by the state government only and the central government will not contribute to it," said Gyani.

Ayushman Bharat aims to cover over 100 million poor and vulnerable families, or around 500 million individuals, providing coverage of up to ₹5 lakh per family per year for secondary and tertiary care hospitalization.

Around 68 million authorized hospital admissions have taken place and 400 million people have received their Ayushman cards so far. The beneficiaries under the PMJAY are selected based on Socio Economic and Caste Census (SECC) database 2011.

(The writer is Priyanka Sharma.)

TOP

Individual health cover along with corporate health cover more beneficial – Moneycontrol – 7th May 2024

A corporate job offers more than a fat pay cheque, lucrative house rent allowance and perks. One of the most significant sources of comfort that employers offer is the group health insurance policy.

Not only does such a policy cover the employee, but also her spouse and kids. Though employers have been cutting back the benefits over the years, many continue to cover employees’ parents and in-laws as well. The key benefit that such policies offer is cover for pre-existing diseases – which often happen to be the cause for claim rejections – from day one.

The health concerns triggered by COVID-19 between 2020 and 2022 and ensuing hospitalisation costs have led an increasing number of Indians to buy or enhance their health insurance covers in the last two years. Yet, over 45 percent of India’s population is devoid of any health coverage; and only 60 million individuals are covered under retail or corporate health insurance, according to an Avendus study released in 2023.

Many employees bank solely on their employer-funded group health insurance covers. However, this is not a wise approach. It is best to have an independent cover in place for yourself and a separate one for your parents.

Employers’ health covers of limited use
The employer-provided cover is not forever – it is there for you only till the time you have the job or are employed with that company.

The day you quit or resign, the cover ceases to exist. Your future employer may not offer adequate sum insured or may exclude parents from coverage. And as you grow older, the cost of buying health insurance is bound to rise, which is why you need to buy an individual cover at a younger age.

Unlike employers' group cover, an independent policy is ordinarily renewable for life. Moreover, most employers' policies tend to have lower sums insured of Rs 3-5 lakh, besides restrictions such as room rent sub-limits or co-pay.

Buy adequate coverage
If you are in the age-group of 35-40 years and live in a metro, you can start with a cover of at least Rs 10 lakh. This is because the cost of healthcare in metro cities is much higher. While this is enough to start with, ensure that you review this cover at least once every five years to account for your health status as also medical inflation.

Also, the figure will be higher if you are looking to buy a family floater policy to cover multiple members. A young family of four, with the couple in the age-group of 35-40 and young kids, should look at having family floater cover of Rs 20 lakh in place.

Separate protection basket for elderly parents
If you buy a family floater policy, then your parents, even senior citizens, can be covered. But it's best to not include them in your family floater and buy a separate cover instead. This is because they are highly likely to be suffering from chronic conditions such as diabetes, hypertension or heart diseases. The frequency of hospitalisation as also the amount claimed each time will be higher.

If you are a senior citizen or are looking to buy insurance for your elderly parents, you must look at a sum insured as large as possible. In case it seems unaffordable, look at top-up plans or dedicated senior citizen policies.

Multiple factors influence cover size
Sums insured of Rs 10 lakh for a 35-40 year-old individual and Rs 20 lakh for a family floater cover constitute general estimates.

Ideally, you should take into account your age, affordability, income, standard of living, place of residence (metro or a non-metro) and your family health history, among other things, while arriving at an ideal sum insured.

For example, hospital room rents vary as per the room category you choose and other charges are linked to it. So, if you prefer premium single rooms, you will need higher sums insured. The advancements in the treatment of various illnesses and rising cost of healthcare means that you should buy a cover keeping future expenses in mind. Those with bulge bracket salaries could even consider sums insured of Rs 1 crore (base cover plus top-up) and policies that cover even planned treatment expenses abroad.

Top-up vs single large cover
A combination of a base (regular) policy and a top-up plan will be cheaper than buying a single large cover. This is because the top-up policy is triggered only after the base cover is exhausted. If you have a base policy of Rs 5 lakh and your hospitalisation bill amounts to Rs 7 lakh, the top-up will get activated to fund the additional Rs 2 lakh. If you do not have a base policy, you will have to fund this Rs 5 lakh, termed as deductible limit, out of your own pocket.

(The writer is Preeti Kulkarni.)

TOP

GI Council charts a path for accessible, affordable 'Health Insurance for All' – The Economic Times – 7th May 2024

In a significant development, the General Insurance Council (GI Council) met in Mumbai on May 6, 2024, introducing a transformative wave in India's health insurance landscape. Spearheaded by the Insurance Regulatory and Development Authority of India (IRDAI), the GI Council highlighted a comprehensive set of initiatives that have led to positive outcomes or have set the groundwork for redefining health insurance's pivotal role in ensuring financial security nationwide.

With health insurance constituting a substantial 38% share of the insurance market, the GI Council reiterated its commitment to fostering societal well-being through the promotion of accessible, affordable, and high-quality health insurance products and services.

Emphasizing the pivotal role of health insurance in mitigating the financial burden of healthcare expenses, the council, in a statement released on Monday, underscored its dedication to nurturing societal prosperity with empathy and care, the industry body said in a statement.

During the conference, the GI Council divulged several key performance indicators reflecting the impact of its initiatives:

> As per the council's data, the health insurance sector witnessed a commendable premium intake, nearing Rs 1 lakh crores in the fiscal year 2024, reflecting an impressive compound annual growth rate (CAGR) of 20%.

> Over 50 crore citizens are now benefiting from health insurance coverage, aligning with the ambitious target of "Insurance for All by 2047" set forth by the IRDAI chairman.

The 'Cashless Everywhere' initiative has revolutionized access to healthcare by enabling policyholders to avail cashless treatment at any hospital nationwide. Presently, over 40,000 hospitals are integrated into various insurance networks, enhancing accessibility and convenience for all citizens.

> In the FY23, the industry settled claims exceeding Rs 75,000 crores, catering to over 2.5 crore claims. With more than 60% of claims settled on a cashless basis and streamlined processes in place, the GI Council is steadfast in its commitment to ensuring friction-free claim settlements for policyholders, it said.

> Spearheading initiatives such as customized products for senior citizens, simplified policy wordings, and collaborations with hospitals and stakeholders, the council is dedicated to making health insurance more accessible and user-friendly, it added.

> The IRDAI's progressive reforms have significantly bolstered health insurance coverage and clarity, instilling greater confidence among consumers. Simplified definitions of pre-existing conditions, reduced waiting periods, and assured policy renewals are among the key reforms driving accessibility and transparency in health insurance.

> Targeting underserved regions, the industry is focused on reducing the protection gap and enhancing insurance access through rural and social targets. Initiatives like Bima Vistaar, Bima Vahaks, and Bima Sugam aim to extend insurance coverage to every segment of society.

> With a collective effort to identify and eliminate fraudulent practices, the industry is poised to enhance trust and streamline claim settlements. Here, the 'Cashless Everywhere' initiative is again expected to set new benchmarks for quick, hassle-free settlements, while fostering greater confidence in the health insurance ecosystem.

In a statement, Tapan Singhel, Chairman of the General Insurance Council, reiterated the council's unwavering commitment to making health insurance a key enabler of societal well-being. He emphasized the council's dedication to fostering collaboration among insurers, regulators, ministries, and fintech to ensure affordable, accessible, and comprehensible healthcare for every citizen.

"A lot has already been achieved and we firmly believe we are on the right path to completely revolutionize the way health insurance is perceived. The aim is to alleviate concerns and simplify the lives of people, ensuring that they have the confidence and support they need to secure their health needs," he said.

(The writer is Sheersh Kapoor.)

TOP

Centre may push for 12% GST for health insurance; lower rate seen to widen cover – Financial Express – 6th May 2024

To make health insurance more affordable and attractive, the Centre may push for a lower GST tax rate to 12%, compared to 18% now, on health insurance premiums up to Rs 30,000. Going by the current market rates, a premium up to Rs 30,000 could buy health insurance sum insured around Rs 10 lakh/annum for a family of four members, depending upon various factors such as type of coverage, age of insured, and so on. A reduction in the tax rate could lead to a lowering of premium rates or offering additional health cover options, depending on the requirements of people, an official said.

"This is one of the pending proposals which may be taken up after the general elections in the GST Council," the official said. In February this year, the Parliamentary Standing Committee on Finance headed by BJP MP Jayant Sinha had said there was a need to rationalise the 18% GST rate on insurance products, especially health and term insurance. "The Committee with a view to make insurance more affordable, recommend that GST rates applicable to health insurance products, particularly retail policies for senior citizens and microinsurance policies (up to limits prescribed under PMJAY, presently Rs 5 lakh) and term policies may be reduced," it had said.

After the GST rollout, a person must pay 18% GST when she buys a health insurance policy. This was an increase of 3% compared to Service Tax of 15% including applicable cess in the previous regime. Under the income tax regime, the deduction for health insurance premiums under section 80D is limited to either Rs 25000 or Rs. 50,000 as per applicable conditions.

Considering that many people in the country are just one medical bill away from slipping into poverty, a Niti Aayog report in 2021 recommended that Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY) scheme be extended to the 'missing middle' on a paid basis. PMJAY offers Rs 5-lakh-a-year free health cover to 107 million poor households (accounting for 40% of the population).

(The writer is Prasanta Sahu.)

TOP

SURVEY AND REPORTS

1 out of 3 customers choosing pay as you drive car insurance: Policybazaar – Fortune India – 9th May 2024

More than one out of every three customers chooses the Pay As You Drive (PAYD) motor insurance scheme, according to PolicyBazaar. Three out of four customers renew their Pay As You Drive (PAYD) policies, signifying a major shift towards personalised motor insurance coverage, the online insurance broker says.

A recent data analysis by Policybazaar, based on the policies sold in the financial year 2024, reveals that 30 to 50% of customers purchasing car or motor insurance opt for Pay As You Drive (PAYD) option. Moreover, three out of four customers have opted for updating their PAYD policies, which reaffirms satisfaction and trust in this innovative insurance perspective, it says.

The Insurance Regulatory and Development Authority of India (IRDAI) permitted general insurance companies to introduce tech-enabled concepts like "pay as you drive" and "pay how you drive" for motor insurance cover in 2022. "The concept of motor Insurance is constantly evolving. The advent of technology has created a relentless pace for the insurance fraternity to rise up to interesting yet challenging demands of the millennials," the insurance regulator had said at the time.

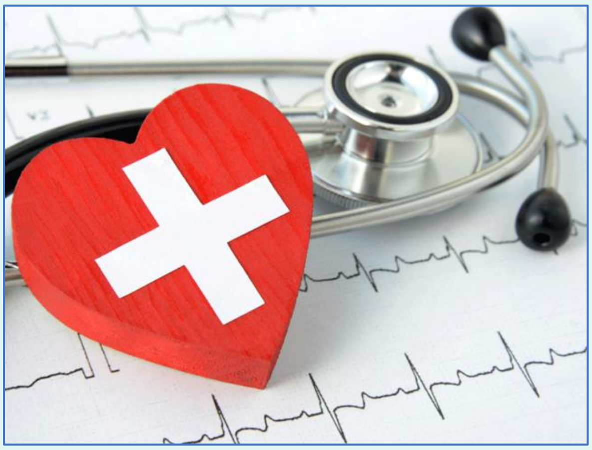
"Comparing the current quarter with the previous quarter of 2024, there has been a surprising 45% increase in Pay As You Drive (PAYD) bookings, indicating a growing appeal for these flexible schemes," says Nitin Kumar, head - Motor Insurance, Policybazaar. Additionally, 10 to 15% of policyholders have chosen top-up services to extend the distance slab limit for their PAYD plans, indicating a growing interest in tailoring coverage to individual needs. The top contributing models contributing to 65% of PAYD bookings include popular vehicles like Maruti Baleno, Swift, and Hyundai i20, reflecting a diverse customer base.

In terms of bookings, the top PAYD bookings was for hatchbacks at 50%, followed by SUVs at around 30%, and sedans at 18%. Nitin Kumar highlights some key reasons for customers opting for PAYD plans, including limited usage of their cars for shortdistance travel (60 to 70%), Second car owners or have multiple cars (15 to 25%), and remote work arrangements (10 to 15%).

Notably, a significant 34 to 35% share of PAYD booking in Tier-1, Tier-2, and Tier-3 cities on a large scale, without geographical bias, underscores widespread adoption, says Policybazaar. “Also, Tier-2 and Tier-3 cities contribute significantly to PAYD bookings, notably from states like Uttar Pradesh, Jharkhand, Telangana, and others, accounting for up to 65%, showcasing nationwide alignment with this innovative insurance model,” it says. “Also, it has been noticed that among different slabs in PAYD plans, the 5000-6000 KM option emerges as the most popular, chosen by 45% of policyholders, followed by 2000- 4000 KM (20%), 8000-10000 KM (20%) and 6000-8000 KM (15%),” the report adds.

TOP

Health insurance premium shot up over 25% last year for 52% policyholders, finds survey; here's how the impact can be reduced – The Economic Times – 8th May 2024



For 52% of health insurance policy owners, the premium increased by over 25% in the last 12 months, according to a survey by LocalCircles. For this survey, the researchers gathered inputs from 11,000 people in 324 districts in India.

This becomes critical for people buying a new health insurance policy or servicing an existing policy to factor in future premium hikes before committing to long-term health coverage.

"In the recent past, many of our clients have reached out to us with similar feedback about their health insurance premiums. If an individual's financial plan did not account for the possible rise in health insurance premium, there is a chance of derailment of the entire financial goals of the individual due to the increase," says Abhishek Kumar, a SEBI registered investment advisor and founder of SahajMoney.

21% of people saw health insurance premiums increase by 50% or more
"21% of health insurance policy owners indicated that the premium increase was 50% or more in the last 12 months while 31% indicated that it has risen by 25-50%," as per the survey. It was also mentioned by the survey that for 15% of people the insurance premium was 'same as last year'.

It was also mentioned by the survey that for 2% of people, the insurance premium rates increased in the range of 0 to 10%, and for 15% of people the insurance premium was 'same as last year'.

A comparative study was also done by the survey researchers with their own 2022 survey about personal health insurance. This study concluded that "The personal health insurance policy owners who had seen an increase in their premium by over 25% has dipped from 62% in 2022 to 52% this year." What it means is that the percentage of policyholders affected by significant premium hikes has come down by 10% this year when compared to the 2022 survey.

How to reduce the impact of health insurance premium rise
There are multiple avenues available to health insurance policyholders which can all help in bringing down the health insurance premium cost. Read here to find out. Buy a three-year health policy: "So when you buy a three-year policy, you lock in the premium for the entire period, and it will not increase. Typically, this helps you save money because you get an upfront discount of up to 15% on buying such a long-tenure policy. Hence, there is no premium revision due to inflation or age until the policy tenure is over which is three years in this case," says Siddharth Singhal, Business Head - Health Insurance, Policybazaar.com.

Opt for a co-pay (deductible) option: "As a last resort, if individuals are finding it hard to pay for the health insurance premium, then they can look at going for a policy with a deductible option. In such policy insured persons in case of filing a claim must share a certain amount out of the covered expense before their insurance policy starts paying for covered expenses," says Kumar. Porting of policy to another insurer: "As a customer, if your premium substantially increases then you can look to Port into other health insurance companies' policies also," says Singhal.

Kumar however advises that porting of policy to hop onto a lower premium paying policy is not a sustainable practice which yields results in the long term, although it may work for the short term. "Sooner or later every health insurance provider will adjust their premiums to reflect the rise in medical cost so porting the policy based on just low premium might not be a sustainable strategy in the long term," he says.

Kumar explains with an example. He says that suppose, insurer A has a better insurance pool currently due to better underwriting of risk compared to insurer B. So, insurer A does not have to adjust its premium currently. Now if an individual ports her policy from insurer B to insurer A, then sooner or later due to a poorer insurance pool. If Insurer A raises the premium significantly after a few years, it will negate the effect of porting the policy.

Why are insurance companies increasing health insurance premiums sharply?
Insurance underwriting experts say that medical inflation is the primary reason behind the sharp rise in health insurance premium costs. Brijesh VB, head of underwriting for an insurance company in Dubai, UAE, says, "Rising health care cost added by inflation which is nearly 14% India is the main reason for the increase in the health insurance premium. 18% of the GST premium also affects the overall insurance cost."

There are other factors too. As per Shilpa Arora, co-founder and COO of Insurance Samadhan, a platform aimed at helping policyholders, "Insurance premiums tend to increase every year based on factors such as a policyholder's age, prevailing medical inflation (14%), and several other factors. We have seen that premiums have increased significantly in the last couple of years, which is unfair to consumers, especially those from low-income groups." A higher number of claims during the coronavirus period has also been one of the factors for insurance companies to raise their premiums.

"In India, the health insurance sector also faced significant impacts due to the pandemic. The surge in COVID-19 cases led to a rise in health insurance claims, particularly for hospitalization and treatment expenses. Insurers in India experienced increased costs due to the higher frequency and severity of claims," says Sharad Bajaj, COO, InsuranceDekho.

As per the survey, due to delay in health insurance claim processing doctors and hospitals owners are a frustrated a lot as well as the patient is occupying a room which can be used to admit and treat another waiting patient. "The problem that patients face when the insurance gets delayed is something which not only hampers the doctors but also the patients who need immediate attention because of the space usage. Challenges faced ranged from insurance companies rejecting claims by classifying a health condition as a pre-existing condition to only approving a partial amount is something which demotivates the patient as they get to pay a big amount of the treatment," says Dr Narendra Vankar, CEO and Founder, Quantum Corphealth.

How will the rise in health insurance premiums impact senior citizens?
As per a report by the Economic Times, health insurance premiums are set to rise by 10 to 15% this year for senior citizens, thanks to recent changes in rules. Arora adds, "Such a steep hike in insurance premiums is bound to impact consumers negatively. The increasing premium burden, which is likely to further increase with age, could make many senior citizens and low-income groups lose out on their insurance coverage due to their high costs." Arora further mentions that individuals who plan to purchase their first health insurance at a later age may find the cover beyond their affordability and end up shouldering the entire risks. "In such a situation, those with a medical corpus or retirement fund may find a way to tide over the financial liabilities. However, individuals with limited savings might not be able to cope and struggle to access required medical attention," she said. Kumar says that a person should check how much health insurance premium they will end up paying as a percentage of their total income or pension and accordingly adjust their discretionary expenses.

Steps hospitals can take to help reduce the burden of increased health insurance premium
According to a health insurance company spokesperson who did not wish to be named, "We have seen cases even during COVID time where there was not much of a treatment as such but the hospital bills were about Rs 10 to Rs 15 lakh. The customer was given a paracetamol or a few other things and then the bills were charged like anything. So now if the bills are charged like anything then how the health insurance company is supposed to pay for that by keeping the premiums the same." According to Arora, "Standardising treatment protocols and implementing transparent billing practices can help hospitals contribute to lower premiums for supporting policyholders while promoting inclusivity in the industry."

(The writer is Neelanjit Das.)

TOP

Survey shows preference for regular-income retirement products – Asia Insurance Review – 7th May 2024

In investing for retirement, instruments that offer a regular income after retirement are the most popular among Indians who are investing for retirement, according to the findings of an ICICI Prudential Life Insurance study. The study, titled "Is India Prepared for Retirement?", shows that given the pandemic and volatility of markets, Indians seem geared towards instruments offering assured returns. The study, based on a survey of more than 1,100 people across the country, indicates that the Public Provident Fund, National Pension System and annuity plans, which give one a regular income after retirement, are the most popular instruments for investing.

The following table shows the investment preferences among respondents:

Investment instrument	% of respondents
National Pension Scheme	55
Fixed Deposit	49
Annuity/Retirement Plans	32
Public Provident Fund	26
Post Office Savings Schemes	26
National Savings Certificates	24
Gold (jewellery, coins, etc)	23
Unit-linked Insurance Plans	9
Mutual funds	8
Publicly Traded Stocks	3
Source: ICICI Prudential Life Insurance - "Is India Prepared for Retirement?"	

Indians also want holistic investment planning to achieve retirement goals, for which they seek advice from experts but also do their own research.

TOP

Over 90% policyholders want companies to publish monthly claim settlement numbers on websites – Live Mint – 5th May 2024

Nearly 93 percent of general policy holders want each insurance company to publish the data of total claims received, rejected and approved. The surveyed policyholders want this data to be published every month on the websites of insurers, revealed LocalCircles survey findings.

Notably, insurance regulator Insurance Regulatory and Development Authority of India releases annual claim settlement ratios of individual insurers at the end of the year. The claim settlement ratio for FY 2022-23 was 98.64 percent, revealed the IRDAI data.

Delay in processing the claim
When surveyors were asked about the difficulties they faced in getting an insurance claim processed in the past 3 years, 43 percent said they had problems in processing their health insurance claims while 24 percent faced difficulties with motor insurance and 10 percent with home insurance.

A number of respondents spoke about the bad experience they had in getting health insurance claim processed. The challenges included claims getting rejected on ground of passing off health condition as a PED (pre-existing disease) to getting a partial approval. Some surveyors said that it took anywhere between 10 and 12 hours after the patient was ready for discharge only because health insurance claim was not being processed.

Different categories
In the above-mentioned survey, when surveyors were asked about different types of insurance policies they had bought, 82 percent said that they have motor insurance, 76 percent stated they have health insurance and 22 percent said that they have 'home insurance'. It was based on a total of 9,410 responses.

In view of the issues consumers tend to face in getting their health claims approved, LocalCircles platform carried out a national survey to understand how people buy general insurance, the kind of policies they buy and the issues they face. The survey received over 39,000 responses from citizens in 302 districts of India. Out of these, 46 percent respondents were from tier 1, 32 percent from tier 2 and 22 percent respondents were from tier 3, 4 and rural districts.

TOP

INSURANCE CASES

Delhi HC imposes Rs 50K costs on insurance firm for denying cancer patient's claim, causing harassment – The Economic Times - 7th May 2024

The Delhi High Court has imposed costs of Rs 50,000 on New India Assurance Company Ltd for the "harassment and mental agony" caused to a cancer patient, who was deprived of the claim amount. The high court also directed the insurance firm to clear within four weeks the amount to the woman, battling with breast cancer, who has claimed Rs 11 lakh for the cost of treatment undergone by her.

Justice Subramonium Prasad said there was no ambiguity in the medi-claim policy and the sub-limit of Rs

2 lakh will not be applicable to chemo-immunotherapy which is a new form of treatment and is a combination of chemotherapy and immunotherapy without the sub limit being applicable.

"In view of the fact that the petitioner, who is a cancer patient, has been harassed without any reason and has been deprived of the amount putting her to mental agony, this court is inclined to impose costs of Rs 50,000 on respondent no.1/ insurance company to be paid to the petitioner within four weeks," the court said.

The high court said the award passed by the insurance ombudsman, which had directed the firm to settle the complainant's claims, has to be complied with in letter and spirit. The court refused to accept the contention of the counsel for the insurance firm that the claim of award has already been paid to the petitioner woman.

"The fact that the insurance company has already paid Rs 37 lakhs to the petitioner is not relevant to the present claim and the insurance company has to pay the amount as claimed by the petitioner. The award passed by the ombudsman has to be complied with in letter and spirit," Justice Prasad said. The woman had taken an insurance cover of Rs 44.5 lakh from the firm and was diagnosed with stage-IV breast cancer, which has now spread from the primary organ to lymph nodes and to both her lungs. She was undergoing chemo-immunotherapy treatment.

The plea said she made a claim under the insurance policy and it was denied by the insurer on the ground that the claim exceeds the terms of the policy as a claim for treatment for giving monoclonal antibody injections cannot exceed Rs 2 lakh. Aggrieved by the insurer's decision, the petitioner filed a complaint to the ombudsman claiming an amount of Rs 11 Lakh for the cost of her treatment which was allowed. Since the award was not being complied with, the woman approached the high court with this petition.

TOP

PENSION

EPFO 'actively' evaluating options in response to Karnataka HC judgement – Business Standard – 7th May 2024

The Employees' Provident Fund Organisation (EPFO) is 'actively' evaluating its options following a recent Karnataka High Court judgement that has struck down the inclusion of international workers under the ambit of Employees' Provident Fund (EPF), terming it as "unconstitutional and arbitrary".

"The EPFO acknowledges the recent judgement issued by the esteemed High Court of Karnataka. The EPFO is actively evaluating the course of action in response to this judgement," the social security organisation said in a statement on Tuesday.

Earlier in April, hearing a bunch of writ petitions filed by the employees and employers belonging to sectors such as education, logistics, real estate and technology, a bench headed by Justice K S Hemalekha held that the EPF is established to guarantee retirement benefits for employees in lower salary brackets. She emphasised that it would be inaccurate to argue that employees earning higher salaries should also receive benefits under this law.

Paragraph 83 of the Employees' Provident Fund Scheme, 1952 and Paragraph 43A of the Employees' Pension Scheme, 1995 which were struck down were introduced in 2008.

Sonu Iyer, partner at EY India says the petitioners argued in the court that international workers are covered under the scheme irrespective of the amount of salary drawn. Whereas domestic workers who draw monthly pay exceeding the prescribed statutory ceiling (Rs 15,000 per month) are outside the purview of the provident fund scheme.

“The petitioners further argued that international workers work in India only for a limited period and requiring them to pay contributions on their entire global salary would cause irreparable injury,” Iyer said. The Karnataka High Court also rejected the government’s argument to mandate contributions under these provisions as a form of reciprocity to uphold social security agreements, deeming it “unsustainable”.

The EPFO in its response to the judgment also added that India presently has social security agreements with 21 countries and these agreements ensure continued social security coverage for employees from these nations on a mutually reciprocal basis. “When citizens from these countries take up employment in each other’s territories, their social security coverage remains uninterrupted. These agreements aim to guarantee the uninterrupted social security coverage of employees during international employment. These agreements are very important for India for promoting International mobility and leverage the demographic dividend,” said the EPFO.

Pointers

Para 83 & 43 - Struck down by the Karnataka High Court for being “unconstitutional and arbitrary” and in violation of Article 14

Wage ceiling of Rs 15,000 per month was not applicable to foreign workers working in India

India has social security agreements with 21 countries, which ensure continued social security coverage for employees from these nations on a mutually reciprocal basis

(The writer is Shiva Rajora.)

TOP

Inclusion of foreign workers in PF unconstitutional: High Court – The Times of India – 7th May 2024

Fifteen years after the law was amended to include international workers within the ambit of employees' provident fund and pension scheme, the Karnataka HC has struck down the provisions as "unconstitutional and arbitrary". The move, which is likely to be challenged by govt and the Employees Provident Fund Organisation (EPFO), will impact thousands of expatriates who have contributed to the social security scheme or are currently part of it.

The petitioners, which included those from sectors such as education, logistics, real estate and technology, argued that the provisions are hit by Article 14 of the Constitution dealing with equality before law. "Their grievance was that international workers are covered under the PF scheme irrespective of salary drawn whereas domestic workers who draw monthly pay exceeding the prescribed statutory ceiling (i.e. Rs 15,000 per month) are outside the purview... The petitioners further argued that international workers work in India only for a limited period and requiring them to pay contributions on their entire global salary would cause irreparable injury," EY said in a note. The order throws several challenges for expat workers and govt.

"This ruling has much larger ramifications as the same is on the provisions introduced 16 years back. To name a few, should international workers stop contributing or those who contributed earlier and left the country can claim refunds even before attaining age of 58? Then, what will happen to income tax paid on such contributions and interest as for the past few years employer's contribution to the PF in excess of Rs 7.5 lakh and employee's own contribution to PF exceeding Rs 2.5 lakh and interest thereon on such excess contributions have been subjected to tax," said Kuldip Kumar, partner at Mainstay Tax Advisors.

In an April 25 order, Justice K S Hemalekha ruled that Employees' PF and Miscellaneous Provisions Act, 1952 was enacted to ensure that employees with lower salary brackets get retirement benefits and "by no stretch of imagination, could it be said that employees" drawing a higher salary should be given benefit under the law. It said that para 83 of EPF (dealing with international workers) "is in the nature of subordinate legislation" and cannot extend beyond the scope of the law.

The judgment said an Indian employee working overseas continues to contribute Rs 15,000 towards PF, while a foreign worker is made to make a contribution on the entire salary is "discriminatory" and violative of Article 14.

The HC dismissed as "unsustainable" the Centre's pitch on making the contribution mandatory as a measure of reciprocity to honour social security agreements. As a result of the agreements, employees from foreign countries are either exempted from being members or are allowed to withdraw the corpus when the leave India, instead of waiting till they turn 58 years.

TOP

Latest charges for opening, maintaining Atal Pension Yojana (APY) account – The Economic Times – 6th May 2024

The Pension Fund Regulatory and Development Authority (PFRDA) has issued a circular extending the facility of opening an Atal Pension Yojana (APY) account with any of the three Central Recordkeeping Agencies (CRAs). Previously, there was only one CRA—Protean eGov Technologies Pvt Ltd—for opening and maintaining an APY account. As per the circular, the APY account can now be opened with CAMS and KFin Technologies Ltd. as well.

The circular emphasizes that you, as an individual, have the freedom to choose any of the three CRAs for opening and maintaining your Atal Pension Yojana account. Even existing APY account holders have the option to switch their CRA. This is because CRA portability is allowed for both existing and new APY account holders, giving you the power to manage your pension account at your convenience.

Charge head	Protean CRA	KFintech CRA	CAMS CRA
PRA opening (one-time)	Rs 15	Rs 15	Rs 15
PRA Maintenance (Per Annum)	Rs 20	Rs 14.40	Rs 16.25
Per transaction (Financial/Non-Financial)	NIL	NIL	NIL

The PFRDA circular also mentions the charges the three CRAs can levy on the APY account holder for opening and maintaining the pension account.

The circular was issued on May 3, 2024, by PFRDA.

One thing that an APY subscriber needs to keep in mind, as per the FAQs issued by PFRA, is that “Deductions will continue to be made to your APY account for account maintenance and other related charges on a periodic basis. One needs to maintain a balance in the bank account linked with APY.”

Charges are also levied for non-payment or delayed payment of contributions.

What is Atal Pension Yojana?

The Atal Pension Yojana (APY) was introduced on June 1, 2015, to provide old-age income to every Indian Citizen from the unorganised sector. The scheme provides a defined benefit scheme and guarantees a minimum pension of Rs 1,000, Rs 2,000, Rs 3,000, Rs 4,000 and Rs 5,000 every month, depending on the monthly contribution.

The monthly contribution depends on the amount of pension the subscriber wants from the age of 60 and the subscriber's age at the time of joining the scheme.

The contribution to the APY will be debited monthly from the subscriber’s bank account.

(The writer is Preeti Motiani.)

TOP

IRDAI CIRCULAR

Circular	Reference
First year premium of Life Insurers as at 30.04.2024	https://irdai.gov.in/web/guest/document-detail?documentId=4857040

TOP

GLOBAL NEWS

South Korea: Protection focus and prudent investments support stable life insurance outlook – Asia Insurance Review

Moody's Ratings says that its outlook for South Korea's (Aa2 stable) life insurance industry is stable, reflecting the global credit agency's expectation that growth in contractual service margins (CSM), driven by a focus on protection products, will support capitalisation and profitability, and prudent investment strategies will underpin stable asset quality at life insurers in the next 12-18 months.

Growth in insurance revenue and recurring investment profit will support profitability. The strategic focus of insurers on selling high-margin products will drive growth in insurance revenue, while still-high interest rates will support recurring interest income. However, escalating underwriting expenses, a consequence of intensifying competition to sell high-margin products, will somewhat offset these positive factors.

Asset quality will be stable as insurers maintain prudent investment strategies. Insurers will continue to focus on high-quality domestic bonds with long maturities, in response to increased risk charges for risky asset classes under the Korea Insurance Capital Standard (K-ICS) and to match asset-liability durations.

Although insurers' investments in overseas commercial properties pose risks, the impact on their profitability and capitalisation is manageable.

Capitalisation will be stable despite scheduled revisions of economic assumptions. Life insurers' capitalisation will be adversely affected by adjustments of economic assumptions that lower discount rates. Still, most life insurers' solvency under the K-ICS will remain around 2023 levels, supported by stabilizing interest rates and growth in new business CSM.

Liquidity pressure has eased as policy lapses stabilise after spikes in late 2022. Although there will be some surrenders by policyholders facing financial trouble amid prolonged economic challenges, Moody's does not expect lapses to increase sharply again. An easing of liquidity risks, coupled with reduced refinancing requirements and high funding costs, means the issuance of capital securities by life insurers will decrease.

The outlook could shift to negative if there are:
(1) substantial deterioration in capital markets that increase asset risks from life insurers' alternative investments;
(2) a swift and significant decrease in interest rates leading to a substantial decline in insurers' investment income and spread margin; or
(3) an increase in lapses that significantly raises liquidity risks for insurers.

TOP

Singapore: Life insurance body launches enhanced protection gap calculator - Asia Insurance Review

The Life Insurance Association, Singapore (LIA Singapore) has announced the launch of its enhanced protection gap calculator. This update consists of a simplified calculator that aims to help consumers understand and narrow their protection gaps through:

An improved user-friendly interface for ease of use
Additional tool tips with simpler descriptions to guide more accurate inputs. With a few clicks, consumers can view their mortality and critical illness protection gaps, and are encouraged to take the necessary actions to manage these gaps. Updates from the latest findings from the Protection Gap Study 2022 that found a 21% mortality gap and a 74% critical illness protection gap in Singapore. The enhanced protection gap calculator aims to empower consumers to take the actions required to better meet their protection and financial planning needs.

TOP

New Zealand: Insurers to be given 3-year grace period to adopt changes to insurance law - Asia Insurance Review

The Insurance Council of New Zealand (ICNZ) welcomes the first reading on 2 May 2024 of the Contracts of Insurance Bill, saying the overhaul of the legislation is well overdue. "This Bill has been long awaited and I congratulate the Minister of Commerce and Consumer Affairs, Andrew Bayly, for his support and commitment to modernise New Zealand's insurance law and bring it in line with international best practice," ICNZ chief executive Kris Faafoi said.

He said that given the sheer scale of the reforms, it is important that sufficient time is allowed for the industry to implement and bed in the changes once they are known. He said, "We are pleased to see that the Minister has allowed up to three years." Mr Faafoi said that the current legislation is widely acknowledged to be outdated, unwieldy, and not fit for purpose in today's world. The new Bill will help tidy up, rationalise, and update New Zealand's insurance law into a single framework to support well-functioning insurance markets for both insurers and consumers.

"We acknowledge there's still a lot to do as we work through the details of the Bill and ensure a balanced approach is achieved that strengthens protections for consumers while promoting fairness, certainty, and sustainability in the insurance sector." He added, "The sector will work closely with the Government and regulators to ensure that the Bill and other regulatory reforms that the industry is facing are done in a coordinated way that benefits both consumers and the industry as a whole."

TOP

COI Training Programs

Mumbai – May – June 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Investment Management in Insurance Companies	16-May-24	17-May-24	ClickHere	Register
2	Understanding IFRS 17	20-May-24	20-May-24	ClickHere	Register
3	Workshop on Self Management and Personal Effectiveness	21-May-24	22-May-24	ClickHere	Register
4	Health Insurance: Medical Management and Fraud Control	28-May-24	29-May-24	ClickHere	Register
5	National Economy and Insurance Industry	30-May-24	30-May-24	ClickHere	Register
6	Understanding Electric Vehicle Insurance	03-Jun-24	03-Jun-24	ClickHere	Register

7	Basics of Aviation Insurance	06-Jun-24	07-Jun-24	ClickHere	Register
8	Comprehensive Financial Planning Series-Part 1 : Focus on Tax Planning	06-Jun-24	06-Jun-24	ClickHere	Register
9	Reinsurance Program: International (RPI)	10-Jun-24	15-Jun-24	ClickHere	Register
10	Cutting Edge Marketing Strategies for Branch/Unit Leaders of Life Insurance	10-Jun-24	10-Jun-24	ClickHere	Register
11	Understanding Life Insurance Operations for Middle Level Managers	10-Jun-24	11-Jun-24	ClickHere	Register
12	Risk Inspection- Methods & Reporting	12-Jun-24	13-Jun-24	ClickHere	Register
13	Workshop on Soft Skills for team leaders	12-Jun-24	13-Jun-24	ClickHere	Register
14	Techniques for Telemarketing Teams in Insurance	13-Jun-24	14-Jun-24	ClickHere	Register
15	Basics of Life Insurance for New Recruits	14-Jun-24	14-Jun-24	ClickHere	Register
16	Life Insurance Marketing for Brokers	18-Jun-24	19-Jun-24	ClickHere	Register
17	Creating High performers in BancaChannel	18-Jun-24	18-Jun-24	ClickHere	Register
18	Liability Insurance: Focus - Casualty Lines	20-Jun-24	21-Jun-24	ClickHere	Register
19	Program on AML-KYC-CFT Requirements	20-Jun-24	20-Jun-24	ClickHere	Register
20	Principles of Valuation of Life Insurance Companies	21-Jun-24	21-Jun-24	ClickHere	Register
21	Compliance Management for Principal Officers of Corporate Agents, Banks	24-Jun-24	24-Jun-24	ClickHere	Register
22	Insurtech and Agriculture	21-Jun-24	21-Jun-24	ClickHere	Register
23	Motor OD Insurance - Underwriting and Claims	26-Jun-24	27-Jun-24	ClickHere	Register
24	Liability Insurance: Focus Cyber & Crime	27-Jun-24	28-Jun-24	ClickHere	Register
25	Forensic Science in Insurance Investigations	27-Jun-24	27-Jun-24	ClickHere	Register
26	Compliance 2.0 – An upgrade for Principle based Regulatory Regime	27-Jun-24	28-Jun-24	ClickHere	Register

Kolkata – May - June 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing Catastrophic Claims-CVT Kolkata	24-May-24	24-May-24	ClickHere	Register
2	Creating High Performers in Bancassurance-CT Kolkata	24-May-24	24-May-24	ClickHere	Register
3	Annuities as a Distinct Marketing Too-CT Kolkata	12-Jun-24	12-Jun-24	ClickHere	Register

4	Managing Liability Insurance: Marketing, Underwriting and Claims (Other than Motor TP and Cyber Liabilities)-CT Kolkata	13-Jun-24	14-Jun-24	ClickHere	Register
5	Renewable Energy Insurance - The emerging opportunities-CT Kolkata	27-Jun-24	28-Jun-24	ClickHere	Register
6	Paradigm Shift in Life Insurance Underwriting-CVT Kolkata	28-Jun-24	28-Jun-24	ClickHere	Register

TOP

Courses offered by COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	6th July 024
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	6th July 2024
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	6th July 2024
Duration of the course	3 months (on weekends)

Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours
Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

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

Course Structure -

Particulars	Details
Course Date	14th May 2024 – 16th May 2024
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

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

Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any faculty are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher's, working professionals (including medical doctors) in the health insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [*subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDHI
Contact Email id	pgdhi@iii.org.in

Post Graduate Diploma in Insurance Marketing (PGDIM)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project

Eligibility	Graduates in any discipline are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher, working professionals in life/general insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [* subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDIM
Contact Email id	pgdim@iii.org.in