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INSUNEWS - WEEKLY E-NEWSLETTER

6TH – 12TH JULY 2024

QUOTE OF THE WEEK

"Learning how to be still, to really be still and let life happen - that stillness becomes a radiance."

MORGAN FREEMAN

Insurance Term for the Week

What Is an Out-of-Pocket Maximum?

- An out-of-pocket maximum, also referred to as an out-of-pocket limit, is the most a health insurance policyholder will pay each year for covered healthcare expenses.
- When this limit is reached, your health plan will cover 100% of your qualified expenses.
- You can generally choose from a range of plans with different out-of-pocket limits. However, plans with lower out-of-pocket maximums normally have higher premiums, and those with higher out-of-pocket maximums have lower premiums.
- Some individuals (or families) may qualify for lower out-of-pocket maximums if they earn under certain income thresholds or meet other requirements.

INSIDE THE ISSUE

INSURANCE INDUSTRY

GST cut on life insurance, tax exemption on health plans; Top demands from Budget 2024 - News18 – 11th July 2024

India's insurance sector has some key expectations for the upcoming Union Budget 2024, primarily focused on tax benefits and regulatory changes to make insurance products more attractive and accessible to a wider audience.

Bringing down the Goods and Services Tax (GST) rate applicable to insurance products, particularly health insurance, is among the major expectations. This would make them more affordable for consumers.

An increase in the deduction limits under Section 80D for health insurance premiums paid for oneself, dependents, and senior citizen parents is anticipated. This would provide greater tax relief for healthcare expenses. Here's what industry leaders want from Finance Minister Nirmala Sitharaman in the Union Budget 2024;

Increase the Upper Limit for Tax Exemption

Rakesh Jain, CEO of Reliance General Insurance said that the upcoming Union Budget 2024 presents an opportunity to promote sustainable development goals by prioritising risk management and protection.
Jain recommends that the government consider the following measures:
Increase the upper limit for tax exemption on health insurance premiums to Rs 75,000.
Introduce financial support or tax benefits for extensive insurance on electric vehicles (EVs).
Give tax advantages for cyber insurance, particularly for small and medium businesses, to enhance their ability to withstand cyber risks and data breaches.
Mandate health insurance to all employers for their employees to bring holistic protection to the working class.

"Implementing these measures will not only create a more resilient and sustainable economic environment but also pave the way for a healthier and greener future, fostering a sense of optimism and progress," Jain added.

Lower GST On Life Insurance Products

Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance, said, "With increased earning power and disposable income, Indian citizens will be able to invest in versatile life insurance products for their peace of mind and financial goals. Given the under penetration of life insurance in the country, there is substantial room for sectoral growth."

Chugh added that some of the sector's budget expectations from the finance ministry is to consider lower GST on life insurance products. Additionally, in the pension products category, to secure the post-retirement financial needs of the individuals, "we urge the government to align life insurance annuity or pension products with the National Pension Scheme (NPS) and allow the similar additional deduction of Rs. 50,000 or more for life insurance annuity or pension products under Income Tax," Chugh urged.

Long-Term Capital Gain On High-Value Products

Chugh also urged the ministry to introduce Long Term Capital Gain taxability for all high-value traditional life insurance plans (more than Rs.5 lakhs aggregate annual premium), in line with high-value ULIPs.

"This will bring in uniformity and tax efficiency for insurance customers at par with other similar financial products in the market."

Affordability and Accessibility
Neel Chheda, Chief of Underwriting and Data Science, TATA AIG General Insurance, said, "We are hopeful for policy measures that will further bolster the insurance sector. We anticipate initiatives that enhance the affordability and accessibility of insurance products, particularly for underserved segments. Increasing tax incentives for insurance offerings would significantly encourage more individuals to secure comprehensive coverage, providing them with financial protection against unforeseen events."

"Additionally, we look forward to regulatory reforms that support digital innovation and simplify compliance processes, enabling insurers to deliver more efficient and customer-centric services," Chheda added.

Budget 2024 Date
The government's final decisions will be revealed in the budget presentation scheduled for July 23, 2024. These changes are expected to boost insurance penetration rates and contribute to the overall financial well-being of the population.

(The writer is Namit Singh Sengar.)

TOP

Insurance firms eye tax reliefs in upcoming Budget to boost penetration - Business Standard – 11th July 2024

Indian insurance companies are eyeing multiple tax exemptions from the central government in the upcoming Union Budget to enhance attractiveness and affordability of insurance products, thereby promoting greater penetration nationwide.

Life insurance companies have called for tax deduction on annuities as well as lower goods and services tax (GST) on their other products. Further, the industry is also hoping that the government will tweak the new tax regime to include tax exemption for life insurance products. Currently, the new tax regime does not allow any exemptions on these products, which were allowed under 80C in the old tax regime.

"We urge the government to align life insurance annuity or pension products with the National Pension Scheme (NPS) and allow similar additional deduction of Rs 50,000 or more for life insurance annuity or pension products under income tax," said Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance.

Non-life insurance companies have reiterated there is a need to reduce GST rates from 18 per cent to 5 per cent on health insurance products to make them affordable so that there is greater uptake of such products.

"Currently, out of pocket expenses are still high relative to global standards, indicating a considerable protection gap. The insurance regulator has set a vision of achieving insurance for all by 2047. Thus, our submission to the government is to reduce the current 18 per cent GST rate on essential services like health Insurance," said Prasun Sikdar, MD & CEO, ManipalCigna Health Insurance.

For the last few years, insurers have also proposed an increase in the limit of tax deduction under 80D of the Income Tax Act. Under this section, a person can claim a deduction of up to Rs 25,000 for health insurance premium and expenses incurred towards medical expenses under the old tax regime. According to experts, increasing the deduction limit for medical insurance to Rs 50,000 for individuals from the existing Rs 25,000 and raising it to Rs 75,000 from Rs 50,000 for elderly people will help cover the surge in healthcare expenses. "Besides financial protection, health insurance offers tax benefits under Section 80D, making it attractive from a savings perspective. The 80D tax exemption should be linked to inflation and revised periodically," said Krishnan Ramchandran, MD & CEO, Niva Bupa Health Insurance. The insurance industry is also keenly awaiting better implementation, greater participation of multi-specialty and corporate hospitals, and improved reach to the deserving Below Poverty Line (BPL) population, according to Dr S Prakash, MD & CEO-designate, Galaxy Health Insurance Company Limited, India.

(The writer is Aathira Varier.)

TOP

Insurance sector thriving on customer-centric innovation, value-based themes, digital transformation: PwC India – CNBC – 9th July 2024

The Indian insurance sector is experiencing growth, driven by investments in customer-centric innovation, digital transformation, and robust talent development initiatives. According to industry experts, these factors have laid a strong foundation for sustained growth over the past few years. Amit Roy, from mPartner at PwC India, highlighted key strategies that have been pivotal in shaping the industry landscape since the onset of COVID-19. "It's not just about quarterly performance; it's about sustained efforts in value-based deals, digital transformation, customer-centric innovation, real-time data utilisation, and talent development," he said.

These initiatives have enabled insurers to pivot towards more agile, customer-responsive operations, moving away from traditional top-down approaches. "India, currently the 10th largest insurance market globally, has the potential to ascend to the sixth position if the double-digit growth persists," he added. Optimism surrounding India's insurance market is supported by three key pillars: Government initiatives aimed at achieving universal insurance coverage by 2047, favourable regulatory reforms, and the proliferation of data-driven decision-making. "Regulatory changes in recent years have been particularly conducive, fostering an environment where new players can thrive and innovate," Roy noted. The availability of vast amounts of data has also streamlined underwriting processes and enhanced customer experience. Reflecting on the demographic dividend, Roy pointed out, "India's youthful population presents a significant growth opportunity for insurers, ensuring sustained demand for diverse insurance products."

(The writers are Prashant Nair, Sonia Shenoy, Nigel D'Souza and Anshul.)

TOP

How insurtech startups are addressing the challenges of slow processes in the insurance sector - Express Computer – 08th July 2024

Insurance companies offer a wide range of products that are of critical importance to customers' different emergency and investment needs. Having an insurance policy is mandatory in a few cases (such as vehicle insurance). However, in most other operational areas, it is discretionary in nature. In a country of around 1.4 billion people, there is a significant population underinsured or uninsured, thereby showing how people have not fully acknowledged the vital role of insurance in different facets of life. At the same time, it leaves a massive growth scope for insurance companies to bridge this gap.

Besides the income constraints and lack of understanding on the consumers' part, there are a few operational challenges due to which the insurance sector is yet to attain its full potential in the country. For instance, a report suggests that it takes an average of 12 to 18 months for companies to bring entirely new insurance offerings to market, and modifications to existing coverage can extend up to 3 to 6 months; it's evident that the industry faces significant hurdles in meeting evolving customer expectations.

How the industry is faring currently: The state of affairs

Undoubtedly, the collaboration of tech and insurance has resulted in increased coverage and provision of personalised products to customers. Consequently, there are still a number of challenges, and making changes to existing coverages or bringing new products to the market takes a lot of time. This prolonged timeline consumes substantial resources and severely hampers insurers' agility and responsiveness to market demands.

The reasons for slow product development and manual underwriting

There can be multiple reasons for these two major issues in the industry. One significant issue stems from outdated legacy systems that many insurers still rely on. These systems are often complex, inflexible, and incompatible with modern technological advancements, thereby impeding efficiency and innovation. Even though compliance and regulation are critical for the security of both the insurers and customers, the regulatory process could be quite long. Compliance requirements demand meticulous attention to detail and can significantly prolong the approval process for new products and services. Another factor can be risk aversion. It (risk aversion) within the industry fosters a culture of caution, where insurers are hesitant to embrace change and experiment with new approaches to product development and underwriting.

Embracing the gamechanger: Insurtech solutions

One of the solutions for these industrial challenges lies in the collaboration of the insurance sector and the latest technologies. Insurtech solutions offer myriad innovative tools and technologies that promise to streamline product development and automate underwriting processes. One such solution gaining traction is artificial intelligence (AI) and machine learning algorithms, which can analyse vast amounts of data in real time to assess risk and expedite underwriting decisions. These advanced analytical capabilities enhance accuracy and significantly reduce processing time, enabling insurers to offer tailored products more efficiently. Moreover, digital platforms and cloud-based systems empower insurers to collaborate seamlessly with stakeholders and expedite the entire product development lifecycle. From ideation and prototyping to testing and deployment, these platforms facilitate agile workflows and rapid iteration based on market feedback. One of the most important roles that the latest technologies can play is to eliminate the shortcomings of manual processing in different sub-processes. Beyond accelerating product development and underwriting, Insurtech solutions pave the way for personalised insurance offerings, enhanced customer experiences, and sustainable growth in an increasingly competitive marketplace.

Summing up

For any industry seeking to attain its full potential, it is vital to acknowledge the most critical challenges it faces. The insurance sector in India is flourishing, and with encouraging macroeconomic indicators, the overall role of the sector will be even more critical in the future. The lack of coverage and the number of people uninsured (life, health, property, etc.) should be major concerns and a gap that needs to be filled.

As the traditional pace of product development and underwriting is pretty slow, to say the least, it is critical that companies embrace Insurtech solutions. By implementing the latest technologies, insurance companies can offer better personalised products to customers and become more agile. From monitoring customer requirements to fulfilling them with customised products, the overall pace of development in the sector can improve rapidly due to the usage of technology.

(The writer is Aditya Dadia.)

TOP

Bar Council of India Calls for Comprehensive Insurance Scheme for Advocates – Devdiscourse – 08th July 2024

The Bar Council of India Chairman, Manan Kumar Mishra, Senior Advocate, Supreme Court of India, has penned a letter to the Minister for Law and Justice, Arjun Ram Meghwal, to address issues relating to the welfare and security of the nation's legal fraternity. The letter underscores that advocates are the cornerstone of our democratic system, tasked with upholding the Constitution and protecting fundamental rights for all citizens. Despite their indispensable role, many operate under precarious conditions, lacking essential protections against health and life risks. The recent pandemic highlighted these vulnerabilities, underscoring the urgent need for a comprehensive health, medical, and life insurance scheme for advocates and their dependents.

The Bar Council of India has long advocated for a Health, Medical, and Life Insurance scheme for the legal community. Positive steps have been taken by the Ministry of Law, which is now collecting data from the Bar Council. The financial aspects must be addressed to ensure that advocates and their families have necessary health and life coverage, providing financial security and enabling them to perform their duties without anxiety over health-related issues.

Chairman Mishra also emphasized the urgent need for the swift implementation of the Advocates Protection and Compensation Bill/Act, which seeks to provide essential protections against threats and physical harm. This legislation, alongside a comprehensive insurance scheme, would significantly enhance the morale and security of the legal fraternity, acknowledging their sacrifices and dedication. The Bar Council of India is optimistic that under the leadership of Prime Minister Narendra Modi and the guidance of Minister Meghwal, the Ministry of Law and Justice will take decisive steps to support advocates. The Council remains ready for further dialogue and assistance in this endeavor.

TOP

Government Reviews FDI Caps; May Help Defence, Insurance Sectors - The Times of India – 08th July 2024

The govt is looking to review foreign direct investment caps for sectors such as defence, insurance and plantations, and look at the processes that can be eased to streamline the regime. While most sectors have a liberal regime where automatic approvals aren't needed, the department for promotion of industry and internal trade is looking at how investment norms for defence can be made more attractive as govt seeks to move more manufacturing in the strategic sector to India. Current rules allow 100 percent FDI in the sector, wherever the entry of an entity results in access to modern technology or "for other reasons to be recorded".

Review comes as India sees FDI flows stagnate

FDI up to 74% allowed under the automatic route, but there are strings attached including industrial licensing for certain sectors and for small arms production and there are riders within that, which may be reviewed.

In case of insurance, a contentious sector since it was opened up to overseas players 25 years ago, FDI in a general or life insurance company is capped at 74%, while 100% FDI is allowed in insurance intermediaries. While general insurance companies turn profitable in a few years, generating funds for reinvestment, life insurance remains a capital-intensive business, requiring Indian and foreign partners to pump in equity for six-seven years. The review comes even as there is sufficient competition in the sector, and a majority of life insurance companies are now profitable.

But getting a nod for insurance, as well as plantations is not going to be easy, especially when the rationale for a review of the regime for the latter is unclear with 100% allowed in tea, coffee, rubber and several other segments. Given BJP's stand on insurance when it was in the Opposition, Congress and its allies from the INDIA bloc are not going to agree to an increase easily at a time when govt is unlikely to push contentious changes through the legislative route.

Officials said the review was meant to ensure smooth flows and the idea was also to ensure that timelines involving inter-ministerial processes were adhered to, which was not always the case especially when security clearances were required. The review comes at a time when India is seeking greater investments and has seen FDI stagnate despite its pitch for roping investors using the 'China Plus One' plank. The changes, if any, may be part of the budget announcements.

(The writer is Sidhartha.)

TOP

Insurers Likely to Report Robust Growth amid Market Tailwinds - The Economic Times – 08th July 2024

Listed private life insurers are set to report strong annualised premium equivalent growth, driven by a lower base and buoyant equity markets. However, the value of new business (VNB) margins will be muted due to increased sales of unit-linked insurance plans and pressure on group term pricing. General insurance companies are expected to show improved profitability, benefiting from a low claims ratio amid strong growth in motor, health, and commercial lines. Life insurers will adjust to new surrender value regulations this year, compressing their VNB margins in the second half of fiscal year.

The life insurance industry experienced muted growth in Q1FY24 due to a surge in high-value non-par policy sales in the preceding quarter before the change in taxation policies. From April 2023, the government removed tax benefits from all non-par policies with aggregate premiums of ₹5 lakh and above per year. HDFC Life is expected to report 17-18 percent growth in APE and a 50 basis points compression in VNB margins to around 25 percent. A basis point is one hundredth of a percentage point. ICICI Prudential Life is projected to see 40 percent growth in APE, driven by ULIP growth. SBI Life is likely to report 18 percent growth in APE with a VNB margin of 27 percent, while Max Life Insurance is expected to show 19 percent APE growth and a 20 percent VNB margin. General insurers are likely to report around 20 percent growth in gross premium for the quarter ending June 30, 2024.

(The writer is Shilpy Sinha.)

TOP

Tax breaks key to affordable insurance policies in India – Policy Circle – 7th July 2024

With Budget 2024 round the corner, insurance firms are seeking multiple tax exemptions from the government to increase the appeal and affordability of insurance offerings. This is also expected to speed up the nationwide penetration of insurance products. The insurers are seeking tax cuts on annuities and a reduction in the GST rates applied to their products. The industry is optimistic that there will be a revision of the tax framework to reintroduce tax exemptions for life insurance products. Currently, under the new tax regime, these exemptions, previously available under Section 80C of the old tax regime, are not permitted.

India’s insurance sector on track for a strong growth

India’s insurance industry is experiencing steady growth, but challenges remain. It is the 10th largest globally, but life insurance penetration is still low at 3.2% (as of 2021 data). The insurance industry faces regulatory challenges that need to be addressed to facilitate smoother operations and growth. Streamlining regulatory processes and reducing bureaucratic hurdles can help insurance companies focus more on expanding their reach and improving their services. The Insurance Regulatory and Development Authority of India should continue to refine policies to support innovation and competition within the industry.

Why tax cuts on insurance premiums

In times of distress, insurance acts as a safety net. During medical emergencies, disability, or death, insurance provides a financial cushion and helps individuals better navigate the challenges at hand. Many Indians do not have enough savings for their post-retirement life, and there remains a huge gap between the funds available and the funds needed for a peaceful retirement.

	Premium volume (in USD billion)		Change (in %, inflation adjusted)		Share of world market (in %)	Insurance penetration (in % of GDP)	Insurance density (in USD)
	2023E	2028F	2023E	CAGR 2024–28F	2023E	2023E	2023E
Total business							
India	141	224	5.0%	7.1%	2.0%	3.8%	98.1
Emerging markets	1 395	2 126	6.6%	5.1%	19.5%	2.8%	198.8
Emerging Asia excl. China	226	355	4.5%	6.9%	3.2%	2.9%	95.3
Global	7 152	9 118	1.6%	2.4%	100.0%	6.5%	885.4
Life business							
India	105	163	4.1%	6.7%	3.3%	2.9%	73.0
Emerging markets	812	1 243	7.7%	5.2%	26.0%	1.6%	115.7
Emerging Asia excl. China	160	248	3.5%	6.7%	5.1%	2.1%	67.2
Global	3 130	4 025	1.5%	2.5%	100.0%	2.8%	387.5
Non-life business							
India	36	61	7.7%	8.3%	0.9%	1.0%	25.1
Emerging markets	583	883	4.9%	5.0%	14.5%	1.2%	83.1
Emerging Asia excl. China	67	107	6.9%	7.4%	1.7%	0.9%	28.1
Global	4 022	5 093	1.6%	2.3%	100.0%	3.7%	497.9

E = estimates; F = forecasts; CAGR =compound annual growth rate
Source: Swiss Re Institute

Regarding health insurance, tax benefits exist for both health and life insurance premiums, but they are capped and often complex to navigate. Naturally, many with limited resources are dissuaded from prioritising insurance. Millions of citizens remain vulnerable to illness, disability, or unforeseen events in the absence of insurance. Current tax structures are often to blame.

While the government offers help in various forms, it is practically impossible for it to assist each individual. Unlike many other countries, India’s social safety net has a different structure. While some nations boast comprehensive social security programs, India’s options are more limited. Government initiatives like the PM Jeevan Jyoti Bima Yojana and PM Suraksha Bima Yojana offer some financial protection, but their scope is limited. Additionally, the PM Jan Arogya Yojana provides health insurance coverage of up to Rs 5 lakh per family, but eligibility is restricted to those below a certain income level.

To address this, significantly increasing the tax deductions allowed for premiums paid towards health and life insurance may be a way forward. Simplifying the tax benefit structure for insurance will make it easier for all, regardless of their tax bracket or financial literacy, to understand and avail of these benefits. Additionally, the insurance sector must leverage technology to enhance accessibility and affordability. Digital platforms can play a crucial role in simplifying the purchase process, providing real-time assistance, and enabling quick claim settlements. By investing in digital infrastructure, insurance firms can reach a broader audience and provide seamless services, thus encouraging more people to opt for insurance coverage.

High out-of-pocket medical expenses in India presently exceed global averages. More than 50% of healthcare expenses are paid directly by patients. This reveals an abysmal lack of financial protection for citizens. The insurance regulator must set an ambitious goal of Insurance for All by 2047. Insurance companies also await reforms in several key areas such as better implementation, increased participation from multi-specialty and corporate hospitals, and improved outreach to the underprivileged Below Poverty Line (BPL) population.

By encouraging insurance participation through tax cuts, the government does not simply lessen its social security burden; it empowers citizens to take charge of their own well-being. This creates a more responsible and financially secure society, ultimately benefiting the nation as a whole. Presently, health insurance attracts GST rates of 18%. A reduction of the same to 5% will make these products more affordable, leading to greater uptake. When GST is charged on insurance services, it is automatically added to the insurance premium as an additional tax. This is why policy premiums have been increasing.

Tax breaks are crucial for individual taxpayers. Currently, health insurance premiums feel like an optional expense compared to a necessity, especially considering the cost of family plans versus the limited tax benefit. Individual taxpayers need a tax impetus because family health insurance premiums versus the tax benefits are skewed.

India insurance resilience indices and protection gaps

	Resilience Index (%)				Protection gap, USD bn
	2016	2021	2022	Change (2022–2021)	2022
India					
Mortality	8.6%	9.0%	9.2%	▲	44.8
Health	22.0%	27.0%	27.0%	–	50.3
Crop	17.3%	11.1%	11.5%	▲	31.1
Nat Cat	5.6%	6.9%	6.5%	▼	8.0
Emerging markets					
Mortality	33%	30%	29%	▼	263.2
Health	47%	46%	46%	▲	534.8
Crop	21%	34%	37%	▲	87.9
Nat Cat	6%	5%	5%	–	183.7
World					
Mortality	47%	44%	43%	▼	405.7
Health	78%	77%	78%	▲	888.5
Crop	28%	39%	41%	▲	113.0
Nat Cat	24%	24%	24%	▲	367.6

Source: Swiss Re Institute

Furthermore, the role of insurance in promoting financial inclusion cannot be overstated. By making insurance products more affordable and accessible, the government can help integrate marginalised sections of society into the financial mainstream. This not only provides financial security to vulnerable populations but also stimulates economic growth by fostering a more resilient and inclusive financial ecosystem.

A critical area that requires attention is the disparity in insurance penetration between urban and rural areas. Urban regions tend to have higher awareness and uptake of insurance products due to better access to information and services. However, rural areas, which constitute a significant portion of the population, lag behind. The government and insurance firms must work together to bridge this gap by offering targeted awareness campaigns and simplified insurance products tailored to the rural population's needs.

The government should issue more long-term bonds (40-50 years) to increase liquidity. This benefits insurers by offering more investment options and potentially lower interest rates for their long-term liabilities. Additionally, the corporate bond market should allow insurers to invest in reliable, long-term corporate bonds. These bonds could offer higher yields than traditional government bonds, potentially enabling insurers to provide better returns on annuity plans.

TOP

LIFE INSURANCE

Life insurers extend rally on healthy growth in Q1; ICICI Pru at 52-wk high - Business Standard – 10th July 2024

Shares of life insurers continued their northward movement, gaining up to 4 percent on the BSE in Wednesday's intra-day trade in an otherwise weak market on the back of a jump in NBP in Q1. Life insurers reported an 22.9 percent increase, on a year-on-year basis, in the new business premium (NBP) at Rs 89,726.7 crore for the June quarter (Q1FY25) when compared with Rs 73,004.87 crore in Q1FY24.

Low base effect, increased insurance coverage and increase in single premium drove the growth in life insurance premium in the first quarter of FY25, the Business Standard reported. Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance Company (ICICI Pru), Max Financial Services, SBI Life Insurance Company and HDFC Life Insurance Company were up 2 per cent to 4 per cent on the BSE in today's intra-day trade. In the past six trading days, these stocks have rallied between 5 per cent and 9 per cent. In comparison, the BSE Sensex was down 0.87 per cent at 76,650 at 02:14 pm.

Among individual stocks, ICICI Pru hit a 52-week high of Rs 673.60, rallied 4 per cent in intra-day trades. The stock had hit a record high of Rs 724.50 on September 8, 2021. Shares of LIC were up 2 per cent at Rs 1,055, and were seen inching towards its 52-week high of Rs 1,175 touched on February 9, 2024. SBI Life up 2 per cent at Rs 1,562.45, trading close to its record high of Rs 1,571.55 hit on February 29.

The life Insurance industry sustained its growth trajectory with an impressive 18.9 per cent YoY retail annual premium equivalent (APE) growth in Jun-24, with the private sector exhibiting 22.1 per cent YoY growth and LIC logging a remarkable 12.7 per cent growth. Analysts at Emkay Global Financial Services remain optimistic about the medium-term outlook for the life insurance sector, and expect Retail APE to grow ~12-13 per cent during FY25E with the private sector reporting ~14-15 per cent growth and LIC growing in the 6-8 per cent range. Private listed players are expected to surpass industry growth, benefitting from the strong brand presence, extensive distribution network, product innovation, and cost advantage.

Of recent, regulatory uncertainties have led to substantial underperformance of life insurance stocks, which have hence entered an attractive valuation zone. Further, emerging clarity on the sector outlook and the franchise strength of listed players, combined with attractive valuations, provide a favorable risk-reward for life insurance stocks, thus urging a positive stance on the overall sector, the brokerage firm said. Meanwhile, life insurance products in India are continually evolving, moving beyond a simple savings tool to providing longer term propositions and an enhanced safety net.

As per a Swiss Re study, total insurance premiums in India is expected to grow by 7.1 per cent in real terms over the next five years, well above the global (2.4 per cent), emerging (5.1 per cent) and advanced (1.7 per cent) market averages. A powerful combination of economic growth, a burgeoning middle class, innovative products and supportive regulations is fueling the Indian insurance market's expansion, HDFC Life said in its FY24 annual report. As per estimates put out in December 2023 by the National Insurance Academy, sponsored by the Government of India, there exists a striking 93 per cent pension gap in the country. It goes on to state that only 24 per cent of individuals rely on employer-provided retirement plans.

The regulator has articulated its vision of 'Insurance for All' by 2047 and rolled out several conducive regulations which will promote innovation, improve ease of doing business, make insurance simple and easily accessible leading to deepening penetration in the country, ICICI Pru said in its FY24 annual report. As India marches forward to join the ranks of developed nations, the demand for long-term savings, protection and annuity products will only accelerate, the company said.

(The writer is Deepak Korgaonkar.)

TOP

Top Private Life Insurance Firms Hike Term Policy Premium - Business Standard – 11th July 2024

Major Private Sector life insurance companies, including HDFC Life, ICICI Prudential, Bajaj Allianz and Max Life Insurance, have increased their term insurance premiums by 4-7 percent in response to moderation in bond yields, inflation concerns, and adjustments in reinsurance rates, according to industry sources privy to the development. Many other insurers are expected to follow suit, the sources said.

“We have seen upward revisions happening (in term life insurance rates) across major life insurance companies. Bajaj Allianz Life, ICICI Prudential Life, Max Life and HDFC Life have changed rates recently,” said a big insurance distributor. “In FY25, Max Life Insurance revised term insurance rates first in April, ranging between 3 percent and 6 percent,” said Vaibhav Kumar, head, product management and ecommerce channel, Max Life Insurance.

"Nearly 50 percent of our customers opt for policy terms of greater than 40 years. As a result, term insurance premium rates are sensitive to long-duration interest rates. As long-duration interest rates vary (especially when they go down), term insurance rates reflect the same. Our experience on mortality continues to be stable and in line with our assumptions," Kumar said. Yield on the bond maturing in 2063 has dropped by 31 bps to 7.086 percent from 7.39 percent in the last one year. Similarly, yields on the bond maturing in 2051 has dropped by 32 bps in the last one year. Insurance companies are major buyers of longer-tenure bonds. The government had introduced a 50-year bond in H2FY24 on the demand of insurance companies.

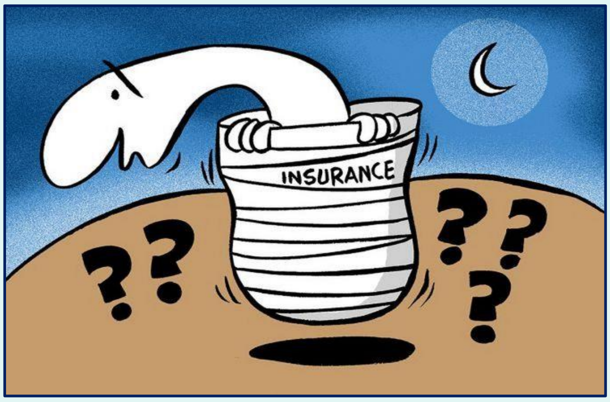
Further, the benchmark 10-year government bond yields have softened significantly following the announcement by JP Morgan that Indian government securities (G-sec) issued by the Reserve Bank of India (RBI) under the fully accessible route will be included in its widely monitored GBI-EM. Since September last year, the yield on 10-year bonds has dropped by 19 bps. Emails sent to HDFC Life, ICICI Prudential Life Insurance and Bajaj Life Insurance did not elicit a response till the time of going to the press. Kuldip Bonyal, secretary general, Life Insurance Agents Federation of India, said: "Most of the private life insurers have increased term insurance rates by 5-7 percent. SBI Life Insurance and LIC have not increased their rates yet."

Expensive cover
> HDFC Life, Bajaj Allianz Life, ICICI Prudential Life and Max Life raise term insurance premium rates by 4-7%
> Moderating bond yields, inflation concerns, and adjustments in reinsurance rates drive term insurance premiums
> Longer tenure bond yields drop over 30 bps in 1 year
> SBI Life, LIC have not raised term insurance rates yet

(The writer is Aathira Varier.)

TOP

Higher share of Ulips likely to weigh on life insurers' profit margin - Business Standard – 08th July 2024



Increased sale of Unit Linked Insurance Plans (ULIPs) is set to weigh on the margins of listed life insurance companies in June quarter of FY25 (Q1FY25) despite higher premium accumulation on a favourable base.

A buoyant equity market has led to an increase in sales of ULIPs, driving the growth in Annualized Premium Equivalent (APE) of life insurers. APE is the sum of regular premiums plus 10 percent of new single premiums in a particular period.

According to analysts at Emkay Global Financial Services, Value of New Business (VNB) margins for private sector life insurers will contract in Q1FY25, given higher share of united linked products in the product mix and some pressure on group term policy pricing. VNB margin is the measure of profitability of life insurers. "…life insurers would post strong APE growth of 20.3 percent year-on-year (Y-o-Y) in Q1FY25 on a soft base.

Given the strong equity markets, linked products are particularly likely to post robust growth. Margins, though, shall dip given the mix change and lower product-level margins. Strong APE growth shall drive up aggregate VNB 10.8 percent Y-o-Y," analysts at Nuvama Institutional Equities said. Life insurers' guidance on sales and margins for non-linked savings products, whose surrender values are expected to increase in the second half of FY25, will be a key focus point during the earnings update, Nuvama analysts said. The insurance regulator revised the surrender value norms, which will be effective from October 2024.

As per Emkay Global, Life Insurance Corporation (LIC) is anticipated to defy the trend of VNB margin contraction. LIC's VNB margin is expected to inch up to 14.7 percent in Q1FY25, while SBI Life's VNB margin is set to drop to 27.2 percent; HDFC Life's margin is likely to dip to 25.6 percent and ICICI Prudential Life's margin to 23.1 percent from 30 percent last year. Similarly, Max Life's VNB margin is projected to be at 20 percent. On the other hand, non-life insurers are expected to see an improvement in combined ratio in Q1FY25, due to lower claims ratio. A combined ratio of less than 100 is considered to be better as it indicates that the insurer is earning more through premiums as compared to claims paid and the operating expense incurred. Premium growth is expected to be strong, driven by motor, health and commercial lines.

(The writer is Aathira Varier.)

TOP

Life Insurance Companies' New Business Premium up Nearly 23 percent in Q1FY25 - Business Standard – 8th July 2024

First-year premium of life insurance companies posted nearly 23 percent year-on-year (Y-o-Y) growth in the April-June period of the current financial year (FY25), tracking healthy double-digit growth among the public and private sector insurers. According to the data released by the Life Insurance Council, the new business premium (NBP) increased by 22.91 percent Y-o-Y to Rs 89,726.7 crore in Q1 FY25 from Rs 73,004.87 crore in Q1 FY24. Life Insurance Corporation of India (LIC) clocked 28.11 percent growth to Rs 57,440.9 crore in the three-month period ended June 30, 2024, aided by growth in group premium. LIC, the market leader in the group insurance segment, recorded a 33.49 percent rise in its Group Single premium to Rs 44,671.86 crore in the April-June quarter of FY25 from the same period last year. On the other hand, private life insurers clocked a 14.62 percent Y-o-Y improvement in their premium to Rs 32,285.8 crore from Rs 28,167.66 crore, supported by healthy growth in the individual segment.

"Low base effect, increased insurance coverage and increase in single premium drove the growth in life insurance premium in the first quarter of FY25. In the quarter, individual single premiums have seen a decent growth. There is definitely an element of low base, but, in the last two months, the sum assured has also been rising. In FY25, the premiums are likely to grow by nearly 13 per cent," said Saurabh Bhalerao, associate director, CareEdge Ratings. SBI Life Insurance, the largest private sector life insurer, posted 13 per cent growth in premium to Rs 7,032.69 crore over last year, whereas ICICI Prudential Life Insurance recorded 23.5 per cent growth in premium to Rs 3,768.55 crore. Other major players, including HDFC Life, Bajaj Allianz Life Insurance, and Max Life Insurance, posted 9.19 per cent, 17.78 per cent, and 11.87 per cent growth, respectively.

In the quarter ended June 30, 2024, the market share of LIC stood at 64 per cent compared to 61.4 per cent in the corresponding period last year. The share of private insurance companies accounted for 35.9 per cent of the NBP compared to 38.6 per cent last year. In the period under consideration, the life insurers posted nearly 12 per cent growth in the sale of policies. In June 2024, the premium of the insurers increased by 14.80 per cent Y-o-Y to Rs 42,433.7 crore. LIC posted 13.60 per cent Y-o-Y growth to Rs 28,366.9 crore, whereas private insurers clocked 17 per cent Y-o-Y growth in premium to Rs 14,066.8 crore.

New Business Premium

Life Insurance Data	Jun-24	% Growth Y-o-Y	April-June FY25	% Growth Y-o-Y
Total New Business Premium	42433.7	14.8	89726.7	22.91

Life Insurance Corporation of India (LIC)	28366.9	13.6	57440.9	28.11
Private Insurers	14066.8	17.31	32285.8	14.62
SBI Life Insurance	2989.95	21.8	7032.69	13.33
HDFC Life Insurance	2694.29	8.31	6540.34	9.19
ICICI Prudential Life Insurance	1510.9	14.1	3768.55	23.51
Bajaj Allianz Life Insurance	1082.45	21.99	2539.93	17.78
Max Life Insurance	893.97	-5.68	2073.46	11.87

In (Rs) cr Source: Life Insurance Council

(The writer is Aathira Varier.)

TOP

GENERAL INSURANCE

Flood insurance: Essential tool amid increasing extreme weather events - Business Standard – 11th July 2024

Erratic weather and unpredictable rains have become the new normal. And due to these extreme weather events, flood insurance is emerging as a critical tool. It offers financial assistance in case of damages to households and businesses.

Understanding flood insurance
Flood insurance is a distinct type of property insurance that shields homes and their contents from losses resulting from flooding. This coverage can protect against a range of flood-inducing events, including heavy rainfall, overflowing water bodies, hurricane storm surges, and infrastructure failures like dam or levee breaches.

Unlike standard homeowner's policies, which may cover water damage from burst pipes or storms, flood insurance specifically addresses damage caused by rising floodwaters.

Types of flood insurance
Flood coverage is typically available as an add-on to standard property insurance policies.
There are two main types:
Structure coverage:This protects the building itself, including walls, floors, built-in appliances, and electrical systems.
Contents coverage:This covers personal belongings, furniture, and other items within the property.

Benefits of flood insurance
One of the main advantages of having flood insurance is the financial protection it provides. Damages done by flooding can be incredibly costly to mend, often exceeding the capacity of personal savings or government aid. A flood insurance policy can help cover these expenses, allowing property owners to restore their homes or businesses more quickly.

Another key benefit is the peace of mind that comes with knowing you are protected. Floods can happen anywhere, and even properties located in low-risk areas are not immune to the devastating effects. Having a flood insurance policy in place provides a sense of security and helps alleviate the stress and uncertainty that often accompanies a flood event.

What are the factors that determine the premium of flood insurance?
The cost of your insurance policy depends on the specific protections you choose, so premiums can vary from person to person. The location of your home also plays a big role. If you live in an area prone to floods, your premium will be higher. Additionally, the structural integrity of your house and your history of past claims also play crucial roles in determining the premium.

"Flood insurance is a part of home insurance that covers both property and material damage. It also includes a sub-part of motor insurance, extending coverage for vehicles and crucial components. Besides base coverage, individuals residing in flood-prone areas are advised to explore add-ons such as engine and gearbox protection covers, roadside assistance covers, and return-to-invoice covers," said Praveen Chaturvedi, General Manager- General Insurance at Insurance Samadhan.

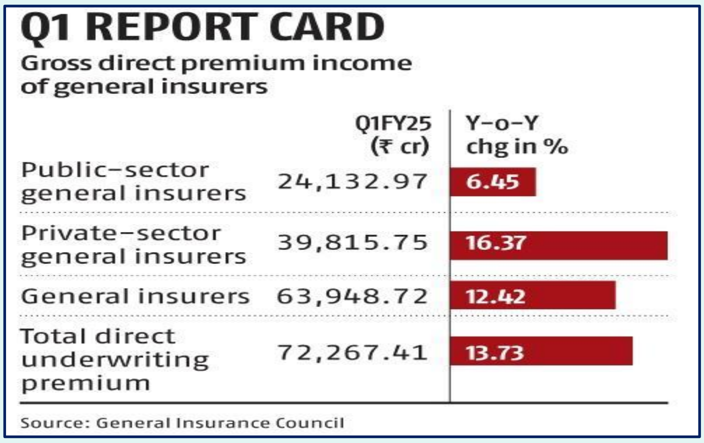
(The writer is Ayush Mishra.)

TOP

Non-Life Insurance Companies Report 13.7% Growth in Premiums in Q1 FY25 - Business Standard – 09th July 2024

Non-life insurers reported a 13.7 percent year-on-year (Y-o-Y) growth in gross direct premium, underwritten in April-June quarter of FY25 (Q1FY25). This was driven by strong performance in health and motor segments, data released by the General Insurance Council showed. Premiums earned by non-life insurers in Q1 stood at Rs 72,267.41 crore compared to Rs 63,540.55 crore in Q1. Non-life insurers include general insurance companies, standalone health insurance companies, and specialised PSU insurers. In Q1, general insurers, who operate in multiple business segments, including motor, health and marine, reported a 12.42 percent Y-o-Y growth to Rs 63,948.72 crore.

Public sector general insurers clocked 6.45 per growth in premiums during this period, while private sector insurers reported a 16.37 percent rise.



According to the data, the public sector general insurers continued to lose market share in Q1. These insurers market share stood at 33.39 per cent compared to 35.7 per cent in Q1 of FY24. The private sector's market share rose to nearly 55 per cent in Q1.

Among major firms, New India Assurance Company reported a 2.82 per cent growth in premium to Rs 10,670.47 crore and ICICI Lombard General Insurance's premium grew by 20.37 per cent to Rs 7,687.63 crore. Bajaj Allianz General Insurance's premium increased 24.46 per cent to Rs 4,716.22 crore.

Further, HDFC Ergo General Insurance reported a 9.63 per cent growth in premium to Rs 3,751.73 crore whereas United India Insurance Company's premium rose by 15.11 per cent to Rs 5,286.7 crore. And, Oriental Insurance's premium rose to Rs 4,696.94 crore, up 13.32 per cent from the year-ago period. Meanwhile, gross underwritten premiums by the five standalone health insurers increased by 24.85 per cent Y-o-Y to Rs 8,318.69 crore. Among these insurers, the segment leader, Star Health & Allied Insurance Company, posted 17.83 per cent growth in premiums to Rs 3,474.31 crore. Further, the premium's earned by specialised insurers — Agriculture Insurance Company of India — was down 54.38 per cent Y-o-Y whereas ECGC posted 19.05 per cent growth in premium during the time period. According to insurance sector analysts, robust growth in the health segment post-Covid and revival in motor sales will continue to drive industry growth.

(The writer is Aathira Varier.)

TOP

Buy adequate home insurance to rebuild property in case of monsoon damage - Business Standard – 09th July 2024

In recent times, the monsoon has become synonymous with floods and property damage. Heavy rains have damaged properties in Bengaluru and Delhi this year, making home insurance indispensable.

Types of coverage

Home insurance offers three types of coverage: Structure, content, and comprehensive. The first protects the physical structure of the house, including walls, roof, foundation, and permanent fixtures. Content coverage protects movable items in a house, such as furniture, appliances, electronics, and clothing, against theft, damage, or loss due to other insured perils. Comprehensive coverage combines both structure and content cover into a single policy, protecting both the building and its contents. Not all coverages are suitable for everyone. "Homeowners should opt for structure cover if they own the property but may avoid content if they are renting. Comprehensive cover is ideal for homeowners who live in the house and desire complete protection. Tenants should opt for content cover," says Tarun Mathur, co-founder and chief business officer, Policybazaar.

Determining sum insured

The sum insured for home insurance should be enough to reconstruct the house in case of total damage. Use the carpet area to determine the sum insured. "Multiply the carpet area by the cost of construction to get a fair estimate of the sum insured," says T A Ramalingam, chief technical officer, Bajaj Allianz General Insurance. Home insurance covers only the cost of construction, not the cost of land. "Assume a construction cost of Rs 3,000-5,000 per square foot. Multiply this by the total square footage and add 10-15 per cent to the sum insured. It's better to be over-insured than underinsured," says Kapil Mehta, co-founder, SecureNow. For the contents of the house, insurers typically require an inventory of items, including the year of make and model. "Create an inventory of all your belongings and estimate their total value. Ensure your insurance covers at least this amount to replace all items in case of total loss," says Mathur. Mehta suggests declaring expensive antiques, paintings, jewellery, gold, or watches specifically to ensure they are covered. A Rs 50 lakh comprehensive cover would cost between typically cost between Rs 9,200 and Rs 11,500 (excluding GST).

Is monsoon damage covered?

Flood damage is included in all home insurance policies. "Ensure your home insurance includes STFI (storm, tempest, flooding, and inundation) cover for protection against monsoon rains," says Mehta. Mathur suggests considering additional riders, if necessary, like personal accident cover, especially if you live in a flood-prone place.

High-rise apartments

Residents of high-rise apartments face unique challenges, as damage to one area can affect everyone in the building. High-rise residents benefit from two main types of insurance coverage. "If the building is protected by a master policy covering structural components and common areas, individual unit owners should hold a content coverage policy for personal belongings, improvements, personal liability, and additional living expenses if their unit becomes uninhabitable," says Mathur. If the building does not have a master policy, it's better to buy a comprehensive cover that protects both structure and content. Regularly reviewing the policy and enhancing the sum insured is crucial as construction costs increase over time. The Finally, Mehta emphasises using market value as the parameter to estimate the sum insured.

(The writer is Karthik Jerome.)

TOP

HEALTH INSURANCE

New ways to increase health insurance cover - The Hindu Business Line – 12th July 2024

Coverage amount in health insurance is no longer set in stone. The new breed of health insurance policies are set to multiply initial covers by 3-7 times in 3-4 years and at the same cost. One such product was launched by ICICI Lombard. The Elevate Health Insurance policy offers to increase coverage in many ways depending on the need of the policyholder. In a first of its kind add-on, the product offers infinite claim amount for any one claim during the lifetime of policy. For any one claim only, upon the choice of the policyholder, a no limit cover is approved for the policyholder. This can be useful in medical care for cancer, cardiac or other procedures which involve latest technology and high cost. For a family of four, the add-on costs ₹813 per year over the ₹32,500 annual premium for a ₹25 lakh cover.

Elevate Health Insurance also offers an infinite sum insured variant. This add-on transforms the policy to cover any amount for every claim. But on premiums, this is on the higher side, unlike the infinite claim add-on. The add-on will cost ₹8,000 more than the ₹25,700 paid for a ₹1 crore policy for a couple. There is also a power booster add-on that increases coverage amount every year. With this add-on though, unlike NCB (No claim bonus), a 100 percent cumulative bonus is added annually whether or not a claim has been made in the year. . The rider though is priced at ₹1,900 over the base price of ₹12,636 for a ₹10 lakh policy for a couple. In the base policy itself, restoration benefit or reset benefit is a standard feature which can triggers unlimited resets of your coverage irrespective of claims.

While the Elevate product has elevated the coverage in several ways, the broader health insurance industry has been on the same path. NCB and restoration benefits have been standard offering across policies. The two features are now getting upgraded as well, especially the former. Restoration benefit, which restored the claim amount, was restricted to one or two times in a policy year and with limitations on the medical condition. For most policies, only unrelated claims could use the restored amount in the year (medically unrelated to the first claim). Now a few of the policies offer unlimited restoration and for any claim, related or unrelated to previous claims. This standard feature allows financial protection in the rare instance of a second case of medical care needed in a policy term, even if the coverage amount was exhausted in the first claim.

This apart, a lot of heavy lifting to increasing coverage is done with NCB amongst different policies in their latest offerings. Care Health's Supreme Direct allows coverage to increase by 7x over 5 years with an add-on. Similarly, under Star Health's Smart Health plan, for an additional ₹732, rider the coverage increases by 50 percent of sum insured for each claim free year up to a maximum of 600 percent of the sum insured. With Niva's Reassure Bronze plan, policyholders can carry forward unutilized insurance upto a maximum of three times the initial sum assured. Aditya Birla and HDFC Ergo plans on the other hand double the coverage from the first day itself. Additionally, Aditya Birla allows an additional 10 lakh under NCB and HDFC Ergo allows for 400 percent increase in cover in two renewals. Insurance coverage that starts with 10 lakh cover can easily be doubled or tripled by all these features discussed above by the third or the fourth year. This allows policyholder starting on a conservative coverage to move up to sufficient cover levels over time. To do so, policyholders only need to have a valid policy with on time renewals.

(The writer is Sai Prabhakar.)

TOP

Ayushman Bharat, vaccination programme top agenda for health - Business Standard – 11th July 2024

India's health sector may see a higher allocation, with expected increases in outlay for the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), vaccination, and disease control programmes in the upcoming Union Budget for 2024.

The Ministry of Health and Family Welfare had seen a 13 per cent increase in the proposed outlay to Rs 87,657 crore for FY25 during the interim Budget in February. This followed a 10 per cent rise in outlay for the Ayushman Bharat scheme to Rs 7,500 crore, with the Finance Ministry proposing to bring Accredited Social Health Activists (ASHA) and Anganwadi workers under its ambit.

A similar expansion of AB-PMJAY is expected after the Bharatiya Janata Party-led government's manifesto promised to increase the scheme's coverage to include all senior citizens over 70 and the transgender community.

K Madan Gopal, advisor (public health administration), National Health Systems Resource Centre and former senior consultant, NITI Aayog, said the health budget is expected to increase by at least 30-35 per cent to around Rs 1.2 trillion. "This could be on the back of an expected rise in allocation for PM-JAY to Rs 10,000 crore to cover more families and additional health conditions," he said. The scheme provides cashless and paperless benefit cover of Rs 5 lakh per annum per family on a floater basis in empanelled hospitals across India. According to data available on the National Health Authority dashboard, the scheme has so far covered over 345 million citizens who received free health insurance of Rs 5 lakh for hospitalisation. "The scheme, though, has seen a lack of participation and empanelled hospitals complain of delays in reimbursements," an expert said. To tackle this, the health ministry formed a 16-member committee in March to look into the implementation of the scheme and oversee progress in beneficiary identification, hospitalisation, and modes of implementation.

The government may put a concerted effort into adult vaccination after several health experts proposed the need to create awareness about vaccines for adults, such as the influenza vaccine or cervical cancer vaccine. They added that these should be available at subsidised rates. "Many people may not know about the importance of influenza and cervical cancer vaccines. So, there is a need to create awareness and provide these vaccines either free of cost or at subsidised rates," a health expert told Business Standard after meeting the finance minister.

Sources indicate the government may also increase allocation for the establishment and strengthening of regional centres of the National Centre for Disease Control. "This will lead to increased inter-sectoral coordination for preparation and control of infectious zoonotic diseases like bird flu and surveillance of viral hepatitis and antimicrobial resistance," an official said. Similarly, experts indicate that control of non-communicable diseases such as diabetes, cardiac ailments, and cancer may see a concerted push from the government. The support for increasing funding comes at a time when non-communicable diseases account for more than 60 per cent of all deaths in India. "Increased funding for screening and diagnostics to target non-communicable diseases is essential to provide quality care to citizens," an expert said. The other key areas of focus in the Budget could be programmes included in the ministry's 100-day plan.

"These include deployment of Arogya Maitri Cubes in central government hospitals to meet health emergencies and providing financial support to Banaras Hindu University's Institute of Medical Sciences on the lines of the All India Institute of Medical Sciences. Also, to make the National Medical Register, an e-register of all certified medical practitioners in India, operational," an official said.

Gopal added that the drug regulatory framework is also expected to be strengthened, with a substantial allocation for the Central Drugs Standard Control Organisation and other regulatory bodies.

(The writer is Sanket Koul.)

TOP

Insurers expect Union budget to have more tax benefits for health insurance - Business Standard – 11th July 2024

More tax benefits for health insurance under the new tax regime, relaxation in payment norms for MSMEs and incentives for the agri-tech sector are among the expectations of stakeholders from the first budget of the Modi 3.0 government. Finance Minister Nirmala Sitharaman is scheduled to present the full Budget for fiscal 2024-25 on July 23, which will be the first major policy document of the new government.

Anup Rau, Managing Director and Chief Executive Officer of Future Generali India Insurance Company, said the deduction limit on health insurance premiums under Section 80D of the Income Tax Act has remained unchanged for the past nine years despite the fact that there has been a significant rise in healthcare costs across the country. "It would be best if the limit for medical insurance is linked to inflation and gets revised automatically every year or once in a couple of years. Also, the benefits need to be extended to the New Tax regime since increasing health insurance penetration is critical. So, we hope the upcoming Budget to announce some hike in the deduction limit on health insurance premiums," Rau said.

Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance, said reforms like offering health insurance to employees at negotiated rates, reducing GST on health insurance premiums, and offering tax benefits like increased Section 80D exemption limits would make health insurance more affordable and accessible, especially for the 'missing middle' segment of our population. "Additionally, for senior citizens, removing the limit on deductions for health insurance premiums would significantly ease their financial burden," Singhel said. The finance minister is likely to lay out the government's economic agenda in the budget.

On expectations from the Sitharaman's budget, D S Negi, CEO of Rajiv Gandhi Cancer Institute & Research Centre (RGCIRC), said the focus on reforming cancer care in India is crucial and it is important to prioritise funding for advanced treatments like immunotherapy and personalised medicine, ensuring more patients can access these cutting-edge therapies. "Extending Ayushman Bharat to those aged above 70 years will be highly beneficial for senior citizens. However, the current coverage limit of Rs 5 lakh may not be sufficient for critical illnesses such as cancer, where treatment costs can range from Rs 15-20 lakh. "Therefore, it is essential to consider increasing the coverage limit for critical illnesses like cancer to ensure adequate financial support for cancer patients," Negi added.

The budget is likely to include steps to fast-rack reforms to make India a $ 5-trillion economy in the near future and turn the country into a 'Viksit Bharat' by 2047. Ahead of the budget, Chairman of the Medical Technology Association of India (MTaI) Pavan Choudary said that customs duties and taxes levied on medical devices in India are one of the highest in the world which directly impacts patient affordability.

"On the other hand, countries like Singapore, Hong Kong, Italy, and Norway impose no such duties. Australia and Japan levy only a minimal 0.5 per cent duty, while in the United States, it stands at 2 per cent, and in China at 3 per cent. "This stark contrast creates risk for illegal imports of medical devices in India that are not backed by legal and service guarantees. Furthermore, such trade would undercut the Indian government's tariff revenue," he said.

Vivek Jalan, Partner at Tax Connect Advisory Services LLP, said as per recommendations of Micro, Small & Medium Enterprises (MSMEs), Section 43B (h) in the Income Tax Act was introduced from AY 24-25. However, the alignment of the disallowance for payables under sections 43B (h) of the Act has been made with the MSME Act, which requires that payment has to be made to an SME within a maximum of 45 days. "This is difficult in the present-day trade where a 60-90 days credit period is the norm. "In this budget, it is expected that this provision will be relaxed/amended aligning the same with the CGST Act w.r.t. disallowance when payment to SMEs is not made within 180 days. Hence, in case a taxpayer does not pay an SME within 180 days, then the expense may be added back to his income," he said.

In anticipation of the budget, Saurabh Rai, CEO of Arahas, has expressed high expectations for substantial investments in sustainability and geospatial technology. "We anticipate significant allocations towards renewable energy projects and incentives for companies embracing green technologies," he said. Additionally, Rai said that boosting agri-tech innovations, providing tax incentives for tech companies and investing in human capital development is imperative for driving sustainable growth.

Sanjay Kumar, Founder and CEO of Geospatial World, said that to fully leverage the power of digital twin technology, it is crucial to allocate dedicated funds to it in the Union Budget. "This allocation will facilitate the widespread adoption of digital twins, driving efficiency gains, cost savings, and improved decision-making in infrastructure projects. By investing in this technology, India can achieve significant long-term benefits, such as enhanced asset management, reduced downtime, and increased resilience to environmental challenges," Kumar said. Sitharaman was given charge of the finance portfolio in the second stint of the Modi government after the 2019 general elections, becoming the first full-time woman finance minister in independent India.

TOP

Budget 2024: Experts call for restructuring AB-PMJAY to hike health budget - Business Standard - 11th July 2024

Echoing the urgency of healthcare reforms ranging from restructuring of Ayushman Bharat Yojana (AB-PMJAY) to accelerating the digital health mission, experts and industry leaders have outlined key priorities for the Modi government in its third consecutive term. Their statements highlight the importance of prioritising preventive healthcare measures, strengthening infrastructure, and increasing healthcare spending. Healthcare experts have expressed concerns about whether the government in its new term will make any difference by increasing public expenditure on healthcare to the desired level in India. Notably, the National Health Policy (NHP) 2017, which promises to increase public health spending to 2.5 percent of the GDP, remains overdue even as Indians rely heavily on private services.

Dr Girdhar Gyani, Director General, AHPI (Association of Healthcare Providers, India) said, "In the upcoming term, we urge the government to prioritise a comprehensive approach to fostering a 'Healthy India'. This entails promoting preventive health measures focusing on sanitation, clean drinking water, and nutrition, alongside the rapid implementation of health and wellness Centres for preventive health education and screening." Intensifying the 'Fit India Movement', strengthening occupational health schemes, and restructuring the Ayushman Bharat Yojana to reach all SECC-2011 beneficiaries are also crucial steps, Dr Gyani said. He also highlighted the importance of incentivising the private sector to establish tertiary care facilities in tier-III cities, promoting the indigenisation of medical equipment, and accelerating the National Digital Health Mission to address healthcare infrastructure gaps and achieve universal health coverage through increased government spending.

Expressing his views, Probal Ghosal, chairman and director, Ujala Cygnus Group of Hospitals said, "As we embark on the next five-year term under the newly-elected government, there's a prime opportunity to catalyse transformation in the healthcare infrastructure, enhancing the lives of millions." "Increased healthcare spending, coupled with initiatives like AB-PMJAY, can benefit both the public and private sectors, albeit requiring adjustments in pricing structures. Addressing the shortage of healthcare staff and providing regulatory relief, particularly in GST input credit, will alleviate burdens on the industry," Ghosal said. "Moreover, focusing on India's potential as a medical tourism destination can boost revenue for private hospitals and establish the nation as a global healthcare leader," he pointed out.

Abhishek Kapoor, CEO, Regency Health, said the new government faces a critical opportunity to prioritise universal healthcare. "A comprehensive roadmap is essential, focusing on long-term infrastructure financing, expanding medical education, and implementing fiscal reforms in health insurance. Elevating the healthcare budget to 2.5 per cent of GDP is pivotal for progress," Kapoor said. Streamlining the GST framework, enhancing healthcare professional skills, and strengthening infrastructure in tier II and III cities are equally crucial, he added. Kapoor also advocated for providing infrastructure status for private sector investment, facilitating low-cost funding, and incentivising specialists to serve in these areas. Budget allocations for primary care, tax exemptions, and expanding primary health centres (PHCs) through public-private partnerships (PPPs) are essential steps, according to the CEO of Regency Health.
Furthermore, integrating government schemes under a unified digital platform will enhance efficiency and accelerate payments for private healthcare providers, he said.

TOP

No more discharge delays! New system assures faster health insurance claims - Business Standard – 10th July 2024

"My father was supposed to be discharged at 9 am on March 10, 2024. We arranged a car to take him home and gathered friends and relatives. He was recovering from major heart surgery, which had gone well, but he was still fragile. The final discharge took seven hours because the hospital was trying to settle the insurance claim. This delay exhausted my father and left us anxious," recounted Shekinah, a 32-year-old woman from Kanpur. However, this process is set to improve. HDFC Ergo General Insurance has recently processed its first health claim using the National Health Claims Exchange (NHCX) platform. This portal promises faster and simpler claim settlements.

What is National Health Claims Exchange (NHCX)?
The National Health Claims Exchange (NHCX) platform is a digital gateway created by the National Health Authority (NHA) and the Union Ministry of Health and Family Welfare as part of the Ayushman Bharat Digital Mission. It facilitates the exchange of claims-related information among insurers, third-party administrators, government schemes, hospitals, laboratories, and other relevant entities. "We are confident that the NHCX platform will play a significant role by ensuring the interoperability of health claims, democratising insurance, and fostering transparency within the industry," Ghosh said.

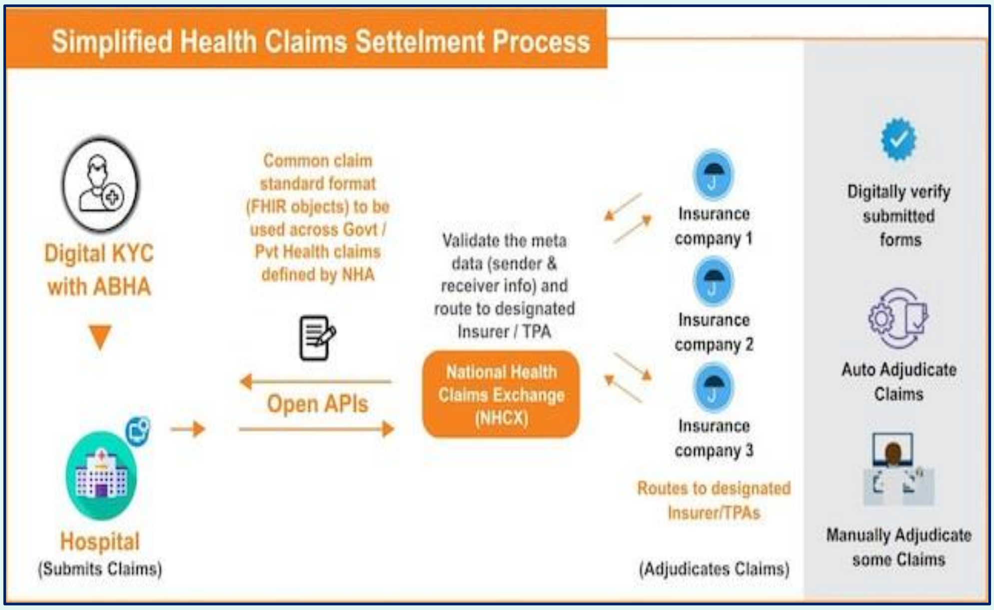
Benefits of NHCX
Currently, when patients visit a hospital, they provide their insurance details, and the hospital accesses various portals to upload the necessary documents for claim approval. This process is manual and time-consuming. According to the National Health Authority, the current health insurance claims settlement process in India is manual, non-digital, and laborious, posing challenges such as:
- Difficult tracking of claims and reconciliations
- Insurers and TPAs receive uncoded data, which they must digitise, relying mostly on manual adjudication
- Patients face cumbersome claim processing with minimal communication and transparency
- Regulators receive delayed and incomplete data, with limited analytics due to lack of coding

How NHCX changes the process
With NHCX, most processes will be digitised and automated. A common claim format will be used across all insurers and hospitals, defined by the NHA. Hospitals can access digitised details of the insurer via the patient's Ayushman Bharat Health Account (ABHA) number. The NHCX portal will automatically validate the details before sending them to the specified insurer for digital verification and adjudication, leading to faster discharge processing.

Imagine Sarita, a patient who is undergoing treatment at a hospital. Currently, she provides her insurance details, and the hospital processes her claim manually, which takes time and lacks transparency. With

NHCX, her insurance details can be accessed through her ABHA number, and the claim will be processed digitally and automatically. This means:
1. Sarita's claim will be settled faster, with cashless claims being processed within three hours.
2. She will experience reduced wait times and quicker preauthorisation and discharge approvals.
3. Sarita and other patients will benefit from reduced insurance premiums and broader claims coverage in the future.
Overall, NHCX aims to streamline the health insurance claims process, making it more transparent and efficient for everyone involved.

Faster claim settlement



Recently, the Irdai mandated that all cashless claims be processed within three hours of receiving a discharge authorisation request from the hospital. If there is any delay, the additional amount charged by the hospital will be borne by the insurer from the shareholder's fund. Additionally, insurers must decide on cashless authorisation requests within one hour of receipt.

NHCX aims to:
1. Standardise and ensure the interoperability of health claims
2. Enable seamless data exchange between insurers and providers
3. Use FHIR-compliant e-claims format through a single gateway using standard protocols (APIs)
4. Enhance transparency and efficiency in claims processing
5. Reduce operational costs related to claims processing

Key stakeholders
Payers: State health agency, insurance companies, TPAs
Providers: Hospitals, clinics, diagnostic chains, labs, pharmacies
Insured persons: PMJAY beneficiaries, health insurance policyholders
According to the govt, the proposed benefits of NHCX are:
— Reduced wait times
— Faster pre-authorisation and discharge approvals from insurance companies
— Lower insurance premiums
— Expanded types of claims coverage in the future, including OPD and pharmacy bills

(The writer is Surbhi Gloria Singh.)

TOP

How allocations to health sector could influence your insurance choices - News18 – 9th July 2024

Budget allocations for the health sector have always played an important role in shaping the landscape of India's insurance industry, particularly the health insurance segment. As we approach the new budget session, many questions arise about how government policies would impact the sector and its stakeholders. In the last budget, there were a few changes in the sector such as an increase in the health insurance deduction limit under section 80D up to Rs. 50,000 that incentivised individuals, especially senior citizens to avail of insurance products.

Last year's budget saw an allocation of Rs. 86,175 crores to the Ministry of Health and Family Welfare, representing an increase of 16% from the previous year. This allocation aimed to boost public health services, reduce out-of-pocket costs, and reduce the pressure on insurance providers. Naturally, the sector is seeking more growth-centric measures in the upcoming budget that could boost insurance penetration and enhance financial security. Both insurance companies and potential policy buyers are expecting favorable changes in incentives that could further ease the financial burden of getting health insurance and increase the chances of securing lower insurance premiums.

Expected Allocation of Budget on Health Sector

After the pandemic, the government is expected to continue to prioritise healthcare spending, with many expecting the allocation to increase by 2.5% of GDP with a focus on improving basic healthcare infrastructure, upgrading public hospitals, and expanding digital health infrastructure. Similarly, preventive health has received a lot of attention in recent years, and the industry expects the government to allocate funds for preventive healthcare, including vaccinations, and public health campaigns. This approach can lead to a healthier population and reduce the frequency of insurance claims, benefiting insurance providers and policyholders. Additionally, strengthening government-backed insurance schemes could also prove beneficial. Government-backed health insurance schemes like Ayushman Bharat have been providing funds to the unprivileged. With an increase in funding flow towards such schemes, their reach could be enhanced and more individuals can benefit from its provisions.

However, there are a few other measures that could further help enhance policyholder's experience with insurance products and coverage. For instance, more focused tax deductions on health insurance premiums and medical expenses can provide immediate relief to policyholders. Extending tax benefits and reforms to cover a broader range of medical expenses like telemedicine and mental health services could be a great health initiative. Encouraging digital health integration by allocating funds toward the digital health infrastructure such as telemedicine platforms and electronic health record systems could improve health access and leverage digital transformation. There's also a need for a re-evaluation of the GST rate, currently set at 18% for both health and term insurance. A balanced tax structure could ensure that pricing benefits directly reach end consumers, encouraging broader investment in life insurance.

Additionally, tax deductions for health insurance and medical expenses can provide better financial stability making it easier for individuals to invest in health plans regardless of their high cost. Last but not least, budget allocations for businesses that keep health insurance confidential, promote its benefits, and assure transparent claim settlements, could also foster positive changes in the insurance landscape. The upcoming budget could prompt changes in the health sector, by influencing the insurance industry. The government can create an accessible health insurance ecosystem by focusing on healthcare spending, taking preventive measures, and improving tax benefits. If the government implements these measures in the upcoming budget session it can influence the insurance options of the customers by increasing their affordability and accessibility to health coverage.

(The writer is Praveen Chaturvedi.)

TOP

Not happy with your health insurer? Switch to new option using portability - Business Standard – 08th July 2024

Amid life's uncertainties, a good health insurance policy covers you financially in case of a medical emergency. But what do you do when a health insurance policy you took a while ago falls short of your expectations? This is when health insurance portability comes into play. It allows policyholders to switch from one insurance provider to another without losing their accrued benefits.

What is health insurance portability?

Health insurance portability allows policyholders to switch from their existing health insurance policy to a new insurer without losing the benefits they have accumulated, such as no-claim bonus, waiting period credit for pre-existing conditions, and other accrued advantages. Let us say you have a health insurance policy with a sum insured of Rs10 lakhs. Over the years, your premium has increased and you are unhappy with the insurer's claim settlement process. You find a new insurer offering a Rs 15 lakh policy with better coverage at a lower premium.

By porting your policy, you can:

Increase your sum insured from Rs 10 lakhs to Rs 15 lakhs without losing any accrued benefits like no-claim bonus. Reduce your premium while enhancing coverage, maintain coverage at your preferred network hospitals and potentially add maternity or critical illness cover as needed.

Benefits of portability:

Policyholders can switch to a plan with better coverage, services or lower premiums without losing accumulated benefits.

The no-claim bonus and other advantages are transferred to the new policy.

Policyholders gain flexibility to change insurers as per their evolving needs.

Disadvantage of porting health insurance

You can only port your health plan at the time of policy renewal.

Health insurance portability may increase your premium due to factors like age, current health, city of residence, and additional coverage.

Switching to a new insurer could result in delays in claim settlements. The new company might need time to familiarise itself with your medical history, which could slow down the processing of your claims.

Policyholders who transition from group insurance policies to individual policies may lose some benefits that were part of their previous coverage.

Process of porting health insurance online:

Research and compare: Evaluate different insurance providers and their offerings online. Consider factors such as premium rates, coverage, network hospitals, and claim settlement ratios.

Submit portability request: At least 45 days before your current policy's renewal date, submit a portability request to your chosen new insurer through their website or mobile app.

Fill the portability form: Complete the portability form, providing details of your current policy and medical history.

Document submission: Upload necessary documents, including your existing policy document, latest renewal notice, and claim history (if any).

Underwriting process: The new insurer will assess your application and may request additional information or medical tests if required.

Acceptance and premium payment: If approved, the new insurer will provide a quote. Upon acceptance and premium payment, your ported policy will be issued.
Documents required during porting health insurance
Current policy certificate
Claim history statement
KYC documents, age proof, and medical reports (if required by the new insurer)

“If you are unhappy with your current insurer’s coverage, service, or network, portability ensures you can seamlessly move to a better provider. This flexibility guarantees that your healthcare needs are continuously met while maintaining the advantages you have earned over time. Make the switch confidently, knowing that your health and peace of mind remain protected,” said Sharad Bajaj, COO of InsuranceDekho.com.

If your insurer consistently delays claims or limits your access to preferred doctors, this feature allows you to switch to a new provider without losing your accumulated benefits. For example, if your current plan denies essential treatments or has poor customer support, you can move to an insurer that offers faster claims processing and a wider network of healthcare providers. Health Insurance Portability ensures a smooth transition, so you continue receiving the coverage and care you deserve. Make the switch today for a better health insurance experience, he said.

(The writer is Ayush Mishra.)

TOP

Health insurance guide for women in their 30s: Best plans & benefits - Business Standard – 08th July 2024

Your 30s are a crucial time for your body. The choices you make now can significantly impact your future health. This is when women may start losing bone density if they've not been careful before, and fluctuating hormones can lead to weight gain. Anxiety often starts to creep in, prompting questions like, "Is it time to get married or have kids?", "Should I be loving my job?", "Why am I feeling more tired and anxious than a few years ago?" Meanwhile, prioritising health becomes tougher as women in their 30s juggle more responsibilities, trying to balance career and family. That's why it's important to consider health insurance coverage during this period, if you have not taken it already.

But what kind of coverage should you choose? What should you look for when buying health insurance in your 30s? Business Standard spoke to several experts to help you determine what suits your needs best.
Here are some top plans recommended by Policybazaar.com for a 30-year-old woman living in Delhi with a sum insured (SI) of Rs 10 lakh:
Care Health Insurance - Care Supreme: Rs 10,592
Niva Bupa Health Insurance - Health Reassure 2.0 Platinum+: Rs 11,970
Star Health Insurance - Smart Health Pro: Rs 8,175
Aditya Birla Health Insurance - Activ Fit Plus: Rs 8,869
Manipal Cigna Health Insurance - ProHealth Prime Protect: Rs 10,912
Reliance General Insurance - Health Gain: Rs 7,591
TATA AIG General Insurance - Medicare Premier: Rs 13,663
HDFC Ergo General Insurance - Optima Secure: Rs 16,254

Digit’s Early Start Plan
Digit offers a plan specifically tailored for young adults aged 25 to 45, called the "Early Start Plan." "This plan includes comprehensive coverage beyond typical healthcare costs, with maternity benefits, preventive care, wellness perks, and specialised women’s health services," says Vivek Chaturvedi, CMO and Head of Direct Sales, Go Digit General Insurance.

Coverage and inclusions
The Early Start Plan by Digit includes:
— Pre- and post-hospitalisation expenses for 30 and 60 days respectively.

— A 100% sum insured backup or reinstatement benefit.
— No capping or limit on room/ICU rent.
— No co-payment, leading to no additional out-of-pocket expenses.
— Up to 100% no claim bonus (NCB).
— Annual health checkup reimbursement up to Rs 1,500.
— Optional consumables cover.
— Complimentary wellness perks like doctor consultations, discounts on medicines, diagnostics, and therapy sessions.
— Coverage for organ donor costs and personal accident coverage.

Maternity benefits
The Early Start Plan includes in-built maternity benefits, covering prenatal care, delivery, postnatal care, and legal termination. Here's how the maternity wallet works:
— First-year: Rs 15,000 coverage after 9 months from policy start.
— If no claims are made in the first year, the sum insured increases by Rs 10,000 annually, reaching up to Rs 1,00,000.
— Coverage for newborns, including hospitalisation expenses for any issues faced within 90 days post-delivery.
— Vaccination costs as per the immunisation schedule.
— Coverage extension for newborns upon policy renewal.

Premiums
For a single adult (1A) aged 0-35 with a sum insured of Rs 10 lakh, the premium is Rs 6,773 for Good Health ROI. Discounts are available for healthy habits and loyalty, as well as for multi-year policies.

Family Composition: 1A

Age Band/Sum Insured	Rs 10 lakh		Rs 20 lakh		Rs 1 crore	
	ROI	Good Health	ROI	Good Health	ROI	Good Health
0-35	6773	6396	7758	7327	11040	10427
36-45	8501	8029	9745	9204	13892	13120

Source: Go Digit General Insurance

Additional benefits
Preventive wellness benefits include unlimited general physician consultations, dental checkups, and eye care services. Discounts on specialised Programmes for diabetes, PCOS, thyroid issues, physiotherapy, mental health, and sexual wellness are also provided.
Exclusions include
— Pre-existing diseases with a waiting period.
— Initial waiting period before coverage starts.
— OPD expenses.
— Non-accident related plastic surgery or dental treatment.

Policy renewals and changes
You can add a newly married spouse or a newborn child to your plan midterm, with coverage starting from Day 1. The premium will increase proportionally for each added member.

Star Health Insurance
Women face specific health challenges, making specialised health insurance policies crucial for addressing these issues and promoting overall well-being. Amitabh Jain, Chief Operating Officer of Star Health Insurance, highlights the importance of such policies: "Star Women Care Insurance Policy is specifically tailored for women and provides financial protection and access to essential medical care at every stage of life."

Coverage and inclusions
The Star Women Care Insurance Policy offers comprehensive coverage for women, with options ranging from Rs 5 lakh to Rs 1 crore for hospitalisation expenses. The policy includes:
— All day care treatments
— Non-medical items
— Road and air ambulance services
— Pre-and post-hospitalisation expenses
— Ayush treatments
— Modern treatments and bariatric surgery
— Holistic women-centric coverage for:
— Delivery
— Assisted reproduction treatment
— Surrogacy and oocyte donor cover
— Anti-natal care
— In-utero fetal surgery/repair
— Voluntary sterilisation expenses
Additionally, the policy covers hospitalisation expenses for newborn treatment, vaccination expenses, paediatrician consultations, and outpatient expenses.

Maternity benefits
Maternity benefits are essential, covering both mother and baby during pregnancy and delivery. The Star Women Care Insurance Policy offers comprehensive maternity coverage, with insurers able to receive up to Rs 1 lakh per delivery, depending on the sum insured. The policy allows for up to two deliveries throughout the policy term.

Premiums
Premiums for the Star Women Care Insurance Policy are personalised based on factors like age, coverage amount, and the number of individuals insured. For example, a 30-year-old female with Rs 10 lakh coverage would pay an annual premium of Rs 10,300, excluding taxes. The policy offers:
- 10% discount on 2-year premiums
- 11.25% discount on 2-and 3-year premiums for long-term policyholders
- Up to 10% discount for participating in the "Star Wellness Programme" and maintaining a healthy lifestyle

Additional benefits
The Star Women Care Insurance Policy includes comprehensive coverage for vital screenings, empowering policyholders to manage their health proactively. Screenings covered include:
— USG
— Thyroid profiles
— PAP smears
— Vitamin D testing
— DEXA scans
— Sonomammograms
Depending on age, insurers can access these tests every policy year.
Exclusions under the policy include:
— Cosmetic or plastic surgery
— Treatments related to alcoholism, drug, or substance abuse
— Unproven treatments
— Intentional self-injury
— Injuries or diseases caused by nuclear weapons/materials

Waiting periods
The policy incorporates waiting periods for certain conditions to ensure responsible healthcare management. Amitabh Jain explains, "The Star Women Care Insurance Policy includes waiting periods for

specified conditions, typically up to 24 months for most conditions and 36 months for Assisted Reproduction Treatments."
Initial 30 days waiting period: Not applicable for accidental claims and renewed policies
Specified disease/procedure waiting period: Up to 24 months for most conditions
Assisted reproduction treatments waiting period: 36 months
Pre-existing diseases waiting period: 24 months
Policyholders are required to declare any pre-existing diseases before opting for a health insurance plan.

HDFC ERGO: my:health Women Suraksha Plan
Coverage and inclusions
Parthanil Ghosh, Director and Chief Business Officer at HDFC ERGO General Insurance, says, "This policy offers coverage for women-specific cancers, cardiac ailments, surgical procedures, and critical illnesses."
The plan offers sum insured options ranging from Rs 1 lakh to Rs 1 crore and includes:
— Optional coverage for pregnancy and newborn complications, loss of job, and post-diagnosis support with additional premiums
— Family and loyalty discounts
— Free preventive health checkups during renewal
— Wellness features like fitness discounts, health incentives, and wellness coaching
Exclusions include:
— Accidents during adventure sports
— Involvement in naval, military, or air force operations
— Self-imposed injuries
— Claims caused by wars
— Abuse of intoxicants or hallucinogenic substances

Waiting periods
"The waiting period depends on the illnesses/sections covered under the policy. Generally, there is a 90-day waiting period for major illnesses and procedures, and 180 days for minor illnesses and procedures. For pregnancy complications and newborn complications, the waiting period is 1 year," explains Parthanil Ghosh. The policy also has a waiting period for pre-existing diseases declared and accepted at the time of proposal.

TATA AIG Medicare Premier
Dr Santosh Puri, Senior Vice President, Health Product & Process at TATA AIG, emphasises, "TATA AIG offers comprehensive health insurance products that cater to the needs of 30-year-old women." One of their standout offerings is the TATA AIG Medicare Premier, designed with features particularly relevant to women in this age group.
Key features
Maternity coverage: The TATA AIG Medicare Premier covers delivery expenses, complications related to maternity, and first-year vaccinations for the newborn.

Vaccinations: Coverage includes crucial vaccinations such as the Human Papilloma Virus (HPV) vaccine, Hepatitis A vaccine, and Hepatitis B vaccine.
Annual preventive health checks: Women can access screenings for breast cancer and other cancers, ensuring early detection and better health outcomes.

Wellness services: TATA AIG promotes preventive care and wellness initiatives, offering access to a wide network of healthcare providers, including gynecologists and obstetricians, through a digital platform.
Inclusions
The TATA AIG Medicare Premier offers comprehensive coverage including:
— In-patient treatment
— Pre- and post-hospitalisation expenses
— Domiciliary expenses
— Day care procedures

— Organ donor expenses

Additional benefits include global cover for planned hospitalisation, restore benefits to reinstate the sum insured, annual health check-ups, vaccination cover, and accidental death benefits.
Routine check-ups and preventive care
TATA AIG health insurance products include preventive health check-ups for general health assessments. The Medicare Premier covers OPD treatment, OPD dental, and high-end diagnostics, promoting overall well-being.
Exclusions
The policy has an initial waiting period of 30 days applicable to all health indemnity insurance policies, with coverage available only for accidental hospitalisation during this period. Other exclusions may vary by product but typically include:
— Treatment for alcoholism
— Intentional self-injury or attempted suicide
— Cosmetic procedures
— Hazardous or adventure sports

Waiting periods
Initial waiting period: 30 days, not applicable for accidental claims and renewed policies.
Specified disease/procedure waiting period: Up to 24 months for most conditions.
Pre-existing diseases waiting period: Pre-existing diseases are covered after a maximum of 3 years of coverage.

Premiums
Premiums vary based on the chosen product, age, sum insured, number of members, and resident location. TATA AIG offers discounts for long-term policies (2 or 3 years) and incentivises healthy lifestyles through reward points, which can be used for OPD consultations, discounts on services, and more.

Additional benefits
TATA AIG provides a range of wellness services:
— Unlimited tele-consultation with general and specialist physicians
— Ambulance booking facility
— Emergency assistance feature
— Redeemable vouchers and discounts on services
— Health condition management Programmes including nutrition, weight management, chronic condition management, stress management, and health coaching
The Wellness Programme encourages physical exercise and fitness, offering rewards for OPD consultations, pharmaceuticals, health check-ups, and diagnostics.

Magma HDI General Insurance
Amit Bhandari, Chief Technical Officer at Magma HDI General Insurance, notes, "Covering modern treatments like IVF becomes crucial as many women in this age group consider late marriages and family planning."
Coverage and inclusions
Magma HDI's OneHealth plan offers comprehensive coverage:
— Maternity benefits up to Rs 1 lakh for childbirth hospitalisation expenses
— Coverage for medical terminations including abortions or miscarriages
— IVF treatments up to Rs 50,000 for women under 40
— Sum insured options ranging from Rs 2 lakh to Rs 3 crore

Premiums
Premiums are flexible, allowing women to choose a plan that suits their healthcare needs and financial situation.
Additional benefits

One Health incentivises healthy lifestyles with rewards for positive results in annual health check-ups and participation in fitness activities. A no-claim bonus can increase the sum insured by up to 33.33% per claim-free year, up to a maximum of 100%.

Exclusions

Common exclusions include:

— Pre-existing diseases with a specified waiting period
— Initial waiting period before coverage starts
— OPD expenses
— Plastic surgery or dental treatment not necessitated by an accident

In-network vs out-of-network hospitals: What you need to know

When choosing between in-network and out-of-network hospitals, it's crucial to know the benefits and potential drawbacks of each option. Siddharth Singhal, Business Head - Health Insurance at Policybazaar.com, explains: "In-network hospitals offer cashless treatments. However, treatments at out-of-network hospitals typically require reimbursement."

The Cashless Everywhere initiative

The new Cashless Everywhere initiative allows you to avail cashless treatment even outside your insurer’s hospital network. Insurers generally have around 10,000-15,000 hospitals in their cashless network. If you prefer a hospital outside this network, you can simply request cashless treatment from your insurer.

Renewal terms

When renewing your policy, insurance companies may adjust your premium based on several factors, including:

Claim history: Past claims can affect premium adjustments.
Risk factors: Changes in your health or new diagnoses can influence premiums.
Inflation: General economic inflation may also impact the cost.

Comprehensive plan vs booster plan

Experts recommend comprehensive health insurance plans for their extensive coverage. Siddharth Singhal advises, "A comprehensive health insurance plan covers hospitalisation, OPD benefits, doctor consultations, and even maternity cover. These benefits are not available in a booster plan. A super top-up is only a way to increase your coverage after the base sum insured is exhausted."

Scenarios for multiple policies or booster plans

Parthanil Ghosh highlights situations where having multiple policies or a booster plan can be beneficial:

Non-covered illnesses: If certain illnesses are not covered under your base policy, a second policy can cover these gaps. For instance, many dental procedures are not covered under base policies.

Employer policies: If you have a health indemnity policy through your employer, it is wise to buy a separate base or top-up policy to ensure continued coverage in case of job loss.

Critical illness coverage: A critical illness policy can provide a lump sum benefit, reducing financial burden when diagnosed with a serious condition.

Having a second health insurance policy can complement and fill gaps left by your base policy. This approach ensures comprehensive coverage and peace of mind.

"Prioritising health through an insurance plan in your 30s or earlier establishes the groundwork for long-term well-being and peace of mind," sums up Vivek Chaturvedi.

Parthanil Ghosh, Director and Chief Business Officer at HDFC ERGO General Insurance, says, "This policy offers coverage for women-specific cancers, cardiac ailments, surgical procedures, and critical illnesses." The plan offers sum insured options ranging from Rs 1 lakh to Rs 1 crore.

Amit Bhandari, Chief Technical Officer at Magma HDI General Insurance, notes, "Covering modern treatments like IVF becomes crucial as many women in this age group consider late marriages and family planning."

(The writer is Surbhi Gloria Singh.)

TOP

Govt Mulls Doubling no of AB-PMJAY Beneficiaries, Insurance Amount in 3 Yrs - Business Standard – 07th July 2024

The government is actively considering doubling the beneficiary base under its flagship Ayushman Bharat health insurance scheme over the next three years, with all those aged above 70 years to be brought under its ambit to begin with, and also increase the insurance coverage to Rs 10 lakh per year. The proposals, if given a go ahead, would entail an additional expenditure of Rs 12,076 crore per annum for the exchequer as per estimates prepared by the National Health Authority, official sources said.

"Discussions are happening to double the beneficiary base under the AB-PMJAY over the next three years, which, if implemented, will cover more than two-third population of the country with health cover, the sources said while noting that medical expenditure is one of the biggest reasons that push families to indebtedness. "Deliberations are also underway over finalising a proposal to double the limit of the coverage amount from the existing Rs 5 lakh to Rs 10 lakh," they said. These proposals or some parts of it are expected to be announced in the Union Budget to be presented later this month.

In the interim Budget 2024, the government increased the allocation for the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), which provides health cover of Rs 5 lakh per family per year for secondary and tertiary care hospitalization to 12 crore families, to Rs 7,200 crore while Rs 646 crore was assigned for the Ayushman Bharat Health Infrastructure Mission (PM-ABHIM).
President Droupadi Murmu, in her address to the joint sitting of Parliament on June 27, had said all the elderly above 70 years of age will also be covered and get the benefit of free treatment under the Ayushman Bharat Yojana now. Those above 70 years of age add up to around 40 million-50 million more beneficiaries being covered under the scheme, another source said. The limit of Rs 5 lakh for AB-PMJAY was fixed in 2018. Doubling the cover amount is aimed to cater for inflation and provide relief to families in case of high-cost treatments such as transplants, cancer etc.

The NITI Aayog, in its report titled 'Health Insurance for India's Missing Middle' published in October 2021, suggested extending the scheme. It had stated that about 30 percent of the population is devoid of health insurance, highlighting the gaps in the health insurance coverage across the Indian population.

The AB-PMJAY flagship scheme towards Universal Health Coverage, and state government extension schemes? Provides comprehensive hospitalisation cover to the bottom 50 per cent of the population. Around 20 per cent of the population is covered through social health insurance, and private voluntary health insurance primarily designed for high-income groups. The remaining 30 per cent of the population is devoid of health insurance, the actual uncovered population is higher due to existing coverage gaps in PMJAY and overlap between schemes. This uncovered population is termed as the missing middle, the report stated.

The missing middle is not a monolith -? it contains multiple groups across all expenditure quintiles. The missing middle predominantly constitutes the self-employed (agriculture and non-agriculture) informal sector in rural areas, and a broad array of occupations -- informal, semi-formal, and formal -- in urban areas, the report said. The report highlighted the need for designing a low-cost comprehensive health insurance product for the missing middle. It primarily recognises the policy issue of low financial protection for health for the missing middle segment and highlights health insurance as a potential pathway in addressing that.

TOP

CROP INSURANCE

Indian insurers cut crop insurance in FY24 despite government expansion efforts - Insurance Business Magazine – 10th July 2024

In FY24, general insurance companies in India have reduced their exposure to crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY), even as the government pushed to increase coverage in the agricultural sector. The gross direct premium underwritten by insurers fell by 4.17 percent to Rs 30,677 crore during the fiscal year, down from Rs 32,011 crore the previous year, according to a report by The Indian Express. This decline occurred despite farmers facing significant crop losses due to adverse weather conditions, including floods, unseasonal rains, and heatwaves.

In the prior fiscal year (FY23), crop insurance premiums had increased by 8.66%, reaching Rs 29,465 crore.

Major factor contributing to crop insurance coverage declines in India

A major contributor to the decline was the 32% reduction in premium income underwritten by the state-owned Agriculture Insurance Company (AIC), which dropped to Rs 9,890 crore in FY24 from Rs 14,619 crore the previous year, according to data from the General Insurance Council of India.

AIC, the leading crop insurer in the country, along with three other government-controlled insurers – New India Assurance, Oriental Insurance, and SBI General – scaled back their exposure to crop insurance during FY24, The Indian Express reported.

Notably, AIC paid out claims amounting to Rs 12,353 crore under PMFBY in the same period.

Oriental Insurance Company significantly reduced its crop insurance exposure to Rs 8.94 crore in FY24 from Rs 1,752 crore the previous year. SBI General Insurance also cut back on its exposure. New India Assurance Company, the largest insurer in the country, reported a negative premium underwritten of Rs 34.41 crore, compared to Rs 11.38 crore in the previous year. "Four insurers controlled by the government directly or indirectly reported a decline in crop insurance coverage. The farm sector is a vital sector of the economy. Public sector entities should have been in the forefront of providing cover to the farmers who are facing the risk of losses due to floods, heatwaves, and unseasonal rains," said an insurance firm official, as reported by The Indian Express.

How the PMFBY scheme helps farmers in India

The Indian Express's report noted that the PMFBY scheme, integrated with multiple stakeholders on a single platform, covered nearly 4 crore farmers and more than 50 different crops in FY24. Over 55% of the insured farmers were non-loanee farmers, primarily enrolled through common service centres (CSCs).

PMFBY offers comprehensive insurance coverage against crop failure, stabilising farmers' income and promoting the adoption of innovative practices.

The scheme is mandatory for loanee farmers with crop loans or kisan credit card (KCC) accounts for notified crops, and voluntary for other farmers with insurable interest. The maximum premium payable by farmers is 2% for Kharif food and oilseed crops, 1.5% for Rabi food and oilseed crops, and 5% for annual commercial or horticultural crops.

India's Ministry of Agriculture and Farmer Welfare launches AIDE

o extend PMFBY coverage, the Ministry of Agriculture and Farmer Welfare launched the App for Intermediary Enrolment (AIDE) last year, enabling intermediaries to enrol non-loanee farmers starting Kharif 2023.

This initiative, involving insurance brokers, resulted in 71% of farmer enrolments through Point of Salespersons (PoSPs), totalling 6.88 lakh farmer applications covering over 4.15 lakh hectares across 11 states and 12 insurers, according to the ministry.

"Utilising such extensive network of over 12 lakh PoSPs via insurance brokers offers a substantial opportunity to increase non-loanee farmer enrolments. This strategy significantly enhances the enrolment of non-loanee farmers while simultaneously expanding their access to a diverse range of retail insurance products," the ministry said, as reported by The Indian Express.

(The writer is Roxanne Libatique.)

TOP

Govt eyes reforms aimed at lowering fiscal burden of crop insurance premium by Rs 5,000 crore – Moneycontrol – 09th July 2024

The government is aiming to lower the fiscal burden for crop insurance premium by Rs 5,000 crore for both the Center and states with technological reforms, risk diversification and wider coverage, two government officials said.

"Currently four crore farmers are covered under the crop insurance (2023-24), which is the highest ever. The crop insurance premium is expected at seven to nine percent in the next tender cycle. The premium rate for crop insurance is 10.8-11 percent currently at approximately Rs 30,000 crore annually. The savings will begin in the next tender cycle in 2026-27, which is likely at Rs 5,000 crore. The tendering will begin in 2026 April-May," a government official said.

A Yes-tech (yield estimation systems through technology) for accurate determination of claim currently covers wheat and paddy. It has been extended to soybean from kharif 2024 and is likely to cover cotton during the next six months. With these reforms bringing transparency into the calculation of claims, the premium rate for crop insurance is expected to reduce from 10.8 percent to seven to nine percent in the next bidding cycle in 2026, they said.

"Yes-tech assesses crop losses through technology for determination of claim amount. Now soybean has been included in it from Kharif 2024. The government is doing pilots to include cotton and pulses crop under the new technology. Cotton is likely to be included in it in the next six months. Mahalanobis National Crop Forecast Centre (MNCFC) under the Agriculture Ministry are drivers of the Yes-tech technology," a government official told Moneycontrol. The Yes-tech is based on satellite imagery and uses drones to check the length of the crop, thus reducing manual work and scope for errors. "Yes-tech, more coverage, risk diversification, will help bring down the premium costs by Rs 5,000 crore. Or in the same Rs 30,000 crore premium, the crop insurance could cover 5 crore farmers in the next bidding cycle in 2026," the second official told Moneycontrol.

Beed Model

In order to diversify risks, the government has opened the options under the Beed model for states. So far 10 states have opted for the Beed model and the government hopes more states will opt for it to diversify their risk, he said. The beed model has been adopted by states including Madhya Pradesh, Maharashtra, Rajasthan, Odisha, Karnataka and Andhra Pradesh. The model offers 80:110 and 60:130 options for risk sharing. Under the 80:110 option, the risk is shared between the state and insurance company while in 60:130 the risk is shared between the insurance company and state and center equally. Most of the states are currently implementing the 80:110 option, he said.

Under the 60:130 option, if the claim is less than 60 percent of loss ratio, the surplus premium is returned to both the Centre and state government equally. And if the claim is more than 130 percent, it is borne by the state and central government equally. So is the case under the 80:110 option. Apart from this, the standard Pradhan Mantri Fasal Bima Yojana is also available that offers no capping on loss ratio under which the insurers need not pay anything back to the government as they have to incur the entire claim liability themselves. For the North-Eastern and Himalayan regions, the premium cost of the crop insurance is shared in the ratio of 10:90 between the state and the Center. For the rest of the country it is shared 50:50. Currently, 24 states and union territories have opted for crop insurance while states like Bihar, Gujarat, Punjab, West Bengal and Telangana continue to opt out of it.

(The writer is Meghna Mittal.)

TOP

Crop insurance coverage declines in FY24 as four top insurers cut exposure - The Indian Express – 08th July 2024

General insurance companies reduced their exposure to crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY) during FY24 despite the government's push to expand the insurance coverage in the farm sector. Gross direct premium underwritten by insurers declined by 4.17 percent to Rs 30,677 crore during the fiscal as against Rs 32,011 crore in the previous year even as farmers faced crop losses due to floods, unseasonal rains and heatwaves.

Crop insurance premium underwritten had risen by 8.66 percent to Rs 29,465 crore in the previous fiscal (FY23). The decline is mainly due to the 32 percent fall in premium income underwritten by state-owned Agriculture Insurance Company (AIC) to Rs 9,890 crore during FY24 from Rs 14,619 crore a year ago, according to data released by the General Insurance Council. AIC is the leading crop insurer in the country. Four government-controlled insurers — AIC, New India Assurance, Oriental Insurance and SBI General — reduced their exposure to crop insurance in FY24.

What's interesting is that AIC paid claims to the tune of Rs 12,353 crore under PMFBY during the year.

State-owned Oriental Insurance Company also reduced its exposure to just Rs 8.94 crore in FY24 from Rs 1,752 crore a year ago. SBI General Insurance also reduced its exposure. New India Assurance Company, the largest insurer in the country, reported a negative premium underwritten at Rs 34.41 crore as against Rs 11.38 crore last year. "Four insurers controlled by the government directly or indirectly reported a decline in crop insurance coverage. The farm sector is a vital sector of the economy. Public sector entities should have been in the forefront of providing cover to the farmers who are facing the risk of losses due to floods, heatwaves and unseasonal rains," said an official of an insurance firm. FY24 was a nightmare for farmers as they faced crop losses due to a host of factors, leading to a rise in inflation levels. However, general insurers overall reported a 19.5 per cent rise in premium income underwritten from Rs 17,391 crore a year ago to Rs 20,786 crore. As many as eight general insurers kept away from crop insurance during the year.

The PMFBY scheme, which is currently integrated with multiple stakeholders on a single platform, has covered nearly 4 crore farmers with more than 50 different crops in FY24 under the insurance coverage. More than 55 per cent of the insured farmers in the year are under non-loanee farmer category and are majorly enrolled through CSCs (common service centres) as a channel partner wherein the channel has registered an impressive 4 crore farmer applications, with 2.5 crore and 1.5 crore enrolments in Kharif and Rabi seasons, respectively. PMFBY provides a comprehensive insurance cover against failure of the crop, thus helping in stabilising the income of the farmers and encourage them for adoption of innovative practices.

The scheme is compulsory for loanee farmer obtaining crop loan or kisan credit card (KCC) account for notified crops. However, it's voluntary for other/ non loanee farmers who have insurable interest in the insured crop. The maximum premium payable by the farmers will be 2 per cent for all Kharif food and oilseeds crops, 1.5 per cent for rabi food and oilseeds crops and 5 per cent for annual commercial or horticultural crops. To expand coverage of PMFBY, the Ministry of Agriculture and Farmer Welfare launched AIDE (App for Intermediary Enrolment), which allows intermediaries to enrol non-loanee farmers from Kharif 2023 onwards. This initiative successfully engaged insurance brokers and resulted in 71 per cent of farmer enrolments through Point of Salespersons (PoSPs), totalling 6.88 lakh farmer applications with more than 4.15 lakh hectares of area under insurance across 11 States and 12 insurers, the Ministry said in a note to the CEOs of insurance companies and broking firms, it said.

"Utilising such extensive network of over 12 lakh PoSPs via insurance brokers offers a substantial opportunity to increase non-loanee farmer enrolments. This strategy significantly enhances the enrolment of non-loanee farmers while simultaneously expanding their access to a diverse range of retail insurance products," the Ministry said. As per the service level agreement (SLA), insurance intermediaries should provide enrolment services to non-loanee farmer through the AIDE (mobile and web platform) developed by Ministry of Agriculture. Following the successful submission of the application on AIDE and the issuance of an acknowledgment to the non-loanee farmer, the premium will be collected and remitted to the insurance companies in accordance with the timeline specified in the applicable operational guidelines of PMFBY and RWBCIS, as amended from time to time.

(The writer is George Mathew.)

TOP

INSURANCE CASES

Bank of Baroda, Agriculture Insurance Company ordered to pay insured amount with 9 percent interest under PMFBY - Money Life – 10th July 2024

In a big relief to farmers from Khandwa district in Madhya Pradesh (MP), the national consumer disputes redressal commission (NCDRC) held Bank of Baroda (BoB) and Agriculture Insurance Company of India Ltd responsible for furnishing inaccurate information and not taking timely action to reconcile the details for the crop insurance scheme. NCDRC directed them to pay the sum insured to the farmers along with an interest at 9 percentpa (per annum) from the date of complaint. About ten farmers from Khandwa district approached the consumer forum after failing to receive insured money under the Pradhan Mantri Fasal Bima Yojana (PMFBY).

In an order last week, the NCDRC bench of Dr Inder Jit Singh (presiding member) says, "In 10 cases covered under this order (20 revision petitions-RPs, 10 filed by the insurance company and 10 filed by the Bank), as the BoB furnished inaccurate or incomplete details, which were material information for insurance company to issue the insurance policy, we hold that in all these cases, the Bank is responsible for furnishing of inaccurate information. The insurance company is also responsible for not taking timely action to reconcile the details and/ or take up the matter with the Bank to rectify mistakes or inaccuracies, taking a decision, whether accepting or rejecting the proposal and refunding the premium within a reasonable period of about three months. Hence, in these 10 cases, Agriculture Insurance Company and Bank of Baroda are held liable jointly."

"In these cases, although we may not agree with some of the observations of the state commission, in view of our detailed observations and findings, we are in agreement with the final decision of the state commission with respect to both the insurance company and Bank being liable jointly and to share the liability. Hence, we direct that in these 10 cases, Agriculture Insurance Company and Bank of Baroda will share the liability of sum insured to the complainants - farmers in equal proportion, i.e. 50:50," the bench says. These cases are related to the insurance coverage of loanee farmers who were compulsorily insured under the PMFBY for the Kharif 2017 season for soybean. For the 2017 Kharif season, the Union government, in a letter on 12 July 2017, directed head offices of all banks that insurance proposals for the Kharif crops can be accepted only through the crop insurance portal and premium subsidies from Union and state government will be released only against persons insured through the crop insurance portal.

Due to natural calamity, these farmers' crops were destroyed. As the Agriculture Insurance Company, the designated insurance company, did not pay the requisite insurance claims, these farmers approached the district forum concerned. The district forum vide various orders allowed the complaints holding the insurance company solely liable and directed Agriculture Insurance Company to pay the claims or compensation. Aggrieved by the orders of the district forum, Agriculture Insurance Company filed appeals before the MP state commission. The state commission, vide various orders, modified the orders of the district forum, holding both Agriculture Insurance Company and BoB liable jointly and severally in equal proportion. Aggrieved by the orders of the state commission, both Agriculture Insurance Company and BoB approached NCDRC.

During a hearing on 19 January 2024, Agriculture Insurance Company and BoB categorically stated that they are contesting the present RPs filed by them regarding their liabilities against each other and not contesting the farmers' entitlement to the benefits under the PMFBY. According to the Bank, it is the Agriculture Insurance Company that is liable for the claims for the losses suffered by the farmers while, according to the insurance company, it is BoB that is liable for the losses suffered by the farmers. Dr Singh from NCDRC observed that the main issue is not about the entitlement of insurance claims of farmers but the liabilities of the insurance company and the bank for the losses suffered by farmers. The counsel representing the Agriculture Insurance Company submitted that details sent by BoB were incomplete or incorrect and were sent after the prescribed timeline, and in many cases, even the names of the farmers were missing. NCDRC directed the Agriculture Insurance Company to file a chart showing details of the ten cases and the nature and extent of incompleteness or incorrectness of information sent by the Bank.

In addition, the insurance company was directed to file copies of correspondence they made with the Bank, after receipt of such incomplete or incorrect details and whether they got any reply from the Bank. The counsel for BoB submitted that the farmers had availed Kisan credit card agriculture loans for soybeans, which were insured by the Agriculture Insurance Company. On 21 August 2017, the consolidated insurance premium amount was remitted to the insurance company by BoB in respect of 512 farmers. The counsel also shared information on communication and reminders sent by BoB to the Agriculture Insurance Company regarding details of the farmers. However, the counsel for the Agriculture Insurance Company pointed out that due to an error on the part of BoB, the details of the ten farmers from the Khandwa district were neither uploaded on the crop insurance portal nor was the same supplied in the 34-column Excel sheet by 2 July 2018, in terms of the Union government letter on 23 May 2018.

He says, "Although Agriculture Insurance Company received a consolidated premium of Rs12.12 lakh on 21 August 2017, for the entire Khandwa region, out of the list of 512 farmers, only one entry was made on NCIP by Bank of Baroda. Despite repeated communications from the insurance company, BoB did not submit the complete and correct details of the farmers. Even the details finally submitted by the Bank on the finally extended timeline of 30 November 2018, which were submitted after office hours on that day i.e. at 22:05 hours, were incorrect and incomplete."

Due to errors, omission, or commission committed by BoB, the farmers were deprived of their soyabean crop insurance cover, he added. The counsel for BoB argued that on 30 November 2018, the requirement of uploading on the portal had already been undertaken in spite of glitches. "The role of the Bank is of a mere facilitator. Recognising this, the district forum ordered insurance benefit payments by the insurance company, and the state commission went wrong in fixing liability on both the Bank and

Agriculture Insurance Company jointly and severally. The premium was refunded (by Agriculture Insurance Company) after a gap of more than four years, i.e. on 26 October 2021. As Agriculture Insurance Company retained the premium for such a long time and enjoyed the benefits of such retention, it alone had to compensate." Talking about the delay in refunding the premium, NCDRC says, "It was incumbent on Agriculture Insurance Company, on having received the proposal and premium during August 2017, to have processed the same within a reasonable period of about one to two months and taken a final decision, either to accept the proposals or reject the same giving reasons thereof or referred the matter back to Bank of Baroda for rectifying the defects or errors, by giving case and farmers wise list of deficiencies or inaccuracies. Had such an exercise been done, this situation could not have arisen."

The bench noted that PMFBY is a multi-agency scheme with well-defined roles of banks, insurance companies and other stakeholders, who are all expected to work together in a coordinated way to achieve the scheme's objectives and to ensure that farmers' interests are protected. "The insurance company ought to have facilitated BoB in timely submission of proposals with complete and correct details and its uploading on the portal. In the facts and circumstances of the present cases, Agriculture Insurance Company have also failed to discharge its role properly and effectively. Hence, we hold that in these cases, Agriculture Insurance Company is equally responsible and liable to compensate the farmers." "It was a collaborative exercise, where both Agriculture Insurance Company and Bank of Baroda were to play an active role, but both have failed in the proper discharge of the duties and responsibilities envisaged under the scheme guidelines. Hence, both are held responsible and liable to compensate the affected farmers, jointly and severally in equal proportion," NCDRC says.

NCDRC also directed BoB to rectify all the defects, provide complete and correct details in all ten cases and return the refunded premium to the Agriculture Insurance Company within 30 days of the order. "As regards insurance premium subsidy from the state or Union government with respect to these cases is concerned, the insurance company shall make an application to the concerned authority within two weeks of this order as per prescribed procedure, citing this order. The concerned authorities of state and Union governments shall consider such request for the release of premium subsidy in these cases notwithstanding the delay and non-uploading of details on the portal, subject to other usual verification. In these cases, the final decision of the state commission is upheld with suitable modifications and RPs are disposed of accordingly," the order says.

(Revision Petition No1588 of 2022 Date: 3 July 2024)

TOP

PENSION

MFs seek to launch pension plan with NPS-like tax benefit - The Hindu Business Line – 11th July 2024

The Association of Mutual Funds in India has urged the Government to allow mutual funds to launch pension schemes with the same income tax treatment of the National Pension Scheme. Just like in NPS, the investments made in 'Mutual Fund Linked Retirement Scheme' should be exempted from tax at the time of investment, return distribution and on maturity, said AMFI in its Budget recommendation to the Finance Ministry.

While NPS is eligible for tax exemptions under Section 80CCD, MF schemes which are similar in nature qualify for tax benefit under Section 80C.

In the 'Key Features of Budget 2014-2015' there was an announcement on 'Uniform tax treatment for pension fund and MF-linked retirement plant'. However, there was no reference to this in the actual Finance Bill, disappointing the mutual fund industry, said AMFI. A long-term product like MFLRS can play a catalytical role in channelising household savings into securities market and bring greater depth and help in balancing the volatility besides reducing reliance on the FPIs, said AMFI.

Hike in threshold

The industry body has sought an increase in the threshold limit for withholding tax on income distribution (dividend) on MF units to ₹50,000 per annum from ₹5,000. AMFI has suggested that capital gains on redemption of debt-oriented mutual fund units held for over 3 years should be taxed at 10 percent without indexation, as applicable in respect of debentures. In line with ELSS, AMFI has proposed to introduce "Debt Linked Savings Scheme" to channelise long-term savings of retail investors into higher credit rated debt instruments with appropriate tax benefits which will help in deepening the bond market.

Further, an investments up to ₹1.50 lakh in DLSS should be eligible for tax benefit under a separate sub-section and subject to a lock-in period of five years (just like tax saving bank Fixed Deposits). The industry has urged the Finance Minister to consider investment in Fund of Funds schemes which invests a minimum of 90 percent of the corpus in units of Equity-oriented MF Schemes as "Equity Oriented Funds". Subsequently, redemption of equity FoF schemes should be subjected to the same capital gains tax, as applicable to sale of listed equity securities or units of Equity Oriented MF schemes. As part of indirect tax proposal, mutual fund units should also be exempted like Fixed Deposits to avoid reversal of Input Tax Credit as per the predefined formula under GST regulations.

TOP

Started settling claims at 8.25 percent interest rate for FY24: EPFO - The Indian Express – 12th July 2024

The Employees' Provident Fund Organisation (EPFO) has started to settle PF claims at 8.25 percent, the interest rate announced for the financial year 2023-24, it said in a series of posts on social media platform X. All continuing EPF members will also receive the credit of interest which was recommended by the Central Board of Trustees in February 2024 and subsequently approved by the Finance Ministry in May this year, it said. "EPFO has already started settling claims @ 8.25 percent per annum. Rate of interest is calculated on the basis of income from debt and equity investment of EPFO. The interest income on debt instruments is estimated at the beginning of the financial year but the income from equity investment is known only after carrying out the equity redemption during the financial year," it said.

The posts mentioned about the settlement of claims at the higher rate of interest, while stating that the accounts of continuing members will soon be credited with the interest for FY24. Assuring members of no loss of interest due to the delay in crediting of interest, the retirement fund body said members are not at loss on account of declaration of rate of interest after the end of financial year as difference in rate of interest is paid to them, if the declared rate is higher than the previous year.

"The interest at the revised rates, since notified, is being paid to the current and outgoing members in their final PF settlements. Accordingly, 23,04,516 claims have been settled disbursing an amount of Rs. 9260,40,35,488 to the members inclusive of the latest interest rate declared @ 8.25% per annum," it said. In February, the EPFO had announced 8.25 per cent for financial year 2023-24 for its over 29 crore total subscribers, out of which around 6.8 crore are active contributing subscribers. This is the highest rate of interest for EPF subscribers in the last three years. After maintaining the interest rate at 8.5 per cent both in 2019-20 and 2020-21, the EPFO had cut the interest rate in 2021-22 to 8.1 per cent, the lowest in four decades. It then hiked it marginally to 8.15 per cent in 2022-23.

TOP

Government may offer guarantee under NPS to allay fears - The Times of India – 10th July 2024

Govt is looking to assure central govt employees who are part of the National Pension System of 50 percent of the last pay drawn as pension as it seeks to address their concerns over the payout. This is despite the scheme for those recruited from 2004 currently offering high returns for those who stay invested for 25-30 years. A committee headed by finance secretary T V Somanathan had been set up after an announcement by finance minister Nirmala Sitharaman. While the Centre has ruled out a return to the Old Pension Scheme (OPS), it kept the window open to provide a certain level of comfort at a time when Congress was announcing a reversal of a decision taken by the Manmohan Singh govt. OPS is a defined benefit scheme, offering half the last salary drawn as pension for life and subject to adjustments in line with pay commission recommendations. In contrast, NPS is a defined contribution scheme where a govt employee provides 10% of the basic salary as his/her contribution and the Centre provides 14%. While the Somanathan committee has looked at the global experience, as well as the results of the tweak undertaken by the Andhra Pradesh govt, it has also carried out extensive calculations to gauge the impact of providing an assured return. Although it is possible for the Centre to offer 40-45% guarantee, politically, it does not address the concern of employees who work for 25-30 years. As a result, there is growing acknowledgement within the govt of offering a 50% guarantee. Which means in case of a shortfall, the govt will fill the gap. This means that an annual estimation will also need to be undertaken as several committee members are of the view that unlike the govt pension system, which is unfunded as the Centre does not have a retirement fund. It is likely that the Centre will this time also create a fund that will set aside money, as is the case with companies that have retiral benefits for their employees. Officials have maintained that those who stay employed for 25-30 years are seeing adequate returns to match the pension payment of those under OPS and the complaints of low payouts was only coming from those who have exited the scheme so far, having completed 20 years or less.

(The writer is Sidhartha.)

TOP

Pension plan corpus to jump to Rs 15 lakh crore by end of 2024-25 - The Telegraph – 06th July 2024

The Pension Fund Regulatory and Development Authority of India (PFRDA) expects the aggregate assets under management under various schemes managed by the regulator, including the National Pension System (NPS) and Atal Pension Yojana, to reach around ₹15 lakh crore by the end of 2024-25. “The combined corpus (assets under management) is close to ₹12.5 lakh crore (end of June). Of course, the corpus will depend on how the market is performing. If the market is performing normally as expected, we expect the corpus to be ₹15 lakh crore by March 31, 2025,” Deepak Mohanty, chairperson PFRDA said. According to data from NPS Trust, the AUM as of March 31 was ₹11.7 lakh crore, representing an expected year-on-year growth of around 28.2 per cent for 2024-25. The growth in AUM would be supported by increasing the subscriber base. The total subscriber base under schemes regulated by PFRDA was around 7.5 crore as of the end of June. “Last year we enrolled 1.22 crore subscribers under Atal Pension Yojana. This year we are planning to enrol around 1.3 crore subscribers,” said Mohanty. “In the private sector we onboarded 9.7 lakh subscribers last year. This year we are targeting around 11 lakh for the private sector,” he said. Mohanty said there would be an increasing requirement of pension and social security with the anticipated rise in old age population. “At present, every 10th person is over 65 years in our population. By the middle of the century, every fifth person would be over 65 years. So the old age population will increase,” he said. Data from PFRDA shows that Bengal was the second largest in terms of gross enrolments in Atal Pension Yojana in 2023-24 with 49.2 lakh enrolments. Bihar has the highest at 62.2 lakh enrolments. The Atal Pension Yojana is a low cost, low contribution pension scheme aimed towards the informal and unorganised sector. Mohanty also said that the systematic lumpsum withdrawal facility has garnered interest among subscribers. NPS subscribers can withdraw up to 60 per cent of their total pension corpus in instalments until a subscriber turns 75.

TOP

GLOBAL NEWS

Australia: Regulators issue final Financial Accountability Regime rules and information for insurers – Asia Insurance Review

The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) yesterday published new information to help insurers and superannuation trustees prepare for the commencement of the Financial Accountability Regime (FAR). The FAR already applies to the banking industry and takes effect for the insurance and superannuation industries from 15 March 2025. It imposes a strengthened responsibility and accountability framework to improve the risk governance cultures of APRA-regulated entities, their directors, and most senior executives.

The new information package updates previously released information to reflect the final regulator rules, including:
an updated information paper to assist entities and their accountable persons in understanding and complying with their obligations under the FAR, with changes made to reflect the final list of key functions and their descriptions;
an updated accountability statement guide and template to help entities subject to the FAR enhanced notification obligations to prepare accountability statements; and
Reporting form instructions to assist insurance and superannuation entities in providing the required information to ASIC and APRA. Guidance materials for the new information package are available at: Financial Accountability Regime on APRA's and ASIC's websites. This information completes the total package of FAR guidance materials.

Timeline
The timeline below provides indicative dates of proposed industry engagements and the support available leading up to FAR commencement.

6 Mar 2024: FAR minister rules released
14 Mar 2024: Release of guidance materials for all industries; and letter to insurance and superannuation entities
11 Jul 2024: Release of final information package including final Regulator rules and updated guidance materials
3Q-4Q 2024: Webinars with insurance and superannuation industries, and videos on how to complete APRA Connect FAR forms
Nov-Dec 2024: FAR Entity Profile submission window, supported by an APRA Connect FAR drop-in session
13-22 Feb 2025: Register Accountable Persons submission window, supported by an APRA Connect FAR drop-in session
15 Mar 2025: FAR commences for insurance and superannuation entities

TOP

COI TRAINING PROGRAMS

Mumbai – August 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Communication as a Tool for Customer Engagement and Retention	05-Aug-24	05-Aug-24	ClickHere	Register
2	Understanding Life Insurance Operations for Middle Level Managers	05-Aug-24	06-Aug-24	ClickHere	Register
3	Basics of Reinsurance	06-Aug-24	07-Aug-24	ClickHere	Register
4	Comprehensive Financial Planning Series-Part 2 : Financial Planning : Focus on Retirement Planning	06-Aug-24	06-Aug-24	ClickHere	Register
5	Workshop on Team Dynamics and Interpersonal Relationships	06-Aug-24	07-Aug-24	ClickHere	Register
6	Data security for Insurance Industry	07-Aug-24	08-Aug-24	ClickHere	Register

7	Creating High performers in BancaChannel	08-Aug-24	08-Aug-24	ClickHere	Register
8	Environmental, Social, and Governance (ESG) in Life Insurance Companies	12-Aug-24	12-Aug-24	ClickHere	Register
9	Regulatory Compliance for Insurance Brokers	13-Aug-24	14-Aug-24	ClickHere	Register
10	Liability Insurance: Focus-Event and Film	20-Aug-24	20-Aug-24	ClickHere	Register
11	Data Analytics and Data Interpretation	20-Aug-24	21-Aug-24	ClickHere	Register
12	Business Insurance Program for Life Insurance Managers	20-Aug-24	21-Aug-24	ClickHere	Register
13	Corporate Social Responsibility for Insurance Industry	22-Aug-24	22-Aug-24	ClickHere	Register
14	Forensic Science in Insurance Investigations	27-Aug-24	27-Aug-24	ClickHere	Register

Kolkata – August 2024

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Managing the Growing Threat of Cyber Risks & Providing Insurance Cover	08-Aug-24	09-Aug-24	ClickHere	Register
2	Tax Planning through Life Insurance	16-Aug-24	16-Aug-24	ClickHere	Register

COURSES OFFERED BY COI

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

Course Structure -

Particulars	Details
Date	21st – 23rd August 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