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8TH – 14TH MARCH 2025

QUOTE OF THE WEEK

"Setting goals is the first step in turning the invisible into the visible."

TONY ROBBINS

Insurance Term for the Week

Political Risk Insurance

Political risk insurance provides coverage to investors, financial institutions, and businesses that face financial loss due to political events.

Political events covered under political risk insurance include expropriation, political violence, sovereign debt default, and acts of terrorism or war.

Political risk insurance brings comfort to companies doing business in developing countries.

Common companies that would purchase political risk insurance include multinational corporations, exporters, banks, and infrastructure developers.

Political risk insurance policies can be locked in for an extended period of time, reducing the risk of doing business abroad.

INSIDE THE ISSUE

Govt Weighs NIL GST for Health & Life Insurance, Industry Eyes 12% - Live Mint – 13th March 2025

There is unanimity on the need to reduce the goods and services tax (GST) on health and life insurance premia from 18 percent, but consensus eludes on what the final rate should be: nil, 5 percent or 12 percent. The central government is open to fully exempting health and life insurance premia from the GST, said two persons aware of the development. But the insurance industry, at a meeting with finance ministry officials last week, proposed a 12 percent as it would allow companies to fully claim credit against GST paid on inputs, the people said, speaking on the condition of anonymity. Some state ministers, however, are batting for 5 percent, arguing that would cushion the impact on the exchequer. While a few suggested that insurers should be allowed to set off this liability against the taxes they pay on the services and goods that go into their operations, others did not favour the input tax credit, said the first person cited earlier.

Federal indirect tax body GST Council has sought suggestions on GST reduction from the Insurance Regulatory and Development Authority of India (IRDAI), which is expected to place the industry's view before it. "All the proposals are likely to be placed before the GST Council when it meets next, possibly in May or June, and the council will take the final call," said the first person quoted earlier. Queries emailed to the finance ministry, GST Council Secretariat and Irdai on Tuesday seeking comments remained unanswered at the time of publishing. There is a broad agreement between the government and insurers to reduce the GST rate on insurance to 12 percent with input tax credit, according to an official of the General Insurance Council, which represents public and private general insurers. The industry assured that any tax concession would be passed on to customers by lowering premium charges, said the official. A reduction in GST on insurance has been a long-pending demand, given India's low insurance penetration compared to peers. While out-of-pocket spending on healthcare in the country has fallen from about 69 percent in 2013 to around 50 percent by 2021, according to World Bank data, it is still higher than large global economies.

Sharad Mathur, managing director and chief executive of Universal Sompo General Insurance Co. Ltd., said reducing GST on health insurance and term plans to 12 percent could boost affordability and demand, especially for essential coverage. "However, a lower rate (5 percent or full tax exemption) would strip insurers of input tax credit, potentially increasing their costs," he said. "The 12 percent rate strikes a balance, offering consumer's savings while maintaining insurers' operational efficiency, ensuring a sustainable market for both." Universal Sompo is a joint venture between Indian Bank, Indian Overseas Bank, Karnataka Bank Ltd., Dabur Investment Corp. and Sompo Japan Insurance Inc. Insurers argue that if a final service is tax exempt or subject to lower taxation than the inputs going into operations, then it becomes challenging to recover that tax cost, which could force businesses to increase the price of the service. This, according to them, distorts the tax system, and a rate cut beyond what is optimal offers no real benefit to the consumer. A reduced GST rate would mean an opportunity for the insurers to provide enhanced customer value with overall pricing, inclusive of GST, becoming more efficient, said Rajeev Chugh, chief financial officer at Future Generali India Life Insurance Co. Ltd. "At the same time, the availability of input tax credits for the insurer would minimise additional cost impact to insurers and, hence, keep it broadly neutral from a cost perspective." "The higher uptake expected by customers provides an opportunity for insurers to continue to invest in these product segments and grow the business. It may further help insurers to diversify risks and achieve better operational efficiency, thereby promoting long-term sustainable development," said Chugh.

While policymakers are aware of the economic and practical challenges of lowering the tax rate beyond a point, political pressure and public sentiment, especially on sensitive items like health insurance, could influence decision-making to a large extent, said the first person quoted above. Industry experts say tax is only one of the determinants of health and life insurance products' affordability. "A reduction in the GST rates will reduce the cost burden on policyholders, thereby making insurance a more attractive and viable product," said Pavanjit Singh Dhingra, joint managing director of Prudent Insurance Brokers Pvt. Ltd. "Reduction in premium for health insurance, in particular, is a distinct possibility," he said, while also flagging the rising cost of medical services. "The annual increase in medical costs coupled with the increase in claim numbers puts a huge pressure on the profitability of insurers," said Dhingra, joint managing director of Prudent Insurance Brokers Pvt. Ltd. "Hence, if premiums are to be reduced, the right way will be to control medical inflation, though a reduction in GST rates will certainly be a big positive move."

(The writers are Subhash Narayan & Gireesh Chandra Prasad.)

TOP

Insurers likely to prefer bond forwards over forward-rate agreements – Business Standard – 11th March 2025

Insurance companies are likely to move towards forward trading in bonds (bond forwards) from forward-rate agreements (FRAs) with the regulator allowing them to undertake transactions in the former for hedging interest-rate risks, according to industry participants. In a circular, the Insurance Regulatory and Development Authority of India (Irdai) has said in view of the Reserve Bank of India's (RBI's) directions and considering insurers' requests for introducing bond forwards, insurers are permitted to undertake transactions in them. At present, insurers are allowed to use FRAs, interest-rate swaps, and exchange-traded interest rate futures to hedge interest-rate risks. Generally, whenever an FRA is settled, the settlement is in cash, determined by the difference between the contracted yield and the market yield. However the insurer also has to procure the bond from the market to satisfy its hedging requirements. In the case of bond forwards, instead of a cash settlement, the bank will deliver the bond on the date of maturity at the specified contracted yield. This reduces settlement risks for the insurers on account of the bond not being available in the market at contract maturity.

"Insurers will be drawn towards bond forwards. I think it needs to be seen whether banks will be allowed to do FRAs once bond forwards come into force. Or else why have two products serving the same purpose," said Rahul Bhuskute, chief investment officer, Bharti AXA Life Insurance. In February, the RBI had issued directions specifying that any entity that can be classified as a non-retail user would be eligible to undertake transactions in forward contracts in government securities (bond forwards) as a user. "FRAs have been prevalent in the market for the past few years. But they are settled in cash at the end of maturity and we have to go looking for the bond in the market. In the case of bond forwards, the underlying will be delivered to us on the same day of maturity. This reduces the risk of the bond not being available in the market," said another investment official of a private life insurer. However, Irdai has said insurers should undertake only long positions in bond forwards and report such transactions on a quarterly basis. Bond forwards will not be allowed in unit-linked insurance plans.

(The writer is Aathira Varier.)

TOP

As govt gears up for 100% foreign investment, insurers push for resident Indians in 2 of 3 key posts – The Economic Times – 11th March 2025

Some Indian insurance firms have urged the government to ensure that at least two of the three key management personnel (KMPs) - chief executive, chief financial officer and appointed actuary - at insurers are resident Indians when it allows 100 percent foreign investment in the sector. They have also suggested higher solvency requirements before allowing foreign investors to repatriate dividends without any regulatory approvals, said people familiar with the development. "These suggestions are being looked at and will form a part of the amendments for approval of 100 percent foreign investment," said a government official. Under existing regulations, insurers with a more than 49 percent foreign ownership must have resident Indians in a majority of KMP roles, including the chairperson and managing director or chief executive. Such firms also must retain at least 50 percent of the annual net profit in the general reserve if the solvency margin is less than 1.2 times.

The government is reviewing the residency requirements for KMP appointments as part of the proposal to increase the FDI limit. "Another suggestion is that rather than the KMP being a resident Indian, it could be KMPs based in India," said an insurance industry executive, noting that some suggestions were also made during a post-budget webinar organised by the finance ministry last week. "There was a case made for relaxing the board composition but maintaining the number of independent directors for unbiased and robust oversight," said the industry executive. As per existing regulations, insurance companies with more than 49 percent foreign holding need to have independent directors accounting for at least half of the board, or at least one-third if the chairperson is independent. Finance minister Nirmala Sitharaman, in her budget speech, has proposed increasing the FDI limit in the insurance sector to 100 percent from 74 percent. "This enhanced limit will be available for those companies that invest the entire premium in India," she said. The government has maintained that guard rails are being put in place so that citizens' money towards premium payment is kept within the country.

(The writer is Dheeraj Tiwari.)

TOP

Insurance cos knock on Irdai door seeking more time to implement Bima-ASBA – Business Standard – 9th March 2025

Insurance companies have approached the Insurance Regulatory and Development Authority of India (Irdai) and sought an extension in implementing its new payment mechanism Bima-ASBA (Applications Supported by Blocked Amount), which aims to simplify and streamline the payment process for health and life insurance policies, said multiple sources aware of the development. In mid-February, Irdai introduced the Bima–ASBA facility and mandated insurers to offer this facility, which will enhance convenience and reduce payment-related delays, to the policyholders by March 1. A majority of insurers have yet to go live with this feature.

The companies have initiated discussions with the UPI facility providers to implement Bima-ASBA. They are working towards rolling out the feature soon, sources said, adding that the regulator's March 1 deadline was too early and prevented most insurers from meeting it. The insurance companies have approached Irdai through the Life Insurance Council. They seek an extension but have not specified any timeline. The insurance companies are hopeful that the regulator will give them additional time to implement the feature. While insurance companies are required to offer this facility, it remains optional for customers. Modeled after UPI-linked ASBA for initial public offering (IPO) applications, Bima-ASBA allows the premium amount to be blocked in the customer's account until the insurer completes underwriting—evaluating factors such as health, income, and other parameters— before deciding to issue the policy or reject the application.

In September 2024, Irdai issued detailed guidelines on protecting policyholders' interests, stating that the premium should be paid only after the insurer communicates its decision on accepting or rejecting the policy proposal. Bima-ASBA was introduced by Irdai to help facilitate the implementation of this rule. With

Bima-ASBA, policyholders can use UPI's one-time mandate (OTM) to authorise the blocking of a specified amount (up to ₹2 lakh) in their bank account. To offer this facility, insurance companies have to partner with multiple banks, set up the necessary systems, and establish contractual agreements. The one-time mandate (OTM) through UPI will have to be created in favor of the insurer and used to authenticate the customer. The mandate will be valid for up to 14 days or until the underwriting decision is made, whichever comes first, in compliance with applicable laws.

The amount under Bima-ASBA shall be unblocked automatically after the expiry of 14 days from the initial date of blocking funds and one working day from the date of non-acceptance of the proposal form. In cases where the premium to be charged is more than the blocked amount, the insurer will have to use the facility to modify the mandate through one-time consent or authorisation from the prospect. In case the insurer does not process the application within 14 days, the blocked amount will be automatically unblocked through the partner bank by the insurer. Bajaj Allianz Life Insurance said it had gone live with Bima-ASBA, where policyholders can opt for UPI's OTM and authorise the blocking of amounts up to ₹2 lakh in their bank account via UPI.

(The writer are Subrata Panda & Aathira Varier.)

TOP

Need for Indian women to prioritise self-care and financial security – Business Today – 7th March 2025

Recently, a video went viral from Delhi's bustling railway station, showing a woman officer from the Railway Protection Force (RPF) managing a chaotic crowd with remarkable poise—all the while carrying her one-year-old child. This powerful image captures the resilience of Indian women, who navigate the demands of work, family, and personal aspirations while continuously challenging societal norms. Their growing presence in the workforce, leadership roles, and public service reflects the strides they have made in breaking barriers and redefining traditional expectations.

As we celebrate this progress on International Women's Day, it is equally important to recognise an often-overlooked reality—women's health and financial security. While women continue to break barriers and achieve financial independence, the pressure of multitasking and maintaining a work-life balance often leads to stress and fatigue, impacting their physical and mental well-being. Lifestyle-related health issues such as hypertension, diabetes etc. areon the rise among women. Additionally, critical illnesses like breast cancer, cervical cancer, and heart related ailments are becoming increasingly prevalent.

According to the Indian Healthscape 2024 report by Medi Assist, cancer is the fastest-growing illness in India, with a year-on-year increase of 10–12% in incidence rates, particularly among women over the age of 40. A study by Apollo Hospitals highlights a concerning trend—25% of breast cancer cases among Indian women occur in those aged 39 or younger, with diagnoses starting as early as 23 years old. Conditions such as heart-related ailments, rheumatoid arthritis and cancers like those of the uterus, fallopian tube, ovary, vagina, vulvaalso require targeted medical attention, yet they often go unaddressed due to financial and societal constraints.

It is important to understand, the cost of medical care, especially for critical illnesses, can create an unexpected financial burden—not just for women, but for their entire families. Even those with stable incomes often find themselves unprepared for sudden health expenses, forcing difficult choices between treatment and other financial obligations. Leading insurance companies are working relentlessly to design products that cater to the emerging needs of Indian women. Typically, individuals go out-of-pocket for health-related expenses and to address this challenge, life insurers have developed innovative solutions which offer instant payouts upon diagnosis, allowing women to focus on their recovery instead of worrying about hospital bills. Some life insurers also support rehabilitation expenses for a smoother transition post-treatment, reinforcing long-term financial security. Moreover, innovative health solutions are evolving to recognise the unique needs of women. For instance, some plans offer financial support for maternity complications and congenital conditions in newborns, ensuring peace of mind during life's most crucial moments. There are also women focused health products that provide a premium holiday option, allowing a break from payments during challenging times without the risk of losing coverage.

Besides, there are plans that ensure premiums remain fixed for decades, eliminating concerns about rising medical costs and providing long-term stability. Prioritising family is second nature to many women, but their own well-being is just as important. With the right financial safety net, women can access timely medical care without added stress, ensuring they stay strong and healthy while continuing to support those who depend on them. By embracing self-care and proactive financial planning, they can strike a balance between family responsibilities and personal health, reinforcing both stability and independence. Women are leading boardrooms, businesses, and households—often all at once. This International Women's Day, it's time they also prioritised their health and financial well-being. After all, true empowerment isn't just about balancing responsibilities but ensuring they have the support to keep moving forward, no matter what life brings.

(The writer is Elizabeth Roy.)

TOP

INSURANCE REGULATION

Irdai has taken a few bold steps; it has to sprint now – Financial Express – 12th March 2025

The three-year stint of Insurance Regulatory and Development Authority of India (Irdai) chief Debasish Panda saw a healthy tilt towards consumer protection. Panda's tenure is scheduled to end on Thursday. His big moves — capping premium hikes for senior citizen health policies at 10%, increasing surrender value for holders unhappy with their policies and reducing the eligibility criterion from two years to one — have forced the industry to review business models. Following the rollout of these decisions, life insurers have cut first-year commissions on new policies and clawed back to overall commission payouts. The fallout has been an overall de-growth for the industry in terms of premium collections.

These moves come against the backdrop of India's historically low insurance penetration — 2.8% in life and 1% in non-life as of 2023. With the industry already grappling with the Budget's push towards the new tax regime that will not give any benefits to taxpayers for buying insurance, Panda's moves have forced the industry to re-strategise to attract potential customers and devising business models. Of course, there was a pushback from both general and life insurance companies. While the former complained about rising healthcare inflation and claims, the latter wasn't happy with the pressure on them to pay higher amounts. But Panda stuck to his guns.

Industry experts say that the pressure to make higher payouts will significantly reduce mis-selling as there will be little incentive in terms of commissions. Panda also targeted the ills in the banking system that have often led to mis-selling of products. A few months ago, speaking at the State Bank of India's Annual Business & Economic Conclave, Panda said, "…the bank channel is a very useful channel, but of late, a lot of ills have crept into the system". He went on to add that banks should become a distribution model which is low cost. "You don't need to chase customers. You have to give the option to the customers. No mis-selling, no force-selling…"

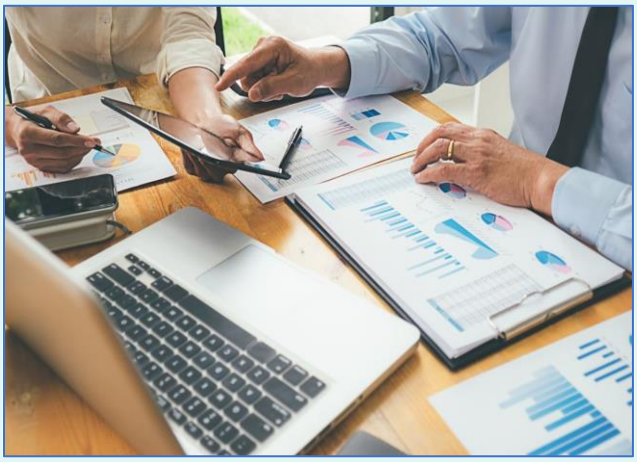
While the sector is still adjusting to these sweeping policy changes, the road ahead is also challenging. One of the most pressing priorities will be the rollout of "Bima Trinity", Panda's pet initiative that faced multiple delays and remained unfinished during his tenure. Proposed in 2022, Bima Trinity is an ambitious plan to create an Amazon-like digital platform for insurance sales, servicing and claims settlement. The project comprises three key elements: Bima Sugam (a digital marketplace), Bima Vistaar (a composite insurance product) and Bima Vahaak (a women-led insurance distribution model). Despite its significance, the initiative has been postponed multiple times — first from January 2023 to June 2024, then to August 2024, and most recently, to mid-2025. All three components are now in the final stages of implementation. For instance, after extensive discussions, industry players have finalised the product model for Bima Vistaar, India's first composite insurance policy covering death, personal accident, property and surgical hospitalisation. The Bima Vahaak portal is nearing completion, with a soft launch planned in April 2025 to onboard Vahaks (women-led distributors).

Beyond Bima Trinity, the transition to a risk-based capital (RBC) framework and International Financial Reporting Standards (IFRS) will be major regulatory developments. Industry insiders credit Panda with championing the government's "insurance for all by 2047" vision and advocating for increased foreign participation to spur competition and innovation. He was an ardent proponent of raising the foreign direct investment limit from 74% to 100%. Under Panda's leadership, Irdai streamlined 78 regulations into 20, with only 15 directly governing insurance operations. "Panda was as much a technocrat as he was a bureaucrat," says a senior executive at a private insurer. Panda championed initiatives like the regulatory sandbox and extended the "use and file" procedure across life, general, and health insurance. The "use and file" framework enabled the rollout of products like "pay-as-you-drive" motor insurance and unlimited-claim health policies. While Panda was able to implement a risk-based capital framework, he was unable to convince legacy insurers on public listing. The challenge for the regulator will be to strike a balance — encouraging public listings while addressing industry concerns. For the financial sector, these are interesting times. With both the Reserve Bank of India and the Securities and Exchange Board of India being led by new faces, all eyes are on Irdai now.

(The writer is Narayanan V.)

TOP

IRDAI warns private insurers over rising commission payouts in health and motor insurance, seeks action ahead of 2026 review – Moneycontrol – 11th March 2025



The Insurance Regulatory and Development Authority of India (IRDAI) has warned private general and health insurers about rising commission payouts in health and motor insurance, asking them to implement corrective measures immediately, according to multiple sources. If insurers do not take substantial steps, IRDAI has indicated that it will revisit the guidelines in April 2026, potentially removing the expenses of management (EoM) cap entirely and instead imposing stricter limits on commission payouts for individual business segments, sources said.

The regulator's concerns stem from the fact that despite the relaxation of commission payout limits in April 2023, the expected reduction in insurance premiums has not materialised, with the policy costs remaining high.

Commission's spike

According to IRDAI's 2024 Annual Report, private insurers spent Rs 16,578 crore as commission to Motor Insurance Service Providers (MISPs) during FY24 compared to Rs 4,890 core in FY23, a surge of 239 percent. On the other hand, public sector insurance companies reported a 31.59 percent rise in commission expenses at Rs 3,000 crore in FY24 as against Rs 2,355 crore in FY23.

"The IRDAI's concerns mainly lie with private insurers rather than public ones, which is entirely justified," said an analyst from a brokerage firm on condition of anonymity. "The companies misused the relaxation and raised commissions significantly, which has to be borne by the policyholders," he said. According to an industry insurer who wished to remain anonymous, the issue arose after IRDAI removed commission payout limits in April 2023, replacing them with a broader focus on the overall EoM at 30 percent of the gross premium for general insurers and 35 percent for standalone health insurers.

IRDAI had said that the decision to change the commission rules would be revisited after three years in 2026. Before the new guidelines, the commission on health and motor insurance was about 19.5 percent of the gross premium, which includes a commission of 15 percent and a return of 4.5 percent, according to the industry source.

The new guidelines
Under the new guidelines, insurers were expected to keep their total EoM, comprising both commission payouts and operational expenses, within a capped limit. The intent was to allow greater flexibility for insurers to incentivise distributors while ensuring that the burden of high premiums did not fall on consumers.

However, the analyst said, insurance companies have largely capitalised on the removal of commission caps, increasing commission payouts to distributors. To offset these higher costs and remain within the overall EoM limit, “insurers have cut down on operational expenses. While these companies are technically staying within the guidelines, the unintended consequence has been a significant rise in commission payouts, without any substantial reduction in premium prices for policyholders,” he said.

"The insurance industry is now on alert,” he added.

(The writer is Malvika Sundaresan.)

TOP

LIFE INSURANCE

Insurance firms see drop in ULIP demand as stock market declines - The Economic Times – 13th March 2025

The life insurance industry experienced a slowdown in February 2025, with a sharp decline in unitlinked insurance plan (ULIP) sales following recent stock market corrections. The industry’s annualized premium equivalent (APE) fell 6% year-on-year (YoY), primarily due to a 23% drop in LIC’s APE. In contrast, private insurers posted a modest 5% YoY growth, highlighting uneven performance across the sector, according to an analyst note by Elara Capital. The decline in ULIP sales comes amid heightened market uncertainty, as demand for these products is closely tied to equity market performance. Historically, ULIP demand lags market movements by two to three quarters, indicating that weakness in this segment could persist in the near term. Insurers with a high ULIP product mix, such as SBI Life and ICICI Prudential (IPRU), are expected to face significant growth constraints. HDFC Life, with its more balanced product portfolio and lower dependence on ULIPs, has managed to cushion the impact of the slowdown.

While insurers reliant on ULIP products may face headwinds in the coming quarters, those with a balanced product mix are likely to gain market share as the industry adapts to shifting market dynamics.

LIC struggles
The industry-wide pressure was also evident in retail weighted received premium (RWRP) figures, which fell 4% YoY in February. LIC’s RWRP declined 17% YoY, dragging down overall growth. Meanwhile, private players posted a moderate 2% increase, although performance varied across different segments. Smaller insurers outperformed, with RWRP rising 7% YoY, largely driven by strong group business while mid-sized

insurers saw a 6% YoY rise in RWRP. Large private insurers struggled, reporting a 3% decline. LIC's performance was further hampered by distributor resistance to its revised commission structure following regulatory changes in surrender value norms. Analysts believe this issue may continue to impact the company's growth in the near term.

Sector faces high base effect

The industry's current struggles come after a period of strong growth in February 2024, when the sector expanded 25% YoY, with LIC and private insurers growing 27% and 25%, respectively. This high base effect, combined with the slowdown in ULIP sales, has resulted in a sharp moderation in growth. Among private insurers, Axis Max Life and HDFC Life emerged as relative out-performers, while SBI Life and IPRU faced setbacks. The decline in ULIP sales, driven by market volatility, was a key factor behind the underperformance of insurers with a high exposure to these products.

Beyond market-driven pressures, concerns over regulatory actions in the bancassurance channel are adding to the sector's challenges. Analysts caution that valuations of life insurance companies may remain subdued in the near term due to uncertainty surrounding regulatory oversight and distributor dynamics. Given the evolving market conditions, analysts suggest a preference for insurers with well-diversified product portfolios and multi-channel distribution networks. HDFC Life, in particular, stands out for its ability to navigate regulatory changes, maintain stable margins, and limit exposure to volatile ULIP sales.

TOP

New business of life insurers slid almost 12% in Feb. to ₹29,986 cr. – The Hindu - 11th March 2025

It was the fourth month consecutively when they reported a decline in their new business. For 11 months of the fiscal, the mobilisation, however, remained positive. Life Insurance Council numbers show NBP up to February was 5.71% higher at ₹3, 35,897.67 crore (₹3, 17,746.71 crore). In February, private life insurers fared better as market leader, State-owned Life Insurance Corporation of India's NBP was 22% lower at ₹15,513.95 crore (₹19,896.01 crore). For the 11 months, LIC's new business premium was 1.90% higher at ₹1, 89,762.58 crore (₹1, 86,222.37 crore). NBP of private life insurers for February rose 3.24% year on year to ₹14,471.62 crore (₹14,017.17 crore), while for the 11 months it was 11.11% higher at ₹1, 46,135.09 crore (₹1, 31,524.34 crore). The Council said the 5.71% increase in NBP underwritten by Indian life insurers for the 11 months reflect the steady progress in the sector. The growth was driven by a strong demand for enhanced insurance protection from individual consumers. In February, the industry added 1,941,272 new policies.

TOP

Life insurance just got harder to get – Nithin Kamath explains why – Financial Express – 11th March 2025

Health and life insurance are essential aspects of financial planning. Without sufficient coverage, medical bills or debts after one's passing can burden family members, affecting their lifestyle. Life insurance is particularly crucial for those with dependents, as the absence of financial protection can leave them vulnerable. However, despite its importance, many Indians remain uninsured due to factors like high premiums, complex policies, and frequent changes by insurers.

Recent trends show that underwriting rules have become much tougher in India. This has led to a rise in policy rejections. Insurers have tightened their risk assessment processes, making it harder for applicants to secure coverage. Nithin Kamath, Founder &

CEO at Zerodha & Rainmatter, writes on his social media post, "The first thing you should do when you are starting your personal finance journey is to ensure you have sufficient life and health insurance. If you have dependents, not having life insurance is a bad idea. (However) based on my interactions with folks, perhaps the biggest reason why they don't have life insurance is because the policies are a nightmare to understand with all sorts of jargon and hidden clauses. Then there's the fact that insurers keep changing things. For example, I didn't know underwriting rules had become much tougher and rejections had gone up."

In India, insurance underwriting rules involve a detailed evaluation of an applicant's health, lifestyle, occupation, and financial details to assess their risk profile before issuing a policy. Factors such as age, medical history, smoking habits, family medical history, and income are carefully analysed to determine appropriate premiums and coverage levels. Insurers must also adhere to guidelines set by the Insurance Regulatory and Development Authority of India (IRDAI). Industry experts say this shift began after the COVID-19 pandemic. Insurers faced higher claims, which forced them to re-evaluate their underwriting strategies. Medical tests have become more detailed. Any pre-existing health conditions, even minor ones, can lead to higher premiums or outright rejection.

Applicants are often caught off guard by these changes. The insurers cite health issues and many people don't even know they have it. Another problem is the complexity of insurance policies. The use of jargon and hidden clauses confuses many people. Terms like riders, exclusions, and waiting period make it difficult to understand what's covered and what's not. This lack of clarity discourages people from applying in the first place. The frequent changes in rules add to the confusion. Insurers are adjusting their terms and conditions more often. Some have increased the waiting period for claims. Others have lowered the payout ratio for certain types of death, such as those linked to lifestyle diseases.

Financial advisors recommend that applicants do their homework before applying. Comparing different policies and understanding the fine print is essential. Don't just look at the premium amount. Check the claim settlement ratio, exclusions, and medical test requirements. The IRDAI has been monitoring these changes and issuing guidelines to improve transparency. However, insurers still have the flexibility to adjust their underwriting terms based on market conditions. Adhil Shetty, CEO of Bankbazaar.com, says, "Health insurance uptake grew, but fewer Indians now have both life and health coverage. Worryingly, the uninsured population nearly doubled from 3% in 2022 to 5% in 2024. A few months ago, IRDAI confirmed this trend. The regulator's own data shows a dip in overall insurance penetration driven by declining life insurance adoption. With soaring medical inflation and rising living costs, adequate life insurance is more crucial than ever. Every person with dependents and liabilities must avail term coverage of at least 10x their annual income."

It is, thus, crucial to have an understanding about the changing rules and tougher underwriting. It will help people avoid surprises. During these times, staying aware is the key to securing financial protection for yourself and your family.

(The writer is Sanjeev Sinha.)

TOP

Will Sitharaman's tax relief for middle class dent insurance cos' profits? – The Economic Times – 11th March 2025

Modi govt unveiled its first full-fledged budget of its third term as a coalition government, focusing on countering India's slowing economic growth. One of the most talked-about aspects of this year's budget was the tax relief granted to India's middle class. Finance Minister Nirmala Sitharaman announced significant tax cuts under the new tax regime, exempting income up to Rs 12 lakh from taxation. With this announcement, the govt will forgo Rs 1 lakh crore in direct taxes and Rs 2,600 crore in indirect taxes. Meanwhile, individuals earning Rs 25 lakh annually will benefit from a tax reduction of Rs 1, 10,000, while those with an income of Rs 18 lakh will see savings of Rs 70,000. However, these tax reforms could impact the insurance sector, as tax savings are no longer the primary incentive for the middle class to invest in life insurance.

According to Vibha Padalkar, MD & CEO of HDFC Life Insurance, the tax-saving incentive for the middle class to purchase life insurance might be impacted. Vibha Padalkar said that "There is more wealth in people's hands and their decisions aren't solely taxdriven. They have broader financial goals, especially in volatile markets. Many seek a safe haven for a portion of their savings and long-term insurance offers this security. They are also becoming aware of the reinvestment risk. Moreover, Section 80C is crowded with various investment options like the PF, equity mutual funds and savings schemes. Our research shows that tax saving as a motive for buying life insurance has declined among our middle-class customers, dropping from third to seventh place as the top reason for doing so," ET has reported.

The life insurance industry witnessed a 12 percent year-on-year (YoY) decline in premiums in February, as reported. Private insurers, however, saw a 3 percent YoY increase in February premiums, while the 11-month FY25 premium grew by 11 percent YoY. Total Annualized Premium Equivalent (APE) increased by 8 percent YoY, with retail APE rising 2 percent YoY.

TOP

Important Things to Know Before Buying a Life Insurance Policy for Long Term Financial Protection - The Tribune – 8th March 2025

Life insurance plays a crucial role in securing financial stability for your loved ones. It acts as a financial safety net, ensuring that your family is financially protected in case of an unfortunate event. However, choosing the right life insurance policy requires careful evaluation of various factors. Understanding your financial needs, the types of policies available, and additional benefits can help you make an informed decision. This article highlights the essential things to know before buying a life insurance policy to ensure long-term financial protection.

Assessing financial needs before purchasing life insurance
Before buying a life insurance policy, it is important to evaluate your financial situation and future responsibilities. Consider the following aspects:
* Income replacement: Calculate how much income your family would need to maintain their current lifestyle if you were no longer around.
* Outstanding debts: Factor in any home loans, car loans, or personal debts that your family would need to pay off.
* Future expenses: Consider financial goals such as children's education, marriage, and your spouse's retirement needs.
* Medical and emergency expenses: A policy should provide adequate coverage for medical emergencies or unforeseen circumstances.

By assessing these financial needs, you can determine the appropriate sum assured required to secure your family's future.

Understanding the different types of life insurance
There are several types of life insurance policies available, each catering to different financial objectives. Understanding the key differences will help in selecting the most suitable plan:
* Term insurance: Provides coverage for a fixed period, offering a high sum assured at an affordable premium. It does not have a maturity benefit, making Term insurance ideal for individuals seeking financial protection for their dependents.
* Whole life insurance: Offers coverage for the policyholder's entire lifetime and includes a savings component that builds cash value over time.

* Endowment plans: These plans combine insurance and savings, offering a lump sum payout upon maturity or in case of the policyholder's demise.
* Unit-linked insurance plans (ULIPs): ULIPs offer investment options along with life cover, where a portion of the premium is invested in market-linked funds.

Choosing the right policy depends on your financial goals, investment preferences, and risk appetite.

Evaluating the insurer's reputation and claim settlement ratio

Selecting a reliable insurance provider is essential to ensure smooth claim processing and financial security. Consider the following factors when evaluating an insurer:

* Claim settlement ratio: This represents the percentage of claims settled by the insurer. A higher ratio indicates a greater likelihood of successful claim approval.
* Financial strength: Review the insurer's financial ratings and stability to ensure they can fulfil claim obligations.
* Customer service: Look into reviews and testimonials to assess the quality of customer service and claim assistance.

A well-reputed insurer with a strong track record can offer confidence and peace of mind when purchasing a policy.

Comparing policy benefits and additional riders

Life insurance policies often come with optional riders that enhance coverage. Some common riders include:

* Critical illness rider: Provides financial assistance in case of a critical illness diagnosis, covering medical expenses and loss of income.
* Accidental death cover rider: Offers an additional payout if the policyholder passes away due to an accident.
* Waiver of premium rider: Ensures the policy remains active without further premium payments in case of disability or severe illness.
* Income benefit rider: Provides regular income to dependents in addition to the lump sum payout.

Adding relevant riders can increase the policy's value and tailor it to your specific needs.

Determining the appropriate sum assured

The sum assured should be sufficient to cover your family's financial needs and maintain their standard of living. Experts often recommend coverage that is 10-15 times your annual income. However, the actual amount should be calculated based on:

* Monthly household expenses
* Existing debts and liabilities
* Education and long-term financial commitments
* Inflation and rising living costs

Opting for an adequate sum assured ensures that your family does not face financial hardship in your absence.

Starting early for better benefits

Purchasing life insurance at a younger age has multiple advantages:

* Lower premiums: Premiums are significantly lower when policies are purchased early.
* Longer coverage period: You can secure coverage for a more extended period with better benefits.
* Better health conditions: Medical assessments are more favourable when buying insurance at a younger age, leading to fewer exclusions.
* More savings options: Policies like ULIPs and endowment plans offer better returns over time when started early.

Delaying life insurance purchases can result in higher premiums and reduced benefits, making early planning a wise financial decision.

Reviewing the policy exclusions and limitations

Every life insurance policy has exclusions, and understanding them beforehand is crucial to prevent claim rejections. Common exclusions include:

* Suicide within the first year of the policy
* Death due to risky activities such as extreme sports
* Pre-existing medical conditions not disclosed during application
* Death resulting from drug or alcohol abuse

Reading the policy documents thoroughly ensures that you are aware of these limitations and can plan accordingly.

Ensuring affordability and sustainability
While securing adequate coverage is vital, it is equally important to ensure that the policy remains affordable throughout its term. Consider:
* Premium affordability: Select a premium amount that aligns with your budget and financial capacity.
* Payment options: Choose a payment frequency (monthly, quarterly, annually) that suits your income flow.
* Policy flexibility: Look for plans that allow adjustments based on future financial circumstances.

Maintaining consistent premium payments prevents policy lapses and guarantees continuous coverage.
Understanding tax benefits
Life insurance policies provide tax benefits that enhance overall financial planning:
* Tax deductions on premiums: Premium payments qualify for deductions under Section 80C of the Income Tax Act.
* Tax-free death covers: The lump sum received by beneficiaries is exempt from tax under Section 10(10D).
* Tax benefits on maturity proceeds: ULIPs and endowment plans may qualify for tax exemptions if specific conditions are met.

Leveraging these tax benefits makes life insurance an effective wealth management tool.

Consulting a financial advisor
Professional financial advice can help navigate the complexities of life insurance policies. A financial advisor can:
* Recommend policies that align with your financial goals
* Compare different plans and insurers for better decision-making
* Provide insights on tax-saving strategies

Consulting an expert ensures that you make an informed choice based on personalised financial planning.

Conclusion
Buying a life insurance policy is a crucial step towards long-term financial protection. By assessing financial needs, understanding policy types, selecting a reputable insurer, and evaluating policy benefits, individuals can secure a plan that best suits their circumstances. Starting early, reviewing exclusions, ensuring affordability, and leveraging tax benefits further enhance the effectiveness of a life insurance policy. Consulting a financial expert can help streamline the process, ensuring that your loved ones are financially secure in the years to come.

TOP

44% of women are opting for term insurance of Rs 1 crore or more: Report – Business Today – 7th March 2025

In recent years, Indian women have shown a significant upswing in controlling their financial destinies by enhancing their investment in insurance and retirement security. According to a Policybazaar report, an insurance marketplace, there is a remarkable trend where 44 percent of women purchasing term insurance now opt for a coverage of Rs 1 crore or more. This statistic reflects a broader trend of financial empowerment among women as they increasingly participate in the workforce and access digital financial tools.

Women's participation in insurance
Policybazaar's data indicate that the percentage of women purchasing term insurance has risen to 18 % in the current financial year. Salaried women lead this category at 49%, followed by homemakers at 39%, underscoring a movement towards independent financial planning. According to the data, there has been a notable change in financial decision-making, attributed to factors such as increased workforce participation, evolving gender roles, and greater availability of digital financial resources. In the current fiscal year, the proportion of women investing in term insurance has increased to 18%, with employed women accounting for 49 percent and homemaker following closely at 39%.

Term insurance
According to Policybazaar, a higher number of women are choosing term insurance as shown by recent statistics. The percentage of female purchasers has risen to 18% in the current fiscal year. This increase can be attributed to factors such as a rise in female workforce participation, changing financial responsibilities, and improved access to digital resources.

Salaried women vs self employed
In terms of demographics, the largest and fastest-growing group of term insurance buyers are salaried women, accounting for 49% of total purchases. This reflects a trend towards individual financial planning among women. Homemakers follow closely behind at 39%, often securing policies to safeguard their children's financial security. Self-employed women make up 12% of term insurance buyers, showing a steady increase as freelancers and entrepreneurs seek to secure their finances. When looking at age distribution, individuals aged 18-30 make up 41% of term insurance buyers, indicating a growing awareness of financial security among young professionals. The age group of 31-40 years represents 48% of purchases, with many opting for term insurance at key life stages such as marriage, motherhood, and home ownership. The 41-50 years age group accounts for 10% of buyers, focusing on legacy planning and income protection.

Policies providing coverage of Rs 1 crore or more are gaining popularity among individuals seeking comprehensive protection.

49% of individuals opt for coverage ranging from Rs 50 lakh to Rs 99 lakh, balancing affordability with adequate protection.

34% choose coverage between Rs 1 crore and Rs 1.99 crore, displaying a growing awareness of the need for inflation-adjusted financial planning.

10% opt for coverage exceeding Rs 2 crore, primarily high-income professionals and business owners.
Women show a preference for monthly premium payments to ensure cash flow flexibility.

Metro cities, including Delhi, Bangalore, Mumbai, Pune, Chennai, and Hyderabad, lead in the adoption of term insurance policies, as reported by PolicyBazaar.

Health insurance
The percentage of female policy proposers has risen from 15% in 2023 to 22% in 2025.

A significant 70-75% of women now choose health insurance with a sum insured of Rs 10 lakh or more, providing protection against escalating medical expenses. Women aged 40 and above are increasingly opting for Rs 1 crore health insurance coverage, often utilizing super top-ups to manage premiums effectively. Health insurance is now being embraced beyond major cities, with a notable increase in purchases from smaller urban centers. Tier-1 cities account for 46% of policies purchased, while tier-2 cities contribute 34%, indicating a higher level of financial awareness in these areas. Meanwhile, tier-3 cities represent 20% of purchases, demonstrating a wider penetration into smaller markets.

Health insurance cover amount
Female policy proposers have increased from 15% in 2023 to 22% in 2025.

70-75% of women now opt for Rs 10 lakh+ sum insured, protecting against rising medical costs.

Women aged 40+ are increasingly choosing Rs 1 crore health insurance, often using super top-ups to make premiums affordable. Health insurance uptake is no longer confined to major metropolitan areas, with a growing share of purchases coming from smaller cities. Tier-1 cities account for 46% of policies bought, while tier-2 cities contribute 34%, indicating greater financial awareness in these regions. Meanwhile, tier-3 cities make up 20% of purchases, pointing to deeper penetration into smaller markets.

Investment-linked insurance
As of February 2025, women make up 18% of total investments in ULIPs.

One-third of women's investments are allocated towards retirement planning and securing their children's future. Close to 50% of investment-linked policies have a 5-pay term and a 20-year duration, striking a balance between affordability and long-term growth. Women aged 31-45 are taking the lead in investing in ULIPs, demonstrating a trend of early financial planning.

The majority of investment activity is concentrated in tier-1 cities, where over 40% of women's investments are placed. Encouraging financial literacy initiatives in smaller towns is necessary to increase participation rates further.

TOP

GENERAL INSURANCE

Slowdown in health and motor segment drag non-life premiums in Feb - The Economic Times – 13th March 2025

Premiums of non-life insurance companies dropped 2.82 percent year-on-year (Y-o-Y) in February to Rs 21,747.57 crore from Rs 22,378.12 crore in the year-ago period, due to changes in accounting norms and a slowdown in premium growth in the health and motor segments. According to General Insurance Council data, general insurers, who operate in multiple business lines, witnessed about a 5 percent Y-o-Y drop in premiums to Rs 17,399.3 crore in February, while premiums of standalone health insurers rose 7.80 percent to Rs 3,234.6 crore. Growth in non-life insurance premiums has taken a hit ever since the insurance regulator revised the accounting norms for long-term policies from October last year.

While the largest general insurer, New India Assurance, reported a 2.09 percent Y-o-Y increase in premiums, the second-largest, ICICI Lombard General Insurance, saw its premium slip 0.69 percent Y-o-Y. Among other state-owned insurers, United India Insurance posted a 14.30 percent Y-o-Y drop, National Insurance saw a 4.10 percent Y-o-Y growth, while Oriental Insurance’s premiums slipped 8.96 percent Y-o-Y. For the month under review, all companies have deducted the long-term premiums accordingly for the current year only, following Irdai formats. So, numbers are not comparable.

"The growth in premiums for the general insurance sector has been slower this year compared to last year. Apart from the general slowdown in economic activity and vehicle sales impacting premium growth, the growth has also been affected by the 1/N method of accounting, which has been applicable since October 2024, impacting the health and fire lines of business. Further, the increase in the number of policies has been limited. The fire segment has also been impacted due to aggressive pricing," said Neha Parikh, vice president and sector head – financial sector ratings, ICRA.

Among the leading private sector players, Bajaj Allianz General Insurance reported a 5.87 percent drop in its premium, and HDFC Ergo General Insurance’s premiums fell by 34.3 percent. Meanwhile, among standalone health insurers, Star Health’s premiums rose only 0.92 percent, while Care Health posted a 4.82

percent growth in premiums, and Niva Bupa's premiums rose 26.4 percent Y-o-Y. "Growth reported by SAHIs has been affected as the base period includes the full long-term premium, while the current month contains premium adjusted for 1/n," analysts at Nuvama said in their research note.

Meanwhile, in April-February 2025, non-life insurers reported 6.6 percent Y-o-Y growth to Rs 2.8 trillion. General insurers posted 5.7 percent Y-o-Y growth in premiums during this period to Rs 2.37 trillion, while SAHIs posted 14.55 percent Y-o-Y growth in premiums to Rs 32,988.41 crore.

(The writer is Aathira Varier.)

TOP

Non-life insurance premiums drop 2.82% in February; health insurers lead growth – Moneycontrol – 11th March 2025

India's non-life insurance sector saw a 2.82 percent year-on-year decline in gross direct premium underwritten in February 2025, totalling Rs 21,747.57 crore, according to provisional data. The general insurance segment reported a 4.84 percent decline in February, with total premiums falling to Rs 17,399.34 crore from Rs 18,283.50 crore a year ago. Major players, including HDFC Ergo (-34.29 percent), United India Insurance (-14.30 percent), and Future Generali (-11.30 percent), recorded significant contractions. However, a few insurers bucked the trend: Tata AIG General Insurance saw a 10.48 percent increase, and Shriram General Insurance grew 21.50 percent over last year.

In contrast, standalone health insurers grew by 7.80 percent, with total premiums reaching Rs 3,234.59 crore. Aditya Birla Health Insurance recorded the highest growth at 27.23 percent, followed by Niva Bupa Health Insurance (26.41 percent). Star Health & Allied Insurance posted a modest 0.92 percent increase in February. Premiums for specialised insurers, such as Agriculture Insurance Co. of India and ECGC Ltd, remained stable, growing 1.79 percent year-on-year to Rs 1,113.64 crore.

(The writer is Malvika Sundaresan.)

TOP

Rising importance of cyber insurance in the digital age - Deccan Herald - 10th March 2025

In today's hyper-connected world, where mobile and internet banking, social media, and e-commerce dominate our daily lives, the need for robust cyber insurance has never been more critical. As we spend significant amounts of time online, the volume of personal data generated, transmitted, and stored on various digital devices continues to grow exponentially. This surge in data, coupled with the complexity of the systems that support its transmission, has created a myriad of cyber risks. Individuals are increasingly exposed to threats such as identity theft, cyber extortion, theft of funds, and online shopping fraud, all of which can have devastating financial and emotional consequences.

Cyber insurance has emerged as a vital safeguard for individuals and families, providing comprehensive coverage against the losses that can arise from cyber-attacks. This article explores the importance of cyber insurance in the digital age, detailing who can benefit from it, the coverage it offers, and the various risks it mitigates.

The need

The digital transformation is a double-edged sword. While it drives growth and efficiency, it also makes data vulnerable. Cyber insurance is essential because it helps organizations and individuals manage the risks associated with data breaches, malware attacks, and other cyber incidents. This protection is no longer a luxury but a necessity for anyone who relies on digital infrastructure.

Currently, cyber insurance policies are offered on an annual basis, providing individuals with the flexibility to renew their coverage as needed. Here's what is typically covered under a comprehensive cyber insurance policy:

1. Online sales: The policy covers for losses incurred when selling goods online to buyers who defraud the insured and fail to make payment. However, it specifically excludes losses incurred when selling goods commercially online. This means that the policy covers losses related to online sales of non - commercial goods.
2. Digital theft of funds - The policy covers financial loss sustained by the insured as a result of a theft of funds due to unauthorised access to the insured's bank account or mobile wallets or as a consequence of the insured being a victim of phishing/ email spoofing.
3. Online shopping - The policy covers financial loss due to transactions on the internet via payment card, mobile wallet, net banking etc. that the insured has been dishonestly induced to enter by a third party by electronic means to make a purchase of goods or services which are not delivered or rendered.
4. Smart home cover: This coverage provides financial support for decontaminating and restoring smart home devices (such as internet-connected appliances, security systems, or home automation systems) after a cyber incident. It reimburses the costs incurred by the insured for cleaning up and restoring these devices following a cyber-attack or other cyber-related incident affecting their smart home devices.
5. Connected vehicle cover: This is an optional coverage that provides protection for digital devices installed in connected vehicles (vehicles with internet connectivity and advanced technology features). It covers losses or damages to these digital devices due to cyber incidents.

Conclusion

As our reliance on digital technology continues to grow, so too does the importance of cyber insurance. With the numerous risks individuals face in the digital landscape, having a comprehensive cyber insurance policy can provide peace of mind and financial protection against the potentially devastating consequences of cyber-attacks. In an age where personal data is a valuable commodity, investing in cyber insurance is not just a prudent choice; it is becoming a necessity for individuals and families alike.

(The writer is TA Ramalingam.)

TOP

Increase in deposit insurance under consideration: FinMin – Financial Express – 10th March 2025

Considering its financial position and the interest of the country's banking system as a whole, the Deposit Insurance and Credit Guarantee Corporation (DICGC) may raise the insurance limit from existing Rs 5 lakh, the finance minister Nirmala Sitharaman informed Parliament on Monday. Total deposit insurance cover under the DICGC Act is up to Rs 5 Lakh per depositor for deposits held by the account holder in "the same capacity and the same right" of all the deposits such as savings, fixed, current, recurring etc. kept at all the branches of a bank taken together. With the prior approval of the government, DIGC had raised deposit insurance coverage limit Rs 1 Lakh to Rs 5 Lakh with effect from February 4, 2020. "DICGC considers its financial position and the interest of the financial system of the country to make a suitable proposal to the government for enhancing the deposit insurance limit as per section 16(1) of the DICGC Act," Sitharaman told Lok Sabha in a written reply.

All commercial banks, small finance banks, payment banks, regional rural banks and local area banks and all co-operative banks, namely, primary (urban) co-operative banks, state co-operative banks and district central co-operative banks are covered under the deposit insurance scheme. FE reported recently that the Centre is considering doubling the insurance cover for bank deposits from Rs 5 lakh to assuage the concerns of depositors, especially senior citizens, and strengthen the trust in the banking system. DICGC may increase fees to some extent for that.

As on March 31, 2024, 97.8% of the total number of eligible/assessable accounts were fully covered. The remaining 2.2% of the accounts were partially covered up to the coverage limit of Rs 5 lakh. The coverage ratio in terms of value of deposits, termed as insured deposit ratio (IDR), was 43.1% as on March 31, 2024. While the proposed increase in deposit insurance limit is not known, however, under various scenarios, whereby IDR increases to 47-66.5%, rating agency ICRA estimates the banks' profit after tax to be adversely impacted by Rs 1,800-12,000 crore annually, translating into a moderation of return on assets (RoA) by 1-4 basis points (bps) and return on equity (RoE) by 7-40 bps. Additionally, if the insurance premium is increased, the cumulative impact on RoA and RoE will be 3-7 bps and 27-68 bps respectively.

TOP

Health and General insurers claim settlement ratio – The Economic Times – 10th March 2025

In today's day and age, it is very challenging to bear the medical expenses without having a solid health insurance policy in place if the bill is on the higher side. You get health insurance and pay regular premiums so that whenever such a medical emergency or need arises in your family, your health insurer steps in and provides the much-needed financial assistance. General insurance companies also offer health insurance coverage, while they also offer coverage for your vehicles, home, travel, etc.

Insurance Company	% of claims paid in less than 3 months during 2023-24
Public Sector Insurers	
National Insurance Co. Ltd.	91.18
The New India Assurance Co. Ltd.	92.7
The Oriental Insurance Co. Ltd	65.08
United India Insurance Co. Ltd.	96.33
Private Sector Insurers	
Acko General Insurance Ltd.	99.91
Bajaj Allianz General Insurance Co. Ltd.	95.99
Cholamandalam MS General Insurance Co. Ltd.	93.7
Future Generali India Insurance C. Ltd.	90.93
Go Digit General Insurance Ltd.	96.71
HDFC ERGO General Insurance Co. Ltd.$	99.16
ICICI Lombard General Insurance Co. Ltd.	97.16
IFFCO Tokio General Insurance Co. Ltd.	89.37
Kotak Mahindra General Insurance Co. Ltd.	96.76
Liberty General Insurance Ltd.	97.00
Magma HDI General Insurance Co. Ltd.	96.84
Navi General Insurance Ltd.	99.97
Raheja QBE General Insurance Co. Ltd.	94.53
Reliance General Insurance Co. Ltd.	99.57
Royal Sundaram General Insurance Co. Ltd.	97.26
SBI General Insurance Co. Ltd.	97.05
Shriram General Insurance Co. Ltd.	88.17
Tata AIG General Insurance Co. Ltd.	95.43
Universal Sompo General Insurance Co. Ltd.	98.11
Zuno General Insurance Co. Ltd. ($)	83.12
Specialized Insurers	
Agriculture Insurance Co. of India Ltd.	46.64
ECGC Ltd.	80.63
General Insurers Total	**81.13**
Stand-alone Health Insurers	
Aditya Birla Health insurance Co. Ltd.	92.97
Care Health Insurance Ltd.	92.77
ManipalCigna Health Insurance Co. Ltd.	88.59
Niva Bupa Health Insurance Co. Ltd.	92.02
Reliance Health Insurance Ltd.	40.00
Star Health and Allied Insurance Co. Ltd.	82.31

But how can you determine the effectiveness of your health or general insurer when it comes to settling your claims on time? How can you find out if your health or general insurer is fair when it comes to claim payouts or has a track record of delaying or denying claim payments? After all, having a health insurance policy would not be of much help if your insurer does not honor your claims adequately, preferably in the shortest possible time, i.e., in less than 3 months.

Hence, checking the claim settlement ratio, particularly within 3 months of your claim intimation, of your general or health insurer is a good way to track this. Insurance regulator IRDAI (Insurance Regulatory and Development Authority of India) releases a list of claim settlements done by all health and general insurers every year, and it has released the latest data in 2025.

Check the latest health and general insurance claims settlement ratio of health and general insurers in 2025

Claim settlement ratio refers to the proportion or percentage of the number of claims that an insurer pays, out of the total number of claims that it receives during a certain period. So, say a health insurer has a claim settlement ratio of 93%; it implies that it typically pays only around 93 of every 100 claims it receives. Note that for stand-alone health insurers, we have only considered data pertaining to their settlements of health insurance-related claims. However, for general insurers, the settlement data comprehensively covers claims related to health, motor, travel insurance, and other categories of general insurance as well.

However, note that while checking the claim settlement ratio is necessary, this should not form the sole basis of finalising your health or general insurance company. Take into account the sum insured, the waiting period for various illnesses, and the network of hospitals offered while taking a health insurance policy.

Source: IRDAI Handbook of Indian Insurance Statistics, 2023-2024
Demerger of general insurance business of Bharti AXA General Insurance Co.Ltd. To ICICI Lombard General Insurance Co. Ltd. w.e.f April 01, 2021.

$ Formerly known as Edelweiss General Insurance Company Limited
Notably, this year, IRDAI has not given percentage data separately for claims settled by stand-alone health insurers in less than 3 months. Our mail to IRDAI seeking this data remained unanswered at the time of publishing this story.

To calculate the total number of claims on which the stand-alone health insurers took action during the year FY2023-24, we added the claims outstanding at the start of the period (A) and the claims that were intimated/booked by the insurance company during the period (B). From this figure, we subtracted all the claims outstanding with the insurer at the end of the period (D)

Hence, the total number of claims on which a stand-alone health insurance company took action during the year equals **A+B-D.**

This figure (**A+B-D**) was then divided by the absolute number of claims paid in less than 3 months by the respective stand-alone health insurer (F) and multiplied by 100 to arrive at the final figure.
Hence, A+B-D/F X 100 = % of claims settled by stand-alone health insurers in less than 3 months
Amongst all private general insurers, Acko General Insurance took the lead with 99.91% of claims paid within 3 months in 2023-24. Navi General Insurance Ltd also had a ratio of 99.97% for claims settled within 3 months.

Amongst private sector insurers, Zuno General Insurance Co. Ltd. (formerly known as Edelweiss General Insurance Company Limited) emerged with the lowest claim settlement ratio (paid out within 3 months) of 83.12%. Amidst public insurers, The Oriental Insurance Co. Ltd. was only able to settle 65.08% of its claim in a span of less than 3 months.

Overall, during 2023-24, general insurers paid out a total of 71,200,854 as claims during FY2023-24. Insurers (both public and private) paid out around 81.13% of total claims within 3 months of claim intimation, while 16.3% of the total claims were paid out between 3-6 months. As for stand-alone health insurers, Aditya Birla Health Insurance Company had the highest claim settlement ratio within 3 months at 92.97%. It was followed by Care Health Insurance with 92.77% and Niva Bupa Health Insurance with 92.02%. While Star Health and Allied Insurance Co. Ltd. had the lowest claim settlement ratio within 3 months among the standalone health insurers, it paid out the most claims (16, 80,171) within 3 months FY2023-24. In terms of number of claims, it was followed by Aditya Birla Health Insurance, which settled 12, 24,376 claims in less than 3 months.

(The writer is Ira Alok Puranik.)

TOP

Pressure mounts for hike in deposit insurance coverage; banks face up to Rs 12K crore hit – The Economic Times – 10th March 2025

Pressure is mounting for an increase in deposit insurance coverage as concerns grow over depositor protection, even as banks brace for a potential impact on profitability. The debate has intensified following the restrictions placed on New India Cooperative Bank (NICB) and a broader reassessment of the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961. With mounting pressure for regulatory changes, policymakers face the challenge of balancing depositor protection with maintaining financial stability and safeguarding bank profitability. ICRA expects an increase in both the deposit insurance limit and the premium charged to banks, following recent bank failures. This could weigh on banks' return on assets (RoA) and return on equity (RoE), with potential annual profit reductions ranging from Rs 1,800 crore to Rs 12,000 crore, translating into RoA moderation by 1-4 basis points and RoE by 7-40 basis points. If the insurance premium is raised from 0.12 paise to 0.15 paise per Rs 100 of deposits, the cumulative impact could be 3-7 basis points on RoA and 27-68 basis points on RoE, ICRA estimates.

What critics say

The pressure for reform stems from concerns over DICGC's practice of reclaiming insurance payouts from liquidated banks and the current Rs 5 lakh coverage limit per depositor. Critics argue that the practice undermines depositor protection, particularly for those holding deposits exceeding the insured limit. There is also growing demand for amending the DICGC Act to ensure full insurance coverage on all deposits, preventing depositors from facing losses in case of bank failures. As deposit insurance coverage expands, the insured deposit ratio—insured deposits to total assessable deposits—could rise to 47-66.5 percent from the current 43.1 per cent, further straining the Deposit Insurance Fund (DIF). Under various scenarios, ICRA projects that the reserve ratio (DIF to insured deposits) could decline to 1.5-2.1 percent from the present 2.1 per cent. The proposed premium hike is expected to provide only marginal relief to the DIF.

The impact of higher insurance limits may extend beyond profitability concerns. A broader insured deposit base could lower liquidity coverage ratio (LCR) requirements for banks by reducing deposit outflow rates. This, in turn, could lessen the need for holding excess High-Quality Liquid Assets (HQLA) such as government securities. As of March 31, 2024, 97.8 per cent of eligible deposit accounts were fully insured under the current framework, while 2.2 per cent remained partially covered within the Rs 5 lakh cap.

TOP

HEALTH INSURANCE

Health insurance: Choose policy with guaranteed bonus, unaffected by claims – Business Standard – 12th March 2025

With medical inflation at around 15 percent annually, one way customers can mitigate rising costs is by opting for policies with attractive bonus features. A bonus is an additional sum insured that insurers offer policyholders. “By offering a bonus, insurers incentivise customers to stick to them,” says Siddharth Singhal, head of health insurance, Policybazaar. While premiums may rise over time, a good bonus-linked policy lowers the per lakh cost of sum insured. Bonuses come in three forms. A no-claim bonus (NCB) increases the sum insured if no claim is made. If a claim occurs, the bonus is not added that year, and the accumulated amount may reduce. The second type adds an NCB for claim-free years, but does not reduce the accumulated bonus if a claim is made. The third is a guaranteed bonus, where a bonus accrues annually regardless of claims and remains unaffected by payouts. “This approach is gaining momentum as it counters inflation effectively,” says Ashish Yadav, head of products and operations, ManipalCigna Health Insurance.

According to Yadav, annual bonuses nowadays range from 5 to 100 percent, while accumulation caps vary from twice the sum insured to being unlimited. “Most policies offer 20-50 percent annual bonuses, typically capped at 100 percent,” says Kapil Mehta, co-founder, SecureNow. Certain insurers offer riders to accelerate bonus growth. “If your base plan provides a 50 percent bonus, with a bonus booster rider it could grow by 100 percent annually, with no cap,” says Singhal.In some policies, a claim reduces the accumulated bonus at the same rate at which it accrued. “If a policy offers 100 percent accrual each year and a customer has two claim-free years, 200 percent gets added as a bonus to the sum insured. A claim in the third year prevents further accrual and reduces the bonus to 100 percent. A claim in the fourth year brings the bonus amount to zero,” says Singhal. In some policies, a claim reduces the accumulated bonus at the same rate at which it accrued. “If a policy offers 100 percent accrual each year and a customer has two claim-free years, 200 percent gets added as a bonus to the sum insured. A claim in the third year prevents further accrual and reduces the bonus to 100 percent. A claim in the fourth year brings the bonus amount to zero," says Singhal.

First, choose a high base sum insured. "A decade ago, medical inflation was 5-7 percent. Now, it exceeds 15 percent and may rise further. Treatment costs are increasing due to advancing medical technology. A base sum insured of ₹50 lakh-₹1 crore is essential, followed by a policy with a strong bonus structure," says Yadav. He adds that the base sum insured should cover most healthcare costs, while the bonus should take care of inflation. Yadav suggests choosing a policy that guarantees a 50-100 percent annual bonus, which does not get reduced after a claim. "Without this, the core need of managing inflation will remain unmet," he says. Avoid policies that discourage claims through restrictive bonus structures. Some customers in older policies do not receive any bonuses despite not claiming. "The policy probably does not have the bonus feature. Such customers should port to a policy that has this feature," says Mehta.

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

TOP

Flexible health insurance surges by 300 per cent in last 5 years in India: Report – Mid –Day – 12th March 2025

Flexible health insurance plans have seen an upsurge of almost 300 percent in the last five years in India, said a report on Tuesday. The report by Mercer Marsh Benefits (MMB) showed that even as the workforce in the country is evolving, organisations are reinventing benefits to meet diverse employee needs. Beyond statutory provisions, companies are increasingly introducing innovative solutions like flexible health insurance plans. The inclusive coverage options focus on parents, siblings and wellness programme, and financial planning tools. These forward-thinking approaches not only enhance employee well-being but also help attract and retain top talent in a competitive landscape, the report said.

"Employee benefits in India are no longer just about healthcare coverage; they are evolving into holistic well-being solutions. There is a significant shift towards flexible, inclusive, and future-ready benefits," said Prawal Kalita, Managing Director, and Mercer Marsh Benefits India Leader. "The adoption of flexible health insurance has surged by 300 percent in the last five years. Employers are recognising the value of offering comprehensive support -- from parental insurance to mental health programmes -- to meet the diverse needs of their workforce," Kalita added. The report highlighted the transformative changes in India's employee benefits landscape including employer sponsorship for parental insurance which increased from 35 percent in 2019 to 53 percent in 2024. The provision is a key benefit for employee retention and well-being.

Organisations and insurers are also promoting cashless hospitalisation, leading to higher payout ratios and a reduction in the average hospital stay from 5.9 to 5.3 days. Further, understanding the workforce needs employers are increasingly expanding coverage to include fertility treatments, surrogacy, and adoption benefits. Employees are also demanding greater autonomy in choosing benefits, leading to increased adoption of customisable insurance and wellness programmes. Organisations are prioritising preventive healthcare measures, including early diagnosis, screenings, and wellness programmes, to reduce long-term medical expenses, the report said. "As businesses compete for talent, benefits strategies must go beyond statutory provisions and embrace innovation, ensuring they remain relevant, cost-effective, and impactful for employees across all life stages," Kalita said.

TOP

CROP INSURANCE

Crop insurance scheme should cover damages caused by stray animals Par Panel – The Week – 12th March 2025

A parliamentary committee has suggested that the government's crop insurance scheme PMFBY should cover damages caused to crops by stray animals, besides pitching for financial assistance of Rs 100 per quintal to paddy farmers to curb burning of crop residues. It also recommended free compulsory crop insurance to small farmers with land holdings of up to 2 hectares.

A Parliament Standing Committee of Agriculture, Animal Husbandry and Food Processing, in its report tabled in the Lok Sabha on Wednesday, said the PMFBY (Pradhan Mantri Fasal Bima Yojana) aims to provide financial support to farmers in the event of crop losses due to natural calamities, pest attacks, and other adverse conditions. "The committee suggest that the damages caused to the crops by stray animals may be considered for covering under PMFBY so that the farmers whose crops are destroyed by stray animals are entitled for compensation under PMFBY," the report said.

It also asked the government to address issues such as delay in fund release from state governments and inadequate compensation against losses, at the earliest to improve the scheme's effectiveness of this scheme. The committee said that "free compulsory crop insurance to small farmers with land holdings of up to 2 hectares, if provided by the government on lines of health insurance Scheme- Pradhan Mantri Jan Arogya Yojana (PMJAY) to all citizens of the country, can significantly impact the financial stability of smallholder farmers..."

This will help in providing small farmers a safety net against crop losses and encouraging investment in better farming practices as they would be sure of financial compensation for losses caused by natural calamities, pests, or diseases, it added. "Consequently, this step would go a long way in helping farmers avoid debt traps and ensuring that they can reinvest in the next crop cycle," the report said. On the need to tackle issues related to crop residue, the committee recognised that the widespread practice of burning crop residues, commonly referred to as Parali, is a significant environmental concern.

The panel stressed on the need to have a multifaceted approach to address crop residue management. This approach should include a combination of policy interventions, farmer education, technological innovations, and financial incentives. Financial support is crucial to encourage farmers to adopt alternative methods for utilising crop residue, such as converting it to bioenergy, composting, or other productive uses instead of burning, it said.

"To effectively discourage the burning of crop residue and minimise its environmental impact and considering the economic viability of farmers, the committee strongly recommends that the government provide financial assistance of Rs 100 per quintal of paddy to farmers as compensation for the cost incurred in collecting parali (paddy residue)," the report said.

This amount should be in addition to the minimum support price (MSP) and directly transferred to farmers' bank accounts at the time of paddy procurement. The financial incentives could be distributed through the direct benefit transfer (DBT) scheme, ensuring efficient and transparent delivery to farmers' bank accounts. "The committee recommends starting with a financial incentive of Rs 100 per 100 kg of paddy and conducting large-scale research studies to assess the costs and returns for alternative crop-residue management techniques," it added.

TOP

Government Extends Crop Insurance Schemes to 2026 – Observer Voice – 12th March 2025

The Indian government has approved the continuation of the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Restructured Weather Based Crop Insurance Scheme (RWBCIS) until 2025-26, with a substantial budget allocation of ₹69,515.71 crore. This decision aims to bolster support for farmers across the country, ensuring they have access to essential insurance coverage against crop losses.

Overview of the Insurance Schemes
Launched during the Kharif 2016 season, the PMFBY is designed to provide insurance coverage to farmers across all states and union territories (UTs) in India. Participation in the scheme is voluntary for both states and farmers, allowing them to opt-in based on their risk assessments and financial capabilities. Since its inception, 27 states and UTs have adopted the scheme in various seasons, with 23 currently implementing it. This widespread adoption underscores the importance of the program in safeguarding farmers' livelihoods.

The operational framework of the PMFBY involves significant collaboration between state governments and insurance companies. Key responsibilities, such as selecting insurance models, enrolling farmers, and assessing crop yields for claims, are managed by state officials in conjunction with insurance providers. This structured approach aims to ensure that all stakeholders understand their roles, as outlined in the scheme's Operational Guidelines.

Addressing Challenges and Grievances
While the PMFBY has been largely successful, it has faced challenges, including complaints regarding delayed or non-payment of claims. Issues have arisen from incorrect submissions by banks, discrepancies in yield data, and delays in state funding. The government has taken steps to address these concerns, ensuring that grievances are resolved in accordance with the scheme's provisions.

To enhance the grievance redressal process, the government has established a Stratified Grievance Redressal Mechanism. This includes District Level Grievance Redressal Committees (DGRC) and State Level Grievance Redressal Committees (SGRC), which are tasked with addressing complaints from insured farmers. These committees operate under detailed mandates to ensure that grievances are handled efficiently and transparently.

Innovations in Grievance Redressal
In a bid to streamline the grievance resolution process further, the government has introduced the Krishi Rakshak Portal and Helpline (KRPH). This initiative features a toll-free number, 14447, linked to the insurance companies' databases, allowing farmers to easily report issues. Specific timelines have been established for resolving these grievances, ensuring that farmers receive timely assistance.

The Department of Agriculture is actively monitoring the performance of insurance companies, focusing on the timely settlement of claims. Regular meetings, including weekly video conferences and national review conferences, are held to discuss progress and address any emerging issues. This proactive approach aims to maintain accountability and improve the overall effectiveness of the insurance schemes.

Future Enhancements and Revisions
Based on feedback from various stakeholders and lessons learned from past experiences, the government is committed to enhancing the PMFBY's transparency and accountability. The Operational Guidelines have been periodically revised to ensure that eligible farmers receive their benefits promptly and transparently. These revisions reflect the government's dedication to making the scheme more farmer-friendly and responsive to the needs of the agricultural community. This information was shared by the Minister of State for Agriculture and Farmers' Welfare, Shri Ramnath Thakur, in a written response in the Lok Sabha, highlighting the government's ongoing commitment to supporting farmers through robust insurance mechanisms.

(The writer is Shalini Singh.)

TOP

Farmers' sit-in over pending crop insurance claims – The Times of India – 7th March 2025

Farmers in Akola have launched a sit-in protest at district agriculture superintendent's office, demanding immediate release of pending crop insurance claims for 2023-24 kharif and rabi season. The protest, led by Krantikari Shetkari Sanghatana's district president Chandrashekhar Gawli, has drawn a significant number of farmers who have been waiting for insurance payout for over six months.

Thousands of farmers in Akola district had filed complaints about crop damage under Pradhan Mantri Fasal Bima Yojana (PMFBY). Insurance companies conducted surveys and confirmed the losses six months ago, yet compensation has not been credited to farmers' accounts, sources said. As per norms, compensation should be paid within 15 days of survey completion, but farmers haven't yet received compensation. Farmers claim they were facing severe financial distress due to the delay. Despite repeated appeals, neither the government nor the insurance companies have taken action. Protesting farmers have warned of intensifying the agitation if the pending claims are not cleared immediately. "We will continue our protest until farmers receive their rightful compensation. The administration must act immediately," said Gawli.

(The writer is Dhananjay Sable.)

TOP

SURVEY AND REPORTS

88% of consumer complaints are due to insurance claims being rejected: Report – Business Today – 12th March 2025

Insurance Samadhan, a grievance redressal platform, has highlighted that claim rejection is the predominant issue, comprising 88 percent of complaints by policyholders. The comprehensive report indicated that millennials, aged 25 to 38, are the most active group filing insurance complaints, accounting for 46 percent of all grievances. The study, which analysed 9,928 grievances, found that the age group of 39-52 followed with 29 percent, and 53-66 accounted for 16 percent of grievances, reflecting a trend where younger individuals are more proactive in seeking resolutions for insurance issues.

The report also highlighted a notable gender disparity in grievance filings. Males remain the dominant complainants across all age groups; however, females constituted 42 percent of complaints within the 25-38 age group. This representation diminishes with age. Furthermore, the findings revealed that 62 percent of complainants are professionals or service employees, and 67 percent possess at least a graduate degree. Regionally, Maharashtra and Uttar Pradesh reported the highest incidents of grievances among millennials, underscoring regional discrepancies in insurance redressal.

Shilpa Arora, co-founder and COO of Insurance Samadhan, said: "Our data indicates that the younger generation, particularly the millennials, are the most active when voicing their insurance concerns. However, the high percentage shows that despite being tech-savvy and more financially aware than older generations, they still face challenges navigating insurance."

She emphasised the necessity for enhanced transparency and customer service as India aims for 'Insurance for All by 2047' amid high medical inflation. Arora also called for increased focus on the female consumer segment, especially in rural and older demographics. Despite growing awareness, 31% of India's population still lacks health insurance due to low penetration and high costs. The report suggests that the insurance industry must design products catering to different age groups and simplify grievance redressal processes for fairer outcomes. Arora highlighted the adoption of online platforms and rising awareness as factors contributing to the volume of grievances, which also reflects consumer trust in platforms like Insurance Samadhan for swift solutions while indicating gaps in service across various demographics.

Insurance Samadhan has made significant strides in resolving grievances, having settled over 18,000 cases and recovered claims worth INR 160 crores for over 15,000 individuals. The platform's Polifyx app has notably improved the efficiency of grievance resolution by reducing turnaround time by 55%, a testament to its commitment to empowering policyholders with speedy and fair redressal. This initiative supports the broader goal of bolstering the insurance sector's growth by addressing the needs of policyholders effectively and efficiently.

Rejection or partial approval

Earlier, a survey conducted by LocalCircles stated that more than 50% of health insurance policyholders who submitted claims in the past three years faced either rejection or partial approval. Of those surveyed who filed a claim in the same timeframe, six out of 10 stated that it took anywhere from six to 48 hours for their claims to be approved and for them to be discharged. LocalCircles' report revealed that only 25% of participants reported that their health insurance claims in the last three years were fully approved by the insurance company. An additional 6% mentioned that their claims were eventually fully approved after some negotiation with the insurance company.

Furthermore, 33% of respondents indicated that their claim was only partially approved for invalid reasons, while 36% stated that their claims were completely rejected for invalid reasons. Despite the directive from IRDAI instructing companies to settle claims promptly, and in some cases, within an hour to prevent delays in hospital discharge, it appears that this is not consistently being implemented, as indicated by complaints from health insurance policyholders. According to data collected from a survey conducted by LocalCircles, out of 30,366 health insurance policy owners, 21% reported that the discharge from hospital after claim settlement took 24-48 hours, while 12% said it took 12-24 hours, 14% claimed it took 9-12 hours, and 12% mentioned it took 6-9 hours. Only 8% of respondents stated that the claim settlement process was instant.

TOP

Only 30% of women over 45 have health insurance states TATA AIG report – Financial Express – 7th March 2025

There is a rise in concern for uninsured Indian women. Despite increased participation of this financially vulnerable section, a major section still lacks coverage for critical treatment. Nearly 80 percent of women in India do not have a health insurance over Rs 20 lakh which is often required for chronic cases like Cancer or cardiac problems. This gap in access highlights the immediate need to increase the sum insured and emphasise long-term financial planning for women. "With cancer and other serious illnesses on the rise among women, financial preparedness is more critical than ever." It has been observed by TATA AIG that while there is increased participation, the policy retention remains staggeringly low. "Ensuring adequate coverage and improving access to preventive healthcare will be key to protecting both individual well-being and the broader healthcare ecosystem," said Mr. Dinesh Mosamkar, Senior VP of Consumer underwriting of the company.

The 40-45 age group is when women go through a large section biological change and preventive healthcare still remains an overlooked aspect of their well-being. Delay in health checkups has become normalised causing a rise in hospitalisation rates and late-stage diagnosis. The financial burden of retaining a health insurance can be overwhelming and thus leads to a hesitation in renewal or a denial altogether. In fact, 56% of Women opt for ₹5-10 Lakh coverage found the report.

The only way to secure better health outcomes for women according to the TATA AIG report is to encourage higher coverage adoption, sustained health insurance policies, and proactive medical screenings. Maharashtra, Gujarat, and Delhi Lead in Women's Insurance Adoption. While 70% of insured women are between 25-45 years of age, policy retention drops significantly beyond this age, with only 30% of women over 45 having health insurance.

This Women's Day, tackling the underinsurance crisis is essential to securing financial independence and well-being for women nationwide. Enhancing awareness, advocating for preventive healthcare, and encouraging broader insurance coverage are key measures to bolstering financial security for women and their families.

TOP

INSURANCE CASES

Claim denied for non-disclosure of diabetes ordered to be paid – The Times of India – 11th March 2025

A consumer court here ordered an insurance company to pay Rs 18 lakh into the loan account of a credit insurance holder, stating that the refusal to pay was a deficiency in service. The insurance company had refused to pay the claim for a credit insurance plan, alleging that the person insured had suppressed information about pre-existing disease when getting the policy. Rudi Ratadiya filed a petition in the consumer forum. Her husband, Kadva Ratadiya, had taken a home loan and bought credit insurance to protect his family from repayment in case of his sudden death. His credit insurance was for a sum assured of Rs 18 lakh. Kadva's health suddenly deteriorated on Jan 27, 2023, and he died on Jan 30, 2023, in a hospital, at the age of 50.

Rudi asked that the company repay the outstanding loan, but after examining the documents, the insurer refused. The company said the person insured had diabetes and cardiac allograft vasculopathy (CAV), information he did not declare while getting the policy in 2016. The company said this was based on an investigation by them but failed to supply the original investigation report or affidavit. The insurer took the defence of a pre-existing disease based on the history in medical papers but could not provide concrete evidence to prove their claim.

"The company submitted the medical history based on admission papers, but the court noted that when the insured was admitted to the hospital, he was unconscious. The insurance company failed to show who had provided this medical history," said advocate Sagar Rathod, who appeared in this case alongside Hardika Vyas. "The court noted that the cause of death was sudden cardiac arrest and not diabetes or brain stroke, so even if it was considered that the person insured had a pre-existing disease, it was not proved that it was the cause of his death," Rathod said.

The Rajkot District Consumer Disputes Redressal Commission, in its order dated Feb 20, ordered the insurance company to deposit Rs 18 lakh along with 6% interest from the date of filing of the petition into the loan account of the petitioner's husband. The remainder, after clearing the loan, is to be paid to the complainant within two months.

(The writer is Nimesh Khakhariya.)

TOP

PENSION

NPS AUM growth moderates to 20.3% as of March 1 amid equity market contraction – The Hindu Business Line – 7th March 2025

The growth of assets under management (AUM) in the National Pension System (NPS) has moderated to 20.3 per cent year-on-year, reaching ₹13.83 lakh crore as of March 1, and latest PFRDA data showed. This slowdown comes amid a further decline in equity benchmarks in the second half of February, weighing on overall market-linked returns. Of the overall AUM of near ₹14 lakh crore, the sum deployed in equity schemes stood at about ₹3 lakh crore.

As of February 15, NPS overall AUM had touched ₹13.90 lakh crore, reflecting a higher 22.2 per cent year-on-year growth. However, market volatility in the latter part of the month contributed to the marginal dip in asset value.

Private sector NPS assets also saw a moderation in growth, rising 24.56 per cent year-on-year to ₹2.75 lakh crore as of March 1. This was slightly lower than the ₹2.78 lakh crore recorded on February 15, which had marked a 28 per cent annual growth.

Despite the slowdown in AUM expansion, NPS continues to see strong traction in subscriber additions. In a key milestone, private sector NPS subscribers have crossed the one-million mark in the ongoing fiscal year, supported by the onboarding of over one lakh Vatsalya subscribers. Till March 1, the total number of new subscribers under NPS and Vatsalya stood at about 12 lakh. In contrast, total new enrolments in the entire 2024-25 fiscal year stood at 9.48 lakh.

Launched in 2004, NPS has witnessed steady expansion, driven by increasing participation from both government and private sector employees. The post-COVID years saw accelerated growth, with the AUM clocking a compounded annual growth rate of nearly 30 per cent. As of mid-December 2024, NPS assets had exceeded ₹13.8 lakh crore, marking a robust 28 per cent year-on-year growth.

While recent market corrections have impacted short-term growth, the long-term expansion of the NPS remains strong, supported by rising financial awareness and increasing voluntary participation from private sector employees and self-employed individuals.

Between April 1, 2024 and March 1 this year, the number of new corporate category subscribers stood at 3.3 lakh, while the All Citizen Model saw a little over 7.7 lakh new subscribers. Going by this trend, the overall number of new NPS subscriber enrolments this fiscal is likely to comfortably exceed 1.3 million, sources said.

NPS has generated robust returns for the non-government sector since inception.

Private sector NPS had grown much faster between March 2020 to March 2024 at 25 per cent as opposed to 8 per cent growth seen in government sector.

Private sector employees have found NPS to be an attractive proposition and, therefore, one could see robust growth. The private sector AUM has grown 25 per cent, while the government sector has grown 19 per cent, although the overall AUM of the government sector in absolute terms is much higher at ₹ 10.6 lakh crore.

Annual Equity Returns Fall

Meanwhile, a 16 per cent drop in equity benchmarks since October 2024, driven by a sharp corporate earnings slowdown and heavy FPI outflows linked to the "Trump Trade," has dulled Indian equities, dragging NPS annual equity returns to 1.21 per cent as of March 1, latest PFRDA data showed.

However, since inception, the return on equity schemes stood at a robust 12.35 per cent. The average returns for the last three years stood at 12.28 per cent.

This annual equity return of 1.21 per cent is substantially lower than the average 8.41 per cent return that NPS monies deployed in corporate bond scheme generates. It is also lower than the average 7.2 per cent annual return from NPS monies deployed in Central Government or State Government schemes.

This sharp decline in NPS returns marks a steep fall from the nearly 40 per cent annual return recorded on September 28, 2024, when Indian equity indices hit an all-time high. The slide began soon after, with returns dropping to 30 per cent by November 10, 26.6 per cent by November 30, 24.37 per cent by December 14, further to 15.86 per cent by December 27 and to 10.89 per cent as of February 1.

While Nifty50 reached a lifetime high of 26,277.35 on September 27 last year, Sensex had on the same day hit a record peak of 85,978 on the same day.

(The writer is KR Srivats.)

TOP

IRDAI CIRCULAR

Circular	Reference
Servicing to the policyholder - Special measure for FY 2024-25	https://irdai.gov.in/web/guest/document-detail?documentId=6912470
First year premium of Life Insurers as at 28.02.2025	https://irdai.gov.in/web/guest/document-detail?documentId=6882938

TOP

GLOBAL NEWS

Malaysia: Government to develop more sustainable health insurance – Asia Insurance Review

Malaysia's financial regulator Bank Negara Malaysia (BNM) in collaboration with the ministry of health and the Employees Provident Fund will develop a basic health insurance and also takaful products that will provide value-based healthcare. Country's deputy prime minister Datuk Seri Dr Ahmad Zahid Hamidi in a statement said, "This initiative is part of the national health sector reform effort that needs to be implemented immediately to ensure access to more sustainable medical treatment for our people."

The increase in medical cost inflation in Malaysia has caused a continuous increase in health insurance and takaful claims. This was discussed at a recent meeting of National Cost of Living Action Council executive committee. The meeting discussed several measures to curb the increase in medical inflation and health insurance and takaful premiums, including the distribution of premium adjustment rates, deferral of premium adjustments, reactivation and provision of alternative products.

Health minister Mr Zahid said the national health sector reform initiative also needs to be expedited within a three-year period from 2024 to 2026. He said the meeting also reviewed the Social Security Organisation's initiative in strengthening social protection and job matching to reduce the income gap among the people. According to media reports Malaysians in general have appreciated the plan to provide an affordable basic health insurance and takaful products but have also expressed hope that cheaper healthcare will not result in lower quality treatment. The citizens said the government must also ensure that it improves its services at public hospitals.

TOP

Thailand's regulator launches stress test plan to enhance stability of insurance business - Asia Insurance Review

Office of Insurance Commission (OIC), Thailand's regulator, has explained the framework for conducting the OIC Stress Test in 2025 for life and non-life insurance businesses to assess the durability of the insurance system under simulated risk scenarios, according to OIC assistant secretary-general, regulatory standards development division, Ayusri Khambanlue. The OIC Stress Test is a top-down scenario test to analyse impacts on the overall insurance system, especially those that may affect financial stability and cause systemic risks. The test is also integrated with the Bank of Thailand and the Securities and Exchange Commission to comprehensively assess the risks of the Thai financial sector.

In 2025, the test will focus on identifying risk factors that cover both insurance and economic aspects, considering the impact of the US economic policy, geopolitical uncertainty in the Middle East and the slowdown in the global economy, all of which affect the Thai economy. Adverse scenarios are defined, reflecting economic recession, declining income, higher inflation due to increased labour and spare part costs, as well as climate change affecting public health, resulting in higher rates of medical treatment and medical expenses, alongside increased frequency and severity of natural disasters. "The OIC has developed a method to determine risk factors to make the assessment more accurate by using each company's business profile, which is based on the Internal OIC Model: Customised Parameters," said Dr Ayusri.

"Insurance companies participating in the test must consider all factors related to their business, using historical data, actuarial models and forward-looking considerations. Our goal is to strengthen the financial stability (solvency) and liquidity of the insurance business sector." She also said, "The OIC Stress Test is part of the preventive supervision approach that the OIC has continuously emphasised to enable insurance companies to effectively cope with various risks and to build confidence in the Thai insurance system in the long run."

TOP

Malaysia: Insurance industry submits recommendations to address rising healthcare costs - Asia Insurance Review

The Life Insurance Association of Malaysia (LIAM), the Malaysian Takaful Association (MTA) and Persatuan Insurans Am Malaysia (PIAM) have interacted with the country's parliamentary Public Accounts Committee (PAC) in a bid to address the escalating costs of healthcare and health insurance premiums.

A press release by LIAM said the meeting held on 26 February 2025 had constructive discussions on sustainable healthcare financing and cost-containment strategies. The release said, "The industry recognises the efforts by the PAC to address escalating medical inflation and rising healthcare costs in the country and is looking forward to the "whole-of-nation" approach within the next few years.

"The insurance and takaful industry has introduced interim measures to support policyholders affected by the premium repricing. These measures aim to ease the financial strain while ensuring continued access to medical and health insurance and takaful (MHIT)." The interim measures put in place include spreading out premium / contribution increases over three years (until 2026), capping annual hikes below 10% for most policyholders /certificate holders (about 80%), and offering a one-year premium freeze for policyholders /certificate holders aged 60 and above on minimum medical and health insurance/takaful (MHIT) plans.

Additionally, policyholders /certificate holders whose policies /certificates lapsed in 2024 due to repricing can reinstate coverage without new underwriting, while insurers and takaful operators (ITOs) will introduce alternative, more affordable MHIT products in 2025. The industry also proposed several major recommendations, aimed at promoting affordability, transparency and sustainability within Malaysia's healthcare and insurance as well as takaful eco-system. These proposals include:

Implementation of DRG (diagnostic-related grouping) pricing to enhance transparency in healthcare services chargers and billings. Aligning cost structures between healthcare providers, ITOs and Third-Party Administrators (TPAs) is essential in managing healthcare expenses effectively. Working with BNM to develop a basic long term sustainable insurance and takaful product while allowing ITOs to offer top up schemes for those seeking additional coverage.

Greater transparency by publishing the average costs of common procedures/treatment across private hospitals and annual medical costs inflation rates to empower consumers with greater financial awareness. The establishment of industrywide claims database will improve claims analysis and help mitigate abuse. Co-payment for MHIT products, an important long-term solution which helps policyholders /certificate holders manage costs by encouraging shared responsibility in healthcare expenses. Co-payment, especially co-insurance, can encourage more responsible consumptions of health services.

Regulating pharmaceutical costs – collaborating with the ministry of health (MOH) to promote the use of generic drugs and regulate medication pricing. Reports indicate that pharmaceuticals account for a substantial portion of private hospital revenue, indicating the need for cost controls. Calling for private hospitals to set up cost containment unit and to freeze increases during periods when insurers and takaful operators are required to cap premium hikes. This measure aims to ensure that cost containment efforts are equally distributed across the healthcare eco-system.

Tax exemption on group insurance from 8% SST to encourage more employers to provide insurance and takaful protection for employees. Currently approximately 4m employees including those from the B40 group, receive coverage through workplace schemes. Appoint an independent consultant to conduct a detailed study to analyse and recommend stakeholder actions to reduce claims inflation. This comprehensive study will provide data-driven insights and recommend effective stakeholder actions to control rising claims costs.

Encourage and incentivise healthier lifestyles through no claim bonuses, a reward system that benefits those who maintain good health, helps promote well-being and strengthens policyholder engagement and loyalty. This initiative will also reduce unnecessary medical claims. The LIAM statement said, "LIAM, MTA and PIAM remain committed to working closely with Bank Negara Malaysia, the MOH, Association of Private Hospitals Malaysia and other stakeholders to develop long term solutions that balance affordability, quality and accessibility in Malaysian healthcare landscape."

TOP

The Philippines: Non-life premiums may rise 10-15% in 2025 as catastrophes push up costs - Asia Insurance Review

Philippines non-life insurers could increase their premium rates by 10% to 15% during 2025 as natural catastrophes have affected the reinsurance market. Malayan Insurance Company COO and Philippines Insurers and Reinsurers Association (PIRA) trustee Eden R Tesoro told media persons, "Sometimes, we really have to adjust because as it is, it's hard to write losses. It's not sustainable if insurers will continue to price at the same level even though your cost of reinsurance is already very high." According to a news report in online newspaper Manila Bulletin, PIRA executive director Michael L Rellosa said the group cannot increase the premium without informing the Insurance Commission (IC) about the increase with details of the reasons for the same.

He said, "We can't just increase our prices. It has to be approved by the regulators and even if you can, of course, you have to balance with the market conditions. Based on seasonal renewals of reinsurance programmes, which are usually in December, April and July, PIRA could notify the IC about a rise in premium prices appropriately." Ms Tesoro said premiums will likely continue to increase in the next few years but with "little dips" depending on each company's portfolio and risks. She said it depends on the major portfolio the specific insurer handles, whether motor, fire or all portfolios.

She said, "One of the reasons why we have to be cautiously hopeful is because of climate change, and while we say that even if globally the prices of reinsurance seem to plateau, ultimately it comes down to each particular company's portfolio and how exposed you are. So, reinsurers will be looking at that."She said the investments of nonlife insurers could also be affected by US President Donald Trump's trade policies. These will affect trade, which in turn will obviously affect the economy and anything that affects the economy, will affect the insurance industry. Either we insure less goods or increase the cost.

TOP

Thailand: The new co-payment rule is set to transform the health insurance industry - Asia Insurance Review

The new co-payment rule for the Thai health insurance policyholders is expected to transform the country's health insurance industry which has been affected by rising medical costs, challenging economic conditions and unnecessary claims. The new rule is slated to take effect from 20 March 2025. Under the new system the policyholders will share a portion of medical expenses, unlike the traditional all-inclusive plan in which all costs within the limits of the policy are fully covered. After the pandemic increasing healthcare costs and incidences of policyholders making unreasonable claims for common illnesses led the insurance regulator and insurers to consider an appropriate solution to manage rising costs and ensure continued insurance options.

A recent study by Willis Towers Watson found that Thailand has the highest average rate of medical inflation in the world. While the global and regional average was 10% last year, Thailand's rate of medical inflation grew by 8-15%, driving up insurance costs. The Thai Life Assurance Association (TLAA) had announced in February 2025 that a co-payment clause will apply to policy renewals and new policies to be issued from 20 March 2025, though it is likely to affect only 5% of health insurance policyholders.

According to TLAA, co-payment will be triggered by specific conditions. If policyholders make three claims for common medical conditions such as a headache, influenza, diarrhoea, muscle inflammation, gastroesophageal reflux, amounting to 200% of the annual insurance premium, they will be subject to co-payment in the subsequent year. Those who make three claims for general diseases with the total amount reaching 400% of the annual premium are also subject to co-payment in the subsequent year. For those who match one of these two criteria, the policyholder is subject to a 30% co-pay for any medical cost in the subsequent year, whether it is related to simple, general or critical diseases. If the policyholder falls into both categories, the co-pay is 50% for any medical cost the subsequent year. TLAA president Nusara Banyatpiyaphod said co-pay, however, will not apply to major surgery or critical illnesses.

Medical inflation of 15% is well above the general consumer inflation rate and is driven by an ageing population, emerging diseases, air pollution, medical advancements and healthcare system structures. Office of Insurance Commission secretary general Mr Chuchat Pramulpol said the health insurance premiums have been increasing continuously, averaging around 3%-5% per year, due to many factors, such as inflation and higher insurance costs, which have caused people to have more difficulty accessing health insurance. Mr Pramulpol said, "This copayment policy is not to benefit insurance companies, but rather to help slow down the increase in health insurance premiums from rising too quickly compared to the rising inflation rate, which truly benefits policyholders, promotes balance in the health insurance system, and reduces the impact on policyholders who exercise their rights as needed, as well as helps the sustainability of Thailand's health insurance system in the long run.

TOP

COI TRAINING PROGRAMS

Mumbai – April - May 2025

Sr. No.	Program	Program Start Date	Program End Date	Fees for Residential	Fees for Non-residential	Program Type
1	Communication as a Tool for Customer Engagement and Retention-CVT Mumbai	07/04/2025	07/04/2025	NA	1500	Non-residential Programme
2	Basics of Reinsurance-CT Mumbai	08/04/2025	09/04/2025	11000	8000	Residential Programme
3	Elevate Your Brand Through Operational Excellence in Customer Service-CT Mumbai	08/04/2025	09/04/2025	11000	8000	Residential Programme
4	Agriculture Insurance for Surveyors-CVT Mumbai	11/04/2025	11/04/2025	NA	1500	Non-residential Programme
5	Legal & Regulatory Compliance in Insurance-CT Mumbai	15/04/2025	16/04/2025	11000	8000	Residential Programme
6	Bancassurance in General Insurance-CVT Mumbai	15/04/2025	15/04/2025	NA	3000	Non-residential Programme
7	Industrial Risks: Pre-Underwriting Inspection/ Survey - Methods & Report Writing-CT Mumbai	16/04/2025	17/04/2025	11000	8000	Residential Programme
8	Financial Planning : Focus on Tax Planning-CVT Mumbai	17/04/2025	17/04/2025	NA	1500	Non-residential Programme

9	Challenges in Fighting Fraud - Motor OD Insurance-CT Mumbai	21/04/2025	22/04/2025	11000	8000	Residential Programme
10	Certified Insurance Anti Fraud Professional (CIAFP)-CVT Mumbai	21/04/2025	23/04/2025	NA	7500	Non-residential Programme
11	Engineering Project Claims - Dams, Tunnels, Bridges and Pipelines -CT Mumbai	23/04/2025	24/04/2025	11000	8000	Residential Programme
12	Property Insurance - Underwriting and Claims CT-Mumbai	24/04/2025	25/04/2025	11000	8000	Residential Programme
13	Catastrophic Challenges for Insurance Industry Level: Middle-CT Mumbai	28/04/2025	29/04/2025	11000	8000	Residential Programme
14	Health Insurance - New Trends-CVT Mumbai	29/04/2025	29/04/2025	NA	1500	Non-residential Programme
15	Transforming Customers into Brand Ambassadors : Strategy for Insurance- CVT Mumbai	06/05/2025	06/05/2025	NA	1500	Non-residential Programme
16	Crop Insurance - Focus PM Fasal Bima Yojana - CT Mumbai	06/05/2025	07/05/2025	11000	8000	Residential Programme
17	Risk Inspection & Management for Risk Engineers - CVT Mumbai	07/05/2025	08/05/2025	NA	3000	Non-residential Programme
18	Compliance Governance and Risk Management (IRCC) - CVT Mumbai	07/05/2025	09/05/2025	NA	7500	Non-residential Programme
19	Comprehensive Training Program for Principal Officers of the Corporate Agents (Including Banks) - CT	07/05/2025	08/05/2025	11000	8000	Residential Programme
20	Fire Insurance - Standard Products - CT Mumbai	08/05/2025	09/05/2025	11000	8000	Residential Programme
21	Comparative Analysis and Performance of ULIPs & Mutual Funds - CT Mumbai	13/05/2025	14/05/2025	11000	8000	Residential Programme
22	Impactful Selling Strategies - CT Mumbai	13/05/2025	14/05/2025	11000	8000	Residential Programme
23	Risk Based Capital - CVT Mumbai	13/05/2025	13/05/2025	NA	1500	Non-residential Programme
24	Engineering Insurance - Operational Policies Underwriting and Claims - CT Mumbai	19/05/2025	20/05/2025	11000	8000	Residential Programme
25	Health Insurance : Medical Management and Fraud Control - CT Mumbai	22/05/2025	23/05/2025	11000	8000	Residential Programme
26	Miscellaneous Insurance Management - CT Mumbai	26/05/2025	28/05/2025	16500	12000	Residential Programme
27	Program on AML, KYC and CFT Requirements - CVT Mumbai	27/05/2025	27/05/2025	NA	1500	Non-residential Programme
28	Understanding IFRS 17 - CVT Mumbai	28/05/2025	28/05/2025	NA	1500	Non-residential Programme

COURSES OFFERED BY COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

Particulars	Details
Date	12th July 2025
Duration of the course	4 months
Mode of Teaching	Self-study + 3 days Online Contact Classes
Total hours of Teaching	18 hours for Online Contact Classes (to solve queries)
Exam pattern	MCQ pattern + Assignments
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 5900/- (Rs. 5000/- + 18% GST)

CC2 - Advanced Certificate course in Health Insurance

Course Structure –

Particulars	Details
Date	12th July 2025
Duration of the course	4 months (3 hours on weekends)
Mode of Teaching	Virtual Training – COI, Mumbai
Total hours of Teaching	90 hours
Exam pattern	MCQ pattern
Target Group	Graduate / Post Graduate, Freshers as well as employees working in Insurance Companies
Fees for the course	Rs. 11,800/- (Rs. 10,000/- + 18% GST)

CC3 - Certificate Course in General Insurance

Course Structure -

Particulars	Details
Date	12th July 2025
Duration of the course	3 months (on weekends)
Mode of Teaching	Virtual Training - COI, Kolkata
Total hours of Teaching	100 hours
Exam pattern	MCQ pattern
Target Group	Fresh graduates/Post Graduates, Broking Companies, Insurance Companies, Freelancers
Fees for the course	Rs. 14,160 /- (Rs. 12,000/- + 18% GST)

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

Course Structure -

Particulars	Details
Date	21st -23rd May 2025
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)

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

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