ISSUE NO. 2023/50

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

9TH - 15TH DECEMBER 2023

Insurance Term for the Week

Insuring Clause

The insuring clause(s) are one of the most critical components of an insurance contract and forms its foundation. It outlines the major guarantees and protections offered by the insurance company and states what is covered. That is why it is so critical for you to understand this part of the policy and to communicate with your insurance provider for clarity if there are any areas you are unsure about.

Put another way, this clause outlines the role the insurance company has agreed to perform as part of the contract. Examples include paying for certain losses arising from insured risks, providing certain agreed-upon services, providing defense for a lawsuit subject to certain conditions, and other agreements that form part of the insurance policy protections you are paying for.

For example, in a life insurance policy, the insuring clause states the main purpose of paying out a specific amount in a death benefit to the named beneficiary after the death of the insured.

In this context, it would include the insurer's name, the face value payable, and the insured's name. In more complex policies, the insuring clause(s) section might also include information on the causes of death that are accepted and any limitations (if any) that might apply under different scenarios.

QUOTE OF THE WEEK

"It is not knowledge, but the act of learning, not possession but the act of getting there, which grants the greatest enjoyment."

CARL FRIEDRICH GAUSS

INSIDE THE ISSUE

INSURANCE REGULATION

IRDAI aims to move towards RBC model, IFRS by 2025, says chairman - Business Standard – 14th December 2023

The insurance companies are expected to transition to Risk Based Capital (RBC) and International Financial Reporting Standards (IFRS) by 2025. Speaking at an event organised by the National Insurance Academy (NIA), Debasish Panda said, "Dedicated mission board teams are working at full throttle in this direction, and we are expecting that we should be able to transition to the RBC regime as well as converge to the IFRS by 2025."

In August 2023, the Insurance Regulatory and Development Authority of India (IRDAI) announced the shift towards the RBC framework. As per the RBC framework, capital requirements are based on the specific risks that insurance companies face across investment, underwriting, operational, and market risk. He also added that efforts are being directed towards adopting the RBC regime in order to bring efficient utilisation of the capital.

The Chairman also said that Indian insurers are converging towards the IFRS Accounting system by implementing the IND-AS. IFRS are standards which state the classification of assets and liabilities of companies operating in the insurance sector. It provides consistent principles for insurance contracts. Speaking on the potential of the insurance sector, Panda said that last year saw the entry of a few players into the market, and there are a few more in the pipeline, which hints at the potential of the sector.

"Last year saw the entry of a few new players. More than four new insurance companies have entered the market, marking a significant development after a hiatus of almost 12 years in the life sector and 5 years in the general insurance sector, and there are a few also in the pipeline. This resurgence not only underscores the sector's inherent potential but also reflects a renewed and heightened interest from the investors. Though the industry is growing at double-digit, there still lies a huge potential for expansion, as well as deepening of the insurance market in India," he added.

Among the scope available for insurance proliferation, Panda said that there is a lot of potential in traditional risk areas like life, health, property, motor, and drug. Also, there is a gap to fill in the Micro, Small and Medium Enterprises (MSME) sector. There is a missing middle in the health segment which requires urgent attention. Additionally, we need to address emerging risks like climate change, pandemics, and cyber threats. Technology can be leveraged to construct more efficient systems, deliver a superior customer experience, and create innovative products that cater to the evolving needs of the consumers. It's about creating an industry that is not just reactive but proactive, that does not just compensate for the losses but helps prevent them, and that not only insures but also assures.

There is also a rising need to navigate the sectoral complexities, along with addressing data security and privacy concerns, and managing the change that a digital transformation will entail. Further, on account of insurance being a capital-intensive segment, the limits for raising other forms of capital have been enhanced for the sector, with the prior approval requirement now being dispensed with. The insurance industry has maintained a Compound Annual Growth Rate (CAGR) of almost 11 per cent and achieved 14 per cent of growth in the financial year 2023 with a premium rising to $126 billion. The aggregate Assets Under Management (AUM) of the insurance industry stand at around $730 billion.

(The writer is Aathira Varier.)

TOP

IRDAI release draft for increasing surrender value of non-par products - Business Standard – 14th December 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has released an Exposure Draft proposing to increase the surrender value of non-linked life insurance policies. The surrender value is the amount that the policyholder receives from the insurance company if they decide to terminate their policy before its maturity. The insurance regulator has proposed a high surrender value on non-participating insurance products, which is likely to have a negative impact on the margins of companies which are non-participating heavy.

Also, the IRDAI has proposed a premium threshold for each product. According to them, beyond a certain limit, no surrender charges would be levied on the remaining premium, irrespective of when the policy is surrendered. Under the present regime, the policy can be surrendered by the policyholder during the policy term if two full years' premiums have been paid. However, no money will be refunded if the policy is surrendered before these years.

Giving an example of the proposed changes, IRDAI noted that in a Non-Linked savings insurance policy with an annualised premium of Rs 100,000 with a policy term of 20 years. Assuming a threshold limit of Rs 25,000, the adjusted guaranteed surrender value after payment of the third annualised premium may be as follows: i. Guaranteed Surrender value for threshold premium: Rs 25,000 x 3 x 35% = Rs 26,250 ii. Premium refund beyond threshold premium: Rs (1,00,000 – 25,000) x 3 = Rs 2,25,000 iii. Adjusted Guaranteed surrender value: (i) +(ii), i.e. Rs 2,51,250. iv. Surrender value shall be higher of (Adjusted Guaranteed Surrender Value, Special Surrender Value)

A Non-Linked savings insurance policy with an annualised premium of Rs 100,000 and a policy term of 20 years. Assuming a threshold limit of Rs 25,000, if the policy is surrendered in the first policy year, the adjusted guaranteed surrender value after payment of the first annualised premium may be as follows: i. Guaranteed Surrender value for threshold premium: Zero ii. Premium refund beyond threshold premium: Rs (1,00,000 – 25,000) x 1 = Rs 75,000 iii. Adjusted Guaranteed surrender value: (i) +(ii), i.e. Rs 75,000 iv. Surrender value shall be higher of (Adjusted Guaranteed Surrender Value, Special Surrender Value)

All individual non-linked savings and protection-oriented products such as non-linked life insurance products, and non-linked pension products including deferred annuity products, other than pure risk premium products such as term insurance, health insurance, and immediate annuity products, shall acquire a guaranteed surrender value. Guaranteed surrender value (GSV) is a minimum amount that an insurance company pays to the policyholder upon surrendering the policy, which is determined at the time of purchase of the policy.

Special Surrender Value (SSV) is the amount which is offered at the discretion of the insurance company, over and above the GSV. The SSV takes into account various factors such as the policy duration, the number of premiums paid, the current market conditions, and other such factors. According to analysts, HDFC Life Insurance and Max Life Insurance, held by Max Financial Services, some of the non-participating heavy life insurers, saw a decline in the stock market. HDFC Life Insurance ended 1.75 per cent down at Rs 686 and Max Financial Services 3.16 per cent down at Rs 1023.50 on the National Stock Exchange on Thursday.

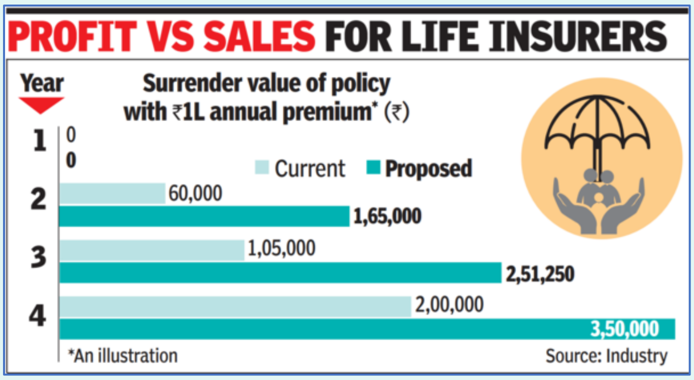
(The writer is Aathira Varier.)

TOP

LIFE INSURANCE

Dropping out of insurance policy? It's set to pinch less – TOI – 15th December 2023

If you realise that you have been a victim of mis-selling by an insurance agent, and wish to surrender your policy, you are unlikely to lose out a major portion of the premium paid. Irdai has proposed new rules to protect policyholders' interests under which insurance companies will have to substantially increase the amount they pay to customers who choose to discontinue their scheme early in the term.



Insurers have a tough choice to make - lower sales or lower profits - to tackle premature closure of policies. If insurers create room for higher payouts by cutting commissions, it could affect sales, and if they retain commission or pay higher, they will lose on profits. As a result, shares of listed private life insurers fell on Thursday - HDFC Life was down 1.9%, while ICICI Prudential Life dropped 1.8%.

The regulator has not prescribed the threshold value but, in an illustration, indicated that the surrender value would have to go up nearly 1.8 times than the current level in the second year and 0.8 higher in the fifth year. According to sources, the objectives behind this move are to curb mis-selling by forcing insurers to spread out commissions that are currently bunched in the first year and to ensure that insurers do their best to increase persistency.

The new rules are a part of Irdai's proposed insurance product regulations, a draft of which was circulated to insurers. "There will be a premium threshold defined for each product, where there shall not be any surrender charges imposed on the balance of the premiums beyond such threshold limits, irrespective of the timing of the surrender," the draft circular said. The insurance regulator has proposed a threshold for the surrender charges they deduct from policies that are closed early. The proposed threshold is much lower than many companies deduct from insurance policies.

Companies deduct a surrender charge because they book upfront all their costs of selling a policy. For instance, there are cases when 75% of the first-year premium goes towards various costs most of which is predominantly commissions paid to the corporate agent (usually a bank) or an individual agent. This is not the first time that the insurance regulator is pushing insurers on surrender charges. Over a decade ago, the regulator capped the maximum amount that insurers could deduct from unit-linked insurance plans. This followed a turf war with markets regulator Sebi, which had accused insurers of selling ULIPs that mimic mutual fund plans. The cap resulted in insurance companies shifting to traditional products.

TOP

GENERAL INSURANCE

Climate change: Why Indians should look at home insurance more seriously – Mint – 13th December 2023

A home is in all likelihood the most expensive asset purchase people make during their lifetime. However, when it comes to adequately protecting this asset, we tend to be targets of optimism bias. It is no surprise that home insurance penetration is just about 1% in India. This is in stark contrast to countries like US, UK, France, Australia and China that have home insurance penetration in the range of 90-97%. If we look at the data on natural disasters in India, we would realize that the incidence of such calamities has risen significantly. Climate change and its impact on our lives is becoming a reality sooner than we had imagined and it is important to understand these risks in a more realistic manner.

While India is among the most disaster-prone countries in the world, the frequency and intensity of extreme natural calamities has gone up significantly. According to a report by CSE and Down To Earth, climate change-induced natural disasters destroyed around 410,000 houses in 2022 alone. On an average, four cyclones affected India each year between 2010 and 2019 and the country has seen an alarming 32% increase in cyclones and severe cyclones between 2015 and 2019. These calamities not only affect livelihood but also cause real damage to properties and livestock worth billions of dollars.

Urban flooding: A real threat to homes

The problem of climate change and the natural disasters that it induces is not limited to coastal areas alone. Urban flooding in India has become a reality due to rapid urbanization, illegal encroachment and poor drainage systems with regular flooding events being witnessed in the last 20 years in major cities like Bengaluru, Delhi, Mumbai, Chennai, and Kolkata, among others. An optimism bias dissuades us from adequately protecting our assets. For example, we assume fire, cyclone or floods affecting our homes is a highly unlikely event. While it is true that natural disasters are a low-probability event, what many don't realize is that these are also high-impact events that can significantly affect your finances.

Take for instance the claim made by a Digit Insurance customer on the floods in Bengaluru last year. The insured lived in a triplex villa located in a posh locality in Bengaluru. During the floods, nearly all the 58 villa properties of the residential society were submerged when a nearby lake overflowed and resulted in blockage of the main drain. The water stagnated for three days causing severe damage to the villa property valued at ₹10 crore. The floods caused severe damage to not only the building structure, but also the doors, fittings, furniture, electrical appliances, among others. The assessed loss of the claim stood at ₹45.7 lakh, which was paid by the insurer.

Jewellery to furniture: Cover for everything

A home insurance is not taken just to protect your home from natural calamities. You can take a structure-only cover to protect your home from natural calamities like earthquake, floods, cyclones, storms, etc., and also against perils like fire, vandalism, riots, terrorism, among others. One can also protect all the contents of the house like jewellery, furniture, artefacts, electrical appliances, among others. This specially makes sense to renters who would otherwise not want to take a full home insurance, but only cover their contents.

One can also take add-on covers for enhanced protection. For example, one can take an additional living expense cover and get reimbursed for expenses related to hotel stay, storage cost of household items or any movers and packers used for alternate accommodation. Similarly, by taking a "minor acquisition" add-on, one can receive the claim for any content bought or changes or additions made to the home after buying the policy. A Tenant's Liability cover can also be taken by a tenant or renter to protect themselves from any legal liability that may arise due to any damage caused to surrounding third-party property or homeowners' property.

Home Insurance is affordable

One crucial misconception that we deal with on a daily basis is that home insurance is expensive. Contrary to that, it is quite cheap. Generally, the premium for a 'building only' cover for a house costing ₹80 lakh can cost ₹1,680-1,800 per year, or ₹4.60-4.93 per day. A comprehensive cover for the same sum insured may range from ₹2,800 to ₹3,000 per year (₹7.67-8.22 per day). Taking a home insurance is not merely about protecting the physical structure or contents of your house. It is also about safeguarding the memories and dreams that you have built.

(The writer is Vivek Chaturvedi.)

TOP

Catastrophe bonds provide a financial safety net to insurers – The Economic Times – 11th December 2023

Insurers are still counting the losses from the recent floods in Chennai and on the East Coast due to the cyclone. The industry has, over the years, developed instruments to deal with such disasters: Catastrophe bonds or 'cat bonds'. How are these bonds structured? Is there a benefit for anyone from these bonds? A catastrophe refers to a major event causing extensive losses. Insurance companies in India have faced losses from recent floods, like the Sikkim floods in October and the Chennai floods in December. High claims from these floods are likely to lead to reinsurance companies charging higher premiums, making insurance more expensive. A SBI report published in July said that India ranks third after the US and China in recording the highest number of natural disasters since 1900.

Cat bonds provide insurers with quick access to funds in times of large disasters. Investors benefit by earning interest on the bonds they hold. Investors buy bonds, and if a major disaster, like the recent floods, occurs, the money from these bonds is used by insurers to cover their losses. It's a financial safety net to the insurance industry. Insurance and reinsurance companies use them to shift big risks to investors in the capital market. This reduces their overall costs and frees up money for new insurance business and 'cat bond' lets the insurer get money when a specific event, like an earthquake or flood, happens. If that event occurs, the bond pays out to the insurance company. The bond might not need the insurer to pay interest or the full amount back. Cat bonds usually last longer than regular reinsurance contracts, a relief when reinsurance contracts get renewed and repriced every year. Investors in cat bonds get regular interest payments, like regular corporate bonds. If no disaster happens during the bond term, they keep the principal. Recent media reports said that the cat bond market is worth $40 billion, compared to the $133 trillion global bond market.

Insurers can reduce claims through risk management, forming disaster pool and by issuing cat bonds which could provide crucial financial support to insurers dealing with large-scale disasters. The SBI research report suggests creating a disaster pool through public-private partnerships to handle increasing natural disasters. This would offer better protection than government loans and grants during crises. The report said that India's protection gap is 92 percent, much higher than the global average of 54 percent in 2022. The economic losses were ₹52,500 crore from 2020 floods in India, and premium cover could have been ₹13,000 to ₹15,000 crore, if the government had insured it. Several discussions have taken place regarding the approval of these 'cat bonds', which are known as insurance-linked securities; however, concerns exist about understanding the instrument, connecting it to specific events, and addressing the supply-demand dynamics. India is still some time away from adopting this, but as history shows, markets tend to open up once a step is taken.

TOP

Home Insurance concept yet to pick up despite repeated floods in Chennai – The Hindu – 10th December 2023

Chennai and its neighbourhood have seen two major floods in a span of eight years (from 2015 to 2023), with heavy waterlogging in apartments and individual homes in several localities. Despite this, home insurance – which helps cover the building as well the contents of the home from floods – has not picked up. The non-life insurance industry in India is mainly led by health and motor insurance. "Home insurance is a small component of the non-life insurance industry, accounting for less than 5% of the total premiums," said Srabasti Dhali, vice president and national manager, PCG & Home, TATA AIG General Insurance.

Lack of awareness is a major factor for the lower penetration of home insurance. In India, insurance is generally seen as complex product and home insurance, a more complex product, she said. You can buy a multi-year home insurance policy for up to 10 years. A long-term policy helps take care of the inflation cost and avoid hassles. The owner or somebody who is legally liable for the property should take that insurance, Ms. Dhali added. If you are living in a rented place, you can take insurance to cover the contents of the home, she added.

The Insurance Regulatory and Development Authority of India had directed all general insurance companies to launch a standard home insurance policy, The Bharat Griha Raksha policy, from April 1, 2021. It runs for a period of up to 10 years. The unique feature of this product is that besides the building, there is also an automatic cover for the contents, up to 20% of the value that the building is insured for, said Suryanarayanan, managing director, Cholamandalam MS, a joint venture between Murugappa Group and Japan's Mitsui Sumitomo insurance group. In the last seven to eight years, lending institutions would have insisted home loan-borrowers to take an insurance cover for the building. The cover for contents of the home would have come from April 2021, he added.

Mr. Suryanarayanan pointed out that under Centre's affordable housing scheme, value of the house ranges from ₹15 lakh to ₹25 lakh. If the home is insured for ₹15 lakh, there is an automatic cover for general contents, such as white and brown goods in a typical home. The only catch is that the customer should have opted for general contents. Hence, in the current situation, if the standard insurance product had been taken, 20% of the content would have been covered in insurance, he said. One can also avail of a cover beyond 20% by paying an additional premium. There is no need for any declaration for 20% cover, but beyond it, a declaration of value of contents such as television or refrigerator needs to be made, Mr. Suryanarayanan said. He pointed out that the rain would have caused water marks on the walls, and home insurance covers for painting charges as well. Premiums on home insurance varies based on geography, the type of apartment or individual house and range from ₹25 to ₹40 per lakh per annum. Home insurance is very much affordable..., Mr. Suryanarayanan added.

(The writer is Sanjay Vijayakumar.)

TOP

General insurers see a surge in claims from flood-hit customers; total value may touch 2015 level – The Hindu Business Line – 9th November 2023

Amid widespread havoc caused by the Michaung cyclone and floods in Chennai and its suburbs, the number of insurance claims may not be substantial this time when compared with the 2015 floods, but value-wise it is likely to be as big as the previous one, according to general insurers. Record rains and the consequent floods damaged several hundred cars as also factories in Chennai and its neighburhoods in the past few days. As the city is limping back to normalcy, general insurance companies have started seeing a surge in motor claims as flood-hit vehicles have started arriving at workshops and seeking insurance coverage for the expenses.

Number of claims

"The number of claims started increasing yesterday. We estimate that all general insurance is likely to get total motor claims of 10,000 plus and another about 1,000 for non-motor claims as per initial indications. So far we have received more than 300 claims and all general insurers put together would have received about 5000 claims. A lot of people are unable to take the vehicles to garages and those claims will come next, N K Sidhu, General Manager, United India Insurance Co Ltd.

M Chandrasekar, Deputy General Manager, New India Assurance felt that overall claims would be lower this time, but value-wise it would be as big as last time or maybe more than last time as inflation and other things should be taken into account. New India had paid 4,000 non-motor claims and 10,000 motor claims during the 2015 floods. “This time, I think the number of claims in the motor may not be very high. However, we are yet to get feedback from badly affected vehicle-rich areas such as OMR, Velachery, etc. We have so far received 550 claims in motor. This is excluding dealer claims, which are yet to come,” he added.

“The water has started receding, and we’re starting to receive insurance claims. It’s much less than what we have seen before, at this stage. It’s roughly 60 to 70 percent of the numbers that we have seen before. We’ll have a clearer picture as we get more claim intimations and information. The situation in Chennai is still chaotic, and people mainly focus on caring for themselves,” said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

According to estimates, general insurers took a massive hit of about ₹5000 crore due to claims post-2015 floods with the motor segment accounting for the highest. The total number of claims including all categories received by the general insurance companies then was about 50,000. Top carmaker Maruti Suzuki India Ltd (MSIL) said the company’s service outlets have reported about 500 flood-hit vehicles in Chennai and 25 vehicles in Nellore, Andhra Pradesh. “The average flow of MSIL vehicles is uniform and we are not expecting high increase in numbers because even before the cyclone hit, Maruti Suzuki had pro-actively sent out SMS to 7 lac customers on what precautions to take for minimizing damage,” said Rahul Bharti, Executive Director, Corporate Affairs, MSIL. “We are also working with Tamil Nadu Govt, Guidance Dept for coordination support,” he added. Post-2015 floods period, about 6500 flood-impacted Maruti Suzuki vehicles came to its workshops. “As of now, we have observed a moderate increase in the flow of flood-affected cars at our service workshops and our dealers are attending to customers. We have also attended to a few electric cars which were affected by floods. No major issues have been reported or observed, said a spokesperson of Tata Motors Ltd.

Meanwhile, Tata Motors has offered an extension of the standard warranty period, extended warranty period, annual maintenance contract period, and free service period for vehicles in the affected region. The contracts expiring between December 1 and to 15 will be valid until December 31, 2023 Meanwhile, State Finance Minister Thangam Thennarasu had a meeting with representatives of 13 general insurance companies to ensure speedy disposal of claims for the flood-hit vehicle customers of insurers. He urged the companies to visit the spots to assess the damage to the vehicles to get the claims on time. Thennarasu also assured that the government would arrange to provide some temporary space for servicing the damaged vehicles. Sidhu of UII said the general insurers assured to relax general guidelines as a measure of support to the flood-hit customers. “UII will be relaxing certain norms, while other insurers will also give some waivers,” he added.

(The writer is G Balachandar.)

TOP

Big silence from insurance industry after cyclone Michaung flooded Chennai – India Education Diary – 7th December 2023

The Indian insurance industry, including the sectoral regulator, is strangely silent on helping the policyholders affected by cyclone Michaung on the steps to be taken to prefer a claim – loss of property and life. Owing to the cyclone Michaung, Chennai got huge rainfall resulting in the city getting flooded and the water inundated residential, commercial and manufacturing premises.

This has resulted in heavy losses like damage to vehicles, household properties, factory machines and others. “It is strange that the Insurance Regulatory and Development Authority of India (IRDAI) and the insurers remain silent this time around even days after the cyclone had passed,” a senior industry official told IANS preferring anonymity.

Earlier during any natural disasters, accidents, IRDAI had issued directions to the insurers on the modalities for processing claims, accepting the claim documents and also the mode of claims intimation. The insurers would be directed to set up a special cell with dedicated phone numbers for claims intimation. “None that has happened this time around,” the official added.

Earlier, the four public sector insurers would be the lead coordinating agency in the four regions when a natural disaster strikes. At that time they were the major players. But now the private insurers have overtaken some public sector insurers in terms of market share and they are conspicuously silent now. Going by the past experience, the insurers will be laden with motor insurance claims. It would be followed by claims from manufacturers (machinery, stock damage), commercial establishments and others.

“The penetration of home insurance covering household articles, consumer durables, valuables and others is very low. Even employees of insurers do not take that policy. So individuals will have to bear the brunt of their personal losses,” the insurance official added. On the other hand, vehicle manufacturers have started issuing statements as to their support for servicing the flood damaged vehicles.

TOP

Cyclone Michaung: Going by 2015 Chennai Floods claims, insurers gear up forsevere impact – The Economic Times – 7th December 2023

Triggered by Cyclone Michaung that originated in the Bay of Bengal, incessant rains lashed Tamil Nadu’s Chennai and made landfall in Andhra Pradesh between Nellore and Kavali on Tuesday. Other affected districts include Chengalpet, Tiruvallur and Kancheepuram where residents are grappling with stagnant water and power disruption. According to an official release by the Chief Minister M K Stalin's office, a survey is underway to assess the total damage and a detailed report will be prepared soon. Tall waves crashing into the southern coasts has resulted in submerging villages and halting all transportation impacting the lives of around 3,90,000 people.

According to a report released on November 29, India experienced extreme weather events almost every day in the first nine months of this year leading to nearly 3,000 deaths. Almost two million hectares of crops were ruined, 80,000 homes were destroyed, and even more people lost their hard earned assets like their vehicles to such disasters. Apart from the typical issues of planning up of urban infrastructure, this raises a crucial issue of protection gap (defined as typically the losses that are uninsured), which is almost neglected in a country like India. Taking cognizance of the devastating effects of flood and the resultant damage to human lives and livelihoods, Insurance companies have mobilised all resources to ensure immediate service response including engaging the services of investigators, surveyors and loss adjustors for quick settlement of claims. At present, it remains premature to ascertain the precise ramifications of the flood on properties, vehicles, and establishments, given that a comprehensive evaluation of the damage is yet to be conducted, said Raghavendra Rao, Chief Distribution Officer, Future Generali India Insurance. But, going by the quantum of claims the industry had registered during the previous floods in Chennai in 2015, the impact is expected to be substantial, he added.

Insurance companies took a big hit of Rs 4,800 crore due to claims arising from the 2015 floods that hit Chennai and other parts of Tamil Nadu. Public sector insurers, including United India Insurance were impacted the most. "As a proactive step, we have geared up our claims team for expeditious settlement of the claims from our affected customers. We have also set up a dedicated helpline and email to assist the affected customers, and have made this information publicly available through our social media handles," Parthanil Ghosh, President – Retail Business, HDFC ERGO General Insurance said. According to insurers, motor insurance is likely to constitute the biggest chunk of the total claims, followed by property and commercial establishments.

Digit General Insurance, an insurtech major in the motor segment has started receiving motor insurance claims from these areas. However, it'll be difficult to predict the extent of damage at this moment as the priority currently is to ensure the safety of the people, the company said. "We have seen videos of cars being swept away due to floods in some areas. From a customer's point of view, one should know that an insurance claim is payable in case the vehicle gets fully damaged due to floods, cyclones, or other natural calamities," Narayan Rao, Head – Motor Claims, Digit General Insurance said.

If the vehicle is fully submerged and the vehicle is beyond repair, one gets the claim amount equivalent to the Insured Declared Value (IDV) of the vehicle. In case one has taken a Return to Invoice (RTI) cover, one would be able to get the claim amount equivalent to the on-road price of the vehicle. During torrential rains or cyclones, Insurance companies usually observe claims of vehicle damages due to trees, electric poles, or other objects collapsing on the vehicle. They also see claims related to engines or electricals getting damaged due to water seeping into the vehicle or due to vehicles being submerged due to floods.

(The writer is Sheersh Kapoor.)

TOP

HEALTH INSURANCE

Family Floater Health Insurance Rates and Plans for Abha Card Holders – Hindustan Times – 13th December 2023

A family floater health insurance plan, consolidates the coverage for all enrolled family members under a single plan. When it comes to protecting the health of your loved ones, a family floater health insurance plan appears as a prudent and cost-effective choice. This complete guide highlights the intricacies of family floater health insurance, focusing on its meaning, how it works, top advantages, comparing rates and plans for ABHA card holders, and things to consider before buying a family floater plan.

What is Family Floater Health Insurance?
A family floater health insurance plan is a customized health coverage that extends to multiple family members. Unlike any other individual health insurance, which requires separate plans for each family member, a family floater plan allows you to cover your spouse, children, parents, and siblings under a single policy. This smoothens the insurance process and proves economical, with lower premiums than individual plans.

How Family Floater Health Insurance Works
A family floater health insurance plan, consolidates the coverage for all enrolled family members under a single plan. The shared sum insured allows multiple claims, offering flexibility during medical emergencies. For instance, if you purchase a family floater plan having a sum insured of Rs. 10 lakhs to cover 5 family members, each member is effectively covered for Rs. 2 lakhs. However, the total coverage remains Rs. 10 lakhs. So if one member claims Rs. 3 lakhs, the remaining Rs. 7 lakhs is still available for other members.

Top Advantages of Family Floater Health Insurance

- **Cost Savings:** By covering your family under one plan, you can enjoy more coverage at lower premiums. Family floater plans are 10-15% more economical than individual plans.
- **Higher Sum Insured:** Family floater plans offer combined coverage of Rs. 1 crore for families, which ensures adequate coverage for hospitalization needs.

- **Flexibility:** The single coverage can be utilized by any or all members as per need, enabling flexibility. The unused sum insured amount can also be carried forward up to a limit.
- **Cashless Facility:** Like individual plans, family floaters also have a cashless hospitalization facility for a smooth claims process.

How to Get Extra Coverage as an ABHA Card Holder

As an ABHA card holder, you can avail of exclusive rewards and discounts from insurers by linking your health ID with insurance plans. This allows seamless access to health records for insurers and faster onboarding. Some key benefits include:

- Higher sum insured options
- Faster claim processing and enhanced cashless approvals
- Extra loyalty rewards and incentives

So, by linking your ABHA ID, you can maximize your health insurance coverage cost-effectively.

Few Things to Consider Before Buying Family Floater Health Insurance

When purchasing family floater health insurance, keep the following parameters in mind:

- Sum Insured: Make sure the sum guaranteed is sufficient to cover the entire family's medical expenses. Most of the insurers offer family floater plans starting from Rs. 50 lakhs. Opt for adequate coverage.
- Network Hospitals: Choose an insurer with a substantial pan-India network of hospitals to facilitate cashless treatment at various locations. Opt for at least 5000+ networked hospitals.
- Claim Settlement Ratio: Opt for an insurance company with a high claim settlement ratio, ensuring quick and hassle-free claim processing when required.
- Waiting Period: Be aware of the waiting period, typically 2-5 years, during which pre-existing conditions and certain add-on benefits are not covered. Check policy documents for exemptions.
- Renewability: Choose a lifetime renewal policy to continue coverage as your family grows without new medical tests. This ensures continuity of coverage.

What is the Ayushman Bharat Health Account (ABHA Card)?

On September 27th, 2021, the Indian Government initiated the Ayushman Bharat Digital Health Mission (ABDM). This mission aimed to provide all Indian citizens with a digital health ID that will simplify easy access to medical records. In the ABHA ecosystem, this ID is a 14-digit unique identification number used anywhere in India to digitally store health records like prescriptions, lab reports, discharge summaries, etc. Thus, you can instantly share your health information with registered medical professionals across India without geographical barriers.

Why Should You Create an ABHA ID Card?

Carrying medical reports and keeping track of medical history can be challenging. An ABHA digital health ID card solves these issues by creating integrated digital health records that can be easily accessed anywhere in India. You simply share your health ID number with an approved healthcare provider, and they can instantly access your medical information online after obtaining your consent.

Benefits of ABHA Card

- Securely stores health records like prescriptions, discharge summaries, etc.
- Allows quick sharing of medical history across India
- Ensures continuum of care with seamless records
- Avoids the hassle of carrying reports physically
- Saves costs and time in duplication of medical tests
- Improves diagnosis and treatment with a complete history

Eligibility Criteria for ABHA Card

- Be an Indian citizen
- Have a valid Aadhaar card

Ways to Create Your ABHA Card
Your ABHA Health ID card can be created in the following ways:

- Through the official ACKO app
- Through the official ABHA app
- By visiting the ABHA portal (@healthid.ndhm.gov.in)
- At authorized enrollment centres like PHCs, CHCs, etc.
- Through health programs like PM Jan Arogya Yojana

Conclusion
A customized family floater health insurance plan, helps cost-effectively provide adequate and flexible coverage for your family's medical needs. As an ABHA card holder, you can further maximize your health insurance benefits. Evaluate your family's requirements, compare suitable plans per the parameters discussed, and invest in comprehensive coverage for complete peace of mind.

TOP

India's strides toward Universal Health Coverage – DD News – 11th December 2023

The theme for this year, "Health for All: Time for Action," aligns with India's ongoing efforts to ensure equitable access to essential health services without causing financial hardship.

Progress on Universal Health Coverage in India
The National Health Policy 2017 sets the vision for achieving the highest possible level of health without financial hardship. India's commitment to improving immunization coverage is evident through initiatives like Mission Indradhanush and Intensified Mission Indradhanush, aimed at reducing child mortality and morbidity.

The Pradhan Mantri Dialysis Program provides free dialysis services, and AMRIT outlets offer subsidized medicines. With over 1.33 lakh Ayushman Bharat - Health and Wellness Centres (AB-HWCs) operating as teleconsultation hubs, comprehensive primary care has become more accessible. Telemedicine has gained prominence with e-Sanjeevani, saving kilometers per health visit and significant costs. The government's focus on universal screening of common non-communicable diseases and the Laqshya initiative for labor room quality improvement further demonstrate India's commitment to preventive and quality healthcare.

UHC Day 2023: Reflection and Action
As the world reflects on a decade of progress, challenges, and opportunities in advancing UHC, India stands as a beacon of commitment. The recent United Nations high-level meeting on UHC in September 2023 emphasized that UHC is central to achieving Sustainable Development Goals, recognizing healthy people as the cornerstone of healthy societies and economies.

Despite global challenges, the government’s two-pronged approach through Health and Wellness Centres (HWCs) and the Pradhan Mantri Jan Aarogya Yojana (PMJAY) has made quality healthcare accessible and affordable for millions. At the G20 Leaders' Summit, India emphasized the importance of achieving universal health coverage and enhancing pandemic preparedness. The leaders recognized the role of evidence-based traditional and complementary medicine, highlighting the need for equitable access to medical countermeasures, including vaccines, especially in low- and middle-income countries.

(The writer is Ranu Jain.)

TOP

Health Insurance awareness in India & problems associated with it – Business Upturn – 10th December 2023

In the last few years, healthcare insurance has become necessary for citizens. The biggest reason for that is the increasing medical expense, and the only way to get good treatments at a minimal cost is through access to healthcare policy.

However, in India, the number of people who have access to no healthcare insurance is 30%. Though there has been huge growth, there is still a lot of scope. Moreover, this number shows that there is a lack of awareness among people about healthcare insurance.

What could be the reason behind this unawareness? What are the problems associated with it? This article will delve to answer these questions. But before that, let us understand why is this awareness important.

Why is Healthcare Insurance Awareness Important?
An insurance policy helps a person not live a worrisome life where they keep thinking about how even a small injury could result in a big financial pit; hence, awareness about healthcare insurance is a must. Besides this, the other reasons are:

1. Accessibility to Treatment
Knowledge regarding health policy makes it easier to get faster access to medical treatments. People are more inclined to seek medical care immediately when they know the advantages and coverage provided by their best health insurance policy. This can also result in better treatments and possibly better health results. This minimises the strain on the healthcare system and guarantees that medical resources are used effectively.

2. Financial Help
Access to affordable, high-quality healthcare services is one of the biggest benefits of awareness of healthcare insurance. Individuals who are aware of this fact are better equipped to make choices that will protect their financial future in case of medical difficulties.

3. Preventive Measures
Healthcare insurance awareness also promotes preventive healthcare, which is essential. When people are aware of healthcare insurance benefits, they are more inclined to take advantage of preventative measures like routine health screenings and checkups. Early health issue discovery can result in improved management and treatment, enhancing general health and well-being.

4. Long-Term Planning
Awareness of health plans also promotes long-term planning. People can pick plans that fit their unique healthcare demands and budgetary circumstances by studying the various healthcare insurance policies offered. By doing this, individuals may be certain they will be equipped to meet any unanticipated future medical costs.

What are the Problems Associated with Healthcare Insurance Awareness?
Even though insurance has so many benefits, not everyone can utilise it. The main issue is that people are unaware of its importance. The key reasons which contribute to the lack of awareness are:

1. Lack of Information
The lack of information is one of the main problems. Many individuals do not know about health insurance plans or their advantages, especially those in rural regions.

Accessing high-quality healthcare services is significantly hampered by the lack of trustworthy and readily available information.

2. Complex Terminologies
A health insurance policy and its terminology can be complicated and challenging to comprehend, especially for people who are not well-educated. Potential customers may be cautious and dubious about purchasing health policies due to the complex jargon used in insurance contracts.

3. Misleading Marketing
Some insurance firms use deceptive marketing techniques, which adds to the lack of awareness and trust. Potential policyholders may get confused and doubt the reliability of health insurance companies' reliability due to misleading statements and imprecise advertising.

4. Limited Penetration
A huge section of the population in India lacks proper coverage due to the still relatively low penetration of health policies. Inadequate risk pooling caused by low penetration makes it difficult for insurance firms to provide affordable rates and comprehensive coverage.

What are the Ways to Increase Awareness about Healthcare Insurance?
All should realise the need for insurance, and the only way to do it is by spreading awareness which can be done by:

1. Engagement of Rural Regions
Awareness-raising activities on policies are crucial to reaching a larger audience, including rural regions. These advertisements should be carried out in local languages. These programs should not only be lectures but activities that would engage people and make them realise the importance of insurance.

2. Clear Explanations
Insurance providers should describe the specifics of their policies to prospective customers in straightforward terms. Usually, people get confused while understanding the policy and decide not to proceed. Hence it should be explained clearly.

3. Collaborative Programs
The collaboration effort of the companies and the government is essential to raising insurance awareness, especially in rural regions. Together, these campaigns may educate people about the advantages of healthcare insurance in protecting their well-being.

Conclusion
Healthcare insurance is a must for every citizen. Not just for themselves but for their families and loved ones. By raising awareness through educational programmes and clearer communication, individuals can take control of their financial security and healthcare requirements. If you are someone who is looking for healthcare insurance, consider Niva Bupa the best health insurance company in India. One can consult them for the best health insurance plans, as they provide tailored programs that meet one's requirements and work efficiently and effectively to provide the best service possible.

TOP

Will discuss with Finance Department to bring dialysis treatment under insurance scheme: Minister

Belagavi (K'taka), Karnataka Health and Family Welfare Minister Dinesh Gundu Rao on Thursday said he will discuss with the Finance Department about bringing dialysis treatment under 'Ayushman Bharat Arogya Karnataka' (ABRK) health insurance scheme to facilitate dialysis in private hospitals. He was responding to questions by Udupi BJP MLA Yashpal A Suvarna during the Question Hour in the Legislative Assembly here. Noting that the problem is that the agency that previously managed the dialysis units in the state did not manage them adequately, Rao said the salary for technicians, and PF And ESI for them are not borne by it.

Technicians used to go on strike time and again. The government held talks with the technicians and assured them that PF and ESI will be borne by the government. A negligent agency is blacklisted and fined. A fresh tender has been invited for maintenance of dialysis units, he said. The tender process for Bengaluru, Mysuru and Belagavi divisions is already underway and the tender for Kalaburagi division will also be called soon. He assured that a new organisation will manage in a better way.

"168 dialysis units across the state have been increased to 219", the Minister said. "The 649 machines have increased to 800. Out of 59 taluks, 48 taluks do not have taluk health centers. So dialysis units have been set up in 48 community health centers," he said. So, in a month, new dialysis machines and technicians will be available, and they will be managed well. Further stating that the dialysis units will function under the supervision of District Health Family Officers till the new institution takes over the management, the Minister said provision has been made for installation of machines for single use dialyzers in the new tender.

TOP

MOTOR INSURANCE

Cyclone Michaung: Car insurance policy will cover cost of most damage, but not engine malfunction – Moneycontrol – 13th December 2023

Cyclone Michaung, which brought torrential rains to Tamil Nadu and Andhra Pradesh last week, left behind much damage in its wake. Among the losses that people faced were damaged vehicles as a result of waterlogging. As people started to get their lives in order, insurance companies began receiving claims. More are expected in the coming days, says one insurer. Ideally, you should inform the insurance company about your damaged car as soon as possible to get the claims process started. But as one industry person says, insurers do allow for some reasonable amount of time for claims to be filed. This is how it works. You contact the insurer and share the necessary details. Next, the insurer arranges for the car to be dropped off at a service station (nearest to the insured's place) where their surveyor assesses the damage. You are given a cost estimate and how that will be split between the insurer and you. Once the car has been repaired, the insurer clears its part of the bill (in the case of cashless claims) directly with the service station. According to industry professionals / brokers we spoke with, irrespective of whether you bought the insurance policy as part of the dealer's tie-up with an insurer or independently on your own, it makes no difference to the claims process.

(The writer is Maulik M.)

TOP

CROP INSURANCE

Rs 2,216 crore sanctioned as advance crop insurance for distressed farmers: minister – UNI India – 11th December 2023

Agriculture Minister Dhananjay Munde on Monday informed in the Maharashtra Assembly that about 52 lakh farmers from 24 districts in the state have been granted advance crop insurance of Rs 2,216 crore as 25 percent of the loss they have suffered due to various natural calamities, including failure of rain during the kharif season, under Pradhan Mantri Pikvima Yojana. Out of total amount, Rs 1,690 crore had been distributed till this morning and about Rs 634 crore was being distributed at a fast pace, he said while replying to a question during the Question Hour.

TOP

REINSURANCE

AM Best revises India's non-life insurance segment to Stable from Negative – Reinsurance News – 9th December 2023

Global credit ratings agency AM Best is revising the outlook on India's non-life insurance segment to Stable from Negative. The agency cited a number of factors towards the outlook. This includes: robust growth potential, driven by economic development and rising insurance demand, recent regulatory developments that streamline product development process and support better cost optimisation, as well as enhanced financial flexibility following recent developments to improve access to capital.

But, despite the change in outlook, downside risks remain: notwithstanding rate improvements, underwriting margins are expected to remain constrained by excessive market competition, price inadequacy, and increase in reinsurance costs, however investment returns are likely to remain a strong contributor to overall earnings. However, despite underwriting challenges in a competitive landscape, the segment is said to have robust growth potential, which is supported by favourable regulatory developments and enhanced financial flexibility.

According to the agency, insurers now have new options in issuing capital, including the issuance of preference shares and subordinateddebt without first obtaining approval from the Insurance Regulatory and Development Authority of India (IRDAI). It is important to note that this change not only diminishes the level of regulatory overhead to access additional debt and equity capital, but it also provides for faster fundraising to strengthen capital adequacy to meet liquidity needs if necessary.

In addition, further growth in the non-life segment is likely to be supported by regulatory moves to speed up the product development process, increase insurance penetration and promote financial inclusion, all of which is part of the IRDAI's vision of "Insurance for All" by 2047. Chris Lim, associate director, AM Best, commented: "With the process of getting new product offerings to market expedited, insurers will be able to more quickly capture niche segments. Companies also will be able to reprice products according to their loss experience more effectively and raise rates in a timely manner should loss experience be worse than expected."

Meanwhile, Best also expects underwriting margins to remain constrained by excessive market competition, price inadequacy and increased reinsurance costs, although investment returns are likely to remain a "strong contributor" to overall earnings. A disappointing underwriting performance across the segment's two largest lines – health and motor – remains a drag on overall profitability. Lastly, health insurance claims have also witnessed a decline in the aftermath of the COVID-19 pandemic; however, loss experience has yet to recover to pre-pandemic levels and remains challenged by medical inflation.

In response, insurers have raised premium rates in recent periods, with rate increases for the larger players reportedly sitting around 10% – 25% on average in FY2023. However, looking past these negative pressures on India's non-life market, recent trends underscore insurers' abilities to remain resilient and navigate through challenges, notwithstanding downside risks.

TOP

SURVEY AND REPORTS

India's 95 percent Population Uninsured, 73 percent Lack Health Coverage: Report – Business Standard – 15th December 2023

As much as 95 per cent of the country's population do not have natural catastrophe insurance despite the government and the insurance regulator's efforts to expand coverage, National Insurance Academy said in a report, which was released on Thursday. Unveiling the report, Irdai Chairman Debasish Panda urged the industry to emulate steps that led to the massive success of the UPI, opening of bank accounts, as well as mobile penetration.

Panda said a compulsory natural calamity insurance in high-risk regions -- as recommended in the report -- is needed if the country wants to achieve insurance for all by the time the nation completes a hundred years as a republic. According to the report, 95 per cent of the country's population of 144 crore does not have natural catastrophe insurance.

The high prevalence of lack of insurance coverage assumes importance in the light of the increase in the number of natural calamities and other climate-related disasters to hit the country. Further, it said 84 per cent people from low- and middle-income categories, and 77 per cent from coastal regions, tier-2, and tier-3 cities, lack property insurance. The report also called for compulsory crop insurance for farmers who have taken bank loans, supported by premium financing from microfinance institutions and agri-input suppliers.

Giving category-specific insurance gap, the report said currently, annuity and pension protection gap is at a high of 93 per cent. There is an 87 per cent protection gap on life insurance, which presents a huge business opportunity, the report said. On health insurance, the report said 73 per cent of the population is uncovered, and called for collaboration between government, NGOs, and industry groups to create micro health insurance with simplified products.

Pension and annuity coverage also lags with just 24 per cent enrolled in employee retirement schemes. Notably, low-income individuals and lower-middle-income segments exhibit a meagre 14 per cent and 25 per cent penetration, respectively, as per the report. Cyber protection gap is rapidly expanding across sectors due to increased exposure, higher digital usage, and growing connectivity and 62 per cent of customers looking to protect their cyber risk, it said. The National Insurance Academy was established in 1980 in Pune and has since become the preeminent centre for executive training, research and study on insurance, pensions, and related disciplines across Africa, and the Middle East, and Southeast Asia, apart from the country.

TOP

High premiums prevent 3 out of 10 people from buying health insurance, survey finds – Mint – 13th December 2023

Three out of ten individuals do not purchase health insurance due to the high premiums associated with it, according to a recent survey conducted by Pristyn Care. Furthermore, the research revealed that approximately 34% of individuals lack awareness about the various options available for health insurance.

Increase in health insurance purchases and limits post-pandemic

Interestingly, the survey also found that around 45% of people opted to purchase health insurance after the pandemic hit, emphasising the importance of having coverage during uncertain times. In addition, approximately 42% of respondents increased their insurance limits, highlighting the growing recognition of the value and necessity of health coverage.

Belief in cost-effective medical procedures, yet preference for metros

More than 60% of individuals expressed confidence in the affordability of medical procedures in India. However, despite this perception, 5 out of 10 patients residing in tier 2 and 3 cities still travel to metros in search of better treatment options. When asked about areas of improvement in the healthcare system, 30% of respondents stressed the need for more affordable medical treatments, while 24% emphasised the importance of improving the quality of healthcare professionals, as per survey.

Satisfaction with surgical care accessibility in metro cities

On a positive note, the survey revealed that 7 out of 10 respondents residing in metro cities reported being satisfied with the current accessibility of surgical care in their respective areas.

India's commitment to affordable and accessible healthcare

Despite global challenges, the government's approach through Health and Wellness Centres (HWCs) and the Pradhan Mantri Jan Aarogya Yojana (PMJAY) has successfully made quality healthcare accessible and affordable for millions of people, survey reveals.

TOP

44% of households experiencing rise in health-related expenses, says survey – Live Mint – 8th December 2023

Health-related expenses have seen a significant boost, with 44% of families reporting increased spending on items like vitamins, tests, and healthy food, according to the latest report on the India Consumer Sentiment Index (CSI) by Axis My India. One of the significant findings from the survey reveals that overall household spending has increased for 58% of families, indicating a positive trend in consumption. However, while the overall score dipped slightly from last month, it remains at a healthy +50, showcasing the continued growth in household spending.

Spending on essential items, such as personal care and household items, has increased for 49% of families. This reflects a growing emphasis on self-care and maintaining a comfortable living environment. With a surge in spending on essentials, the net score for this category has risen to +34, indicating a favourable sentiment among consumers. On the other hand, spending on non-essential and discretionary products, such as air conditioners, cars, and refrigerators, has seen a slight increase among 15% of families.

This suggests an inclination towards luxury and lifestyle upgrades among a segment of Indian consumers. Nevertheless, the majority (79% of families) have maintained their consumption levels, indicating a cautious approach towards discretionary spending. In terms of media consumption habits, 23% of families reported increased consumption of media platforms such as TV, the internet, and radio. This suggests a growing reliance on digital platforms for entertainment, information, and connectivity. The net score for media consumption has risen to +2, indicating a positive shift in this area. Moreover, the December net CSI score, which measures the overall sentiment of Indian consumers, stands at +9.9, indicating a positive increase from the previous month. This score is calculated by subtracting the percentage decrease in sentiment from the percentage increase. The positive growth in consumer sentiment further validates the observations of increased spending and financial security reported by 46% of households. Lastly, the report highlights mobility patterns among Indian households. While the majority (78% of families) have maintained their mobility levels, 8% have reported an increase. This indicates a slight upward trend in mobility, possibly influenced by factors like improved transportation infrastructure or changing work and lifestyle preferences. However, the net score of -5 suggests that the overall sentiment towards mobility remains largely unchanged.

(The writer is Deepika Chelani.)

TOP

INSURANCE CASES

Insurance firm cannot decide if patient needs physiotherapy or not – The Times of India – 12th December 2023

It's wrong on the part of an insurance company to consider someone undergoing physiotherapy as prescribed by a doctor as an 'outdoor patient' and reject the bills, the Navsari District Consumers Dispute Redressal Commission (CDRC) has ruled while granting relief to a 66-year-old Parkinson's disease patient. The commission ordered the state-run United India Insurance Company Ltd to reimburse Rs 47,500 physiotherapy bills to the Navsari resident, who underwent physiotherapy sessions for 10 months starting February 29, 2020. Dinyar Gazdar, who had a group insurance policy of Rs 3 lakh for a year starting November 1, 2019, was diagnosed with Parkison's disease by a doctor at Mumbai's Lilavati Hospital in January 2020. He was admitted there as an indoor patient for two days.

Following the doctor's advice and prescription, Gazdar went to Navsari's INS Rehab Physiotherapy Centre from February 29 to December 17, 2020, for treatment. He paid Rs. 47,500 for the treatment during this period and submitted a claim with the insurance firm. The company, however, rejected the bills on grounds that the physiotherapy was given as 'outpatient' treatment, and therefore it cannot be approved. Gazdar moved the CDRC on January 11, 2023.

'Firm can't intervene in doctor's advice'

It was also argued by the insurance firm that Dinyar Gazdar did not produce the documents as asked for by the third-party administrator (TPA). Gazdar argued that physiotherapy was unavoidable according to the doctor. The commission observed that physiotherapy was unavoidable and there was no question of taking this treatment as an indoor patient. It also observed that the insurer has not been able to prove that Gazdar did not need physiotherapy, the doctor had wrongly prescribed the treatment or he had not gone for any physiotherapy.

"So the firm cannot intervene or make assumptions in the treatment taken as per the doctor's advice," the commission said in its order. "A certificate of a doctor which prescribes physiotherapy was also produced. So, only a doctor and not the insurance firm or TPA can decide on the treatment and related exercises after the indoor treatment."

TOP

Insurance company to pay compensation to customer whose bike caught fire – The Hindu – 11th December 2023

Virudhunagar District Consumer Disputes Redressal Forum has directed the manager of The New India Assurance Company to pay ₹40,000 towards compensation for a two-wheeler that was destroyed in fire and ₹10,000 fine for causing mental agony to the customer by delaying the payment of compensation. In an order dated December 7, forum president S.J. Chakkravarthi and member M. Muthulakshmi also directed the insurance company to pay ₹10,000 towards the litigation expenses. The petitioner, R. Kannan of Pallapatti, said his two-wheeler went up in flames when he was riding it in May 2022. Along with the vehicle, its original certificates were also destroyed.

After the fire, he alerted Sivakasi East police and Sivakasi fire station. When he submitted the claim form seeking compensation of ₹39.200, the insurance company delayed the payment of insured declared value of ₹40,000 as the petitioner did not submit the fire report issued by the fire station and certificate of cancellation of registration of the destroyed vehicle. Later, the insurance company got these certificates, but did not make the payment of compensation for one year.

TOP

Lok Adalat settles claim of `81 lakh for man’s death in road accident – The Pioneer – 11th December 2023

A ‘Lok Adalat’ held at Belapur in Maharashtra’s Thane district has brought about a settlement of Rs 81 lakh between the family of a man who died in a road accident in 2017 and the offending vehicle’s insurer, a court official said on Sunday. This is the highest amount of settlement at the Belapur Motor Accident Claims Tribunal (MACT), the official claimed, after the settlement was reached on Saturday. Nilesh Shambaji Shivsharan (32), who worked as a senior associate with a private company, died after a taxi he was travelling in dashed against another vehicle on Mulund-Airoli road on October 29, 2017, his family told the tribunal

The claimants, comprising the man’s wife, mother and minor son, told the MACT that he earned a salary of Rs 45,223 per month. They worked out a claim of Rs 1 crore for his accidental death. The owner of the taxi and its insurance company were named as respondents in the claim. During the Lok Adalat held on

Saturday, a settlement was reached in the presence of District and Additional Sessions Judge PS Vithalani for the payment of compensation of Rs 81 lakh by the vehicle's insurer to the man's family, the official said. Meanwhile, an accident claim related to the death of a contractor from Palghar was settled for Rs. 78,50,000. Janardan Patil was killed after the driver of the car he was travelling in hit a tree in Gokul Wadi on July 24 last year. The panel was told his monthly income at the time of Rs 50,997 per month while his age was 34.

The claim by Pooja Janardan Patil (31), Manasvi (08), Shravani (05), Sudam Patil (61) and Mangala Sudam patil (49) was for Rs 1.19 crore. The settlement was reached between the claimants, represented by advocate Sachin Mane, and the Tata AIG General Insurance Company Limited, represented by advocate Balaji Umate.

TOP

Bank held liable for delay in insurance purchase – Business Standard – 10th December 2023

Saraswati Paul had applied to the State Bank of India, Radhanagar Branch, for a loan for her grocery business. A loan of Rs 8.99 lakh was sanctioned on March 28, 2008. The terms of the loan stipulated that insurance coverage was necessary to cover risks to goods and property pertaining to the business. On February 6, 2009, the bank debited Rs 2,892 from Saraswati's account for payment of premium to obtain two Standard Fire and Perils Policies from New India Assurance Co. These policies were valid from February 9, 2009, to February 8, 2010. On January 5, 2009, the truck carrying items related to her grocery business met with an accident, resulting in a loss of goods worth about Rs 6 lakh. As the accident had occurred on January 5, 2009, prior to the issuance of the policies on February 9, 2009, the loss was not covered by the insurance company. Saraswati defaulted in repayment of the loan due to the loss incurred as a result of the accident. The bank issued a demand notice to recall the entire loan of Rs 8.99 lakh, along with interest, and later filed a money suit before the civil judge (senior division) at Nadia. Saraswati then filed a consumer complaint before the Nadia District Consumer Forum alleging that the bank had been deficient in rendering services to her by failing to obtain insurance coverage in time. She claimed an amount of Rs 6 lakh along with interest and damages. The District Consumer Forum dismissed the complaint by upholding the bank's contention that it was Saraswati's duty to obtain the insurance policy and that the consumer complaint was filed merely in retaliation for the suit filed by the bank against her.

Saraswati challenged the order before the West Bengal State Commission. The bank contested the appeal. It questioned the maintainability of the complaint on the ground that there was no evidence to show that Saraswati was conducting the grocery business to earn her livelihood. It pointed out that commercial disputes are beyond the purview of the Consumer Protection Act. The bank also stated that it was Saraswati's duty to obtain insurance coverage. Saraswati pointed out that the bank had taken an application from her on May 29, 2008, authorising it to deduct the premium from her account for obtaining the insurance policies. She argued that after the bank had obtained the authorisation, it was duty-bound to obtain the policy in time but had failed to do so for several months. The premium was deducted from Saraswati's account much later on February 6, 2009, and the policy was belatedly obtained on February 9, 2009, due to which the loss occurring on January 5, 2009, was not covered as there was no policy in force on that date.

The State Commission allowed the appeal and held the bank liable for deficiency in service. The bank challenged this order in revision. The National Commission observed that despite the bank having taken the authorisation to collect the premium from Saraswati's account for purchasing the policy, it had delayed collecting the amount and remitting it to the insurer for buying the policies. Hence, it held the bank liable for the loss caused due to the non-existence of insurance coverage when the incident occurred. Accordingly, by its order of December 4, 2023, delivered by Subash Chandra, the National Commission concluded that there was a deficiency in service rendered by the bank and that it had rightly been held liable by the State Commission. Consequently, it upheld the State Commission's decision in Saraswati's favour and dismissed the bank's revision petition.

TOP

Insurance firm fined for refusing mediclaim – The Tribune – 8th December 2023

The Permanent Lok Adalat, Kapurthala, led by chairman Mukesh Bansal and members Dr Manjit Kaur and Dr Upasana Verma, has directed Religare Health Insurance to pay Rs 3 lakh claim money to the applicant, Kavita Aggarwal, within next two months. The court also mandated an interest rate of 9 per cent per annum from July 2, 2017, until the actual realisation of the payment.

The case revolves around the demise of Kavita Aggarwal's husband, Sunil Aggarwal, who held a medical insurance policy with Religare. He fell ill and sought treatment at Patel Hospital in Jalandhar. He was admitted there from June 14 to June 21, 2017, and subsequently from July 2, 2017, until his death on July 3.

Upon approaching Religare officials for assistance with the medical expenses, Kavita Aggarwal faced refusal, citing her husband's condition as critical illness. Despite her efforts for an amicable settlement, the insurance company later denied the claim, alleging Sunil Aggarwal's alcoholism and chronic smoking as reasons. In response, Kavita, represented by advocate Anuj Anand, filed a case in the Permanent Lok Adalat. The respondents contested the case, asserting that Sunil was a chronic smoker, a claim they failed to substantiate.

Following a thorough examination of documentary evidence and arguments from both parties, the Lok Adalat Bench concluded that the applicant was rightfully entitled to the claim. Consequently, the court ordered Religare Health Insurance to disburse Rs 3 lakh to Kavita Aggarwal within two months, in addition to Rs 50,000 for causing mental agony and harassment and Rs 11,000 as litigation expenses. The court emphasised that failure by the respondents to make the payment within the stipulated two months would result in the applicant being obligated to pay the entire amount, including litigation expenses, with an increased interest rate of 12 per cent, enforceable through legal execution.

TOP

PENSION

Net new women EPFO subscribers addition rises to 28.69 lakh in FY23 – Business Insider – 14th December 2023

Retirement fund body EPFO recorded a net new women subscribers addition of 28,69,688 in FY23 against 15,93,614 in 2019-20, showing a rise in employment through the pandemic, Parliament was informed on Thursday. The net addition in Employees' Provident Fund Organization (EPFO) subscriptions is an indicator of the extent of job creation/formalisation of the job market and the coverage of social security benefits to the organised/ semi-organised sector workforce, said Minister of State for Labour & Employment Rameshwar Teli in a written reply to the Rajya Sabha.

Teli explained that the EPFO data covers the low-paid workers in medium and large establishments of the formal sector. According to the reply, the net addition in women EPFO subscribers increased from 15,93,614 in 2019-20 to 28,69,688 in 2022-23. The net women EPFO subscribers addition was 13,98,080 in 2020-21 and 26,18,728 in 2021-22. Teli also informed the House that the estimated female unemployment rate (UR) on usual status for persons of age 15 years and above in the country declined to 2.9 per cent in 2022-23 from 4.2 per cent in 2019-20, as per the Periodic Labour Force Survey (PLFS). It was 3.5 in 2020-21 and 3.3 in 2021-22.

The data indicates that the labour force indicators in 2022-23 for women are better than the pre-Covid period, the minister told the House. Teli said the estimated female worker population ratio (WPR) increased to 35.6 per cent during 2022-23 from 28.7 per cent in 2019-20, which shows that female employment in the country has an increasing trend. Employment generation, coupled with improving employability, is the priority of the government, Teli said, adding that the government has taken various steps to increase employability in the country, including women's participation in the labour force and quality of their employment.

A number of protective provisions have been incorporated in the labour laws for equal opportunity and congenial work environment for women workers, he stated. The Code on Social Security, 2020, has provisions for enhancement in paid maternity leave from 12 weeks to 26 weeks, provision for mandatory creche facility in establishments having 50 or more employees, permitting women workers in the night shifts with adequate safety measures, etc. The Code on Occupational Safety, Health And Working Conditions (OSH), 2020, has provisions for the employment of women in aboveground mines, including opencast workings has been allowed between 7 pm and 6 am and in below-ground working between 6 am and 7 pm in technical, supervisory and managerial work, where continuous presence may not be required.

The Code on Wages 2019 has provisions that there shall be no discrimination in an establishment or any unit thereof among employees on the grounds of gender in matters relating to wages by the same employer in respect of the same work or work of a similar nature done by any employee. Further, Teli stated that no employer shall make any discrimination on the grounds of sex while recruiting any employee for the same work or work of a similar nature in the conditions of employment, except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force. To enhance the employability of female workers, the government is providing training to them through a network of Women's Industrial Training institutes, National Vocational Training Institutes and Regional Vocational Training Institutes. All these initiatives are expected to collectively generate employment in the medium to long term through multiplier effects, the minister stated.

TOP

Old Pension Scheme to restrict states' capacity to undertake development activities: RBI – Economic Times – 13th December 2023

Sounding a note of caution, a Reserve Bank report has said that reverting to the DA-linked Old Pension Scheme (OPS) will exert huge pressure on state finances and restrict their capacity to undertake developmental expenditure. The Reserve Bank's report on 'State Finances: A Study of Budgets of 2023-24' also said the provision of non-merit goods and services, subsidies, transfers and guarantees will render their fiscal situation precarious. The governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh have informed the central government and Pension Fund Regulatory and Development Authority (PFRDA) about their decision to revert to OPS for their state government employees.

These state governments have requested for withdrawal/ refund of contribution, along with return thereon, the finance ministry has recently informed Parliament. The central bank's report said the return to the Old Pension Scheme by a few states, and reports of some other states moving in the same direction would exert a huge burden on state finances and restrict their capacity to undertake growth-enhancing capital expenditures. "Internal estimates suggest that if all the state governments revert to OPS from the National Pension System (NPS), the cumulative fiscal burden could be as high as 4.5 times that of NPS, with the additional burden reaching 0.9 per cent of GDP annually by 2060," the report said.

This, the report said, will add to the pension burden of older OPS retirees whose last batch is expected to retire by early 2040s and, therefore, draw pension under the OPS till the 2060s. "Thus, any reversion to OPS by the states will be a major step backwards, undermining the benefits of past reforms and compromising the interest of future generations," it said. The report noted that some states have budgeted for fiscal deficits exceeding 4 per cent of GSDP in 2023-24 against the all-India average of 3.1 per cent. They also have debt levels exceeding 35 per cent of GSDP against the all-India average of 27.6 per cent.

"Any further provision of non-merit goods and services, subsidies, transfers and guarantees will render their fiscal situation precarious and disrupt the overall fiscal consolidation achieved in the last two years," it said. According to the report, the improvement achieved in state finances in 2021-22 was sustained in 2022-23, with the combined states' gross fiscal deficit (GFD) contained at 2.8 per cent of gross domestic product (GDP) - below the budget estimates for the second consecutive year - primarily through a reduction in the revenue deficit.

TOP

Interim Budget may indicate plan to tweak NPS – Financial Express – 13th December 2023

The Centre may give a peek into its plan to improve pension benefits for its staff within the overall framework of the National Pension System (NPS) in the interim Budget on February 1. The plan, according to sources, may include a guarantee component that is carefully designed, not to cause any unsustainable fiscal burden. The government had set up a panel headed by Finance Secretary TV Somanathan in March this year to suggest ways to increase pension benefits under NPS for the government staff without reverting to the fiscally disastrous old pension system (OPS).

Since the Committee formed in the budget session, the finance minister may refer to the status of its work in February budget speech. Since it will be an interim budget the government will likely make the necessary changes in NPS in the regular budget in July. While the panel’s suggestions are yet to be revealed, analysts who track NPS said the way forward would be to strike a balance between the interest of the employees while maintaining fiscal prudence. They said a guarantee component, which is graded, meaning guarantees to be proportionate to years in service is a possibility.

The government will take some time before announcing measures to NPS improve pensions under NPS. “The government is in no hurry. Changes in NPS would be well thought through to make it sustainable,” an official said. While there were expectations that the government could announce some tweaking in NPS in November ahead of key state assembly elections, it resisted the temptation as OPS was no longer a hot potato. Even after rolling out OPS, Congress lost polls in Rajasthan and Chhattisgarh, underscoring the limitations of it to lure voters as the share of government employees in the electoral base is very small.

Under the non-contributory OPS (for pre-2004 staff), a government employee is entitled to 50% of her last salary as a pension if she has completed 20 years of uninterrupted service. Employees with uninterrupted service of more than 10 years and less than 20 years are entitled to pension on a pro-rata basis. Also, their pension gets inflation-adjusted twice a year. According to extant NPS norms, a minimum of 40% of the accumulated NPS corpus from contributions during a person's working years (the government and staff contribute 14% and 10% of pay, respectively) must be invested in annuities to generate a monthly pension, which is linked to annuity returns and not guaranteed. The balance of 60% can be withdrawn, which is tax-free. Given the substantially higher pensionary benefits under OPS, the government staff have been demanding guaranteed pensions similar to OPS. The high pension burden was the reason, the Centre launched NPS by making it contributory.

RBI report cautions against OPS

In a report, the Reserve Bank of India on Monday said the return to the OPS by a few states and reports of some other states moving in the same direction would exert a huge burden on state finances and restrict their capacity to undertake growth-enhancing capital expenditures. Internal estimates by the RBI suggest that if all the State governments revert to OPS from the National Pension System (NPS), the cumulative fiscal burden could be as high as 4.5 times that of NPS, with the additional burden reaching 0.9% of GDP annually by 2060. "Thus, any reversion to OPS by the States will be a major step backwards, undermining the benefits of past reforms and compromising the interest of future generations," it added.

(The writer is Prasanta Sahu.)

TOP

Old Pension Scheme: If old pension is restored, the budget of the states will deteriorate, the burden will increase by 4.5 times – Navbharat Times – 11th December 2023

The demand for implementing the Old Pension Scheme in the Center and the States is gaining momentum. Several opposition-ruled states have decided to restore OPS. Meanwhile, an RBI report says that reinstatement of OPS will increase states' spending by 4.5 times compared to NPS. OPS will bring the additional burden to 2060.0 percent of GDP annually by 9. However, the central government has clarified that it has no proposal to restore the OPS. The OPS was abolished by the Atal Bihari Vajpayee government in December 2003. Subsequently, the National Pension Scheme was implemented which became effective from April 2004, 2023.

The RBI's report 'State Finances: A Study of Budgets of 24-4' released on Monday said, "According to internal estimates, if all states restore OPS, the government's financial burden could increase 5.2060 times compared to NPS." OPS will bring the additional burden to 0.9 percent of GDP annually by 2040. It is expected that the last batch of OPS will retire in the early 2060s and continue to receive pension under OPS till the <>s.

Financial burden

The report said that some states have restored OPS and some other states are moving in this direction. This will put a huge financial burden on the states and they will not be able to spend on development works. So the restoration of OPS will be a step backwards. This will destroy the benefits of past reforms and hurt the interests of future generations. The governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab and Himachal Pradesh have restored the OPS. In OPS, fixed pension is available up to 50% of the last basic salary at the time of retirement, while in NPS, there is no guarantee of fixed pension at the time of retirement.

TOP

No proposal under consideration to revert to Old Pension Scheme, says FinMin – The Hindu Business Line – 11th December 2023

The Centre informed the Lok Sabha on Monday that there is no proposal to date to consider restoring the Old Pension System (OPS) for its employees. It also reiterated that the law does not permit refunding the back-accumulated money of employees to the State government in case of going back to OPS.

"There is no proposal under consideration of the Government of India for the restoration of the old pension scheme in respect of Central Government employees recruited on or after 01.01.2004," Minister of State in the Finance Ministry Pankaj Chaudhary said in a written reply in Lok Sabha. However, he admitted that Representations have been received from time to time, which include the request for the restoration of the old pension scheme.

He added that a committee has been set up under the chairmanship of the Finance Secretary to look into the issue of pensions under the National Pension System with respect to government employees and to, inter alia, examine whether, in the light of the existing framework and structure of the National Pension System (NPS), as applicable to government employees, any changes therein are warranted.

OPS and NPS

OPS is a defined pension scheme where employees get half of their last drawn salary as a pension. Also, dearness relief (DR) is revised twice a year, similar to dearness allowance (DA) for serving employees. The employee is not required to make any monetary contribution during his service period for pension. This scheme is available to all government officers/employees joining service on or before December 31, 2003, and to army personnel joining even now.

The NPS (National Pension System) is a defined-contribution pension scheme. Here, all government officers/employees are required to contribute 10 per cent of their salary (basic and DA), while up to 14 per cent is contributed by the government. A pension is given on the basis of funds accumulated during the service period. No DR is applicable under the NPS. Barring West Bengal, all States joined the NPS. However, Rajasthan, Jharkhand, Punjab, and Himachal Pradesh announced reverting to OPS.

Chaudhary said that as of March 31, 2023, the total number of Central Government pensioners was around 68 lakh, including defence pensioners. However, there is no data available with the Centre about pensioners in the States. The Minister also said that the State governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab, and Himachal Pradesh have informed the Central Government/Pension Fund Regulatory and Development Authority (PFRDA) about their decision to revert to the Old Pension Scheme (OPS) for their State government employees.

These State governments have requested the withdrawal or refund of contributions along with their returns. However, the Government of Punjab has also informed the Government of India that it continues to pay staff and government contributions to the NPS.

'No provision'

"There is no provision under the PFRDA Act, 2013, read along with the PFRDA (Exits and Withdrawals under the National Pension System) Regulations, 2015, and other relevant Regulations, vide which the accumulated corpus of the subscribers, viz., government contribution and employees' contribution towards NPS, along with accruals, can be refunded and deposited back to the State governments," the minister concluded.

(The writer is Shishir Sinha.)

TOP

EPFO invested Rs 27,105 crore in exchange trade funds in April to October, says Labour Ministry – The Telegraph – 11th December 2023

Retirement fund body Employees' Provident Fund Organisation (EPFO) has invested Rs 27,105 crore in exchange-traded funds (ETFs) during the current fiscal till October, Parliament was informed on Monday. EPFO had invested Rs 53,081 crore in the ETFs during the fiscal 2022-23, higher than Rs 43,568 crore in 2021-22, Minister of State for Labour and Employment Rameshwar Teli said in a written reply to the Lok Sabha.

The reply showed that the EPFO has invested Rs 27,105 crore in the ETFs so far in the current fiscal 2023-24 till October 2023. The body had invested Rs 14,983 crore in ETFs in 2016-17, Rs 24,790 crore in 2017-18, Rs 27,974 in 2018-19, Rs 31,501 crore in 2019-20 and Rs 32,071 in 2020-21, according to the reply. Teli explained to the House that the EPFO does not invest directly in individual stocks, including stocks of any blue-chip company.

EPFO invests in equity markets through ETFs, replicating BSE-Sensex and Nifty-50 indices, Teli said. It has also invested from time to time in ETFs constructed specifically for disinvestment of shareholding of the central government in body corporates, he informed the House. The body invests funds as per the investment pattern notified by the government, he stated. The total corpus of various funds managed by the EPFO as of March 31, 2022, was Rs 18.30 lakh crore, out of which 8.70 per cent is invested in ETFs and 91.30 per cent are in debt investments, including Public Account of India.

The EPFO started investing in the ETFs (exchange-traded funds) in August 2015. Except for the headline, this story has not been edited by The Telegraph Online staff and has been published from a syndicated feed.

TOP

Old pension scheme to be 4.5 times costlier than the new one – The Economic Times – 11th December 2023

Any move by states to shift to the old pension scheme (OPS) would raise their fiscal burden by 4.5 times their expenditure under the NPS retirement benefits, according to the Reserve bank of India estimates made in study of state government budgets. “ Internal estimates suggest that if all the State governments revert to OPS from the National Pension System (NPS), the cumulative fiscal burden could be as high as 4.5 times that of NPS, with the additional burden reaching 0.9 per cent of GDP annually by 2060” said the report titled “ State Finances: A Study of Budgets of 2023-24” released on Monday.

These estimates assume significance as a few state governments, mostly from the opposition parties in the centre, have made electoral promises of returning to the old pension system. This will add to the pension burden of older OPS retirees whose last batch is expected to retire by early 2040s and, therefore, draw pension under the OPS till the 2060s. “To start with, the return to the Old Pension Scheme (OPS) by a few States and reports of some other States moving in the same direction would exert a huge burden on State finances and restrict their capacity to undertake growth enhancing capital expenditures”, the report said. “Thus, any reversion to OPS by the States will be a major step backwards, undermining the benefits of past reforms and compromising the interest of future generations”.

Going forward, there is a need for scaling up fiscal capacity for uninterrupted and efficient delivery of social, economic and general services to the people and for upgrading the quality of physical and human capital, RBI said. GST implementation has led to greater formalisation of the economy.

And it is important from the point of view of expanding the tax base, without unduly raising the tax burden. The central bank has also called for Improvement in tax administration, including data analytics to curb tax evasion, which will likely augment the fiscal capacity of the States.

(The writer is Gayatri Nayak.)

TOP

IRDAI CIRCULAR

Circular	*Reference*
Insurance claims relating to Cyclone Michaung and subsequent heavy rains / floods	https://irdai.gov.in/document-detail?documentId=4238645

TOP

GLOBAL NEWS

Australia: Regulators to watch life companies' pricing decisions, marketing and product design in 2024 – AIR – 15th December 2023

The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) said yesterday that in the next 12 months, they would monitor the progress of life companies in meeting regulatory, consumer and community expectations of pricing decisions, marketing and disclosure, as well as product design, to deliver better consumer outcomes.

In monitoring progress, the regulators will consider whether any regulatory action is needed if their expectations are not met, APRA and ASIC said in a letter to life insurers and friendly societies (collectively called life companies) which responds to the life companies' reviews of past premium increases and disclosure and marketing materials.

Expectations
The regulatory expectations of life companies going forward are, namely, to:

- have sound risk management and compliance assurance around re-rating practices and ensure any contract terms allowing for premium increases are transparent and not unfair;
- clearly explain how premiums are calculated and may change over the life of the policy; and
- design and price life insurance products factoring in consumers' need for premium stability.

Observations
APRA and ASIC have made the following observations that provide context for the actions life companies need to take about premium increases, marketing and disclosures and future product design.

Premium increases (re-rating base premiums)
Life companies conduct an annual experience investigation and then decide whether premiums are set at the right level to cover estimated future claims costs. This frequently leads to increases in base premium rates that are charged to consumers. This process is known as re-rating premiums.

Marketing and disclosures
Issues observed here include potentially misleading graphs about level premiums; a lack of details on why and how premiums would change; and a lack of transparency on duration-based pricing that reflected the assumption of increased claims as policyholders progress into later policy years.

Product design
Some life companies are considering the design of alternative products or features that offer better premium stability. However, life companies face difficulty in getting new products to market, particularly if they are more expensive than existing products.

Some insurers adopt broad descriptions of their target markets with insufficient consideration of consumers' need for premium stability. Life companies have generally not considered the need for premium stability as an element of a consumer's financial situation or premium structure as a key attribute of their products.

Next steps
APRA and ASIC say that life companies should examine their contracts to ensure that the terms about how and when premiums may change are transparent and not unfair. When making re-rating decisions, due consideration should be given to the consumer impact as part of the risk management framework. Life companies should ensure their disclosure and marketing materials and any other relevant communications are fit for purpose and help consumers to properly understand how their premiums may change.

Actions at industry level
APRA and ASIC wrote separately to the Council of Australian Life Insurers (CALI) asking what steps could be taken at an industry level to improve disclosure, including accurate premium labels, and to manage consumer expectations around premium increases.

CALI says that they are developing a new set of premium labels. The intention is for these to be adopted by industry for retail-advised policies by 1 July 2024. CALI is also developing guidance for life companies and financial advisers on disclosure and marketing materials that articulate the different premium types and when these might increase. The Life Insurance Code of Practice also requires life companies to explain how premiums may change at the point of sale and each policy anniversary.

TOP

Bangladesh: Bancassurance set to be launched next 1 March – AIR – 13th December 2023

Bancassurance is set to be launched in Bangladesh by 1 March 2024 which is National Insurance Day. The Finance Ministry on 3 December wrote to the Bangladesh Bank and the Insurance Development and Regulatory Authority (IDRA) to take the necessary measures to launch bancassurance soon. "The Ministry of Finance recently approved the modified directive," IDRA chairman Mohammad Jainul Bari told The Business Standard. He added that Insurance companies and banks might need 30-45 days to prepare themselves to commence the new distribution channel.

Three major non-life insurance branches — marine hull, marine cargo and fire insurance that account for over 80% of the non-life insurance premium — will be excluded from bancassurance as the Bangladesh Insurance Association (BIA) argues that insurers are not ready yet to distribute related products through the new channel. The regulator, the government and the insurance industry together finalised the framework for bancassurance in the middle of this year after a decade of talks.

According to the draft directives for bancassurance, an insurer can have up to three banks as its corporate selling agents while a bank, can be the agent of up to three insurance companies. Banks can earn an agency agent commission not more than the percentage allowed in insurance regulations.

There are over 11,200 bank branches across Bangladesh.

TOP

COI Training Programs

Mumbai – January - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	New Vistas in Life Insurance Underwriting	03-Jan-23	03-Jan-23	ClickHere	Register
2	Innovative learning & Development (L&D) Strategies for Life Insurance Industry	04-Jan-23	05-Jan-23	ClickHere	Register
3	Engineering Insurance - Operational Policies	04-Jan-24	05-Jan-24	ClickHere	Register
4	Principles of Valuation - Life	05-Jan-23	05-Jan-23	ClickHere	Register
5	Claims Management of Fire Insurance	11-Jan-24	12-Jan-24	ClickHere	Register
6	Health Insurance Management including Fraud Control	12-Jan-24	12-Jan-24	ClickHere	Register
7	Creating High performers in Banca Channel	15-Jan-23	15-Jan-23	ClickHere	Register
8	Customer Grievance, Insurance Arbitration, Ombudsman and Consumer Cases	15-Jan-24	16-Jan-24	ClickHere	Register
9	Miscellaneous Insurance Management	15-Jan-24	17-Jan-24	ClickHere	Register
10	Trade and Credit Insurance	16-Jan-24	16-Jan-24	ClickHere	Register
11	Crop Insurance – Focus: Horticulture, Floriculture, Plantations and Vegetable Insurance	17-Jan-24	18-Jan-24	ClickHere	Register
12	Understanding Bond Markets for Insurance Investments	22-Jan-23	23-Jan-23	ClickHere	Register
13	Consumer Grievances and Redressal Machinery	31-Jan-23	31-Jan-23	ClickHere	Register
14	Managing Project Insurance	01-Feb-24	02-Feb-24	ClickHere	Register
15	Corporate Finance & Post listing compliances	01-Feb-24	02-Feb-24	ClickHere	Register
16	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	05-Feb-24	10-Feb-24	ClickHere	Common
17	Motor Insurance (Own Damage) Workshop	05-Feb-24	07-Feb-24	ClickHere	Register
18	Cyber Security, Resilience and Cyber Claims	07-Feb-24	07-Feb-24	ClickHere	Register
19	Workshop on Soft Skills for team managers and team leaders	12-Feb-24	14-Feb-24	ClickHere	Register
20	Policyholders Service and Protection of Policyholders Interests for Life Insurance	15-Feb-24	16-Feb-24	ClickHere	Register
21	Market Segmentation and product placement – Non par products (ULIPs, Guaranteed maturity products and Annuities)	15-Feb-24	16-Feb-24	ClickHere	Register
22	Up-skilling teams on CRM	20-Feb-24	21-Feb-24	ClickHere	Register
23	Marine Hull & Energy Insurance-Underwriting & Claims	26-Feb-24	27-Feb-24	ClickHere	Register

Kolkata – January - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Emerging Trend in Motor OD Underwriting and Claims Handling - CT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register
2	Emerging Trend in Motor OD Underwriting and Claims Handling - CVT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register
3	Financial and Investment Management in Life Officers-CVT	12-Jan-24	12-Jan-24	ClickHere	Register
4	Managing Catastrophe Claims - CT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
5	Managing Catasrophe Claims - CVT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
6	Personal Tax planning & Life insurance - CT	22-Jan-24	22-Jan-24	ClickHere	Register
7	Learning Aviation Insurance-Bracing for the future - CT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
8	Learning Aviation Insurance-Bracing for the future - CVT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
9	Wealth accumulation through ULIP & Annuities - CVT	08-Feb-24	08-Feb-24	ClickHere	Register
10	Raising Effectiveness of Business Development Executives & Managers-CT	20-Feb-24	20-Feb-24	ClickHere	Register
11	Augmenting Women Power in Leadership - CT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register
12	Augmenting Women Power in Leadership - CVT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register

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