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QUOTE OF THE WEEK

"We are what our thoughts have made us; so take care about what you think. Words are secondary. Thoughts live; they travel far."

Swami Vivekananda

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Inland Marine Policy

Many may wonder why the word “marine” is used if most often the insured property is not at sea. One of the earliest types of insurance provided coverage for goods being transported internationally by sea, usually on an “all risk” basis. One of the next forms of insurance to develop was fire insurance, mostly for buildings, but this was often narrower coverage, for only specified perils.

As the need for new types of insurance arose, including insurance on the types of property now covered under inland marine policies, the fire insurers were reluctant to get involved, and were especially hesitant to offer the broader coverage provided by marine insurers. So, the marine insurers stepped into the void and began providing policies. As these insurers were already known as “marine” insurers, the new types of policies became known as “inland marine” policies.

In addition to what is listed above, equipment often covered by an inland marine policy includes:

- Computers.
- Photographic and video equipment.
- Art exhibitions.
- Golf equipment.
- Guns.
- Jewellery.
- Equipment used by caterers.
- Drugs carried by pharmaceutical representatives.
- Landscapers’ tools.
- Tradespeople’s tools.
- Equipment or tools at building sites.
- Goods in warehouses or repair shops.

INSURANCE INDUSTRY

Reasons why the phygital insurance model is growing popular in India – Business World – 16th November 2021

Insurance in India has been majorly driven by the traditional insurance model. Due to the traditional, branch led insurance model, insurance penetration over the years, has been majorly concentrated in the top 50-60 cities. The semi-urban, rural and smaller cities have remained underserved mainly because of the lack of proper insurance distribution.

The last five years has witnessed a gradual shift towards digital insurance in the country. Insurance companies, insurance aggregators, distributors have been joining the digital bandwagon to increase insurance distribution and consumer outreach. Coupled with Government’s ‘Digital India’ mandate; companies harnessed the digital arm to reform the way insurance is bought, sold and serviced in the country. The biggest boost was the Covid pandemic, which transformed the significance of digital insurance. The only positive aspect of Covid was consumer realization towards insurance and more importantly towards digital and contactless insurance. While digital was the beginning to the transformation of the Indian insurance sector, there was a quick realization that human intervention into insurance is equally important for increasing insurance awareness and penetration.

Thus, many companies adopted the phygital model, which is driven by contactless human interface (usually the insurance advisors), enabled through a digital platform. Phygital witnessed more success in terms of consumer outreach, connect and engagement, across all insurance categories. It helped insurance companies increase outreach to the smaller cities without insurance branches or offices. Here are some reasons to believe that phygital will be the key driving force for growth of insurance in the years to come.

Built of trust and credibility: Phygital model is driven by insurance advisors who reach out to consumers through the help of digital tools. This structured approach has helped insurance companies reach out to consumers compassionately, in the new frontier of contactless. While digital removes the challenges of insurance demand supply gap by removing the need for an insurance branch, it also bring in transparency, choice and best price through a simplified process; at the same time, digital human intervention helps consumers avail the right insurance products, support during the entire insurance evaluation & buying cycle, as well as ensuring quick and transparent claim settlements. This has invariably helped in building the much-needed consumer trust and relationship which a pure digital model may not be able to provide.

Insurance is contactless yet interactive- While digital has helped in making insurance contactless, phygital has been the key in personalizing consumer experience, making it interactive. Consumers today are looking at instant inputs to their insurance queries, unlike writing letters to insurance companies in the past. Insurance companies are organizing instant calls, chat facilities to help consumers solve their queries. Insurance companies have also integrated video interactions, virtual platforms, video marketing, voice assistance to make the entire insurance process interactive. Phygital has been successful in building virtual touch points for consumer service, giving consumers the assurance and reassurance of trusted insurance service.

Phygital is the innovative alternative to traditional insurance- Phygital model of insurance replicates what a traditional insurance branch offers. Phygital is providing the entire human experience of end-to-end insurance process in a digital crust. Consumers receive constant alerts and reminders in case of policy up gradations or renewals, notifications in case of any new announcement or ending of policy. While face to face insurance model involved lengthy processes, digitization helped in completing the same processes in half the time, that too from the comfort of the consumer's home. Consumers today also have the luxury of choosing insurance, from a host of options provided by different insurance companies- thanks to phygital.

The growing millennial audience: Changing consumer behavior is also a key to the success of the phygital insurance model. Millennials which comprise of close to 35% of India's population are tech-savvy and look for instant solutions. Whether it is the urban India or semi-rural or even rural India, millennials are getting acquainted with digital today. With the fast-paced inclusion of smart phones and cost-effective internet, India is estimated to have 900 million internet users by 2025. The majority of these 900 million users will be the millennials, who will become the key drivers of phygital insurance in the years to come.

InsurTech companies have harnessed the digital-led insurance advisor model for providing the quickest, hassle-free, instant insurance solutions. It is because of the boom in multiple innovative InsurTech models, that insurance has started reaching smaller towns and cities in the country. With this, consumers are receiving instant policies, without unnecessary paperwork or need for face-to-face meetings. Insurance companies are either adopting digital and/ or phygital or joining hands with InsurTech companies to leverage their consumer-friendly process and the ability to reach every nook and corner of the country.

(The writer is Devesh Rai.)

TOP

'Keep top-up premium recovered from staff out of GST' – The Economic Times 14th November 2021

A company recovering top-up insurance premium from employees and paying that to the insurance company should not face any goods and services tax implications, an authority for advance ruling has said.

The Maharashtra AAR ruling in an application filed by Tata Power said the recovery of insurance premium is not an activity done "in the course of business or for the furtherance of business" and hence, should be outside the gamut of GST.

AAR ruled that the company was merely paying the insurance premium amount to the insurance company and recovering the premium amount from its employees.

Against this, the company is taking input tax credit of the GST paid to the insurance company. "Non-providing of top-up insurance/parental insurance coverage will not affect applicant's business by any way," AAR said.

"This is a sagacious ruling likely to catch the eye of the industry, as authorities have adopted a plausible ground that recovery of insurance is not an activity done in course or furtherance of business," said Harpreet Singh, partner, indirect taxes, at KPMG India.

Many companies allow employees to buy top-up life or medical insurance over the cover they provide to them.

(The writer is Sachin Dave.)

TOP

LIFE INSURANCE

Covid Claims Impact Valuations of Life Insurers in Fiscal First Half - Financial Chronicle – 17th November 2021

Covid·19 death claims materially rose in the second quarter ended September 30, 2021 for life insurance companies, hitting their valuation. However, a buoyant capital market helped cushion the impact.

The overall impact on the embedded value (sum of the net asset value and present value or future profits of a life insurance company) due to creation of Covid-19 reserves varied across players in the range of around 1 to 5 percent as life insurance companies continued to set aside higher capital to meet future claims. However, with a gradual reduction in Covid-19 cases, analysts expect the reserves to be adequate and the capital position of private life insurers to remain robust.

For the country's largest private life insurer, ICICI Prudential Life Insurance, the total gross Covid claims stood at Rs 1,880 crore over April to September compared to HI (Rs 1,120 crore in QI) and claims net of reinsurance were Rs 860 crore (Rs 500 crore in QI). Total Covid provisions buffer was Rs 410 crore (Rs 500 crore in QI) towards future claims, including incurred but not reported claims.

"If claims remain within Rs 1,274 crore for the financial year, there would be no further impact on the profit and loss account of ICICI Prudential," said Yes Securities in a report. For SBI Life Insurance Covid claims stood at Rs 770 crore compared with Rs 570 crore in QI), while additional Covid reserve stood at Rs 270 crore as of September 21end.

Similarly, HDFC Life settled 2 lakh total claims over H1, with gross/net claims of Rs 3.640 crore Rs 2,470 crore versus Rs 1,600 crore/Rs 1,000 crore in Ql. As of HI, the company has unutilized reserves of Rs 200 crore to absorb potential future Covid-related claims (versus an excess mortality reserve of Rs 700 crore in QI). Total reserves made during Q2 stood at Rs 64 crore.

"Insurance companies reported strong value of new business growth on the back of high individual business on a low base and expansion in margins due to higher operating leverage and a favorable product mix. The impact of Covid claims was higher than initially envisaged, however; high investment variance helped offset the impact," said Kotak Securities.

"Reinsurance terms (for term insurance) have further tightened, depending on the treaty claim experiences of reinsurers with the particular life Insurers. It is worth noting here that led by higher claim cost in treaties (credit life portfolio and other group term portfolio especially), reinsurers have been hiking the reinsurance rates and tightening reinsurance terms for many private life insurers.

''This is reflected in term insurance price hikes taken by many players...

"Structurally, Covid-19 is going to have a positive impact on structural demand for mortality protection," said Avinash Singh of Emkay Global.

TOP

Get periodic premiums to boost your financial health with term insurance – DNA – 16TH November 2021

Premiums on **term insurance** have been looked at as a liability. The reason is that they have to be paid regularly by the life insured to continue his or her **term insurance** for the pre-decided time frame.

The financial health of a household keeps it excited to achieve all the desired goals in the future. Anything that hampers this desire is looked upon with a bad eye. **Term insurance** and every premium paid on it falls in a similar line. Since the premium on **term insurance** is paid frequently, families assume it hampers their financial health.

On the contrary, every premium paid on **term insurance** comes back to strengthen the financial health of the insured and his/her family members. This can be looked at in two ways. We will review both of them in this article. The first one deals with paying a premium towards **term insurance**, and the other deals with receiving the premium after the tenure of **term insurance** has matured.

Both ways will boost your financial health.

Get Periodic Premiums
Periodic premium towards term insurance serves as a huge benefit to plan your finances. This applies to your present and the future. Irrespective of what lifestyle you follow, your financial health will be boosted with periodic premiums paid or received towards term insurance.

1. Payment Frequency
The amount of premium that you pay for term insurance and the number of times you pay it determines how well you will be able to boost your financial health.

A premium on **term insurance** can be paid in four ways, namely monthly, quarterly, half-yearly, and annually. You may opt to pay a premium every month; however, it may turn out to be expensive as compared to other payment durations. A lot of it is covered in the terms & conditions of the **term insurance** that you finalize with the company or the agent.

The basic rule follows that a monthly premium on **term insurance** is expensive compared to the premium paid quarterly. The same applies to the **term insurance** with a premium duration of quarterly, which is more expensive than half-yearly. You can opt to pay the premium on **term insurance** once a year. This is known to be the most economical option.

In simple words, the fewer the number of times you pay the premium on **term insurance,** the lesser the overall cost you incur. Paying a premium four times a year on **term insurance** will prove to be more expensive than paying the premium on **term insurance** once a year. The most effective way to get the true value of your money is by opting to pay the premium once every year.

The cost, however, may still turn out to be a large number. You can boost your financial health by reducing the premium amount of **term insurance**. Since you pay less premium, you save more money that can be invested somewhere else. It is better to spread your investments, hence boosting your financial health.

You can get the premium on **term insurance** reduced by keeping yourself healthy and fit. Indulge in regular workout sessions. Your **term insurance** plan will fetch economic premiums also if you do not smoke and/or drink regularly. You are categorized as a serious smoker and/or drinker based on the medical test.

Another most popular way to boost your financial health is by getting a **term insurance** plan online. This eliminates the agent along with the commission, and you get a better premium amount for your **term insurance plan**.

Another most popular way to boost your financial health is by getting a term insurance plan online. This eliminates the agent along with the commission, and you get a better premium amount for your term insurance plan.

2. Complete Return

Your financial health plays an important role once you retire or once the tenure of a term insurance plan ends. This can be boosted by choosing a term insurance plan that guarantees the Return of Premium.

The concept of Return of Premium has started to trend in India. It works on a simple principle that states that all the amount paid towards the premium of term insurance during the tenure comes back to you after the tenure of term insurance has ended.

This acts as an additional income on top of the investments that you have planned for your future. Every rupee that you set aside in the form of a **term insurance** premium makes your **term insurance** a saving instrument.

The premium returned, however, comes with a deduction of Goods and Service Tax. The policy underwrites any additional premium paid by you during the tenure of the **term insurance**.

One of the important factors that make Return of Premium beneficial is that a few **term insurance** plans continue to commit to returning the premium even if you miss paying them during the tenure. Such **term insurance** plans are considered suitable for people who have irregular incomes.

The Terms and Conditions of such **term insurance** plans pre-determine that the ultimate coverage or benefits would reduce if the life insured misses paying the **term insurance** premium. The regular cash inflow post the maturity of the **term insurance** plan is still maintained but with lower benefits.

Apart from missing to pay the **term insurance** premium, you may, unfortunately, or unexpectedly, have to surrender the policy. In such an instance, you would still qualify to receive a portion of the premium paid by you towards the **term insurance** plan.

The **term insurance** premium paid towards the Return of Premium policy qualifies for tax exemption under section 80C of Income Tax Act, 1961, and 10 (10D) of the Income Tax Act. This further boosts your financial health while getting periodic **term insurance** premiums.

Choose a **term insurance** plan carefully. Take your time while reading all the Terms and Conditions of the **term insurance** plan. Certain plans offer protection from sunk costs as well. Remain on the lookout for such plans as they play a major role in boosting your financial health in every phase of your life.

TOP

How annuity plans can help secure the future of your parents – Financial Express – 16th November 2021

Your parents would have undoubtedly worked hard to fulfil all your life goals. They would have planned their finances and structured their investments in a way that the key milestones in your life could be smoothly achieved. Right from your school education and your graduation, to your wedding or even the launch of your own business, your parents would have backed you financially at every step of the way.

Now, as their child, you can work towards fulfilling their retirement goals. India's insurance sector gives the youngsters of today an opportunity to secure the future of their parents financially. An annuity plan, designed to secure a guaranteed stream or source of income post-retirement, can help your parents with a financial cushion after they've retired.

If you're starting to like this idea, let me help you understand annuity plans better, so you can decide on the right kind of annuity plan to gift your parents.

What are the types of annuity plans available to choose from?
If you're looking for an annuity plan for your parents, the insurance market in India offers a variety of options to choose from. At the broadest level, you can choose between immediate annuity plans and deferred annuity plans. Immediate annuities start to make the payouts right away, while in deferred annuity plans, the pay-outs are postponed to a future point in time.

How long will the annuity pay-outs last?
Annuity policies offer pay-outs that last throughout the Annuitant's lifetime. When you are purchasing an annuity plan for your parents, you need to take many factors into consideration. Look at any other sources of income they may have. Check the timeline across which those income sources will continue to support their basic requirements. This will help you understand the amount of annuity required to last their lifetime.

Will the annuity plan cover both parents?
It's understandable that you want to secure the future of both your parents. There are annuity plans in the market that help you do just this. A joint life annuity option. With this kind of an annuity plan, in case of the annuitant's demise, the annuity payouts will be made to the spouse during their lifetime.

Will the premium paid be returned?
You can opt for annuities that come with the 'return of purchase price' option. In such plans, annuitants receive the pay-outs for life and after their demise, the purchase price is returned to the nominee.

You can also opt for annuity plans that include the joint life option along with the return of purchase price. Here, in case of the annuitant's demise, the annuity payouts will be made to the spouse during their lifetime. And on the spouse's demise, the purchase price is returned to the nominee.

Can NRIs gift annuity plans to their parents?
Yes, most certainly. Non-resident Indians can purchase annuity plans for their parents. The annuity payouts can act as an additional source of income for the parents and help them live comfortably, without compromising on their needs.

NRIs can also add more value to the annuity plans bought for their parents by choosing the joint life option and/or the return of premium benefit. This way, even if one parent passes away, the surviving parent's future remains financially secure, thanks to the guaranteed income provided by the joint life option in the annuity plan.

As with all financial products, when you are gifting an annuity policy for your parents, planning is important. Take their retirement plans into account, draw up a quick budget and identify their overall requirements. That should give you a good idea of the amount of annuity you need to opt for.

(The writer is Dheeraj Sehgal.)

TOP

How insurance can give you financial protection and safeguard your wealth – Financial Express – 15th November 2021

All of us carry unknown and predictable risks in our lives on a daily basis. While the risks are inevitable, it is ideal to stay ahead by preparing for them.

Naval Goel, CEO and Founder, PolicyX.com, says, "One should prepare at least to diminish the velocity of harm reported by its effect by accumulating efficient wealth back-up to manage the survival of him and his family."

Indeed, there are multiple options available to create a stronger portfolio but when it comes to managing the risks accompanied, one should select a plan that gives guaranteed fixed returns that are sufficient to meet the requirements with minimal investments. In such a scenario, Goel adds, "insurance – health and life – comes across as a valid investment option for a person to ensure the safety of their family and their future."

In insurance, returns are assured, tax-free and safely grow to suffice the need in the future. On the other hand, other investment options that are available in the market such as Mutual funds, NPS, Equity Funds, PPF, NPS, etc. come with certain capping, market fluctuations, and marginal returns. Along with that, "these investment options don't get activated or ensure financial protection at the time of the crises of your life," says Goel.

For instance, a health insurance plan with a sum insured of Rs 5 lakh for a 30-year-old man comes with a premium between Rs 8,500 to Rs 9,500 annually, varying from company to company. And term insurance for instance, with 60 years covers for sum insured of Rs 50 lakh usually ranges between Rs 6900 to Rs 8,000 premium annually. Thus, industry experts say, insurance becomes an essential tool for a salaried man living a budgeted life to build a big corpus for future uncertainties.

Moreover, Goel says, "insurance plays a vital role in ensuring secured savings without bearing any risk as it manages the funding for the risk which lets a person continuously grow his wealth for the planned events and milestones such as own retirement, kids' higher education, and their marriage."

Note that, having a big financial portfolio is always good but it becomes quintessential to safeguard that wealth by ensuring that it doesn't get disturbed by unforeseen crises.

Hence, “having insurance is a must and safety entity to park one’s money, especially for a fixed income person who can’t get access to a bigger amount at once whether it is for the medical expenses or for the survival post the demise of the breadwinner of the family,” explains Goel.

(The writer is Priyadarshini Maji)

TOP

Why life insurance policy is needed to cover home loan – Live Mint – 15th November 2021

With skyrocketing price of houses, it is almost impossible for a person to own a house without taking a home loan of large amount. In this article I wish to discuss why you should buy a separate life insurance policy to cover the home loan liability and how to go about it. Since the amount of home loan availed to buy a house constitutes significant portion of monthly income of the household and if god forbid something happens to the bread earner of the family, it becomes almost impossible for the family to run the household leave aside servicing the home loan in such situation. As a basic principal of financial planning one should buy life insurance to cover all his financial liabilities. When you take a home loan, you create a new financial liability and taking a life insurance policy to cover the home loan liability will ensure that the legal heirs inherit the house and not the home loan liability. This will help the family avoid the twin pain of losing the regular income of the bread earner and having to leave the house, in case sufficient amount is not available to discharge the outstanding home loan.

Let me make it clear that the life insurance policy suggested by me is over and above the regular life insurance cover which you already may have, to protect your family members in case anything happens to you. The basic advice a financial planner gives is to buy a life insurance through term plan only and not to go for any other insurance product. This advice equally applies here as well. If you are tech savvy and can do online transactions, I will advise you to buy online term plan which are cheaper than regular term plans with no product difference. The tenure of the life insurance policy to be bought for this purpose should be equal to the tenure of the home loan. The lenders generally insist for a single premium term plan policies which are tailor made for home loan where the amount of insurance premium is included in the home loan and is recovered over the tenure of the home loan through enhanced EMIs. However I would advise you not to go for the single premium policy but opt for an annual premium payment policy.

This is so because in most of the cases, the home loan borrowers do not run their home loan for the whole period but generally prepay the home loan as and when they accumulate required funds. In such a situation the portion of premium already paid under the single premium policy gets wasted because the insurance policy runs when there is corresponding liability outstanding. Moreover if you are able to get the insurance company to tailor made term plan to over your home loan, you should ask the insurance company to reduce the sum assured in line with the amount of home loan outstanding at the end of each year. This will make your life insurance cheaper and affordable. First of all let me make it clear that neither the banking regulations nor any other law mandates that the home loan borrower has to buy a life insurance policy to cover the home loan. However in order to avoid the hassle to take possession of the property and having to auction it to recover the home loan outstanding , most of the lenders insist for buying of a life insurance with the home loan.

Moreover most of the banks providing the home loan either have their life insurance associates or have arrangement with some life insurance companies to sell their product to enhance their income, these lenders insist for life insurance policy through them which is not at all mandatory for you. In case the life insurance policy offered by your lender is not cheapest, you can refuse to oblige. If the lender does not heed, you can ask them to produce in writing the requirement to buy life insurance policy as mandatory and precondition for giving you the home loan. Since the lender cannot give you it in writing they will agree even if you buy a life insurance policy from other insurance company and assign it to them. Let me make it clear that though buying of a life insurance policy with the home loan is not mandatory, it is in your own interest and the interest of your family members that you buy a term plan to cover the liability on your home loan to ensure peace of mind for you and your family members.

(The writer is Balwant Jain.)

TOP

Four kinds of portfolio creation strategies offered by ULIP plans – The Economic Times – 12th November 2021

Each individual has different investment needs, so various types of investment instruments are available on the market. The risk-return ratio of some offers a high return, while others have a low but stable return. Tax benefits are also available for some investments. Additionally, one can invest in schemes that offer both insurance protection and a return on investment. To come up with a plan that meets their needs and risk profile, investors need to trade off some benefits against others.

Investing in market-linked products is becoming more popular among Indian young investors, who are increasingly willing to take risks. They also consider tax savings as one of the key reasons to invest their money. If one could invest in market-linked products having a high return potential, get life insurance covering them in addition to the returns, and receive tax benefits for those investments, wouldn't that be a great thing? These ULIPs are specifically designed to satisfy your needs.

What is a Unit Linked Insurance Plan?
A unit-linked insurance plan is the full form of ULIP. Unit-linked insurance plans combine insurance and investments. While only a small percentage of the money invested goes towards the security of your life, the majority is invested in the stock market. The policyholder can make monthly/annual payments.

Insurance companies offer diverse wealth-building options through unit-linked insurance plans. ULIPs provide investors with the ability to create and manage multi-asset portfolios and invest in a range of assets. In one investment plan, ULIPs can satisfy all three of the following objectives:

- Creation of wealth
- Preservation of wealth
- Distribution of wealth

These three objectives are achieved by ULIPs, particularly their wealth creation features. Nevertheless, why is a portfolio management strategy necessary? In contrast to investing in just one instrument, what does it accomplish? Why not invest in one place and hold it for a long time?

A ULIP's investment component helps policyholders align their investments with their changing risk tolerance levels. It is especially true when a fund switching feature is available. Individuals' risk tolerance decreases with age. Policyholders can keep up with the changing demands of their ULIP investments through the fund switching feature. If necessary, they may switch from equity funds to debt funds.

Portfolio strategies you can use with ULIPs
Having a better understanding of how a ULIP portfolio works will help you identify the best strategies. The following are four of the most commonly used strategies.

Portfolio strategy based on triggers: Using this strategy, you will profit from price movements in the equity market. This portfolio strategy includes the following features.

 According to this principle, you should buy low and sell high.
 In general, equity and debt are distributed in a 75:25 ratio when you invest.
 in addition, as markets move, your fund manager will adjust your portfolio accordingly when the trigger event occurs.
 Trigger events are typically 15% price movements in your equity investments.
 You will see an increase in the equity component of your portfolio if the trigger event occurs.
 Following returns, you can reinvest in the original proportion.

Portfolio wheel of life: Wheel of life portfolio strategies are designed to help you take advantage of the potential for high returns in the equity market at the beginning of your investing journey, when you may be more risk-tolerant.

 You will initially invest 100% of your funds in equity funds.
 The equity segment of your portfolio could include different types of equity investments, including midcap funds, large-cap funds, etc.
 when the investment tenure becomes longer and the maturity date gets closer, your exposure to equity decreases.
 Instead, your money is redirected to more stable assets like debt funds, bond funds, and liquid funds.
 additionally, stable equity components such as blue-chip funds are prioritized within the remaining equity segment.

At maturity, all your investments are allocated to debt, and your equity exposure is zero.

Investors can select a portfolio strategy: Investor selectable portfolio strategies provide control over investments to policyholders, as the name implies. Using this strategy, you would be able to select your asset allocation.

You can either choose to invest all of your money in one fund or split it up among equity, debt, and money market instruments. You have complete control over how your assets are allocated across asset classes.

 here, an investor has various options ranging from very high risk to very low risk, with varying degrees of risk.
 based on your changing risk levels and the market movements, you can adjust your asset allocation as needed during your investment period.
 The ULIP portfolio is constituted or modified by you during the investment period, so you get to take the driving seat.

Transfer of portfolios automatically: Through systematic asset diversification, an automated transfer portfolio strategy works to give you the returns you need while taking moderate levels of risk. Your premiums are initially applied to low-risk funds like bonds and liquid funds you specify.

In any case, a specific percentage of your investments will be switched to the other funds at the beginning of every month - which you will also specify. Depending on your risk appetite and life goals, you can choose these funds.

TOP

GENERAL INSURANCE

Insurance cover for drones picking up pace - Financial Chronicle – 17th November 2021

With the government pushing for drone use in agricultural, defence and social sectors, drone insurance is expected to pick up pace going forward. Insurers like HDFC Ergo and National Insurance Company (NIC) have taken the lead in this nascent business, according to industry sources.

An industry source said HDFC Ergo has sold around 30 policies and NIC about half the number so far. Tata AIG has tied up with the Drone Federation of India for providing insurance cover while ICICI Lombard has launched a remotely piloted aircraft insurance policy.

The civil aviation ministry has recently announced a Rs 120-crore production-linked incentive (PLI) scheme for drone manufacturing, which is expected to attract investment of over Rs 5,000 crore in this segment over three years.

Currently, a comprehensive drone insurance policy covers theft or loss or damage caused to the drone, including the payload (camera/ equipment) attached to it as well as third party liabilities. Any loss due to wear and tear or gradual deterioration over time is not covered. Add-on covers and pay per use polices are also available. "While add-on covers include alternate hire charges, drone war liabilities, cyber liability cover, invasion of privacy cover, and Beyond Visual Line of Sight endorsement, among others; the pay per use model allows the customers to choose the policy depending on their requirement. They can choose a day-long, weeklong, month-long or even an annual policy," the sources said.

(The writer is Maohusudan Sahoo.)

TOP

Post-Covid work arrangements bring cyber insurance into spotlight - The Economic Times - Joel Rebello

Remote and hybrid work arrangements post Covid have made cyber-attacks easier and more attractive for cybercriminals as a result of which insurance costs for protection against such eventualities have increased.

Moody's Investor Services estimates that the total premium paid for protection against cyber frauds and ransom ware attacks have increased to $1.6 billion in 2020 from $1.2 billion 2019. However, increasing ransom ware attacks have also led to a jump in loss ratio to 65% in 2020 from 44% in 2019. Moody's said that entities that fail to adapt will be at the most risk with risks rising across the board during periods when organizations transition to new cyber security procedures. Also, reduced cyber security coverage will have a negative impact on the credit profile of companies.

"The post-pandemic surge in ransom ware attacks is responsible for increased cyber insurance premiums across all sectors globally, as well as shrinking coverage for the industry's most heavily targeted in these attacks. Reduced cyber insurance coverage is credit negative for affected entities because it restricts the availability of funds to mitigate the financial impact of cyber-attacks and makes it more expensive to connect with products and services to improve cyber resiliency," Moody's said.

The higher loss ratios increase further to 73% in 2020 from 47% in 2019 when defence costs are included, eroding profitability for insurance companies. "Assuming an average expense ratio of 30%, the estimated combined ratio – incurred losses and expenses as a share of premiums for standalone cyber insurance was above 100%, meaning the product was not profitable. Cyber insurance sold as part of a package, however, still generated an underwriting profit in 2020," Moody's said. Aa a result to protect profitability, insurers have raised cyber insurance premiums substantially.

For example, insurance broker Marsh & McLennan Companies, Inc. (Baa1 stable) reported second-quarter 2021 premium increases of 56% in the US, 35%-40% in the UK, and 20%-30% in Latin America, and sizable increases in continental Europe and Asia-Pacific.

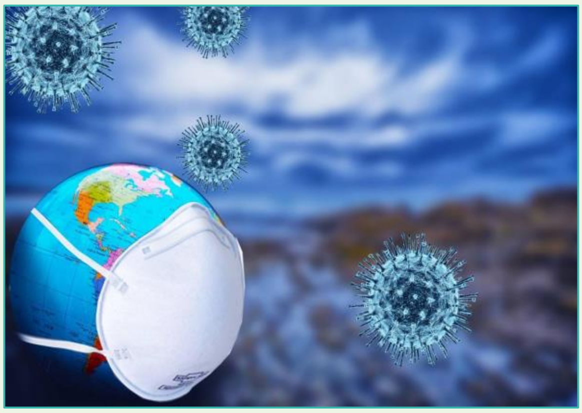
"Premium increases have been the starkest for entities in the industries most targeted by ransom ware attacks. In the US, entities in education, government, healthcare, construction and manufacturing have been subject to premium hikes of 300% or more, according to insurer Risk Placement Services Inc.," Moody's said. Despite the increase in premiums, adoption of cyber insurance continues to climb as companies see it as an essential part of their security. "Marsh reported that the global percentage of its insureds with cyber insurance rose to 47% in 2021 from 26% in 2016. For industries that are frequent ransom ware targets, insurance coverage is also now less comprehensive," Moody's said.

Besides, limiting financial impact cyber security insurers also serve as facilitators for their customers, arranging tools to create, test and evaluate incident response plans, vulnerability email alerts, external vulnerability monitoring, network security, identity and access management and educational tools and also post-breach services, in which insurers connect insureds with cyber security professionals who guide them through responding to a cyber incident. "Without cyber insurance, issuers must arrange these services themselves and may find it more challenging to identify and connect with vetted support services in a timely fashion," Moodys said.

TOP

HEALTH INSURANCE

Increase in sum insured to focus on benefits: 5 ways Covid-19 pandemic changed health insurance trends in 2021 – Financial Express – 17th November 2021



The outbreak of the Covid-19 pandemic had a profound impact on the Indian Health Insurance sector. Insurance providers, as well as individuals and corporates seeking health insurance, had to adapt to the new norm of limited face-to-face interactions in novel ways. Furthermore, people realized the importance of having an adequate financial backup for medical emergencies and have become keen on being sufficiently insured for the health and safety of themselves and their loved ones.

Following are the 5 ways the pandemic changed health insurance trends in 2021:

Increased Awareness about Health Insurance

The pandemic forced people to take stock of their health as well as their financial preparedness to combat unforeseen medical exigencies. The fear of intense financial drain owing to hospitalization for Covid-19 treatment has strengthened the necessity of having appropriate health insurance. People have realized that traditional methods of paying for hospitalization expenses – family savings or borrowings – cannot be relied upon to pay for large hospitalization expenses.

We have seen this increase in awareness both among individuals and families for retail health insurance and among employees and employers for group health insurance. Levels of inquiries and sales of health insurance significantly increased after COVID-19 started. Last year there was an increased interest in COVID-19 specific policies, but this subsided once it became clear that regular policies will also cover COVID-19 related hospitalization.

Increase in Sum Insured

Existing and prospective health insurance policyholders became aware of the increase in hospitalization expenses, particularly for ICUs, etc., that were required for severe COVID-19 patients. From a mind-set that hospitalization typically costs tens of thousands of rupees, people became aware that it could cost lakhs of rupees or even more.

Existing policyholders have sought an increase in Sum Insured by purchasing Top-Ups and Super Top-Ups, which have become very popular due to their attractive pricing. Prospective policy buyers are seeking higher Sum Insured as compared to pre-COVID days, with a reasonable base policy combined with a Top-Up or Super Top-Up.

We have observed the same trend within Group Health Insurance for employees. Employers are seeking higher Sum Insured for their employees and dependents, in recognition of the higher amounts of hospitalization expenses.

Sharper Focus on Benefits and Exclusions
Before COVID-19, individuals and families were buying health insurance without fully assessing long-term needs and expectations. After COVID-19, health insurance purchase is being done with careful consideration. Customers are proactively seeking information on plan features and lifetime benefits to ensure that they select a health insurance plan that adequately serves them for their lifetime.

Policy buyers now enquire about specific features, particularly related to hospitalization costs such as room rent and other ancillary expenses, as these expenses tend to overshoot permitted limits during an emergency hospitalization situation. They know that medical claims might get rejected as a result, and the insured members would have to pay the differential amount out-of-pocket, which can create a huge dent in personal savings.

Rise in Digital Adoption
Social distancing guidelines and the lockdown restricted all personal and professional interactions physically. Those looking for health insurance started exploring online purchase instead of relying on agents. The pandemic caused a considerable movement away from traditional channels. Now, insurance providers and leading intermediaries have adopted smart technology and streamlined processes for comfortable electronic purchase and renewal of health insurance plans.

On digital platforms, consumers can now compare hundreds of readily available online plans to select the one that best fits their personal needs. Electronic payment methods such as e-wallets, net banking and credit cards as well as EMI options have made digital transactions convenient and accessible.

Even for claim intimation and settlement, customers have become much more familiar with cashless settlements, which are done through electronic means. During the peak of COVID-19, insurers and TPA's were settling even reimbursement claims based on scans of claim documents.

Innovative Health Insurance Plans
Aside from launching Covid-19-specific policies, insurers have realized the relevance of expanding their portfolio by introducing health insurance plans that consider varying medical requirements of the insured members. Benefits such as OPD cover, for example, have been extended in the form of add-on coverage by some insurance companies, while others have included this feature as part of their base health insurance plans. Some insurers have launched OPD products meant for online consultations.

(The writer is Srinath Mukherji)

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How has buying insurance post outbreak of Covid-19 changed – Tips to know - Financial Express - 16th November 2021

The importance of insurance has grown Multifood in recent times. With hospitalization expenses running into lakhs during the treatment of coronavirus, many families had to either borrow from friends, relatives or dip into their savings to meet the cost of hospital bills. Even an untimely death in a family left many families financially stranded in the absence of adequate life insurance coverage.

While the importance of insurance has increased and the need to go for an insurance policy is felt more than in the past, are people actually moving on in the right direction? To find out how the buying behaviour and the perception towards insurance have changed especially after the outbreak of Covid-19, FE Online got in touch with **Kapil Mehta, Co-founder of Secure Now Insurance Broker,** who shared his insights for our readers in making an informed purchase decision. Excerpts:

After the outbreak of Covid-19 pandemic, has there been a shift in the way people are buying life and health insurance policies? Are they asking for a higher coverage amount now?
As a result of the pandemic people are more actively asking about and buying insurance. This is a positive development but there are also some areas to be watchful about.

Many who would have dismissed insurance previously are more aware of their own fragility. They are enquiring about insurance and more willing to buy quickly. Whereas previously a large number of potential buyers would request multiple meetings and calls before making a purchase they are now willing to buy online or based just on phone conversations.

The questions people ask are also more searching and based on their personal experiences. Buyers now want to get into the details of coverage. For example, would PPE kits be covered? Can the insurer assure availability of beds, what are typical deductions? And other such questions. Although the sum assured or cover being bought has not increased significantly the number of enquiries has.

On the part of insurance companies, the claims seem to have increased since the coronavirus outbreak. What should a buyer do to ensure claims are not repudiated by the insurer?
Typically, 5% of the people insured, fall ill and claim insurance in a given year. During the pandemic this proportion increased. So, many policyholders have experienced claims at close quarters and are more aware today about the process of claim settlement.

Insurers pay a large number of claims but there are two issues specific to covid that have come up.

First, hospital charges for covid in many cases are more than the insurer's own recommendation of standardised tariff. In such cases insurers pay their prescribed rates but hospitals charge their own rates from patients. So, patients pay out of pocket for no fault of theirs. I have seen cases where the insurer cited a government notification on hospital tariffs to pay a lower amount. However, we had to point out that the government notifications were only applicable to about 70% of the hospital beds and the hospitals could charge their own rates on remaining beds. In such cases the claims were then paid.

Sometimes covid claims have been repudiated on the ground that hospitalisation was not warranted. However, patients generally follow the instructions of a treating doctor. Such cases when escalated to the ombudsman get paid but it is a time consuming process. A third issue has been that patients have not been able to obtain original or paper copies of various bills and medical documents. For a brief period insurers accepted soft copies but now are gradually returning to the need for hard copies to be sent to them.

These issues are getting streamlined and there are some steps that can significantly increase claim settlement. These are to opt for cashless claim settlement, inform the insurer in advance of a treatment, avoid unnecessary hospitalisation to convert an OPD procedure to IPD and escalate the claim to the ombudsman if aggrieved.

Cashless claims put a time pressure on insurers to complete the approval before discharge. This works to a patient's advantage because the alternative which is to claim reimbursement can often take time as you put together bills and answer the insurer's queries.

Do go to a hospital with a well-functioning TPA or insurer helpdesk. Informing the insurer about hospitalisation is useful because the insurer has time to react and ask you questions beforehand. Be clear that insurance does not pay for OPD procedures unless that is specifically a product benefit listed out. Often patients will get hospitalised for procedures that do not require such care. These claims are unlikely to be passed. Claims where you are hospitalised for observation-only face high scrutiny.

Finally, if you are sure about your claim then see it through by going to the grievance cell or take your case to the ombudsman if it is rejected. The ombudsman is policyholder friendly and payable claims get paid.

(The writer is Sunil Dhawan.)

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10 things to consider before buying a family health insurance plan – Live Mint – 15th November 2021

Safeguarding your family from financial distresses that can occur due to unforeseen medical conditions is of utmost importance. You can do it by buying a family health insurance plan. Buying the right health insurance plan can be a challenging task. Hence, before fulfilling this responsibility, you must consider a few points. Before buying health insurance for your family, make sure that the sum insured in the plan is adequate to meet the medical requirements of your entire family. Consider the age of the family members, pre-existing ailments (if any), etc. If your parents are also part of your family health insurance, you may need a higher sum insured as the medical expenses increase with age.

Premium is the amount you need to pay to your insurer for keeping your policy active. With an increase in the sum insured, the premium amount will also go up. Apart from this, in a family floater plan, the premium depends upon the age of the eldest family member. Further, if you go for add-ons, the premium of your family health insurance will increase again. While buying health insurance, don't forget to check the number of network hospitals included in the policy. A higher number of network hospitals is considered better as it'll be easy for you to take advantage of cashless treatment. While taking treatment from a network hospital, you don't need to pay straight to the hospital. Instead, your insurer will deal directly with the hospital to settle your bills. An ideal family health insurance plan should cover both pre- and post-hospitalization costs. Before and after hospitalization, you may need to visit the doctor several times and undergo many tests.

Many insurers give coverage only to hospitalisations that last more than 24 hours. But many medical procedures, such as dialysis, require only certain hours of hospitalisation. So, check whether your health insurance offers day-care procedures as well. Ambulance expenses are costly, especially for emergency services. Several health insurers include it with their family health insurance plans. Also, don't forget to check whether the insurer will reimburse the expenses of air ambulance transportation or not. Alternative therapies like Ayurveda, Homeopathy, etc., are gaining popularity these days. Many insurers cover the costs associated with in-patient care for alternative treatments. Before finalising the plan, make sure that your plan covers alternative therapies as well.

Typically, insurers apply a waiting clause for pre-existing illnesses and other benefits like free annual check-ups, dental insurance, etc. Usually, the waiting period ranges from 2 years to 5 years. During the waiting period, you won't be able to make a claim related to those ailments. Hence, select a family health insurance plan that has a short waiting period. The claim settlement procedures of the insurer should be seamless. The claim settlement ratio of the insurer is an indicator of it. The claim settlement ratio is calculated by dividing the total claims paid by the number of claims filed. It's wise to go with an insurer that has a higher settlement percentage. Or else, you may need to run from post to pillar to get your medical bills reimbursed.

Like understanding the benefits of the health insurance plan, you should also know what medical procedures and conditions are not included in the plan. Hence, take time and read the list of exclusions before deciding on one. Also, note that there is no one-size-fits-all health insurance plan available in the market. But you can customise the base plan with add-ons at a reasonable price. Hence, select the family health insurance plan from an insurer with the best add-ons and good customer care service.

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World Diabetes Day: Here's why you should buy health insurance for diabetes – Financial Express – 13th November 2021

Every year, World Diabetes Day is observed on November 14. The origin of this day dates back to 1991 when International Diabetes Federation and World Health Organization brought it into being to raise awareness about the risks associated with diabetes such as heart ailments. However, this day became official in 2007 when United Nations General Assembly passed the resolution 61/225 recognizing November 14 as World Diabetes Day.

Diabetes is an ailment that takes place when your blood sugar (also known as blood glucose) is immoderate. The main source of energy in your body is derived by blood glucose that comes from the food consumed. The pancreas make a hormone called Insulin that helps glucose from food absorbed into your cells to be used for energy. However, at times your body doesn't make enough insulin.

The glucose then remains in your blood and doesn't reach your cells. Eventually, high content of glucose in your body leads to ailments including heart disease, stroke, kidney disease, eye problems, etc. Diabetes is of three types of diabetes namely Type I, Type II and gestational diabetes.

The cost of chronic illnesses such as diabetes are skyrocketing. 25% of household income may be spent for diabetes in India as per studies. Contributing towards diabetes care can make a huge impact on your savings thereby affecting your other major household expenses such as child's education, repaying loans, etc. Estimates say that the direct health-care spending on diabetes across the world will be between $213-396 billion in 2025. In some countries, this will be as much as 40% of their total financial estimate. Thus, a comprehensive health insurance plan can come handy to protect yourself financially in case of a health emergency.

There is a perception among consumers that people suffering from a pre-existing disease don't get health insurance. This is the reason that they often procrastinate to buy health insurance. However, this notion is definitely not true. Even if you have a pre-existing disease, you can easily get health insurance.

Product innovations

Nowadays, insurers are offering health insurance plans that provide early coverage or coverage from even day 1 for pre-existing diseases. Traditionally, there is a waiting period for coverage of PEDs which is usually 3-4 years. This means that you cannot make a claim for coverage of treatment for a PED before this duration. There are plans such as Aditya Birla Activ Health Platinum Enhanced (Diabetes) and Activ Health Platinum Essential (Diabetes) which provide early coverage for diabetes. In these plans, OPD benefits are covered from Day 1 and hospitalization expenses are covered after 30 days for any complication arising due to Diabetes. It has a free chronic management programme that gets activated if you develop a chronic condition after buying the policy. It offers doctor consultation – 3 visits, Diagnostic Tests – HBA1c and Creatinine. You also get reward points for staying healthy that reduce your premium. It also offers access to experts on medical, nutritional, fitness, mental counselling session, and homoeopathy teleconsultation.

Similarly, Star Health offers a plan called Diabetes Safe Plan- B which has only 12 months waiting for hospitalization expenses arising due to complications of diabetes. Any person with Type I or Type II Diabetes Mellitus can opt for this plan. The plan covers hospitalization expenses due to complications of diabetes such as room charges, surgeon's fees, blood, oxygen and diagnostic expenses, cost of medicine and drugs etc. It also covers the cost of fasting and post prandial and HbA1C tests – once every six months – up to Rs.750 per event up to Rs.1500 per policy period.

Disclose your PED before buying health insurance

It is very important to disclose your medical history when buying health insurance. Often people make the mistake of not disclosing it. However, this can lead to serious consequences resulting in the rejection of claims later on. If you have a PED, always read the terms and conditions of a policy carefully before buying it. Check for sub-limits, co-payments and room rent charges so that you don't have to shell out money from your own pocket at the time of hospitalization. Lastly, prefer buying health insurance online because it is faster and reduces chances of misspelling. Nowadays, telemedical and video medicals have been introduced which help in speedier issuance of policies.

(The writer is Amit Chhabra.)

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Supreme Court asks Centre to resolve dispute over non-inclusion of private doctors under Covid insurance scheme - The Times of India – 12th November 2021

The Supreme Court Friday asked the Centre to sort out the dispute over non-inclusion of doctors and health workers who have lost their lives battling Covid-19 in private clinics, dispensaries and non-recognised hospitals in the Centre's insurance scheme promising Rs 50 lakh to their families. A bench of Justices D Y Chandrachud and A S Bopanna said, "You must sort it out. You sit with insurance companies because a monetary component is also involved and the concerned officials in the health department find a solution. The ultimate objective of Centre's policy is welfare of people and it should not be selective." The bench told Solicitor General Tushar Mehta that it is an issue which concerns many health workers and should be dealt with expeditiously.

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SURVEY & REPORTS

82 pc insurance buyers prefer physical copies of policy documents: Survey – ANI News – 17th November 2021

The insurance penetration has seen a spike in recent times and over 80 per cent of the insurers prefer a physical copy of their insurance document, according to a recent survey. However, only less than half of the purchasers received a physical copy of their insurance from the companies, increasing uncertainty around receiving claims among the buyers, the finding of the survey said. The survey, conducted by Bombay Master Printers Association (BMPA), stated that as an insurance policy is a contract between the insurance company and the insured individual, nearly 82 per cent of the buyers preferred a physical copy over the digital, according to the findings of the survey based on around 5,900 responses spread across age groups and regions.

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Some customers sign proposal forms assuming insurance policies to be fixed deposits: Ombudsman report – Money control – 17th November 2021

Mumbai and Kolkata figured amongst the top three cities that saw the highest number of insurance complaints being registered during the financial year 2020-21. Insurance ombudsman offices in these cities received 3,137 and 2,021, complaints respectively during the period, as per the Council of Insurance Ombudsman's annual report for the financial year ended March 31, 2021.

Metropolises routinely account for a higher share of complaints due to greater awareness and presence of ombudsman offices and other facilities. However, Chandigarh was a surprise entrant at number three, with 3,058 complaints registered during the year.

Life insurance dominates complaints list

Collectively, the 17 insurance ombudsman offices in the country received 26,297 complaints during the year, besides 8,722 grievances that were carried forward from 2019-20. Life insurance complaints constituted nearly half of the grievances received, while the general insurance sector's share was just 11 percent.

Health insurance, which was in the news last year due to numerous COVID-19 related disputes, accounted for 39 percent of the pie with close to 10,000 complaints. Though the report did not specify COVID-19-related hiccups, it reiterated that most health insurance complaints have their roots in the customary and reasonable exclusion clauses. Many policyholders had to bear the brunt of the disputes between hospitals and insurance companies over COVID-19 treatment costs. This is the clause that health insurers used to deny full payment of COVID-19 claims – policyholders had to bear a significant chunk of the treatment costs out of pocket.

In the annual report, the council of insurance ombudsman advised insurers to put in place effective communication channels with hospitals and policyholders for prompt resolution of policyholder grievances. It also reiterated the advice to insurers of reporting any levy of excess charges and denial of cashless facilities to the state government concerned. The report identified a lack of clarity with respect to complicated wordings in the policies – for example, proportionate deduction, active line of treatment – as areas of concern.

Settling the complaints

Of the total complaints handled during the year, insurance ombudsman offices collectively disposed of 87 percent or 30,596 of the cases. A thousand complaints were resolved by issuing recommendations, while 8,384 complaints went in favour of the complainants – the policyholders. The offices passed awards in favour of the insurance companies in close to 5,600 cases. Over 2,500 cases were withdrawn by the complainants and 13,060 dismissed on the grounds that they could not be entertained.

In the case of life insurance, most complaints pertained to mis-selling, as per the insurance ombudsman's report. Moreover, most of the complaints were registered against private life insurance companies, followed by total or partial claim rejection. "A number of life cases connected with mis-selling are generally based on fraud and forged signatures of the policyholder on proposal forms and benefit/sales illustrations. Many times, the customer is not given an explanation of the features of the plan and he unknowingly signs the proposal form believing it to be a fixed deposit scheme or one-time payment of single premium," the report states.

In the general insurance category, motor insurance attracted the highest number of complaints, as policyholders were dissatisfied with surveyors' assessment of their losses. The reasons for not paying certain expenses are not explained properly to policyholders, the report noted.

(The writer is Preeti Kulkarni.)

TOP

General insurers in India, China, and Indonesia may reduce exposure to coal industry gradually: Moody's – The Economic Times – 16th November 2021

General insurers in India, China, Indonesia and Vietnam, part of the Asia-Pacific nations, will take a gradual approach in reducing their exposure to coal or coal related industries, said Moody's Investors Service in a new report. According to Moody's, the plan of Asia-Pacific (APAC) insurers to curtail or even cease underwriting and investment exposures to coal or coal-related industries are credit positive, although their coal exposures are generally small. According to Moody's, such initiatives will reduce insurers' potential liability risk from weather-related claims and stranded asset risk, where insurers' coal-related investment assets will lose economic value.

"APAC economies' coal dependency will drive insurers' pace of coal reduction. China (A1 stable), India (Baa3 stable), Vietnam (Ba3 positive) and Indonesia (Baa2 stable) are more dependent on coal than other APAC economies for their energy consumption. As a result, insurers in these economies are more likely to take a gradual approach in reducing their coal exposures," said Young Kim, a Moody's analyst By contrast, insurers operating in economies with low coal dependencies, such as Japan (A1 stable), and Korea (Aa2 stable) will take a more progressive approach to lowering coal exposures. Meanwhile, the speed at which different economies can reduce their existing carbon exposure will vary. This will especially be the case where these economies need to balance environmental concerns that drive carbon emission initiatives with broader policies and socioeconomic considerations. Foreign insurers operating in APAC markets could incorporate their parent companies' broader environmental social and governance commitments in their local underwriting and investment practices regarding coal-intensive sectors. These insurers, with their considerable financial strength and Asian market presence, will influence APAC insurers' efforts to reduce coal exposures, especially among local, smaller insurers, Moody's said.

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Insurance products preferred financial tools to meet future goals: Survey – Business Standard – 14th November 2021

Insurance products emerged as the preferred choice of savings and investments for parents after the pandemic, as they consider these as low-risk and reliable financial tools to meet future goals, according to a survey.

The #FutureFearless survey -- conducted by Ageas Federal Life Insurance and YouGov India to understand the impact of the COVID-19 pandemic on the financial preparedness of Indian parents in planning for their children's education -- revealed that saving for academics has taken precedence over other life goals. The survey was based on an online self-administered quantitative method carried out in 11 cities. The responses were collected from 1,333 parents with kids under the age of 10 years. The increasing cost of education, right from the pre-primary till post-graduation, alongside parents' desire to give the best to their children, has accorded precedence to savings for education over other life goals such as marriage or career, the survey said.

Two-thirds of parents surveyed have invested in life insurance solutions such as Unit Linked Insurance Plans (ULIPs), money back plans and endowment plans for fulfilling their children's academic goals, it said. Even as most of the surveyed parents said they would prefer to save for their child's college or higher education, almost 40 per cent suggested saving for their schooling as well. A vast majority of parents have already made a separate provision for their child's education. With the pandemic continuing to cast a shadow over job security, business success, physical and mental health and education, most people were forced to cut down on their savings and investments during the pandemic. It also made them relook at their financial preparedness.

"Saving for their children's future and milestones emerged as the top priority for parents at 64 per cent, along with saving for medical emergencies at 65 per cent. This was followed by long-term wealth creation for the family at 54 per cent and building a corpus or contingency fund for rainy days at 41 per cent," AFLI said in the survey. As per the survey, parents consider life insurance a low-risk investment tool and a reliable financial instrument to cover the family against any future uncertainties.

As many as 60 per cent of the parents said they started investing when the child was between 0-3 years of age. Two-third believe that they are investing enough. However, 1 in every 3 parents is unsure of the adequacy of their savings highlighting the need for greater financial education and planning.

Money-back life insurance plans appear to be the most popular choice among parents, consistently across metros and non-metros. As many families have experienced the challenges of job loss, salary cuts, uncertain business income and other financial stress, parents are preferring traditional career paths like a doctor, engineer, teacher, scientist, chartered accountant, sportsperson, pilot, and defence services as top career choices.

However, enhanced exposure to the digital medium and online education courses have opened their eyes to new professions and fields such as virtual reality designer, YouTuber, gamer, drone pilot, social media influencer, among others. "The COVID-19 pandemic has influenced Indian parents to rethink their financial health and priorities and work towards building a secure future for the family through wise savings and investments," Karthik Raman, Chief Marketing Officer and Head - Products, Ageas Federal Life Insurance said on the survey findings.

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Most parents support their children on career choice: Survey – Live Mint – 12th November 2021

Nearly 90% of parents want their children to have a better financial status than them, and have left it to their young ones to pursue a career of their choice, according to a survey by Ageas Federal Life Insurance, and market research agency YouGov India.

Around 64% of parents encourage their children to learn and explore new interests and hobbies through reading or the internet, across metros and non-metros, found the survey #Future Fearless that was conducted to understand the impact of the Covid-19 pandemic on the financial preparedness of Indian parents in planning for their children’s education, career and other life goals.

Two-thirds of parents surveyed have invested in life insurance solutions such as unit-linked insurance plans (Ulips), money back plans and endowment plans for fulfilling their children’s academic goals. Driven by the increasing cost of education right from pre-primary levels till post-graduate education, coupled with parents’ desire to give the best to their children, saving for academics has taken precedence over other life goals for their children like saving for marriage or setting up a business.

Most parents would prefer to save for their child's college or higher education, but nearly 40% also indicate that they would save for their child’s schooling as well. A vast majority of parents have already made a separate provision for their child’s education, as per the survey.

Karthik Raman, chief marketing officer and head - products, Ageas Federal Life Insurance said, “The Covid-19 pandemic has influenced Indian parents to rethink their financial health and priorities and work towards building a secure future for the family through wise savings and investments. Our #Future Fearless study reveals valuable insights that underscore our view that with responsible financial planning and adequate investment in life insurance, parents can fulfil their children's dreams along with their own, thus ensuring a future that is truly fearless."

The #Future Fearless survey examined the financial planning and investment decisions taken by parents in the current scenario, as the ongoing pandemic continues to cast a shadow over job security, business success, physical and mental health, and education. While most people were forced to cut down on their savings and investments, it also made them relook at their financial preparedness. Saving for their children's future and milestones emerged as the top priority for parents at 64%, along with saving for medical emergencies at 65%. This was followed by long-term wealth creation for the family at 54% and building a corpus or contingency fund for rainy days at 41%.

Investment pattern and preferences

The survey reveals that parents consider life insurance a low-risk investment tool and a reliable financial instrument to cover the family against any future uncertainties. Data suggests that around 50% of monthly household income was being spent on savings and investments, and life insurance is among the top instruments for secured long-term investment. Other popular financial tools include bank deposits like FDs, RDs, TDs and traditional savings bank account.

Of those who have started investing for their children's future, nearly 60% started early when the child was between 0-3 years of age, and two-third believe that they are investing enough. However, 1 in every 3 parents is unsure of the adequacy of their savings highlighting the need for greater financial education and planning. When it comes to life insurance, money back plans appear to be the most popular choice among parents, consistently across metros and non-metros. Insurance agents and financial advisors along with digital sources like the company website or internet search have emerged as the top sources of Life Insurance awareness as well as influence.

Preferred career choices for their children

During the Covid-19 pandemic, many families have experienced the challenges of job loss, salary cuts, uncertain business income and other financial stress. Probably due to this scenario, traditional career paths like doctor, engineer, teacher, scientist, chartered accountant, sportsperson, pilot, and defense continue to be top aspirations for parents, as per the survey. At the same time, enhanced exposure to the digital medium and online education courses have opened their eyes to new professions and fields. Parents are supportive of their children taking up professions such as Virtual Reality Designer, You Tuber, Gamer, Drone pilot, Social Media influencer, amongst other exciting, new fields.

64% of modern-day parents encourage their children to learn and explore new interests and hobbies through reading or the internet, across metros and non-metros. Looking at parents' dreams for their children, nearly 90% wish that their children have a better social and financial status than them and have also left it to their children to pursue a career of their choice. The online self-administered quantitative survey was conducted across 11 cities, using YouGov India panel. The responses were collected from 1,333 parents with kids under the age of 10 years, using a quota-based sampling approach to have a fair representation by gender, age and target markets.

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IRDAI CIRCULARS

Topic	***Reference***
Gross premium underwritten by non-life insurers within India (segment wise)	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4598&flag=1
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GLOBAL NEWS

Taiwan: Insurers can continue selling policies online post-COVID – Asia Insurance Review

The Financial Supervisory Commission (FSC) has announced that insurance companies would be allowed to sell insurance policies online even after the COVID-19 pandemic ends. However, insurers must apply to conduct trials first. After these trial operations are shown to be successful, the insurers can start online business, the FSC says in a statement. The insurers may cooperate with insurance agents and insurance brokers in carrying out online business.

The commission is also monitoring whether insurance companies' information security is strong enough to pre-empt impostor fraud using face-swap technology, reported *The Taipei Times*. People buying insurance policies online are required to show their face and identity card or residence permit in a videoconference meeting with insurance companies, Insurance Bureau Deputy Director-General Thomas Chang said.

The commission has so far approved three life insurers to conduct trials and there has been no incident of impostor fraud, he said. During the pandemic, insurance agents are allowed to sell products online as they are not able to visit clients in person due to concerns over infection. However, as the demand for digital financial services is rising, the FSC now thinks it should be an option even after the pandemic ends, Mr Chang said.

Online sales procedures

Insurance companies must use videoconference software for online sales and set internal controls to authenticate a client's identity, he said. Using biometrics to enhance security is optional, he added. Sales agents must record the entire meeting and upload the video to the servers of insurance companies, which must keep the data until the policy expires, Mr Chang said. The audio and video records must meet stipulated image quality standards and the date and time should be recorded. There is no limit on the scope of insurance policies that can be sold online, he added.

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