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QUOTE OF THE WEEK

**"Be miserable or motivate yourself.
Whatever has to be done,
it's always your choice."**

Wayne Dyer

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Financial Guaranty

A surety bond, insurance policy, or an indemnity contract (when issued by an insurer), or similar guaranty types under which loss is payable upon proof of occurrence of financial loss to an insured claimant, oblige or indemnitee as a result of failure to perform a financial obligation or any other permissible product that is defined as or determined to be financial guaranty insurance.

INSURANCE INDUSTRY

Centre plans ₹1 lakh crore Covid-19 pandemic fund - Hindustan Times – 7th May 2021

Stung by the severity of the second wave of Covid-19, India is considering setting up a pandemic pool worth at least ₹1 lakh crore to financially help uninsured citizens whose incomes or health get hit by Covid or any other pandemic in future, said three people with direct knowledge of the matter.

This is aimed at helping the country's large population of uninsured people handle losses in incomes and offer them financial support to handle hospitalisation costs. Just 4-5% of India's population is covered under health insurance.

"We are working on the creation of a pandemic pool for the uninsured population. At present, the work is at an assessment stage," said a government official and one of the three people cited above on condition of anonymity. The official said talks are on with the Insurance Regulatory and Development Authority of India (Irdai) and the Reserve Bank of India (RBI).

"The key parameters for the creation of the pool include the number of positive cases; the proportion of hospitalization cases; the proportion of recovery; costs involved at various stages of infection; demographics of the most-affected population by the virus; average cost of their living; impact on their incomes; nature of their livelihood; sustainability of their businesses or source of income; medical infrastructure available to them; general comorbidities among the; age group of the most-affected low-income population etc.," said the official.

"Once we are able to assess the range of these parameters, the pricing of the pool can be done; and the quantum of contribution to be made by the government, health insurance companies, and other public stakeholders can be calculated; and then the pool can be launched," the official said. All the people cited above said the government will initially contribute at least half of the pool's corpus, and the rest will come initially from health insurers and from life insurers at a later stage.

The plans come as more than 300,000 coronavirus cases continue to be recorded each day in India, severely stretching its healthcare infrastructure. Meanwhile, curbs in various states have severely affected the livelihoods of those who depend on services and small businesses.

After the launch of the government's health insurance scheme—Ayushman Bharat—for the extremely poor, around 100 million have been covered under basic health insurance cover, for which the states and health insurers jointly bear the costs of claims since the premiums collected for such a scheme is very small. However, a major part of India's 1.38 billion population still remains uninsured.

"At present, at least ₹200,000 is required on an average if a patient gets hospitalised due to Covid-19. Unfortunately, a large part of India's population is neither able to insure their health nor their small businesses and, therefore, when a pandemic hits, lakhs of such citizens not only lose their basic source income but also are pushed into acute distress in case someone from the family gets hospitalised. The pandemic pool targets to address this major issue," said the second person cited above. Last September, Irdai floated a proposal to create a pandemic pool. It was, however, shelved as the Centre was not too keen to support the plan following a decline in the number of cases. Irdai had formed a working group with representatives from the insurance and reinsurance industry to explore the option of creating an Indian pandemic risk pool focusing on risk considerations of business continuity.

(The writer is Anirudh Laskar.)

TOP

Insurance uncertainties, big dents on the wallet: second wave grips life in India like a constrictor - The Economic Times – 6th May 2021

The second wave is expected to spare no one. Despite taking all the necessary precautions, keeping external interactions and movements to a bare minimum and hardly any socialisation, Covid-19 has hit a lot of my relatives and friends. I have witnessed more than 10 deaths in my close contacts. Covid-19 is everywhere. Any person you speak to has some or the other near and dear one who has either recovered, tested positive, or in extreme cases, lost a dear life. It was no different with me. Without any extra effort, I was able to speak to 10-15 near and dear ones who were infected at the same time with varying levels of complications and severity. The takeaways from regular interactions with these patients and their families aim to provide an insight on what goes behind the reported numbers, how it is impacting consumption, and whether this will permanently change consumer habits. The interactions were spread across a variety of patients — from domestic help, who recovered primarily on a government health infrastructure, to patients with a comorbidity that required long hospitalisation.

A large number of people still aren't getting themselves tested. Reasons for not getting tested include some the belief that a positive result is a social taboo and something which should not be disclosed. Test results continue to take anywhere between 24 hours and 36 hours and false negatives are common. Anxiety and misconception among the broader population also tend to skew testing data towards higher testing rates. It would be safe to assume actual data is under-reported at least by a factor of five. There are no standard procedures or treatments when it comes to Covid-19. Every doctor in every city is following their own diagnostic and treatment methodology. For instance, Mumbai doctors typically recommend two CT scans and two blood tests. The cost of these scans and blood tests are also not standardised and can range from INR2, 000 to INR5, 000 per test. Queues for CT scans are common, with no one wanting to take a chance, a lot of patients get it done right at the onset of symptoms — against the doctor's advice.

Self-medication is also on the rise along with many forms of treatments followed by doctors in multiple cities. Some doctors prescribe 10 tablets, three times a day and some only multivitamins. Some patients are being recommended Remdesivir injections right away, and some are forcing doctors to procure it for them just as a precautionary measure. Messages with a request for injections continue to float around with an active black market. The requirement of devices that help people bring their oxygen levels up are also in high demand irrespective of whether they are being prescribed by doctors or not.

Last year, when the virulence of the infection was not very high, an additional insurance policy called Corona Kavach was mandated by Insurance Regulatory Development Authority of India (Irdai). The

policy included hospitalisation and home quarantine. With cases rising, some insurers have stopped issuing new policies that cover home quarantine. Now, with Covid-19 so widespread, some of the policies are only covering acute hospitalisation and with hospitals running full, patients have to recover at home, and their insurance policy may not cover the same. This is either denting the insurance buyer's wallet or triggering a long battle with the insurance company.

Considering the rising number of cases, we expect the peak in terms of infections for India on a whole could be at least a fortnight away. The just-concluded elections in a large state like West Bengal, movement of migrant workers back to states like Uttar Pradesh could keep the curve rising. The careless behaviour seen earlier by younger people is now on the mend as seen and validated by Google's mobility report for India. Local traders are ready for voluntary lockdown and smaller businesses are also preparing for the same. Lockdowns of shorter durations (10-15 days) are unlikely to pose a major challenge to the economy. Microfinance institutions would be the ones that would bear the maximum brunt of these lockdowns. However, anything beyond 25-30 days of lockdown could possibly lead to small businesses collapse. The central government has made its intention clear that it does not want a nationwide lockdown and prefers micro-containment zones, which is the right way out if it remains so.

The treatment and recovery costs vary from patient to patient, city to city, and doctor to doctor. The following estimate is based on personal experience and interactions that we have had over the last couple of days. The risk to the consumer's wallet starts with hospitalisation, especially when the patient is not adequately covered, and more so when there is more than one family member tested positive. Households with elderly family members are the ones who require hospitalisation. From our sample of 10, three cases of hospitalisation involved elder family members and one case of hospitalisation involving a person below 45 years of age. While there is no official number on the rate of hospitalisation in the country, media reports point to 7.3 percent of active cases being critical and requiring intensive care units. It would be fair to assume that the current rate could potentially be in the range of seven to 10 people out of 100 who need hospitalisation or critical care.

This is a key question to which the answer is not clear so far. Cases where there was no adequate insurance cover or where there was no hospitalisation, point to extra expenses. Cases that involved hospitalisation had adequate insurance cover and hence that impacted the cash flow only temporarily. There have been experiences where patients were not able to source the required financial resources and had to borrow money typically from friends, family, or gold lenders. Moreover, an active black market for key drugs and injections also means that the expense would not be covered by their insurance providers, leaving another dent in the affected person's wallet. The wealth distribution versus destruction argument may not be valid here as the current wealth distribution is highly skewed towards specific parts of the society (doctors, hospitals, diagnostic chains). The psychological effect, as the wave rises, may have a lasting impact on the spending pattern of the infected patient and their families irrespective of their insurance coverage.

The lockdown and work from home excitement that triggered myriad spending habits the last time around, appears to be absent in the second wave. Quick diagnostics are likely to be a norm, and the awareness for having an adequate insurance cover is likely to amplify. Although there are strict pricing controls in some states when it comes to charging customers for tests and diagnostics associated with Covid-19, overall, the consumer's habit is likely to change and so is his willingness to pay for diagnostics and health insurance.

(The writer is Nitin Mangal.)

TOP

Covid surge may hit insurance firms' loss ratios, but no hike in pricing yet - The Economic Times – 4th May 2021

Insurance firms' loss ratios are under a cloud as the deadly Covid wave has led to a flood of insurance claims. The companies had not factored in such a huge impact of Covid claims while underwriting their products. Despite the surge in Covid claims, insurance firms are not sure of their impact on loss ratios

and product pricing. While the loss ratio of the health portfolio has taken a hit due to the Covid claims, they are still yet to impact the solvency much. With the wave expected to end, the insurers will decide on pricing after seeing the year's claims data. However, the Covid specific products where claims are high may see some increase.

After settling health insurance claims of over Rs 14,608 crore for Covid in the last fiscal, the insurance companies are bracing for a new round of claims. Hospitals are choc-a-bloc with patients as a deadly second Covid wave sees the country report over 1.5 lakh cases on a daily basis. This is likely to push up claims drastically.

Claims settlement

Of the total claims of Rs 14,608 crore under the Covid health schemes, insurers have settled only claims worth Rs 7,900 crore, according to data by General Insurance Council data showed early last month.

However, volume-wise it about 85% of the total claims of over 10 lakh claims made. According to the data, the average reported claim size is to the tune of Rs 1.46 lakh but the average claim that insurers are settling is Rs 91,953.

About 66% of the claims under the Covid health insurance policies are from the worst-hit five states with Maharashtra topping the chart. For the last fiscal, Maharashtra topped the claims list with 3.58 lakh claims for Rs 4,345.39 crore, followed by Gujarat (1.30 lakh claims for Rs 1,922 crore) and Karnataka (75,938 claims for 1,136 crore). Delhi saw 57,184 claims followed by Telangana (52,122), West Bengal (38,021), and Uttar Pradesh (33,653).

Death claims

Life insurance companies have paid Rs 2,000 crore towards Covid death claims in the last fiscal.

These claims were over the normal death claims settled by them every year.

The 24 life insurers settled over 25,000 Covid death claims.

Rise in claims

From only 81,000 at the end of July 2020, Covid claims shot up over 475,000 by October and reached 664,488 by early December. However, they tapered off with fall in cases, but are rising now with the second Covid wave.

TOP

SC asks Centre to inform about settlement of insurance claims of healthcare professionals - The Economic Times - 3rd May 2021

Appreciation of healthcare professionals in fight against COVID-19 should not be “reduced to rhetoric”, the Supreme Court has said, directing the Centre to apprise it as to how many claims of “Corona Warriors” under PM insurance scheme have been settled by it and sought a timeline for settling the pending dues. The central government had extended the benefit of the ‘Pradhan Mantri Garib Kalyan Package Insurance Scheme' of Rs 50 lakh to about 22 lakh healthcare professionals and told the apex court about its extension for one more year starting April 2021.

“While we are dealing with a terrible second wave of the COVID-19 pandemic, there must be an effective policy to ensure that the nation truly acknowledges their effort and creates incentives for them. We hope it will be remedied soon by the Central and State Governments through the introduction of appropriate guidelines and measures,” the bench headed by Justice D Y Chandrachud said. “We direct the Central Government to inform this Court as to how many claims are pending under the Scheme, and the timeline

within which the Central Government expects to settle them," the bench, also comprising L Nageswara Rao and S Ravindra Bhat, said in its order uploaded on late Saturday night.

It said they spoke not only as members of the Court, but also as grateful citizens of the country, and commend the outstanding work of all healthcare professionals (doctors, nurses, healthcare workers, laboratory technicians, ward staff, ambulance drivers, crematorium workers etc.) during this crisis. "They have truly gone beyond their call of duty and toiled day in and day out, relentlessly without rest amidst great challenges. It is absolutely necessary to take urgent steps for their well-being to ensure that our appreciation for their tremendous efforts is not reduced to rhetoric," the bench said in the 64-page order. Healthcare professionals have been at the forefront of tackling this crisis, it said. "We have to recognize their contribution as medical healthcare professionals who have undertaken to protect public health using proven scientific evidence and best practices and to serve to community at large" and not just as "CORONA WARRIORS". "We also do not hesitate to note that the treatment meted out to these public healthcare professional during this COVID-19 pandemic has sometimes been less than ideal," it said and highlighted some issues.

Recently, there were reports that the 'Pradhan Mantri Garib Kalyan Package Insurance Scheme' would not be renewed, it said, adding "While we are happy to note that UOI's affidavit...states that this Scheme has been extended for one year starting April 2021." It said that till date, only 287 claims have been settled under it, which includes claims from the families of 168 doctors who died after contracting COVID-19 while treating patients.

"Further, we would wish to use this order to place on record our sincerest appreciation for all the public healthcare professionals - not just limited to the doctors, but also nurses, hospital staff, ambulance drivers, sanitation workers and crematorium workers. "It is through their dedicated efforts that the effect of COVID-19 pandemic is being currently tackled in India," the bench said in its concluding paragraph of the order.

TOP

As claims rise, insurers go slow on covering Covid-recovered - The Indian Express – 3rd May 2021

With the daily number of Covid cases rising steeply, insurance companies are refusing to give health cover to persons recovered from Covid-19 and are asking them to wait up to six months for renewal of policies.

Most insurers are iffy about on-boarding customers who have just recovered from Covid, said an insurance sector official. "As a result, insurers have put a cooling off period of 3-6 months after Covid detection," he said.

The delay in renewals has come amid reports that insurers are refusing to pay up in many cases despite the directive of the Insurance Regulatory and Development Authority of India (Irdai) that hospital bills under the 'cashless system' will have to be settled within two hours of discharge. "There are even complaints that some insurers are refusing to issue new Covid policies to persons without any illness fearing a spurt in claims," said a source.

According to government data, there are 1.87 crore confirmed Covid cases in the country, of which 1.53 crore have recovered. These people may have to wait for some time before getting themselves covered again. "A cooling off period is to ensure that customers have recovered completely, (and they) are not experiencing any immediate side effects of the infection and are in optimum health at the policy proposal stage. As most Covid survivors only experience mild symptoms, availing insurance cover should not be a problem," said Anand Roy, managing director, Star Health and Allied Insurance.

"This means one can buy a health insurance policy only after 3-6 months of having turned Covid negative. Given the rate at which Covid is spreading right now, it's advisable for all to get a health insurance plan now, and don't wait, because in case one gets Covid, it will become difficult to get the health insurance plan immediately," said Amit Chhabra, head-health insurance, Policybazaar.com. The second Covid wave has led to an unprecedented surge in new infections. "Given the lack of clarity around the severity and virulence of this mutant, it is advisable to stay safe, take precautions and have yourselves covered under the umbrella of health insurance. Considering the rapid spread of new variants of Covid-19, it is hard to say anything about the long-term effects of it," Chhabra said.

According to Roy, Covid-19 is a new disease and there is yet a lot we need to understand about this illness in ascertaining long-term effects on a person's health. "In the past, we've seen patients who have recovered from Covid-19 experience a reinfection or have other complications. This is exacerbated when the patient has comorbidities. Underwriting of such proposals is more case specific, individuals with or without co-morbidities, extent of treatment and sequel of Covid," Roy said. Meanwhile, insurance companies settled only 54 per cent of the claims received from the customers who have taken Covid health insurance as of March 2021. Of total claims of Rs 14,608 crore under the Covid health insurance schemes, insurers settled only claims worth Rs 7,900 crore, which is 54 per cent of the amount claimed by the insured people.

On top of this, while 9,96,804 people made claims as of March 2021, insurers settled the claims of 8,55,250 people, leaving out 1,41,554 people who are yet to get the money from insurance companies, according to figures available with the General Insurance Council. "A major chunk of the insurance claims is cashless and settled by the insurance company on the day the patient is discharged. If 1.41 lakh patients whose claims are yet to get the money from the insurance company, that's something that insurance regulator Irdai should look into and issue an advisory," said an insurance sector official. A common complaint from the customers is that insurers drastically cut down the claim amount on some flimsy reasons and many of them, including public sector firms, refuse to reimburse money to policyholders.

However, insurers said many claims are inflated bills that don't come under the terms and conditions of the policy. As many as 66.37 per cent of total claims under the Covid health insurance policies are from five states, with Maharashtra accounting for the maximum number of claims. During the 12 months ended March 2021, insurance firms reported an 18.11 per cent increase in health insurance premium income to Rs 58,584 crore. Of this, retail customers accounted for Rs 26,258 crore and group policies amounted to Rs 27,750 crore. Two corona-specific products — Corona Kavach and Corona Rakshak — were launched by insurers under the guidance of Irdai.

(The writer is George Mathew.)

TOP

INSURANCE REGULATION

Irdai issues guidelines for a standard domestic travel insurance product - Business Standard - 5th May 2021

The Insurance Regulatory and Development Authority of India (Irdai) has come out with guidelines for a standard domestic travel insurance product, to be known as "Bharat Yatra Suraksha". General and health insurers have to offer this product July 1 onwards. There are five plans under the product and the coverage is both benefit and indemnity-based.

"Though there are a number of travel insurance products available in India, each product is distinct and the insuring public may find it difficult to choose an appropriate product. Therefore, a standard travel product is designed with uniform features of coverage, so as to make available the most common requirements of a common passenger", the regulator said.

The standard product will cover hospitalisation expenses due to an accident where the sum assured will be in the range of Rs 1-10 lakh. It will provide coverage against accidental death with sum assured ranging from Rs 1 lakh to Rs 1 crore, permanent total disability, permanent partial disability, repatriation of mortal remains, and automatic trip expansion. There are also some optional benefits that the insurers can offer.

According to the guidelines, Plan A will cover travel by cab or bus for a distance of up to 100 km from place of origin, Plan B for travel by cab or bus for a distance of beyond 100 km from place of origin, Plan C for travel by train (only for reserved tickets), Plan D for air travel, and Plan E for trips involving travel through any one or multiple modes of common carrier such as Taxi Cab, Bus, Train, Ship or Air travel.

The regulator has said, there shall be only a single premium payment and it shall be collected in advance. Also, the product may be offered on an Individual and Group basis. When offered as a family cover, the chosen sum insured shall apply to each family member separately.

TOP

IRDAI moots 'Model Insurance Village' concept to boost insurance in rural India – The Times of India – 5th May 2021

To boost insurance penetration in rural areas, the Insurance Regulatory and Development Authority of India (IRDAI) has mooted the concept of 'Model Insurance Village' (MIV). As part of this, IRDAI has asked insurance companies to set up MIVs in 500 villages across the country in the first year and gradually scale this up to 1,000 villages in the subsequent two years. In these model villages, insurance companies will have to work towards covering the entire populations and their properties, farms, machineries, vehicles and different village-level services, among others. The idea of this initiative is not only to boost insurance penetration but also ensure that people in the rural areas start understanding the concept of insurance and its benefits. "The efforts in selected villages need to be continued for a minimum period of three to five years so as to make the insurance benefits visible to the community," IRDAI said in a paper issued on Monday.

IRDAI has stated that insurance companies need to study the risk profile of villages, their insurance needs and design their products accordingly. Besides, they will also have to engage insure-tech as well as fin-tech firms for support in product design and implementation of the concept using technology at all the levels of insurance processes from marketing, servicing, loss assessment to claims settlement. IRDAI has suggested that to make the premium affordable, financial support from governments as well as institutions such as NABARD and CSR funds must be explored. Insurance companies have been advised to tap various initiatives of the rural development ministry as well as network of SHG members and bank correspondent Sakhis (BC Sakhis) for insurance product distribution and servicing.

"At present 11,189 BC Sakhis are present in 11,552 villages of 330 districts of 18 different states," it added. Insurance companies have been told to explore tie-ups with different farm input suppliers, financial institutions, rural services providers to target distribution of small ticket, short duration or tailored products. Besides, the insurance watchdog has stated that as bank assurance has proved to be more acceptable than any other traditional intermediary, banks in rural areas can be used for selling rural and agriculture insurance products. It has also asked senior officials of insurers, preferably CEO or CMDs, to periodically monitor and review the progress of implementation of the MIV initiative in their respective selected villages.

(The writer is Swati Rathor.)

TOP

LIFE INSURANCE

How much insurance do you need? – The Times of India – 7th May 2021

National Insurance Awareness Day is round the corner on 28 June. While insuring your health and life is always a good idea, the ongoing pandemic has only reinforced the importance of being protected. It's not enough to just buy any policy. The cover should be adequate. To help you find out whether your insurance cover is enough or not, this week's cover story helps you calculate how much of life insurance you need using the income-based and expense-based models. In the first method we use human life value (HLV) to calculate the required insurance cover. The total financial loss to the family is arrived at based on your current earnings, your personal expenses, the number of earning years left and the expected annual increase in earnings, among other parameters.

First, you need to arrive at your post-tax annual income. Only the income that will stop with your demise should be considered. Take into account the take home pay and components like contributions to the EPF by you or the employer. When calculating business income, ignore income generated by businesses managed by others and add only the part that is coming due to your active participation in it. Though an income stops with one's demise, some expenses stop too. These may be personal expenses or work related spending. Deduct these expenses to arrive at the net monetary loss to the family. The next step involves the number of earning years left. Salaried individuals can take retirement as the cut off here. "Earning potential of businessmen and professionals can go beyond 60 years and therefore, they should make a reasonable assessment about when their income will stop," says R.M. Vishakha, MD & CEO, IndiaFirst Life Insurance.

Since your income is not going to remain stagnant over the years, you can't arrive at the monetary loss to the family by multiplying your current income with the remaining number of earning years. For that you need to assume an annual growth rate. However, assume a reasonable rate because the final value will be drastically different based on growth assumptions. "While increments will be higher when you are younger, it starts moderating as you grow older. So, people should only assume around 5-7 percent increase in annual income," says Melvin Joseph, Founder, and Finvin Financial Planners. Once you arrive at a reasonable increase in income, you can arrive at the total monetary loss to family (see table). The amount you arrive at may seem very big, but the loss mentioned happens in future and therefore, the same needs to be considered in present value. You can do it with the net present value (NPV) formula using a discounting factor. The value comes down drastically after discounting. This total adjusted loss to the family is the exact insurance cover you need if you go by the income replacement method. This corpus should last till the time you would have turned 60 despite a 5 percent yearly increase in withdrawals.

In the unfortunate event of the main earner's demise, does the entire loss need to be compensated? Not necessary if the family has other sources of income. "Insurance cover should be need based and not based on income. Two persons with the same income should not have the same insurance cover if one is paying rent and the other earns a rental income from a second property," says Tarun Chugh, CEO, Bajaj Allianz Life Insurance. In the expense replacement method, the gap in future expenses (total future expenses and the shortfall) is arrived at and the insurance need is restricted to that. Start by adding all your monthly (rent, school fees, grocery, electricity, etc) and annual (travelling, etc) expenses to arrive at the total family expenses. Existing loans and insurance is taken into account at a later stage. From the total family expenses, deduct your expenses – that which will not be incurred if you are not around. The final figure you get is the family's net expenses as of today.

Calculate expenses of each dependant on your income, including yourself. Once you get each one's current regular expenses, you can calculate the future value by assuming a reasonable inflation rate – we have used 5 percent. Since these are future values, the same needs to be discounted using reasonable returns (we have assumed 7 percent) for each dependant using the net present value formula. Add all numbers to get the insurance cover you need to take. Balancing is critical. "If you want to reduce insurance cover due to financial constraints, you can calculate to the point your son or daughter would start earning. This is on a reasonable assumption that kids will take care of their remaining parent," says Rohit Shah, Founder & CEO, and Getting You Rich. However, Vishakha has a different view. "Retirement planning of the remaining spouse will be big component, but that needs to be done. Though this generation is taking care of parents, it is not reasonable to expect the same from the next generation," she says.

We need to consider the level of dependency too. While a non-working spouse will be fully dependant, a working spouse may be partially dependant or even fully independent. Similarly, parents with some pension income, accumulated wealth, etc may be only partially dependent. If the dependency is partial, you can reduce the required insurance by that much amount. Should a person without financial dependants take life insurance? "Insurance is only for people with financial dependants. If spouse, parents, etc are fully financially independent, there is no need to take life cover," says Amol Joshi, Founder, Plan Rupee Investment Services. Kshitij Jain, MD & CEO, Exide Life Insurance concurs. "Financially independent couples need not take a big cover. They can restrict the cover only to their liabilities," he says.

Since you don't want your family to bear the burden of any outstanding liability, this part needs to be fully covered. "People need to take additional cover for liabilities. Else, dependants may be forced to use insurance receipts for paying off loans and will be left with nothing," says G. Murlidhar, MD, Kotak Life Insurance. However, you can avoid adding a liability if the loan is already covered by credit life insurance. "Ignore the loans that are already covered under credit life insurance and take additional term cover for loans without credit life insurance," says Santosh Agarwal, Head of Life Insurance, and Policybazaar.com. Over and above day to day expenses, you need to provide for the future well-being of family members. What should you do if the insurance cost shoots up by including all goals? "If present finances are not great, you need to include only critical goals and not all goals," says Shah. While most people add normal assets like FDs while computing segment, they tend to ignore several other assets. "All assets including balance of PPF, EPF, etc should be considered here. While one needs to add real estate, avoid the primary residence," says Joseph.

Consider existing cover: Computing how much life cover you need is only the first step and the next step is managing it. If you already have an existing life cover, buy a policy that will cover the shortfall, if any. "A lot of people forget to account for the group term plan offered by their companies. However, please note that you lose this cover once you leave the company," says Shah. Affordability "Since affordability is an important factor, people should opt for low cost products," says Joseph. While normal term plans are cheap, you have cheaper options, provided you are ready to buy from the company sites directly. Recycling high cost insurance policies is another option. "If you are not able to take the required cover due to lack of funds and at the same time are stuck with high cost traditional plans, surrender those traditional plans and reuse the money to pay for the term cover," says Shah.

You may even get stuck with high cost term plans. For instance, Mumbai-based pharmacy professional Sachin Acharekar initially paid an annual premium of Rs. 55,000 for a Rs. 1 crore term plan that covered him till the age of 75. Now he pays Rs. 18,500 for a Rs. 1.5 crore term plan that will cover him till he is 60. "Term cover costs shoot up once the insurance period goes beyond 60, so it is better to take the cover only till 60," says Joshi. Joseph concurs. "Opting for a return of premium (RoP) policy is another mistake people do and this also increases insurance costs significantly," he says. Nominee details while people take extreme care while selecting the right term insurance plan, they are usually not so careful with the nominee details. While nominating the spouse is common in nuclear families, it may not be that easy in joint families or when dependent parents are around. "The nomination should mirror your will and each nominee should be given the pay-out in the same proportion," says Chugh. Kshitij Jain, MD & CEO, Exide

Life Insurance agrees. “To avoid confusion, decide now how much each nominee should get from the proceeds. You can nominate multiple people for one policy or buy separate policies for different nominees,” he says.

Disbursement is critical Do keep in mind the financial acumen of your nominees. For example, if your spouse is the nominee, make sure he or she is capable of managing the corpus, which will be a large sum. If you are not sure about the financial acumen of your spouse or you don’t have a reliable financial planner, opt for a staggered payout. Most financial planners are against this option because the rate of return offered by insurance companies here is low. However, it still makes sense. “The chance of a nominee with no financial acumen losing the entire corpus is high. Lower return is better than losing money,” says Vishaka.

TOP

Protect your life by purchasing not only health insurance but also term insurance: Parag Raja - Financial Express – 5th May 2021

A crisis comes unannounced and being prepared for it is the best prevention. However, even with a year of planning and preparations, the second wave of COVID has brought the country to its knees. In the midst of everything, to have an added protection, getting an insurance cover has been a priority for most. Industry experts say it is important to purchase not only health insurance but also term insurance that covers the policyholder’s loved ones in the event of his/her untimely death.

Parag Raja, MD and CEO, Bharti AXA Life Insurance says, “The reforms in the second wave are expected to increase not only the country’s insurance penetration rate but also lead to a conscious shift in the insurance product mix.” In an exclusive interview with Priyadarshini Maji, he explains how one should take care of their mental health during the pandemic, and how in times to come, Indians will have a changed outlook when it comes to protection cover.

The second wave leads to a surge in sales of COVID-19 insurance policies, will the premium prices be affected?

The reforms in the second wave are expected to increase not only the country’s insurance penetration rate but also lead to a conscious shift in the insurance product mix. The burgeoning number of casualties due to the pandemic and the co-morbidities amongst individuals has strained reinsurers that are struggling to manage their losses. To account for such losses a hike in premium by reinsurers puts a strain on life insurers as well which may affect the premium prices. In times to come, Indians will have a changed outlook when it comes to protection cover, on the positive side.

What makes term insurance unique?

When it comes to life insurance, the main goal is to have financial protection. Life insurance plans are one-of-a-kind in terms of the benefit and the sense of financial stability it offers. Term insurance is unique because of:

Coverage: In term insurance plans, one can only avail coverage against untimely death and there is no maturity benefit provided. Some term insurance plans also provide an option to return all the premiums paid at the end of the policy term on survival. However, most forms of savings or investment life insurance policies have a maturity advantage.

Premium: Only the risk of untimely death is provided for by term insurance products. This is why term plans have premiums that are incredibly low and affordable. At competitive premiums, you can purchase high sum assured covers.

Coverage duration: Term plans come with long-term durations of coverage that can go up to 67 years or 81 years in the case of Whole Life cover.

Increase in protection plan due to the second wave of covid-19- Is that the right way to go for individuals?
The ongoing pandemic has invigorated the awareness about insurance across the country especially protection. Protection plans should be an important part of one's portfolio and should be a cardinal part of their investment product mix, as it brings real insurance benefits and builds a safety net for their families.

Protection plans provide a wide range of benefits and choices to help the customers and their loved ones fulfil their specific financial requirements at each stage of life and to empower them with adequate financial resources. Insurance players can penetrate deeper into the current industry and explore new segments in order to expand the overall protection market in India.

What type of insurance policy is the must-have to stay safeguarded from the pandemic?
It is important to protect your life by purchasing not only health insurance but also term insurance that covers your loved ones in the event of your untimely death. Furthermore, the number of patients infected with the coronavirus is growing by the day.

A term insurance policy is essentially a no-frills policy that provides maximum life coverage at the lowest possible cost. Health and term insurance should be the must-have policies during the pandemic.

What are some of the Tech trends that will transform the insurance industry in 2021?
The insurance industry is adopting digital transformation amidst Covid-19. Increased insurance penetration and an easy and hassle-free buying process has resulted in a surge in insurance enquiries and purchases online.

It is believed that the digital wave will bring about huge changes in the sector making way for new expectations in the area of information, marketing, product offerings, service delivery and claims. The aim is to provide customers with the best in class products with uncomplicated applications. Increasingly, offline processes are transitioning into the digital realm.

How should one take care of their mental health during the pandemic – advice by CEO
Social support is the key during this time. Make contact with your loved ones. Don't keep speculating about Corona; instead, discuss other topics such as sports, science, movies and hobbies. During this time, one should also need to keep a healthy lifestyle, have regular sleep, exercise, do yoga, read, listen to music and take multiple breaks.

Make an effort to engage in creative practice. Find time to engage in hobbies you love, even if working from home is taxing. It relieves the pressure of meeting job deadlines. Exercise works as a mood stabilizer. Endorphins, which are natural pain relievers, are released during exercise. It also gives us a sense of satisfaction while keeping us physically healthy and strengthening our immune systems.

Lastly, avoid dwelling on numbers that are irrelevant to the average person. All that is required is that one should protect themselves, which entails the same old stringent measures of wearing a mask and remaining indoors and comply with all safety protocols.

(The writer is Priyadarshini Maji.)

TOP

Don't make these mistakes when buying insurance - The Times of India – 4th May 2021

Buying life insurance has become a priority for many after Covid. The pandemic has claimed over 1.6 lakh lives in India. In many cases, breadwinners have succumbed to the virus, leaving families in disarray. To be sure, Covid has created more awareness about the need for adequate protection. There is a distinct shift towards considering life insurance as a tool for financial security, reveals a recent Tata AIA Life Insurance Consumer Confidence Survey. Almost half of the respondents said they need to buy a life

insurance policy in the next six months. During the pandemic, 51 percent of respondents bought life insurance, of which 30 percent were first-time buyers. This is good news but there is a long way to go before Indians put in place one of the building blocks of financial well-being. A large majority is still not covered by insurance. Some find no use for it until a certain age. Even those who are insured are not adequately covered. Several of those insured also make wrong choices regarding policy term, type of policy, payout options, etc. Some do not disclose critical information at the time of buying the policy—leaving claims open to rejection by the insurer. The worst scenario is when family members are not even aware of the existence of the policy. In this week's cover story, we look at some common mistakes people commit when buying life insurance.

People defer the decision to buy life cover for a variety of reasons. Young people aged 30-35 years don't feel the need to spend money for a cover with no perceived risk to life. The pandemic should dispel such misplaced notions. "The longer you remain unprotected, your family remains vulnerable," says Rohit Shah, CEO, and Getting You Rich. Besides, you are not saving any money if you defer the decision to later years. Premiums are low for those who are young, so it makes sense to lock in when rates are low. For the older, the premiums tend to be much higher. Also, term cover premiums have risen in recent years and could go up further this year because reinsurers have hiked their premium rates following a sharp increase in death claims after Covid. The Tata AIA Life Insurance survey has observed that unlike the pre-Covid times, people are more inclined to buy term plans. About 47 percent said their views towards term plans have changed. Yet, traditional plans continue to be the preferred choice. Another survey by Max Life shows that one-third of non-term plan owners across urban India are unaware of term plans.

A regular term plan pays a fixed sum to the beneficiary if the insured person dies before the policy term. But if he survives, there is no maturity benefit. This aspect seems to act as a deterrent. Most life insurance policies are bought as insurance-cum-investment plans. They have hefty premiums but offer very low cover. The returns are also very low, compared to other investment avenues. Hemant Rustagi, CEO, Wiseinvest Advisors, insists mixing insurance and saving is a bad proposition. "You will not be able to do proper justice to either aspect," he warns.

Many claimants are finding out the hard way that insurers reject claims if they find that the policyholder did not divulge crucial information at the time of buying the policy. These can include any pre-existing medical condition, family medical history, risky lifestyle choices like smoking and engaging in hazardous occupations. Hiding such information or furnishing fraudulent documents at the time of purchase can get the claim rejected. A claim may even be rejected if the cause of death is unrelated to the missing piece of information. Insurers have only grown more vigilant and strict since the onset of the pandemic. Amol Joshi, Founder, Plan Rupee Investment Services, asserts, "Be truthful in your declarations at the outset to leave little chance for a claim rejection later."

He also suggests buyers must not skip the medical check-up or avoid buying a policy that insists on one. A solace for policyholders is that life insurance claims cannot be rejected by the insurer on any grounds after the policy completes three years. Some insurers offer plans for terms extending up to the age of 100 years and beyond. These plans essentially aim to secure the family for the entire life of the insured. In other words, payout from the policy is assured as likelihood of surviving this long is minimal. This seems to address concerns most people have about life insurance—surviving the policy term and not getting any payout at the end. It is also touted as a sure-fire way of 'leaving behind a legacy' for the family members.

Experts advise against falling for such gimmicks. Besides the higher premium for the extended cover, inflation will reduce the worth of the payout to an insignificant amount that far into the future. Let us

assume the buyer is 35 right now. Even a low 4 percent inflation will reduce Rs. 1 crore to worth only Rs. 17.12 lakh if he dies at 80. When he is 99, the payout will be worth only Rs. 8.12 lakh. So forget about leaving behind that legacy! Joshi says there are better ways to leave a legacy for the family. "Investing the difference in premium in an equity fund will yield far better results," he argues. However, having a term plan with longer shelf life may be of use for some.

Particularly, those likely to shoulder burden of loan obligations or support dependent children well into retirement may need the protection. Those who have not accumulated enough financial assets during working years may also take comfort in having some cushion to fall back on. Opting for a very short term is also a mistake. Buying a cover till the age of 45-50 will be very cheap but it will leave your family with no cushion after the policy ends. Ideally, a policy should cover you till you fulfil all your financial obligations and pay off debts. Family responsibilities—arranging for kids' higher studies and marriage-related expenses—are at the peak for most individuals in their 40s and 50s. The breadwinner's demise in this critical phase may leave the family exposed. It is also unlikely that the family will have accumulated sufficient assets to lean on by this time.

As the name suggests, such policies pay back all the premiums paid if you survive the whole term. This may seem a good deal, but don't fall for this bait. The catch is a far higher premium outgo. If a Rs. 1 crore term cover costs Rs. 13,448 annually, the same policy with a return of premium option will cost Rs. 28,590 per year. So what, you might ask—why mind the higher outgo if the buyer gets back the money? Nisreen Mamaji, Founder, Money Works Financial Services, counters, "Ask yourself what you are giving up in exchange for that 'privilege' of getting your premiums back."

Here's the math and perspective: At the end of the policy term, the 'return of premium' plan will pay back Rs. 7.43 lakh. If the buyer invested the difference in premium in a hybrid fund for the same period, an 8 percent annualised return would fetch Rs. 13.15 lakh by the time he reaches age 60. So you bought a life cover at an early age? That is a great start, but as they say, well begun is only half done. As your personal circumstances evolve, the cover you started with may not be adequate. Rustagi insists the amount of cover at any time should be in sync with ongoing liabilities and income. Certain critical situations or phases in life will demand that you opt for a higher cover. For instance, the birth of children brings added financial responsibilities. Your initial life cover will be hardly enough to meet a growing family's needs. You may also need to hike the cover if you opt for a big home loan. If your income has risen sharply in past few years, it may be worth opting for that higher cover.

Most life insurance plans offer multiple options of payout in the event of the insured's death. Apart from paying out the entire sum as lump sum, the policy may give you the choice of a regular, staggered payout or even a combination of lump sum and regular payout. Your choice of payout is critical to how your loved ones benefit from the policy. At times, surviving family members may not be financially savvy or well-versed in tackling money matters. Handling a big sum of money upfront may prove to be a tall order.

The family may make mistakes, so a staggered payout in regular tranches may be more suitable for their needs. However, some experts advise against this option. As time passes, the money that you receive every year loses its worth under gradual payout. Inflation will erode the value of the money at an exponential pace. Further, if a big-ticket expenditure comes due at any time, your family will not have access to the required sum since payout from the policy comes only in tranches. "A one-time bullet payment gives a lot more flexibility to the family," asserts Joshi, who suggests that the insured guides the family beforehand on how to deploy the money if the time comes. Parking the entire sum in a bank fixed deposit is the safest approach and also doesn't require any grunt work.

The regular payment option requires an annual premium paid for the entire duration of the policy term. But you can opt for a 'limited pay' option also, where you pay for only a few years while the coverage continues for a longer period. You can even opt for a single premium option. Experts are not convinced of the utility of limited pay options, though there may be few circumstances which warrant a limited pay option. It frees you from the cash outflow burden early. You can time the payment period to match your active working years. This may prove helpful for those with short career span or who have only few working years left. Paying off the premiums earlier also reduces the chances of policy lapsing owing to

missed payments. This is the worst mistake one could make in life insurance. Having secured your family with a life cover will count for nothing if they have no clue of its existence. It is worse than not buying a life cover. You pay for it but don't get its benefit. Not only should you alert a responsible member of the family when you buy the policy, but also disclose its exact whereabouts. No matter how discomforting the topic may be, it is a discussion that you simply cannot put aside. You do not want your spouse or children to run around searching for the policy document when they actually need it.

(The writer is Sanket Dhanorkar.)

TOP

GENERAL INSURANCE

Why you need cyber insurance policy? All you need to know – Live Mint – 6th May 2021

Cyber insurance in India is turning out as need of the hour as cases of online frauds through malware ad phishing emails are on the rise year after year. Such cases have witnessed quantum jump during the Covid-19 spread as rise in digital payments have led to rise in the digital fraud as well. To ensure monetary safety against any kind of cyber fraud, insurance companies have coined cyber insurance policies offering cover against any kind of monetary loss through the malware or phishing attack.

Speaking on cyber insurance policies available in India Jignesh Shah, a Mumbai-based IRDAI registered insurance advisor said, "Cyber insurance policies are available in India on both corporate level and on the individual level. Cyber security breach is a common cause of concern for both corporates and for the individuals. So, cyber insurance companies are offering cyber insurance policies customised for both companies and individuals." Shah said that the cyber insurance policies in India are available from ₹650 to ₹700 annual premium for ₹1 lakh sum assured and it needs to be renews on the yearly basis. The IRDAI registered insurance expert went on to add that in the case of individual cyber insurance policy holder, the premium is not subject to the policy holder's age as it is in the case of life insurance or health insurance.

On how cyber insurance policies in India provides cover against any kind of malware or phishing attacks Deepak Desai, Director at Auxillium Insurance Broking — an IRDAI registered insurance solution provider company said, "Cyber insurance policies in India are providing cover against all kinds of monetary losses caused by e-theft and e-communication. It not only gives cover against the monetary losses but provides cover against the legal defense cost incurred during the legal formalities as well." Desai went on to add that cyber insurance policies currently available in India also provides cover against third party loss as cyber data breach of an individual or of a company may lead to monetary loss of others too.

(The writer is Asit Manohar.)

TOP

Is it necessary to get a higher cover policy at the moment? Find out - Financial Express – 5th May 2021

Besides the ongoing COVID-19 pandemic, lifestyle led disease is on the rise. Experts say this highlights the importance of having reasonable health insurance coverage for the family. Additionally, there is a steep rise in healthcare expenses. According to industry data, health insurance claims are seeing inflation

of over 10 per cent per annum. Without proper health insurance coverage, any kind of hospitalization, as a result of COVID-19 infection or for any other reason will sure to leave a hole in your pocket. Shanai Ghosh, CEO and ED, Edelweiss General Insurance says, "The average hospitalization cost in case of Covid is at least twice of the average cost otherwise. The incremental premium that one might have to pay will be far more affordable than the incremental medical expense that might hit you. The current pandemic has definitely taught us that having the right coverage does make for added protection and peace of mind."

Is it necessary to get a higher cover policy at the moment?

Currently, the cost of COVID-19 led hospitalization cost is seeing a huge hike with hospital bills running into lakhs of rupees. Roopam Asthana, CEO and Whole-time Director, Liberty General Insurance says, "It should be noted that renal failure, cancer and cardiovascular disease remain major reasons for emergency and medical care and hospitalization for these costs much more than for COVID-19 led hospitalization. It is advisable to switch to the higher sum insured policies at the earliest possible." Hence, the rising costs of healthcare and the uncontrollable costs of extended hospitalization today have made it absolutely necessary for enhancing the value of their insurance cover.

Subramanyam Brahmajosyula, Head – Reinsurance and Product Development, SBI General Insurance says, "Hospitalisation due to covid and related complications is covered under any health insurance. If you are staying in tier 2 or 3 locations, health insurance cover for Rs 5 to Rs 7 lakhs may be adequate in most cases for individual or couple. However, in the case of metro, it is advisable to have health cover of Rs 10 lakhs to Rs 15 lakhs considering the cost of medical treatment is higher." Additionally, also review the adequacy of sum insured on a periodic basis to take care of medical inflation as well as factors like increasing age (especially if you are covering senior citizens like parents, in-laws etc) and family size.

What type of insurers needs to switch to adequate or higher cover policies?

To start with first evaluate your current insurance policy to check for exclusions. Assess the health and risk status of yourself and your family before opting for any health insurance plan. Brahmajosyula, of SBI General, says, "If you are a first-time buyer at a relatively young age (below 30) and purchasing a policy for self only, a standard insurance policy like Arogya Sanjeevani which was introduced last year by all insurance companies may be sufficient. However, if you are looking at a more comprehensive cover for self and family including parents you should be looking at upgrading your coverage by way of cost-effective options like family floater cover and top up policies." Experts say one should switch to higher cover policies if their policy does not cover expenses adequately. Rakesh Jain, ED and CEO, Reliance General Insurance explains, "What that means is – under hospitalization, there are multiple subcategories of expenses. Are these all covered? Also, in some cases, the current policy does not cover a wide range of diseases. The objective of a higher cover is to ensure better coverage."

For instance, a family of 4 (Assuming Male 33, Female 31, 1st Child-3 years and 2nd Child-1 year) one can opt for a base health insurance policy with a sum insured of Rs 1 crore at a premium payment of around Rs 55,000 to Rs 65,000. However, if the same family opts for a base policy of Rs 10 lakhs and a super top-up policy with a deductible of Rs 10 lakh and Rs 1 crore sum insured, the combined premium for Rs 1 crore coverage of the same family could be around Rs 22,000 to Rs 25,000. With this option, one can save more than 50 per cent of the premium cost for the same sum insured. Hence, experts say, one should select a combination from an insurer that best suits the policyholder's needs, whether it is going for a 1 crore policy directly or going for a combination package.

(The writer is Priyadarshini Maji.)

TOP

HEALTH INSURANCE

Should you consider buying a top-up plan with Arogya Sanjeevani policy? – Live Mint – 6th May 2021

The Insurance Regulatory and Development Authority of India (Irdai) mandated all insurance companies to provide the Aarogya Sanjeevani Policy from April 2020; it has now also enhanced the maximum sum insured limit of the health policy. In such a situation, should you buy a standard health policy with a maximum sum insured of Rs10 lakh or add a top-up policy?

Arogya Sanjeevani policy is a standard indemnity health insurance policy for individuals and families, which provides coverage with a sum insured ranging from Rs50, 000 to Rs10 lakh for basic hospitalization-related expenses. You can buy the policy up to the maximum sum insured limit.

Anyone from the age of 18 years to a maximum age of 65 years can buy this policy. It covers all day-care treatments, which means any medical treatment or surgical procedure undertaken under general or local anaesthesia at a hospital in less than 24 hours because of advancement in technology. However, the policy doesn't cover treatment taken on an outpatient department (OPD) basis.

Moreover, the policy comes with various sub-limits on room rent and treatment cost. For instance, the sub-limit on room-rent and ICU charges is up to 2% and 5% of the sum insured, respectively. Besides, the policyholder will also have to make a co-payment of 5%, which is the amount paid by him to the hospital before receiving the service.

Further, you must also know that when you opt for a top-up policy, it starts paying claims after a certain amount is paid by the policyholder. For instance, in a top-up policy if Rs5 lakh is deductible, the policy will start paying after Rs5 lakh up to the extent of the sum insured opted under a top-up plan.

"A top-up plan works differently compared with a base hospitalization policy as it is triggered only when the aggregate of all in-patient hospitalization claims in a policy year surpass the deductible as opted by the customer," said Sanjay Datta, chief-underwriting, claims and reinsurance, ICICI Lombard General Insurance.

Should you buy a top-up plan with this policy?

Insurance experts suggest that first-time individual health buyers should go for the Arogya Sanjeevani policy with a limited sum insured. The policy is easy to comprehend and has wide coverage, including day procedures. However, they shouldn't buy a top-up plan along with this policy. If they want higher coverage and want to cover their entire family, they should ideally go for a comprehensive health insurance policy.

"Arogya Sanjeevani policy in itself is a restricted cover which has mandatory co-payment of 5% for each claim and capping of room rent, which often results in a proportionate deduction in claims and if in such a health policy if you combine top-up cover, it will be a big disadvantage for you as you may have to pay a lot of amount from your pocket," said Nikhil Apte, chief product officer - product factory (health insurance), Royal Sundaram General Insurance. In the case of proportionate deduction, the overall claim made is reduced as a proportion of the difference between the eligible and the availed room cost. Hence, the hospital bill in such a case is not completely reimbursed.

Apte further said, "Top-up plan works better with a comprehensive health cover which offers you complete surety of cover. Therefore, in our view, it is not advisable to have a top-up policy with the Arogya Sanjeevani policy. It is a product for first-time buyers and youngsters who do not perceive a high

risk of hospitalization." Echoing the views, Mahavir Chopra, founder and chief executive officer of Beshak.org, said that a policy buyer should go for a policy that doesn't have a highly restricting room rent limit in a health insurance policy. It will be prone to deductions now and much more in the future as inflation catches up. “Arogya policy has a room rent limit. It's not useful for people who want to expand their coverage. The room charge cap limits the cover, even though the sum insured is high," said Chopra.

(The writer is Navneet Dubey.)

TOP

These health insurance policies cover home treatment costs also: Is your policy one of these? - The Economic Times - 4th May 2021

Domiciliary hospitalisation is a situation where the insured person is considered or treated as hospitalised even when he/she is at home. Many of the expenses incurred towards the treatment are covered by the insurance company. This is a feature of many health insurance policies, especially those that have been issued in the past 4-5 years.

The domiciliary hospitalisation feature is especially useful now as many Covid-19 patients are being turned away by hospitals due to shortage of resources such as oxygen, medicines, beds etc. These patients have no choice but to opt for home treatment. Further, where one cannot avail the cashless claim facility for home care treatment, if the insurance policy has the domiciliary hospitalisation feature, one can use it to claim reimbursement for the treatment.

“There are health plans which have feature of Home Care reimbursement; some insurance companies offer it as in-built feature whereas some provide it as an add on cover,” says Balachander Sekhar, CEO Renew Buy, an insurance aggregator. And since this is not a standard or mandatory feature in health insurance plans, the coverage offered will differ from one policy to another. Here is a look at what is covered under the domiciliary feature in an insurance policy, its limitations, and the cost, how to make such a claim and what to watch out for.

How does domiciliary hospitalisation cover work?
This is not just limited to the treatment of Covid-19 as it can be availed for many other diseases as well. There are various circumstances in which you may avail this facility.

“Domiciliary hospitalisation basically means that there is a need for hospitalisation but it is not possible because of three reasons; there could be shortage of beds which is the situation right now, other is due to some reason such as a comorbid patient cannot come to the hospital hence the hospital can come home; and the third reason is the doctor prescribing that you get hospitalised at home instead of a hospital,” says Amit Chhabra, Head-Health & Travel insurance, Policybazaar.com.

When domiciliary hospitalisation is needed
Despite all efforts hospital bed is not available
Patient cannot come to hospital due to reasons such as existing comorbidities
When a doctor recommends homecare instead of hospitalization

What treatment costs will be covered?
Now, let us take a look at the kind of expenses that are covered under this homecare facility. “By all practical means all the costs that are covered under hospitalisation, will be covered in the domiciliary hospitalisation, be it cost of medicines, doctors consultation fee or medical equipment rental like oxygen cylinder,” explains Chhabra.

In the current scenario many medicines and equipment are available at highly inflated prices. So, will policyholders get the entire money reimbursed? Chhabra informs that even under normal circumstances it is not possible for insurers to pay inflated prices as the insurer will honour a claim up to a 'reasonable cost'. Though policyholders may get reimbursed for a good part of their expenses, the burden of the difference between the normal price and current inflated price will fall on them.

Health plans covering homecare treatment			
Insurer - Plan Name	**Hospitalisation at home**	**Alternate Medicine**	**Annual Premium (SI Rs 10 lac)**
Care Health Insurance – Care	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to 1 Lac	Up to Rs 20K for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 9,031
Max Bupa Health Insurance - Health ReAssure	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to SI for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 12,012
ABHI - Activ Assure-Diamond	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Rs 1 Lac	Up to Rs 20K for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 9,216
Edelweiss - Edelweiss Health Insurance Gold	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Sum Insured for utilizing AYUSH	Rs 14,743
Raheja QBE - Health QuBE Comprehensive	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Rs 50,000	NA	Rs 7,584
Universal Sompo - Complete Healthcare	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to SI for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 13,642
Manipal Cigna - ProHealth - Protect	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Sum Insured for utilizing AYUSH	Rs 11,852
TATA Aig – Medicare	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to SI for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 11,671
SBI General - Arogya Premier	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Coverage up to sum insured for utilizing Ayurveda, Unani or other alternate medicine methods in Govt. & accredited hospitals	Rs 12,174
Royal Sundaram - Lifeline Supreme	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Rs 30K ; Up to 10 Lacs in Govt hospitals for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 13,758
Reliance General	Covered up to SI, No Sub-	Up to SI for utilizing	Rs 12,771

Insurance - Health Infinity (More Time)	limits	Ayurveda, Unani or other alternate medicine methods	
Liberty General Insurance - Basic	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	NA	Rs 10,909
Oriental Insurance - Individual Mediclaim Policy	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Coverage up to sum insured for utilizing Ayurveda, Unani or other alternate medicine methods in Govt. & accredited hospitals	Rs 16,339
Magma HDI - One Health Support Plus	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Rs 5 Lac for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 10,343
Chola MS General Insurance - Flexi Health	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Sum Insured for utilizing Ayurveda, Unani or other alternate medicine methods	Rs 91,52
Future Generali - Health Total Vital	Treatments done at home due to patient condition or unavailability of hospital bed are covered up to Sum Insured	Up to Sum Insured for utilizing AYUSH	Rs 10,194
All premiums for 40 years old male, premium includes domiciliary hospitalisation feature			

Source: Policybazaar.com

The limits of domiciliary reimbursement

If there is a sub limit in the insurance policy, then the entire cost, even the reasonable ones, may not get reimbursed if it goes beyond the sub-limit. “Some health insurance companies offer the domiciliary treatment up to a certain percentage of the sum insured, whereas some companies provide it as a supplement,” says Sekhar.

He further explains: “In case of providing certain percentage of sum insured (SI), the insurance company will not completely reimburse the treatment cost. For example, if one has a health policy of Rs 10 lakh and the health policy covers domiciliary hospitalisation up to 10% of the sum insured; then the policy holder’s domiciliary expense compensation will come to around Rs 1 lakh.”

How to claim reimbursement?

The reimbursement process works on the basis of documents, so you need to be mindful of saving all relevant documents to have a hassle-free claim experience.

"What customer needs to do is to submit the proof that hospitalisation was required. Like in case of Covid a doctor would have prescribed for hospitalisation. All the investigation reports such as CT scan, and various other tests would be required. All the bills of expenditure would be required for reimbursement," says Chhabra.

Be it a consultation through video call or online telemedicine call or a phone call, doctors do give a prescription which clearly states that hospitalisation is advised. So, you need to make sure that you follow up the call to get a prescription for domiciliary hospitalisation. As far as medical supplies are concerned it may be difficult to get receipts in some cases but you should make it point to get the receipt as far as possible.

Be cautious while buying a new policy

If your existing policy does not cover domiciliary hospitalisation you may upgrade it by porting it to a new policy that has this feature. However, if you are planning on buying a new policy, then make sure to read the features in detail. "Home care treatment is not covered by default in every health insurance policy. Hence, if a consumer feels the need of home care treatment in future may arise, he should take note whether the policy he is purchasing provides domiciliary treatment as a feature," says Sekhar.

Do keep in mind that plans with lower sub-limit for domiciliary treatment may come with a lower premium and you will have to dole out higher premium to get the policy with higher domiciliary treatment limit up to the sum insured.

(The writer is Naveen Kumar.)

TOP

Policyholders get only 45-80% of Covid bills – The Times of India – 4th May 2021

As the number of people hospitalised due to Covid rise, many find that they have to settle a big chunk of the bill out of their own pockets despite having health insurance. Policyholders are again caught in the crossfire between hospitals and insurers over the treatment of consumables like personal protection equipment (PPE) kits resulting in only 45 percent to 80 percent of hospital bills being recoverable by customers. For 81-year-old diabetic and hip fracture patient K Saraswathi, who was treated for Covid-19 for eight days got only Rs 56,500 reimbursed of the total Rs 1.18 lakh bill from third-party administrator Raksha. Among other things that were disallowed included Rs 17,600 for PPE claims. While insurers cite General Insurance Council (GIC) norms their argument may not hold water as IRDA has not approved any norms.

"How can a hospital treat a patient without PPEs?" asked an official at the Insurance Ombudsman office which is snowed under with complaints for short-settlement. "We used to get a few cases last year, now we have 88 pending cases, 70 percent to 80 percent of which are short settlements," the official said. For some insurers, the exclusions amount to a third of hospital bills. Liberty General officials said around 35 percent of the bill does not fall under the ambit of insurance coverage. Its VP and national claims manager for accident & health, Amol Sawai said, "On the industry level, the average Covid claim severity is Rs 1, 40,000, the settlement severity is about Rs 95,000 of the claimed amount. We have seen almost 20 percent of the total bill is attributed to PPE costs." India's largest health insurer Star Health settles nearly 80 percent to 90 percent of claims under cashless settlement within two hours of receiving claims. S Prakash, MD of Star Health said, "One doctor who takes a round in the same PPE kit, cannot charge for each of ten patients he visits. The controversy is not in the reimbursement for PPEs, but in the number of PPEs covered. One cannot claim for ten PPEs per day. For ICUs, we allow a higher number of PPE kits compared to the ward," he said.

According to the GIC officials, the referral rate for PPE kits is Rs 1,200 per day for moderate sickness and Rs 2,000 per day for severe sickness. "We also see a spike in claims made for CT scans per person. We allow maximum two CT scans per patient," he added. Officials at the GI Council blamed the hospitals for this situation. "Why are no directions given to hospitals on billing?" asks a council official. He points out an instance where a Tamil Nadu hospital charged Rs 14,000 for medicines, Rs 55,000 for diagnostics and Rs 50,000 for PPE besides room rent. When the insurer raised a red flag, the bill was halved to Rs 1.5 lakh. "Is it okay for hospitals to loot with such high bills, whose money are we paying? It is the public's money. If the premium doubles next year, will anyone even think of medical insurance. If we raise our hands and give up covering medical insurance, can anyone force us to provide a cover," the official asked.

The short settlement by insurance companies is resulting in a rise in complaints at the office of Insurance Ombudsman in Chennai.

"Insurers are citing some GI Council norms for claims settlement. Whatever they are saying does not hold water as IRDA has not approved any norms. How can a hospital treat a patient without PPEs? an official at the Insurance Ombudsman office said. Hospitals on their part blame the westernization of healthcare where insurance companies call the shots. "How can an insurance company decide on medication? A Dolo works for some while a Combiflam works for another, both these have a price differential. Now to say I will pay Dolo charges for a Combiflam or vice versa is plain stupidity. We need someone who looks at the bill and the patient and not one size fits all," a MD and head of infectious diseases in a private hospital said. "The need is a regulator who understands medicine," he said.

(The writers are Rajesh Chandramouli & Mamtha Asokan.)

TOP

Porting to new health insurer: When to leave existing insurer, what the move entails, when you can't shift – The Economic Times - 3rd May 2021

Has your health insurance premium shot up sharply in the past year or so? Or perhaps the claim took a long time to come through? If you are unhappy and feeling trapped with your existing insurer, you can move to a new company with some of your benefits intact. But does one grievance warrant shifting? Consider the triggers that should propel your search for a new insurer, and what it entails. In the past few years, many new products with cost-effective features have come in the market. "Till only five years ago, the room rent sub-limit was 1 percent. Today, with Rs 5,000 room rent limit for an Rs 5 lakh cover, you will not be able to afford rooms that can cost Rs 20,000 a day," says Amit Chabra, Head, Health Insurance, and Policybazaar.com. Most of the new plans don't have the room rent sub-limit and come with other benefits like restoration, OPD and mental illness covers, Covid-related equipment costs, among others. So if you have a policy that does not have these features and you are still paying a high premium, you could consider shifting.

(The writer is Riju Mehta.)

TOP

Health Insurance: Get cashless Covid-19 claims within one hour - Financial Express – 3rd May 2021

Health insurance companies have to now communicate their cashless approvals to the hospitals within 60 minutes of receipt of authorisation request along with all necessary requirements from the hospital so that there is no delay in discharge of patients and hospital beds do not remain occupied unnecessarily. The Delhi High Court directed insurance companies and third-party administrators (TPAs) to ensure that the time taken to grant cashless approval be reduced as there were long queues of people waiting for beds because of the massive rise in the number of Covid positive patients.

Quick turnaround

The Insurance Regulatory and Development Authority of India (Irdai) in a circular to health insurance companies on April 29 has specified that the decision on final discharge of insured Covid-19 patients will have to be communicated to the network provider within an hour of the time of receipt of final bill along with all other necessary documents from the hospital. Health insurance companies will have to direct their TPAs to comply with the timelines specified by the regulator. Last year in April, the regulator had fixed a turnaround time of two hours for granting both cashless pre-authorisation and for final discharge of the insured patient.

The Delhi High Court was informed that one of the factors delaying hospital admissions is that insurance companies are taking at least six to seven hours to give approvals for discharge of patients, which is creating a time lag in fresh admission of Covid-19 patients.

Last week, the regulator had directed health insurance companies to lodge complaints against hospitals which are not granting cashless facility and insisting on cash payments from policyholders for treatment of Covid-19 despite policyholders being entitled for cashless facility under their policy. It advised insurers to ensure that policyholders are charged as per the rates agreed to by network providers and also ensure that hospitals do not levy any additional charges for the same treatment other than those rates that are agreed with the insurers. The regulator also directed the insurers to ensure that the reimbursement claims under a health insurance policy must be settled as per the terms and conditions of the respective policy contract expeditiously and issue suitable guidelines on this to all TPAs.

Claim settlement

In health insurance, a policyholder's claim is settled either by a TPA or the insurer's in-house claims processing department. A TPA is an intermediary appointed by an insurance company to facilitate the settlement of a claim. For claims, a policyholder will have to inform the TPA which will seek all the bills and documents provided by a hospital to process the claim with the insurance company. At the time of discharge, an efficient TPA will quickly process the claim and negotiate with the hospital in case of any bill-related discrepancy. A policyholder must ensure that the TPA has adequate technological capabilities and data security process in place. Insurers will only have the right to settle or repudiate a claim and the TPA can only convey the repudiation of a claim to the insured.

With the number of Covid-19 health insurance claims rising, most private insurers have opted for in-house claims settlement. In-house claims processing has quicker turnaround time and the company's team is more empathetic towards customers. These teams can directly explain to them about expenses not covered under the policy and grievances can be redressed quickly. However, the four state-owned health insurance companies have their own TPAs for processing claims as they do not have any in-house claims settlement process.

(The writer is Saikat Neogi.)

TOP

Hospitals denying your health insurance covid cashless claim? What are your options? - The Economic Times - 1st May 2021

As the number of coronavirus patients has risen exponentially in the second wave of the pandemic, many policyholders are facing trouble getting admission at network hospital for cashless treatment. The insurance regulator IRDAI has taken cognizance of the issue and said, "There are reports of certain network providers (hospitals) charging high rates and insisting on cash payments from the policyholders for providing treatment to COVID-19 infected patients despite having cashless arrangement with Insurers". This is the eventuality for which people purchase health insurance so that they do not face difficulties during a health crisis. So, what are your options if you find yourself in a similar situation?

Get in touch with your TPA to bring it to their notice

IRDA has taken this matter very seriously and asked hospitals to stick to the laid down norms. The regulator has released circulars on this issue twice in two days to make sure that insurance companies and network hospitals follow the service level agreement and do not put policyholder to inconvenience.

“The Insurers shall ensure that where the policyholder is notified about availability of cashless facility at the empaneled network provider, the cashless facility at such network provider shall be made available to the policyholders in accordance to the terms and conditions of the policy contract and as per the terms agreed in Service Level Agreement (SLA)” said IRDAI in the circular. If you face any difficulty, you should make a formal request with your Third-Party Administrator (TPA) for the cashless admission in the network hospital. If you are still denied admission on cashless basis, you can use this denial to lodge your formal complaint with your insurer against the hospital.

Get the treatment on priority even on reimbursement mode

The cashless facility eliminates many hurdles which policyholders face with re-imbursement mode. So if the situation allows, you can go for another network hospital to get the cashless facility. This will not only minimize your out-of-pocket expenses but also make sure that overall expenses does not shoot up. IRDA has cautioned the insurance providers to make sure that hospitals are following the agreed pricing. “While reviewing cashless requests the Insurers are also advised to ensure that the policyholders are charged as per the rates agreed to by network providers wherever applicable. Insurers are also advised to ensure that hospitals do not levy any additional charges for the same treatment other than those rates that are agreed with the insurers” says the IRDA circular.

The deviations and additional charges that the hospital will make can later be addressed by complaining. “Where any network provider denies cashless facility and deviates from agreed terms of the SLA, insurance company shall take an appropriate action against such network providers as provided in SLA in addition to taking up appropriate action,” recommends the IRDAI circular. However, if the situation is critical and if the network hospital is offering admission on payment basis you can go for it and later get the money reimbursed. "All Insurers are directed to ensure that the “reimbursement claims under a health insurance policy shall be settled as per the terms and conditions of the respective policy contract expeditiously. Insurers are advised to issue suitable guidelines on this to all TPAs" says the IRDAI circular.

If denied, get treatment even at non-network hospital

It is the cashless facility which limits your choices to stick to only network hospitals which are empaneled with your insurer or the TPA. In case of denial by network hospital you can also go for treatment at a non-network hospital as the priority remains to save the life of the patient. The reimbursement method allows you to claim the expenses with your health insurance provider after the treatment. Though this process may involve some delay in getting refund and also some additional running around but it will help you get the treatment on priority and getting the money back.

Make a complaint against the hospital

The insurance regulator has asked the insurers to regularly communicate to their network providers to ensure hassle free service to the policyholders. It has also asked insurers to report such cases to local authorities for appropriate penal action.

“Insurers are advised to put in place an effective communication channel with all the network providers for prompt resolution of grievances of policyholders. Insurers are advised to report levying of excess charges or denial of cashless facility to the respective State Governments for appropriate action,” it says.
While the insurance company will follow its set course to complain against hospitals, you should register your own complaint in case of any deficiency in availing medical services.

How to escalate your complain to the appellate authority

You should also be aware about the process lodging your complaint and escalating it till it is not resolve or till you don’t get a satisfactory response. Follow these steps to resolve your complaint:

First approach the insurer’s Grievance Redressal Mechanism as spelt out in the insurance policy document. In case the complaint is not fully attended to by the Insurer within 15 days of lodging it, you may use the Integrated Grievance Management System (IGMS) for escalating the complaint to IRDAI. IGMS facilitates online registration of policyholders’ complaints and helps track their status. A policyholder can make optimum use of this system by giving accurate information about the complaint

like the policy number, name of the insurer, complainant's contact details etc. It would be useful to keep the policy document ready while registering the complaint online.

The Complaint Registration Process involves the following steps-
Step 1 : Register yourself by entering your credentials (Website: https://igms.irda.gov.in/)
Step 2 : Use Registered credentials to register complaints / view their status

(The writer is Naveen Kumar.)

TOP

ESIC lets subscribers avail covid-19 sickness, unemployment benefits – Live Mint - 1st May 2021

Industrial workers can claim sickness benefit for up to 91 days if they test covid-19 positive and abstain from work after contracting the disease, the Employees State Insurance Corporation said in a reminder to its subscribers. "In case the Insured Person abstains from his work being infected with COVID-19, he can claim sickness benefit for his period of abstention as per his entitlement. Sickness benefit is paid @ 70% of average daily wages for 91 days," ESIC, which is run by the labour ministry, has said.

An ESIC subscriber can also avail unemployment benefit at 50% of the daily earnings due to unemployment under Atal Beemit Vyakti Kalyan Yojana (ABVKY). "In case any insured person becomes unemployed, he may avail relief under Atal Beemit Vyakti Kalyan Yojana (ABVKY) at 50% of average per day earning for a maximum 90 days," the social security body said, adding that for availing this relief, ESIC subscribers, known as insured persons, can submit claim online.

In case, an insured person becomes unemployed due to retrenchment or closure of factory/establishment as per ID Act, 1947, he may claim unemployment allowance for a period of two years subject to certain conditions. "In the event of unfortunate demise of any insured person, funeral expenses of Rs.15000/- are paid to the eldest surviving member of his family," it added.

TOP

Is Covid-19 home treatment covered? Check the fine print to find out – Business Standard – 1st May 2021

Many people, who have tested positive for the Covid-19 virus, are finding it difficult to get a hospital bed and are, hence, undergoing treatment at home. Several hospitals and healthcare providers have started giving home treatment. But many patients undergoing such treatment are worried about whether their health insurance policy will cover it. Today, many health insurance policies cover domiciliary hospitalisation. One of the two conditions need to be met for domestic hospitalisation to be permitted. "Either medical facility is not available at a hospital, or the patient's condition is too serious to visit a hospital. In such cases, the same benefits that apply to hospitalisation also apply to hospitalisation at home, including in the case of Covid," says Amit Chhabra, head of health insurance, PolicyBazaar.

This option has been present in health policies for the past six-seven years. According to Chhabra, most regular policies cover domiciliary hospitalisation and will do so even in the case of Covid. However, he adds it's best to read the terms and conditions of your policy as some insurers have exclusions for upper respiratory tract diseases, which may include Covid-19. In the case of some health insurers, however, home treatment comes as an additional benefit. "Unless your policy offers an additional benefit called Homecare, you can't claim for it, so you need to check. Corona Kavach is one policy where you can claim for home care treatment," says Ashish Yadav, head of products, ManipalCigna Health Insurance.

First, you have to test positive for Covid. “After you test positive, a doctor has to determine whether you require hospitalisation. If it can be managed by domiciliary hospitalisation, then he needs to certify this,” says Sanjay Datta, chief-claims, underwriting and reinsurance, ICICI Lombard General Insurance. This recommendation then has to be submitted to the insurer. The credibility of your test report matters, too. “It is mandatory to have a lab-tested RT-PCR report, stating that a person has been found to be infected with Covid-19 virus, and it should state whether he is symptomatic or asymptomatic,” says Naval Goel, founder and chief executive officer (CEO), PolicyX.com. Just an antigen report won't suffice.

In the case of ICICI Lombard, informs Datta, you can get the recommendation from your own doctor. It's best to check this with your insurer. In the case of some, the home care recommendation must be authorised by a doctor belonging to a network hospital. Medication, nurses' and doctors' visits at home to measure vitals, and costs of tests like CT scan, X-ray, etc. are covered. “Essentially, you will be covered for all medical expenses until you test negative,” says Datta. If you plan to set up an ICU, the insurer may not foot the entire bill, but only what's part of the terms and conditions of the policy, which can vary from one insurer to another.

PREMIA OF POLICIES THAT COVER HOME HOSPITALISATION

Premiums are for 40-year-old male, sum insured ₹10 lakh

Insurer	Plan	Monthly premium (₹)	Limit on coverage for home hospitalisation
Care Health	Care	753	Up to ₹1 lakh
Max Bupa Health	Health ReAssure	1,001	Up to sum insured
ABHI	Activ Assure-Diamond	768	Up to ₹1 lakh
Edelweiss	Edelweiss Health Insurance Gold	1,229	Up to sum insured

Source: Policybazaar

Last year, when the first wave was at its peak, and the medical system wasn't prepared to handle the pandemic due to the shortage of beds and unavailability of medical staff across top cities, a number of insurers had extended their covers to home-based care. “Prior to that, the indemnity policy issued by insurance companies in India primarily covered claims arising out of hospitalisation,” says Goel. Those who already have an insurance policy need to check its clauses to determine if it covers home care treatment. In some cases, there could be limits on the sum insured for domiciliary treatment. Those looking to purchase health insurance right now should make sure this feature is available in the policy they buy.

(The writer is Bindisha Sarang.)

TOP

MOTOR INSURANCE

An expired two-wheeler insurance policy can get you in trouble, here's why you need to renew it! – The Times of India – 6th May 2021

With the second wave coming in, we witness a surge of Covid cases in India. The country is once again facing a dire situation. With night curfews, weekend lockdowns and weekly lockdowns in several parts of the country, India is determined to fight these difficult times. There are ways to protect ourselves and others like by wearing masks and following social distancing, or by being a responsible rider and have all the necessary documents with you at all times. One of the essential documents to carry while riding a bike on the road is an active bike insurance. Well, you might wonder that during these trying times, why is a two-wheeler insurance policy

important? There are many studies that have proven that two-wheelers are more prone to accidents and therefore having an active two-wheeler insurance becomes extremely important. But here's why it is all the more important during these trying times:

1. Even during these times, if one takes their bike on the road – there are still chances or maybe even higher chances to meet with an accident – as rash driving becomes more prominent on empty roads.

2. Whenever the lockdown opens or in case of medical emergencies, you will have to take your ride out on the road again, and as per Motor Vehicle Act, it is mandated to have third party insurance to ride on Indian roads legally.

3. Why pay a heavy penalty of Rs. 2,000 unnecessarily, which is the fee for riding without an active two-wheeler insurance.

Having said that, in case you already have two-wheeler insurance, then you are covered from this aspect but in case you missed out on renewing your two-wheeler insurance or if someone has told you it's not important to get your insurance renewed right now, think twice! It is possible that in given the current scenario, there is so much chaos that one can tend to forget important deadlines. Don't Worry! All you have to do is renew it without any further ado. There are numerous ways of renewing your two-wheeler insurance such as via an agent, website, policy aggregators, etc. There are many insurance companies that provide insurance to an expired two-wheeler policy either by going to their office for inspection or call an agent home for inspection.

But all this can be avoided, in the 'new normal' of renewing your two-wheeler insurance online. This is by far the safest route that you can access currently. You don't have to deal with the skepticism of going outside in order to renew your two-wheeler insurance and expose yourself to the probability of contracting the virus, just sit and the comfort of your and renew your expired policy! Too good to be true, right?

All you have to do is go to the insurer website, fill in your two-wheeler details such as vehicle registration number, previous policy expiry date, number of claims made in the past and upload a few images of the bike. Just by sharing all these details, you will have a better understanding of the premium. And that's it, just go ahead and buy it online. Can you believe it, you can get a bike insurance policy with no inspection right from the comfort of your home!

(The writer is Preksha Jain.)

TOP

Top bike insurance add-ons you should consider – Live Mint – 1st May 2021

Whether you like to leisurely drive through paths surrounded by luscious greenery or simply need to slip through heavy traffic to reach your office sooner, a two-wheeler is the only vehicle that can be your best pick in both scenarios. Two-wheelers are among the most opted for modes of transport in India because of their affordability and convenience. However, there has been an exponential hike in the number of vehicles driven on the road. With such an increase, the probability of mishaps on busy roads increases as well. Therefore, you must ensure your vehicle is protected from unfortunate events by getting two-wheeler insurance.

A comprehensive bike insurance policy will provide you with adequate coverage to handle difficult events and damages. However, it won't provide you with exhaustive coverage for specific situations, leading to a financial burden if certain parts of your bike, like the engine, are damaged. Or if you are stuck

in the middle of nowhere and need quick roadside assistance. This is where add-ons for your insurance policy come become handy.

What are bike insurance add-ons?
Bike insurance add-ons constitute additional coverage that can be bought with a comprehensive bike insurance policy. These add-ons increase or enhance the coverage and help the policyholder get the required claim amount without them having to spend out of their own pockets. Including add-ons to a plan will lead to an increase in the premium amount on the policy, and the increase in the premium will depend on the add-on you choose. But if chosen carefully, you will be able to save yourself from spending a hefty amount on the damages. Leading insurers like Tata AIG offer a host of attractive add-ons with your bike insurance policy. Here are some of the essential add-ons you could consider including in your policy.

Top 5 bike insurance add-ons to consider for your bike:
1. Roadside Assistance Cover
If your bike gets damaged due to an unforeseen event or faces a breakdown on the road, the Roadside Assistance Cover (RSA) add-on will help you get the assistance you need. It is an emergency support service provided by insurance companies for bike owners whose vehicles have malfunctioned on the road. Roadside Assistance for the bike will provide services like fuel delivery, towing facilities, taxi service, fixing flattened tyres, engine jumpstart, lost key replacement and many more. Including this add-on to your insurance plan can be quite advantageous if you travel frequently, especially through unknown terrains.

2. Zero Depreciation Cover
Insurance companies generally deduct the depreciation amount of a vehicle component's price while settling a claim for repairs or replacement. This is because every bike, including every bike part, undergoes depreciation once it is in use.

So, when the claim is filed, the insurance company will deduct the standard depreciation charges and pay only the difference amount. This often leads to policyholders paying some amount from their own pockets.

However, with the Zero Depreciation in bike insurance, the insurance company pays for the depreciation expenses incurred by your two-wheeler. Zero Depreciation or NIL Depreciation ensures that the insurer does not account for the depreciated value, and you get a claim settlement of the actual price of the part/s.

3. Engine Protection Cover
Even though the engine is one of the most expensive parts of your bike, any damages to it will not be covered by your bike insurance policy. The Engine Protection add-on in your bike insurance policy will provide you with compensation for any damages incurred by the engine of your two-wheeler. Some of the instances covered under this add-on include:
- Damages incurred by the engine from water ingression.
- Damages incurred to engine parts due to lubricating oil leakage.
- Engine failure caused by trying to start a wet engine.
- Physical damage caused to gearbox or differential parts.

If you live in a flood-prone area or near streets that get water-logged easily, this add-on can be quite helpful. The Engine Protection add-on is also beneficial for you if you own a premium bike with an expensive engine.

4. Passenger Assistance Cover
The Passenger Assistance is an add-on specifically designed to cover the pillion rider in the event of any injuries or death caused due to an unforeseen event. The Passenger Assistance add-on offers insurance coverage for the pillion rider's accidental death, partial disability or permanent disability. If you regularly ride your two-wheeler with someone sitting behind you, getting this add-on can be quite beneficial for you in the long run.

5. Return to Invoice Cover

If your two-wheeler gets completely damaged, a comprehensive insurance policy will provide you with your bike's IDV (Insured Declared Value), which may be affected due to depreciation. Thus, if you file a claim after a few years of bike purchase, you will receive the depreciated amount.

With the Return to Invoice add-on, the gap between the IDV and your bike's invoice value with the registration and other taxes are covered. This add-on is applicable when your bike undergoes total loss, i.e., is damaged beyond repair or is stolen. Therefore, the Return to Invoice add-on will help you bridge the gap between your bike's on-road price and the IDV you declared during policy purchase (which is subject to depreciation).

When you include add-ons to your insurance policy, you are enhancing the coverage from your two-wheeler insurance plan. While choosing too many unnecessary add-ons for your policy can become an expensive affair, the right mix of add-ons can save you from overspending on the damages.

TOP

SURVEY & REPORTS

Amid Covid-19 pandemic, India's insurance sector has seen contrarian growth - Business Standard – 1st May 2021

Far less people ventured out with their cars on the Indian streets in 2020. This year, too, with lockdowns spreading fast, the vehicles will remain off the streets for a long time. This is good news for the Indian insurance sector because there will be far fewer claims to report. India's largest non-life insurer New India Assurance actually ended up with a small profit in its motor portfolio of Rs 87.4 crore in the second quarter of FY21 — a first after a long time. In the same period of FY20 it had made a loss of Rs 272.8 crore. Motor, the second largest selling non-life insurance product, is a good reason non-life insurer's look back to FY21 with pleasure. So do health insurers, the largest selling non-life product, despite Covid-19. The industry grew at a healthy clip of 5.2 percent. The numbers are quite a contrast with the almost nil growth rate for non-life insurers abroad.

"Claims have certainly not increased as a percentage of the insured pool. Rather, I suspect, people have become more regular with their premiums," said P J Joseph, former member of the sector regulator, Insurance Regulatory and Development Authority of India (Irdai). He is partially correct. The aggregate first year premium, the usual common top-line metric, grew 7.49 percent in FY21 for life insurers. Note, however, the number of life policies have dipped, as poorer people closed policies to pay for more immediate needs, yet the total premium booked has risen.

By staying off mass products, the insurance companies have done their balance sheets a good service. Ayushman Bharat, government of India's ambitious programme to provide some health insurance cover to all Indian population, particularly the poor, was launched in 2018. By now most insurance companies have left the tent. As a result, there will be very little impact on them of the current medical emergency. Of the 32 states and Union Territories that have signed on to Ayushman Bharat, only in six major states, such as Maharashtra, Tamil Nadu and Punjab, do insurers have some exposure. The rest are borne on state budgets. Consequently, in FY22, though Covid-19 will wreak more damage to the finances of the Indian population, the insurance sector is unlikely to get hurt. A large percentage of those who die will not have a life cover. A joint finance ministry-Life Insurance Corporation study last year discovered less

than 20 percent of the dead had a life cover. In health, too, the coverage is only now beginning to pan out and will take years to reach a critical mass.

Unlike banks, whose bad loan baskets mount in a bad year, insurance companies in India have had a golden run. Life insurance premium in India increased 11 percent in the past two years, the non-life sector did even better. Compare this with the global total insurance premium which increased by just 2.34 percent in 2019. The world's largest reinsurance company Swiss Re expects total global direct premiums written will reach pre-crisis levels only at the end of 2021. This was before India and other markets were hit by the second Covid-19 wave. For the 24 life insurance companies and 34 non-life companies in India, some of the fast clip growth is simply making up for the years of under-penetration of the market (percentage of insurance premium to GDP). It was 2.7 percent in 2001 climbing to 3.76 percent in 2019. The global average is 7.33. Of course, the states, too, are somewhat at fault. They are reluctant to pay premiums for Ayushman Bharat or for crop insurance, but are more than eager to demand larger claims. As a result, the insurance companies are happy not to play any risky games to extend the reach of the total insured pool. This has created a cozy club. The existing companies chase a few well-defined portfolios and are happy with the profits they generate. The private sector life insurance industry did see a 13 percent dip in their profits to Rs 5,016 crore in FY20 compared to FY19, but the non-life sector made up with an almost 12.4 percent equivalent rise to Rs 4,037 crore.

"The Indian insurance market is still a savings-oriented market. Customers are not opting for protection products such as term insurance," said Shashwat Sharma, partner at consultancy firm Kearney. For instance, life insurance companies push a lot of loan-linked products. "Those have very high margins", he said. What does this restricted growth do for companies like Fedo, which is trying to bring data analytics into insurance? Do insurers need those products, when the existing basket is already a cash cow? "Leading online insurance aggregators have made some inroads into sales, but the majority of the sales are still driven by your friendly neighbourhood insurance agent," said Prasanth Madavana, co-founder & CEO, Fedo. In FY21, according to Joseph, the rush to take out health insurance policies and the revision in premium for commercial vehicles have improved the receipts for the non-life insurers. Group policies are the preferred option for non-life insurers to expand their business, said Sharma.

GROWTH BY SHRINKING

	First Year premium*		Growth %
	Up to March 2020	Up to March 2021	
Life	2,58,896.48	2,78,277.98	7.49
Non life**	1,88,916.61	1,98,734.68	5.2
	No of policies		**Growth %**
	Up to March 2020	Up to March 2021	
Life	2,88,86,569	28,16,753	(-)2.59
Non life**	NA		
	No of policies under group schemes		**Growth %**
	Up to March 2020	Up to March 2021	
Life	2,28,67,194	17,97,97,825	(-)21.1
Non life**	NA		

NA: Not applicable* : ₹crore** non life policies are of one year duration Source: Irdai

There are two telling pieces of data with Irdai. The first of these is the number of life insurance offices. Those have almost remained flat. But they begin to look worse if one cuts out the presence of LIC. The percentage of offices of the private sector companies in Tier I towns is close to 80 percent. Even if one argues that the presence of brick and mortar branches is not needed for selling insurance products in the digital age, it is surprising those offices should be mostly in the big towns. People in cities would be more digital savvy. A smart insurance approach should instead be to relocate them in smaller towns. But, the concentration of these offices has rather risen in the largest towns of India. The second data is about the number of life insurance policies sold to women in India. Again, Irdai data shows the share of women buying these policies has decreased to 32 percent in FY20, a sharp drop year-on-year from 36 percent in FY19. If one nets out the policies sold by LIC, the numbers dip to 27 percent. Insurance coverage seems to be excluding the poor and the women in large swathes.

TOP

PENSION

EPFO hikes death insurance under EDLI scheme to ₹7 lakh – Hindustan Times – 1st May 2021

India's retirement fund manager on Friday raised the death insurance benefits for subscribers of its employees' deposit-linked insurance (EDLI) scheme, at a time the coronavirus pandemic is wreaking havoc across the country. In a gazette notification, the Employees' Provident Fund Organisation (EPFO) said the minimum death insurance has been increased to ₹2.5 lakh and the maximum to ₹7 lakh, from the earlier limits of ₹2 lakh and ₹6 lakh, respectively. Among the EPFO's 5 crore active subscribers, over 20 lakh are EDLI subscribers. "

The following proviso shall be inserted and shall be deemed to have been inserted with effect from the 15th day of February 2020... Provided that the assurance benefit shall not be less than two lakh and fifty thousand rupees," the notification said. It means the lower limit of this insurance benefit will be effective retrospectively from February 15, 2020. "In the second proviso, for the words six lakh rupees, the words seven lakh rupees shall be substituted," the notification said.

"While the lower limit is coming with retrospective effect, the upper limit has a prospective effect," said labour secretary Apurva Chandra. According to the gazette notification, the Union labour ministry had increased the minimum death insurance to ₹2.5 lakh from ₹2 lakh in 2018 but only for two years, and it had expired on February 14, 2020. The fresh amendment and notification will allow the continuation of the previous decision, which has now also got the approval of the EPFO board.

The upper limit, however, is going to benefit many as it is being done for the first time. "Vide notification of the Government of India in the ministry of labour and employment… dated the 15th February, 2018 published in the Gazette of India, Extraordinary... the minimum assurance benefit ceiling was increased to two lakh and fifty thousand rupees for a period of two years, which expired on the 14th February, 2020," the notification said. "Therefore, for the purpose of giving continuity to the said benefit, sub-clause (iv) of clause (b) of paragraph 2 of this amendment Scheme is given effect to retrospectively from the 15th day of February, 2020, which will not adversely affect the interests of any person," it added.

(The writer is Prashant K. Nanda.)

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IRDAI CIRCULARS

Topic	*Reference*
List of corporate agents registered with the authority as on 30.04.2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2818&flag=1
Guidelines on standard domestic travel insurance product	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4470&flag=1
List of valid insurance brokers as on 30.04.2021	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2120&flag=1
Exposure draft on discussion paper on Increasing General Insurance penetration in rural areas with special focus on agriculture and allied activities through the concept of a Model Insured Village	https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4469&flag=1

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GLOBAL NEWS

China: Property Insurer faces challenges in efforts to improve underwriting – Asia Insurance Review

China United Property Insurance (CUPI) is expected to face challenges in its bid to meaningfully improve its underwriting performance, in light of continued expansion in its non-motor business amid increasingly competitive market conditions and the comprehensive reform of motor insurance, although the insurer has reduced the share of premiums from motor insurance over the years (2020: 53% by direct premiums), notes Fitch Ratings. However, CUPI's underwriting performance has normalised after a deterioration in 2019 that was due mainly to agriculture-related losses from African swine fever in China, and significant losses from guarantee insurance, says Fitch. CUPI's combined ratio was 103% in 2020, compared with 105% in 2019 and the average of 103% during 2018-2020. In addition, the issuer's ability to have more comprehensive catastrophe reinsurance protection in place for the agricultural business will mitigate catastrophe losses. Agricultural insurance is the second largest line of business and generated 20% of CUPI's total direct premiums in 2020.

Ratings

Fitch has affirmed CUPI's Insurer Financial Strength (IFS) Rating at 'A-' (Strong). The outlook is stable. The affirmation reflects CUPI's 'Good' capitalisation, 'Strong' financial performance - although underwriting results are under pressure - and 'Favourable' business profile, says Fitch. The rating also incorporates a one-notch uplift from CUPI's Standalone Credit Profile (SACP) due mainly to operational benefits from being a non-life insurance arm of state-owned China Orient Asset Management Co, which is 71.5%-owned by China's Ministry of Finance. COAM holds a 51% stake in China United Insurance Group Company (CUIG), which owns 87.9% of CUPI. Fitch assesses CUPI's risk-based capital strength—in terms of the Fitch Prism Model score—at the 'Adequate' level, although it's alternative investments have increased. The comprehensive solvency ratio under the China Risk-Oriented Solvency System dropped to 238% by end-2020, from 263% at end-2019. The issuer issued capital supplementary bonds of CNY2bn ($309m) in March 2021 to restore its comprehensive solvency position. Following the issuance, CUPI's financial leverage ratio is expected to remain commensurate with its rating, against 26% at end-2020.

Business profile

Fitch considers CUPI's business profile as 'Favourable' compared with that of other Chinese non-life insurers. The agency scores CUPI's business profile at 'a' under its credit factor scoring guidelines. The ranking reflects CUPI's favourable operating scale, diversified business mix and channels, as well as its substantive business franchise and competitive position in agricultural insurance. CUPI accounted for about 13% of agriculture direct premiums in the market in 2020.

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