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INSURANCE INSTITUTE OF INDIA

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QUOTE OF THE WEEK

"It is impossible to live without failing at something, unless you live so cautiously that you might as well not have lived at all, in which case you have failed by default."

J. K. Rowling

INSIDE THE ISSUE

INSURANCE TERM FOR THE WEEK

Cyber Insurance

Cyber insurance is a form of insurance for businesses and individuals to protect against online risks such as data breach, identity theft and unauthorised online transactions.

Cyber insurance typically covers financial losses (depending on the cyber incident) and costs of legal fees and expenses. The insurance also covers for expenses incurred or associated with cyber threats. For example, if a policyholder employs IT services to recover lost data or remove specific data online, the costs for employing the service will be covered.

In India, two companies – Bajaj Allianz and HDFC ERGO – offer cyber insurance policies to individuals. These are valid for a year, after which the policyholder has to renew it. The policies provide cover against almost all kinds of cyber threats.

Note that there is a deductible (in the case of HDFC ERGO) and a waiting period for specific threats. You also have sub-limits for each of the threats. The policyholder should check them before getting the cover.

In addition, policyholders are expected to adhere to certain protocols such as constant update of systems (not many do it on a regular basis). They are also subjected to strict evaluations of their security procedures before the claim is paid.

Since these policies are new to the industry, the products are yet to evolve, and need to gain more clarity.

Source

INSURANCE INDUSTRY

Insurance for a low-income group: Top five benefits that tailor-made insurance schemes provide - ZEE Business – 29th July 2019

Insurance for the low-income group: Vector-borne diseases are fast becoming fatal among the low-income group section of the society. People with the high-income group can avail mediclaim facility but what about the low-income group people who can't afford to invest a high premium and ensure the safety of their family. To address the woes of such section insurance companies have started to come with tailor-made insurance schemes. These schemes cover diseases like Dengue and other vector-borne diseases that kill mainly the poor or low-income group people.

Speaking on the issue CS Sudheer, CEO and Founder of IndianMoney.com said, "Insurers are targeting millennials and people with low income by offering micro cover for risks. Tailor-made insurance schemes protect you from vector-borne diseases, accidents for a specific travel period or even motor insurance based on how the vehicle is utilized. Millennials understand financial liabilities and know the extent of cover they need. Insurers have launched a number of tailor-made insurance schemes to cater to this rising class of customers."

Sudheer of Indian Money listed out the following five benefits that a tailor-made insurance scheme provides:

1] Microinsurance for the poor and vulnerable in India
Microinsurance is vital to India's plans of financial inclusion. It has the potential to improve insurance penetration in India, which stood at a mere 3.69 per cent in FY 2017-18. The insurance sector has the potential to touch $280 Billion by 2020.

Benefit: Microfinance deals with general and life insurance plans with a sum assured of Rs 50,000 or less. It offers financial protection to the low-income families in India, for whom the death of the breadwinner is a financial catastrophe.

With more than 80 per cent of India's population residing in rural areas, micro-insurance makes an insurance plan very affordable. Insurers use automation, elimination of documents and high volumes to keep costs low.

2] Sachet insurance at low premiums
Sachet insurance also called bite-sized insurance comes with low premiums and low cover. It focuses on a specific need. The insurance you get with the train ticket on the IRCTC website is a typical case of bite-sized insurance. Insurers are building bite-sized insurance products for the life and general categories. The focus is on health, travel and lifestyle needs. Sachet insurance targets a particular risk, making it a starting point for first-time buyers.

Benefit: Bite-sized insurance offers cover against a specific risk. A small ticket-size health insurance plan offers specific health cover for a short duration. Health insurance plans which cover vector-borne diseases like dengue and malaria are an example.

3] Tailor-made insurance for all needs
Tailor-made insurance focuses on covering risks which most insurance plans ignore. You could avail diverse covers like designer clothes, wedding dress, musical instrument, helmet, CCTV and even mobile screen insurance.

Benefit: Tailor-made insurance focuses on meeting even the smallest of risks with an insurance plan. Tailor-made insurance offers need-based cover and can increase insurance penetration in India.

4] Tailor-made group health insurance plans
Groups of people, who assemble with a commonality of purpose or engage in common economic activity, may avail collective covers. Employer-employee groups, social and cultural associations, housing societies, alumni and even savings bank account holders enjoy this cover.

Benefit: As many members are covered, premiums could be lower than individual plans. Tailor-made group insurance plans, waive the waiting period for pre-existing diseases, cover senior citizens and even offer maternity and newborn baby cover. Premiums are low, owing to higher negotiation power of the group.

5] Tailor-made term insurance plans
Tailor-made term insurance plans are offered under the 'affinity' group cover. Members who have commonality other than employment can be part of the affinity group. It's difficult for self-employed people with low salaries and no formal income proof to get term insurance. These people need term life plans but are slotted in the high-risk category.

Benefit: Tailor-made insurance plans cover the affinity group, but premiums may be higher due to the customer profile.

(The writer is Asit Manohar.)

Source

TOP

INSURANCE REGULATION

IRDAI regulations make insurance policies more rewarding on surrender, flexible to operate – Financial Express – 31st July 2019

The Insurance Regulatory and Development Authority of India (IRDAI), in its latest guidelines, has taken several customer-centric measures that will immensely benefit the policyholder of life insurance companies. The welcome steps taken by IRDAI in the new product regulations, which have already been gazetted, have made the policyholders delighted.

Giving relief to the customers, the insurance regulator has increased the revival period from 2 years to 3 years for market-linked (ULIP) plans and from 2 years to 5 years for non-linked (NL) plans. This will give policyholders more time to revive their lapsed policies.

Policyholders may now pay the premiums for one or more policies in a single visit to the insurance company from which the policies are taken, as the time period for advance collection of premium has been increased up to 1 year 3 months. So, premiums for the policies, which become due in a financial year (FY) may be paid together anytime during the FY. Moreover, even if premium of a policy will become due in the next FY, the premium may be paid 3 months before the due date in the current FY.

So, for example, premium due on March 30, 2020 can be paid on April 1, 2019 and of course any time thereafter. Likewise, premiums due up to June 31 of the next FY, may be paid on March 31. Similarly, premium due on April 1, may be paid any day after January 1.

In another significant move to benefit holders of pension plans, IRDAI has increased the amount that may be commuted from the pension corpus from up to 1/3rd to up to 60 per cent of the value of the corpus, as it allowed in NPS.

The remaining 40 per cent of the pension corpus may be used to buy annuity plans and half of which may be taken from any other insurance company, unlike the earlier rule, under which, it was necessary to take the entire annuity from the same insurer.

The most important move of the IRDAI is to change the earlier regulation, under which, it was not necessary for the insurance companies to pay back any money, if a policy was surrendered within the first 2 years from the date of commencement of the policy.

Under the new product regulations, insurance companies will have to pay a minimum Surrender Value (SV), as listed by the regulator, even after premium of just one year is paid. Along with changing the time frame, the regulator has also increased the amount of minimum Guaranteed Surrender Value (GSV).

“These are all welcome reforms introduced by IRDAI. These will have a positive effect on insurance market,” said an official of the Life Insurance Corporation (LIC) of India.

(The writer is Amitava Chakraborty.)

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LIFE INSURANCE

Life Insurance: More customer-friendly products in the offing – Financial Express – 2nd August 2019

In order to make life insurance products more customer-friendly, the insurance regulator has introduced changes in filing new or modified products and procedures for modifications of the existing products. For all linked and non-linked products, the insurer will follow the extant 'File and Use' procedure for filing new or modified products/riders.

For products and riders which fully comply with extant norms and regulations, the regulator will Endeavour to clear the 'File and Use' applications within one month from the date of receipt. In case the information in the 'File and Use' application and other documents is incomplete or incorrect, the product rider will be closed and will be returned to the insurer.

Modification of existing products
Insurance companies will have to examine and ensure that all the existing products on sale are compliant with the Insurance Regulatory and Development Authority (Irdai's) Product Regulations 2019. For all existing products and riders which comply with the regulations, a certificate signed by the appointed actuary and countersigned by the chief executive officer will have to be submitted to the authority. In case of modification carried out, the insurance company will file the modified 'File and Use' documents for these products. In case there are any modifications which are not covered under 'Use and File' procedure, such modifications may be carried out in a specified format.

All existing products and riders not in conformity with the Irdai's Product Regulations will have to be withdrawn on or before November 30, 2019. A certificate, comprising the list of such products/riders withdrawn from the market, will have to be submitted to the regulator before November 30.The circular says that once a product/rider is withdrawn from the market, the insurer will not procure any new business or issue any new policy under the product/rider after the date of withdrawal. In case of products which are already filed with the regulator but not approved as on July 26, the files will be returned for filing afresh in conformity with the regulator's product regulations.

Group products
If a group product or rider is withdrawn, no new members can be added into the existing group. However, all group policyholders at the time of renewal of such policy shall be given an option to switch over to the modified version of the group product/rider, once introduced. Those group policies where the policyholders do not switch over to the modified version will continue to be renewed under the old group product/ rider.

The insurer will have to obtain written consent from the group policyholders to continue in the old policy. A certificate in respect of the group products/ riders which have been withdrawn from the market for new business on account of non-compliance with the regulator's product regulations.

Customer-friendly steps
Life insurance products are undergoing major changes as recently, the regulator has revised the surrender and annuity norms in both linked and non-linked life insurance products. The minimum death benefit, revival period and norms of pension products have also been revised to make them more customer-friendly.

For all non-linked life insurance products, or traditional products, the minimum sum assured on death during the entire term of the policy will not be less than seven times the annualised premium in case of a regular policy. In case of linked products, the death benefit will be the sum assured as agreed in the policy plus the balance in the unit funds. The sum assured in case of a single premium policy will be 125% of single premium; in case of regular premium policies, it will be seven times the annualised premium. In case of death due to suicide within 12 months from commencement or revival of the policy, the beneficiary will be entitled to the fund value as on the date of intimation of death.

(The writer is Saikat Neogi.)

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Source

Making your life insurance policy rejection-proof – Mail Today – 1st August 2019

Calamities remind us of the fragility of human life but also the importance of safeguarding ourselves against financial uncertainties. A life insurance policy is one such shield to protect and save us from the wrath of disasters like these. But what happens when at the time of unforeseen calamities, life insurance claims gets rejected? Leaving the family helpless with no ray of hope, the whole purpose of having a life insurance policy gets defeated.

It is therefore critical to prevent your claim from getting rejected so that the financial protection for your loved ones in need of the hour is delivered.

Fill your own form
Buddha quoted and it fits perfectly in this case "work on your own and don't depend on others." As one decides to opt for a policy, the first basic step towards it is filing their form. The problem arises when consumers allow their agents to fill their form and while doing so, do not even take the effort of reviewing the final document before it reaches to the life insurance company. While dependency on the agent is common, one must make sure to personally get involved in the form filing process because if wrong information goes into proposal form, which may result in rejection of the claim, the very purpose of buying life insurance to provide protection to the loved ones may get defeated.

Don't hide details
Life insurance policies get issued basis the details you provide while filing the proposal form and policyholders sometimes fail to provide key information when applying for a fresh policy. The three most important things a customer must declare correctly are his financial condition – source of income, his habits/health condition and any existing life insurance policies to enable the life insurer to decide on the issuance of the policy these inputs.

If the life insurer finds that you simply have not provided complete information or withheld any information, it may repudiate your claim on the ground of non-disclosure of material facts.

Declare all ailments
Pre-existing ailments are defined as any ailments that the customer had either as symptoms or was diagnosed and received medical treatment for the same throughout the 48 months prior to the first policy issued by an insurance company.

Any kind of pre-existing diseases or any other conditions must be declared upfront and not withheld. It found later, it may restrict you from getting the claim proceeds. You should make sure that you do not conceal any information because it may provide reasons for life insurers to repudiate your claims.

Update nominee details
While incorrect nominee details will not result in repudiation of the claim, there is a possibility that it may result in a prolonged legal battle between the nominee and heir in case of acrimonious relationship between them. Depending upon changing life stage you may opt to change your life insurance nominees. For instance, in your singlehood you would have named your parents as nominees but after marriage changes are you may want to make your spouse or children the nominee.

Pay premium on time
If the premiums are not paid on due dates, the policy may lapse. Life insurers also provide a grace period for policyholders who fail to pay premium by the due date. The life insurer may not consider any claim payout under the policy if the customer fails to pay due premiums by the grace period. Hence it is essential to adhere to premium payment schedule to avoid repudiation of claims on this ground.

Life insurance is not just a tax-saving tool, it's a serious financial product which, if used correctly, can be a saving grace for your family and dependents.

To ensure a smooth claims process, while most companies provide the help of claims officers who are well-trained, it is equally important to inform your loved ones about the life insurance policies you have bought and the document needed to file the claim.

(The writer is v. Viswanand.)

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Source

3 reasons to buy term insurance cover of up to 100 years – Outlook – 31st July 2019

It is always recommended that when you buy Term Insurance, you must cover yourself up to the age of retirement. Retirement is the age when you have done away with large financial responsibilities and have a sizeable financial corpus to bank on for the living expenses of your and your partner's retirement life. The number that usually comes to your mind when you think of retirement is 65 years and even experts recommend buying term insurance up to the age of 65. However, in the fast-changing world, this may no longer hold true. Here are a few reasons;

You may have dependents and financial liabilities beyond 70 years:
People who aspire to retire by 40 or 50 will hate me for this, but I have bad news for you. Look around and you will see that with increased career focus and prevalence of nuclear families, the average age of marriage and hence the age of becoming a parent has moved up by around 4-5 years in the last decade or so. Added to it, with larger disposable income and growing aspirations, your children are likely to study for higher number of years after they have hit adulthood (and hence continue being dependent on you) than what you or I did. In all probability, if you are currently in your 30s right now, all this is likely to push the retirement age to around 70-75 years. Apart from this, you need to take into consideration any long-term loan or liability that goes beyond such an age. For instance, if you are a businessman, and have taken a large business loan which has personal liability attached, you need to ensure you have a term plan that covers you for that too.

You may have to keep earning beyond 65 years:
With advanced medical science and increased safety all around us, you may just end up living for more years, albeit with a chronic or critical illness. This may result in increased recurring medical expenditure in addition to your planned living expenses. Your retirement corpus may not be enough for you to take care of such increased living expenses for 35 years (from 65-100 years), which may force you to continue

earning beyond your current mental retirement age of 65. Now, if it is likely that your partner is a dependent then, you will need to cover yourself with a term insurance till you are required to keep earning.

A smart legacy planning strategy:
Apart from the need of taking a long cover, plans that cover you up to 100 years, has also been recognised as a smart legacy planning strategy. This is because it can turn out to be the guaranteed and most effective strategy for leaving behind a sizeable financial corpus for your family. Here you take a term insurance up to the age of 100 years, and depending on the age you pass away, you could actually leave behind a corpus which gave a return of close 8-10% annually on the term insurance premiums you paid. It also serves the purpose of many who do not understand the concept of risk management and want even their insurance premium to pay back, this could be a good alternative. Here's an example that can help you understand this better.

Suppose, Mohan aged 40 wants to provide financial protection and leave a legacy for his loved ones, he can get a term insurance plan for 100 years. Now, if he has a sum assured of Rs. 1 crore and he passes away at the age of 75, his nominee will get Rs. 1 crore, which is a good 11% returns against the total premium payment of Rs. 8.36 lakh.

Please find below sample calculation for a 40 year old male, non-smoker for a cover of Rs 1 crore up to 100 years:

Death at Age	Returns	Premiums Paid
75 years	11%	Rs. 8,36,640
80 years	9%	Rs. 9,52,840
85 years	8%	Rs. 10,69,040

Term Insurance offers various choices and flexibilities, hence there is no one size that fits all formula which can be applied here. In order to get the best protection at pocket-friendly rates, one has to properly analyse his or her needs and then select a suitable term insurance plan. With the new features like whole life cover and riders in a term plan, besides being a protection plan, term insurance now helps one to do legacy planning for his loved ones that provides a guaranteed life cover. So, if you feel that, a term insurance plan with a cover till the age of 99 or 100 years meets all your requirements, then you should definitely go for it.

(The writer Mahavir Chopra is the Director - Health, Life and Strategic Initiatives, Coverfox.)

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Source

How to get the sum assured and tenure right with customised term insurance plan – DNA – 30th July 2019

Have you ever been in a situation where someone gifts you a one-size-fits-all tee-shirt with a logo you do not identify with and a color you absolutely despise? Sooner or later you will dispose it off, for it would mean little to you.

Contrary to that, if someone gave you a similar tee-shirt but with the logo of a team you support, a color of your choice and perhaps with the initials of your name on it, you'd be likely to attach significant value to it and cherish it for a lifetime.

Similar is the case of life insurance, it can never be a one-size-fits-all solution. Every individuals' financial needs, life goals, risk appetites are different and true satisfaction can only be attained if one was to get in the driver's seat and design their own insurance plans. Unlike a typical run of the mill product, new age term insurance policies come with a host of options and offer scope for customisation.

FUTURE PROTECTION
There is no merit in purchasing term insurance for 15-20 years that will end by the time you hit your forties when probably, the need for having an insurance will be at its peak New-age term plans now also offer unique benefits such as accelerated critical illness benefit, life stage add-on benefit and an array of death benefits at a nominal cost to choose the best from

Depending on individual likes, choices and needs, one can tailor a term insurance plan while addressing their unique needs. Here's how.

Get the life stage and tenure right
A term insurance plan may help replacement of the income of the insured person in case of his/her death. Hence, it is crucial to aptly determine the tenure of your term insurance plan. Some questions to ask in this regard are, how long will you work? Or at what age you will retire? These would typically help gauge your financial liabilities and dependents on your income. As a rule of thumb, one must always opt for a policy term depending on their retirement age. For instance, if you are in your 20s, opt for a term of 40 years. There is no merit in purchasing term insurance for 15-20 years that will end by the time you hit your forties when probably, the need for having an insurance will be on its peak.

Determine adequate cover/ sum assured
In case of demise of the insured person, the sum assured paid to the family helps them fend for day to day expenses, and expenses such as child's education & marriage. Therefore, when determining the amount of cover for your term insurance plan, it is important to take into account the current lifestyle of your family, your loans/ assets and future aspirations of your family such as higher education and/or marriage. You can then calculate the amount of insurance cover you must buy. As a parent, for example, you may have grand plans for your child's wedding day, education etc. To ensure that there are no financial setbacks in making these dreams and life goals are fulfilled even in your absence, you may want to factor in a lump sum figure when deciding upon the cover.

Choose from a host of riders and benefits
Term insurance plans offer additional cover in the form of riders and various other benefits at a nominal cost that help address specific requirements.

Rather than going through the hassle of buying a new policy altogether, riders let you customise the benefits, thereby maximising the value of your current term insurance policy. For example, while a waiver of premium rider as the name suggests helps waive off all future premium if the insured falls prey to a critical illness or disability, an accidental death rider ensures greater sum assured to the family in case of accidental death of the insured person.

New age term plans now also offer unique benefits such as accelerated critical illness benefit, life stage add-on benefit and an array of death benefits at a nominal cost to choose the best from.

While these are some of the guidelines to keep it mind, it is equally important to educate yourself on the different term plans available in the market to be able to choose the one that has you at the center of it all.

(The writer is Aalok Bhan, irector & chief marketing officer at Max Life Insurance.)

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Source

Strong distribution helps private insurers – Financial express – 30th July 2019

The insurance industry in India is a fast growing market with life dominating value and non-life taking pole position for volume. Currently, 68 companies operate in the country. Since the industry was opened to private sector in 2001, it has witnessed several changes (regulatory and structural) and has undergone transformation leading to increased penetration, higher coverage, rise of multiple channels (agency, bancassurance, broking, direct, corporate agency, etc.,), superior reach, and intensifying competitiveness.

Premium grows

The Indian insurance industry's total premium income grew from Rs 1,82,006 crore in FY07 to Rs 6,12,247 crore in FY18; i.e., CAGR of 11.7% driven by rising per capita income, enhanced income tax benefits, product innovations and customisation, development of strong distribution channel, and rising financial literacy. India's share in global insurance market was 2% during CY17. During CY17, premiums in India increased by 10.1% (in real terms) whereas global premiums increased by 1.5% (in real terms) indicating the faster growth achieved in India as compared to the global growth.

During the initial decade, insurance penetration (premium as percentage of GDP) in India increased from 2.71% in CY01 to 5.2% in CY09. Since then, penetration level declined to reach 3.3% in CY14. Post this trough, it is showing an increasing trend, from 3.44% in CY15 to 3.69% in CY17. Insurance density (premium per capita) reached $64.4 in CY10 from $11.5 in CY01. However, from CY11 to CY16 it remained between $50-60 but in CY17, it shot up to $73.

Life insurance continues to dominate

Life insurance segment continues to dominate the domestic insurance industry premiums. Globally, the share of life insurance business in total premium was 54.3%, while the same for India was 74.9%. However, its share has been declining gradually from 85.8% in FY07 to 74.9% in FY18. On the other hand, in terms of new policies issued, non-life segment is dominant and its share has been on an uptrend from 50% in FY07 to 86% in FY18.

Domestically, over a 15-year period, the market share of the private insurance companies has reached 31% (FY18) from 2% (FY03) in life and 48% (FY18) from 9% (FY03) in non-life driven by usage of multiple distribution channel and faster technology adoption.

India's insurance penetration is lower than global average and lower than quite a few developed countries. India continues to be an underpenetrated insurance market with an insurance penetration of 3.7% in fiscal 2017, as compared to 4.8% in Malaysia, 5.3% in Thailand and a global average of 6.1% in 2017.

Distribution Channels

Marketing of insurance service is critical and complex due to the periodicity, claims and brand switching costs that affect buying behaviour. Consequently, distribution is one of the key determinants of success for insurance companies. A variety of distribution channels are currently used to sell insurance products. These channels can broadly be classified into internet-led channels, company-led channels, bank-led channels, and agent-led channels. There has been a shift in the channel mix from the earlier agency-focused model to a more diversified distribution mix.

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Protection boosts profitability - The Hindu Business Line – 29th July 2019

Life insurers' focus on the protection business, persistency and cost efficiencies drove profitability in the June quarter

Life insurance companies reported healthy growth in value of new business (VNB) last fiscal. The momentum of VNB picked up in the latest June quarter, thanks to increased focus on the protection business. Strong growth in new business premium, better profitability, cost-efficiencies, good distribution network and product innovation, are key positives that should keep earnings of the three listed players — HDFC Life, ICICI Prudential Life Insurance and SBI Life — in good stead through FY20.

Given the challenges in the savings business, that comprise linked, participating and non-participating policies, life insurance players have been focussing on protection business. Protection products provide cover for life, disability, critical illness and accidental death. The cost of these pure risk protection products are low.

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HDFC Life

In the June quarter, while HDFC Life continued its focus on the protection business, strong growth of 64 per cent Y-o-Y in individual APE (annualised premium equivalent — sum of annualised first year regular premium plus 10 per cent of single premiums) was led by its non-participating savings business. This was thanks to the strong response for its Sanchay Plus product — a savings-cum-investment plan. As a result, HDFC Life's product mix was skewed in favour of non-par savings, which constituted 58 per cent of individual APE in the June quarter, up from 6 per cent in the same quarter last year.

The management expects the product mix to normalise on a full-year basis. As such, all segments have grown at a healthy clip in the June quarter. Protection APE grew 63 per cent Y-o-Y in the June quarter. Overall, new business premium (NBP — sum of first-year premium and single premium) reported a robust growth of 47 per cent Y-o-Y.

Driving VNB is important for life insurance players. Since premium payments for life insurance policies are typically spread over by a period, the cost of new customer acquisition is high, leading to new business strain in the year of sale. Hence, VNB is a key measure to assess the financial performance of insurers. Essentially, VNB is a measure that values future profit streams of the new business written during the year.

VNB for HDFC Life doubled in the June quarter to Rs. 509 crore; the company's steadfast focus on cost-efficiencies saw VNB margin — the ratio of VNB to APE — expand by a tidy 560 bps to 29.8 per cent.

HDFC Life's renewal premium growth, though, was modest at 10 per cent in the June quarter. The management stated that this was because the premium-paying period of many products ended last year and didn't get renewed. The insurer's persistency ratio has inched up from last year; this is a positive. Persistency measures the number of policies (or amount of premium) retained with an insurer across different time periods. The persistency ratio of HDFC Life's 13th month was 88 per cent (87 per cent last year) and that of 61st month was 54 per cent (50 per cent last year).

SBI Life

SBI Life continued its focus on the protection business, which grew at a healthy clip in the June quarter. The insurer's NBP grew by a strong 52 per cent Y-o-Y in the June quarter.

Renewal premiums too grew by a healthy 32 per cent Y-o-Y. SBI Life's protection new business premium rose 106 per cent Y-o-Y in the June quarter; the share of protection NBP has inched up from 10.2 per cent last year to 13.8 per cent in the June quarter.

This aided the robust 49 per cent growth in VNB, though VNB margin improvement was somewhat muted at 90 bps. Improvement in VNB margin in the coming quarters will be keenly watched as operating leverage is expected to kick in with higher volumes, boosting profitability. Savings business now forms 86 per cent of new business premium; within that, ULIPs constitute about 42 per cent. The insurer's diversified product portfolio augurs well for growth.

SBI Life's 13th month persistency has improved marginally to 85.9 per cent (85.1 per cent in FY19), though the 61st month ratio has dipped slightly to 56.8 per cent (57.2 per cent in FY19). This was because of the falling share of single premium in the 61st month bucket. However, the operating expense ratio improved, falling to 7.4 per cent from 9.7 per cent in the same quarter last year.

ICICI Pru Life Insurance

For ICICI Prudential Life Insurance, the strong growth in protection aided performance despite a modest 5.3 per cent Y-o-Y growth in overall APE in the latest June quarter. The insurer's ULIP business — that continues to constitute a large proportion (71.2 per cent of APE) — declined 6.1 per cent in the June quarter, dragging the overall growth in APE.

A robust growth of 87.7 per cent in protection APE boosted profitability. VNB grew by 26.6 per cent Y-o-Y in the June quarter, while VNB margin shot up to 21 per cent as against 17.5 per cent in the same quarter last year.

The share of protection in overall APE has gone up to 14.6 per cent from 9.3 per cent in FY19. The management expects to double VNB over the next three to four years.

(The writer is Radhika Merwin.)

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Ways to insure home-loan repayments - The Hindu Business Line – 29th July 2019

Mortgage or home loan insurance is essentially a life policy that covers the borrower against the non-payment of loan in case of his/her death.

Now, there are two ways to buy an insurance to ensure your family will not be burdened with loan repayment or, in the worst case, asked to vacate the house. First, you can go for home mortgage loan insurance sold by players such as Reliance General Insurance and ICICI Pru Life Insurance. The other option is to buy a term insurance policy and assign the policy to the lender or your nominee, to settle the outstanding loan amount in case of an unforeseen event.

Mortgage insurance

There are two types of mortgage insurance products offered in the market. One is decreasing term insurance where the sum assured decreases with the outstanding balance of the loan amount. Second is fixed cover option, where the life cover remains constant throughout the term of the plan.

The sum insured, in mortgage insurance, normally, will be equal to the loan amount and are usually single premium payment policies. These policies are offered only along with your home loan by the lenders. But if you are unable to pay the premium amount upfront, your lender could club it with the loan amount. Your EMI would be calculated on this amount.

Note that, if you combine the premium with the loan amount, you would lose out on the tax benefits that you can otherwise claim under Section 80C for premium payment.

Mortgage vs term cover
In terms of outgo in premium payments, a term cover appears to be better compared to mortgage insurance policies. For instance, in ICICI Pru Loan Protect Plus plan, for a 35-year-old male, for a SI of Rs. 40 lakh (policy term 10 years) the premium works out to Rs. 1,15,759 (single premium) and your SI reduces every year.

But in ICICI Prui Protect Smart, a term cover, for SI of Rs. 50 lakh, the premium outgo per year would be Rs. 4,426. This amounts to Rs. 44,260 over a 10-year period. Thus, cost-wise, going for a term cover is a better option. Also, the death benefit in mortgage insurance will be lower compared to the benefit under a term insurance. Alternatively, if you don't want to buy an insurance cover for a home loan, you can assign any other existing life policy to the lender.

(The writer is Bavadharini KS.)

Source

TOP

7 ways how life insurance policies are set to change - The Economic Times – 29th July 2019

Life insurance products are undergoing major changes, and mostly to the benefit of policyholders. The Insurance Regulatory and Development Authority of India (Irdai) recently released the final product regulations covering term, endowment, Ulips and pension plans.

1. Higher withdrawals allowed in pension plans
The maximum withdrawal allowed at maturity under pension plans has been increased from one third to 60%. However, this will not bring insurance pension plans at par with the National Pension System (NPS). In NPS, the 60% withdrawal allowed at maturity is tax free. In pension plans, 60% withdrawal is allowed now but only one third is tax-free. "Withdrawal of up to one third of the corpus would be tax-free, but anything above that is taxable," says Anil kumar Singh, Chief Actuarial Officer, Aditya Birla Sun Life Insurance.

	EXISTING RULES	NEW RULES
Life cover in Ulips	Minimum 10 times for those under 45	Minimum seven times for those under 45
Maximum lump sum withdrawal at vesting of pension plans	One third	60%
Minimum term for acquiring surrender value in traditional plans	Three years	Two years
Freedom to choose annuity provider	Annuities to be purchased from the insurer who has issued deferred pension plan	Policyholders can approach insurers offering higher rates for 50% of the corpus
Flexibility in asset allocation in pension Ulips	Guarantee meant insurers had to invest in debt products	Policyholders to decide whether they want assured returns or not
Direct premium payment for Ulip riders	Premiums for riders like accident or disability benefit accounted for by cancelling units	Direct premium payment means a larger proportion of base Ulip premium is investe

Rules have also been tweaked for premature part withdrawals. Once the five-year lock-in ends, policyholders can make partial withdrawals of up to 25% of the fund value, but only thrice during the policy tenure. However, such withdrawals will be permitted only if funds are needed for specified goals—higher education, children's wedding, purchase or construction of a house and treatment of critical illness of self or spouse.

2. Freedom to take risks, invest in equities
The change that is likely to make the maximum impact pertains to unit linked pension segment, which lost steam after insistence on guarantees and purchase of annuities from the insurer who issued the deferred pension plan. "As of now, insurers have to give a guarantee at the vesting date, which means they have to invest largely in debt and are not

able to generate higher returns. Now, this is optional. Policyholders can decide whether they want assured benefit or not," says Singh. Those in the younger age brackets who can stomach risks and afford to stay invested over the long-term can choose to deploy funds in equity.

Regulations that mostly benefit policyholders

3. Greater choice when buying annuities
Annuity purchase conditions, too, have been liberalised. "Open market for the option of purchasing annuity, up to 50% of the investible corpus is a key change," notes Aalok Bhan, Director and Chief Marketing Officer, Max Life Insurance. Currently, a policyholder has no choice but to purchase annuities at maturity, from the insurer who has issued the policy. Lack of competition hurts policyholder interests, as they cannot shop around for higher annuity rates.

Annuity is regular, guaranteed pension income payable to the policyholder from the date of vesting till death. "Relaxation of this restriction will allow policyholders greater flexibility to seek better rates," says Santosh Agarwal, Chief Business Officer, and Policybazaar.com.

4. Shorter period to acquire surrender value
You needn't wait three years for your policy to acquire a guaranteed surrender value – the amount you will receive if you decide to exit prematurely. "Irrespective of premium paying terms, policies will now acquire the minimum guaranteed surrender value if they have paid at least two years' premiums, against three years now for policies with a premium paying term of over 10 years," says Singh. At present, you are entitled to 30% of premiums paid (minus any survival benefits paid out) if you surrender your policy during the third year.

The new rules have raised this to 35%. If you have paid two premiums, you will get 30% of the amount. In case of policies with tenures greater than seven years, insurers had to file surrender value structure with Irdai. Now the regulator has specified that the surrender values should increase progressively and converge to at least 90% as the policy approaches maturity. Despite the rise in guaranteed surrender value, however, exiting traditional non-linked products remains an expensive and tedious affair.

5. Flexibility to reduce premium
"The regulations also provide policyholders the flexibility to reduce their premium after the fifth policy year," says Tarun Chugh, MD and CEO, Bajaj Allianz Life. Being long-term products, insurance premiums have to be serviced annually and any financial crunch around the premium paying date can result in policy lapsation. Instead, now you can reduce your premiums by 50% and still keep the policy in force.

6. Lower life cover in Ulips
On the Ulip front, the minimum cover offered will come down from 10 times the annual premium to seven times. At present, insurers have to offer a minimum cover of 10 times the annual premium to those under 45 and seven times to those over 45. For policyholders who are not keen on the protection element, smaller cover will mean lower mortality charges.

A higher proportion of premiums will be directed towards investments. However, there is a catch. To maximise tax benefits under Sec 80C and 10(10D), the life policy has to offer a cover of at least 10 times the annual premium. "For policies with seven times cover multiple, tax breaks under 10(10D) is not applicable," says Agarwal.

7. Extended revival period
Policyholders wanting to revive their Ulips will now get three years instead of two. For nonlinked plans, it has gone up to five years. Insurers will have to intimate them within three months of lapsation for them to initiate action in case they want to revive the policies.

(The writer is Preeti Kulkarni.)

TOP

Source

How the new rules for life insurance policies impact you – Mint – 27th July 2019

The Insurance Regulatory Development Authority of India (Irdai) has simplified product regulations for the unit-linked products and non-linked products. Let's take a deeper look at the changes suggested by the regulator that may have an impact on you.

The revival period has been increased to three years in case of unit-linked products and five years in case of non-linked products from two years. The revival period is the period offered by insurers to revive the policy after you missed paying the premiums after the policy lapses and also during the grace period. "The extension in the revival period will provide customers a wider window to revive their policy," said Tarun Chugh, MD and CEO, Bajaj Allianz Life Insurance. With the increase in duration, you will get some flexibility in policy premium payment.

There have also been some changes in the minimum sum assured of linked and non-linked products. "For regular premium and limited premium paying policy is reduced to seven times the annualised premiums, irrespective your age when you purchase the policy. For single premium policy, the sum assured is 125% of single premium, again irrespective of your entry age," said RM Vishakha, MD and CEO, India first Life Insurance.

This might be a bit problematic. "The death benefit has been reduced to seven times from 10 times and according to the tax regulations, only if the death benefit is 10 times the annual premiums it is eligible for tax benefits." said Mehta.

The regulator has also allowed partial withdrawal in Ulip pension plans. You can withdraw up to 25% of the fund value for education or marriage of your children, treatment of critical illness, purchase or construction of residential house.

"The sum assured payable on death shall be reduced to the extent of the partial withdrawals made during the two-year period preceding the death," added Vishakha. Earlier no partial withdrawals were allowed in these plans.

"In respect of pension products, the option for commutation up to 60% is allowed. Up to 50% of the corpus (net of commutation) can be used to buy annuity from another insurer," Mohit Garg, head-products, PNB MetLife.

At the time of retirement, if you need lump sum amount, pension products allow you to take a portion of the accumulated money as lump sum. In financial parlance, this is called commutation. It basically means an upfront payment of your pension money.

"This makes a distinct difference, as a customer can now receive the annuity proceeds as 60:20:20 i.e. commute 60% of the amount, and purchase annuity such that 20% is bought from the original insurer through whom the pension plan was purchased and the remaining 20% can be bought from any other insurance provider," said Vishakha.

CHANGES IN PREMIUM

Your premiums will be reduced up to 50% of the original annual premium after you make the payment of the full five years' premium.

"This is not a price benefit but just an option for policy flexibility. If you pay your five-year premium upfront, then the rest of the five years you will be able to pay 50% of your premium with a reduced sum assured," said Goel.

"In non-ulips risk products, the cover period as small as a month can be offered, thereby enabling more and more customers to fulfil their life goals through insurance and making it more affordable," said Chugh. This regulation can come in handy for the insured.

"In non-linked products there are two kinds: savings product and prerisk product, which are essentially your term plans and this regulation is for your term plans. You will be able to buy a term plan for a month now and it might come handy if you are going for a longer holiday," said Mehta. Term plans will have a wider scope than the app-based covers.

There's also some benefit if you want to surrender your non-linked policy after two years. "If you discontinue your policy after two years, some amount of 'guaranteed surrender value' has to be given to you by the insurer and it has to be a pre-decided amount," said Goel.

"The regulations were notified by Irdai on their website on July 15. Irdai is in the process of releasing the method and time of implementation of these regulations. Till that time the existing products will continue to be sold," said AalokBhan, director and chief marketing officer, Max Life Insurance.

(The writer is Revati Krishna.)

TOP

Source

GENERAL INSURANCE

Jewellery exporters may be covered under credit insurance benefit - Business Standard – 31st July 2019

The government is planning to re-introduce the export credit guarantee (ECG) insurance benefit scheme within a month to ease the liquidity crunch in the gems and jewellery sector.

Speaking on the sidelines of the Banking Summit 2019 in Mumbai on Wednesday, P N Prasad, deputy managing director of State Bank of India (SBI), said that ECG insurance would be re-started in a month the gems and jewellery sector.

The scheme will ensure lenders receive their claim amount in case of defaults by importers from overseas. Bank finance, currently applicable for pre- and post-shipment of goods, will be covered by the Export Credit Guarantee Corporation (ECGC). It will guarantee lenders against payment defaults by borrowers.

The gems and jewellery sector has been facing a massive credit crunch following the $2-billion Nirav Modi scam as bankers have shied away from the sector. While proposals for new loans are being put in cold storage, provisioning and disbursement for existing customers have seen extensive cuts.

A global economic slowdown has also dampened sentiment, which has led to a massive 15 per cent decline in India's overall gems and jewellery exports during the April-June quarter.

With an overall exposure of around Rs 25,000 crore to domestic and export-centric gems and jewellery players in India, the SBI has not only tightened paper work for new loan disbursals but also kept overall provisioning for the sector stagnant.

ECGC will help ease the credit squeeze for the space, says SBI's Prasad. In fact, the Centre discontinued ECGC benefits to the sector six years ago due to cases of intentional payment defaults against exported consignments.

"For ECGC to succeed, the number of claims should come down. In the last few years, number of claims have shot up sharply. So, the success of ECGC is a matter of concern," said V G Kannan of Indian Banking Association (IBA).

One single jeweller has claimed default of Rs 10,000 crore which raises questions on credentials of the claimant and transparency in this sector. Experts, however, suggest that the upward limit of the ECGC claim of Rs 100 crore to cover MSME sector should be scrapped.

Pramod Agrawal, chairman of the Gems and Jewellery Export Promotion Council (GJEPC), however, believes there is a need to increase the limit of dollar financing that has been squeezed due to depreciation of the rupee over the last few years.

"Over the past decade, rupee has depreciated 75 per cent. But, the overall banking exposure to the gems and jewellery sector has marginally increased to around $9.5 billion in 2019 from $8.5 billion in 2009. This has squeezed overall credit availability for the gems and jewellery sector. Credit availability, however, remains crucial to achieve the $75-billion export target by 2022 as envisaged by Prime Minister Narendra Modi," said Agrawal.

Currently, India's overall gems and jewellery exports are valued at around $33 billion.

(The writer is Dilip Kumar Jha.)

Source

TOP

Insurance scheme for cattle lost to tigers mooted - The Hindu – 30th July 2019

The Union Environment Ministry and the Department of Livestock and Animal Husbandry are exploring a scheme to devise an insurance policy that will compensate people who lose their livestock to tigers.

A day after India declared that it had 2,967 tigers — a 33% jump since the last tiger census in 2014 — officials from several Ministries met on Tuesday to discuss ways to ensure that these gains were not lost.

No policy currently

The growing tiger base, however, has also brought with it challenges of man-animal conflict, with reports of tigers preying on cattle and sometimes mauling humans who live in the vicinity of their habitat. "Currently, there is no policy on compensating people for such cattle lost because tiger reserves are no-go areas, and people and cattle are not supposed to be present. However, in the larger interest of reducing man-animal conflict, we need to think of such measures," said Siddhartha Das, Director-General (Forests), and Union Environment Ministry. He was one of the participants in the meeting.

Another plan discussed was to improve water conservation in forests, along with the Jal Shakti Ministry, Mr. Das said. Sustaining tigers is about sustaining its prey-base. He attributed the greater presence of tigers to more dependable water sources, and the presence of more chital and deer.

The nearly 6% annual increase in the tiger population could mean at least 3,400 tigers by the next survey, and therefore increasing pressure on its habitat and on the occurrence of man-animal conflict.

Regional disparity

"While we have habitat to accommodate an increase, this is a problem that has to be seriously addressed. Some regions like Madhya Pradesh are showing a significant rise and regions with low populations not much. We will have to transfer animals among States, but to do that we have to ensure that low population reserves are prepared and made amenable to sustaining populations," Y. Jhala, Principal Scientist, **Wildlife** Institute India. He was among the lead coordinators of the survey.

Just last week, a tiger was brutally beaten to death in the Pilibhit Tiger Reserve in Uttar Pradesh, and in 2018, a tigress transferred from Madhya Pradesh to Odisha was found dead.

"Tiger occupancy has increased in the State of Madhya Pradesh, and Andhra Pradesh. Loss in North East is due to poor sampling. Madhya Pradesh has also registered a substantial increase in their tiger population and along with Karnataka ranks highest in tiger numbers. The poor and continuing decline in tiger status in the States of Chhattisgarh and Odisha is a matter of concern," the National Tiger Estimate (survey) notes.

The writer is Jacob Koshy.

TOP

Source

Lack of Insurance for Solar Modules Holding Back India-Made Modules – Mercom – 29th July 2019

Indian manufacturers have made solid inroads supplying to the domestic market after the safeguard duty was imposed on imported modules from China, Malaysia, and Taiwan last year, according to Mercom India Research data. Three Indian manufacturers appeared among the top supplier's list. This trend is likely to continue at least into the second half of the year.

As the safeguard duty starts to drop from 25% from 20% at the end of July and 5% after that every six months until July 2020 the price advantage enjoyed by Indian manufacturers will also continue to decrease. If Indian manufacturers want to continue to supply to developers that they have built a relationship with, they will have to start focusing on quality and stand behind their panels with a warranty backed by insurance.

The government has been trying to create a robust domestic market by implementing a reworked mega manufacturing tender that provides leeway to pure-play module manufacturers in terms of associated solar project development.

Lack of insurance products for solar PV modules in India is a problem that needs to be addressed. Indian solar module manufacturers often point out that the Chinese government has made it a point to provide module insurance, thereby making it more attractive to solar PV project developers.

Insurance generally backs up the warranty that's extended by the manufacturers to their clients. The warranties generally are 10-year product warranty and 25-year performance warranty. The insurance companies usually inspect the manufacturing unit before extending the insurance offer for projects of 2 MW and above. They also offer exports insurance. However, not all manufacturers have insurance.

In India project insurance is available, but there is no module insurance that is being provided as of now. Project insurance in India currently covers shortfalls in power generation. Even though the cost of insurance can make modules a little bit more expensive, it will make purchasing modules from manufacturers that offer insurance less risky and more attractive for project developers.

According to a manufacturer "The insurance premium runs to crores. Manufacturers have to pay the insurance premium to these companies. Say it is a 1 MW project and the total bill is ₹20 million (~$0.29 million) then the manufacturer has to pay a premium of 10% which is ₹2 million (~$0.029 million). This is an added cost for the manufacturers."

This cost can be passed on to project developers if they are willing to purchase higher-cost solar PV modules. As then they can be assured that in case of any fault in modules, they are covered by the insurance.

In the case of manufacturer insolvency, the insurance protects the clients. Globally, solar PV modules come with two sets of warranties; namely product warranty and power output warranty.

Product Warranty- Under this warranty, the manufacturer provides a warranty against any defect in the material and quality of the product under normal conditions. The PV modules generally come with a standard warranty for ten years. In case a defect in the material or quality is developed during the warranty period, the purchaser is compensated for the cost of the module, or the manufacturer replaces the defected modules with new ones.

Performance output warranty– A solar PV module is expected to deliver power output with a degradation not higher than that specified through its life term of 25 years. In the case where a solar module exhibits power output less than the nominal power, or if the degradation in the power output is recorded higher than what's warranted under the standard conditions, the PV module is then said to have developed a performance defect.

In countries like China, insurance products for performance output are available at a nominal cost. However, in India, no such insurance products are available at viable pricing, and it, therefore, gives an edge to Chinese modules over Indian-manufactured modules. These affordable insurance products should be made available not only to the developers but also to the manufacturers to cover their risk of warranty claim as they are subjected to stringent quality standard adherence and testing by third-party or government labs.

A top executive at one of India's major solar PV module and cell manufacturing companies commented, "Currently, there are only two insurance products available in India, namely HDFC Ergo Solar Panel Warranty Insurance and ICICI Lombard warranty insurance. Even these do not cover the complete useful life that is demanded of a solar PV module.

The executive also stated that a few outstanding international insurance products for solar PV modules are Power Guard Specialty Insurance Services, People's Insurance Company of China, Munich Re Group, and Ping an Insurance.

Indian solar PV project developers buy Chinese modules as they come with a lifetime (25 years) warranty. Even if the modules are damaged, they are replaced by the manufacturer or the cost is provided to them based on the loss suffered.

Dr. Rahul Kapil of LONGi Solar told Mercom that there are various insurance products available for their modules depending on the customer's choice. He added, "It should not be a huge challenge for the Indian government to provide module insurance. They will have to line up with a third party to provide it."

India exported solar modules and cells worth $33 million (~₹2.3 billion) in Q1 2019, an increase of 74% compared to $19 million (~₹1.3 billion) of exports in the same quarter of the previous year. Manufacturers who are exporting face the greater need to provide insurance for their modules as most countries that they export to, mandate insurance for modules.

An executive at another Indian manufacturer stated, "Indian insurance companies only provide project insurance and not module insurance. Developers have to insist on module insurance from these insurance companies considering modules constitute 50% of the project cost."

"Indian developers generally wouldn't ask for the insurance, but now bigger developers have started to ask for it," add the executive. In December 2017, Mercom reported that HDFC Ergo General Insurance Company, a joint venture between HDFC Ltd. and ERGO International, an insurance entity of Munich Re Group, launched the first solar energy shortfall insurance policy in India that gives solar project developers the ability to ensure certain causes of solar power generation loss.

The same month, ICICI Lombard came up with a product that insures solar parks for the first 15 years of operation. There have been no new products announced ever since. As the market matures, insurance products will become mandatory, and manufacturers that provide them will have a definite edge over their competitors.

(The writer is Saumy Prateek.)

Source

TOP

HEALTH INSURANCE

Tamil Nadu has maximum people under health insurance – The Times of India – 2nd August 2019

Tamil Nadu has the maximum number of families covered by national health insurance, data from the Union health ministry shows.

At least 1.57 crore families in the state now have a cover of Rs 5 lakh a family. The state, which already had the Tamil Nadu chief minister's health insurance in operation, combined it with the Centre's Ayushman Bharat-Pradhan Mantri Jan ArogyaYojana, according to statistics released by Union health minister Harsh Vardhan.

Five other states that have more than 1 lakh families under the national health insurance scheme are Madhya Pradesh (1.28 crore families), Uttar Pradesh (1.18 crore), Karnataka (1.15 crore), West Bengal (1.12 crore) and Bihar (1.08cr).

Harsh Vardhan, in a reply to a question on the number of beneficiaries, told Rajya Sabha that at least 11 states have dovetailed their state scheme with that of the Centre.

While 10.74 crore people benefit under the national scheme, states were allowed to add more families at their own cost.

When Tamil Nadu combined the scheme with its existing programmes, it announced that all families will get a cover of Rs 5lakh per year. At least 60% of the population in the state is covered by health insurance.

"Tamil Nadu's scheme is unique because we do not allow certain procedures such as deliveries in the scheme as government hospitals are capable of handling them. About 1,800 procedures, including high-end procedures such as organ transplant, are covered under the scheme," state health minister C Vijayabaskar said. Tamil Nadu also maintains a corpus fund to meet the differential charges for surgeries that cost more than Rs 5 lakh.

As per the state policy note, the largest number of authorizations issued was for renal disorders, followed by cardiology. So far, the state has done more than 70,000 angioplasty and stenting procedures at a cost of Rs 476.74 crore.

The most commonly sought procedure was renal dialysis. As yet, Rs 745.64 crore was claimed for hemodialysis.

"We buy medicines and equipment such as stents at the lowest price through Tamil Nadu Medical Services Corporation Limited. We have also claimed almost the entire amount we pay as premium nearly every year," Vijayabaskar said.

Between January 2012 and March 2019, 34.76 lakh people have availed of treatment in Tamil Nadu at a cost of Rs 5,800.35 crore. Of this, the 277 government hospitals dealt with more than 15.34lakh cases at a cost of Rs 2,129.78 crore. Of 977 empanelled hospitals, 244 are state-run institutions. Across India, 7,980 public hospitals and 16,039 private health facilities are empanelled.

TOP

Source

Insurance claims for hepatitis spike during monsoons - Outlook India – 29th July 2019

While monsoons bring with it the pattering of raindrops and the aroma of deep-fried samosas and khichdi, it has its fair share of maladies as well. Yes. Monsoon brings with it an endless list of diseases as well including malaria and even jaundice or hepatitis to be more precise. In fact, hepatits is one of the most common diseases reported during monsoons.

According to World Health Organisation (WHO) Global hepatitis report for 2017 shows that an estimated 32.5 crore people worldwide are living with chronic hepatitis B virus (HBV) or hepatitis C virus infection. This indicates that the large majority of these people are at risk of a slow progression to chronic liver disease, cancer and even death.

Hepatitis is an inflammation condition of the liver tissue. It's commonly caused by a viral infection, however, there are other possible causes of hepatitis. There are five types of hepatitis named A, B, C, D and E. Hepatitis B, C and D are blood borne. Hepatitis A and E are water borne and spread through contaminated water or food.

As monsoon threatens to lead to rise in cases of hepatitis infection and need for treatments subsequently. Needless to say, hepatits treatment often prolonged needs to resort to health insurance policies.

Of late, insurance claims pertaining to hepatits has sought up substantially. Commenting on the this particular trend, Bhaskar Nerurkar, head, health claims, Bajaj Allianz General Insurance said, "We see a spike in claims around the monsoon season, we advise people to take necessary protection not only against the disease, but also against any financial emergency caused due to a sudden diagnosis."

India has over 6 crore HBV infected patients (second only to China) and constitutes about 15 % of the entire pool of hepatitis B in the world. Every year, nearly 6 lakh patients die from HBV infection in the country according to Institute of Liver and Biliary Sciences, New Delhi.

Types B and C lead to chronic disease like liver cirrhosis and cancer. Though the average claim size is around Rs 35,000, insurers have seen several cases where the hospitalisation expenses run into more than Rs 10 lakh.

To bear the financial burden Nerurkar suggested, "One should opt for basic health insurance policy which offer a minimum of Rs 5 lakh coverage, and one can top it up with a Rs 10 lakh super top up policy. Not only would this give you an adequate coverage, but it would also be an economically viable option – an apt financial shield against any health exigency."

Most health insurance plans along with critical riders cover hepatitis. Before buying health insurance plan, insurer might ask a customer to undergo medical examination and charge appropriate premium based on the report. On the other hand, customer looking to buy health insurance after being diagnosed with hepatitis will have to pay higher premium or cover after completing the waiting period. Wisely choose your right health insurance plan to support your medical bills with wider cover.

Here are a few observed trends as per company's internal claims data related to all kinds of diseases, and hepatitis remains a persistent reason for claims, across both metro and tier II/III cities.

There is a 30% rise in claims due to hepatitis since 2016-17 to 2018-19.

State	Rise in Claims (%)
West Bengal	25
Delhi	40
Tamil Nadu	45
Kerala	48
Karnataka	75

The average age group that claims the most because of hepatitis falls within the age bracket 21-30 years

Over the past three years, consistently almost 65% of the claimants have been males. This might also be because of lower health insurance penetration amongst women.

A seasonality trend is seen in rainy season for hepatitis claims (basis registration)

Surat, Ahmedabad, Mumbai, Delhi, Vadodara are the cities that claim for most number of hepatitis related claims settlements.

In the past 3 years, there has been a steep spike in hepatitis related claims from various parts of India. The writer is Nirmala Konjengbam.

TOP

Source

Insurance, wearable and future of healthcare – Elets – 27th July 2019

Health Insurance remains one of the under penetrated segments in India with only 25-30% of Indians having health insurance. However, like in every other field, technology is likely to play integral part even in Insurance sector. Even insurance regulator is batting for the use of wearable devices for life insurance and health insurance policies which can provide a regular stream of data about the policy holder.

Insurance Regulatory and Development Authority of India (IRDAI) had formed a working group to examine innovations in insurance involving wearable or portable devices was set up in January last year, and has examined a range of devices, including fitness bands, skin patch sensors, smart contact lenses and implantable devices among others. This move is significant not only from the policyholders and insurers point of view but also from the health insurance sector in India. According to the data from General Insurance Council, gross direct premiums underwritten by non-life insurers in health segment stood at Rs 24,783.51 crore for the period April-October 2018. Health insurance is the second most important segment having market share of 25.8% after motor insurance which has market share of 37.3%.

Bringing in technology and use of wearable's data in health insurance will have a critical role in risk assessment and improvement. Right now, insurers have access to a point-in-time data through medical tests, which are often not satisfactory for risk assessment on an ongoing basis. The usage of wearable's data in health insurance will have a critical role in risk assessment and improvement. Currently, insurers merely have access to a point-in-time data through medical tests or self-disclosures, which are often not adequate for risk assessment on an ongoing basis.

Non-availability of electronic health records or any other common repository of health data makes the process of risk assessment even trickier for insurers. Even now, once a policyholder is on-boarded by an insurer, the insurer has no actual way of tracking and promoting healthy living. Wearable's can play a crucial role in this setting by providing a regular stream of health data to the insurer.

In terms of innovation, few of the insurers have started offering products that prompt policyholders to stay fit and give lower premiums if they fulfill the criteria. Popularly known as wellness programs, these policies help policyholders get benefits to the tune of 10-30% if they remain healthy. Such programs aid two purposes one being these wellness programs teach a healthy lifestyle among policyholders and help create a portfolio of healthy policyholders, which could eventually reduce incoming claims for insurance companies.

This technology advancement can also lead to better claims and improving underwriting risks. We have seen several insurers in non-life segments that telematics in motor segments. However, technology can bring in much relief for insurers and policyholders in terms of a claims settlement. This is one of the significant areas in which technology can improve for an insurer is claims segment. Claims are a significant aspect for insurers. Insurers embracing wearable technology to improve claims such as costs, exposure, fraud detection, customer interaction and satisfaction, whilst also identifying associated risks.

According to IRDAI annual report 2016-17, the trend of increase in Net Incurred Claims Ratio (Net ICR) continued in 2016-17. The Net ICR has consistently gone up from 94% in 2012-13 to 106% in 2016-17. Among the various classes of health insurance business, the Net ICR is high for Group Business (Other than Government Business), which was more than 100% for each of the preceding five years and consistently increasing over the same period.

However, with insurers getting data of policyholders there might be frauds or data misused, which should be addressed by insurers in a serious way. There can be likely challenges if insurers use the data gathered from wearable's or portables for purposes other than those permitted. Insurance companies shall develop healthy internal monitoring mechanisms to ensure that data leakages do not take place as this data could be changed for some monetary benefits.

In order to address the issue of low health insurance penetration, government of India had started **Ayushman Bharat-Pradhan Mantri Jan ArogyaYojana (AB-PMJAY)** last year. Announcement of Ayushman Bharat-Pradhan Mantri Jan ArogyaYojana (AB-PMJAY) last year have provided hospital treatments to 6.85 lakh patients. With much needed changes in the insure-tech space, Indians are likely to get health insurance at affordable price in the years to come.

(The writer is Writer is Rakesh Goyal, Director, Probus Insurance Broker Ltd.)

TOP

Source

Coronary angioplasty, dialysis among top 5 procedures performed under Ayushman Bharat - The Economic Times- 26th July 2019

Coronary angioplasty and dialysis are among the top five medical procedures that beneficiaries have undergone under the Centre's flagship Ayushman Bharat health insurance scheme, the government informed the Lok Sabha on Friday. Percutaneous transluminal coronary angioplasty (PTCA), a minimally invasive procedure to unblock coronary arteries and allow blood circulation unobstructed to the heart muscle, has been performed the most under the scheme, according to government data.

The next four were hemodialysis, high-risk delivery, cataract surgeries and coronary artery bypass grafting, respectively. Treatment for most diseases/conditions is available free at public hospitals.

Still, a large number of people, including those from poor and vulnerable sections, have to incur out-of-pocket expenditure to get treatment, particularly for secondary and tertiary care hospitalisation, given India's large population, MoS for Health Ashwini Choubey said.

To provide health protection to poor and vulnerable sections, 1,393 treatment packages have been approved under the scheme, he said in reply to a question in the lower house.

The minister said since the launch of the scheme in September 2018, feedback on certain aspects of benefit packages - such as terminology, duplication and anomalies like repetition of packages, different rates for same procedures in different specialities - have been received and the National Health Authority is reviewing this feedback for possible rationalisation.

The NHA is the apex body responsible for the implementation of the scheme which aims to provide a health cover of up to Rs 5 lakh per family per year for secondary and tertiary care hospitalisation to over 10.74 crore vulnerable families.

Around 26 lakh people have availed treatment under the scheme so far. Over 15,000 hospitals and healthcare providers have been empanelled across the country under the scheme.

TOP

Source

Insurance for same-sex partners? Here's how it works – Moneycontrol – 26th July 2019

Star India has extended health insurance cover to the partners of LGBT+ (lesbian, gay, bisexual, transgender and queer, among others) employees, effective July 1. The entertainment company said all existing employee benefits around maternity and paternity, in-vitro fertilization, surrogacy and adoption is applicable to LGBT+ employees.

The company joins firms like Citigroup and Godrej Group in offering such benefits to its employees. At a time when having same-sex partners is still considered a taboo in several parts of the country, an insurance cover is an even novel concept.

Compared to a typical health insurance policy that offers cover to the husband and wife, this product is worded differently. Mohit Agarwal, Managing Director, Employee Benefits & Benefits, Marsh India Insurance Brokers, said both Indian as well as multinational companies are now taking up these covers.

“With respect to cover, it is a group product and hence differs from one company to the other. Instead of using the word ‘spouse’ the word ‘partner’ is used in the insurance product,” he added. The word ‘spouse’ cannot be used in an insurance contract yet. This is because same-sex marriages are not recognised in India and a contract like insurance cannot use this term unless it has a legal backing.

So, when a company offers a cover for LGBT+ employees, it is part of the group life or health cover. Agarwal said they are working with a handful of private sector insurers to design products best suited to meet the needs of the community.

Whenever a corporate chooses to cover LGBT+ employees, they first decide whether they want to cover life, health or both. Then external expertise from insurance brokers like Marsh India is sought. Based on the requirement, pricing and features of the product are discussed.

Health insurance products offered to same-sex partners have the same benefits as a regular medical group insurance product. It is merely customised to change wordings based on whether the couple is male or female.

Even if it is a live-in relationship or a bisexual relationship, the product is worded accordingly. However, for a live-in relationship, proof of cohabitation like telephone bill, rent agreement or electricity bill has to be provided, Agarwal added.

However, retail products are not freely available in the Indian market for same-sex couples. With the Supreme Court decriminalizing consensual sex between same-sex partners, it is likely that health and life covers in the retail market for this segment will be available in the next 12-18 months.

TOP

Source

CROP INSURANCE

Telangana govt favours making PMFBY voluntary to farmers – Moneycontrol – 29th July 2019

The Telangana government is in favour of the Centre's plan to make crop insurance voluntary to farmers under the Pradhan MantriFasalBimaYojana (PMFBY) citing delayed payment of claim and farmers' reluctance to give premium among other reasons, sources said.

In order to make the PMFBY more effective, the Centre is planning to make certain changes like making crop insurance voluntary to all farmers, removal of high premium crops and giving flexibility to states to provide customised add-on products.

The ministry has sought views from state governments on this. Telangana government, the sources said, has suggested the Union Agriculture Ministry that it is better to make PMFBY voluntary to farmers because farmers are having reservations about the 'area approach basis' of the scheme and are reluctant to pay premium where there is less risk.

The state government has also said that farmers are not happy with the rejections and delayed payments of claims by the insurance companies, they said.

Further, the state government informed the ministry that the crop insurance was made compulsory in 1985 under comprehensive crop insurance scheme for loanee farmers in the country and is still continued under PMFBY also.

"As could be seen, in spite of compulsory nature of the scheme, only 12 to 15 percent of eligible farmers are covered and the participation by non-loanee farmers on voluntary basis is very meagre," the state government has said.

The state government noted that the coverage of loanee farmers is largely because of efforts of the Department of Agriculture and banks as insurance companies have no infrastructure and manpower in rural areas, the sources added.

Among key suggestions, the sources said the Telangana government has asked the Centre to announce cut-off dates well before the start of the season, ensure that insurance companies create infrastructure and required manpower in rural areas.

It also recommended that state governments may utilise the services of agricultural officers available in the field to enroll the farmers.

Launched in April 2016, PMFBY provides comprehensive crop insurance from pre-sowing to post-harvest period against non-preventable natural risks at extremely low premium rate of 2 percent for kharif crops, 1.5 percent for rabi crops and 5 percent for horticulture and commercial crops.

TOP

Source

Domestic, foreign insurers big gainers under PMFBY; pool mechanism on cards - Business Standard – 29th July 2019

With insurance and reinsurance firms, particularly foreign reinsurance and private insurance firms, turning out to be big beneficiaries of premiums collected under the Pradhan Mantri Fasal BimaYojna (PMFBY), the government is considering creating a pool mechanism for claim settlements.

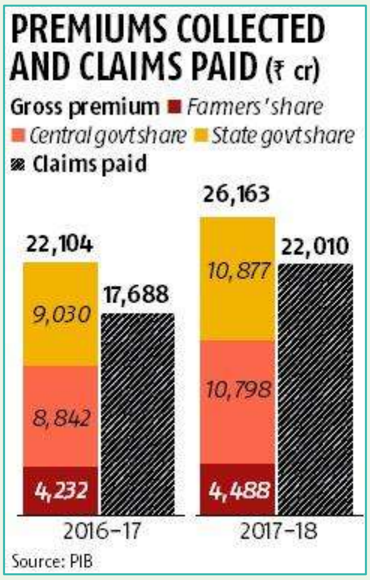
In the last six seasons, close to Rs 5,000 crore has flown to the books of foreign reinsurers, as overall claim ratio has been just around 77 per cent, which has led the government to rethink the involvement of reinsurance companies in the business, a senior government official said.

Data from PIB also corroborates this.

In the 2016-17 and 2017-18 financial years, the total premium collected under PMJDY was about Rs 48,267 crore, while the claim payout was about Rs 39,789 crore, indicating that close to Rs 9,000 crore went collectively to insurance and reinsurance firms. Of the total premium, about Rs 8,720 crore was paid by farmers, while close to Rs 39,547 crore was subsidised collectively by central and state governments.

"The pool mechanism will help the money stay in the country itself, instead of going to foreign reinsurers," said the official.

Under the proposed pool mechanism, while private firms can retain a small part of the premium, a large part goes to the pool, which will serve to pay out the claims. While initial years, when the pool is small, proposals such as budgetary support from the government, in case the claim ratio exceeds 100 per cent, is also being discussed.



At present, about 25 per cent of the risk — the premium from the scheme — is retained by insurance companies, while the rest is hived-off to reinsurance companies. About 50 per cent of the risk is reinsured by state-owned GIC, and the rest by international reinsurer firms. Thus, with claim ratio well below 100 per cent, a large part of profit from the scheme at present accrues to foreign reinsurers.

"The new model should be sustainable in the long run," according to a top official in a private insurance company.

Under the PMFBY — introduced in 2016 — farmers have to pay a maximum of 2 per cent of the sum insured for kharif and 1.5 per cent for rabi food and oilseed crops and 5 per cent for commercial/horticultural crops. The remaining part of actuarial premium is shared equally between the central and state governments.

The PMFBY is based on actuarial calculations, and rates are based on risk perception. Thus, premiums differ, based on crops and regions. For example, in drought-prone areas, the premiums are generally higher, and the payouts are also high. Insurance companies get the benefit of volumes, by getting premium from other regions, where the cropping pattern is generally stable.

Eighteen general insurance companies, including five public sector insurance firms, have been empanelled for the scheme's implementation.

(The writer is Namrata Acharya.)

Source

TOP

Crop Insurance: A Harvest of Woes - India Legal – 28th July 2019

A patriot must always be prepared to defend his country against his own government, goes an old saying. The farmers of Gujarat find themselves in precisely such a predicament. First, they face ruin from the elements and then need to be saved from a government which has set out to save them.

The immediate provocation for such a reaction came from Bharat Zala, director of Citizens Resource & Action Initiative (CRANTI), an NGO, after the Vijay Rupani-led BJP government replaced the existing crop insurance scheme and set up a separate fund to compensate for crop failure. The state government, it is learnt, has got an in-principle nod from the centre for the fund which is likely to have an annual corpus of over Rs 3,000 crore. The centre will make available its 50 percent share of the insurance which was hitherto being given to private insurance funds.

Gujarat has been witnessing major agrarian unrest over crop failure and large-scale rejection of claims by private insurance companies which had turned this rural misery into a windfall for themselves.

In 2018, the farmers, the centre and the state government paid Rs 3,031 crore (farmers' contribution was Rs 365 crore) as premium for crop insurance, while the companies reimbursed only Rs 2,050 crore.

Though the BJP reaped a windfall in the Lok Sabha election, the rising tide of farmer resentment bodes ill for the party. With rains remaining elusive, 206 reservoirs in Gujarat have merely 31 percent water. An element of desperation has begun to set in, with farmers going on protests.

In Dwarka district, they blindfolded themselves and formed a human chain as they sought payment of 25 percent of the crop insurance amount. "The Gujarat government announcement is yet another gimmick to hoodwink the sufferers.

Farmers are heading towards a crisis and when the government will be implementing its schemes, nobody knows," said Karsan bhai Sevaliya, a farmer of Jamkham bhaliya.

Prime Minister Narendra Modi's ambitious Pradhan MantriFasalBimaYojana (PMFBY), launched in April 2016, was aimed at providing crop insurance to farmers in case of crop destruction due to natural factors. Instead, the scheme has become a profit-making enterprise for private insurance companies with inordinate delays in settling compensation cases and large-scale rejections.

Farmers believe that not even 20 percent of the total claims submitted by them have been approved. The crop insurance premium burden is shared by the state and the centre in a ratio of 49 percent each, while the farmers bear two percent of it.

Zala, an indefatigable crusader for farmer rights, even went to the Supreme Court. In 2013, he moved the apex court through CRANTI over the issue of farmer suicides. At the time, the centre was forced to admit that there were over 12,000 suicides in the agriculture sector every year. Realising the magnitude of the crisis, the Court expanded the scope of his petition, which was confined to Gujarat, to encompass the entire country. It asked the centre to frame a policy to deal with the root cause of the problem. The case was fought by well-known lawyer Colin Gonsalves virtually free for CRANTI. "In fact, the lawyer would even fund my travel to Delhi," said Zala.

Interestingly, during the 2014 general election, farmer suicides in Gujarat were the subject of a slanging match between then Chief Minister Narendra Modi and AAP leader Arvind Kejriwal. Kejriwal's stance was that 5,874 farmers had committed suicide in the state in the last 10 years, while Modi said that only one farmer had killed himself due to crop failure.

The actual figure given to Zala, in response to an RTI plea, is 692 suicides between 2003 and 2012 when Modi held the reins of the state.

Attorney General KK Venugopal's plea to the Supreme Court, furnishing details of PMFBY, was that it was the panacea for almost all the ills plaguing the sector and it would provide insurance cover for all stages of the crop cycle, including post-harvest risk. The Court noted that a scheme of such proportions needed time to be implemented and granted the same.

However, the Congress leader in the Gujarat assembly, Paresh Dhanani, went on record last year, alleging that this was a scam. "By making this central scheme mandatory for farmers and bringing in private players instead of the Agriculture Insurance Company (AIC) of India, the NDA government is pulling off a scam of Rs 1 lakh crore, eventually benefitting private insurance companies," he said.

The AIC, he said, earlier insured crops of farmers who opted for it voluntarily. "But after the NDA came to power in 2014, the AIC was replaced by private insurance companies and farmers were forced to go for the renamed Pradhan MantriFasalBimaYojana." Dhanani claimed that private players were now being paid a hefty premium of over 50 percent from the state and central treasuries.

"In my constituency in Amreli district, 41 percent of the insurance premium was agreed to be paid to the insurance companies by the government in 2015. The figure was 53 percent in 2016 and 55 percent in 2017-18. Farmers pay two percent, while the rest is paid by the state and the centre.

This comes to roughly over Rs 1,00,000 crore which has been paid to private insurance companies across the country. These companies have not even carried out proper surveys for claims assessment," he said.

Meanwhile, Zala is back before the Supreme Court, seeking an advisory as the government has failed to implement much of what it stated before the apex court. As far as CRANTI is concerned, it is demanding setting up of an agricultural commission in the form of a quasi-judicial body, right up to the district level.

This commission should look into farmers' problems, including those relating to crop insurance, with powers to arbitrate and conduct a farmers' census which will bring out their actual condition and economic state. Zala said: "A farmer who slogs day and night is entitled to an income guarantee of Rs 500 per day per adult family member. This is not asking for much as it is the equivalent of what a Class IV employee earns in any state government."

(The writer is RK Misra.)

TOP

Source

Rain-hit Haryana farmers unlikely to get insurance - The Hindu Business Line – 28th July 2019

Heavy rainfall has destroyed recently planted rice crops in many villages in Ambala, Karnal and Kurukshetra districts in Haryana, leading to the farmers clamouring for claims under the crop insurance scheme.

Even though the inundation caused by heavy rains resulted in rotting of freshly transplanted rice seedlings, farmers are unlikely to get any insurance as the revised operational guidelines of the Pradhan MantriFasalBimaYojana excluded inundation from claims for crops such as rice, sugarcane and jute.

Farmers in Haryana have had to pay Rs. 630 per acre — which is 2 per cent of the total premium — to insure their 2019 kharif rice crop, with the State and Central governments paying the remaining 98 per cent of the premium.

The writer is TV Jayan.

TOP

Source

MOTOR INSURANCE

Driving without licence, insurance? This is how much fine you may have to pay for rash or drunken driving – Financial express – 1st August 2019

Jumping a red light or talking on a mobile phone while driving could now set you back by a few thousand rupees. The Motor Vehicles (Amendment) Bill, 2019 that seeks to amend the Motor Vehicles Act, 1988, is currently in Parliament and may soon become law. By increasing the fine and penalties manifold, the new Act essentially seeks to bring in a paradigm shift in the driving habits of the vehicle owners in the country, leading to a safer environment on the roads. Indraneel Chatterjee, Principal Officer, RenewBuy.com, in an email interview, shares the finer point of the Motor Vehicles (Amendment) Bill, 2019, and also presents a comparison when it comes to the existing penalties for various offences and how much they will be once the bill becomes an Act.

What are the current limits for a fine or penalty for driving any vehicle without valid insurance?
The present limits for a fine or penalty for driving any vehicle without valid insurance is a fine up to Rs. 1000 or imprisonment up to 3 months or both. Driving uninsured vehicle—whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of section 146 shall be punishable with imprisonment which may extend to 3 months, or with fine which may extend to Rs. 1000, or with both.

What is the proposed amount in the proposed Motor Vehicle bill?
Under the proposed law section 196, driving uninsured vehicle—Whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of section 146 shall be punishable for the first offence with imprisonment which may extend to 3 months, or with fine of Rs. 1000 , or with both, and for a subsequent offence shall be punishable with imprisonment for a term which may extend to 3 months, or with fine of Rs. 4000 , or with both.

What has been the change in the hit-and-run cases?
Compensation for hit-and-run cases will be increased to Rs. 2 lakh in the case of a death and Rs. 50,000 over injuries. The government also plans to make treatment during the golden hour cashless.

And, what about the insurance claim in the case of 3rd party covers?
Cap on liabilities on third party insurance will be removed completely. Earlier the compensation was capped at Rs. 10 lakh for death and Rs. 5 lakh for injuries.

Importantly, citizens who help an injured in an accident won't be liable to face any civil or criminal action for any injury to or death of an accident victim caused due to their negligence in providing assistance to the victim.

There are several traffic violations by juveniles. What provisions does the new Bill has in store to address them?
In traffic violations by juveniles, the guardians or owner of the vehicle would be held responsible unless they prove the offence was committed without their knowledge or they tried to prevent it. The registration of the motor vehicle in question will be cancelled for a period of 12 months. The juvenile will be tried under the Juvenile Justice Act.

Any other major proposals that one needs to be aware of?
An Aadhaar card will become mandatory to procure a driving license or vehicle registration in future. Further, time limit for renewal of driving license is increased from one month to one year before and after the expiry date. Also, the bill defines taxi aggregators as an intermediary between customers and

the drivers. Theses aggregators will also be required to get a license from states that they are operating in.

What are some important penalties that have been to be increased under the proposed Motor Vehicle bill that car owners need to be aware of?

Penalties have been increased significantly for various offences as below like:

- Fine for rash driving will be increased to Rs. 5,000, up from Rs. 1,000.
- Minimum fine for drunk driving will also be increased to Rs. 10,000, up from Rs. 2,000.
- Driving without a licence will attract a minimum fine of Rs. 5,000 as against Rs. 500 at present.
- The fine for over-speeding will go up from Rs. 400 to Rs. 1,000-2,000.
- Not wearing seatbelt would attract a fine of Rs. 1,000 as against Rs. 100 at present.
- Talking on a mobile phone while driving will attract a fine of Rs. 5,000, up from Rs. 1,000.
- The fine for not wearing a seatbelt or helmet will be increased to Rs. 1,000 from Rs. 100

(The writer is Sunil Dhawan.)

Source

TOP

Why critical illness insurance is key – DNA – 31st July 2019

Mumbai-based Prateek was struggling with the emotional and financial challenges of his father's angioplasty treatment when he got another blow. He was himself diagnosed with kidney cancer. The combined bill for treating both was around Rs 10lakh. Unfortunately, the costs for therapies and surgeries in the same fiscal year exhausted the annual limit of Rs 5 lakh of his health cover. He had no choice but to rely on his savings for other expenses.

A recent survey shows that four out of 10 Indians purchase a health cover of Rs 5 lakh. But, as Prateek's incident shows, even Rs 5 lakh would be insufficient when you are up against critical illness. The occurrence of such illnesses and costs of treatment have risen stridently in recent years. A stable financial situation may not protect you from the aftershocks.

Non-communicable diseases (NCD) are now the primary cause of death in the country, contributing to 60% of deaths. In addition, four diseases namely heart disease, cancer, diabetes, and chronic pulmonary diseases contribute nearly 80% of all deaths due to NCDs. If that is not dreadful enough, healthcare inflation in India is projected to be nearly 15%.

The positive news is that such illnesses can be cured or brought under control with appropriate and timely treatment. But all this demands a huge cost. As for Prateek, while the expenditure for his treatment was taken care of by the health cover, he had to pay for his father's treatment expenses along with travel, accommodation, medicines, follow-up consultations and check-ups for both. Prateek had to also quit his job as he was advised complete bed rest.

In such a scenario, a life insurance critical illness cover would have been most suitable for Prateek and his family because it provides a lump sum amount, unlike a traditional health insurance policy.

Critical illness insurance offered by life insurance companies gives the insured a lump sum amount in case he or she gets diagnosed with a critical illness. The best component is that it takes care of all the expenses ranging from tests to treatments, and post-treatment care. While an indemnity plan only pays for the actual hospitalisation costs incurred, daily cash or fixed cash benefits pay a pre-defined fixed amount basis the number of days of hospitalization. This is irrespective of the expenses one incurs and complements an indemnity policy. The additional amount of daily or fixed cash can be used for paying expenses not covered under mediclaim or indemnity plans. It also covers other miscellaneous expenses such as loss of income, leave without pay, minor hospitalization bills, medicines, etc.

Who should purchase such a policy and why?
Critical illness plans are fixed benefit plans. For instance, a critical illness plan of Rs.5 lakhs covering heart disease would pay Rs.5 lakhs in one go if the insured is diagnosed with a heart ailment. Such plans are simple, easy to understand and cost-effective. Anyone who is looking to cover most diseases that can potentially impact the key organs of the human body like heart, kidneys, liver, brain, lungs, etc. and life-threatening diseases like cancer, should opt for critical illness plans.

The writer is Parag Raja, chief distribution officer at Aditya Birla Sun Life Insurance.

TOP

Source

Will Own-Damage Vehicle Insurance Remain Valid After Third Party Cover Expires? – Goodreturns – 30th July 2019

Last year, new guidelines on motor insurance policies were issued by the Insurance Regulatory Development Authority of India (IRDAI) for those who have purchased a vehicle after 1 September 2018.

Earlier, vehicle owners could either buy a separate third party cover or buy a comprehensive insurance policy (that includes both third-party and own damage insurance) for a period of one year. The rules have now changed to allow insurers to offer long-term motor insurance policies of which, third party insurance covers are compulsory.

The compulsory third-party insurance covers for new vehicle owners are to be purchased for a minimum period of 3 years (for cars) or 5 years (for two-wheelers). The change was introduced to avoid the need to renew policies every year and prevent loss of claim after accidents due to vehicle owners negligence to renew insurance policy on time. The sum assured policies were also increased, thus raising the cost of premium for vehicle owners.

On consideration of problems with long-term insurance covers, a new circular was issued that allows purchase of own-damage cover separately on an annual basis or not purchase one at all.

What options do vehicles owner have
1. Buy a comprehensive long-term policy (3 or 5 years) that includes both third parties and own damage covers.
2. A bundled covers than comes with 3-year third party cover (for cars) and 1-year OD cover.
3. A standalone long-term third party insurance policy without the OD cover. In this option you can buy the OD separately from the same insurer or another general insurance company or not buy one at all.

The possible confusion.

Now if the vehicle owner has opted for option 2, the OD cover will have to be renewed each year. In case the purchase of this cover has been made a little later, say a month after the third party insurance; at the time of expiry of the base cover (3 years later) will the OD also expire?

The answer to the expiry date is in the policy documents. IRDAI guidelines require the insurers to include the start date and the expiry date in the policy documents.

Ideally, an insurer will not issue an OD cover exceeding the third-party policy date. If you are to purchase one with less than one year left for the third party insurance policy to expire, it could be issued to you on a pro-rata basis (that is, you only pay premium for the months covered and not the whole year). This decision lies in the hands of the insurance company that would do it to ease the user experience of its customer. The own damage cover's expiry will not exceed that of the third-party insurance in these comprehensive policies. The vice-versa can happen.

In case of option 3, your OD policy will stay valid even if your third party insurance policy expires, as you have opted for a standalone policy that comes with its own expiry date. However, you will have to renew your third party insurance immediately, as one is not legally allowed to drive a vehicle without such a cover in India. Hence, having only a valid OD cover will not make sense.

(The writer is Olga Robert.)

Source

TOP

Fraud Alert! IRDAI asks insurers to ensure cancellation of vehicle RC in case of Total Loss – Financial Express – 30th July 2019

IRDAI has recently asked all general insurers to ensure cancellation of Certificate of Registration of the vehicle in case of total loss claim settlement.

Buyers of used cars or pre-owned cars need to be vigilant while purchasing a car from some other owner or from dealers. The engine number and the chassis number of the car that one is purchasing could have been forged. The car registration fraud is related to vehicles undergoing a Total Loss (TL) yet their registration number not being cancelled and used in stolen vehicles. In case of a Total Loss of a vehicle, generally in case of a fire or a severe accident, the overall cost of repair and retrieval of the vehicle exceeds 75 per cent of the Insured Declared Value (IDV) of the vehicle. Insurance Regulatory and Development Authority of India (IRDAI) has recently asked all general insurers other than standalone health insurers to ensure there is no misuse of Total Loss accident vehicle documents over stolen vehicles cancellation of Certificate of Registration (RC) of the vehicle in case of total loss claim settlement and to also ensure cancellation of Certificate of Registration (RC) of the vehicle in case of total loss claim settlement.

Modus operandi
The fraud begins when a vehicle has a Total Loss (TL) and the salvage of the vehicle gets sold to scrap dealers without cancelling the Certificate of Registration (RC) of the vehicle. Thereafter, documents pertaining to such vehicles are being misused like giving new identity to the stolen vehicles by forging engine number and chassis number of destroyed vehicles under TL claims. The Law Enforcement Authorities have confirmed this to the regulator.

In case of a TL of one's vehicle, as per the existing rules of Motor Vehicle Act 1988, it is the responsibility of the owner to get the registration cancelled.

How to cancel certificate of registration
As per Section 55 of Motor Vehicle Act 1988, if a motor vehicle has been destroyed or has been rendered permanently incapable of use, the owner will have to within 14 days report the fact to the registering authority within whose jurisdiction he has the residence and need to forward to the authority the certificate of registration of the vehicle. The registering authority shall, if it is the original registering authority, cancel the registration and the certificate of registration, or, if it is not, shall forward the report and the certificate of registration to the original registering authority and that authority shall cancel the registration.

So, the next time you buy a used car, make sure about the details on the Certificate of Registration (RC) of the vehicle to avoid any kind of a fraud. For the benefit of buyers, the government also needs to standardize the format of the RC and have a centralized mechanism to know the authenticity of the document.

(The writer is Sunil Dhawan.)

Source

TOP

Things you overlook while buying vehicle insurance – DNA – 30th July 2019

A funny joke about motor insurance goes, "I collided with a stationary truck coming the other way." But motor insurance is no laughing matter. From attempting to cut corners by reducing costs to depreciation, there are a host of items that Indians tend to overlook when insuring their dream wheels.

People tend to look for short-term gains at the expense of long-term gains while taking car insurance. "People usually look for cheaper options in most products and insurance is one of them," says Gurdeep Singh Batra, head – retail underwriting, Bajaj Allianz General Insurance.

FOR A SMOOTH DRIVE
To shell out less money from their pocket, customers reduce the Insured Declared Value of the vehicle which results in lower premium rates The penetration of motor insurance in India is far from perfect. About 25-30% of all two-wheelers are insured, and about 15% of cars remain un-insured

For instance, to shell out less money from their pocket, customers reduce the Insured Declared Value (IDV) of the vehicle which results in lower premium rates when buying a comprehensive policy. Insured Declared Value is nothing but the maximum sum assured agreed by the insurer at policy inception. It is advisable to get IDV which is close to the cost of the market value of the car. Less IDV does attract less premium, but lesser coverage too. "Hence, just for the sake to lower premium, people shouldn't reduce IDV as it may affect their claims if that situation arises," says Batra.

Another oversight is your vehicle's accessories – both electric as well as non-electric. You need to inform your insurance company about the same, and your IDV, in turn, will increase.

In case the car uses bio-fuel, the customer needs to inform the insurance company to insure the gas kit and accordingly add it up to the IDV. Ironically, the most important thing that you overlook in insuring your wheels is – the engine!

"We have seen cases where add-on covers like the engine and gearbox protector were not opted for, which resulted in the customer bearing a huge cost of the repairs and/or replacement of engine parts or components," says Anurag Rastogi, chief actuary & chief underwriting officer, HDFC Ergo General Insurance.

Thus, you need to go in for an engine protector that covers damage to the engine, which many won't be aware is not covered under a standard motor insurance policy. Remember that the engine is probably the most expensive part of your vehicle.

In fact, the lack of information is one of the key bugbears of motor vehicle insurance in India.

"The penetration of motor insurance in India is far from perfect," notes Batra. Thus, just about 25-30% of all two-wheelers plying on the road are insured, and about 15% of cars remain un-insured.

And we have ourselves to blame. "Of the customers (that we) surveyed significant part accept to buying insurance only for regulatory compliance rather than risk protection," says Anik Jain, co-founder and CEO of Symbo Insurance.

"Customers try to reduce their expenditure by going in for the third party as against comprehensive insurance," notes Jain.

Third-Party Liability insurance, which is mandatory for all vehicles, covers liability for injuries and damages to others that you are responsible for. "In addition, it is prudent to cover loss or damages to the vehicle itself by way of comprehensive/package policy, which covers both "liability" as well as "own damage" to the insured vehicle," stresses Jain.

Please remember to do your own research at the time of taking your policy. If one is buying a policy through an insurance advisor, one expects the advisor to suggest the best option available in terms of coverage. The insurance advisor would not only recommend the insurers and the coverage for the vehicle but also facilitates the changes to policies and assistance required in case of a claim. "However, this recommendation of the insurer and the cover might get limited to the choice of insurer, with whom the advisor is empanelled," cautions Rastogi.

"Advisors prioritising the earning potential instead of the customer risk protection leads to wrong/incomplete guidance to the customer," agrees Jain.

"The new generation tries to do a lot of research on the web before buying any vehicle, but seldom thinks about protecting their asset in case of any damage/loss of the vehicle," ends Batra.

Depreciation and your dream wheels
Depreciation is an accounting term that simply means a reduction in the value of an asset over time. This staid accounting term is also applicable to your vehicle.

"It is important to understand that the depreciation of the vehicle and its parts are not covered under a standard comprehensive motor insurance policy," says Gurdeep Singh Batra, head – retail underwriting, Bajaj Allianz General Insurance. The moment you drive from the showroom, depreciation of 5% is applicable on the IDV (Insured Declared value) in the first year, which increases as the vehicle ages further up to 50% according to the India Motor Tariff.

Depreciation for all rubber nylon/ plastic parts, tyres and tubes, batteries and airbags is 50% as per tariff provisions. This depreciation is calculated at the time of claim, thereby reducing the amount an insured gets.

There is a solution called a zero depreciation cover. "Zero depreciation is an excellent support for the customers when there is an accident as the entire depreciation which otherwise will be charged based on the age of the vehicle is waived off," says Gopalakrishnan S, executive vice president - Motor at Global Insurance Brokers.

"Zero depreciation is an add-on cover, which one can take with their comprehensive motor insurance policy," says Anik Jain, co-founder and CEO of Symbo Insurance. It helps the customer to make the maximum use of their policy at the time of a claim. An illustration of how depreciation affects your claim is in the table.

How to take the best insurance for your car
"I strongly believe that one must have a comprehensive motor insurance with appropriate IDV (Insured Declared Value the sum insured), combined with relevant add-on covers as per their requirement," says Gurdeep Singh Batra.

Some of the add-on covers that may reduce your out of pocket expenses include:
Engine protector: Not many are aware that a comprehensive motor insurance policy only covers accidental damage to your vehicle and not a consequential loss. For which one must have this add on to

cover as it ensures that any damages caused to the engine due to water seepage or gearbox breakage due to accidental damaged oil leakage are covered.

Zero depreciation cover: This cover ensures that the age of the vehicle doesn't affect the claim amount paid for spare parts.

Return to invoice: This add-on ensures that in case of a total loss to your vehicle due to an accident or theft, you will get the market value of the vehicle of similar make/model plus the registration charges and road tax paid.

(The writer is Manik Kumar Malakar.)

TOP

Source

Keep your insurer in the loop about any changes you make in your car - The Telegraph – 29th July 2019

People express themselves by the way they look or by the way they do up their houses. Some take this thought a step further by modifying their vehicles and customising them.

It has become a trend to modify vehicles as it's a great way to not just personalise the vehicle, but to improve its performance as well.

Modification is basically a change made to a vehicle in a way that it varies from the manufacturer's original factory specifications.

While some of these modifications involve off-roading or engine power enhancement, customers typically look at aesthetic changes for their vehicles.

Such modifications can have an impact on the assessment of motor insurance for your vehicle. Risk of accidents and theft because of the modifications are some of the key areas that insurers look into while underwriting the motor insurance policy of a modified vehicle.

Below are some of the major modifications and their impact on the insurance policy of a vehicle.

Colour of the vehicle
All registration certificates (RC) of vehicles have the colour of the model mentioned on them. Any modifications in the same must be reported to the RTO and the same must reflect in a modified RC.

This information must be passed on to the insurance company as well with a copy of the modified RC and photographs of the vehicle.

However, even if the same is not reported, the insurance companies will still the pay the claim but betterment differential will have to be borne by the insured.

For instance, if someone had a solid colored vehicle and got it modified to a metallic colour, the insurer is liable to pay only for the solid colour based paint job in case of a claim, and difference for the metallic colour is to be borne by the insured.

This is keeping in mind that the insurance company was not informed about the colour change.

Engine modification
Any change related to engine capacity, engine change and or any device installed to boost the power of the engine must be reported and approved by the RTO. Once approved, the same must be provided to the insurance company. It's important to note that the cubic capacity of a vehicle's engine is one of the key

components that determines its insurance premium. Any change which affects the cubic capacity of the engine in turn changes the insurance premium of the vehicle for both third-party liability and own-damage cover.

Any failure to report the same absolves the insurance company from any liability towards the claim of the said vehicle. This is necessary as it will materially impact the vehicle use from its normal course of operation in many cases increasing average speed.

Headlamps and lights
The customer is free to modify or change the bulb of the headlamp, tail lamp, fog lamp, brake light or day time running lights. The customer might also employ additional wiring of the lamp if the existing wiring of the vehicle remains untouched. This needn't be reported either to the RTO or insurance company.

However, if the battery capacity is changed, and/or the original wiring of the vehicle has been tampered with, then it needs to be reported to the insurance company.

The modified light assembly has to be covered under electronic accessories. Customers also need to be aware that an insurance company may deny a claim in the case fire caused by short circuits owing to extra load on battery or wiring harness.

Alloy wheels
Most cars come with alloy wheels now. However, a few customers still want to change them according to their taste. These changes need to be reported to the insurance company and can be insured as accessories by paying additional premium to get the wheels covered for any claim.

Handle bars
Many two-wheeler riders like to change the default handle bar once they purchase a motorcycle. However, it is important to note that this is not allowed and any claim in this scenario is not admissible. The handle bars are approved by the RTO and any change in the same may affect the balance of the said vehicle, making them prone to accidents.

Exhaust and silencer
Modifying the exhaust of the vehicle should be avoided as these are pre-approved by the authorities. However, if one chooses to modify the same, it needs to be reported to the RTO and the insurance company. If silencers not approved by the RTO are used, the vehicle can be impounded, especially if the permissible sound limits are being flouted by the said exhaust.

Abnormal heat disposal because of unauthorised fitting, causing fire or damage to the vehicle or leading to an accident, won't be a liability of the insurance company. As far has insurance goes, if any modification is made in the exhaust system/silencer, the same needs to be informed to the insurer with approval from RTO.

Inform your insurer about any modification made, whether or not it has an impact on the insurance, and don't wait till the renewal of the policy. Different insurers have different ways of assessing the modifications. They might want to inspect the vehicle or analyse the impact of the changes on the cover. It is also important to be alert that modifications don't flout the norms set by law.

India is a large market for vehicle modifications, especially with the growth of the pre-owned car market. It is necessary to operate within the norms to ensure that if there is an unforeseen eventuality, it is mitigated through due processes laid out by the insurance companies.

(The writer is Sanjay Saxena, retail claims, Bajaj Allianz General Insurance.)

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Source

Vehicle total loss claims: Cancellation of registration a must, says IRDAI - The Hindu Business Line – 26th July 2019

Those who wish to stake total loss claim in vehicle insurance will now have to obtain a certificate of cancellation of registration. Total loss claims are made if a motor vehicle is destroyed or rendered permanently incapable of use.

“It has come to the notice of the authority that in case of total loss (TL) of the vehicle, salvage of the vehicle is being sold to scrap dealers without cancelling the certificate of registration (RC) of the vehicle,” said Yegnapriya Bharathi, Chief General Manager, IRDAI, in a circular.

Stolen vehicles

This provided a safe channel to vehicle-lifters who would give a new identity to stolen vehicles by forging the engine and chassis numbers of the destroyed vehicles under TL claims.

However, as per Section 55 of Motor Vehicle Act 1988, if a motor vehicle has been destroyed or has been rendered permanently incapable of use, the owner should, within 14 days or as soon as may be, report the fact to the registering authority, within whose jurisdiction or place of business where the vehicle is normally kept, and forward to the authority the RC of the vehicle.

In line with the provisions of the Motor Vehicle Act and to prevent misuse of total loss accident vehicle documents over stolen vehicles, the insurance regulator has advised insurers to ensure cancellation of certificate of registration of the vehicle in case of total loss claim settlement.

“Selling stolen vehicles with destroyed TL claims data also shows a criminal collaboration between some black sheep in the general insurance staff who sell TL claims data for a price. This is a big mafia and the IRDAI’s direction will help prevent this,” said a top executive of a private general insurance company. Less than 8 per cent of stolen vehicles are recovered. A big chunk of the rest are either sold in parts or are being run with existing/destroyed engine/chassis numbers.

TOP

Source

SURVEY & REPORTS

Life insurance industry likely to see 14-15% growth: CARE - The Hindu Business Line – 1st August 2019

Betting big on the domestic life insurance industry, CARE Ratings said the sector is likely to grow at 14 per cent to 15 per cent per annum.

In a research report released on Wednesday, it said the growth will come from a number of factors, including higher demand for retirement products such as pension and annuity, along with low availability of government-sponsored social security mechanisms and rising awareness of retirement planning and growing urbanisation.

The sector will also witness growth due to factors such as the younger ones in the demographic chart opting for pure protection plans, push to increase insurance penetration in rural areas, product innovations, rise of multiple channels, and continued tax benefits. “CARE further expects regulatory changes and government initiatives to aid in the further penetration of insurance products in the medium term," it said, while highlighting challenges, including low income of individual agents, and low persistency ratio to continue to persist in the segment.

"These challenges would need to be addressed to improve the depth and spread of the industry," it stressed.

The country's life insurance sector accounts for about 75 per cent of the overall insurance premium. The total premium grew by a CAGR of 10.3 per cent in fiscal year 2017-18 to ₹4.58-lakh crore, from ₹1.56-lakh crore in FY2006-07. In contrast, the global life insurance industry grew at a CAGR of 0.8 per cent during the calendar years 2007 to 2017 and reached nearly $2.7 trillion in market size (insurance premium volume) in 2017, from $2.5 trillion in 2007, CARE said.

Some trends include expanding insurance distribution in rural areas, Indian companies expanding operations overseas, and increased online selling of insurance products.

However, frauds, high lapse-ratio, and unfavorable changes in macroeconomic factors, such as trade breakdown, unemployment, and uncertainties in the regulatory landscape could be characterised as key challenges to the industry growth.

TOP

Source

INSURANCE CASES

Insurance firm told to fork out ₹59 lakh as compensation – The Hindu – 1st August 2019

The Motor Accidents Claims Tribunal, Chennai has directed an insurance firm to pay ₹59.37 lakh to kin of Tariff Husain, who died in a road accident.

Fouzia Nickhath and K. Manzur Husain, parents of the deceased, had moved the Tribunal seeking a compensation of ₹95 lakh.

According to the petition, on October 3, 2016, Aakiff Husain, 27, was riding his motorcycle from Thiruneermalai to Vepery. A lorry hit Husain's motorcycle from behind, and he died on the spot. They named M. Selvaraj, owner of the lorry, and United India Insurance Company Ltd, the insurer of his vehicle, as respondents.

The Tribunal said that though the insurer has denied the manner of accident and the nature of death, the FIR copy, copy of rough sketch, post-mortem certificate and death report filed by the petitioners clearly proved that the accident had occurred due to the rash and negligent driving of the lorry driver. The Tribunal awarded a compensation of ₹59,37,200, with loss of dependency component fixed at ₹57,22,200 and directed the firm to pay the compensation distributed equally between mother and father of the deceased.

TOP

Source

Insurer fined Rs 30,000 for failing to reimburse accident claim – The Times of India – 31st July 2019

The district consumer disputes redressal forum of Chandigarh has directed HDFC Ergo General Insurance Company to pay Rs 30,000 compensation to a complainant for its failure to pay accidental claim despite due intimation by her. The company was also directed to pay Rs 3 lakh as accidental claim.

Complainant Sadhna Sharma, a resident of Sector 2, Panchkula, stated in her complaint that her son Darpan Kaushal died in an accident on July 5, 2016 when he was on his way from Panchkula to Zirakpur. The car had a collision with another vehicle.

She said that during his lifetime, Darpan had purchased a corporate card of HDFC Bank, on which insurance cover was provided to him by the bank. The said platinum MasterCard covered accidents and his life was assured in case of accidental death on road for an amount of Rs 3 lakh and Rs 10 lakh for air accidental death. Despite bringing it to the notice of the insurance company, this amount was not disbursed to the complainant. A legal notice was also issued on June 8, 2017, which was simply ignored.

In its defence, the insurance company stated that as no claim was lodged with them. As per the terms and conditions of the policy, the claim was to be lodged within 15 days after her son's death. To the rest of averments, too, there were evasive denials.

After hearing both sides, the forum observed that the legal heir/ nominee of the deceased is the complainant (Sadhna Sharma), who on the date of accident, was aged 53 years and in all probability was under mental shock due to the death of her young son, Darpan. No evidence has been brought on record by the company that the complainant had knowledge of the deceased being holder of a platinum MasterCard, which provided insurance cover on receipt of requisite fee. Hence, the condition of 15 days is to be given with effect from the date of knowledge of the deceased being holder of a platinum MasterCard, which provided insurance cover on receipt of requisite fee. Hence, the condition of 15 days is to be given with effect from the date of knowledge of the complainant that the deceased had the said card, which provided insurance cover. Not only this, even post-cremation ceremonies and rituals are performed for 16 days, it said.

"Hence, the claim of the complainant could not be denied merely on the ground that a written complaint was not made within 15 days from the date of accident, otherwise it would be a ruthless appreciation of the record," forum held and directed the company to pay up.

(The writer is Kamini Mehta.)

TOP

Source

Fake motor insurance policies amount doubles in one year; these 3 companies in the dock – Financial Express – 29th July 2019

The amount related to fake vehicle insurance has more than doubled in just one year. Fake motor policies worth Rs 53.6 crore were issued in 2018-19, Anurag Thakur, MoS, Ministry of Finance, said in a reply to a question in Rajya Sabha last week. The amount related to fake motor policies was at Rs 25.7 crore in the previous year. The minister further informed that the Insurance Regulatory and Development Authority of India (IRDAI) has directly received complaints about the issuance of fake policies by three companies which are not registered as general insurers. However, IRDAI has put up a public notice advising not to buy insurance from these companies and to bring in the notice if any unauthorised transaction is done with these companies, the minister added.

M/s AKPCL General Insurance Company Ltd (2016), M/s Gone General Insurance (2019) and M/s. Marines Technology (2019) are the three companies about which IRDAI received the complaints directly. According to the reply, police complaint has been lodged against M/s AKPCL General Insurance Company Ltd, while lodging of the police complaints against the other two companies are in the process.

How to avoid buying fake motor policies?
IRDAI has provided guidelines for buying and checking the motor policies.

Check Unique Identification Number: Policyholders should check the Unique Identification Number (UIN), which is present in all the policies registered with IRDAI.

Check if the product is approved: IRDAI website puts up the list of approved products and their UINs every year, which is updated if any new product is approved.

Check on the insurer's website: The policyholder can also check for the motor policy related products on the insurer's website.

Check the insurer's registration: IRDAI also has a list of the companies which are registered as general insurers. Checking the insurer's on IRDAI website can prevent from making unauthorised transactions with fake entities.

IRDAI has issued directions in the past that all insurers should place fraud monitoring framework for identification, classification, and monitoring for frauds. However, despite carrying out insurance awareness campaign programmes and launching consumer education website for consumer guidance and protection by the insurance regulator, fake motor policies worth Rs 113 crore have been issued in the last three years.

(The writer is Samrat Sharma.)

Source

TOP

Insurance firm told to pay Rs 11.20 lakh to car owner - The Tribune – 29th July 2019

District Consumer Disputes Redressal Forum president GK Dhir and its member Jyotsna have directed the Bharti Axa Insurance Company to pay Rs 11.20 lakh to a consumer as damages for his accidental car.

The forum has also ordered the insurance company to make the payment within 40 days from receiving the copy of the judgment.

Otherwise, they would be liable to pay 8 per cent per annum interest from the date of filing the complaint before the forum — March 17, 2016.
The complaint was moved by Gurpreet Singh of Phase 1, Dugri, Ludhiana.

The complainant had submitted that his BMW 320D (white) car was insured with the insurance company. The vehicle stood damaged in a road accident in Model Town, Ludhiana, on January 23, 2014.

At that time, the complainant, who holds a valid and effective driving licence, was driving the vehicle. On filing the insurance claim, a surveyor was deputed, who, after inspecting the vehicle, recommended for a settlement of the claim on a net salvage basis for Rs 11, 20,000. However, the insurance company sent a letter to the complainant mentioning that driving licence submitted by the complainant was fake/in genuine and as such the claim couldn't be paid.

Thereafter, the complainant sought information under the RTI Act regarding his driving licence and in reply to the same, the Public Information Officer-cum-DTO, had specifically mentioned that the driving licence bearing number 0177391 had genuine signatures of the District Transport Officer.

On another application filed under the RTI Act on August 4, 2014, it was disclosed by the Public Information Officer-cum-DTO that the matter was more than 15-year-old and as such, it couldn't be specifically said as to whether the driving licence in question was fake or genuine and as to whether the same was prepared on the basis of genuine documents, including the cash receipt or not.

However, the insurance company pleaded that the DTO office gave in writing that the particular number of the licence was issued in name of Payal, residing at Vivek Vihar, Ludhiana. But the complainant produced an affidavit of the person residing at the given address, who stated that Payal didn't live there ever. After perusing the record, the forum observed that the DTO office was not maintaining the record properly and gave self-contradictory reports. It allowed the claim, but without holding the company guilty for any deficiency in services.

(The writer is Rajneesh Lakhanpal.)

TOP

Source

PENSION

Govt aims to enrol 150 million workers under PM pension scheme – Mint – 1st August 2019

The Union government will enrol around 150 million workers over the next three years under its flagship pension scheme Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM), bringing more informal sector workers under the social security net.

Labour secretary Hira lal Samariya on Wednesday said the pension scheme will benefit a large pool of people who earn less, but form a large part of the labour market. The secretary said a sizable portion of beneficiaries will be construction workers.

The National Democratic Alliance (NDA) government is targeting the bottom of the pyramid through various policy interventions, realising that they are a significant political constituency.

Speaking at a function organized by the Federation of Indian Chambers of Commerce and Industry (Ficci), Samariya said the "scheme is doing well" since its announcement six months ago. The government is likely to achieve the 150 million numbers over the next two to three years. The labour secretary said out of the total enrolment, 50-60 million workers will be from the construction sector, reiterating that even agriculture workers and self-employed retailers can be a part of this pension scheme.

The government had announced the scheme in the February 2019 interim budget, promising to provide pension of ₹3,000 per month. Individuals subscribing to the PM-SYM require to make a monthly contribution till the age of 60 years, to get an assured pension of ₹3,000 every month.

The monthly contributions varies according to age: An 18-year-old starts out by paying ₹55 per month, which moves up to ₹80 at the age of 25, and ₹105, ₹150 and ₹200 for those aged 30, 35 and 40, respectively. A matching amount will be paid by the government into the pension fund.

As per the scheme, if the pensioner dies, the spouse shall be entitled to receive 50% of the pension amount as family pension. Besides, if a regular contributor dies before the age of 60, the spouse will be entitled to join and continue the scheme subsequently by payment of regular contribution or exit the scheme as per provisions of exit and withdrawal.

Around 8% of the labourmarket are formal sector employees and social security benefits, including provident funds, pensions, etc., are only available to them. Samariya said this makes PM-SYM important as it aims to bring a chunk of informal sector workers under social security provisions.

The secretary's statement comes a day after the Lok Sabha passed the wage code bill, which seeks to provide minimum wages to all workers. According to official data, at least 3.5 million workers have already enrolled under the scheme till the beginning of July. Both labour ministry and the Life Insurance Corp. of India are key stake holders in rolling out the plan.

(The writer is Prashant K. Nanda.)

TOP

Source

NPS investment to become expensive as NPS Trust allowed to recover its administrative expenses – Financial Express – 31st July 2019

One of the most attractive features of the National Pension System or NPS is its very low expense ratio. The scheme was launched in 2004 to provide pension to the government employees, who joined their services on or after January 1, 2004, and the aim of the government was to keep the running expenses very low to avail maximum benefits to its employees.

The expenses were kept low even after general public was allowed to invest in the pension system from 2009 onwards and more privately-managed Asset Management Companies (AMCs) were allowed to manage the investments of NPS money.

However, the expense ratio of NPS will increase a bit now as the NPS Trust, which maintains NPS accounts and takes care of the assets and funds under the pension system, is allowed to recover administrative charges and expenses on daily accrual basis from the month of August this year.

Formed and regulated by the Pension Fund Regulatory and Development Authority (PFRDA), the NPS Trust is responsible for monitoring of the operational and service level functions of NPS and any other PFRDA-regulated pension scheme in the best interest of the subscribers.

NPS Trust General Manager Akhilesh Kumar, in a notice to all the NPS subscribers, says, "It is brought to the notice of all subscribers under National Pension System that, as approved by the Pension Fund Regulatory and Development Authority, NPS Trust will restart recovering administrative charges / expenses @ 0.005% per annum of the Asset under Management (AUM) on daily accrual basis to meet its expenditure. The same will be effective from 01/08.2019."

However, even after the marginal rise of 0.005 per cent in administrative expenses, NPS will still have the advantage of least expensive scheme in comparison to other market-linked products like Equity-linked Savings Scheme (ELSS) and Unit-linked Insurance Plan (ULIP).

(The writer is Amitava Chakraborty.)

TOP

Source

PM may launch farm pension scheme next month, enrolment to start from Aug 1 - Business Standard – 27th July 2019

Enrolment for the much-talked-about pension scheme for farmers, called the Pradhan Mantri KisanMandhanYojana, will begin from August 1 to enable a soft launch by Prime Minister Narendra Modi later in the same month.

According to senior officials, Modi is expected to formally announce the scheme in his Independence Day speech or at a special function later in August. But before this, a critical mass of registrations numbering 4-5 million is expected to be added to the pension scheme.

Just as in the case of PM-KISAN, the pension scheme will be officially rolled out only after a requisite number of beneficiaries are enrolled. In PM-KISAN, the scheme was officially rolled after one crore registrations were completed.

Farmers, who have already registered for the quarterly income support of Rs 2,000 under PM-KISAN, will be the first to be targeted for the PM Pension scheme as well. But a crucial differentiating factor is that while the PM-KISAN is for all farmers, PM Pension Yojana is only for small and marginal farmers who own less than two hectares of land.

Officials said common service centres (CSCs) have been roped in to roll out the pension scheme. Under the scheme, farmers will have to contribute Rs 100 per month that seeks to provide minimum fixed monthly pension of Rs 3,000 on attainment of 60 years, according to the government. The Centre will also contribute an equal amount to the pension fund to be managed by Life Insurance Corporation (LIC), which will be responsible for the payout, it said.

The Modi 2.0 government, in its first Cabinet meeting, had approved a separate pension scheme for farmers with an aim to cover five crore beneficiaries in the first three years, which would cost the exchequer Rs 10,774.5 crore per annum. A sum of Rs 900 crore was allocated for the scheme in Budget 2019-20 by finance minister Nirmala Sitharaman.

Farmers can also allow contribution to be made directly from the benefits drawn from the PMKISAN scheme. There will also be an online grievance redressal system for complete transparency. The scheme is identical to the existing pension schemes for unorganised workers and the one proposed for traders, officials said.

(The writer is Sanjeeb Mukherjee.)

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Source

IRDAI CIRCULARS

IRDAI issued circular regarding use and file procedure for certain modifications under existing products and riders offered by Life Insurers.

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Source

IRDAI issued circular regarding Implementation of IRDAI (Non-linked Insurance products) Regulations,2019 and IRDAI (Unit Linked Insurance Products) Regulations,2019.

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Source

GLOBAL NEWS

Hong Kong: claims from Typhoon Mangkut exceed US$390m – Asia Insurance Review

The Hong Kong Federation of Insurers (HKFI) yesterday gave an update on claims incurred as a result of the calamitous Typhoon Mangkhut in 2018. These statistics were collected from 54 insurance companies accounting for around 80% of the market share.

“Typhoon Mangkhut struck Hong Kong on 16 September 2018 and caused severe damage to the city. The total amount of claims exceeded the figure we first collected until November 2018 by HK$200m ($25.6m) and reached HK$3.1bn ($390m). On the other hand, the actual number of claims experienced a slight drop to 30,203,” said Mr Eric Hui, chairman of the General Insurance Council of the HKFI.

“We are more concerned about the safety of public when typhoon battered the city. In view of the rising concerns towards catastrophic losses and their impacts on our community, the GIC collected second round claims data for all lines of business being affected by Typhoon Mangkhut and provided a more holistic picture.”

The table below shows the claims arising from Mangkhut as of 16 March 2019:

A) Property Damage, Business Interruption and Contractors’ All Risks (CAR)				
No. of Claims Received	Property Damage	Business Interruption	CAR Section 1 - Material Damage	Total Claims Incurred (HK$)
		Claims Incurred (HK$)		
11,992	2,262,206,060	159,516,551	384,976,144	2,806,698,755
B) Employees’ Compensation (EC), Motor and Travel				
No. of Claims Received	EC	Motor	Travel	Total Claims Incurred (HK$)
		Claims Incurred (HK$)		
17,727	6,505,288	103,141,176	34,341,057	143,987,521
C) Marine Insurance				
No. of Claims Received	Cargo	Hull	Marine Liability	Total Claims Incurred (HK$)
		Claims Incurred (HK$)		
484	21,616,375	84,294,962	1,056,506	106,967,843
Total				**3,057,654,119**

Mr Clement Hau, chairman of the HKFI’s Fire Insurance Association, said, “In the second round of data collection, close to 74% of the total claims, i.e. over HK$2.26bn, was incurred by property damages. The enormous amount in claims duly reflects the vital social function being performed continuously by the insurance industry in mitigating the economic burden and retaining social stability against natural disasters.

“We are also working closely with other professional associations and government bodies to study the impact of climate change in order to have better risk forecast and more effective risk mitigation for the good of our society.”

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Source

China: Listed insurers looking at 1H profit surge - Asia Insurance Review

Two listed Chinese insurers have released their estimated interim results for the first half of this year that indicate that their net gains jumped by at least 80%. Life insurance giant China Life’s net profit more than doubled, while New China's net gains surged by more than 80%, in the first six months of this year compared to the corresponding period last year.

One important reason for the large increase in net profit is a revised tax rule allowing for more deductions for commissions and brokerage expenses. In addition, the stock market rose, leading to higher investment income. The 1H results of the two insurers indicate that the other listed Chinese insurance companies would also report profits in the first six months of this year that are expected to exceed 50% over the corresponding half last year.

China Life
In a statement to the Hong Kong stock exchange, China Life announced that based on preliminary estimates, net profit attributable to equity holders of the company for the first half of 2019 will increase by a range between approximately CNY18.89m ($2.74m) and CNY22.2bn, representing an increase between approximately 115% and 135% as compared with the same period last year.

For 1H2019, China Life's net profit attributable to equity holders of the company is estimated to range from CNY35.3bn to CNY38.6bn. In comparison, for the January-June 2018 period, the net profit attributable to equity holders of the company: was CNY16.4bn (and after deducting non-recurring items: CNY16.5bn).

New China Insurance
Based on the New China's preliminary estimates and calculations, the net profit attributable to shareholders of the company for the first half of 2019 would be CNY10.4bn, an increase of CNY4.64bn, or around 80%, compared to the same period in 2018.

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Source

Indonesia: Insurers object to plan to tax insurance premiums - Asia Insurance Review

The government is working on a Bill which would impose income tax on insurance premiums and health insurance contributions. The proposed move has drawn objections from insurers.

The reason the government includes premiums in the income tax scope is that premiums managed by insurance companies are invested in assets, reported *Kontan*.

The Indonesian General Insurance Association (AAUI) says that taxing insurance premiums is inappropriate. AAUI executive director Dody AS Dalimunthe stated that this has been widely discussed by the general insurance industry.

"It is not right if insurance premium payments are taxed, because they are a cost while benefits are not immediately received. Insurance benefits will appear when claims are received." The executive director of the Indonesian Life Insurance Association (AAJI) Togar Pasaribu said that it is erroneous to think of insurance premiums and health insurance contributions as income. Mr Togar believes that the proposed regulation, if passed, will only make employers reluctant to provide insurance benefits to employees.

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Source

China: Life insurance GWP jumps by 15% in 1H - Asia Insurance Review

The growth rate of life insurance companies in China has normalized, as is indicated by financial data released by the CBIRC for 1H2019. Gross written premiums generated in the first half of the year stood at CNY1.88tn ($273.5bn), an increase of 15.2% year-on-year.

Policyholders' new-business investment-related fees stood at CNY580.1bn in 1H2019, up 31.45% year-on-year; investment-linked new-business premiums totalled CNY20.2bn, plunging by 23.76% year-on-year. These figures reflect the continued shift by insurers to protection insurance products from investment products.

The breakdown of GWPs of life insurers for the first six months of the year is as follows:

Class of business	1H2019 Premiums CNY bn	1H2018 Premiums CNY bn	Increase/ decrease %
Life	1,503	1,336	12.5
Accident	37	54	-31.5
Health	343	302	13.6
GWP	1,883	1,692	15.2

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Source

China: Accident insurance grows most rapidly in 1H - Asia Insurance Review

Accident insurance was the fastest growing class of business for P&C insurers n the first half of this year, with health insurance a close second. Data show that accident insurance soared by 42.6% to CNY27.5bn ($4bn) for the January to June period compared to the corresponding period last year.

Growth, though, may slow in the second half as the CBIRC is cracking down on sales of accident insurance bundled with loans taken out through P2P lending platforms.

Health insurance expanded by 38.4% to CNY53.9bn. Other classes of business in the non-motor segment that posted growth rates of over 20% in 1H were:
Liability 31.1%
Surety 23.7%
Agriculture 21.2%

Overall, non-motor non-life premiums of general insurers increased by 7.5% to CNY239.7bn. In contrast, motor insurance grow by 4.5% to CNY396.6bn because of sluggish vehicle sales. Non-life insurers reported total premiums of CNY670.6bn in the first six months of the year, representing an increase of 11.3%. The following table shows the premiums generated by non-life insurers from different branches in 1H2019 and market contributions:

Class	Premiums CNY m	Market share %
Corporate property	29,100	4.3
Household property	5,200	0.7
Engineering	7,200	1.1
Liability	41,900	6.3
Surety	37,300	5.6
Agriculture	44,600	6.7
Health	53,900	8.0
Accident	27,500	4.1
Others	27,300	4.1
Non-motor total	274,000	40.9
Motor	396,600	59.1
Total gross premium	670,600	100.0

In comparison, in the first quarter of this year, the non-auto non-life insurance premium income of property insurance companies stood at CNY146.3bn, accounting for 43.2% of the total premiums of non-life insurers. The figure represented a growth rate of 25% over the corresponding quarter in 2018.

TOP

Source

China: Insurance premiums grow by 14% in 1H - Asia Insurance Review

China's insurance sector saw premium income jump by 14.2% in the first half of this year to CNY2.55tn ($371.2bn) compared to the corresponding period last year.

In contrast, the Chinese insurance market weakened by 3.3% in 1H2018 compared to the first six months of 2017.

In terms of premium income, property insurance premium income from January to June this year stood at CNY589.3bn, an increase of 8.29% year-on-year; while life insurance premiums totalled CNY1.96tn, a surge of 16% year-on-year, reported *Shanghai Securities News*.

In 1H2019, the insurance industry saw a year-on-year increase in claims to CNY623.2bn, of which property insurance claims were CNY291.8bn, and personal insurance claims reached CNY331.4bn.

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Source