ISSUE NO. 2024/12

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

INSUNEWS - WEEKLY E-NEWSLETTER

16TH – 22ND MARCH 2024

QUOTE OF THE WEEK

"A positive attitude causes a chain reaction of positive thoughts, events and outcomes. It is a catalyst and it sparks extraordinary results."

WADE BOGGS

Insurance Term for the Week

Credit life insurance

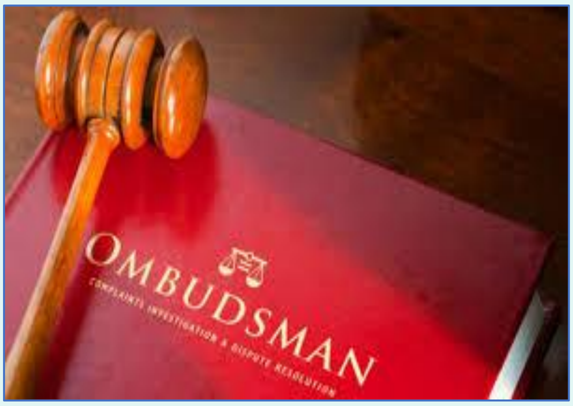
Credit life insurance is a type of life insurance designed to pay off the remaining balance of a person's outstanding debt if they pass away. When you apply for a personal loan, mortgage, auto loan or line of credit, lenders or banks will typically try to sell this type of life insurance.

If you purchase a policy, the lender or bank is the beneficiary and gets the payout, not your family. Credit life protects the interests of the lender.

Some of these policies are tied to the face value of the borrower's debt balance. As you pay off your outstanding debt balance, the face value of the policy decreases. If you pass away, the policy's proceeds pay off the remaining loan balance. Other policies may have a level death benefit, which means the death benefit will remain the same over the term length of the policy. Expect higher costs for a level death benefit.

INSIDE THE ISSUE

Banks to insurers: Using the ombudsman system to get complaints resolved – Business Standard – 22nd March 2024



An ombudsman report earlier in March said consumer complaints filed with the Reserve Bank of India (RBI) increased by more than 68 percent to 70,3000 in Financial Year 2022-23. The RBI ombudsman "redresses customer complaints against deficiency in certain banking services", according to the regulator's website. "...it is important to note that ombudsman systems in RBI and IRDAI are active and robust concerning any complaints filed in them," says Vidhan Vyas, founder of Vyas Legal, referring to the Insurance Regulatory and Development Authority of India. Market regulator Securities and Exchange Board of India (Sebi) dropped its ombudsman because of legal issues. "In its place, Sebi introduced an online complaint system called SCORES...against companies, intermediaries, and market infrastructure institutions," says Vyas. You can't approach the bank ombudsman as the first step to resolve your complaint. "You can call the customer care team or file a complaint online, either through an email or submit the complaint on the bank's website. You can also visit a bank branch and submit a complaint. If the issue is not resolved, one can escalate the matter to the grievance redressal team," says Gaurav Aggarwal, chief product officer - credit products, at Paisabazaar.

A grievance redress officer, or a nodal officer, may be contacted if the customer care team is unable to help. The complaint can be taken to the principal nodal officer, who is the banking ombudsman in certain banks. A bank's website will have the contact details of this officer. The RBI's banking ombudsman should be contacted if the principal nodal officer doesn't resolve the issue. "Adhere to the bank's grievance policy till the complaint is resolved. Only if the bank deviates from its policies and no amicable resolution is provided within the pre-defined period, one may reach out to the RBI Ombudsman. One should not skip the levels stated in the grievance redressal mechanism of a bank," says Aggarwal. When you contact the ombudsman, give details like the bank's name and address, documents supporting the complaint, and the extent of your loss. First approach the fund house for resolution by calling or writing to its customer services team. Go to the company's contact centre if that doesn't work. "Every fund house has an escalation matrix through which you may escalate the queries, if not satisfactorily resolved in the first instance. In case you are still not satisfied with the resolution, you may approach Sebi through the SCORES platform," says Rajen Kotak, investor relations officer, ICICI Prudential Mutual Fund.

On SCORES, people may choose a query type, name of the fund house, or other entities regulated by Sebi. Brokers are required to have a specific complaint ID displayed clearly in their offices, websites, and in the account opening form. To file a complaint against a broker, one can send an email to the ID. "If a broker does not satisfactorily address a grievance, the investor can complain with the relevant stock exchange by providing their client ID and specifying the category of the complaint," says Shrey Jain, founder and chief executive officer (CEO), SAS Online. Investors can also file a complaint at SCORES. "In the event of an issue, it's the investor's responsibility to timely approach the exchange platforms or the regulator and raise a complaint. Complaints must be raised within a stipulated period to be considered valid," says Shrey Jain.

If the insurer first does not resolve your complaint, go to its grievance redressal cell or grievance redressal officer (GRO). The GRO's email address will be at policyholder.gov.in. "Here they (customers) can file their complaint in writing along with necessary supporting documents and must ensure acknowledgement of receipt. Here, the insurer is expected to resolve the grievance within 15 days," says Tarun Mathur, co-founder and chief business officer - general insurance, Policybazaar.com. If an insurance company doesn't resolve a complaint in two weeks, customers may go to the IRDAI. "You may even register a complaint on the IRDAI portal Bima Bharosa," says Naval Goel, CEO, PolicyX. "Alternatively, if the insurance company rejects, repudiates, or partially settles your claim, you can choose to communicate with the insurance ombudsman within one year," says Mathur. In a hearing, if both parties reach a settlement it will become an award. If both parties are unable to settle, the hearing is concluded and an award is made on merit. Only, the complainant can take her grievance to another forum or court.

The Institution of Income-Tax Ombudsman, which was set up in 2003 to address grievances related to tax settlements and complaints, was withdrawn. The alternatives are designed to address and resolve complaints more efficiently. "An initiative by the Income Tax Department, e-Nivaran offers a comprehensive grievance redressal mechanism through a paperless, online system. It is integrated within the department's portal to ensure that taxpayers' grievances are directly addressed by the relevant authorities. e-Nivaran aims to cover a wide range of issues, from refunds to the filing of income tax returns, and seeks to provide a faster resolution of complaints," says Sanjay Jain, a senior advocate who practices at the Supreme Court. Grievances usually take about 20-45 days to be resolved. Centralised Public Grievance Redress and Monitoring System (CPGRAMS) is an online portal for submitting and monitoring grievances. It enables citizens to lodge their grievances with the relevant departments and track the progress of their resolution. Sanjay Jain says, "Taxpayers still have the option to directly approach higher authorities within the tax departments, such as Commissioners or the Central Board of Direct Taxes, for issues that require intervention at a higher level." As a last resort, approach courts or tribunals like the Income Tax Appellate Tribunal, the High Courts, and the Supreme Court of India for legal redressal of their grievances.

(The writer is Bindisha Sarang.)

TOP

Insurance sector attracted Rs 54,000 crore FDI in last 9 years: Financial Services Secretary Vivek Joshi - Financial Express – 18th March 2024

The insurance sector has received close to Rs 54,000 crore as foreign direct investment (FDI) in the last 9 years on the back of further liberalisation of overseas capital flow norms by the government, Financial Services Secretary Vivek Joshi has said. The government increased the permissible FDI limit from 26 per cent in 2014 to 49 per cent in 2015 and then to 74 per cent in 2021, he told PTI in an interview. However, he said, the permissible FDI limit for insurance intermediaries was increased to 100 per cent in 2019.

As a result, Rs 53,900 crore of FDI was received in insurance companies between December 2014 and January 2024, he said. During the period, Joshi said, the number of insurance players increased from 53 to 70 as of January 2024. Insurance penetration increased from 3.9 per cent in 2013-14 to 4 per cent in 2022-23 while insurance density rose from $52 in 2013-14 to $92 in 2022-23, he said.

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium).

Asset Under Management nearly tripled to Rs 60.04 lakh crore as compared to Rs 21.07 lakh crore in 2013-14, while the total insurance premium more than doubled to Rs 10.4 lakh crore from Rs 3.94 lakh crore at the end of March 2014.The insurance sector was opened for private players in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26 per cent. Since then, many foreign companies have invested in the insurance sector. The latest Zurich Insurance-Kotak General Insurance deal could be one of the major FDI flows in the insurance sector.

Last month, Zurich Insurance had said, it proposes to acquire a 70 per cent stake in Kotak Mahindra General Insurance, for Rs 5,560 crore, in a single tranche. In November 2023, Kotak Mahindra Bank had announced the sale of a 51 per cent stake in its general insurance arm to Zurich Insurance for Rs 4,051 crore through a combination of fresh capital infusion and share purchase, followed by a 19 per cent stake sale within a period of three years. The proposed 70 per cent acquisition would be subject to fulfilment of customary conditions precedent, including the receipt of regulatory approvals from the Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (Irdai).

TOP

Insurance is the new buzzword in the renewable power sector – The Hindu Business Line – 17th March 2024

As renewable power will dominate India's energy transition, a huge capacity addition is being undertaken in the country. Renewable energy projects, ranging from large-scale solar farms to community wind initiatives, represent a significant growth area for insurers. For example, the solar power systems that are being built to generate power are expected to last for several years. So, these clean power projects require comprehensive insurance coverage to mitigate various risks, including weather-related damage, equipment failure and business interruption. Hence, securing an adequate insurance cover to protect the system against losses or damages has become crucial for the developers. Insurance is vital for solar installations across all types of industries including factories, offices and households.

Financial losses can be prevented as a significant financial investment is made while installing and protection can include coverage for the cost of repairing or replacing damaged equipment. Insurance cover is also available for property and individuals when accidents occur during installation or maintenance that cause damages or injuries. Overall, insurance products for solar installations promise to provide cover to protect the investment, mitigate risks and ensure the long-term viability and performance of solar energy systems. Now, at least half a dozen companies, including public and private players, offer insurance coverage for various risks associated with solar power plants and other renewable power projects. The companies include New India Assurance, ICICI Lombard General, Cholamandalam MS General, Tata AIG General, HDFC Ergo, and Iffco-Tokyo.

(The writer is S Balachandar.)

TOP

INSURANCE REGULATION

IRDAI likely to water down higher surrender value proposal in relief for life insurers – MSN – 22ND March 2024

The Insurance Regulatory and Development Authority of India (IRDAI) is likely to accede to life insurers' requests to dilute its draft product regulations that proposed lower surrender charges (and thus higher surrender value or payouts on early exit) for endowment policyholders. However, details of the final decision are not yet clear, according to insurance industry officials Moneycontrol spoke to. The final surrender regulations could be in favour of life insurance companies, a CNBC-TV18 report on March 21 said.

Life insurers had raised concerns about asset-liability management issues that could crop up while implementing the IRDAI's December 2023 proposal. The draft had mooted the introduction of threshold premiums and higher surrender values for endowment policies. The IRDAI is expected to put out a detailed circular soon.

Insurers opposed draft norms on higher surrender values

Simply put, surrender charges in insurance parlance mean penal charges for making an early exit.

“Our contention was simple – we offer long-term products and invest in long-term papers with tenures of up to 40 years. We are in the business of accepting long-term funds and giving long-term returns. To do so, we have to buy long-duration bonds and enter into forward-rate agreements. An insurance policy is not like a current or savings account, which can offer flexibility to withdraw funds anytime. In the case of life insurance, any sudden, early withdrawal will have repercussions for companies and other policyholders. Offering easy exits and higher returns over the long-term at the same time,” the CEO of a leading private life insurance company, who spoke to Moneycontrol on the condition that he would not be named, said.

Some insurers have proposed a middle path, where they launch an alternative product with lower surrender charges in each category. “Such products will offer higher surrender value on early exit but returns will be lower,” said the insurance firm CEO. As per the December 2023 draft product norms, policyholders terminating their life insurance policies before completing the original tenure would have to pay lower surrender charges, thus taking home more of the premiums paid until then. For example, at present, a policyholder surrendering her policy after paying the second-year premium is entitled to get just 30 percent of her premiums back. If the IRDAI’s December draft were to be finalised in its current form, this ‘premium refund’ could go up by 175 percent, depending on the threshold premium — a concept introduced in the draft paper.

Most life insurers were not in favour of the proposal being finalised, but some private insurers, including Digit Life Insurance, had backed the draft regulations. Like most life insurance policies, guaranteed savings insurance policies, or non-participating endowment policies, are sold as long-term policies, but the high surrender charges and lapsation rates mean that most policyholders lose money if they make an early exit, Kamesh Goyal, Chairman of Prem Watsa-backed GoDigit Group of Insurance Companies told Moneycontrol in an exclusive interview in February 2024.

Bima Sugam rollout on track

The insurance regulator has also decided that the much-awaited online insurance marketplace for the industry, intermediaries and policyholders – Bima Sugam – will be called Rashtriya Bima Sugam Nigam Limited, according to the CNBC-TV18 report. “Insurance companies had made a similar recommendation. We felt that Bima Sugam ought to be prefixed with ‘Rashtriya’ or ‘National’, on the lines of the National Payments Corporation of India (NPCI),” said a top industry official who spoke to Moneycontrol on the condition of anonymity. IRDAI chief Debasish Panda has, on several occasions, referred to Bima Sugam’s proposed rollout as a potential UPI moment for the insurance space.

TOP

Regulator green lights series of proposals including Bima Sugam – The Economic Times – 21st March 2024

The board of Insurance Regulatory and Development Authority of India (IRDAI) has given its approval to a series of proposals including the much hyped Bima Sugam portal. The insurance regulator has decided that the online platform which will serve as an electronic marketplace and a one stop solution for all Insurance stakeholders will be called 'Rashtriya Bima Sugam Nigam Ltd'. Last month it was announced that the portal will offer free services to consumers through a not-for-profit firm under Section 8 of the Companies Act, 2013.

The IRDAI's board will have two nominated members. The board will form a Risk Management Committee to mitigate risks, and the IRDAI will give the final approval for the Company's Chairperson & CEO appointments. "The shareholding of the proposed company, which will develop, operate and maintain the platform, will be widely held among life insurers, general and health insurers with no single entity having controlling stake. The shareholders, as and when required, will contribute to the capital requirement of the company," IRDAI had said.

Akin to the United Payment Interface (UPI) model, industry players expect Bima Sugam to revolutionise the way insurance is purchased and serviced in India by bringing buyers, insurers, and intermediaries together on a single digital platform. However, the platform's launch, initially slated for January 2023, has experienced delays and is now rescheduled for June 2024 due to complexities involving stakeholders and technical challenges. Besides this, in a move to take out a major overhang for life insurance companies, IRDAI has also relaxed the proposed higher surrender value norms. The value will be proportional to the number of policy years. The surrender value will be more if the customer continues the policy for more years.

IRDAI, in December 2023, released a consultation paper proposing to increase surrender value paid by life insurance companies to its policyholders, thereby reducing surrender charges charged by these life insurance companies. Beneficial for the policyholder, life insurer's saw this development as a big negative as the surrender value paid by the insurance companies to its policyholders could almost double. Brokerages also estimated a 400-500 bps hit on the margins for life insurance companies.

Taking all this into consideration, IRDAI plans to notify the final and updated surrender value guidelines by next week. Additionally, the regulator has also given the green light to- registration regulations for insurance companies, rural & social sector obligations, corporate governance regulations and policyholder protection regulations.

(The writer is Sheersh Kapoor.)

TOP

LIFE INSURANCE

High base effect of last year to hit March growth business of life insurers - Business Standard – 21st March 2024

New business premium (NBP) growth of life insurers in March is expected to be weak owing to the high base effect in the year-ago period due to revision in taxation norms for high-value policies, insurers said. In the Budget, Finance Minister Nirmala Sitharaman proposed that insurance policies (excluding unit-linked insurance plans or Ulips) with an aggregate premium exceeding Rs 5 lakh would be taxed. This rule came into effect on April 1, 2023. In March 2023, the NBP of life insurance companies witnessed a strong growth after the tax announcement. Premiums rose by 14.45 percent year-on-year (Y-o-Y) to Rs 59,608.83 crore in March 2023 from Rs 52,081.12 crore.

MIXED BAG

Premium (₹ cr)	Mar '23 – Feb '24	% growth Y-o-Y
Individual single	45,282	0.82
Individual non-single	107,156	14.11
Group single	202,228	-8.92
Group non-single	4,436	-40.68
Group yearly renewable	10,726	10.05
Total	369,828	-2.18

Source: Life Insurance Council

Individual premiums of life insurers during the period increased by nearly 27.74 percent Y-o-Y to Rs 26,241.14 crore. Private life insurers, who dominate the individual premium segment, saw 44 percent growth in premium to Rs 15,884.99 crore. NBP is the premium acquired by life insurance companies from new policies for a particular year. It is the sum of the first-year premium and single premium, reflecting total premium received from new businesses.

"The private insurance industry has grown by 11 per cent on the total retail premium up to February 2024. In March of the previous year, business received a strong boost due to the change in tax rules. One of the immediate impacts of the new tax rule, which was implemented from FY24, was a 44 per cent increase in retail business for March 2023," said Casparus Kromhout, managing director (MD) & chief executive officer (CEO), Shriram Life Insurance.

However, life insurance companies are likely to find it difficult to record a similar growth in March 2024. This is due to the high base effect and a decline in sale of policies with annual premiums exceeding Rs 5 lakh. "March 2023 was better compared to March in the year-ago period. There was some pulling forward that occurred last year due to change in taxation norms. So, this March is going to be a bit challenging for companies and it will be very difficult to attain the levels observed last March. Overall, this year is also likely to end on a flat note," said Saurabh Bhalerao, associate director, CareEdge Ratings.

Voicing a similar opinion, Kromhout noted, "In March 2024, the industry would find it difficult to show strong growth due to the high base effect." Similarly, another insurance official said life insurers will find it difficult to show a growth in premium in March 2024. However, the number of policies in the industry is likely to see an increase on the back of change in taxation norms and buoyant equity markets.

"During the last three years, growth in the number of policies has been practically zero for the private life insurance industry. But for the first time, policy count is likely to grow this year. One of the factors likely to contribute to this growth is that business above Rs 5 lakh has come down and we have partly compensated for this through growth in the number of policies. Also, there has been an uptick in Ulips for the industry in the last one year due to supportive markets," the insurance official said. Several private players also moved to Tier-2 and Tier-3 cities and in the less than Rs 5-lakh segment to compensate for the loss of business in the higher-ticket segment.

"Till February, the growth in the number of policies (individual segment) is only 10 per cent for the industry and percentage increase in premium terms is 3 per cent. Overall, we anticipate a muted impact on business from these changes," said Atri Chakraborty, chief operating officer, IndiaFirst Life Insurance.
During April-February of FY24, the number of policies (individual) of private life insurers grew by 9.8 per cent Y-o-Y to 7.45 million.

(The writer is Aathira Varier.)

TOP

Life insurance as an investment tool – Financial Express – 18th March 2024

In today's ever-changing financial landscape, where ensuring security and stability is crucial, life insurance remains a strong and reliable investment option. However, exploring life insurance as an investment requires understanding the key factors that influence its effectiveness and the potential for growth.

When considering life insurance as an investment, first establish which type of coverage best aligns with your needs. Term life insurance, for instance, offers coverage for a predetermined period, typically ranging from 10 to 30 years. This policy type is often more affordable and straightforward, making it a desirable choice for those seeking temporary protection.

Term life insurance offers protection for a set period, making it affordable and straightforward for temporary needs. Whole life insurance, on the other hand, provides lifelong coverage and builds cash value over time, offering both protection and potential investment growth. Universal life insurance combines a death benefit with a flexible premium and investment component, allowing policyholders to adjust their coverage and premiums as needed. Understanding the differences between these options and how they align with your investment objectives is paramount when selecting the right policy.

Premiums
The premiums of a life insurance policy are crucial to consider when using it as an investment tool. The cost of premiums is determined by multiple factors including age, health status, coverage amount and policy type. It is crucial to determine if the premium is a viable option for you, given your financial limitations. Examine the policy's potential returns and perks against the premium cost. Evaluate premium options and choose a cost-effective plan with lasting value.

Benefits

Life insurance policies offer a wide range of advantages that significantly enhance their value as an investment. The primary benefit is the death benefit, which provides a tax-free payout to beneficiaries after the policyholder's death, ensuring financial security for their loved ones. The cash value component allows policyholders to accumulate savings over time, providing flexibility to access funds through loans or withdrawals for various financial needs after their death. Understanding these benefits and how they align with your financial goals is crucial for optimising your investment path.

Expert analysis

The world of life insurance as an investment option can be complex and requires the expertise of financial advisors. Factors such as risk tolerance, investment horizon, and overall financial strategy should be considered when selecting a policy. Collaborate with a financial advisor to scrutinise premium formats and pick a policy that aligns with your financial goals and risk appetite. Staying informed about the latest trends and developments in the life insurance market can help you make wise decisions.

(The writer is Vighnesh Shahane.)

TOP

GENERAL INSURANCE

Motor and health insurance to witness accelerated growth in FY2024-25 - Financial Express – 20th March 2024

With a demographic shift, rising disposable incomes, and a government actively pushing financial inclusion, the Indian insurance sector stands on the cusp of another promising year in 2024. Life, health and motor will witness more growth with evolving consumer needs. Statistics reveal a burgeoning middle class, which with its increasing purchasing power, is expected to comprise 47% of the population by 2030. Rising income will invariably lead to more awareness and affordability towards insurance in the times to come.

The landscape of motor insurance in India is undergoing a transformative shift, evolving from a reactive to proactive approach. Beyond the traditional considerations of premiums, this paradigm change is evident through the introduction of pioneering solutions such as Electric Vehicle (EV) insurance and 'Pay as You Drive' plans, strategically designed to address the contemporary market challenges. This shift not only signifies a technological leap within the industry but also reflects a fundamental change in the perception and approach towards motor insurance, aligning it more closely with the evolving needs and preferences of today's consumers. Usage-based motor insurance plans are expected to catch more eyeballs this year – as customers who drive less can get higher discount benefits on the insurance premiums.

In the health insurance category, there has to be more even distribution of health insurance plans. The public healthcare system is facing issues with insufficient and inadequate funding, and hence, private insurance players need to fasten their distribution and outreach. Approximately 514 million people across India were covered under health insurance schemes in 2021, which merely covered 37% of the people in the country. Nearly 400 million individuals hardly have access to health insurance. Thus, this year, insurance companies need to accelerate the technology pace and reach out to those 40 crore people who need insurance.

Despite a modest slowdown in 2023, the life insurance sector remains primed for a growth spurt in 2024. With new business premiums surging by 27% to a staggering Rs 33,560 crore in January 2024 alone, the trend is expected to remain positive in the coming years. However, challenges like the urban-rural divide and high distribution costs persist, which is leading to slow growth in life insurance. The rural-urban gap is one of the key reasons for the inconsistent growth in the life insurance segment. Government and private players need to together work and push the distribution of life insurance into the smaller pockets of the country.

Corporate insurance/ group insurance will witness more doubling down on digital capabilities, connectivity, and supplementary offerings. Projections indicate that the growth trajectory for group insurers in the coming years will closely mirror economic trends, employment rates, and wage patterns. As the awareness for long-term care is growing, consumers are looking to their insurance benefits as a part of their additional employee perks. Notably, the year ahead is poised to witness a notable expansion, with more companies extending corporate insurance benefits to gig workers. The buzz surrounding insurance protection for gig workers is gaining momentum, exemplified by initiatives from companies like Ola and Dunzo. Furthermore, the proactive involvement of state governments, such as Karnataka, in providing insurance coverage for gig workers adds a significant dimension to this evolving corporate insurance landscape.

To conclude, the future of the Indian insurance industry hinges on a collaborative approach involving all stakeholders – the insurers to continuously innovate products and services; the regulators make insurance accessible for everyone; and tech players, to provide cutting edge solutions that upscale efficiency. By capitalizing on its growth drivers, addressing existing challenges, and adopting a collaborative approach, the Indian insurance industry is well-positioned to unlock its full potential in 2024 and beyond, ultimately contributing to a financially secure and resilient future for the nation.

TOP

Latest health and general insurance claim settlement ratio released in 2024 – The Economic Times – 19th March 2024

In modern times, health insurance has become a must. Many of you have already purchased a health insurance policy to protect yourself and your loved ones against medical emergencies. One hopes that the insurer will provide financial support when the medical need arises. The story is not very different when it comes to another general insurance segment like car insurance. However, do you know how good your insurer is in settling claims and how long it takes for your health or general insurer to settle claims? Or how many claims did they reject last year? It is important to keep track of the claim settlement performance of your insurer. If you are not satisfied with the way the insurance company settles claims, you have the option to port to another insurer.

The next question is how to find out how your insurer has been settling claims in the past. The Insurance Regulatory and Development Authority of India (IRDAI) has released the claims payment details of general and health insurance companies for the financial year 2022-23. Apart from health insurance claims, the percentage claim paid in general insurance companies also includes other insurance verticals like motor, fire, marine, and other insurances.

To get a measure of the efficiency of the insurance company, it is important to check how quickly it is processing claims along with the number claims settled. Though IRDAI's claims settlement data lists the details of the claim paid in various periods, what is most important for the policyholder is whether it was cleared within the first three months or not.

Check latest health and general insurance claims settlement ratio of health and general insurers
Among the private health and general insurance companies, Reliance General Insurance tops the list with 98.75% of claims settled within the first three months of initiating the claim in 2023-24. HDFC Ergo General Insurance comes next. The private insurer has paid 98.75% of claims in the first three-month period, according to the data released by IRDAI. Zuno General Insurance has settled 98.54% of claims in the initial three-month period in 2022-23.

Latest health and general insurance claims settlement ratio released in 2024. Among public sector general insurance companies, Oriental Insurance has settled 91.62% of claims in the first three months.

Meanwhile, the National Insurance settled 91.31% of claims in the three months. United India Insurance settled 91.10% of claims in the three months, as per the IRDAI data.

Among standalone health insurers, Care Health and Niva Bupa Health Insurance recorded a 100% claim settlement ratio in the first three-month period. Three other standalone health insurance — ManipalCigna Health Insurance, Star Health and Allied Insurance, and Aditya Birla Health Insurance recorded over 99% claim-settlement ratios in the initial three months of the financial year 2022-23.

As mentioned above it is important to check how promptly your insurance company has been processing the claims. For the general and health insurance companies, the insurance regulator has mentioned claims settled in different periods such as less than three months, three months to six months, etc. The most critical data is for a period of less than three months. So, if your insurance company has the highest claim settlement numbers within the first three-month period, then it means that the company settles more claims in the shortest possible time.

(The writer is Anulekha Ray.)

TOP

Insurance Sector Focus: Non-life insurers to show better margin performance than life insurers in FY24; Find out why - Financial Express – 18th March 2024

While the overall domestic insurance sector is on course to log in over 7 percent annual growth over the next decade with the premium income likely to double to around $450 billion by financial year 2033-34, ICICI Securities stated that non-life insurers are likely to show better margin performance than life insurers in FY24. Non-life insurers' margin outperformance can be attributed to signs of revival in motor profitability compared to weaker product mix Y-o-Y for life insurers. This, ICICI Securities analysis report stated, can be backed by the fact that average COR improvement of ~30 bps for top-five non-life private insurers (ex-SAHI) versus ~344 bps average VNB margin decline in 9MFY24 Y-o-Y for listed four private life insurers.

Strong volumes of non-life insurance sector in FY24 till date
Feb'24 number for ICICI Lombard is strong (+39 percent), even adjusted for a weak base. FY24 YTD GDPI growth for ICICI Lombard is ~17.8 percent. Star maintains Y-o-Y growth of ~18 percent YTD, while Care/Niva Bupa is double that at ~35 percent. PSU GDPI share has kept declining with 35 percent market share in 9MFY24 versus 38 percent in FY23.

As Per ICICI Securities, basis high contribution of SAHI to PB Fintech health segment, Q4 volumes should also be strong for PB Fintech. It said that porting could continue to impact near-term retail health market share/growth. However, health insurance could receive tailwinds in FY25/26 from: 1) Settling of competitive intensity, as more players move towards capped expense ratio; 2) favourable accounting change under IFRS; 3) revival of new business growth; and 4) possible lower claim inflation with increased talks of standardisation of hospital rates.

Further, with CV cycle moderating, ICICI Securities expects stable growth in motor going ahead; but, with higher share in 2W/PV and new vehicle category, ICICI Lombard can gain market share.

Total APE growth of 25%/12% in Feb'24/YTD for life private insurers
In terms of total APE, private life insurers clocked 25 percent Y-o-Y growth in Feb'24 with IPRU Life/Max Life showing strong growth of 38 percent/ 36 percent Y-o-Y. BALIC (29 percent Y-o-Y), SBI Life (24 percent Y-o-Y) and HDFC Life (22 percent Y-o-Y) also reported strong Y-o-Y growth while Tata AIA saw a 4 percent Y-o-Y decline in Feb'24.

FY24-TD outperformers, in terms of total APE, are Max Life (+26.9 per cent YoY), BALIC (+20.3 per cent YoY) and SBI Life (+19.6 per cent YoY), followed by Tata AIA (+12.5 per cent YoY), HDFC Life (+7.2 per cent) and IPRU Life (+3.9 per cent YoY). While these growth numbers are good, total FY24 growth will be lower considering the base effect of a spike in volumes last March for most players, ICICI Securities said.

Individual APE growth of 20%/13% in Feb'24/YTD for private life insurers
In terms of individual APE, private life insurers clocked 20 per cent YoY growth in Feb'24 with Max Life/BALIC/IPRU Life showing strong growth of 34.4 per cent/ 34.2 per cent/ 33.9 per cent. HDFC Life/SBI Life/Kotak Life also showed robust growth of 27.8 per cent/ 25.8 per cent/ 25.6 per cent in individual APE while Tata AIA remained muted at 0.1 per cent YoY in Feb'24.

FY24-TD outperformers in terms of individual APE are BALIC (+25.9 per cent YoY), Max Life (+23.7per cent YoY) and SBI Life (+15.8 per cent YoY), followed by Tata AIA (+12.0 per cent), IPRU Life (+9.6 per cent) and HDFC Life (+9.5 per cent). While these growth numbers are good, total FY24 growth will be lower considering the base effect of a spike in volumes last March for most players, the report said.

NoP growth encouraging at 9.8% for private insurers in FY24-TD
Number of Policy (NoP) growth is a key monitorable, said ICICI Securities. Private insurers saw 16.1 per cent YoY growth in NoP at 777k in Feb'24. IPRU Life/Max Life/HDFC Life reported strong growth in NoP of 35.9 per cent/ 25 per cent/ 21.4 per cent YoY. Bajaj Allianz Life (BALIC) and Tata AIA's NoP grew by 16.3 per cent and 21.6 per cent YoY respectively. Among private insurers, SBI Life has the highest NoP at 173k and reported growth of 9.3 per cent YoY in Feb'24.

LIC saw 28% growth in total APE
LIC reported a growth of 28 per cent YoY in Feb'24 total APE vs. 25 per cent YoY growth reported by private insurers. This, per the report, was attributed to strong growth in group business (+62 per cent YoY). In individual APE, LIC saw 13.3 per cent YoY growth vs. 20.4 per cent YoY growth for private insurers in Feb'24. On a YTD-basis, individual APE growth has remained modest at 2 per cent YoY while group APE declined by 8.5 per cent YoY.

YTD total sum assured to APE ratio up from 79x in Feb'23 to 86x in Feb'24
In terms of sum assured, private insurers reported 22 per cent YoY growth in FY24-TD. In terms of Individual sum assured, private insurers saw 38 per cent/ 32 per cent YoY growth in Feb'24/11MFY24. FY24-TD outperformers, per the ICICI Securities analysis, in terms of total sum assured growth include Max Life (+75.7per cent YoY), Tata AIA (+36.4 per cent YoY), HDFC Life (+27.9 per cent YoY), SBI Life (+26 per cent YoY) and IPRU Life (-2.2 per cent YoY)

Trends remain strong in terms of industry **growth in general insurance**
ICICI Securtities said that non-life insurance companies reported total GDPI growth of 12.6 per cent/ 13.1 per cent YoY in Feb'24/11MFY24. Both, ICICIGI and Bajaj Allianz (BAGIC) grew strong, at ~39 per cent YoY in Feb'24. Standalone Health Insurers (SAHI), grew ahead of industry growth rate, at 29 per cent/ 26 per cent YoY in Feb'24/11MFY24. Star Health reported a growth of 19.3 per cent YoY in Feb'24, while other SAHI players witnessed even robust growth – Niva Bupa (+34.9 per cent YoY), Care Health (+36.9 per cent YoY) and Aditya Birla (+66 per cent YoY).

Collectively, PSU insurers' share receded from 38.8 per cent in 11MFY23 to 35.3 per cent in 11MFY24. BAGIC improved the best market share of 104bps YoY, up from 6.1 per cent in 11MFY23 to 7.1 per cent in 11MFY24. HDFC Ergo's market share remained flattish at 6.3 per cent in the same period. FY24-TD outperformers in terms of total GDPI growth include Niva Bupa (+39.2 per cent), BAGIC (+32.3 per cent YoY) and Acko (+26.4 per cent YoY).

(The writer is Tanya Krishna.)

TOP

Empowering women: Unlocking the vitality of health insurance – ET Insights – 21st March 2024

Today's women effortlessly navigate various roles – as daughters, mothers, life partners, confident professionals, and entrepreneurs with remarkable skill. Yet, amidst balancing personal and professional life, are they prioritizing their own well-being enough? In a rapidly evolving landscape where women's roles and rights are increasingly acknowledged and celebrated, the need to prioritize women's health has never been more urgent.

Empowerment is now widely acknowledged as a key driver of progress, underscoring the importance of women taking charge of their health. This imperative extends beyond mere medical coverage, urging women to embrace self-care for a brighter, healthier future for themselves and their families.

Health insurance emerges as a crucial component in this endeavour, providing a safety net for accessing vital healthcare services and mitigating the financial burden associated with medical care. It transcends traditional healthcare boundaries, becoming a holistic investment in women's resilience, vitality, and empowerment across various spheres of life.

It is important to understand that women have unique health needs that differ from men, spanning reproductive health, breast health, hormonal fluctuations, and mental well-being. However, these specific concerns are often overlooked by generic health insurance plans. Comprehensive women's health insurance not only provides medical coverage but also offers financial empowerment. This ensures women have the means to access necessary care without financial constraints, leading to better health outcomes and improved quality of life. These comprehensive women's health insurance plans offer crucial support by covering various aspects such as maternity care, gynaecological issues, cancer, and critical illnesses. They also prioritize preventive care through screenings, annual check-ups, and mental health support, along with additional benefits like senior care and value-added services tailored for women.

It's noteworthy that women's interest in health insurance varies due to a range of factors. Access to information, economic constraints, cultural norms, and reliance on alternative healthcare options can influence their perception of the need for coverage. Some women may already be covered under their partner's plans, while others, particularly younger individuals, may perceive themselves as less vulnerable to health issues. Addressing these factors through increased awareness, improved access, and financial support can contribute to a more comprehensive understanding of the importance of health insurance among women.

Traditionally, women in India have been relatively underinsured compared to men. This discrepancy can be attributed to various factors, including lower financial literacy among women, limited access to formal financial institutions, and societal norms influencing women's financial decision-making. According to National Family Health Survey (NFHS-5), only 30 percent of women aged 15–49 are covered by health insurance or a health scheme.

Efforts have been made to bridge this gap in recent years, with insurance companies and government initiatives aiming to enhance financial inclusion for women. The aim is not merely to address ailments but to cultivate a culture where women are informed, proactive stewards of their own health, fostering a ripple effect that extends far beyond individual well-being. Comprehensive women's health insurance goes beyond mere medical coverage. It empowers women with financial security, ensuring they can access necessary care without facing financial constraints. This translates to better health outcomes, improved quality of life, and peace of mind.

(The writer is Ruchika Malhan Varma.)

TOP

Private capital, a catalyst to Universal Health Coverage - The Hindu Business Line – 18th April 2024

India is committed to achieving Universal Health Coverage (UHC) for all by 2030. UHC entails ensuring all people have access to quality health services including prevention, promotion, treatment, rehabilitation, and palliation without incurring financial hardship. For India to achieve UHC, it is essential that both private enterprises and the government come together. India has already witnessed highly successful Public Private Partnerships (PPP) collaborations in areas like diagnostics and dialysis. For example, the Pradhan Mantri National Dialysis Program (PMNDP) introduced in 2016 has enabled private enterprises to set up PPP dialysis centres in over 21 States and UTs where the low-income group can avail of free dialysis, resulting in 20 million plus dialysis sessions annually. In the last few years, the private healthcare sector's finest hour came during the Covid-19 pandemic when they collaborated with the government across multiple areas including allocation of nearly 80 percent of private sector hospital beds to Covid-19 patients; contributing to the majority of India's Covid-19 vaccine production and achieving last-mile vaccine delivery to manage the crisis. There is thus vital proof that together private enterprises and government can work synergistically and bridge the systemic demand-supply gaps in the current state of the healthcare sector.

Since 2010, the healthcare sector has attracted $39 billion plus private capital which has resulted in the industry growing from around $70 billion in 2010 to $200 billion in 2023. India's healthcare industry today is the second largest recipient of private capital in the country. The attractiveness is underpinned by the five main healthcare-specific macroeconomic aspects of demographics (80 percent of households will be middle class by 2030), dual disease burden (acute and chronic), rising affordability (63 percent insurance penetration), gaps in infrastructure and positive government Initiatives. We estimate that the outcome of the above macro environment will lead to about $ 30-35 billion private capital investment in the sector over the next 5 years. The private healthcare sector can play an integral role in the country's Universal Health Journey across specific three aspects: improving access to healthcare services, tech advancements and skilling of health professionals.

Private enterprises generally address access in two ways — adding new centres and increasing bed capacities across the country and expanding insurance coverage and thereby reducing OOPE. Over the past decade, private capital addition of $10 billion plus invested in the hospital segment has aided in improving the bed density from 0.9 per 1,000 people in 2010 to 1.7 per 1,000 people currently. Despite this, there is still a big shortage of hospital beds in the country. It is estimated that the country needs an additional 24 lakh hospital beds to reach the WHO recommended ratio of 3 beds per 1,000 people. Given the wave of consolidation that is presently sweeping the private healthcare sector the present decade will likely see more hectic bed addition activity. With regards to expanding insurance coverage, India is still grappling with 55 percent+ out-of-pocket expenditure (OOPE) towards healthcare. Alongside the government's successful PM-JAY scheme to improve insurance coverage for the underserved, the private health insurance companies have also played a pivotal role in reducing the OOPE and ease of claiming insurance through product innovation, distribution, and technology. For example, many private insurance companies include OPD consultations and daycare procedures within the insurance cover.

The private sector has been at the forefront of advancements in telemedicine, digital health solutions, minimally invasive surgeries, and personalised medicine. Medical devices have been an area of focus for the government in recent years given the 80 percent plus import dependency in the segment, we are seeing many innovative private companies leveraging the benefits such as PLI, med-tech parks, etc, to make in and for India. for example, in cardiac stents and orthopaedic implants, the market has flipped towards Indian manufacturers who have >55 percent market share which was <10 percent in 2014. Digital technologies in healthcare have attracted $6 billion plus in private capital since 2010 and have played a transformative role in areas such as integrating public and private sectors to connect urban and rural areas, physical to remote services, etc. These innovations not only improve the quality of care but also enhance efficiency and reduce costs in the long run.

While the government has taken steps to address physician shortages by doubling the number of MBBS seats in the country, the private sector has focussed on upskilling health workers which is critical to meet high care standards, adapting to healthcare changes, and ensure the well-being of both patients and professionals. It enhances patient care, improves worker efficiency, and prepares them for crises. For example Apex Kidney Care, a leading dialysis services provider in the country offers an AICTE-approved course in partnership with Tata Institute of Social Sciences for dialysis technicians. The company has to date trained more than 1,600 dialysis professionals. The journey of universal health coverage rests in bringing complementary strengths of the government and mirroring them with the private sector. Only when complementary principals are brought to the same table, can India start walking the path towards UHC. Private capital is an important catalyst as a thriving private sector can bring expertise, innovation and resources to complement the government’s efforts which together will establish a robust healthcare system that caters to the diverse needs of the population.

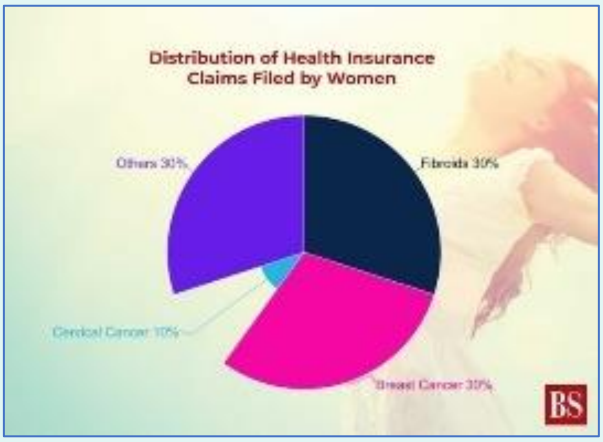
(The writer is Visalakshi Chandramouli.)

TOP

SURVEY AND REPORTS

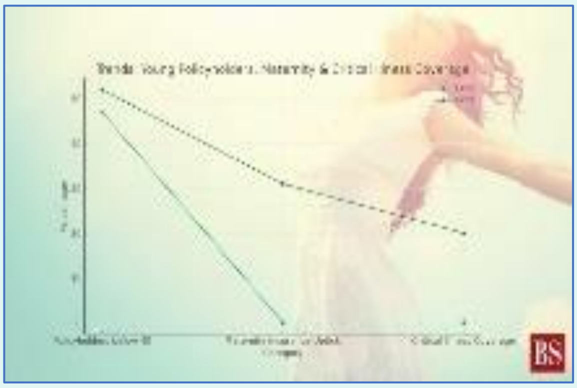
40% surge in health insurance coverage among women: What data reveals – Business Standard – 18th March 2024

Often, women focus so much on caring for others that they overlook their own health. It's crucial for every woman, whether she's single, a stay-at-home mom, married, or working, to have proper insurance coverage. This is not just about safeguarding health; it's also about financial security and peace of mind. Fortunately, more and more women are now recognising the importance of their health and well-being, as seen in recent trends in health insurance coverage. A report by Policy Bazaar reveals a 40 percent surge in health insurance coverage among women in FY'24 compared to FY'23.



Here's what the numbers reveal

A report labelled Women's Health Insurance Trends FY'23 Vs FY'24, shows a spike of 43 percent in the number of women opting for standalone coverage for themselves. The data shows a rise from 15 percent to 24 percent in women selecting coverage higher than Rs 25 lakh, coupled with a 7 percent decrease in those opting for lesser sums. The democratisation of healthcare access is further evidenced by a 10.5 percent surge in policyholders from Tier-2 cities and a 4.3 percent growth from Tier-3 cities, breaking the urban-centric barriers and extending benefits to previously underserved areas. Younger women under 40 now represent a larger share of policyholders, increasing from 47 percent to 52 percent.



This trend is consistent across all age brackets below 50, although there's a noted decrease in coverage among older age groups. Maternity insurance and critical illness coverage have seen substantial upticks of 31 percent and 20 percent. The rate of claims filed by women has increased by 25 percent, with fibroids, breast cancer, and cervical cancer being the most common reasons, emphasising the importance of tailored coverage and specialised care.

A notable increase in women opting for preventive care services—from 10 percent to 20 percent—signifies a shift towards proactive health management and the significance of early detection and prevention.

(The writer is Surbhi Gloria Singh.)

TOP

PENSION

NPS new login norms mandate two-factor Aadhaar authentication – Live Mint – 20th March 2024

Amid the rising number of online fraud cases nationwide, the Pension Fund Regulatory and Development Authority (PFRDA) is set to revamp the current login process for National Pension System (NPS) accounts by April 1, 2024. The pension regulatory body recently announced an enhanced security system. They have implemented a two-factor Aadhaar authentication and made the new security mandatory for all password-based users logging into the Central Recordkeeping Agency (CRA) system of the NPS from April 1, 2024.

The PFRDA notification said, “To enhance the security measures in accessing the CRA system and safeguard the interests of subscribers and stakeholders, it has been decided to bring in additional security features through Aadhaar-based authentication for login to the CRA system." “The Aadhaar-based login authentication will be integrated with the current user ID and password-based login process so as to make the CRA system accessible through 2 Factor Authentication," the notification added.

Under the new security system, NPS subscribers can access their accounts only after Aadhaar-based authentication and entering the OTP sent to their registered mobile number.

NPS new login rules: What is two-factor Aadhaar authentication system?
The two-factor Aadhaar authentication system is add-on checks to validate the genuineness of the fingerprint and further reduce spoofing attempts, thereby making Aadhaar-authenticated transactions much more secure and robust.

NPS new login rules: Benefits of two-factor authentication feature
The integration of Aadhaar-based login authentication aims to fortify the overall authentication and login framework of the NPS CRA system. As per the PFRDA statement dated March 15, 2024, the new security system will provide (i) increased security and (ii) enhanced protection.

The two-factor approach significantly reduces the risk of unauthorised access to the CRA system, the PFRDA said, adding that this additional layer safeguards NPS transactions and protects the interests of both subscribers and stakeholders.

NPS new login rules: What will be the new login mechanism?
As per the PFRDA circular, an Aadhaar-based login authentication will be integrated with the current User ID and Password-based login process, enabling 2-Factor Authentication for accessing the NPS CRA system.

Visit the NPSNPS website: https://enps.nsdl.com/eNPS/NationalPensionSystem.html

Go to ‘Login with PRAIN/IPIN’
Click the PRAIN/IPIN tab, and a new window will open
Enter your user ID and password
Enter Captcha
The window will prompt for Aadhaar authentication and send an OTP on your registered mobile number
Enter the OTP
You will access your NPS account

NPS new login rules: Aadhaar mapping
According to the PFRDA circular, “User IDs of Nodal offices under the Government Sector (Central/State/CAB/SAB) shall be permitted to login to the CRA system (CRA & NPSCAN) using 2-Factor Authentication through Aadhaar OTP (One-time password). The Oversight Office (PrAO/DTA) must initially link their Aadhaar with their respective CRA User ID, enabling underlying users to initiate Aadhaar Mapping. Similarly, PAO/DTO must link their Aadhaar with their respective CRA User ID, allowing underlying DDOs to initiate Aadhaar linking."

NPS new login rules: When will access to the NPS account be denied?
As per the new two-factor Aadhaar authentication system, the NPS CRA will deny access to an account if the user enters an incorrect password for five consecutive attempts, and the account will be locked. However, the user will have the option to reset the password by answering the secret question even after the account is locked.

“As a safety measure to prevent unauthorised access, the account will be locked if the user enters an incorrect password for five consecutive attempts. The user will have the option to reset the password by answering the secret question even after the account is locked. In case the user is not able to remember the answer to the secret question and is unsuccessful in resetting the password, the user shall have to submit a request for reissue of I-Pin," the PFRDA circular dated February 20, 2024 read.

The PFRDA has also directed all offices under the Government Sector and Autonomous Bodies to implement the necessary framework for the additional features of Aadhaar-based login and authentication in the CRA system to carry out all NPS-related activities before April 1.

(The writer is Deepak Upadhyay.)

TOP

GLOBAL NEWS

Asia: Prudential posts strong 45% jump in new business profit to US$3.1bn in 2023 – Asia Insurance Review

Prudential has posted a surge of 45% in new business profit to $3,125m for the year ended 31 December 2023, according to financial results released by the life insurance and asset management group. This was led by Hong Kong following the removal of all pandemic-related restrictions, in particular the reopening of the border between Hong Kong and the Chinese mainland and the consequential rebound of APE sales. Further, new business profit for health and protection products grew by 34%, contributing to 40% of total new business profit, while the new business profit for savings products grew by 54%. This was underpinned by a 37% growth in APE sales, which, in absolute terms, exceeded the pre-pandemic level of 2019.

Performance highlights on a constant (and actual) exchange rate basis include:
Operating free surplus generated from in-force insurance and asset management business of $2,740m (2022: $2,725m ($2,760m)
Adjusted operating profit up 8% (6%) to $2,893m
EEV shareholders' equity is up 7% to $45.3bn, equivalent to 1,643 cents per share, on an AER basis.
GWS shareholder capital surplus over GPCR of $16.1bn, equivalent to a cover ratio of 295% (31 December 2022: 307%)

Second interim dividend of 14.21 cents per share, 20.47 cents per share for the full year, up 9%.

Summary	2023 $m	2022 $m	Change AER basis	Change CER basis
New business profit	3,125	2,184	43%	45%
Operating free surplus generated	2,007	2,193	(8)%	(8)%
Operating free surplus from in-force insurance and asset management business	2,740	2,760	(1)%	1%
Adjusted operating profit	2,893	2,722	6%	8%
IFRS profit (loss) after tax	1,712	(997)	n/a	n/a
APE new business sales	5,876	4,393	34%	37%
	31 Dec 2023		31 Dec 2022	
	Total	Per share	Total	Per share
EEV shareholders' equity	$45.3bn	1,643¢	$42.2bn	1,534¢
IFRS shareholders' equity	$17.8bn	647¢	$16.7bn	608¢
Adjusted IFRS shareholders' equity	$37.3bn	1,356¢	$35.2bn	1,280¢
The group implemented IFRS17, the new accounting standard for insurance contracts in 2023 with comparatives restated accordingly.				

Commenting on the results, CEO Anil Wadhwani said, "These are a very strong set of results while operating in a challenging macro environment, with new business profit up 45% driven by a relentless focus on execution in our markets in Asia and Africa. It is also an illustration of the strength of both our agency and bancassurance distribution channels as well as an affirmation of our leadership position in many key markets."

He said, "We delivered an excellent financial and operational performance in 2023 and deployed increased levels of capital in new business, enhancing core capabilities and expanding distribution. Sales growth has continued in the first two months of 2024. Given the relentless execution focus in implementing our strategy, we are increasingly confident in achieving our 2027 financial and strategic objectives and in accelerating value creation for our shareholders."

TOP

Malaysia: Higher medical claims drag down aggregate profitability of insurance market in 2H2023 - Asia Insurance Review

The overall profitability of insurance and takaful funds was lower in the second half of 2023 compared to the first half of the year, says Bank Negara Malaysia (BNM) in its report, 'Financial Stability Review: First Half 2023'. This financial result was due mainly to larger net underwriting losses in life insurance and family takaful operations amid a sustained increase in medical claims payments. As a result, the profitability of life insurance and family takaful funds, as measured by excess income over outgo, declined to MYR3.1bn (1H2023: MYR6.0bn).

Underwriting income of life insurance and family takaful funds continued to be weighed down by higher medical benefit payouts (2H2023: MYR5.3bn; 1H2023: MYR4.7bn; 2H2022: MYR4.3bn). Insurers and takaful operators (ITOs) incurred higher average costs and incidence rates for medical treatment compared to the pre-pandemic period, resulting in higher-than-expected claims. While ITOs have commenced repricing exercises, the effect of these changes on underwriting margins will take time to materialise as price adjustments are applied only at policy anniversaries. To maintain policy affordability and fair outcomes for policyholders, ITOs continue to spread the premium increments over a longer period or opt for shorter repricing cycles with a smaller quantum of adjustments.

Underwriting income was also weighed down by the longer-term decline of participating insurance business, where payouts related to participating insurance policies have surpassed net premium income. This reflects the continued shift in new business premiums from participating insurance policies to investment-linked policies over time. The share of net premiums for participating business has correspondingly declined sharply to 16% of total net premium income (2H2022: 17%; 2015?19 half-yearly average: 35%).

Notwithstanding this trend, insurers have set aside adequate reserves to fund the benefit payouts. Insurers are also required to take reasonable pre-emptive measures in managing small and shrinking participating life funds to safeguard the interests of policyholders. Sustained growth in the total new business premiums continued to provide support to overall earnings. After accounting for seasonality effects, new business premiums in 2H2023 improved by 6.8% compared to the corresponding period in 2022, supported mainly by the investment-linked and non-participating segments. The growth in these segments was driven mainly by the higher sales through the bancassurance channel, as well as the continued roll-out of new insurance and takaful products launched during the period.

Sustained investment income in the second half of 2023, further bolstered by improvements in the performance of equities, also provided support to the profitability of life insurance and family takaful funds. For the year as a whole, excess income over outgo rose to MYR9.1bn (2022: MYR2.6bn).

General insurance and takaful
For general insurance and takaful business, operating profits improved compared to the first half of 2023 (2H2023: MYR1.9bn; 1H2023: MYR1.3bn). The increase in operating profits was contributed mainly by higher net underwriting profit, attributable largely to higher premium growth in the motor segment amid continued improvements in risk-based pricing. This corresponded with the higher car sales due to promotional campaigns and new model launches, including electric vehicles, during the period. The higher underwriting profits in the second half of 2023 were also supported by the absence of large claims from flood and fire events during the period compared to the first half of 2023.

Similar to life insurance and family takaful funds, sustained investment income lent further support to the operating profits of general insurance and takaful funds for 2023 as a whole. This resulted in a slight increase in the annual operating profits relative to that of the previous year (2023: MYR3.2bn; 2022: MYR3.1bn).

The industry aggregate capital adequacy ratio (CAR) remained healthy at 222.2% (June 2023: 226.4%), well above the regulatory minimum of 130%. Aggregate capital buffers in excess of regulatory requirements also remained sound at MYR38.6bn (June 2023: MYR38.9bn).

Looking ahead to 2024, volatile financial market conditions will remain a key downside risk to ITOs given their sizeable bond and equity investments. Sustained cost pressures stemming from inflation in motor and medical claims are also likely to persist amid a more gradual pace of premium rate adjustments to preserve insurance affordability.
BNM will continue to monitor closely the ongoing phased liberalisation of tariffs in the motor and fire segments. This is to ensure that the pricing flexibility is aligned with the expanded phased liberalisation limits and to prevent market dislocations that could hinder access to coverage or disproportionately impact segments of the insured population.

TOP

Indonesia: Life insurance market sees revenue dip by 2% to US$14bn in 2023 - Asia Insurance Review

Life insurance revenue in Indonesia reached IDR219.70tn ($14bn) in 2023, dipping by 2% compared to IDR224.09tn in 2022, according to the Indonesian Life Insurance Association (AAJI). AAJI chairman Budi Tampubolon said, "The general decrease in total revenue was due to a fall in the premium income component which was recorded at negative 7.1%."

Life insurance premium income was recorded at IDR177.66tn in 2023. Other components of total revenue, namely, investment returns, recorded a positive figure of IDR32.03tn in 2023, representing a jump of 46.2% compared to 2022, reported Antara News Agency quoting data from AAJI. "Improving the investment climate and appropriate investment placements by life insurance companies are the main drivers for the growth in investment returns," said Mr Budi.

An analysis of total premium income by product indicates that the decline in premium income in 2023 was mainly due to slower sales of unit-linked life insurance products. On the whole, unit-linked life plans still showed growth and raked in premiums of IDR85.33tn in 2023. In 2023, based on products marketed, total life insurance premium income was dominated by traditional life insurance products with a contribution of 52% to total premium income, said Mr Budi.

Premium income from traditional life insurance products jumped by 14.1% over 2022 to IDR92.33tn in 2023. We are sure, with the increasingly perfect adjustments to unit-linked insurance products that have been carried out by AAJI member life insurance companies, public interest in these products will also increase, especially among people who need both protection and investment features," Mr Budi said.

TOP

Singapore: General insurance market chalks up growth of 10.1% in 2023 - Asia Insurance Review

The General Insurance Association of Singapore (GIA) yesterday announced year-on-year growth for both its domestic and offshore general insurance segments, with a combined increase of 10.1% in gross written premiums to S$10.2bn ($7.6bn). The sector also recorded an underwriting profit of S$608.1m in 2023.

GIA president Ronak Shah said, "The sector's sustained growth this year reflects its resilience and underscores our enduring commitment to safeguarding the interests of consumers and businesses. Despite the positive results, we remain keenly aware of economic headwinds and the continued threat posed by fraudulent activities. Protecting and supporting our motoring public will remain a key focus for the sector in the coming year."

Major domestic market segments

The domestic segment saw 7.3% growth in gross written premiums, amounting to S$5.2bn, while underwriting profit fell by 11.2% to S$262.9m. Net incurred claims rose 44%, driven by an increase in claims across most business segments. In particular, the motor segment saw the largest increase in claims by 73.3% to S$573.4m, as traffic accidents rose in 2023.

Across the various business segments, travel insurance emerged top with a 37.6% increase in gross written premiums. This is in line with the strong recovery in business and leisure travel globally.

The health segment recorded an increase of 12.1% in gross written premiums. However, it concurrently observed an underwriting loss of S$10.6m, reversing the profit experienced in 2022. This was contributed by the 10.3% increase in claims, signifying rising healthcare costs.

Gross written premiums for employer's liability observed a 10.2% increase, consistent with the expansion of the resident and foreign labour market. The segment achieved an increase in underwriting profit to S$45.7m, as workplace safety and deaths in the workplace fell in Singapore last year.

Looking ahead

The sector remains committed to meeting consumers' and businesses' evolving needs and ensuring protection remains accessible amid a more volatile global landscape. Beyond ongoing fraud-mitigation initiatives, the sector continues to proactively assess and implement approaches to safeguard Singaporeans' interests.

Domestic market statistics

Gross written premiums and market share of top five domestic segments

S$'000	2023	2022	Change
Motor	1,088,800	1,072,852	21.0%
Health	995,328	888,238	19.2%
Property	774,939	758,131	14.9%
Employer's Liability	463,168	420,472	8.9%
Travel	295,096	214,472	5.7%
Total domestic market	5,187,324	4,836,324	351,000

Underwriting performance across top five domestic segments

S$'000	2023	2022	Change
Motor	(7,715)	(21,585)	13,870
Health	(10,575)	64,541	(75,117)
Property	45,543	49,891	(4,347)
Employer's Liability	45,671	23,990	21,680
Travel	30,572	13,694	16,878
Total domestic market	262,906	295,913	(33,007)

Offshore market statistics

Gross written premiums of top five offshore segments

S$'000	2023	2022	Change
Property	3,052,933	2,505,966	546,967
Liability and Others	783,353	782,976	377
Marine Hull	361,902	361,872	30
Cargo	355,401	322,152	33,259
Engineering	347,167	315,836	31,331
Total offshore market	4,973,742	4,390,313	583,429

Underwriting performance across top five offshore segments

S$'000	2023	2022	Change
Property	312,919	215,469	97,450
Liability and Others	26,880	54,894	(28,013)
Marine Hull	9,391	29,043	(19,652)
Cargo	40,341	16,831	23,509
Engineering	(46,717)	26,681	(73,398)
Total offshore market	345,173	347,399	(2,226)

TOP

Hong Kong: General insurance market to grow by CAGR of 6.3% to US$10.9bn by 2028 - Asia Insurance Review

The Hong Kong general insurance industry is set to grow at a compound annual growth rate (CAGR) of 6.3% from HK$67.0bn ($8.6bn) in 2024 to HK$85.6bn ($10.9 bn) in 2028, in terms of gross written premiums (GWP), forecasts GlobalData, a data and analytics company.

According to GlobalData's Insurance Database, the general insurance industry in Hong Kong is projected to grow by 5.5% in 2024 and 2025. The growth will be supported by major insurance lines such as personal accident and health (PA&H), liability, and property, which together accounted for 75% of the general insurance GWP in 2023.

Mr Anurag Baliarsingh, insurance analyst at GlobalData, said, "Hong Kong general insurance industry witnessed a consistent growth of 5.5% in 2022 and 2023. The growth was supported by a recovery in the demand for health and travel insurance policies from mainland Chinese customers, mandatory insurance classes, and rising medical inflation that resulted in an increase in the premiums for health insurance policies. The trend is expected to continue in 2024 and 2025."

PA&H insurance

PA&H insurance is the leading line of business in the Hong Kong general insurance industry, accounting for a 31.4% share of the general insurance GWP in 2023. PA&H insurance is expected to grow by 7.2% in 2024, primarily driven by an increase in health awareness and a recovery in the demand for health insurance policies from mainland Chinese customers after the removal of extended travel restrictions in December 2022.

Mr Baliarsingh said, "Chinese customers are mostly attracted by the superior care, high-quality medical facilities, and shorter waiting times offered in Hong Kong. The health insurance policies offered in Hong Kong include options for additional coverage for family members, higher coverage for specific types of illness, and severity-based protection that are not available in the policies offered in mainland China."

A rise in medical inflation since the onset of the pandemic will also support PA&H insurance growth. Medical insurance premiums in Hong Kong witnessed an increase in 2023 due to a rise in critical diseases and, an ageing population that has increased the demand for health insurance. The trend is expected to continue in 2024, which will increase the prices of health insurance policies and support PA&H insurance growth. PA&H insurance is expected to grow at a CAGR of 7.4% during 2024-28.

Liability insurance

Liability insurance is the second largest line, accounting for a 24.1% share of the general insurance GWP in 2023. Hong Kong was the fourth-largest liability insurance market in the APAC region in 2023. This is primarily attributed to the mandatory classes of insurance such as employees' compensation (EC) insurance, which covers medical expenses, rehabilitation costs, and loss of earnings resulting from work-related accidents or illnesses.

The minimum coverage for EC insurance required by an employer with fewer than 200 employees is HK$100m and HK$200m for employers with more than 200 employees.

The increase in compensation levels for specific diseases by the government will also support liability insurance growth. The rise in compensation levels is anticipated to result in an increase in premium prices, which will support liability insurance growth. Liability insurance is expected to grow at a CAGR of 6.1% during 2024-28.

Property insurance
Property insurance is the third largest line, accounting for a 20.0% share of the general insurance GWP in 2023. Property insurance grew by 5.7% in 2023, driven by mandatory third-party property risk insurance and investments in large-scale infrastructure projects. The Hong Kong government allocated HKD88.7 bn ($11.3 bn) towards infrastructure projects in the FY2023-24 budget. Property insurance is expected to grow at a CAGR of 6.7% during 2024-28. Financial Lines, Motor, Marine, Aviation, and Transit (MAT) insurance accounted for the remaining 24.5% share of the general insurance GWP in 2023.

Mr Anurag said, “The growth in Hong Kong’s general insurance industry over the next five years is expected to be driven by economic recovery, an increase in inbound tourism, and rising health awareness. However, highly volatile market conditions due to rising inflation levels can impact the profitability of general insurers in the short-term.”

TOP

Australia: Fall in group insurance coverage attributed to legislative changes - Asia Insurance Review

There has been a sharp decline in the number of Australians covered by group insurance through superannuation, according to a research report by the Association of Superannuation Funds of Australia (ASFA) which was released last month. ASFA’s research has identified a 36% decrease in the number of Australians insured for death benefits through superannuation and a similar reduction in the number of people insured against Total and Permanent Disability (TPD).

ASFA CEO, Ms Mary Delahunty, said, “We now face a situation where fewer Australians and their families are covered by group insurance through their superannuation.”

Reason
“Legislative constraints introduced in 2019 have created a situation where many Australians, including young people, are now without insurance cover, with the near complete lack of default TPD cover for those aged under 25 a concerning issue that may have broader ramifications for the welfare system,” said Ms Delahunty.

Key findings:
The Protecting Your Super (PYS) and Putting Members Interests First (PMIF) measures led to a substantial reduction in the number of lives insured through superannuation for death benefits. Between June 2018 and June 2023, there was a 36% decrease in the number of lives insured. There was a similar decline in the number covered for TPD. Fund members in aggregate paid less premiums, but for some individuals or their beneficiaries there was a substantial cost in terms of benefits foregone. Some tens of thousands of fund members do not have their super protected or their interests put first by the changes made by the two pieces of legislation.

The impact on the Australian community was that there were 5,000 sets of beneficiaries of death benefits who missed out on payments of A$665m ($436m) in aggregate in 2022-23. Without the PYS and PMIF changes there would have been an additional 11,000 individuals a year receiving around A$1.5bn in TPD benefits. APRA data also shows a large increase in the incidence of TPD claims. Claims related to mental health issues are likely to have played a significant role in this. Average TPD benefits equate to only a year or two or three of wage income. TPD claimants generally would benefit more from a return to paid employment than from receiving a lump sum payout.

Insurance cover is at much higher average levels when fund members engage with insurance. Regulatory requirements concerning the provision of personal financial advice currently can make such engagement challenging.

ASFA will be convening a dedicated policy working group to further examine the best ways to meet the ongoing insurance needs of all Australians, including young Australians.

TOP

COI Training Programs

Mumbai – April 2024

Sr. No.	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Basics of Reinsurance	15-Apr-24	16-Apr-24	ClickHere	Register
2	Challenges in Fighting Fraud - Motor OD Insurance	18-Apr-24	19-Apr-24	ClickHere	Register
3	Sample survey data of RBI and Predictive Analysis for Insurance Industry	18-Apr-24	18-Apr-24	ClickHere	Register
4	Impactful Selling Strategies	18-Apr-24	19-Apr-24	ClickHere	Register
5	New Trends in Health Insurance	24-Apr-24	24-Apr-24	ClickHere	Register
6	Fire and Property Insurance	25-Apr-24	26-Apr-24	ClickHere	Register
7	Role of Govt. and Insurance companies in Micro and agricultural insurance	26-Apr-24	26-Apr-24	ClickHere	Register
8	Bancassurance in General Insurance	29-Apr-24	30-Apr-24	ClickHere	Register
9	Labour Laws for Corporates	30-Apr-24	30-Apr-24	ClickHere	Register

Certificate Courses offered by COI

CC1 - Certificate Course in Life Insurance Marketing

Course Structure –

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

CC2 - Advanced Certificate course in Health Insurance
Course Structure –

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

CC3 - Certificate Course in General Insurance
Course Structure -

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

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

Particulars	Details
Course Date	14th May 2024 – 16th May 2024
Duration of the course	3 Days
Mode of Teaching	Virtual Training sessions
Total hours of Teaching	15 hours for online classes
Exam pattern	MCQ pattern
Target Group	Employees working in Fraud cells/ Claims Department/ Audit functions of the company
Fees for the course	Rs. 10620/- (Rs. 9,000/- + 18 % GST)

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

Post Graduate Diploma in Collaboration with Mumbai University

Post Graduate Diploma in Health Insurance (PGDHI)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any faculty are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher's, working professionals (including medical doctors) in the health insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [*subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDHI
Contact Email id	pgdhi@iii.org.in

Post Graduate Diploma in Insurance Marketing (PGDIM)

Particulars	Details
Duration of the course	one year (2 semesters)
Mode of Teaching	Weekend Class Room sessions (Saturdays and Sundays (full day)) and Research Project
Eligibility	Graduates in any discipline are eligible. Students appearing in their final year degree examination are also allowed to apply*. Fresher, working professionals in life/general insurance sector can join this course to upgrade their professional qualifications, knowledge and for career advancement [* subject to their passing the examination].
Fees for the course	Rs.45,375/-
Cash Award Prize Scheme	Rs.15,000/- for the best performing candidate of III-PGDIM
Contact Email id	pgdim@iii.org.in