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INSURANCE INSTITUTE OF INDIA
कॉलेज ऑफ इन्श्योरेन्स
COLLEGE OF INSURANCE

INSUNEWS - WEEKLY E-NEWSLETTER

8TH – 14TH APRIL 2023

QUOTE OF THE WEEK

"Life is a series of natural and spontaneous changes. Don't resist them - that only creates sorrow. Let reality be reality. Let things flow naturally forward in whatever way they like.." -

LAO TZU

Insurance Term for the Week

OVERLAPPING INSURANCE

Overlapping insurance can benefit both the insurer and the policyholder. The reason is because if a claim is filed for a peril covered by multiple policies, one insurer may not have to pay the full amount.

It could be split between the different insurers, or it could even be the full responsibility of one insurer. The policyholder benefits because they have multiple sources of insurance coverage for a peril. This could be especially helpful if one insurer suddenly goes bankrupt, for instance.

INSIDE THE ISSUE

Empanelment of Content Writers

Insurance Institute of India intends to empanel insurance professionals who can develop academic content on the various facets of Insurance i.e. Life Insurance, General Insurance (Fire, Marine, Miscellaneous, Engineering, Liability, Health Insurance, Reinsurance, Risk Management, and Actuarial Science).

Experience
The person desirous of getting empanelled should have reasonable experience (minimum 15 years) of working for any insurance company / allied industry in the domain of Insurance.

Requirement
He / She should have good writing skills either in English / Hindi.

Please submit your resume in the below format and send it to ctd@iii.org.in

You will be suitably compensated for your contributions as per the III rules.

Empanelment of Content Writers			
Name			
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Email id			
Mobile No.			
Office Tel No.			
Residence Tel No.			
Education Qualifications			
Professional Qualifications			
Brief Profile			
Area of Interest			
Languages Known	**Read Fair/Good/Excellent**	**Write Fair/Good/Excellent**	**Speak Fair/Good/Excellent**

Campus Interview

We are happy to inform all our members and stakeholders that a Mumbai-based technology company has reached out to us for campus recruitment with domain knowledge in insurance. The campus interview was conducted at III BKC Campus on 11 April 2023. A new initiative by the Institute focuses on providing members with opportunities for career growth. This activity was conducted on a pilot basis to provide employment opportunities to the members of the Institute.

INSURANCE INDUSTRY

Commission caps gone, insurers to face more competition – The Economic Times – 14th April 2023

The recent move to abolish the commission cap by the insurance regulator has intensified competition among insurers, particularly unlisted players keen to wrest market share. Many banks are being offered double the commission as legal caps on commission payments have been lifted, said several insurance executives. Before this change, insurance companies were bound by a cap on commissions, with a limit of 35 percent and another 35 percent on the OverRide Commission (ORC). This had led to many queries revolving around ORCs and compliance with Goods and Services Tax (GST) norms. "With the recent regulatory change, ORCs are now legal, and companies that were run by banks and compliant with GST norms are expected to see an increase in commissions," an insurance executive said.

The replacement of regulator-dictated commission caps with a board-approved commission policy, which came into force on April 1, 2023, has abolished the separate cap on commission across life, general, and health insurers. Instead, it has prescribed an overall Expense of Management (EoM) cap of 30 percent for general insurance and 35 percent for health insurance, while allowing companies to have a board-approved commission payment policy. By changing the rules, the insurance regulator wants to move away from micromanaging and provide flexibility. While some insurance companies have been known to pay significantly inflated commissions to banks and agencies by several means like supplying them with office staff to sell insurance policies or pay for advertising, the new rules will make payouts simple. "Insurers were pursuing rapid growth and willing to offer high commissions. With this change, the regulator has shifted the responsibility to manage commission structures to the insurance companies, instead of micromanaging them," a source said.

General insurance companies plan to revamp their commission structure for motor original equipment manufacturers (OEMs) and retail health intermediaries, the sources said. Previously, they were paying a commission of 19.5 percent for motor own damage, and a total of 42 percent after adding ORCs, said the sources. To secure third-party motor insurance business, insurers were paying as high as 35 percent in commission including ORCs, exceeding the prescribed limit of 2.5 percent. For instance, commissions for school buses were reaching as high as 60-65 percent, far beyond the allowed limit, the sources said.

Similarly, for the retail health business, another rapidly growing and profitable segment, insurers were paying commissions ranging from 40-45 percent, surpassing the prescribed limit of 19.5 percent. While the removal of explicit commission caps, IRDAI aims to bring transparency to payouts to distributors, and larger institutional distribution channels such as banks, NBFCs, and brokers who are likely to see increased payouts. With the board of most insurance companies likely to meet over the next few weeks to design the new commission payment structure, it will be known whether insurers alter payouts significantly or stick to profitability.

(The writer is Shilpy Sinha.)

TOP

India's burgeoning InsurTech sector - Financial Express – 14th April 2023

The insurance industry has undergone massive transformations in the last few years. An industry that was branch-led since its foundation shifted its focus towards technology and introduced better distribution, new products, use of emerging technologies, while navigating through rapidly changing regulations. The developments have opened new avenues for growth and have been helping insurance reach out to consumers in a decentralised way. Both IRDAI and the industry are determined to achieve India's mission of "Insurance for all by 2047."

The industry is jointly trying to address the challenges in insurance, and technology is being equipped as the key means for mitigating these challenges. Technology in insurance has witnessed a surge after the pandemic, which has been a blessing in disguise. Both insurance players and consumers have realised the value of contactless and paperless insurance and the reach that digital channels have.

New products, digital channels, distribution processes, and newer ways of risk evaluation have been introduced in the industry to make insurance seamless. These have reduced the turnaround time substantially and increased outreach to consumers in smaller towns and cities. More and more players are now using the man-machine collaboration, ensuring more value to consumers and other stakeholders.

Consumer behaviour is another key factor pushing the fast growth in InsurTech. Especially after the pandemic, consumers have realised the value of insurance, and therefore, there has been a huge demand for life, motor, and health insurance products. The industry is jointly catering to consumer expectations and, most importantly, making insurance reach India 2 and India 3 that live in smaller cities and remote districts. Consumer affluence is also undergoing a major shift, especially in Tier 2 cities and beyond, which will further push InsurTech to come up with more innovations.

In the past two years, India has witnessed growth in InsurTech landscape with the emergence of new consumer segments (in Tier 2/3 cities and beyond, growth in women consumers, corporate insurance growth across SMEs); data and analytics emerging as core capabilities, creating data around consumer behaviour and experience; driving operational efficiencies; and the emergence of National Health Stack (creating a data bank for health insurance in the country).

InsurTech companies that were established with the concept of paperless/ contactless processes using technology, made optimum use of their models during and after the pandemic. For example, InsurTech company RenewBuy increased its consumer outreach by two times, increased their workforce by almost 40%, expanded their footprint from 500 to 800+ districts, towns, and cities, and doubled the insurance advisor network in the last 2-3 years. The company used technology as its core, from guiding consumers to providing the most suitable insurance policy, insurance servicing, and claim settlements. Almost 75-80% of the company's business originates from the country's semi-urban and smaller towns and districts.

As per the India Fintech Report 2022, artificial Intelligence (AI), machine learning (ML), internet of things (IoT), automated claims, e-commerce insurance marketplaces, web aggregations, and software/white label/application programming interfaces (APIs) are growing at fast pace in the country. Embedded insurance using technology will drive significant consumer growth in the coming times. Companies like Digit Insurance, Artivatic. AI, Mantra Labs, to name a few, are making optimum use of these technologies. To give another example, Artivatic.AI, a deep tech (InsurTech) company, offers ML and AI-based algorithms to both insurers and consumers. It has been providing risk-based personalised automated solutions which cater to underwriting claims, risk and fraud intelligence, embedded distribution, and sales intelligence across the insurance value chain.

In terms of funding, India has shown a very strong momentum as funding doubled in the last two years in the InsurTech space. Unicorns were built post-pandemic. Funding in InsurTech, has grown at a CAGR of 34% from FY 20. Almost $800 million was raised in equity funding in 2021, which is more than the funding amounts, combined in 2019 and 2020. Though the funding market is globally impacted due to global economic and geo-political disturbances, the funding in the Indian InsurTech space is expected to pick up impetus in the coming months.

To survive the InsurTech game, incumbents must keep adapting their business models to newer technologies. Applied AI, well-connected digital infrastructure, next-level automation, and trust architecture need to be on the move to connect insurance companies with consumers. Cybersecurity also needs to be taken care of by the industry to ensure end-to-end data protection. Indian insurance is clearly in the limelight. Compared to the Global InsurTech market, the industry is poised to grow faster in the coming years.

(The writer is Vaibhav Mishra.)

TOP

The role of hybrid cloud architecture in insurance - Express Computer – 12th April 2023

The Indian insurance sector, though still an underpenetrated market, is poised to reach an impressive market size of $222 billion by 2026, driven largely by a growing middle-class population. Effective use of technology will be a critical factor in helping insurers expand, helping them to meet evolving consumer needs and ensure proper customer service.

That said, many insurance firms in India and across the globe are still using outdated legacy systems to manage aspects of their operations, including policy administration, claims management, and customer service. This reliance on outdated systems and technologies can make it difficult for insurers to keep pace with the rapid changes in technology and compete effectively in the market. Additionally, upgrading and integrating these systems effectively and ensuring seamless collaboration with third-party systems is a major challenge, requiring significant investments in both technology and resources.

While multiple industries are using the public cloud to migrate from legacy systems, this can be challenging for Indian insurance firms as they are subject to a variety of regulations that require them to protect customer data and store it within the country. Public cloud providers may not be able to meet the specific compliance requirements of insurance firms, which can lead to regulatory penalties and damage to a company's reputation. Additionally, insurance firms often use multiple systems and applications, making it difficult to integrate data and processes. Public cloud providers may not be able to support the specific integration needs of insurance firms, which can lead to inefficiencies and reduced productivity. Hence, while public cloud computing offers benefits for insurance firms, it also comes with certain challenges and risks that need to be considered.

The advantages of hybrid cloud architecture

A hybrid cloud combines public and private cloud components with on-premises infrastructure to build a single, secure, flexible, and optimal IT infrastructure. Hybrid cloud architecture is becoming increasingly important in the insurance sector, as it provides a flexible and scalable solution for managing complex IT environments. The benefits of hybrid cloud architecture include:

¬ Phased Migration: Legacy systems often contain a large amount of critical data that must be carefully migrated to new systems. A hybrid cloud architecture provides a phased approach for migrating from legacy systems, allowing insurance firms to move critical data and applications incrementally to the cloud while maintaining their existing systems. This approach minimises the risk of data loss or disruption to operations and allows insurance firms to evaluate new systems and processes before fully implemented.

¬ Cost Savings: Legacy systems are often expensive to maintain, and their aging technology can lead to increased costs and reduced efficiency. By migrating to a hybrid cloud architecture, insurance firms can reduce their IT costs and improve their overall efficiency, as cloud-based systems are often more cost-effective and easier to manage.

¬ Improved Scalability: Legacy systems can be limited in terms of their scalability, making it difficult for insurance firms to respond quickly to changes in demand for their services. A hybrid cloud architecture provides insurance firms with the scalability they need to meet changing business needs, as it allows them to expand or contract their IT resources quickly and easily.

¬ Increased Agility: Legacy systems can be slow and cumbersome, making it difficult for insurance firms to respond quickly to new business opportunities or changing market conditions. By migrating to a hybrid cloud architecture, insurance firms can improve their agility and speed of decision-making, enabling them to access and analyse data quickly and easily.

¬ Enhanced Security: Legacy systems can be vulnerable to security breaches, which can result in the loss of critical data and a loss of trust with customers. Hybrid cloud architecture provides enhanced security for insurance firms, as it allows them to store sensitive data in a private cloud, where it receives protection from cyber threats, while non-sensitive data can be stored and processed in a public cloud.

Migrating from legacy systems to a hybrid cloud architecture can provide insurance firms with the benefits of cloud computing, including improved scalability, cost savings, increased agility, and enhanced security. By taking advantage of the benefits of hybrid cloud architecture, insurance firms can remain competitive in a rapidly changing market and provide their customers with the services they need to succeed.

(The writer is Prateek Vijayvergia.)

TOP

Will policyholders benefit from IRDAI's nudge on 'direct plans'? – Moneycontrol – 12th April 2023

The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurers recently to disclose to policyholders the probable discounts on premiums, if those policy sales do not involve agents, and, therefore, commissions. Since no commission is to be paid, the savings on such policies, available directly on an insurance company's website, can be passed on to policyholders as lower premiums. "Every insurer shall have a well-documented policy approved by its board on an annual basis, which shall, at the minimum, specify the measures to bring cost- effectiveness in the conduct of business and reduction of expenses of management (EoM) on an annual basis, manner of transfer of benefits arising from reduction of expenses and/or from directly sourced business to the policyholders by way of reduction in premium," says IRDAI's notification on EoM caps for life, general and health insurance companies.

(The writer is Preeti Kulkarni.)

TOP

Govt to nudge PSBs to increase enrolments of its insurance schemes – Business Standard – 11th April 2023

The government is likely to nudge public sector banks (PSBs), which have a good foothold in rural India, to increase number of beneficiaries under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) to 150 million and 350 million respectively. Currently, active enrolments under PMJJBY and PMSBY stand at 83 million and 239 million, respectively, and claims of about Rs 15,500 crore have been paid under both schemes. The department of financial services (DFS) -- which comes under the Union finance ministry -- has called a meeting of the managing directors (MD) & chief executive officers (CEOs) of public sector banks (PSBs) along with CEO, National Payments Corporation of India (NPCI) on April 13 to review progress under financial inclusion and social security schemes. The Union finance ministry has also launched a three-month campaign to achieve saturation under these two insurance schemes. The Thursday meeting, to be chaired by DFS secretary Vivek Joshi, will be pushing PSBs to achieve saturation under PMJJBY and PMSBY, official sources said.

(The writer is Nikesh Singh.)

TOP

Disguised payouts: Banks, insurers face GST notices – The Times of India – 11th April 2023

The goods and service tax (GST) authorities are set to issue show-cause notices to 29 insurance companies, a leading private bank, around five non-banking financial companies (NBFCs), and over 100 vendors. These entities were involved in paying for fictitious services to enable the insurers to pay a bank commission that was more than permitted under law. An insurance company, which is part of the same group as a leading private bank, paid a significantly inflated commission to the bank by supplying them with office staff to sell their insurance policies to loan borrowers. The insurance company outsourced the management of payroll and manpower to a multinational company (MNC) and deployed them at various offices of the bank.

Another 28 private insurers are under investigation by the GST authorities for availing fraudulent input tax credit (ITC) for excess commission payments to finance companies for fictitious services by supplying manpower or by paying in kind. As against the permitted 15 percent commission, insurers have paid up to 70 percent of the first-year premium under various heads. The insurance company paid for the manpower utilised by the distributor but claimed ITC.

During the investigation, the insurance companies voluntarily paid Rs 800 crore of the fraudulently claimed ITC, but the GST authorities are continuing with the investigation as it is expected that the amount involved could be a couple of thousand crores. The income tax department is also investigating these companies in an over Rs 13,000-crore tax-evasion case. According to a GST official, a lender can exert influence over borrowers while extending consumer, auto or home loans and push insurance policies. Insurers therefore compete among themselves in paying higher commission to the finance companies to push their products. The modus operandi for paying higher commission was for the insurer to hire people from staffing MNCs, but these hired staff would work for the banks and NBFCs (see graphic).

(The writer is Vijay V Singh.)

TOP

Criticality of consumer experience in the insurance segment – The Economic Times – 9th April 2023

Having a strong customer experience can help ensure that a brand is well-equipped to weather any storm that comes its way. It streamlines the brand-customer journey which helps in retaining the customers long-term, increasing the customer base and building brand loyalty. Prioritizing customer experience has proven to be a wise move for companies, as it leads to about a 40 percent decrease in customer churn compared to those who neglect it. Additionally, businesses that consistently enhance their customer experience by offering personalized services alongside their core product are more likely to retain their customers and generate positive word-of-mouth.

With the emergence of Insurtechs, customer experience is now playing a crucial role in growing business while reducing the complexities involved in operations and compliances. Through digitisation, customized solutions cater to the unique needs of each customer that elevates the holistic customer experience while making the buying process smoother. Furthermore, it is also providing proactive and transparent support to customers at various steps, such as claim settlements and policy updates.

Insurtech companies are transforming the way insurance has penetrated various industries including travel, health, logistics, appliances, vehicles, and financial services. Therefore lately, both startups and industry leaders are incorporating insurance into the current customer journey as an add-on or complementary service to elevate the overall customer experience. This industry shift of adapting technology is not only benefiting businesses, but it is also revolutionizing the way businesses interact with their customers by bringing them to the forefront.

Omni-stack solutions are empowering non-insurance companies as well to distribute customized insurance plans which helps in reducing customer churn while providing a seamless experience. Embedding insurance via API integration can provide easy cross-sell opportunities and lower operational costs by up to 25%. Thus, customers gain access to relevant plans at a lower premium with end-to-end digital distribution channels.

The insurance industry is uplifting customer experience through an omnichannel strategy with an integrated technology stack and data infrastructure. This approach allows for cross-channel tracking and reporting, providing businesses with a deeper understanding of insurance adoption as an add-on service. With the help of data analytics, artificial intelligence (AI), machine learning (ML), and data encryption, not only helps to predict the customer buying behaviour but also enables customized offerings that make the customer journey more effective and increase the relevancy of the insurance being offered. By leveraging these advanced technologies, Insurtechs are revolutionizing the insurance industry and setting new leads to uplift the customer experience.

Insurance after-sales services are also undergoing a digital transformation to create a holistic embedded solution to support customers in the long run. One example is the introduction of portals that simplify the claim-filing process by eliminating the need for customers to submit piles of documents, resulting in faster turnaround times. Real-time tracking and 24/7 customer support on WhatsApp are also being implemented to make the process more transparent and user-friendly for customers, ultimately leading to an increase in trust. As a consequence, the insurance industry is becoming more customer-centric and providing better overall experiences for its customers.

Conclusion
In terms of customer experience, Insurtechs are transforming the linear sequence of standardized touchpoints to omnichannel while digitizing and streamlining the insurance process for both insurers and customers by effectively offloading the complications. This results in a win-win situation for all parties involved, as integrating technology can elevate the customer experience while providing safety from malicious activities to customers. By embracing technology and prioritizing customer experience, the insurance industry is continuously becoming more accessible and convenient for users.

(The writer is Vikul Goyal.)

TOP

INSURANCE REGULATION

20 applications for insurance firms in pipeline: Panda – Financial Express – 13th April 2023

The Insurance Regulatory and Development Authority of India (Irdai) has received 20 new applications for setting up life insurance and general insurance operations, chairman Debasish Panda said on Wednesday. Three new insurance companies that have registered with Irdai — two in the life insurance space and one in general insurance. Another 20-odd applications are in the process," Panda said. Panda was speaking at the Federation of Indian Chamber of Commerce and Industry's annual insurance conference, 'Winds of Reform'. On March 31, the insurance regulator gave licences to CreditAccess Life Insurance Co and Acko Life Insurance Co to carry out life insurance business. Kshema General Insurance has recently been given a licence to carry out general insurance business.

The last general insurance company to have received an approval was in 2017, and the last life insurer in 2011. As of February, total premium of the insurance industry hit Rs 10 trillion in 2022-23 (April-March) and assets under management of Rs 59 trillion, Panda said. Going ahead, Irdai chairman expects the sector to grow by around Rs 5 trillion in the next few years with an increase in penetration of insurance products. "The new insurance regulations are making it more attractive for investors and promoters. I would also like to ask insurance companies to bring in more capital at a much faster pace," he said.

Panda acknowledged that the insurance sector now looks more competitive form the perspective of return on investment and return on equity, and that the industry is seeing some merger activities. Irdai recently approved new rules on the payment of commission to insurance agents or insurance intermediaries by insurers. It replaced the earlier individual cap on commission payments on insurance products with an overall cap on expenses of management of insurers. The move sought to provide more autonomy to insurance companies for managing expenses. Separately, Panda urged insurers to engage with the Insurance Information Bureau (IIB) to mitigate issues related to business operations. "We have reached a point where we have to fulfil demands of insurance companies in terms of fraud mitigation, underwriting and claim processing and I urge insurers to engage with IIB more closely." He emphasised the need to develop more product solutions to the underinsured segment. He urged insurers to partner with insurance technology companies to develop customised products that cater to specific customer segments and geographic areas. The regulator had notified the Irdai Regulatory Sandbox Regulations in 2019 with an aim to facilitate innovation in products and solutions proposed to be offered by insurance companies.

(The writer is Ajay Ramanathan.)

TOP

Report on health cover for 'missing middle' soon: Irdai – The Times of India – 13th April 2023

The Insurance Regulatory and Development Authority of India (Irdai) has said it will soon come out with its report on covering the 'missing middle' in the country under health insurance. The regulator has asked the industry to be prepared to move quickly with insurance solutions required for this segment. The 'missing middle' in the insurance industry refers to the 40-50 crore people who are neither covered under the government's social schemes providing health insurance nor do they have employers' or private health insurance.

"A large section of the population — the missing middle — still has no coverage under health insurance. What the insurance solutions are is something that we need to work out. We have already appointed a committee which is working quickly, you should work out your strategy," said IRDAI chairman Debasish Panda. He was addressing insurance companies at FICCI's 22nd annual insurance conference in Mumbai.

Speaking at the event, HDFC Ergo MD & CEO Ritesh Kumar said there was an opportunity for insurers to extend health insurance with OPD (outdoor patient department) cover. He said the challenges were the 18% goods and services tax (GST) on the premium and the huge volumes that would be generated. "OPD covers will have to work on networks and cashlessly," he said.

According to GIC Re chairman & MD Devesh Srivastava, the need is to have simple, flexible products that can be expanded as the requirement and the purchasing power of the policyholder increases. "When you are young, you do not need health insurance, and old age itself is a disease," said Srivastava. United India Insurance CMD Satyajit Tripathy said it were the government schemes that drove insurance penetration in rural areas.

TOP

'Insurance for All' not just slogan but call to action, leverage SHGs to reach last mile: IRDAI chief – The Economic Times – 12th April 2023

Debashish Panda, Chairman, Insurance Regulatory and Development Authority of India (IRDAI) said that the risk we face daily is numerable and insurance cover still remains a privilege, accessed by few and not all.

"We still need to cover a large population, who are underinsured or uninsured to relieve them from the financial uncertainty, as insurance provides a safety net. We should leverage self-help groups (SHGs) to reach these groups of people, to reach the last mile," said Panda in an event on Wednesday.

He asserted that insurance companies need to connect to the last mile with the help of intermediaries and agents.

"We need to connect to the last mile and who can help us do that is — Entire set of intermediaries, agents. Even if you can't sell a product, reach the last mile and spread the awareness, as it is the first step. Self-Help groups, NGOs, Anganmati workers and a whole lot of government channels are there through which we can spread message and reach the last mile," he said.

The IRDAI chairman further highlighted that the the insurance sector today looks very competitive in terms of return on investments and return on investments and return on equity and also in terms of mergers and acquisition. He further stated that he expects the insurance industry to further create products that are accessible and also affordable to customers.

"We need more players, capital, products, innovation, distribution channels, etc. Opportunities are huge and it's high time that we tap them. Today's India is digital India, so one approach that can be very effective is the use of technology," he said.

He said that we should have more digital insurance units for financial inclusion.

Insurance For All — A 'Call to Action'
Panda highlighted that 'Insurance for All has an upper limit of 2047 but India can reach it way before 2047.

The IRDAI Chairman said that 'Insurance for All' is not just a slogan but a call to action. Companies need to have a whitepaper with a concrete plan on how to go about insurance for all before 2047.

"Insurance for All is not just a slogan but a call to action. Access to insurance should be as easy as buying a packet of milk," Panda stated.

He asserted that companies should strategise and plan to reach the last mile and also use State government resources to reach them. He said that insurance companies should focus on villages and districts now than focusing on large states.

"We need to map and get to each village, district, etc and reach the last mile to achive the desired levels. State Insurance plan becomes the big machinery here. Significant presence of insurance in these areas is required so I request all to plan in a phased manner to reach the last mile, different states, villages and districts.

This will be an investment for resilience of our society. We must deliver what we promise," he said.

Ideal to collaborate with Insurtechs
Panda further asserted that digital platforms can be used to provide insurance products at a lower cost, and thus, Insurance companies today need to further collaborate with insurtechs more.

He believes that insurtechs can help reach last mile with the use of technology and innovate better. "Technology and data are enablers for better underwriting. We have a dedicated core insurtechs team in IRDAI which is working towards making the sector more techno-efficient," he said.

"I would also expect insurers to engage with the Insurance Information Bureau (IIB) more closely to make it a more vibrant body where they actually become the data analytics centr," Panda further added. He highlighted that the regulatory and supervisory regime is something we're moving more from a compliance based approach to a risk based supervision.

"All of this will further help the industry one way in terms of efficient use of capital and help both companies and regulator to have real time profile of risks," Panda stated.

The IRDAI Chairman also informed that 3 companies have recently received insurance licence — two life insurance companies and one general insurance companies.

He said that the last licence was given in 2011 to a life insurance company and after 12 years, in 2023, licence was given to two life insurance companies. For general insurance, last licence was given in 2017 and again now, in 2023. He also highlighted that 20 applications are still in process with the IRDAI.

There is economic resilience despite global headwinds and the IRDAI Chairman believes that this is the right time to increase the pace of deepening the insurance industry.

(The writer is Anushka Sengupta.)

TOP

IRDAI chief asks insurers to augment capital base to support growth – The Hindu Business Line- 12th April 2023

Insurance Regulatory and Development Authority of India (IRDAI) Chairman Debasish Panda has asked insurance companies to augment their capital base in order to support the fast pace of growth expected for the insurance sector. "I would like all of you to go to your boards and think in terms of augmenting your capital, because, going forward, we expect growth will be speedier than before, hence, more capital will have to be pumped into the sector," Panda said at the FICCI Insurance Summit on Wednesday.

"The investment landscape is also being rebuilt to attract more investment through the FDI route. The limit has been enhanced to 74 per cent from 49 per cent. Companies which have a foreign partner should look at this opportunity to bring in more capital and grow even faster than they have been growing." In this regard, the shift to a risk-based capital regime from the current factor-based solvency regime, and the ongoing shift to IFRS (International Financial Reporting Standards) will also help the industry in efficient use of capital and to establish a real-time risk profile.

New applications
Panda said after giving three new licences in FY23, IRDAI is now considering 20 other applications for new insurance companies. The regulator last issued a licence for a new life insurance company in 2011, and for a general insurer in 2017. "In the recent past, three new insurance companies have registered, two life and one general. And 20-odd applications are in process with IRDAI," he said, adding that while earlier, delays were usually at the regulatory end, IRDAI has been nudging a few players who are taking time to file their R2 level applications.

Kshema General Insurance, Credit Access Life Insurance and Acko Life Insurance are the latest companies to receive their licenses. Excluding them, there are 23 life insurers and 33 general insurance players in the country. Renewed interest in the insurance sector has been driven by rising demand, recent regulatory guidelines, and technological advances. Reforms pertaining to registration guidelines, minimum criteria, business compliance and lock-in period have brought clarity, and made it easier for investors to come to the sector and at the same time made the sector "more attractive both from an RoI (return on investment) and RoE (return on equity)" perspective, Panda said.

He also called on insurers to come out with a white paper, with concrete action plans for increasing insurance penetration to achieve the objective of 'Insurance for All' by 2047. The industry has garnered total premium of over Rs 10 lakh crore in FY23 so far, with assets under management at Rs 59 lakh crore, a growth of 16 per cent YoY as of February.

(The writer is Anshika Kayastha.)

TOP

LIFE INSURANCE

What is estate planning and how can life insurance help achieve your goal? – Live Mint – 11th April 2023

"Life is uncertain. Eat dessert first." This humorous quote by American writer Ernestine Ulmer highlights the unpredictability of life and the need to enjoy it to the fullest while we can. While this quote brings a smile to our faces, it also reminds us that we need to be prepared for the unexpected. One way to do so is by including life insurance in our estate planning. In India, estate planning is a topic that is often associated with morbidity and avoided due to superstitions and cultural beliefs, uncomfortable to broach. However, it is essential to understand the importance of estate planning and the role that life insurance can play in ensuring that your assets are distributed according to your wishes and that your loved ones are well taken care of. Contrary to the popular belief, estate planning is not a privilege reserved for the wealthy. It is a process of preparing for the management and distribution of your assets and liabilities in case of your death or incapacity. It is for everyone. Without a proper estate plan, your affairs may be settled by the law, which could result in unwanted consequences for your loved ones, such as higher taxes, legal fees, or disputes.

An important component of estate planning that is often overlooked is life insurance. Life insurance is an important component of estate planning because it provides financial security and liquidity to surviving family members in the event of an unforeseen death. Other assets such as real estate, time deposits, stocks and gold have their advantages, but they cannot replace the financial security and liquidity that life insurance provides. Life insurance ensures that your loved ones receive a substantial payout that can help them maintain their lifestyle and secure their financial future. Life insurance trumps other assets in estate planning due to its liquidity and tax benefits. Unlike real estate, which can come with legal hassles, stamp duties, capital gains tax, and maintenance expenses, insurance payouts are made promptly and without deductions.

Moreover, while FDs, stocks, and gold may attract taxation and market volatility, life insurance policies provide tax savings. Additionally, life insurance policies can protect the estate from creditors and liabilities as only named beneficiaries can receive the payout, whereas other assets can be seized or attached by claimants in the event of a dispute or debt. Furthermore, life insurance can help provide immediate funds to your family members which can be used to replace lost income, cover funeral costs, and pay off any debts. Life insurance plays three main purposes in estate planning. First, it provides death benefits to chosen beneficiaries. Second, it provides liquidity that can be helpful with an estate. Lastly, it allows loved ones to obtain financial support. When you include life insurance in your estate planning, you can rest easy knowing that your loved ones will be well taken care of after your death. So, take the time to review your options, talk to a financial advisor and create a plan that works best for you and your family. The author, Nitin Mehta, Chief Customer Officer and Head of Digital Business at Bharti AXA Life Insurance. Disclaimer: The views and recommendations made above are those of individual analysts or broking companies, and not of Mint.

(The writer is Nitin Mehta.)

TOP

Are Suicidal Deaths Covered By Life Insurance Policies? – Financial Express – 8th April 2023

Suicide is a tragic and complex phenomenon that affects millions of people in India each year. According to the National Crime Records Bureau, there were over 1, 39,000 suicides in India in 2019 alone. Given the high prevalence of suicide, many people may wonder whether suicidal deaths are covered by life insurance policies in India. The answer to this question is not straightforward and depends on several factors, including the terms of the policy, the circumstances surrounding the suicide, and the laws of the state in which the policy was issued.

Terms of the Policy

The first and most important factor that determines whether a suicidal death is covered by a life insurance policy in India is the terms of the policy itself. Life insurance policies are contracts between the policyholder and the insurance company, and the terms of the policy will specify the circumstances under which the policy will pay out a death benefit. Most life insurance policies in India contain a clause that excludes coverage for suicides that occur within a certain period of time after the policy is issued, typically two years. This is known as the suicide exclusion clause and is designed to prevent individuals from taking out a policy with the intention of committing suicide shortly thereafter.

If the suicide occurs within the exclusion period, the policy will generally not pay out a death benefit, and the premiums paid by the policyholder will typically be refunded to the beneficiary. However, if the suicide occurs after the exclusion period ends, the policy will generally pay out the death benefit as specified. It is important to note that the suicide exclusion clause does not apply to deaths resulting from accidental causes, such as drug overdoses or car accidents. In these cases, the policy will generally pay out the death benefit as specified in the policy.

Circumstances Surrounding the Suicide
Another factor that may impact whether a suicidal death is covered by a life insurance policy in India is the circumstances surrounding the suicide. For example, if the policyholder committed suicide while under the influence of drugs or alcohol, the insurance company may argue that the policyholder was not in a sound state of mind and therefore the death benefit should not be paid out. Similarly, if the policyholder committed suicide while engaged in a criminal act, such as robbery or arson, the insurance company may argue that the policyholder was engaging in illegal activity and therefore the death benefit should not be paid out.

It is also worth noting that some policies in India may exclude coverage for suicides that occur while the policyholder is serving in the military or engaged in hazardous activities, such as skydiving or scuba diving. If the policyholder committed suicide while engaged in one of these activities, the insurance company may argue that the death was the result of the policyholder's own actions and therefore the death benefit should not be paid out.

Laws of the State
Finally, the laws of the state in which the life insurance policy was issued may impact whether a suicidal death is covered by the policy in India. Each state in India has its own laws regarding life insurance policies and suicide exclusion clauses. It is important to consult with an experienced insurance provider or advisor to understand the laws and regulations specific to the state in which the policy was issued.

Bottom Line
In conclusion, the topic of whether or not suicidal deaths are covered by life insurance policies is complex and often misunderstood. While it is true that many life insurance policies have a suicide exclusion period, it is important to understand that this exclusion typically only lasts for a limited period of time, after which the policyholder's beneficiaries would be entitled to receive the full death benefit in the event of a suicide. Additionally, there are some types of life insurance policies, such as accidental death and dismemberment policies, that do cover suicides immediately.

However, it is crucial to keep in mind that every life insurance policy is different, and the terms and conditions can vary significantly from one policy to another. Therefore, it is essential to carefully read and understand the terms of any life insurance policy before purchasing it, and to seek the advice of a qualified insurance professional if there are any questions or concerns.

Ultimately, while the question of whether or not suicidal deaths are covered by life insurance policies is a difficult one, it is important to remember that the primary purpose of life insurance is to provide financial protection and peace of mind to loved ones in the event of a tragic loss. By carefully choosing the right life insurance policy and taking steps to ensure that beneficiaries are properly named and informed of the policy's terms and conditions, policyholders can help ensure that their loved ones are taken care of, no matter what the future may hold.

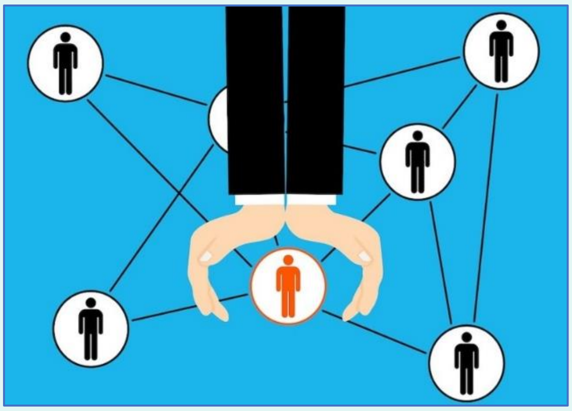
(The writer is Rakesh Goyal.)

TOP

Aligning Ancient Wisdom with Modern Realities: How Life Insurance Can Secure Your Financial Future – Financial Express – 7th April 2023

In olden days, one of the core elements of the "Indian" way of life was the ashram system. Essentially, this principle divided each individual's life journey into 4 different stages or 4 "ashrams". As individuals grew older, they traversed through each stage of life, beginning from Bramhacharya to Grihastha to Vanaprastha and finally the last stage of Sannyasa. Each stage of life came with its duties and responsibilities. For a peaceful, contented life, individuals were expected to fulfil the duty as appropriate for the stage of life that they were in.

In this article we take a look at the role that insurance can play in each "ashram" of life.



Bramhacharya
At this stage of life, the individual is expected to focus on gaining knowledge that will act as a moral and practical guide for all future endeavors. In today's day and age, this can refer to someone who has finished education and has started working. This is what we commonly refer to as the "first jobber" segment. This is the stage when the individual is building a platform for the rest of their life.

To this segment, the primary role that insurance can play is introducing the habit of small savings consistently to be done for the long-term. Secondly, buying a term plan at this stage of life can also be beneficial as at this age, the premiums are affordable and the life cover will be available for as long as the individual wants it for.

Grihastha
As per the ashram system, this is the stage where an individual gets married, starts a family, and gets involved in the duties of a householder. The individual in this stage is expected to focus on their profession, as that helps generate wealth. In turn, the wealth that is created can be used not just for the well-being of the family but also for the betterment of society through charity.

Life insurance addresses the requirements of the Grihastha stage in multiple ways. The householder has various medium to long-term goals. These goals could be of different types such as children's education or a bigger home for self. Depending on the nature of the goal, the long-term savings plans of life insurance are a great option for individuals to evaluate. Not only do these plans provide savings and growth choices as per the individual's risk profile, they also provide life cover which provides financial security to the individual's family. For customers who have taken loans to fund their homes or their children's education, pure-term plans provide the safety net which ensures the financial well-being of the family in the unfortunate event of the death of the primary breadwinner of the family.

Vanaprastha
This is the life stage, where the individual is supposed to focus towards spiritual growth and shifts his/her gaze away from materialistic pursuits. In real terms, shifting the gaze away from materialism can only happen if one is safe in the knowledge that everyday needs will be met and taken care of. This is where insurance can play a role. Annuity products offered by life insurance companies provide a regular income insulated from any kind of volatility for the whole life. Annuity products also offer the joint life option. This feature ensures that in the event of the demise of the primary annuitant, the secondary annuitant continues to receive income for life. The safety net of assured income gives one the space to focus on higher order pursuits.

Sannyasa
The last stage of ashram system talks about the phase of "letting go". In present times, this stage could be equated to that phase when the individual has no further material needs. At this stage, the focus should be on distributing the wealth that one has accumulated through charities or to the next generation. In this context, life insurance can be used as an effective legacy creation instrument for the next generation. One can invest in a savings policy and make the maturity proceeds available to one's children or grandchildren. This ensures effective transfer of one's savings to the next generation and serves as a legacy creation tool.
There is a certain degree of eternal truth to the ashram structure that was followed in olden days. Even today, while these stages may no longer be referred to by their given names, each one of us is going through these stages in our individual life journeys. Whichever stage we may be in, life insurance as a category offers relevant propositions for us to consider as we progress in our life journeys.

(The writer is Amit Palta.)

TOP

GENERAL INSURANCE

'Will replicate the success of motor insurance in health & life': ACKO CEO – The Economic Times – 12th April 2023

Within a few months of beginning its journey in the retail health segment, ACKO has witnessed quite a positive response and the company has already started to scale well, highlighted Sanjeev Srinivasan, MD & CEO, ACKO General Insurance in an exclusive interview. Like in auto, where ACKO has established good customer experience in terms of buying, selling and servicing, while also creating a very good claims network, the same needs to be replicated in the health & life businesses with our technological prowess, wherein every piece of technology used is built in-house, he said. The insurtech's vision is for its customers to have all four-five ACKO products on their app, making it easy for them to manage their protection needs in one place. "Approximately 30 percent of our clients currently own two or more of our products," he added. According to Srinivasan, everyone is already doing their research online; they may be purchasing a little offline, but that is also changing and ACKO wants to be the largest direct to customer (D2C) insurance provider for the digital savvy customers. Edited Excerpts:

How do you plan to make it big in the retail health insurance space?
Our idea is that we want to grow retail health in a meaningful way, similar to how we have grown motor or embedded in the last four to five years. To replicate the success of motor in health we have created a separate company within the company to manage the segment. The health segment at ACKO is set up as a proper strategic business unit (SBU). There is a dedicated technology team that is building the technology for health insurance. There is an 'experience' team which looks after the entire customer experience journey, from deciding, buying to onboarding to renewing etc. For example, ACKO is working with a lot of digital medical help providers who do home visits, provide regular reports to customers, and other policy benefits that allow you to use telemedicine and a network of pharmacies. On the claim side, reimbursements are fully in house and can be filed through the ACKO app with a 12-hour turnaround time, and we also work with leading providers, TPAs, on the cashless side, which is Medi Assist and FHPL.

(The writer is Sheersh Kapoor.)

TOP

Market share of PSU general insurers shrinks 800 bps in 5 years: Irdai – Business Standard – 11th April 2023

The four public sector general insurance companies -- New India Assurance, United India Insurance, Oriental Insurance, and National Insurance Company -- have lost 800 basis points (bps) in market share in last five years to their private counterparts, the data from the Insurance Regulatory and Development Authority (Irdai) revealed.

In 2018-19, the four had a cumulative market share of 40.04 per cent, with New India Assurance having a market share of 14 per cent and United India Insurance with a market share of 9.63 per cent. But, gradually in the past five years, these state-backed firms have lost their market share to private sector players, due to the declining health of their business.

The latest data shows that at the end of FY23, the market share of these firms cumulatively declined to 32.37 per cent -- a drop of 803 bps. Among the four insurers, New India Assurance witnessed a marginal fall in its market share, of just 64 bps, and maintained its position as the country's leading general insurer. The other three, however, witnessed a considerable erosion in their market standing. Kolkata-based National Insurance Company saw the most erosion in market share of over 300 bps, followed by United

India Insurance (276 bps), and Oriental Insurance (171 bps). Except for New India Assurance, the state-owned general insurance firms suffered huge losses and have seen a depletion in their solvency margin, leaving limited room to focus on growth.

According to FY22 disclosures, Oriental Insurance suffered a net loss of Rs 3,104 crore; United India Insurance's loss was to the tune of Rs 2,135 crore and National Insurance Company's losses mounted to Rs 1,664 crore. Among the four state-owned insurers, only New India Assurance reported a net profit of Rs 164.27 crore.

Similarly, the solvency ratios of these three loss-making firms are well below the required solvency margin prescribed by the insurance regulator. According to disclosures, Oriental Insurance's solvency ratio stood at 0.15 per cent at the end of FY22; United India had a solvency ratio of 0.51 per cent, and National Insurance's was just 0.63 per cent. The insurance regulator mandates insurance companies to have a solvency ratio of 1.5.

According to the latest premium figures released by General Insurance Council, the industry registered 16.36 per cent growth in gross direct premia to Rs 2.57 trillion in FY23, against Rs 2.21 trillion in FY22. Premia underwritten by general insurance companies grew 16.20 per cent to Rs 2.15 trillion, while for five standalone health insurers, it increased 25.76 per cent to Rs 26,242.33 crore.

As for the state-run companies, New India Assurance saw a 5.87 per cent increase in premium to Rs 34,487.15 crore. United India Insurance's premium went up by 12.22 per cent to Rs 17,643.32 crore. Similarly, premium for Oriental Insurance and National Insurance rose 13.85 per cent and 15.47 per cent to Rs 15,609.57 crore and Rs 15,155.76 crore, respectively.

(The writer is Subrata Panda.)

TOP

General insurers' premium rises 16 per cent in FY23 – The New Indian Express – 11th April 2023

The general insurance industry registered a solid growth of 16 per cent in the recently concluded the financial year 2022-23 (FY23), driven by strong premium growth in health insurance. The total premium of general insurers reached Rs 2.57 lakh crore at March-end from Rs 2.21 lakh crore, according to the latest figures released by the General Council of India.

The general insurers also recorded double-digit growth in premium income in March as the total premium rose 11.5 per cent last month. The total premium grew to Rs 24,271 crore in March this year compared to Rs 21,767 in the same month last year.

The health insurance sector played a crucial role in boosting the growth of insurers. The total premium of health insurance providers surged by 26 per cent to reach Rs 26,242 crore at the end of March this year from Rs 20,867 crore at the end of March 2022. In the month of March, the premium of health insurers rose 21 per cent to Rs 3428 crore compared to Rs 2,829 crore in the same month last year.

"There is increased demand for health insurance products after COVID-19. The pandemic has created awareness among people about the importance of health insurance, which is boosting the growth of the health insurance sector," a senior official of health insurer told this newspaper.

The premium of ICICI Lombard General Insurance, the largest private player in terms of market share, grew 17 per cent in FY23 but for the month of March, the growth for the insurer stood at 7 per cent. The market share of ICICI Lombard General Insurance stood at 8.18 per cent at the end of March. It was not a good year for New India Assurance, the largest player in general insurance, as its premium grew by just 6 per cent in the last financial year.

Star Health Insurance, the largest player in health insurance in terms of market share, registered a 13 per cent growth in its premium income at Rs 12,951 crore at the end of March this year which stood at Rs11,463 at the end of March last year. In the month of March, its premium grew 11 per cent to Rs 1,819 crore.

Solid growth in premium income
Rs 2.57 lakh cr: Total premium of general insurers by March 2023-end
Rs 2.21 lakh cr: Total premium of general insurers by March 2022-end
26 per cent Growth in premium of health insurers in FY 2023
Rs 26,242 cr: Total premium of health insurers at March 2023 end
Rs 20,867 cr: Total premium of health insurers at March 2022-end

(The writer is Sachin Kumar.)

TOP

Brokers pip agents as top non-life cover distributors – The Times of India – 10th April 2023

Brokers are playing a bigger role in the distribution of non-life insurance in India, with their share of premiums doubling to over 35 percent from 17 percent over the last 10 years. Individual and corporate agents have seen their share of premiums shrink in the same period. The biggest driver of this shift has been motor insurance. Over the years, most auto companies have floated their own insurance broking firms, which enables their dealers to sell insurance policies of multiple companies. Earlier, dealers had corporate agencies.

Online distributors like Policybazaar and Coverfox too have obtained insurance broking licences. With the 2020 amendment of insurance rules, foreign investors are allowed to hold 100 percent in insurance distribution, resulting in significant investment. The increase in brokers' share has implications for the non-life industry in light of the insurance regulator lifting the caps on commissions. Insurers also have lesser control over the distribution as brokers are not affiliated with any company unlike corporate agents. Insurers say that this is a sign of maturing of the industry and will lead to more awareness.

According to recent Irdai data, individual agents, who brought in 36% of the premium a decade ago, now bring just 22%. Individual agents have retained this share because of third-party motor premium and health insurance. Brokers and other institutional distributors focus on comprehensive or 'own damage' cover, which brings in most of the premium, and do not sell standalone third-party covers. If vehicle owners want to buy only the mandatory third-party cover, which is usually the case in old vehicles, they have to turn to individual agents.

In health, individual agents account for 31% of the premium, while overall agents (which includes banks and corporate agents) bring in nearly half the premium. Insurers say that individual health insurance buyers prefer to go through agents, as they expect some hand-holding during claims. At the wholesale end, companies use brokers to buy specialised covers and get help in claim settlement. In some specialised covers, brokers help insurers in drafting policy wording.

There are 562 active insurance brokers, of which 464 are direct brokers, 63 composite (insurance and reinsurance) and five reinsurance brokers. Of the 14.5 lakh recognised point of sales persons, 6.6 lakh are with insurance brokers.

(The writer is Mayur Shetty.)

TOP

90% of exporters with insurance cover are small businesses, says ECGC's Gaurav Anshuman – Financial Express – 9th April 2023

Trade, import and export for MSMEs: Global export scenario in the post-pandemic world has been mired with challenges surrounding the supply chain crisis, geopolitical issues, inflation, looming economic crisis and more. These challenges in hindsight have opened up huge opportunities for developing economies like India to enable their MSMEs with quality manufacturing and export of goods and services to countries impacted maximum by the global economic turmoil. In fact, to boost MSME exports, the MSME ministry in February this year invited online tender for carrying out a six-month study on the MSME sector's exports and how to enhance and diversify its role in the global value chain.

According to the tender document, the MSME sector is faced with several challenges from the aspect of exporting goods and services in the international market such as the lack of awareness around products in demand, export promotion and assistance schemes, legal framework, IPR issues; lack of access to affordable trade finance; low technology adoption leading to poor packaging, quality issues, cumbersome documentation process, etc.

Gaurav Anshuman, DGM and Regional Manager, Northern Region, ECGC in an interaction with FE Aspire explains the size of the opportunity present for Indian MSMEs, the inherent payment risk and how ECGC is backing enterprises to export more.

TOP

HEALTH INSURANCE

Government revises CGHS package rates to retain hospital services – The Times of India – 13th April 2023

The Union health ministry has decided to revise the central government health scheme (CGHS) package rates for all beneficiaries and has also simplified the referral process under it for the benefit of the employees.

Officials said the revision has been done for the first time since 2014 in order to retain hospitals offering the services. Many private hospitals wanted to opt out from the CGHS panel because the rates hadn't been reviewed since 2014.

According to an official statement, OPD rates have been increased to Rs 350 from Rs 150 earlier while IPD consultation fee has been increased from Rs 300 to Rs 350. The daily rate for ICU services have been fixed at Rs 5,400, including accommodation for all ward entitlements. Hospital room rents have also been revised. The rent of a general room has been fixed at Rs 1,500 from Rs 1,000 earlier, a semi-private ward has been increased to Rs 3,000 from Rs 2,000 earlier while the rate of a private room has been increased from Rs 3,000 to RS 4,500.

The move will lead to the government incurring an additional expense ranging from Rs 240 crore to Rs 300 crore. A senior official in the ministry said the government has proposed to initially revise the CGHS package rates of consultation fees, ICU charges and room rent following an examination of demands from stakeholders and taking into consideration the increase in costs of various components of healthcare. The referral process under CGHS has also been simplified.

Earlier the CGHS beneficiary had to visit the CGHS Wellness Centre in person to be referred to a hospital. Now, a CGHS beneficiary can send a representative with the documents to the wellness centre to get referred to a hospital. A medical officer can refer the beneficiary to a hospital after checking the documents. A CGHS beneficiary can also get a referral through a video call. CGHS is the nodal healthcare provider to around 42 lakh central government employees, pensioners and certain other categories of beneficiaries and their dependents enrolled under the scheme.

TOP

Common empanelment platform for hospitals soon: GIC– The Indian Express– 12th April 2023

The General Insurance Council (GIC), the industry body of non-life insurers, is working towards creation of a common empanelment platform for hospitals. The objective of the platform is to make the empanelment process of hospitals smooth and also to increase the share of cashless in the overall insurance claims. "We want to create a platform for common empanelment of hospitals. Today, there are 30 different insurance companies and 30 different platforms. Hospitals have to go through different processes and requirements of insurance companies for empanelment, which has become a pain point," GIC's Executive Committee member S Prakash said on Tuesday.

The platform will be handled by National Health Authority and insurance regulator IRDAI. It will give a common and transparent IT platform, where hospitals can apply for empanelment. Prakash, who is also the managing director of Star Health and Allied Insurance, said the platform will help in reaching a near 100 per cent cashless insurance claims. At present, close to 50-55 per cent of the claims are cashless and the balance is through the reimbursement route. The council is also looking to take actions, including suspension of cashless facilities, on hospitals that are involved in any fraudulent activity for raising health insurance claims, he said. Prakash said the health insurance premium increased to Rs 73,000 crore in FY22 from 2015. It is likely to reach Rs 90,000 crore in FY23.

TOP

Six reasons new insurer can reject you while porting health insurance cover – The Economic Times – 9th April 2023

Porting can fall through if the insurer denies your request for any of the following reasons.

Underwriting risks
Every porting proposal is treated like a fresh policy and subject to underwriting and risk acceptance. So if you have a health condition or pre-existing disease that does not pass the risk threshold of the new insurer, the proposal will be rejected.

Claim history
If you, as an applicant, are in poor health condition and have made several claims in the past few years, your proposal is unlikely to be accepted.

Non-disclosure/ wrong information
People mistakenly think that they don't need to update their medical history during porting as it's not a new policy, just a switch. This can be a reason for rejection if the medical status in the proposal form does not align with the actual condition during a medical check-up. Similarly, if any other information does not align with the actual condition during a medical check-up. Similarly, if any other information does not match with that provided by the previous insurer, the new company can decline it.

Gaps or lapse
If your previous policy has gaps in renewal, or has lapsed, or does so during the process of porting, the new insurer will reject your proposal.

Technicalities
If you do not follow the porting timeline and procedures, such as a delay in initiating porting, failing to provide documents on time, not appearing for medical check-ups, or refusing to take calls, your proposal can be rejected.

High sum insured
If you ask for a very high sum insured compared to your previous policy, the insurer may consider it a sign of increased health risk or impending issues, especially if you have made recent claims, and may reject it.

Age
If the customer does not fall within the age bracket specified in a particular plan, or in case of senior citizens, where the age is above 70 years, the application can be declined. Even if the insurer accepts the porting request, co-payment and loading charges be very high.

TOP

There is a low penetration of health insurance in India – Live Mint – 8th April 2023

It is certainly better to buy health insurance earlier in life rather than waiting until a certain age, says Shashank Chaphekar, Chief Distribution Officer, Manipal Cigna Health Insurance.

In an interview with MintGenie on "World Health Day", Chaphekar said that there is a lack of awareness and understanding among the general public about health insurance being a living benefit product.

Edited Excerpts:
Q. Many people decide ₹10 lakhs as the default health insurance coverage. What factors should one consider before deciding on the right insurance amount?
Before deciding on the right amount of health insurance coverage, choosing the right health insurance expert is equally important, as that will take care of the living benefits of health insurance throughout your and your family's lifetime. So, while determining the appropriate level of health coverage there are a number of factors that should be considered.

First, it is important to consider the current and future healthcare needs of the intended policyholders and their families. It is important to ensure that the coverage is sufficient to cover any possible medical expenses, such as hospitalization and surgery, as well as any other OPD treatments that may be needed.

Second, it is important to consider the cost of living in the area, as well as the cost of medical care in the area. This is because the cost of medical care can often vary depending on the region and type of medical care sought.

Finally, it is also important to consider any pre-existing medical conditions or additional coverage that may require for critical illnesses. By taking into account all of these factors, and the continuously rising medical inflation, one needs to have health coverage of at least ₹10-20 lakhs to meet any form of treatment or hospitalisation costs for major illnesses.

Q. The punchline "Insurance Zaroori Hai" did not resonate with people as "Mutual Funds Sahi Hai". What factors continue to hinder the growth of health insurance in India?
Health insurance in India has grown significantly over the past few years, but there are still many factors that are hindering its growth. One of the biggest factors is the lack of awareness and understanding among the general public that health insurance is a living benefit product. Many people are unaware of the services, benefits, and coverage that health insurance offers, and as a result, they do not see the value of purchasing health insurance.

Another major factor is the low penetration of health insurance in India. However, we are seeing today a change in the mindset of people, and Health Insurance is gradually moving from a 'grudge' purchase to a 'nudge' purchase. Also, the insurance regulator IRDAI wants to boost insurance penetration, and with the mission of "Insurance for all" by 2047, we can see initiatives being taken by the regulator to make this happen.

Therefore, in a relatively uninsured and underinsured market like ours, high out-of-pocket expenditure, increased awareness, rising healthcare costs, higher prevalence of lifestyle diseases and the Government's positive stance on healthcare will further accelerate the growth of health insurance going forward.

Q. Many people buy health insurance only after a certain age and that too mostly for tax benefits. What are your views on the same?
It is certainly better to buy health insurance earlier in life rather than waiting until a certain age, as this can help you avoid the risk of pre-existing medical conditions that could make it harder to get coverage or lead to higher premiums. Additionally, health insurance can provide financial protection in case of unexpected medical expenses, which can be especially important as you get older and face a higher risk of developing health issues.

That being said, it's understandable that many people may not prioritize health insurance until they reach a certain age or have other financial priorities. However, it's important to note that the tax benefits of health insurance should not be the primary reason for buying it.

While tax deductions or exemptions can help reduce your tax liability, they should not be the only factor you consider when choosing a health insurance plan. Also by doing your research and choosing the right health insurance plan that meets your needs, you can help ensure that you and your family have the financial protection you need in case of unexpected health issues, regardless of your age.

Q. Why do most private health insurance companies find it difficult to grow in Tier-2 and Tier-3 cities?
Firstly, there still is a lack of awareness among the people in these cities regarding the importance and benefits of health insurance which may result in low demand for health insurance products.

Secondly, people in Tier-2 and Tier-3 cities have lower income levels compared to those in Tier-1 cities. This may make health insurance products relatively expensive for them, thereby reducing the affordability of these products.

Thirdly, private health insurance companies may face challenges in setting up a robust distribution network in these cities. However, the transition to a more digital world is making it possible for insurers to reach those far and near, across Tier-2 and Tier-3 cities as well.

In the coming years, with the greater penetration of health insurance in Tier 2 and Tier 3 towns, and with IRDAI's 'Bima Vahak' and 'Bima Vistaar' initiatives to enhance the insurance distribution force, we strongly believe that the health insurance sector will continue to grow in the times to come in India's rural population. But insurers need to make health insurance far more sustainable for the overall ecosystem and relevant for the customers.

Q. What should one keep in mind for a smooth claim settlement?
Before buying a health insurance plan, firstly one should definitely make an honest declaration of their health status so that there are no challenges during the claim process. It is also important to be aware of what is covered in the health insurance policy and what is not covered in order to avoid any future hassles for reimbursement or cashless claims.

Thus, in order to ensure a smooth claim settlement, it is important to make sure to have all of the necessary documents and information readily available, such as medical reports, claim documents, policy numbers, contact information, and a detailed description of the incident.

Keeping the insurance documents handy will result in a smoother process and get the claims settled faster. Hence, following these tips can certainly help ensure that the claim is settled in a timely and satisfactory manner, however, the time limit for claim settlement may vary from insurer to insurer.

(The writer is Abeer Ray.)

TOP

Make most of your health insurance cover for a healthy lifestyle – Outlook India – 7th April 2023

World Health Organization (WHO), the UN body responsible for public health globally, observes 'World Health Day' on April 7 every year, the day it was founded in Geneva, Switzerland, in 1948.

The theme for this year's World Health Day is 'Health for All', and for good reason too. In this fast-paced lifestyle of today, this day comes as a good reminder not to ignore health. When your health is down, it will invariably drain your wealth too. Also, the Covid-19 pandemic showed the world the importance of immunity and overall health, and how day-to-day habits, which if you do not pay attention to, can considerably affect your health and finances.

But don't worry. There are ample ways to save on your health expenses, and inculcate healthy habits, and through your health policy itself. Here's how to make the most of your health policy this day. uy Health Insurance: Health insurance is the first thing you should get to save yourself from unexpected medical expenses. Despite being in good health, in case one has to visit the doctors, or gets hospitalised, the costly treatment these days can make a hole in your pocket.

Getting health insurance at a young age can save you a considerable sum of money because the premiums are low at a younger age. But that's not all. Maintaining good health will fetch you additional benefits on your health policy, too. In September 2020, the Insurance Regulatory and Development Authority of India (Irdai), issued guidelines for including wellness and preventive features in health insurance plans by the insurers. These wellness benefits come in various forms and are offered to the policyholder as an incentive to stay fit.

Personal Coach: Some insurers provide wellness coach services where they offer personalised guidance, such as a diet chart, and exercise regime, and based on your health, also suggest measures. If you follow the regime and stay healthy, you get reward points. With this additional service on your policy, you need not go to a gym, or seek help from a dietician. This way, you also save on money. Reward Points: Some health insurance companies offer reward points for maintaining the health criteria of your plan. You may use these points to get discounts on medical check-ups and related bills in the insurance companies' network group of hospitals and facilities, and save money.

Discounted Premium: Besides getting the perks for staying fit, some insurers offer monetary benefits in terms of premiums. If you do not make a claim in a year, they reduce the premium. This is a direct cash benefit to the policyholder if they renew the policy from the same company.

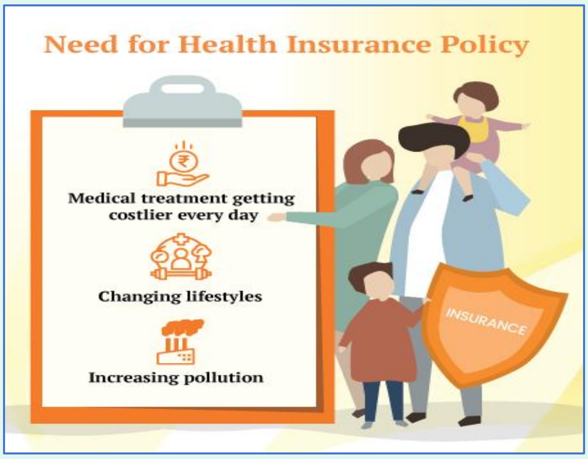
Higher Sum Assured: Another wellness benefit is the higher sum assured for the policyholder who does not make the claim in a year. Every year, the premium amount remains the same, but the sum assured increases if no claim is made. This works as a motivator for the insured to renew the policy. Over the years, it helps in saving lots of money on premiums for a higher sum assured.

Saving money on health insurance is important, but staying in good health should be the aim for the simple reason of not getting into the hassles of visiting doctors, and spending thousands of rupees on medication.

These measures could include exercising regularly, paying attention to dietary habits, ensuring necessary water intake, and keeping around the health conscious and fit to remain in good health and thus save a fortune in the long run. Health is wealth, and April 7, 2023, the 75th anniversary of the WHO might just be a good way to start your personal health journey.

TOP

Understanding the importance of Health Insurance to safeguard your future – The Economic Times – 7th April 2023



World Health Day, is observed every year on April 07, by the World Health Organization (WHO) which gives us an opportunity to reflect on various healthcare related issues, helping draw significant attention to many areas that need attention. It helps in raising awareness about important health issues and encourages individuals, organizations, and governments to take action to improve global health.

In the current times, awareness towards healthy living and maintaining a healthy lifestyle has increased. People are undertaking various measures and taking steps towards a holistic and healthy life. They are making lifestyle choices bearing their and their family's health in mind. Despite these measures, health emergencies might arise unannounced. In the face of such unforeseen circumstances, one must be prepared with the security of health insurance to protect their finances and focus on the best health care facilities available.

Health insurance removes the need to dip into your savings, helping you to protect your financial liquidity, thus making it an essential part of your financial planning. With rising medical costs, not having a health insurance policy can place a considerable financial burden on your pockets. Health insurance also comes with the added benefit of tax savings.

The key to maximizing the benefit of health insurance is to do a thorough research, as various kinds of health insurance plans are available in the market. Individuals must take the time to understand their likely medical expenditures in the coming years and choose a suitable policy that covers them.

There are various kinds of health insurance policy that one can consider depending on you and your family's requirement. While many are covered through a corporate policy, it may not be comprehensive or cover every aspect of healthcare and treatment. Hence, it is always advisable to have a comprehensive health insurance for a seamless treatment process. Buying the health insurance coverage early in life is a wise choice since it provides you security right from the beginning and can lead to significant savings on premiums.

Health insurance can be purchased for self through an individual policy and for the family as well through a family floater. Certain health insurance policies also cover critical illnesses, some of which require continued treatment even post hospitalization. In this situation, choosing a critical illness is initially diagnosed, the coverage offers a lump sum payment. There are two choices: a stand-alone critical illness policy or the addition of a critical illness rider to your health insurance plan.

When opting for a comprehensive health insurance policy, ensure that the plan you select must have an adequate sum insured, review the coverage provided, as well as the network of hospitals with which your insurer has a tie-up. Additionally, along with the base policy consider the add-ons available such as daycare procedures, pre- and post-hospitalization services, and options to backup and recharge depleted health covers.

Some other factors to be considered are inclusion and exclusion of certain illnesses, ambulance cover, free-medical checkups, and out-of-pocket options. In case you are already covered under a basic health policy, consider the possibility of purchasing a top up cover which will trigger once the sum insured under the primary policy is exhausted. This is an extremely cost-effective way of ensuring that you have optimum medical coverage.

Taking care of your health and safeguarding it should not be an afterthought. This World Health Day, let us choose a healthy lifestyle and be prepared for any kind of health emergencies.

(The writer is Shreeraj Deshpande.)

TOP

Policybazaar Data Shows 87 Percent Increase in Customers Opting for Pre-Existing Disease – Live Mint – 7th April 2023

Policybazaar consumer insights shows an 87 per cent surge in the share of customers opting for pre-existing diseases coverage in March quarter of FY23 as compared to the corresponding quarter last year. The insights reveal that while Q4 FY22 saw only 17 per cent of customers buying coverage for pre-existing conditions, the number has now doubled to 32 per cent this year. Policybazaar data is based on the records of over 1 lakh health insurance customers during the period stated.

Non-metros lead the way

The findings showed that non-metro cities in India have a higher level of awareness when it comes to health insurance coverage. The data shows a 41% increase in customers from tier-2 cities and a 37% increase in customers from tier-3 cities, in contrast to a 24% increase in tier-1 cities. This trend indicates improved access to protection products, through online financial services.

Rise of multi-year policies

The share of multi-year policies in the overall pie has increased from 24% to 68%, with 42% of customers willing to pay upfront for 3 years. The primary reason behind this shift is the average 17% hike in premiums of popular plans by insurance companies. Consumers are looking for long-term protection from medical inflation and are willing to pay upfront to avoid future financial strain.

High-sum insured policies in demand

The data also shows a steep rise of 56% in the number of customers opting for a cover higher than ₹5 lakhs. In contrast, the number of customers opting for a sum insured of less than ₹5 lakhs has seen a sharp decline of 36%. This trend reflects a growing understanding among consumers of the importance of being adequately equipped with a higher sum insured, given the rise in critical illnesses and large hospitalization expenses.

Top features in demand

Consumers are also looking for riders that offer higher cover amounts and coverage for annual health check-ups and outpatient department (OPD) expenses. Around 60% of customers are looking for an annual health check-up feature in their policies, indicating a growing inclination towards preventive healthcare. The demand for wellness benefits, wherein customers are entitled to discounts or benefits upon renewal for meeting the fitness criteria in their policy, is also high. As many as 45% of customers look for wellness benefits, showcasing a growing consumer awareness of new-age features in health insurance products.

Other features that emerged as popular choices in the findings were locking premium as per age, 7x higher sum assured, unlimited restoration benefit, and low or no waiting period for senior citizens. These innovative features make health insurance plans more flexible and customizable to suit changing consumer needs.

TOP

Govt extends ESI scheme in 610 districts across the country – Live Mint – 7th April 2023

The government on Thursday said the Employees' State Insurance (ESI) scheme has been extended in 610 districts across the country which includes 492 fully covered and 118 partially covered districts under the scheme. In a written reply to the Rajya Sabha, Minister of State for Labour and Employment Rameswar Teli said the government on March 31, 2023, notified the ESI scheme in all the States and Union Territories, except in the Union Territory of Lakshadweep.

Out of the 744 districts of the country, the ESI scheme is extended to 610 districts, which include 492 fully covered and 118 partially covered districts under the scheme, the minister added. At present, there are 160 ESI hospitals across the country, out of which 51 hospitals are run by ESI Corporation directly and State Governments run 109 hospitals under the ESI scheme, the Labour and Employment ministry said in a statement.

"Apart from the ESI beneficiaries, other patients can also avail medical services from the underutilised hospitals of the ESIC on user charges basis," the ministry said further. Around 28,000 new establishments were registered under ESI Scheme in December 2022, and 18.86 lakh new workers were added during the month. The Employees' State Insurance Scheme (ESI Scheme) provisional payroll data released February 2023 said.

The Employees' State Insurance Scheme is an integrated measure of social insurance embodied in the Employees' State Insurance Act and it is designed to accomplish the task of protecting 'employees' as defined in the Employees' State Insurance Act, 1948 against the impact of incidences of sickness, among others.

(The writer is Deepak Upadhyay.)

TOP

Health Insurance providers eye 5x growth by 2027 – The Economic Times – 7th April 2023

Currently health insurance penetration in India is relatively low at 0.34 percent out of an overall 1 percent of General Insurance cover. This is lower than most other countries, however, things are changing. Experts believe that awareness about health insurance has steadily increased, especially after the pandemic, where people understood that health insurance will help protect them from adverse medical costs during hospitalization. On the occasion of World Health Day, which is a global observance that highlights the importance of promoting good health and well-being for everyone, the leading voices of India's Health Insurance Industry.

We believe that India is on track to achieving its goal of Universal Health Coverage by 2047, said Anand Roy, MD, Star Health and Allied Insurance. "During the pandemic period, the sector witnessed exponential growth driven by high demand and witnessed a market share of 30 percent in 2020, growing to 32 percent in 2021 and to 36 percent in 2022. As of February '23, the health segment is the largest segment among the GI categories with a market share of 35.24 percent, outstripping even motor insurance which was traditionally the largest segment," he pointed out. According to some research reports, the Retail Health Insurance market size is expected to grow to $25 billion by FY27, a 5.3x jump from the $4 billion recorded in FY22. We see a robust demand for health insurance across urban, semi-urban and rural cities, Roy added.

With changing times, Indians are prioritizing their health by choosing comprehensive Health Insurance plans to secure themselves against the financial burden that may arise due to possible health exigencies in future, said Ajay Shah, Director & Head - Retail, Care Health Insurance. "Nowadays, illnesses are not limited to the elderly only. Due to increase in pollution levels, unhealthy eating habits, sedentary lifestyles, and increased stress, people of all ages are experiencing various health problems. Treatments for such diseases are usually long tailed & expensive. Therefore, we are experiencing an increased adoption of Health Insurance," he highlighted.

(The writer is Sheersh Kapoor.)

TOP

MOTOR INSURANCE

Why is telematic insurance not gaining popularity among car owners? – Live Mint – 7th April 2023

Telematics insurance is a type of auto insurance that uses technology to track and analyse driver behaviour, such as speed, braking, distance, and other driving patterns, in order to determine the risk of insuring a particular driver. Despite its potential benefits, including increased safety, lower insurance premiums, and more personalized coverage, telematics insurance has not yet gained widespread popularity among car owners in India. Let's take a closer look at some of the reasons for this.

Unlike other countries where the insured is the person driving the vehicle, in India, the vehicle itself is insured. Add to that, no fault liability claims have been factored in the Indian Motor Vehicles Act 1988 wherein accidents with no negligence are to be compensated basis a pre-decided structure. This means that there is little or no focus on individual driving behaviour, which is a key component of telematics-led insurance plans. In India, a car is used more as a family driven vehicle and hence same car is driven by different persons with different driving behaviour. This makes it difficult to accurately interpret and attribute differing behaviour patterns on same car for insurance considerations as part of the telematics setup. This can be problematic when it comes to accurately assessing risk and determining insurance premiums.

Telematics insurance involves the collection and analysis of personal data, which raises privacy concerns for some car owners. While data privacy laws are in place to protect individuals, there is still a perception that telematics technology is invasive and not transparent. This can lead to reluctance among car owners to share their driving data with insurers. To some, the very fact that all their driving habits and routes /destinations undertaken are being viewed by their insurer is not very appealing. While telematics insurance has the potential to reduce insurance premiums for safe drivers, not all insurers have the same way of interpreting and using telematics data. This means that since different insurance companies interpret and use telematics data in a non-standardized manner, there is no clear benefit that a policyholder can enjoy, regardless of their choice of insurance company. In India, no claim bonus (NCB) is arrived at based on claim behaviour, and in order to make telematics insurance a success, a tangible benefit like NCB will have to be established at an industry level. Only when the benefits of telematics insurance can be enjoyed across all or majority of insurers, can a tangible benefit be enjoyed.

In India, the majority of car owners are more price conscious than value conscious when it comes to insurance buying. Telematics insurance requires hardware such as sensors and cameras to track and analyse driver behaviour, which can add to the overall cost of the insurance premium. This can make telematics insurance cost prohibitive for some car owners, particularly those who are already struggling to pay for their insurance. Driving and road conditions vary widely in India. An event like hard braking on a highway can be easily attributed to driver behaviour, but could also be due to an animal darting across the road suddenly. Such distinction of events and accuracy of tagging cannot be achieved by using telematics alone. Add to that, the complexity in driving patterns due to multiple drivers could further lead to inaccurate assertions while analysing and deducing from telematics data alone.

For telematics insurance to gain popularity, several changes need to be made. Insurance products will need to be altered to incorporate telematics technology along with sensors and cameras. The technology will need to be cost-friendly, and a clear benefit will need to be established for the policyholder. Data privacy concerns will need to be addressed, and the accuracy of data interpretation will need to be improved. In conclusion, while telematics insurance has the potential to revolutionize the auto insurance industry, it still has a long way to go before it gains widespread popularity among car owners in India. As technology continues to advance, however, it is likely that telematics insurance will become increasingly important in ensuring the safety and well-being of drivers on the road.

(The writer is Susheel Tejuja.)

TOP

CROP INSURANCE

Revamped Fasal Bima from Kharif 2023 – Financial Express – 10th April 2023

The government will implement a revamped Pradhan Mantri Fasal Bima Yojana (PMFBY) from Kharif 2023 season, where insurers' concerns about profitability will be addressed, even as the subsidy burden on the government will be capped. Thrust on the use of artificial intelligence (AI) based technologies for timely assessment of crop yield data and resultant quicker claim settlement will be the other key features of the renewed crop insurance scheme.

The need for revamping the scheme arose because a rise in premium rates have inflated subsidy liability of the government, forcing many state governments to discontinue the scheme. The states will now have the option to choose between two 'Cup and Cap' models where the insurance companies would have to pay claims to farmers, within two bands – 60-130% and 80-110% – of the gross premium collected.

If the claims are below 60% or 80% of gross premium, the companies would refund the premium amount to the government, while if the claims exceed 130% or 110% of premium, the government would compensate the companies. At present, there is no fixed premium rate under PMFBY implemented by states. The rates vary from area to area and from crop to crop. Actuarial premium rates levied by the insurance companies are determined through bidding conducted by the states.

The new guidelines seek to "universalise" the scheme, with measures including digitised land records, farm level season-wise crop data, farm-level farmer's KYC and application programme interface (API) based data exchange. In an advisory, the agriculture ministry has stated that as it may take some more time for the approval of revised guidelines for the crop insurance scheme. It asked the states and UTs to prepare tender documents so that the insurance companies may act on the work plans for crop cycles between kharif-2023 and rabi 2025-26.

The claim-premium ratio which was 98.3% in 2018-19 has declined to 54.6% in 2021-22; the claims for the FY22 are still being settled. Since the launch of the PMFBY in Kharif 2016, the gross premium collected has been around Rs 1.7 trillion till the end of FY22, against reported claims of Rs 1.33 trillion. During 2016-17-2021-22, Rs 25,181 crore have been paid by farmers as the premium, while the balance was paid by the government.

The agriculture ministry has recommended use of crop simulation model, semi-physical model and ensembled and crop health factor models for timely assessment of crop yield data for prompt claims settlement and introduction of competitive bidding for premium quotes from insurers. It has proposed setting up of a national-level network of automatic weather stations and rain gauges and creating a platform for generation of long-term hyper local weather data information for crop insurance, agriculture advisory and disaster risk resilience needs. The coverage under the scheme implemented by around 10 state-owned and private insurance companies has been around 30% of the gross cropped area of the 20 states and UTs which are implementing it. In 2021-22, 83 million farmers had applied for crop insurance and 45.9 million hectare were covered.

States such as Andhra Pradesh, Telangana, Bihar, Jharkhand, West Bengal and Gujarat had dropped out of the scheme because of the high costs. Andhra Pradesh has rejoined the scheme from the Kharif 2022 season and Punjab will be joining the scheme from Kharif 2023. In a major change in the policy in early 2020, the crop insurance scheme was made optional for the farmers, while earlier farmers who used to avail loans compulsorily had to take crop insurance.

Under PMFBY, the premium to be paid by farmers is fixed at just 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops. The balance premium is equally shared amongst the Centre and states and in case of North-Eastern states, the premium is split between the Centre and states in a 9:1 ratio. The government has allocated Rs 13,625 crore for implementation of PMFBY in 2023-24. Ten insurance companies, both the public and private sectors, are implementing the scheme.

(The writer is Sandip Das.)

TOP

INSURANCE CASES

Consumer panel directs insurance company to pay Rs 7.29 cr compensation to chemical firm for fire at its plant – 12th April 2023

The Thane Additional District Consumer Redressal Commission has directed an insurance company to pay a compensation of Rs 7.29 crore to a chemical company for a fire at its plant in Navi Mumbai in 2015. The commission's president, Ravindra P Nagre, in the order passed on March 21, held the opposite party, Future Generali India Insurance Company, guilty of negligence, deficiency in service and unfair trade practice. A copy of the order was made available on Wednesday.

The consumer forum asked the insurance company to make the payment to the claimant – Sangdeep Acid Chem Pvt Ltd – along with an interest at nine per cent per annum from October 29, 2017 till the realisation of the amount. It also ordered the insurer to pay Rs 25 lakh to the complainant towards mental harassment and Rs 1 lakh for the cost of litigation. The insurer will comply with the order within a period of 45 days from the date of order, failing which it shall be liable to pay interest at 12 per cent, the consumer panel said.

The complainant submitted to the commission that its plant in Koparkhairne area of Navi Mumbai was insured for a sum of Rs 15 crore. A massive fire that broke out at the plant on November 8, 2015 and it was completely destroyed. The insurer's surveyors reported that the losses were to the tune of Rs 14 crore.

The loss towards the building, plant, machinery and lab equipment was assessed by the surveyors at Rs 4.75 crore which the insurer settled while rejecting the balance. In its justification for rejection, the insurer said the claim towards loss of stock was being denied on the ground that the complainant was not able to substantiate their loss towards the stock and was not in compliance with certain requirements.

The commission in its order said the fact is that all the records at the complainant's plant were totally gutted and the complainant had no recourse to most of the data. "That the complainant conclusively proving the quantum of loss on the basis of time tested methods but the opposite party falsely repudiate the claim of the complainant which caused great financial loss and mental harassment and substantial loss to the complainant, for this negligence, deficiency in service and unfair trade practice is responsible on the part of opposite party," it said in the order.

The opposite party failed to settle the claim within 30 days from the receipt of the final survey report as per a notification of the Insurance Regulatory and Development Authority (IRDA), it said. In this case, the final survey report about the stocks was received by the opposite party on September 29, 2017.

As per this, the opposite party had to settle the claim on October 29, 2017, but the insurance company repudiated the claim on August 6, 2018, about 10 months from the date of receiving the final survey report, the commission said. There is no explanation by opposite party about this delay and this shows the negligence, deficiency in service and unfair trade practice on its part, the commission said. Therefore, the complainant is entitled for the claim amount of Rs 7,29,77,780 along with interest and also entitled for an amount of Rs 25,00,000 for mental harassment, it said.

TOP

Insurance firm ordered to refund Rs 3 lakh premium in Nainital – The Times of India – 12th April 2023

The Nainital district consumer disputes redressal commission has ordered Bajaj Allianz to refund the premium amount of Rs three lakh to a customer who refused to purchase the policy within the free-look period of 15 days over misleading information.

The customer was told that he had to pay the premium for only five years, but found out that it was a 10-year premium policy after getting the policy documents. The commission also imposed a fine of Rs 25,000 on the firm for misleading the customer.

Neeraj Pandey, a resident of Nainital, said that he had bought the policy on January 28, 2019, through Anju Nayal by paying a premium of Rs 3,13,494. On receiving the policy bond by speed post after one year on April 17, 2020, he was shocked to find the premium payment time for 10 years.

"Pandey immediately met the branch manager of Bajaj Allianz and put forth his grievances. A few days later, on April 24, he emailed the insurance company to reject the policy application, but it was denied saying he had not applied within the time limit," said Pandey's lawyer Sunil Bajaj. Sanjay Suyal, counsel for the insurance firm, claimed that the policy bond was sent through a private courier company on February 5, 2019, and it was delivered to Pandey on July 15, 2019, so the rejection of free-look cancellation was valid. After looking into the evidence, commission found the policy was never sent by a private courier company, but was delivered through speed post, which Pandey received on April 17, 2020.

(The writer is Pankul Sharma.)

TOP

Insurer must compensate all 3rd-party claimants: HC – The Times of India – 9th April 2023

An insurer cannot refuse to pay compensation to a third-party claimant, merely because it has satisfied the award of compensation to 12 other affected parties, the Dharwad bench of the high court ruled in a recent judgment.

In his order, Justice Ananth Ramanath Hegde directed Oriental Insurance Company Limited to pay an enhanced compensation of Rs 43,900 to one Siddappa Virupakshappa Chikmath.

A resident of Belagavi city and a coolie by profession, Chikmath was travelling in a tempo, along with several other passengers, on February 27, 2004. Due to rash and negligent driving, the vehicle toppled, resulting in injuries to all the passengers - including the appellant.

On January 21, 2010, the Motor Accident Claims Tribunal at Belagavi granted Rs35,000 as compensation to Chikmath. He, however, contested the order in his appeal, citing that going by the injuries suffered by him, the tribunal should have awarded a higher compensation and he submitted a claim for Rs 2,45,000. Opposing the appeal for additional compensation, the insurer argued that the vehicle had a permitted capacity of 12 passengers and one driver and added that the compensation claims of all the 12 passengers had already been met. Therefore, it was not liable to pay compensation to the appellant (Chikmath), happened to be the 13th claimant.

On the other hand, Chikmath's counsel presented the counter-argument that the insurance company, having issued the policy, cannot shun its liability on the ground that passengers were being transported in excess of permissible capacity of the vehicle. He pointed out that considering the disability caused to the appellant, a higher compensation should have been awarded.

Justice Hegde then noted that given the fact that the accident had occurred in 2004 and the minimum monthly salary of the appellant was Rs 3,500 (as against Rs 2,500 assessed by the tribunal), a revised compensation needs to be awarded. The judge, while upholding Chikmath's appeal, further clarified: "Merely because the insurance company had satisfied the award [of compensation] in respect of 12 other passengers, it cannot take a stand that it is not liable to pay compensation to another third-party claimant. Hence the liability to pay compensation to third party subsists."

(The writer is P Vasantha Kumar.)

TOP

Taking medicines for hypertension not suppression of facts: Maharashtra consumer commission – The Times of India – 9th April 2023

The state consumer commission has observed that a patient taking medicine for some time for hypertension and diabetes does not mean suppression of material fact because it is well known fact that hypertension is lifestyle disease and can be controlled by the medicine.

The Maharashtra State Consumer Disputes Redressal Commission upheld a district commission order, directing United India Insurance Company Ltd to refund Rs 5 lakh to Vasant Pai who underwent Multiple Vessle Disease Coronary Angiography and bypass surgery in 2014 but whose claim was repudiated for suppressing a pre existing disease.

The commission in the instant case, the hospital's discharge summary which merely states that Pai had been taking medicine for hypertension and diabetes which was reportedly normal, was relied upon by the insurance company. "We are of the view that the fact that the patient was taking medicine for some time for hypertension and diabetes does not mean suppression of material fact because it is well known fact that the hypertension is lifestyle disease and can be controlled by the medicine. In the instant case hypertension and diabetes was not so acute or high that it was responsible for the Multiple Vessle Disease Coronary Angiography and Bypass Surgery of the respondent," the state commission said.

The state commission also said that the district commission has considered the medical papers as well the ratio laid down by national consumer commission in proper perspective. "Insurance company was not justified in repudiating the insurance claim of the respondent (Pai) on the grounds of suppression of material facts as there was no credible evidence filed… to prove that the respondent had undergone treatment for any hypertension related cardiac problems," the state commission said.

The insurance company had submitted an appeal before the state consumer commission in 2021 after the district commission ruled in favour of Pai in 2020. Pai had moved the district commission in 2016.

(The writer is Rebecca Samervel.)

TOP

PENSION

NPS gets traction in pvt sector - Financial Express – 14th April 2023

Aided by the acceleration in new enrolments under corporate, citizen and Atal Pension Yojana schemes, contributions to the National Pension System (NPS) rose 22.6% on year to Rs 6.57 trillion as on March 31, 2023, while assets under management (AUM) rose 22% to Rs 8.98 trillion.

After stagnating for over a decade, the NPS is gaining traction in the private sector with corporate sector subscriber enrolment rising about 20% in FY23 to 1.68 million. Higher tax-saving potential and attractive returns vis-à-vis other traditional products are seen as spurring demand for NPS. The corporate sector's NPS contribution rose 33% on year to Rs 90,810 crore as on March 31, 2023.

Corporate sector subscribers grew by 20% on year in FY23 to 1.69 million while individual enrolments (other than the government-supported Atal Pension Yojana) grew 29% on year to 2.96 million. On the other hand, the central government employee subscribers rose by 5% on year to 2.4 million as on March 31, 2023, while state government subscribers base grew by 9% to 6.1 million. As on March 31, 2023, the private sector subscriber base (corporate and individuals) stood at 4.64 million with 40% of them joining in the past two years.

With the government sector reaching near saturation, the private sector, which hitherto was a little over 7% of the total subscriber base, holds key to the growth of NPS as well as the expansion of old age income for masses. Under Atal Pension Yojana (APY) for unorganised sector workers with assured pension between Rs 1,000 and Rs 5,000/month, 9.67 million new subscribers were added in FY23, a jump of 26.7% on year.

In the total NPS AUM of Rs 8.98 trillion, the Centre and states together have nearly 79% share while the private sector has about 18% share. At the same time, to ensure more state governments don't revert to the non-contributory old pension system (OPS) from contributory NPS (both employer and employee contribute), the finance ministry recently set up a four-member panel headed by finance secretary TV Somanathan to suggest ways for higher pensionary benefits to the government employees mandatorily covered under NPS.

While ruling out reversing the pension reforms and going back to the fiscally-disastrous unfunded OPS, which entails up to 50% of the last pay drawn as pension from the Budget to the pre-2004 staff, the Centre is conscious of the increasing resonance of demand for OPS amid a spate of state/general elections in 2023-2024. The panel might suggest guaranteeing pension similar to OPS in a graded manner but without reverting to a fiscally-disastrous non-contributory system.

According to extant norms, 60% of the accumulated NPS corpus from contributions during a person's working years is allowed to be withdrawn at the time of retirement. Such withdrawal is also tax-free. The balance 40% is invested in annuities, which, according to an estimate, could provide a pension equivalent of about 35% of the last pay drawn. However, it is not a guaranteed pension as returns are linked to markets. Keeping electoral gains in mind, many Opposition-ruled states — Rajasthan, Chhattisgarh, Jharkhand and Punjab — have announced a return to OPS. Two states have stopped fresh contributions to NPS in FY23 for their staff after they reverted to the non-contributory OPS.

(The writer is Prasanta Sahu.)

TOP

PPF interest rate history: When Public Provident Fund deposits earned 12% interest! – Financial Express – 12th April 2023

PPF Interest Rate History till April 2023: While the current Public Provident Fund Interest Rate (PPF) is just 7.1%, there was a time when this scheme used to offer 12% interest but the deposit limit then was just Rs 40,000 for two years and Rs 60,000 for around 12 years. The history of PPF interest rates shows that the Public Provident Fund Account interest rate between 01.04.1986 to 31.03.1988 and 01.04.1988 to 14.01.2000 was 12%. Between 15.01.2000 to 28.02.2001, the PPF interest rate was 11%.

In the last 10 years, the PPF interest rate has varied between 7.1% to 8.8%. It was 8.80% between 01.04.2012 to 31.03.2013. From 01.04.2013 to 31.03.2016, the interest rate was 8.7%. However, between 01.04.2013 to 31.03.2014, the PPF deposit limit was just Rs 1 lakh. It increased to Rs 1.5 lakh from 01.04.2014 onwards. When the scheme started in 1968, the PPF interest rate was just 4.8% while the maximum investment limit was just Rs 15,000. This deposit limit continued till 31.03.1972. However, the interest rate between 01.04.1970 to 31.03.1973 was increased to 5%.

Public Provident Fund Interest Rate History

Period	Interest Rate	Limit for Investment
01.04.1968 to 31.03.1969	4.80	15000
01.04.1969 to 31.03.1970	4.80	15000
01.04.1970 to 31.03.1971	5	15000
01.04.1971 to 31.03.1972	5	15000
01.04.1972 to 31.03.1973	5	20000
01.04.1973 to 31.03.1974	5.30	20000
01.04.1974 to 31.07.1974	5.80	20000
01.08.1974 to 31.03.1975	7	20000
01.04.1975 to 31.03.1976	7	20000
01.04.1976 to 31.03.1977	7	20000
01.04.1977 to 31.03.1978	7.50	20000
01.04.1978 to 31.03.1979	7.50	30000
01.04.1979 to 31.03.1980	7.50	30000
01.04.1980 to 31.03.1981	8	30000
01.04.1981 to 31.03.1982	8.50	30000
01.04.1982 to 31.03.1983	8.50	40000
01.04.1983 to 31.03.1984	9	40000
01.04.1984 to 31.03.1985	9.50	40000
01.04.1985 to 31.03.1986	10	40000
01.04.1986 to 31.03.1988	12	40000
01.04.1988 to 31.03.1999	12	60000
01.04.1999 to 14.01.2000	12	60000
15.01.2000 to 28.02.2001	11	60000
01.03.2001 to 28.02.2002	9.50	60000
01.03.2002 to 31.03.2002	9.00	60000
01.04.2002 to 28.02.2003	9	70000
01.03.2003 to 31.03.2011	8	70000

01.04.2011 to 30.11.2011	8	100000
01.12.2011 to 31.03.2012	8.60	100000
01.04.2012 to 31.03.2013	8.80	100000
01.04.2013 to 31.03.2014	8.70	100000
01.04.2014 to 31.03.2016	8.70	150000
01.04.2016 to 30.09.2016	8.10	150000
01.10.2016 to 31.03.2017	8	150000
01.04.2017 to 30.06.2017	7.90	150000
01.07.2017 to 30.09.2017	7.80	150000
01.01.2018 to 30.09.2018	7.60	150000
01.10.2018 to 30.06.2019	8.00	150000
01.07.2019 to 31.03.2020	7.90	150000
01.04.2020 to 30.09.2020	7.10	150000
01.10.2022 to 31.12.2022	7.10	150000
01.01.2023 to 31.03.2023	7.10	150000

Source: Post Office

While the PPF interest rate has increased gradually over the years, the biggest jump of 2% was announced with effect from 01.04.1986 when the interest rate was hiked from 10% to 12%. PPF depositors are hoping that the Government will hike the interest rate in the next revision cycle.

(The writer is Rajeev Kumar.)

TOP

EPFO tweaks redemption policy for ETFs to boost returns – The Financial Express – 12th April 2023

In a bid to improve returns for subscribers and shield its income from market volatility, the Employees' Provident Fund Organisation (EPFO) has decided to modify the redemption policy for units of exchange traded funds. The issue is understood to have been discussed at the recent meeting of the Central Board of Trustees of the EPFO and subsequently approved. The retirement funds manager proposed to increase the minimum holding period of ETF units to "over four years" before they are redeemed. At present, these units are redeemed at four years.

Under its investment guidelines, the EPFO can invest between 5% to 15% of its proceeds in equities and related investments. It began equity exposure after the decision to invest 5% of its fresh accretion in equity through ETFs based on the NIFTY-50 and BSE Sensex in August 2015. The limit has since been raised. The EPFO is looking to step up actual investments in equity to the 15% threshold.

The EPFO may also link the return threshold of ETF units to government securities. Under the plan, the holding-period return of the units that are proposed to be redeemed should be at least 250 basis points more than that on the 10-year benchmark government security. Another suggestion is to benchmark ETF returns to historical long-term averages. Accordingly, the holding period returns of the units to be redeemed should be above the average five-year returns of the past 10 years based on the NIFTY or Sensex. In order to shield redemptions from short term market volatility, the EPFO has also proposed spreading the period of redemption to a daily basis. At present, the redemption is done over a shorter period of time.

Sources said the amendments would help smoothen the internal rate of return and maximisation of capital gains on redemption of ETF units. Since ETFs do not provide for regular income and do not have a maturity period, the EPFO redeems ETF units periodically. The capital gains realised from this exercise is then treated as income and distributed to EPF subscribers as income. The CBT, which is the EPFO's apex decision making body, had in February 2018, approved the ETF redemption methodology. Under this, the redemption of ETF units was permitted only on the days when the current market net asset value (NAV) is not less than 5% of the average NAV for the last seven days. Further, the First In First Out (FIFO) principle was adopted while redeeming ETF units with the redemption to be carried out over 15 to 20 days.

The EPFO announced an interest rate of 8.15% for subscribers for the fiscal 2022-23, which was just marginally higher than the 8.1% return it had given for the previous fiscal. For the interest pay out, it redeemed ETF units for the calendar year 2018 and is estimated to have raised `10,960 crore from the exercise. Due to periodic redemptions of ETF units and reinvestment of only 15% of the redemption proceeds in ETFs, the share of equity investments in the total EPF corpus has been growing at a slow pace. As on January 31, 2023, investments in equity amounted to 10.03% of the proceeds and it is estimated that it may take another five to six years for the equity portion of the fund to reach the 15% mark. As on January 31, 2023, the EPFO had investment holdings at face value of about Rs 12.53 trillion, of which about a cumulative Rs 1.25 trillion was in equities and related investments.

(The writer is Surabhi.)

TOP

GPF rate stays 7.1% for April-June 2023 quarter – The Hindu – 10th April 2023

The government has retained the interest rate payable on savings in the General Provident Fund (GPF) at 7.1 percent for the April to June 2023 quarter, making this the 13th quarter in a row that the rates have been static for government employees' PF corpus. The Finance Ministry notified this quarter's interest rate on GPF savings, which is on par with the returns announced for the Public Provident Fund (PPF), on April 10. The GPF rate is also applicable for other similar provident funds such as the State Railway PF, Armed Forces Personnel PF, Defence Services Officers' PF and Indian Ordnance Factories Workmen's PF. The rate of return on the PPF, a small savings scheme that offers tax-free returns, was last hiked in January 2019 and has remained unchanged since April 2020 when it was slashed from 7.9 percent to 7.1 percent.

TOP

Is EPFO circumventing the SC order to apply for higher pension by putting impossible conditions for EPF members? SECTIONS – The Economic Times – 10th April 2023

Members of the Employees' Provident Fund (EPF), who were in service on or after September 1, 2014, have won a hard-fought battle for higher pension in the Supreme Court, but it now appears as if it might be almost impossible for them to reap the reward. It is a tough task for most EPF members to apply for the higher pension from the Employees' Pension Scheme (EPS) by opting for higher EPS contribution as per their actual basic salary, though the Supreme Court order dated November 4, 2022, had allowed it. A complex web of bureaucratic hurdles prevent eligible employees and employers from exercising the higher pension option by filing a joint application. Let us understand why employees and employers are unable to apply for the higher EPS pension.

(The writers are Naveen Kumar & Preeti Motiani.)

TOP

Finance Secretary-led panel to suggest steps for higher pension under NPS – Financial Express – 7th April 2023

The ministry of finance on Thursday set up a four-member panel headed by Finance Secretary TV Somanathan to suggest ways for higher pensionary benefits to the government employees covered under the contributory National Pension System amid growing demand for the old pension system (OPS) with assured benefits without contribution.

While ruling out reversing the pension reforms and going back to the fiscally-disastrous unfunded OPS, which entails 50% of the last pay drawn as pension from the budget to the pre-2004 staff, the Centre is conscious of the increasing resonance of demand for the OPS amid a spate of state/general elections in 2023-2024. The committee might suggest guaranteeing pension similar to OPS in a graded manner but without reverting to a fiscally disastrous non-contributory system, sources have told FE.

Other members of the committee include the Secretary, Department of Personnel & Training Ministry of Personnel, Public Grievances & Pensions; Special Secretary (Pers), Department of Expenditure Ministry of Finance; Pension Fund Regulatory & Development Authority (PFRDA) chairman. The terms of reference (ToR) of the panel include whether in the light of the existing framework and structure of the NPS, as applicable to government employees, any changes therein are warranted. “If so, to suggest such measures as are appropriate to modify the same with a view to improving upon the pensionary benefits of Government employees covered under the NPS, keeping in view the fiscal implications and impact on overall budgetary space, so that fiscal prudence is maintained to protect the common citizens,” according to the finance ministry notification.

The Committee may also co-opt any officer of the Central Government as part of its deliberations, whenever such a need is felt by the Committee. It would devise its own procedure and mechanism, including consultation with states etc., to arrive at its recommendations. No time frame has been indicated in the ToR for submission of the report. “Representations have been received that the NPS for government employees needs to be improved. I propose to set up a committee under the finance secretary to look into the issue of pensions and evolve an approach, which addresses the needs of employees, while maintaining fiscal prudence to protect common citizens,” finance minister Nirmala Sitharaman told the Lok Sabha on march 24. “The approach will be designed for adoption by both the central government and state governments.”

Sources indicate that one possible option could be to offer guaranteed pension to government staff at around 50% of the last pay drawn under the NPS, by tweaking the existing scheme without burdening the exchequer too much. However, it may be graded with a 50% pension only for those completing at least 33 years of service. While the OPS is based on the concept of defined benefits, the principle that underlies the NPS is defined contribution. Many Opposition-ruled states — Rajasthan, Chhattisgarh, Jharkhand and Punjab — have announced a return to the OPS. Around 1.7 million employees of the BJP-Shiv Sena Maharashtra government recently ended their indefinite strike over the OPS after chief minister Eknath Shinde assured of OPS benefits being included in the NPS. Currently, under the NPS, 60% of the accumulated corpus from contributions during a person’s working years is allowed to be withdrawn at the time of retirement. Such withdrawal is also tax-free. The balance 40% is invested in annuities, which according to an estimate, could provide a pension equivalent of about 35% of the last pay drawn. However, it is not a guaranteed pension as returns are linked to markets.

(The writer is Prasanta Sahu.)

TOP

Centre notifies committee on pension schemes for govt employees – Business Standard – 6th April 2023

The Centre, on Thursday, notified the committee headed by Finance Secretary TV Somanathan to take a deep dive into the issue of pension for government employees. This comes amid a number of states ditching the New Pension Scheme (NPS) and moving back to the older one, for their employees. According to a memorandum, the panel will comprise Somanathan, secretary of Department of Personnel & Training; Radha Chauhan, special secretary in Finance Ministry's Expenditure Department; Annie Matthew, and Deepak Mohanty, chairman of Pension Fund Regulatory and Development Authority.

The panel will deliberate on whether any changes are required to the National Pension System, and suggest the measures which will improve pensionary benefits for government employees while maintain fiscal prudence for the exchequer. The panel will devise its own procedure and mechanism, including consulting with the states, to arrive at its recommendations. The OM gave no deadline as to when the panel will submit its report.

Finance Minister Nirmala Sitharaman had said last month in Lok Sabha that a committee will be set up under Somanathan to look into the pension issues of government employees. "I propose to set up a committee under the Finance Secretary to look into the issue of pensions and evolve an approach which addresses the needs of employees while maintaining fiscal prudence to protect common citizens," Sitharaman had said while speaking on the Finance Bill.

"The approach will be designed for adoption by both the central government and state governments," she had said. The move comes in the backdrop of several non-BJP states deciding to revert to the dearness allowance-linked Old Pension Scheme (OPS) and also employee organisations in some other states raising demand for the same. The state governments of Rajasthan, Chhattisgarh, Jharkhand, Punjab and Himachal Pradesh have informed the Centre about their decision to revert to the Old Pension Scheme and have requested a refund of corpus accumulated under the NPS.

The OPS offers fixed pensions to employees after retirement. The pension amount is 50 percent of their last drawn salary. NPS, meanwhile is an investment cum pension scheme. NPS contributions are invested in securities like debt and equity instruments. Thus, it does not guarantee fixed pensions but provides high returns in the long term, resulting in a significant lump sum and monthly pensions. The centre has been allowing states to increase their borrowing limits by the same amount as which they are annually contributing to new NPS accounts for their state government employees. Those states reverting to OPS will not get that much extra borrowing room.

Meanwhile Andhra Pradesh has proposed a Guaranteed Pension Scheme (GPS), which combines the elements OPS and NPS. The scheme, proposed for the first time in April 2022, offers a guaranteed pension of 33 per cent of the last drawn basic pay without any deduction to the state government employees. For this, they would need to contribute 10 per cent of their basic salary every month, and the state government will match it.

(The writer is Arup Roychoudhury)

TOP

Register your business with EPF online with these quick and easy steps – Financial Express – 6th April 2023

Ease of doing business for MSMEs: Among various compliances to adhere to as a young enterprise is the mandatory registration of a business with the Employees Provident Fund (EPF) scheme under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Regulated by the government's social security enterprise Employees' Provident Fund Organisation (EPFO), EPF is applicable to all businesses employing 20 or more people.

The scheme enables organisations and employees to save money for the latter's retirement and important/emergency events such as illness, higher education, marriage etc., as both employer and employee contribute to the PF account. The accumulated sum can benefit employees during such instances. While an employee contributes 12 per cent of his/her salary (12 per cent of basic salary plus dearness allowance), the employer has to contribute 3.67 per cent of the salary every month.

Importantly, the employee's PF account remains common irrespective of the number of companies he/she works with during his lifetime as the account is transferable from one company to another. The employee's PF contribution is credited to his/her PF account every month while the interest earned (8.15 per cent for FY23) is deposited in the employee's PF account on March 31st of the fiscal year. Among the documents required for EPF registration by an employer are company details including name, date of incorporation, company's PAN, copy of company's bank cheque, address proof, company directors, employees' identify proofs, details of partner/director of the company, etc.

- Here's how a new enterprise with an employee strength of 20 or more can register with EPF:
- Visit the EPF website – http://www.epfindia.gov.in/site_en/index.php and click on 'Establishment Registration'.
- The Shram Suvidha portal by the Ministry of Labour and Employment will come up. Sign up for the portal and log in after signing up.
- Click on 'Registration For EPFO-ESIC' on the left vertical panel and then click on 'Apply for New Registration' on the right side of the screen.
- Among two options on the screen 'Employees' State Insurance Act, 1948' and 'Employees' Provident Fund and Miscellaneous Provision Act, 1952', select the second provident fund option and click on 'Submit'.
- The registration form window will open with multiple tabs – Establishment Details, eContacts, Contact Persons, Identifiers, Employment Details, Branch/Division, Activities, and Attachments.
- While all tabs are self-explanatory, the Identifiers tab seeks license information such as CLRA (contract labour registration act) license.
- After filling information on the 'Attachment' page, click on 'Save'.
- A summarised registration form will be displayed. Check the details and click on 'Submit'.
- Click on 'Digital Signature' and attach your Digitial Signature Certificate (DSC) – here's how you can register for DSC.
- A registration successful message will be displayed after uploading the DSC along with an email from the Shram Suvidha portal.
- Registration is free of cost online for new enterprises. For multiple establishments or units, EPF registration for all units is required.

TOP

GLOBAL NEWS

Cambodia:Insurance market grows by nearly 11% in 2022 – Asia Insuranc Review

The Cambodian insurance industry chalked up gross insurance premiums of about $330m in 2022, an increase of 10.68% over 2021. The increased insurance premiums last year reflected the strength of the insurance market in Cambodia, which contributed 1.1% to the Southeast Asian country's gross domestic product (GDP), reported The Khmer Times quoting the deputy director-general of the Insurance Regulator of Cambodia (IRC), Dr Hor Sovathana.

"Despite the COVID-19 crisis, the insurance sector has been able to maintain an average growth rate of 8-10% per year, reflecting the strength of the insurance market in Cambodia," she said. The gross premiums generated in the general insurance market in 2022 was $132.3m, an increase of 7% compared to 2021. Life insurance premiums totalled $193.8m, rising by 12.6%, and microinsurance premiums amounted to $5.7m, up by 35%.

The total amount of claims paid out by insurers was $46.6m last year, rising by 2.1% from $45.6m in the previous year. The insurance market is served by 18 general insurers, 14 life insurers, seven microinsurance companies, and one reinsurer.

TOP