



भारतीय बीमा संस्थान  
INSURANCE INSTITUTE OF INDIA

# INSUNEWS

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## QUOTE OF THE WEEK

**“Weakness of attitude becomes weakness of character.”**  
Albert Einstein

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## LIFE INSURANCE

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### ***Life insurers report Rs 1.78 lakh-crore new premium collection in January-November - Financial Express - 28th December 2018***

Life insurance companies reported first-year premium collection of Rs 1.78 lakh crore between January and November in 2018, the second-highest in the last three years. Data from regulator Irdai showed that, in calendar year 2017, first-year premium collection stood at Rs 1.96 lakh crore, while in 2016, it was Rs 1.69 lakh crore.

In the last few months, individual single-premium business has reported negative growth, while the individual non-single premium business posted single-digit growth, industry participants said.

According to the Insurance Regulatory and Development Authority of India (Irdai), first-year premiums of life insurance companies till November in the current fiscal remained nearly flat at Rs 1.23 lakh crore, against Rs 1.22 lakh crore in the corresponding period last fiscal.

For the individual single-premium segment, insurers received premiums worth Rs 17,558.71 crore between April and November, a fall of 21.01% against Rs 22,227.80 crore during the corresponding period in the previous financial year.

“Amid overall slow growth faced by the industry in this financial year, Life Insurance Corporation of India (LIC) is also facing challenges in individual and groups single premium and group single premium businesses, which is a cause of concern,” said a senior official from a top insurance company.

The Irdai data also showed that during April-November, LIC received first-year premium worth Rs 83,148.64 crore, about 7.93% less than the Rs 90,314.25 crore a year ago. The decline in premium is higher in the group insurance business for LIC.

The first-year premiums for life insurance industry for November stood at Rs 14,857.77 crore, a fall by 12.58% compared to the same month in 2017.

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Source

### ***Looking for best insurance plan for your children? Here are some top ones, check out the returns - Financial Express - 26th December 2018***

There are quite a few things in the world that change your life as significantly and drastically as having your first baby. The very moment you lay eyes on your latest bundle of joy, your priorities tend to shift. The only thing that matters you the most is protecting and caring for your new-born baby.

While your first steps towards protecting your baby are likely to be buckling your baby to car-seat while travelling or baby-proofing your entire house, you will also want to make sure that your child is protected financially. It is always smart to include money matters as well in any kind of planning for your child's future.

As per a recent report by Principal Retirement Advisors, children's education and marriage (68%) are the two topmost financial goals in India among new-parents followed by buying a house (55%). This is obviously because with the rapidly-growing financial awareness, most parents these days prefer prioritizing financial planning to ensure that their child grows up with the best of both worlds.

However, there is another side to the story. While new parents are quite excited to plan for their child financial future, they often fail to understand how and where to start, and what all to prioritise.

To help you, here are some productive ideas to create a strong and reliable financial future for your kids.

As a caring parent, your responsibilities increase dramatically with the arrival of your new born baby. You need to pay for your child's food, healthcare, education and lifestyle. As the family's bread-winner,

you need to take care of the finances of other family members as well. In case anything happens to you, your life insurance policy is there to cover all the expenses of your family and most importantly, your child till they become financially independent.

No wonder, life insurance is a popular financial tool to help safeguard your children's future. In case you already hold a life insurance policy, revisit the sum assured with the arrival of a child in your life. Being a person with dependents (child and wife), you must consider getting a term insurance that provides large cover for a small premium.

### Consider Taking Life Insurance

Below are price comparisons of Term Insurance offered by 4 prominent insurers for a 30-year-old male non-smoker residing in a metro city. The total sum assured is Rs 1 crore.

Company	Plan Name	Cover Up To	Annual Premium (Rs.)
ICICI Prudential Life Insurance	iProtect Smart	70 years	19,383
HDFC Life Insurance	3D Plus Life Option	70 years	20,322
Max Life Insurance	Online Term Plan Plus	70 years	14,632
AEGON Life Insurance	iTerm	70 years	12,045

\*Source: [www.policybazaar.com](http://www.policybazaar.com)

### Add Your Child to Your Health Insurance Plan

So now that your family has grown, you must make sure that the cover of your health insurance policy also grows. Do not forget to add your new-born baby to your existing health insurance policy within 60 to 90 days of the delivery. Most health insurance plans in India that cover the maternity cost automatically adds your new baby in the existing plan without any extra premium.

Moreover, many of the plans even cover first year vaccination costs of the baby as a part of the health cover. However, in case you haven't bought a health insurance plan till now, your new-born is a great reason to buy one today.

Here is a competitive analysis of the yearly premium for a health insurance family floater cover of Rs 10 lakh for a Male: 30-year-old, Female: 28-year-old and Son: 1-year-old, residing in a metropolitan city.

Insurer	Plan Name	Premium (Rs.)
Religare Health Insurance	NCB SUPER PREMIUM	17,262
Max Bupa Health Insurance	HEALTH COMPANION	18,164
Star Health Insurance	HEALTH OPTIMA	17,883
Apollo Munich Health Insurance	OPTIMA RESTORE	18,201
HDFC Ergo	HEALTH SURAKSHA- SILVER	18,290

\*Source: [www.policybazaar.com](http://www.policybazaar.com)

### Invest in Child Plans

It is best to start investing for your child's future as early as possible as the benefits of an early start cannot be exaggerated enough when saving for a long-term goal. You can start by investing within 60 to 90 days of your child's birth so that you can easily amass larger sums that may not be possible for you in later stages of life.

As per industry experts, the multiplier effect in the power of investing comes from the investing duration as longer time horizons prove to show higher multiplier effect. Initially, you can start by investing in unit linked child plans and gradually move to de-risk the policy to safer funds before the maturity term. As a

parent, it is equally important for you to adopt a well-planned strategy for choosing between short, medium, and long-term funds as and when required.

Here is a competitive analysis of some of the popular Child Plans available in the market offering ensured returns to the customers.

Update as on 20<sup>th</sup> Dec, 2018.

Company	Plan Name	Fund Name	Past 5 years Performance
Bajaj Allianz Life Insurance	Future Gain-WOP	Accelerator Mid-Cap Fund II	21.9%
Edelweiss Tokio Life Insurance	Wealth Plus - Rising Star	Equity Top 250 Fund	15.2%
Max Life Insurance	Online Savings Plan - Child Plan	High Growth Fund	13.9%
Canara HSBC OBC Life Insurance	Invest 4G-PFB	Equity II Fund	11.9%

\*Source: [www.policybazaar.com](http://www.policybazaar.com)

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### ***3 reasons you should not consider Ulips for insurance - The Times of India - 26th December 2018***

Unit-linked insurance plans (Ulips) are the long-term investment plans which offer insurance benefits along with market returns and tax advantages. Ulips are known for their huge charges and commissions in the product structure. If you choose Ulips as your insurance, you could end up using most of your income.

#### **Following are 3 reasons you should not consider Ulips**

##### **1. High Premium**

In general, an earner should be insured for their 10 years' income. Buying an Ulips life cover, you will have to invest all your income as premium. Suppose, post-tax if you have Rs 5 lakhs in your hand as income you should have life cover of at least Rs 50 lakhs. Ulips would require an annual premium of Rs 5 lakhs, i.e., your total income.

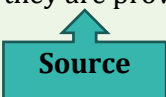
##### **2. Long lock-in period**

Second things are Ulips lock-in period is five years. Investment is not portable. So, you won't be able to move their money from one kind of investment to another. Or if you don't pay premiums due to professional crisis or job loss, Ulips will lapse your investment.

##### **3. Not enough life cover**

Insurance Regulatory and Development Authority of India (IRDAI) has mandated 10 times the annual premium as the minimum life cover. Ulips are providing the minimum which is mandatory. It shows that they have no interest in life cover business. The money lies in the running investment business, though they are providing you minimum.

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## GENERAL INSURANCE

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### ***Govt wants a fresh review of planned merger of state-run insurance cos – The Times of India – 28th December 2018***

The government wants a fresh examination of the proposed merger of three state-run insurance companies, a step which means that the final decision will be taken by the new government which assumes office after the 2019 polls.

The Department of Investment and Public Asset Management (DIPAM) has asked the Department of Financial Services (DFS) to get the issue of merger of three state-owned insurance companies examined and prepare a fresh roadmap. There is a view within the government that the issue needs to be thoroughly examined before rushing into a merger.

Consultancy firm EY has been shortlisted to advise the department on the proposed merger. “If the terms of reference have not been finalised, they can be asked to look at all the issues or else the DFS can appoint another consultant to undertake the review,” said a DIPAM official, who did not wish to be identified.

“The merger is ruled out for this year. The idea is that the fresh review will be ready next year and the government of the day can take a view,” the official said, adding that the government did not want to undertake a merger such as the one involving Air India and Indian Airlines.

The official said all issues including value for the stakeholders from the merger would be examined.

Finance minister Arun Jaitley in his 2018-19 budget speech had said that the three public sector general insurance companies — National Insurance Company, United India Assurance Company and Oriental India Insurance Company will be merged into a single insurance entity and will be subsequently listed. The plan was part of the overall government strategy for consolidation in the public sector enterprises space. Shortfall of capital was also seen as a hurdle in the merger process and recapitalisation is in the works.

The government had planned to complete the process in the current fiscal year but will have to wait for now. It aims to raise Rs 80,000 crore from stake sales in state-run firms in the current fiscal year and so far it is running short of the target.

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### ***General insurers planning a registry of serial offenders - The Hindu Business Line – 26th December 2018***

Concerned over the rising cases of fraudulent claims, the general insurance industry is working together on a common registry of repeat offenders that can be accessed by all insurers.

They are working on a credit bureau kind of registry to identify fraudsters who routinely make claims with fake policies or seek exaggerated claims. By industry estimates, such frauds account for as much as 10 per cent of all claims.

“This is being done at the level of the General Insurance Council, where all general insurers are trying to come together and make a common list. It can be updated and accessed by any insurer at any time,” said an executive with a general insurer, adding that the idea is to adopt an aggregated approach towards fraudsters through the GI Council.

“While the plan is still at an incipient stage, the objective is to eventually scale it up into something like a credit bureau which will have the records of all policyholders and can be accessed at an industry level,” said the executive.

The Insurance Information Bureau will be used to cull data and carry out analytics.

Apart from fake claims, insurers say there are a high number of 'exaggerated' claims, especially in motor and health insurance.

"There have been cases of persons repeatedly taking out policies and filing claims with multiple insurers," said another insurer, adding that there have also been cases wherein hospitals or motor service stations have overcharged.

In such cases, at present, the insurer informs the GI Council, which alerts other insurers.

"Fraud is inherent in the business. But if you, as an insurer, are lenient on claims or frauds, it will in turn raise the cost for (honest) policyholders. It is the fiduciary responsibility of insurers to run the schemes well and prevent fraud," noted the first executive, adding that such vigilance could bring down product prices in the long term.

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***To raise awareness, general insurers eye year-long multimedia campaign - The Hindu Business Line - 24th December 2018***

The general insurance industry in India, which has been reeling under pressure due to rising underwriting losses and higher claims, plans to come up with a year-long multimedia advertising campaign to improve awareness around general insurance. The campaign is likely to be rolled out by April 2019.

**Steering committee**

According to R Chandrasekaran, Secretary General, General Insurance Council, a steering committee has been formed with representations from both public and private general insurers. The general insurance companies have committed to contribute 0.05 per cent of their gross premium, or approximately Rs. 75 crore, towards the ad campaign. "The committee will discuss and come out with a plan in the next two to three months. And if everything goes well, then hopefully by April 2019 we should be able to finalise the ad campaign," Chandrasekaran told BusinessLine.

Back in 2012, the general insurance industry had come out with a campaign – 'Kar Lo Insurance, Kar Lo Rewind' – which highlighted the role general insurance can play in putting things together after a mishap or accident.

"There are a number of government plans and PM schemes that have been announced in recent years. The ad campaign will look into all of those and give a clearer message to consumers," he said.

It is to be noted that the life insurance industry has also come together and committed close to Rs. 100 crore towards an ad campaign, with a view to spread awareness around life insurance and removing misconceptions around the products.

"Along with the Life Insurance Council, we are also working on coming up with a company- and product-agnostic ad campaign to help improve awareness. Once the knowledge level of the people goes up, then they will buy the products voluntarily," he said.

According to market sources, the 'Mutual Funds Sahi Hai' ad campaign has been a runaway success for the industry. It has not only improved awareness but also brought in inflows, particularly from small retail investors through the SIP route. In fact, the inflows have been rather steady despite markets being volatile.

Insurance being still underpenetrated in the country, the industry is looking to promote it more actively, the source added. General insurance is still largely equated with motor and health to a great extent, and not many people are aware of the other products. A 'lively and catchy' ad campaign would help reach out to the masses, said Tajinder Mukherjee, Chairman and Managing Director, National Insurance Company.

“Now, when you talk about insurance the laymen only know life, they do not even think about general insurance. The idea is to bring the concept of general insurance to the people, as it can help make them more resilient to any kinds of mishaps,” she said.

While an investor in mutual funds and life insurance gets something in return, in the case of general insurance, it only offers protection. So, the challenge of creating awareness and getting to see a visible impact will be much higher for the general insurance industry, she added.

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**Source**

### ***Relief in accident cover – The Telegraph – 24th December 2018***

The Insurance Regulatory & Development Authority (Irda) has eased the rules for compulsory personal accident (CPA) cover that an owner-driver must have.

In a recent circular, the regulator said individuals need not take a separate cover if they already have a personal accident policy covering death and permanent disability (total and partial) with sum insured of at least Rs 15 lakh.

The regulator has also given individuals the option to take the cover as part of the motor insurance policy or go for a standalone CPA.

At present, General Regulation (GR)-36 of the India Motor Tariff (IMT), 2002, mandates general insurance firms to provide the accident cover for owner-driver under both liability only and package policies. The owner of the insured vehicle holding an effective driving licence is termed as owner-driver.

Earlier, the sum insured was Rs 2 lakh for four-wheelers and Rs one lakh for two-wheelers. The premium was set at Rs 100 and Rs 50, respectively.

The regulator in September mandatorily enhanced the personal accident cover to at least Rs 15 lakh following representations that this accident cover was not enough to provide relief to those sustaining injury or death in road accidents and an order from the Madras high court.

Insurance companies subsequently charged a premium of Rs 750.

However, the industry later pointed out that many owner-drivers already had general personal accident cover and many owner-drivers with more than one vehicle do not have to take more than one cover. The regulator then came out with a clarification on December 11.

“The recent circular by Irda on the CPA cover has provided clarification in line with the Indian Motor Tariff provisions. With effect from January 1, 2019, an option will be available to the customer to take CPA cover as part of the package policy or liability only policy or to go for standalone CPA policy. The insurers have been asked to file the standalone CPA as a product under the file and use guidelines along with its pricing,” said Onkar Kothari, compliance officer and company secretary, Bajaj Allianz General Insurance.

“Further, if an individual has a personal accident policy covering death and permanent disability, total as well as partial, with a sum insured of at least Rs 15 lakh, he or she need not take a separate cover, neither with the motor policy nor standalone,” Kothari added.

Sources said if a person had more than one car (or has one car and one two-wheeler), that individual does not have to take two CPAs. This is subject to the condition that the individual is owner-driver for both these vehicles and has a personal accident cover of at least Rs 15 lakh.

Irda has given freedom to insurers to price the standalone personal accident cover for owner-driver. However, the duration of such a cover has been fixed at one year.

  
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## HEALTH INSURANCE

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### ***Centre has spent ₹850 crore on Ayushman Bharat till date - The Hindu Business Line - 26th December 2018***

More than 6,000 patients have been seeking care daily under the cashless health insurance scheme Pradhan Mantri Jan Arogya Yojana, popularly known as Ayushman Bharat, following its launch three months back. In less than 90 days, 6.4 lakh persons have benefited, said Health Minister JP Nadda.

#### **Private hospital admissions**

The amount authorised for admissions till date is ₹850 crore, and 65 per cent of the total admissions are in private hospitals, according to data shared by the National Health Agency (NHA). Of the authorisations worth ₹850 crore, claims worth ₹630 crore have been submitted by 4.9 lakh patients. NHA data shared by Indu Bhushan, CEO of Ayushman Bharat, show that up to 22 per cent of the admissions are heart patients who signed up for angioplasty.

This was followed by coronary artery bypass graft (9 per cent); valve replacement and repair (6 per cent); polytrauma (4 per cent); and joint replacement (3 per cent). Cardiology, cardio-thoracic and vascular procedures accounted for ₹297 crore of the admission amount.

The dashboard, which is not available for public view, had been throwing up erroneous data, showing that the highest amounts were disbursed for dental procedures. Bhushan clarified that this has not been the case. "Some media reports printed wrong facts on dental procedures being most popular, despite us telling them that it is incorrect," said Bhushan.

#### **Glitches galore**

Due to the non-timely availability of services, patients have been calling up the Prime Minister's Office (PMO) directly, said an official at NHA, who did not wish to be named.

"Only last week we received a call from the PMO with regard to a female patient in Maharashtra who was trying to get the benefit of the scheme in Surat under portability as the website was down. We immediately got in touch with the State officials and sorted out the matter," the official said.

Up to 1,500 cases worth ₹4 crore have been treated in different States under the portability category.

#### **State-wise disparity**

There is State-wise disparity on how the scheme has fared till date. States such as Gujarat, Kerala and Chhattisgarh have recorded more than a lakh of admissions since the launch. Bigger States such as Uttar Pradesh have recorded one-tenth of the admissions that top States have recorded at 13,635 patients.

Other big States such as Bihar recorded 4,346 patients; Uttarakhand has served only 615 patients.

  
**Source**

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### ***CM launches Atal Ayushman Yojana, 23 lakh families to benefit in state - The times of India - 26th December 2018***

With an aim to cover all residents of Uttarakhand under a health insurance cover, chief minister Trivendra Singh Rawat on Tuesday launched Atal Ayushman Uttarakhand Yojana.

At a function in Race Course, the CM launched the scheme in the presence of ministers, several MLAs, MPs, state bureaucrats and thousands of people. On the occasion, the CM distributed golden cards to the beneficiaries.

The government had already named the project after former PM Atal Bihari Vajpayee and as a tribute to him the project was launched on his birth anniversary.

With the implementation of the scheme, Uttarakhand has become the first state to provide all its residents with free health security.

The CM also announced to start free OPDs for children and the elderly and dedicated air ambulances in the entire state from January 26.

Rawat said, "We have started the scheme to give health cover to each and every family in the state and ensure cashless treatment. At least, 23 lakh families in the state will be benefitted with the scheme. Taking into consideration the problems associated with insurance, the scheme will be run in trust mode," he added.

A total of 99 government and 66 private health institutes have been identified for the scheme and people would get treated for 1,350 serious ailments.

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### ***Delhi: Panel suggests health cover for third gender - The Times of India - 25th December 2018***

A committee formed to conduct a comprehensive study on the conditions of transgender people in the national capital has suggested that the government should provide health insurance to the third gender that also covers gender confirmation surgery.

In the report submitted to social welfare minister Rajendra Pal Gautam last week, the committee has also proposed that people belonging to the third gender are issued 'transgender certificates' instead of identity cards to help them avail social security benefits.

The other suggestions include setting up government-sponsored gender-neutral hostels and transit homes for transgender people forced to move out of abusive homes, omission of gender column from all education forms and certificates and implementation of the Supreme Court's 2014 NALSA judgment in totality, which declared transgender people to be a 'third gender' and gave them the right to self-identification of their gender as male, female or third gender.

To create awareness and include them in the mainstream, the Delhi government also partnered with the Quart project and organised a queer art festival in Dwarka on Sunday. The festival provided a mass platform to showcase the talents of the trans-community whose voices otherwise remain unheard to the mainstream society. The committee has also suggested that the government should focus on healthcare facilities, empowerment, education and employment of the third gender. It has also recommended that the Medical Council of India starts a specialised post-graduate degree programme in 'transgender healthcare'.

The committee was formed by the Aam Aadmi Party government in May this year and included two representatives of the third gender apart from officials from social welfare department and representatives from organisations working at different levels for the welfare of the transgender. The recommendations of the committee will go to Transgender Welfare Board, which is likely to be set up soon. The government will then initiate schemes for their development.

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Source

### ***6 lakh patients treated under Ayushman Bharat within 90 days - The Hindu Business Line - 21st December 2018***

In less than 90 days of its launch, more than six lakh people have received treatment under the Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PM-JAY), Union Health Minister JP Nadda said.

Launched on September 23 by Prime Minister Narendra Modi from Ranchi in Jharkhand, the scheme has provided secondary and tertiary care benefits worth over ₹800 crore to beneficiaries across the country.

### **Empanelled hospitals**

The scheme aims to provide a health cover of ₹5 lakh per family annually to more than 10.74 crore poor families or 50 crore individuals enabling secondary and tertiary care hospitalisation through a network of empanelled health care providers.

In addition, around 30 lakh beneficiary e-cards have been generated facilitating access to quality healthcare under the scheme to three million poor people.

Currently, more than 16,000 hospitals have been empanelled or are in the process under PM-JAY. Out of these, 8,807 or 55 per cent are private hospitals.

“Dedicated to providing the best in class inpatient care for serious illnesses, PM-JAY is performing well so far, two-thirds of the total hospital admission amount of more than ₹800 crore has been utilised towards tertiary care procedures or treatment for serious illnesses,” Nadda said.

“Cardiology and cardio-thoracic and vascular procedures such as angioplasty, coronary artery bypass graft and valve replacement are the top three packages of PM-JAY worth more than ₹297 crore and account for 37 per cent of the total admission amount,” he added.

Nearly 3,500 Common Service Centres, a network of single-window service providers, run by village-level entrepreneurs (VLEs), that are a part of the government’s rural outreach programme for delivery of digital services, have been engaged for verification of Ayushman Bharat beneficiaries through generation of PM-JAY e-cards across 13 States.

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## **CROP INSURANCE**

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### ***As polls draw closer, government mulls steps to support farmers in distress - The Economic Times – 26th December 2018***

The government is considering several measures to support farmers in distress as pressure mounts for a nationwide loan waiver scheme ahead of the general election. These include doubling collateral-free loans under Kisan Credit Cards (KCCs) to Rs 2 lakh and changes in the Pradhan Mantri Fasal Bima Yojana (PMFBY) crop insurance scheme to enhance coverage and ensure faster settlement of claims, said a senior official.

The Niti Aayog is holding discussions with the ministries of agriculture and finance on all possible steps, including the feasibility of a loan waiver, the official said. “We are looking at a series of steps to initiate structural reforms,” he said, adding that loan waivers are not a panacea but the final decision will be a political call.

A senior banker also confirmed that talks are on to increase the KCC limit besides tweaking certain features of Fasal Bima Yojana. “There is also some discussion (on whether) the classification of agricultural bad loans can be looked at,” he said. Farmers currently have to repay both principal and interest to be eligible for fresh lending.

ET had reported earlier this month that the upcoming budget is likely to have a strong rural and agriculture focus after the ruling BJP suffered a setback in recent state elections.

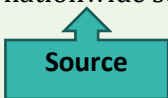
There are over 40 million KCC accounts with Rs 2.37 lakh crore outstanding. Under KCC guidelines, the Reserve Bank of India has allowed banks to waive margin requirements for loans up to Rs 1 lakh. “Banks may consider sanctioning loans on hypothecation of crops up to card limit of Rs 3 lakh without insisting on collateral security,” it states.

The government is also pushing banks for conversion of KCCs to RuPay ATM-cum-Debit Kisan Credit Cards (RKCCs) as this increases the ease with which funds can be accessed. A former banker said more effective steps were needed rather than doubling collateral-free loans.

“Government should look at giving a bigger interest subvention to farmers who have repaid,” said MP Shorawala, a former independent director with Central Bank of India, adding that the farm loan waiver announced in some states will further disrupt the credit cycle. The official cited above, however, said that bad loans in the farming sector are less than that of corporates.

“Till March this year, the gross bad loans in agriculture and allied activities were Rs 85,344 crore,” he said. The total bad loan portfolio of scheduled commercial banks stood at Rs 8.45 lakh crore. Punjab, Uttar Pradesh, Maharashtra, Assam, Karnataka, Rajasthan, Madhya Pradesh and Chhattisgarh have announced farm loan waiver schemes. The central government is under pressure to announce a nationwide scheme. The last national loan waiver was announced in 2008 and cost Rs 52,000 crore.

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***Modi govt close to finalising new farm insurance scheme - Hindustan Times - 22nd December 2018***

The Narendra Modi government is close to finalising a new model for its flagship farm insurance scheme, which will give it far greater control over an initiative on which a lot is riding ahead of next year’s general polls.

The model under consideration is similar to agricultural insurance schemes in Spain and Turkey, two systems that civil servants in the agriculture ministry studied extensively with the help of a World Bank team, an official familiar with the plan said on condition of anonymity.

The government is likely to move to a “risk-pooling system” of insurance, under which the government will get a deciding role on virtually everything, from fixing premiums to payouts. Insurance firms will be responsible only for implementing the programme in return for a fee.

“We have already examined it. We are in the process of taking a call on it,” the official cited above said, adding, the government is analysing the costs and benefits of shift to such a scheme.

Agrarian distress is likely to be one of the key campaign issues in the 2019 Lok Sabha polls too. In the insurance business, risk-pooling has been around for decades, particularly in health insurance, in both developed and emerging economies. The ministry recently reviewed “global insurance best practices”, in which it was assisted by the World Bank. The Pradhan Mantri Fasal Bima Yojana (PMFBY), as the Modi government’s farm insurance scheme is called, became operational in 2016-17 and is now in its third year. It has undergone a series of changes to overcome hurdles such as delayed payouts that tend to anger farmers.

According to economist Ashok Gulati, who recently analysed PMFBY in his work ‘Supporting Indian Farms the Smart Way,’ prompt insurance settlement will need something more than just an efficient business model: costly technology. India needs a fleet of cloud-penetrating satellites for faster crop-loss estimates, he says.

Setting up such a constellation could cost up to Rs 2,000 crore, assuming an average cost of Rs 400 crore per satellite, according to Gulati’s calculations. The government would do well to adopt better models but given India’s federal structure, success will to a large extent depend on the efficiency level of states, said K Mani, a professor at the Tamil Nadu Agricultural University.

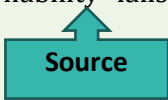
A recent review of the farm insurance scheme showed Uttar Pradesh on top, as far as timely processing was concerned. Bihar is one of the worst performers. West Bengal, a laggard until recently, has moved up the ranks after clearing all outstanding claims. Under classic risk-pooling mechanisms, risks (or premiums of individuals covered) are bundled onto a common platform, which allows for higher costs of those at greater risk to be offset by lower costs of less risky.

A thumb rule is that larger risk pools create more stable premium regimes and make for greater predictability of risk.

The government will likely tweak the model to create a pool where, in theory, all participating insurance firms transfer their risks. The pool will be run by an agency created by the government, which will also sit on its board, the official cited above said. This state-run agency that will maintain the pool will also fix the premium rates for all crops everywhere. Since insurance firms will only be looking after implementing the scheme, they will only quote the administrative rates they intend to charge, through a bidding process. Crop insurance is mandatory for any farmer with a farm loan, which the government also subsidizes. Farmers pay between 1.5% and 2% of the premium, while the rest is shared equally by states and the Centre.

The “strength is in the implementation capacities”, the official cited above said, when asked why he thought the new model was better. If a company takes, say, a 1% charge for implementing the scheme in a particular area and is found wanting, it may be debarred from the scheme in the future. The pool will prefer companies with a better performance ranking in the last seasons. The official said bidding would only be opened for administrative costs to run the scheme, while the “entire premium and the entire liability” falls on the government. In other words, the model offers greater oversight and control.

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## MOTOR INSURANCE

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### ***Buying insurance for your electric car? Look at these things first - Financial Express - 27th December 2018***

Electric vehicles have now become a common sight on our roads more so with the Modi government keen on making India a 100 per cent electric vehicle-driven nation by 2030. Auto companies also have taken electric vehicles (EVs) seriously and companies such as Mahindra & Mahindra and Tata Motors are already out with their e-cars. According to industry experts, the demand for e-cars is increasing and will continue to grow in the years to come, because of growing consumer awareness and its strict emission norms.

These E-cars come with their own perks, even though they might be slightly expensive as compared to motor cars. For instance, e-cars are noiseless, do not pollute the environment and most importantly saves on petrol and diesel. However, with the higher cost of the car, the payout for insuring the electric vehicle also gets higher.

With the numbers of electric cars being limited, there is no separate coverage available as of now. Currently, electric cars are covered under the traditional motor-insurance policies which also provide covers for petrol and diesel cars. These policies are offered by insurers as per the standard guidelines for traditional fuel based vehicle insurance.

#### **Things to look at before buying an insurance cover:**

- Electric cars operate differently to traditional vehicles. Hence look at these unique issues before buying an insurance cover. Commonly available electric cars can be driven for about 100 to 150 miles before their batteries drain out. Most electric cars take between 5-10 hours to get fully charged. The battery and electricity supply unit is a key component for an electric car. Experts suggest the mechanical, electronic and electric failure of battery and electricity supply unit should be protected by opting for suitable warranty products to cover the risk.
- Experts say before buying an insurance cover, one should find out the value of the vehicle at which insurance cover is being provided. Insurance should be issued at the correct value of the vehicle. You should also ensure whether the coverage provided is adequate so that your share during an accidental claim is minimal.

- Look out for insured declared value (IDV), availability of add-on features and the type of plan to be opted for while buying an insurance cover. Along with these check the cashless facility, performance of the company, and claim settlement ratio, before choosing for an insurer.
- These cars are built with advanced technology, and it requires specialist mechanics for repairs. Costs of the batteries and specialized parts can also be expensive. Hence, it is suggested to opt for separate add-on covers. Though add-on covers are necessary for an e-car, add-ons like engine protector available with comprehensive motor insurance may vary, as vehicles running on the battery are different from traditional fuel engines. Risks of damages due to battery charging, battery leakages, damage of charging connectors, towing of the vehicle to the nearest charging point and provide on-spot assistance should be looked at as add-on covers.
- Zero depreciation add-on cover can also be helpful as the cost and the repair of these vehicles are expensive. During a claim, the insurance company calculates the depreciation value of the car, which is then deducted from the claim amount. With zero-depreciation add-on cover, the deductions in the claim amount made due to depreciation are waived off and the full amount of damage is paid.

Electric Car	HDFC Ergo		ICICI Lombard	
	IDV (Rs)	Premium (Rs)	IDV (Rs)	Premium (Rs)
Mahindra E2o T2	529,600	20,282	798,709	20,277
Mahindra E2o Plus PS	774,000	28,580	10,70,910	26,893
Mahindra E-Verito D6	720,000	29,163	11,76,005	29,220

Source: Companies

The premium rates for the normal motor vehicles are decided on the basis of the engine capacity of the vehicle. However, to apply for an insurance cover for e-cars, there is no defined engine and cubic capacity (CC) separately mentioned, for calculating the premium. In the absence of cubic capacity (CC) for an electric car, insurers generally take into consideration the kilowatt (KW) to calculate the premium. However, experts say, electric cars attract a higher premium rate than the diesel or petrol cars because the repairing cost is higher in case of any damage.

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### ***Motor-insurance business drives growth of PolicyBazaar.com - The Hindu Business Line - 25th December 2018***

PolicyBazaar.com is confident of maintaining close to 100 per cent growth in motor insurance business, supported by its key differentiators from the offline mode.

The largest online insurance aggregator in India, which has more than 50 per cent share in online motor insurance segment, said factors such as options to compare multiple types of products, availability of certain 'not-feasible-in-offline-mode products', and shorter turnaround time have been driving growth and market share for the company.

This fiscal, it expects a sale of 11 lakh motor policies, up from close to six lakh policies last year.

"This fiscal, we expect 25-30 lakh new cars getting added, while 5-10 lakh old cars may move out insurance. So, overall, we expect 220 lakh cars to be insured. We expect about 20 lakh cars to be insured via online mode and we hope to do about 11 lakh policies," Sajja Praveen Chowdary, Head of Motor Insurance, PolicyBazaar.com, told *BusinessLine*.

In 2017-18, about 200 lakh private cars were covered by insurance players, of which 12 lakh policies were sold online. PolicyBazaar.com garnered about 50 per cent of the online share.

“The single point platform for any insurance company’s products is a key USP. Also, availability of the products such as third-party only, which is not feasible in the offline market, attracts a lot of customers into our fold,” he explained.

For the average ₹3,000 third-party only policy, the earning an insurer could make is just ₹75, which is definitely not viable for an agent. “This we offered online two years ago and is doing well,” he said.

### **Self-video inspection**

He also explained that the online aggregator’s launch of the self-video inspection process for policies that had a break in renewals, proved to be very effective.

“It used to be a three-day affair earlier for the break in policies due to mandatory inspection process. We have now reduced the process and one can renew the policy in 30 minutes to two hours. We are doing about 10,000 video inspections a month now,” he said.

In claims, too, the company’s video process has helped cut down the non-repair process of damaged car’s claim to 2-3 hours from 2-3 days earlier.

“Several such initiatives help customer handle insurance with ease and at their convenience. Hence, we see good traction and strong growth,” said Chowdary.

PolicyBazaar.com presently sells about 65,000-70,000 car policies a month, with the average age of a car about 4.5 years. In two-wheelers, it sells about 180,000 policies a month.

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### ***GST rate cut to make third party insurance affordable for ‘goods carrying vehicles’ - The Hindu Business Line - 22nd December 2018***

The general insurance industry has widely welcomed the Goods and Services Tax (GST) council’s move to cut GST rate on third party insurance premium of ‘goods carrying vehicles’ from 18 to 12 percent.

“This is a significant move. It is a welcome move, especially when it is a sensitive segment that generally buys it. Also because third party insurance is mandatory, the cost of compliance will come down”, Anup Rau, Chief Executive Officer, Edelweiss General Insurance Company Ltd told BusinessLine.

Sanjay Datta, Chief of Underwriting, Reinsurance and Claim at ICICI Lombard General Insurance said this move has more of a societal impact and will make such products “more affordable” for those who need to buy third party, but found them difficult to afford.

Sasikumar Adidamu, Chief Technical Officer, Bajaj Allianz General Insurance said:” We welcome this move as it will be beneficial for the consumers by giving them relief in terms of reduction in GST rates, which will result in reduction in their premium outgo”.

Adidamu said this will help the insurance industry improve the penetration of motor third party insurance which is mandatory in the country.

Subrata Mondal, Executive Vice President of IFFCO Tokio General Insurance said, “This is a welcome move considering it will bring down the premium rate for vehicle owners. The reduction has brought relief to vehicle owners at a time when the cost of insurance recently went up due to mandatory long term Third Party cover”, Mondal said.

Divyesh Lapsiwala, Tax Partner, EY said this GST rate cut should reduce the premium and possibly increase penetration given that some of the goods carriers may not be registered, and therefore GST would be a cost to them.

This would, however, have a major impact on the technology systems of general insurance companies given the fact in a single policy two different rates will apply on two different components of the premium, Lapsiwala said.

Abhishek Jain, Tax Partner, Ernst and Young (EY) said that a reduced rate for insurance premium of goods carrying vehicles may help reduce tax costs for goods transport service providers.

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### ***What are the inclusions and exclusions in a car insurance policy? - The Economic Times - 22nd December 2018***

Even if you hold a valid license, driving a car out from the showroom right after purchasing it may not always happen. It is important that you get the car insured before it can be driven on the road.

Such an insurance cover may be bought from a general insurance company directly or through the dealer who could have a tie-up with the insurer. No matter from where you buy, here are few things to be aware of as far as inclusions and exclusions in a car insurance policy are concerned.

#### **Inclusions in a car insurance policy**

Among the two types of car insurance policies in India, the third-party (TP) car insurance, which is a mandatory cover, serves to protect the insured from claims arising from a third party, when the insured's vehicle is at fault. This cover will pay for any fiscal liability and will also take care of any legal repercussions that arise out of the accident. It covers only your legal liability for the damage you may cause to a third party - bodily injury, death and damage to third party property - while using your vehicle. Third party cover does not pay for repair of damage to your car or if you suffer any car-related injuries.

Elsewhere, a Package Policy or a Comprehensive Policy covers loss or own damage (OD) to the vehicle insured in addition to all the covers provided by a third-party policy. It is the non-compulsory 'own-damages cover' part of the comprehensive motor policy that actually pays you in case of damage to or theft of your car. Such a policy provides coverage against loss of or damage to your vehicle caused by accident, theft, fire, explosion, self-ignition, lightning, riots, strikes or act of terrorism, natural calamities.

#### **Permanent exclusions in car insurance policy**

At the time of claim, one may not be entitled to the entire claim amount. There are several restrictions and specific exclusions in a car insurance policy. This list includes the following situations in which loss of or damage to your car is not covered.

“The motor policy is a yearly contract and has to be renewed without a break. In case any damage happens post the expiry, the loss won't be covered.

“If the insured or any other person, with the knowledge and consent of the insured, is driving the car under the influence of alcohol or drugs or any other intoxicating substance.

" If the vehicle was being driven by a person without a valid driving licence.

“Damage to engine as a result of oil leakage.

“In case of violation of car manufacturer's guidelines for use of car and related failures or breakages.

" Any damage to the car due to war, terror attacks, invasion, foreign enemy action, civil war, mutiny, rebellion, hostilities, radiation or nuclear material/weapons are not covered under a standard motor policy.

“Deliberate accidental loss, that is a loss arising out of an accident or event that was deliberate is also not covered.

“Consequential losses or damages which are a consequence of a certain action resulting by the policyholder or a third-party (whether intentional or by accident) and not an outcome of an uncertain event are not covered. For instance, engine damage due to hydrostatic loss during monsoons is a

common consequential loss. This is because the damage did not happen because of flooding or the rains, instead someone had cranked up the car in a water-logged area. It could be a mistake, an intentional act or an action taken in an emergency situation, however, it won't be covered by the insurer as the risk was not covered.

“The policy would also not cover any contractual liability that a policyholder may have towards the insured asset, that is, the car. Contractual liability refers to any claim that may arise because of the policyholder entering into a contract. For instance, say the policyholder has pledged his car to someone (say against a loan) for a certain period of time and the car is damaged while being driven by the person to whom it has been pledged. Then any losses due to this damage won't be covered by your motor insurer. However, if the insured is driving the car, even if pledged to someone, then any damages to the car would be covered subject to the other conditions of the policy.

**1. Zero Depreciation cover:** Loss due to normal wear and tear of the car is not covered under a standard plan. This is the reason why at the time of policy renewal, the insured value (technically called the Insured Declared Value (IDV)) of your car is revised downward to adjust for depreciation. By doing this the insurance company is excluding the loss in value that your car has already suffered due to the normal wear and tear in the previous years.

IDV of vehicles over 5 years of age and of obsolete models of the vehicles (i.e., models which the manufacturers have stopped producing) is determined on the basis of an understanding between the insurer and the insured.

Not just the car, the IDV of additional accessories (not included in the manufacturer's listed selling price of the vehicle), fitted to the vehicle are depreciable. The rate of depreciation for all rubber, nylon/ plastic parts, tubes, batteries and airbags is 50%, while for fiberglass components it is 30%. For damage to tyres, unless the motor vehicle was damaged in the same incident /at the same time, re-imburement is limited to 50% of the cost of replacement. For glass, depreciation is nil. For all other parts, including wooden parts, the depreciation rate is as follows:

However, adding a Zero Depreciation cover ensures that value of damaged parts is not depreciated before reimbursement and you get full reimbursement for cost of parts replaced. This cover extends to the repairing/replacement cost of fiberglass, rubber parts and plastic. Though, opting for a Zero Depreciation Policy will result in slightly higher premium it is worth considering, especially if your car is less than 5 years old.

**2. Invoice Cover:** For own damages, no matter how big your loss is, the maximum that your insurer is liable to pay you is the IDV of your car as specified in the policy subject to deductibles. The IDV is the current market value of your vehicle on the basis of manufacturer's listed selling price of the brand and model. It is provided by the insurer in case of theft or total loss of vehicle. A vehicle will be considered to be a total loss, where the aggregate cost of retrieval and / or repair of the vehicle subject to terms and conditions of the policy exceed 75% of the IDV.

However, even in case of total loss, where you get full IDV, the settlement amount is often much less than what you had actually paid for the car. Thus, what you get from your insurer in case of theft/total loss in a standard policy is well below the cost of buying a new car of the same or similar make and model again. Adding an Invoice Cover to your standard policy makes you eligible for reimbursement of the full original amount (as per invoice) paid for the car.

However, this cover is usually available only up to two years from the date of registration of the car. This cover only makes sense when your vehicle is brand new.

**3. Engine protector cover:** Meaning, the most valuable part of the car, your engine is not covered for non-accidental failures or malfunctions. Now, imagine a situation where the engine of the car is submerged in a waterlogged area. Starting the car in such a scenario can result in the engine seizing. This will not be covered under regular insurance. Here, adding an engine protector cover will insure the car for all non-accidental exclusions related to your engine.

**4. Extended Accident Cover:** A basic personal accident cover for the owner-driver is compulsory while purchasing insurance for the car. However, the passengers or a hired driver are not covered under personal accident insurance. There is an optional add-on personal accident cover for the passengers of your car as well as separately for your paid driver.

#### **Other out-of-pocket expenses**

In car insurance policies, there could be a deductible in-built into the plan. A deductible is that portion of any claim, which is not covered by the insurance company, which the insured has to compulsorily pay out of his pocket at the time of claim settlement. Only the balance amount is payable by insurance company. However, you can get additional discount on your premium by adding a voluntary deductible amount to the compulsory deductible. If your car is old you could consider going for a voluntary deductible to get a good deal on the premium.

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## OPINION

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### ***Rashtriya Swasthya Bima Yojana: RSBY lessons for Ayushman Bharat - - Financial Express - 28th December 2018***

The healthcare sector in India faces multiple challenges requiring government intervention. Of these, the most identifiably damaging is the rising out-of-pocket expenditure (OOPE) of the citizens. According to the latest National Health Accounts estimates among different sources of healthcare financing, 67% of the total health expenditure comes from households' pockets. At the national level, of the Rs 3,826 spent on healthcare per capita, Rs 2,394 is OOPE. In this manner, catastrophic health expenses push about 7% of the population below the poverty threshold every year. Against this backdrop, the government of India launched the Ayushman Bharat-National Health Protection Mission (AB-NHPM) in September 2018.

The AB-NHPM shares its objectives with the Rashtriya Swasthya Bima Yojana (RSBY) scheme, which sanctioned Rs 30,000 health insurance coverage per family per year for secondary and tertiary hospitalisation. In the nearly nine years of RSBY's existence, the scheme objectives are yet to be met. Several studies have found that the quality of healthcare provisioned under the RSBY was compromised because of insufficient coverage. In this respect, the Ayushman Bharat scheme is a positive step up, with an increased coverage limit of Rs 5 lakh. Despite this change, some less-desired aspects of the RSBY have unfortunately seeped into the AB-NHPM scheme.

The capacity of increased coverage to reduce the actual OOPE is limited in the current form of this scheme. This is because of three main reasons that need to be addressed at early stage for effective implementation of the scheme.

One, similar to the RSBY, outpatient expenditure, which forms a major part of OOPE, has been left out of the ambit of the AB-NHPM.

Two, relying on a single rate card for the entire country could possibly limit private sector participation. Three, preparing the entire medical procedure list at the central level is a potentially suboptimal move, given the heterogeneity in healthcare needs across the country.

Let us discuss each of these points.

First, despite the increase in coverage amount, the AB-NHPM is limited to only inpatient care. That is, the Rs 5 lakh cover is intended for secondary and tertiary care 'hospitalisation' only. This exclusion of outpatient care becomes inimical for two reasons. The first relates to the percentage of OOPE spent on outpatient care, which is well above 55%. Therefore, in its current form, the AB-NHPM would cover only 32% of the total OOPE directly. The second relates to a behavioural pattern common amongst the particularly vulnerable sections of the population, which the AB-NHPM aims to target. It is well-established that poorer people, functioning on daily income, tend to avoid hospitalisation due to the

associated loss in working income. Therefore, outpatient care inclusive of diagnostics and medicines needs to be insured for them.

Second, the AB-NHPM scheme, in its current form (similar to the RSBY), may not be able to account for the rising private players' participation in the Indian healthcare sector. The increase in compensation holds value only when it is able to induce insurance coverage for healthcare services provided by the private sector. From 1996 to 2016, the participation of the private sector in providing healthcare services has been increasing at a quick rate in urban areas, while remaining more or less constant in rural areas. In 2014-15, over 68% of hospitalised cases in urban areas and 42% of hospitalised cases in rural areas got recorded in private hospitals. Following a 2018 NITI Aayog ranking of states' health performance, we see that even in the top-performing states with the highest government expenditure on health, the spending in the private sector in the form of OOPE is quite high. Unsurprisingly, the same holds true for the bottom three states as well.

Thus, the inclusion of private sector healthcare service providers under the AB-NHPM is crucial. Although the list of hospitals empanelled under the scheme contains many private hospitals, unfortunately, under the single rate card provision of the scheme, the private sector's willing participation seems unlikely. This is because the prices proposed under the rate card fall much below the expectations of private sector healthcare providers.

In a 2018 FICCI report, it attempted an estimation of costs of the 10 most common surgical procedures conducted in India. The exercise was carried out for 10 different private and public hospitals across metros and non-metros. The study found that the prices set under the AB-NHPM fail to cover even the costs (which are significantly lower than patient expense) of performing these surgical procedures in these hospitals by 25% to 300%. Additionally, the single rate card prescribed for the entire country does not take into account the heterogeneity in healthcare prices across the nation. The last round of the NSSO survey showed that the average hospitalisation rates vary significantly across the country. This could inhibit the implementation of the scheme in places where the prescribed rates fall below the market prices.

Third, the compilation of the medical packages list at the central level becomes an issue, given the diversity in disease prevalence across the country. A study in 2018 under the India State-Level Disease Burden Initiative maintains the need for state-specific health interventions. The study divides Indian states into four epidemiological transition level (ETL) groups on the basis of the ratio of burden from communicable, maternal, neonatal and nutritional diseases to those from non-communicable diseases in 2016. It is recognised that there are comprehensive inequalities in disease burden and its causes across states. This highlights a deep-rooted need for disease-specific interventions, allowing for specialised attention to associated risk factors. With a focused treatment approach, incidence itself can be brought down, not merely treatment costs.

The challenges highlighted above can be potentially addressed with the idea of cooperative federalism, which encourages Centre-state collaboration. States' role needs to be enhanced at planning stages, a shift from their current role as implementers. For instance, states could be given the responsibility of preparing the medical package list. This would possibly have two benefits.

One, it can induce cost-effective accounting for interstate variation.

Two, if poorer states could set up lucrative prices for healthcare packages, it could augment private investment in these states. This would ideally lead to the creation of healthcare infrastructure where it is lacking.

In conclusion, while the ideation of the scheme needs to be lauded, the implementation challenges deserve some serious thought. An increased states' participation and inflation-adjusted rates for procedures would help India progress towards its universal healthcare goal.

*(The writer Kumar is associate fellow, Pahle India Foundation, Shukla is research associate, Department of Social Science and Humanities (Economics Division), IIIT-D)*

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## ***Life insurance: Looking back, looking ahead - Regulatory support leading to new possibilities - Financial Express - 26th December 2018***

A double digit growth rate, scoring high on persistency as well as claims ratio, several positives in the draft regulations—the life insurance industry had a remarkable 2018. It has been heartening to witness that growth is back in the industry and is here to stay. Tailwinds of macro-economic sentiments, awareness leading to diversification of the savings portfolio and focus on the ‘protection’ segment provided a firm ground to the industry’s performance.

### **Protection remains the key**

While, India’s life insurance penetration is comparable to Asian peers at 2.8% of GDP, however, the protection gap is alarmingly high at 92%. 2018 witnessed an increase in the percentage of mind-shift of people perceiving life insurance as one of the best safeguard against risk and not merely a savings instrument for future. It led to insurers focusing on unique need based plans to protect people’s lives, dreams and goals.

The industry expanded its protection solutions bouquet and in turns the share of protection in their business. With falling interest rates and people looking for wealth conservation, guaranteed life insurance solutions also gained prominence. Changes to the LTCG tax made ULIPs a compelling proposition yet again.

### **Regulatory support**

Over time, the industry stabilized and geared for the big leap in 2018. The IRDAI draft proposal made collaboratively with the industry was aimed to suit customer’s needs and provide more benefits. Product guidelines like similar minimum death benefit across all ages, extending the revival period to five years, and differentiated pricing of protection products for customers who use wearable’s, rewarding them for healthier lifestyle were all positives.

### **Reaching out to more**

The industry widened its reach by leveraging the open architecture model and strengthened its bancassurance network. Distribution channels like agency and online ensured better distribution and increased penetration, while the industry closely increased its persistency ratio. Introduction of Point of Sales and Insurance Marketing Firm by the regulator was an immense move towards increasing insurance penetration and deepening distribution. Permitting the sale of simple OTC products through simplified on-boarded agents aimed at enabling faster customer on-boarding, while removing complexity of insurance for the end customer. While 2018 was remarkable, where would the industry head in 2019?

**Interest in life insurance to grow:** The year 2019 will witness the industry making intensive efforts towards increasing awareness so that people purchase life insurance for the correct reasons and stay invested in it for a long time.

**Product innovation to aid growth:** The new draft regulations will allow life insurers to enter new segments and expand product portfolio to increase reach. Innovation on the products will make life insurance more attractive for customers. Continuing the trend, with higher risk taking ability and greater awareness of the need to tackle those risks, the demand for protection-oriented products will witness further increase.

**Technology to be the game changer:** Data analytics and insights curation using deep learning tools, automation, mobility and cloud computing will make processes seamless, faster and cost effective besides opening new opportunities for the life insurance sector. From product design to sales to claims servicing and innovation, technology will allow insurers to improve profitability while delivering increased customer satisfaction and world-class digital experience.

**Omni-channel distribution:** Multiple customer segments will engage with numerous distribution channels in a single purchase journey making it essential for life insurance companies to offer a flawless omni-channel experience. While the new-age customers or the millennials might prefer the handiness of an online purchase journey, a larger population of customers will still require the support of life insurance advisors. While, there will be those who will research online but prefer to buy offline.

Binding all these aspects together, customer service and engagement will remain the key differentiator. Simplifying products and the customer on-boarding process, focusing on protection products and staying customer-centric, will be factors which will act as success mantras for the industry.

*(The writer is MD & CEO, Aditya Birla Sun Life Insurance and deputy chief executive, Aditya Birla Capital)*

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## INSURANCE CASES

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### ***Crop insurance fails to come to aid of Kappatralla farmers - The Times of India - 25th December 2018***

Most houses in this once infamous village are locked with inhabitants missing, as crop failure in parts of Andhra Pradesh has triggered flight of farm labourers to greener pastures.

Kappatralla, which has seen at least 50 faction murders over the past two decades, is witnessing appalling scenes of human misery with farmers getting insurance amount after huge crop losses.

Kappatralla has now been adopted by former Kurnool superintendent of police AK Ravi Krishna, resulting in the opening of Andhra Pragati Grameena bank in the village to help farmers get loans. "The factionism has gone. The drinking water problem is under control after Ravi Krishna helped us to build a water purification plant and sourced water from a borewell," said K Harischandra, a villager. "But all our hopes have been dealt a blow by this year's drought," he added.

Farmers raise fingers at the apathy of agri officials.

While the sum assured is Rs 40,000 per hectare, each farmer gets only Rs 2,990 per acre, despite losing his entire crop. Many of the farmers do not have any information about the Pradhan Mantri Fasal Bima Yojana, a crop insurance scheme.

"I invested around Rs 15,000 per acre by taking loans, but the yield was only one sack of groundnut per acre. None of the agricultural officers visited us and we don't have any knowledge about the insurance scheme," said B Muniswamy, a farmer who lost his groundnut crop due to the drought in the kharif season.

When TOI visited Kapatralla, some farmers who have not migrated seemed curious about the visitors. They wondered whether help had arrived. "Onion crop in 10 acres has dried up. I suffered Rs 20,000 loss per acre," said Golla Rangamma, a woman farmer of the village.

A Hariprasad, manager of Andhra Pragati Grameena Bank at Kappatralla, told TOI how they have disbursed Rs 8.38 crore loan to around 971 people this year for kharif and rabi crops, to farmers from four villages, including Kappatralla, Jilledubudakala, Madhapuram and Obulapuram.

"Each loan is renewed for most farmers. We fix the premium, when farmers take crop loans for weather-based insurance scheme. For groundnut crop, the rate is Rs 900 per hectare. We have processed around 675 claims under the scheme. The insurance company has settled claims for 2017-18 where Rs 2,990 was given per acre. Under PM Fasal Bima Yojana, for crops like cotton and onion, around 29 farmers got registered," Hariprasad said.

But farmers alleged that insurance companies and agricultural officers have failed to do proper assessment, leading to less insurance amount. Kurnool district collector S Satyanarayana added that the insurance amount was paid to the consumer as per the assessed damage of the crop by assessors of the insurance company.

  
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***Delhi: Murder no reason to deny claim to kin, insurer told to give payout with fine - The Times of India - 24th December 2018***

A Delhi district consumer forum has trashed an insurance company's reason for rejecting a claim by the kin of a man who was allegedly murdered. The forum said that delay in filing the claim and the fact that the man was murdered cannot be grounds to deny an insurance claim.

The insurance company was accordingly directed to pay Rs 5 lakh, along with 9% interest, to the mother of the deceased, besides an extra Rs 25,000 for causing "mental agony and pain".

"Insurance company has failed to place on record any documentary evidence to prove that murder is out of the purview of the personal accident policy," observed the forum bench.

It relied on a circular of the Insurance Regulatory and Development Authority, which says that rejection of a claim should be based on sound logic and valid grounds and no genuine claim should be rejected merely because there was a delay in lodging the claim.

New India Assurance Co. Ltd had argued that the deceased was murdered in a "planned manner" and, therefore, the case was out of the purview of the accident policy.

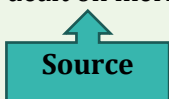
The forum had to deal with the question whether the insurance company could rely on the terms and conditions that were never supplied to the insured. "The answer is in the negative," the forum said. It, therefore, held that unless terms and conditions are supplied to the complainant prior to the policy, its clauses cannot be enforced.

Munish Kumar died on May 30, 2012, following which his parents approached his bank to lodge a claim against his personal accident insurance policy. Bank officials, however, said it had not issued the policy, but the insurance company had. It claimed only to be a facilitator.

In May 2013, the insurance company repudiated the claim on the ground that there was an inordinate delay of 159 days in the submission of the claim papers from the day of Kumar's death.

Appearing for the mother, advocate Sahil Mongia told the forum that his client had sent a representation to the insurance company on December 5, 2013 but nothing came of it. Thereafter, notices were sent to the bank and the insurance company but no one appeared for the former.

The insurance company contested the claims of the mother citing the 159 day delay. It also argued that the complainant ought to have informed it about the death of her son. But the forum pointed out that the company had not filed any evidence, which could be considered. "On the contrary, the claim should be dealt on merit," it said.



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***Insurance firm fined for repudiating claim - The Tribune - 23rd December 2018***

The district consumer disputes redressal forum has directed an insurance company to pay Rs 2,14,219 as a vehicle damage claim, along with Rs 3,000 as litigation expenses, to a local resident.

Loveleen Kaur, a local resident, had filed a complainant against ICICI Lombard General Insurance Company Ltd, stating that she got her vehicle insured from the opposite party.

She said that during the validity of the insurance, her vehicle met with an accident after which the police authorities were intimidated and the said vehicle was taken to an authorised service centre.

She stated that the surveyor of the opposite party made the preliminary estimate of Rs 2, 14,219. She complained that the opposite party, instead of making the said payment, repudiated the claim of the complainant on frivolous grounds of misrepresentation of facts.

The opposite party, in its reply, submitted that the complainant had not disclosed that by whom the vehicle in question was being driven at the time of the accident.

It was submitted that the FIR was lodged by Pinder Singh, who had stated to the police authorities that the vehicle in question was being driven by Raj Kumar. Even the FIR was lodged against Raj Kumar, but later on, through a supplementary statement, the name of the accused (Narinder Singh) was added as the driver. It was submitted that it was done as Raj Kumar was not having a legal and valid driving licence at the time of alleged accident.

According to the forum, the evidence proved that the car met with an accident with a bike, whose rider, along with the one riding pillion, had died and the FIR was lodged by Pinder Singh, father of the driver.

Later, Pinder Singh stated to the police that due to the death of his son, he had lost his consciousness and wrongly stated that the car was being driven by Raj Kumar whereas the same was being driven by Narinder Singh, son of Raj Kumar.

It stated that the only plea of the opposite party was the supplementary statement, in which the name of the accused, namely Narinder Singh, was added.

The forum stated that the firm's plea regarding Raj Kumar not having a valid licence and the addition of Narinder's name was not sustainable as the challan form regarding accident as well as correction of the name from Raj Kumar to Narinder Singh was already filed before the court of law. It stated that the opposite party couldn't refute the claim.

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**Source**

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## SURVEY AND REPORTS

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***Indians see life insurance as the most handy instrument for planning their major life goals, reveals survey - Financial Express - 27th December 2018***

Indians see life insurance as the most handy instrument for planning their major life goals while nearly a third do not have any idea about how much insurance they need, a survey has found.

Life insurance is the top instrument for life goals such as building a house (43 per cent), children's education (38 per cent), retirement (49 per cent) and legacy creation (50 per cent), the survey by Exide Life Insurance said. When it comes to planning for child's marriage, they look at fixed deposits in addition to life insurance, the survey revealed.

It also finds that 30 per cent respondents admitted that they do not have any idea about how much life insurance cover is required, pointing towards the glaring protection gap among Indians.

Around 46 per cent of surveyed feel that they should have a cover of at least 10 times their annual income but only 29 per cent of individuals have such cover, it said.

The digital survey 'Exide Life Insurance 2018 Money Habits' covered respondents from 12 cities including metros and emerging tier II cities with an intention to understand how life insurance owners/intenders look at dealing with their money.

Through the various subsections of the survey, it is made evident that Indians seldom cover the entirety of financial responsibility.

Survey brings to light that as an income earner of the family, Indians are inclined towards just earning, saving and to an extent investing for life goals, the survey said.

Life insurance penetration in India stands at less than 3 per cent in comparison to other developing countries and despite the thrust on financial literacy by government as well as the insurance industry, people still struggle to gauge the level of protection required to themselves and their family, it said.

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**Source**

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## IRDAI CIRCULAR

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IRDAI issued circular regarding guidelines on settlement of insurance claims of victims of recent cyclones to Chairman/CEOs of life insurers.

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Updated list of non-life insurers is available on IRDAI website.

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**Source**

Gross direct premium of non life insurers underwritten for and upto the month of November, 2018 is available on IRDAI website.

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**Source**

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