Featured Articles

PIL in HC for mandatory health checkup before issuing insurance

The Delhi High Court today sought responses from the Centre and insurance regulator IRDA on a PIL seeking guidelines for mandatory medical check-up before issuing life and health insurance policies. A bench of Acting Chief Justice Gita Mittal and Justice C Hari Shankar issued notice to the Ministry of Finance and the Insurance Regulatory Development Authority (IRDA) and directed them to file their replies to the plea before the next date of hearing on August 8. The petition, moved by advocate Arpit Bhargava, has alleged that in the absence of guidelines for mandatory medical examination, the insurance companies were rejecting claims on the ground that material facts regarding health of the insured were not disclosed.

He has also contended that at the time of receiving applications, the insurance company agents often only take the customers' signature and fill up details on their own and the policies are issued without carrying out any health check-up of the applicant. He has alleged in his plea that the insurance companies have taken the public at large "for a ride" as it is only interested in "collecting premiums on insurance policies".

He has also claimed that the government and IRDA are acting as mute spectators to the issue which has been raised in several complaints before the consumer forums. "At present, admittedly, there is no regulation in India due to which insurance companies are minting money at the cost of health of innocent members of public and respondent 1 (ministry) and respondent 2 (IRDA) are acting as mute spectators," the petition said. Bhargava has sought directions to the ministry and IRDA to frame regulations or guidelines to make medical examinations mandatory before issuing insurance policies.

Finance Ministry to review performance of PSU Insurers

The finance ministry will soon hold a performance review meeting of all state-run insurance companies, including the Life Insurance Corporation. The review of general insurance companies will also set the pace for consolidation, said a finance ministry official, adding that all the three insurers have already been directed to align their operations. The underwriting losses of state-run general insurance firms increased 43.89% to Rs 15,591 crore in 2016-17, from Rs 10,835 crore in the previous year. "We are hopeful that the firms will improve their performance, and we will be able to merge these companies in the next six months and after that we will look at listing," he said. Finance minister Arun Jaitley had in his budget speech for 2018-19 had announced that the government will merge three public sector insurance companies -- The Oriental Insurance Co. Ltd, National Insurance Co. Ltd, and United India Insurance Co. Ltd -- and then list them on the exchanges.

The combined three firms will have around 34% of the total market share, underwriting total direct premium of over Rs 33,000 crore. "This will also be an opportunity for these three firms to sit together and undertake a preparatory exercise for reorganization of offices and manpower," said the above quoted finance ministry official, adding that it has been observed that traditionally there has been a high concentration of offices in certain areas in metro and other big cities. The government wants the general insurers to contain the underwriting losses. As per the latest report available by Insurance Regulatory and Development Authority of India (IRDAI), Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. have reported solvency ratio of 1.11and 1.15, respectively, below the stipulated solvency ratio of 1.50 as in March, 2017.

National Health Protection Scheme premium may be inadequate: Insurers

Finance minister Arun Jaitley had on February 1 unveiled NHPS, the world's largest government-funded healthcare programme, with an initial target to cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) by providing coverage of up to Rs 5 lakh per family per year for secondary and tertiary care hospitalization. Even as deliberations continue among key stakeholders on the government's National Health Protection Scheme (NHPS), it seems that general insurers are a little unsure and apprehensive about how the plan may be rolled out. In a letter written to the department of financial services earlier this month, the general insurance council had besides offering suggestions, indicated that the premium amount of Rs 1,082 for a sum assured of Rs 5 lakh may be "inadequate".

The letter includes several suggestions on aspects like success metrics, premium payment terms and standardization of treatments. Senior officials in the industry said that the ministry of finance had asked for suggestions on implementation of NHPS, and the council had shared its views in the letter. They added that at the indicated premium amount, insurance companies could incur losses and many may prefer not to join the scheme. Further, they suggested a cap on the number of individuals per family covered, and upfront payment of premiums by the government — as for all other policyholders.

IRDAI to hire consultant to implement RBC regime

Insurance regulator IRDAI will hire consultancy services for implementation of risk based capital (RBC) regime with an aim to enhance protection of policyholders. The decision to move to the RBC norms from the current solvency principle regime has been taken after recommendations of a panel, which gave its report to the regulator last July, the IRDAI had said. The RBC model is expected to be implemented by March 2021. The current Solvency Regime will continue till switch over to the RBC regime.

As per the Insurance Regulatory and Development Authority of India (IRDAI), a shift in regime is felt because the current solvency based rules do not help in assessing whether the capital held is adequate enough for the risks inherent in the insurance business. While inviting expression of interest from consultancy service, IRDAI said it plans to move towards a RBC regime that is "appropriate and tailored" for Indian insurance industry. For implementing RBC framework in India, IRDAI intends to take support of qualified consultants and thus invites proposals to carry out necessary analysis and India specific studies as needed for the aforesaid project, develop and implement RBC framework...," the regulator said.

The consultant, it said should aim to develop, fine-tune and recommend the RBC framework covering life insurance, general insurance, health insurance, and reinsurance businesses for India as appropriate. The RBC Committee headed by Dilip C Chakraborty in its report to IRDAI suggested that the industry should move ahead with RBC to ensure that capital held by a company will take into account its overall risk profile. "Moving to RBC would also lead to enhanced protection to policyholders where it becomes possible to understand the level of confidence provided by the capital for a given level of risks," it had suggested. As also, the global insurance industry has moved to RBC regime, the committee in its report said it was time for India to move in that direction.

Quick News

SBI Appoints P K Gupta as nominee director on SBI Life board

SBI Life Insurance Company Ltd today said P K Gupta, SBI MD - Retail and Digital Banking, has been appointed by the parent firm as nominee director on its board pursuant to the approval received from Department of Financial Services, Ministry of Finance. SBI has decided to nominate P K Gupta, MD (Retail & Digital Banking) as SBI Nominee Director in the board of directors of our company,

IRDAI gets 5 applications for non-life, reinsurance business

Regulator IRDAI has received three applications for non-life business and two from reinsurance companies to start operations in India. Currently, there are 24 companies each in life and non-life insurance spaces. Besides, there are six standalone health insurers and eight reinsurance companies in the country. However, there is no application pending for any new life insurance company with the insurance regulator at present

Third-party motor insurance premiums cut

The Insurance Regulatory and Development Authority of India (IRDAI) has reduced the premium rates for motor third-party (TP) insurance covers for 2018-19. IRDAI had issued a circular on March 28 where it stated that the rates will be effective from April 1, 2018. The regulator has lowered the premium for third-party insurance, which is mandatory for cars with engine capacity of less than 1,000 cc to Rs 1,850 from the existing Rs 2,055. There has been no change in the existing rate for cars with engine capacity higher than 1,000 cc. The premium on two-wheelers with less than 75 cc engine will fall to Rs 427 from the current Rs 569. No change has been made for entry level bikes (75 to 150 cc).

However, IRDAI has more than doubled the premium on super-bikes (exceeding 350 cc) from Rs 1,019 to Rs 2,323. Also, premiums have been increased for performance category bikes (150-350 cc) from Rs 887 to Rs 985. The damage caused to others because of one's vehicle falls under liability-only policy covers (LOPC) or third-party insurance, which is compulsory. The tariffs under the third-party insurance are under IRDAI'S ambit for which it is notifying the rates since 2011. Third-party insurance only covers the damage done by your car or bike to other vehicle or property and does not cover accidents, theft or damage to your vehicle. What remains optional is the 'own damage' portion. It refers to the damage or loss caused to the insured's vehicle due to any of the insured perils defined in the policy. Among other things, it includes loss or damage due to fire, explosion, accidents or while in transit by road or rail, and even burglary and theft.

What remains optional is the 'own damage' portion. It refers to the damage or loss caused to the insured's vehicle due to any of the insured perils defined in the policy. Among other things, it includes loss or damage due to fire, explosion, accidents or while in transit by road or rail, and even burglary and theft. When you club third-party and own damage covers, it is called a comprehensive cover This will insure your vehicle against any risk arising out of theft or damage, death of the driver and/or passengers in the event of an accident, and damage caused by the vehicle to other people or property.

National Insurance Company looks to list by March 2018

State-owned insurance company National Insurance Company is looking to list by March 2018. The company which has received an in-principle approval from Insurance Regulatory and Development Authority of India (IRDAI) may require higher amount of funds than the ones that got listed recently. K Sanath Kumar, chairman and managing director, National Insurance Company, said: “We are hopeful of getting listed by March 2018 and working towards it.

We will need adequate amount of funds to support out growth path.” In the general insurance space, ICICI Lombard General Insurance and New India Assurance got listed recently. State-owned reinsurer General Insurance Corporation of India (GIC Re) was also listed in October.

National Insurance, which had its solvency drop to below 1.5, was able to bring it back to the minimum required level of 1.5. The solvency was taken up to 1.9 by reduction in exposure to loss- making group health cover, re-pricing of health and motor products as well as lower subordinate debt.

DISCLAIMER

This newsletter is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you.

Great Indian Insurance Web Aggregators Pvt. Ltd. (hereinafter referred as GIIWA) is not soliciting any action based upon it.

The newsletter is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. GIIWA or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this newsletter. GIIWA or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

GIIWA and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the views mentioned in this report. This information is subject to change without any prior notice. GIIWA reserves the right to make modifications and alterations to this statement as may be required from time to time.

ABOUT US

InsuringIndia.com is India's first multilingual portal and one of the leading online insurance aggregators. We provide an intelligent customer-centric online platform for our clients, in their language of choice, to compare and choose all types of insurance products.

Website: www.insuringindia.com

CONTACT DETAILS

Corporate Office: Plot-122, Sector 6, IMT Manesar, Gurgaon-122050, Haryana, India
Phone: 0124 – 4745000
Email: research@insuringindia.com