Featured Articles

Health Insurance Cos To Extend Cover Purview With Feature-Rich Policies

In order to bridge the gap between the total cost of healthcare incurred and the amount covered by health insurance companies, health insurance companies have come up with comprehensive plans by adding up some extra features to their existing plans that would cover more than just hospitalisation expenses.

These feature-rich policies would be able to compensate policyholders the total actual cost occurred in healthcare, including hospitalisation reimbursement, pre-hospitalisation expenses such as out-patient department (OPD) and wellness services.

In addition, these companies would also be providing Worldwide Emergency Cover, disease- specific covers, value-added services in the form of discounts, health maintenance benefits and consultation charges for second opinion.

Conventional health insurance plans, especially the hospitalisation reimbursement category that exists in the market today, have been restrictive in terms of coverage, Bajaj Allianz General Insurance Managing Director and Chief Executive Officer Mr. Tapan Singhel said.

HDFC Life Eyeing To Double Its Revenue In 2 Years From Online Sales

Riding on the growth of internet reach in the country, private sector leading insurer HDFC Life Insurance Company is expecting to double its revenue from its online sales by 2016. It is seeing 10 per cent of its new insurance business coming from the online sales in just about two years.

"While the offline insurance premiums have a renewal rate of about 70 per cent, we are seeing over 95 per cent renewals for online insurance," said Executive Vice-President & Head (Strategy and Technology) for HDFC Life, Mr. Subrat Mohanty.

The insurer has grown 20 folds to Rs 300 crore since 2012, when it started online sales.

The online channel of insurance sales is more convenient as it does not require any agent's involvement, and customers can themselves compare and choose best suited policies for themselves using different web aggregator present in the market. Also, online policies comes 20-25 per cent cheaper as there is no middleman involved in the transaction. Most of the websites selling online insurance do not charge brokerage but just a small commission for passing on the lead.

HDFC Life is facing resistance from agents for its offline business. The agents fear loss of business to the online channel. However, the insurer is trying to convince them to move online. The insurer is planning to launch a mobile app by October this year to enable customers to buy and get information about various product offerings from the company on the go.

HDFC Life Insurance is a joint venture between Housing Development Finance Corporation (HDFC) Limited, one of India's leading housing finance institution and Standard Life Plc, a renowned financial savings & investments services provider of United Kingdom.

Exide Life, Magma HDI General Unlikely to See any Foreign Investment Despite Govt Approval

Two private sector insurance players - Exide Life Insurance Co Ltd and Magma HDI General Insurance Co may not seek foreign direct investment (FDI) flowing into their companies anytime soon even if the long pending Insurance Laws (Amendment) Bill, which proposes raising FDI ceiling to 49 per cent, is passed.

"We are well-capitalised and not looking at any investments through FDI route in our businesses in the short term. However, in the long term, Exide Industries intend to induct a new foreign shareholder," said Exide Life Insurance MD and CEO Mr. Kshitij Jain.

While Banglore-based Exide Life Insurance Company is fully Indian company with 100 per cent holding owned by Rahejas-controlled battery maker Exide Industries, Magma HDI General Insurance is 74 per cent stake owned by Magma Fincorp with remaining 26 per cent being held by Germany partner HDI-Gerling Industries Versicherung.

The Modi-led NDA government has said that it will table Insurance Laws (Amendment) Bill in the current session of the parliament. The foreign investors are waiting for the bill to be passed.

Bajaj Finserv Plans To Sell Stakes In Insurance Biz

Bajaj Finserv Limited (BFL), a leading financial services company of the Bajaj Group, is considering selling part of its stakes in insurance joint ventures to its foreign partner Allianz once the Insurance Laws (Amendment) Bill is passed.

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The Insurance Laws (Amendment) Bill, which proposes to raise foreign direct investment (FDI) in insurance to 49 per cent from current 26 per cent, is pending in Rajya Sabha, the upper house of the Indian parliament, since 2008.

Bajaj Finserv is present in insurance businesses through 74 per cent stake in Bajaj Allianz Life Insurance and Bajaj Allianz General Insurance.

Both the life insurance business and the non-life insurance business were generating funds to sustain themselves and no further capital infusion was required, said Bajaj Finserv Managing Director Mr. Sanjeev Bajaj.

Budget Proposals Are Confusing: Insurance Industry

The union budget presented recently by the Finance Minister Mr. Arun Jaitely has promised to table the long awaited Insurance Laws (Amendment) Bill, which proposes to raise foreign direct investment cap to 49 per cent from current 26 per cent, in the current session of the Parliament. It is encouraging for the industry but has also created a state of confusion within the industry on some points.

The budget proposals have imposed a withholding tax of 2 per cent on payment made by insurance companies to their policy holders. The logic of imposing such tax has not been defined.

Further, Mr. Jaitely announced that the composite FDI ceiling in the Insurance sector is proposed to be increased up to 49 per cent from the current level of 26 percent, with full Indian management and control, through the FIPB route. In which, terms composite ceiling, full Indian management and control are not clearly defined.

The industry wants to know whether full Indian management and control would be achieved through differential voting rights, or through compelling the insurers to have their board majorly with Indians and the company to be headed only by an Indian.

Also, the industry is apprehensive about routing the FDI proposals through Foreign Investment Promotion Board (FIPB) instead of the current automatic route.

"In the banking sector FDI up to 49 percent is under automatic route. There are lots of checks and balances in the insurance sector. With stiff solvency norms policy holders will not lose their monies. There need not be any differential treatment between these two sectors," a senior industry official said.

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