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CURRENT NEWS

From repairs to resale, survey reveals why most EV owners in India want to switch back to ICE vehicles

According to Park+ survey, 51% of electric vehicle owners in India considered switching back to ICE vehicles due to charging anxiety, high maintenance costs, and low resale values. TATA Nexon EV was the most popular choice. The study underlined the importance of developing a more robust EV charging infrastructure.

Other survey insights indicate that the Indian EV market, although developing, still faces challenges that affect owner satisfaction and the overall user experience. However, the potential for improvement appears significant.

Source: Times of India

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GST on health and life insurance premiums may be reduced: CNBC-Awaaz

The GST rate on the premium paid on health and life insurance may be reduced, CNBC-Awaaz has reported on August 8 citing sources familiar with the development, as a proposal in this regard has been sent to the GST rate rationalisation committee. About a 5 percent GST on health and life insurance premium, significantly lower than the current slab of 18 percent. Sources also said that the GST committee on rates is not in favour of fully exempting GST on premiums.

Source: Money Control

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In a 1st, motor insurance share drops below 30%

The share of motor insurance in non-life industry premiums has slipped below 30% for the first time following a slowdown in car sales, even as health cover premiums continue to race ahead. The non-life industry wrote premium of Rs 72,758 crore up to June-end, according to segment-wise industry data released by the General Insurance Council. This is an increase of 13.3% over the previous year.

Source: Times of India

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Health insurance master circular: General insurers seek 2-month extension

General insurers seek an extension in deadline until December 2024 from the regulator to comply with the revised master circular guidelines on health insurance products, people aware of the development told Business Standard.

Source: Business Standard

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CURRENT NEWS

Lack of health insurance coverage in rural areas, family member still primary caregivers: study

Only about half of rural households in the country have sovernment health insurance, while 34% lack any health insurance coverage at all, and 61% of those surveyed lack life insurance. This is coupled with limited access to diagnostic facilities and affordable medicines further posing challenges to this cohort, notes the 'State of Healthcare in Rural India, 2024' report, released recently.

Source: The Hindu

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India:More buy insurance policies covering disability

More individuals and companies are seeking disability and income loss insurance coverage, leading to higher penetration rates, according to Mr Bhaskar Nerurkar, head of the Health Administration Team at Bajaj Allianz General Insurance.

He explained that rising living costs and greater awareness of financial security through insurance were driving this trend.

Source: Asia Insurance

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Navigating the right insurance coverage for India's SMEs and MSMEs

India's Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs) form the backbone of the country's economy.

Together, they account for 45% of the country's total manufacturing output and contribute nearly 30% to India's GDP. Moreover, they provide employment to over 110 million people, making them a critical driver of economic growth.

Source: Times of India

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Health insurance premiums are rising: Here is how to stay covered

Health insurance customers will face higher premiums as insurers implement hikes. HDFC Ergo General Insurance has recently raised premiums for its flagship product, Optima Secure. New India Assurance has also announced upcoming hikes across all its products. The premium increases range from 4 to 15 per cent, with senior citizens likely to experience larger hikes.

Source: Business Standard

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INSURANCE BLOGS

Mosquitoes bite into health insurance claims

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Govt asks public insurers to move out of motor, health insurance to reduce losses: DFS Secy

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How the Insurance Act, 1938 is evolving? 10 major proposed changes explained

> The draft Insurance Laws Amendment Bill, pending Cabinet approval, promises to reshape India's insurance landscape. Discover the top 10 key changes aimed at modernizing regulations, enhancing competition, and expanding coverage, all geared towards achieving IRDAI's 'Insurance for All by 2047' vision.

In a major step toward achieving 'Insurance for All by 2047,' the government plans to introduce a transformative bill in the upcoming Budget session to amend the Insurance Act, 1938. This amendment aims to modernize the regulatory framework, expand insurance coverage, enhance competition, and drive economic growth.

The Insurance Act, 1938, has long been central to India's insurance regulation, but modernization is needed to align with evolving market dynamics. In December 2022, the Finance Ministry sought public feedback on proposed changes to the Insurance Act and the Insurance Regulatory Development Act, 1999.

Experts highlight that while proposals like captive insurers and sub-class registration are promising, others, such as single insurance registration and insurers distributing financial products, need further clarification. The draft bill, pending Cabinet approval, represents the beginning of a broader regulatory overhaul, shifting towards a 'principle-based' regulatory regime.

What are the key changes in the proposed Bill?

1. Increased Delegation of Powers to IRDAI

The Amendment Act enhances the IRDAI's authority by defining 'class of insurance business' and 'sub-class,' allowing the IRDAI to categorize various insurance segments like motor and credit insurance. The IRDAI is granted broad powers to regulate registration, minimum capital, and solvency margins for these sub-classes.

Introduction of Composite Licenses:

Under the Insurance Act, 1938, life insurers are restricted to offering life insurance products, while general insurers can provide non-life products such as health, motor, fire, and marine insurance. The IRDAI does not allow composite licensing for insurance companies, which means that an insurance company cannot offer both life and non-life products as one entity.

The new bill proposes the introduction of composite licenses, allowing insurers to offer both life and non-life products. This would enable life insurers to underwrite health and general insurance policies, breaking down the existing compartmentalization of insurance services.

3. Differential Capital Requirements:

Existing regulations impose uniform capital requirements on all insurance companies, regardless of their size or scope. The bill suggests differential capital norms, which would allow different levels of capital investment based on the scale and focus of insurance companies.

4. Reduction in Solvency Norms:

Insurance companies are required to maintain a certain solvency margin to ensure they can meet their future obligations. The amendment seeks to reduce these solvency norms, potentially lowering the financial barriers for new entrants and encouraging a more competitive market.

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5. Issuance of Captive Licenses:
The bill may include provisions for issuing captive licenses, allowing organizations to set up their own insurance operations to cover their specific needs. This could enhance self-insurance capabilities and risk management for large corporations.

6. Changes in Investment Regulations:
The Amendment Act proposes that the IRDAI will set all investment requirements and restrictions for insurers through regulations, rather than having these prescribed in the Insurance Act and its current regulations. This shift aims to streamline and adapt investment norms more flexibly.

The Amendment Act also raises the threshold for IRDAI approval of share transfers from 1% to 5% of an insurance company's paid-up equity capital. This increase simplifies the process for smaller investments and facilitates easier market participation.

7. One-Time Registration for Intermediaries:
The bill proposes a one-time registration process for insurance intermediaries, streamlining their entry into the market and reducing bureaucratic hurdles. The Amendment Act allows for the perpetual validity of insurance intermediary registrations—such as corporate agents and brokers—upon payment of an annual fee set by the IRDAI. Previously, these registrations were valid for only three years and required renewal every three years.

8. Net Owned Funds:
The Amendment Act proposes to lower the net owned funds requirement for foreign re-insurers from INR 5,000 crores to INR 500 crores. This significant reduction aims to enhance the attractiveness of the Indian market for foreign reinsurers, particularly smaller and new-age players, addressing a long-standing request from global reinsurance firms

9. Expansion into Financial Products:
Insurers may be allowed to distribute other financial products, broadening their service offerings and integrating more financial solutions under one roof.

10. Electronic Submission:
The Amendment Act aims to improve business efficiency by allowing the electronic submission of returns required under the Insurance Act. The IRDAI will set the submission frequency through separate regulations, enhancing ease of compliance.

How will the Insurance Amendment Bill impact the industry?

1. The amendments aim to improve returns for policyholders and enhance their overall experience by facilitating access to a wider range of insurance products and services.

2. By allowing composite licensing and reducing capital and solvency requirements, the bill is expected to encourage the entry of more players into the insurance sector.

3. The entry of new insurance companies and the expansion of existing ones are likely to spur economic growth and create job opportunities across the country.

4. The proposed changes are designed to enhance both operational and financial efficiencies within the insurance industry, making it easier for insurers to do business and better manage their resources.

Source: Economic Times

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