Featured Articles

After MFs, insurance companies now have to disclose executive pay

Close to the heels of mutual funds disclosing remuneration of its top executives following a directive from market regulator SEBI, insurance companies have also been asked to provide information on executive pay. The IRDAI has directed insurance companies to disclose details of remuneration paid to key executives from 2016-17.

IRDAI has mandated insurance companies to disclose remuneration of managing director (MD), chief executive officer (CEO) and key management persons in its revised guidelines on corporate governance. Elements of remuneration package (including incentives) of MD & CEO and all other directors and key management persons should be disclosed. The revised guidelines are applicable from FY 2016-17. The IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, have prescribed certain disclosures in the financial statements and the authority is in the process of finalizing additional disclosures to be made by insurers at periodical intervals.

Insurance companies now disclose salaries in a consolidated form. Though insurance companies disclose the remuneration of MDs and CEOs in their annual reports, they do not contain details on the pay of key officials such as chief investment officer, chief risk officer and chief actuary. Moreover, incentives paid to key management persons are also typically not included.

Family medical insurance scheme launched in Goa

A universal medical insurance scheme, Deen Dayal Swasthya Seve Yojna (DDSSY) covering the entire population of Goa was launched on Monday, by Defence minister Manohar Parrikar.

The scheme offers cashless hospitalization up to 2.5 lakh for a family up to 3 members and up to 4 lakh for a family of four or more members. An amount of Rs 200 will be charged for a family of three or less as registration fees, while 300 will be charged for a family of four and above. Concession of 50% will be given for other backward classes, scheduled castes scheduled tribes and a differently-abled head of the family. Registrations will begin from next week and the scheme will be implemented from August 15 this year.

The scheme will provide health insurance cover to around three lakh Goan families residing in the state for a minimum of five years, with the facility of 447 medical procedures at the major government hospitals in Goa as well as the empanelled hospitals/ nursing homes, in and outside the state. It will exclude 50,000 families, whose members are government employees. Launching the scheme, Parrikar termed it as first-of-its-kind in the country as it covers the entire population of the state. He added that it took long for the government to bring out the scheme, but care has been taken to ensure that it will not be misused. The BJP-led government has fulfilled 80 to 85 percent of the assurances it had given to the state electorate, he added.

In addition to the hospitals in the state — government and private — hospitals outside the state would also be empanelled for the insurance scheme, said deputy chief minister of Goa Francis D'Souza.

Bajaj Allianz to insure adventure sports accidents

With an increasing number of Indian tourists indulging in adventure sports like bungee jumping, Para sailing and mountaineering, insurers see a new market. Bajaj Allianz has for the first time come out with a specialized personal accident policy to cover such risks, which until now were excluded.

The Global Personal Accident Cover is targeted at travellers who engage in adventure sports and allows them to choose from a host of covers, such as adventure sports, air ambulance evacuation and accident hospitalization. While most of the covers are available worldwide, the air ambulance evacuation is available only in India.

The personal accident cover that is sold in India is a 40-year-old product. But the customer behaviour has changed considerably. Today, many travellers engage in adventure sport activities like bungee jumping or mountaineering. An accident would require immediate response within the golden hour, which is not available under the conventional policy said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

For a premium of Rs 4,000, the policy covers personal accident cover up to Rs 50 lakh and will also cover accident hospitalization and air ambulance. In addition, the policyholder can also get EMI protection, where the insurance company will pay the monthly instalments of any personal loan taken by the insured. The cover is available for everyone within 70 years of age at the time.

Insurance even for death after refusing treatment

In a landmark judgment, the Punjab and Haryana High Court has ruled that the family of a terminally-ill person, who decides to stop treatment against medical advice and dies, cannot be denied insurance claim. Dismissing the petition of Oriental Insurance Company Limited, which had argued that the family of an insured person leaving treatment against medical advice was not entitled for claim after death, the HC upheld the order of a claims tribunal which had asked the company to pay Rs 35.46 lakh in damages. It also clarified that a patient's desire not to be treated is an issue of patient autonomy and embracing dignity in death.

Medical experts say the HC order is significant since many insurance companies tend to use LAMA or `Leave Against Medical Advice' as a justification to deny family of a deceased its claims. The bench of Justice K Kannan said: "Whether the patient shall be allowed to die by withdrawal of life support is quite different from a patient expressing desire not to be treated.In the former, we are broaching issue of passive euthanasia and in the latter, it is an issue of patient autonomy."

The order could come as a major relief to many such families who are burdened with huge medical costs. Justice Kannan, in his order delivered last week, said patient autonomy in the manner of treatment is a facet of human right and it cannot be ever contended in court that the patient ought to have taken treatment that had a good prognosis for recovery.

Quick News

India insurance regulator nudging insurers to trade bonds

The IRDA is nudging insurers to trade some of its government and corporate debt, instead of holding them to maturity. Meanwhile, India's capital markets regulator will come out with guidelines for exchange-traded repos, said a senior official at the Securities and Exchange Board of India, seeking to bring more regulation to a still relatively young product in India. Both the officials were taking part in a panel discussion on corporate bonds in Mumbai. India has been keen to develop its debt markets, especially in corporate bonds. Insurers are among the biggest debt investors in the country

IRDAI warns Sahara India Insurance on non-compliance

Insurance regulator IRDAI has warned Sahara India Life Insurance Co for non-compliance of 'Expenses of Management' (EoM) norms, and asked it to bring the expenditure levels within the limits by 2016-17-end. Owing to the fact that non-compliance with the EoM limits has occurred for the first time in the ten years of its operations and considering the submissions of the insurer as regards to steps being taken to improve upon the business, the insurer is hereby warned of the contravention with the provisions and advised to bring the expenditure levels within the prescribed limits under Rule 17D of the Insurance Rules, 1939 by the end of financial year 2016-17 said IRDAI in an order.

Insurance sees FDI flow of Rs 13,000 crore after amended law

Amid a lot of political drama, the Modi government had cleared the Insurance Law Amendment Bill, lifting foreign direct investment ceiling in insurance to 49% in March 2015, kick-starting economic reforms. With this, foreign direct investment of up to Rs 13,000 crore has come in to the insurance sector. Around a dozen foreign promoters have increased their stake in the Indian insurance joint venture after the amendment to the Insurance Laws. This was seen as a major reform for the government and a key one to stimulate insurance growth.

The only dampener was the caveat on ownership and control that had to be with Indian residents. Earlier, the Insurance Act did not provide for control and ownership of an Indian insurance company to be with resident individuals. So, it was possible for offshore strategic partners in the insurance sector to have substantial control rights, including reserved matters or veto rights on operational and financial policy decisions of the joint venture. Apart from the hike in FDI, the amendment to the Bill gave more power to the Insurance Regulatory and Development Authority to take decisions on issues like expenses or listing which were hard coded in the Insurance Act 1938.

Higher FDI has enabled companies to look at initial public offering of shares and two large companies like ICICI Prudential and HDFC Life have started working towards it. In the last two years, the Modi governments have launched a number of insurance schemes. India has the second highest population and the highest number of insurance policies of 360 million in the world, still penetration level is low at 4% of the GDP. In the first year of assuming office, the government launched personal accident, term life and pension scheme for the masses. In his second year, he addressed the plight of farmers who rely on rains for irrigation. The government launched Pradhan Mantri Fasal Bima Yojana to extend crop insurance. This policy is based on yield-based payouts. The government has fixed the maximum premium to be paid by farmers at 2% and 1.5% for kharif and rabi crops.

IRDAI imposes Rs. 35 lakh penalty on Future Generali

IRDAI has imposed a penalty of Rs. 35 lakh on Future Generali India Insurance Co for violating various laws including the ones related to payments, licensing of insurance agents and file and use policy.

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“In conclusion, as directed under the respective charges, the penalty of Rs. 35 lakh shall be debited to shareholders’ account of the general insurer,” IRDAI said in an order. It has asked the company to remit the amount within a period of 15 days.

The company was found to be making payments to its intermediaries under accounting heads as support services, consultancy that were not reported to the Authority, it said. IRDAI said it was in violation of Insurance Act and imposed a fine of Rs. 5 lakh for the contravention. A similar penalty of Rs. 5 lakh was imposed for not giving a clear picture of insurance agents engaged by the company.

Further, the insurer was allowing agents to solicit business even after expiry of their license, IRDAI said. Among others, it said the insurer paid remuneration on database converted into sales more than once and the referral fee was paid to referral entities as many times as the policies were issued to same client.

IRDAI said asked the general insurer to confirm compliance in respect of all the directions in the order. Meanwhile, commenting on IRDAI's order, Future Generali India Insurance Company said that it adheres to the guidelines and has already taken corrective measures. "We have received the final order from IRDAI and have duly noted their observations. As an ISO certified company, we strictly adhere to the guidelines of corporate governance," said Future Generali India Insurance Company spokesperson.

He further said: "The lapses mentioned in the order are based on an audit conducted in 2013 and we have already taken corrective measures to ensure such error of judgement does not occur in future."

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CONTACT DETAILS

Corporate Office: Plot-8, Sector-32, Urban Estate, Gurgaon-122001, Haryana, India
Phone: 0124 – 4745000
Email: research@insuringindia.com