

prudent - adjective

1. WISE OR JUDICIOUS in practical affairs; sagacious; discreet or circumspect; sober.
2. careful in providing for the future; provident: A PRUDENT DECISION.



COVER NOTES

IN THIS ISSUE

No. 68 - September 2016

Domestic News

- ESIC raises wage threshold to Rs 21,000
- Discuss insurance portability so that it can emerge, says IRDAI chief TS Vijayan
- Six new players likely to enter reinsurance market in India by January 2017, says IRDAI chief
- Sum insured under PMFBY jumps over 70 per cent in kharif 2016
- One crore passengers opted for rail insurance in first month

Domestic News

- ESIC raises wage threshold to Rs 21,000
- Discuss insurance portability so that it can emerge, says IRDAI chief TS Vijayan
- Six new players likely to enter reinsurance market in India by January 2017, says IRDAI chief
- Sum insured under PMFBY jumps over 70 per cent in kharif 2016
- One crore passengers opted for rail insurance in first month

ESIC raises wage threshold to Rs 21,000

PTI/Sep 7, 2016

The Employees' State Insurance Corporation (ESIC) today raised the monthly wage threshold to Rs 21,000, from the current Rs 15,000, for coverage under its health insurance scheme.

In a meeting held today, the ESIC board also decided to give an option to existing insured persons to continue membership even if their basic wage breaches the ceiling of Rs 21,000 per month.

At present, all those insured under the ESIC scheme lose their membership of ESIC as well as that of the insurance cover if their basic wage overshoots the ceiling.

"ESIC has raised the threshold wage limit from Rs 15,000 to Rs 21,000," Labour Minister Bandaru Dattatreya told PTI after the board meeting of ESIC here. Labour Minister is the Chairman of the ESIC Board.

Both the decisions will be implemented from October 1.

Dattatreya added that the move of raising the threshold will help bring in an additional 50 lakh members to ESIC.

At present, ESIC has 2.6 crore insured persons, which covers over 10 crore people, assuming four members of a family.

The minister also said there is a plan to increase the basic wage threshold for retirement fund body EPFO subscribers and it may be considered in the next meeting of the Central Board of Trustees (CBT). At present, the basic wage threshold is Rs 15,000 per month for coverage under its social security scheme.

Dattatreya today also launched the first phase of telemedicine services whereby ESIC Model Hospital, Basaidarapur, New Delhi, got connected with three ESI dispensaries at Rudrapur (Uttarakhand), Unnao (Uttar Pradesh) and Kathiyar (Bihar).

ESIs have been providing health care and other social security benefits to workers of a specified wage group for the last 65 years as a labour welfare measure.

Under these new initiatives, ESIC has launched a pilot project of telemedicine services at 11 ESI locations in co-ordination with Health Informatics and Electronics Division (HIED), C-DAC, Mohali, under the Digital India programme.

The launch of these services will lead to provision of specialised healthcare services to ESIC beneficiaries residing/working at different locations with limited medical specialist services.

Discuss insurance portability so that it can emerge, says IRDAI chief TS Vijayan

PTI/Sep 8, 2016

The Insurance Development and Regulatory Authority of India (IRDAI) today said insurance portability will be the next big issue the industry should take up.

IRDAI chief T S Vijayan said there is no initiative from the regulator on the issue of portability, but he wants the idea to be debated in various forums.

“Currently, portability is available only for health insurance policies. The portability (of insurance policy) is possible only if the policy is standardised.

If different clauses are there, the first attempt is to make it (policy) simple and standardise the policy,” Vijayan told reporters on the sidelines of a programme.

“There is no road map (for insurance portability). Digitisation of policy is the first step. Once that is done, we can think of it.”

He favoured the idea of people discussing it, “then only it can emerge”. “I don’t say tomorrow we are going to bring that. No. We will have to ignite the thought process,” Vijayan told reporters on the sidelines of a programme.

He felt that the portability would help people rate or rank the company services and choose the better one.

Vijayan said sale and servicing of insurance policies through e-commerce platform will be available from October 1.

“We want to make this mandatory for high commercial policies. If a customer wants, the company has to provide it. We want to start this from October 1 onwards,” he disclosed.

His assessment is the insurance sector in the country is growing well as health insurance is pacing up at a clip of 31 per cent. The life and non-life insurance segments are expanding at about 15 per cent.

Six new players likely to enter reinsurance market in India by January 2017, says IRDAI chief

ANI/Sep 17, 2016

Up to six new players in the reinsurance market are likely to enter India by January 2017, the Insurance Regulatory and Development Authority of India (IRDAI) chief TS Vijayan, said at an ASSOCHAM event.

“About five-six (companies) have come and I think by January 2017, there should be some players in this market. We will be taking a decision in October in the next authority meeting. Then, they have to bring capital and start working at it,” said Vijayan.

He also said that IRDAI would finalize the regulations pertaining to payment of commission or remuneration to insurance agents and intermediaries in October. “We discuss with everyone, we bring the draft, people give their feedback on it and we again discuss that thing. Then it is taken to Insurance Advisory Committee, looking at suggestions, they suggest it and then it goes to the Authority,” he added.

“In the previous Act itself there was a provision for listing. This was changed. We wanted to have a discussion on this subject, so we brought out a paper and companies have expressed that thing, so let us see how it goes forward,” Vijayan added.

He said also that IRDAI has not fixed any time-frame for the final regulations.

“I believe that discussions are going on how to list general insurance companies, all five to six of them.” He added that considering about five months are still left in this financial year, listing of more PSU insurance companies was possible.

“It is possible but I am not too sure, we have not got any official paper. It is in the discussion stage but nobody has approached us.”

On the issue of insurance marketing firms, he said “We have allowed to them sell up to three companies’ product; these are evolving processes.”

He said that though insurance industry in India has grown in terms of premium collections from Rs. 45,000 crore in 2000 to Rs. 463,000 crore in 2015-16, insurance penetration against world average and other Asian countries highlight much more ground to be covered.

In his address at the ASSOCHAM Conference, SK Roy, Chairman, Life Insurance Corporation (LIC) said, “For the life insurance industry these are the best times, as the current financial year has seen fantastic growth; August 2016 has seen stupendous growth as LIC’s new business premium grew by more than 92 percent for August.

We have yearned for long for this type of growth but seen [it] very rarely, so definitely this is [a] very good time to be in the life insurance industry,” said Roy.

Going forward, industry will be working on a more stable platform of regulations than it was in last 12-18 months. That is also a very positive feature,” added the LIC Chief.

“The going for most of the general insurance players has been tough as they operate in a highly competitive environment. Going forward, the route to profitability should be chartered by addressing issues of distribution channels, products, customer acquisition through greater product awareness, pricing, risk management and leveraging of technology,” said President of ASSOCHAM, Sunil Kanoria.

Sum insured under PMFBY jumps over 70 per cent in kharif 2016

PTI/Sep 28, 2016

Reflecting wider coverage of the recently launched Pradhan Mantri Fasal Bhima Yojana (PMFBY), the total sum insured for the kharif 2016 crops has increased by over 70 per cent to Rs 1.18 lakh crore.

In the 2015 kharif season (summer), total sum insured was only Rs 69,360 crore under the previous crop insurance scheme.

As per the official data, as many as 3.15 crore farmers took advantage of the PMFBY in the just completed 2016-17 kharif season, against 3.09 crore farmers in the same season last year.

“So far, 3.15 crore farmers have taken the policy in kharif 2016. Banks are yet to submit the final data on the coverage of farmers. What is interesting is that the sum insured has jumped by 71 per cent to Rs 1,18,426 crore,” Joint Secretary in the Agriculture Ministry Ashish Bhutani told PTI.

Earlier, crops were underinsured, but this scenario is changing. More farmers are taking advantage of the new crop insurance scheme, under which premiums are kept low and farmers will get claims for full sum insured, he said.

Good progress has been achieved in the implementation of the PMFBY in the 2016 kharif season even though several states delayed notification of the scheme. About 22 states and union territories have rolled out the scheme, he added.

Under PMFBY, farmers’ premium has been kept lower between 1.5-2 per cent for foodgrains and oilseed crops and up to 5 per cent for horticultural and cotton crops. There is no cap on the premium and 25 per cent of the likely claim will be settled directly in farmers’ accounts.

Going forward, Bhutani said, “The coverage of farmers in the coming rabi season is expected to increase as the initial hiccups have been addressed at all levels. Even banks are aggressively promoting the scheme.”

In fact, the number of farmers to take up the crop insurance scheme in the 2016 rabi season is likely to surpass the last year’s level of 80 lakh, he noted.

Under the PMFBY, the number of kharif crops insured vary from the state to state. In Bihar, only paddy and maize are covered, while in some states about 40 crops.

PMFBY replaces the existing two schemes National Agricultural Insurance Scheme and Modified NAIS, which have had some inherent drawbacks.

One crore passengers opted for rail insurance in first month

PTI/Sep 30, 2016

Around one crore train passengers have opted for the rail insurance scheme, which was announced on September 1, within the first 30 days of its launch, IRCTC said today.

“The optional insurance scheme has elicited an extremely favourable response from the rail passengers. In less than a month, the passenger-friendly measure has been opted for by around one crore passengers till Thursday (September 29),” IRCTC Chairman and Managing Director AK Manocha said today.

The pioneering facility, which was announced in the Railway Budget 2016-17, allows a passenger to get an insurance cover of up to Rs 10 lakh on booking a train ticket online by paying just 92 paise.

The scheme offers travellers or their families compensation of up to Rs 10 lakh in the event of death or permanent total disability, Rs 7.5 lakh for permanent partial disability, up to Rs 2 lakh for hospitalisation expenses and Rs 10,000 for transportation of mortal remains in the event of death or injury from a place of a train accident or an untoward incident, including terrorist attack, dacoity, rioting, shootout or arson, as well as for short termination, diverted route and Vikalp trains.

The facility is available for all railways passengers who book the e-ticket, excluding suburban trains, through the IRCTC’s website, irrespective of the class of the ticket.

The insurance cover is uniform for all classes and the option available through a checkbox at the time of e-ticket booking. The premium amount is automatically added to the ticket fare if the passenger opts for insurance. After the ticket booking and payment of premium, a message shall be displayed to complete the nomination details, which are necessary to settle the claims on timely basis.

Users wanting coverage for children below five years of age have to furnish details of the child at the time of booking and accordingly travel insurance premium is added to the total amount payable.

The coverage is valid from the actual departure of train from the originating station to actual arrival of train at the destination station, including the boarding and alighting process. Post-accidental medical treatment and transportation of mortal remains are also provisioned for all insured under the scheme.

The scheme is being implemented by Indian Railway Catering and Tourism Corporation (IRCTC) in partnership with ICICI Lombard General Insurance, Royal Sundaram and Shriram General.

Mumbai:

101, Tower B, Peninsula
Business Park
G. K. Marg, Lower Parel
Mumbai 400 013
Tel: + (91) 22 3306 6000
Fax: + (91) 22 3306 6088

Gurgaon:

Plot No. 462
Udyog Vihar Phase V
Gurgaon 122 016
Tel: + (91) 124 399 9000
Fax: + (91) 124 399 9010

Pune:

2nd Floor, "Adhithan"
CTS No. 2134, Above
Vishweshwar Sahakari
Bank, Vijaynagar Colony
Sadashiv Peth, Pune
411030
Tel: + (91) 20 6560 2744
Fax: + (91) 20 2546 3338

Bangalore:

3rd Floor, "Sai Shakti"
2207 Hal Stage III, 80 Feet Rd.
Kodihalli, Bangalore 560 008
Tel: + (91) 80 3024 2000
Fax: + (91) 80 3024 2060

Chennai:

Sudarsan Building - Annexe
3rd Floor, 27, Whites Road
Royapettah, Chennai 600 014
Tel: + (91) 44 4264 3000
Fax: + (91) 44 4353 4000

Hyderabad:

D No-6-3-1093
Space No 606, 6th Floor
V V Vintage Boulevard
Raj Bhavan Road
Somajiguda
Hyderabad 500 082
Tel: + (91) 40 4003 8054

Noida:

8th Floor, Eco Towers
Plot No. 14, Sector 125
Noida 201 301
Tel: + (91) 120 432 7735

Please feel free to contact marketing@prudentbrokers.com

Disclaimer

This newsletter from Prudent Insurance Brokers Pvt. Ltd. carries edited extracts from news stories. PIBPL has not verified these stories and does not vouch for their authenticity.