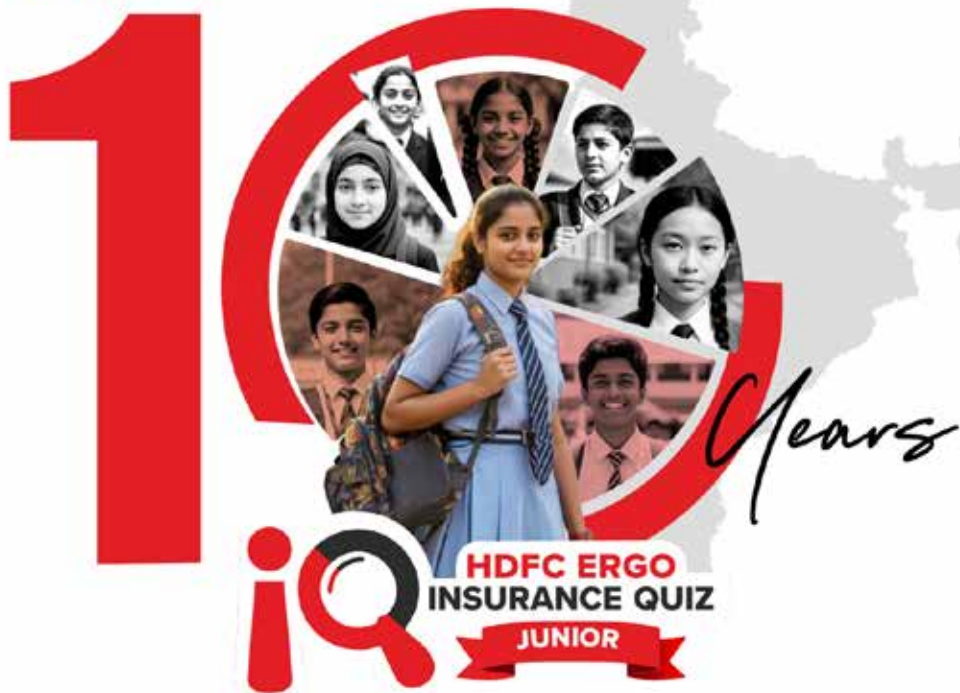


TURN YOUR  
**GENIUS** MODE ON!



# Introduction to Insurance?

Life is an adventure, filled with risks and uncertainties that add excitement to our journey. However, unforeseen events can sometimes knock us off course. This is where insurance plays a vital role, offering protection for us and the things we cherish, such as our homes, cars, and valuables. Whether it's natural calamities like floods, storms, earthquakes etc; or man-made disasters like theft, car accidents, fires etc; insurance shields us from the financial impacts of these risks.

At its core, insurance operates on a simple yet powerful idea: by distributing the cost of unexpected risks among a large group of people who share similar exposures, the burden becomes more manageable for everyone. While an accident or fire might deal a severe financial blow to one person, considering the entire community, only a few would experience such losses in any given year. By collecting a small contribution from everyone and pooling it together, a common fund is created. This fund is then used to compensate the unfortunate members who suffered losses.

Essentially, insurance serves as a financial tool designed to mitigate the consequences of unforeseen events and create a sense of financial security. Anyone seeking to safeguard themselves from potential hardships should seriously consider insurance. Let's illustrate this concept with an example:

Imagine a village with 400 houses, each valued at ₹20,000. On average, 4 houses get burnt every year, resulting in a total loss of ₹80,000. To address this,

Number of houses	400
Value of each house	₹20,000
Houses that get burnt every year (average)	4
Total loss (4 houses x ₹20,000)	₹80,000
Contribution to be made by 400 house owners to compensate for loss of ₹80,000	₹200 (80,000 / 400)



all 400 homeowners decide to join forces and contribute ₹200 each, forming a common fund of ₹80,000. With this amount, they can provide ₹20,000 to each of the 4 owners whose houses were damaged by the fire. As a result, the risk of these 4 owners is spread across the entire community of 400 homeowners in the village. This collective approach ensures that everyone shares the burden, making it a more secure and sustainable way to handle unforeseen challenges.

# Understanding Risks, Perils and Hazards

In our daily lives, we often come across stories of unfortunate events and accidents that people have experienced. These incidents can range from falling seriously ill to motor vehicle theft, from accidents resulting in injuries or fatalities to the destruction of homes and belongings due to fire, and even large-scale loss of lives and property caused by cyclones and tsunamis. Throughout history, protecting ourselves, our families, and society from such uncertain events has been a paramount concern.

To better comprehend these situations, we use specific terms to describe different aspects of risk:

The term "risk" refers to the probability of experiencing a loss due to uncertain events.

"Perils" are the events or occurrences that give rise to these risks. For example, fire is a peril because it leads to losses.

# Insurance Landscape & History In India

Insurance, as a concept, dates back to ancient civilisations, including India, where early forms of risk pooling were mentioned in texts like the Manusmriti, Arthashastra, and Dharmashastra.

These writings advocated collective resource sharing during calamities such as floods, famines, and epidemics. Globally, insurance evolved through maritime trade practices in Babylon (circa 1750 BCE), the Rhodian Sea Law, and medieval European guilds.

In India, modern insurance began in 1818 with the Oriental Life Insurance Company in Calcutta, followed by Madras Equitable in 1829. The sector expanded with Bombay Mutual (1871), Oriental (1874), and Empire of India (1897), though foreign insurers dominated the market. The Indian Life Assurance Companies Act of 1912 was the first regulatory framework, later strengthened by the Insurance Act of 1938, to protect policyholders. Post-independence, the government nationalised life insurance in 1956, forming the Life Insurance Corporation of India (LIC), which absorbed over 240 insurers and held a monopoly until the late 1990s. General insurance was nationalised in 1972 under the General Insurance Business (Nationalisation) Act, consolidating 107 companies into four: National Insurance, New India Assurance, Oriental Insurance, and United India Insurance, under the General Insurance Corporation (GIC).

Reforms were initiated following the recommendations of the Malhotra

Committee which submitted its report in 1994 and advised private sector participation and foreign investment. This led to the establishment of the Insurance Regulatory and Development Authority (IRDA) in 1999, now IRDAI, to oversee and liberalise the sector. Since then, private and foreign players have entered the market, increasing competition and consumer choice. As of today, India has 24 life insurers and 34 general insurers, including specialised entities like ECGC and Agriculture Insurance Company. The sector contributes significantly to GDP and infrastructure financing, with insurance penetration steadily rising.

(Source:[https://mospi.gov.in/sites/default/files/Statistical\\_year\\_book\\_india\\_chapters/Insurance-writeup.pdf](https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/Insurance-writeup.pdf))

<https://testbook.com/banking-awareness/history-of-insurance>)

# Why Buy Insurance?

Life is inherently uncertain, and each day brings its share of risks to our well-being, health, property, and more. While we cannot predict when or if something unfortunate might happen, we do have the power to take measures that can alleviate the financial impact of these risks and provide us with a sense of security.

Insurance serves as a powerful fundamental tool designed precisely for this purpose. It offers a means to substantially reduce the potentially overwhelming consequences of unforeseen events. By securing insurance, we take a proactive step towards safeguarding ourselves from uncertainties.

The principle behind insurance revolves around the law of large numbers. Through the collective contributions of many individuals in the form of premiums, the losses of a few can be covered. By paying a premium to protect against a specific type of loss, your secure coverage for a certain sum of money that you will receive if you encounter that particular loss.

In essence, insurance grants you the peace of mind and assurance that, in times of need, you won't face the full burden of financial devastation alone. It provides a safety net, allowing you to face life's uncertainties with greater confidence, knowing that you have a financial cushion to fall back on when the unexpected occurs. Choosing insurance is a prudent and responsible decision, offering protection and support for you and your loved ones in the face of life's uncertainties.

# Life insurance Vs General Insurance

## Life Insurance

Life insurance doesn't directly insure your life, but it safeguards a crucial aspect of it - your income and the financial stability it brings to your family. Let's consider both the present and the future scenarios to understand its significance.

In the present, think about a situation where both of your parents are working, and sadly, one of them passes away. Who would support you then? Could you still afford to live in the same house? And who will take care of the bills? Life insurance steps in to address these concerns by providing sufficient funds to cover your family's needs after you're gone.





Now, looking ahead into the future, suppose you and your spouse take out a car loan or a home loan together. What would happen if one of you were to pass away? How would the loan be repaid? Life insurance offers a safety net, ensuring that there's enough money to pay off these debts, alleviating the financial burden on your loved ones.

**Life insurance comes in various types, each serving specific purposes:**

- ❖ **Term Policy:** This type of policy provides protection against the risk of premature death. The benefit becomes payable only in the unfortunate event of the insured person's death during the tenure of the policy.
- ❖ **Endowment Policy:** An endowment policy offers protection against death risk and provides a bonus on the maturity of the policy. Benefits are payable either in the event of the insured person's death or upon the policy's maturity.
- ❖ **Unit Linked Policies:** These policies provide dual benefits of life insurance and savings. A portion of the premium is invested, and the customer enjoys returns based on market performance.
- ❖ **Pension Plan:** A pension plan offers post-retirement benefits. Individuals contribute a small sum during the payment period based on their income levels and lifestyle. Upon reaching the retirement age, the life insurance company provides a monthly pension to take care of expenses after retirement till death of insured.

In summary, life insurance is a crucial financial tool that helps secure your family's future by ensuring that there is enough financial support to meet their needs and obligations when you are no longer there to provide for them.

## General insurance

General insurance, also known as non-life insurance, offers a wide range of insurance covers to protect against various contingencies such as illnesses, property damage, motor accidents, and more.

For instance, a home insurance policy can offer protection for your home and its valuable contents against calamities and theft. Every family should consider suitable general insurance policies as a crucial measure to protect the property



they have acquired through hard-earned income. A loss or damage to one's property can be emotionally devastating, but insurance can serve as a mitigating factor during such trying times.

Natural disasters like tsunamis, earthquakes, and cyclones have left countless people homeless and financially distressed. While these losses can be devastating, insurance can play a significant role in alleviating the aftermath. Similarly, health insurance policies offer financial relief to individuals undergoing medical treatment for diseases or injuries, lessening the burden of medical expenses.

Most general insurance covers are annual policies, although some products are available on a long-term basis. There are various categories of general insurance policies, each tailored to cater to specific needs:



**Motor Insurance:** Provides coverage for vehicles against damages and liabilities arising from accidents.



**Health Insurance:** Offers financial support for medical treatments and hospitalization expenses.



**Fire Insurance:** Protects against losses caused by fire-related damages to property.



**Marine Insurance:** Covers goods and vessels during marine transit against risks like damage and loss.



**Travel Insurance:** Provides protection during travel against issues like trip cancellations, medical emergencies, and baggage loss, etc.



**Home Insurance:** Safeguards homes and valuables inside against calamities and theft.



**Crop Insurance:** Assists farmers by compensating for crop losses due to specific perils.



**Cyber Insurance:** It protects individuals and businesses against digital threats like data breaches, hacking, and online fraud. The policy covers financial losses, legal fees, and recovery costs.



**Pet insurance:** A pet insurance which prioritizes the health and wellbeing of your beloved pet.

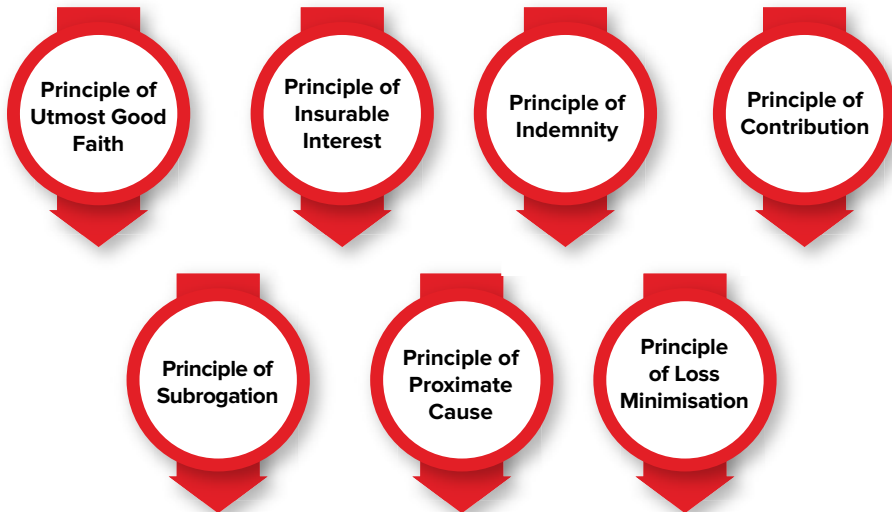
In conclusion, general insurance is a vital aspect of financial planning, ensuring that individuals and families can handle unforeseen events and safeguard their assets and well-being from potential financial hardships.

Source: [https://www.hdfclife.com/insurance-knowledge-centre/about-life-insurance/differences-between-life-and-general-insurance?srsId=AfmBOorm5p6szlUA312vT9aq8YJl\\_gS\\_vbbMiAGMzosm\\_FF2wh69x\\_dl](https://www.hdfclife.com/insurance-knowledge-centre/about-life-insurance/differences-between-life-and-general-insurance?srsId=AfmBOorm5p6szlUA312vT9aq8YJl_gS_vbbMiAGMzosm_FF2wh69x_dl)



# Principles Of Insurance

Insurance operates on the following principles:



### **Principle of Utmost Good Faith**

The principle of utmost good faith requires both the insurer and the insured to act honestly and disclose all relevant facts during the insurance contract. The insured must share complete and accurate information regarding the subject matter of the insurance, including existing health conditions, past claims, or known risks. The insurer, in return, must clearly explain the policy terms, coverage limits, and any exclusions. If either party withholds or misrepresents material facts, the contract can be considered void.

### **Principle of Insurable Interest**

Insurable interest means that the policyholder must have a legal or financial relationship with the insured item or person. In simple terms, the insured must suffer a direct or indirect financial loss if the insured event occurs. For instance, you can insure your house or car because their damage would directly affect you. However, you cannot insure a stranger's house because you do not face any actual loss.

### **Principle of Indemnity**

The principle of indemnity ensures that the insured is restored to the same financial position they were in before the loss occurred. Insurance does not allow you to profit from a claim. For example, if your insured vehicle is damaged in an accident, the insurer will only pay for the cost of repairs or replacement up to its current market value. You cannot claim more than the actual loss.

### **Principle of Contribution**

This principle applies when the insured has taken multiple insurance policies for the same subject. In case of a loss, the insured cannot claim the full amount from each insurer and profit from the situation. Instead, all insurers contribute proportionately to the claim amount. For example, if a property worth ₹10 lakh is insured with two insurers, each for ₹5 lakh, and a loss of ₹6 lakh occurs, both insurers will share the claim proportionately i.e. ₹3 lakh each.

### **Principle of Subrogation**

The principle of subrogation allows the insurer to take legal ownership of the insured item or right to claim loss from a third party after the insurance claim has been settled. For instance, if your car is damaged due to another driver's fault and your insurer pays for the repairs, the insurer then gains the right to recover that amount from the third party. This principle prevents the insured from receiving compensation twice and helps insurers recover losses.

### **Principle of Proximate Cause**

Proximate cause refers to the closest and most dominant reason behind the loss. In an insurance claim, the insurer examines whether the cause of loss is covered under the policy. If the nearest or most dominant cause is insured, the claim is payable. For example, if goods are damaged due to fire caused by a short circuit, and the policy covers fire but not electrical faults, the insurer may still settle the claim because fire was the dominant cause.

### **Principle of Loss Minimisation**

The insured party has a responsibility to take reasonable steps to reduce or prevent further losses to their insured property after an insured event has occurred. It prevents the insured from being irresponsible or negligent, even if their property is insured.

(Source: <https://nios.ac.in/media/documents/vocinsservices/m2--f5.pdf>)

# Framework Of HDFC ERGO General Insurance

HDFC ERGO General Insurance Company Limited, based in Mumbai, India, is one of the leading insurance provider that operates as a joint venture between two major entities. HDFC Bank Ltd., a prominent financial institution in India, holds a 50.33% stake, while ERGO International AG, the primary entity of Munich Re Group, holds a 49.44% stake in the company, as of 31<sup>st</sup> March' 25.

Established in 2002, HDFC ERGO has grown to become a significant player in the insurance industry, offering a wide range of general insurance products and services. With a strong presence in the Indian market, the company operates through a network of over 200+ offices and 600+ digital offices throughout the country. The company's workforce consists of more than 10,000 employees who are committed to serving their customers and meeting their insurance needs.

HDFC ERGO's partnership with HDFC Ltd. and ERGO International AG has facilitated its growth and enabled it to offer innovative insurance solutions and maintain a strong market position in India. With its customer-centric approach and extensive distribution network, HDFC ERGO continues to be a trusted name in the insurance sector, providing comprehensive coverage and efficient claims processing to its policyholders.

Source: [https://www.hdfcergo.com/InsuranceQuizSenior/Download/HDFC\\_ERGO\\_Insurance\\_Quiz\\_Senior\\_2025\\_Booklet.pdf](https://www.hdfcergo.com/InsuranceQuizSenior/Download/HDFC_ERGO_Insurance_Quiz_Senior_2025_Booklet.pdf)



## Vision

*To be the most admired Insurance Company that enables the continued progress of customers by being responsive to their needs.*

This vision acts as our guiding light and helps all of us be proud of the organization that we belong to. This happens by earning the respect of both, the customers and the industry.

## Values

One single thing that takes us closer to our vision is our set of values -

### **S**ensitivity

We will build our business on empathy and an inherent understanding of both our internal and external customer's needs

### **E**xcellence

We will always strive to offer innovative products and services and endeavour to set new benchmarks to do things better each time.

### **E**thics

We will honour our commitments and be transparent in our dealings with all our stakeholders.

### **D**ynamism

We will be pro-active with a "can-do" approach.



# Motor Insurance and Health Insurance Policies Available in the Market

## Motor insurance

### Coverage under motor insurance:

**Liability Only Cover:** This covers Third Party Liability for bodily injury and/ or death and Property Damage caused to others from insured vehicle.. This policy is also known as ACT only policy .

Following are the “perils” covered under Own Damage cover:

- by fire, explosion, self-ignition or lightning;
- by burglary, housebreaking or theft;
- by riot and strike;
- by earthquake (fire and shock damage);
- by flood typhoon hurricane storm tempest inundation cyclone hailstorm frost;
- by accidental external means;
- by malicious act;
- by terrorist activity;
- whilst in transit by road rail inland-waterway lift elevator or air;
- by landslide rockslide

### Personal Accident Cover

Provides personal accident death and disability cover to Owner, driver and sitting passengers of a vehicle.

## **Other Coverages:**

### **Coverage for legal liability to paid driver.**

Legal liability towards cleaner, helper also available for commercial vehicles like trucks.

## **Type of policies available:**

### **Comprehensive Package Policy:**

It's a widest form of motor policy that covers Third Party Liability, Own damage cover, Personal Accident and other coverage in one single policy.

### **Other forms of Policy:**

Customer can buy only Third party liability or only Standalone own damage policy also to protect themselves as per their requirement.

### **Add-on covers:**

Add on covers are used to enhance the coverage available under base policy or to cover something which is excluded in policy, subject to payment of additional premium.

- **Zero Depreciation Cover**

If there is a claim and you replace old parts with new, as per policy terms you have to bear depreciation on parts replaced and pay from your own pocket since you are getting new part in replacement of old. You can cover this depreciation by buying this add on cover as here you get full value of the parts repaired or replaced.

- **Return to Invoice**

A car is insured on IDV which is basically a term for sum insured of car based on its current market value which will depreciate each year. In case

of total loss/theft of your car you will get a value which is lesser than the price you paid to buy that car. This add on covers the gap between the car's depreciated value (Insured Declared Value or IDV) and its original purchase price (invoice value) in case of total loss or theft. This means that if your car is stolen or damaged beyond repair, RTI cover ensures you receive the full invoice value, including registration and other charges

- **No Claim Bonus Protection**

If you don't make a claim in policy you earn no claim discount in premium (NCB). If you have made a claim, this NCB becomes 0. this add on cover protects your "No Claim Bonus earned so far even if there is a claim in the policy generally up to 1 or 2 claims within the policy period.

- **Engine and Gear Box Protection**

The engine is the heart of your car, and it is crucial to ensure it is protected. This cover shields you from the financial losses incurred due to damage to your car engine by water logging etc.

- **Downtime Protection**

Car in the garage and taking long to repair? This cover will help bear the expenses you spend on cabs for your daily commute while your car is getting repaired.

- **Emergency Assistance Cover**

Our car insurance policy will offer round-the-clock assistance to deal with any mechanical breakdown issues of your vehicle like battery jump start, towing, tyre puncture repair etc.

- **Cost of Consumables**

Consumables are excluded in policy as it may get difficult to measure the quantity of consumption during repair. This add on cover under the car

insurance policy provides coverage for consumables items like lubricants, engine oil, brake oil, etc if replaced due to a claim

- **Loss of Personal Belonging**

This add on covers the loss of your belongings such as clothes, laptops, mobile, and vehicle documents like registration certificates, etc.

- **Pay as You Drive - Kilometer Benefit**

Pay as you Drive implies “usage-based” car insurance. It allows the insured person to pay for insurance based on the distance driven, rather than a flat fee. This means that those who drive their cars rarely, will have to pay less premium amount with pay as you drive car insurance policy. With Pay as you drive car insurance, you can also avail renewal discount on premium for not making any claim during the policy year.

The PAYD cover concept is relatively new in the Indian market. On January 14, 2020, the Insurance Regulatory and Development Authority of India (IRDAI) released a press release. It authorised ideas submitted by intermediaries and insurers for the Regulatory Sandbox. The PAYD cover or usage-based motor insurance concept was one of the ideas. As a result, a few auto insurance providers in India are now providing PAYD covers.

We have existing add on cover “Pay As You Drive – Kilometer Benefit”- it is based on the actual usage of the Insured vehicle during the policy period. The Company will pay % of the basic own damage premium paid during the policy period. Benefit opted will be applied at the end of the Policy Year on submission of odometer reading to the Company. If you have driven less you will get your premium returned back as per various slabs of kilometers driven.

## Health Insurance

Health Insurance policies typically cover expenses related to hospitalisation resulting from accidents or sickness. Traditionally, coverage required a 24-hour hospital stay. However, with medical advancements, there are now "Day Care" procedures, such as Cataract surgery, where hospitalisation is not necessary. These procedures are also covered by the policy.



## Few Highest Selling Products by HDFC ERGO General Insurance

### 1. OPTIMA SECURE

Introducing **my: Optima Secure health insurance**, a groundbreaking policy that redefines the value you receive from health insurance. With a remarkable 4X coverage\* at no extra cost, this plan goes above and beyond to provide you with extensive benefits.

#### The ultimate covers:



**Secure Benefit<sup>^^^</sup>:** The Secure Benefit offers an additional coverage amount up to 100% of the base sum insured from Day 1. For instance, if Mr. Sharma has a ₹10 lakh sum insured with the Optima Secure Health Insurance Plan, it instantly doubles up to ₹20 lakhs, providing ample coverage for multiple admissible claims.



**Plus Benefit<sup>^^^</sup>:** With the Plus Benefit, the base cover automatically increases by up to 50% after 1 year and up to 100% after 2 years, irrespective of any claims made. Mr. Sharma's renewed Optima Secure Health Insurance Plan and sees his base cover of ₹10 lakhs grow up to ₹15 lakhs in the first year and ₹20 lakhs in the second year. The combination of Plus Benefit and Secure Benefit provides him with a total coverage of ₹30 lakhs.



**Automatic Restore Benefit<sup>^^^</sup>:** The Automatic Restore Benefit ensures that up to 100% of the Base Sum Insured is automatically restored upon partial or complete utilization of the Sum Insured (Base Sum Insured, Secure Benefit, and Plus Benefit). For example, if Mr. Sharma claims ₹10 lakhs from the base cover, it gets completely restored, increasing his coverage to ₹40 lakhs.



**Protect Benefit<sup>^^^</sup>:** As an inbuilt feature, the Protect Benefit covers listed non-medical expenses and other consumables during hospitalisation. This includes items like gloves, food charges, baby food, nebulizer kit, steam inhaler, oxygen cylinder, thermometer, cervical collar, mineral water, laundry



charges, and more. With Optima Secure plan, Mr. Sharma can rest assured knowing that up to 68 listed non-medical expenses will be taken care of, without any additional financial burden.

### **Newly Launched Add-ons<sup>§</sup>:**

#### **PARENTHOOD**

Medical expenses incurred on any cover under Parenthood shall be covered upto a single common annual Sum Insured. This Sum Insured shall be as stipulated in the Base Product's policy schedule against this add-on.

### **Parenthood Benefit has 5 Sub-coverages**

#### **Maternity Expenses**

**I. Coverage:** We shall indemnify Medical Expenses upto the Sum Insured incurred on a. Hospitalisation for delivery (Normal OR C-section) of a new-born baby and / or b. Medically recommended lawful termination of pregnancy but only in life threatening situation and under the advice of Medical Practitioner

**II. Specific conditions applicable to Maternity Expenses** a. During the lifetime of this add-on, we shall cover, at most a) 2 Deliveries OR b) 2 lawful terminations OR c) 1 Delivery and 1 Termination. The birth of more than one child during a single delivery shall be considered as single event

#### **Pre-Natal Medical Expenses :**

We shall indemnify only the listed Medical Expenses upto the Sum Insured, incurred within the 180 days immediately prior to childbirth

#### **Post-Natal Medical Expenses:**

We shall indemnify only the listed Medical Expenses upto the Sum Insured, incurred within the 180 days immediately post childbirth

**In-Vitro Fertilization (IVF) Expenses:**

We shall indemnify the medical expenses upto the Sum Insured incurred on In-vitro fertilization (IVF)

- a. Ovarian stimulation, egg retrieval, and fertilization
- b. Embryo transfer to the uterus
- c. Embryo Harvesting
- d. Pre-implantation diagnostic tests prescribed by treating medical practitioner

**Embryo Freezing Expenses:**

We shall indemnify only the storage expenses incurred on Embryo freezing expenses upto Sum Insured under this cover II. Specific conditions applicable to Embryo Freezing Expenses a. Maximum amount of claim payout under this cover shall never exceed the Sum Insured in the lifetime of this add-on.

**LIMITLESS**

This add-on indemnifies Medical Expenses incurred by the Insured Person upto an infinite amount and in conjunction

>= 10Lac & <50Lac One claim of infinite value shall be payable in the lifetime of the policy

>=50Lac Two claims each of infinite value shall be payable in the lifetime of the policy

**ABCD CHRONIC CARE**

This add-on shall indemnify only those Medical Expenses covered under the terms and conditions of the Base Policy arising out of any of the below mentioned conditions (which are declared by You and accepted by the Company) and its complications leading to a Hospitalisation:

- a. Asthma
- b. Blood Pressure
- c. Cholesterol
- d. Diabetes

An initial waiting period of 30 days shall be applicable for any claim under this add-on. No other waiting period shall be applicable for the above-mentioned medical conditions. Waiting Periods for all other conditions other than the above shall apply as per the Base Policy.

## 2. OPTIMA SECURE GLOBAL & OPTIMA SECURE GLOBAL PLUS

**Global Plans under my: Optima Secure** provides comprehensive health coverage within India as well as coverage for emergency and/or planned treatments overseas (as per plan opted).

Along with any of the Global Plans under my: Optima Secure one can also opt for the 'overseas travel secure' optional cover which pays for travel expenses for the Insured person and expenses for any one accompanying person.

**Optima Secure Global:** This plan provides a global cover which includes coverage for hospitalisation expenses within India and coverage only for emergency medical treatments overseas.

### Optima Secure Global Plus

This plan provides you a truly global cover which includes coverage for hospitalisation expenses within India and coverage for both planned as well as emergency medical treatments overseas



**Secure benefit<sup>^^</sup>:** The Secure Benefit offers an additional coverage amount up to 100% of the base sum insured. For instance, if Mr. Sharma has a ₹10 lakh sum insured with the Optima Secure Health Insurance Plan, it instantly doubles to ₹20 lakhs, providing ample coverage for multiple admissible claims.



**Plus benefit<sup>^^</sup>:** With the Plus Benefit, the base cover automatically increases by 50% after 1 year and up to 100% after 2 years, irrespective of

any claims made. Mr. Sharma's renewed Optima Secure Health Insurance Plan sees his base cover of ₹10 lakhs grow to ₹15 lakhs in the first year and ₹20 lakhs in the second year. The combination of Plus Benefit and Secure Benefit provides him with a total coverage of ₹30 lakhs.



**Global health cover:** Pays for emergency and planned medical expenses within & outside India.



**Protect benefit<sup>^^</sup>:** As an inbuilt feature, the Protect Benefit covers non-medical expenses and other consumables during hospitalisation. This includes items like gloves, food charges, baby food, nebulizer kit, steam inhaler, oxygen cylinder, thermometer, cervical collar, mineral water, laundry charges, and more. With Optima Secure plan, Mr. Sharma can rest assured knowing that up to 68 listed non-medical expenses will be taken care of, without any additional financial burden.



**Automatic restore benefit<sup>^^</sup>:** The Automatic Restore Benefit ensures that up to 100% of the Base Sum Insured is automatically restored upon partial or complete utilization of the Sum Insured (Base Sum Insured, Secure Benefit, and Plus Benefit). For example, if Mr. Sharma claims ₹10 lakhs from the base cover, it gets completely restored, increasing his coverage to ₹40 lakhs

## Optional covers

- **Overseas travel (secure) optional:** Covers travel and accommodation expenses for an accompanying person and overseas travel expenses of the insured
- **Aggregate deductible discount:** A Deductible is an amount you agree to pay at the time of claim once in a Policy Year, post which our coverage kicks in.
- **My health hospital cash add on daily cash** that pays for out of pocket expenses

- **Unlimited restore** : Provides unlimited restoration in a policy year
- **Individual person accident rider:** provides Lump sum pay out in case of accidental death, permanent total disability and permanent partial disablement

### **OPTIMA WELLBEING (ADD-ON)<sup>\$</sup>**

This is an insurance product which covers expenses for various outpatient benefits.

#### **Key features**

##### **1. Tele-Consultations**

If an Insured Person is suffering from an illness or injury, he can consult a General Practitioner/Specialist/Super Specialist listed on our/ Service Provider's digital platform for treatment advice.

#### **A. Specific conditions applicable to TELE-CONSULTATIONS benefit**

- a. This benefit can be availed unlimited times but only on a cashless basis. Reimbursement of expenses is not allowed
- b. This benefit is available via digital platforms through one of the below modes available at the time of consultation
  - i. Video
  - ii. Audio
  - iii. Chat

#### **B. Specific exclusions to TELE-CONSULTATIONS benefit**

- a. In-clinic consultations and physical consultations
- b. Expenses pertaining to investigations, medicines, procedures and any medical / non-medical items.

##### **2. Doctor Consultations (In-Person)**

If an Insured Person is suffering from any illness or injury, he can consult a General Practitioner in person for treatment advice within our Service Provider's network listed on our/Service Provider's digital platform. This benefit can be

availed unlimited times but only on a cashless basis. Reimbursement of expenses is not allowed

#### **A. Specific exclusions to Doctor Consultations (In Person) benefit**

- a. Tele / Video / Digital consultations
- b. Expenses pertaining to investigations, medicines, procedures and any medical / non-medical items

### **3. Psychology E-Counseling**

The Insured Person can avail unlimited e-counseling session(s) with a Psychologist for providing assistance in dealing with issues related to psychological/mental illness/ psychiatric and psychosomatic disorders, stress, anxiety.

This benefit is available via digital platforms through one of the below modes available at the time of consultation

- i. Video
- ii. Audio
- iii. Chat Benefit

### **4. Diet & Nutrition E-Consultation**

The Insured Person(s) can avail unlimited diet and nutrition e-consultation with dietitians/nutritionist for providing guidance on the dietary behaviour.

This benefit is available via digital platforms through one of the below modes available at the time of consultation

- i. Video
- ii. Audio
- iii. Chat Benefit

### **5. Fitness Sessions**

The Insured Person(s) can avail unlimited live scheduled fitness sessions conducted by our Service Provider(s) through digital platform. Fitness Sessions shall mean any live online session providing education or training on complete wellbeing. This may include sessions on physical fitness like Yoga, Zumba, Pilates

### 3. OPTIMA RESTORE

When it comes to safeguarding the health of your family, choosing the right health insurance plan is of utmost importance. With Optima Restore, you not only get the benefit of cashless treatment at our network hospitals, but also get other great features to meet all your healthcare needs. With Optima Restore, you not only get the benefit of cashless treatment at our network hospitals, but also get other great features to meet all your healthcare needs.

#### Key Features



**100% Restore Benefit\***: Get up to 100% of your basic Sum Insured restored instantly after the first claim.



**2X Multiplier Benefit**: 50% of the Basic Sum Insured maximum up to 100% post completion of each policy year irrespective of any claims



**Health Check-Up**: Enjoy preventive health check-ups up to ₹10,000 with Optima Restore at the time of renewals.



**Daily Cash for choosing Shared Accommodation\*\***: Get daily cash of up to ₹1,000 per day and maximum up to ₹6,000 per hospitalisation on choosing shared accommodation in a network hospital with Optima Restore.



**Optional Benefit -Unlimited Restore add-on^**: This Optional Benefit will provide instant addition of up to 100% Basic Sum Insured on complete or partial utilization of Restore benefit or Unlimited Restore benefit (as applicable) during the Policy Year. This optional cover will trigger unlimited times and is available for all subsequent claims in a Policy Year.

#### **4. MY: HEALTH KOTI SURAKSHA**

HDFC ERGO my: Health Koti Suraksha Health Insurance is a comprehensive medical insurance plan that provides coverage under two main sections: hospitalisation cover and personal accident cover. Depending on the requirements, one can choose either or both sections for their insurance needs.

#### **5. OPTIMA LITE**

In today's world, living without the protection of a health insurance plan is unthinkable. But increase in premiums for even a modest base sum insured is making it unaffordable for the majority in our country, especially for people living in tier 2 & tier 3 cities. This new-age health insurance plan comes with an option to choose from two base sum insured - 5 lakh & 7.5 lakh. The Optima Lite plan covers hospital expenses, day care procedures, pre and post hospitalisation services and other benefits as mentioned in the policy.



# New-Age Insurance Offered

New-age insurance policies are innovative coverage options designed to meet modern needs. These include:



## **Paws and claws insurance**

HDFC ERGO Paws n Claws, a pet insurance which prioritizes the health and wellbeing of your beloved pet. We provide plans tailored for your pets every need, ensuring that in case of an unforeseen health crisis, your pet receives the best possible care without having to worry about hefty veterinary bills.

### **Key features**

- All-round protection for cats and dogs
- Customizable plans that cover OPD as well
- Audio & video veterinary doctor consultations
- Covers up to 5 pet for a commercial breeder



### **Cyber Sachet insurance**

Cyber insurance policy provides a safety shield against cyber-attacks.

#### **What is covered**

- Theft of Funds - Unauthorized Digital & Physical Transactions
- Identity Theft
- Data Restoration/ Malware Decontamination
- Replacement Of Hardware
- Cyber Bullying, Cyber Stalking And Loss Of Reputation
- Cyber Extortion
- Online Shopping
- Online Sales
- Social Media And Media Liability
- Network Security Liability
- Privacy Breach And Data Breach Liability
- Privacy Breach By A Third Party
- Smart Home Cover
- Liability Arising Due To Underage Dependent Children



### **CHOMP**

CHOMP from HDFC ERGO is a first-of-its-kind group dental insurance plan that covers dental treatments like fillings, gum treatments, extractions, root canal treatment, etc.

Health insurance policies in market covers dental treatment arising out of accidental injuries and requiring hospitalization. For all other dental treatments customer has to pay from his/her pocket. This product is intended to fill that gap in your health insurance policies.

## What is covered?

- Restorative Treatment Cover (Fillings)
- Periodontal Treatment Cover (Gum Related Problems)
- Endodontic Treatment Cover (Root Canal and Crowning)
- Minor Surgical Procedures
- Major Surgeries Cover (Requires Hospitalisation)
- Prosthetic Treatment Cover (Bridges, Partial Denture, Complete Denture)
- Major Surgeries Cover (Requires Hospitalisation)



**Crop Insurance:** A comprehensive Yield-based Crop Insurance Policy along with weather insurance which is aimed at covering the production risks faced by the agricultural sector policy covers any shortfall in yield resulting due to Natural Fire and lightning, Storm, Hailstorm, cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood, Inundation, Landslide, Drought, Dry spells, Pests/ Diseases, etc



**Travel Insurance:** Travel insurance is your essential safety net when traveling internationally, protecting you from any unexpected events like medical emergencies, trip cancellations, or lost baggage. Whether you're a business traveler, a student, an adventure seeker, or planning a family vacation, we offer travel insurance plans tailored to your specific needs. HDFC ERGO's Explorer travel insurance plans provide tailored coverage, ensuring that your journey remains stress-free even in challenging situations. Whether you're traveling for business or leisure, with coverage for medical expenses, flight delays, lost passports, and more, you can explore the world with confidence.



**Home Insurance:** It offers coverage against financial losses due to damage or destruction of a house by fire, natural calamities, theft, or vandalism. Home insurance also includes building and content coverage for comprehensive protection.



**Home Credit Assure / Home Suraksha Plus:** It is important to note here that no insurance regulation has made it mandatory to purchase home loan insurance along with a home loan. However, it is in your interest only to purchase it so that you don't have to worry about losing your investment and loan repayment in the event of a mishap.

### **Home Suraksha Plus covers you for the following**

#### **Major medical illness & procedures:**

- **Insured event:** For the purposes of this Section and the determination of the Company's liability under it, the Insured Event in relation to the Insured, shall mean any illness, medical event or surgical procedure as specifically defined below whose signs or symptoms first commence more than 90 days after the commencement of Period of Insurance

#### **Personal accident:**

- **Insured event:** For the purposes of this Section and the determination of the Company's liability under it, Insured Event in relation to the Insured, shall mean Injury sustained during the Policy Period which shall within twelve months of its occurrence be the sole and direct cause of a) death or b) Permanent Total Disablement
- **Dependent Child Education Benefit - Plan Options:** This shall mean if during the Period of Insurance an Insured Person sustains Bodily Injury which directly and independently of all other causes results in death within twelve (12) months of the Date of Loss, then the Company agrees to pay the education fees for the Insured Person's surviving Dependent Child up to the amount stated in the Schedule per year up to the number of years stated in the Schedule.

### Loss of job:

Insured event: For the purposes of this Section and the determination of the Company's liability under it, Insured Event in relation to any Insured, shall mean termination from employment of the Insured during the Policy Period as per the employer's rules/regulations or executed/implemented by the employer in compliance of any laws for the time being in force or any directives by any Public Authority

### Sarv Suraksha Plan

Sarv Suraksha is a comprehensive insurance policy specially designed for customers availing a loan with an objective to provide financial security to the loan borrower and his family incase of an unfortunate event.

- **Accidental Death:** Pays the full sum insured in case of an accidental death.
- **Permanent Total or Partial Disablement:** Pays up to the full sum insured in case of an accident results in permanent total or partial disablement.
- **Accident Hospitalisation:** Reimburses reasonable and customary medical expenses incurred up to maximum sum insured.
- **Householders Cover:** Covers the household contents against a) Fire, Allied Perils, Earthquake & Terrorism and b) Burglary and/or Theft.
- **Critical Illness:** Pays the full sum insured on first diagnosis of any one of the 10 listed critical illnesses covered under the policy after the first 90 days of commencement of the policy and provided that the insured person survives a period of 30 days from the date of the first diagnosis.
- **Loss of Job:** Pays upto 3 equated monthly instalment EMI's in case of a loss of job of the insured person in view of mergers and acquisitions (M&A).

- **Credit Shield:** Pays the balance outstanding loan amount upto the maximum sum insured in the event of Accidental Death or Permanent Total Disability.
- **Garage Cash:** Reimburses a daily benefit towards the cost of alternate means of transport for up to a maximum of 7 days provided that the repairs are caused due to accidental loss or damage and the claim amount under the Motor Insurance policy exceeds Rs. 5000.



# Insurance Regulatory Bodies

The Insurance Regulatory and Development Authority of India (IRDAI) is the apex statutory body responsible for regulating and promoting the insurance sector in India. Established under the IRDA Act, 1999, it became operational in 2000 and is headquartered in Hyderabad, Telangana. IRDAI functions under the Ministry of Finance, Government of India, and oversees the life, general, health, and reinsurance segments. Here are some key functions of IRDAI:

- ❖ Grants, renews, modifies, or cancels licenses for insurers, brokers, agents, and TPAs
- ❖ Ensures that the applicants meet solvency, governance, and ethical standards
- ❖ Reviews and approves insurance products to ensure fairness and clarity
- ❖ Regulates pricing norms for products like third-party motor insurance and ULIPs
- ❖ Monitors solvency margins to ensure insurers can meet claim obligations
- ❖ Regulates investment norms and financial disclosures
- ❖ Operates the Integrated Grievance Management System (IGMS) for complaint resolution
- ❖ Enforces fair claim settlement practices and penalises mis-selling or delays
- ❖ Encourages innovation via the Regulatory Sandbox framework

- ❖ Promote health and rural insurance through targeted schemes and mandates
- ❖ Specifies qualifications and codes of conduct for agents, surveyors, and intermediaries
- ❖ Mandates regular training and certification
- ❖ Publishes sectoral reports and disclosures to ensure public accountability
- ❖ Enhances insurance literacy through campaigns and workshops



# Government Sponsored Insurance Schemes

Below are the various Government-sponsored socially oriented insurance schemes available for the public.

- ❖ **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**
- ❖ **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**
- ❖ **Life Cover under Pradhan Mantri Jan Dhan Yojana (PMJDY)**
- ❖ **Varishtha Pension Bima Yojana**
- ❖ **Pradhan Mantri Fasal Bima Yojana (PMFBY)**
- ❖ **Pradhan Mantri Vaya Vandana Yojana (PMVVY)**
- ❖ **Restructured Weather Based Crop Insurance Scheme (RWBCIS)**
- ❖ **Ayushman Bharat**
- ❖ **Chief Minister's Comprehensive Insurance Scheme**

# Global Regulator Counterparts

Similar to IRDAI, other countries also have regulatory bodies to ensure transparency in the insurance business.

Country	Insurance Regulator
China	China Banking and Insurance Regulatory Commission (CBIRC)
Japan	Financial Services Agency (FSA)
Singapore	Monetary Authority of Singapore (MAS)
Canada	Office of the Superintendent of Financial Institutions (OSFI)
Australia	Australian Prudential Regulation Authority (APRA)
European Union	European Insurance and Occupational Pensions Authority (EIOPA)
United Kingdom (UK)	Financial Conduct Authority (FCA)
United States of America (USA)	National Association of Insurance Commissioners (NAIC)
Switzerland	Swiss Financial Market Supervisory Authority (FINMA)
Germany	Federal Financial Supervisory Authority (BaFin)

# Insurance Companies in India

The Indian Insurance Sector can be categorized into two main segments: Life Insurance and Non-life Insurance, the latter also known as General Insurance. Both types of insurance are regulated by the Insurance Regulatory and Development Authority of India (IRDAI), which plays a crucial role in overseeing the entire insurance industry and safeguarding the rights of insurance consumers. Consequently, all insurance providers are bound by the rules and regulations set by the IRDAI.

Life insurance companies primarily offer coverage for individuals' lives, while non-life insurance companies provide coverage for various aspects of our daily lives, such as travel, health, vehicles (cars and bikes), and homes. Moreover, non-life insurers extend their services to cover industrial equipment, crop insurance for farmers, gadget insurance for mobiles, pet insurance, and more.

In India, there are a total of 61 insurance companies, comprising 26 life insurance providers and 35 non-life insurers including standalone health insurers.

Source:

<https://www.gicouncil.in/news-media/gic-in-the-news/what-is-non-life-insurance/>

[https://en.wikipedia.org/wiki/Insurance\\_in\\_India](https://en.wikipedia.org/wiki/Insurance_in_India)

<https://irdai.gov.in/list-of-general-insurers>

<https://irdai.gov.in/list-of-life-insurers1>

# Claims Management

Effective claims management ensures timely compensation for policyholders, reduces disputes, prevents fraudulent claims, and maintains financial stability for insurance companies. To reduce the turnaround time for claim settlements and eliminate human errors, insurers these days rely on artificial intelligence and data analytics.

## Steps Involved in Claim Processing

The claim process involves four steps: filing, assessment, approval, and settlement. Let's take the example of motor insurance to explain this.

- ❖ **Filing the Claim:** Notify your insurer soon after an incident and submit a duly completed claim form and necessary documents.
- ❖ **Assessment of Damage:** The insurer appoints a surveyor to inspect the damage, verify documents, and assess the claim's validity based on policy terms.
- ❖ **Approval Process:** Once the assessment is complete, the insurer reviews the findings and approves or rejects the claim based on coverage eligibility.
- ❖ **Settlement of Claim:** After evaluation and approval, the insurer processes the payment or arranges for repairs.
- ❖ It is important to mention that even if you are filing claims for covered incidents, your claim may be denied for common reasons, including:

Incorrect or incomplete information provided during the policy purchase  
Incomplete documentation  
Self-inflicted injuries or deliberate acts

## ❖ Raising claims during the waiting period

Source: <https://fintech.global/2024/07/24/why-effective-claims-management-is-crucial-for-insurance-companies/>

## Ombudsman

The Insurance Ombudsman scheme was created by the Government of India for individual policyholders to have their complaints settled out of the courts system in a cost-effective, efficient and impartial way.

There are at present 17 Insurance Ombudsman in different locations and any person who has a grievance against an insurer, may himself or through his legal heirs, nominee or assignee, make a complaint in writing to the Insurance ombudsman within whose territorial jurisdiction the branch or office of the insurer complained against or the residential address or place of residence of the complainant is located.

(Source: <https://www.lifeinscouncil.org/consumers/ListOfInsuranceOmbudsmen>)



# Claims Settlement Ratio & Payout Ratio

## Claim Settlement Ratio

### 1. Settlement Ratio without opening outstanding

Total No. of claims settled (Paid + Repudiate + Claim without payment) / No. of claims Reported

### 2. Settlement Ratio with opening outstanding

Total No. of claims settled (Paid + Repudiate + Claim without payment) / (No. of claims reported + Opening outstanding)

## Payout Ratio

Total No. of claims Paid/ (Claims Reported + Opening outstanding - Closing outstanding)

# Technology trends In insurance

## Transformative Effects of IT in Different Aspects of Insurance:

**Product Promotion:** While traditional methods involved direct interactions with insurance agents, IT now enables insurers to educate, promote, and advertise their products to a larger customer base in a faster manner. Customers can access detailed product information, compare coverages and premiums across different companies through websites, social media platforms, and mobile applications.

**Buying Insurance:** Information technology has revolutionized the buying process, allowing customers to purchase insurance products online through e-commerce platforms and mobile channels. This online convenience expedites the issuance of policies, facilitates online payments, and creates opportunities for insurers to cross-sell and upsell additional products.

**Customer Support:** IT has introduced new channels for customer support, ensuring hassle-free services throughout the policy tenure. Integrated CRM systems in contact centres enable swift assistance, policy modifications, and claim registration for enhanced customer satisfaction.

**Introduction of AI BOTs:** AI-powered BOTs, also known as chatbots, have emerged as invaluable tools in the insurance industry. These computer programs simulate human-like conversations through voice commands or text chats. They can be embedded in major messaging applications, enhancing customer interactions and providing instant support and information.

In conclusion, information technology has become indispensable for insurance companies in optimizing their operations, providing exceptional customer experiences, and staying competitive in a dynamic market. Embracing technology-driven solutions allows insurers to thrive in the ever-evolving landscape of the insurance industry.

### **Key Takeaways:**

- Chatbots, also known as chatterbots, are AI-powered tools used in messaging apps.
- These automated programs interact with customers like humans, providing convenience and cost-effectiveness.
- Chatbots can operate through machine learning or set guidelines, with AI advancements favouring the former over the latter.
- Automation (RPA) and AI have occupied center stage in insurance, driven by newer data channels, better data processing capabilities and advancements in AI algorithms.
- Bots have become mainstream in both the front and back-office to automate policy servicing and claims management for faster and more personalised customer service.

Source:

[https://lumenalta.com/insights/what-is-insurance-it-transformation#:~:text=The %20transformation%20of%20IT%20systems%20in%20insurance%20brings%20a%20host, costs%20and%20faster%20service%20delivery.](https://lumenalta.com/insights/what-is-insurance-it-transformation#:~:text=The%20transformation%20of%20IT%20systems%20in%20insurance%20brings%20a%20host, costs%20and%20faster%20service%20delivery.)



# HDFC ERGO's Chatbots & Initiatives

HDFC ERGO General Insurance leverages AI-powered chatbots to enhance customer service and streamline operations. Our chatbots handle basic queries, assist in selecting suitable insurance plans, and provide 24/7 support, reducing wait times and improving customer satisfaction. HDFC ERGO's other initiatives include using AI to automate claim processing, detect fraud, and reduce administrative costs. These efforts ensure efficient resource allocation and quick claim settlements, making insurance processes more accessible and cost-effective for customers.



To enhance the overall customer experience, we have implemented Chatbots and assisted BOTs:



**DIA:** As a customer facing Chatbot accessible through our website [www.hdfcergo.com](http://www.hdfcergo.com), DIA offers assistance related to policy documents, claim registration, cashless hospital/garage lists, renewals, and more. Operating 24/7, DIA delivers instant solutions to general insurance queries. To expand its reach and demystify general insurance further, DIA is integrated with Google Assistance, allowing customers to interact via voice command, “OK Google, Talk to HDFC ERGO.”



**eRA:** This assisted BOT collaborates with our team by understanding customer emails. Integrated with our CRM system called Talisma, eRA is trained to comprehend policy servicing requests, claim procedures, policy corrections, renewal processes, and other related matters. Operating around the clock, eRA ensures fast resolutions for customers.



**Myra:** As a customer-facing chatbot available on WhatsApp, Myra is educated to handle significant servicing requests, such as sharing policy documents, tax certificates, health cards, claim procedures, status updates, and renewal requests. Leveraging the convenience of WhatsApp, Myra effectively addresses customers’ insurance queries on their mobile screens. Customers can also purchase Third party motor policies on WA real time, make payments & also avail premium quotes for health policies.



**Aby:** This assisted BOT supports call centre agents by providing quick responses to customer needs. In a fast-paced world with reduced customer request turnaround times, Aby acts as a bridge, enabling agents to deliver faster, accurate processes. Trained to handle major

processes like claim registration, sharing policy documents, and renewal assistance, Aby serves as a valuable assistant to both agents and customers.

Overall, our implementation of Chatbots and assisted BOTs reflects our commitment to efficient customer service and seamless interactions, ensuring that HDFC ERGO remains at the forefront of providing excellent insurance experiences.



**PIHU:** HDFC ERGO re-imagined the customer service experience through usage of Artificial Intelligence driven solutions to Indian farmers through Easy to Use B2C solution– PIHU, which is a simplified Whatsapp chat platform, reliable and environment friendly. PIHU facilitates the availability of information in 12 different languages and provide instant query resolution at fingertips, and is a Secure platform for our rural customers. 1. PIHU facilitates interface on - Enrolment in PMFBY 2. Claim Registration 3. Claim Settlement Status 4. PMFBY Scheme Information 5. Others

**SARA:** HDFC ERGO's voicebot - SARA, is to enhance customer experience by automating and streamlining policy servicing requests through voice interactions. The aim is to reduce wait times, provide quick resolutions and uniform response for routine queries, improve overall operational efficiency through increased automated servicing and improve customer experience. If Voicebot is discontinued, then we need to plan human capacity to pick and service volume which is currently being serviced by the voicebot

**AQuA:** AQuA offers ease and convenience to advisors who can explore various services like commission statement, proposal status, claim status, policy copy, cashless garages/hospitals and branches details, product brochures, etc & above all it empowers advisors to avail Real time Premium Quotations!.

Real Time Premium Quotations on AQuA – Industry First Feature on WhatsApp for Advisors

Our most utilised feature being Premium Quotes Real time on WhatsApp for Optima Secure, Optima Restore which is Live. This feature was a breakthrough for AQuA as there were multiple sessions conducted across PAN India with positive responses & appreciation from advisors.. Below are the examples of how easy it is to get premium quotes on AQuA for our flagship product Optima Secure.

### **How does AQuA revolutionise the advisors' experience?**

1. Offering the real-time premium quote for our flagship product Optima Secure and Optima Restore health insurance policies
2. No need to sign up or enter a password
3. Powered by AI, one can type or record their query and get an immediate response
4. Multiple choices are available like shortcuts, short paths, menu-based options, etc
5. Available in 12 Languages empowering advisors to connect with us in their own language

# Risk Management & Actuarial

## Role of Actuarial Science

Actuarial science is crucial in premium pricing and risk assessment. It uses mathematical models, statistics, and financial theories to predict future risks. Insurers leverage this method to set customised premiums for individuals

## Importance of Underwriting

Underwriting is the process insurers use to evaluate risks before issuing a policy. It helps them determine coverage, premium rates, and policy exclusions. Effective underwriting helps manage insurance risks by preventing excessive claims, ensuring fair pricing, and maintaining financial stability. Proper risk assessment also helps insurers minimise fraud and reduce their losses.

## Fraud Detection Techniques and Their Impact on Insurance Claims

- ❖ **Behavioural Analytics:** Behavioural analytics tracks how policyholders interact with websites, mobile apps, and claim forms. It detects unusual behaviour like rushing through form-filling, skipping key details, or logging in from suspicious devices. In India, where many users engage with insurance digitally, behavioural analytics helps insurers filter out bots or suspicious



users early. For example, if a user logs in only once a year, just before filing a claim, and never uses policy features otherwise, that behaviour may be flagged.

- ❖ **Social Network Analysis:** Social network analysis maps the relationships between different parties involved in a claim, such as doctors, claimants, service providers, and agents. By examining these connections, insurers can identify hidden links between known fraudsters and new claimants. For example, if a garage repeatedly appears in multiple suspicious motor claims, new claims involving the same garage may be flagged for deeper scrutiny.
- ❖ **Voice Analytics in Call Centres:** Insurance companies record customer calls during claim registration. Voice analytics tools analyse tone, pitch, stress patterns, and hesitation to flag calls exhibiting vocal stress patterns or anomalies that many indicate potential deception. The tool does not

rely on content but on speech patterns that deviate from normal behaviour. When a red flag is raised, such claims are marked for manual investigation. This technique discourages fraudulent intent at the very beginning of the claim process, helping companies filter out questionable cases before they reach settlement.

- ❖ **Geo-tagging and Location Tracking:** In motor and travel insurance, claimants often misreport the location of an incident. Insurers now use geo-tagging to confirm if the event occurred where the claimant says it did. GPS data, mobile location, and timestamps are matched against the reported incident. If the data do not match, the claim can be held back or investigated further.



Comparison

Indian vs. Global Insurance Market

The Indian and global insurance markets differ in various aspects. Here are the key distinctions:

Aspect	Indian Insurance Market	Global Insurance Market
Penetration	Insurance penetration in India was 3.7% in 2024, with life insurance at 2.8% and non-life insurance at 0.9%.	<p>Global insurance penetration averaged 7% in 2024.</p> <p>Source: <a href="https://timesofindia.indiatimes.com/business/india-business/insurance-as-share-of-gdp-shrinks-to-3-7/articleshow/116641768.cms">https://timesofindia.indiatimes.com/business/india-business/insurance-as-share-of-gdp-shrinks-to-3-7/articleshow/116641768.cms</a></p> <p><a href="https://www.livemint.com/insurance/news/economy-survey-2025-insurance-penetration-insurance-sector-insurers-life-insurance-non-life-insurance-premiums-claims-11738326907917.html#:~:text=MUMBAI%20,%20India's%20insurance%20penetration%20at,coverage%20presents%20opportunities%20for%20insurers.">https://www.livemint.com/insurance/news/economy-survey-2025-insurance-penetration-insurance-sector-insurers-life-insurance-non-life-insurance-premiums-claims-11738326907917.html#:~:text=MUMBAI%20,%20India's%20insurance%20penetration%20at,coverage%20presents%20opportunities%20for%20insurers.</a></p>



Aspect	Indian Insurance Market	Global Insurance Market
Density	Insurance density in India reached \$95 in 2024.	Global insurance density was \$889 in 2024.  Source: <a href="https://www.outlookbusiness.com/economy-and-policy/why-insurance-penetration-is-falling-indias-coverage-drops-to-37-in-fy24#:~:text=This%20came%20despite%20the%20sector,23%20to%202.8%20per%20cent.">https://www.outlookbusiness.com/economy-and-policy/why-insurance-penetration-is-falling-indias-coverage-drops-to-37-in-fy24#:~:text=This%20came%20despite%20the%20sector,23%20to%202.8%20per%20cent.</a>
Regulatory Frameworks  Source: <a href="https://www.businesstoday.in/personal-finance/insurance/story/indias-insurance-revolution-100-fdi-and-its-implications-463915-2025-02-08#:~:text=The%20100%25%20FDI%20policy%20is,penetration%2C%20and%20expand%20customer%20offerings.">https://www.businesstoday.in/personal-finance/insurance/story/indias-insurance-revolution-100-fdi-and-its-implications-463915-2025-02-08#:~:text=The%20100%25%20FDI%20policy%20is,penetration%2C%20and%20expand%20customer%20offerings.</a>	The Insurance Regulatory and Development Authority of India (IRDAI) oversees the market, and recent reforms have allowed 100% FDI.	Regulatory frameworks vary by country, with developed markets having more stringent regulations.
Innovation and Technology Adoption	Indian insurers are increasingly adopting AI, ML, and cloud technologies for product innovation and customer service.	Global insurers are leveraging advanced technologies like AI, blockchain, and IoT for enhanced decision-making and customer experience.

Source: [https://insuranceasia.com/insurance/news/indias-insurance-penetration-slumps-37-in-fy-23-24#:~:text=Insurance%20density%20in%20India%20rose,\(IRDAI\)%20latest%20annual%20report.](https://insuranceasia.com/insurance/news/indias-insurance-penetration-slumps-37-in-fy-23-24#:~:text=Insurance%20density%20in%20India%20rose,(IRDAI)%20latest%20annual%20report.)

<https://www.5paisa.com/news/indias-insurance-penetration-drops-to-37-in-fy24-highlights-challenges>

# Insurance & Sustainability

## - ESG (Environmental, Social, and Governance)

In recent years, the link between insurance and sustainability has become more prominent. Insurers in India and across the world are slowly integrating ESG principles into their core operations. This shift is driven by growing awareness of climate risks, social responsibilities, and the need for better corporate governance.

### Environmental Factors

The environmental aspect of ESG is directly tied to the increasing number of climate-related risks. India is prone to floods, droughts, cyclones, and rising temperatures. These weather events often lead to insurance claims for crop damage, property loss, and health issues. Insurance companies are now under pressure to assess and price these risks more accurately.

In response, insurers are adopting climate risk models that factor in long-term environmental changes. Some are also investing in green assets and promoting eco-friendly practices. For example, discounts on motor insurance for electric vehicles are one such move to encourage low-emission choices. Additionally, insurers are reducing paper usage and shifting to digital platforms to cut down their carbon footprint.

### Social Factors

The social dimension focuses on how insurance companies treat people: policyholders, employees, and society at large. In India, a large portion of the

population remains uninsured or underinsured. This highlights the need for inclusive insurance products that reach rural areas and low-income groups.

To meet this need, insurers are working with fintech companies and micro-insurance providers to offer smaller, affordable policies through mobile apps and digital platforms. Some insurers are also providing health and life insurance benefits to informal sector workers, especially after COVID-19 brought attention to their financial vulnerability.

Within companies, employee welfare, equal opportunities, and fair treatment have become key areas. Many insurers have started improving internal policies around work-life balance, mental health support, and skill training. These steps ensure that their workforce is more resilient and better prepared for change.

## **Governance Factors**

Governance focuses on how insurance companies are managed. This includes decision-making processes, transparency, risk management, and compliance. Strong governance is important to avoid fraud, maintain customer trust, and ensure that ESG goals are actually met rather than just stated.

Indian regulators, such as IRDAI (Insurance Regulatory and Development Authority of India), have started encouraging insurers to disclose ESG-related data. This includes information on how they manage environmental risks, treat customers, and ensure ethical conduct within the organisation. Some companies have begun publishing sustainability reports that cover these areas.

Good governance also includes avoiding investment in businesses that cause harm to the environment or violate human rights. Several global insurers have already taken steps to stop funding coal projects. In India, while the trend is still growing, a few insurers are reviewing their portfolios with ESG lenses in mind.

# Major initiatives

## By HDFC ERGO General Insurance to propel financial inclusion

India has emerged as one of the leading global economies with exponential GDP growth. To continue this upward trajectory and improve our ranking among the world's largest economies, the insurance industry can play a crucial role by contributing significantly to economic growth and adding resilience to various segments of the Indian economy through increased risk coverage

A significant milestone awaits India in the year 2047, as it celebrates 100 years of Independence. In line with this historic occasion, the Insurance Regulatory and Development Authority of India (IRDAI) has set an ambitious vision for 2047, called "Insurance for all," aiming to raise awareness and enhance insurance penetration throughout the country. To realize this vision, IRDAI has introduced the State Insurance Plan, where each insurer takes on the role of a leader insurer for an assigned state and collaborates with other players to drive the overall initiative.

HDFC ERGO has designed a comprehensive plan to increase insurance penetration in Tamil Nadu and Puducherry which includes the following:

- ❖ **Health Camps:** HDFC ERGO organized 47 health camps across 12 districts, with over 10,000 attendees, to create health awareness and introduce people to health insurance basics
- ❖ **Insurance Week:** An educative and interactive week was organized by HDFC ERGO from 18th to 22nd December in all districts of Tamil Nadu and Puducherry to highlight the significance of General Insurance
- ❖ **Rural Outreach Program:** To ensure the emphasis on General insurance

awareness penetrates deeper into the states and reaches the masses in large numbers, HDFC ERGO launched a massive rural outreach program on 22nd January 2024 in 3 districts of Tamil Nadu and Puducherry.

- ❖ **Insurance Awareness Award Junior:** Spreading insurance awareness among the young can ensure a secure future in the long run basis which HDFC ERGO has been conducting HDFC ERGO Insurance Awareness Award Junior - Tamil Nadu and Puducherry to imbibe awareness in young minds from an early age.
- ❖ **Engagement With Media:** Initiate Press meet at Pondicherry – Electronic Media coverage & dissemination at Tamil Nadu (TN) & Puducherry (PD). Targeted key electronic media of PD for the press meet. Press Release to all regional media bureaus of TN & PD
- ❖ **Insurance Quiz Senior:** After conducting the Insurance Quiz Junior for school students for 9 years, in July' 25, the Company introduced the Insurance Quiz Senior for undergraduate college students. The inaugural edition of Insurance Quiz Senior saw nationwide participation from 140+ cities across India.



# New initiatives

## By Govt In Insurance Sector

1. 100% FDI in insurance from from the existing limit of 74 percent introduced in 2021
2. The amendment introduced by the Finance Ministry proposes to amend the definition of 'capital asset' to include all kinds of ULIPs whether they are High Value ULIPs or non-qualifying ULIPs. The amendment suggests that all taxable ULIPs will be taxed as 'capital gains' effective from April 1 2025.

Source: <https://www.indiafilings.com/learn/tax-on-ulip/>

### The four notable government insurance schemes are:

#### ❖ **Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY)**

This insurance offers annual medical cover of up to ₹5 lakh per family for tertiary and secondary care hospitalisation. The scheme applies to eligible families identified based on deprivation and occupational criteria of the Socio-Economic Caste Census 2011 (SECC 2011).

#### ❖ **Pradhan Mantri Fasal Bima Yojana (PMFBY)**

PMFBY offers comprehensive crop insurance against natural disasters, pests, and diseases. It covers all food, oilseed, and annual commercial/ horticultural crops. The scheme is available to all farmers growing notified crops in designated areas. The premium rates are 1.5% for Rabi crops, 2%

for Kharif crops, and 5% for annual commercial/horticultural crops.

❖ **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**

This policy provides life insurance cover of ₹2 lakhs for death due to any reason. It is available to all bank/post office account holders aged 18 to 50. The annual premium is ₹330.

❖ **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

This insurance provides ₹2 lakh coverage for accidental death and total disability and ₹1 lakh for partial disability. Any individual bank/post office account holder aged between 18 and 70 can purchase this plan. The annual premium is just ₹20.

# Insurance Distribution & Marketing

When buying insurance, you have two main options: traditional and digital distribution channels. In the traditional method, agents and brokers play a key role. An insurance agent works directly with a specific insurance company and helps you choose the right policy from their offerings. On the other hand, an insurance broker represents multiple insurers. They give you more choices and unbiased advice. Another traditional method is Bancassurance, a partnership between banks and insurance companies to allow you to buy insurance directly from your bank.

However, the digital revolution has transformed insurance purchases. Online aggregators let you compare multiple policies in minutes, helping you find the best coverage at the lowest cost. Unlike agents, they don't push specific products, giving you more control over your decision. Digital platforms also offer instant policy issuance, easy renewals, and transparent pricing, making the process hassle-free.

That said, insurance agents continue to play a crucial role in guiding customers through complex policies,





ensuring personalised service, and addressing unique needs. With the advent of digital tools, agents can now reach the last mile more efficiently, offering enhanced support and seamless policy management to customers in even the most remote locations.

## New-Age Insurance Marketing Techniques

The four popular marketing techniques are:

### ❖ **Behavioural Email Automation:**

Modern insurance marketing has shifted from blanket emails to intelligent behavioural automation. Insurers now track user actions across digital platforms such as website visits, product pages viewed, quote requests, or form abandonments. Based on these actions, they send timely and highly relevant emails that guide users through the sales funnel.

### ❖ **WhatsApp Conversational Mark:**

Unlike traditional SMS or cold calling, WhatsApp allows two-way interaction and feels personal. Insurance brands now use verified WhatsApp business accounts to send policy reminders, premium payment updates, renewal alerts, and educational content in real time. Moreover, customers can ask questions, compare plans, and even upload documents, all within the app. Chatbots or live agents answer queries instantly, reducing drop-offs.

### ❖ **Interactive Insurance Tools**

Companies now embed interactive tools like premium calculators, coverage comparison charts, or chat-based needs assessors on their websites. These tools help users make better decisions and stay longer on the site. By offering real-time answers and tailored suggestions, such tools act like virtual insurance advisors, simplifying the buying process without needing human intervention.

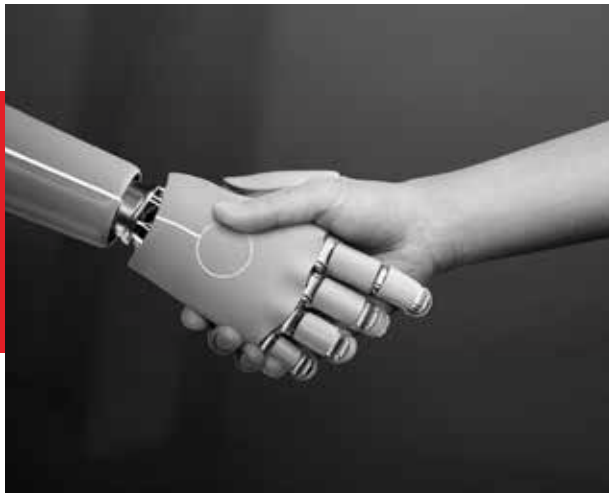
## ❖ **Data-Driven Cross-Selling**

Insurance companies now use existing customer data to identify opportunities for cross-selling. For instance, a person with a car insurance policy who recently searched for travel destinations could be offered travel insurance. Instead of random recommendations, data insights help offer logical and timely products that increase the customer's policy portfolio and value.

Source:

<https://shapedthoughts.io/insurance-distribution-channels-shift-from-handshake-to-homepage/>

<https://callhub.io/blog/insurance/insurance-distribution-channels/>



# Insurance & Technology (Fintechs, Startups and Insurtech)



Technology is revolutionising the insurance industry, driven by FinTechs and startups. InsurTech innovations are enhancing customer experiences and streamlining operations. Online platforms and comparison tools enable consumers to interact directly with insurers, obtain quotes, and purchase policies quickly. Digital claims processing, powered by automation and AI, expedites claim reviews, detects fraud, and validates information swiftly, resulting in faster payouts and improved customer satisfaction. AI and data analytics provide personalised insurance plans by assessing individual risk profiles, while blockchain technology ensures transaction transparency and security. Telematics and IoT allow for usage-based insurance policies that adjust premiums based on real-time data.

One major disruption is digital claims management. AI-powered fraud detection and realtime claim settlement reduce delays and improve accuracy. Personalised policies based on IoT data, such as telematics in car insurance, are also reshaping risk assessment models. This shift demands rapid digital adoption for traditional insurers due to which many are partnering with insurtech firms or developing in-house technology to stay competitive. The future of insurance lies in providing seamless, customer-centric experiences where chatbots handle queries, blockchain ensures transparency, and predictive analytics prevent risks before they occur.

Source:<https://www.mckinsey.com/industries/financial-services/how-we-help-clients/insurance/insurance-technology>

# Role of AI, Blockchain and IoT In Transforming Insurance

Here is how AI, Blockchain, and IoT are transforming insurance:

## Artificial Intelligence (AI)

Artificial Intelligence improves decision-making in insurance by automating underwriting, detecting fraud, and enhancing customer service. Insurers use machine learning models to assess risk based on customer behaviour, social media activity, driving patterns, and credit history. These models analyse massive datasets much faster and more accurately than manual methods. Further while AI-powered chatbots offer instant support, helping policyholders get quotes, process claims, or understand coverage, similarly, Natural language processing tools assist insurers in analysing claim documents and customer emails, reducing human error and improving response time.

## Blockchain

Blockchain brings transparency, security, and efficiency to insurance processes by creating tamper-proof records. Insurers can use smart contracts to automate claim settlements, which execute only when predefined conditions are met. This ensures timely payouts without the need for manual approval or third-party verification.

Every transaction on a blockchain gets encrypted and added to a decentralised

ledger, which prevents unauthorised access or alteration. This increases trust among policyholders and reduces disputes. In areas like health or travel insurance, blockchain enables real-time verification of documents and events, speeding up the entire claims process.

## Internet of Things (IoT)

The Internet of Things allows insurers to collect real-time data from devices like fitness trackers, telematics, and home sensors, improving risk assessment and pricing accuracy. For example, vehicle telematics installed in cars transmit data about speed, braking, and driving habits. Insurers use this information to offer personalised motor insurance premiums. In health insurance, wearable devices monitor physical activity, heart rate, or sleep quality, and help insurers reward healthy behaviour with lower premiums or wellness benefits. Home insurance policies also benefit as IoT sensors detect water leaks, smoke, or break-ins, helping prevent damage before it occurs. These proactive alerts reduce claim frequency and severity. Insurers access real-time insights, allowing continuous policy adjustments rather than relying on static annual renewals.

# Acha Kiya Insurance Liya Campaign

Launched in May 2025 by the General Insurance Council (GIC) of India, the “Achha Kiya Insurance Liya” campaign is a bold initiative aimed at transforming public perception about general insurance. The General Insurance Council brings together India’s non-life insurance companies with a shared goal—to create a more informed, financially secure, and insured nation. Aligned with IRDAI’s vision of ‘Insurance for All by 2047’, this program aims to educate people of the importance of general insurance in their everyday lives. Aligned with IRDAI’s “Insurance for All by 2047” vision, it targets over 800 million Indians, especially in Tier 3 and rural areas where awareness remains low.

The campaign uses quirky pet narrators, Barfi the dog, Oscar the cat, and others—to tell real-life stories of how insurance protects people during unexpected events like accidents, illnesses, or property damage. These heartwarming tales replace fear-based messaging with relatable, humorous storytelling, making insurance feel like a smart, everyday decision.

Covering health, motor, home, travel, and crop insurance, the campaign educates citizens on policy benefits, claim processes, and financial protection. It is delivered in 12 Indian languages across TV, print, digital, radio, and outdoor media, with over 200 on-ground activations.

achha.kiyea.com

MARY AUNTY KA HOSPITAL BILL INSURANCE NE SETTLE KIYA

*Achha Kiya*  
**INSURANCE LIYA**  
HEALTHY MIND | MIND | LUCKY & MORE

PRIMA PARTNER OF 2022  
Insurance Agency Initiative

Scan the QR code to  
Watch the Success Story

achha.kiyea.com

DUGGAL JI KE GHAR HUI CHORI PAR NUKSAAN INSURANCE NE COVER KIYA

*Achha Kiya*  
**INSURANCE LIYA**  
HEALTHY MIND | MIND | LUCKY & MORE

PRIMA PARTNER OF 2022  
Insurance Agency Initiative

Scan the QR code to  
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achha.kiyea.com

LAKHAN BHAIIYA KI BIKE KA HUA ACCIDENT PAR NUKSAAN INSURANCE NE SETTLE KIYA

*Achha Kiya*  
**INSURANCE LIYA**  
HEALTHY MIND | MIND | LUCKY & MORE

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achha.kiyea.com

GHOSH BABU KE CAR ACCIDENT KA KHARCHA INSURANCE NE COVER KIYA

*Achha Kiya*  
**INSURANCE LIYA**  
HEALTHY MIND | MIND | LUCKY & MORE

PRIMA PARTNER OF 2022  
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Watch the Success Story



# Common Insurance Mistakes to Avoid



Here are some mistakes you must avoid when buying an insurance cover:

## ❖ **Ignoring Policy Exclusions:**

Each policy outlines specific inclusions and exclusions. If you do not read them carefully, you might end up being financially exposed at the time of filing a claim. For example, when you buy health insurance, most of the insurers do not cover cosmetic procedures or dental treatments that are medically not necessary.

### ❖ **Ignoring Riders:**

Basic insurance policies often do not cover everything. Riders or add-ons allow you to customise your policy based on your needs. For example, a critical illness rider can provide a lump sum if you are diagnosed with a major disease. Similarly, a waiver of premium rider keeps your policy active if you are unable to work due to disability.

### ❖ **Relying Only on Employer Insurance:**

You may feel safe because your employer provides health or life insurance. However, this cover ends the moment you change jobs or retire. Additionally, employer policies often provide limited coverage and may not fully cover your family members. If you rely solely on this, you may be left unprotected during job transitions or periods of unemployment.

### ❖ **Underinsuring Yourself:**

Many people purchase insurance with low sums insured to save money, but this results in insufficient coverage during emergencies. For example, a ₹2 lakh health policy may not cover a major surgery in a good hospital. Similarly, a life cover of ₹5 lakh may not support your family's long-term expenses if you are the only earning member. Calculate the actual needs based on current costs, inflation, dependents, and lifestyle.

### ❖ **Not Updating Nominee:**

Your nominee is the person who will receive the policy benefit if something happens to you. Failing to update this information after major life events, such as marriage, divorce, or the death of a nominee, can create legal confusion. If the nominee is not updated or incorrect, the settlement process may get delayed or disputed.

### ❖ **Letting Your Policy Lapse:**

Allowing your insurance policy to lapse due to missed premium payments puts you at great risk. Once your policy expires, you lose all protection. You also may have to undergo a fresh underwriting process to reinstate it, and the insurer may decline to renew it. For life or health insurance, this could mean losing years of continuous coverage benefits, such as waiting period waivers or no-claim bonuses.

### ❖ **Hiding Pre-existing Conditions:**

Hiding your health conditions while buying insurance can lead to claim rejection later. Insurers investigate thoroughly, and non-disclosure of issues like diabetes or hypertension may void your claim. Even minor conditions must be shared honestly. While premiums may rise or waiting periods apply, truthful disclosure ensures your policy remains valid and protects you when needed.

### ❖ **Choosing the Cheapest Policy:**

Low premiums often mean lower coverage, more exclusions, or poor claim support. Buying solely based on cost can leave major gaps in protection. For example, a cheap health plan may not cover daycare treatments or modern procedures. Compare policies on benefits, claim settlement ratio, customer service, and reviews, rather than just price.

Source: <https://quickinsure.co.in/articles/avoid-the-top-10-insurance-mistakes-before-buying-it>

# Careers in the Insurance industry



If you are planning to build a career in the insurance sector, here are your options:

- ❖ **Insurance Underwriter** An insurance underwriter evaluates the risk associated with insuring individuals or businesses and decides whether to provide coverage and under what terms. The role demands reviewing applications, assessing financial and medical data, analysing potential losses, and determining appropriate premiums. To work on this profile, strong analytical skills are required in the general insurance, life insurance, and reinsurance sectors.

- ❖ **Claims Adjuster** A claims adjuster investigates insurance claims to determine the extent of the insuring company's liability. Your role involves inspecting property damage, interviewing claimants and witnesses, and consulting various reports, such as police statements, medical records, and repair invoices. You are also responsible for detecting fraudulent claims. The role demands field visits, negotiation skills, legal awareness, and understanding of insurance regulations and policy wordings.
- ❖ **Product Manager** An insurance product manager designs and develops insurance products that meet market demands, regulatory norms, and business objectives. You analyse customer needs, competitor offerings, and profitability metrics to create innovative solutions. You work closely with the IRDAI to ensure that every product complies with the relevant requirements. Your role also involves drafting policy wordings, setting pricing structures, and collaborating with actuaries and underwriters.
- ❖ **Marketing Specialist** Insurance marketing specialists create and execute campaigns that educate, attract, and convert prospective policyholders. In this role, you will be responsible for developing digital marketing strategies, brand positioning, customer segmentation, and product promotions. Not only that, the profile requires you to be proficient with analytical tools like Google Analytics and CRM dashboards, and customer behaviour insights are part of your daily workflow.
- ❖ **Sales Manager** An insurance sales manager oversees a team of insurance advisors or agents, develops sales strategies, and works towards achieving business targets. In this role, you are responsible for recruiting, training, and managing the performance of the sales force. Your reporting authority will monitor your performance using KPIs such as policy count, premium collections, persistency ratios, and cross-sell success.

- ❖ **Operations Manager** Operations managers are responsible for overseeing the day-to-day administrative and operational aspects of an insurance company. This includes policy issuance, renewal processing, endorsements, customer queries, and data management. You are required to collaborate with internal departments, including underwriting, sales, IT, and claims, to ensure the smooth functioning of these areas.
- ❖ **Actuary** An actuary specialises in using mathematics, statistics, and financial theory to evaluate the probability of future events. In the insurance sector, this includes calculating premium rates, policy reserves, and future claim liabilities. You play a critical role in pricing products, forecasting financial outcomes, and ensuring long-term solvency. To be eligible for this role, you must pass an exam conducted by the Institute of Actuaries of India (IAI) or similar institutes around the globe.
- ❖ **Insurance Trainer** In this role, you design and deliver training programmes for insurance agents, sales staff, and customer support teams. Your objective is to improve product knowledge, compliance awareness, and sales skills. You must be experienced in instructional design and familiar with industry regulations.

Source: <https://www.indeed.com/career-advice/finding-a-job/careers-of-insurance>

# Insurance Myths VS. Facts

Let's debunk some insurance myths and understand the facts.

❖ **Myth 1:** Credit score doesn't affect insurance rates.

**Fact:** A good credit score can lower auto and home insurance premiums.

❖ **Myth 2:** You can't switch insurance providers mid-policy.

**Fact:** You can switch at any time, but you may face cancellation fees.

❖ **Myth 3:** Smokers can't get life insurance.

**Fact:** Smokers can obtain life insurance coverage; however, the premiums may differ.

❖ **Myth 4:** Insurance is unnecessary if you are healthy.

**Fact:** Unexpected accidents or illnesses can occur at any time, making health insurance crucial.

❖ **Myth 5:** You don't need car insurance if you don't drive much.

**Fact:** Even if your car is parked most of the time, risks like theft and damages from natural disasters or vandalism still exist.

Source: <https://www.hdfcergo.com/blogs/health-insurance/myths-and-facts-of-health-insurance>

<https://www.hdfcergo.com/blogs/car-insurance/5-myths-about-car-insurance-in-india#:~:text=It%20is%20just%20one%20of%20the%20common%20car%20insurance%20myths,another%20and%20obtain%20the%20benefit.>

# Guidelines for a customer

When it comes to purchasing insurance, customers often have questions and uncertainties. Here are some essential guidelines to consider:

## Selecting the Right Insurance:

Insurance is designed to protect against unforeseen events like accidents, illnesses, property damage, and more. Depending on your specific needs, you should consider various types of insurance, such as life insurance, personal accident insurance, health insurance, motor insurance, and property insurance. Identify the risks you want to safeguard yourself against before choosing a suitable policy.

## Tailoring Insurance to Your Life Stage:

Your insurance requirements may vary depending on your life stage and future aspirations. For instance, if you're planning to start a family, you might opt for life insurance that meets the needs of your dependents. If you have growing children with education needs, consider policies that provide for their education. Health insurance is best purchased early in life to ensure continuous coverage. While third-party motor insurance is mandatory, opting for comprehensive motor insurance offers additional protection by covering vehicle damage as well. Protecting your property against fire, flood, and earthquakes will safeguard your savings, allowing you to use them for other financial needs instead of rebuilding costs.



### **Buying Insurance and Identifying Trusted Sources:**

When purchasing insurance, it is crucial to transact only with reliable sources. Ensure you buy insurance policies from:

#### **Registered Insurance Companies**

Licensed Insurance Agents (including corporate agents and micro-insurance agents)

Licensed Insurance Brokers

#### **Verifying Authenticity:**

Before making any payment, verify the authenticity of the person or entity offering insurance. Request identity proof and IRDAI license details of the person/entity soliciting insurance. For telesales, obtain address and telephone information. To validate insurance companies, brokers, and web-aggregators, cross-check their details on the IRDAI website. Additionally, use the agent locator on the IRDAI website to verify agents' credentials.

#### **Caution Against Unlicensed Intermediaries:**

Be cautious about unlicensed intermediaries or unregistered insurers soliciting insurance. Any payment made to such entities is at your own risk. In case you encounter unlicensed individuals or companies, it is advisable to intimate the IRDAI to protect yourself and other potential customers.

By following these guidelines, customers can make informed decisions, ensure their insurance meets their needs, and transact securely with trustworthy entities, providing peace of mind in uncertain times.

### **WHAT INSURANCE TO CONSIDER?**

Insurance provides protection against unforeseen events, such as accidents, illnesses, property damage, and more. To safeguard yourself adequately, it is

crucial to consider the following types of insurance: life insurance, personal accident insurance, health insurance, motor insurance, and property insurance.

Choosing the right insurance policy involves understanding your specific needs. Evaluate which life stage you are in and your future aspirations. Life insurance requirements may differ based on whether you are starting a family, have growing children with educational needs, or planning for retirement. Acquiring health insurance at a young age ensures continuous coverage and peace of mind. While third-party motor insurance is legally required, opting for a comprehensive motor insurance policy that covers vehicle damage is a wise decision. Moreover, safeguarding your home and belongings against risks like fire, flood, and earthquake preserves your hard-earned savings for other financial needs rather than using them for rebuilding.

## **HOW TO PURCHASE INSURANCE AND FROM WHOM?**

To ensure a secure transaction and appropriate coverage, follow these steps:

### **A. Purchase insurance policies only from reliable sources:**

Registered Insurance Companies

Licensed Insurance Agents, including corporate agents and micro-insurance agents.

Licensed Insurance Brokers

### **B. Verify the authenticity of the person or entity before making any payment:**

Request identity proof and particulars of the IRDAI license from the individual/entity offering insurance.

Obtain the address and telephone number of the person/entity, especially in the case of telesales.

Verify the details of insurance companies, brokers, and web-aggregators on the IRDAI website. Use the agent locator on the IRDAI website to confirm the credentials of agents.

If you encounter any unlicensed intermediary or unregistered insurer soliciting insurance, promptly inform the IRDAI. Any payment made to such entities poses potential risks.

By considering the right insurance coverage and conducting transactions with trusted entities, you can protect yourself and your loved ones from unforeseen circumstances and enjoy greater financial security.

### **Customer rights & duties in insurance:**

As a responsible and informed consumer, you should be aware of your rights and duties concerning your insurance policy, claims, and grievance redressal. Here are the key points to remember throughout the various stages of your insurance policy's life cycle:

#### **When Purchasing an Insurance Policy:**

- Fill the proposal form accurately and truthfully, as you are responsible for the information provided with your signature.
- Disclose all relevant information about the risk you want to cover.
- Register a nominee and ensure the nominee's name is correctly filled.
- Avoid leaving any column in the proposal form blank and never sign a blank form.

#### **After Submitting the Proposal:**

- The insurance company should inform you about their decision on issuing or refusing the insurance within 30 days of proposal submission.

- If you do not receive a response within the specified time, raise the matter in writing with the insurance company.
- If asked for additional documents, comply promptly.
- If the insurer refuses to grant insurance, they should provide written communication with reasons for the refusal.

### **After Purchasing the Insurance Policy:**

- You should receive the policy document within a reasonable period after the acceptance of the proposal by the insurance company.
- In case the policy document is not received, contact the insurance company to inquire about it.
- Verify the policy document upon receipt to ensure it matches the coverage you intended to purchase.
- Review all policy conditions and ensure they align with what was explained to you by the intermediary or insurance company representative at the time of sale.
- In case of doubts or queries, contact the intermediary or insurance company representative immediately for clarification.
- Whenever possible, communicate directly with the insurance company.

### **Precautions to Take When Buying Insurance:**

- Be cautious of unauthorized calls or offers.
- Be wary of extremely low premiums or lucrative offers; verify the credentials by contacting the insurance company directly if in doubt.
- Avoid signing blank insurance proposal forms.

- Preferably, make premium payments by cheque in favour of the insurance company.
- Request a receipt as evidence of premium payment.
- Carefully examine the policy after receiving it to ensure the requested coverage and premium terms are accurately stated.
- By exercising these rights and fulfilling your duties as an insurance policyholder, you can make informed decisions.

Source:<https://www.hdfcergo.com/blogs/car-insurance/5-myths-about-car-insurance-in-india#:~:text=It%20is%20just%20one%20of%20the%20common%20car%20insurance%20myths,another%20and%20obtain%20the%20benefits.>

# Interactive Section & Engaging activities

Interactive true/false questions to test basic knowledge of Insurance

- ❖ Health insurance covers all medical expenses, including cosmetic surgeries. (False)
- ❖ Term insurance benefits are only paid if the policyholder dies within the policy term. (True)
- ❖ Comprehensive motor insurance covers damage caused by natural disasters. (True)
- ❖ Travel insurance covers lost baggage and medical emergencies abroad. (True)
- ❖ A pre-existing medical condition may increase your health insurance premium. (True)
- ❖ Buying insurance online is often cheaper than purchasing through an agent. (True)
- ❖ You can change the beneficiary of your life insurance policy anytime. (True)
- ❖ Pet insurance covers all types of veterinary expenses without exclusions. (False)
- ❖ A no-claim bonus can lower your future car insurance premiums. (True)
- ❖ Critical illness coverage pays a lump sum upon diagnosis of a covered illness. (True)

**Fill-in-the-Blanks: Test Your Insurance Knowledge**

- ❖ The person who buys an insurance policy is called the \_\_\_\_\_ (Policyholder) \_\_\_\_\_.
- ❖ In motor insurance, \_\_\_\_\_ (third-party liability) \_\_\_\_\_ coverage protects against damages caused to a third party.
- ❖ A health insurance waiting period is the time you must wait before making a \_\_\_\_\_ (claim) \_\_\_\_\_.
- ❖ The process of evaluating risk and determining the insurance premium is called \_\_\_\_\_ (underwriting) \_\_\_\_\_.
- ❖ The document that contains all terms and conditions of an insurance policy is called the \_\_\_\_\_ (policy wordings) \_\_\_\_\_.
- ❖ \_\_\_\_\_ (Deductible) \_\_\_\_\_ is the amount paid by the policyholder before the insurer covers the remaining expenses.
- ❖ Life insurance offers financial security to the policyholder's \_\_\_\_ (nominee/ beneficiary) \_\_\_\_\_ in case of death.
- ❖ Car insurance policies in India are regulated by the authority called \_\_\_\_\_ (IRDAI (Insurance Regulatory and Development Authority of India) \_\_\_\_\_).

# Current Affairs in the Insurance Sector



## **Why is the FDI hike important for insurance growth?**

It allows foreign insurers to operate independently, increasing investment, improving services, and expanding insurance access across India.

## **What is IRDAI's goal for insurance coverage by 2047?**

IRDAI aims for “Insurance for All” by 2047, ensuring every citizen has life, health, and property insurance.



### **What is composite licensing in insurance?**

Composite licensing lets insurers offer life, health, and general insurance under one company, simplifying services for customers.

### **What is the projected size of India's insurance sector by 2030?**

India's insurance sector may grow to ₹25 lakh crore by 2030, doubling from ₹11 lakh crore in 2024. (Source: <https://www.news18.com/business/insurance-sector-may-cross-rs-25-lakh-crore-by-2030-penetration-could-rise-to-5-ibai-report-ws-l-9468104.html#:~:text=India's%20insurance%20industry%20is%20poised,in%20collaboration%20with%20McKinsey%20%26%20Company.>)

### **What is insurance penetration and India's target?**

Insurance penetration is the share of insurance in GDP. India aims to raise it from 3.7% to 5% by 2030. (Source: <https://indianexpress.com/article/business/insurance-industry-on-track-to-more-than-double-set-to-hit-rs-25-lakh-crore-by-2030-10151922/>)

### **What is the Expense of Management (EoM) cap for insurers?**

IRDAI capped EoM at 35% for health insurers to reduce costs and promote efficient operations. (Source: <https://www.gicouncil.in/news-media/gic-in-the-news/synopsis-of-irdai-expenses-of-management-eom-regulations-2023/>)

### **What is the 1/365 premium recognition method?**

The 1/365 premium recognition method spreads insurance premium income evenly over each day of the policy term, recognising one day's premium revenue at a time across the coverage period.

### **What is Bima Bharosa?**

Bima Bharosa is an online portal for policyholders to file insurance complaints and track the status of their grievances.

### **What is Bima Vahak?**

Bima Vahak is a women-led insurance distribution channel to improve access in rural areas.

### **What is the GST rate on insurance premiums?**

Insurance premiums attract 18% GST, which many experts say discourages people from buying insurance.

### **What is the IRDAI's proposal on GST?**

IRDAI recommends reducing GST on health and microinsurance to make policies more affordable.

### **What is microinsurance?**

Microinsurance offers low-cost coverage for poor families, helping them recover from financial losses.

### **What is parametric insurance?**

Parametric insurance pays claims based on predefined metric of events like floods or earthquakes, helping disaster-prone areas.

### **What is the Ayushman Bharat scheme?**

Ayushman Bharat provides ₹5 lakh health insurance to poor families for hospital treatment.

### **What is the PMJJBY scheme?**

Pradhan Mantri Jeevan Jyoti Bima Yojana offers life insurance of ₹2 lakh for ₹436 per year.

### **What is the PMSBY scheme?**

Pradhan Mantri Suraksha Bima Yojana provides accident insurance of ₹2 lakh for ₹20 per year.

### **What is the role of insurance in rural India?**

Insurance helps farmers and villagers recover from crop loss, illness, or accidents etc; improving financial security.

### **What is the National Health Claims Exchange (NHCX)?**

NHCX is a digital platform that speeds up health insurance claim settlements between hospitals and insurers.

### **What is the IRDAI's role in claim settlement?**

IRDAI mandates insurers to settle hospital claims within 3 hours of discharge to help patients.

# Recent Regulatory updates And policy changes

Here are some recent changes in the general insurance policy made by IRDAI:

- ❖ The IRDAI has eliminated the restriction on entry age for insurers providing health insurance policies in India. Previously, insurers were generally required to offer health coverage to individuals up to the age of 65.
- ❖ According to IRDAI, the maximum waiting period for covering pre-existing diseases under health insurance has been reduced from four years to three years.
- ❖ The IRDAI has lifted the sub-limits previously applied to Ayurveda, Yoga and Naturopathy, Unani, Siddha, and Homoeopathy (AYUSH) treatments.
- ❖ The insurance regulator has directed insurers to create customised health insurance products tailored for senior citizens, children, maternity needs, students, and other specific groups.
- ❖ The IRDAI has also directed insurers to create a dedicated channel for handling claims and complaints specifically related to senior citizens.
- ❖ According to the latest IRDAI notification, the moratorium period in health insurance has been reduced from eight years to five years. After five consecutive years of coverage, insurers cannot deny claims due to non-disclosure of pre-existing conditions or misrepresentation, unless it involves fraud.
- ❖ The IRDAI has instructed insurers to offer only benefit-based policies for hospitalisation coverage and has barred them from launching indemnity-based plans.
- ❖ The insurance regulator has permitted individuals holding benefit-based policies to submit multiple claims with different insurers.

Source: <https://www.policybazaar.com/health-insurance/articles/new-irdai-health-insurance-guidelines-you-must-know>

# Insurance In Different Cultures

The types of insurance available vary significantly across different regions, reflecting each area's unique needs and priorities.

- ❖ In India, insurance is divided into life and general insurance. Life insurance includes term, whole-life, endowment, and ULIPs, while general insurance covers health, motor, travel, home, fire, marine, and commercial insurances.
- ❖ With an 8.2% GDP penetration rate, the U.S. insurance market offers health, life, auto, home, and liability coverages. This features intense competition and diverse product offerings tailored to various consumer needs, ensuring extensive financial protection.
- ❖ China's insurance market has grown rapidly, with annuities and whole-life policies aligning with local saving habits. However, cultural taboos around discussing premature death shape how life insurance is marketed and perceived.
- ❖ Africa's insurance penetration is low at 3.6%, with South Africa contributing the most premiums. Weak governance hinders trust, but regulatory reforms in South Africa are driving industry growth, gradually influencing other African nations towards improved insurance systems.

Source: <https://financedigest.com/different-countries-different-insurance-cultures-how-insurers-can-adapt-their-productshtml/#:~:text=Judicial%20and%20regulatory%20environments%20vary,insurance%20administration%20can%20also%20differ.>

# Some FAQs For Reference Only

## 1. What is Travel Insurance?

Travel insurance is a comprehensive insurance policy that provides financial protection while traveling internationally. It covers medical emergencies, trip cancellations, lost baggage, passport loss, flight delays, and other travel-related risks across multiple countries.

### Key Benefits of Travel Insurance:

- ❖ **Medical emergency coverage:** Hospitalisation, doctor visits, and emergency treatments
- ❖ **Trip cancellation/interruption:** Reimbursement for non-refundable bookings
- ❖ **Lost baggage and passport coverage:** Compensation for misplaced luggage or documents
- ❖ **Flight delay/cancellation:** Compensation for long delays or cancellations
- ❖ **Emergency evacuation and repatriation:** Coverage for medical evacuation or return to India

### Example of Travel Insurance

Mr. Ahuja, a frequent traveler, has a global travel insurance policy. During his trip to France, he suddenly falls ill and needs hospitalization.

### How His Travel Insurance Helps:

- ❖ **Medical Emergency:** Mr. Ahuja visits a hospital for treatment.
- ❖ **Cashless Claim:** Since his insurer has a network of hospitals, his medical expenses are directly covered.
- ❖ **Medical Evacuation (If Needed)** Evacuation cover generally is meant only to nearest service provided
- ❖ **Trip Interruption Coverage:** If he has to cut his trip short, the insurer reimburses nonrefundable expenses like hotel bookings and flight tickets.

Since he had travel insurance, he didn't have to worry about medical bills or financial

## 2. What is Loss of Baggage Cover in Travel Insurance?

If you have Loss of Checked-in baggage cover with your travel insurance policy, you can get coverage for any losses in the event of Total and permanent loss of checked-in baggage up to the sum insured as opted.

### Example of Loss of Baggage Cover in Travel Insurance

Ms. Raina is flying from Mumbai to London for a business trip. Upon arrival, she finds out that the airline has lost her checked-in baggage, which contained her clothes, toiletries, and important documents.

### How Travel Insurance Helps:

- ❖ **Claim Intimation:** Ms. Raina contacts her insurer and provides the airline's confirmation of baggage loss.
- ❖ **Document Submission:** She submits the required documents, including the Property Irregularity Report (PIR) from the airline.

- ❖ **Claim Approval:** After verification, the insurer approves her claim.
- ❖ **Compensation:** Ms. Raina receives a lump sum payout to buy new clothes and essential items.

Since she had Loss of Baggage Cover, she did not have to bear the financial burden of replacing her belongings.

### 3. What is a motor insurance add on?

A motor insurance add-on is an optional coverage that enhances a standard motor insurance policy by providing additional benefits. These add-ons help cover expenses that a basic policy does not, offering better financial protection.

#### Popular Motor Insurance Add-ons:

- ❖ **Zero Depreciation Cover:** Ensures full claim without depreciation deductions
- ❖ **Roadside Assistance Cover:** Provides emergency help (towing, fuel, flat tire assistance, etc.)
- ❖ **Engine Protection Cover:** Covers repair costs due to water damage or oil leakage
- ❖ **Return to Invoice Cover:** Reimburses the full invoice value if the car is stolen or totaled
- ❖ **Consumables Cover:** Pays for items like engine oil, coolant, nuts, and bolts during repairs
- ❖ **Key Replacement Cover:** Covers the cost of replacing lost or damaged car keys

#### Example of a Motor Insurance Add-on

Mr. Sharma owns a brand-new car and has a comprehensive car insurance policy. To ensure complete protection, he opts for the Zero Depreciation Add-on.



### **How the Add-on Helps:**

- ❖ Accident Damage: Mr. Sharma's car meets with an accident, damaging the bumper and headlights.
- ❖ Claim Process: He raises a claim under his policy.
- ❖ Full Compensation: Without the Zero Depreciation Add-on, the insurer would deduct depreciation costs before paying claims. But with this add-on, Mr. Sharma receives the full claim amount, covering the entire repair cost (excluding tyres and batteries)

Because of the add-on, he saves money that would have been deducted due to depreciation.

## **4. What is Emergency Assistance in Motor Insurance?**

Emergency assistance in motor insurance, also known as roadside assistance (RSA), provides immediate help if your vehicle breaks down or faces an emergency while travelling. This service is typically offered as an add-on cover in motor insurance policies.

- ❖ Common Services Covered Under Emergency Assistance:
- ❖ Towing assistance if the vehicle breaks down or is damaged
- ❖ Battery jump-start for a dead battery
- ❖ Flat tire assistance for punctured tires
- ❖ Fuel delivery if the car runs out of fuel
- ❖ Key lockout assistance if the keys are locked inside
- ❖ On-the-spot repairs for minor mechanical issues

### Example of Emergency Assistance in Motor Insurance

Mr. Mehta is driving from Mumbai to Pune when his car suddenly breaks down on the highway due to a dead battery. Since he has Emergency Assistance Cover, he calls the insurer's roadside assistance helpline.

#### How Emergency Assistance Helps:

- ❖ **Call for Help:** Mr. Mehta contacts the insurer's 24x7 assistance number.
- ❖ **Mechanic Dispatch:** The insurer sends a technician to jump-start the battery.
- ❖ **Towing Service (If Needed):** If the car cannot be fixed on the spot, it is towed to the nearest garage.
- ❖ **Alternative Transport:** If the repair takes time, the insurer arranges for a cab or hotel stay.

Thanks to the Emergency Assistance Cover, Mr. Mehta did not have to struggle to find a mechanic or arrange towing services on his own.

### 5. What is natural calamities cover in home insurance?

Home insurance policies often include natural calamities cover, which provides financial protection if your home is damaged due to disasters like earthquakes, floods, cyclones, or landslides.

#### Some of the natural disasters covered under home insurance:

- ❖ **Earthquakes:** Structural damage due to ground shaking
- ❖ **Floods:** Water damage to walls, flooring, and interiors
- ❖ **Cyclones & Storms:** Roof damage, window breakage, and property loss
- ❖ **Landslides:** Cracks in walls and foundation damage

- ❖ **Lightning Strikes:** Fire or electrical short circuits

### Example of Natural Calamities Cover in Home Insurance

Mr. Verma owns a house in Chennai and has a comprehensive home insurance policy.

During a cyclone, strong winds and heavy rains cause severe damage to his roof, walls, and electrical wiring.

#### How his home insurance helps:

- ❖ **Claim Intimation:** Mr. Verma contacts his insurer to report the cyclone damage.
- ❖ **Inspection & Assessment:** The insurer sends a surveyor to evaluate the damage.
- ❖ **Claim Approval:** Since cyclones are covered under his policy, the claim is approved.
- ❖ **Compensation:** The insurance company pays for repairs and restoration of his house.

Because he had natural calamities cover, he did not have to bear the full financial burden of repairs.

## 6. What is Home Insurance?

Home insurance is a type of insurance policy that provides financial protection against damage or loss to a house and its contents due to events like fire, theft, natural disasters, or accidents. It helps homeowners recover financially by covering the repair or rebuilding costs.

### Key Benefits of Home Insurance:

- ❖ Covers damages due to fire, floods, earthquakes, storms, etc.
- ❖ Protects against burglary and theft of valuable belongings
- ❖ Provides liability coverage if someone gets injured on the property
- ❖ Ensures peace of mind by securing one's biggest asset

### Example of Home Insurance:

Mr. and Mrs. Kapoor own a house and have insured it with the comprehensive home insurance. One night, a short circuit in their house causes a fire, damaging the kitchen and furniture.

### How home insurance helps:

- ❖ **Claim Intimation:** Mr. Kapoor informs the insurer about the incident.
- ❖ **Damage Assessment:** The insurance company sends a surveyor to evaluate the damage.
- ❖ **Claim Approval:** If the claim is valid, the insurer approves it.
- ❖ **Compensation:** The insurer pays for repairs or replacement of damaged items as per the policy coverage.

Since the Kapoor's had home insurance, they didn't have to bear the entire financial burden of repairs.

## 7. What is a Pre-existing Condition in Health Insurance?

A pre-existing condition refers to any illness, injury, or medical condition that a person has before purchasing a health insurance policy. These conditions may not be covered immediately and typically have a waiting period, after which they become eligible for coverage.

### Key Points About Pre-existing Conditions:

- ❖ Defined based on an individual's medical history before policy purchase
- ❖ Waiting periods vary (typically 2-3 years) but can be reduced with add-ons
- ❖ Some policies may permanently exclude certain pre-existing conditions
- ❖ It is important to disclose all medical conditions to avoid claim rejection

### Example of a Pre-existing Condition:

Mrs. Verma has been suffering from diabetes for the past five years. When she buys a health insurance policy, her insurer considers diabetes a pre-existing condition.

### How It Affects Coverage:

- ❖ **Waiting Period:** The insurer imposes a waiting period before covering diabetes-related expenses.
- ❖ **Exclusions:** If Mrs. Verma is hospitalised for a diabetes-related complication within this period, the insurer will not cover the expenses.
- ❖ **Post-Waiting Period:** After completing the waiting period, diabetes-related claims will be covered as per the policy terms.

## 8. What is Cashless Health Insurance?

Cashless health insurance is one of the features of a health insurance policy where the insured person does not have to pay upfront for medical expenses at a hospital.

Instead, the insurance company directly settles the bill with the hospital, provided the treatment is availed at a network hospital.

This facility eliminates the need for the insured to arrange money for medical expenses during hospitalisation, making healthcare more accessible and hassle-free.

### **Key Benefits of Cashless Health Insurance:**

- ❖ No need for immediate cash during emergencies
- ❖ Quick and seamless hospitalisation
- ❖ Direct settlement between insurer and hospital
- ❖ Available at a wide network of hospitals

### **Example of Cashless Health Insurance:**

Suppose Mr. Sharma has a health insurance policy. One day, he suffers from severe abdominal pain and is admitted to a network hospital that has a tie-up with his insurer.

- ❖ **Hospital Admission:** Mr. Sharma's family informs the hospital that he has a cashless health insurance policy.
- ❖ **Pre-authorisation:** The hospital contacts the insurer's Third-Party Administrator (TPA) or claims team, providing details of the treatment and estimated costs.
- ❖ **Approval:** If the treatment is covered under Mr. Sharma's policy, the insurer approves the claim.
- ❖ **Treatment & Discharge:** Mr. Sharma undergoes treatment, and upon discharge, the insurer settles the approved amount directly with the hospital.

Since this is a cashless claim, Mr. Sharma does not need to pay out of pocket except for noncovered expenses (if any) like consumables or room rent beyond the eligible limit

## 9. What is co-payment in health insurance?

Co-pay in health insurance means the insurer will pay a pre-decided percentage of your medical expenses in case of a health insurance claim, and the remaining will be paid from your pocket.

For example, Mr. Sharma has a healthcare plan with a sum insured of INR 5 lakh. The co-pay clause of a health insurance policy states that the insurer will pay 90% of the medical expenses, while the policyholder, i.e., will meet the remaining 10%. So, if medical bills amount to INR 3 lakh during the policy period, the insurer will pay INR 2,70,000 against the claim, and Mr. Sharma must pay the remaining INR 30,000 to the hospital.

# Important Abbreviations

ADB	: Accidental Death Benefit
AML	: Anti Money Laundering
AOG	: Act of God
ARG	: Automatic Rain Gauge
AWS	: Automatic Weather Stations
AYUSH	: Ayurved, Yoga, Unani, Siddha, Homeopathy
BPL	: Below Poverty Line
CAR	: Contractors All Risks Policy
CC	: Cubic Capacity
CGST	: Central Goods and Services Tax
CL	: Consequential Loss
CoR	: Combined Ratio
COVID-19	: Coronavirus disease
CPM	: Contractors Plant & Machinery Policy
CSR	: Claim Settlement Ratio
CT Scan	: Computerized Tomography Scan



DES	: Directorate of Economics & Statistics
EAR	: Erection All Risks Policy
ECGC	: Export Credit & Guarantee Corporation
EP	: Earned Premium
ESIS	: Employees' State Insurance Scheme
GDP	: Gross Domestic Product
GDPI	: Gross Direct Premium Income
GIC	: General Insurance Corporation of India
GIC	: General Insurance Council
Gol	: Government of India
GWP	: Gross Written Premium
HNI	: High Net worth Individual
HRD	: Human Resource Development
IAR	: Insurance All Risk
ICMR	: Indian Council of Medical Research
ICP	: Indoor Case Paper
ICU	: Intensive Care Unit
IDV	: Insured Declared Value
IGMS	: Integrated Grievance Management System
II	: Insurance Institute of India
INR	: Indian Rupee

IPD	: Inpatient Department Care
IRDAI	: Insurance Regulatory & Development Authority
IRRI	: International Rice Research Institute
ISRO	: Indian Space Research Organisation
LDM	: Lead District Manager
LIC	: Life Insurance Corporation
LPC	: Land Procession Certificate
MACT	: Motor Accident Claim Tribunal
MB	: Machinery Breakdown
MER	: Medical Examination Report
MLC	: Medical Legal Case
MLOP	: Machinery Loss of Profits Policy
MoA & FW	: Ministry of Agriculture and Farmers Welfare
MOU	: Memorandum Of Understanding
MRI	: Magnetic Resonance Imaging
MV	: Market Value
NAV	: Net Asset Value
NBFC	: Non-Banking Financial Company
NCB	: No Claim Bonus
NCIP	: National Crop Insurance Portal
NGO	: Non-Government Organization

NPCI	: National Payments Corporation of India
OPD	: Outpatient Department
OPD	: Outpatient Department
OT	: Operation Theatre
PA	: Personal Accident
PE Kit	: Personal Protect Equipment kit.
PED	: Pre-Existing Disease
PHC	: Primary Health Centre
POA	: Power of Attorney
PPC	: Pre Policy-Check Up
PPD	: Permanent Partial Disability
PPD	: Permanent Partial Disablement
PSU	: Public Sector Undertaking
PTD	: Permanent Total Disability
RBI	: Reserve Bank of India
RIV	: Reinstatement Value
RMO	: Resident Medical Officer
ROR	: Records of Right
RSBY	: Rashtriya Swasthya Bima Yojana
RSMD	: Riot, Strike, Malicious Damage
SEBI	: Securities & Exchange Board of India

SFDI	: Stream Flow Drought Index
SGST	: State Goods and Service Tax
SMES	: Small & Medium Enterprises
SPI	: Standardized Precipitation Index
SST	: Smart Sampling Technique
STFI	: Storm, Tempest, Flood and Inundation
TAT	: Turn Around Time
TPA	: Third Party Administrator
TTD	: Temporary Total Disability
UNL	: Ultimate Net Loss
UPI	: Unified Payment Interface
WBCI	: Weather Based Crop Insurance Scheme
WC	: Workmen's Compensation
WHO?	: World Health Organisation
WWW	: World Wide Web
YTM	: Yield to Maturity

Source: <https://rbi.org.in/Upload/AnnualReport/Pdfs/56314.pdf>

<https://amritt.com/india-business-guide/list-of-common-indian-acronyms-and-abbreviations/>

<https://www.ixambee.com/blog/list-of-important-insurance-abbreviations>

# Glossary

**Accident**

An accident in health insurance refers to an unforeseen, sudden event causing physical injury requiring medical attention.

**Agent**

An agent is a licensed professional who sells insurance policies to individuals or businesses. They provide guidance on coverage options and assist with claims, renewals, and policy management in exchange for a premium.

**Ambulance Cover**

This coverage provides financial assistance for transportation costs to the hospital during medical emergencies. It is available as an in-built cover in a standard plan or as a rider. Coverage limits may apply.

**AYUSH Treatment**

Ayush treatment in insurance covers alternative medicine systems like Ayurveda, Yoga, Unani, Siddha, and Homeopathy. Policy benefits are available only if the treatment is availed from a recognised medical facility.

**Assignee**

An assignee in health insurance is a person or entity to whom policy benefits or rights are transferred.

## **Aggregate Limits**

Aggregate limits are the maximum sum an insurer will pay for covered claims during a policy period. Once this limit is reached, no further claims are covered.

## **Average Clause**

The average clause in insurance reduces claim payouts if the insured sum is lower than the asset's actual value, making the policyholder responsible for the shortfall in case of underinsurance.

## **Beneficiary**

A beneficiary in insurance refers to the individual or entity chosen to receive the policy benefits when the policyholder passes away or when the policy reaches maturity.

## **Cashless Facility**

A cashless facility in insurance allows policyholders to receive medical treatment without paying upfront at network hospitals. The insurer directly settles the bills as per the policy terms.

## **Co-payment**

Co-payment is the fixed percentage of a claim amount that a policyholder must pay out-of-pocket while the insurer covers the remaining cost.

## **Cumulative Bonus**

A cumulative bonus is a reward for claim-free years, increasing the sum insured without extra cost.

## **Convalescence Benefits**

Convalescence benefits provide financial support in the form of lump sum cash to policyholders recovering from prolonged hospitalisation. This coverage provides compensation for lost earnings and any extra expenses incurred throughout the recovery period.

## **Claim Settlement Ratio**

The CSR in insurance is the percentage of claims an insurer settles against the total claims received in a year. A higher CSR indicates a more reliable insurer.

## **Condition Precedent**

A condition precedent refers to a necessary requirement that must be met before a policyholder is eligible to file a claim or before the insurer's responsibility takes effect.

## **Co-morbidities**

Co-morbidities refer to pre-existing health conditions or multiple medical issues a person has alongside a primary illness. These conditions increase health risks and impact policy approvals, premiums, and claim eligibility.

## **Indemnity**

Indemnity refers to the compensation provided to policyholders for covered losses, ensuring they are restored to their pre-loss financial position without profiting from the claim.

## **Daycare Procedure**

Daycare treatment in insurance covers medical procedures or surgeries that do not require hospitalisation beyond 24 hours, thanks to technological advancements. Examples include cataract surgery, dialysis, and chemotherapy.

## **Domiciliary Hospitalisation**

Domiciliary hospitalisation refers to medical treatment at home due to a patient's inability to visit a hospital or the unavailability of hospital beds.

## **Deductible**

A deductible is the fixed amount a policyholder must pay out-of-pocket before the insurer covers expenses. Higher voluntary deductibles lower premiums, while lower deductibles increase coverage costs.

## **Depreciation**

The term depreciation in motor insurance describes how a vehicle's worth decreases with age and use i.e. wear and tear. Insurers deduct the depreciation amount from the total repair invoice when settling claims.

## **Endorsement**

An endorsement in insurance is a policy amendment that modifies coverage, terms, or conditions. It can add, remove, or clarify provisions, ensuring the policy meets specific needs without issuing a new contract.

## **Free-look Period**

The free-look period is a timeframe, usually 30 days, allowing policyholders to review their insurance policy and cancel it for a full refund if unsatisfied, minus applicable charges.

## **First Diagnosis**

When individuals fall ill, they undergo several diagnostic stages to identify their condition. In health insurance, the first diagnosis is the initial medical assessment by a healthcare professional, forming the basis for beginning necessary treatment, may be before purchase of insurance too..

## **Grace Period**

“Grace period” means the specified period of time, immediately following the premium due date during which premium payment can be made to renew or continue a policy in force without loss of continuity benefits pertaining to waiting periods and coverage of pre-existing diseases. Coverage need not be available during the period for which no premium is received. The grace period for payment of the premium for all types of insurance policies shall be: fifteen days where premium payment mode is monthly and thirty days in all other cases.



## **Group Health Insurance**

Group Health Insurance provides medical coverage to employees of an organisation or members of a group. Employees don't have to undergo medical screening to obtain coverage.

## **Hospital Daily Cash**

Hospital Daily Cash provides a fixed daily allowance during hospitalisation to cover nonmedical expenses like transportation and food. It offers financial support for incidental costs not covered under regular policies.

## **IDV**

Insured Declared Value (IDV) is the maximum sum an insurer will pay if a vehicle is stolen or suffers a total loss. It is the vehicle's current market value after factoring in depreciation.

## **Insurable Interest**

Insurable interest refers to a financial stake in the insured property or person that would lead to a financial loss if the insured suffers harm or damage.

## **Lapse**

A lapse in insurance occurs when a policyholder fails to pay premiums on time, causing the policy to expire.

## **Migration**

Migration in insurance refers to switching from one health insurance policy to another within the same insurer while retaining benefits like waiting period credits.

## **Material Facts**

Material facts are crucial details that affect an insurer's decision to accept risk and determine policy terms. These include medical history, lifestyle habits, and financial background. Providing inaccurate or incomplete material can lead to claim rejection or policy cancellation. Full disclosure ensures fair underwriting and prevents disputes during claims settlement.

## **No Claim Bonus**

No Claim Bonus (NCB) is a discount offered on insurance premiums for not filing claims during the policy term. It rewards safe policyholders and reduces renewal costs, especially in vehicle insurance.

## **Non-medical Expenses**

Non-medical expenses refer to costs not directly related to medical treatment, such as hospital administrative charges, registration fees, service charges, consumables like gloves or syringes, and attendant expenses.

## **Organ Donor Cover**

This coverage financially supports expenses related to organ transplantation. It covers hospitalisation, surgery, and medical costs for the donor.

## **Proposal Form**

A proposal form in insurance is a formal document where applicants provide personal details, risk information, and coverage preferences.

## **Paid-up Value**

Paid-up value is the reduced sum assured a policyholder receives if they stop paying premiums after a minimum payment period. The policy remains active but with lower benefits. It is calculated based on the number of premiums paid versus the total premiums due.

## **Preventive Checkup**

A preventive checkup is a routine medical examination that detects health issues early, even before symptoms appear. It includes tests, screenings, and consultations to assess overall well-being.

## **Revival**

Revival in insurance refers to reinstating a lapsed policy by paying overdue premiums and fulfilling insurer conditions. Doing so restores coverage and benefits.

## **Restoration**

Restoration is the process of replenishing the sum insured once it has been depleted by claims.

## **Rider**

A rider in insurance is an add-on that enhances a standard policy by offering additional benefits or coverage, such as critical illness or accidental death, for an extra premium.

## **Repatriation Expenses**

Repatriation expenses in insurance cover the cost of returning an insured person's remains to their home country in case of death while travelling abroad. It includes transportation, embalming, and necessary documentation.

## **Surrender Value**

Surrender value is the sum an insurance policyholder receives upon voluntarily terminating the policy before maturity. It depends on premiums paid, policy tenure, and insurer terms and is often lower than the total premiums paid.

## **Surgical Procedure**

A surgical procedure is a medical operation where doctors use instruments to treat injuries, diseases, or conditions. It involves making incisions or using specialised techniques to remove, repair, or replace tissues.

## **Sub-limit**

A sub-limit is a predefined cap on claim payouts for specific expenses within the overall sum insured. It applies to categories like room rent, surgeries, or treatments, limiting reimbursement.

## **Survival Period**

The survival period is the minimum duration a policyholder must survive after being diagnosed with a critical illness to claim benefits. Typically ranging from 15 to 30 days, it ensures the illness is severe enough to warrant coverage. If the insured passes away within this period, no payout is made.

## **Terminal Illness**

A terminal illness is a medical condition diagnosed as incurable with a limited life expectancy (usually less than 12 months).

## **TPA**

A Third Party Administrator (TPA) is an intermediary between insurers and policyholders who handle claims processing, medical approvals, and policy servicing.

## **Constructive Total Loss**

A "total loss" happens when the repair expenses surpass 75% of the IDV, rendering the vehicle beyond repair or unfit for use.

## **Underwriting**

Underwriting is the process where insurers assess a policy applicant's risk based on factors like health, age, and occupation to determine coverage eligibility, premium rates, and policy terms.

## **Waiting Period**

The waiting period in insurance is the initial duration during which policyholders cannot claim benefits, except for accidents. It varies by policy type and typically ranges from 30 days to a few years.

Source: <https://policyholder.gov.in/glossary>

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