HDFC ERGO INSURANCE AWARENESS AWARD Junior

HDFC ERGO

GENERAL INSURANCE PEDIA

Hauslon ki Udaan

Soar to success

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CHAPTER 1

INTRODUCTION TO INSURANCE

WHAT IS 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 to us and the things we cherish, such as our homes, cars, and valuables. Whether its natural calamities like floods, storms, and earthquakes or man-made disasters like theft, car accidents, and fires, 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:

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)

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, 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 get 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.
- "Hazards" are factors that increase the likelihood of a peril occurring. For instance, a fireplace is a hazard because it raises the probability of loss from fire. In some cases, certain factors can be both a peril and a hazard. For instance, smoking is a peril because it causes various health ailments, while also acting as a hazard by increasing the probability of such ailments.

By understanding the distinction between risks, perils, and hazards, we can make more informed decisions and take proactive measures to protect ourselves and our communities from potential harm. Being aware of these concepts empowers us to mitigate risks effectively and create a safer environment for everyone.

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 financial security.

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

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.

CHAPTER 2

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 the sudden demise of a breadwinner.

Now, let’s look 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 passes 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.
- **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 policy 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.

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. As assets hold their own value and are vulnerable to potential damages, specific general insurance policies provide a shield to safeguard the economic worth of these assets, preventing substantial financial losses.

For instance, a home insurance policy can offer protection for your home and its valuable contents against calamities and theft. In the event of an unfortunate incident, such insurance coverage reduces the likelihood of depleting your savings, borrowing money, seeking financial assistance from family or friends, or resorting to selling your assets to cover repairs, medical treatments, or outstanding loans. 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 contracts, 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 hospitalisation 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.
- **Home Insurance:** Safeguards homes and valuables inside against calamities and theft.
- **Crop Insurance:** Assists farmers by compensating for crop losses due to specific perils.

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.

PRINCIPLES OF INSURANCE

Insurance business is governed by certain guiding principles. The following are the principles of insurance:

- Insurable Interest
- Utmost Good Faith or Uberrima Fides
- Indemnity
- Subrogation
- Contribution
- Proximate Cause
- Principle of Loss Minimization

INSURABLE INTEREST

In the context of insurance, having an insurable interest in the property or life being insured is a fundamental requirement. An insurable interest means that the person obtaining the insurance policy must stand to benefit from the existence of the insured property or life and would be adversely affected by its destruction or loss. This principle holds significant legal importance, as an insurance contract lacking insurable interest is considered invalid and cannot be enforced in a court of law.
The rationale behind this principle is to ensure that the insured party has a genuine financial stake in the property or life being insured. It helps prevent situations akin to gambling, where someone takes out insurance on a property or life without any real interest or exposure to financial loss in the event of a claim. For instance, this principle prevents individuals from insuring someone else's life with the intention of profiting from their death.

Let's illustrate with an example: Imagine you own a house, and if it gets damaged by fire, you will suffer a financial loss. In this case, you have an insurable interest in your own house. However, if your neighbour's house, which you do not own, is damaged by fire, you may feel sympathy for your neighbour, but you do not have any financial interest in their property. Therefore, you lack an insurable interest in your neighbour's house.

Overall, the concept of insurable interest serves as a safeguard against fraudulent or unethical insurance practices. It ensures that insurance is obtained for genuine protection rather than for speculative purposes, thereby maintaining the integrity of insurance contracts and preventing potential misuse of insurance for wrongful gains.

UTMOST GOOD FAITH OR UBERRIMA FIDES

The principle of Utmost Good Faith, also known as Uberrima Fides, is the cornerstone of insurance contracts. It requires both the prospective insured and the insurer to engage in a relationship of utmost honesty and full disclosure. In essence, an insurance contract is based on complete transparency and accurate communication between the parties involved.

Central to this principle is the obligation of the prospective insured to provide the insurer with all relevant and material information pertaining to the risk being insured. Material information refers to any details that would influence the insurer's decision in assessing the risk and determining whether to cover it, as well as the terms and conditions of coverage.

Both the insured and the insurer must disclose all material information during the formation of the insurance contract. For the insured, this means revealing any known facts about the risk they are seeking to insure. Similarly, the insurer must be forthcoming about the terms and conditions of the policy and any relevant factors that might affect the coverage.

The concept of Utmost Good Faith is critical because insurance is based on the probability of potential losses occurring. The complete disclosure of relevant information allows the insurer to accurately assess the risk's quality and calculate an appropriate premium.

Let's consider an example to illustrate its significance: John takes out a health insurance policy but fails to disclose that he is a smoker. Later, he is diagnosed with cancer and seeks to make a claim. However, the insurance company discovers that John withheld important information about his smoking habit. In this scenario, the insurer may rightfully reject the claim, as John's non-disclosure of a material fact violates the principle of Utmost Good Faith.

In summary, the principle of Utmost Good Faith serves as the bedrock of trust and transparency in insurance contracts. It ensures that both parties act in good faith, providing all necessary information to make informed decisions, ultimately upholding the integrity of the insurance relationship.

PRINCIPLE OF INDEMNITY

The principle of indemnity is a fundamental concept in insurance that aims to restore the insured person to the same financial position they were in before the occurrence of a loss. The essence of indemnity is to provide security, protection, and compensation against damage, loss, or injury without granting the insured any profit or advantage due to the loss.

This principle is applicable to all types of insurance policies, except for life insurance. When a loss occurs, the insurer pledges to assist the insured in returning to their pre-loss financial state. The compensation provided is determined based on the measurable monetary value of the loss suffered. The insured is entitled to receive compensation only up to the actual amount of their financial loss.

Every insurance policy specifies a sum insured, representing the maximum liability of the insurer under the contract. Depending on the type of insurance policy, the sum insured may represent:

- The value of a car
- The value of a house
- The estimated medical expenses
- The amount needed to meet a family's financial needs in case of the breadwinner's death.

Let's consider an example to illustrate the principle of indemnity: Jayesh owned a shop, and unfortunately, it caught fire, resulting in the destruction of a portion of the stored goods. His shop was insured for its full value of ₹5,00,000. Jayesh filed a claim for the full insured amount of ₹5,00,000. However, after the insurance company's surveyor examined the damage, the loss was assessed to be only ₹64,000. In accordance with the principle of indemnity, the insurance company paid Jayesh ₹64,000 as compensation, which is the actual loss he suffered. Despite having a policy of ₹5,00,000, Jayesh was compensated only for the value of the damaged goods. This illustrates that in indemnity, one is compensated for precisely what they have lost—no more and no less.

Overall, the principle of indemnity ensures fairness and prevents the insured from benefiting from the insurance beyond the extent of their actual financial loss. It is a fundamental aspect of insurance contracts, upholding the essence of providing genuine protection and financial restitution in times of adversity.

SUBROGATION

Subrogation is a vital principle in insurance that grants the insurer the legal right to pursue a third party who is responsible for causing a loss to its insured. When you file an insurance claim, and another party is at fault for the loss, the insurer typically follows these steps:

1. The insurer pays the claim to indemnify you, covering your damages and injuries
2. The insurer seeks to recover the money they paid, or a portion of it, from the parties at fault for the accident

The principle of subrogation comes into play when the insured is compensated for losses due to damage to their insured property. Upon receiving compensation from the insurer, the ownership rights of the damaged property shift to the insurer. Subrogation rights only arise after the insurer has provided payment for the loss. It ensures that the insured cannot seek reimbursement for the same loss from any other party, preventing the insured from being compensated twice for the same loss.

Let's illustrate it with an example: Rajan sends his household goods worth ₹1,00,000 from Kolkata to Mumbai through Jayant Transports. During transit, a part of the goods is damaged due to the truck driver's negligence. The insurer assesses the loss and determines it to be ₹30,000, which they pay to Rajan as indemnity. However, Rajan also takes the matter to court and the court orders Jayant Transports to pay ₹30,000 to Rajan. Since Rajan has already received ₹30,000 from the insurer, receiving the same amount from the transporter would result in him profiting from the loss.

In this situation, the following observations should be noted:

- The insurance company must compensate Rajan as per the insurance contract promptly, without making him wait for the court's judgment.
- Rajan should not receive two compensations and gain from the loss. In such cases, the insured's right to claim from any other source is transferred to the insurer when the claim is paid. This transfer of the insured's right to the insurer is referred to as "subrogation" in insurance terminology. In other words, upon payment of the claim, the insured's right to claim from elsewhere becomes "subrogated" to the insurer.

In conclusion, subrogation allows insurers to seek reimbursement from at-fault parties, ensuring fairness and preventing the insured from benefiting twice for the same loss. It is an essential aspect of insurance contracts that protects the insurer's interests and maintains the integrity of the insurance system.

CONTRIBUTION

Contribution is a fundamental principle in insurance that comes into play when a property is insured with more than one insurance company. The principle ensures that the insured cannot claim a total loss from all insurance companies combined, nor can they claim the same loss from multiple insurers. If one insurer provides full compensation for the loss, they have the right to claim a proportionate share of the claim from the other insurers involved. The objective is to prevent the insured from being in a better position than before the loss occurred and to ensure that the total loss suffered by the insured is shared among the different insurers in proportion to the value of the policies issued by each of them.

Let's consider an example to illustrate the principle of contribution: Kishore owns a car worth ₹5,00,000 and he obtains full insurance coverage for this car from two different insurance companies. Unfortunately, the car is completely damaged in an accident, resulting in a total loss of ₹5,00,000. Kishore files a claim with the first insurance company and receives a payment of ₹5,00,000.

However, when he approaches the second insurance company and makes a claim for ₹5,00,000, they inform Kishore that he is not eligible for any further compensation because he has already been indemnified by the first company. Allowing Kishore to receive payments from both companies would lead to him profiting from the loss, which contradicts the principle of indemnity.

According to the principle of contribution, the first insurance company has the right to recover a proportionate share of the claim from the second insurer, as both insurers are liable for the same loss. This ensures that the total loss suffered by Kishore is fairly shared among the insurance companies involved, and Kishore is not placed in a better financial position than before the accident.

In summary, the principle of contribution prevents the insured from receiving duplicate compensation for the same loss and maintains fairness in the insurance process by distributing the liability among the insurers in proportion to the value of their respective policies. It upholds the principle of indemnity and ensures that the insured is adequately compensated for their loss without making a profit from it.

PRINCIPLE OF PROXIMATE CAUSE

The Principle of Proximate Cause holds that when a loss is caused by multiple factors, the insurer's liability is determined based on the proximate or nearest cause, not the remote or farthest cause. This principle is particularly useful in situations where a loss results from a series of events. It states that in order to establish the insurer's liability for the loss, the primary and most direct cause (the proximate cause) must be considered, rather than the last event that immediately preceded the loss (the remote cause).

However, in the case of life insurance, the principle of Proximate Cause does not apply. Regardless of the cause of death, the insurer is obligated to pay the insured amount in a life insurance policy.

Under this principle, when determining whether a loss is covered under an insurance policy, a court looks for the predominant cause that sets in motion the chain of events leading to the loss. This may not necessarily be the final event immediately preceding the loss. Let's illustrate with an example: Prathamesh had taken an accident insurance policy that covered death resulting from an accident. One day, while walking on the road, he was hit by a car. He was rushed to the hospital, but being a person with a weak heart, he couldn't withstand the shock and died a few hours later from heart failure. The insurance company contested the claim, arguing that the cause of death was the heart attack and not the accident.

In this case, the court ruled that even though the immediate cause of death may have been a heart attack, the proximate cause of death was the accident itself. The accident set in motion a chain of events that ultimately led to Prathamesh's death. Consequently, the court ordered the insurance company to pay the claim, as the accident was the proximate cause of the loss.

In conclusion, the Principle of Proximate Cause is essential in determining an insurer's liability when a loss is caused by multiple factors. It ensures that the most significant and direct cause is taken into consideration, providing clarity and fairness in assessing claims. However, in life insurance, the insurer is liable to pay the sum insured regardless of the cause of death.

PRINCIPLE OF LOSS MINIMISATION

The Principle of Loss Minimisation imposes a responsibility on the insured to take all reasonable and necessary measures to minimise the extent of loss to their insured property in the event of sudden and unexpected events like fire, among others. When faced with such circumstances, the insured is obligated to control and reduce the damages and make efforts to save whatever is salvageable. This principle encourages the insured to act prudently and responsibly, just as any sensible person would in similar circumstances.

By adhering to the Principle of Loss Minimisation, the insured demonstrates due diligence in protecting their insured property. If the insured fails to take reasonable steps to minimise the loss and behaves negligently or irresponsibly, the insurer may be able to avoid payment for the losses that could have been reduced or avoided with appropriate actions.

It is important to note that while the insured is expected to make every effort to protect their insured property, they are not required to do so at the risk of their life. Safety and personal well-being take precedence over property protection.

Let's consider an example to illustrate the principle: John's house catches fire due to an electrical short-circuit. In this unfortunate situation, John must make every effort to contain the fire and prevent it from spreading further. This includes promptly calling the nearest fire department, seeking help from neighbours with emergency fire extinguishers, and taking any other reasonable actions to control the fire. It would be wrong for John to remain passive and merely watch his house burn, assuming that he is protected because he has insurance.

In summary, the Principle of Loss Minimisation places a responsibility on the insured to act responsibly and diligently during sudden and unforeseen events. It ensures that the insured takes appropriate steps to mitigate damages and safeguard their insured property, thereby helping to minimise the overall losses and contributing to the effectiveness of insurance contracts.

TYPES OF INSURANCE PRODUCTS

- Motor Insurance
- Health Insurance
- Koti Suraksha Health Insurance
- Personal Accident Insurance
- Chomp
- Home Insurance
- Bharat Griha Raksha
- Home Shield Insurance
- Travel Insurance
- Crop Insurance
- Marine Insurance
- Cyber Insurance

MOTOR INSURANCE

Travelling by vehicle is an unavoidable routine for most of us nowadays. While vehicles are indispensable for commuting, they also expose us to various risks - both physical and financial. Therefore, it is essential to have security measures in place to safeguard against potential issues such as vehicle damage, loss, and third-party liability. Motor insurance provides the necessary financial protection and coverage in the event of such incidents.

In critical situations, vehicle owners may face significant financial liabilities if they do not exercise proper caution. So, how can vehicle owners protect themselves against these potential risks associated with their vehicles? The answer lies in motor insurance, which encompasses insurance covers for losses or damages caused to the vehicle or its parts due to natural disasters or man-made calamities. This insurance also offers accident cover for individual vehicle owners while driving, as well as for passengers and third-party legal liability.

Notably, driving a motor vehicle without insurance in public places is a punishable offense according to the Motor Vehicles Act, 1988.

Being safe is always wiser than being sorry. Accidents can happen unexpectedly, and their consequences can have a significant impact on your finances. To ensure peace of mind and to obtain the right coverage, it is advisable to opt for either third party or comprehensive insurance that aligns with your specific requirements.

Motor insurance provides financial protection in the following areas:

- Damage to your own car
- Damage to someone else's car or property
- Injuries or death of the insured resulting from an accident
- Injury or death of a third party (pedestrians/cyclists, etc.)

Liability only policies are legally mandatory for all vehicles registered with the RTO and operating on public roads. This policy provides coverage for bodily injury and/or property damage, paying for the financial responsibilities you bear after an accident.

Liability coverage takes care of costs related to injuries sustained by another driver or passenger, as well as damages to other vehicles or property caused by the accident. However, it does not provide coverage for your own vehicle.

Opting for this type of coverage is common for owners of low-value vehicles, as it shields them from potential financial burdens arising from damage their car may cause to more valuable vehicles or other properties belonging to someone else.

On the other hand, comprehensive policies offer maximum peace of mind to vehicle owners. They cover the repair or replacement of your vehicle due to accidental damage, theft, fire, malicious damage, and weather-related damage. This policy also includes coverage for repairing or replacing other vehicles damaged in an accident involving your vehicle, as well as property damage. Furthermore, injuries or death resulting from an accident, both for the insured and third parties, are covered under this policy.

Several crucial factors are considered when insuring motor vehicles:

- Type of vehicles: Vehicles are broadly categorised for motor insurance under private cars, two wheelers, passenger carrying commercial vehicles, goods carrying commercial vehicles, and other miscellaneous types like ambulances and cranes
- Insured Declared Value (IDV): This represents the value for which the vehicle is insured and indicates the maximum liability of the insurance company in the event of a total loss
- Cubic capacity: This refers to the engine's power, with higher CC leading to higher premiums
- Make and model of the vehicle
- Year of manufacture: The age of the vehicle impacts the premium, with older vehicles generally incurring higher premiums
- Geographical zone of vehicle registration/use

DID YOU KNOW?

The concept of 'Umbrella Insurance' or 'Umbrella Coverage' offers protection beyond the liability limits of existing policies, such as property and motor insurance. in situations where an insured becomes liable to someone, the primary insurance policies cover expenses up to their respective limits. Any additional amount beyond these limits is then covered by the Umbrella policy, providing an extra layer of security against unforeseen risks - much like an umbrella shield from unexpected downpours.

However, there are certain scenarios and types of losses that are typically not covered by insurance policies. These exclusions are as follows:

- **Consequential loss:** This refers to indirect losses resulting from an accident, which are not covered by the policy.
- **Depreciation:** Over time, the value of a vehicle gradually declines. In the event of a loss, the insurance company deducts a reasonable amount towards depreciation to ensure that the insured is restored to the same financial position as before the loss, in accordance with the principle of indemnity.
- **Wear and tear:** Normal wear and tear of vehicle parts due to regular usage is not covered by the insurance policy.
- Mechanical or electrical breakdown: Damages arising from mechanical or electrical failures of the vehicle or its parts, not caused by accidents, are typically excluded from coverage.
- **Loss under the influence of liquor or drugs:** Any loss suffered while driving under the influence of intoxicating liquor or drugs is not covered by the insurance policy, as it is illegal to do so.
- **Unlicensed driver:** If a vehicle is driven by a person without a valid license, any resulting loss will not be covered by the insurance policy.
- **Unauthorised usage:** If a vehicle is used beyond the permitted usage specified during registration (e.g., using a private car as a taxi), any loss or damage suffered will not be covered.
- **Compulsory excess:** Each motor policy comes with a compulsory excess amount. Loss or damage up to this excess amount is not covered. If the loss amount exceeds the compulsory excess, the insurance company will pay the remaining sum after deducting the excess. This provision encourages insured individuals to take reasonable care of their vehicles and discourages claiming for minor damages.
- **Geographical area:** Standard policies specify a particular geographical area for coverage, typically restricted to India. Accidents occurring outside this specified area are not covered by the policy.

It's crucial for policyholders to be aware of these exclusions to have a clear understanding of their insurance coverage & potential limitations.

DID YOU KNOW?

To combat car insurance fraud and provide customers with a convenient way to verify the authenticity of their motor insurance policy, the IRDAI (Insurance Regulatory and Development Authority of India) has made it mandatory for all motor insurance policies to include a QR Code. Additionally, insurance companies are required to have an app equipped with a QR Code reader. By scanning the policy document using the app, policyholders can access real-time information about their policy.

WHAT IS NO CLAIM BONUS (NCB)?

No Claim Bonus (NCB) is a premium discount offered by insurance companies to vehicle owners who have not filed any claims during the duration of their motor insurance policy. If a claim is made during the policy period, the policyholder will not receive the NCB benefit during the next year's policy renewal. The NCB percentage typically starts at 20% and can increase up to 50% based on the claim-free period.

HEALTH INSURANCE

You might be young, incredibly fit, and rarely falling ill beyond a cold, making you wonder if health insurance is worth the investment. After all, the odds seem to favour good health, right? While we certainly hope that remains true, the reality is that every day, even perfectly healthy individuals face unexpected accidents, injuries, illnesses, and the need for medical procedures.

Consider this: Even a minor car accident could lead to substantial medical bills that could disrupt your finances. And if you were to encounter a major illness or require surgery, the costs involved could potentially wipe out your family's savings. Health Insurance may seem like an added expense, but not having it could prove to be far more costly in the long run. Health Insurance is a means to pay for healthcare and related expenses, safeguarding you from bearing the entire burden of medical services when you are sick or injured. Similar to car insurance or home insurance, you select a plan and agree to pay a premium. In return, your health insurer commits to covering a portion of your eligible medical costs.

The underlying idea behind health insurance is straightforward: Medical care can be exorbitant, and most individuals cannot afford to pay for it entirely from their own pockets. However, by pooling together in a group, each person contributes a fixed amount (whether they require medical care now or not), which spreads the risk across the entire group. This shared responsibility ensures that each person is protected from bearing the brunt of high healthcare costs individually.

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.

The costs covered under a health insurance policy include:

- Hospital room and operation theatre expenses
- Fees for medical services, such as surgeons, anaesthesiologists, physicians, specialists, and nurses
- Costs for medicines, blood, oxygen, surgical appliances, diagnostic materials, X-rays, etc.
- Pre and post hospitalisation charges, covering expenses incurred on diagnostics, medicines, and doctor consultations before and after hospitalisation, up to a specified number of days and the sum insured.

Types of Health Insurance:

- Individual health insurance typically provides coverage for an individual or a family, offering a specific sum insured for each person. In this case, the insurance company's liability would be if all members of the family make claims during the same policy period.
- A family floater policy is designed to protect an entire family under a fixed sum insured. All family members are collectively covered under a single sum insured, and the term "floater" implies that the sum insured is shared among all members.
- In the example mentioned above, if John chooses a family floater cover, the sum insured of ₹4,00,000 will be available for all family members. Each family member can claim up to ₹4,00,000 individually, but the total claims made by all family members cannot exceed ₹4,00,000 during the same policy period.
- Group health policy is a type of insurance taken by a group administrator on behalf of a specific group of people. Typically, employers opt for these policies to provide health coverage as part of employment benefits for all their employees.

Terminology associated with Health Insurance:

Sum Insured (SI): The sum insured refers to the amount of coverage provided by the insurance policy. It can be offered on an individual basis, covering a specific sum for each individual, or on a floater basis, covering the entire family as a whole under a single sum insured.

Cumulative Bonus (CB): Cumulative Bonus is a benefit that entails an increase in the sum insured by a specified percentage for every claim-free year. This increase is subject to a maximum limit and does not require the payment of any additional premium.

Cashless Facility: Cashless hospitalisation is a convenient facility offered by the insurance company. Under this, the insured individual can be admitted to a hospital and receive the necessary medical treatment without having to make direct payments for the medical expenses. The eligible medical costs incurred are settled directly by the insurance company with the hospital.

Inpatient: An insured individual who undergoes medical treatment after being admitted to the hospital is referred to as an inpatient.

Tax Benefits for Health Insurance:

Health insurance offers attractive tax benefits as an added incentive under Section 80D of the Income Tax Act. Individuals can avail an annual deduction of ₹25,000 from their taxable income for the payment of health insurance premium covering themselves, their spouse, and dependent children. For senior citizens, the deduction limit is higher at ₹50,000.

However, there are certain exclusions under a health insurance policy, which are not covered by the insurance provider:

- 30-day Waiting Period: Claims for hospitalisation within the first 30 days of policy issuance are not payable, except in the case of accidental injuries.
- 2-year Exclusions: Certain named diseases like tonsils, sinus, internal tumours, etc., are not covered within the first 2 years of the policy.
- Pre-existing Diseases: Hospitalisation expenses for conditions existing prior to the purchase of health insurance are not covered.
- Treatment for HIV or AIDS.
- Dental Treatment: Dental treatment expenses are not covered unless they require hospitalisation.
- Plastic Surgery or Cosmetic Surgery: Unless necessary for the treatment of burns, cancer, or accident, such surgeries are not covered.
- Conditions Not Requiring Hospitalisation: Hospitalisation expenses for conditions that do not necessitate hospitalisation are not covered.
- Hospitalisation for Diagnostic Purposes: Hospitalisation primarily for diagnostic purposes and not related to any illness is not covered.
- Vaccination and Immunisation Expenses.
- Naturopathy Treatment.
- Intentional self-injury or use of intoxicating drugs/alcohol.

Please note that tax benefits are subject to changes in tax laws, so it is advisable to stay updated with the latest regulations.

Renewal and Grace Period:

Health insurance policies are typically annual, with some policies offering coverage for two years as well. Policyholders must renew their policies before they expire to ensure continuous coverage and policy benefits.

Insurance companies often provide a 30-day period for policyholders to renew their expired policies, allowing them some time to make the payment and continue their coverage. However, coverage will not be available for the period for which no premium is received by the insurance company. If the premium is not paid within the grace period, the policy will lapse.

A "Free Look" period of 15 days is provided to customers from the date they receive the policy. During this time, customers can review the policy's terms and conditions. If they decide not to continue with the policy, the insurance company will refund the premium in full. This ensures that customers are not bound by the policy if it doesn't meet their expectations and provides an opportunity for them to review the policy without losing any money.

"Portability" in health insurance refers to the ability to transfer a policy from one insurance company to another without losing the accumulated benefits and continuity benefits. With time, the coverage under a health insurance policy may increase, and waiting periods for certain conditions may be completed or reduced, providing full coverage to the insured. Earlier, switching insurers resulted in losing these continuity benefits, but as per IRDAI regulations, policyholders can now port their policy to another insurer of their choice while retaining full continuity benefits.

The COVID-19 pandemic highlighted the importance of insurance, prompting insurance companies to study customer needs and create products that offer comprehensive coverage. HDFC ERGO launched an innovative product that caters to various customer needs, making a significant impact in the Indian market.

Introducing my: Optima Secure health insurance, a ground breaking 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. But that's not all; the advantages don't stop there. With my: Optima Secure, you'll enjoy a range of benefits, including:

- No Room Rent Capping
- Wider Pre and Post Hospitalisation
- Unlimited Day-Care Procedures
- Exciting Discount Options

KEY BENEFITS:

- Buy one, get one complimentary.
- Cover increases on renewals, despite claims.
- Continuous optimal coverage, even after sum insured exhaustion.
- Zero out-of-pocket expenses.

THE ULTIMATE COVERS:

Secure Benefit: The Secure Benefit offers an additional coverage amount equal to 100% of the base sum insured. For instance, if Mr. Sharma opts for a ₹10 lakh base sum insured with the Optima Secure Health Insurance Plan, it instantly doubles to ₹20 lakhs, providing him ample coverage for multiple admissible claims in the policy year.

Plus Benefit: With the Plus Benefit, the base cover automatically increases by 50% after 1 year and 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.

Automatic Restore Benefit: The Automatic Restore Benefit ensures that 100% of the base sum insured is automatically restored upon partial or complete utilisation of the sum insured (base sum insured, secure benefit, and plus benefit). For example, if Mr. Sharma claims ₹10 lakhs from the base cover during the policy year, his base coverage gets restored instantly for any subsequent claims that may arise in the remainder of the policy year.

Protect Benefit: 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, nebuliser kit, steam inhaler, oxygen cylinder, thermometer, cervical collar, mineral water, laundry charges, and more. With Optima Secure plan, Mr. Sharma is assured that any listed non-medical expense will be taken care of, and his claims shall be paid till the last penny.

The Secure benefit, Plus Benefit & Automatic Restore benefit work in tandem along with the base Sum Insured to provide Mr. Sharma 4x coverage post 2 Policy Years.

OTHER COVERAGE:

- Hospitalisation (Including COVID-19)
- Pre-Hospitalisation (60 days)
- All Day Care Treatments
- Post Hospitalisation (180 days)
- Preventive Health Check-Up at No Cost
- Emergency Air Ambulance (up to ₹5 Lac)
- Road Ambulance
- E Opinion For 51 Illnesses
- Daily Hospital Cash (min ₹800/- to max ₹4800/- per hospitalisation)

WHAT IS EXCLUDED?

- Adventure Sport Injuries
- Breach of Law
- War
- Excluded Providers
- Congenital External Diseases, Defects or Anomalies
- Treatment for Alcoholism & Drug Abuse

KOTI SURAKSHA HEALTH INSURANCE

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.

Section A of the policy offers coverage for various medical expenses such as home healthcare, domiciliary hospitalisation expenses, pre-hospitalisation and post- hospitalisation expenses, road ambulance expenses, and organ donor expenses, among others.

Section B provides coverage for accidental events, including accidental death, permanent disability, broken bones, temporary total disability, and chauffeur benefit, among others.

The policy also offers the flexibility to enhance coverage by including optional add-on covers. These add-on covers vary for Section A and Section B and may include options like sum insured rebound, waiver of co-payment, cumulative bonus-booster, last rites, and medical evacuation, among others.

Premium payment frequency can be chosen from monthly, half-yearly, quarterly, and yearly options, providing financial flexibility. The policy also offers lifetime renewability benefits, allowing one to continue the coverage as long as needed. Additionally, there is a grace period of 30 days for renewal from the due date, providing some leeway to renew the policy without losing coverage.

Overall, HDFC ERGO My: Health Koti Suraksha Health Insurance offers a wide range of coverage features and optional add-ons, giving individuals the opportunity to tailor the policy to meet their specific healthcare and financial needs.

PERSONAL ACCIDENT POLICY

While minor accidents may have temporary effects, major ones can have a severe impact on life and well-being. Personal accident insurance offers financial relief in such situations. It provides financial support to the policyholder if they become disabled after an accident, regardless of its magnitude, even covering minor incidents like a bicycle fall or a sports injury.

Group Personal Accident Policy: Provides cover to a defined group of individuals, often used by employers to protect their employees against accidental risks.

Key Inclusions:

- Post-hospitalisation medical expenses incurred in 180 days after the hospitalisation.
- Road ambulance cover
- Domiciliary hospitalisation expenses
- Alternative treatment and organ donor expenses
- Day care procedures are covered under this plan.

Key Exclusions:

- Injuries or death due to self-injury, suicide, or attempted suicide.
- Under the influence of intoxicating liquor or drugs.
- Participation in hazardous sports.
- War, civil war, and similar situations.

DID YOU KNOW?

Insurance of movies has been common in Hollywood since the era of silent movies. In Bollywood, Sanjay Dutt's arrest during the shooting of "Khal Nayak" (1993) prompted Subhash Ghai to seriously consider insuring his subsequent movies. Aditya Chopra's "Mohabbatein" (2000) was the first Indian movie to benefit from insurance when Aishwarya Rai got injured during its production.

CHOMP

With CHOMP, give your teeth the justice they deserve. 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 cover dental treatment arising out of accidental injuries and requiring hospitalisation. For all other dental treatments, a 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)
- Major Surgeries Cover (Requires Hospitalisation)
- Periodontal Treatment Cover (Gum Related Problems)
- Prosthetic Treatment Cover (Bridges, Partial Denture, Complete Denture)
- Endodontic Treatment Cover (Root Canal and Crowning)
- Major Surgeries Cover (Requires Hospitalisation)
- Minor Surgical Procedures

HOME INSURANCE

Insuring our homes and possessions provides peace of mind and financial security in case of damage or loss. There are different types of coverage available.

- Fire Insurance: Covers financial losses due to damage or loss of a property you own.
- Contents Insurance: Covers financial losses caused by the loss, theft, or damage of your possessions.

Methods of fixing the sum insured:

- For the building and contents (excluding personal effects), the sum insured should represent the replacement value.
- For personal belongings, the sum insured should be based on their market value.

BHARAT GRIHA RAKSHA

Provides insurance cover for Home Buildings and/or Home Contents.

The Coverage:

- **Home Building Cover,** that covers loss, damage or destruction caused by insured perils covered under Bharat Griha Raksha.
- **Home Contents (Excluding Valuables)** that covers articles or things in the home.

Optional Covers#:

- Cover for Valuable Contents on Agreed Value Basis
- Personal Accident Cover

Which unexpected events are covered?

- We give insurance cover for physical loss or damage, or destruction caused to Insured Property by the following unforeseen events occurring during the Policy Period.
- The events covered are given in Column A and those not covered in respect of these events are given in Column B.

Column A	Column B
We cover physical loss or damage, or destruction caused to the Insured Property by	**We do not** cover any loss or damage, or destruction caused to the Insured Property
Fire	caused by burning of Insured Property by order of any Public Authority.
Explosion or Implosion	-
Lightning	-
Earthquake, volcanic eruption, or other convulsions of nature	-
Storm, Cyclone, Typhoon,Tempest, Hurricane, Tornado, Tsunami, Flood and Inundation	-
Subsidence of the land on which Your Home Building stands, Landslide, Rockslide	caused by a. normal cracking, settlement or bedding down of new structures, b. the settlement or movement of made up ground, c. coastal or river erosion, d. defective design or workmanship or use of defective materials,or e. demolition, construction, structural alterations or repair of any property, or ground works or excavations.
Bush fire, Forest Fire, Jungle Fire	-
Impact damage of any kind, i.e., damage caused by impact of, or collision caused by any external physical object (e.g. vehicle, falling trees, aircraft, wall etc.)	caused by pressure waves caused by aircraft or other aerial or space devices travelling at sonic or supersonic speeds.

Which unexpected events are covered?

Missile testing operations	-
Riot, Strikes, Malicious Damages	caused by a. temporary or permanent dispossession, confiscation, commandeering, requisition or destruction by order of the government or any lawful authority, or b. temporary or permanent dispossession of Your Home by unlawful occupation by any person.
Acts of terrorism (Coverage as per Terrorism Clause attached)	Exclusions and Excess as per Terrorism Clause.
Bursting or overflowing of water tanks, apparatus and pipes,	-
Leakage from automatic sprinkler installations.	-
Subsidence of the land on which Your Home Building stands, Landslide, Rockslide	caused by a. temporary or permanent dispossession, confiscation, commandeering, requisition or destruction by order of the government or any lawful authority, or b. temporary or permanent dispossession of Your Home by unlawful occupation by any person.
Theft within 7 days from the occurrence of and proximately caused by any of the above Insured Events.	if it is a. any article or thing outside Your Home, or b. any article or thing attached from the outside of the outer walls or the roof of Your Home, unless securely mounted.

Optional Covers

- **Cover for Valuable Contents:** On Agreed Value Basis (under Home Contents Cover): Valuable contents of Your Home such as jewellery, silverware, paintings, works of art etc. can be covered under this optional cover

- **Personal Accident Cover:** If the insured peril causing damage to the Home Building and/or Contents also results in the death of either the owner or his / her spouse, HDFC ERGO will paycompensation of ₹5 Lakh per person

In-Built Covers: The policy also pays for the following expenses

- Cost of repairs
- Loss of Rent and Rent for alternative accommodation
- Act of Terrorism
- Architect's, Surveyor's, Consulting engineer's fees - up to 5% of claim amount
- Costs of clearing debris - up to 2% of claim amount

HOME SHIELD INSURANCE

A house is the most expensive asset that is owned by an individual. On an average, most part of your saving is invested in buying and furnishing the house. Not much of attention is paid to protect it against the untoward events. Natural calamities like floods and earthquakes can strike anytime anywhere without notice. In addition, robbery and burglary can also take place when you least expect it.

HDFC ERGO Home Shield Insurance is one of the most comprehensive products that covers your assets up to 5 years from virtually all the fortuitous events which could take away your peace of mind.

Benefits

- Option to cover only the building (structure) or contents or both of your home up to 5 yrs on all risk basis
- Multiple options to choose such as loss of rent, hotel stay, emergency purchases, expenses for shifting to alternate accommodation, etc
- Covers your home contents such as furniture and fixtures, electronic equipment, ACs, etc. at replacement or indemnity basis
- Optional coverage for portable equipment, jewellery and valuables, public liability*
- Building can be valued on the following basis:
- Reconstruction cost (Reinstatement value)
- Higher of registered agreement value or ready reckoner value or valuation report certified by government approved valuer (Agreed value)
- Depreciated cost i.e. reinstatement cost less depreciation (Indemnity basis)

Eligibility:

- An owner occupant of flat / apartment / independent building can purchase this policy for his building and/ or contents, jewellery and valuables, curios, paintings and work of art and portable electronics equipments
- A tenant and other non-owners can also purchase this policy for contents, jewellery and valuables, curios, paintings and work of art and portable electronics equipments

TRAVEL INSURANCE

Travelling overseas, whether for business or personal reasons, involves planning, expenses,and some inherent risks. To safeguard against financial losses resulting from various potential events, travel insurance is crucial. It offers coverage for a wide range of situations that can impact your trip, including travel modifications, cancellations, medical expenses, baggage damage or theft, and more.

Regardless of whether you travel frequently or occasionally, or even if it's the once-in-a-lifetime trip, travel insurance should be a top priority in all travel arrangements. It is advisable to purchase a travel insurance policy immediately after paying for your trip to ensure coverage for unused travel and accommodation costs in case of trip cancellation due to a covered event, like illness or a natural disaster.

Most travel insurers provide policies that cater to families and couples, and some offer multi-trip and annual policies for frequent travellers. International travel insurance policies generally cover overseas medical and dental expenses, lost or stolen luggage, liability, accidental death or disability, and financial losses due to delays, cancellations, or rescheduled arrangements.

Some travel insurers may offer additional services, such as 24-hour medical emergency translation, which can significantly enhance the quality of medical treatment while travelling.

It's important to note that medical treatment in some countries can be exceedingly expensive, and some hospitals may require guarantee of payment before admitting and providing treatment. Travelling overseas makes you personally liable for covering medical costs, and it's not uncommon for even a short stay in a foreign hospital, like in the US, to incur substantial expenses reaching tens of thousands of dollars. Having travel insurance helps mitigate these potential financial burdens and ensures a more secure and worry-free journey.

Travellers who do not have insurance coverage are personally responsible for bearing the medical and associated costs they may incur overseas.

Key points about travel insurance:

- Individuals up to the age of 70 can be covered under the policy
- The premium amount depends on factors such as age and duration of the trip
- The premium is payable in Rupees, but the coverage is provided in US dollars
- The coverage offered can be either worldwide, excluding USA and Canada, or including USA and Canada

What is not covered under the travel insurance policy?

- Intentional self-injury
- Injury or sickness while under the influence of intoxicating liquor or drugs
- Injury or sickness while participating in any sport as a professional player
- Injury sustained while participating in any criminal act, violent labour disturbance, riot, civil commotion, or public disorder
- Bodily injury sustained while participating in hazardous sports like parachuting, hang gliding, parasailing, skiing, or bungee jumping
- Medical expenses incurred due to pre-existing diseases
- Injury due to terrorism
- Bodily injury or sickness due to war
- Bodily injury or sickness due to pregnancy
- Bodily injury or sickness due to HIV/AIDS

Having comprehensive travel insurance is essential to protect yourself financially from unexpected events and emergencies while travelling abroad. It ensures peace of mind and helps avoid substantial financial burdens that may arise due to unforeseen situations during the trip.

CROP INSURANCE

Crop or agriculture insurance is designed to mitigate the risks and offer financial support in case of crop yield losses due to unforeseen events. These insurance programs are implemented through various 'Schemes' or 'Programmes'. The assessment of loss or shortfall in yield for both Rabi and Kharif crops operates on the principles of the 'Area Approach'. The insurance coverage has been made optional for all farmers, including both loanee and non-loanee farmers.

To better comprehend crop insurance, let's understand the concepts of Rabi and Kharif Crops:

What are Rabi crops?
Rabi crops, also known as winter crops, are agricultural crops that are sown during the winter season and harvested in the spring. They are typically sown around mid-November, after the monsoon rains are over, and the harvesting begins in April or May. Rabi crops rely on rainwater that has percolated into the ground or irrigation for growth. Major Rabi crops in India include wheat, barley, mustard, sesame, and peas. Peas are harvested early and are available in Indian markets from January to March.

What are Kharif Crops?
Kharif crops, also known as monsoon crops or autumn crops, are domesticated plants cultivated and harvested during the Indian subcontinent's monsoon season, which lasts from June to November, varying by crop and region. In India, the Kharif season is popularly considered to start in June and end in October. These crops are sown at the beginning of the first rains during the advent of the south-west monsoon season and harvested at the end of the monsoon season (October-November).

The sowing dates for Kharif crops vary across different regions and depend on the onset of the monsoon. In Kerala, the southern state of India, monsoon sowing begins toward the end of May, while in some northern Indian states, it starts in July. In regions like Maharashtra, the west coast of India, and Pakistan, where rains arrive in June, Kharif crops are sown in May, June, and July. Similarly, in Bangladesh, Kharif crops are usually sown with the first rains in June.

The success of Kharif crops depends on the quantity and timing of rainwater. Excessive, insufficient, or untimely rainfall can adversely impact the entire year's agricultural efforts. Rice, maize, and cotton are among the major Kharif crops cultivated in India.

What are the schemes offered under crop insurance?

- Pradhan Mantri Fasal Bima Yojna (PMFBY)
- Restructured Weather Based Crop Insurance Scheme (RWBCIS)
- Coconut Palm insurance scheme (CPIS)
- Pilot Unified Package insurance scheme UPIS)

At HDFC ERGO, we highly promote the Pradhan Mantri Fasal Bima Yojna (PMFBY) as it has positively impacted the lives of farmers and elevated their social status.

PMFBY, launched on 18th February 2016 by Prime Minister Narendra Modi, provides insurance coverage for farmers' crop yields. It replaces two earlier schemes, National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS), combining their best features and eliminating drawbacks. The main goal is to support agricultural production by offering affordable crop insurance that comprehensively covers non-preventable natural risks from pre-sowing to post-harvest stages.

The scheme has completed 8 crop seasons and is being implemented across various States/Union Territories (UTs). The Ministry of Agriculture and Farmers Welfare (MoA&FW), Government of India (GoI), has been continuously improving the scheme to make it more effective, transparent, and technologically advanced, minimising manual interventions and standardising execution on the ground through detailed Operational Guidelines (OGs) and cutting-edge technological solutions.

Initially, the scheme was compulsory for loanee farmers availing crop loan/KCC account for notified crops, but since 2020, it has been made voluntary with the introduction of reforms. The Ministry of Agriculture and Farmers Welfare oversees the administration of the scheme.

Objective of the Scheme

Pradhan Mantri Fasal Bima Yojna (PMFBY) aims at supporting sustainable production in the agriculture sector through various means, including:

- Providing financial support to farmers facing crop loss or damage caused by unforeseen events.
- Stabilising the income of farmers to ensure their continued participation in farming activities.
- Encouraging farmers to adopt innovative and modern agricultural practices.
- Ensuring the creditworthiness of farmers, promoting crop diversification, enhancing the growth and competitiveness of the agriculture sector, and providing protection to farmers from production risks.

For FY 22-23, HDFC ERGO is catering the below states:

Season	State	Kharif	Rabi
2022-23	Andhra Pradesh	Kharif	Rabi
2022-23	Assam	Kharif	Rabi
2022-23	Himachal Pradesh	-	Rabi
2022-23	Maharashtra	Kharif	Rabi
2022-23	Odisha	Kharif	Rabi
2022-23	Rajasthan	Kharif	Rabi
2022-23	Tamil Nādu	-	Rabi
2022-23	Tripura	Kharif	Rabi
2022-23	Uttar Pradesh	Kharif	Rabi
2022-23	Karnataka	Kharif	Rabi

The policy is offered for all types of crops, including food & oilseeds crops and annual commercial / horticultural crops, if past yield data is available. for perennial crops, coverage can be piloted for those perennial horticultural crops for which a standard methodology for yield estimation is available. This ensures that a wide range of crops can benefit from the insurance coverage provided by the policy.

Coverage of risk and exclusions under the scheme

The scheme operates on the principle of "area approach" in selected defined areas known as insurance units (IU), based on specific crops and defined areas, as decided by the state level coordination committees on crop insurance of the respective state/UT government. These units are notified as insurance units applicable to villages/village panchayats or any other equivalent unit for major crops. for other crops, the unit may be of a larger size, above the level of village/village panchayat.

The scheme covers various stages of the crop and risks that may lead to crop loss. This includes risks from pre-sowing to post-harvest stages. It provides comprehensive risk cover for farmers against all non-preventable natural risks that can affect their crops during these stages.

Coverage	Description
Preventive Sowing / Planting Risk	In case of majority of insured crops of a notified area are prevented from sowing/planting due to adverse weather conditions such as deficit rainfall or adverse seasonal conditions, the insured crops that will be eligible for indemnity claims up to maximum of 25% of the sum insured

Standing Crop (Sowing to Harvesting)	Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz. drought, dry spells, flood, inundation, pests and diseases, landslides, natural fire and lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane and tornado.
Post-Harvest Losses	Coverage is available only up to a maximum period of two weeks from harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific peril of hailstorm, cyclone and cyclonic rains and unseasonal rains. For the claims arising out of crop damage due to post-harvest losses and localised risks, arising out of cyclone or cyclonic rains / unseasonal rains throughout the country, resulting in damage to harvested crop lying in the field in 'cut and spread' condition for sole purpose for drying only, up to a maximum period of two weeks (14 days) from harvesting is also covered and the assessment of damage will be made on individual farm basis.
Localised Calamities	Loss/damage resulting from occurrence of identified localised risk of hailstorm, landslide, Inundation, cloud burst and nature fire due to lightning affecting isolated farms in the notified area. Exclusion: Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.

MARINE INSURANCE

Marine insurance can be broadly categorised into two types:

1. **Marine Cargo insurance:** This type of insurance provides coverage for the loss of or damage to goods during their transit by rail, road, sea, or air.
2. **Marine Hull Insurance:** This deals with the insurance of ships, including their hull, machinery, and other related components.

In Marine cargo insurance, several important factors are considered, such as:

- The type of cargo being transported, which could be edible items, cement, glass, bulk cargo like wheat, electrical and electronic items, garments, jewellery, petroleum products, etc.
- The type of packaging used, whether it is cartons, boxes, bags, containers, etc.
- The mode of transportation used for the journey, whether it is by sea, rail, road, or air.
- The class of the ocean-going vessel involved in the transportation process.

How marine cargo insurance helps:
Cargo is vulnerable to a wide range of risks during transportation, such as accidents involving the carrying vehicle and damage caused by jolts or jerks. In international trade, both the consignor (sender) and the consignee (receiver) are responsible for ensuring the safety of the goods. Marine insurance offers protection to both parties, providing financial security in the event of any loss to the cargo. In such cases, the insurer compensates for the equivalent value of the loss, ensuring stability for both the consignor and the consignee.

What is covered in a marine cargo policy?
In a general all-risk policy, coverage includes protection against loss or damage caused by various factors, except for those specifically listed as exclusions. The exclusions typically encompass:

- Loss or damage resulting from deliberate misconduct of the insured.
- Ordinary leakage, normal loss in weight or volume, and regular wear and tear.
- Loss or damage due to inadequate or unsuitable packaging.
- Loss or damage caused by inherent defects or characteristics of the subject matter.
- Loss or damage resulting from delays.
- Loss or damage due to the insolvency or financial default of vessel owners/operators.
- Loss or damage due to war, strikes, riots, and civil commotion.
- Loss or damage resulting from nuclear perils.
- Loss or damage due to the unseaworthiness of the vessel.

Duration of coverage in marine insurance:
Marine insurance policies do not provide fixed-period coverage like fire insurance. Instead, they generally cover goods from warehouse to warehouse. The coverage begins when the goods leave the warehouse and ends upon delivery to the destination warehouse.

What is Cyber Crime?

Cybercrime, according to the National Cyber Crime Reporting Portal, encompasses any unlawful act in which a computer, communication device, or computer network is used to commit or facilitate the commission of a crime. Below is a list of various cybercrimes along with their explanations to help foster a better understanding of these different types of criminal activities:

1. **Child pornography / Child sexually abusive material (CSAM):** Involves the creation, distribution, or possession of sexually explicit material featuring minors who are sexually exploited or abused.
2. **Cyberbullying:** Refers to harassment or bullying inflicted through electronic or communication devices, such as computers, mobile phones, or laptops.
3. **Cyberstalking:** Occurs when a person uses electronic communication to repeatedly follow, contact, or monitor an individual despite clear indications of disinterest, leading to harassment.
4. **Cyber grooming:** Involves building an online relationship with a young person with the intent to deceive or pressurise them to engage in sexual activities.
5. **Online job fraud:** Aims to defraud people seeking employment by providing false promises of better jobs with higher wages.
6. **Online sextortion:** The act of threatening to distribute private and sensitive material through electronic means unless the victim provides sexual images, favours, or money.
7. **Vishing:** A fraudulent attempt to obtain personal information, such as Customer ID, Net Banking password, ATM PIN, OTP, etc., through phone calls.
8. **Sexting:** Sending sexually explicit digital images, videos, text messages, or emails, typically via cell phones.
9. **Smishing:** A type of fraud that uses text messages on mobile phones to trick victims into calling fraudulent phone numbers, visiting fake websites, or downloading malicious content.
10. **SIM swap scam:** Involves fraudsters fraudulently obtaining a new SIM card for a registered mobile number to gain access to OTPs and alerts for financial transactions from the victim's bank account.
11. **Debit / Credit card fraud:** Unauthorised use of someone else's credit or debit card information for making purchases or withdrawing funds.
12. **Impersonation and identity theft:** Fraudulently using electronic signatures, passwords, or other unique identification features of someone else to commit deceitful acts.
13. **Phishing:** A type of fraud where attackers steal personal information, such as customer ID, credit/debit card details, etc., through deceptive emails that appear legitimate.
14. **Spamming:** Sending unsolicited commercial messages via email, SMS, MMS, or similar electronic media to persuade recipients to make purchases or divulge sensitive information.
15. **Ransomware:** A type of computer malware that encrypts files and holds them hostage until a ransom is paid to decrypt the data.
16. **Viruses, worms & Trojans:** Malicious programs designed to damage or alter computer files, replicate themselves, or grant unauthorised access to confidential information.
17. **Data breach:** Unauthorised access to information without proper authorisation.
18. **Denial of services / distributed DoS:** A DoS attack aims to deny access to a computer resource without permission, while a DDoS attack overwhelms online services by flooding them with traffic from multiple sources.
19. **Website defacement:** An attack that alters the appearance of a website or makes it dysfunctional, often with the posting of indecent, hostile, or obscene content.
20. **Cyber-squatting:** Registering, trafficking in, or using a domain name with the intent of profiting from the goodwill of a trademark belonging to someone else.
21. **Pharming:** Redirecting website traffic to a fraudulent website, aiming to steal sensitive information.
22. **Crypto jacking:** Unauthorised use of computing resources to mine crypto currencies.
23. **Online drug trafficking:** Illegally selling, transporting, or importing controlled substances, such as heroin, cocaine, or marijuana, using electronic means.
24. **Espionage:** The act of obtaining data and information without permission or knowledge of the owner, often for illicit purposes.

It is crucial for individuals and organisations to be aware of these cybercrimes and take appropriate measures to protect themselves and their data from potential threats.

Why do we need cyber insurance?

We currently reside in a digital age where the internet has become an indispensable part of our daily lives. The COVID-19 pandemic has further accelerated our reliance on digital platforms for various activities. From sharing updates on social media to conducting financial transactions, everything is just a click away. However, this increased digital presence has also attracted online fraud, identity theft, phishing, and other cybercrimes that have been on the rise consistently over the years. The spread of COVID-19 has witnessed a significant surge in such cases.

In response to the growing cyber threats, insurance companies have introduced cyber insurance policies to safeguard individuals and organisations from potential financial and identity-related risks. These policies not only provide coverage against monetary losses resulting from malware or phishing attacks but also offer protection for legal defence costs incurred during legal proceedings. The aim is to ensure the safety and security of individuals and businesses against cyber frauds and their consequences.

DID YOU KNOW?

In today's rapidly evolving digital landscape, the cyber insurance industry plays a critical role in providing protection against the ever-changing risks posed by cyber threats. One of the most significant game-changers in recent times has been ransomware attacks. Hackers employ malware to gain control over victims' computers and demand payment to restore access to their systems. Ransomware incidents have surged, accounting for nearly 25% of all cyber incidents globally in 2020.

A comprehensive cyber insurance policy is designed to mitigate the financial and reputational impact of cyberattacks. It typically covers legal fees and expenses incurred during legal proceedings. However, it goes beyond that and extends its protection to various other aspects:

- **Restoring Personal Identities:** In case of identity theft or cybercrimes that affect customers personally, the policy helps in the recovery process and restoration of their identities.
- **Recovering Compromised Data:** Data breaches are a common cyber threat, and cyber insurance assists in the recovery of compromised data, minimising the damage caused by such incidents.
- **Repairing Damaged Computer Systems:** Cyberattacks can result in damage to computer systems and networks. The insurance policy provides support for repairing and restoring these systems to normal functioning.

In response to the changing cyber risk landscape and various types of cybercrimes, HDFC ERGO offers comprehensive protection through their cyber insurance product, called "Cyber Sachet Insurance." This plan is designed to address the specific needs and concerns of individuals and businesses in the face of cyber threats. The premium for this policy starts at less than ₹2/- per day, making it an accessible and cost-effective solution to safeguard against cyber risks.

Key features of Cyber Sachet

- **Theft of Funds Coverage:** Provides protection against financial losses resulting from online frauds.
- **Zero Deductibles:** No upfront payment is required for covered claims, ensuring hassle-free coverage.
- **Covered Devices:** The policy extends coverage to multiple devices, safeguarding all your digital assets.
- **Affordable Premium:** The plan starts at a budget-friendly premium of just ₹2 per day*.
- Identity Theft Coverage: Offers coverage for financial losses arising from the misuse of personal information on the internet.
- **Policy Period:** The insurance policy is valid for a period of 1 year.
- **Flexible Sum Insured:** Choose from a range of sum insured options, from ₹10,000 to ₹5 crores, to match your coverage needs.

What we cover?

1. Theft of Funds - Unauthorised digital transactions
2. Identity Theft
3. Data Restoration/ Malware Decontamination
4. Replacement of Hardware
5. Cyber Bullying, Cyber Stalking and Loss of Reputation
6. Online Shopping
7. Online Sales
8. Social Media and Media Liability
9. Network Security Liability
10. Privacy Breach and Data Breach Liability
11. Privacy Breach by a Third Party
12. Smart Home Cover
13. Liability Arising Due to Underage Dependent Children
14. Theft of Funds - Unauthorised Physical Transactions
15. Cyber Extortion

What is not covered?

1. Coverage to Workplace
2. Coverage for Investment Activities
3. Protection from Legal Suits from a Family Member
4. Cost of Upgrading Devices
5. Losses Incurred in Crypto-Currency
6. Use of Restricted Websites
7. Gambling

MAKING OF AN INSURANCE POLICY

Insurance policies are structured into several sections, each serving a specific purpose. Understanding the construction of the policy is crucial for both the insured and the insurer. The major sections of an insurance policy are as follows:

- **Heading:** This section identifies the class of the policy and is displayed at the top of the first page. It clarifies the type of policy being issued, such as fire policy, burglary policy, motor policy, marine policy, etc.

- **Preamble:** The preamble clause states that the insured has paid the premium and signed the proposal form, which forms the basis of the insurance contract.

- **Operative Clause:** This section details the type of event that is insured. It contains the promise of the insurance company to compensate for any loss or damage suffered due to the occurrence of the perils insured under the policy. The detailed list of covered perils ensures clarity between both parties regarding the coverage offered.

- **Exclusions:** The exclusions section provides details of specific items or events that are not covered under the insurance contract. This is crucial to clarify what may not be covered to avoid any disputes in the future.

- **Definitions:** In the definitions section, the meaning of various terminologies used in the insurance policy is explained. This helps bring clarity to the understanding of various terms, as their general meaning may differ from their specific application in the context of insurance.

- **General Conditions:** This section captures the standard conditions applicable to the insurance contract. It specifies the rights and duties of both the insured and the insurer. Additionally, the treatment of certain specific circumstances is also detailed to avoid any disputes.

- **Schedule:** The schedule captures specific details of the insured and the property insured. It includes information such as the insured's name, address, sum insured, details of items covered, period of insurance, etc.

- **Grievance Redressal Procedure:** This section outlines the procedure to be followed in case the customer is dissatisfied with the services of the insurance company in any manner. It provides details of the various authorities who can be contacted for the fair resolution of grievances.

INSURANCE LANDSCAPE IN INDIA

The insurance sector in India plays a crucial role in driving economic development through its diverse range of services. These services encompass mobilising savings, facilitating financial intermediation, encouraging investments, stabilising financial markets, and managing both social and financial risks. Recognising the immense potential of the insurance industry in channelling savings for productive purposes and providing social safety nets, the government has taken various measures to enhance its quality, accessibility, and popularity.

Prior to the year 2000, the insurance market in India was dominated by just five state-owned companies. However, with the enactment of the Insurance Regulatory and Development Authority of India (IRDAI) Act, the sector was opened up to the private sector. As a result, IRDAI now oversees 24 life insurance and 33 non-life insurance companies. Post-liberalisation, the insurance industry in India has experienced significant growth. Notably, the non-life insurance segment witnessed a remarkable 20.5% increase in gross direct premiums, amounting to a total gross direct premium income (GDPI) of ₹256,912.14 crores, approximately $31 billion, in the fiscal year 2023.

DID YOU KNOW?

Interesting historical facts reveal that insurance has deep roots in India's past. Ancient Indian texts such as Manu's 'Manu smriti,' Yagnavalkya's 'Dharma sastra,' and 'Artha shastra' by Chanakya have preserved evidence of early insurance practices. These writings document the concept of pooling resources to be redistributed during times of calamities like fires, floods, epidemics, and famines.

GROWING NUMBERS

India's GDP has experienced remarkable growth, rising from $485.44 billion in 2001 to $3.18 trillion in 2022 with a compound annual growth rate (CAGR) of 9.4%. The insurance industry has played a significant role in contributing to this GDP growth, as industry premiums surged from ₹98 billion in 2001 to ₹2,208 billion in 2022, recording a CAGR of 16%. Despite this growth, India's insurance penetration stands at only 1.0%, considerably lower than the global general insurance industry's penetration rate of 3.9%.

In terms of insurance density, India's overall density was $69 for life insurance and $22 for non-life insurance in FY22. During FY23, the non-life insurance industry witnessed a growth rate of 16.4%, surpassing the growth of 11.1% observed in the previous year. The performance of general insurers in March 2023 showed a growth of 9.7%, compared to 13.8% in March 2022. The growth in FY23 has been primarily driven by the group health and motor insurance segments, which exhibited a growth rate of 2.0 times higher than the previous year.

Non-life insurers' gross direct premium also witnessed substantial growth, increased by 20.5% in April and, reached to ₹25,640.66 crore as compared to ₹21,277.67 crore in the same period in the previous year, as reported by the General Insurance Council.

Over the last two decades, the insurance industry in India has experienced impressive growth, primarily due to increased private sector participation, improved distribution capabilities, and enhanced operational efficiencies. Private players have seen significant growth in individual single premium, group single premium, and individual non-single premium. Private Life Insurers are expected to continue growing their retail annual premium equivalent (APE) at a CAGR of over 17% between 2021 and 23, with new retail term premiums are expected to double within five years. The private non-life insurance segment is also forecasted to grow at 14% in FY23.

The health insurance portfolio has particularly shown exceptional growth, generating over ₹90,667 crore, with a 23.19% growth rate, while the motor insurance portfolio generated a premium of ₹81,291 crore, marking a growth of 15% in FY 2022-23. Health insurance now constitutes over 35% of the total non-life premium in FY 2022-23. This impressive growth has been driven by product innovation, vibrant distribution channels, and targeted publicity and promotional campaigns by insurers.

THE ROAD AHEAD

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 realise 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. In Tamil Nadu and Puducherry, Kotak Life Insurance Co. Ltd. and HDFC ERGO have been designated as lead insurers. Currently, insurance penetration in Tamil Nadu stands at 3.3%, Puducherry at 2.7%, and the national average at 4.2%.

In Tamil Nadu, the state government has implemented several government insurance schemes, including the "Chief Minister's Comprehensive Health Insurance Scheme (CMHIS)," "Nammai Kaakkum 48x," "Puratchi Thalaivi Amma Comprehensive Accident-cum-Life Insurance Scheme," and the "Pradhan Mantri Fasal Bima Yojana (PMFBY)."

Moreover, various collaborative opportunities with the state government of Tamil Nadu have been identified to achieve the vision of "Insurance For All by 2047." These opportunities include conducting seminars in educational institutions to raise awareness, disseminating digital content on insurance awareness, creating a special edition of Insurance Awareness Quiz for Tamil Nadu and Puducherry, and increasing awareness at primary health care centres (PHCs) through posters and pamphlets. Additionally, there are plans to enhance insurance penetration for motor insurance, identify accident hotspots for awareness, access associations and chambers of commerce for organising insurance seminars, and further develop the PMFBY scheme.

Through these collaborative efforts and targeted initiatives, the insurance industry aims to make insurance accessible and beneficial to every individual in the state, thereby contributing significantly to India's economic growth and ensuring a more resilient economy for the future.

The Insurance Regulatory and Development Authority of India (IRDAI) has a clear mission to safeguard the interests of policyholders and regulate, promote, and ensure the orderly growth of the insurance industry, along with matters related or incidental to these objectives.

THE ROLE OF IRDAI

The activities of IRDAI include framing regulations for the insurance industry as per Section 114A of the Insurance Act 1938. Since the year 2000, IRDAI has been responsible for registering new insurance companies in accordance with the applicable regulations. Additionally, the authority actively monitors the activities within the insurance sector, aiming to foster a healthy development of the industry while ensuring the protection of policyholders' interests.

IRDAI performs essential functions, focusing on the following key areas:

1. Protecting the interests of insurance policyholders: This involves establishing and implementing measures to ensure policyholders' rights and benefits are safeguarded throughout their insurance journey.
2. Regulating and promoting the insurance business and reinsurance business: IRDAI takes charge of regulating the insurance and reinsurance sectors, ensuring compliance with relevant rules and fostering conducive environment for the growth of these businesses.

DID YOU KNOW?

In an effort to enhance insurance awareness among the public, IRDAI runs an insurance awareness campaign called 'Bima Bemisaal.' Through this campaign, policyholders are educated about their rights and obligations, and they are informed about the various methods available to resolve complaints. The campaign employs various communication channels, including print, radio, and TV advertisements, to reach a wide audience and promote insurance literacy.

IRDAI's VISION 2047

"Transforming Insurance in India by 2047 - Pioneering a New Landscape"

The Insurance Regulatory and Development Authority of India (IRDAI) has embarked on an ambitious mission to achieve 'Insurance for All' by 2047. This visionary goal aims to ensure that every Indian citizen has access to suitable life, health, and property insurance coverage, while also providing essential insurance solutions to support enterprises. Simultaneously, the IRDAI seeks to bolster the global attractiveness of the Indian insurance sector. To achieve these objectives, the focus is on creating a progressive, supportive, and forward-looking regulatory architecture that fosters a conducive and competitive environment, offering policyholders a wider array of choices that are accessible and affordable.

Inspired by the Government of India's vision of financial inclusion and a commitment to accelerating reforms, the IRDAI is determined to strengthen the three pillars of the insurance ecosystem: Insurance Customers (policyholders), Insurance Providers (insurers), and Insurance Distributors (intermediaries).

Key initiatives include:

- Offering the right products to the right customers: Tailoring insurance products to match the needs of customers effectively.
- Robust Grievance Redressal Mechanism: Establishing a reliable and efficient system to address policyholders' grievances.
- Enhancing Ease of Doing Business: Streamlining processes and regulations to facilitate a seamless insurance experience.
- Market-Aligned Regulatory Architecture: Ensuring that regulations are in sync with the dynamic insurance landscape.
- Fostering Innovation, Competition, and Distribution Efficiencies: Encouraging innovation in insurance solutions and promoting healthy competition while harnessing technology for wider distribution.

Through a consultative approach, the IRDAI sought valuable feedback from stakeholders, including insurers, intermediaries, and experts. A thorough evaluation of suggestions and comments was undertaken, and amendments to various regulations were proposed accordingly. The proposed changes were presented to the Insurance Advisory Committee, an expert advisory body formed under the IRDAI Act 1999. As the IRDAI progresses on its reform journey, some significant proposals were approved during the 120th Meeting of the Authority, held at its headquarters in Hyderabad on Friday, 25th November 2022. They are:

- **Restructuring the Indian Insurance Sector: Key Amendments and Reforms:** The Insurance Regulatory and Development Authority of India (IRDAI) has undertaken a series of critical reforms to enhance the insurance landscape in India. These reforms are aimed at promoting ease of doing business, expanding distribution channels, encouraging innovation, and ensuring the financial stability of insurers. Here are the key amendments approved during recent meetings.

- **Registration of Indian Insurance Companies:** The registration process for Indian insurance companies has been simplified to foster a conducive environment for business setup. The noteworthy changes include:
  - Private Equity (PE) Funds can directly invest in insurance companies, without the need for Special Purpose Vehicles (SPVs), offering more flexibility
  - Subsidiary companies are now permitted to be promoters of insurance companies under specific conditions
  - The threshold for being considered an 'investor' has been raised to 25% of the paid-up capital by a single investor (50% collectively for all investors), allowing more significant investments without being classified as a 'promoter'
  - Promoters can dilute their stake up to 26%, provided the insurer maintains a satisfactory solvency record for the preceding 5 years and is a listed entity
  - Clear criteria for determining the 'Fit and proper' status of investors and promoters have been introduced
  - Lock-in periods for investments by investors and promoters are now based on the age of the insurer

- **Increase in Tie-Up Limits for Intermediaries:** To expand insurance access to every corner of the country, the number of tie-ups permitted for Corporate Agents (CA) and Insurance Marketing Firms (IMF) has been increased. CAs can now tie up with 9 insurers (previously 3 insurers), and IMFs can tie up with 6 insurers (previously 2 insurers) for life, general, and health insurance product distribution. The operational area of IMFs has also been extended to cover the entire state they are registered in.

- **Regulatory Sandbox:** The introduction of a Regulatory Sandbox provides a controlled testing environment for companies to experiment with innovative products and technologies under the IRDAI's supervision. The amendments extend the experimentation period from 6 months to up to 36 months, allowing ongoing testing, and replacing the batch-wise approach with continuous clearances/approvals. Additionally, a provision for reviewing rejected applications within the sandbox has been included.

- **Facilitating Other Forms of Capital:** To ease the process of raising subordinated debt and/or preference shares, the requirement for prior approval from IRDAI has been eliminated. The amendments also raise the limits for raising such capital, enabling companies to meet their capital requirements efficiently. Boards have been given greater oversight in raising such capital.

- **Enhancing the Role of Appointed Actuaries:** Appointed Actuaries (AAs) play a crucial role in an insurer's operations. To ensure an

- adequate supply of actuary professionals, experience and qualification requirements have been made more flexible. AAs have been given enhanced responsibilities for identifying, monitoring, reporting, and recommending actions to address solvency risks, with insurers having obligations to support AAs in fulfilling their duties.

- **Solvency Norms for General and Life Insurers:** In the interest of efficient capital utilisation and boosting insurance penetration, the period for considering state/central government premium dues for calculating solvency has been increased to 365 days for general insurers. The solvency factors related to crop insurance have been reduced from 0.70 to 0.50, releasing capital requirements for insurers by approximately ₹1460 crore. For life insurers, the factors for calculating solvency for unit linked business (without guarantees) have been reduced to 0.60% from 0.80%, and for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) to 0.05% from 0.10%, resulting in a relaxation of capital requirements by about ₹2000 crore.

These reforms demonstrate the IRDAI's commitment to building a robust, accessible, and innovative insurance sector in India, aligned with the country's vision of financial inclusion and progress.

- **Other Major Interventions in the Indian Insurance Sector:** The Insurance Regulatory and Development Authority of India (IRDAI) has implemented significant measures to further strengthen the insurance sector and foster growth. These interventions include:

- **Listing of Insurance Companies:** The listing of insurers on stock exchanges offers several advantages, including the ability to raise capital and increased transparency, efficiency, and accountability. IRDAI has given its final approval for Go-digit General Insurance Company's listing. Additionally, Life Insurance Company Limited has received in principle approval for listing.

- **Merger of Exide Life Insurance Co. Ltd. with HDFC Life Insurance Co. Ltd.:** The insurance industry in India has experienced a few consolidations. The IRDAI has approved the merger of Exide Life Insurance Company with HDFC Life Insurance Company, aiming to enhance operational efficiencies and offer improved services to policyholders.

- **Registration of Kshema General Insurance Co. Ltd.:** Kshema General Insurance Co. Ltd. has received approval for registration and will soon commence its operations. Furthermore, 19 applications are currently in the pipeline at various stages, with one expected to be approved in the upcoming meeting.

These interventions signify the IRDAI's commitment to facilitating the growth and development of the insurance sector in India. By encouraging transparency, consolidation, and new entrants, the regulatory authority aims to create a thriving and competitive insurance landscape that benefits policyholders and the overall economy.

Upcoming Reforms: Exposure Drafts on Expenses of Management and Commission Regulations

The Insurance Regulatory and Development Authority of India (IRDAI) is actively pursuing further reforms to enhance the efficiency and competitiveness of the insurance sector. As part of this effort, exposure drafts on the Expenses of Management Regulations and Commission Regulations were made available for public comments in August. The valuable feedback received during this period was thoroughly discussed and deliberated upon. Subsequently, a series of meetings with insurers and intermediaries, including individual agents, corporate agents, brokers, and their associations, were conducted to engage in detailed discussions about the proposed amendments.

Following these consultations, the revised proposals were reviewed and again placed for public comments on 23rd November 2022.

The primary objectives of these proposed reforms are to grant greater flexibility and autonomy to the Board in making operational and financial decisions. For expenses of management, the current segmental caps are being replaced with a single overall limit for general and health insurance. In the case of life insurance, certain segmental limits for expenses are being enhanced, while overall regulatory monitoring will be performed at the company level.

Regarding commissions, the proposed changes aim to remove the maximum limits specified in the current regulations. Instead, commissions will be linked to the overall limit of expense of management. This approach will allow insurers to devise commission structures that incentivise intermediaries in alignment with their solicitation efforts, ultimately contributing to making insurance more affordable for customers.

IRDAI remains dedicated to protecting the interests of policyholders and promoting the orderly growth of the insurance sector. Efforts are continuously made to strengthen the entire insurance ecosystem, ensuring that the benefits of insurance reach every corner of the country. Periodic reviews of the regulatory framework will remain an ongoing process, keeping it in line with emerging market trends and dynamics, while consistently serving the overarching goal of achieving 'Insurance for All.'

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)

PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a government-backed life insurance scheme aimed at providing affordable life coverage to individuals in the age group of 18 to 50 years. To be eligible for the scheme, individuals must have a bank account and provide their consent to join or enable auto-debit for premium payments. Aadhar serves as the primary KYC (Know Your Customer) document for the bank account.

Under this scheme, a life cover of ₹2 lakhs is provided for a one-year period from 1st June to 31st May, and the coverage is renewable. In the unfortunate event of the insured's death due to any cause, the nominee receives a sum assured of ₹2 lakhs.

The annual premium for PMJJBY is ₹436, which gets auto debited in a single instalment from the subscriber's bank account. The subscriber has the option to choose the auto-debit date on or before 31st May of each annual coverage period under the scheme.

Life Insurance Corporation (LIC) and other life insurers can participate in offering this scheme on similar terms, provided they have the necessary approvals and tie-ups with banks to administer the scheme efficiently.

PMJJBY aims to extend financial protection to a wider population and ensure that individuals and their families have a safety net in case of an unfortunate event. By making life insurance affordable and easily accessible, the government seeks to promote financial inclusion and provide social security to all eligible citizens.

PRADHAN MANTRI SURAKSHA BIMA YOJANA

The Pradhan Mantri Suraksha Bima Yojana (PMSBY) is a government-backed accident insurance scheme designed to provide financial v individuals in the age group of 18 to 70 years. To be eligible for the scheme, individuals must have a bank account and provide their consent to join or enable auto-debit for premium payments before 31st May for the coverage period from 1st June to 31st May on an annual renewal basis. Aadhar serves as the primary KYC (Know Your Customer) document for the bank account.

Under this scheme, the risk coverage includes:

- ₹2 lakhs in the event of accidental death or full disability
- ₹1 lakh in the case of partial disability

The premium for PMSBY is extremely affordable, amounting to just ₹20 per annum. The premium is deducted from the account holder's bank account through the 'auto-debit' facility in a single instalment.

The scheme is offered by Public Sector General Insurance Companies or any other General Insurance Company that is willing to provide the product on similar terms, subject to obtaining the necessary approvals and tie-ups with banks to administer the scheme effectively.

PMSBY aims to provide a safety net to individuals and their families in the unfortunate event of an accident leading to disability or death. The scheme is designed to be accessible and affordable, ensuring that a larger segment of the population can benefit from accident insurance coverage. By extending such financial protection, the government endeavours to promote social security and financial well-being among the citizens of India.

LIFE COVER UNDER PRADHAN MANTRI JAN DHAN YOJANA

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a significant initiative launched by the honourable Prime Minister on Independence Day with the aim of achieving comprehensive financial inclusion for a large number of people who currently lack basic financial services. The primary objective of PMJDY is to provide a basic bank account to every family that was previously deprived of such facilities.

As part of this scheme, individuals opening a bank account under PMJDY receive a RuPay debit card. This debit card comes with a built-in accidental insurance cover of ₹1 lakh, providing financial protection in case of accidental death or disability.

Additionally, during the launch on 28th August 2014, the honourable Prime Minister announced a life cover of ₹30,000 for those who subscribe to a bank account with a RuPay debit card before 26th January 2015. This life insurance cover complements the accident insurance cover and provides financial security to the families of the account holders in case of the life assured's death due to any reason.

The primary goal of introducing this life insurance cover under PMJDY is to offer financial security to economically weaker sections of society who may not be able to afford direct purchases of life insurance. The premium subscription for this life cover is borne by the Government of India, making it accessible and affordable for eligible account holders.

By providing both accidental and life insurance covers to account holders, PMJDY seeks to empower individuals and their families with financial protection and create a safety net for those who were previously excluded from the formal banking system. This initiative plays a vital role in promoting financial security and social welfare for the underprivileged sections of society.

VARISHTHA PENSION BIMA YOJANA

The Varishtha Pension Bima Yojana (VPBY) is a pension scheme for senior citizens introduced by the NDA Government during its last term in office. The scheme aims to provide financial security to citizens aged 60 years and above by offering them a guaranteed return on their investment.

Under VPBY, a total of 3.16 lakh annuitants are currently benefiting, and the corpus of the scheme amounts to ₹6,095 crores. To revive the scheme and further support senior citizens, the honourable Finance Minister, in the Budget Speech for the year 2014-15, proposed to reopen VPBY for a limited period from 15th August 2014 to 14th August 2015.

The revived VPBY was formally launched by the finance minister on 14th August 2014 and has been open for subscription during the window period from 15th August 2014 to 14th August 2015. Individuals who subscribe to VPBY during this period are entitled to an assured guaranteed return of 9% under the policy.

The scheme is administered through the Life Insurance Corporation of India (LIC). Subscribers can avail themselves of a guaranteed monthly pension at the rate of 9% per annum by making a lump sum deposit. In case the return generated by LIC on the fund falls below the guaranteed return of 9%, the Government of India compensates the difference through subsidy payments.

Moreover, the VPBY scheme allows annuitants to withdraw the deposit amount after fifteen years of purchasing the policy. This feature offers flexibility and liquidity to senior citizens, providing them with an additional financial benefit.

By providing a reliable and secure pension option with a guaranteed return, VPBY aims to support senior citizens in their post-retirement years, ensuring financial independence and a stable income source.

PRADHAN MANTRI FASAL BIMA YOJANA

The Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched on 18th February 2016 by Prime Minister Shri Narendra Modi. As of 31st March 2017, the scheme has been implemented in 21 states during Kharif 2016 and in 23 states and 2 Union Territories during Rabi 2016-17. Approximately 3.7 crore farmers have been insured for 3.7 crore hectares of land, with a premium of ₹16,212 crore and a sum insured of ₹1,28,568.94 crore.

PMFBY is designed to provide comprehensive insurance coverage to farmers against crop failure, thereby stabilising their income. The scheme covers all food & oilseeds crops and annual commercial/horticultural crops for which past yield data is available and sufficient Crop Cutting Experiments (CCEs) have been conducted under the general crop estimation survey (GCES). Implementation of the scheme is carried out by empanelled general insurance companies, selected through a bidding process by the respective state governments as the implementing agency (IA). While the scheme is compulsory for loanee farmers availing crop loan/kisan credit card (KCC) accounts for notified crops, it is voluntary for others. The Ministry of Agriculture oversees the administration of the scheme.

PRADHAN MANTRI VAYA VANDANA YOJANA

The Pradhan Mantri Vaya Vandana Yojana (PMVVY) is a pension scheme introduced to provide social security and financial stability to elderly individuals aged 60 years and above. The scheme was launched as a simplified version of the successful Varishtha Pension Bima Yojana 2003 (VPBY-2003) and Varishtha Pension Bima Yojana 2014 (VPBY-2014) schemes.

PMVVY aims to protect senior citizens from potential declines in their interest income caused by uncertain market conditions. The scheme is implemented through the Life Insurance Corporation (LIC) of India.

Under PMVVY, subscribers can avail themselves of an assured pension of 8% based on a guaranteed rate of return per annum. To enrol in the scheme, individuals are required to make an initial lump sum payment ranging from a minimum purchase price of ₹1,50,000/- to a maximum purchase price of ₹7,50,000/-. The monthly pension amount varies accordingly, with a minimum pension of ₹1000/- and a maximum pension of ₹5,000/-.

By offering a reliable and steady source of income, PMVVY provides elderly citizens with financial security and stability during their retirement years. The scheme is specifically designed to cater to the needs of senior citizens and ensure that they lead a dignified and comfortable life during their old age.

RESTRUCTURED WEATHER BASED CROP INSURANCE SCHEME

The Restructured Weather Based Crop Insurance Scheme (RWBCIS) was launched on 18th February 2016 by honourable Prime Minister. As of 31st March 2017, the scheme has been implemented in 12 states during Kharif 2016 and in 9 states during Rabi 2016-17. Approximately 15 lakhs farmers have been insured for 16.95 lakh hectares of land, with a premium of ₹983.96 crore and a sum insured of ₹8,536.53 crore.

The Weather Based Crop Insurance Scheme (WBCIS) aims to provide financial relief to insured farmers against potential losses caused by adverse weather conditions such as rainfall, temperature, wind, humidity, etc. The scheme uses weather parameters as a "proxy" for crop yields and compensates cultivators for deemed crop losses. Payout structures are designed based on the extent of losses deemed to have been suffered using the weather triggers.

The weather data required for claims processing is collected from designated Weather Stations (RWS) or Backup Weather Stations (BWS), and the claims process begins once the weather data is received. The claims processing strictly adheres to the insurance term sheets, payout structure, and scheme provisions. All standard claims are processed and paid within 45 days from the end of the risk period, ensuring prompt compensation to insured farmers.

The scheme is administered by the Ministry of Agriculture with the aim of providing a safety net to farmers against weather-related risks and minimising their financial hardships due to crop losses. RWBCIS plays a crucial role in supporting the agricultural sector and ensuring the economic stability of farmers in the face of unpredictable weather conditions.

INSURANCE COMPANIES IN INDIA

The Indian Insurance Sector can be categorised 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 recent times, life insurance companies have gained popularity as investment vehicles, offering insurance products that come with the potential for savings growth. On the other hand, general insurance companies remain less inclined to provide pure risk cover to individuals.

In India, there are a total of 57 insurance companies, comprising 24 life insurance providers and 33 non-life insurers.

Public Sector	
1	National Insurance Co. Ltd.
2	New India Assurance Co. Ltd
3	The Oriental Insurance Company Limited
4	United India Insurance Company Limited

Specialised Insurers	
1	Agriculture Insurance Company of India Ltd.
2	Export Credit Guarantee Corporation of India Ltd.

Private Sector	
1	Acko General Insurance Limited
2	Aditya Birla Health Insurance Co. Ltd.
3	Bajaj Allianz General Insurance Company Limited
4	Care Health Insurance Ltd (formerly known as Religare Health Insurance Co. Ltd.)
5	Cholamandalam MS General Insurance Co Ltd
6	Future Generali India Insurance Co Ltd
7	Go Digit General Insurance Limited
8	HDFC ERGO General Insurance Co. Ltd.
9	ICICI LOMBARD General Insurance Co. Ltd.
10	IFFCO TOKIO General Insurance Co. Ltd.
11	Kotak Mahindra General Insurance Company Limited
12	Kshema General Insurance Limited
13	Liberty General Insurance Ltd.
14	Magma HDI General Insurance Co. Ltd.
15	Manipal Cigna Health Insurance Company Limited
16	Navi General Insurance Limited
17	Niva Bupa Health Insurance Co Ltd.
18	Raheja QBE General Insurance Co. Ltd.
19	Reliance General Insurance Co.Ltd
20	Royal Sundaram General Insurance Co. Ltd.
21	SBI General Insurance Company Limited
22	Shriram General Insurance Company Limited
23	Star Health & Allied Insurance Co.Ltd.
24	Tata AIG General Insurance Co. Ltd.
25	Universal Sompo General Insurance Co. Ltd.
26	Zuno General Insurance Ltd. (formerly known as Edelweiss General Insurance Co. Ltd.)
27	Bharti Axa General Insurance Co. Ltd (Merged with ICICI Lombard General Insurance Co. Ltd effective from 3rd September, 2021)

FRAMEWORK OF HDFC ERGO

HDFC ERGO General Insurance Company Limited was promoted by erstwhile Housing Development Finance Corporation Ltd. (HDFC), India's premier Housing Finance Institution and ERGO International AG, the primary insurance entity of Munich Re Group. Consequent to the implementation of the Scheme of Amalgamation of HDFC with and into HDFC Bank Limited (Bank), one of India's leading private sector banks, the Company has become a subsidiary of the Bank. HDFC ERGO is the second largest non-life insurance company in the Private Sector as on 31st March 2023 based on gross premium garnered. A digital-first company, transforming into an AI-first company, HDFC ERGO is a leader in implementing technology to offer customers the best-in-class service experience. The company has created a stream of innovative & new products as well as services using technologies like Artificial Intelligence (AI), Machine Learning (ML), Natural Processing Language (NLP), and Robotics. HDFC ERGO offers a range of general insurance products and has a completely digital sales process with ~94% of retail policies issued digitally. HDFC ERGO's technology platform has empowered the customers to avail 69% of the services digitally on a 24x7 basis with ~19% of the customer requests serviced by Artificial Intelligence-based tools. In FY23, the company has issued 1.22 crore policies and has settled ~50 lakhs claims. The Company has an active data base of 1.5+ crore customers. HDFC ERGO is present in 496 districts of the country through their 215 branches, 10,000+ employees and 1.8 lakhs agents and channel partners.

HDFC ERGO offers a complete range of General Insurance products including Health, Motor, Home, Agriculture, Travel, Credit, Cyber and Personal Accident in the retail space along with Property, Marine, Engineering, Marine Cargo, Group Health and Liability Insurance in the corporate space. Be it unique insurance products, integrated customer service models, top-in-class claim processes or a host of technologically innovative solutions, HDFC ERGO has been able to delight its customers at every touch-point and milestone to ensure consumers are serviced in real-time.

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 organisation 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
- **Sensitivity:** We will build our business on empathy and an inherent understanding of both our internal and external customers' needs.
- **Excellence:** We will always strive to offer innovative products and services and endeavour to set new benchmarks to do things better each time.
- **Ethics:** We will honour our commitments and be transparent in our dealings with all our stakeholders.
- **Dynamism:** We will be pro-active with a "can-do" approach.

BOARD OF DIRECTORS

Keki M. Mistry (DIN: 00008886) is the Non- Executive Chairman of the Company. He is a fellow member of The Institute of Chartered Accountants of India. He joined Housing Development Finance Corporation Limited (HDFC) in 1981 and was appointed as the Executive Director in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of HDFC in October 2007 and as the Vice Chairman & Chief Executive Officer w.e.f January 1, 2010. He is currently a member of the Primary Markets Advisory Committee set up by the Securities and Exchange Board of India (SEBI). He is the Chairman of the sub-group constituted by SEBI to 'Review the Reverse Book Building Process and Review the Compulsory Delisting Framework Adopted by Stock Exchanges'. He was also the Chairman of the sub-group constituted by SEBI to 'Review the SEBI Buyback Regulations'. He was a member on the Committee of Corporate Governance set up by the SEBI in 2017. He was the Chairman of the CII National Council of Corporate Governance for five years (2016-17 to 2017-18 and 2019-20 to 2021-22). He was also a member of the CII Economic Affairs Council for 2021-22.

List of Board of Directors as under:

Sr.No.	Directors	Category
1	Keki M. Mistry	Non-Executive Chairman
2	Renu Sud Karnad	Non-Executive Director
3	Dr. Oliver Martin Willmes	Non-Executive Director
4	Dr. Clemens Matthias Muth	Non-Executive Director
5	Bernhard Steinruecke	Independent Director
6	Mehernosh B. Kapadia	Independent Director
7	Arvind Mahajan	Independent Director
8	Ameet P. Hariani	Independent Director
9	Sanjib Chaudhuri	Independent Director
10	Dr. Rajgopal Thirumalai	Independent Director
11	Vinay Sanghi	Independent Director
12	Samir H. Shah	Executive Director and CFO
13	Anuj Tyagi	Joint Managing Director
14	Ritesh Kumar	Managing Director and CEO

CURRENT FINANCIAL STATUS

After enduring two years of the pandemic, FY23 finally witnessed a return to normalcy. However, global growth was impacted by central banks in advanced economies raising interest rates to address high inflationary pressures. Additionally, the ongoing Russia-Ukraine conflict further hampered global growth.

In India, FY23 saw a GDP growth of 7.2%, slightly surpassing the earlier projected growth of 7%. This positive outcome was primarily driven by stronger-than-expected growth in the fourth quarter of FY23.

The economy's broad-based growth had a positive impact on all segments of the General Insurance (GI) industry, including motor, health, commercial, and crop insurance, which all registered double-digit growth in FY23. The GI industry as a whole grew by approximately 16% to reach around ₹257,000 crore, marking the highest growth rate in the last five years. The Accident & Health insurance segment exhibited rapid growth, reflecting the relatively low levels of health insurance penetration in the country.

During FY23, our company continued its impressive performance, surpassing industry growth rates. It achieved a 23% growth in Gross Written Premium, amounting to ₹16,873 crore, and a remarkable 31% growth in Profit After Tax, totalling ₹652.7 crore.

As a result of this outstanding performance, our company now stands as the fourth largest General Insurer in India, commanding a market share of 6.5%. Furthermore, we are the second largest private sector General Insurer with a 10.5% share of the private sector market.

The financial statements presented in the fifteenth annual report of HDFC ERGO General Insurance Company for the financial year ending on March 31, 2023, are audited and reflect the remarkable growth and success achieved during the year.

MERGER OF HDFC LIMITED WITH AND INTO HDFC BANK LIMITED

HDFC Bank, India's leading private sector bank, has successfully completed the merger with HDFC Ltd., the country's premier housing finance company. The merger was announced on April 4, 2022 and the entire process, which was estimated to be completed in 15 to 18 months became effective from July 1, 2023 on receipt of all necessary shareholder and regulatory approvals.

Mr. Sashi Jagdishan, the CEO & MD of HDFC Bank, believes that the combined strength of both entities will enable them to create a comprehensive ecosystem of financial services. The merger marks a significant step in the transformation of HDFC Bank, as it evolves into a financial services conglomerate offering a full suite of financial products, from banking to insurance and mutual funds, through its subsidiaries.

It combines the strengths of a trusted home loan brand with an institution that enjoys a lower cost of funds. The increased net-worth resulting from the merger will enable greater credit flow into the economy and support the underwriting of larger ticket loans, including infrastructure loans. This, in turn, will contribute significantly to nation-building efforts and generate employment opportunities.

The successful completion of this merger marks a significant milestone in the financial services industry, and it is expected to bring about positive outcomes for both the institutions involved and the Indian economy as a whole.

PRODUCTS AND SERVICES

HDFC ERGO General Insurance Co. Ltd. offers a comprehensive range of general insurance products, catering to both retail and corporate customers. In the retail space, the company provides insurance solutions for motor, health, travel, home, and personal accident. For corporate clients, HDFC ERGO offers customised insurance products such as property, marine, and liability insurance.

The company offers insurance policies and policy renewals through various channels, including its website, physical offices, and intermediaries. Its market-leading insurance products include:

- Health Insurance
- Motor Insurance
- Travel Insurance
- Personal Accident Insurance
- Home Insurance
- Commercial Insurance
- Rural Insurance

As the second-largest general insurance player in the private sector and the fourth largest overall, HDFC ERGO is continuously expanding its presence across the country. It operates in 215 branches and 423 digital offices, covering 490 districts of India. The company boasts an employee base of 10,912 professionals, ensuring efficient service delivery to its customers.

HDFC ERGO's distribution network is extensive and includes brokers, retail and corporate agents, bancassurance, and its own direct sales force. It also has a vast network of agents, with 85,000 multi-line agents and 99,000 health-only agents, totalling approximately 1.8 lakh agents, including Point of Sales Personnel (POSPs).

The company's strong claim-paying ability has been recognised with an 'AAA' rating by ICRA. Additionally, HDFC ERGO holds ISO certification for its claim services, policy issuance, customer servicing, and standardisation and uniformity of information security processes across all its branches and locations.

Overall, HDFC ERGO General Insurance Co. Ltd. stands as a reputable and reliable insurance provider, offering a wide range of products and services to cater the diverse needs of its customers across India.

INSURANCE LANDSCAPE IN INDIA

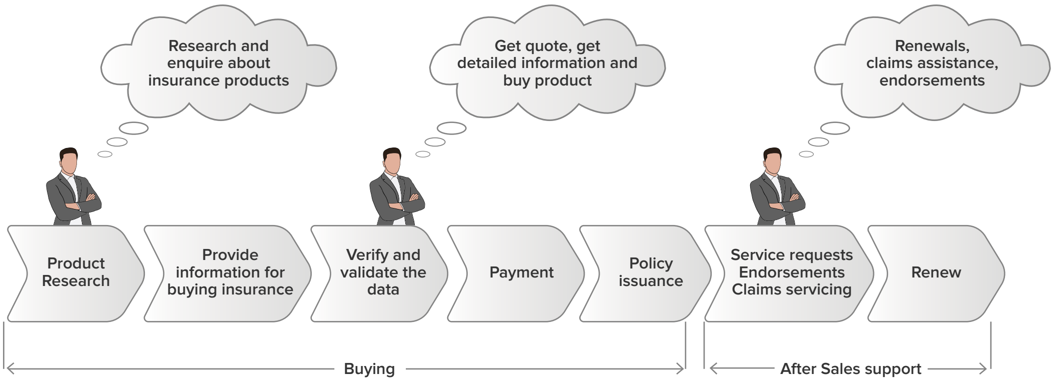
In the past, insurance companies faced significant limitations due to reliance on physical documents and files, hindering their speed, capacity, and growth. However, advancements in information technology have revolutionised the way insurance companies operate. They now utilise IT to store, process, and manage policy data efficiently, as well as cater to policyholders' service requests promptly.

Technology trends in the Insurance Industry

The Importance of IT in Insurance Business Management:

- **Streamlining Processes and Enhancing Customer Service:** Information technology has dramatically reduced paperwork associated with policies, enabling insurance companies to meet customers' needs swiftly and efficiently. This streamlining empowers salespersons, agents, and brokers with up-to-date product information and real-time customer data, leading to improved customer service.
- **Empowering End Customers:** Through IT solutions, insurance companies offer customers access to their insurance portfolio via portals, mobile devices, and various self-service features. This empowerment provides customers with greater control over their policies and enhances their overall experience.
- **Enabling Quick Underwriting and Product Innovation:** IT systems aid underwriters and risk managers in providing rapid quotes, approvals for policy issuance, endorsements, and even the development of innovative insurance products. This helps insurers stay competitive in the market.

Policy Issuance Life Cycle



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 revolutionised 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 optimising 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.

At HDFC ERGO, our primary focus is on the customer, and we strive to provide a seamless and comfortable journey. To enhance the overall customer experience, we have implemented the following Chatbots and assisted BOTs

DIA: As a customer facing Chatbot accessible through our website 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.

Aby: This assisted BOT supports contact 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.

PIHU: HDFC ERGO re-imagined the customer service experience through usage of Artificial Intelligence driven solutions to the Indian farmers through Easy To Use B2C solution– PIHU a simplified WhatsApp chat platform, reliable and environment friendly. PIHU facilitates the availability of information in 12 different languages and provides instant query resolution at fingertips. It is a secured platform for our rural customers.

PIHU facilitates interface on

1. Enrolment in PMFBY
2. Claim Registration
3. Claim Settlement Status
4. PMFBY Scheme Information
5. Others

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.

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 using them as 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:

a) Registered Insurance Companies
b) Licensed Insurance Agents (including corporate agents and micro-insurance agents)
c) 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:

i. Registered insurance companies
ii. Licensed insurance agents, including corporate agents and micro-insurance agents
iii. Licensed insurance brokers

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

i. Request identity proof and particulars of the IRDAI license from the individual/entity offering insurance
ii. Obtain the address and telephone number of the person/entity, especially in the case of telesales
iii. 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 15 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 unauthorised 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, protect your interests, and ensure a smooth insurance experience.

CHAPTER 13

here App

HDFC ERGO General Insurance has launched India's one-of-a-kind insurer led ecosystem– here app, a unique proposition, which aims to address consumers' anxiety towards health & mobility, and provide convenience and access to save cost of their daily expenses on healthcare and motor vehicles.

Please download the app and browse through it, as questions may be asked from the app.

Scan the QR code or click the link below to download it.

https://hdfcergo.onelink.me/ARLJ/oss7e6mp

IMPORTANT ABBREVIATIONS

ACF : Area Correction Factor
ADB : Accidental Death Benefit
AML : Anti Money Laundering
AOG : Act of God
ARG : Automatic Rain Gauge
AWS : Automatic Weather Stations
AYUSH : Ayurveda, 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 : Computerised 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
GoI : 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
III : 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
NBFC : Non-Banking Financial Company
NCB : No Claim Bonus
NCIP : National Crop Insurance Portal
NGO : Non-Government Organisation
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 : Standardised Precipitation Index
SST : Smart Sampling Technique
STFI : Storm, Tempest, Flood and Inundation
TAT : Turn Around Time
TPA : Third Party Administrator
TTD : Temporary Total Disability
TTD : Temporary Total Disability
UNL : Ultimate Net Loss
UP : Unearned Premium
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

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