



Global Benefits

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India life insurance market alert

Companies that currently provide group term life (GTL) coverage for their employees in India or are interested in securing GTL coverage are seeing increased costs and new reporting requirements. The market changes described below started taking shape in August 2021 as a result of negative COVID-19 claims experience and are expected to continue for the foreseeable future.

What has changed?

Group term life costs are increasing, and insurers are requiring new information about the COVID-19 vaccination and infection status of employee groups.

Financial and administrative changes

- Insurers are issuing renewal terms for GTL policies as late as 72 hours prior to the policy renewal date.
- Employers should anticipate costs of 3x the prior year's rates and should have cash on hand to pay the premium as soon as it is finalized. India is a cash before cover country, so no policies will be issued until payment is processed.
- Renewal offers may be limited to the incumbent carrier only depending on the total sum insured and the prior year's claims history.
- Insurers are no longer issuing interim cash deposit balance arrangements.

New reporting requirements

Life insurers and reinsurers are requiring the following information from clients before renewing or issuing new policies:

- COVID-19 history details for all employees
- COVID-19 vaccination details for all employees
- Actively-at-work employee listing at the time of quotation and again at the time of actual renewal or inception

What precipitated these changes?

During the course of 2021, India experienced several COVID-19 waves leading to a significant loss of life and unprecedented pressure on the capacity of Indian insurance companies to underwrite the changing risk environment. Indian life insurers and the foreign reinsurers who hold a significant portion of their risk are reluctant to take on

additional risk and are requiring policyholders to clarify the COVID-19 risk profile of their employees. In practical terms, they are charging higher premium rates to cover the increased claims and are requiring new information about a group's COVID-19 infection and vaccination history.

Required actions

- Employers with upcoming group life renewals will need to have a mechanism to collect COVID-19 history and vaccination information at the employee level. In some cases, the local broker can assist with the data collection outreach.
- HR and benefits teams should work with finance to set up payment protocols in advance of the renewal to ensure there are sufficient funds available and that timely payment can be made to prevent a gap in coverage.

For further information or assistance, please contact your Lockton Global Benefits Consultant.

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