NITI Aayog's Annual Health Index 2020-21

Why in News?

Kerala, Tamil Nadu and Telangana emerged as the **top performers among the 'larger states' in the** NITI Aayog's annual 'health index' for the **Covid year of 2020-21.**

What are the Major Highlights of the Index?

- **Based on Overall Performance:**
  - **Larger States:**
    - Among the **19 'larger states', Kerala, Tamil Nadu and Telangana** have occupied first, second and third place respectively, in terms of overall performance.
    - **Bihar (19th), Uttar Pradesh (18th) and Madhya Pradesh (17th)** are at the bottom of the list.
  - **Smaller States:**
    - Among the eight smaller states, **Tripura has recorded the best overall performance,** followed by Sikkim and Goa; Arunachal Pradesh (6th), Nagaland (7th) and Manipur (8th) are at the bottom.
  - **Union Territories(UT):**
    - And among the eight UTs, **Lakshadweep has been ranked as the top performer** in terms of overall performance, while **Delhi ranked at the bottom.**
- **Based on Incremental Performance:**
  - **Rajasthan, Uttarakhand and Odisha emerged as the top three performers in 2020-21**, as compared to their performance in 2019-20.

What is NITI Aayog's Annual Health Index?

- **About:**
  - In 2017, the **National Institution for Transforming India (NITI Aayog)** in collaboration with the **Ministry of Health and Family Welfare (MoHFW)** and the **World Bank** initiated an **annual Health Index** for tracking **Overall Performance and Incremental Performance** across all states and Union Territories (UTs).
- **Objective:**
  - The objective of the Annual Health Index is to **track and rank progress on health outcomes and health systems performance, develop healthy competition** and encourage cross learning among states and UTs.
- **Parameters:**
  - The health index assesses states and UTs on two parameters – **incremental performance (year-on-year progress) and overall performance.**
- **Categories:**
  - The ranking is done under three categories: **larger states, smaller states and Union territories (UTs)** to ensure comparison among similar entities.
- **Composition:**
  - The **Health Index** is a composite score that reflects the **achievements and incremental improvements of the states and UTs on 24 indicators across three domains:** health outcomes, governance and information, and key inputs and processes.
    - Each domain has been assigned **weight based on its importance with a higher score for outcome indicators.**

- The 'health outcomes' include indicators like neonatal mortality rate, **total fertility rate, sex ratio at birth, immunization coverage,** proportion of institutional deliveries, total case notification rate of tuberculosis, and proportion of people living with **HIV on** antiretroviral therapy.
  - The 'governance and information' domain includes indicators like **proportion of institutional deliveries, average occupancy (in months) of three key posts at state level, average occupancy (in months) of the chief medical officer, and days taken for fund transfer.**
  - The 'key inputs/ processes' is a **measure of health infrastructure available, including the proportion of functional 24X7 primary healthcare centers,** districts with functional cardiac care units, and vacancies in healthcare provider positions.

Source: IE

IRDAI Vision 2047

For Prelims: IRDAI, Insurance for all' by 2047, Economic Survey 2022-23, GDP, Digitization, Bima Trinity.

For Mains: IRDAI Vision 2047.

Why in News?

The **Insurance Regulatory and Development Authority of India (IRDAI)**, as part of its Vision **Insurance for all' by 2047,** has allotted states and union territories to every insurer to increase **insurance penetration in India.**

- **IRDAI** is also planning to launch **Bima Trinity** - Bima Sugam, Bima Vistar, Bima Vaahaks – in collaboration with general and life insurance firms to make insurance activities hassle free.

What is IRDAI Vision 2047?

- **Objective:**
  - Insurance for All by 2047 aims that every citizen has an appropriate **life, health and property insurance cover** and every enterprise is **supported by appropriate insurance solutions.**
  - It also aims to make the **Indian insurance sector globally attractive**
- **Pillars:**
  - Insurance customers (Policyholders)
  - Insurance providers (insurers)
  - Insurance distributors (intermediaries)
- **Focus Areas:**
  - Making available right products to right customers
  - Creating robust grievance redressal mechanism
  - Facilitating ease of doing business in the insurance sector
  - Ensuring the regulatory architecture is aligned with the market dynamics
  - Boosting innovation
  - Competition and distribution efficiencies while mainstreaming technology and moving towards principle based regulatory regime.
- **Significance:**
  - It can help people in households all over the country to have **access to an affordable insurance policy** that covers health, life, property, and accidents.
  - These policies would offer faster claim settlements, sometimes within hours, and additional **benefits like gym or yoga memberships.**

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Cover drive for the uninsured

The Insurance Regulatory and Development Authority is driving multi-pronged changes to expand citizens' safety nets

- A new bundled insurance product Bima Vistar to provide life, health, accident and property cover through a single, simple policy
- A Bima Sugam platform as a one-stop shop for customers, integrating insurers and distributors
- Linking digital death registries to platform so claims can be settled within hours or a day
- Permitting insurers to sell value-added services with policies; for example, a yoga class bundled with a health scheme
- Women to lead campaign to spur insurance penetration in each Gram Sabha
- Roping in States to form insurance committees and expand coverage across districts

- Move will also allow smaller, micro and regional insurers to reach different strata of society

What is Bima Trinity?

- **Bima Sugam:**
  - It is a unified platform that **combines insurers and distributors.** It simplifies policy

purchases, service requests, and claims settlement for customers in one convenient portal.
- **Bima Vistar:**
    - It is a comprehensive bundled policy that covers life, health, property, and accidents. It provides **defined benefits for each risk category**, ensuring quick claim payouts without surveyors.
- **Bima Vaahaks:**
    - It is a **women-centric workforce operating** at the Gram Sabha level. They will educate and convince women about the **benefits of comprehensive insurance, particularly Bima Vistar.** By addressing concerns and emphasizing advantages, Bima Vaahaks empower women and enhance their financial security.

What is the State of Insurance Sector in India?

- According to the Economic Survey 2022-23, life insurance density in the country increased from USD 11.1 in 2001 to USD 91 in 2021. Total global insurance premiums in 2021 **increased 3.4% in real terms, with the non-life insurance sector registering 2.6% growth,** driven by rate hardening in commercial lines in developed markets.
- According to the **Economic Survey 2022-23**, India's insurance market is poised to emerge as one of the fastest-growing markets globally in the coming decade.
- As per the IRDAI, insurance penetration in India **increased from 3.76% in 2019-20 to 4.20% in 2020-21, registering a growth of 11.70%.**
    - Also, the insurance density increased from USD 78 in 2020-21 to USD 91 in 2021-22.
- **Life insurance penetration in 2021 was 3.2%**, almost twice as high as the emerging markets and slightly above the global average.
- India is at **present the 10th biggest market in the world** it is projected to be 6th biggest by 2032.

What are the Challenges Related to Insurance Sector

- **Lower Adoption Rate:**
    - Insurance is **not widely adopted in India compared to other countries.** This is because many people are not aware **of insurance or don't trust it.**
    - In rural areas, where a large portion of the population lives, only a small percentage **have life insurance coverage.**
        - The insurance industry's contribution **to India's** GDP (Gross Domestic Product) **is less than 5%,** which is lower than the global average. In simple terms, insurance is not widely used in India, and efforts are needed to increase awareness and trust in insurance products.
- **Lack of Product Innovation:**
    - The insurance sector in India has **been slow in product innovation.** Many insurance companies offer similar products, which leads to a lack of differentiation in the market.
- **Fraudulence:**
    - Fraud includes things like **making false claims and lying about** information.
    - The use of digital technology and customer-focused policies may have unintentionally given fraudsters **more chances to steal identities and make fake claims.**
        - Over 70% of Indian insurers have seen an increase in fraud cases in the past two years.
- **Talent Management:**
    - The insurance sector in India faces a talent shortage. The industry needs skilled professionals in areas such as actuarial science, underwriting, claims, and risk management.
    - Attracting and retaining talented professionals is a challenge for the industry.
- **Slow Rate of Digitalization:**
    - The insurance sector in India **has been slow to adopt** digitalization **compared to other industries,** which has resulted in several challenges such as inefficient processes, lack of transparency, and poor customer experience.
- **Claims Management:**
    - The claims process in India is often seen as **complicated, slow, and opaque,** which can lead to customer dissatisfaction and loss of trust in the insurance industry.

- This can be due to a lack of transparency, inefficient processes, and poor communication with customers.

What is IRDAI?

- IRDAI, founded in 1999, is a regulatory body created with the **aim of protecting the interests of insurance customers.**
  - It is a statutory body under the IRDA Act 1999 and is **under the jurisdiction of Ministry of Finance.**
- It regulates and sees to the development of the insurance industry while monitoring insurance-related activities.
- The **powers and functions** of the Authority are laid down in the **IRDAI Act, 1999 and Insurance Act, 1938.**

Way Forward

- To improve the insurance sector in India, **several steps can be taken to leverage technology, align with customer behavior,** optimize data usage, simplify claims management, adopt hybrid distribution models, and tackle fraud.
- Digitalization should be a priority across the value chain to reduce costs, improve efficiency, and support ecosystem development. This involves using technology to enhance employee skills and productivity through upskilling programs.
- Insurers need to align with dynamic changes in customer behavior and preferences. By offering quick personalized products and prioritizing flexibility over mass offerings, insurers can better meet customer needs and manage perceptions.

Source: TH