



SEPTEMBER 2017

# I-CAN COMMUNIQUÉ

## MONTHLY NEWSLETTER – SEPTEMBER 2017

<b>Sensex : Down 2.4%</b>	
<b>Nifty : Down 1.6%</b>	
Best performing sector: Consumer Durables (7.5%)	Worst performing sector: Health Care (-7.4%)
Best performing Global index: RTS Index (7.7%)	Worst performing Global index: Sensex (-2.4%)
Indian Rupee: 0.4%	Gold price: 3%

August saw correction in the Indian equity markets with the headline indices falling by around 2%. The Foreign Institutional Investors (FIIs) pulled out Rs. 14,239.5 crore from stock market. The 10-year government security yield inched up by 5.6 basis points to end the month at 6.53%. The debt market saw the FIIs investing a net amount of Rs 15,249.1 crore last month. Domestic Institutional Investors (DIIs) invested a net total amount of Rs 16,205.2 crore in financial markets.

As widely expected, Reserve Bank of India (RBI) slashed the repo rate by 25 basis points to 6% and mentioned that the further course of rate cuts will depend on a combination of factors, including states implementing farm loan waivers. It was worrisome to note that Indian GDP growth rate fell to 5.7% in the first quarter of 2017-18. Demonetisation is supposed to be one of the key factors and lot of questions were raised about the effectiveness of this bold move – especially after the RBI annual report that estimated value of Rs 500 and Rs 1000 notes returned was Rs 15.28 trillion against Rs 15.44 trillion in circulation before demonetization.

The Nikkei India Services PMI Business Activity Index plunged to 45.9 in July, its lowest level since September 2013. It increased to 47.5 in August. Indicating a partial rebound in factory output after the rollout of the Goods and Services Tax (GST), the Nikkei India Manufacturing Purchasing Managers' Index (PMI) rose to 51.2 in August from a 101-month low of 47.9 in July. Retail inflation measured by Consumer Price Index (CPI) increased in July to 2.36% and Wholesale inflation measured by Wholesale Price Index (WPI) increased to 1.88% in July after falling for 4 months. Inflation might rise in the coming months. Monsoons have been below normal by 5% as per data upto 25<sup>th</sup> August.

Mutual funds have been seeing record inflows in recent months, and it's coming not just from big-city investors. Those in relatively smaller cities and towns such as Guwahati, Nashik, Coimbatore, Varanasi, Siliguri, Kottayam, Jalgaon and Haldwani have also been pouring in money. There has been a surge of over 40 lakh investor accounts during the first four months of this fiscal, taking the total count to an all-time high of 5.94 crore on strong participation from retail investors.

Some large banks have slashed the savings bank interest rate to 3.5% which has paved the way for lower lending rates in times to come.

### Reforms

- The government has notified the e-way bill keeping some items of mass consumption such as vegetables, fruits, food grains, meat, bread, curd, books

and jewellery out of its ambit. An e-way bill is required to transport any item worth more than Rs 50,000 within the country. It is proposed as a permit of sorts in electronic format that will have details of the goods being transported.

- The Securities and Exchange Board of India (SEBI) wants the mutual fund (MF) industry to benchmark the returns of its equity schemes against a total return index, a move that would diminish the alpha generated by such schemes and help investors assess the returns better.
- RBI has sent commercial banks a second list of at least 26 defaulters with which it wants creditors to start the process of debt resolution before initiating bankruptcy proceedings.
- The data protection law that is in the works is likely to be in place by December and it will comply with the Supreme Court's judgment on right to privacy, minister for law and IT Ravi Shankar Prasad said.
- The Union cabinet on Wednesday raised the ceiling for the so-called "creamy layer" among the other backward classes (OBCs) and pledged to earmark more categories for availing reservation benefits in the norms.
- The government has extended till March a cashback scheme that offers incentives of up to Rs 1,000 to merchants for accepting payments through the BHIM application.
- In a bid to revive India's active pharmaceutical ingredient (API) and bulk drug market, the government is contemplating restrictions on the import of APIs and has suggested setting up of mega bulk drug parks, a move that is expected to boost domestic production.
- SEBI operationalised a portal for online registration of stock brokers and other market intermediaries, as part of continuing efforts to improve the ease of doing business.
- In the penultimate Independence Day speech of his current term, Prime Minister Narendra Modi on Tuesday looked beyond the Lok Sabha polls due in April 2019 to give a call for building a "new India" by 2022. It was devoid of any new announcements.
- The government has approved a new metro rail policy, a scheme to refund central goods and services tax (CGST) to industrial units in Himachal Pradesh, Uttarakhand, Jammu & Kashmir and the North-East till 2027, and changes to strategic disinvestment policy to speed up decision-making.
- SEBI directed stock exchanges to initiate action against 331 listed entities suspected of being shell companies. Of them, 162 were actively traded; 169 had already been suspended.



## HEALTH INSURANCE

In this day and age of rising medical inflation, opting for health insurance has become imperative. Most of the health insurance policies cover expenses related to pre and post hospitalization, daycare, ambulance charges etc.

### **What is Health Insurance?**

It is a kind of insurance that provides coverage for medical expenses to the policy holder. Depending on the health insurance plan chosen by the insured, the policy holder can get coverage for critical illness expenses, surgical expenses, hospital expenses etc.

### **Forms of Health Insurance**

The common form of health insurance policies available in India cover the expenses incurred on hospitalization. The health insurer usually provides either direct payment to the hospital (i.e. through cashless facility) or reimburses the expenses associated with the illness and injuries or disburses a fixed benefit on occurrence of illness. The type and amount of health care costs that will be covered in the health plan are specified in advance.

### **Need of Health Insurance**

Medical emergencies come unannounced, to get the medical facilities without any financial burden one should opt for health insurance. Buying health insurance is no longer an option but has become a compulsion. Buying health insurance protects the insured from sudden and unexpected costs of hospitalization which could otherwise create a dent into household savings or indebtedness. Healthcare is increasingly expensive, with technological advances, new procedures and more effective medicines that have also driven up the cost of healthcare. While these kind of high expenses can be beyond the reach of many, taking the security of health insurance is affordable.

### **Cashless Benefits**

Insurance companies have tie up with various hospitals across the country as a part of their network. Under a health insurance policy offering a cashless facility, a policy holder can take treatment in any network of hospitals without having to pay the hospital bills, as the payment is made to the hospital directly by the Third Party Administrator, on behalf of the insurance company. However, expenses beyond the limits or sub-limits allowed by the insurance policy or expenses not covered under the policy has to be settled by the insured directly with the hospital. Cashless facility is not available if the insured is taking treatment from a hospital which is not in the network.

### **Tax Benefits**

Health insurance comes with tax benefits as an added incentive. Section 80D of the Income Tax Act provides tax benefits for health insurance, unlike Section 80C applicable to Life Insurance wherein other forms of investments or expenditures also qualify for the deduction. Currently, the insured who have purchased the policy by any payment mode other than cash can avail of an annual deduction of Rs. 15,000 from their taxable income for payment of Health Insurance premium for self, spouse and dependent children. For senior citizens, this deduction is higher, and is Rs. 20,000. Further, since the financial year 2008-09, an additional Rs 15,000 is available as deduction for health insurance premium paid on behalf of parents, which again is Rs. 20,000 if the parents are senior citizens.

### **Premium**

Age is a major factor that determines the premium, the older the insured is the premium cost will be higher because the insured is more prone to illnesses. Previous medical history is another major factor that determines the premium. If no prior medical history exists, premium will automatically be lower.

### **What does the Health Insurance Policy not cover?**

Generally, pre-existing diseases (read the policy to understand what a pre-existing disease is defined as) are excluded under a Health Insurance policy. Further, the policy would generally exclude certain diseases from the first year of coverage and also impose a waiting period. There would also be certain standard exclusions such as cost of spectacles, contact lenses and hearing aids not being covered, dental treatment/surgery ( unless requiring hospitalization) not being covered, congenital external defects, venereal disease, intentional self-injury, use of intoxicating drugs/alcohol, AIDS, expenses for diagnosis, x-ray or laboratory tests not consistent with the disease requiring hospitalization, treatment relating to pregnancy or child birth including caesarean section, Naturopathy treatment.

### **What is pre-existing condition in health insurance policy?**

It is a medical condition/disease that existed before the insured obtained health insurance policy, and it is significant, because the insurance companies do not cover such pre-existing conditions, within 48 months of prior to the 1st policy. It means, pre-existing conditions can be considered for payment after completion of 48 months of continuous insurance cover.

### **How to Make a Claim?**

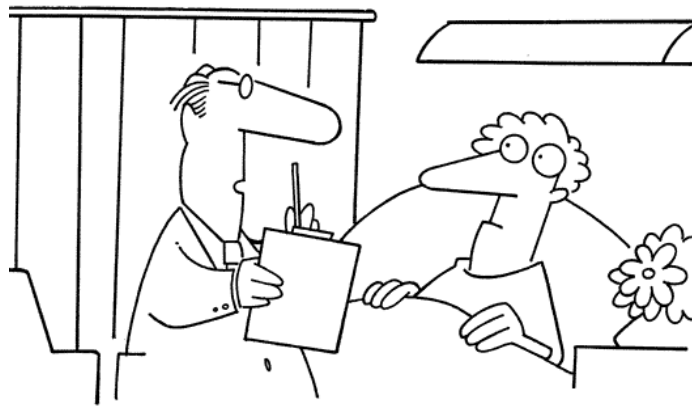
You can make a claim under a Health insurance policy in two ways:

1. **On a Cashless basis:** For a claim on cashless basis, the insured's treatment must be only at a network hospital of the Third Party Administrator (TPA) who is servicing your policy. The insured will have to seek authorisation for availing the treatment on a cashless basis as per procedures laid down and in the prescribed form.
2. **Claims on reimbursement basis:** When a claim arises the insured should inform the insurance company or us as per procedures required. After hospitalisation, the insured should ensure that he/she obtains and keeps documents ready such as claim form, discharge summary, prescriptions and bills that should be submitted for a claim.

### Did you know?

Recycling one ton of paper saves 682.5 gallons of oil, 7,000 gallons of water and 3.3 cubic yards of landfill space.

### Cartoon of the Month



**“Your insurance only pays 80% of my fee,  
so I only took out 80% of your appendix.”**

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