

IN DEPTH / HEALTH INSURANCE

ROOM FOR GROWTH

Close to 70 per cent of the Indian population is covered by some form of health insurance. While the Covid-19 panic has accelerated the pace of health insurance penetration, it is necessary to bring more Indians within its ambit to ensure a healthy future **By Jyotsna Sharma**



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THE HEALTH INSURANCE sector has witnessed significant growth over the last few years, albeit spurred by the Covid-19 pandemic and the circumstances surrounding it. During the pandemic most Indians realised that dipping into their savings for medical expenses and relying on the health insurance benefits provided by their employers were hugely inadequate for an emergency.

Another offshoot of the pandemic and the social distancing that went with it was that most people became digital natives, which helped them learn quickly and effortlessly about various health insurance offerings. Insurance consumers discovered that they could pay for their policies in instalments, and customise them too, which was a major plus point and a step up from how things were earlier.

The health insurance sector also got a major boost from friendly government policies. In 2020 the Prime Minister extended health insurance coverage to all residents of Jammu and Kashmir through the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) SEHAT scheme. In 2021, the Foreign Exchange Management (non-debt instruments) Rules were amended to raise the foreign direct investment limit to 74 per cent in the insurance sector. The Union government has put in a host of other measures, some even at the state level, to ensure health coverage for citizens.

In FY 2021, private sector companies offering general and health insurance saw their market share increase to 49.31 per cent from 48.03 per cent in FY 2020. Six stand-alone private sector health insurance companies have reportedly registered a jump of 66.6 per cent in their gross premium at Rs 1,406.64 crore (\$191.84 million) in May 2021, compared to Rs 844.13 crore (\$115.12 million) earlier.

"The health insurance segment did quite well in terms of penetration in the last few years. With increased awareness, aided by the Covid-19 pandemic, insurance drives by the government, initiatives by IRDAI and innovative product offerings by insurers, the overall health insurance segment grew from Rs 57K crore in FY 2020 to Rs 80K crore in FY 2022. Retail health has become a growth driver in the aftermath of the pandemic. In fact, on an industry level, the health insurance segment overtook the motor insurance segment in FY 2022," says Rakesh Jain, CEO of Reliance General Insurance.

Increasing penetration

While there is ample evidence of a significant progress in health insurance penetration, there is need to accelerate the coverage across the country. According to the National Family Health Survey-5 (NFHS-5) that covers a period between 2019 and 2021, there is improvement in health insurance coverage across the country. There is, however, need for an even bigger push. As much as 41 per cent of households in India

"We will focus on the rural population and increase awareness about health insurance & wellness,"

MAYANK BATHWAL, Chief Executive Officer, Aditya Birla Health Insurance, talks of new offerings by the company and its key achievements

What key offerings can we expect from your company in the near future?

Enhancing customer experience with the use of data analytics is going to be one of our key focuses, apart from bringing in new and innovative self-servicing solutions, and exploring new channels such as voice and video. We will be focusing on the young and healthy customer segment in the near future. Additionally, we will focus on the rural population and increase awareness about the importance of health insurance and wellness.



What has been the biggest achievement for your company in the last two years?

We have adopted a 360-degree approach to motivate and enable our customers to put a 'health-first' approach to their lives. Additionally, we've been encouraging our customers to embrace healthy lives by providing facilities

such as talks by nutritionists, doctor-on-call and mental health sessions across varied platforms. Further, to promote the idea of incentivised wellness, we introduced 100 per cent HealthReturns™ on our flagship product Activ Health. This unique proposition enables consumers to earn up to 100 per cent of their premium back by real time tracking and rewarding their health activity on a monthly basis.

How does the company stand out from the competition?

We believe in the 'Health First' philosophy that enables and encourages our customers to adopt a healthier lifestyle. We provide a comprehensive suite of health insurance plans, along with industry-first innovative solutions such as, Day 1 cover for asthma, high blood pressure etc.

“Our customer grievance ratio is one of the lowest in the industry at 0.03 per cent”

RAKESH JAIN, CEO, Reliance General Insurance, talks of the company's achievements over the last couple of years and the innovations planned ahead

What are the innovations planned at Reliance General Insurance for the near future?

We have been revolutionising the health insurance segment by popularising the “customisation” concept in product architecture. A recently launched health product, Reliance Health Gain, offers a unique feature where a customer can cover a family of up to 12 in the same family floater policy. Additionally, the Health Gain policy does not have any age limit for a sum-insured of up to Rs 3 lakhs; making it easy for senior citizens, who are sometimes devoid of a medical policy, to opt for medical insurance.

What was the company's biggest achievement in the last two years?

Our biggest achievement has been supporting the nation during the Covid-19 pandemic. We are one of the first General Insurance (GI) companies to introduce Covid-specific health policies. We were also the first GI company to digitise all claim proposal forms to offer uninterrupted services. Keeping in mind the financial constraints of the customers, we introduced EMI on health plans during the pandemic. We empowered our partners by launching personalised digital platforms to ensure uninterrupted services, accessibility, convenience, and efficiency. Our contribution is evident in the Covid claim settlement where we settled claims valued at over Rs 700 crore between March 2020 and March 2022.

How do you stand out from the competition?

Reliance General Insurance is one of the fastest claim settlers in the GI industry, with 99 per cent of claims being settled within three months of claim intimation.



have at least one member covered under a health insurance scheme. Of this 41 per cent, insurance coverage is around 42 per cent in rural areas and 38 per cent in urban areas.

“As per the recent Niti Aayog report, while the Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) and state government extension schemes provide comprehensive hospitalisation cover to the bottom 50 per cent of the population, another 20 per cent are covered through social health insurance, and private voluntary health insurance whereas the remaining 30 per cent of the population is devoid of health insurance. The existing infrastructure of Ayushman Bharat can be utilised to extend cover to the missing middle population,” says Mayank Bathwal, Chief Executive Officer at Aditya Birla Health Insurance. He believes that enabling wellness guidelines in insurance products would encourage people to buy more health insurance products.

According to Jain, standardised health insurance products like Arogya Sanjeevani Health Policy, need to be promoted. The Common Service Centres (CSC) and the Village Level Entrepreneurs (VLE) could, he feels, prove among the strongest influencers of health insurance promotion in rural India. “The matter of the GST rate on health insurance premiums, which still stands at 18 per cent, needs to be addressed at the earliest. Senior citizens are prone to illnesses, and are one of the most under-insured population classes in the country. Increasing tax rebate on senior citizen policies (currently Rs 50,000) will certainly help. This also calls for completely foregoing GST on health insurance premiums for this age group,” he goes on to say.

InsurTech: the way forward

Globally funding in InsurTechs have grown seven-fold over the last five years. As a matter of fact, last year alone saw the emergence of 22 unicorns among InsurTechs. India's digital push is evident in the development of several InsurTech platforms. A BCG and India InsurTech Association (IIA) report indicates that InsurTech funding in India went up from \$ 290 million in 2020 to \$800-900 million in 2021.

“The National Investment Promotion and Facilitation Agency of the government of India has estimated the online individual insurance market opportunity to grow from \$365 million in FY2020 to more than \$1.25 billion by FY2025. All these figures indicate a significant growth opportunity for General Insurers (GI),” says Jain.

InsurTech definitely provides a growth opportunity for the insurance market. These platforms will drive enhanced customer experience, personalisation and innovation. “Each customer is unique and hence, personalised journeys and offerings must be provided to the customers. Machine learning algorithms at each stage, right from on boarding to renewal, will enable the insurers to achieve customer delight and a seamless buy journey,” believes Bhatwal. **BW**