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Coronavirus impact: Now pay health insurance premium in EMIs

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Aprajita Sharma

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In a big relief to policyholders dealing with cash crunch due to coronavirus-induced challenges, insurance regulator IRDA has directed health insurance companies to allow policyholders to pay their premium in instalments. So, if your policy is due for renewal up to March 31, 2021, you can make the payments on a monthly, quarterly or half-yearly basis.

According to IRDA, the insurers will notify policyholders about applicable conditions and consent will be obtained.

"Our customers shall be able to opt and use this facility of paying health insurance premium in instalments very soon as system integration is in the advanced stage," informs Gurdeep Singh Batra, Head- Retail Underwriting, Bajaj Allianz General Insurance.

Star Health and Allied Insurance says it already has some products where it allows instalment payments. "Considering the latest move, we will expose more of our best-selling products to the instalment payments mode," says Anand Roy, MD, Star Health and Allied Insurance.

Subrata Mondal, Executive Vice President, IFFCO-Tokio General Insurance, meanwhile, informs that the feature has already been implemented in Arogya Sanjeevani, the

standardised health insurance plan launched by IFFCO Tokio and will be extended to all other health insurance products at the earliest.

Notably, insurance regulator had already notified insurers last year to offer instalment facility from October 1, 2020, among other modifications. However, with COVID-19 - linked challenges, the option of payment in instalments is being made active on an immediate basis.

"This will prove to be an affordable option for customers and encourage more people to get themselves insured. Health insurance organisations need to enhance their technology capabilities to be able to enable this," says Prasun Sikdar, MD and CEO, ManipalCigna Health Insurance.

Note that the recent guidelines also say that insurers can either offer this as a permanent facility or as a temporary relief for the period of 12 months, that is, one policy year.

"One should keep in mind that the tenure of instalment, be it one year or forever, will depend on the insurance company and the monthly mode payment would also be subject to the IT preparedness at the insurer's end," points out Amit Chhabra, Health business head, Policybazaar.com.

Naval Goel, CEO & Founder, PolicyX.com says the move will serve as a retention tool for insurance companies. "A lot of people who would otherwise lose their policies to save money will now rethink. This move has put pressure on health insurance companies from an operations perspective but makes things quite easier for customers," says Goel.