

MEDICAL EXPENSES

'35% rise in demand for high value health policies'

'Due to Covid, awareness of policies with Rs 1 crore cover, has picked up in the last one year'.

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With the sharp rise in medical expenses in the last one year, insurance sector experts have witnessed a surge of 35% in demand for high sum-insured health policies. According to industry experts, this penetration of high sum-insured policies clearly shows how awareness of such policies with Rs 1 crore cover, has picked up in the last one year.

According to data shared by Policybazaar.com, in the first three months into

2021, the average share of high sum-insured policies stands at 12.5% as against 9% during the same period in 2020.

Amit Chhabra, Head-Health Insurance, Policybazaar.com, told *The Sunday Guardian*, "Today, medical costs are rising, and the Covid has expedited this process. If you don't have adequate coverage at this time of health crisis, you will have to spend it from your pocket. Technically, in the health insurance industry, people normally had coverage of Rs 5-10 lakh of sum insured. Now, the problem is that it will never be

enough if something major happens."

According to Chhabra, high-sum insurance health insurance policies are not costly. The premium prices maybe some 15-20% more than the Rs 10 lakh sum insured plans, he said. "This will give you 20 times sum insured than the Rs 10 lakh sum insured plan would provide you."

According to data, in June 2020, the share of high sum-insured policies went up to 35% from 15% in May due to Covid-19 fear and rising hospitalization costs. This has created the demand for high sum-insured

health insurance policies. According to the data, the age group between 30 and 40 holds the highest share, i.e. 55%, in opting for the high sum insured policies. Out of this 55%, 13% of customers have pre-existing diseases and 87% of people have co-morbidities.

Gurdeep Singh Batra, Head- Retail Underwriting, Bajaj Allianz General Insurance, told *The Sunday Guardian*, "Traditional health insurance policies of Rs 2 lakh or Rs 5 lakh do not help these days. There are two reasons: one, inflation in medical costs; and two, inflation post-Covid pe-

riod. Because of Covid, the cost of undergoing medical treatment has increased exponentially. Post-Covid expenses have increased as the patient has to take necessary care of himself/herself and the cost of medicines during the post-Covid stage has also increased. Basically, the medical precaution cost is going up."

"Moreover, because of our lifestyle, most of the people have co-morbidities. And this has increased the demand for high-sum health insurance policies and better coverage of health. People who had co-morbidities had no other option than to

get hospitalized, and medical expenses would shoot up. Hence, we have to look into higher medical expense and higher insurance policies," he said.

Talking about future prospects of the health insurance sector, Batra told *The Sunday Guardian*, "The health insurance sector will definitely grow in the coming days. There are two reasons: one, there is an increase in sensitization on the requirement of health insurance due to Covid; two, Covid leaves an impact on your health. So, in order to cover from uncertainty, health insurance is needed."