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Group health policies see rise in premiums in renewal cycle

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Group health insurance policies up for renewal in the current renewal cycle saw price correction, where insurers revised their premiums upwards. While in some cases premiums went up 15-18 per cent, others saw a marginal increase of 5 per cent, with the median increase being 10 per cent, said insurers and brokers.

Medical inflation, losses incurred due to Covid claims, and inclusion of modern treatment have weighed on group health insurance premiums. The impact of Covid claims on prices has been somewhat lower this year, said insurers. This is in stark contrast to last year, when they factored in the Covid claims received in the underwriting and increased prices accordingly.

Insurers have paid ₹25,000 crore of Covid-related health claims in the two years of the pandemic, according to the General Insurance Council (GIC). The incurred claims ratio of private sector general insurers and standalone health insurers jumped by over 5 per cent and 10 per cent, respectively, in 2020-21, compared to the year-ago period, illustrating the impact of Covid on health claims, revealed the data shared by the insurance regulator in its annual report.

A group health insurance plan covers



people who work in the same organisation, the premium for which is borne by the employer. Coverage under such policies can be extended to family members of the employees in some cases.

“Group health insurance is seeing between 5 per cent and 60 per cent increase in premiums, with a median increase of 10 per cent. The main reason behind this is medical inflation, losses the insurers made last year due to the second wave, and demand from organisations to cover modern treatments,” said Abhishek Poddar, co-founder and chief executive officer, Plum — an employee health insurance platform providing health benefits to corporations.

“In the first year of the pandemic, we

saw a spike due to Covid-related health claims. In the subsequent year, the price was more or less adjusted for pandemic-related claims paid. This year, the pandemic claims are being discounted for determining group health policy premiums,” said Bhaskar Nerurkar, head-health administration team, Bajaj Allianz General Insurance.

Marsh India, a composite insurance broker registered with the insurance regulator, has seen group medical premiums increase 15-18 per cent in the current renewal season. “Rising insurance claims could potentially lead to higher premiums, tighter underwriting practices, or policy exclusions,” said Prawal Kalita, Mercer Marsh benefits leader, Marsh India.