

## [COVID-19: The Changing Landscape of insurance in Employee Benefits](#)

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The pandemic has forced India Inc to realise that employee benefits can be life-changing for their workforce. Fall in productivity and retention, increased absenteeism, and declining mental health are some of the issues that a well-designed employee benefits programme can help circumvent.

Organisations have therefore re-evaluated their employee benefit policies post pandemic to ensure they are effective and rightfully cater to the needs of their employees.

While employee benefits were once considered a perk, over a year after pandemic, they are a critical factor to attract and retain talent.

Another emerging trend is that organizations that did not look at employee benefits previously, including ones with a handful of employees, are also looking at extending Medical Insurance or Term Life Insurance to their employees. Also, because the guidelines issued by the Ministry of Home Affairs make it mandatory for industrial and commercial establishment to provide medical insurance to their workforce.

“Post COVID-19, we have observed two clear trends in the buying habits as far as employee benefits are concerned. Organizations which already have employee benefits policy are re-evaluating the cover in terms of adequacy of sum insured and benefits. In addition to this, we have seen many SME’s and smaller commercial set ups looking at group health coverage for the very first time,” says Subramanyam Brahmajosyula, Head- Product Development, SBI General Insurance.

Companies are refocusing their budgets towards health and life insurance covers for employees.

The non-medical engagement spends are now being diverted towards ensuring adequate life and medical cover for employees.

Healthcare has become an intrinsic part of their benefits policy, from ensuring an adequate financial umbrella in case of a medical emergency to personalizing wellness offering.

### **Wider coverage for family members**

Covid was an unprecedented risk that organisations had not anticipated, which had a huge impact not only on revenues, operations but the manpower they employed. They had to deal with absenteeism if the employee was not keeping well or taking care of family members. Organisations that did not have an adequate health cover for their employees had to indemnify or leave it to the employees to figure it out on their own.

“The impact is felt most acutely during retention. While larger companies are significantly increasing the insurance benefits, early stage start-ups are finding it hard to get people to switch. While Covid continues to put elder citizens at disproportionate risk, companies which offer insurance coverage for parents, have a well-deserved advantage in the talent market,” said Saransh Garg, Founder, Nova Benefits.

Dr. S Prakash, MD, Star Health insurance said there has been a definite shift in employee expectations post the pandemic and it has catalysed a change in the way organisations work. Most companies have taken a call to enhance the limit of their existing covers and cover more family members. He also said that at Star Health they have enhanced the term life insurance limits and started covering more family members in the existing health insurance coverage being offered to employees.

Prakash from Star Health added that most health insurance covers primarily covered spouse and children but now there is a demand to also cover parents and in-laws.

### **Opting for Covid specific and top-up covers over existing group health insurance**

While majority of large corporates are continuing with their existing comprehensive health plan that includes cover against Covid-19, with a few tweaks in coverages, there are also organizations that are going for top-up covers over the base policy.

T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance, says they have seen an increase in demand for higher sum insured, top-up benefits, parental covers and extended coverage for dependents of deceased employees.

“Except for a few corporates there is no major change in the average health insurance cover for employees. Mainly corporates have increased their corporate floater sum insured for their policies and/or have offered top up plans to their employees,” said Sanjay Datta, Chief Underwriting, Claims and Reinsurance, ICICI Lombard General Insurance.

There are a few companies or first-time buyers especially SMEs who are considering a separate corona specific policy in addition to the health insurance offering for their employees.

They are considering this option so that Covid related claims do not adversely affect the claim ratio of their existing group health insurance cover which may lead to a significant rise in premium during the renewal.

Vivek Chaturvedi, CMO, Digit Insurance says, "Standalone COVID products in conjunction with comprehensive cover makes sense."

Perceptually, a COVID only cover with lesser premium may seem to make more sense but largely organizations choose the comprehensive cover first and then add a Covid specific cover, he says.

"But for industries such as media houses who may have shifting employees, transient in nature, like production unit workers, benefit out of specific illness covers alone with limited time period," he adds

#### **Increase in demand for group term life insurance**

The industry has also seen a renewed interest in Group Term Life Insurance, given the unfortunate loss of lives in huge numbers, looking at offering this protection to the employees. Employers relooked at their existing covers and requested providers for a mid-term increase in Sum Insured for its employees, esp after the second wave.

"We are receiving enquiries every day on group term life insurance from those who never thought about it, but the problem is, insurance industry is limited with their capital and the industry has seen maximum payouts in claims in the last 1.5 years," said T L Arunachalam, Director and Head – Cyber & Emerging Risks Practice from Bharat Re.

"So there is a huge rush to buy a group term life, but I don't see capacity available and the underwriting has become strict."

Saransh Garg from Nova adds, "At the peak of the 2nd wave, there was an unofficial moratorium on issuing Group Term Life Insurance- it was nearly impossible to find any insurer willing to provide such policies. The situation is much better now."

There is now also increased focus on employee wellness with initiatives such as 24X7 doctor-on-call, fitness engagement programs etc. and most importantly initiating mental health counseling to help employees cope up with after effects of the pandemic.