

# Covid claims in first five months of FY22 exceed FY21 full-year numbers

Demand for health cover soars

## DATA FOCUS

### SURABHI

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Covid related health claims in the first five months of the current fiscal have already topped similar claims in the full fiscal of 2020-21 and non-life insurers are remaining watchful on the impact of a possible third wave. The only silver lining is the sustained demand for health cover that has boosted growth for the industry.

According to general insurance industry data, as many as 23,64,957 Covid claims were reported on a cumulative basis by August 18, amounting to ₹29,949.9 crore. Of these, 19,66,595 claims worth ₹18,325.4 crore have been settled.

### Wait-and-watch mode

Bhaskar Nerurkar, Head, Health Claims, Bajaj Allianz General Insurance, said, "By July this year, Covid related claims had touched 127 per cent of last year's claims. Overall health claims are certainly increasing, but our focus is to be there for our customers in times of need. Covid related claims have now come down and claims are now regarding pre-planned surgeries and other procedures. Industry is on a wait and watch mode, but no one can predict if and when a third wave will happen."

Insurers say that even as Covid related claims have come down in recent months, medical claims for routine surgeries and hospitalisation are now picking up.

"In some cases, there is also a lag in reporting due to the lockdowns and we are now getting claims for procedures

like dialysis," said another insurer. Many insurers have reported losses in the first quarter of the fiscal and have warned that a third wave could further put pressure on their already elevated combined ratios.

"The heightened loss ratios and in turn lower solvency for India's health insurers in the fourth quarter of 2020-21 and first quarter of 2021-22 are expected to normalise gradually with reduction in Covid cases and increased vaccinations (assuming there are no recurring Covid waves)," ICICI Securities said in a recent report.

### Near-term pressure

A report by CARE Ratings also noted that the sector is expected to witness pressure in near term profitability given that no increase in the motor TP premium has been announced and Covid claims are persisting and net incurred health insurance claims have jumped more than 1.5 times in the first quarter this fiscal versus a year ago.

A number of insurers are also looking at raising prices for health products to meet the losses.

Meanwhile, the health segment grew 34.2 per cent between April and July this year, which is much higher than 9.9 per cent a year ago, when a large part of the period was under a lockdown.

"Health insurance premiums have been the main drivers of the non-life insurance industry since the commencement of the Covid-19 pandemic," CARE Ratings said.

While general insurers grew 12.9 per cent on a year on year basis between April and July, standalone health insurers reported a 46.1 per cent growth in premium in the same period on an annual basis.

## Covid related claims for non-life insurers

Reported claim number	Reported claims amount (₹ cr)	Settled claims number	Settled claims amount (₹ cr)		
23,64,957	29,949.9	19,66,595	18,325.4		
Status death	43,596	Status under-treatment	4,69,996	Status discharged	18,51,365

Status as on August 18, 2021

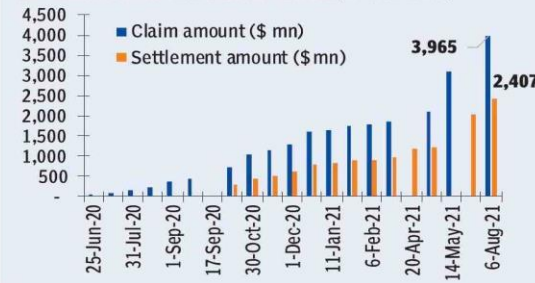
## Insurers see pressure on margins

Insurer	Loss ratio (total losses to total premium)		Solvency ratio (available assets over liabilities)		Combined ratio (total losses and expenses to total premium)	
	Q1 FY21	Q1 FY22	Q1 FY21	Q1 FY22	Q1 FY21	Q1 FY22
Bajaj Allianz GI (Health)	60	111	2.8	3.4	98	103
ICICI GI (Health)	75	153	2.5	2.8	100	121
HDFC Ergo (Health)	58	148	2	1.7	104	125
Star Health	51.1	91	2	1.7	84	121
CARE	53.8	104.2	2.6	1.8	92	140
Max Bupa	51.2	87	1.7	1.7	100	130
New India Assurance (total)			2.11	2	102.14	113.96

## Cumulative Covid claims trend (in terms of numbers)



## Cumulative Covid claims trend (in value terms)



Source: GIC data; ICICI Securities, public disclosures