

# WITH AVERAGE CLAIM SIZE OF ₹50,000, MUMBAIKARS ARE INADEQUATELY COVERED

Though awareness and understanding of health insurance is better in the city, covers may prove inadequate due to high hospitalisation costs, says **Khyati Dharamsi**

**M**umbai is the land that has been plagued with floods, fire accidents, road mishaps, old home collapses and thefts and has witnessed terrorist attacks of high order. Indian Mercantile Insurance, the first company to transact all general insurance business, spread its roots in the city in 1907. Today, there are 14 such companies holding prime Mumbai office space. No wonder then that Mumbai demonstrates a better understanding of health insurance with 66% Mumbaikars aware of the distinction between life and health insurance, as per the Max Bupa Health Insurance Pulse 2015.

But are Mumbaikars protected enough? As per the National Family Health Survey, Mumbai has 6,74,339 households but only 80,920 households have health insurance.

Escalating health care costs prompt many to purchase health insurance in Mumbai. Health insurance protection would also have resulted from the fact that many in Mumbai have long working hours, which come in their way of taking small health initiatives such as walking, exercising or following a balanced diet.

Being digitally savvy, Mumbaikars rank high in terms of online policy purchases. "The highest number of people who buy covers online are from NCR. However, Mumbai comes a close second in terms of the number of visitors to the company's site as well as the number of people availing our



Nearly 50% of those with health insurance face exhausting the cover

policies online," says Sourabh Chatterjee, head - IT, web sales and digital marketing, Bajaj Allianz General Insurance.

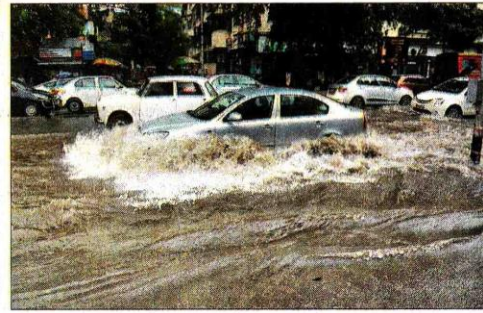
The Max Bupa survey also reveals that 80% of health insurance owners in Mumbai consider themselves to be adequately protected. But they are misguided, say experts. "Nearly 50% of those with health insurance have a 10% likelihood of exhausting their sum insured," says Antony Jacob, CEO Apollo Munich Health Insurance. This is in spite of the fact that the percentage of high sum insured policies is higher in the Mumbai as compared to other regions because of the high healthcare costs in Mumbai.

Even though the city is the financial capital of India and lakhs in the organised

workforce have corporate group insurance covers, they would be forced to shell out money from their pockets. "Most of the corporate companies offer a cover which is just Rs 2 lakh or Rs 3 lakh. When a bypass could cost you around Rs 4 to 5 lakh and cancer can set you back by around Rs 5 to 7 lakh, the coverage of Rs 2 to 3 lakh is not effective," divulges Sudhir Sarnobat, director of Medimanage Insurance Broking.

The average treatment cost in Mumbai is far higher as compared to the rest of the country, says Bajaj Allianz General Insurance, adding that the average claim size is Rs 50,000 to and Rs 54,000 per disease.

"Co-pay is on the rise, especially for the parental members in the range of 10-20%



Floods, fire accidents, road mishaps highlight the need for insurance

and looks unlikely of being abolished. Rather, in the next 5 to 7 years, parental cover would either be removed from company-sponsored plan or would be 100% paid by employees," points out Sarnobat.

But the aged aren't the only ones to face health insurance claims in the city: "50% of the overall health claims in Mumbai in the last two years have been from the age group 0-35 years," reveals Abhijeet Ghosh, head, health administration team, Bajaj Allianz General Insurance.

What should be the adequate cover? "With even an optimistic 5% inflation rate, your Rs 5 lakh cover today is going to look like a Rs 1.8 lakh cover in 20 years. To maintain the same level of coverage after 20

years, you need to buy a cover of Rs 13.25 lakh today," suggests Sarnobat. The best way to optimise premium outgo is to buy a basic Rs 7-10 lakh cover and then buy a Rs 20 lakh top-up cover.

Policies with a restoration benefit that reinstates the sum insured if it gets exhausted during a policy year, without paying an extra premium, can be considered says Jacob of Apollo Munich.

Mumbai also ranks high on the charts of car purchases. Floods and water-logging are rampant during monsoons, making car insurance a necessity. "It may cost anywhere between Rs 50,000 and Rs 80,000 or more for repairs in case of engine damage," says Vijay Kumar, president, Motor Insurance, Bajaj Allianz General Insurance.

Floods have also damaged houses in the past. According to reports by Ficci and Swiss Re, in the floods of 2005, though the economic losses were worth Rs 17,000 crore, the insured losses were just worth Rs 4,000 crore. Hence, Mumbaikars who avail home insurance prefer to retain the inbuilt covers against storms as well as flooding and inundation, though they have a choice to delete them, points out an insurance company.

"Most of the claims received for home insurance from Mumbai region are pertaining to flooding and inundation. Other common claims include those for accidental damage or theft of contents," says Sasikumar Adidamu, chief technical officer, non-motor, Bajaj Allianz General Insurance.