

Pandemic pushes sales of 1 crore health covers

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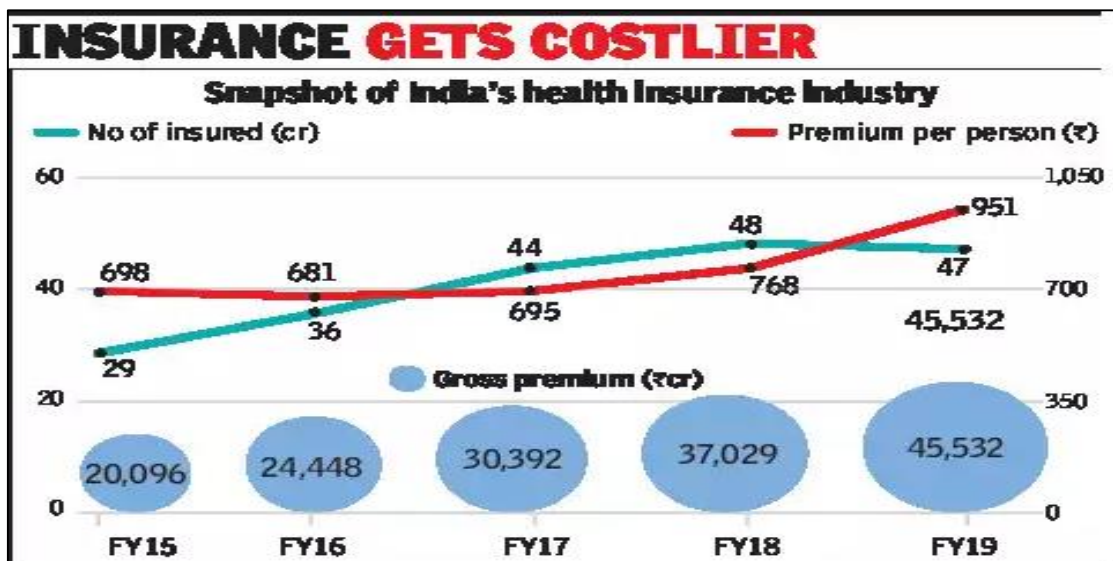
Rachel Chitra | TNN | December 23, 2020, 09:54 IST



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“There has been high claims experience from the Rs 1-25 lakh segment. So premium rates shot up 50-100% there. And since the Rs 25 lakh -1 crore segment is fairly new, premium rates are low — an indirect benefit of cross-subsidy,” said Biresh Giri, appointed actuary and CRO, Acko Insurance.

Insurers say the concept of Rs 1 crore insurance covers first started with the life insurance industry, and it is a new pandemic-induced trend for the health insurance industry. Roughly, a family of three — a couple and a child — would have to pay Rs 25,000- 35,000 for a sum insured of Rs 25 lakh-1 crore, and an individual might be able to pay as low as Rs 18,000 yearly. A fact insurers are capturing by advertising: “If you are paying Rs 500-700 for your mobile bill, why not shell out the same for a health policy?”



The premiums for the high-sum insured policies are only 10-15% more in some age groups than the Rs 1-25 lakh bracket, making them affordable and attractive. Growing demand has led to introduction of more such products and new sales or migration to such policies.

Insurers says this segment is now its highest growth area. At ICICI Lombard, for instance, the insurer had seen 10-15% growth in the up to Rs 25 lakh segment, and more than 50% growth in the Rs 25-50 lakh segment. “The growth of Rs 25 lakh-1 crore is far higher than the Rs 1-25 lakh segment. There are also many in the Rs 1-25 lakh segment migrating to higher brackets on renewal,” said Gurdeep Singh Batra, head retail underwriting, Bajaj Allianz General Insurance.

“We are seeing two types of customers — high net worth individuals (HNIs) wanting individual covers and salaried professionals wanting super-top policies that are family floaters,” added Batra.

Insurance marketplace Policybazaar said that from forming less than 1% of sales in 2019, this category now accounts for 35% of sales (as of November 2020). “We have noticed that the age group of 30-40 holds the highest share in buying the high-sum insured policies, that is, 52% of total customers. Out of this, only 13% have pre-existing diseases & 87% without any pre-existing disease,” said Amit Chhabra, business head health, Policybazaar.com.