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# Covid-19 impact: Health policies see increased demand for higher sum assured

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The Covid-19 pandemic and the rising costs of medical treatments seem to be pushing people to opt for a higher sum assured under health insurance. Insurance companies have been witnessing a surge in the number of people opting for higher sum assured or going in for top-up policies over their existing cover.

The average sum assured under the indemnity policy, which was usually in the range of ₹2-3 lakh, has now increased to ₹5-7 lakh, with a fair share of people also opting for sum assured of ₹10 lakh and above.

According to S Prakash, Managing Director, Star Health and Allied Insurance, there has been a general trend towards a rise in average sum assured, and the insurance industry has also been trying to push



Advancements in medical treatment pushed up costs

policies with a higher sum assured to meet the rising medical expenses.

“Modern advancements in treatment and corporatisation of hospitals have pushed up costs. So we are seeing a greater percentage of people upgrading to or buying policies with a higher sum assured,” Prakash told *BusinessLine*.

Star Health has seen the sale of higher sum insured policies

(above ₹5 lakh) almost double this year over last year.

## Cost effective

Insurance marketplace Policybazaar.com, has seen nearly 66 per cent of its total business moving towards higher sum insured of ₹25 lakh and above. There has been a greater demand for health insurance policies of ₹25 lakh, ₹30 lakh, ₹50 lakh as well as ₹1 crore, said Amit Chhabra, Head, Health Insurance, Policybazaar.com.

“Higher sum assured is very cost effective for a customer. Say for instance for a ₹1-crore policy, a customer has to pay a monthly premium of around ₹1,500 (₹18,000 a year),” he said.

Bajaj Allianz General Insurance has seen close to 10-15 per cent of its indemnity customers opting for higher sum insured. This apart, it has also wit-

nessed a spike in sale of super top-ups which is bought on top of a normal mediclaim, said TA Ramalingam, Chief Technical Officer.

## Sustainable trend

Treatments for cardiac trouble, cancer and certain transplantation can entail a very high cost. As awareness about modern medical techniques and its convenience and safety increases, the need for a higher sum insured will also go up, Prakash pointed out.

“This is a very highly sustainable and scalable trend. The modern medical approach brings with it safety, comfort and a better outcome; however, the cost of treatment could be huge. This is likely to encourage both customers and insurance companies to push higher sum insured,” he said.