

# Hike In Health Insurance Premium A Double Whammy For Elderly

## Many Opt For Policy Renewals Fearing Pandemic

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**A**t a time when the country is battling the Covid-19 pandemic, the hike in health insurance premiums has hit the elderly, seen as one of the most vulnerable segments, the hardest.

While the premium hike has affected all customers across the board, it's policy buyers in their 60's that are feeling the biggest pinch as many of them have been paying premiums for nearly 10-15 years without making a single claim and now when they really need health cover, premiums have shot through the roof, said insurance brokers.

"There must be some rationalisation in premium for long-standing customers," said CV Ramana Reddy, MD of Hyderabad-based Helios Insurance Broking Services.

He pointed out that in the last one-year-and-a-half, many insurance companies have hiked health insurance premiums for elderly multiple times and there was also a hike of around 5% across the board in the last two months, which was approved by the regulator. In India, young people tend to avoid opting for insurance and it is only in their middle-age that a majority of people start buying health cover. It is this kind of a situation that forces insurance companies to hike premiums substantially for the elderly, Reddy explained.

Recently, insurance regulator, Insurance Regulatory and Development Authority (IRDAI) clarified that only five products were allowed to hike premium upwards of 5%.

It said that out of 388 products, pre-

miums were increased by general and health insurers up to 5% of the then prevailing rates only in case of 55 products.

Amit Chhabra, health, business head, Policybazaar.com, pointed out that many PSU banks, who sell group policy to their customers along with their insurance partners, have also hiked premium prices and the pricing of these policies is not as closely regulated, as compared to retail policies. He also indicated that many elderly people would have been impacted by the rise in premium because they tend to buy products via banks.

While multiple brokers confirmed that elderly are opting for policy renewals despite the hike in premium due to the fear of the pandemic, they expect insurance renewals in this segment to come under pressure in the coming years.

Insurance Brokers Association of India president Sumit Shantilal Bohra said the hike in premium for the elderly is unwarranted.

"The issue is that group mediclaim policies, which are generally a loss-making proposition for almost all insurance companies, are being subsidised by individual policies. As a result, senior citizens are bearing the brunt," he explained.



### 'OPT FOR INSURANCE AT EARLY AGE'

● In other countries, a large pool of young people opting for insurance cross subsidise the higher cost of claims made by senior citizens

● But in India, it is only in their middle-age that a majority of people start buying health cover

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● Abnormal hike in premiums is mainly because of the high charges levied by hosps  
—MN Sarma | SECRETARY GENERAL, GENERAL INSURANCE COUNCIL

● It is advisable that people opt for health insurance between 25-35 years, so that the health conditions that they develop later in life can also be covered without having much of an impact on their premium. Bonus they accumulate can give them higher sum insured but at lower or same rates

—Gurdeep Singh Batra | HEAD, RETAIL UNDERWRITING, BAJAJ ALLIANZ GENERAL INSURANCE