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Budget a big boost to health insurance: Industry

Mumbai, Feb 1 The insurance industry has welcomed the Budget saying the proposals for a national safety net for the poor in particular and the health insurance sector in particular will act as a catalyst to increase health insurance penetration.

Extending the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) is a positive move to bring more people into the insurance ambit, they said.

"The announcement to provide micro insurance and pension schemes to Jan Dhan Yojana accounts is very positive," New India Assurance chairman G Srinivasan said.

In the Budget, Finance Minister Arun Jaitley said government will launch a flagship National Health Protection Scheme to cover over 10 crore poor and vulnerable families of around 50 crore people providing coverage up to Rs 5 lakh per family a year for secondary and tertiary care hospitalisation.

He also reiterated that the proposed National Health Protection Scheme is a great move to bring health insurance to almost 40 per cent of the population and is move towards universal health insurance.

"The scheme is significant as it provides Rs 5 lakh cover to the family for secondary and tertiary treatments," Srinivasan added.

ICICI Lombard General Insurance MD Bhargav Dasgupta also lapped up the move to provide Rs 5 lakh cover per annum to per family as a significant step forward from the mass healthcare schemes launched in the past.

"It will provide a reasonably adequate cover to nearly 40 per cent of the population. While we await the details, we believe this step will act as a catalyst in increasing health insurance penetration," he added.

Cigna TTK Health managing director Sandeep Patel said the focus on health and wellness indicates that government is driving a robust health and well-being ecosystem.

The proposed deduction under Section 80D, which includes amount paid towards health insurance premium for covering senior citizens (60 years and above) has been increased from existing limit of Rs 30,000 to Rs 50,000 is a positive step and would help increase penetration of health insurance, he said.

"It would have positive impact on the health insurance companies. However, the existing limit of Rs 20,000 for citizens under 60 has not been revised, which if done would have further helped citizens, as a large young population are under 60," Patel added.

Bajaj Allianz General managing director Tapan Singhel said with this announcement India, like countries which provide higher health insurance cover for their citizens, will also have people with higher life expectancy.

"As an insurer we will deliver exceptionally good services and facilities for people who are covered and make it a great success," he added.

Institute of Actuaries of India executive director Dinesh Chandra Khansili said, "in listing of general insurers expects a bigger role of actuaries and other actuarial personnel keeping in view the regulatory and other professional standards."

The proposal to merge the non-listed state-run general insurers and get the merged entity listed would help economies of scale ultimately helping end customers who look forward to more access and belief to insurance as India has less than 3 per cent penetration, he added.

SBI General managing director Pushan Mahapatra said the plan to merge the three PSU general insurers and get the merged entity listed will lead to improved operational efficiencies, adoption of suitable risks-based pricing model and ensuring sustained growth, will positively impact both the sector and customer in the long-term.

The three entities are United India Insurance, New India Assurance and Oriental Insurance.

Further, he said, this would encourage domestic and foreign investors to positively review their investment decision in the sector.

The impact of the merger and listing, on the end consumers, would be visible only 5–6 quarters as the merger process is long, he added.