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Critical illness covers get innovative

Recognising the need for specialised coverage for critical illnesses, Indian insurers now offer policies with different coverage options that cater to the diverse needs of individuals and the evolving healthcare landscape. **Bajaj Allianz GIC's Mr Bhaskar Nerurkar** speaks about what insurers can do to make the critical illness cover more appealing and more effective.

By Aneop Khanna

Critical illnesses (CI) account for 60% of deaths in India according to the Global Burden of Disease Study. Lifestyle, diet, global warming and climate change also increase the probability of critical illness. Treatments to cure CI are usually lengthy and expensive making it unaffordable for an average Indian family.

Also, post pandemic, there has been a shift in the mindset of individuals about the awareness of health and health insurance as a whole. More people have started recognising the need for additional coverage beyond basic health insurance. This growing awareness has increased the demand for comprehensive and specialised insurance products.

CI and health insurance

Speaking to *Asia Insurance Review*, Bajaj Allianz General Insurance head of health administration team Bhaskar Nerurkar said, "With the increased frequency of CI, cost of hospitalisation, and cost of care also

influence the decision to take covers like CI insurance, which extends coverage beyond the regular health insurance plans and provides one with lump sum benefits to manage the circumstances CI creates."

Mr Nerurkar said, "Individuals now seek additional protection beyond standard health insurance to cover the substantial costs of CI. Insurance companies in India provide CI insurance as standalone policies or as riders/add-ons to existing health/life insurance plans."

He said another trend is offering CI policies with longer durations. Insurers are providing coverage beyond the traditional one-year term, allowing individuals to secure protection for an extended period. Insurers also acknowledge the impact of CI on mental health and there has been a significant focus on including and providing mental health coverages.

Ageing populations

Mr Nerurkar said, "Though age does increase the probability of

illnesses, there doesn't seem to be a direct correlation between age and CI. It is not only related to age, but a multiplicity of factors such as changing lifestyles, dietary patterns and climate all lead to increased frequency of CI."

He said, "Insurers must bring product innovation and adapt their product offerings to address the changing demographics. This could involve offering coverage for a broader range of health conditions or adjusting premiums to accommodate the needs of seniors, all the while ensuring the sustainability of the product they are offering."

Mr Nerurkar said, "Hence, insurers must keep a keen eye on and monitor the healthcare trends, especially in senior care. Understanding and incorporating these trends into insurance offerings can significantly enhance the coverage provided, effectively meeting the healthcare needs of an ageing population."

Buyers of CI covers

CI coverage is often opted for by

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individuals looking for additional financial protection beyond what is provided by their standard health insurance policy, as they understand the potential financial strain it can bring.

According to a study the proportion of customers, who bought health insurance with coverage for pre-existing diseases nearly doubled to 32% in the period January-March 2023 from 17% in the same quarter in 2022.

Mr Nerurkar said, "Individuals, typically in their mid-30s to 50s, are often more likely to purchase CI coverage, as they may have dependents, such as children or spouses, and the financial impact of a critical illness during this life stage can be substantial.

"Also, people with a family history of specific critical illnesses may be more aware of the potential genetic predisposition and may prioritise purchasing coverage to mitigate the financial risks associated with such conditions. People who are health-conscious and actively manage their wellbeing may still opt for CI coverage as a precautionary measure."

He said, "CIs are unpredictable and with medical advancements and

good critical care, survival chances are very high but may require long-term care; hence, the financial safety net provided by these covers will come in handy."

Value addition and usage of technology

Insurers often add additional services to their CI offerings to enhance the value proposition for policyholders. The services can include various aspects such as health and wellness programmes, counselling and mental health support, second medical opinion services, rehabilitation services, financial planning assistance and home healthcare services.

Mr Nerurkar said, "These additional services will help address various aspects of the policyholder's wellbeing during and after a critical illness diagnosis. The goal is to provide holistic and comprehensive support, promoting the wellbeing of the individuals, that goes beyond just financial coverage. These additional services, not only complement the financial well-being but also focus on preventive healthcare."

He said, "As technology advances, these services may evolve to become even more personalised and customisable. With AI taking

the world by storm, AI-driven health monitoring and customised healthcare plans based on genetic profiling may be the next big thing in the healthcare ecosystem."

Additionally, insurers may leverage data analytics to provide personalised health recommendations based on an individual's health history, lifestyle and genetic factors. Integration with wearable devices could enable real-time health monitoring, allowing insurers to offer timely interventions and support. Furthermore, investing in comprehensive digital health platforms that integrate various services, will be the talk of the town, making it easier for policyholders to access and manage their health and wellness.

Mr Nerurkar said, "The evolving landscape of healthcare technology and increased focus on preventive care may drive insurers to continually enhance and expand the range of services offered with critical illness coverage. This will provide holistic support to policyholders, addressing their physical and emotional well-being throughout the critical illness."

What more can insurers do?

Mr Nerurkar said, "Insurers should extensively engage with communities to increase reach and accessibility to every household in the country. As the concept and acceptance of insurance as a financial tool increases, the relevance of insurance coverages like CI covers will also increase."

He said, "Insurers need to come up with customer-centric products, that are affordable and accessible to cater to a broader segment of the population. Innovation in product design by introducing hybrid policies that combine CI coverages with other types of insurance, such as disability insurance, can help create a comprehensive solution that meets multiple needs."

Fostering awareness, taking a customer-centric approach, staying innovative, effectively addressing the evolving health needs, and adapting to the challenges, along with a commitment to improving the overall well-being of individuals, will ensure to long-term success. ■

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