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Irdai removes ₹5-lakh cap on standard policy

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Mumbai, 7 July

You can now buy a cover of more than ₹5 lakh under Arogya Sanjeevani, the standard health insurance policy, with the regulator removing the cap on maximum sum insured.

The Insurance Regulatory and Development Authority of India (Irdai) has also removed the mandate on minimum sum insured of ₹1 lakh under the policy, allowing customers to buy a basic cover of ₹50,000.

In January, Irdai had mandated all general and health insurers to offer a standardised health cover with minimum sum insured of ₹1 lakh and maximum ₹5 lakh.

"To further facilitate the general public, insurers are hereby allowed to offer minimum sum

insured less than ₹1 lakh and maximum sum insured greater than ₹5 lakh, subject to the underwriting policy of the insurers. The sum insured options shall be offered in the multiples of ₹50,000 only," the insurance regulator said.

Greater demand

Tapan Singhel, Managing Director & CEO at Bajaj Allianz General Insurance, said the move will give customers the flexibility to choose the kind of cover they want and generate demand for the policy.

"This move will allow insurers to offer a wide range of sum insured, starting from ₹50,000 and not limited to ₹5 lakh. Moreover, since it's 'use and file', the change will be implemented sooner."

The cap of ₹5 lakh was a



problem for many customers, said Amit Chhabra, business head — health insurance, Policybazaar.com.

The mandatory 5 per cent co-payment and a cap on room rent are the other issues that customers have highlighted, said Chhabra.

While Arogya Sanjeevani

was intended to penetrate the uninsured section of society, the response for the product has not been encouraging so far, say experts.

"The revised sum insured limits will help attract several new customer segments," said Subrata Mondal, executive vice-president at IFFCO-Tokio

General Insurance.

"It is also in line with the intent of making Arogya Sanjeevani policy available to a large section of the population, thereby, increasing insurance penetration in the country. It is seen that since the health care costs are lower in smaller towns, people in these areas can avail of

- Launched in April, Arogya Sanjeevani is a standard cover with common policy wording
- Earlier, you could insure minimum ₹1 lakh and maximum ₹5 lakh under it
- Now, minimum is ₹50,000 and no limit for maximum sum insured
- Move likely to generate more demand for product
- Room rent and 5% co-payment are other issues customers have pointed out
- Maximum sum insured will depend on insurers

the policy at the lower sum insured limit."

Maximum cover

In removing the ₹5 lakh cap, the regulator has left it on insurers to take a call on the maximum sum insured.

Sanjay Datta, chief - underwriting & claims, ICICI Lombard General Insurance, said, "It will depend on the insurance companies (maximum sum insured)... Insurers also have their own products, so we have to see how it complements our own product and where do we position the standard product along with our own policies."

Arogya Sanjeevani is an indemnity-based health product with common policy wordings across the industry. No add-ons or optional covers are allowed with the product.