

Q1 claims higher than in entire FY21

Reimbursement claims, possibility of a third Covid wave keep non-life insurers on tenterhooks

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The non-life insurance industry has received over 1 million Covid-related claims in the first quarter of the current fiscal year (Q1FY22), higher than in the entire FY21, indicating the severity of the second wave of the pandemic.

According to the General Insurance Council data, which is not publicly available, non-life insurers have received 1.22 million Covid-related claims so far in FY22 and have settled 944,573 of those worth ₹9,178 crore. In comparison, they had received 986,366 Covid claims in FY21 and settled 849,034.

In FY21, they paid out claims to the tune of ₹7,833 crore, taking the total payout in the two years to ₹17,011 crore.

Although the claims burden has come down with the second wave subsiding, the elevated level of infections as well as the reimbursement claims are keeping insurers on tenterhooks. Also, the impending third wave is expected to put more stress on non-life insurer's loss ratio in the segment.

"We saw over 100 per cent of Covid claims in Q1FY22 (peak second wave) compared to the entire FY21. Covid claims comprise almost 45 per cent of our total health claims in Q1FY22 in comparison to 17 per cent in Q1FY21,"



said Bhaskar Nerurkar, head - health claims, Bajaj Allianz General Insurance.

"In the first wave, 12 per cent of the Covid claims were received for 'home quarantine'. This increased to 20 per cent in the second wave, reflecting the shortage of hospital beds. We hope as the vaccination drive ramps up, there will be even more decline in Covid cases, in turn reducing the claims."

Data shared by Policybazaar.com shows in Q1FY22, Covid-related claims formed 48 per cent of the health-related claims for non-life insurers.

Amit Chhabra, business head - health, Policybazaar.com, said the number could be as high as 55 per cent as a sizeable portion of claims through the reimbursement route comes with some delay.

Last year, Covid claims were 33 per cent of the health claims.

After the first wave, Covid claims as a percentage of total health claims dropped to 31 per cent and in the January-March quarter of FY21, they formed only 14 per cent of the overall health claims.

"Claims are still flowing in for

insurers as the number of cases remains elevated. Further, non-Covid claims are also seeing a pick-up," said a private insurance executive.

While the group health insurance portfolio has seen price corrections — as insurers can revise terms with corporations, depending on the impact of the claims received — prices on the retail product side — which tend to be stickier — may also move up.

However, this won't be an industry-wide phenomenon.

"Pricing is done on a portfolio and product basis. So, the decision to go for a price increase will depend on the individual company and the loss ratios they face on their product portfolio. Generally, a revision in the price of a particular product can be done after every three years," said a senior insurance executive with a private insurer.

Another executive said: "We don't increase the prices on just one year's experience. Generally, we take the average of the last 2-3 year's claims experience and decide on the pricing. So, the impact of Covid might be felt a little later." Meanwhile, the health segment continues to grow, aided by pandemic-related fears.

In Q1FY22, health insurance premiums grew 31 per cent YoY to ₹17,497 crore, with retail health growing at 33 per cent, and group health at 23 per cent.