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Medical inflation, high coverage drive up ticket sizes for retail health insurers

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The average ticket size of retail health insurance in India has increased by nearly 48 per cent over 6 years due to elevated medical inflation and increased demand for higher coverage policies among policyholders.

According to data by online insurance broker PolicyBazaar, the average ticket size of retail health insurance in India has increased to ₹26,533 so far in FY24, up 48.22 per cent from ₹17,900 in FY19. This increase is attributed to a rise in medical inflation and increased awareness about health insurance among the public post the Covid-19 pandemic.

“The jump in average ticket size could be because of medical inflation in the country which is about 14 per cent to 15 per cent and the health insurers follow suit by increas-

ON THE RISE

Average ticket size inclusive of GST (in ₹)

FY19	17,900
FY20	19,800
FY21	20,200
FY22	22,100
FY23	23,800
FY24 so far	26,553

Source: PolicyBazaar

ing the premiums for health insurance policies. Secondly, more and more people are buying a longer term policy as it will cover long term,” said Siddharth Singhal, business head (health insurance), PolicyBazaar.

According to a recent report by insurtech Plum, India’s medical inflation has reached 14 per cent, posing a financial strain on individuals who bear their own healthcare expenses.

“One of the main factors contributing to the jump in average ticket size for health insurance is the rising cost of healthcare services, treatments, and medications. Also, the introduction of new technologies and treatments lead to higher healthcare service costs. As health care expenses increase, insurance premiums are adjusted to cover these higher costs, resulting in higher average ticket sizes. Similarly, greater utilisation of healthcare services, rise in the aging population lead to higher demand for healthcare services,” said Bhaskar Nerurkar, Head- Health Administration Team, Bajaj Allianz General.

Voicing a similar opinion, Dharendra Mahyavanshi, CEO and co-founder of Turtlemint said, “After the Covid-19 pandemic, more people are choosing health insurance plans with higher coverage. Customers are more aware of

the financial impact of unexpected health issues.”

The growing public awareness has prompted health insurers to increase the sum insured. According to an insurance official, the industry has introduced ‘higher sum insured’ offerings in the market ranging from ₹2 crore to ₹5 crore as well as ‘unlimited sum insured’ plans.

Sum insured is the limit up to which a health insurer will pay for the medical expenses covered under the customer’s policy. High sum insured allows individuals to avail high-end and expensive medical treatments without any limit.

According to Rakesh Jain, CEO, Reliance General, “The average sum insured, which used to be between ₹2-₹3 lakhs, 5 years ago has seen a nearly 300 per cent jump with more people opting for sum insured of ₹10 lakh and above.”