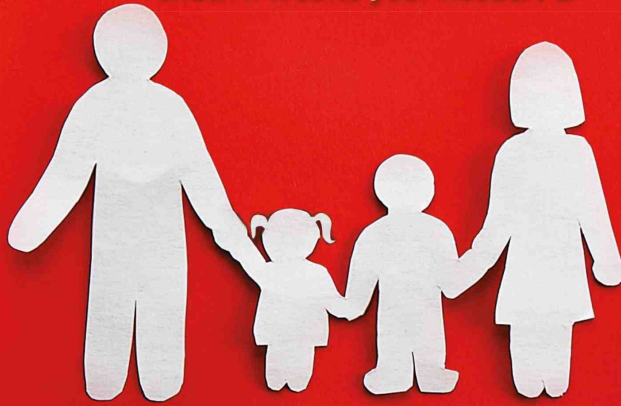


Arogya Sanjeevani

Is it for you?

Know the pros and cons of the
standardised health insurance plan to
check if it suits your needs. **P2**



Arogya Sanjeevani

Is it for you?

Go through the pros and cons of the standardised health insurance plan to check if it suits your needs.

By Riju Mehta

Among the many learnings imparted by the coronavirus, perhaps the most relevant for India is the need for health insurance coverage. As the pandemic continues to rage, the dire health scenario has come to the fore: in a country where the average retail healthcare inflation has risen sharply from 4.39% in 2017-18 to 7.14% in 2018-19, as per the Economic Survey 2019, only 4.2 crore people, out of a 130 crore population, have retail health policies. This means that the out-of-pocket spends are a high 65% against a global average of 18%, as per the insurance regulator, Irdai.

This is the reason that, in recent years, the government and Irdai have tried to step in and correct the skew. The Ayushman Bharat Pradhan Mantri Jan Arogya Yojana was introduced in 2018, with the intention of providing free health coverage to the bottom 40% of the population, or 50 crore people. Last year, Irdai mandated the launch of Arogya Sanjeevani (AS), a low-cost product with a nominal cover and attractive features.

"The need for health insurance has always been there, but people have not bought it for various reasons, one being the complexity in the product itself,"

says Pushan Mahapatra, MD & CEO, SBI General insurance (see 'Arogya is a simple product...'). Besides the high premium and obscure terms and conditions in the fine print, there were other problems. "The traditional mindset was to procrastinate the purchase since it was not considered essential, not to mention the lack of accessibility," says Bhabatosh Mishra, Director, Claims, Underwriting & Product, Max Bupa Health Insurance.

Many of these hurdles seem to have been taken care of with Arogya Sanjeevani, with clearance given to 29 general and health insurance companies to market the product. While 16 odd insurers have already brought out the product, mandated to be launched by 1 April 2020, others are set to follow suit soon. Does this mean you can buy Arogya Sanjeevani without a second thought and it will take care of all your health insurance needs?

What does it offer?

AS is a basic health plan that offers a limited cover of ₹1.5 lakh for one year, with the annual premium ranging from ₹4,000 to ₹7,500 (see *Snapshot...*). It can be bought as an individual or a family floater plan, covering spouse, children, parents and parents-in-law.

The important thing is that the features,

in terms of coverage, inclusions, exclusions, as well as the terms and conditions, remain the same across insurers. The premium, however, varies. This is because it is reflective of the costs associated with a plan: claims, management expenses and distribution costs incurred by the company. "Since the claims ratio, staff and servicing, growth and expansion, distribution across various demographics and regions is different for each company, the premium is bound to vary," says Mishra. There is, however, no zone pricing in the plan, implying that the premium will remain the same across regions, whether the buyer is in a metro or a tier 3 city.

It does have a co-pay inclusion of 5%, which translates to the customer shelling out 5% of the sum insured from his pocket,

while the rest of the cost is borne by the insurer. "Co-pay is introduced by the insurer to cover the risk of uncertainty about the customer profile, and is, in fact, low in case of AS," says Prasun Sikdar, MD & CEO, ManipalCigna Health Insurance.

There is a waiting period of 30 days, but the coverage is wide, including treatment costs for coronavirus and other illnesses. It includes daycare treatments, Ayush and modern treatments, besides dental and plastic surgery. There are, however, several restrictions and limitations in the coverage of some of these treatments.

Benefits & drawbacks

While the plan seems to offer a good deal at a low cost, the market still has a lot of basic health plans that offer wide coverage and



"As the features of Arogya Sanjeevani are similar, the serviceability of the company will be important when customers choose a plan."

GURDEEP SINGH BATRA
HEAD, RETAIL UNDERWRITING, BAJAJ ALLIANZ
GENERAL INSURANCE

features. Should one discard those in favour of Arogya Sanjeevani? It is essential to consider the pros and cons before taking a final decision.

No confusion: "One of the biggest problems faced by buyers was that there were multiple insurance products offered by companies, with different sets of pricing in metros and non-metros, and with various add-ons. It led to a lot of confusion as to which product to buy," says Gurdeep Singh Batra, Head, Retail Underwriting, Bajaj Allianz General Insurance.

"Besides, the fine print in the policy would typically surface only at the time of claim settlement," says S. Brahmajoyula, Head, Underwriting, SBI General Insurance.

With Arogya, there is a high degree of clarity since the features, as well as terms, are standardised and remain the same across insurers.

So one doesn't need to compare and research for the best plan. If it meets one's requirements, one can pick it depending on the premium that suits one's budget.

Wide cover at low premium: To be able to get such a large set of treatments at a

relatively low premium stands out as a distinct advantage. The premiums for similar basic health plans in the market are 20-50% more expensive, a huge difference for buyers.

Some of the latest treatments such as stem cell therapy and oral chemotherapy are covered, while dental and plastic

surgery, even cataract surgery is insured, which are typically not covered by basic plans. Another attraction is the inclusion of alternative medicine treatments, such as homoeopathy and ayurveda. While most of these treatments are covered by other health plans, they usually come for a higher premium.

Flexibility: The plan has other advantages like the option of paying premium in monthly, quarterly, semi-annual or annual instalments. It also offers to cover parents and parents-in-law at a reasonable premium, which is typically offered by other plans

for a much higher premium. Besides, it offers lifelong renewability, portability and the delivery of soft document copies to customers.

"The plan is quite reasonably priced, so one can easily buy a small individual



"Arogya is essentially for the first-time buyers with low income and low insurance visibility in tier 3/4 cities."

PRASUN SIKDAR
MD & CEO, MANIPALCIGNA
HEALTH INSURANCE

How much premium will you pay?

	ANNUAL PREMIUM FOR INDIVIDUAL POLICY (₹)	ANNUAL PREMIUM FOR FAMILY FLOATER POLICY (₹)
ManipalCigna Health Ins	7,433	10,710
HDFC Ergo Health Ins	7,352	14,704
TATA AIG General Insurance	6,353	-
United India Insurance	6,343	15,007
Religare Health Insurance	6,013	15,149
Future Generali General Ins	5,996	14,089
Bajaj Allianz General Ins	5,950	13,510
Kotak General Insurance	5,842	13,473
Max Bupa Health Ins	4,723	11,044
SBI General Insurance	4,501	11,721
Star Health & Allied Ins	4,170	9,255
Universal Sampo General Ins	4,164	9,304
Go Digit General Insurance	3,263	7,194

Individual: Cost of ₹5 lakh cover for a 35-year-old male.

Family floater: 2 adults and 2 children, with the oldest member being 35 years old.

Premiums for all insurers could not be sourced. Data sourced from websites and companies.

Snapshot of Arogya Sanjeevani

Main features

Sum insured ₹1-5 lakh	Policy term 1 year	Renewability Lifelong
Eligibility 18-65 years (dependent kids: 3 months to 25 years)	Co-pay 5% of sum insured	No-claim bonus 5-50% of sum insured

What does it cover?

Hospitalisation

Includes hospital room rent, boarding expenses, doctor fees, nursing expenses, operation theatre and ICU charges, surgeon, anaesthetist, medical practitioner, consultants, specialist fees, medicines used during hospital stay, road ambulance charges, pre- and post-hospitalisation expenses.



Daycare treatments

All daycare treatments are covered, but OPD is not.



Ayush treatments

This covers inpatient care treatment under Ayurveda, Yoga and Naturopathy, Unani, Sidha and Homoeopathy.



Modern treatments

Stem cell therapy, robotic surgeries, oral chemotherapy, balloon sinuplasty, intra vitreal injections, among others.



Dental & plastic surgery

Only the treatments caused by an injury or a disease are covered.



Cataract

Covered up to 25% of sum insured or ₹40,000, whichever is lower, per eye.

Main exclusions



Diagnostic and investigative tests



Maternity expenses



OPD treatment



Cosmetic or plastic surgery



Obesity & weight control



Alcohol or drug abuse treatment



Rehabilitation



Change of gender treatment



Hazardous or adventure sports



Infertility and sterility

Arogya Sanjeevani vs Basic health plans

FEATURES	AROGYA SANJEEVANI	BASIC HEALTH PLANS
Sum insured	₹1-5 lakh	Higher sums insured available
Premium	₹4,000-7,500	20-50% higher than AS
Cover type	Individual, family floater, including parents & parents-in-law	Individual, family floater, parents optional at a higher premium
Room rent	2% up to ₹5,000 & 5% up to ₹10,000 for ICU	Either no room rent capping or 1-2%
Co-pay	5% of sum insured	Usually 10-30%
Zone pricing	No zone pricing	Different premiums for metros and tier 1, 2, 3, 4 cities
Modern treatments	Covered up to 50% of sum insured	All insurers are mandated to cover by 1 Oct 2020
Daycare treatments	All fully covered	Most plans cover these
Ayush treatments	Covered	Many plans cover these
OPD treatments	Not covered	Covered at almost double the premium of a regular plan
Waiting period	30 days	30-90 days
Pre-existing diseases	4 years	4 years
No-claim bonus	5-50% of SI	Up to 100% of SI
Add-ons	No riders/ add-ons	Allowed add-ons
Pre- & post-hospitalisation	30 days / 60 days	Mostly 60 days / 90 days

Basic health plans details may vary

cover at a young age. Later, with growth in family and income, one can port to a bigger, more comprehensive cover," says Anand Roy, MD, Star Health and Allied Insurance. **Capping & limitations:** Remember, however, that the low premium comes for a cost. The room rent sub-limit, which is typically 1% of the sum insured or nil in basic health plans is 2% of sum assured up to a maximum of ₹5,000, and for ICU, it is 5% up to a maximum of ₹10,000.

Similarly, modern treatments are covered up to 50% of the sum insured, while cataract surgery is covered up to 25% of sum insured or ₹40,000 per eye. The dental and plastic surgery are covered only in case of an illness or accident. Many health plans that offer these facilities come without such limitations.

Another limitation is the size of the



"Health insurance has now become a necessity, not luxury, and with AS offering premium payment in instalments, one should not postpone buying it."

ANAND ROY

MD, STAR HEALTH & ALLIED INSURANCE



PUSHAN MAHAPATRA
MD & CEO,
SBI GENERAL
INSURANCE

As the features of Arogya Sanjeevani are similar across insurers, what should one consider while buying a plan?

Since the features are the same, you will need to see how close the company is to you, how strong is its brand and financial strength, servicing and claim settlement. Ultimately, it's the customer experience in policy purchase and claim settlement that will be the distinguishing factor over a period of time.

The plan has been launched at a time when the

"Arogya is a simple product for those who want a basic health cover for the first time"

Covid crisis is at its peak. Can it be a game changer for penetration?

Even without the pandemic, the product fulfils a need in the society. Ayushman Bharat caters to the bottom rung of nearly 50 crore people. Another 11% are covered by corporates and group plans, and then there are the individual policies. Despite these, more than 40% of the population is uninsured. So the need is there, especially because of the rising medical inflation. However, insurance is not being bought for various reasons, one of them being the product itself, which comes with complex terms and conditions. There was a need to demystify the product terms, inclusions, exclusions, etc. Arogya is a very simple product for someone who wants a basic health cover for the first time. It's a sort of starter kit, on which you can build for 2-3 years, and as your income and family grow, you can look at migrating to a more complex product.

As for it being a game changer, we now have a simple product like Arogya to cater to the huge uninsured population. It will depend on how well it is distributed by insurers and their reach in semi-urban and rural areas.

Are you at an advantage given your large presence in tier 3/4 cities, or will the lack of technology be a deterrent?

If the processes can be made digital and channels made amenable to digital processing, it is very easy to sell insurance. The data being consumed by rural India is mind-boggling and, in any case, there are nearby contact points in bank branches and banking correspondents. In other places, we have agencies, which are a force multiplier.

Will the low premium be a big pull or will other factors come into play?

Every product has an ideal customer profile and segment to which it is

pitched. The problem occurs when there is no synergy between the product and target group. This is when people's interest drops and they stop buying these products. If people need more features, they will explore. But there is a large population for whom this product is adequate, given the areas where they stay, socio-economic background and income levels. There's no reason why, if we reach this segment, Arogya cannot be a viable long-term product.

Will there be an increase in digital channels of distribution now?

We will not only have to get used to digital channels, but also a contactless, digital process of sale. The agents are not going to go away and will be a strong part of the industry. We will have to build a digital process so that they can connect with customers. This should be one of the game changers and a facilitator for the physical channels.

cover itself, which is capped at ₹5 lakh. "In a metro, this amount is not adequate and a person would need at least ₹10 lakh for health cover," says Mishra. On the other hand, a co-pay of 5% of sum insured may be high for a person in a rural area. Besides, the no-claim bonus ranges from 5-50%, while several plans offer the option of 100% no-claim bonus.

Should you buy it?

Every insurance product is targeted at a specific audience and most experts are of the opinion that Arogya Sanjeevani is for the middle to low income population in tier 3/4 cities, or even rural areas. "The USP of the plan is that it is for the first-time buyers with low income in tier 3 or 4 cities who have no insurance visibility," says Sikdar.

Such a plan would work for this segment of population even with the various limitations and cappings. This is because the cost of hospitalisation in small towns and villages is much lower compared with that in metros or tier 1 cities. So even with a room rent limit of 2% or a 25% capping for cataract, the customer will be able to bear the hospital cost in smaller towns.

"On the other hand, even a 2-3 day hospitalisation in a metro or tier 1 city would result in heavy medical expenses, which cannot be taken care of by this plan," says Sikdar. In fact, a buyer may end up paying 70% of the healthcare cost from his pocket. It would then defeat the purpose of buying a health insurance plan.

As for co-pay, since the plan is intended



"AS has high credibility as it is endorsed by Irdai, has low premium and flexibility of soft copies being sent to customers."

BHABATOSH MISHRA
DIRECTOR, CLAIMS, UNDERWRITING & PRODUCT, MAX BUPA HEALTH INSURANCE

for the uninsured, it will be a step-up for them since they will now pay only 5% of the total hospitalisation cost compared with the 100% they were paying earlier. Besides this amount is typically higher, ranging from 10-30%, for other basic health plans

However, some experts believe that the plan would even work for the younger, single, lower income population in metros because it is very affordable and will help them shoulder the basic hospitalisation costs to a large extent. "After all, how many people can afford to buy a ₹10 lakh plan



"It does not have fancy features which may jack up its price, but has all the essential features and is affordable. So, it's a very good deal for the customers."

S. BRAHMAJOYULA
HEAD, UNDERWRITING, SBI GENERAL INSURANCE

even in metros," asks Sikdar.

"It's a good entry level plan even for people who have just graduated and are in their first jobs because it is standardised and doesn't require too much research," says Brahmajoyula. Later, if the buyer wants a more evolved plan and can pay a higher premium, he can easily port to other insurers.

So if you are in a metro or a tier 1 city and don't want a small cover with limitations and cappings, you can avoid this plan and opt for a more comprehensive and evolved cover. Remember, however, that you will have to pay a premium that can be 20-50% higher than the premium for Arogya Sanjeevani.

If, on the other hand, the plan seems to fit your budget and needs, do not postpone buying it because, as Roy of Star Health says, "Health insurance is no longer a luxury but a necessity and this product is a great way to enter insurance."

So what you should you consider while buying a plan since the features are same

for all insurers? Most experts agree that the things to consider are the company's track and serviceability record, claim settlement history, premium, and hospital network. Make sure that the company has experience in selling the type of product that you are buying.

"Serviceability is a very important factor because you need to be sure that the company will stand by you during claim settlement," says Batra. Adds Sikdar: "It's also important to check how the company engages with you, how its officials explain the product or its terms and conditions to you, make an effort to keep in touch with you even after the sale of policy, or inform you about the changes."

Given the current circumstances, also ensure that you will be able to conduct the entire transaction digitally.



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