

Non-life insurers stare at steep loss ratios as non-Covid claims bite

SUBRATA PANDA
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While Covid-related claims have tapered off following the devastating second wave, non-Covid claims — especially those arising out of infectious diseases — have spiked, adding to the burden of non-life insurers, who have seen their loss ratios in the health segment suffer in the past 18-20 months owing to mounting bills.

Claims from dengue, malaria, and chikungunya have been particularly high this year. While these monsoon-related ailments spike every year, this year the claims have been higher. Experts say such claims will come down as winter sets in but it will be a bad year for insurers as far as the health segment is concerned and loss ratios will definitely go for a toss.

"Last year, claims due to infectious diseases were very low, given people were mostly indoors due to Covid-19. This year, as Covid-19 has receded, people are resuming their normal lives, infectious diseases have risen and so have the claims. The year before Covid hit, claims from infectious disease were normal. From the claims perspective, it will be a difficult year for insurers and loss ratios will get impacted," said Sanjay Datta, chief underwriting & claims, ICICI Lombard General Insurance.

Speaking on similar lines, Bhaskar Nerurkar, head – health claims, Bajaj Allianz General Insurance, said, "At Bajaj Allianz General Insurance, non-Covid claims have gone up by 68 per cent year-on-year because last year there was a lockdown and this year things are a bit open. We are seeing a good number of dengue claims from some parts of the country such as Pune, Mumbai, Ahmedabad, and New Delhi. Other ailments such as gastroenteritis, enteric



PREMIUMS TO RISE?

- **Claims from non-infectious diseases see a spike**
- **Covid claims have been falling for the past few months in sync with fall in number of cases**
- **Overall loss ratios of insurers to get impacted adversely this year**
- **Average claim size has gone up, which is a cause for concern**
- **Premiums are expected to rise if this trend continues**

fever (typhoid) and viral pneumonia are also on the rise."

"Such trends will certainly impact the loss ratios of the industry. Our loss ratios are a bit higher than what we had anticipated in the first six months of the fiscal year," he added.

According to data released by Niva Bupa Health Insurance, claims for infectious diseases have seen a rise of about 500 per cent during the period of April-September, followed by claims related to the digestive system with a rise of 123 per cent. Overall, there has been a 33 per cent rise in health insurance claims between April and September over the last year.

Non-life insurers have

shelled out upwards of ₹20,000 crore in Covid-related health claims since the onset of the pandemic. These claims were unanticipated as they were not factored in while designing the product. Last year, they got some respite as non-Covid claims were muted, but this year the claims scenario for health insurers has been particularly bad because of the second wave and now the spike in non-Covid claims.

Amit Chhabra, chief, health business, Policybazaar.com, said, "Spike in claims from infectious diseases is still continuing. There is rampant increase in dengue cases, especially in the northern parts of the country. This has always been the trend but this year it has been particularly high."

Another worrying trend is that the claim size of non-Covid claims have been rising and if this continues, it may warrant a revision in health insurance premiums sooner than later.

During an interview to Business Standard, Bhargav Dasgupta, MD & CEO, ICICI Lombard, had said the elective surgery spike could be temporary, but the average claim size spike is structural. "If I compare the present cost to what it was two years ago, there is a 20 per cent increase. If this sustains, it will have some repercussions on insurance premiums," he had said.