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'National health scheme will help us improve infrastructure'

TAPAN SINGHEL, managing director and chief executive officer of Bajaj Allianz General Insurance Company, speaks to **Advait Rao Palepu** on the importance of national health insurance schemes in improving the lives of people. He also says how simple solutions can safeguard the interests of homeowners and governments from catastrophic losses in the event of natural disasters. Edited excerpts:

Bajaj Allianz General Insurance has won the rights to provide health insurance services under the Ayushman Bharat National Health Protection Scheme in two states — Mizoram and Jammu & Kashmir. What are the implementation challenges?

I am a strong advocate of the national health scheme because it is good for our country. It can raise the average life expectancy of every citizen by five years and bring more funding into the health care industry. So far, the return on infrastructure was very low for private players to set up a hospital, in villages for instance. Today, with a ₹500,000 sum assured guaranteed to each patient, the return on infrastructure will be much higher. If around ₹200 billion is pumped into the system every year, it will have a big impact in terms of health care infrastructure over the next five to 10 years. Only 15 to 20 per cent of those customers who cannot afford health insurance, actually have it. So, for the next 10 to 15 years, growth in health insurance will be much higher than that of the entire industry, on a compounded annual growth rate basis. We are under-estimating the effects the scheme will have. I see this as a phenomenal move which will transform the life expectancy and quality of life of Indians at large. As a company, we have had experience running state health insurance schemes and our presence is very large, including providing services in remote places like Barramullah or Sopore in Jammu & Kashmir.

Q&A

What are your thoughts on concerns surrounding the lack of participation by private hospitals?

Actually, if you look at the data on the ground, this is not true. When we got the contract for Mizoram, eight private hospitals joined. It depends on individual choices. One hospital may find the price (of treatment which are set by the government, the National Health Agency and insurers) too low, while others may find the prices very attractive. We should not generalise as I have seen many hospitals interested. But they are looking for data, scale and setting up of new infrastructure. In an environment where business should be given the right to decide and choose, it is okay if some hospitals do not want to participate. At the same time, there are enough hospitals which are willing to participate and will be creating the necessary infrastructure. The good part of the tenders is that they eliminate a huge amount of frauds and bring in efficiency. Therefore, the public-private partnership (PPP) has always been the best model to run these programmes.

The regulator has asked health insurance players to bring out specialised health policies to cover mental illness. What are the challenges in designing insurance products for mental health patients, given the subjective nature of treatments?

Initially, health covers were only for allopathic treatments, but insurers today are offering a cover for homeopathy, naturopathy, or even ayurvedic treatment. This is the very stand the regulator has taken because one thing I see, across the country and the world, is that as economic growth improves, depression, suicides and divorces rise. It is hard to understand this correlation but it's a reality. As an insurer, it is our duty to ensure that if this is becoming an issue for the society, we should be providing a security cover for these illnesses. Mental health is not just a clinical issue and the number of cases is reaching epidemic levels. But data is required and we are presently conducting actuarial studies to understand this issue to figure out what the best policy or policies could be.

The recent floods in Kerala and Nagaland left a trail of destruction. Both private and state-owned proponents have been damaged and some voices in the industry are telling state governments to buy catastrophic insurance policies or issue catastrophic bonds to take care of the recovery costs. What insurance-led solutions can be introduced?

One solution is a parametric cover. If we increase tax on houses, or the tax paid by property owners is raised by ₹200 to ₹400 a year, then in case there is damage to the property because of excess rainfall, an earthquake or a cyclone, money can be transferred instantly to the account of the customer without the need for a survey, under such a cover. This does not cost much as most property owners can afford to pay this amount, which is negligible compared to the property value or the overall property tax that is paid. The money can be transferred as and when a natural disaster occurs and customers would not need to file a claim in such instances. Why wait for an event to happen and then start reacting. Why not have a cover which does not cost the government much as individuals will pay for it. In the case of people who rent their homes, they can negotiate with their landlord to include such a clause in the agreement to protect their material goods in case of a flood, for instance. Wherever a tax is paid on property, including for those who rent, such a policy can be provided. We can make such covers mandatory for all home or property owners, just as third-party motor insurance is mandatory for all vehicle owners.

Is there a concern that farmer enrolments in the crop insurance scheme are falling as they allege that insurers are reaping large premium revenues and avoiding claim payments?

The scheme is an effective distribution of subsidy by the government using insurance companies. Today, the benefits paid to farmers by insurance companies are around 90 to 95 per cent of the premium revenue received, and at times they are 105 to 110 per cent. Some companies that are ahead of the curve will do well, while the laggards will lose out.