

Date: 20.10.2021

Publication: Business Standard

Page no.: 6

Edition: New Delhi | Mumbai | Bengaluru | Chennai | Kolkata | Ahmedabad | Hyderabad | Pune | Jaipur | Kochi | Bhubaneswar

Insurers' Covid claims outgo falls 35%

Settle ₹5,000 cr of claims in Q2 against ₹7,700 cr in June qtr; non-Covid outgo surges

SUBRATA PANDA
Mumbai, 19 October

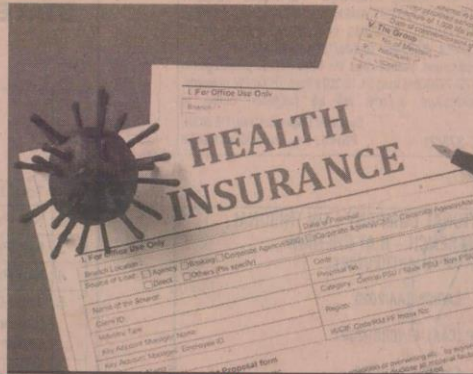
After the second wave of the pandemic, general and health insurers have seen a fall in their outgo of Covid-related health claims.

In the July-September quarter (Q2 of FY22), insurers settled a little over ₹5,000 crore worth of Covid health claims. This is 35 per cent lower than the ₹7,700 crore worth of claims they settled in Q1, sources said.

Insurers have settled around 6.2 lakh Covid health claims in Q2 compared to 7.8 lakh in Q1. So, in the first six months of FY22, insurers have settled 1.4 million claims worth ₹12,702 crore, which is significantly higher than what they settled in the last financial year. In FY21, the insurers settled 849,034 claims amounting to ₹7,833 crore.

Insurance industry insiders said that while Covid cases came down significantly, post the second wave, the claims trajectory did not follow the same path because there is a lag in submitting claims.

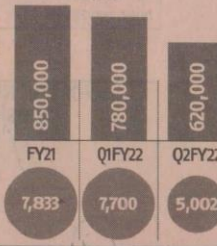
"If we compare Q2 with Q1



CLAIMS BILL

Covid claims settled by general and health insurers

■ No. of claims
● Amount (₹ cr)



"Covid-related claims are back to what they were before the second wave. The July-September quarter (Q2) was much better than the devastating Q1. And, we expect Q3 to be substantially better than Q2 for insurers. However, overall, the year will be pretty bad because of Q1. But if the current trend in Covid health claims continues, the second half of the financial year will be much better," said an insurance industry veteran.

Notwithstanding the higher claims, the health insurance portfolio of insurers recorded a 32 per cent growth rate till August compared to 12.6 per cent in the corresponding period last year. It indicates that retail premiums are growing faster than group business. This is because standalone health insurers derive most of their premiums from the retail segment.

According to experts, the non-life premiums are expected to be driven by a continued uptick in the health segment. With Covid claims moderating, the motor insurance segment reported growth in premiums, albeit on a lower base.

of FY22, Covid-19 claims have fallen by almost 35 per cent, but non-Covid claims have increased 73 per cent. So, overall, the health claims have increased by 27 per cent because non-Covid claims are back on track," said Bhaskar Nerurkar, head of health claims, Bajaj Allianz General Insurance.

"Since Covid cases are declining across the country, such claims will come down gradually. However, we are seeing dengue infections rising in some pockets. So, we are

expecting more than usual claims. So far in H1 of FY22, we have crossed 68 per cent of last year's claims and by the end of FY22, we expect 120-130 per cent of last year's claims," he added.

The chief executive officer (CEO) of a private insurer said hospitals have increased their rates, and this is evident from the fact that the cost per claim has gone up by 20-30 per cent. However, hardly any insurance company has raised prices on its old products. Hence, this will put pressure

on profitability.

The general insurance industry has seen its profits plummet due to the mounting Covid claims because such costs were not factored in the existing products but insurers absorbed the Covid claims.

Initially, insurers took comfort from the fact that non-Covid health claims were lower because people postponed their planned surgeries due to the fear of contracting Covid. However, they have seen a substantial pick up in such claims in the recent past.