

Use wellness discounts to reduce premium

Policies offering these features not expected to be more expensive than existing ones

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Did you know that you can now get a discount on your tennis club membership, or a voucher that gets you a rebate on the purchase of nutritional supplements and medicines? The Insurance Regulatory and Development Authority of India (Irdai) has come out with guidelines on wellness and preventive measures that aim to popularise these features in insurance products.

Insurers will offer rewards to those who meet the criteria for wellness and preventive care. The regulator has been working on these guidelines for some time. Says Gurdeep Singh Batra, head-retail underwriting, Bajaj Allianz General Insurance: "These guidelines will allow insurers to reward customers in various ways, including allowing them to obtain discounts on outpatient consultations or treatments, pharmaceutical purchases, health check-ups, diagnostics, etc."

These benefits might come as part of the policy or as part of add-on cover. They are expected to nudge policyholders towards making better health choices. Says Amit Chhabra, head of health business, Policybazaar.com: "Health insurance will no longer be perceived as only an instrument for securing oneself against unforeseen illnesses. It will become a part of the customer's daily health needs."

Features: Expect your policy to come loaded with such features. For instance, you could get redeemable vouchers to buy health supplements. You could even get vouchers for membership of yoga centres, gymnasiums, sports clubs, etc. Says Chhabra: "This will encourage policyholders to use such facilities, which should help improve the overall health and fitness level of the country."

Depending on the extent to which you follow the wellness regime, you could also get a discount on your policy premiums and/or increase in sum insured at the time of renewal. Further, you could get coverage for the cost of non-payable items (those not covered by the base policy) in an

REWARDING GAME FOR POLICYHOLDERS

- Rewards to accrue at periodic intervals at a rate/amount that has to be declared upfront during commencement of the policy
- Insurers to clearly specify in the policy contract whether the accrued rewards may be carried forward at the time of renewal of the policy
- Insurers have to provide clarity regarding the period of validity of accrued rewards under both the scenarios
- Upon expiry of the policy, the accrued rewards may be carried forward for a period not exceeding three months
- In the case of family floater plans, insurance firms need to properly communicate the features that are available to all members and those that are not

admissible claim.

The regulator has asked insurers not to promote products or services of any particular third-party service provider.

Pricing: Premium rates are not expected to rise a lot. The Irdai circular says: "Any wellness and preventive feature shall be designed only with the objective of maintaining and improving good

health, thereby, enabling affordable health insurance." Insurance companies will assess the pricing impact of the features they offer. If there is any impact, they will have to disclose it upfront to Irdai. These features will be factored into the pricing of the product.

The guidelines have come into effect, and not only will new policies offer these features, existing ones can also be modified to incorporate them. The bottom line, as Batra puts it, is: "These guidelines will help policyholders monetise reward points earned by following a wellness regime. Not only will this result in customers maintaining and improving their health, it will also make health insurance more affordable."



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