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TO COMBAT RISE IN HEALTH INSURANCE PREMIUM...

'Set up regulator for hospitals, revise GST'

Tapan Singhel, MD & CEO of Bajaj Allianz, says surge in premiums not linked to Covid

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New Delhi, September 12

Concerns over rising health insurance premium during the pandemic can only be addressed by setting up a regulator for hospitals and a revision in GST rate from 18 per cent to 5 per cent, said Tapan Singhel, Managing Director and CEO of the country's largest private general insurer, Bajaj Allianz General Insurance Company Ltd (BAGIC).

Spurt in demand

With Covid triggering a spurt in demand, industry experts estimate an average increase of 25-35 per cent on health insurance premiums this year against last year's 10 per cent. Given that the extent of increase in premium depends on coverage, age and sum in-

sured, health insurance premiums have increased about 10-15 per cent on an average for the middle-aged. For senior citizens, the jump is a staggering 100 per cent. In the 55-66 age group, the premium amount has doubled. In the first quarter of this fiscal, health premiums collected by the non-life industry surged 30.9 per cent year-on-year to about ₹17,497 crore.

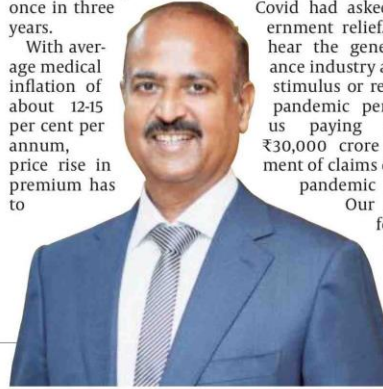
Singhel said it is not because of the pandemic, but the fact that hospitals are allowed to charge indiscriminately (there is no regulator for hospitals) that premiums have galloped.

"The issue of health

Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance

premium increase is not related to Covid. People do not understand this. There is no regulator for hospitals. The problem for us is you can't increase health premiums for three years. It's a kind of lock-in. Every premium increase has to go to the regulator, and IRDAI allows this only once in three years.

With average medical inflation of about 12-15 per cent per annum, price rise in premium has to



cover 45 per cent medical inflation over three years. Insurance premiums are locked for three years, while medical bills are moving up every year. Premium increase will have to match the previous inflation," he said.

Singhel pointed out that every industry affected by Covid had asked for government relief. "Did you hear the general insurance industry ask for any stimulus or relief in the pandemic period, with us paying close to ₹30,000 crore as settlement of claims during the pandemic period?"

Our loss ratio for health has not been

good for us and the industry. While Covid

created awareness and sales of health policies went up, claims also got created. You must also understand health reinsurance is not available internationally for Covid," he said.

'A holistic solution'

He said the GST rate cut from 18 to 5 per cent could be part of a holistic solution that could be considered by the government.

"GST is not being let go, price regulation of hospitals is not happening. Premium adjustments to medical inflation can happen only once in three years. So, what relief can insurance companies bring to the table with loss ratios going up to 200 per cent or so?"

Why lay the blame only at the door of the insurance industry, he wondered, adding that it is everyone's responsibility to solve the problem.