

Wealth INSURANCE

## INSURING YOUR EMPLOYEES

To any organisation, employees are one of their most important assets, and like every other asset, they should look forward to insuring them. The latter sends a message that an organisation cares for their wellbeing and does not treat them as just a resource. "Health is a very important element. If something serious happens and the person doesn't have an insurance cover, it affects not just the performance but the overall performance of the company. In that sense having group insurance by employer is a wise thing," says TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

By PRIYA KAPOOR

**T**he Covid-19 pandemic changed everything, and one of them is how we look at health. With a number of people falling prey to the infection, organisations realised that a group plan covering employees is the second best thing next to monetary compensation. Says Rajeshwari Malik, head, Corporate Business, Policybazaar.com, "In today's post-Covid-19 times, offering group health insurance is a win-win game for both the startup organisation and its employees. Under this single umbrella, the organisations can avail of several benefits like a healthy workforce which is considered the hall of a productive workplace. Group health insurance plans offer high employee attraction and retention as it gives the feeling of belongingness and a strong sense of being taken care of. Simultaneously, if the organisations take care of their employees, they will take care of the organisation's clients which ultimately results in increased performance."

**What is group insurance?** As the name suggests, a group health insurance provides coverage to specific groups of people such as employees who belong to the same organisation. Under this plan, members get insurance cover at a reduced price as the provider's risk is spread across a larger group of policyholders. This scheme covers unexpected health issues, accidents or any malady. There are different variants available in group plan, ones covering only

**THINGS TO LOOK WHILE CHOOSING A GROUP INSURANCE FOR EMPLOYEES**

- Large sum insured
- Short-term waiting period
- Monthly and one-time coverages
- Coverage of dependent families
- Wide network of hospitals
- Low premium with limits and co-payment
- Deductible claim size



employees, those covering employees, spouses, and up to four dependent children, and then there are those that give the option of also covering other parents or in-laws. "Since the cost of medical care is skyrocketing, business insurance financial stress on employees, group policies are now covering OTT cost, patient department expenses as well. Inclusions like mental healthcare, alternative medicines covering Ayurveda, Unani, naturopathy, or natural medicine are even offered for overall employee protection by the group plan or corporate wellness centers. The option to add coverage for pets is even available to the employees now," adds Malik.

However, unlike individual health insurance policies which get renewed as the insured gets older, the group health insurance, on the other hand, covers its employees of all ages without the stress of the policy getting exponentially expensive as it brings a sense of belongingness towards the company and adds to their employee's life.

Another benefit of a group health insurance cover is faster processing due to absence of medical underwriting. However, getting individual health insurance taken up to 6-8 weeks apart from the waiting time. From the start of the application process until the policy gets approved and finalised, individual insurance plans often have a waiting period ranging from two to four years for treating certain diseases, even if there are no pre-existing.

The premium of a

group health plan is based on coverage, number of employees and benefits opted for. It is usually due to seven times higher than the individual plan. The employer can choose the corporate wellness cover based on their financial capacity as there are plans with different benefits, so the premium prices also vary depending on the employer's preference.

Besides state-run insurers, a number of private insurers like Aditya, Star Health, Bajaj Allianz, Tata AIG, ICICI Lombard have group health insurance on offer. "The awareness about health has increased. And post-pandemic, the sector has changed a lot. We are seeing a lot of queries from the employers about group coverage to make sure that the coverage is large-enough. Even those who were not willing to go for it earlier are thinking about it now," adds Ramalingam. "It is considering buying a group cover for my employees as it brings a sense of belongingness towards the company and adds to their employee's life," says Prashant Sharma, vice president, small



**IN TODAY'S POST-COVID TIMES, OFFERING GROUP HEALTH INSURANCE IS A WIN-WIN GAME FOR BOTH THE ORGANISATION AND ITS EMPLOYEES. UNDER THIS SINGLE UMBRELLA, THEY CAN ENJOY BENEFITS LIKE A HEALTHY WORKFORCE, GUARANTEED THE FEEL OF A PRODUCTIVE WORKPLACE."**

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Head, Corporate Business,  
Policybazaar.com

business buying agency in Delhi. So, how many employees does an organisation need to have to consider group plans for its employees? According to the Insurance Regulatory and Development Authority (IRDAI), any group with seven or more members can get group health insurance. Even with less than seven employees, group health insurance policies can still be issued if employees will the family members of the employees. They've also given the liberty to the insurance providers to determine the size of the group they'd want to provide insurance to.

What health insurers offer group insurance for a minimum of 10 employees, however, it has been observed that small businesses & startups in India struggle to offer health insurance due to low employee count. To solve this issue, some of the startups like Insurance and Insurance platform (IPI) provide a



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comprehensive and affordable group health insurance for companies with a team size of just two employees. "On Plan platform, group health insurance is available on a subscription basis. This is especially useful to organisations who have just started out and evolving. They don't have to deal with any lock-in period (in case of exit by employees)," says Abhinav Pradhan, Co-founder and CEO, Plan.

**Tax benefit**

As per Section 17(1)(c) of the Income Tax Act, 1961, a company can apply for exemption for the premium paid towards the group plan, and can be deducted under business expenses, and can be treated as monetary benefit.

**Enhancing coverage**

To help employees enhance their coverage, corporate can arrange for a group top-up plan in addition to the regular one. Not only it is cheaper because of bulk buying, but typically does not have any waiting period, since the premiums are paid by employees, they can avail tax benefits for the same under section 80C.

There are two types of top-up plan, standard top-up and super top-up. Under the standard plan, the deductible is applied on each and every claim, whereas in the super top-up plan, the deductible expense incurred in the policy year is treated towards the deductible.

Employers also advise employees to have their own individual cover in addition to having a corporate one. "A group health plan is valid only for a certain period during which an employee is working with the company. Therefore, it is better to have an individual cover, bought at an early age," adds Ramalingam.