

Health insurance to get costlier

BY YOGESH MEHENDALE

MUMBAI

Oct. 5: Insurance companies are planning to focus on their specialised segment to survive in a highly competitive insurance industry, said the Insurance Brokers Association of India director, Mr V. Sithapathy.

Mr Sithapathy said, "If the Centre hikes FDI in insurance to 49 per cent, more players will enter the segment making it more competitive. On the other

hand, margin from fire premium is reducing while health insurance segment is making losses."

In this scenario, Mr Sithapathy said the insurers are planning to focus on specialised segment than being present in all segments.

He said, "In a few months, health insurance premium will get costlier by 10 to 15 per cent. Based on claims experience in the general insurance in de-tariff regime, the cost structure will be re-jigged in April 2009."

Mr V.G. Dhanasekaran, vice-president, India Insure Risk Management and Insurance Broking Services Pvt Ltd, said, "The health insurance segment has always been making losses. It has a major share of the group insurance availed by big companies for their employees."

"Insurance firms were able to bear the losses in the health insurance segment because of profits earned on fire premium. But in the current de-tariff regime, the cost of fire premium will

come down by 65 to 70 per cent. So in the future, we may see a hike in the health insurance premium," he said. While most insurance firms confirm their losses in the health insurance, the Bajaj Allianz has chosen a different approach as it has not made losses on account of the health insurance.

It said, "We don't have a third party administrator to handle the claim settlement procedure. We have an in-house team that gives an advantage of control on claim costs."