

Firms to make employees shell out more for cover

By Falaknaaz Syed Jun 01 2011 , New Delhi
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Be ready to shell out a high portion of the premium and even claims cost if you wish to be covered under your company's health insurance policy. With insurance cost rising, an increasing number of companies are making their employees bear a part of the premium and claims cost by capping the cover for various diseases, imposing room rent restrictions and doing away with parents' cover in their employee health insurance policy. **These are the findings of the India Insure Employee Benefits Insurance Benchmarking Report India, 2011.**

Companies with employee strength of more than 5,000 stopped covering parents of their employees as health insurance cost for senior citizens is going beyond affordability, according to the survey.

Parent's health insurance cover was offered as a separate policy where the premium had to be fully borne by the employee himself. Around 41 per cent of companies that had less than 5,000 employees were making their employees share the premium in the group health insurance policy, said the survey.

Group health insurance policies are mostly loss making as they have a high claims ratio. For most insurers, the claims ratio in group health policies is more than 100 per cent (claims cost along with commission cost and other expenses). Despite this, private insurers continue to aggressively compete with the government-owned insurance companies to get corporate business. However, private insurers fail to match the premium rates offered by the public sector insurers. As a result, a whopping 73 per cent of the group health insurance policies are placed with public sector insurance companies.

The survey studied the employee insurance programs, benefit strategies and wellness programmes of 165 companies mostly from IT, ITeS, engineering, power, pharma, infrastructure, auto, media and entertainment. The survey categorised companies based on their employee strength ranging from 100 to 50,000.

falaknaazsyed
@mydigitalfc.com