

## Group health cover cost may decline on rise in competition

By Falaknaaz Syed Dec 15 2013 , Mumbai

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### Experts say property cover rates to remain stable for firms

Companies who are going to renew their insurance policies on January 1 may get discounts on group mediclaim policies, but are likely to see their premiums remain unchanged in case of property insurance policies. A significant number of companies including most multinationals renew their insurance policies on January 1. They buy group health insurance cover for their employees besides fire (read property) insurance policy, industrial all-risk policy, business interruption policy to protect their offices, buildings, power plants, refineries against fire and act of God perils/catastrophes such as earthquake, storm, rain, flood and thunder.

Heads of insurance companies and insurance brokers told Financial Chronicle that despite group health insurance being a loss-making business, competition among general insurers is resulting in reduction in premiums rates. However, rates would remain stable for property covers.

The head of a large private sector general insurance company, said, "Last year, the premium rates on group health covers had increased. However, for renewals, insurers are quoting below last year's premium. Over the past few months, group health prices has come down. To arrive at the renewal premium in group health policies, insurers look at the claims cost, health inflation and the previous year's premium."

Ritesh Kumar, managing director and chief executive officer, HDFC Ergo General Insurance, said, "The market continuous to be competitive and therefore rates would remain flat."

KK Mishra, chief executive officer and whole-time director at Tata-AIG General Insurance, said, "I expect the market to remain flat this time. My company's underwriting is risk based and we consider factors such as housekeeping, maintenance, process engineering, safety measures before deciding the premium. Incase the risks (for a corporate) are higher, premium will increase."

**V Ramakrishna, managing director, India Insure Risk Management**, an insurance broker, said, "My sense is that the rates will remain flat. Insurers are neither reducing rates, nor have they increased rates even on accounts with an adverse loss ratio. With entry of new players, competition has increased. The focus of existing insurers is to retain their accounts."

"The health insurance premium on group policies had increased on an average by 10-15 per cent last year and insurers have been able to keep their losses under control. In case of property insurance, Uttarakhand floods was a major disaster, but the loss ratio for the fire portfolio has been below 100 per cent although relatively higher than last year," added Ramakrishna.

The non-life insurance sector saw an overall growth of 14.24 per cent for the six months ended September, with a gross premium underwritten at Rs 38,718.18 crore, compared with Rs 33,890.49 crore in the same period of last year.

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