

## Health insurance, growing fast and healthy

Hyderabad, March 27, 2012:

The health insurance, a fast-growing segment in general insurance industry, is treading on a new path. It is expected to witness both qualitative and quantitative improvement in the near future.

The health insurance segment, which is expected to clock a business of Rs 13,500 crore, according to provisional figures of Insurance Regulatory and Development Authority, now has some advanced features like health insurance portability which was introduced from October last year.



### GROWTH DRIVERS

Going forward, both the regulator as well the industry experts expect many growth drivers for the segment, a positive indication for both the industry as well as the policyholders. In a recent interaction, Mr J. Hari Narayan, Chairman, IRDA, told *Business Line* that health insurance reform is one among the priority areas for the regulator.

The Insurance Regulatory and Development Authority recently formed a Health Insurance Forum to act as a consultative body for all stakeholders. This has been necessitated in view of the growth in the health insurance industry which makes it imperative to create a forum for an effective dialogue between hospitals, insurance companies, third-party administrators and consumer.

The functions of the forum, which is chaired by Member – Non-Life in IRDA, will be to advise and assist the regulator in evolving health insurance regulations and facilitate the creation and adoption of standard processes and definitions in health insurance. The members of the forum include six chief executive officers of insurance companies, and representative of the Ministry of Health and Family Welfare. Each nominated member will have a term of two years, and the forum is expected to meet at least twice a year. The Forum, for which members were nominated by IRDA early this month, is already actively engaged in devising strategies to ensure speedy growth in the segment with a focus on policy holder welfare.

### EXPANDING SCOPE

The scope of health insurance is also set to expand with more number of products for providing cover to new categories of people like HIV/AIDS patients, doctors and nurses who are vulnerable to the infection can look forward to health insurance cover soon.

At present, health insurance cover is not being provided to these categories of customers. The IRDA has asked all life and general insurers to put in place an underwriting policy on health insurance coverage for persons suffering from HIV. As of now this is proposed to be implemented from October 1, 2012.

Further, there could be more cover for day-care ailments. IRDA has been encouraging insurers to bring out more products to cover day-care ailments. This is due to the fact that advanced technology has made many procedures day-care based. The norms like compulsory hospitalisation for a minimum 24 hours are also becoming obsolete which calls for new products.

### CONCERNS

However, there have been some concerns as well. As per regulator's observation, the competition for grabbing group insurance business was 'bleeding' health insurance industry due to non-viable premium rates.

But, there is a way forward.

According to a recent survey done by India Insure Risk Management and Broking Services Pvt Ltd, focus on rural India through micro insurance initiatives, product innovation, managing channel costs, improving channel productivity will be of help. It has also been suggested that exploring new channels with a focus on information technology and effective information delivery should be taken up.