

## **Health insurance biz to touch Rs 35,000 crore by 2014-15**

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Rising middle-class incomes, inflationary pressure on healthcare costs and the popularity of state-sponsored healthcare schemes will help the health insurance business in India touch the Rs 35,000 crore mark by 2014-15, says the 'India 2011 – Insurance Industry Report' released by India Insure Risk Management and Brokerage Services.

The health insurance business has been growing at a steady pace over the past few years and accounted for 25 per cent of the overall business of the general insurance companies in 2010-11, against 23 per cent in 2009-10 and 20 per cent in 2008-09, retaining its second position after motor insurance. The sector earned a net premium of Rs 8,528 crore in 2010-11, against Rs 6,241 crore in the previous financial year.

According to the report, health insurance has been the fastest growing market segment registering a compounded annual growth rate (CAGR) of 32 per cent for the past six years. The growth drivers include an ageing population, increasing healthcare costs, improving per capita income and awareness and increasing employer-sponsored health insurance cover.

"Increased coverage under government schemes like Rashtriya Swasthya Bima Yojana (RSBY), innovative products to reach the rural sector, reduction in premiums and switching from hospitalisation cover to health managed programmes under insurance, will all result in the health insurance sector growing to about Rs 35,000 crore by the year 2014-15," the report says. According to the report, the healthcare spend in the country is expected to double and touch Rs 2,25,000 crore by 2014 and with just 3 per cent health insurance penetration in the country, there is a huge market for health insurance in India. The attitude of the Indian middle class towards the need for health insurance is also changing with factors like increase in lifestyle diseases, apart from rise in healthcare costs. The report also questions why the industry focused only on hospitalization, which was only 20-25 per cent of an individual's healthcare spend, ignoring 75 per cent of the market. The insurance industry could also do well to develop new and innovative products in segments, such as micro-insurance health products and 'health plus life' products that provide life cover, along with health insurance to subscribers.