



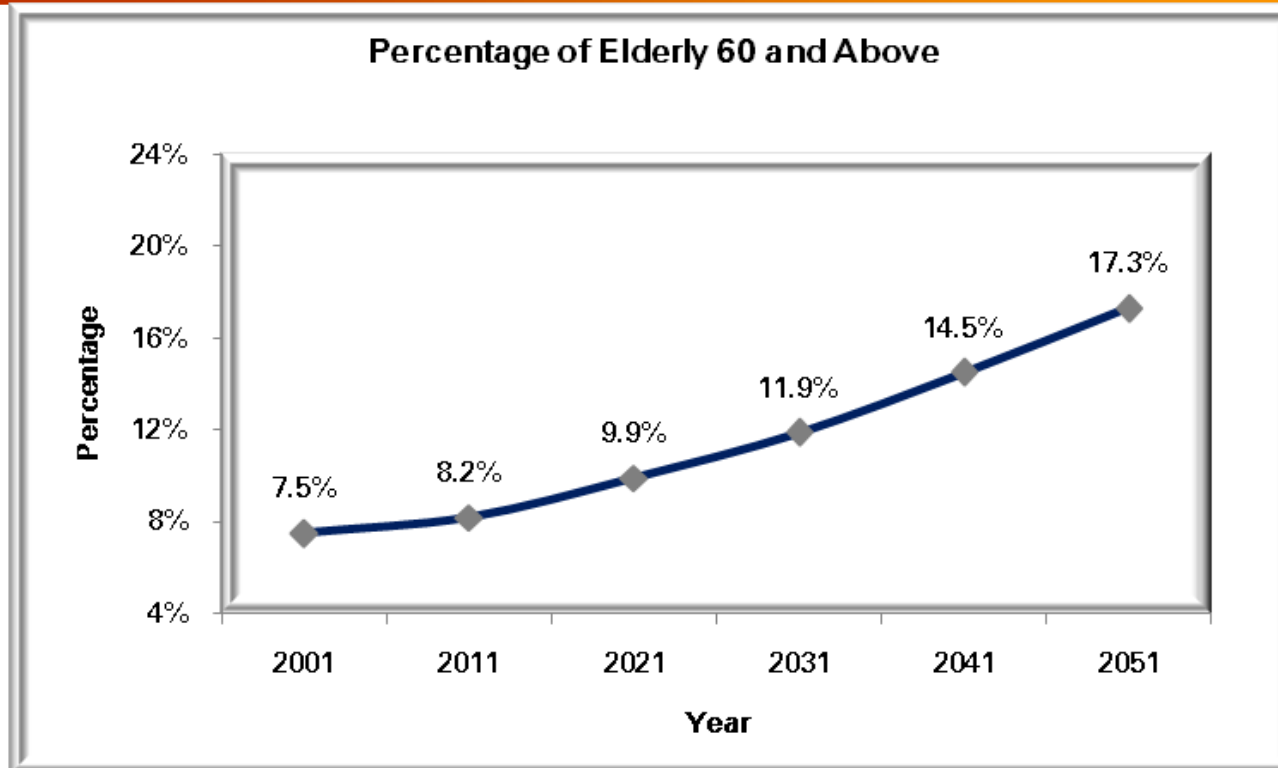
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# **Challenges related to coverage of elderly and portable cases**

**7<sup>th</sup> Seminar on Current Issues in Health Care Insurance**

**January 20, 2012, Gurgaon**

# Percentage of elderly (60 years & above) would become 17% of population in FY2051



- Rise in senior population from 7.5% in 2001 to 8.62% presently
- According to UN World Population By 2020, population of people above 60 estimated to be 140 Million in India

Source: [www.cehat.org](http://www.cehat.org)

# Increasing lifestyle related diseases

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“At your age, good health is pretty much a thing of the past. My advice is, find an illness you enjoy.”

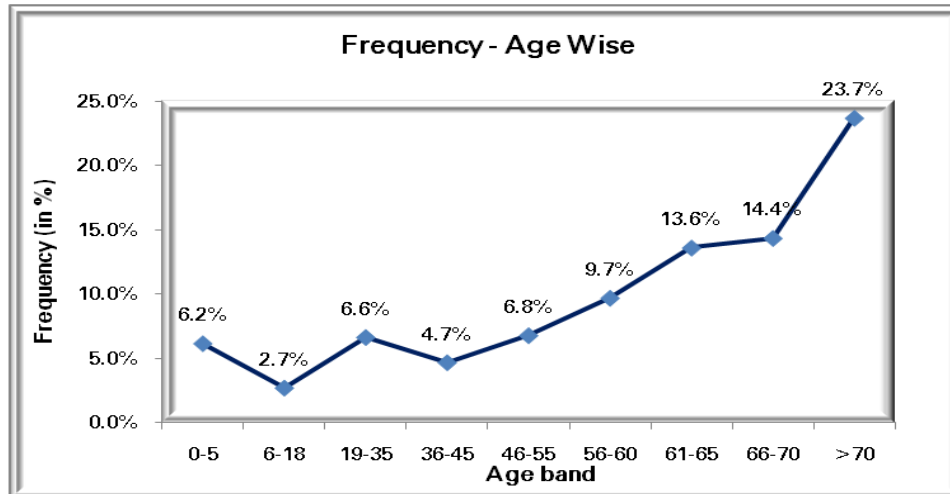
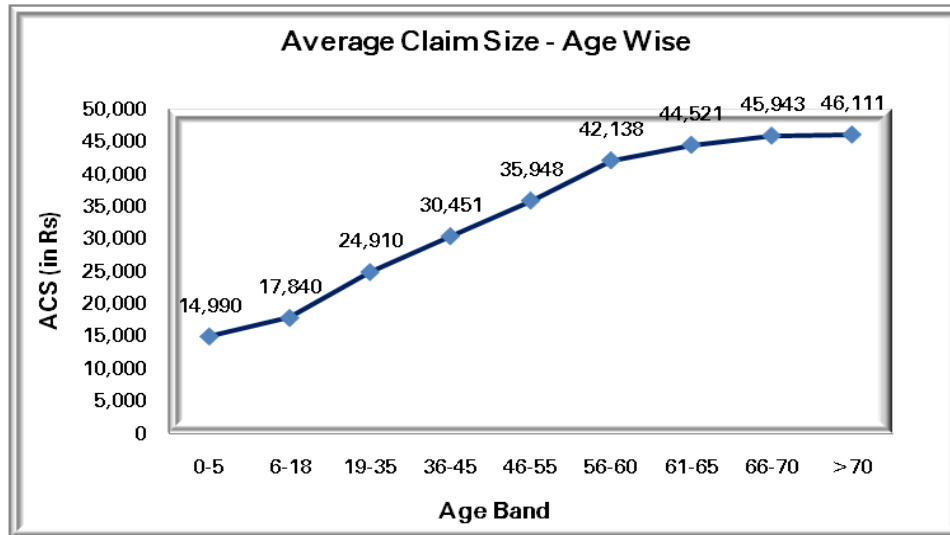
Disease	Number of cases	Projected number of Cases 2015**	Projected Deaths 2015**
Cardio vascular	38,041,090	64,071,891	3,420,752
Diabetes	31,039,932	45,809,149	NA
COPD	17,020,000	22,210,000	NA
Cancer	2,016,700	2,496,133	666,563

\*CVD/diabetes data from 2005; COPD from 2006; cancer from 2004. \*\*Projected data for CVD/diabetes is for 2015; COPD is 2016; cancer is 2014  
Source: WHO, World Health Statistics 2010



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# Elderly insurance pricing: Insurers' dilemma



- ACS above 65 years is around Rs 46,000, 30% higher than 36-45 years age group
- There is huge spike in frequency of claim in the age band above 65 years as compared to 36-45 years age group
- Premium for elderly ranges from 15% to 30% of SI for SI range of 2-4 lacs

# So what is the solution: Food for thought

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- **Increase penetration to reduce frequency, thereby reducing premium costs**
  - **Increase individual collection efficiency e.g.**
    - **Medicare in USA**
    - **Medicare tax of 2.9% on wages received by an employee**
    - **Social Security, Medicare payroll taxes and premiums cover only 57% of current benefits. The remaining 43% is financed from general revenues**
    - **Because of rising health care costs, general revenues would have to pay for 62% of Medicare costs by 2030**
  - **Group coverage for employee**
    - **Make provision of health insurance coverage for private sector employee group (over 50) mandatory**

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**Thank You**



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# Premium / SI Ratio for 65 years

Allianz Worldwide	Premier Individual	Club Individual	Classic Individual	Essential Individual
Premium	\$16,513.74	\$14,579.74	\$13,153.74	\$11,564.74
Sum Insured	\$3,150,000	\$2,100,000	\$1,600,000	\$710,000
Premium / SI	0.52%	0.69%	0.82%	1.63%

AXA Worldwide	Prestige	Comprehensive	Standard
Premium	\$18,734.62	\$13,627.85	\$10,652.88
Sum Insured	\$2,000,000	\$1,600,000	\$1,200,000
Premium / SI	0.94%	0.85%	0.89%

# How US Government bears the burden..

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- Starting in the year 2013, Medicare taxes will be increased to 3.8% and expanded to cover both wage income and investment income for higher-income individuals
- Social Security and Medicare, went from 28% of the budget in FY 1988 to 34% of the budget in FY 2008. By FY 2021 these two programs will rise to 35% of total spending