

Webinar on Health and Care Insurance 29th May, 2020

Welcome Address - Chair,
Advisory Group on Health Care
Insurance, IAI



Vishwanath Mahendra, FIAI

Welcome



Mute



Q&A



IAI support



Recording



Feedback

CPD

Webinar on Health and Care Insurance 29th May, 2020

Presidential Address



Sunil Sharma, FIA, FIAI

Webinar on Health and Care Insurance 29th May, 2020

Covid-19 After fall and the Emergence
of the Indian Insurance Ecosystem



Ms Raunak Jha & Mr Randip Singh

Agenda of Talk

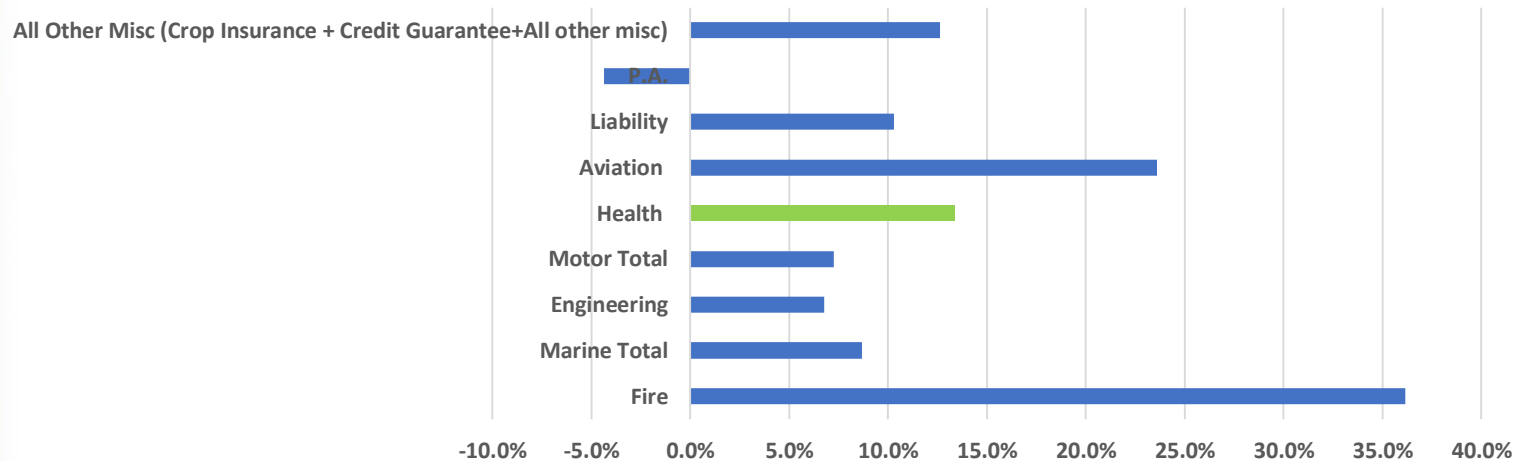
- Snapshot of Current Situation
- Emerging Insurance Landscape post Covid-19
 - Insurers
 - Consumers
 - Provider Network
 - Regulator
- Key Unknowns and Way forward!

Current Situation in Focus

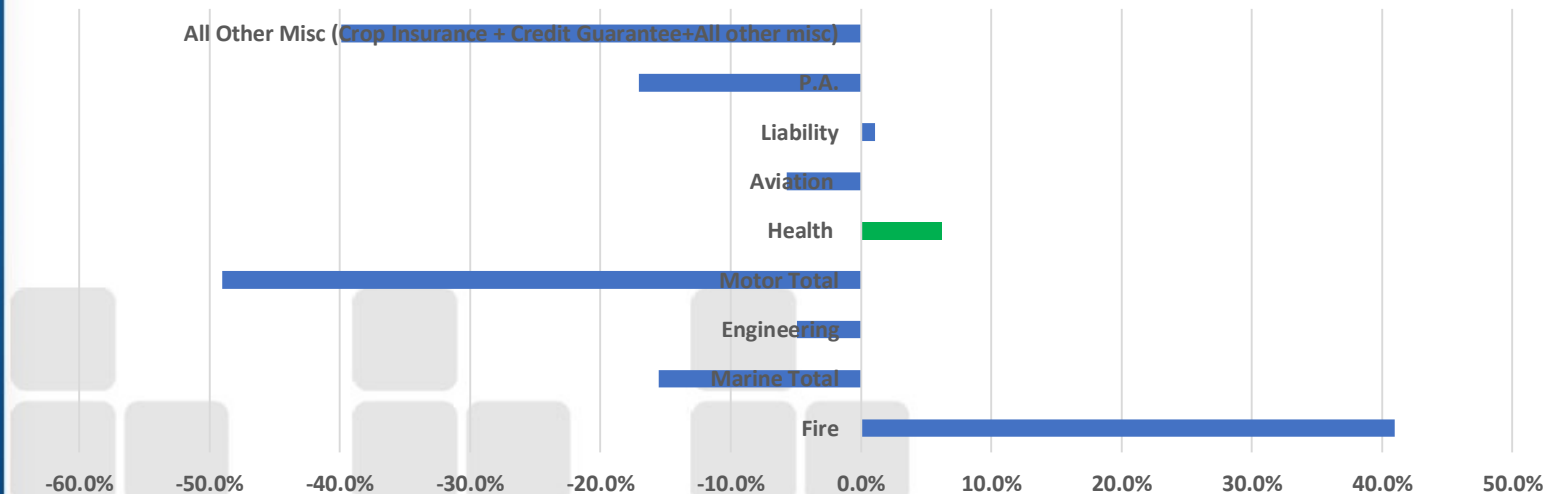


Pre & Post Covid-19 Situation

Gross Direct Premium Income Growth for 2019-20

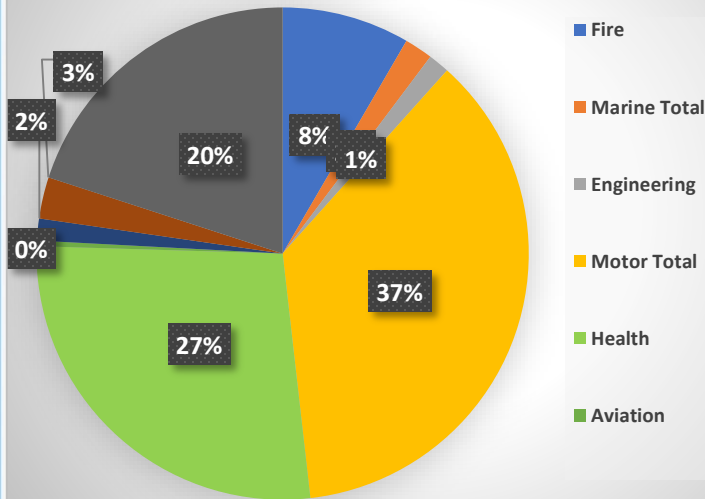


Gross Direct Premium Income Growth For April 2020

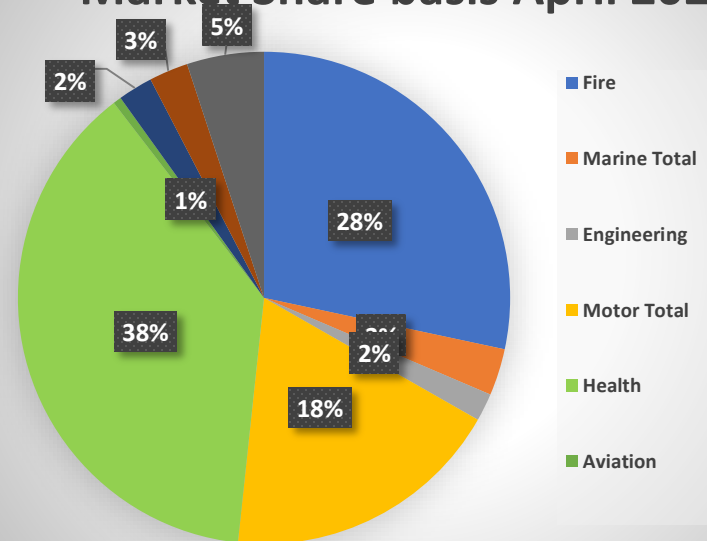


Pre & Post Covid-19 Situation

Market Share for 2019-20

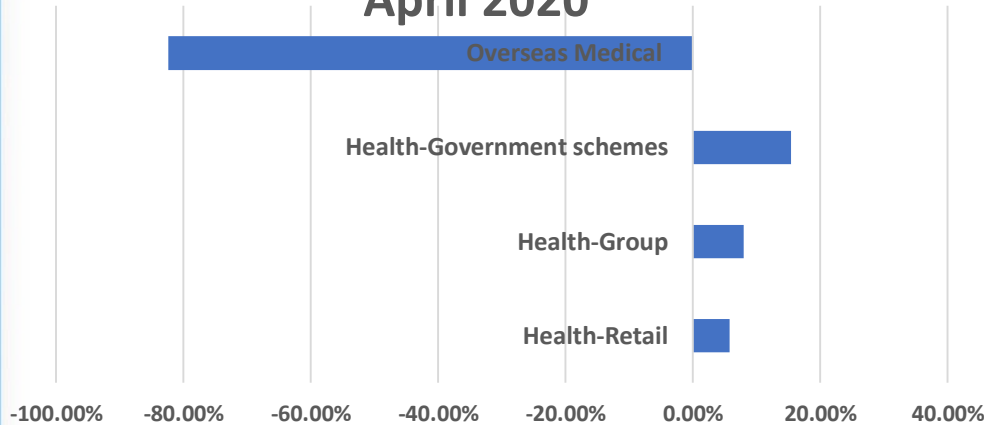


Market Share basis April 2020

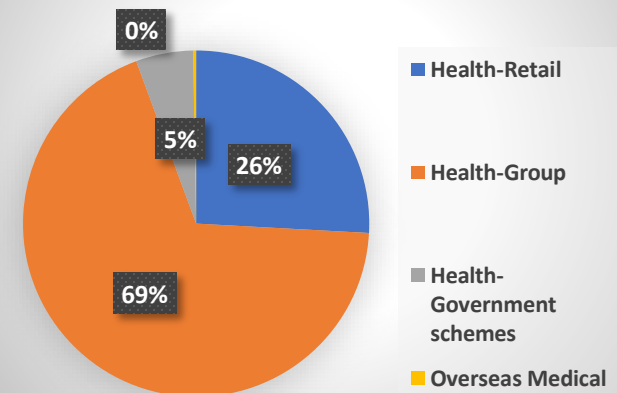


Post Covid-19 Impact on Health Business

% Growth Health Segmentwise for April 2020



% Health Segment Split for April 2020



Insurer in Focus



Glance at Insurer's World

- New/Existing Business
- New Products
- Distribution
- Underwriting
- Claims Experience
- Future Uncertainty
- Regulatory Support

Consumer in Focus



Glance at Consumer's World

- Need/Awareness for Health Cover
 - Demand/Availability of Health Care
 - Demand/Availability of Health Insurance Cover
 - Ease of buying Cover
 - Cyber Risk
 - Relationship with Insurer
- Regulatory Support

Hospitals in Focus



Glance at Providers' World

- Reduced Occupancy Rates
 - Increased Cost of Treatment
 - Availability of Staff
 - Other issues
-
- Regulatory Support

Key Unknowns



Key Unknowns!

- Reporting of statistics on Covid-19
- Lack of test capabilities
- Relaxation of lockdown measures and subsequent waves
- Population behaviour overtime
- Vaccines and treatment
- Implications of extreme economic conditions on population health and wellbeing

- **Way Forward!**

Webinar in Health and Care Insurance

Friday, 29 May, 2020

1600 to 1730 IST Mumbai



**Covid19 Health Insurance business
implications and way forward**

Anuradha Sriram, FIAI

Agenda



- Setting the context
- Global experience
- India experience/ projections
- Implications for Health Insurers
- Response aspects
- Key learning and way forward



- Outbreak vs. Epidemic vs. Pandemic
- Global village
 - Supply chain
 - Travel
 - Human resources
 - Environment
 - Lifestyle and eating habits
- Covid19 a perspective



Institute of Actuaries of India

S. No.	City/ Country	Population	Cases as on 26 th May	IR
1	New York	84,00,000	3,72,494	4.43%
2	New Jersey	88,80,000	1,56,602	1.76%
3	Spain	4,69,00,000	2,82,480	0.60%
4	Belgium	1,16,00,000	57,342	0.49%
5	USA	32,82,00,000	17,06,226	0.52%
6	Italy	6,04,00,000	2,30,158	0.38%
7	UK	6,60,00,000	2,61,184	0.40%
8	France	6,52,00,000	1,82,942	0.28%
9	Germany	8,37,00,000	1,80,789	0.22%
10	Russia	14,59,00,000	3,53,427	0.24%
11	Turkey	8,42,00,000	1,57,814	0.19%
12	Iran	8,38,00,000	1,37,724	0.16%
13	Brazil	21,23,00,000	3,76,669	0.18%

India Dashboard

Covid19 cases

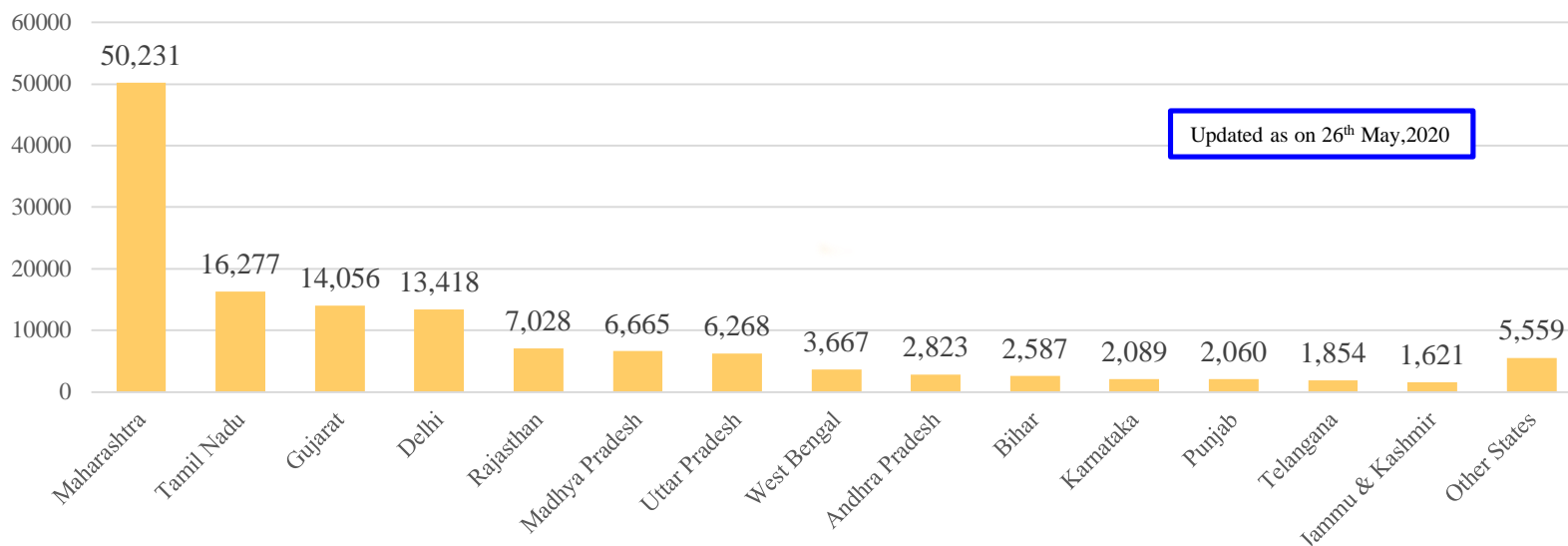


S. No.	City/ Country	Population	Cases as on 26 th May	IR
1	Thane	18,90,000	6,958	0.37%
2	Ahmedabad	55,70,000	10,590	0.19%
3	Pune	31,20,000	5,996	0.19%
4	Mumbai	1,84,00,000	31,972	0.17%
5	Chennai	70,90,000	11,131	0.16%
6	Indore	19,90,000	3,064	0.15%
7	Aurangabad	11,80,000	1,289	0.11%
8	Delhi	1,90,00,000	14,053	0.07%
9	Bhopal	18,00,000	1,271	0.07%
10	Nashik	14,86,053	973	0.07%
11	Jaipur	30,70,000	1,828	0.06%
12	Surat	44,60,000	1,351	0.03%
13	Jodhpur	36,90,000	1,271	0.03%

India Dashboard Covid19 by state



Number of COVID-19 Cases



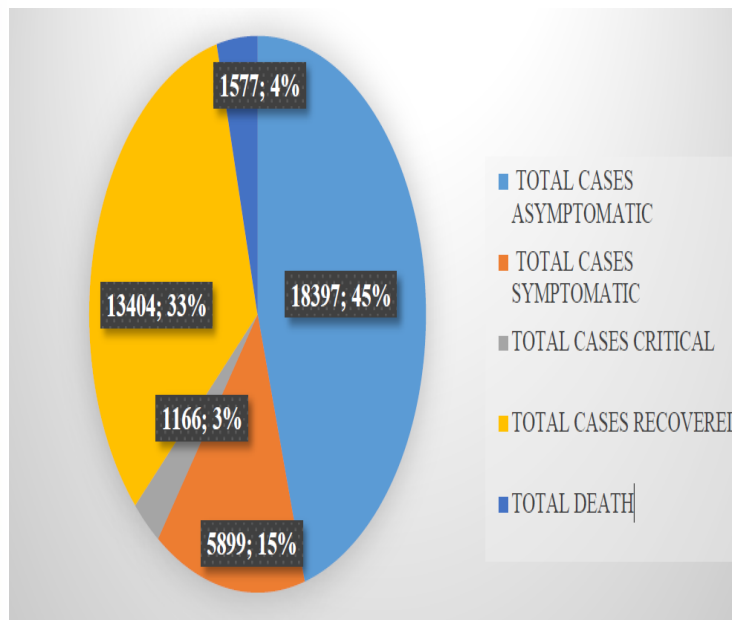
Updated as on 26th May, 2020

Number of COVID-19 Cases	States and Union Territory
>10k	Maharashtra, Tamil Nadu, Gujrat and Delhi
5K-10K	Rajasthan, Madhya Pradesh, Uttar Pradesh
1K-5K	West Bengal, Andhra Pradesh, Bihar , Karnataka, Punjab, Telangana, Jammu & Kashmir, Odisha and Haryana
<1K	Kerala, Assam, Jharkhand, Uttarakhand, Chhattisgarh, Chandigarh, Himachal Pradesh, Tripura, Goa, Ladakh, Puducherry, Andaman and Nicobar, Manipur, Meghalaya, Dadar Nagar Haveli, Arunachal Pradesh, Mizoram and Sikkim

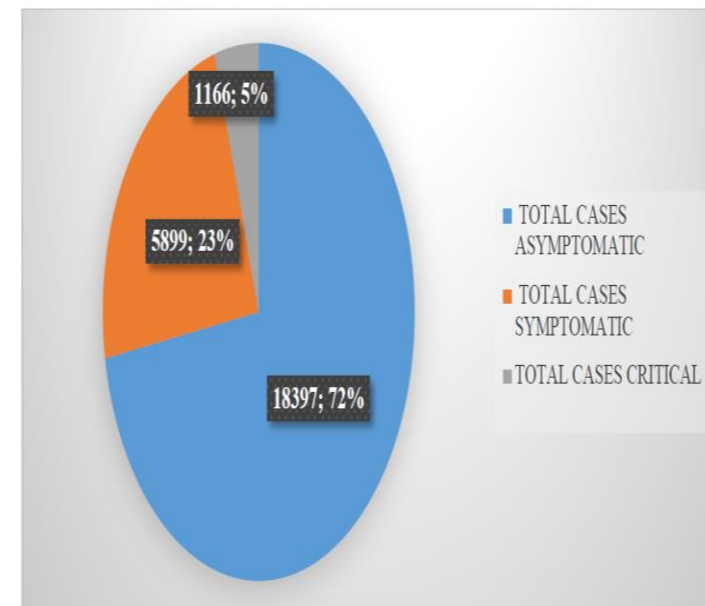
Data from: daily report of Public health department, Government of Maharashtra

India Dashboard Covid19 snapshot

Status of COVID-19 Cases in Maharashtra (N=40443)*



Current Status of COVID-19 admitted Patients in Maharashtra (N=25462)*



- Less than 30% of positive cases require hospitalisation
- The recovery rate experience is good

Data from: daily report of Public health department, Government of Maharashtra

India Dashboard

Covid19 progression comparison



Doubling time of COVID-19 cases comparison with other countries

No. of cases	CHINA	INDIA	USA	FRANCE	ITALY	JAPAN	SPAIN	IRAN
100	1ST DAY	42ND DAY	44TH DAY	41ST DAY	25TH DAY	33RD DAY	32RD DAY	8TH DAY
1,000	5TH DAYS	58TH DAY	53RD DAY	49TH DAY	31ST DAY	63RD DAY	39TH DAY	13TH DAY
2,000	6TH DAY	63RD DAY	56TH DAY	52ND DAY	33RD DAY	74TH DAY	41ND DAY	14TH DAY
4,000	8TH DAY	66TH DAY	60ST DAY	55TH DAY	37TH DAY	79TH DAY	43TH DAY	17TH DAY
8,000	11TH DAY	72TH DAY	61ST DAY	60TH DAY	40TH DAY	86TH DAY	46TH DAY	21ST DAY
16,000	14TH DAY	80TH DAY	62nd DAY	64TH DAY	44TH DAY	113TH DAY	50TH DAY	28TH DAY
32,000	19TH DAY	90TH DAY	64TH DAY	68TH DAY	50TH DAY		53RD DAY	38TH DAY
64,000	28TH DAY	101ST DAY	67TH DAY	73RD DAY	55TH DAY		57TH DAY	50TH DAY
1,28,000		114TH DAY	71ST DAY	98THDAY	67TH DAY		65TH DAY	
2,56,000			73RDDAY					
5,12,000			83RD DAY					
10,24,000			101THDAY					
20,48,000								

Poll question - 1



- Covid19's impact on Health Insurance Companies will be
 - Severe
 - Moderate
 - Mild

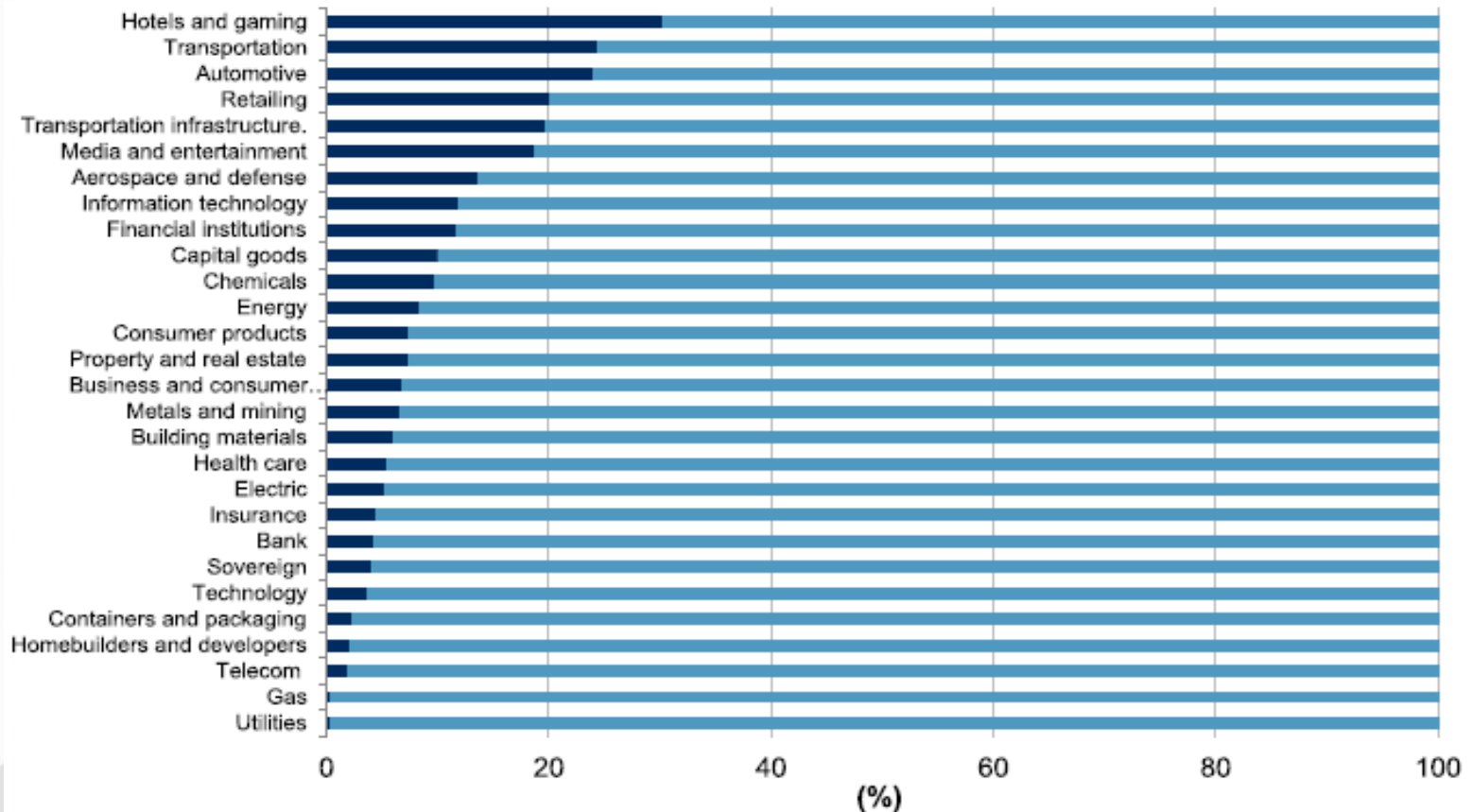
A medical crisis leading to an economic crisis

- Health care aspects
 - Capacity
 - PPE/ cost of treatment
 - Protection to front line
 - Shifting demand patterns
 - Digital care
 - Universal health care
 - Focus on prevention/ immunity
 - Mental health
- Economic aspects
 - GDP impact
 - Fiscal impact
 - Employment
 - Supply/ demand shifts
 - Asset quality



Insurance sector is expected to be resilient

S&P Global Ratings sector breakdown of corporate and sovereign issuers affected by COVID-19, as of March 26, 2020



Implications for Health Insurers

- Customers
 - Communication
 - Self-service/ options
 - Awareness/ Information
 - Timely claim settlement
 - Affordability
 - Support and coaching
 - Mental health
- Distributors
 - Communication
 - Affordability
 - Support
 - Training/ reskilling

Implications for Health Insurers

- Business
 - BCP
 - Budget/ plan
 - Shareholders/ Investors
 - Impact assessment
 - Assets/ investments
 - Cash flow/ expenses
- Employees
 - Communication
 - Assurance
 - Health and wellness
 - Reskilling/ training

Implications for Health Insurers

- External stakeholders
 - Regulator/ Compliance
 - Industry bodies/ Policy advocacy
 - Government/ CSR
 - Competitors
- Others
 - Risk management
 - Sales
 - Technology
 - Process reengineering

Risk management response aspects

Exposure Identification and Claims Management

- Are exposures properly identified and tracked?
- Assets and liabilities
- What economic scenarios are developing?
- Is liquidity a concern?
- What LOB's are claims coming from and how are they emerging?
- Appropriate claims strategy in light of developing legal or regulatory interpretations?

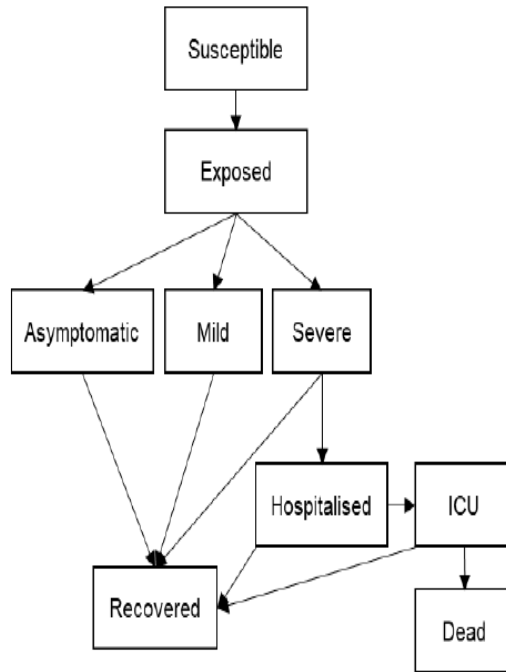
Risk and Capital Management

- What is overall view of capital adequacy in light of constraints and financial plans?
- What is strategy to fill exposure gaps and augment capital if necessary?
- What is impact on risk appetite and tolerances and reinsurance strategies?

Covid19 risk and claims assessment approach



Model Structure

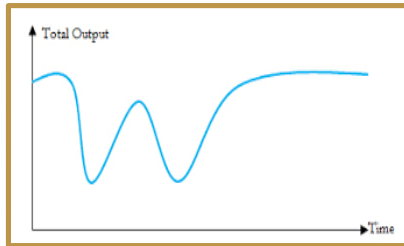


Source: IHRM seminar, SA

Base Parameters

- $R0 = 3$
- Proportion of asymptomatic cases = 75%
- Relative Infectiousness of asymptomatic cases (to symptomatic cases) –50%
- 30% of mild cases detected, all severe and critical cases detected*
- Lockdown effect = 60% x $R0$
- NPIs after lockdown = 75% x $R0$
- Infectiousness pre isolation: Asymptomatic 10 days, Mild 7 days, Severe 2.3 days,
- Severe isolated in hospital for 3.7 days
- Hospital stay: 10 days if not critical, 6 critical days if critical plus 10 days in ICU if recover or 6 if die
- Proportion of admissions ending in ICU =21.3%.
- **Scenario 2 (else equal to base)**
- $R0 = 2.6$
- Asymptomatic proportion = 50%
- **Scenario 3 (else equal to base)**
- Lockdown effect = 50% x $R0$
- NPIs after lockdown effect = 70% x $R0$
- **Scenario 4 (else equal to base)**
- Lockdown effect = 70% x $R0$
- NPIs after lockdown effect = 80% x $R0$

Way forward



**Possibility of W-shaped
Recovery Curve**



Digital Readiness



**Expanding Business
Ecosystem and Partnerships**



**Shifts in
Customer Preferences**



**Smart Work and
New Capabilities**

Poll question - 2



- Demand for Health Insurance will
 - Go-up
 - Remain the same
 - Reduce

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Questions & Answers



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CPD Questions



Vishwanath Mahendra, FIAI

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Vote of Thanks - Chair, Advisory
Group on Health Care Insurance,
IAI

