

*Health Insurance business is doing reasonably well but it is largely coming from pure Health Insurance companies or Non-Life companies and the Life companies seem to be struggling in this space. Discuss the challenges and compare the future of health products under Life and Non-Life Insurers.*

# Flow

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Health insurance market

Why did Life insurance companies struggle?

Challenges

Future of Health insurance industry

# HEALTH INSURANCE MARKET

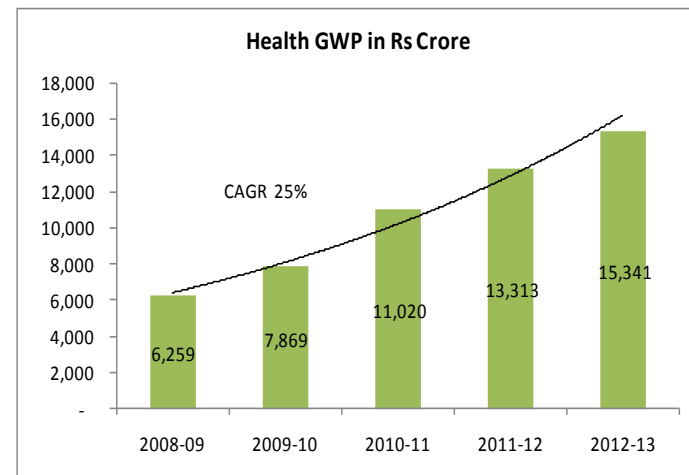
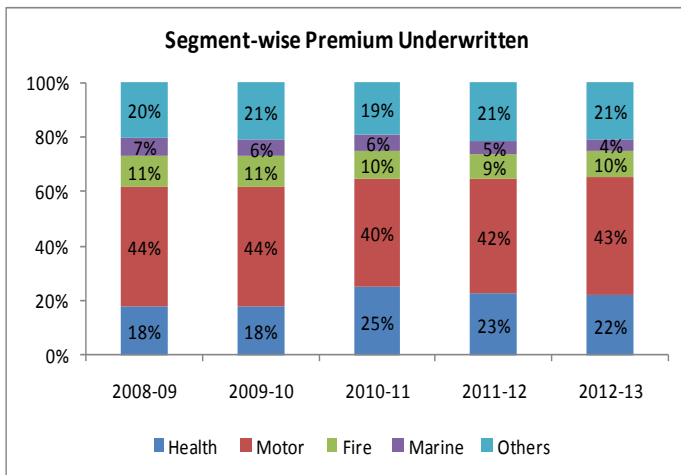
# Health Insurance in India

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- **The Health (Mediclaim/Indemnity) Insurance market :**
  - Retail Health products (Individual/Floater)
  - Group Health products (Employer's employee/Non Employer's employee)
  - Mass schemes for BPL families sponsored by Government
- **General Insurance (GI) companies offering Mediclaim products:**
  - 4 PSUs
  - 13 Private players (RQBE, Shriram, Magma HDI & Liberty Videocon not offering Health Insurance as of now)
  - 4 Stand alone Health insurance companies(Cigna TTK recently got IRDA approval)
- **Life Insurance (LI) companies:**
  - Offering mainly Health insurance riders (Fixed benefit e.g. Critical illness Rider)

# Health Insurance by General Insurance Companies

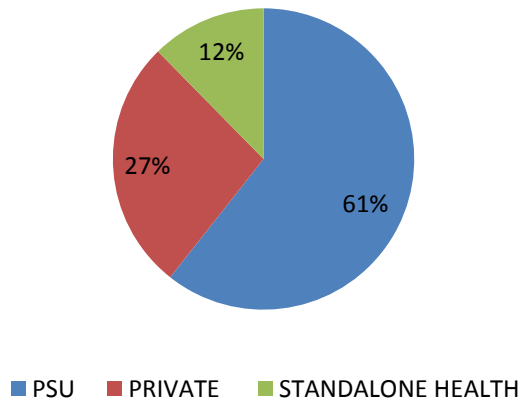
- GI companies dominate the health insurance market
- This sector is the second largest contributor to the non-life industry's premium underwritten
- The 5 years CAGR at 25% far exceeds the overall GI industry CAGR of 17%
- As 2012-13 the market size is Rs 15,341 Crore



Source: IRDA website

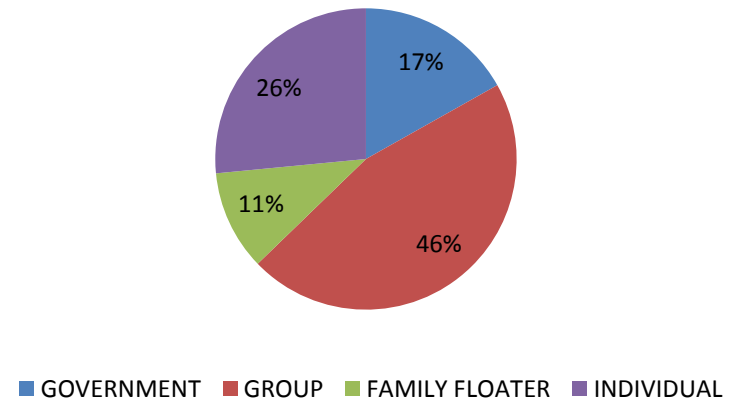
# Market Share Breakup (GI Companies)

## GWP Breakup by Insurers



- PSUs dominate the health insurance business
- The significant market share of the Stand Alone health insurers to be noted

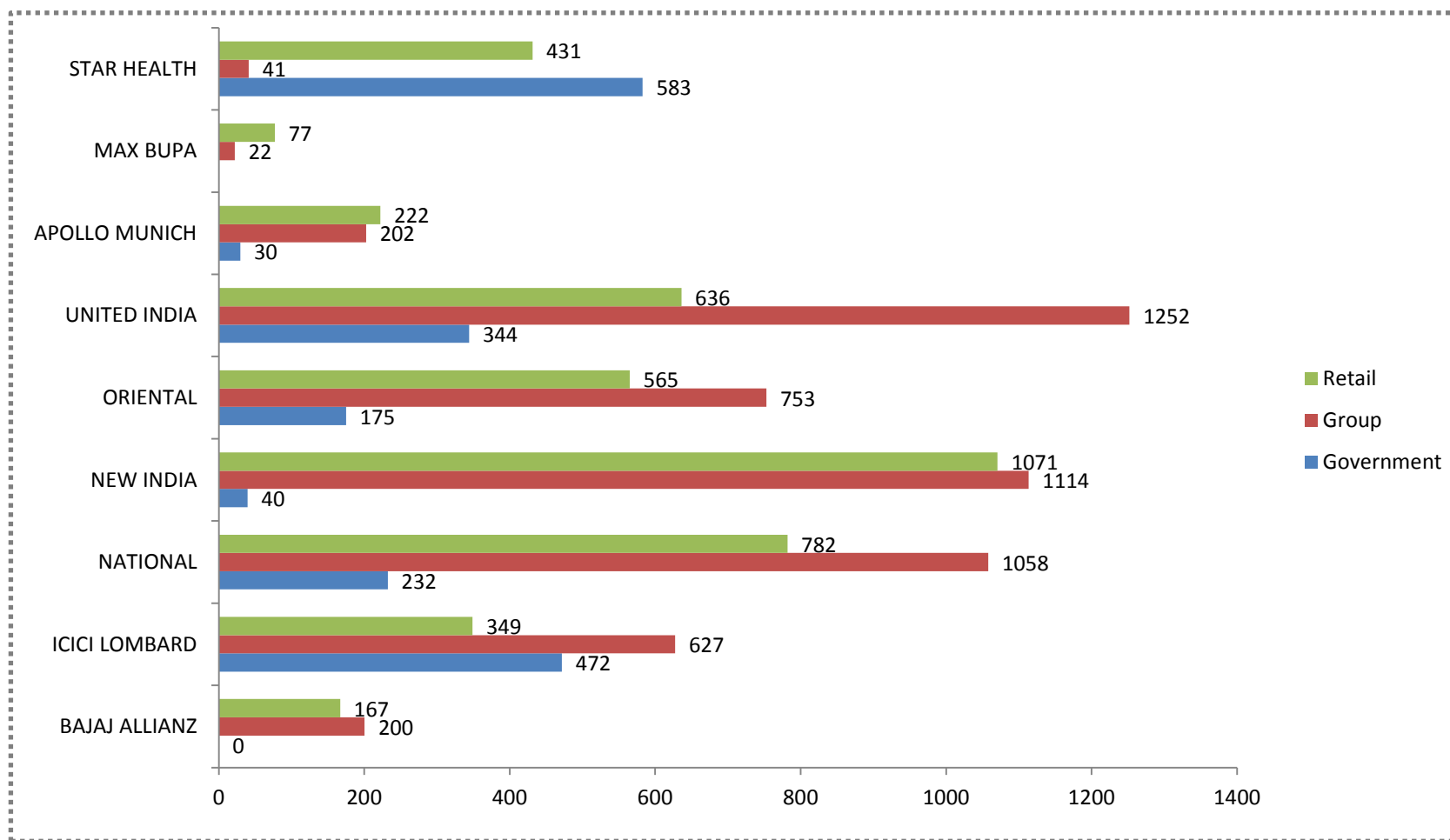
## GWP Breakup by Segment



- Group Portfolio contributes the most business

*Source: IRDA website*

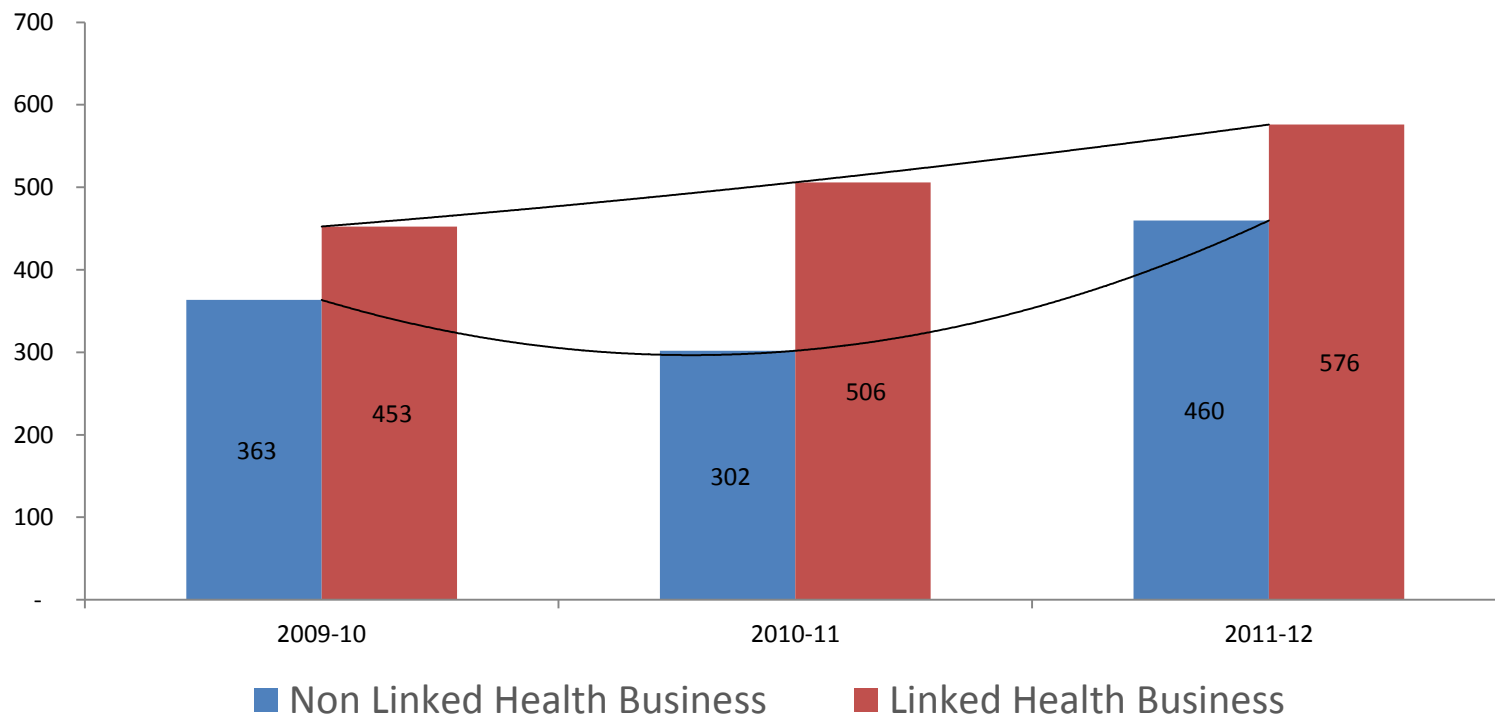
# Top Insurers-GWP segment wise (Rs.Crore) FY 2011-12



Source: IRDA website

# Health Insurance by Life Insurance Companies

No of Policies in force in '000



Source: IRDA website



**WHY DID LIFE INSURANCE  
COMPANIES STRUGGLE ?**

# Action Vs Need

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<b>What they did</b>	<b>What was the need</b>
Products offered complex in nature	Simple products which can be easily understood
Long term Fixed benefit products	Short term Indemnity product was the requirement of the market
Generally high premium for the linked health products	Affordable premium
Non participation in Corporate and Mass schemes	Participate in the segment which contributes more than 60% of Health Business

# CHALLENGES

# Challenges for the Industry

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- Indian population is yet to accept Health insurance as a financial vehicle for medical treatment
- Poor understanding of the products
- Higher claim ratio specially in the corporate Health business
- Lack of quality data
- Life time renewal
- Portability

# Challenges for the Industry

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- Fraud and abuse
- Anti selection and Medical inflation
- New disease patterns and advancement in Medical technology
- Interpretation of policy wording and court decisions
- No standardization of Medical treatment cost across service provider network

# Challenges for Life Insurance Industry

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- More complex underwriting
- Challenging claim management
  - Multiple claims Vs single claim
  - Hospital network management
  - Supervising TPA activity / setting up in-house claim team
- Lack of data for pricing and product design
- Change in system

# **FUTURE OF HEALTH INSURANCE INDUSTRY**

# Growth Drivers of the Health Insurance Market

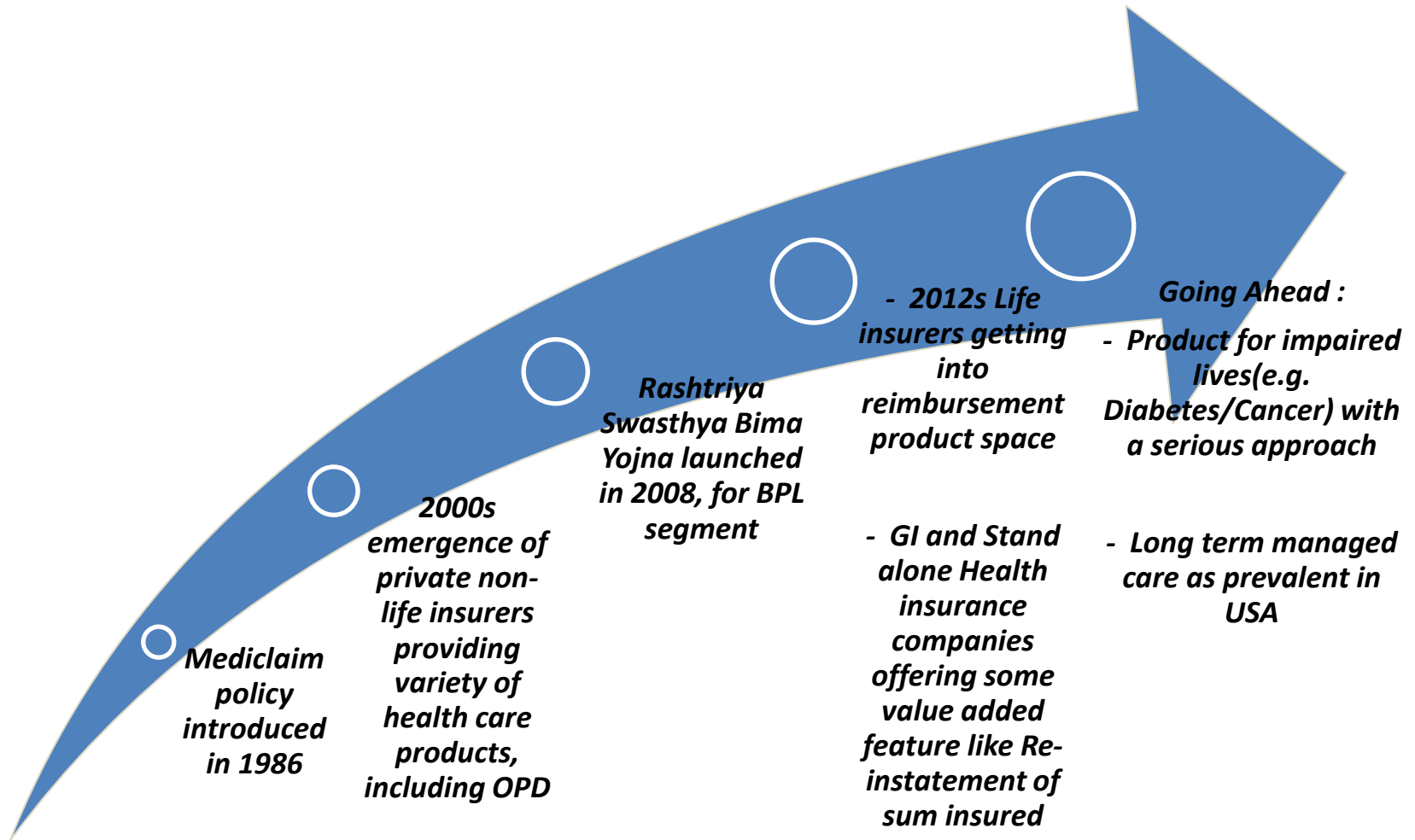
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- Economic factors :
  - Meteoric rise in health expenditure
  - Out of pocket expenses
  - Rising disposable income
- Awareness about availability & need for quality health care
- Greater incidence of 'lifestyle' diseases (e.g. diabetes, heart disease)
- Novel concepts like medical tourism and managed health care



# Evolution of Health Insurance in India

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# Future

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- Lately several life insurance companies have plunged into the Indemnity Health Product segment
- Products:
  - Minimum exclusions supported by stricter underwriting at pre-acceptance stage
  - Managed Care for life style diseases like diabetes
  - Health Saving Account (HSA)
  - Long term Care product
  - For senior citizen
  - Customized product
- More IT enabled services leading to efficient processes
- Strong coordination between Insurers and service providers
- Gate keeping like USA
- Direct to customer (D2C) channel emerging as an important distribution channel
- Universal Health insurance scheme for all citizens of the country ?