New India & ICICI Lombard are revising rates

Health insurance premiums are increasing. Top non-life insurers, New India Assurance and ICICI Lombard General Insurance, have decided to revise the premium rates, and Oriental Insurance, United India Insurance and Iffco Tokio General are actively considering an increase.

The trend was set by private insurers Reliance General and Bajaj Allianz General. New India Assurance, the country's largest non-life insurer, is revising the features and rates of Mediclaim 2007. Its chairman and managing director M Ramadoss said, "Since the last three to four years, we have not raised the premium rates of our mediclaim policy. We are revising the product and will be filing the revised product with the Irda in a month. Revised Mediclaim will have higher sum insured and differential premiums." He, however, did not specify the increase.

Sanjay Dutta, head health insurance at ICICI Lombard General, said, "We have already filed 2-3 products with the regulator with higher premium rates and are in the process of filing some more products."

While public sector non-life insurers have 60 per cent of the health insurance market, ICICI Lombard is the largest private non-life insurer. While private insurers have a bouquet of products on offer, public insurers generally offer a single product. The increase in premium is expected to cover all products.

A senior official at Oriental Insurance, who did not wish to be identified, said, "We are examining revising the rates on individual mediclaim policy and family floater policy. We will take a decision in the next three months." S Narayanan, managing director and chief executive officer of Iffco Tokio General Insurance, said, "We are evaluating filing revised premium rates. A decision will be taken at a meeting that is scheduled next month."

While most of the companies are tightlipped on the quantum of increase, Reliance General increased the premium rates on Healthwise policy from 200 per cent to 500 per cent and Bajaj Allianz General raised the rates on Health Guard by 10 per cent in March-April this year. According to data from Prudent Insurance Brokers, Iffco Tokio General had raised rates in February on an average 20-25 per cent while Cholamandalam General raised rates in March by 15 per cent.

Pavanjit Singh Dhingra, vice-president of Prudent Insurance Brokers, said, "Many insurance companies like New India Assurance, United India, National Insurance, Oriental Insurance and ICICI Lombard have reduced coverage by putting a cap on room rent and capping the treatment cost for various diseases."

"This is because of several reasons. The loss ratio in health insurance is 130 per cent and medical cost is rising annually by 20 per cent, and there is a tendency among people to take treatment in tertiary care hospitals. Therefore, the premium rates on health covers are expected to rise in the near future," said Dhingra.

"Reliance General Insurance decided to reprice its healthcare products for the first time in four years… This repricing has been done in varying percentages across the product line after careful assessment of claim ratio, product offering, pricing and competitive products and benefits," said a statement from the firm.

According to **IRDA**'s 2009-10 annual report, premium collection in the health segment continued to surge at Rs 7,311 crore in 2009-10 from Rs 6,088 crore in 2008-09, a growth of 20.09 per cent. This raised the share of the health segment in total insurance premium to 21.12 per cent in 2009-10, from 20.06 per cent in 2008-09. The growth in the health segment has far outpaced the growth rate achieved by the non-life industry as a whole, according to the Irda report.

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