

Health insurance: Will the momentum sustain?

Health insurance in India grew by over 29% from April to November 2021 as compared to the same period in 2020. Will this momentum continue?

By Anoop Khanna

The pandemic did one good thing for India. It made health insurance a pull product rather than a push product. A surge in demand for health insurance covers was seen in the initial months of the pandemic in 2020. Now it is greater awareness of the importance of health insurance that is driving demand.

The kind of spurt seen in the buying of health covers during the acute phases of the pandemic may not be sustainable once the pandemic waves ebb, however, the momentum created will continue to spur demand.

Big gap in health insurance coverage

According to a recent study by Swiss Re, India has a health protection gap of around \$370bn. Another study has revealed that nearly 40% of India's population that can afford health insurance covers is still uninsured. This does not include the unorganised sector, gig economy and bottom of the pyramid section of the population that needs health insurance.

This gap is huge but not insurmountable. In April 2020, Insurance Regulatory and Development Authority of India (IRDAI) introduced a standardised health insurance cover Aarogya Sanjeevani with a maximum sum insured of INR500,000 (\$6,725). The launch of this standardised cover was overshadowed by the outbreak of COVID-19 and it did not evoke a very enthusiastic response from customers. However, with the slowing

down of infections, the demand for this product is slowly picking up.

Sickness insurance to health insurance

Now there is a major shift from protection to prevention in the healthcare ecosystem. Indian insurers will need to cash in on this opportunity and encourage healthy habits and behaviour which could be used as a peg for rewarding health-conscious customers. IRDAI has made the task easier for the insurers to incorporate wellness and preventive features like vouchers for gyms and discounts for health check-ups in health covers.

Bajaj Allianz General Insurance CEO and MD Tapan Singhel said, "While health claims are at all-time high and with a growing ageing population, we need to look at how we can introduce and encourage wellness in the products we offer. Rather than considering such features as a marketing tool, insurers can work towards an evidence-based method to improve the lives of their customers."

As millennials and the younger generation become more inclined towards fitness and good health, insurers should focus on products with inbuilt incentives for staying fit.

Customers' expectations

The pandemic has brought about subtle changes in what a customer looks for in health insurance. Treatment at home, teleconsultations, digital therapeutics, preventive and wellness inputs, as well as smooth

claims settlement or even cashless settlement with healthcare provider are now an integral part of a health insurance cover.

Technology as an enabler


The application of cutting-edge technology, AI and machine learning, data analysis and big data to health insurance can lead to many benefits for the health insurance industry.

The industry needs to look at collaborating with InsurTech to bring down customer acquisition costs, automate and improve user experience and simplify claims settlement processes. Technology can also improve security controls and fraud detection.

Claims servicing did not disappoint customers

As of 3 January 2022, the general insurance industry had received 1,786,000 COVID-19 claims worth \$2.8bn cumulatively. This is around 80% more compared to the previous financial year 2020-21, when the industry received 986,000 claims with a total value of \$2bn.

Star Health and Allied Insurance managing director Anand Roy said that while claims servicing during the pandemic did not disappoint customers, superior services at the time of a claim are needed.

Health insurance is set to be the largest line of business in the next few years and health insurance will now move to promoting good health and wellness among customers. 

Revolutionising healthcare through innovation

InsurTech **dacadoo** has been leveraging technology for better healthcare outcomes. We spoke to the InsurTech's **Mr Peter Ohnemus** about how innovation is transforming health insurance.

By Jimmy John

Predict and prevent risk

The major trends noticed by dacadoo entering 2022 is what it calls predict and prevent. Dacadoo president and CEO Peter Ohnemus feels that the life and health insurance industry, over the last 150 years, basically assumed risk – not trying to predict and prevent risk, which he believes will be a big change for the global industry.

"We call this #WECARE and the integrated insurance operators will be the big winners as they will have better margins, be closer to the consumer's life and at the end of the day. If you live longer, you pay premium longer and as a client you are happy if you're insurance operator is looking after your health," he said.

In this situation, he feels that everybody is a winner. "You have a longer life, meaning you pay more premium, and the insurance operator have less cost, but longer premium from you," he said.

Focus on digital health engagement

Mr Ohnemus is a big believer in the concept of something for something economy. Research done by his company show that insurance companies that are having a health score and point system have over 30 to 42% more health engagement.

Moreover, global research shows that average insurance operators have 2-4% engagement with their clients and most insurance operators only have one or two communications per year with their clients.

"This is not good, and we believe that the consumer is willing to share

data, which was also confirmed by the latest Accenture study, which confirmed that close to 70% of all consumers are willing to engage with their insurance operator if they get something in return. One should not underestimate the power of this something for something economy," he said.

Digital living is the future

The biggest challenge today is the increasing cost of healthcare, which he believes the consumer cannot keep paying.

"The big opportunity is to have more assisted living, meaning bringing digital home to where you are at any time," he said. According to him, digital living is the future and is about mobile first and cloud native, which means that the insurance operator needs to provide real-time assisted living to individuals, wherever they are and ensure their good health.

"I know that most people believe assisted living is something for old people, but I believe there is a serious growth opportunity for insurance operators that will provide me with lifestyle navigation 24/7 and thereby helping me staying healthy and living my full health potential. I win as I have less cost and the insurance win as well as they have to cover less bills for me," he said.

Get platform strategies right

Mr Ohnemus feels that the big challenge with insurance operators both in India and abroad is that they are very conservative.



"This is not serving well in a digital world, where you have to move faster and the winner takes it all," he said. He advises insurance operators to get their platform strategy in place, build it around an open API, which will help them integrate any digital services such as health scoring, telemedicine, blood testing at home, symptom checker and mental wellbeing.

"It's very important that the insurance operators are choosing a platform that is giving them investment protection over the next 10 to 15 years and is providing a growth opportunity, where they have the basic digital health engagement in place, but are completely flexible when it comes to IoT devices, software trackers, point system, retailers, telemedicine and underwriting," he said.

dacadoo calls this the digital health switchboard, that enabled it to have its whole Easy API, which Gartner Group made Cool Vendor 2021 as it can offer any service, any time on its API combined with the risk engine and wheel of life.

"The real power for digital transformation is the flexibility of the cloud and the consumer mobile first drive," he said. ■

INDIA: GDPI of non-life insurers April – November 2021 (by segment)

Segment	Up to Nov 2021	Up to Nov 2020	% Growth
Fire	\$2bn	\$1.9bn	7.96%
Marine	\$376m	\$296m	27.11%
Marine Cargo	\$281m	\$214m	31.22%
Marine Hull	\$95m	\$81m	16.37%
Engineering	\$307m	\$248m	23.77%
Motor Total	\$5.8bn	\$5.6bn	3.85%
Health	\$6.4bn	\$4.9bn	29.25%
Aviation	\$80m	\$60m	31.87%
Liability	\$373m	\$293m	27.47%
Personal Accident	\$591m	\$424m	39.21%
Miscellaneous (including crop)	\$3.2bn	\$3.4bn	-6.38%

Source: General Insurance Council

Global reinsurance trends in 2022

COVID-19 – new variants pose challenges

The COVID-19 pandemic continues to pose a challenge for economic recovery, with uncertainties from the discovery of new variants and supply chain disruptions weighing on the growth outlook.

Hard market conditions here to stay

The hard market conditions over the past two years are expected to remain in 2022 with improved terms, better wordings and more exclusions.

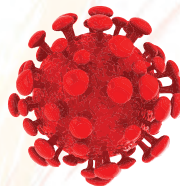
Post-pandemic recovery

As economies recover from the COVID-19 disruptions there will be greater spend on new projects thus creating greater demand for engineering and PI covers.



Cyber risks

The widespread digitalisation trends and home office solutions ensures that cyber risks are a priority for all stakeholders.



Climate change

The increasing frequency of Nat CAT hazards needs to be factored into underwriting analysis.

ESG

The growing importance of ESG as an economic influencer in the developed world brings this risk into sharp focus across the world.



M&A

Mergers and acquisitions on the primary side will continue to increase RI treaty purchasing for 2022.

India: Major infrastructure projects and proposed investments

The Indian government plans to spend \$1.4tn on infrastructure development across the country over the next five years and some of the major projects are:



Highways and expressways

\$206bn over the next two years

Energy sector

\$42bn over the next five years



Railways

\$29.52bn in the current financial year

Telecom sector

\$1.24bn in the current financial year



Lessons for insurers from the pandemic

The Swiss Re Institute has listed the following lessons learned for the insurance industry in 2021.

- Increasing inequality risks exacerbating social inflation
- Consumers welcome digital and online insurance and it should grow rapidly
- Rising risk awareness is generating demand for more insurance protection
- The re/insurance industry remains a vital risk absorber in times of crisis
- Supply chain disruptions to business and society show that better protection is required
- Record breaking weather extremes add urgency to the race to net zero

