

Health Insurance Sector in India: Growth & Future Prospects

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Abstract

Health Insurance market had a lucrative growth avenue for both new entrants as well as existing players. Earlier people were not aware or confined to life insurance only. But due to Covid-19 there was a tremendous growth in Health Insurance Industry. People took many policies due to pandemic which leads to growth in Health Insurance Industry. New products policies were introduced so that people get benefits from it. With the growth of Insurance Industry many people gets benefitted from this which leads to growth of Country.

Keywords: Health Insurance, Covid-19, Growth of Country.

Introduction

India's Insurance sector has been growing in recent years, its share in the Global Insurance market remains low. India's Insurance sector underlines issues such as inadequate investment in Insurance products, low penetration, density rates, deteriorating financial Health of public-sector players and dominant position.

The market witnessed growth of 24% in year 2018, with a market share of 24%, in the Non-Life Insurance sector. This growth may be attributed to the Liberalization of the economy & awareness among the public on Healthcare. Healthcare has been the growing market, registering a Compound annual growth rate of 23%, for the past 10 years.

Ayushman Bharat was launched in September 2018 which provide coverage up to INR 5,00,000 ,more than 10 crore families holds expectations, which increases the growth of Health Insurance in India, from 34% to 50%.

According to Money Digest February 2018.

- 1 in 4 persons contact heart disease before they retire.
- 1 in 20 persons Risk the chance of having stroke before the age of seventy.
- 1 in 3 persons develop some life threatening cancer.

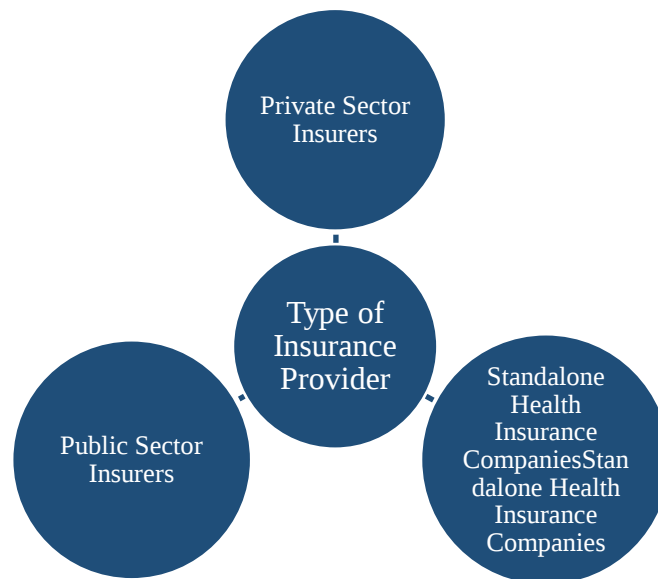
According to World Bank Report;

- Only 1% can afford to spend Rs. 5,00,000 instantly and easily.
- 85 % of the working population in India do not have Rs. 5,00,000 as instant cash.
- 99 % of Indians will face financial crunch in case of any critical illness.
- 14 % have Rs. 5,00,000 instantly but will subsequently will face a financial crunch.

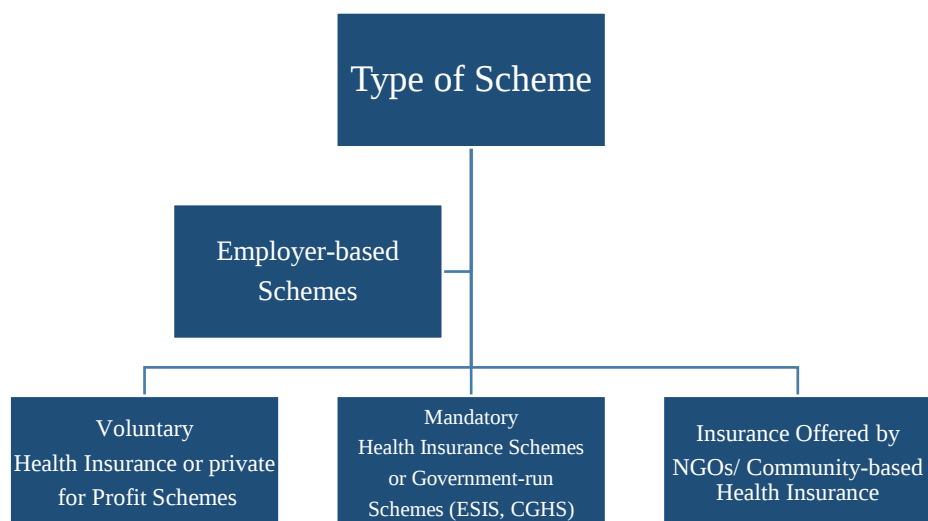
Health Insurance in India

Health Insurance market, includes the assessment of the economy and contribution of various sectors in the economy, market size estimation for key segments and emerging trends in the market segments, market overview, market dynamics and insights, along with key Health statistics, is covered in the report.

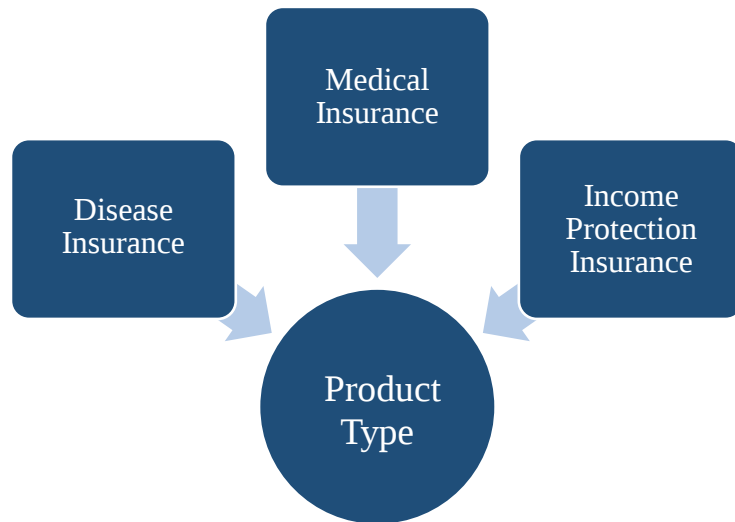
(A) On the basis of Type of Insurance Provider



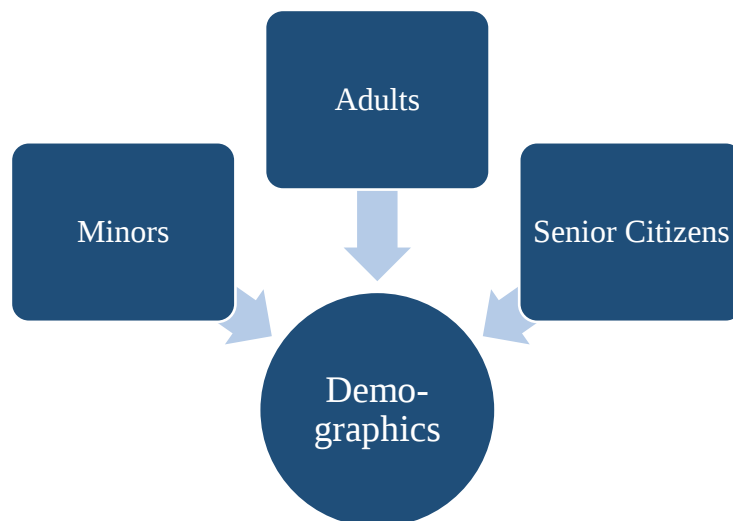
(B) On the basis of Type of Scheme



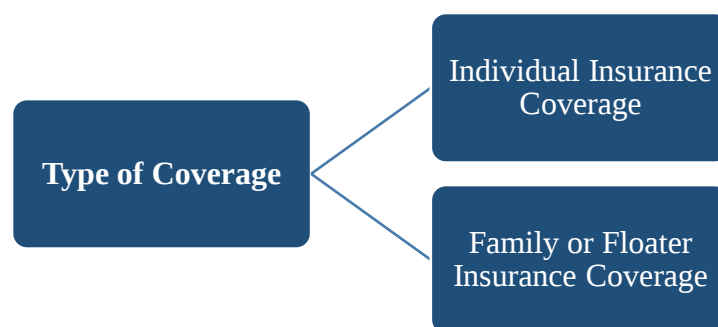
(C) On the basis of Product Type



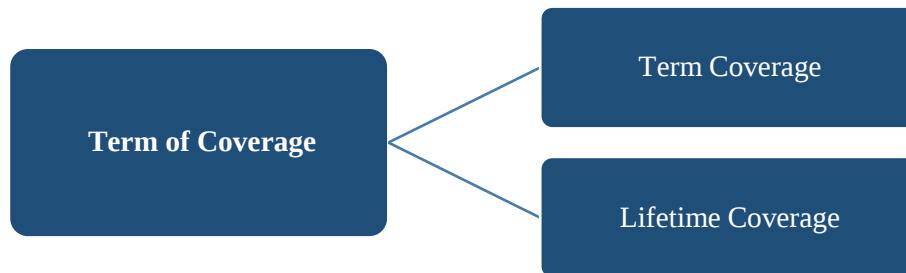
(D) On the basis of Demographics



(E) On the basis of Type of Coverage



(F) On the basis of Term of Coverage



Literature Review

1. Dr. Rana Rohit Singh, Abhishek Singh (2020): “A Study of Health Insurance in India”. Health Insurance sector in India has gained huge escalations since liberalization due to introduction of private Healthcare financiers, increase in Health consciousness among all sections of the society, increase in income of the households, price and service competition between Health insurers and absence of bureaucratic attitude in Health Insurance employees.
2. Monica Bhatia, Sachin Mittal, Alok Bansal (2021): “Evolution of the Indian Health Insurance Sector: A review”. The study shows changes that have taken place in Health Insurance Industry over a period of time. More than 35 researches and studies conducted related to the Health Insurance sector. Not a quarter of population in India is covered under any Health Insurance scheme. The recent initiatives by government targeting rural areas are becoming popular and may proved appropriate way of supporting the society.
3. Rohit Kumar, Aditya Duggirala (2021): “Health Insurance as a Healthcare Financing Mechanism in India: Key Strategic Insights and a Business Model Perspective”. This article highlights the six critical success factors relevant for competing in the Health Insurance business. As Health Insurance business model is unique and broadly comprises of strategic choices and consequences. Various factors were discussed and how health business can grow.

Objectives

The main objective of this research study is to analyse the growth of Health Insurance sector in India.

Methodology of the Study

The study is principally based on secondary data and that has been gathered from annual report IRDAI, Journals, websites etc. the study is exploratory, and based on the review of literature, no statistical tools have been applied. Health Insurance industry surrounds itself with number of systems that are interactive and not work in isolation. Therefore, the study could not be limited to a particular development but revolved around several interactive issues that have made a prominent mark in the development of the entire Healthcare industry in India.

Measurements

Table-1 New Policies Issued by General and Health Insurers

New Policies Issued by General and Health Insurers			
Insurer	2018-19	2019-20	2020-2021
Public Sector Insurers	733.02	733.50	684.27
Priavate Sector Insurers	1,021.23	1,263.91	1,259.72
Standalone HealthInsurers	79.04	92.18	105.41
Specialized Insurers	78.49	325.50	417.93
Total	1,911.78	2,415.09	2,467.33
Growth	8.55	26.33	2.16

Note: Growth (in percent) over the previous year & Rs (in lakh).

The general insurers have issued 2415 lakh policies in the year 2019-20 as against 1912 lakh policies issued in the year 2018-19, reporting an increase of 26.32 per cent during 2019-20 against 8.55 per cent increase in 2018-19. During 2020-21, the general and health insurers added 11,482 crore to their equity capital base.

The public sector insurers witnessed increase of 0.07 per cent in the number of policies issued against 8.1 percent decrease in 2018-19.

The private sector insurers reported a growth in the number of policies issued at 23.77 per cent in 2019-20 against 29.7 per cent in 2018-19.

The specialized insurers reported an increase of 314.71 per cent in the number of policies issued during 2019-20 against decrease of 33.2 per cent in the year 2018-19.

The Standalone Health insurers reported a growth in the number of policies issued at 16.56 per cent in 2019-20 against 34.27 per cent in 2018-19. Total paid up capital of all insurers as on March 31, 2021 was ₹32,842 crore.

Table-2 Premium (within India) Underwritten by General and Health Insurers

Premium (within India) Underwritten by General and Health Insurers						
Insurer	Premium (₹ crore)			Market Share (%)		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Public Sector Insurers	68,658.85	73,263.08	71,843.72	40.52	38.78	36.15
Priavate Sector Insurers	81,287.15	90,743.94	98,000.96	47.97	48.03	49.32
Standalone HealthInsurers	11,354.03	14,472.89	15,755.19	6.7	7.66	7.93
Specialized Insurers	8,148.42	10,436.71	13,114.85	4.81	5.52	6.6
Total	1,69,448.46	1,88,916.62	1,98,714.72	100	100	100
Growth	12.47	11.49	5.19			

Note: Growth (in percent) over the previous year & Rs (in crore).

The general insurance industry underwrote total direct premium of 1.89 lakh crore in India for the year 2019-20 as against 1.69 lakh crore in 2018-19, registering a growth rate of 11.49 per cent as against 12.47 per cent growth rate recorded in the previous year. Total direct premium of 1.99 lakh crore in India for the year 2020-21 as against 1.89 lakh crore in 2019-20, registering a growth rate of 5.19 per cent as against 11.49 per cent growth rate recorded in the previous year.

The public sector insurers exhibited growth of 6.71 per cent in 2019-20, over the previous year's growth rate of 1.28 per cent. 1.94 per cent in 2020-21, over the previous year's growth rate of 6.71 per cent.

The private general insurers registered a growth rate of 11.63 per cent, against 24.25 per cent growth rate during the previous year. Growth rate of 8.00 per cent, against 11.63 per cent growth rate during the 2020-21.

The Standalone Health insurers reported a growth in number of policies issued at 14.34 per cent in 2020-21 against 16.63 per cent in 2019-20. Number of policies issued at 16.56 per cent in 2019-20 against 34.27 per cent in 2018-19.

Table-3 Investment Income of General and Health Insurers

Investment Income of General and Health Insurers (in crore)			
Insurer	2018-19	2019-20	2020-2021
Public Sector Insurers	15,599.13	15,300.37	14,529.48
Private Sector Insurers	8,884.58	11,181.55	12,745.46
Standalone Health Insurers	515.19	740.71	805.40
Specialized Insurers	1,289.60	1,382.89	1,663.21
Total	26,288.51	28,605.52	29,743.55
Growth	5.13	8.81	3.98

Note: Growth (in percent) over the previous year & Rs (in crore).

The investment income of all general insurers during 2020-21 was 29,744 crore (28,606 crore in 2019-20) registering a growth of 3.98 per cent as against 8.81 per cent in the previous year.

During the year under review, the investment income of public sector insurers has decreased by 5.04 per cent (1.92 per cent decrease in 2019-20). In the year 2018-19 the investment income of public sector insurers has decreased by 1.92 per cent.

Investment income of private sector insurers, stand-alone health insurer and specialized insurers has grown at the rate of 13.99 per cent (25.85 per cent in 2019-20), 8.73 per cent (43.77 per cent in 2019-20) and 20.27 per cent (7.23 per cent in 2019-20) respectively during 2020-21. For the year 2018-19 the rate of 25.85 per cent, 43.77 per cent and 7.23 per cent respectively.

Table-4 Paid-up Capital of General and Health Insurers

The total paid-up capital of general and health insurers as on March 31, 2019 was 16,518 crore. During 2019-20, the General and Health insurers added 4,843 crore to their equity capital base. Health insurers as on March 31, 2020 was 21,361 crore. The general and health insurers added 11,482 crore to their equity capital base.

During the year 19-20, 2,500 crore were infused in three Public Sector General Insurers by Government of India. In the year 2020-21 9,950 crore were infused in three PSU general insurers by Government of India

Paid-up Capital of General and Health Insurers (in crore)			
Insurer	2018-19	2019-20	2020-2021
Public Sector Insurers	1,274.00	3,774.00	13,724.00
Private Sector Insurers	9,570.88	10,914.81	11,493.19
Standalone Health Insurers	3,472.97	3,971.92	4,235.06
Specialized Insurers	2,200.00	2,700.00	3,390.00
Total	16,517.86	21,360.73	32,842.24

Private sector general insurers infused further capital to the extent of 1,344 crore. In the year 2021 The Oriental Insurance Co. Ltd. Private sector general insurers infused further capital to the extent of 578 crore.

Standalone health insurers infused a capital of 499 crore. Insurers infused a capital of 263 crore and 690 crore respectively. Total paid up capital of all insurers as on March 31, 2020 was 21,361 crore. Total paid up capital of all insurers as on March 31, 2021 was 32,842 crore.

During 2019-20, the General and Health Insurance companies have covered 49.87 crore lives under 1.79 crore Health Insurance policies. In terms of number of lives covered, 72 percent of the lives were covered under government sponsored Health Insurance schemes, 19 per cent of the lives were covered under group business and the remaining 9 percent of the lives were covered under individual policies issued by general and Health insurers.

During financial years 16-17 the Insurance premium collection was 3.8 billion. By the end of financial year 20-21 it reached tremendous growth to 7.9 billion. The collection is increasing year after year.

During the Financial year 2020 the Government Healthcare Expenditure was 1.80%. It is predicted that the Expenditure will reach to 2.50% by the financial year 2025-26. The government will increase the expenditure and will try to double the Expenditure.

Suggestions

- Availability of specific products for senior citizens and children popularized Health Insurance that drives the growth of Insurance providers
- Availability of wide range of products that offer varied Health covers, depending on the need for the customers, provides impetus to the sector's growth
- A higher medical inflation rate of more than 15% has driven the Healthcare costs beyond the reach of the needy.
- There are many channels to market the Health Insurance products, they have not yet been able to make inroads in small towns.
- Group Health plans, have proven to be challenging to the existing market players.

Conclusion

Insurance companies now quickly adapting to the change and introducing specific Insurance covers to combat pandemics. They are bringing in more policies that are tailored to meet customer expectations and requirements and are delivering them with digitally enhanced services to expedite the claim settlement, renewal, and purchase processes.

Due to the COVID-19 pandemic, many people now tend to consider Insurance to be a crucial product which they should have to shield them against unforeseen circumstances. So, while life Insurance may still be some way from a pull product, it has definitely achieved the status of a nudge product. This type of change in consumer mindset has reminded Insurance companies of the importance of customer-centricity.

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