Whither 'Voluntary Health Insurance' in India? Some Reflections

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Abstract

There continues to be an exceptionally high interest around health insurance in India, a phenomenon which started with the privatization of the insurance sector. The flavor of recent growth has a lot to do with detarrifing in general insurance sector, expansion of distribution channels, emergence of health insurance as a line of business for the life insurance companies, and spurt in state sponsored voluntary health insurance schemes. This paper gives an overview and analysis of the growth of health insurance business, two major developments viz. De-tariffing and emergence of 'Bancassurance, and details of recent state sponsored schemes.

Background

There continues to be an exceptionally high interest around health insurance in India, a phenomenon which started with the privatization of the insurance sector. The interest is in both the general insurance market segment and using insurance as a tool to improve the health of the vulnerable population. Much has been written about the dynamism and innovative partnerships to promote health insurance (James 2004, Gupta and Trivedi 2005, Ahuja and Narang 2005, Gupta and Trivedi 2006), and many initiatives continue to pour in from various stakeholders, including the government, to expand health coverage across various sections of population.

While health insurance business – in terms of premium – has been growing tremendously over last few years, there are several new initiatives at expanding the coverage base by reaching to those who are uncovered. The flavor of recent growth has a lot to do with a) detarrifing in general insurance sector, b) expansion of distribution channels c) emergence of health insurance as an important line of business for the life insurance companies in India, and d) spurt in state sponsored voluntary health insurance schemes to cover large segments of mainly the poor populations at central and state levels. The growth of health insurance market and

expansion of coverage are both positive signs as far as the aim of greater health coverage is concerned. However, the efforts are still piecemeal, and the lack of an umbrella body that could guide and plan the expansion of health insurance in the country, continues to be a major lacunae preventing India from making progress towards universal coverage. Although there has been a sustained advocacy for a separate regulatory body for health insurance (NCMH, 2005, Krishnamurthy et al 2005, Gupta and Trivedi 2006), there has not been any effort on the part of the policymakers in making this a reality, with the result that isolated health coverage products continue to be offered from various segments of the government as well as non-government entities.

This paper gives an overview and analysis of the developments in the insurance sector; in particular, it provides some recent updates on health insurance in India in terms of a) the growth of health insurance business, b) two major developments in health insurance viz. De-tariffing and emergence of 'Bancassurance, and c) information on recent state sponsored schemes. Finally, it suggests a few initiatives that would strengthen the growth process of health insurance in India.

Growth in General insurance[1]

After opening up of the insurance sector, General Insurance segment has been consistently growing. From Rs. 9,522 Crores in 1999-2000, the general insurance business almost doubled in the next five years to Rs.18, 049 in 2004-05, and further tripled in another three year's time to reach more than Rs. 28,000 Crores in 2007-08. As can be seen from the Graph 1, all segments of general insurance have been consistently growing with Motor insurance dominating the other segments. However, a closer look at the graph reveals that the health portfolio, which was fourth largest in 2002-03, has grown rapidly to become the second largest in 2007-08.

The health insurance segment grew eight fold from a meager Rs. 200 Crores in 1999-2000 to more than Rs. 1600 Crores in 2004-05. However, the last three years that has seen unprecedented growth; the total premium doubled in just two years and further tripled in another years' time to reach Rs. 3200 Crores and Rs. 5111 Crores in 2006-07 and 2007-08, respectively. The growth of health business as compared to other general insurance business has been exceptionally high over last six years. As can be seen from Table 1, the health insurance segment has grown at a compound average growth rate

[1] All the insurance statistics presented in papers are based on various data maintained and released by IRDA in various IRDA journals.

(CAGR) of 31 percent over last six years, which is highest among all the segments. Clearly, the health portfolio has been contributing to a great extent to the growth of overall general insurance business.

What has been the change in share of health insurance over years? The market share of various non-life insurance segments has changed considerably over last six years. The share of Health portfolio has grown from 7% in 2002-03 to a significant 17.7% in 2007-08, a major part of the rise being during 2007-08. The provisional statistics for 2008-09 indicates that by end of March 2009, the share of Health insurance is 20.8 percent of the total general insurance business (IRDA 2009). Rank wise, Health insurance has risen from 4th position to become second most important portfolio after Motor insurance, which traditionally has been the most important one. Interestingly, it is the Fire insurance segment that has consistently declined in terms of its market share as the Health grew (Table 2); the recent decline in Fire and simultaneous rise in the share of Health can be attributed to the introduction of 'De-tariffing' and subsequent corrections in the premium rates, which will be discussed in detail later in the paper.

Health insurance segment

Within the health insurance segment, the public sector has been the dominant player: however, the private insurance sector has been consistently growing, giving serious competition to the public sector companies. The business of private sector companies grew from Rs. 62 Crores in 2002-03 to a multi-fold Rs. 1983 Crores in 2007-08 (Graph 2). From a virtual non-existence in 2001-02, the share of private sector companies has grown from 6.2% in 2002-03 to one-forth (24.3%) in 2005-06 and further to more than one-third (38.5%) in 2006-07. With public sector companies bouncing back heavily, the share of private sector remained at 38.8% in 2007-08.

As can be seen from Graph 3, in early years, from a small base, the private sector companies grew at a very high annual rate of more than 100 percent, while the public sector companies grew at only moderate rates. However, during 2007-08, both the public and private sector grew at almost equal rates of nearly 60 percent and there was not much of a difference in the market share in their health business as well. The resurrection of health business of the public sector companies during 2007-08 has been phenomenal but current trends seem to indicate that this might also be temporary - the provisional statistics for 2008-09 indicate that the private sector has again increased its share up to 42.3 percent (IRDA 2009).

What has been the composition and performance of health insurance business across various companies? The New India Assurance Co. Ltd – a public sector company – remains the undisputed leader of health insurance business it has maintained nearly one-fourth of the total health business over the last six years (Graph 4). Among the private sector companies, ICICI Lombard is leading with roughly half (44.6%) of the total private sector business in 2007-08. The growth of ICICI Lombard has been phenomenal; it grew at a CAGR of 122 percent over five years during 2002-2007. Despite the modest decline in its the growth rate in recent periods, it has maintained an overall CAGR of 100 percent in the last six years. The consistent growth has made ICICI Lombard the second largest company in health insurance portfolio among all the companies. Of the public sector companies, the United India Insurance co. and Oriental insurance co. seem to have been affected by the private sector growth as their market share has reduced to nearly half over last six years (Graph 4).

The vibrancy of health insurance business can also be gleaned from the statistics around the growth of health and other non-life segments (Table 3). All companies expect Royal Sundaram have shown relatively and significantly higher growth in

health business as compared to their overall business indicating that the health portfolio continues to propel the overall growth in general insurance sector. The Reliance General Insurance Co. is another good illustration of the aggressive approach in the health business. From a meager Rs. 8.6 Crores in 2005-06, its health business grew to a whopping Rs. 275.6 Crores in just two years' time to become the second largest private sector company in terms of health premium in 2007-08. The first stand-alone health insurance company – Star Health and Allied Insurance (Star Health) – has also been making immense progress and has reached the fourth position in just two years' of its operation. The statistics of 2008-09 looks more promising for Star Health: as per 2008-09 provisional data, Star Health has second largest health insurance business (Rs. 491 Crores) after ICICI Lombard which has registered a total health premium of Rs. 1032 Crores (IRDA 2009). Star Health has also been associated with some of the very large state-sponsored community health insurance schemes viz. Aarogya Sri in Andhra Pradesh and New Health Insurance Scheme for state government employees of Tamil Nadu, the details of which will be discussed later in the paper.

Health products from Life-insurers

Another important recent development is the entry of life insurance companies in the health insurance business. The Life

Insurance Corporation (LIC) of India has been offering 'Critical Illness' policy to cover certain critical ailments as a rider attached to life insurance products since 1993. Some private life insurers have also started offering these kinds of riders till recently. However, since the last two years or so, the life insurers have started offering 'linked' and 'non-linked' health insurance policies under 'individual non-single premium' category as well.

The health products being offered by life insurers are long term plans as compared to annual plans being offered by general insurers, and are more diverse than the traditional indemnity '*Mediclaim like*' coverage. A few products offer re-imbursement of actual expenses of hospitalizations like MediAssure from ICICI Prudential and Healthcare and Family Carefirst from Bajaj Allianz. The other set of products are of '*Daily Hospital Cash Benefit*' nature wherein a lump sum daily amount is paid for the duration of hospitalization. This includes Hospital Care (ICICI Pru), Hospi CashBack (TATA AIG), and Lifeline CashBack (Max New York Life – MYNL). Another common product is the '*Critical Illness*' type of policy in which a lump sum amount is paid at the time of diagnosis of specified illnesses. Examples of this type of health coverage policies include Crisis Cover (ICICI Pru), Health Investor (Tata AIG), and Lifeline Wellness (MYNL). The most interesting

innovation is the provision of health insurance through *Unit Linked Insurance Plans* (ULIPs), wherein either of the above mentioned three health coverage is being offered along with the investment component. Health Saver (ICICI Pru), Health plus Wealth (Reliance Life), Invest Assure Health (TATA AIG) and Health Plus (LIC) are some examples of this kind of ULIP health insurance plans.

The health business from life insurance companies (both individual and group) doubled from nearly Rs.17 Crores in 2005-06 to Rs. 38 Crores in 2006-07. The last couple of years saw a huge upsurge in this segment as the business expanded by 1.5 fold to reach to Rs. 100 Crores in 2007-08, out of which Rs. 93 Crores of business was from 'individual non-single non-linked premium' category indicating the heavy presence of 'long-term' standalone health policies (IRDA 2008a). As per the 2008-09 provisional statistics for, the health business from life insurers stands at an impressive Rs. 352 Crores. With around Rs. 175 Crores of the business (half of the total) coming from the 'linked' category of premium, the ULIP health plans seem to have taken off in 2008-09 (IRDA 2009). Overall, it can be safely said that health is emerging as an important business line of life insurance companies as well.

While conventional health insurance market in general insurance category is growing, this new breed of health business from life insurers also needs to be taken into account to complete the entire picture of commercial voluntary health insurance in India. However, such data is not available at one place and for a complete analysis, one need to look at both life and general insurance business statistics. With this overview, I now turn to an analysis of factors that have affected the growth of health insurance in India.

De-tariffing on general insurance products

In the process of opening up and liberalization, and as a measure of de-regulating the general insurance market, there had been discussions around removing the prescribed rates of premiums that were laid down by the Tariff Advisory Committee (TAC). Health was one of the first segments to get liberalized along with Marine cargo, Aviation, Personal accident and liability portfolios in 1994.

The major portfolios that were governed by the prescribed tariff till recently were Fire and Motor (Own Damage and Third Party). These were also the most profit making businesses for general insurance companies as there was no scope of negotiation for its underwriting in terms of prices. As is clear from Table 2, nearly two thirds (64%) of total general

insurance business were 'controlled by a centrally administered rate structure known as the tariff' (Krishnamurthy et al 2005).

However, the lack of bargaining for 'tariff' business resulted in a situation, in which the 'non-tariff' businesses were used as a bargaining tool to attract large corporate 'tariff' business. This meant that the 'non-tariff' business like Health were being offered at a much subsidized rate to corporate firms – as "accommodation" business – to attract and retain their attractive 'tariff' businesses (Lok Sabha 2006, Lok Sabha 2007, Gupta et al 2004, Gupta and Trivedi 2005). This resulted in group health insurance being heavily subsidized while retail health insurance – without scope of any negotiations – being highly market driven. In a way, retail health insurance was cross subsidizing the group health insurance because of the latter's low premiums.

While there were demands for a total de-regulation of premiums, the tariff regime was retained to allow new players to consolidate their new businesses. To finally conclude the process of de-regulation, the Insurance Regulatory and Development Authority (IRDA) removed all pricing restriction from January 2007 and allowed insurers to fix their premiums

based on their market experiences for all the general insurance segments except Motor (Third Party).

The removal of cross-subsidy has made the health insurance business much more viable and vibrant. With the removal of tariffs on property related insurance, insurers no longer have to offer discounts on group health insurance to get, for example, fire insurance from the corporate houses. The correction in premium of group policies is expected to boost the health insurance business (Mendiretta 2007[2], ICRA-MOODY[3]) since the prices of corporate premium may go up to correct the subsidization that was offered during the tariff regime. The real effects of this initiative would be seen in the 2008-09 statistics; however, early signs can be gleaned by comparing 2006-07 and 2007-08 figures. During 2007-08, the share of "tariff" portfolios have declined (for example, share of Fire insurance declined by 25% from 16 percent to 12 percent of total business) and share of the already "de-tariff" portfolios like health have started to grow, as can be seen from Table 2.

[2] http://www.ifc.org/ifcext/che.nsf/AttachmentsByTitle/Healthpres_2007_DeepakMendiratta/$FILE/Healthpres_2007_Deepak+Mendiratta.pdf. *Accessed on 28th April 2009*

[3] http://www.icra.in/Files/PDF/SpecialComments/Insurance-ICRA-Moodys-200704.pdf. *Accessed on 28th April 2009*

While this may not be a real growth of health insurance in terms of more coverage, it certainly is an important movement from the market perspective. As per the statistics released by the Tariff Advisory Committee (TAC), while the number of health insurance policies grew by 22% between 2006-07 and 2007-08 to reach from 3.1 million to nearly 3.8 million, the coverage, in terms of people covered, grew by 35% from 18 million members to more than 24 million[4]. Thus, the recent upsurge in health premium collection should not be taken to mean an increase in coverage, but as a potential tool that can be used to expand coverage in the country.

Bancassurance and Health insurance

To put it simply, Bancassurance is the provision of selling of the insurance products through the distribution channel of a bank. As of March 2008, there are 174 commercial Banks operating in India. With its more than 77,000 branches spread in various geographical areas - nearly two- thirds of which is in rural and semi-urban area (63%) - and with an average of 15,000 people being catered by every branch, Banks have the highest possible reach and respect among various financial institutions in India[5]. With their vast reach, banks are better

[4] http://www.tac.org.in/healthpublish.pdf. *Accessed on 28th April 2009*

[5] http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/89184.pdf. Accessed on May 22, 2009

placed as potential distribution channel for other financial products like insurance as well. There are three types of Bancassurance partnership viz. a) Referral Model, in which the Bank shares its customer data at a price and the insurance company has the responsibility to sell the products, b) Corporate Agency Model, in which the bank becomes corporate agent of the insurance company and sells insurance products at a commission, and c) Joint Venture, in which the bank not only distribute the products but also engage itself in the risk management.

Traditionally, a front line of peripheral workers called the 'insurance agent' remained the most preferred channel of distribution for Indian insurance agencies. As the sector was opening up, other channels were also introduced. IRDA, through "The Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002" allowed distribution of insurance products through corporate insurance agents, including the Banks. Banks were free to partner with both life and general insurers and those having agency for the both were called composite agents. However, as per the regulations, Banks were not allowed to act as an agent for more than one insurer in respective categories, and thus, there is only one life and/or general insurer partner of all Indian Banks as of now. In a very recent move, IRDA has set up a panel to look

into the issue of allowing banks to have distribution relationships with multiple insurers[6].

In India, while the Bancassurance started as a referral model in life insurance category, as of now it exists largely in the form of corporate agency model, wherein the insurance products are offered "by the Bank staff, to the Bank customers, at the Bank premises to supplement the profits of the Bank" (Pejavar, undated[7]). There are also recent examples of joint ventures wherein the Bank/s have floated life insurance company in collaboration with other Banks or other financial agencies viz. IDBI Fortis life insurance co. Ltd., Canara HSBC Oriental Bank of Commerce Life Insurance Co. ltd., Star Union Dai-ichi Life Insurance etc. As a corporate agency model, while the Bancassurance arrangements are being used as a channel of distribution for all life and general insurance products, there is also an emerging trend of devising tailor-made products for the account holders of the partner banks.

The Bancassurance has been popular in life insurance segment with more than 7 percent of total business during 2007-08 coming from this distribution channel (IRDA 2008b); however, for general insurance sector, it is slowly picking up. As for health insurance, there are different modalities of insurers –

[6] http://www.indianexpress.com/news/Bancassurance--IRDA-panel-to-look-at-norms/463933 Accessed on May 22, 2009

[7] http://www.kni.in/kni_dlr/links/Measuring%20the%20best%20bancassurance%20performance%20-%20Case%20Study.pdf Accessed on May 14, 2009

public and private – partnering with Banks to sell their routine insurance products. Insurance companies that are part of a financial group including a Bank, can easily use the later as a distribution channel as is the case of ICICI Lombard general insurance co. There are also examples of tie-ups between insurer and Banks wherein regular insurance products are being offered to the customers of the Banks. This include: Bajaj Allianz with a) Karur Vysya Bank, b) Punjab and Sindh Bank, c) Jammu and Kashmir Bank, and d) Axis Bank, Royal Sundaram insurance company with a) ING Vysya Bank, b) Repco Bank, and c) CITI Bank etc.

In addition to these partnerships where regular products are offered on sale to Bank customers, there have also been several examples of general insurers also partnering with various Banks to provide 'tailor-made' health insurance products specifically designed for their account holders. Table 4 provides details of some health insurance products that are designed by insurance companies for the Bank account holders and are being offered to them at their bank branches.

There again is a data issue here. Unlike life insurance business, there are no mechanisms for IRDA to classify the general insurance business based on the distribution channels,

and thus the data on the success of Bancassurance, in terms health insurance of premium or lives covered, is not available as yet. However, it is an important development as the geographical reach of the banks can be widely used to explore especially the potential rural clients, where various state sponsored schemes are currently trying to expand their coverage.

Recent state sponsored health insurance initiatives

Governments at both central and state level have been providing/encouraging different kinds of health coverage in India for a while now (Gupta and Trivedi 2005). There has been a recent spurt in offering of state sponsored voluntary health insurance schemes, which essentially has three characteristics viz a)contribution from both beneficiaries and government (central/state/local), b) risk unrelated prepayment, and c) coverage for specific populations. There are instances of certain central ministries providing health insurance coverage for their targeted populations; for example, Ministry of Textile has been offering health insurance scheme for handloom weavers and other handicraft artisans[8] (Gupta and Trivedi 2006, ILO 2008[9]). There are also examples of state governments partnering with insurance companies to provide health coverage

[8] The scheme was launched in 2005 for two years and has been rechristened and launched in 2008 as '*Rajiv Gandhi Shilpi* Swasthya Bima Yojana'

[9] http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper10.pdf, accessed on 14th May 14, 2009

to selected sections of populations. While there is a state-wide experiment of a voucher scheme called Chiranjeevi in Gujarat to promote institutional deliveries (Bhat et al 2009), in another kind of an experimental partnership scheme called 'Yeshasvini', famers co-operatives in Karnataka were brought together to offer 'critical illness' kind of health coverage that provides protection against expenditure for various kinds of surgeries (Kuruvilla 2005). While Assam offered an elaborative health cover called 'Mukhya Mantri Jibon Jyoti Bima Achoni' to entire poor population, Goa has been offering 'Goa Mediclaim Scheme' to cover expenses of tertiary care to a selected population and Jammu and Kashmir government offered a Mediclaim policy to its state government employees (Gupta and Trivedi 2005). This trend of public private partnership to expand health coverage is continuing and India has seen many such partnerships emerging in recent years, the most important being the 'Rashtriya Swasthya Bima Yojna (RSBY). The discussion around a) the approach of 'public pre-payment' as a method of health financing, and b) the modalities and usefulness of such schemes in reducing financial burden and improving access to healthcare are beyond the scope of this paper. However, since this recent development involves voluntary health insurance sector as a major stakeholder, I present below some selected state sponsored schemes that have been started in recent time (Table 5).

The first four schemes of Table 5 are targeted to covered BPL populations and involve significant public funds as a premium, the rest of the schemes are aimed at covering certain specific groups of populations. The debate around the need for India to go for 'public pre-payment' mode of health financing notwithstanding, the offering of many state sponsored schemes in the last few years indicate that India has started moving towards a system wherein the government would play the role of a payer and promoter of insurance. While there are these new schemes being offered to expand coverage to many uninsured in the country, the existing state-sponsored 'employment based' scheme – Central Government Health Scheme (CGHS) – is also being reformed to incorporate a component of coverage through an insurance company. The government has proposed[10] a 'Central Government Employees and Pensioners Health Insurance Scheme (CGEPHIS)' for Central Government employees and pensioners on an all India basis. It has invited expression of interest for the implementation of proposed scheme, which will be compulsory for new employees and new retirees and voluntary for the existing employees and retirees. In addition to promoting state sponsored health insurance schemes, the reform in a scheme of the magnitude and scope like CGHS – covering more than 4 million people and amounting for 8% of total

[10] http://pib.nic.in/release/release.asp?relid=50137, accessed on July 13,2009

health budget in 2009-10 – clearly indicates government's inclination to partnerships to promote insurance as a preferred mode of health financing.

Like other recent developments, there is a paucity of database around state-sponsored schemes. While scheme specific enrollment and claim data may be available with respective agencies, for a wider analysis, this information is not available with IRDA along with the other premium statistics. For example, it would be interesting to classify the premium business in to three groups that are prominent now viz. individual premium, corporate/group premium, and state-sponsored premium to also understand claims behaviour among them separately. With a clear indication that the state sponsored schemes are here to stay and grow, it is imperative that they are incorporated as an integrated element of a health insurance database.

The way forward

The health insurance sector in India is vibrant with many stakeholders playing active roles. At this juncture of rapid growth, it is important to consider certain critical issues that may have long-term effects on the growth of health insurance in India.

- Escalating costs of health insurance: Increase in business as measured in terms of health premium, as we saw in the beginning of this paper, could be because of higher costs, and by itself may not necessarily reflect an increase in the magnitude of insurance. While there is a well-placed optimism around growth in health premium over the years, it could also be a reflection of increasing cost of health insurance. As can be seen from Graph 5, average per capita health insurance premium has been sharply increasing over last three years, almost mirroring the growth in overall premium. The increasing trend in average premium could be a very early sign of escalation of healthcare cost; if India envisages higher participation of commercial health insurance, the cost containment in health insurance would be of prime importance in the years to come.

- Oligopolistic competition: Even after almost a decade of the opening up of the sector and despite the presence of 20 companies, as per 2007-08 data, more than 2/5th of total business (41%) is with only two companies i.e. New India Assurance (public sector) and ICICI Lombard (Private sector). Additionally, more than 3/4th of total business (78%) is with only five companies i.e. four public sector companies and ICICI Lombard. As Banerjee and Parhi (2007)

also argue, the oligopolistic nature of health insurance market seems to be the reason behind limited product differentials. One of the motives of the liberalization and opening up of insurance sector was to generate healthy competition and to improve product diversity with an ultimate aim of consumer benefits. If that is not happening in any meaningful manner, the policymakers need take serious note of it study its possible long term consequences and impact on the insurance sector.

- Strategic Information System: Finally, there is an urgent need to establish a strategic information system (SIS) aimed at managing health insurance database, not only to manage information but to guide further expansion based on informed strategic decision making. TAC has started maintaining various data on health insurance business (IRDA 2008b), which is a commendable step in the right direction; however, there is still a huge scope for improvement. There are few grey areas where the paucity of data restricts thorough analyses of the health insurance sector, viz: a) the classification of insurance policies across the corporate and individual policy, and different types of policies viz. self/state sponsored, as well as the claims ratio among these groups, b) data on distribution channels of health insurance to understand the existing and potential

penetration for achieving universal coverage, c) health business data from life insurers and its co-ordination with conventional non-life insurers, and d) the distribution of total claims into administrative costs and procedural costs to understand the health insurance costs much better, to name a few. A robust SIS that interlinks various dimensions of health insurance including enrollment, profile, claims behaviour etc, needs to be developed, which would guide businesses as well as enable government to strategically plan for greater coverage,

Summary and Conclusion

The voluntary health insurance sector seems to have entered an interesting phase in India. It has transformed itself due to policy changes like de-tariffing, entry of life insurers and expansion of distribution channels due to partnerships with banks. The ability to offer tailor-made policies in various partnerships has greatly helped expand the market. From supporting smaller initiatives, governments – at various levels – have moved on to funding and implementing larger population based schemes. Not only has the government started showing keen interest in health insurance, it has also adopted a path of partnering with the commercial insurance companies, which is even more encouraging. The state sponsored schemes

aiming at higher coverage may indeed help provide coverage to weaker sections of society who were the most difficult to reach.

While commercial/voluntary health insurance sector is also expanding its base by reaching to the poor population through state sponsored schemes, it is essential to a) study the efficiency and effectiveness of such schemes in improving access to healthcare and reduction in indebtedness because of health expenditure, and b) document the process and outcome of such massive nationwide schemes

Overall, from the perspective of expanding health coverage, these developments seem to be in the right direction in terms of expansion of coverage. However, as the sector is growing with sustained vibrancy, it is imperative that the policymakers think of consolidating the efforts. There still is a need for a separate agency that not only regulates the health insurance business, but also visualizes and plans for greater coverage, coordinates the various different initiatives, consolidates the otherwise fragmented attempts of health coverage and also maintains adequate data around health insurance.

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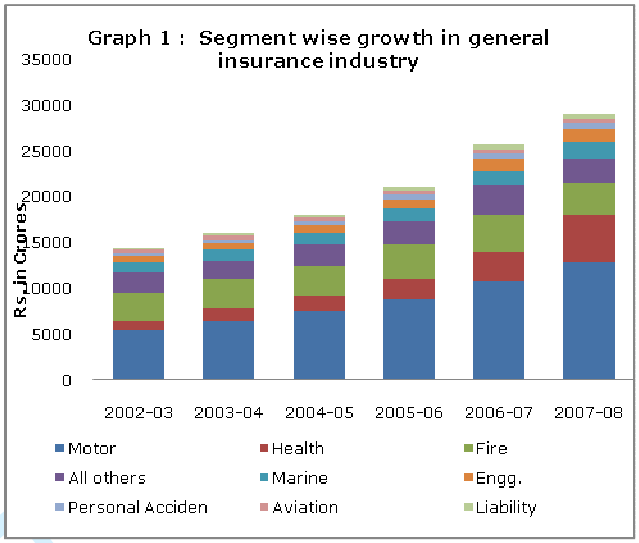
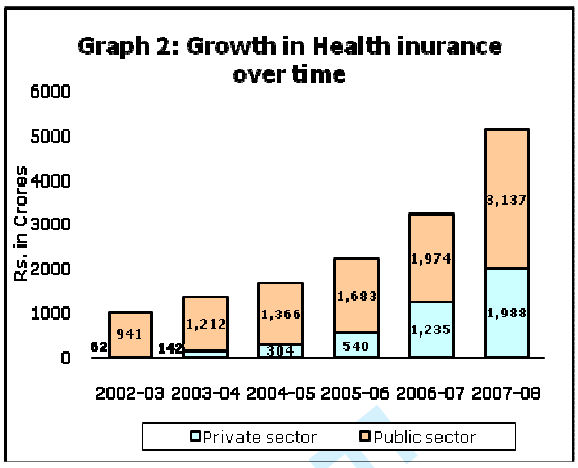


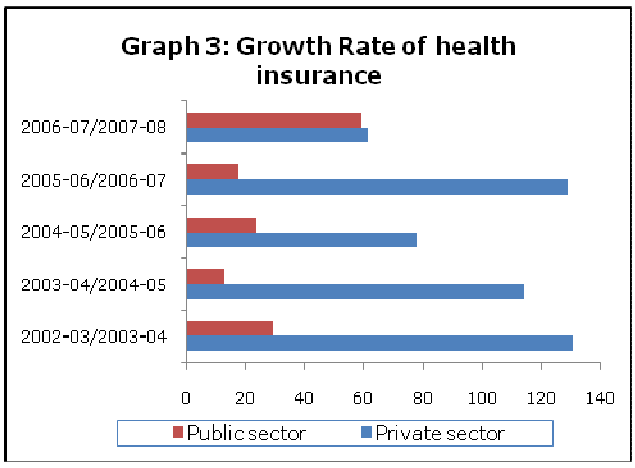
Table 1: Rate of growth : General insurance business

	Motor	Health	Fire	All others	Marine	Engineering	Personal Accident	Liability	Aviation	Total
2002-03/ 2003-04	18.7	35.1	6.6	-10.2	-3.9	3.9	53.2	125.8	31.2	12.2
2003-04/ 2004-05	16.2	23.3	3.8	12.5	8.3	21.9	37	-0.7	-29.4	12.3
2004-05/ 2005-06	16.8	33.1	13.5	15.5	3.2	12.9	17.6	10.5	22	16.4
2005-06/ 2006-07	21.8	44.4	10.9	18.2	26.1	41.1	4	17	4.1	22
2006-07/ 2007-08	19.9	59.7	-15.4	-14.9	12.3	4.1	22.3	25.5	-28	13
CAGR (%)	**15.3**	**31.3**	**2.8**	**2.7**	**7.2**	**13.2**	**21.0**	**24.0**	**-2.7**	**12.5**

Table 2: Proportion of various business segment in General insurance business

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
Motor	38.0	40.2	41.6	41.7	41.6	44.2	42.2
Health	7.0	8.4	9.3	10.6	12.5	17.7	20.8
Fire	20.8	19.8	18.3	17.8	16.2	12.1	10.7
All others	15.7	12.5	12.6	12.5	12.1	9.1	9.0
Marine	8.4	7.2	7.0	6.2	6.4	6.3	6.2
Engineering	4.8	4.4	4.8	4.6	5.4	4.9	4.9
Personal Accident	1.6	2.2	2.7	2.8	2.4	2.5	2.9
Liability	1.1	2.3	2.0	1.9	1.8	2.0	2.2
Aviation	2.5	2.9	1.8	1.9	1.6	1.0	1.1
Grand total	100	100	100	100	100	100	100


Graph 2: Growth in Health inurance over time
Rs. in Crores
6000
5000
4000
3000
2000
1000
0
62
941
142
1,212
304
1,366
540
1,683
1,235
1,974
1,988
3,137
2002-03 2003-04 2004-05 2005-06 2006-07 2007-08
Private sector
Public sector


Graph 3: Growth Rate of health insurance
2006-07/2007-08
2005-06/2006-07
2004-05/2005-06
2003-04/2004-05
2002-03/2003-04
0
20
40
60
80
100
120
140
Public sector
Private sector

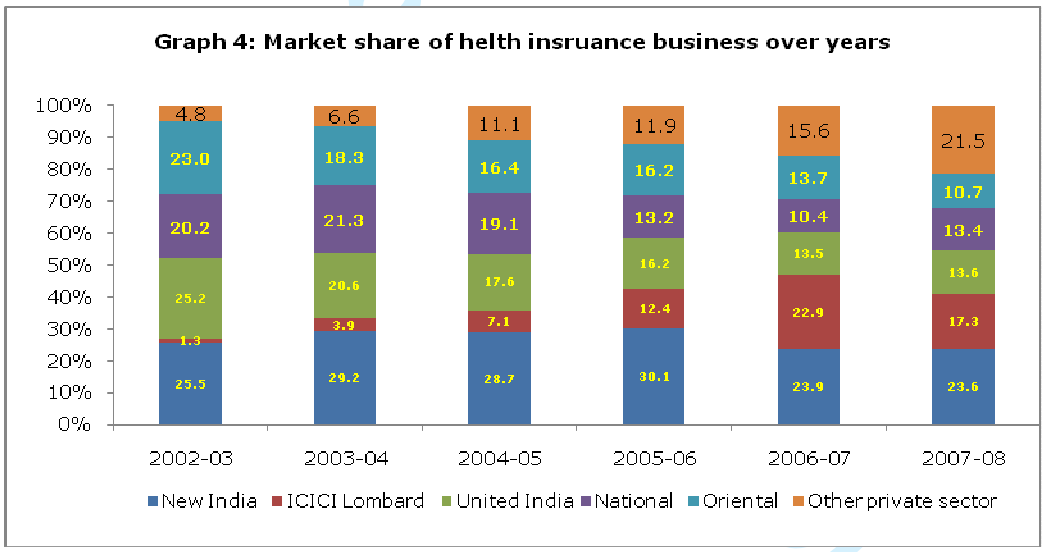
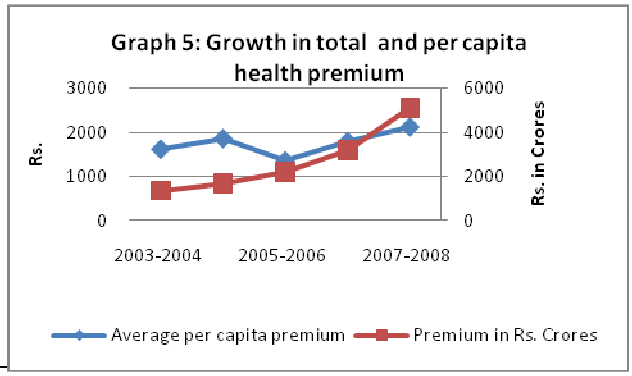

Graph 4: Market share of helth insruance business over years
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
4.8
23.0
20.2
25.2
1.3
25.5
6.6
18.3
21.3
20.6
3.9
29.2
11.1
16.4
19.1
17.6
7.1
28.7
11.9
16.2
13.2
16.2
12.4
30.1
15.6
13.7
10.4
13.5
22.9
23.9
21.5
10.7
13.4
13.6
17.3
23.6
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
New India
ICICI Lombard
United India
National
Oriental
Other private sector

Table 3: Details of Health business across insurers during 2007-08					
Sector	**Insurance company**	**Health premium as a %of total business 2007-08**	**Growth of health premium in last year (2006/07-2007/08)**	**Growth of total premium (2006/07-2007/08)**	**Health Premium (Rs. in Crores)**
Private sector	ICICI Lombard	26.4	20.2	11.4	884.6
	Reliance	14.2	307.2	113.4	275.6
	Bajaj Allianz	10.1	53.7	33.3	243.3
	Star Health and Allied Insurance	88.4	1270.5	668.7	153.0
	IFFCO-Tokyo	9.2	58.6	7.4	114.0
	Cholamandalam	19.4	183.4	79.2	109.4
	Royal Sundaram	15.6	12.9	15.7	108.6
	TATA-AIG	8.5	52.0	9.7	68.9
	HDFC ERGO	13.0	176.0	13.9	28.1
	Apollo DKV	100	-	-	3.0
Public sector	New India	22.9	58.0	5.2	1209.4
	United India	18.6	59.9	6.5	694.9
	National	17.0	105.5	5.7	684.7
	Oriental	14.2	24.3	-2.3	547.4

Table 4 : Examples of Bancassurance in health insurance		
Insurer	**Bank**	**Policy**
National Insurance Company Ltd	UCO Bank	UCO Medi + Care Bima Policy
National Insurance Company Ltd	Bank of Baroda	Baroda Health policy
National Insurance Company Ltd	Bank of India	BOI National Swasthya Bima policy
National Insurance Company Ltd	Bank of India	Star National Swasthya Bima policy
National Insurance Company Ltd	Vijaya Bank	V-Arogya Bima Policy
National Insurance Company Ltd	State Bank of Mysore	Dhanvanthari Bima Policy
National Insurance Company Ltd	State Bank of Bikaner and Jaipur	*SBBJ-National Medikavach*
United India Insurance Company Ltd	State Bank of Hyderabad	SBH-Arogya Suraksha
United India Insurance Company Ltd	Andhra Bank	AB Arogyadaan scheme
United India Insurance Company Ltd	Indian bank	IB Arogya Raksha Group Mediclaim Policy
United India Insurance Company Ltd	State Bank of Travancore	SBT UNI HEALTH
United India Insurance Company Ltd	Bank of Rajasthan	Rajbank Arogyanidhi Mediclaim Policy
New India Assurance Co. Ltd.	Corporation Bank	Corp Mediclaim
Universal Sompo General Insurance Company Ltd	Indian Overseas Bank	IOB Health Care Plus
Tata AIG Life Insurance	United Bank of India	United Health Solutions
Bajaj Allianz	IDBI Bank	FamilyCare Policy

Table 5: Selected recently introduced health coverage schemes in India			
Scheme	**Location**	**Beneficiaries**	**Approximate potential Coverage[1]**
Rashtriya Swasthya Bima Yojana (National Health Insurance Scheme)	All India - Phased over five years	People living Below Poverty Line	3000 lakh
Comprehensive Health Insurance Scheme - CHIS (similar to RSBY)	Kerala	All the non-RSBY families	44 lakh
Rajiv Aarogyasri Community Health Insurance Scheme(Aarogyasri)	All districts of Andhra Pradesh	People living Below Poverty Line	654 lakh
Suvarna Arogya Suraksha Scheme	Five districts of Karnataka[2]	People living Below Poverty Line	80 lakh
New Health Insurance Scheme (NHIS)	Tamil Nadu	State government employees	50 lakh
Bhai Ghanhya Sehat Sewa scheme	Punjab	Members/employees and families of Cooperative Societies	42 lakh
Teachers Health Insurance Scheme	West Bengal	All the teachers of Government Schools & Govt. aided /Sponsored Schools	12 lakh
Niramaya Insurance Scheme	All India except Jammu and kashmir	People suffering from Autism, cerebral palsy, mental disability and multiple disabilities	1 lakh



[1] The figure indicates potential coverage if and when the scheme is fully functional and able to reach to all those it intend to reach.

[2] The districts are Bidar, Gulbarga, Raichur, Koppal and Bellary of Gulbarga Division