Values that bind

Health Insurance

RELIGARE HEALTH INSURANCE COVERAGE – Q&A by Mr. Anuj Gulati, MD & CEO, Religare Health Insurance Ltd

Publication	Outlook Money
Edition	All Editions

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"Service experience will set us apart"

Anuj Gulati, in an interview with Teena Jain Kaushal, talks about how Religare products stand out in the market and why the industry will change when the new norms come into force

The new Insurance Regulatory and Development Authority (IRDA) health cover guidelines are being implemented in October to standardise products. What should one consider while choosing a policy in future?

One of the most important aspects in the whole health insurance space is the fact that as a country we spend about 4 per cent of gross domestic product (GDP) on healthcare. The fact is that 70 per cent of medical expenses is funded out of our pockets. It's a nascent business, but it has been growing well. But when you talk to consumers, you find many can afford the product, yet they don't buy because they hesitate to trust. The guidelines informing customers about no-claim bonus, clearer claim forms, what is payable and what is excluded and so on will go a long way in building trust. This is because insurers' response would remain standard and predictable at the time of claim and consumers will know what premiums they will have to continue paying. From that standpoint these guidelines are forward-looking and they fundamentally address the whole issue of trust in a positive manner. While in the short term it would lead to product refiling and the transition period would call for some changes to work overtime to get things in order. In the short-term it might have minor implications on pricing for some of the products that are in the market, but the medium- to long-term is very good for consumers and the industry.

When we collect premium we issue a piece of paper, and it is a promise. The promise is the service the consumers will get at the time of distress. The promise is the reflection of how well we understand this business. For instance, the interactions we have with the consumers—at the time of buying the policy there might be a pre-health check-up, there is an involved decision-making process and communication with the customer, once the decision is made and terms are finalised there is a whole policy issuance process. There might be a claim process or an annual renewal. Each aspect of this has to work seamlessly because, for instance, in a pre-health check-up it is not me and the consumer alone. There is a diagnostic centre, the quality of the report, the timeliness of the whole process. Some of the processes require investments in technology and creating an ecosystem and being able to hand-hold the customer at all pivotal junctures. What matters here is: Are we approachable? Are we in a position to take a decision quickly? Are we able to deal with hospital authorities and doctors? Are we able to pay out on time? Products can be copied and technically they could be replicated. It is, now, the service experience that will set us apart.

> 'When we collect premium we issue a piece of paper, and it's a promise, of our service at the times of distress.'

What makes your health insurances stand out?

When we started out we said whatever we do in the company should be well thought out and it should be fair and transparent and of maximum benefit to the customer. For example, we introduced few products and not multiple. There is no point in introducing three different products at different price points with minor differentiation in benefits and features. It is better to introduce few but comprehensive products so that we can invest in building the right technology and ecosystem to be able to service our clients. So we introduced products in the range of ₹2 lakh to ₹60 lakh sum insured. We have not been loading claims from the beginning, even though the guidelines talk about it now. We will continue to renew a policy as long as the customer

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wants us to and there is no exit age or entry age to any of our plans. In India, from the price aspect, there are different consumer segments and there are customers who want high quality amenities and are willing to pay for it. Then, there are customers who are price conscious and want a base-minimum product. So products within the ₹2-, ₹3- and ₹4-lakh sum insured comes with a sublimit on room rent and is a good product for the consumer. For the semi-urban and rural price conscious customers it gives a basic offering. With ₹5-, ₹7- and ₹10-lakh sum insured single private rooms are offered. So, for those who are willing to pay up it is a recommended product. There are those when diagnosed with critical illnesses prefer to have access to the best hospital in the world. They do not want neighbours and relatives to know about their ailment and want privacy. For them we recommend the ₹50lakh-60 lakh cover.

We have observed that the bulk of policies sold in India are family floaters. Let us say, a family of four bought a ₹5-lakh sum insured policy. If one of them falls ill and the entire ₹5 lakh is used up for the treatment, then the other members will have no cover for the rest of the year. That's why we said let there be one recharge built into the product. Therefore, if ₹5 lakh is used up another ₹5 lakh is made available for another family member or for this member for any other ailment at no extra cost.

Another question we ask ourselves when we go and offer a product, is: though it is a one year product, will the customer stay with us for life? Late diagnosis causes more pain to the customer and, in turn, higher medical cost. Early diagnosis leads to early treatment, though in the short term it may lead to high claims. So, we have built in a health check-up in every plan, which is a benefit under the plan. All adults in every plan can undergo a health check-up annually, under the plan. Our diagnostic centre, SRL Diagnostics, to a large extent would be able to control fraudulent cases. In areas where our diagnostic centres are not there we have tied-up with other appropriate diagnostic centres. These diagnoses that are available to the customers every year, will, in a way, keep a check on our customers' health and, in fact, act as a preventive health tool. These are some of the core features we have built into our products, which from the service aspect, puts intense pressure on us, but will continue to help build credibility with customers.

Do you need to refile your products to be in line with the recent health guidelines?

This is the advantage of starting only a year ago. Most of the features of our products are in line with what the regulation currently suggests, including claim forms. These guidelines are finalised under the Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (Ficci) committees in consultation with the regulator. So, we just made sure that we capture some of those best practices when we designed our products. However, there will be minor tweaks.

'Most of the features of our products are in line with what the regulation currently suggests, including claim forms.'

Is the industry planning to hike health insurance rates?

We must all understand every year a nurse in the hospital gets a salary hike, the doctor gets a salary hike. Petrol and diesel are becoming more expensive. There is genuine inflation in the market. A few years ago, if I wanted some surgical procedure to be done, there was a nursing home. Today, because of better patient safety and better clinical outcome I prefer to go to a tertiary care facility. Earlier, that procedure might have cost ₹10,000. Now, it costs between ₹22,000 and ₹23,000. All of this leads to inflation. There is major inflation on the healthcare side. Hence, logically, health insurance will become more expensive.

In what areas are the industry and IRDA working on?

There are various segments and sub-segments of consumers. First, most health insurers cover only hospitalisation. Second, at the time of buying the policy the assumption is that the consumer is healthy. For healthy consumers there are a number of options today. If I am already diagnosed with a pre-existing condition, such as diabetes, thyroid, it increasingly becomes difficult to get a retail health insurance policy. We will see a lot of innovation in that area. Various insurance companies, depending on their risk appetite, their understanding of medical conditions, capability to invest in building an appropriate product and service ecosystem for consumers, will introduce products and innovations in that area. Also consumers, today, spend on out patient department (OPD), on diagnostics, on pharmacy, and so on. There is no reason why health insurance should not pay for some of these. Today, there is fear of fraud. The ticket size of some of these transactions is so low that administration cost of these transactions is higher than the cost of the transaction. So, how do you build technology and a processes to control fraud? We will see innovation in this area too. However, whenever you do something new there isn't enough data from the past to help support that decision. ❐

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