

Insurance Trends

New products, regulations, features and options, interpreted from your perspective

GROUP MEDICLAIM

More Expensive, Fewer Options

Employee contribution is increasing; focus is now on preventive healthcare

Many companies are struggling today to find ways to lower the cost of their overall benefits programmes, while still serving the needs of their workforce. The annual survey by India Insure Risk Management & Insurance Broking Services Pvt Ltd shows that companies are moving away from managing the cost of illness and are looking through a wider prism—



preventing illnesses and promoting employee health and well-being.

Employee contribution and proportionate payment from companies are rising, while allowance for room rent during hospitalisation is coming down.

There has also been an increase in capping of insurance cover for diseases. Companies with employee strength of less than 5,000 have spun off parental coverage into a separate policy with 100% of the premium being borne by the employee.

Also, despite private insurers competing vigorously, 73% of group health policies are still placed with the government insurers.

Employers have identified rise in medical costs, dependent claims and poor employee understanding of how to use plans as the key challenges in maintaining affordable benefit coverage. Some 73% of respondents to the survey had claims ratio of more than 100%.

Premium rates have increased for more than 75% of the respondents, compared to last year. Companies can count on two things: first, health costs will increase faster than inflation; second, the burden will continue to shift from the public to the private sector—and to employees.

The fact that organisations have not made drastic decreases in their benefit offerings, in spite of the economic slowdown and overall increase in costs, is a promising

sign and displays the importance of benefits to employees and employers alike. This clearly substantiates the fact that 'employee benefits insurance' is increasingly being deployed as an employee retention tool, according to the survey.

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