

Insurers keep a social distance from risky Covid covers

Only four of the 29 firms permitted by the Insurance Regulatory and Development Authority of India are marketing such fixed benefit policies and that too on a limited scale, as the new virus' impact on humans and expenses to treat are completely out of sync with most models that insurers have, said people familiar with the developments.

By [Ashwin Manikandan](#), ET Bureau | Last Updated: Apr 06, 2020, 03:01 PM IST

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Indian insurers permitted to sell Covid-19 cover are marketing the policies as they see it more as a liability than a profit-making business due to surging number of patients and disproportionate medical expenses witnessed at the global level.

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as the new virus' impact on humans and expenses to treat are completely out of sync with most models that insurers have, said people familiar with the developments.

The reluctance of global reinsurers to specify the rates is also adding to the reluctance of Indian insurers to sell the product. An industry official told ET that at least 50 claims for a total of ₹16 lakh have been made by those with comprehensive policies who tested positive for the virus. "You can't sell fire insurance to a building on fire," said Sanjay Datta, chief underwriting and claims, [ICICI Lombard](#) NSE:-5.49%. "We have partnered with a few distributors and launched a policy on a limited basis."

Digit General Insurance, ICICI Lombard, [Future Generali](#) and [Star Health Insurance](#) are those

insurers marketing such fixed benefit policies.

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who have sold Covid-19 specific policies.

The Plans on Offer			
ICICI Lombard: Covid-19 Protection Cover 100% of the sum insured paid if tested positive for corona; for age group 18-75. Priced at a premium of ₹149 and provides a sum insured of ₹25,000	Future Generali: Group Insurance Cover/Mediclaim Policy 100% of sum insured would be paid if tested corona-positive and 50% for those asked to quarantine; no past medical history or travel record required	Star Health Insurance: Star Novel Coronavirus Plan Provides cover to those tested positive for coronavirus between age group 18 and 65. Premium set at ₹459+GST for a sum insured of ₹21,000 and ₹918+GST for a sum insured of ₹42,000	Digit: Digit Health Care Plus (not available) Fixed benefit product that covers both positive & quarantined cases; multiple sum insured options starting from ₹25,000 to ₹2,00,000

“It’s a bit like playing with fire,” said Jayesh Gadekar, head – health and benefits, innovative solutions at Global Insurance Brokers. “In an unprecedented global pandemic situation there are high price risks. The spread of the disease globally also makes getting reinsurance support much harder.”

Digit, an online insurer backed by billionaire Prem Watsa, that sold the cover for Coronavirus under the Sand Box category, has stopped taking fresh policy requests after demand led to sale of Rs50 lakh worth of premiums in March. Under Sand Box rules, issuances are capped at 10,000.

Stakeholders said that global nature of the pandemic has increased reinsurance risks while fear of community transmission in several states has made it impossible to rely on any pricing models that are based on statistical modelling of current or historical data.

While specific Covid-19 protection may be hard to come by, comprehensive health policies issued by the health and general insurers cover hospitalisation costs for Covid-19.

Insurers Stay Clear of Covid Coverage

“One should first opt for a comprehensive health plan which covers all hospitalisation costs

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and then go for these fixed benefit plans as it covers for not just Covid but other ailments on the rise as well,” said Amit Chhabra, head of health business at Policybazaar, an online marketing platform.

The leading online insurance aggregator has seen the enquiries on health insurance covers surge “30-40%” in the two weeks following the lockdown and the conversions – rate at which policies are sold – have surged 15% correspondingly in March while the enquiries for life products increased by 15%.

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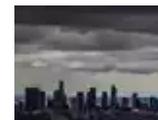
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