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Inclusive Growth thru Health Insurance

8th July 2010

DoH&FW & FICCI Seminar on Medical Care in
Gujarat: Current Scenario & Future

The Indian Health Scenario

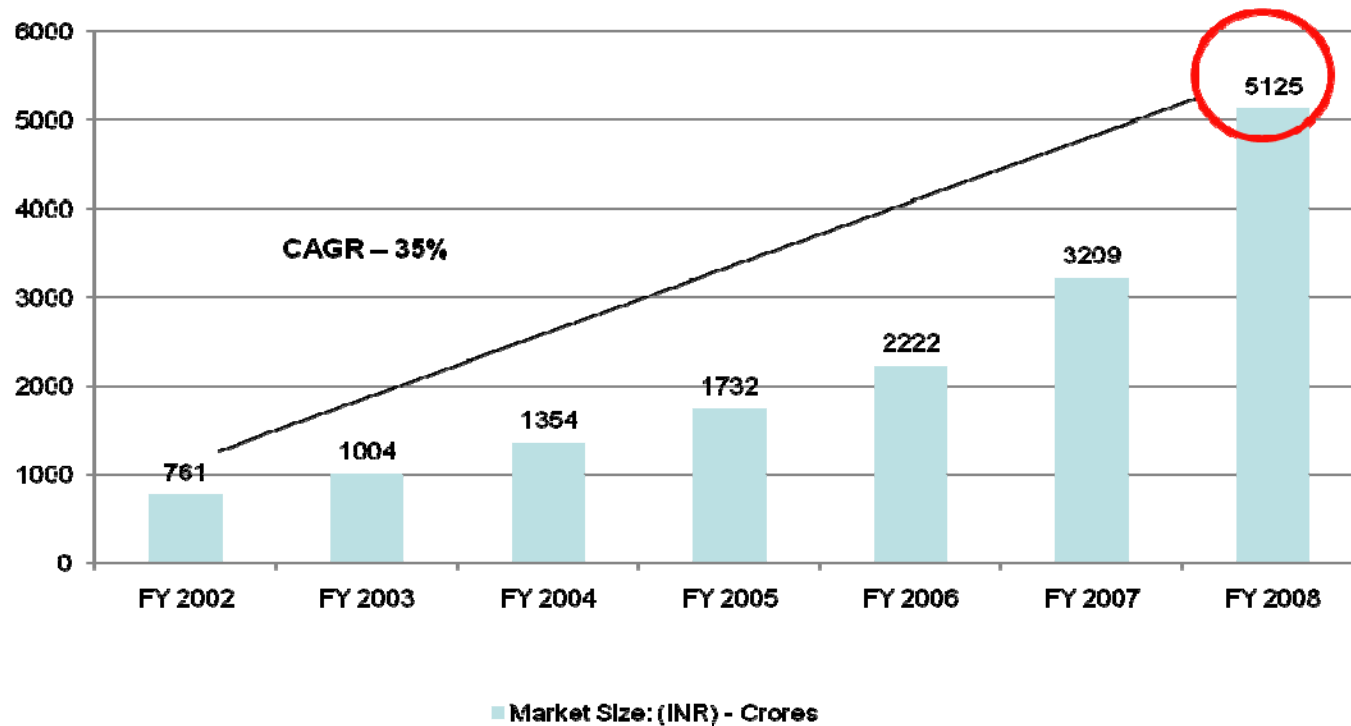
- Total Expenditure on health in India is around 6% of the GDP
- Government spending is less than 25% against the average spending of 30-40% in other developing countries.
- Indian health insurance industry stands at INR 5,125 crores with only a small section of the total population (around 2%) being covered so far.
- Health insurance CAGR around 35 % (FY 2002-08)
- Health insurance industry in India is one of the fastest growing segments.



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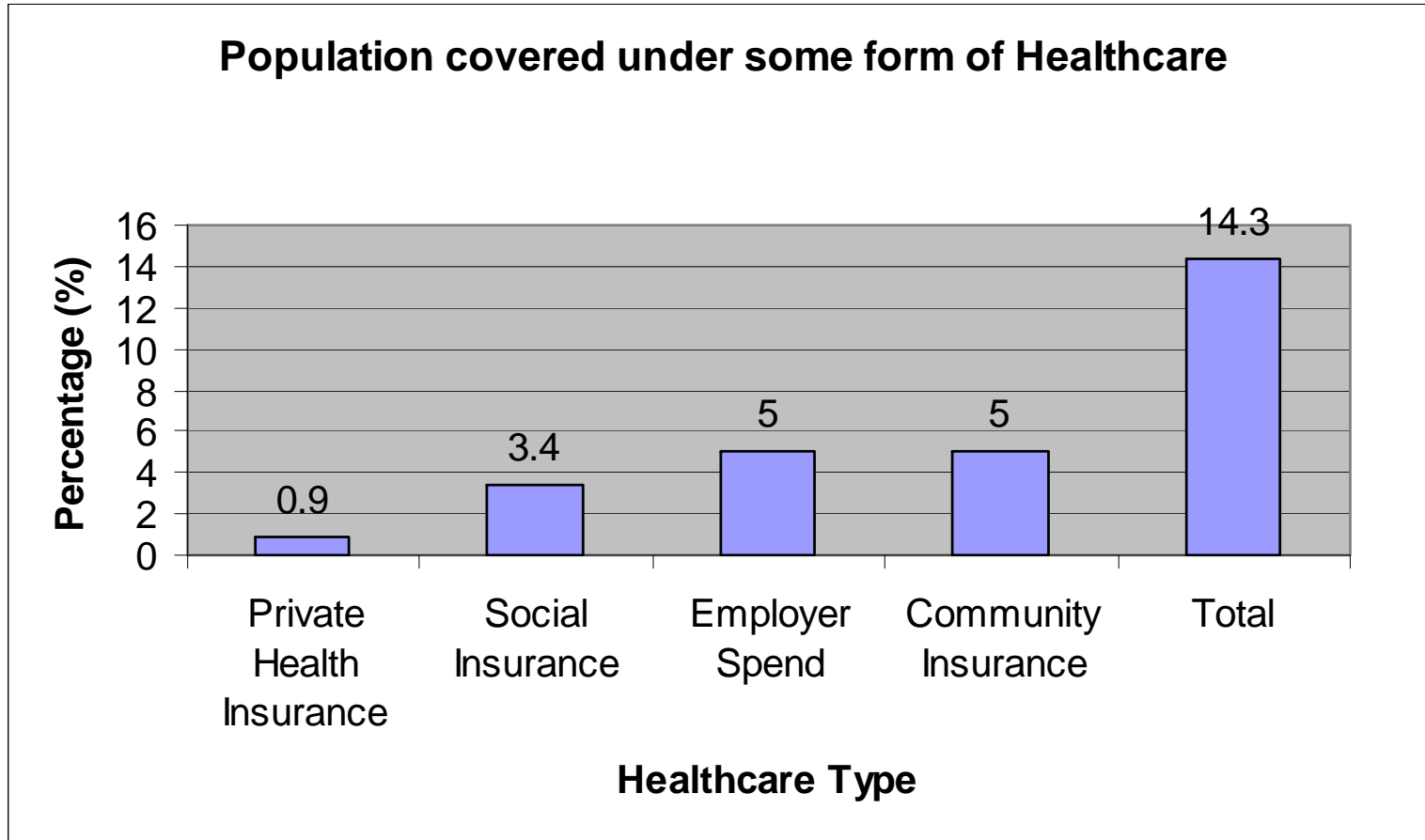
Market Size & Growth Rate

Market Size: (INR) - Crores



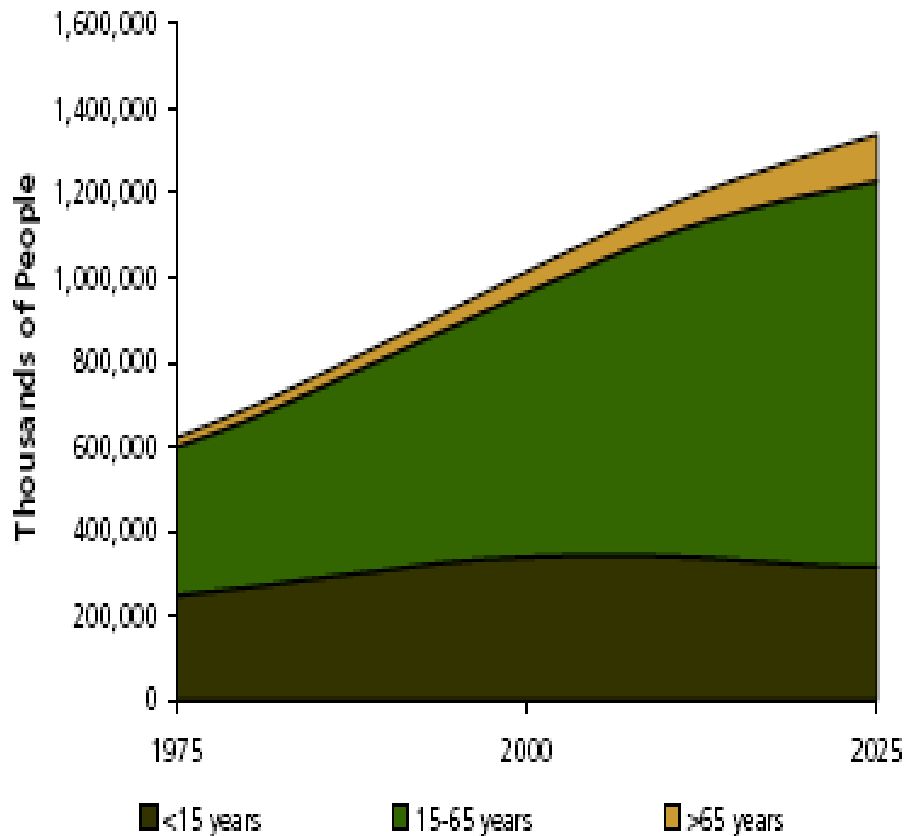
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Health Insurance : Scope



Health Insurance : Focus Areas

Population by Age Group, India, 1975-2025

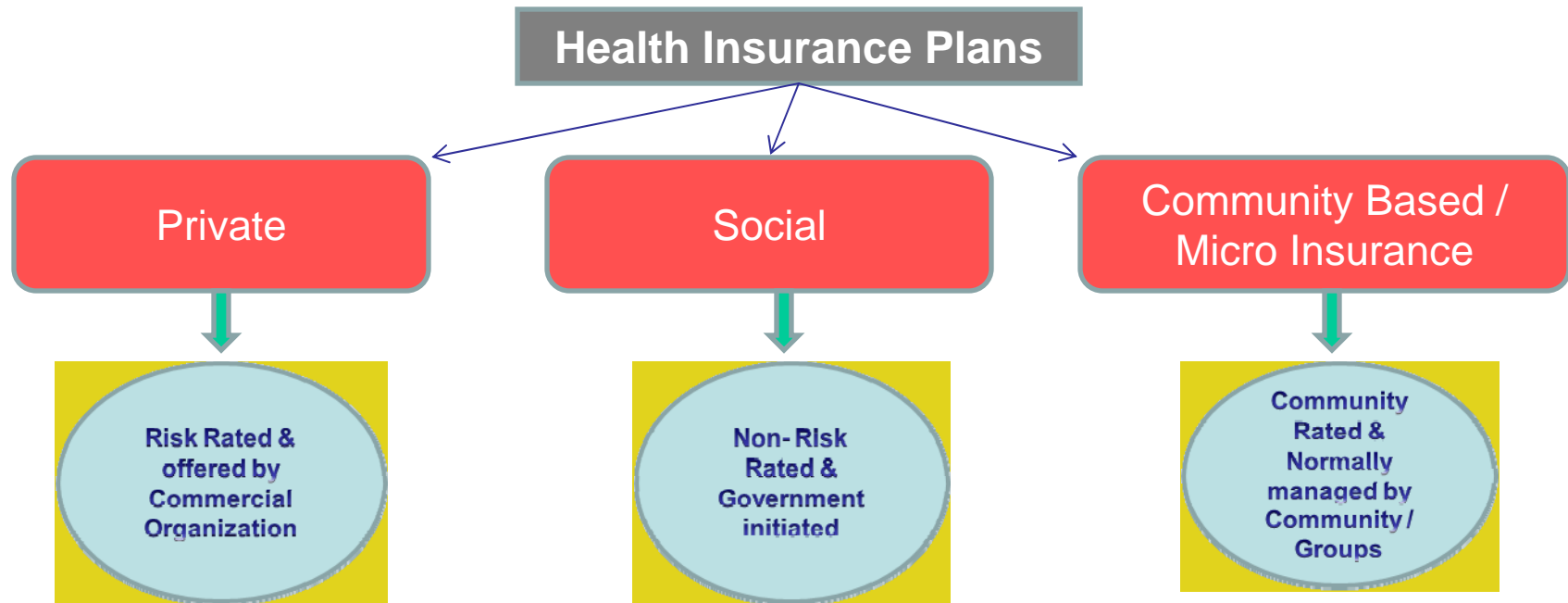


- Health Insurance - potential to become a Rs. 25,000 crores industry by 2012.
- No. of Elderly People in the Developing World will TRIPLE in 25yrs. (WHO)
- In India, the no. of people above 60 yrs is about 8% today, & the no. is expected to hit 21% by 2025. (Asia Insurance Review)

Gujarat Health Scenario

- Socio-economic indicators are, in general, better than the India average.
- Communities living in the remote and disadvantaged areas especially BPL population and women, are generally unable to access reliable and cost effective health care services.
- Recent surveys have shown improvement in Key Health indicators like Birth Rate, Death Rate, Infant Mortality, Life Expectancy & Maternal Health.

Health Insurance Plans

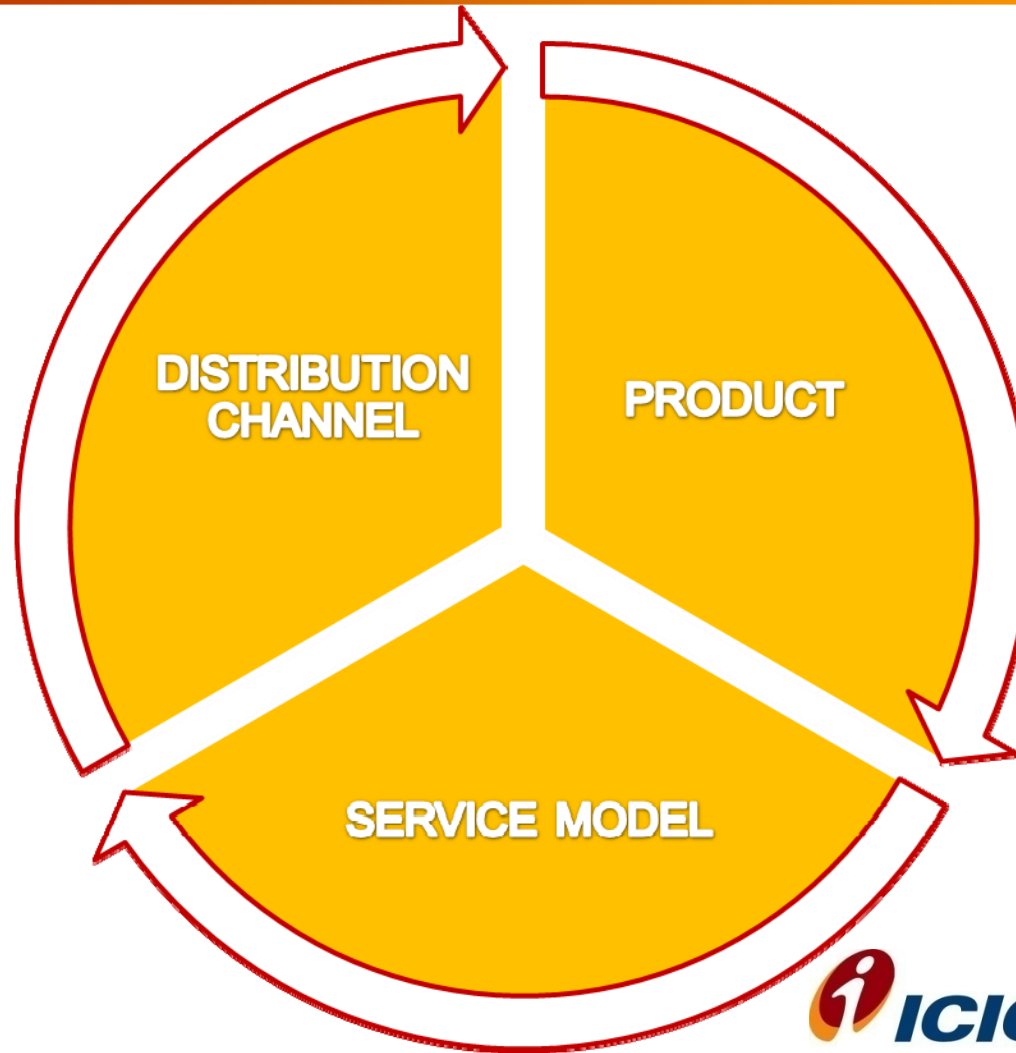


IL's journey with Financial Inclusion



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Challenges for Financial Inclusion



When ILGIC started out with financial inclusion....

Market

- Very fragmented
- Knowledge of insurance limited to Life insurance
- Insurance perceived as benefit product rather than protection product

When ILGIC started out with financial inclusion....

Products

- Only standard health products existed
- High sum insured products
- Premium slabs not affordable
- Standard exclusions not matching rural aspirations

When ILGIC started out with financial inclusion....

Service Delivery

- Reimbursement only mode
- No rural hospital networks
- Knowledge of product contents very low
- MFI partners needed conviction on commitment and service delivery from insurance cos.
- Institutional treatment and delivery still at a nascent stage.

ILGIC initial learnings...

Enrollment and distribution:

ILGIC used NGOs & MFIs as Distribution channels as ILGIC had limited outreach in rural geographies.

Learnings were :

- Aggregation of risk proved to be a challenge.
- Unnamed risk was the available option.
- Immense Geographical challenges.
- No positive identification of family and members.
- Enrollment remained in patches hence increasing the anti-selection risk.

ILGIC initial learnings...

Service learnings:

- Awareness and Utilization: Utilization of the scheme plays a very critical role in the sustainability and success of the scheme.
- Cost of claims and servicing cost: The claim size and the average claim servicing had to be optimized as this is a resource intensive job and also includes controlling of frauds
- Reach and access: Sufficient Manpower in the field to have a ready access to the geographical spread of policy so as to have direct contact with the field.
- Grievance Module: The non accessibility field level resources proved to be a challenge to address consumer grievance.

How ILGIC progressed : Product..

- Initial Survey of the product (Plan & Price) to check on the acceptability of the product in the field.
- Limited covers that clearly define the diseases that shall be included for coverage
- Sub –Limits so that the coverage under the scheme is not misutilized.
- Insisted on minimum no. of lives to be covered as pricing to be based on the same and to make the product sustainable.
- Introduction of Co-Payment & minimum deductibles so as to optimize on the Average Claim Size (ACS)
- A suitable waiting period in the policy so as to negate the anti selections.



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How ILGIC progressed : Enrollment..

- Optimized scheduling for Enrollment as this is a Human intensive job.
- Capturing of data based on some existing ID proof at the time of enrollment as this is critical and forms the foundation of the data base. Converted to common English language and supported by an efficient enrollment IT module
- While enrolling for insurance, each member was given a brief / pamphlet, mentioning all the important policy terms. Exclusions also mentioned specifically.
- Health cards were issued as soon as possible to avoid cases of DNF (data not found). Cards were printed in local language as well.
- All the above activities are immense in number and hence had to be validated with QC at all levels supported by technology.



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How ILGIC progressed: Other Action Areas

- Awareness and Utilization: ILGIC spent considerable time and resources and included innovative reach initiatives like linguistic print material, local kiosks, radio outreach, etc.
- Cost of claims and servicing cost: The claim size and the average claim serving cost were optimized. (Moved to a specific claims team and in-house service model)
- Reach and access: invested in training partner manpower to achieve effective reach to remote corners.
- Grievance Module: Local language toll free Numbers, Specific relationship managers, Regular meetings in the field, local help desk/kiosks
- Realized that Technology has to be used for all processes otherwise the scheme would not be scalable.

How ILGIC progressed : Service Delivery..

- Realization that cashless was the way forward
- Massive and challenging service tie-ups with rural providers to provide cashless hospitalisation.
- Training of rural providers to adapt to processes and technology to deliver cashless service.
- Introduced rural providers to technology, filing process, billing process and payment re-con hygiene and audit processes.
- Reengineered in-house claims teams and processes to interact with 2000 plus rural service providers
- System generated MIS & analytical reports so as to monitor the policy and to plug the shortcomings.

Case Study

RSBY and ILGIC

Experience with using innovative technology



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RSBY - Outline

- The 'Rashtriya Swasthya Bima Yojana' (RSBY) is part of the Government's drive to ensure better health for Below Poverty Line (BPL) workers in the unorganized sector.
- This mass health scheme is implemented by the State Governments through general insurance companies with premium subsidy from the Government of India as well as the State Governments.
- Unique feature of this Scheme is its implementation thru smart cards
- As part of this scheme, smart cards having biometric technology are issued to the family and the fingerprints and photographs of the beneficiaries are stored in these cards. A swipe of the smart card along with biometric authentication ensures that the beneficiary gets cashless access to medical care as per the policy terms in public and private hospitals empanelled by Insurance Cos.



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Rashtriya Swasthya Bima Yojana (RSBY)



ICICI Lombard GIC Ltd covers more than 6.5 million families under RSBY insurance scheme for the BPL

- **Haryana (21 districts)**
- **Uttar Pradesh (71 districts)**
- **Maharashtra (12 districts)**
- **Bihar (11 Districts)**
- **Gujarat (10 Districts)**



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Policy features

Eligibility: BPL family.

Beneficiary: Self + Spouse + 3 Dependents

Sum Insured: Rs. 30,000/- (Family Floater)

Only Cashless benefit policy.

Coverage:

It's a hospitalization benefit policy which covers the hospitalization for any illness which requires minimum 24hrs stay in hospital.

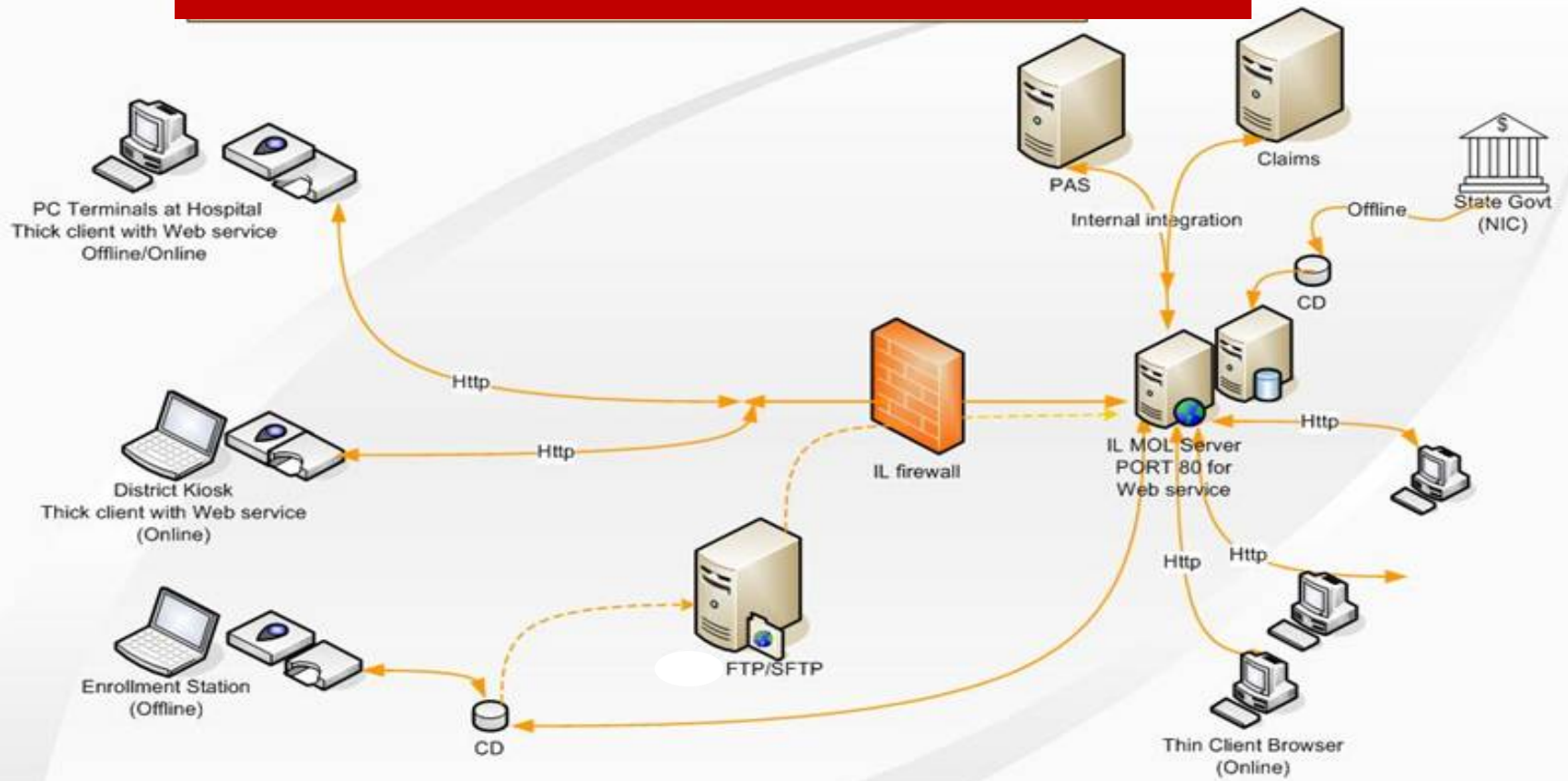
Additional Coverage:

- **Pre-existing disease cover.**
- **Maternity cover - 4500/- with day 1 child cover**
- **Day care treatment cover for specified illness.**
- **Expenses of 1 day prior to the admission & 5 days post the date of discharge from hospital would be covered.**
- **Transportation Cost (per visit Rs. 100 & overall limit of Rs. 1000/-)**

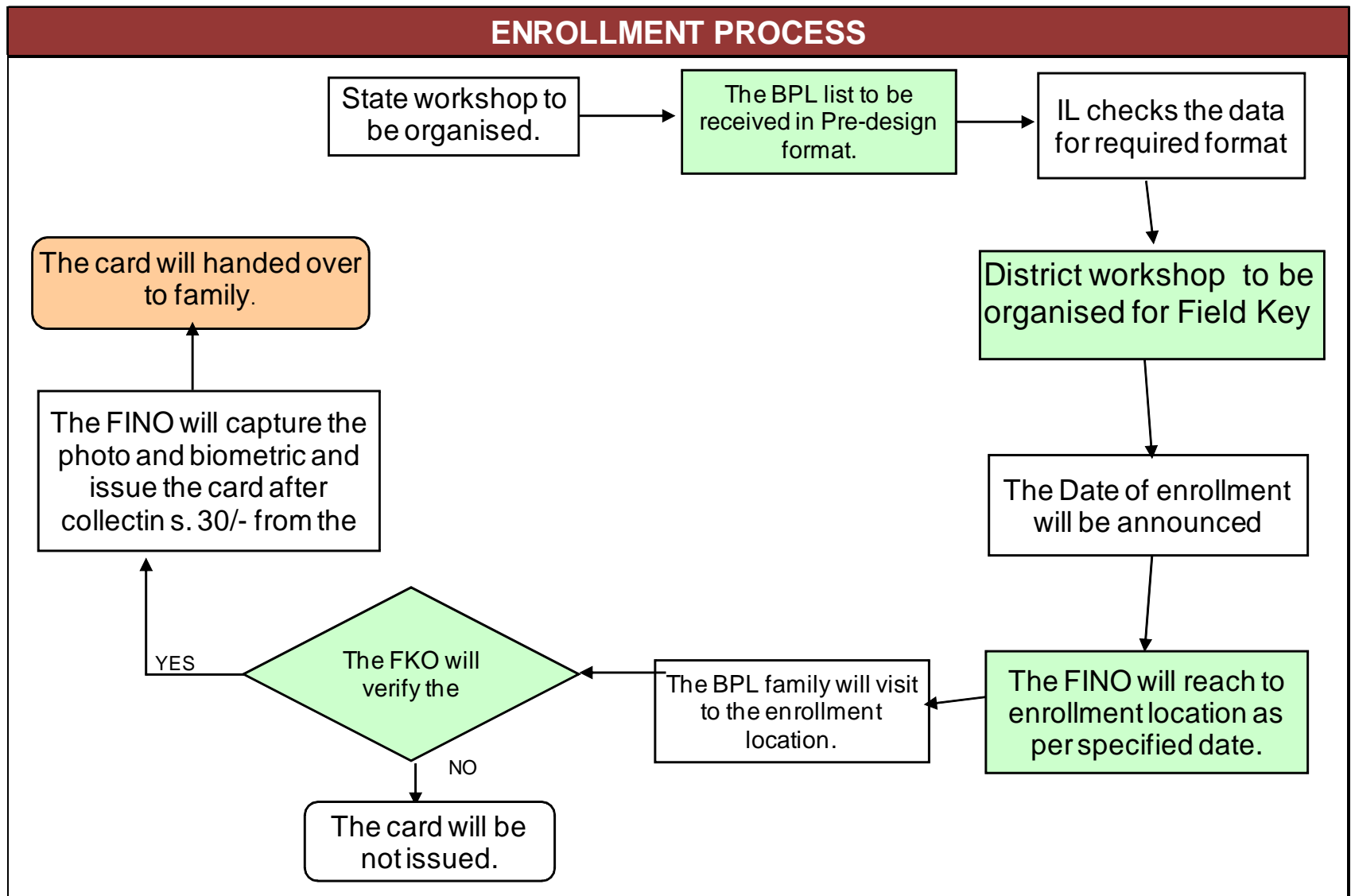


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RSBY Architecture



Enrollment Process



Enrollment Process

Local Village level meetings for product explanations



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Enrollment Process



Web Camera for Photograph

Optical Biometric scanner for Fingerprints

Data masters based on State's BPL data

Battery Power back-up for uninterrupted enrolment

Printing & Issuing card OTC



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Health camps to increase awareness



Specified teams to conduct camps

Health Camps provide opportunity of early detection



ICICI Lombard & Financial Inclusion

Niramaya

Under the aegis of Union Ministry of Social Justice and Empowerment, a health insurance scheme for the welfare of people with autism, cerebral palsy, mental retardation and multiple disabilities.

Family Planning Insurance Scheme

Under the aegis of Ministry of Health and Family Welfare, Government of India, insurance scheme for the acceptors of Permanent family planning operations.

Weavers' Scheme

Health insurance scheme for handloom weavers under Ministry of Textiles.

Rajiv Gandhi Shilpi Swasthya Bima Yojana

The office of the Development Commissioner-Handicraft, Ministry of Textiles and ICICI Lombard launched a comprehensive health insurance scheme for handicraft artisans across the country

IL Covered 45 cr lives in Fiscal 2010 under all its FISG schemes.



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Conclusion

Financial Inclusion has got vast potential as well as benefit. With due support from the Government & NGO/MFI Community the Insurers can start building the market.

Of course, it will take some years for the portfolio to yield a return, however till it reaches a scale, Insurers should come forward with this proactive step of investing and creating new products and channels of delivery to add value to the clients.



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