

'Healthcare costs rise by 12% every year'

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MUMBAI: In India, general insurance reels under extremely low penetration as compared to life insurance. K G Krishnamoorthy Rao, chief executive officer (CEO), Future Generali India Insurance Co Ltd, speaks to HTMoney on when and why you should have a motor insurance, health cover and home insurance. Edited excerpts:

Why is the general insurance penetration low? Which categories contribute the most?

Penetration as a percentage to GDP (gross domestic product) has not changed much—0.8%. This will take time. GDP is growing by 7-7.5%. Unless the industry grows continuously in double digits, the penetration will not change. With the current growth, penetration to GDP should reach 1%. Health is growing by 20% every year and motor is growing by 13-15% every year. Crop insurance has shown improvement in the last three years. These three categories contribute most in the retail insurance side.

When it comes to renewal of the policies in motor insurance category, is it low?

New vehicle penetration for motor insurance is almost 100% all over India because it is mandatory. When it comes to renewal of policies, penetration is higher in Tier 1 cities, because of the availability of vehicle financing. The name of the financier is also mentioned in the renewal policy. So as long as financing is being done, renewal will happen because the financier insists on a renewal and follow-up with the customer. In Tier 2 and Tier 3 cities, renewal falls after the loan gets over.

What are the things that can be kept in mind before filing a motor insurance claim form?

Keep your insurance policy handy.



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Insurers require this to verify if the vehicle is insured or not. You also need to have your driver's licence with you. You will be asked to fill the claim form which will have the details of the accident. An FIR will be mandatory if another person or third party is injured.

What is the new development in the personal accident coverage?

Until recently, the personal accident coverage for four-wheelers was up to ₹2 lakh with a premium of ₹100 and up to ₹1 lakh with a premium of ₹50. The regulator has now increased this cover to ₹15 lakh for both two- and three-wheelers, also making it mandatory for all with a premium of around ₹750.

How many policies should an individual have other than life insurance?

Some policies such as motor third-party insurance are compulsory. Health insurance is an important policy that an individual should buy. Health care costs are rising. In a metropolitan city, if you are hospitalised for 3-4 days, you may end up spend-

ing at least a lakh. Medical inflation is at 10-12% every year. If treatment costs you a lakh this year, it will cost you ₹1,12,000 next year.

The third important policy one should have is home insurance. It should cover not only the house, but also the contents. The home insurance policy should have a basic cover for fire, natural disasters and burglary. The fourth policy is personal accident cover. The breadwinner of the family should provide financial protection to other members with this policy, in case of unforeseen circumstances. Once you have these policies in place, you can think of additional protection. If you have a ₹10-lakh family floater and are diagnosed with a critical illness, you should have a critical illness cover of ₹50 lakh to ₹1 crore. Rather than taking a ₹50 lakh hospitalisation cover, which will be costly, you can take a hospitalisation cover of ₹10-15 lakh and a critical illness cover of ₹50 lakh so that your total outgo is less. This way, your health is a total package, home is protected and so is your family.