

health

# Insurance likely to get costly

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Oct. 5: Insurance companies are planning to focus on their specialised segment to survive in a highly competitive insurance industry, said the Insurance Brokers Association of India director, Mr V. Sithapathy.

Mr Sithapathy said, "If the Central government increase foreign direct investment limit in insurance to 49 per cent, more players will enter the segment making it more competitive. On the other hand, margin from fire premium is reducing while health insurance segment is making losses."

In this scenario, Mr Sithapathy said the insurers are planning to focus on specialised segment than being present in all segments.

He said, "In a few months, health insurance premium will get costlier by 10 to 15 per cent. Based on claims experience in the general insurance in de-tariff regime, the cost structure will be re-jigged in April 2009."

Mr V.G. Dhanasekaran, vice-president, India Insure Risk Management and Insurance Broking Services Pvt Ltd, said, "The health insurance segment has always been making losses. It has a major share of the group insurance availed by big companies for their employees."

"Insurance firms were able to bear the losses in the health insurance segment because of profits earned on fire premium. But in the current de-tariff regime, the cost of fire premium will come down by 65 to 70 per cent. So in the future, we may see a hike in the health insurance premium," he said.