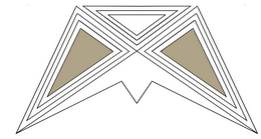


2025



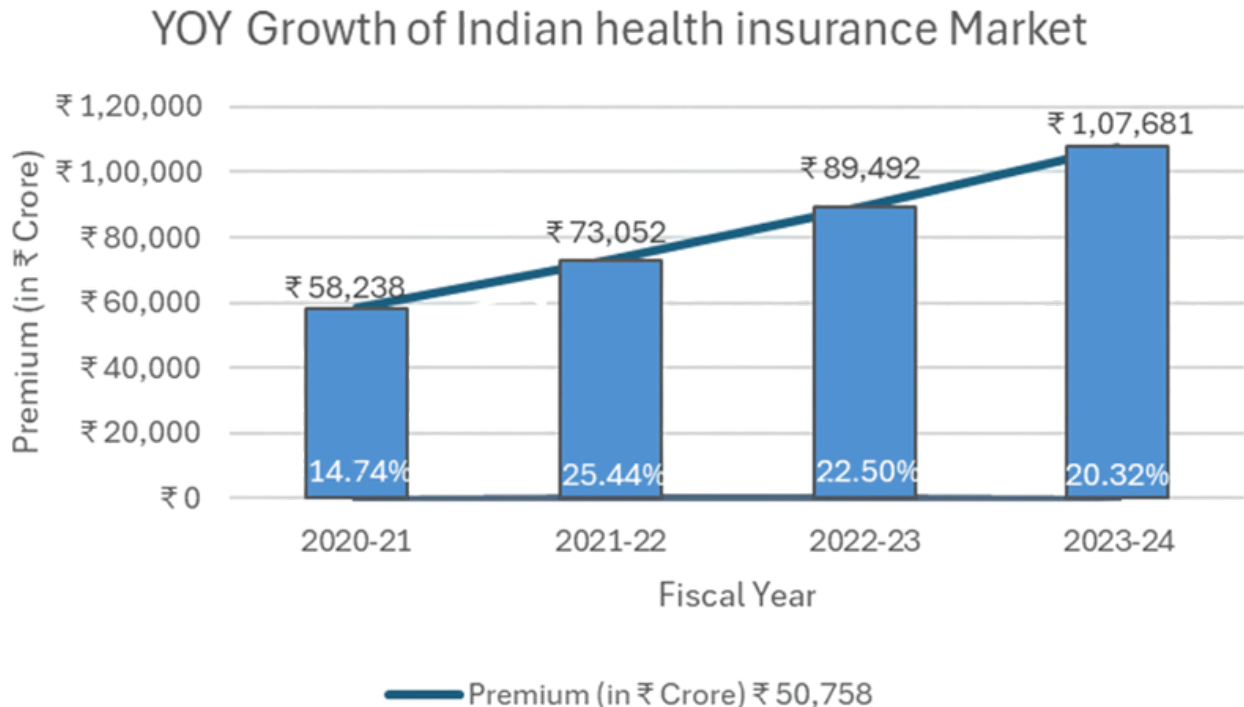
Indian Health Insurance Market: Comprehensive Report




Market Overview and Quantitative Growth

The Indian health insurance sector, a vital component of the broader insurance industry, has experienced sustained and robust growth over the past decade. As of the financial year 2023-24, the total Gross Written Premium (GWP) for the Indian non-life insurance market, which includes health insurance as a major contributor, stood at approximately ₹2.90 lakh crore. The health insurance segment is the largest contributor to the non-life insurance market, with its GWP reaching around ₹1.09 lakh crore in the same period. This represents a significant market share of approximately 37.6% of the total non-life insurance premiums. Despite this growth, India's total healthcare spending remains about 3% of GDP, with the government's contribution at a modest 1.28%. A significant protection gap persists, with the "missing middle", nearly 40 crore people, lacking both government and private health insurance coverage.

Historical Growth Trends





The Indian health insurance sector is demonstrating exceptional growth, with a projected Compound Annual Growth Rate (CAGR) of 15-21%, significantly outpacing the global market's average of 5-10%. Despite its currently modest share of the global health insurance market, this rapid expansion signals a major shift. This growth is crucial, given India's low non-life insurance penetration of just 1% in FY24, which is substantially below the global average of approximately 7%. Furthermore, India's non-life insurance density stood at around \$25 per capita, a mere fraction of the global benchmark. The sector's high-growth trajectory is thus critical in bridging this significant gap in both market presence and coverage depth on the world stage.

How India Pays for Healthcare Services:

The expansion of the Indian health insurance market is enhancing financial protection for its citizens, a crucial development as India's total healthcare spending is approximately 3% of its GDP, with a large share traditionally being out-of-pocket. This positive impact is confirmed by the decline in Out-of-Pocket Expenditure (OOPE) as a share of Total Health Expenditure, which fell from 48.8% in 2017-18 to 39.4% in 2021-22. Directly contributing to this relief, general and health insurers settled claims worth ₹83,493 crore in the fiscal year 2023-24, absorbing significant healthcare costs that individuals would have otherwise paid themselves.

India's health insurance market has a significant gap in covering OPD (outpatient department) expenses, which make up over **60% of healthcare costs**. Most traditional plans focus on hospitalization, leaving routine expenses like doctor visits, diagnostics, and medicines uncovered. While demand for OPD coverage is rising, existing offerings are limited, often available only as add-ons with strict sub-limits, long waiting periods, and network restrictions. Reimbursement processes are cumbersome, and access remains uneven, **especially for the elderly** and those in lower-income or digitally underserved groups highlighting the urgent need for more inclusive and comprehensive OPD-focused insurance solutions.





Stakeholder Analysis

1. Insurers

The health insurance market is a tripartite contest. Public Sector Insurers are legacy players holding a 38% market share but face significant financial and solvency challenges. Private Sector General Insurers drive innovation and competition with a 32% share. Specialized Standalone Health Insurers (SAHIs), known for their focused approach, command the remaining 30% of the market.

2. Intermediaries and Technology Enablers

This ecosystem forms the critical link for distribution and claims. The market remains heavily reliant on traditional channels like Individual Agents (29.73%) and Insurance Brokers (29.30%). In claims management, Third-Party Administrators (TPAs) are crucial, handling the settlement of 72% of all health claims by number. This landscape is now being rapidly reshaped by technology enablers and upcoming digital platforms like Bima Sugam.

3. Healthcare Providers

Healthcare Providers, including network hospitals and diagnostic centers, are the backbone of service delivery. Their relationship with insurers is defined by the dual challenges of managing rising medical inflation and non-standardized billing. A key policy initiative, the National Health Claim Exchange (NHCX), aims to streamline this interaction by creating a standardized digital platform for communication and claims processing between providers and insurers.

4. Customers/Policyholders

The customer base is sharply segmented and largely underserved. The market is predominantly concentrated in urban areas, which account for approximately 83.6% of the premium collected. A significant portion of the insured population, about 26.11 crore lives (45.6%), is covered under government-sponsored schemes. However, the largest market opportunity and policy challenge remains the uncovered 'missing middle', which is estimated to be nearly 40 crore people.

Regulatory and Policy Landscape

Key Regulatory Bodies and Guidelines:

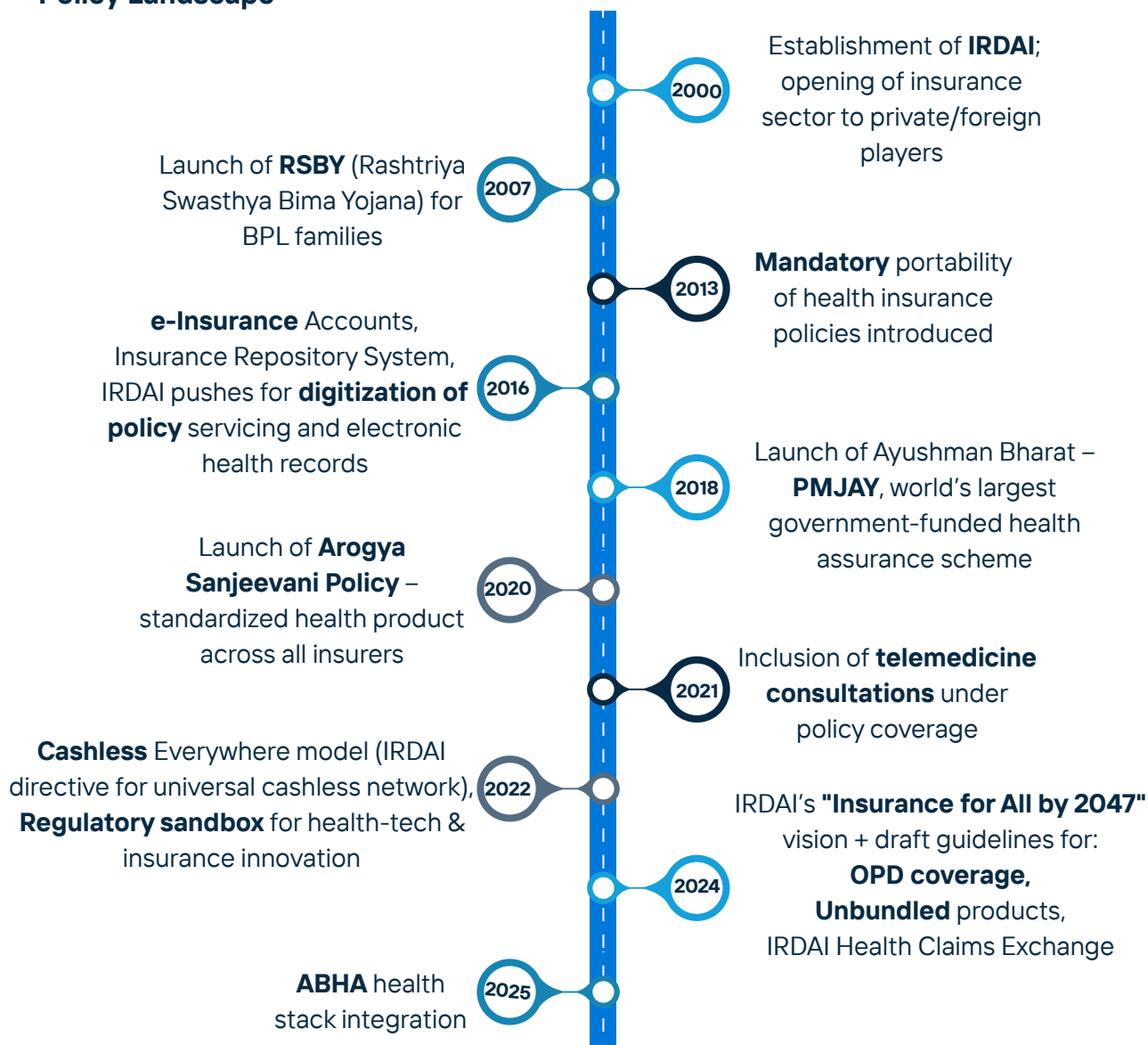
- **Insurance Regulatory and Development Authority of India (IRDAI):** Sets guidelines for product design, pricing, underwriting, and claims management.
- **National Health Authority (NHA):** Oversees government schemes like PMJAY.
- **General Insurance Council (GI Council):** Represents the collective interests of non-life insurers in India and works with stakeholders to promote industry standards and policyholder welfare.

Key regulations include the Insurance Act, 1938, IRDAI (Health Insurance) Regulations, 2016, 2022 and various guidelines on standardization, customer protection, and TPAs. The Mental Healthcare Act has expanded insurance coverage to include mental health conditions.





Policy Landscape



Product Categories in Health Insurance

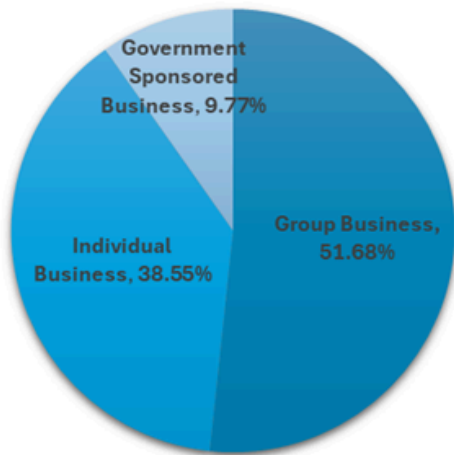
- **Mediclaim:** This type of plan covers in-patient expenses during hospitalization.
- **Critical Illness Insurance:** This policy is used to fund expensive treatments for specific, high-severity illnesses.
- **Senior Citizen Health Insurance:** This is specifically designed for citizens who are 65 years of age and older.
- **Top-Up Health Insurance:** This plan is beneficial as it provides additional coverage after the sum insured of an existing health policy has been exhausted.
- **Hospital Daily Cash:** This plan provides a fixed daily cash amount to cover ancillary expenses during hospitalization.
- **Personal Accident Insurance:** This policy offers coverage for any loss or damage to the owner or driver resulting from an accident.
- **Disease-Specific Plans (e.g., M-Care, Corona Kavach):** These plans are suitable for individuals who are either suffering from or are at high risk of contracting specific diseases, such as those that emerged during a pandemic.
- **ULIPs (Unit Linked Insurance Plans):** These products offer a combination of insurance coverage and investment benefits.

Market Segmentation

By Business Segment Type

The primary distribution of the health insurance premium for FY 2023-24, is as follows:

Market share

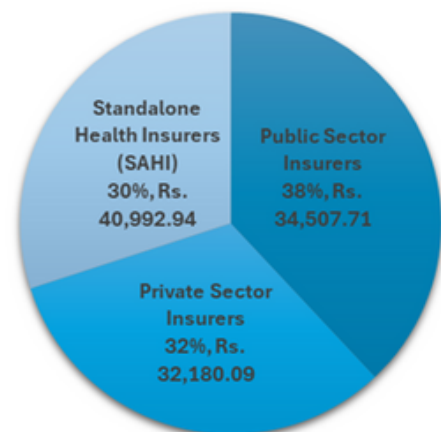


The Indian health insurance market provides a comprehensive suite of products catering to diverse needs. Offerings range from standard Individual and Family Floater plans for personal coverage to large Group Health Insurance schemes for employers. For specific medical events, consumers can opt for benefit-based Critical Illness and Disease-Specific plans. To enhance existing coverage, the market features supplementary Top-up and Super Top-up policies. Additionally, specialized products address particular risks, including Personal Accident covers, medical insurance for overseas travel, and dedicated Senior Citizen plans, which under new IRDAI guidelines, are offered with no upper age limit.

By Provider Type

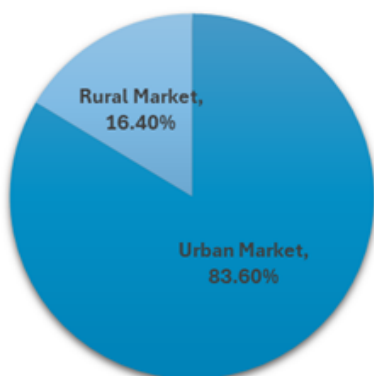
- **Public Sector Insurers:** Major players include New India Assurance, United India Insurance, Oriental Insurance Company, and National Insurance Company.
- **Private Sector Insurers:** Key names are HDFC Ergo, ICICI Lombard, Bajaj Allianz, Tata AIG, etc.
- **Standalone Health Insurers (SAHI):** Specialized companies focusing solely on health insurance e.g. Aditya Birla Health Insurance, Care Health Insurance, Niva Bupa, Star Health, etc.

Distribution by provider type in Cr.



By Demography

Approx Premium Distribution Rural vs. urban



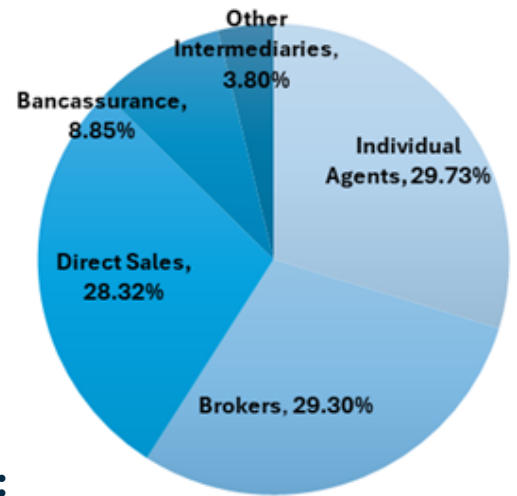
An analysis of the Indian health insurance market for the fiscal year 2023-24 reveals a significant disparity in its geographical distribution, with business being predominantly concentrated in urban centers. The rural market accounted for approximately 16.4% of the total gross premium underwritten by General and Standalone Health Insurers, which amounted to ₹45,569 crore. In contrast, the urban market constituted the remaining 83.6%, representing the vast majority of the total ₹2.78 lakh crore premium base for these insurers.



By Distribution Channel

The distribution of India's health insurance market for fiscal year 2023-24 is diversified across three primary channels, with no single one dominating. Individual Agents lead by sourcing 29.73% of the total premium, closely followed by Brokers at 29.30%. Direct sales by insurance companies also constitute a major share, accounting for 28.32% of the business. Bancassurance, through corporate bank agents, is the next significant contributor at 8.85%, while other intermediaries like web aggregators and micro-insurance agents collectively make up the remaining ~3.8% of the market.

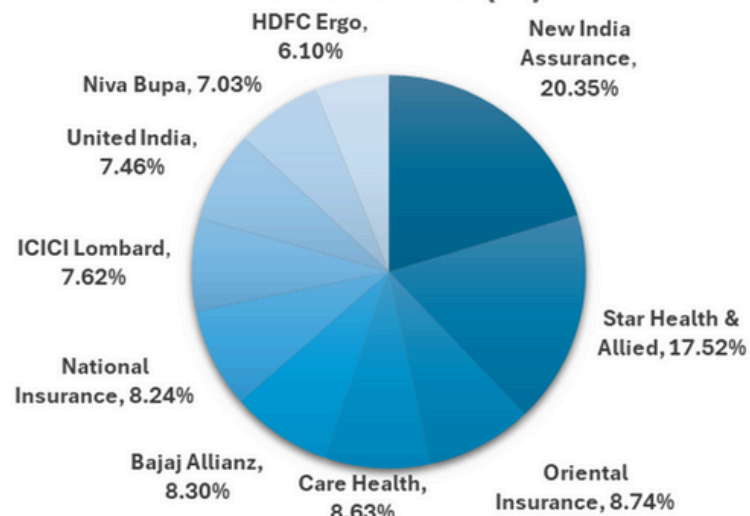
Distribution Channel



Major Players with Annual GWP & Market Share:

Rank	Company	Premiums (in Cr.)
1	New India Assurance	₹ 19,194.89
2	Star Health & Allied	₹ 16,526.24
3	Oriental Insurance	₹ 8,242.74
4	Care Health	₹ 8,135.35
5	Bajaj Allianz	₹ 7,828.79
6	National Insurance	₹ 7,771.56
7	ICICI Lombard	₹ 7,188.30
8	United India	₹ 7,036.03
9	Niva Bupa	₹ 6,634.53
10	HDFC Ergo	₹ 5,753.10

Market Share (%)



Health Insurance Lifecycle

Step 1: Underwriting & Policy Issuance

- Purpose: Assess the applicant's health risk and determine premium.
- Process:
 - a. Collection of proposal form, medical history, and test reports.
 - b. Risk profiling and decision on policy issuance.
- Technologies Used:
 - a. Underwriting software: Milliman, Munich Re ALLFINANZ, ReFlex.
 - b. AI/ML models for disease prediction and dynamic pricing.
 - c. Integration with diagnostic labs and ABDM (Ayushman Bharat Digital Mission).
- Outcome: E-policy generated and shared digitally (email, app, portal).

Step 2: Hospitalization or Medical Event

- Trigger for claim: In-patient admission, day-care surgery, or eligible OPD treatment.
- Two types of claims:
 - a. Cashless claim if treatment is in a network hospital.
 - b. Reimbursement claim if treatment is in a non-network hospital.

Step 3: Cashless Pre-authorization Request

- Initiated by hospital to insurer/TPA with: Diagnosis, proposed treatment, and estimated cost.
- Verified by:
 - a. TPA (Third-Party Administrator), or
 - b. In-house claim team (for insurers managing claims internally).

Step 4: Claim Adjudication & Medical Necessity Check

- Process:
 - a. Policy eligibility and coverage check.
 - b. Medical evaluation by doctors at insurer/TPA.
- Tools Used:
 - a. Claim adjudication systems integrated with Hospital Information Systems (HIS).
 - b. OCR tools for document scanning.
 - c. NLP & AI to read and flag unusual patterns in medical records.

Step 5: Fraud Detection

- Techniques Used:
 - a. Pattern analysis (e.g., frequent high-value claims).
 - b. AI/ML-based fraud analytics engines (FRISS, SAS, FICO).
 - c. GPS/IP tracking to detect location-based fraud.
- Data Sources:
 - a. Claims history from Insurance Information Bureau (IIB).
 - b. EHRs and ABHA-linked data for cross-verification.

Step 6: Claim Approval or Rejection

- If approved: Authorization letter sent to hospital; treatment begins.
- If partially approved/denied: Patient notified; may opt for reimbursement later.



Step 7: Treatment & Final Documentation

- After discharge, hospital submits: Final bill, discharge summary, investigation reports, claim form.

Step 8: Final Claim Settlement

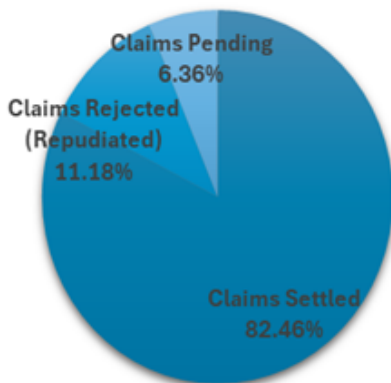
- Cashless: Insurer/TPA pays directly to hospital.
- Reimbursement: Patient pays upfront; submits documents for reimbursement.
- Timelines:
 - a. Cashless: Within 4 hours (as per IRDAI draft mandate 2024).
 - b. Reimbursement: Within 7–15 working days.

Step 9: Post-claim Processing

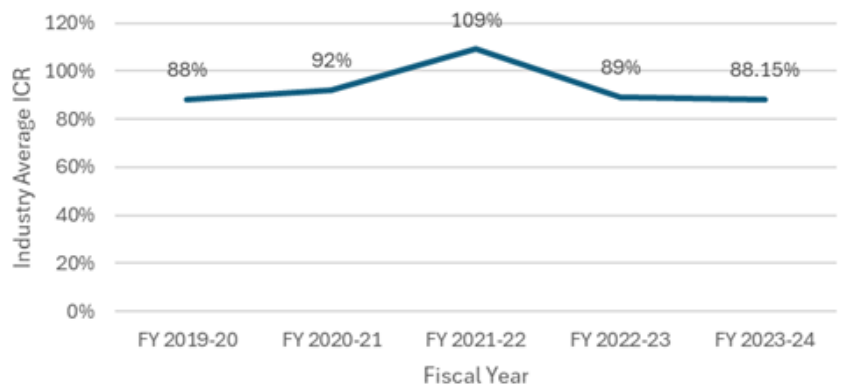
- Archival & Reporting:
 - a. Claim records archived digitally.
 - b. Data shared with IRDAI, IIB, and Health Claims Exchange (under ABDM).
- Usage: Actuarial analysis, fraud monitoring, pricing review.

Claim Ratio and Total Incurred Claim Ratio

Percentage of Total Claim



Health Insurance Incurred Claims Ratio (ICR) Trend



While the Indian health insurance industry is increasingly adopting advanced fraud detection technologies like AI, a direct quantitative link to claim settlement ratios over the years is not established. However, an analysis of the claims landscape for the 2023-24 fiscal year provides a clear breakdown of outcomes. During this period, 82.46% of all registered health claims were settled, while 11.18% were rejected or repudiated, and 6.36% remained pending at the year's end. In parallel, the overall claims payout trend, as measured by the industry's Incurred Claims Ratio (ICR), has stabilized at 88.15% in FY 2023-24 after significant fluctuations in prior years.



Company-wise Claim Analysis (FY 2023-24)

Insurer	Sector	Claims Registered	Claims Paid (Value in ₹ Crore)	Claim Settlement Ratio (%)
New India Assurance Co. Ltd.	Public Sector	2,345,890	7,895	91.80%
United India Insurance Co. Ltd.	Public Sector	1,988,452	6,540	88.60%
Oriental Insurance Co. Ltd.	Public Sector	1,567,110	5,980	89.20%
National Insurance Co. Ltd.	Public Sector	1,250,340	4,990	85.10%
ICICI Lombard General Ins. Co. Ltd.	Private Sector	2,988,540	8,550	94.20%
HDFC ERGO General Ins. Co. Ltd.	Private Sector	2,540,880	7,990	93.80%
Bajaj Allianz General Ins. Co. Ltd.	Private Sector	2,210,760	6,980	93.10%
Star Health & Allied Ins. Co. Ltd.	Standalone Health	4,560,780	12,560	99.40%
Niva Bupa Health Ins. Co. Ltd.	Standalone Health	1,450,220	5,110	99.20%
Care Health Insurance Ltd.	Standalone Health	1,890,550	6,120	95.80%

Consumer Behaviour and Awareness

The health insurance market in India is defined by a low overall penetration rate, with the non-life insurance sector, inclusive of health, at 1.0% of the GDP for the 2023-24 fiscal year. An analysis of consumer behavior indicates that purchasing is predominantly concentrated in urban centers, with significantly lower adoption rates in rural markets. Among the insured segment of the population, consumer expectations have evolved, showing a clear preference for comprehensive policies that extend beyond basic hospitalization to include value-added services like wellness programs, telemedicine, and integrated digital platforms for policy and claims management.

Key Market Trends

- **Product Innovation:** Wellness-linked products, OPD coverage, and customizable plans are gaining traction.
- **Rising Healthcare Costs:** Medical inflation is driving up premium rates and sum insured requirements.
- **Tier-II and Tier-III Cities:** Demand is rising in smaller cities, presenting new growth opportunities.
- **Public-Private Partnerships:** Collaboration between government and private insurers is expanding coverage.
- **Data Privacy:** Increasing digitalization raises concerns about data security.

Key Growth Drivers and Inhibitors

- **Government & Regulatory Push:** Growth is driven by supportive government policies like Ayushman Bharat (PM-JAY), IRDAI's "Insurance for All by 2047" vision, and pro-competition reforms such as the regulatory sandbox and faster approvals for new insurers.
- **Digital & Distribution Innovation:** A major driver is the digital transformation through the "Bima Trinity" (Bima Sugam, Bima Vahak, Bima Vistaar) and the implementation of the National Health Claims Exchange (NHCX) for faster settlements, alongside the use of AI/ML in underwriting.
- **Untapped Market Potential:** Significant opportunities lie in covering the uninsured "missing middle" (~40 crore people), increasing the very low rural penetration rate, and developing specialized products for senior citizens, mental health, and chronic care.
- **Future Outlook:** The market is shifting towards an accessible and affordable health economy, with insurers expected to blend traditional risk protection with integrated care delivery.



Challenges

The Indian health insurance market's foremost challenge is low penetration, driven by significant affordability issues and distribution networks struggling to reach Tier 2 and 3 cities, leaving an estimated 40 crore people in the 'missing middle' uncovered. This gap is compounded by high healthcare inflation, systemic fraud, and a consumer trust deficit, evidenced by a claim rejection rate of over 11% in the last fiscal year. The industry also faces distinct sectoral pressures, with public insurers grappling with financial viability and solvency ratios below the mandated minimum, while intense price wars strain the profitability of private players. This complex environment persists even as the regulator actively encourages innovation through initiatives like the Regulatory Sandbox to address these market challenges.

Projected Future Growth

- **Strong Growth Trajectory:** India is poised to become one of the fastest-growing insurance markets among G20 nations, with health insurance as a key driver.
- **Health Insurance CAGR:** Projected to grow at an average 12.8% annually between 2024 and 2028, reflecting rising demand and improved access.
- **Non-Life Insurance Growth:** Expected to expand at 13–15% annually in the medium term.
- The forecasted real-term growth of 7.3% (2025–2029), up from 5.7% in 2024, with health insurance contributing significantly.
- **Global Ranking Outlook:** India is on track to become the 6th-largest insurance market globally by 2032, with health insurance playing a major role in this ascent.

Citations:

<https://www.bajajallianz.com/blog/health-insurance-articles/types-of-health-insurance.html>

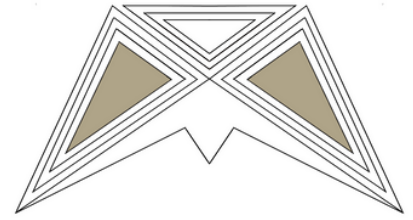
[IRDAI Annual report 23-24](#)

<https://www.icicilombard.com/blogs/health-insurance/mb/everything-you-need-to-know-about-the-healthcare-insurance-regulations-in-2016>

<https://nha.gov.in/PM-JAY>



Let's Get to Work Together



Prepared By:

ENIRA

We provide strategic consulting solutions that drive innovation, foster growth, and enhance organizational success through tailored expertise and partnerships across various industries.

FOR MORE INFORMATION



www.enira.co.in



Delhi