

# Average policy size rises 25% post GST cut: Star Health MD

FE BUREAU  
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**STAR HEALTH INSURANCE**, the country's largest stand-alone health insurer, is witnessing a 25% rise in average policy size following rationalisation in the goods and services tax (GST) rate, a senior company official said.

"Before the GST change, the average sum assured of new policies was around ₹9 lakh. Now, it is close to ₹11 lakh. There has been a 20–25% increase," Anand Roy, managing director and chief executive of Star Health Insurance, said on Monday.

He was speaking on the sidelines of launch of Arogya Seva Kendras, a free-of-cost primary healthcare centre to provide medical facilities to one million beneficiaries with non-communicable diseases.

Roy said many customers are opting for higher coverage as the premium outgo has reduced. "If somebody was paying about ₹20,000 as premium earlier, the GST removal has reduced it

**ANAND ROY**, MD & CEO

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to roughly ₹17,000–18,000. Many customers are still willing to pay ₹20,000, and are opting for higher coverage."

Following the rate cut, the standalone health insurance industry reported a 36–39% year-on-year growth in monthly premiums between October and December.

In January, seven stand-

alone insurers reported a 24% rise in premiums to ₹4,528 crore. "Demand from new customers has gone up by almost 50%," Roy said.

On the loss of input tax credit (ITC), Roy said the company has spoken to its distribution partners and embedded the ITC impact into distribution margins. "The non-distribution ITC expenses like IT costs or outsourcing expenses have to be borne by the company. That is an impact on us," he said, without quantifying the hit on ITC loss or margin adjustments to distributors.

Star Health has the second-largest agency distribution force after Life Insurance Corporation of India, with about 850,000 active agents.

On high distribution costs flagged by regulators, Roy said the company is operating within the expenses of management guidelines.

Star Health reported a gross direct premium income of ₹14,231.26 crore till January, according to data from the General Insurance Council.