FOR 31 MARCH RENEWALS

Your group health renewal: who is your adviser really working for?

For HR, Total Rewards and Finance teams. What I'd look at before signing, based on years of working on these programmes.



Tula Benefits

Independent advice on employee benefits in India

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THE UNCOMFORTABLE MATH

Medical costs are slowing. Are your renewals?

13.0%
India employer medical trend, projected for 2025

11.5%
projected for 2026

10.1%
projected for 2027

12-18%
where renewal quotes typically land, in my experience with large employers

52%
group health's share of India's health premium (₹61,435 cr, FY25)

If medical costs are slowing, **it's fair to ask why your renewal isn't.** That gap is where I'd start asking questions.

Sources: Aon Global Medical Trend Rates Reports 2025, 2026, 2027 (India, gross); IRDAI Annual Report 2024-25 (Table I.26, excluding travel and personal accident); renewal range from author's experience.

FOLLOW THE MONEY

Who is your adviser working for?

COMMISSION-LINKED ADVICE

Insurer

↓

pays a % of your premium

Adviser

↓

recommends a policy to

You, the employer

Earns **more when the premium goes up**, and again every renewal. Usually with revenue targets somewhere in the background.

INDEPENDENT, FEE-BASED

You, the employer

↓

pays an agreed fee to

Independent consultant

↓

works only on

Your programme's outcomes

Earns **the same whatever you buy.** So cutting the premium, or changing nothing at all, costs them nothing.

Nothing against the people involved. It's just that who pays the adviser tends to shape what they notice.

What changes when the adviser has no stake.

- **No profitability pressure:** no revenue targets or premium growth to protect, only your outcomes
- **No product bias:** free to recommend any insurer, any structure, or nothing at all
- **Free to shrink the premium:** moving routine care outside the policy is a win, not a loss of income
- **Aligned over years:** paid to lower your 3–5 year cost and improve the claim experience
- **Transparent:** you know exactly what you pay for, and why

The regulator is asking the same question. IRDAI's 2026 distribution consultation paper proposes capping group health commission at 2.5% (the paper puts today's average at ~12%) and asks whether clients should be allowed to pay a visible fee for advice.

Source: IRDAI consultation paper "Recalibrating Economics of Insurance Distribution", Sept 2026 (proposals, not final rules).

LEVER 1 · DATA-BASED OVERVIEW

Start with the claims, not the quote.

- **Who is claiming:** employees, spouses, children, parents, month by month
- **Why costs rise:** more people claiming (frequency) or each claim costing more (severity)
- **Where money goes:** top 10 conditions and top 10 hospitals
- **What the insurer assumes:** medical trend used and the target claims ratio priced in
- **Where it leads:** premium in 3 years if nothing changes

What you want at the end: one page on what to keep, what to change, what to push back on, and what it saves over 3 years.

LEVER 2 · NON-INSURANCE DESIGN

Not every health need belongs in the policy.

~38%

of India's current health spending is inpatient care, the part a group policy mainly pays for

43%

of India’s total health spending is still paid out of pocket by households

Routine OPD

Consults, diagnostics and pharmacy through a capped wallet or partner network.

Prevention

Health checks and chronic-condition programmes aimed at your top claim drivers.

Teleconsult

A quick call to a doctor often saves a hospital visit.

Wellness people actually use

Built on your data: cardiovascular disease is one of the leading drivers of medical claims in India.

Sources: National Health Accounts Estimates 2021-22 (inpatient care 37.9% of current health expenditure) and 2022-23 (out-of-pocket 43.4% of total), MoHFW; Aon Global Medical Trend Rates 2027.

LEVER 3 · EMPLOYEE CONTRIBUTION STRATEGY

Share cost without losing trust.

40–60%

of claims come from parents where they're covered: typically 40–45%, and up to ~60% in family-floater programmes, in my experience. Design this line first.

- **Core vs. voluntary:** employer-paid core cover; optional top-ups at group rates
- **Parents' cover:** voluntary or co-funded, with clear choices instead of silent cuts
- **Co-pay with a cap:** a percentage without an annual cap quietly becomes cover reduction
- **Flexible benefits:** let employees trade allowances for the cover they value

Where money and experience quietly leak.

~4 in 10

health claims in India were still settled fully or partly by reimbursement, not cashless (FY25)

- **Non-network admissions** at higher tariffs when a network option existed
- **Room-rent limits** triggering proportionate deductions on other room-linked charges
- **Non-payable items** and consumables employees didn't expect to pay for
- **Unchecked bills** on large claims, where the real savings are

Source: IRDAI Annual Report 2024-25, Table I.28 (58% of claims by number settled fully cashless).

LEVER 5 · TPA PERFORMANCE

Measure the TPA like a vendor.

1 hr

for the insurer to decide on cashless authorisation

3 hrs

for discharge authorisation, or the insurer bears the extra cost

- **Track turnaround:** cashless approvals, discharges and reimbursement settlements against these standards
- **Track outcomes:** deductions, rejections and repeat escalations by hospital
- **Review quarterly** with the TPA and insurer, not only at renewal

Source: IRDAI Master Circular on Health Insurance, 29 May 2024.

A big line, and a predictable one.

~20%

of group health claims spend is maternity, in one analysis of 77,000+ Indian workplace claims

- **Know your workforce:** age profile and new joiners drive maternity volume
- **Price it honestly:** sub-limits that sit below real hospital costs push cost back to employees
- **Plan the journey:** network hospitals, pre-approvals and newborn cover from day one

Source: Pazcare analysis of 77,000+ group health claims (vendor data).

LEVER 7 · MENTAL HEALTH

Covered by law. Often missing in practice.

- **The law:** insurers must cover mental illness on the same basis as physical illness (Mental Healthcare Act 2017, s.21(4))
- **The gap:** employers still report coverage gaps for mental health
- **Check your policy:** sub-limits, exclusions and network coverage for psychiatric care
- **Go beyond the policy:** an employee assistance programme and manager training for early support

Sources: Mental Healthcare Act 2017; Mercer Marsh Benefits Health Trends 2026.

LEVER 8 · SUSTAINABILITY OF COST

Plan in years, not renewals.

- **Set a 3–5 year cost path** against medical trend, not last year's premium
- **Benchmark every renewal** against the trend: is your increase above it, and why?
- **Multi-year deals, carefully:** if trend is falling, locking in early can mean overpaying, so build in thresholds and exit clauses
- **Don't just shift cost:** cost-shifting can reduce access, delay care and raise claims later
- **Review mid-year,** not only 30 days before renewal

Sources: Aon APAC 2026 Global Medical Trend Rates webinar; Mercer Marsh Benefits Health Trends 2026.

WHEN TO CALL AN INDEPENDENT CONSULTANT

Six signs it's worth a closer look.

- Claims ran above premium
- Renewal increase above medical trend
- Same structure for 3+ years
- Merger or acquisition
- Employees struggling at claim time
- Parents' cover driving cost

Renewing on **31 March?** The quote lands in February. The decisions that shape it are made long before.

- **Nov–Dec:** pull 12 months of claims, split by employees, spouses, children and parents
- **December:** decide design changes, including parents' cover, co-pays and what moves outside the policy
- **January:** go to market on your data, 60–90 days before renewal
- **February:** negotiate, finalise and tell employees what's changing

WHO IS THE INDEPENDENT CONSULTANT?

Someone looking at the whole programme.



Independent

No stake in which insurer or product you choose.

No targets

Nothing to sell, so the advice can stay about you.

Transparent

You see the trade-offs and the assumptions, not only the price.

Data-led

Recommendations start from your own claims.

I have spent eleven years in Indian insurance and employee benefits. **The best renewals I've seen were decided on the data, months before the quote arrived.**