

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION No. 3804

ANSWERED ON MONDAY, 16 MARCH, 2026/PHALGUNA 25, 1947 (SAKA)

Rise in Health Insurance Premium

3804. SMT. MALA ROY:

Will the Minister of FINANCE be pleased to state:

- (a) the rate of medical inflation from FY 2022-23, 2023-24, 2024-25 and 2025-26 till date;
- (b) the correlation between medical inflation rate and health insurance premium;
- (c) the details of rise in premium on health insurance on account of medical inflation in FY 2022-23, 2023-24, 2024-25 and 2025-26 till date; and
- (d) the details of the steps taken by Insurance Regulatory and Development Authority of India (IRDAI) to ensure transparency in premium fixation?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c) Insurance Regulatory and Development Authority of India (IRDAI) has informed that no specific study has been conducted by it on the rate of medical inflation and its correlation with health insurance premium.

Further, besides medical inflation, there may be several reasons why health insurance premium increases from year to year. Some of the reasons are as under:

- i. Increase in average age of policyholders - As the insured population ages, their health risks generally increase, leading to higher claims and, consequently, higher premiums are charged for higher ages.
- ii. Increase in coverage or sum insured - If policyholders opt for higher coverage limits or additional benefits (e.g., OPD cover, maternity benefits, critical illness riders), the premium will rise.
- iii. Change in policy features – Addition of new features and benefits such as enhanced sum insured limits, inclusion of top-up/super-top up coverage features, modern treatments coverage, pre-existing disease coverage (PED), removal of capping such as room rent capping, waiting periods etc. can result in payment of higher premium by policyholders.

Since multiple reasons contribute to increase in individual premiums, the increase attributable to only medical inflation cannot be identified.

(d) Some of the measures taken by IRDAI to ensure transparency in premium fixation of health insurance are as under:

1. *Vide* Regulation (6)(3)(c) of Chapter-II of IRDAI (Insurance Products) Regulations, 2024, the Appointed Actuary of insurer is made responsible for periodical review of the products. He/she shall ensure that any revision either of the premium rates or the corresponding benefits or both with respect to the existing products shall be based on credible underlying experience of

relevant risk parameters. The revision shall also consider the analysis of policyholders' grievances and market feedback, if any.

2. *Vide* Circular dated 30.01.2025, IRDAI has also directed all general and health insurers offering indemnity based individual health insurance products to senior citizens to implement the following with immediate effect:
 - i. The insurers shall not revise the premium for senior citizens by more than 10% per annum.
 - ii. In the following cases, insurers shall undertake prior consultation with the IRDAI:
 - a. If the increase proposed in the premium for senior citizens is more than 10% per annum.
 - b. In case of withdrawal of individual health insurance products offered to senior citizens.
