

# user's choice

## INDIA'S BEST MEDICAL INSURERS



# Still room for improvement

**SPECTRE OF UNCERTAINTY** The Hindustan Times-MaRS Survey of India's Best Medical Insurers reveals that overall, customer satisfaction levels aren't very high, implying that all companies need to focus more on serving the customer

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**NEW DELHI:** Blame it on advertisements. Every medical insurer claims it is the best. And the truth is that almost every insurer does offer something that others do not. So, how do you decide which is the best for you?

To help you make the choice, we bring you the most definitive answer — the Hindustan Times-MaRS Survey of India's Best Medical Insurers — which rated 15 top insurers on customer satisfaction on settlement and satisfaction on customer servicing.

The first which included six parameters like claim settlement, TPA responsiveness, speed of service, delivery of promised services, etc., while the second included parameters like ease of product enquiry, levels of transparency, quality and spread of hospital network, attitude of company agents, clarity of diseases covered and excluded, etc. A word of caution will be necessary here. The final results were very close — meaning there isn't a lot separating the best from the rest.

Our survey shows that Tata AIG and ICICI Lombard are the (joint) highest ranked medical insurers on customer service, while Star Health & Allied Insurance Co. comes out on top in claim settlements.

But the leaders don't lead by a lot — a few points more on one or two parameters and less on a few others could have altered the results quite dramatically. Another caveat — overall, satisfaction levels aren't very high, implying that all companies need to focus more on serving the customer.

Says Raghu Roy, managing director of MaRS, HT's knowledge partner for this survey: "An industry average of 740 (out of a maximum possible score of 1,000) on claim settlement satisfaction is definitely not a great score. And that the highest score by any company is 765, only a few points above the industry average, also suggests that the claim settlement process may never make the customer fully satisfied. This is, perhaps, to be expected."

This scenario is repeated in satisfaction with customer servicing. "Customers are not happy — the industry average is 746 (out of a maximum possible score of 1,000). One fact stands out: that companies do not exhibit high differentials from each other on this measure."

An interesting finding is that the industry as a whole seems to be servicing customers better in Bangalore, Lucknow, Kolkata and Mumbai. Respondents in these cities gave the industry scores that are higher than the all-India average, both on customer satisfaction as well as satisfaction with claim settlements.

Bangalore is the only city to give scores of more than 800 on both these parameters (respondents gave scores



Doctors look on as Dr Ross Crawford (not in picture) operates on a cadaver during a two-day specialised course on Cadaver Hip Arthroplasty at AIIMS in New Delhi. The photograph has been used here for representational purposes, gesturing at the need for insurance players to take a lesson or two in taking caring of their customers.

ARIJIT SEN / HT PHOTO

of 811 on customer service and 810 on claim settlement).

Obviously, companies aren't being able to replicate the Bangalore model elsewhere. This is most obvious in Chennai, Hyderabad, Delhi and Ahmedabad, which gave the industry scores less than the national average.

One fact that stands out is that private insurers have stolen a clear march over their public sector counterparts. Except for Delhi, which ranked United India Insurance Co. first, none of the cities ranked any public sector insurer on top.

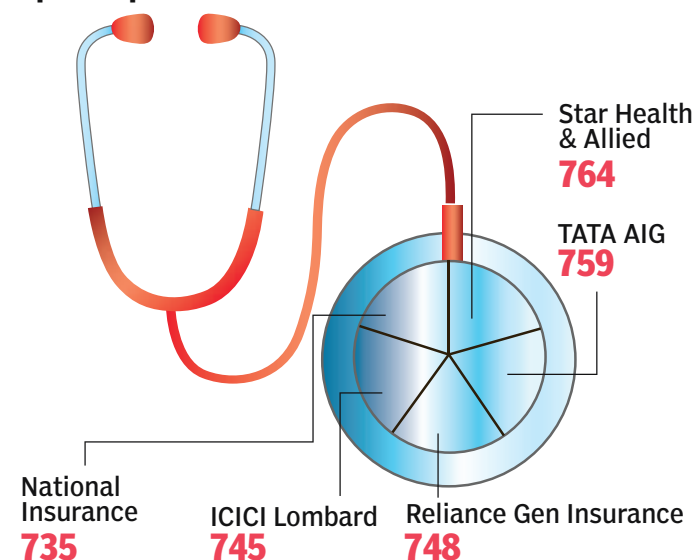
Clearly, every single company has a long way to go.

**THE INDUSTRY AS A WHOLE SEEMS TO BE SERVICING CUSTOMERS BETTER IN BANGALORE, LUCKNOW, KOLKATA AND MUMBAI. RESPONDENTS HERE GAVE THE INDUSTRY SCORES HIGHER THAN THE ALL-INDIA AVERAGE.**



### CUSTOMERS' VERDICT: THE BEST COMPANIES

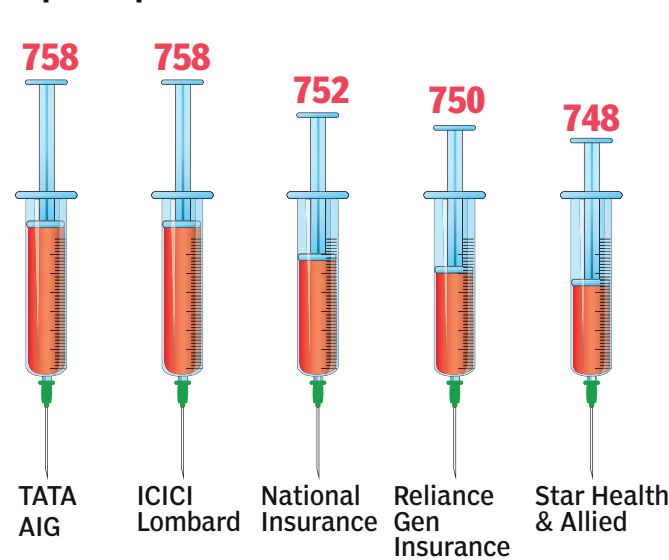
#### Top 5 companies in claim settlement



SAMPLE SIZE: A TOTAL OF 2074 MEDICAL INSURANCE HOLDERS FROM 8 CITIES

Higher figure indicates greater satisfaction level

#### Top 5 companies in customer service



SATISFACTION WITH CUSTOMER SERVICING WAS MEASURED USING 6 DIMENSIONS

GRAPHICS: PRASHANT CHAUDHARY

# What makes National Insurance third best



A World Bank study claims that 99% of Indians will face financial crunch in case of any critical illness, underlining the need for health insurance.

### TIME LAG

Experts say that claims settlement takes longer in NIC compared to its competitors

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**NEW DELHI:** In the HT-MaRS survey, customer satisfaction on customer servicing and interaction was measured using six parameters — product enquiry stage, purchase transaction, policy issuance, hospital network, renewal, and transparency.

And the public sector National Insurance Company (NIC) ranked third, coming after private sector Tata AIG and ICICI Lombard.

There was also that little matter about it being the only state-owned company to feature at all among the top five in terms of customer satisfaction. The survey was carried out among 2074 medical insurance policy holders in eight major cities of India — Delhi, Lucknow, Kolkata, Mumbai, Ahmedabad, Chennai, Bangalore and Hyderabad.

While industry analysts said that the insurer had resorted to reasonable pricing,

The four state-owned general insurance companies are looking to engage a third party administrator to ensure that customers are not put through any major trouble

NSR CHANDRA PRASAD

Emphasis has to be on consumer awareness and satisfaction, provision of quality health care, improved insurance services and greater collaboration between insurers and healthcare providers

AMIT MITRA

ing, which went in its favour, insurance sector experts pointed out that claims settlement takes longer in NIC compared to its competitors, which might explain the third position.

"It takes about one to one-and-a-half months for settlement of claims in NIC," said a leading third party administrator (TPA), on conditions of anonymity.

So what can public sector insurers do to get better in the area of customer satisfaction?

The four PSU insurers — National Insurance Company, New India

Assurance, Oriental Insurance and United India Insurance — which together manage about ₹6,000 crore of health insurance business, complain about being saddled with a commercially unviable claims settlement ratio of 115%. They have to say that the way TPAs function also has a major bearing on customer satisfaction, and forming a common TPA is one way of cutting down on costs.

"The four state-owned general insurance companies are looking to engage a third party administrator to ensure

that customers are not put through any major trouble especially when we have no health regulator, the process is on track and we hope to have one soon," said NIC chairman and managing director NSR Chandra Prasad.

TPAs are intermediaries between patients and insurance firms. Typically stationed at hospitals, TPAs take care of the administrative process of mediclaim policies. "This arrangement will provide economies of scale to the four insurers," said Prasad. NIC has set a claim settlement target for 2010-11 at 90%. And as Prasad lets in, "We are focused on customer service more than profits and business models."

As Amit Mitra, secretary general of industry body Federation of Indian Chambers of Commerce and Industry puts it, "The emphasis has to be on consumer awareness and satisfaction, provision of quality health care, improved insurance services and greater collaboration and trust between insurers and healthcare providers."





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## INDIA'S BEST MEDICAL INSURERS



# Cashless offer helped Tata AIG score

**WHAT HAPPENED** In July 2010, PSU insurers stopped cashless treatment alleging over-billing by hospitals

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**NEW DELHI:** While the to-go-or-not-to-go-the-cashless-way debate continues to rock the insurance boat, choppy waters notwithstanding, a few insurance firms have managed to ensure steady claim processing for their clients.

Tata AIG bagged second place in claim settlement satisfaction, according to a Hindustan Times-MaRS survey of health insurance firms.

"We had not stopped accepting claims even when the controversy over cashless hospitalisation was on last year," explained Gaurav Garg, managing director, Tata AIG.

The impasse over cashless hospitalisation began in July last year when alleging over-billing by hospitals, state-owned general insurance companies withdrew the facility of cashless treatment.

Now, this step would have made little difference even in 2006, when the insured revenue was less than 10% of hospital billing. But since then the health insurance market has consistently grown at a 40% CAGR, as stated by the Confederation of Indian Industry report, and naturally the implications are huge.

According to the industry average, settlement ratio of the industry is about 65-75% for individual policies and 100% for group insurance policies.

Many companies offer group health insurance policies to their employees. Group insurance premium comes at a fraction of individual policies, and dress-

**FOR ALL INSURANCE PLAYERS THE EXPERT ADVICE IS: IRON OUT OUTSTANDING ISSUES BETWEEN HOSPITALS AND INSURANCE FIRMS AND WORK ON BETTER SERVICE DELIVERY**

es up the package nicely while being easy on the employer's pocket.

While an individual policy of a cover of ₹2 lakh could cost about ₹3,000 annually for a 30-year old person, a group insurance cover for the same person would barely cost his employer a few hundred rupees.

Lately, insurance companies have quietly raised premium rates alleging that hospitals have been inflating bills hurting their bottomlines.

Non-life insurance companies have also started charging higher premiums from corporations offering group health insurance to their employees. In the last few months, group insurance premiums have gone up by about 25%.

To keep costs under control some companies have already started restructuring health insurance benefits, such as curtailing benefits for dependants, offered to employees.

"To keep costs in control from this year onwards any cover for additional benefits to dependent parents will have to be borne by the employee," said the human resources director of one of India's largest information technology companies, who did not wish to be identified. In fact, not being present in group insurance may have helped Tata AIG.

Although Garg says, "Though we are not present in group insurance at the moment, we may consider entering the segment in wake of the free pricing policy." But for all the insurance players out there, the expert advice seems to be: iron out outstanding issues between hospitals and insurance firms and work on better service delivery and customer satisfaction.

Gopal Verma, director, e-Meditek, a third party administrator, says, "Insurance firms must work towards having a framework to settle claims within a week to ensure that customers do not have to go through uncertainty."

Like they say, healthy, wealthy and wise.

# ICICI's USP: Speedy disbursement of claims

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**NEW DELHI:** As public sector insurers pow-wowed with hospitals, private sector players made hay. Most of them continued with cashless claims and gained steadily, at least in terms of customer perception.

ICICI Lombard was rated the best in the area of customer satisfaction by the HT-MaRS survey. "We did not discontinue with cashless hospitalisation at any point," said Sanjay Datta, head, customer service, ICICI Lombard.

The company's premium from health insurance in 2010-11 was ₹1,000 crore, an increase of about 20% over the previous fiscal.

According to a report by the Comptroller and Auditor General of India, the private sector general insurance players are estimated to garner

health insurance premium of ₹30,000 crore within 2015, almost thrice the current premium.

The same report also suggested that though the health portfolio was growing at a phenomenal rate, PSU insurers were losing their market share to private sector companies.

Despite growth in the volume of business PSUs continued to incur losses. And the losses incurred had much to do with the lack of monitoring in group mediclaim policies.

What especially seems to have tipped the scales in favour of ICICI Lombard is the speed of settlement — seven days in all.

Says Datta, "We settle claims within a defined period of time and besides, we keep the customer informed about the status of the claim settlement process and naturally our customers want to stay with us."

# Star shines brightest in claim settlement

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**NEW DELHI:** When it comes to claim settlement, private insurance companies are perceived to be better than their public sector counterparts, reveals the findings of the Hindustan Times-MaRS survey.

Respondents to the survey ranked India's first stand-alone health insurance company, Star Health & Allied Insurance Company, as the best in terms of settlement of mediclaim policies.

Health insurance in India covers around 11% of the population, according to the latest Comptroller and Auditor General (CAG) report.

But low penetration notwithstanding, health insurance is the most sought after portfolio next only to motor

insurance.

And as Gopal Verma, director, e-Meditek, a third-party administrator (TPA) points out; stand-alone health insurance companies will play a critical role in the domestic market to increase penetration.

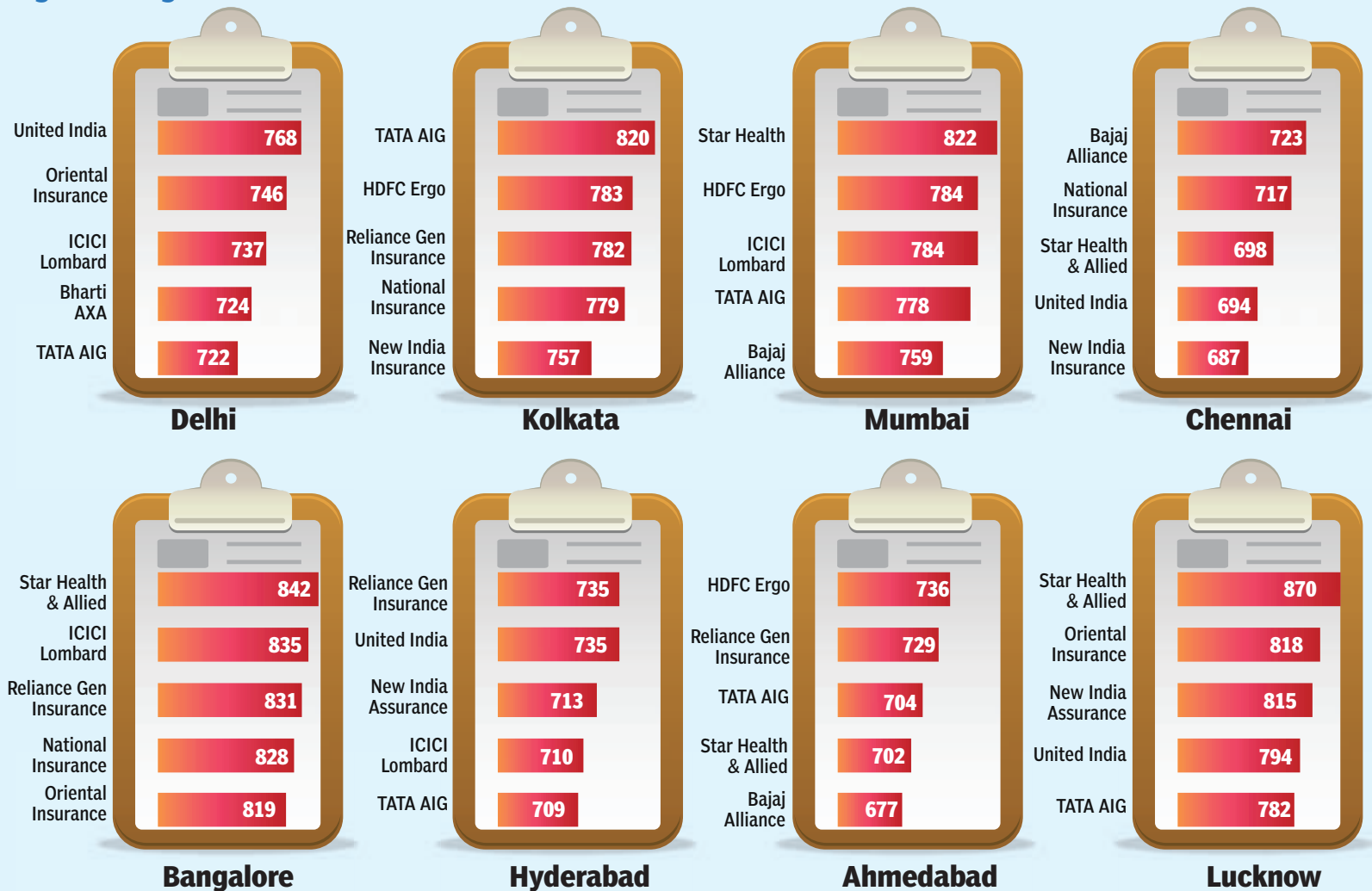
"Star Health & Allied Insurance Company along with a few other companies have a single window clearance mechanism which reduces the settlement to less than a week," said Verma.

Industry experts said that once the regulatory issues including the foreign direct investment (FDI) norms are addressed, several more stand-alone health insurance companies will foray into India.

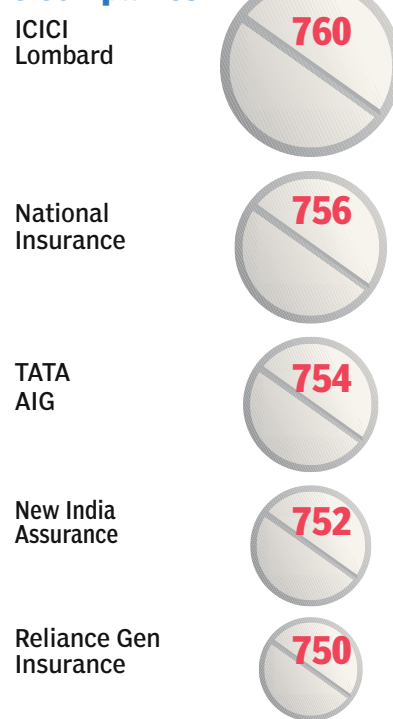
The Insurance Amendment Bill, that is pending in Rajya Sabha, seeks to enhance the cap on FDI in private insurers from the current 26% to 49%.

### CUSTOMERS' VERDICT: THE DEFINITIVE GUIDE TO THE BEST SERVICE PROVIDERS ACROSS INDIA

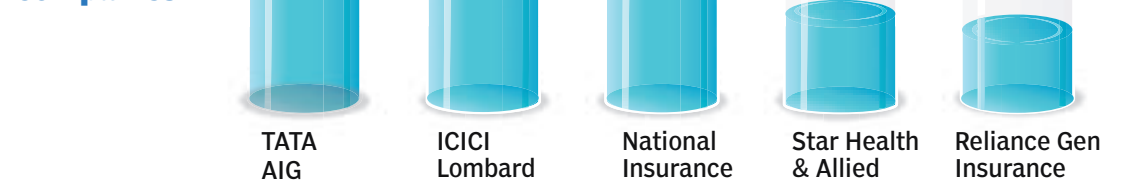
#### Eight cities give their verdict on the best medical insurers



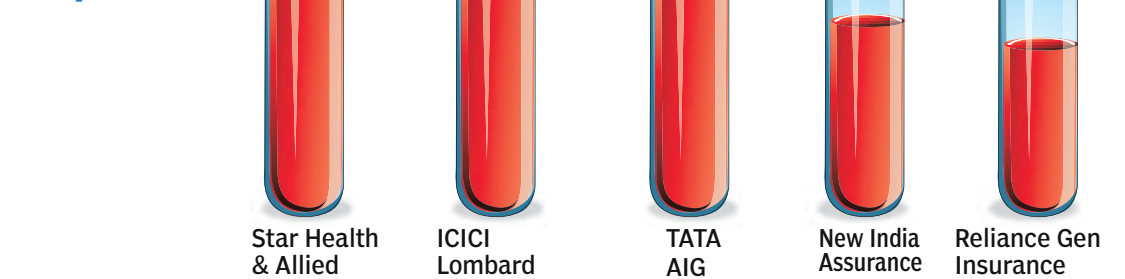
#### Customer satisfaction on interaction at product enquiry level – Top 5 companies



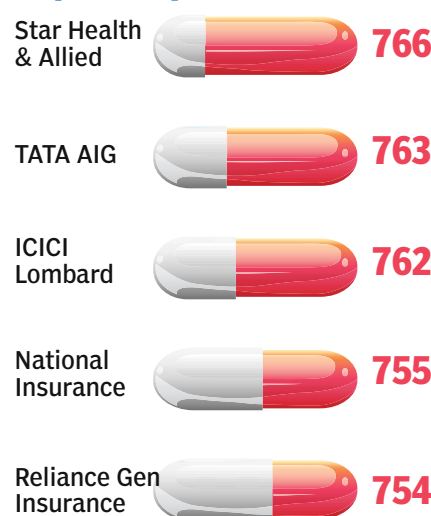
#### Customer satisfaction on interaction at purchase transaction – Top 5 companies



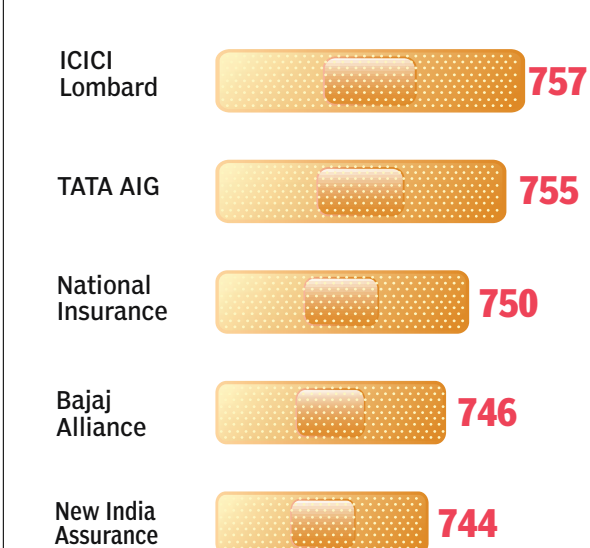
#### Customer satisfaction during policy issuance – Top 5 companies



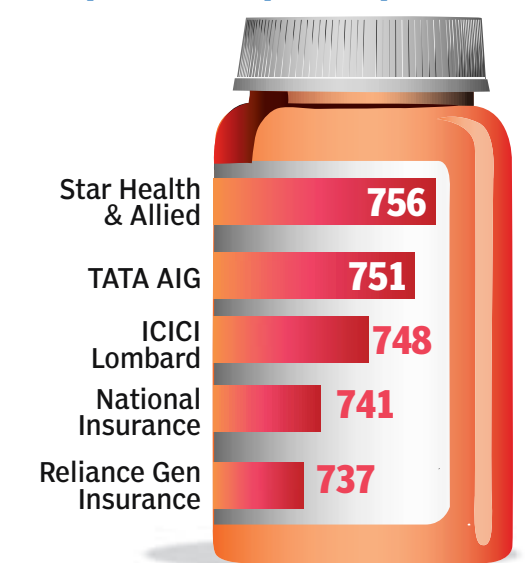
#### Customer satisfaction on hospital network – Top 5 companies



#### Customer satisfaction on interaction during renewal – Top 5 companies



#### Customer satisfaction on perceived transparency of the companies – Top 5 companies



Higher figure indicates greater satisfaction level

GRAPHIC: PRASHANT CHAUDHARY

### METHODOLOGY

The study was carried out in eight major cities of India – Delhi, Lucknow, Kolkata, Mumbai, Ahmedabad, Chennai, Bangalore and Hyderabad. The study team was led by Vishal Ramchandani (vishal@marspvt.net). A total of 2074 medical insurance holders constituted the total sample size across 8 cities for 15 medical insurance companies. The sample spread by the insurance companies are given below.

Brand	Sample size
Apollo Munich	106
Bajaj Allianz	191
Bharti AXA	112
Cholamandalam MS	41
HDFC Ergo	145
ICICI Lombard	198
Max Buppa	23
National Insurance	206
New India Assurance	181
Oriental Insurance	168
Reliance Gen Insurance	174
Royal Sundaram	71
Star Health & Allied	135
TATA AIG	158
United India	165
<b>Total</b>	<b>2074</b>

**Customer satisfaction on claim settlement** was measured using six attribute parameters – contactability of surveyor/TPA, surveyor/TPA responsiveness, surveyor claim process knowledge, procedure/paperwork for claim settlement, speed of service/time taken in claim settlement, and delivery of promised services in the policy.

**Customer satisfaction on customer servicing and interaction** was carried out using six dimensions – product enquiry stage, purchase transaction, policy issuance, hospital network, renewal, and transparency. Weights used for each of the six dimensions to arrive at the aggregate score on customer interaction was: Product enquiry stage 12%

Purchase transaction 15%  
Policy Issuance 16%  
Hospital Network 21%  
Renewal Process 12%  
Transparency 24%

Each customer interaction dimension was measured using a 2-6 attribute parameters, for a total of 27 attribute parameters, as given below.

**PRODUCT ENQUIRY** – Five attributes: Detailed information provided, specification of documentation, process of purchasing explained, and speed of service.

**PURCHASE TRANSACTION** – Six attributes: Ease of purchasing the policy, detailed product information, transparency in transaction, courtesy and politeness, willingness of staff to

answer queries, Speed of service/transaction.

**POLICY ISSUANCE** – Five attributes: Timely receipt of documents, intimation of policy status, speed of service, simplicity of procedure for issue of policy, and attitude of company's agents.

**NETWORK** – Two attributes: Hospital network - quality of hospitals, hospital network - number of tie-ups

**RENEWAL** – Five attributes: Timely intimation of renewal, timely receipt of renewal notice, ease of renewing the policy, timely renewal, receipt of policy documents, and speed of service.

**TRANSPARENCY** – Four attributes: Clarity on diseases covered, clearly stated policy wordings, regular product updates, transparent no claim bonus credits.

