

A STUDY ON HEALTH INSURANCE SCHEMES INCURRED CLAIMS SETTLEMENT RATIO OF SELECT HEALTH INSURANCE COMPANIES IN TAMILNADU

¹M.VINOTH,²Dr.SP.MATHIRAJ,

¹Ph.D Research Scholar,²Associate Professor
Department of Corporate Secretaryship

Alagappa University, Karaikudi, Tamilnadu, India.

Abstract: Health insurance is an insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. Health insurance includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment. This paper focus on the health insurance schemes incurred claims settlement ratio of select health insurance companies such as Star Health Insurance, Reliance, Apollo Munich, HDFC and Max Bupa Health Insurance have taken in this study. This Article also compares the performance of health insurance schemes offered by the selected companies.

IndexTerms - health Insurance; incurred Claim settlement; Star Health Insurance, Reliance Apollo Munich, HDFC Max Bupa Health Insurance.

JEL Classification: I10, I11, I12, I13, I15, I18.

I. INTRODUCTION

Health insurance is insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. By estimating the overall risk of health care and health system expenses over the risk pool, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to provide the money to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity. According to the Health Insurance Association of America, health insurance is defined as "coverage that provides for the payments of benefits as a result of sickness or injury. It includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment. Health insurance in India is a growing segment of India's economy. In 2011, 3.9% of India's gross domestic product was spent in the health sector. According to the World Health Organisation (WHO), this is among the lowest of the BRICS (Brazil, Russia, India, China, and South Africa) economies. Policies are available that offer both individual and family cover. Out of this 3.9%, health insurance accounts for 5-10% of expenditure, employers account for around 9% while personal expenditure amounts to an astounding 82% in the year 2016, the NSSO released the report "Key Indicators of Social Consumption in India: Health" based on its 71st round of surveys. The survey carried out in the year 2014 found out that, more than 80% of Indians are not covered under any health insurance plan, and only 18% (government funded 12%) of the urban population and 14% (government funded 13%) of the rural population was covered under any form of health insurance.

II. REVIEW OF LITERATURE

Jan Boone (2018)¹ in a model where patients face budget constraints that make some treatments unaffordable without health insurance, we ask which treatments should be covered by universal basic insurance and which by private voluntary insurance. We argue that next to cost effectiveness, prevalence is important if the government wants to maximize the welfare gain that it gets from its health budget. Conditions are derived under which basic insurance should cover treatments that are mainly used by high risk agents with low income.

M.VINOTH, Dr.SP.MATHIRAJ, SHETTY DEEPA THANGAM GEETA, N.NAGALAKSHMI (2018)² Health insurance is insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. By estimating the overall risk of health care and health system expenses over the risk pool, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to provide the money to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity. According to the Health Insurance Association of America, health insurance is defined as "coverage that provides for the payments of benefits as a result of sickness or injury. It includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment" It includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment". Claims-based identity abstracts the individual elements of identity and access control into two parts: a notion of claims, and the concept of an issuer or an authority.

I. OBJECTIVE OF THE STUDY

- To study the concept of new health insurance policies in India.
- To examine the growth of Health insurance incurred claim settlement ratio of select health insurance companies.
- To offer Summary of findings, suggestions, and conclusion.

IV. RESEARCH METHODOLOGY

The study is based on secondary data taken from the annual reports of selected company in IRDA annual report and development of industries have been collected mainly from the books and magazine relating to the published papers, reports, articles and from the various newspapers research reports published and various websites.

V. PERIOD OF THE STUDY

For the purpose of analysis of the data, the period of the study 2011-2017

¹ BOONE, J. (2018). BASIC VERSUS SUPPLEMENTARY HEALTH INSURANCE: ACCESS TO CARE AND THE ROLE OF COST EFFECTIVENESS. *JOURNAL OF HEALTH ECONOMICS*, 60, 57-74.

² M.Vinoth,Dr.SP.Mathiraj, Shetty Deepa Thangam Geeta,N. Nagalakshmi. (2018). S study on health insurance premium, claim,commission and its Growth of select companies in india. *Universal Review*, 7 (11), 109-121.

VI. TOOLS USED FOR THE STUDY

Tools used for the study are Mean, Standard Deviation, Co-Variation and Growth rate.

VII. NEW HEALTH INSURANCE POLICIES IN INDIA

Individual health insurance: This is taken by customers who wish to protect themselves from financial uncertainty in case they are ever hospitalized due to the onset of a sudden and unforeseen illness, or an accident at work or on the road.

Family floater health insurance: This is taken by customers who wish to cover themselves from potential financial uncertainty that could arise from any member of their family requiring hospitalization. Some people, who are unaware of this category, choose to take individual policies for each member of their family. This is an expensive and unnecessary practice.

Senior citizen health insurance: This is taken by and for senior citizens, and has a lot of additional benefits and financial coverage for health issues and injuries that are common among senior citizens. A senior citizen would benefit a lot more taking a senior citizen health insurance plan, than he or she would by taking a regular individual health insurance plan.

Critical illness health insurance: Regular hospitalization and treatment charges, while incredibly expensive, cannot even be compared to the amount charged for treatment of critical illnesses. There are specific health insurance policies that offer huge pay outs on the diagnosis of pre-defined critical illnesses.

Maternity Health Insurance

Nowadays, almost every health insurance company cover pre and post natal care, child deliveries and sometimes vaccination expenses of new born babies as well. In short, it provides cover to all your maternity expenses. However, features and exclusions can vary from insurer to insurer.

VIII. UNIT LINKED HEALTH PLAN (ULHP)

Health insurance companies have recently introduced ULHPs. It is basically a combination of health insurance and investment. Along with the health protection, ULHPs will help you in building a corpus which can be used by the investor to meet expenditures that do not get covered under health insurance plans. The return, of course, depends upon the market conditions at that time. But these plans are still in the development stages are recommended for those who can handle products like unit linked insurance plans (ULIPs) and unit linked pension plans (ULPPs)

IX. STAR HEALTH INSURANCE INCURRED CLAIMS RATIO IN THE YEAR OF 2011-17

Year	Government Sponsored Schemes including RSBY			Group Insurance Schemes excluding Govt. Sponsored Schemes			Family/Floater Insurance excluding Individual Policies			Individual Insurance excluding Family /Floater Policies			TOTAL		
	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Growth of Incurred Claims Ratio (Net), %
2011-12	539.43	603.12	111.81%	22.28	13.50	61%	148	104.03	70.46%	86.54	46.65	54.53%	794.89	767.29	-
2012-13	95.89	67.13	70.01%	40.03	27.13	68%	245	157.30	64.25%	115.51	63.78	55.21%	496.24	315.33	63.54%
2013-14	3271	1937	59.2%	5118	3500	68.4%	37108	25374	68.4%	18081	12363	68.4%	63579	43173	67.9%
2014-15	2639	1316	49.9%	6933	5860	85%	63257	42015	66.4%	26850	14955	55.7%	99678	64146	64.4%
2015-16	883	847	95.9%	11092	5795	52.2%	102331	53466	52.2%	37964	19835	52.2%	152270	79943	52.5%
2016-17	0	0	21%	6101	918	35%	162092	162743	24.11%	2411398	6218	85.66%	2579591	7651	28.55%
Mean												482734.9	32665.94	-	
Standard Deviation												1028908	34716.99	-	
Co-Variance												213.1414	106.2789	-	

Source: IRDA annual reports from 2012 to 2017

From the Table 1.1 its can understand that the highest growth rate in 2013-14 (67.9%) and lowest value in 2016-17 (28.55%)The Mean value of Net Earned Premium is 482734.9 and The Mean value of Claims Incurred (Net) is 32665.94

Table 8.2

X. MAX BUPA HEALTH INSURANCE INCURRED CLAIMS RATIO IN THE YEAR OF 2011-17

Year	Government Sponsored Schemes including RSBY			Group Insurance Schemes excluding Govt. Sponsored Schemes			Family/Floater Insurance excluding Individual Policies			Individual Insurance excluding Family /Floater Policies			TOTAL		
	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Growth of Incurred Claims Ratio (Net) %
2011-12	0	0	0	861.37	792.43	92.00%	2955.27	1437.12	48.63%	1276.72	620.86	48.63%	5093.36	2850.41	-
2012-13	66.80	40.09	60.02%	2647.57	2281.66	86.18%	7344.50	3509.39	47.78%	2737.41	1671.29	61.05%	12796.27	7502.43	58.63%
2013-14	841	374	44.5%	4664	4617	99.0%	14362	6796	47.3%	3859	2235	57.9%	23727	14023	59.1%
2014-15	606	296	48.9%	4053	3435	84.8%	10947	5556	50.8%	15822	8030	50.8%	31427	17318	55.1%
2015-16	403	376	93.1%	2831	898	31.7%	11565	7532	65.1%	24487	14588	59.6%	39287	23393	59.5%
2016-17	3	1046	42.5%	92	427	60.75%	123745	422	56.18%	183167	386	33.14%	307007	2281	59.94%
Mean													69889.61	11227.97	-
Standard Deviation													116815.9	8449.853	-
Co-Variance													167.1434	75.25715	-

Source: IRDA annual reports from 2012 to 2017

From the Table 1.2 its can understand that the highest growth rate in 2016-17 (59.94%) and lowest value in 2014-14(55.0%). The Mean value of Net Earned Premium is 69889.61and The Mean value of Claims Incurred (Net) is 11227.

XI. INCURRED CLAIMS RATIO IN THE YEAR OF 2011-17

Year	Government Sponsored Schemes including RSBY			Group Insurance Schemes excluding Govt. Sponsored Schemes			Family/Floater Insurance excluding Individual Policies			Individual Insurance excluding Family /Floater Policies			TOTAL		
	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Growth of Incurred Claims Ratio (Net) %
2011-12	1632.71	920.19	56.36 %	12647.29	10055.51	79.51%	8817.54	3286.41	37.27%	5554.78	2958.51	53.26%	28652.31	17220.62	-
2012-13	3530.3	1241.30	35.16 %	16494.12	14445.07	87.58%	11647.55	5301.91	45.52%	10886.00	4953.26	45.50%	42557.97	25941.54	60.96%
2013-14	1539	854	55.5 %	16360	15234	93.1%	21784	11623	53.4%	12278	7474	60.9%	51961	35185	67.7%
2014-15	315	38	11.9 %	19405	16594	85.5%	27266	14901	54.7%	14902	9048	60.7%	61888	40580	65.6%
2015-16	0	18	0.0%	25107	20857	83.1%	25309	15570	61.5%	21050	12503	59.4%	71467	48947	68.5%
2016-17	0	0	0	1491	1178	87.12%	414319	1342	76%	265504	388	81%	681314	2907	55.4%
Mean													156306.7	28463.53	-
Standard Deviation													257630.7	16718.01	-
Co-Variance													164.8238	58.73485	-

Source: IRDA annual reports from 2012 to 2017

From the Table 1.3 its can understand that the highest growth rate in 2015-16 (68.5%and lowest value in 2016-17(55.4% The Mean value of Net Earned Premium is 156306.7and The Mean value of Claims Incurred (Net) is 28463.53

XII.HDFC ERGO HEALTH INSURANCE INCURRED CLAIMS RATIO IN THE YEAR OF 2011-17

Year	Government Sponsored Schemes including RSBY			Group Insurance Schemes excluding Govt. Sponsored Schemes			Family/Floater Insurance excluding Individual Policies			Individual Insurance excluding Family /Floater Policies			TOTAL		
	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Growth of Incurred Claims Ratio (Net) %
2011-12	325.34	138.85	42.68%	9604.22	9467.60	98.6%	3259.21	906.31	27.81%	4949.30	1153.83	23.31%	18138.08	11666.59	-
2012-13	1221.72	564.25	46.18%	9886.62	9418.07	95.3%	2783.7	1710.4	61.44%	8327.72	1619.20	19.44%	22219.75	13311.90	59.91%
2013-14	1826	1425	78.0%	22437	28146	125.4%	6098	2304	37.8%	7456	1665	22.3%	37817	33540	88.7%
2014-15	1761	1795	101.9%	9648	9561	99.1%	14255	4006	28.1%	2664	3539	132.8%	28327	18901	66.7%
2015-16	1761	1795	101.9%	9648	9561	99.1%	14255	4006	28.1%	2664	3539	132.8%	28327	18901	66.7%
2016-17	0	0	0	8012	1247	99%	303872	560	24%	160694	143	102.42%	472566	1950	90.4%
Mean													101232.5	16378.42	-
Standard Deviation													182037.5	10459.74	-
Co-Variance													179.8212	63.86296	-

Source: IRDA annual reports from 2012 to 2017

From the Table 1.4 its can understand that the highest growth rate in 2015-16 (90.4%) and lowest value in 2016-17(59.91%)The Mean value of Net Earned Premium is 101232.5The Mean value of Claims Incurred (Net) is 16378.42

XIII.RELIANCE HEALTH INSURANCE INCURRED CLAIMS RATIO IN THE YEAR OF 2011-17

Year	Government Sponsored Schemes including RSBY			Group Insurance Schemes excluding Govt. Sponsored Schemes			Family/Floater Insurance excluding Individual Policies			Individual Insurance excluding Family /Floater Policies			TOTAL		
	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Incurred Claims Ratio (Net)	Net Earned Premium	Claims Incurred (Net)	Growth of Incurred Claims Ratio (Net) %
2011-12	205.24	100.45	48.94%	9967.55	9557.04	95.88%	5303.75	5735.11	108.13%	949.74	638.63	67.24%	16426.28	16031.23	-
2012-13	2101.61	1824.81	86.83%	10751.46	10527.36	97.92%	4753.83	5736.01	120.66%	1044.66	846.40	81.02%	18651.57	18934.58	101.52%
2013-14	13078	12041	92.1%	13326	14219	106.7%	4452	4875	109.5%	1660	2344	141.2%	32516	33478	103.0%
2014-15	20463	20880	102.0%	13864	15651	112.9%	2920	4997	118.8%	1390	2163	135.0%	38637	43691	108.9%
2015-16	24931	21056	84.5%	16883	20024	118.6%	4605	6367	138.3%	1499	374	24.9%	47919	47821	99.8%
2016-17	46	6854	79.3%	1800	1800	102.8%	20366	51875	162.6	5202	26904	21.36	80625	8864	92.4%
Mean													39129.11	28136.6	-
Standard Deviation													23570.72	15878.26	-
Co-Variance													60.23	56.432	-

Source: IRDA annual reports from 2012 to 2017

From the Table 1.5 its can understand that the highest growth rate in 2014-15 (108.9%) and lowest value in 2016-17(92.4%). The Mean value of Net Earned Premium is 39129.11The Mean value of Claims Incurred (Net) is 28136.6

XIV. FINDINGS OF THE STUDY

- From the Table 1.1 its can understand that the growth Rate of health insurance schemes Incurred Claims Ratio that health insurance company has highest growth rate in 2013-14 (67.9%) and lowest value in 2016-17 (28.55%)The Mean value of Net Earned Premium is 482734.9 and The Mean value of Claims Incurred (Net) is 32665.94
- From the Table 1.2 its can understand that the growth Rate of health insurance schemes Incurred Claims Ratio that health insurance company has highest growth rate in 2016-17 (59.94%) and lowest value in 2014-14(55.0%). The Mean value of Net Earned Premium is 69889.61and The Mean value of Claims Incurred (Net) is 11227.97
- From the Table 1.3 its can understand that the growth Rate of health insurance schemes Incurred Claims Ratio that health insurance company has highest growth rate in 2015-16 (68.5%and lowest value in 2016-17(55.4% The Mean value of Net Earned Premium is 156306.7and The Mean value of Claims Incurred (Net) is 28463.53
- From the Table 1.4 its can understand that the growth Rate of health insurance schemes Incurred Claims Ratio that health insurance company has highest growth rate in 2015-16 (90.4%) and lowest value in 2016-17(59.91%)The Mean value of Net Earned Premium is 101232.5The Mean value of Claims Incurred (Net) is 16378.42
- From the Table 1.5 its can understand that the growth Rate of health insurance schemes Incurred Claims Ratio that health insurance company has highest growth rate in 2014-15 (108.9%) and lowest value in 2016-17(92.4%). The Mean value of Net Earned Premium is 39129.11The Mean value of Claims Incurred (Net) is 28136.6

XV. SUGGESTIONS

- Encouraged by IRDA(Insurance Regulatory Development Authority) by providing subsidies to increase the level of premium
- Provide financial incentives of policy holders.
- Liberal financial assistance should be available to the growers in the form premium loans and development loans
- Provide assistance for eliminating the risk of life towards the nominees.

XVI. CONCLUSION

The health insurance companies should come out with clear cut policy details, as many of the respondents had vague ideas about the various benefits and risks involved in a policy. The middle and low socio-economic groups are a potential market to be tapped as they are ready to spend a reasonable amount as premium payable per annum rather than huge medical expenses in case of any adversities. If the private insurance players want to venture in the market, they should try to imbibe trust in the people as most of the respondents preferred government health insurance schemes, the reason being guarantee for their capital. To develop a viable health insurance scheme, it is important to understand people's perceptions and develop a package that is accessible, available, affordable and acceptable to all sections of the society.

XVII. REFERENCES

1. Williams G, Mladovsky P, Dkhimi F, Soors W, Parmar D. Social exclusion and social health protection in low- and middle-income countries: an introduction. In: Criel B, Brouwere VD, Damme WV, Marchal B, editors. , editors. Health Inc – Towards Equitable Coverage and More Inclusive Social Protection in Health. Antwerp: ITG Press, Health Inc. Consortium; (2014). p. 8–20.
2. https://en.wikipedia.org/wiki/Health_insurance_in_India.
3. <file:///C:/Users/hcl/Desktop/Health%20Insurance.htm>.
4. <http://www.iosrjournals.org/iosr-jhss/papers/Vol12-issue3/A01230109.pdf>.
5. <http://www.policyholder.gov.in/uploads/CEDocuments/AR%20January%202015%20issue.pdf>.
6. [www.irda](http://www.irda.gov.in).
7. [www.rbi](http://www.rbi.org.in).
8. M. Vinoth.Dr.SP.Mathiraj, Shetty Deepa Thangam Geeta,N. Nagalakshmi. (2018). S study on health insurance premium, claim,commission and its Growth of select companies in india. *Universal Review* , 7 (11), 109-121.
9. Devi, D. &. (2016). Health Insurance Schemes in India. *Emerging Trends in Indian Insurance Sector* , 83-93.