A STUDY OF CLAIMS REPORTED DURING THE PANDEMIC (MARCH-20 TO APRIL-21) AND NON-PANDEMIC (JAN-19 TO FEB-20) AT FUTURE GENERALI INDIA INSURANCE

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INTRODUCTION

- COVID-19 has been spreading rapidly across the world, spiraling into pandemic affecting 215 countries and territories in all 5 continents by May 12, 2020. On March 12, 2020 COVID-19 was declared a pandemic.
- This pandemic has caused great social and economic disruptions, leading to a decline in consumption, investment, services, and industrial production activities around the world.
- To reduce the spread of infection, government has imposed nationwide lockdown, ban on travels, social gatherings and closure of offices. Covid 19 lockdown has impacted severely various sectors in India and one of the sector which was impacted is insurance.
- India is among the 15 worst COVID-19 affected economies. A McKinsey report suggests that the outbreak has decreased the global insurance index by22.6% leading to a decline in share prices by25.9%.

- Insurance is a legal agreement between two parties i.e. the insurance company (insurer) and the individual (insured). In this, the insurance company promises to make good the losses of the insured on happening of the insured contingency. The contingency is the event which causes a loss. It can be the death of the policyholder or damage/destruction of the property. It’s called a contingency because there’s an uncertainty regarding happening of the event. The insured pays a premium in return for the promise made by the insurer.

- Health Insurance takes care of expense of a insured person's clinical and careful costs subject to the terms of insurance inclusion, either the insured pays costs using cash on hand and is thusly repaid or the insurance agency reimburse costs straightforwardly.

- Considering the severity of the condition, the Insurance Regulatory Development Authority Of India (IRDAI) has issued guidelines for insurance providers and asked the insurers to accept COVID-19 related claims under active health insurance policies.

- IRDAI has also mandated all general and health insurers to start offering Corona Kavach – an indemnity based health plan and Corona Rakshak – a fixed benefit health insurance – policies to their customers. These policies are meant for covering hospital and medical expenses of COVID 19 patients.

- Health insurance group under future generali includes following departments:-

I. Underwriting

II. Claims

III. Provider network

IV. Enrolment

V. Customer service

- **Underwriting-** underwriting department evaluates and analyse the risks involved in insuring people and assets. Insurance underwriters establish pricing for accepted insurable risks.
- **Provider network** – this department is mainly involved with empanelment of hospitals, diagnostic centres and investigators under network.
- **Enrolment-** this department handles the endorsement process, all the addition and deletion of member data, issuance of health ID card.
- **Customer service**–this departments handles all the customer calls, queries, requests and complaints and resolve them.

- **CLAIMS:-**

- A health insurance claim is a request that a health insurance policyholder submits to the Insurance Company in order to obtain the services that are covered in their health insurance policy. A health insurance policyholder can either get reimbursed or can opt for direct claim settlement option (also known as cashless treatment) for the availed medical services. In this way, one can either submit the claim form or request the health insurance provider cashless services.

- **CASHLESS CLAIMS :**

- In this type of health insurance claim, the insurer settles all the hospitalization bills with the hospital directly. However, an insured needs to be hospitalized only at a network hospital to get the benefit of cashless hospitalization.

- **REIMBURSEMENT CLAIMS :**

- In this type of claim process, the policyholder pays for the hospitalization expenses initially from his own pocket and later requests for reimbursement by the insurance provider. One can get reimbursement facility at both network and non-network hospitals in this case.

- The purpose of this study is to find out how pandemic has affected claims count and type of claims in future generali and also to find out that out of total claims how may of the claims were dedicated towards covid, does covid has increased the claims count, what was the average cost of claims for this, was it increased during pandemic era or decreased so that we can prepare for any future pandemic if it occurs and make strategies accordingly.

1.2 AIM

- This study aims to find out the impact of covid 19 pandemic on claims in Future Generali Health Group and what was the claim situation as compared to previous year.

Objective of the project:

- To Study of claims reported during the pandemic (Mar-20 to Apr-21) and non-pandemic (Jan-19 to Feb-20)

1. To analyse the claim count reported and along with claim cost
2. Identifying the impact on claim count and claim cost during the pandemic
3. To compare total number of covid, non covid, Hospitalization, accidental and OPD claims in pandemic and non-pandemic era

- **Methodology**
- **Research question**
- How pandemic has impacted the claim count and claim cost at Future Generali India insurance.

Research design

- Research was conducted through cross-sectional observational study, participants were from all over India who are insured with Future Generali. In this study we have compared Non-pandemic and Pandemic era on several aspects such as claim count, Average claim cost, Cashless and reimbursement claim and there average claim cost etc

3.3 Study population

- For this study the data of claims has been collected for two different years for the comparative analysis. Data collected or study population is the insured individual who have taken policy insured with Future Generali. Total claims reported for pandemic and non pandemic era was 205,322. The first set of data of 103488 claims is collected for January 2019- February 2020 and this data set is considered as the Non – pandemic era as there were no covid cases at this time The second data set is of 101834 claims which is collected for March 2020 – April 2021 and this set was considered as the Pandemic era and it consist both covid-19 and non – covid cases.
- Data collection- Information of all the insured individuals are kept confidential. Primary data was provided by the organisation in the form of claims register. Data was extracted and analysis was done using Microsoft Excel.

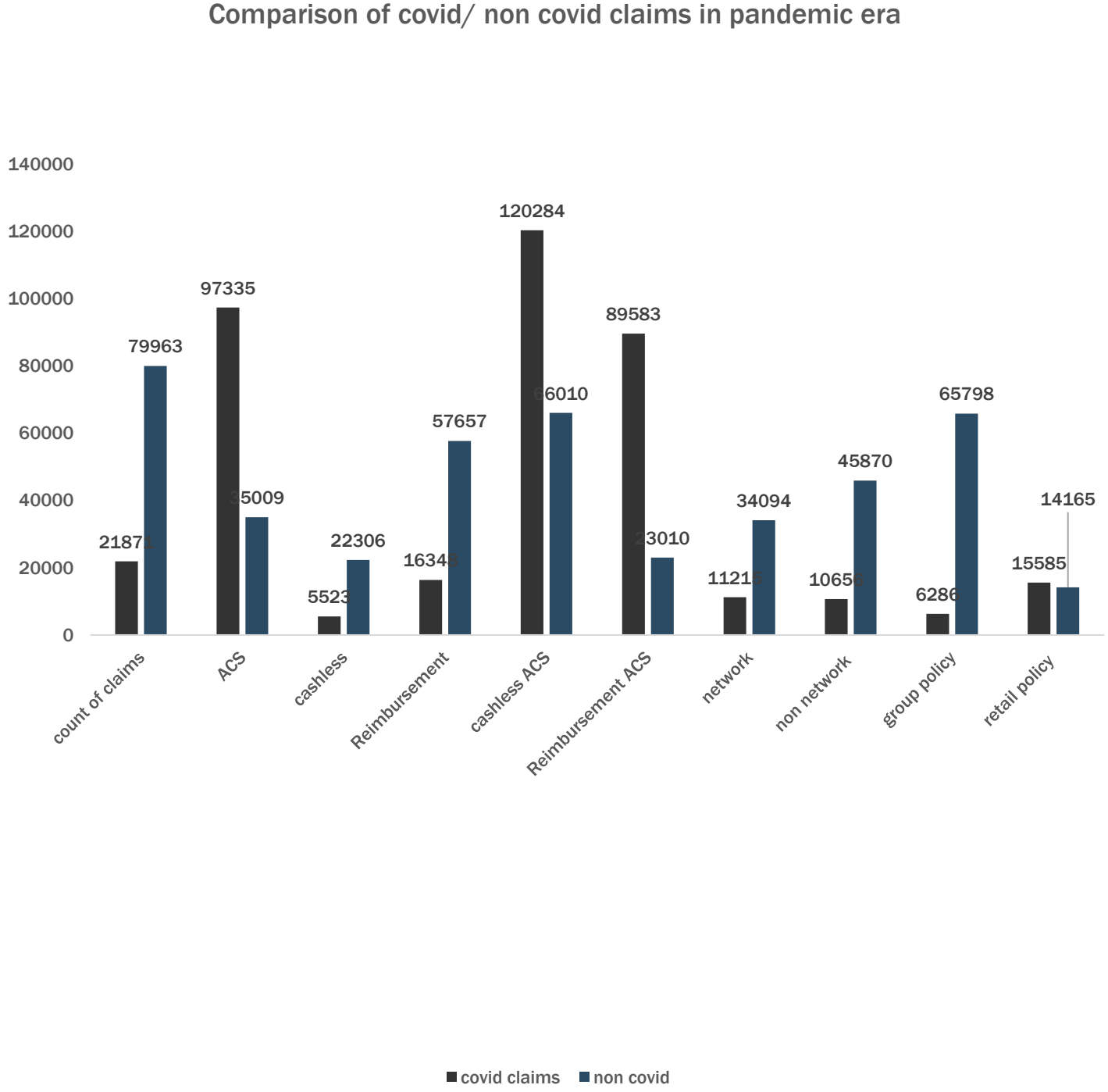
Data was collected for 13 months each for Non -Pandemic era (from jan-19 to Feb -20) and for Pandemic era (from March -20 to April -21)

After collecting the data for Non – pandemic and pandemic era the necessary bifurcation was done for the further analysis

Non – Pandemic data was bifurcated in to Hospitalization, personal accidental, annual health check-up and OPD claims

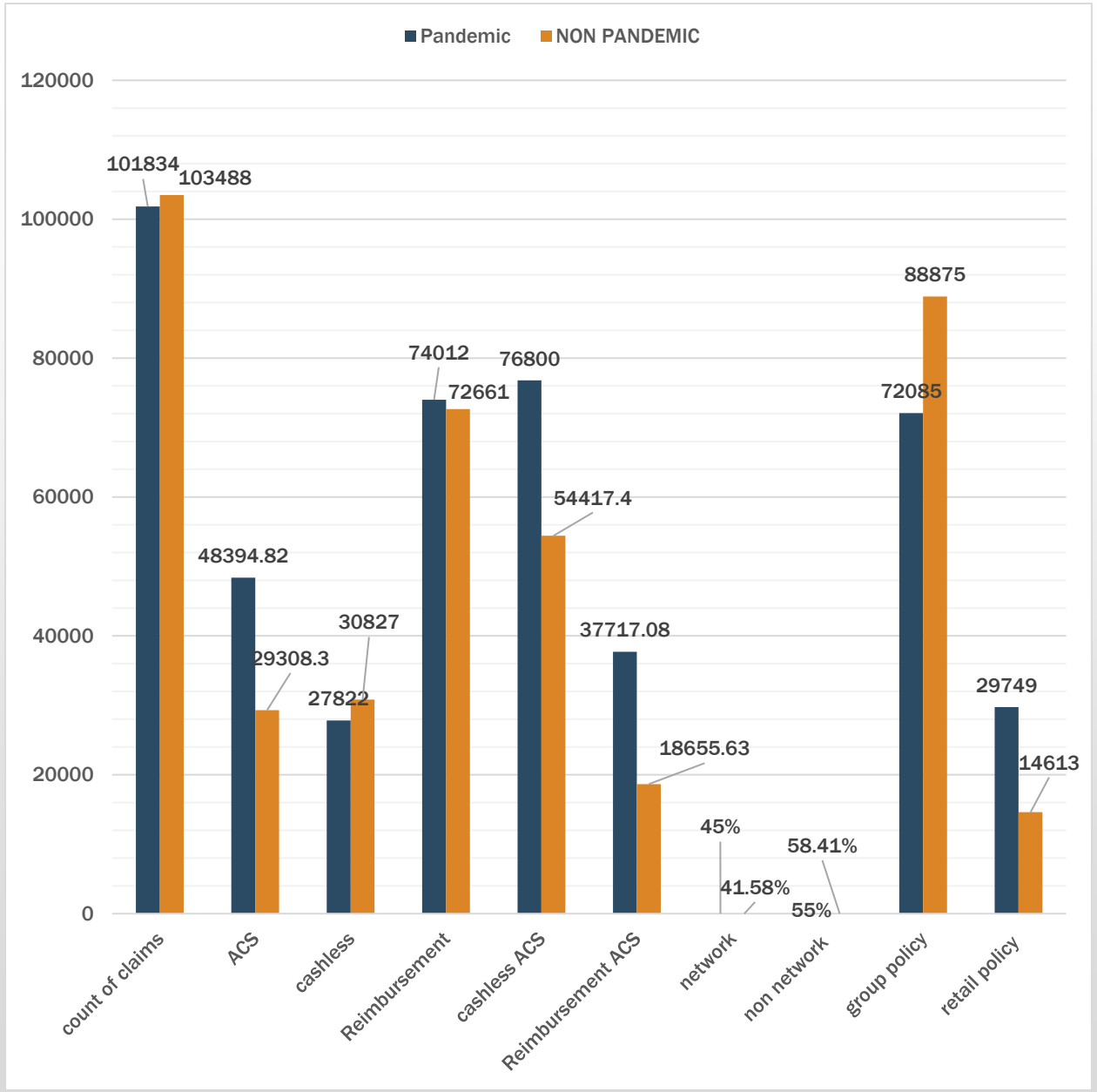
Pandemic era it was bifurcated in covid and non covid cases and then further they were divided into Hospitalization, personal accidental, annual health check-up and OPD claims

After the bifurcating the data a comparative analysis was done on the claim count, average cost of claim , count of cashless and reimbursement claim , count of claim from network and non-network hospitals , type of policies for both the era

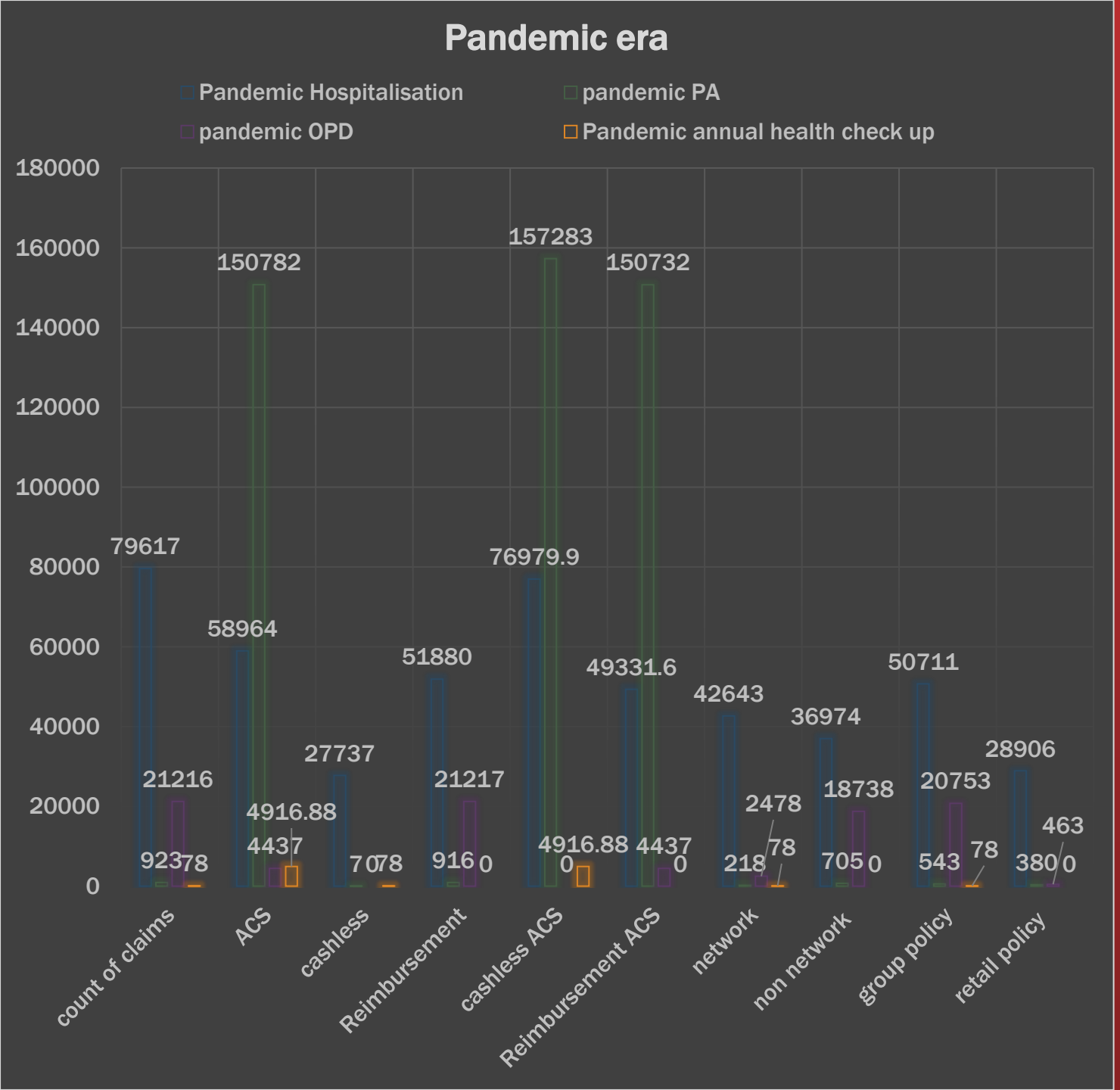


This graph depicts comparison of covid versus non covid claims in pandemic era (march 2020- April 2021)

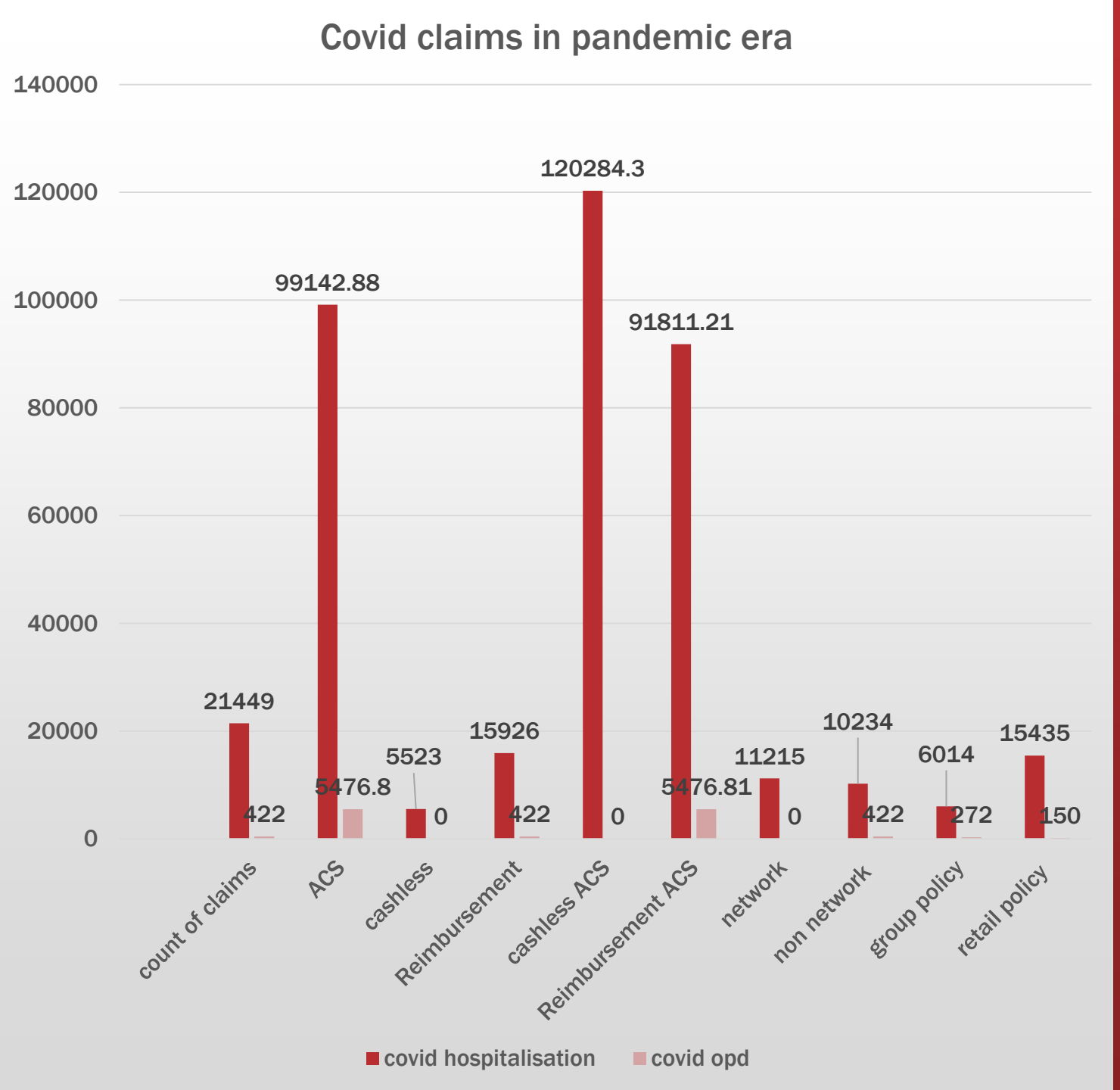
- Covid claims reported during pandemic was nearly about 21% of total claims and 79% was non covid claims.
- Although covid claims reported were less but the ACS for covid claims was much higher as compared to non covid cases. The possible reason for this high ACS for covid cases would be that initially there was no capping on price range of covid treatment as hospital don't have any kind of regulation body to regulate there charges so as covid involves high risk of infection therefore hospital charged more than a usual
- 51% of total claims were reported from network hospital and 49% was reported from non-network hospital, which are almost equal but then also cashless claims for covid was 25% of total claim count and reimbursement claims was 75% of total claim count. Out of 75% reimbursement 21% was from corona rakshak benefit policy and as it's a benefit policy it doesn't have a cashless facility so therefore network hospital have slightly high number of reimbursement cases.
- For covid claims 29% of the claims were under group policy and 71% were under retail policy. Whereas for non covid cases 82% of claims were under group policy and only 18% was under retail policy. The possible reason for this could be that insurance company launched their own retail policy cover for corona. So insured preferred retail corona policy over GMC.



- This graph depicts comparison of non-pandemic era claims (jan-19 to feb-20) versus pandemic era claims (march-20 to April-21).
- As we observed that in pandemic and non-pandemic era claim count was nearly equal despite of the fact there were additional covid claims in pandemic era, but due to less availability of bed and high chance of infection, many hospitals stopped performing their elective procedure. So there was drop in non covid cases during pandemic.
- Although claim count were nearly equal, but there was significant difference between the ACS of pandemic and non-pandemic era. As we observed that ACS for covid claims was much higher compared to non covid cases in pandemic and cases in non-pandemic.

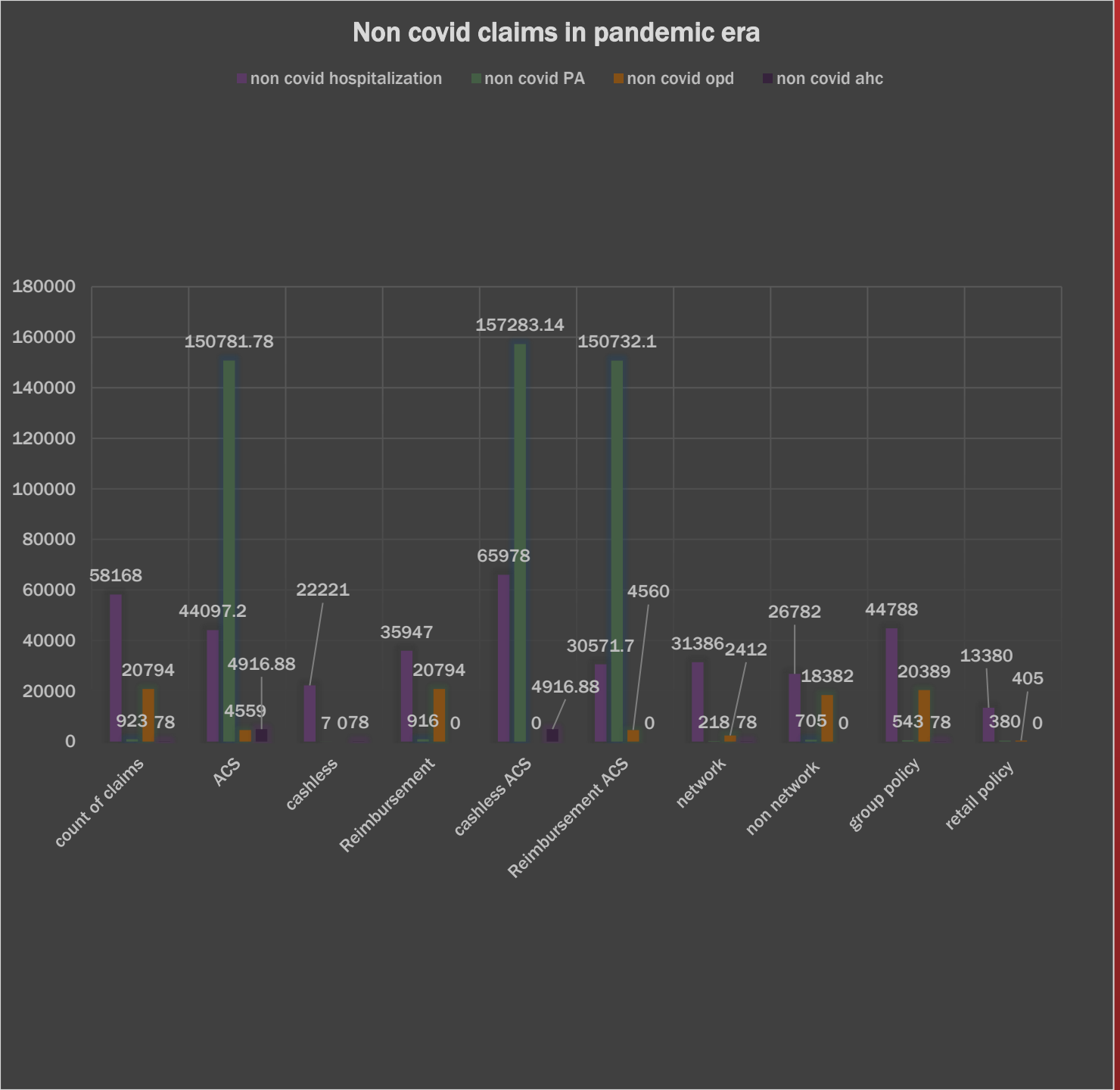


- This graph depicts comparison of whole pandemic era (march-20 to April-21). Comparison is done among hospitalization, PA, OPD and annual health check-up.
- 78% cases were from hospitalization, approximately 21% cases were reported from OPD, 1% cases were reported from personal accident and annual health check-up was less than 1% during pandemic.
- As we observed that there were only 1% cases of personal accident but ACS for personal accident was much higher as compared to hospitalization, OPD and annual health check-up. The possible reason could be that personal accident claims involves death, TTD, PTD and PPD and as it's a benefit policy therefore the sum insured is very high as compared to indemnity policies
- Cashless ACS for hospitalization is higher as compared to reimbursement ACS for hospitalization because insured usually prefer going to a hospital which accredited with the NABH and JCI accreditation body if they are getting a cashless facility over there also so because of the quality standard they maintain, they tend to charge higher than the usual standard price range and the second reason could be that mostly insured prefer going to a network hospital for complex procedures and treatment therefore cashless ACS is higher than the reimbursement ACS
- In personal accident cases, claims were mostly for reimbursement because personal accident policy covers death, PPD, TTD and PTD



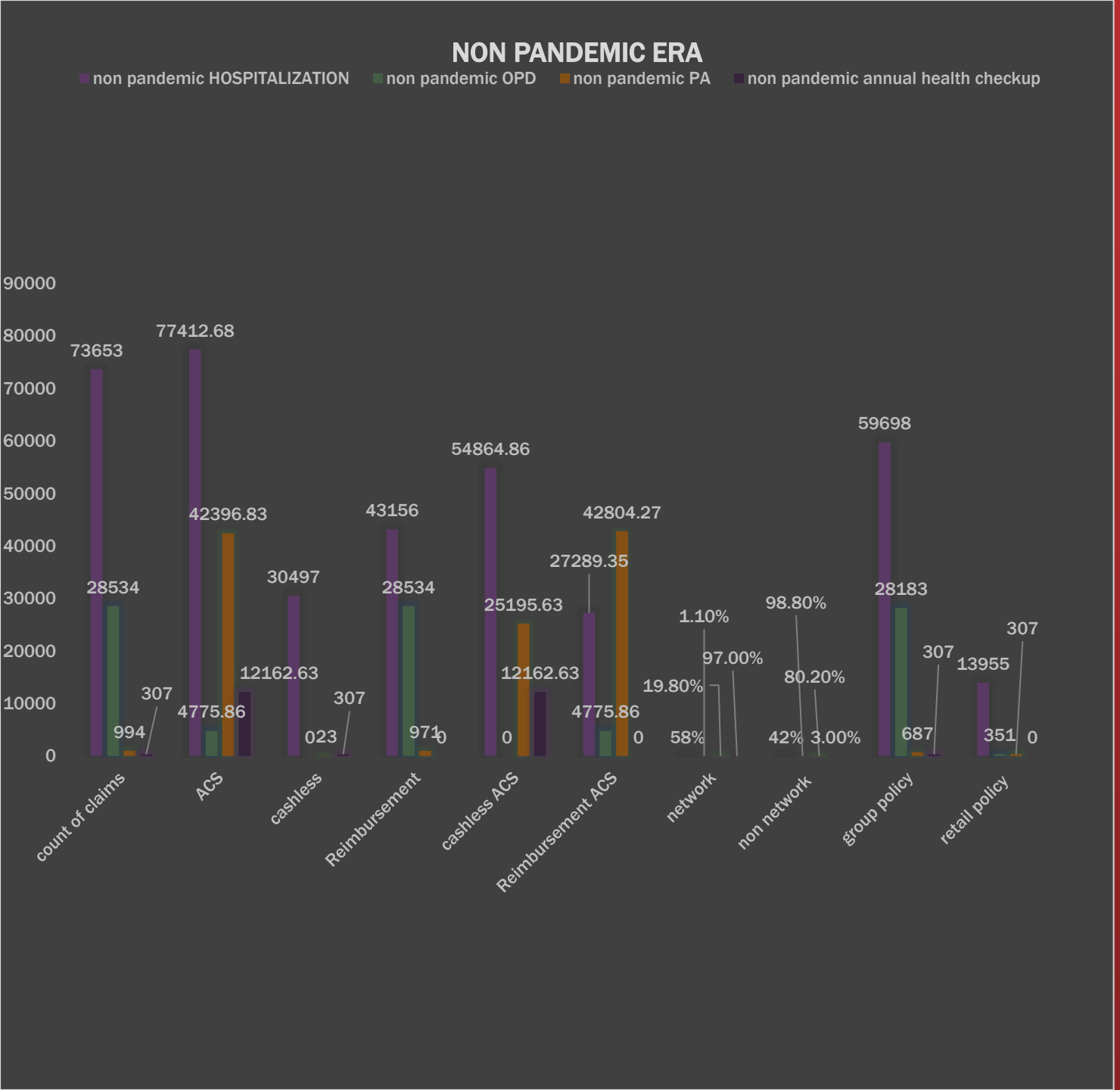
This graph depicts comparison of all the covid claims in pandemic era (march-20 to April-21). Comparison is done among covid hospitalization versus covid opd.

- For covid claims there were 98% claims for hospitalization and 2% claims were reported for opd. The possible reason for this could be first that there are few policies which do not have opd cover and second is that as opd charges are very minimal so insured usually don't go for insurance claim.
- There were 0 cases for cashless covid OPD, as insurance policy usually don't have a cover for cashless opd.
- Since covid claims have separate policies like coronarakshak and coronakavach so there were more claims for retail policy as compared to group.
- Cashless ACS and reimbursement ACS are higher than usual as all the claims are dedicated towards covid.

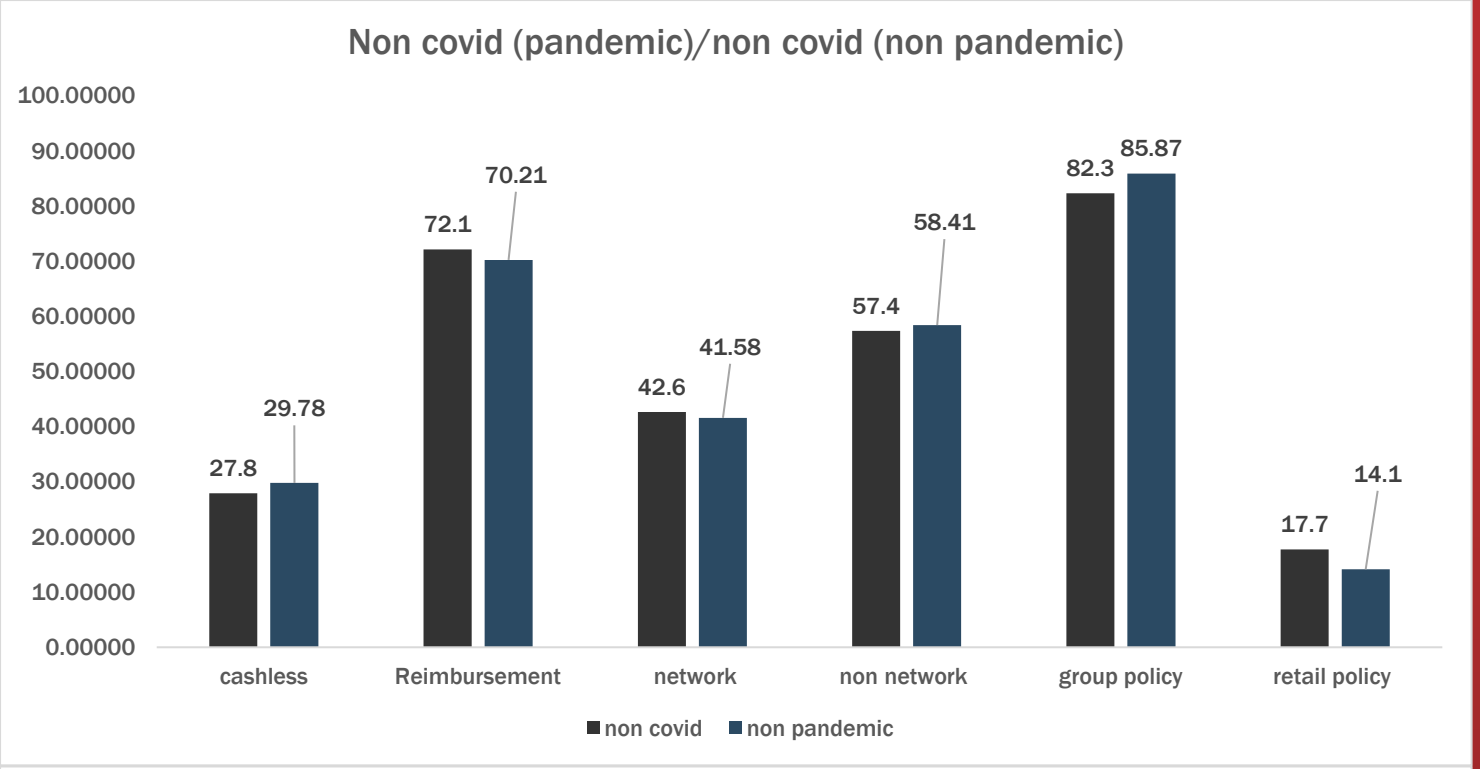


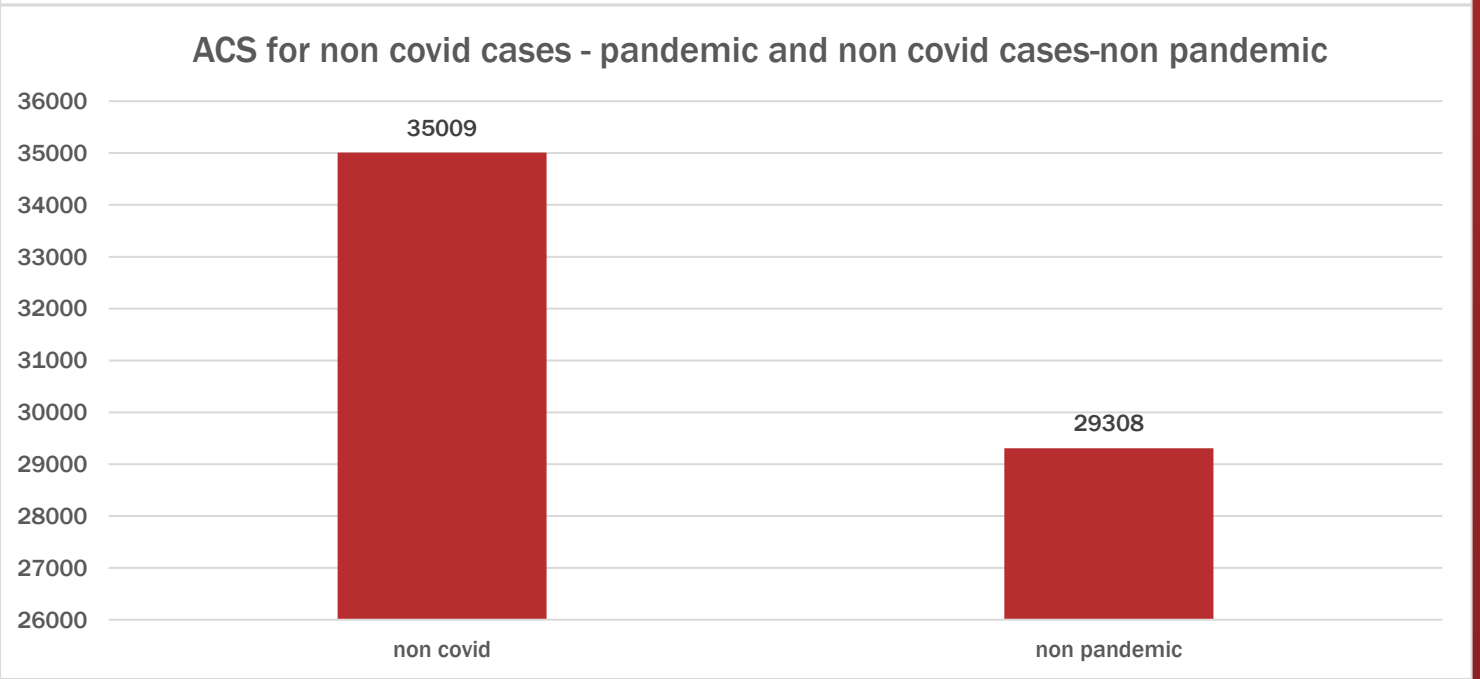
This graph depicts comparison among all the non covid claims during pandemic era (march-20 to April-21). The comparison is done among hospitalization, opd, PA and annual health check-up for non covid cases.

- During pandemic, hospitalization claims reported were 73%, OPD-26%, personal accident were 1% and annual health check-up was less than 1%.



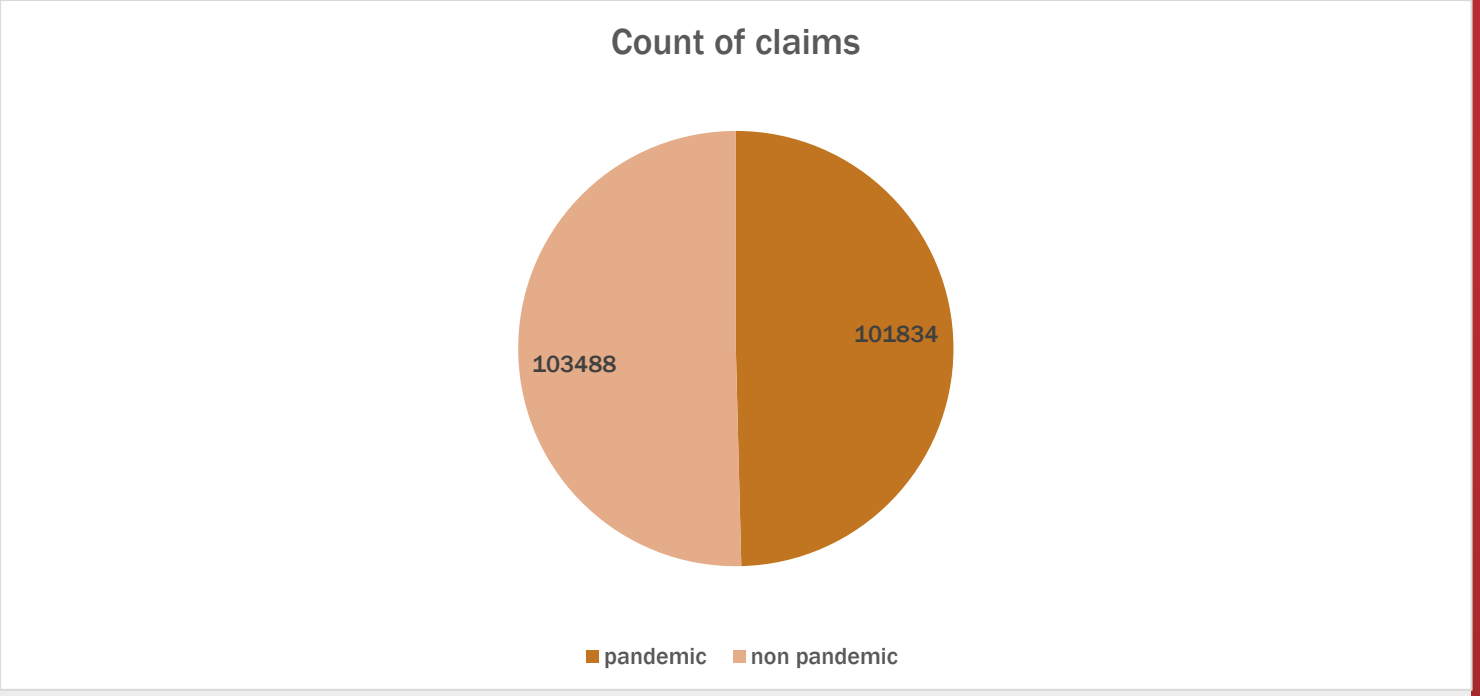
- This graph depicts comparison of hospitalization, opd, PA and annual health check-up during non pandemic era (jan-19 to feb-20).
- During non pandemic hospitalization claims reported were 71%, opd claims were 27.5%, personal accident claims were 0.9% and annual health check-up were less than 1%.
- In hospitalization, 41% cases are for cashless claim and 59% are for reimbursement claim, whereas 58% of claims are from network hospital, which means despite of getting cashless facility insured or hospital are going for reimbursement claim.



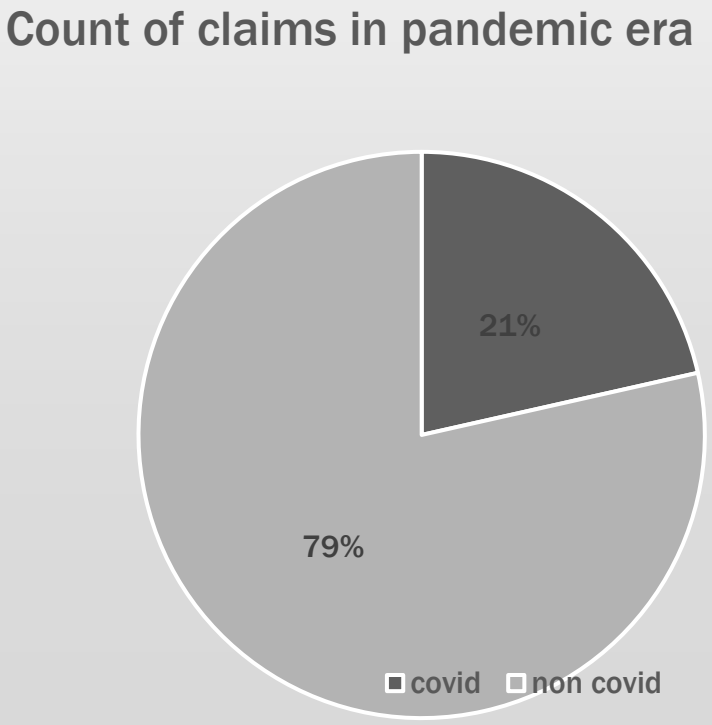


This graph depicts comparison of ACS for non covid claims in pandemic (march-20 to April-21) versus ACS for non covid claims in non pandemic (jan-19 to feb-20).

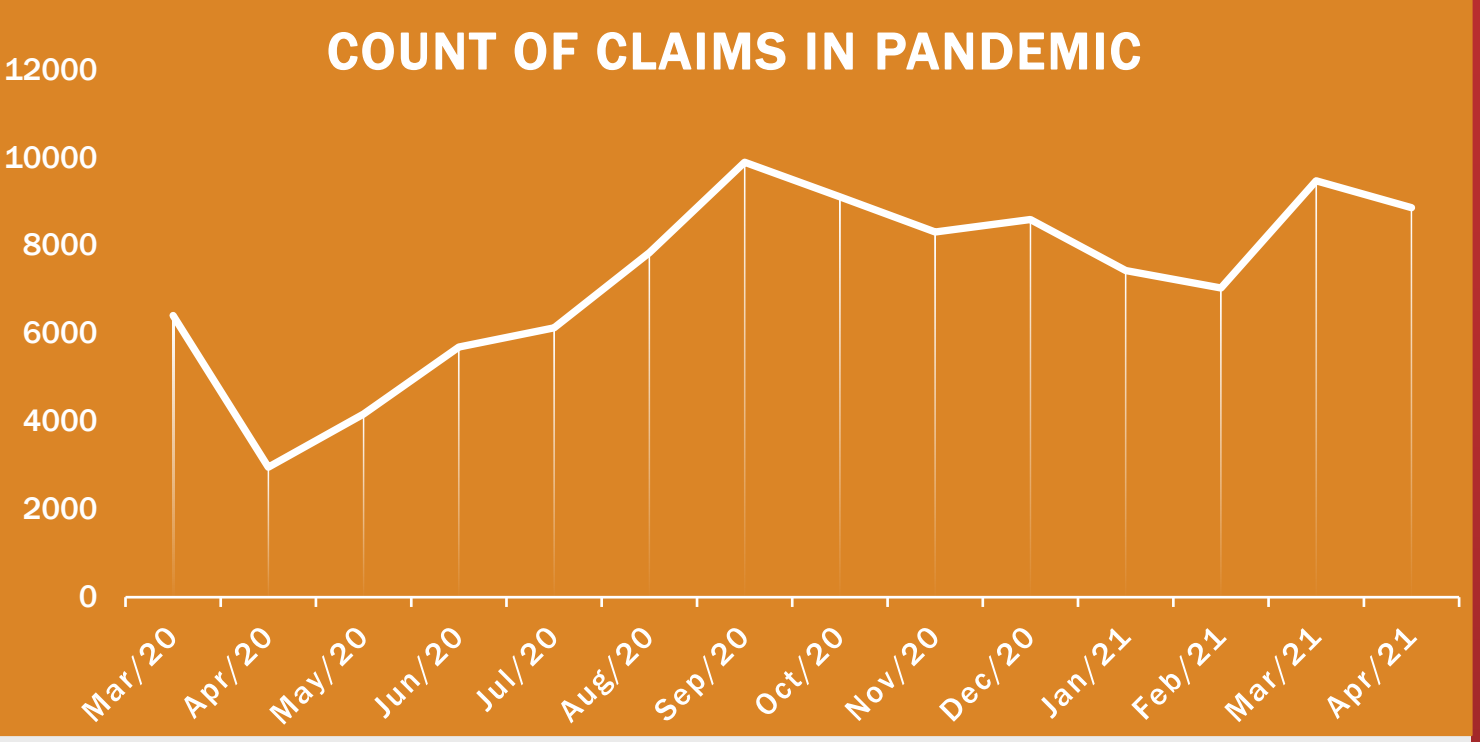
Although there were more cases in non-pandemic as compared to non covid cases but there was increase in ACS for non covid. The possible reason for this could be that during pandemic hospitals were taking extra precautionary measures like mandatory RT-PCR Test , PPE Kit etc and also most of the hospitals were converted into covid centres so it led increase in hospital charges during pandemic for non covid treatment as well.

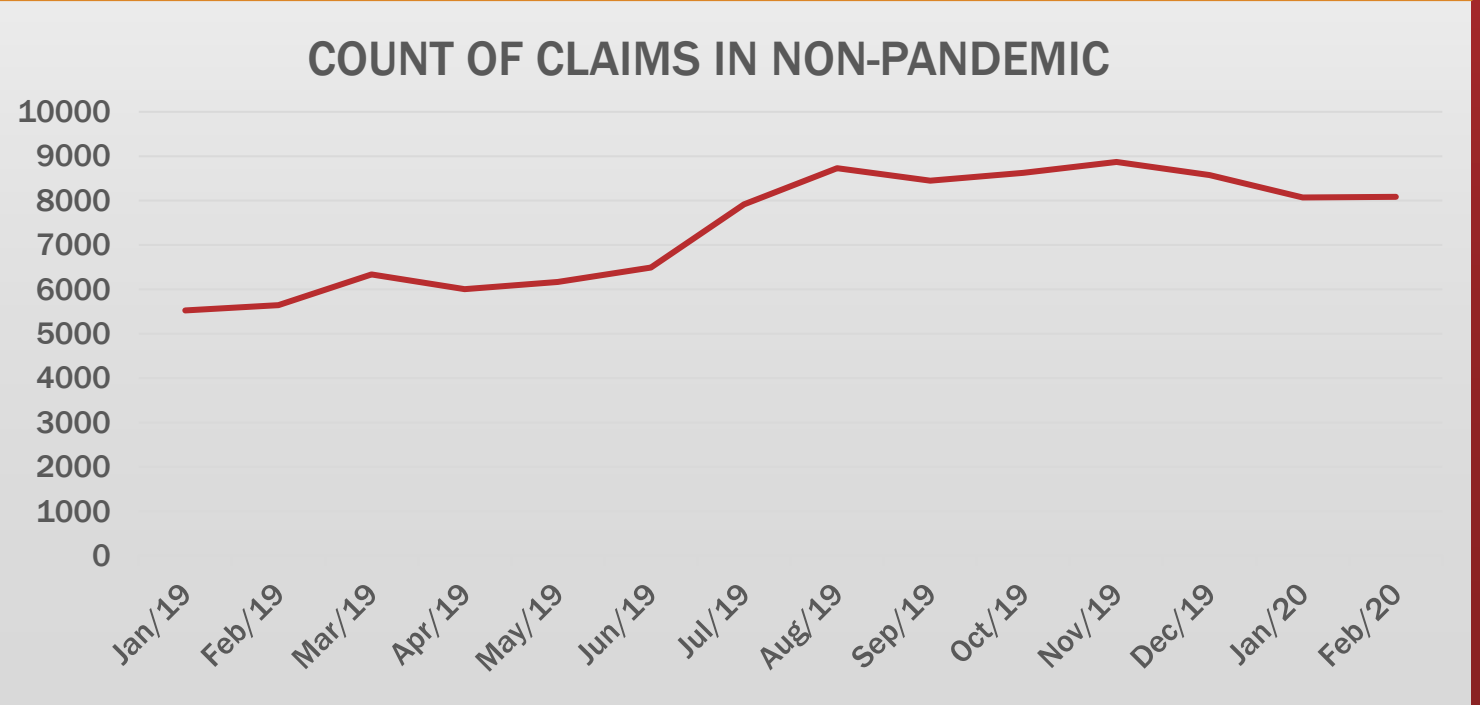


This graph depicts comparison of total claims count in pandemic era (march-20 to April-21) and non pandemic era (jan-19 to feb-20).



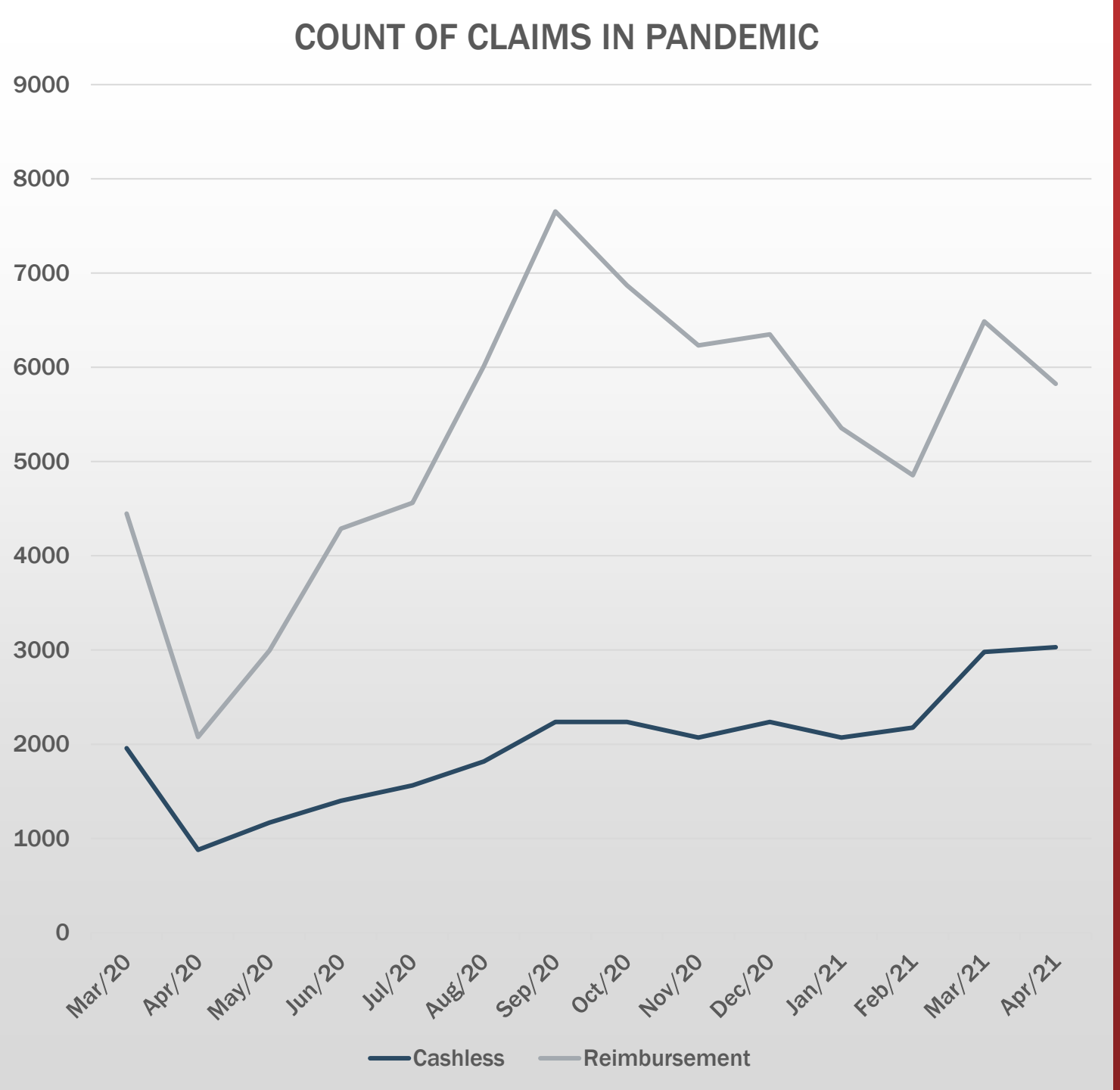
This graph depicts percentage of covid claims and non covid claims during pandemic era (march-20 to April-21) .





This graph depicts comparison of claim counts over the period from march-20 to April-21 in pandemic era.

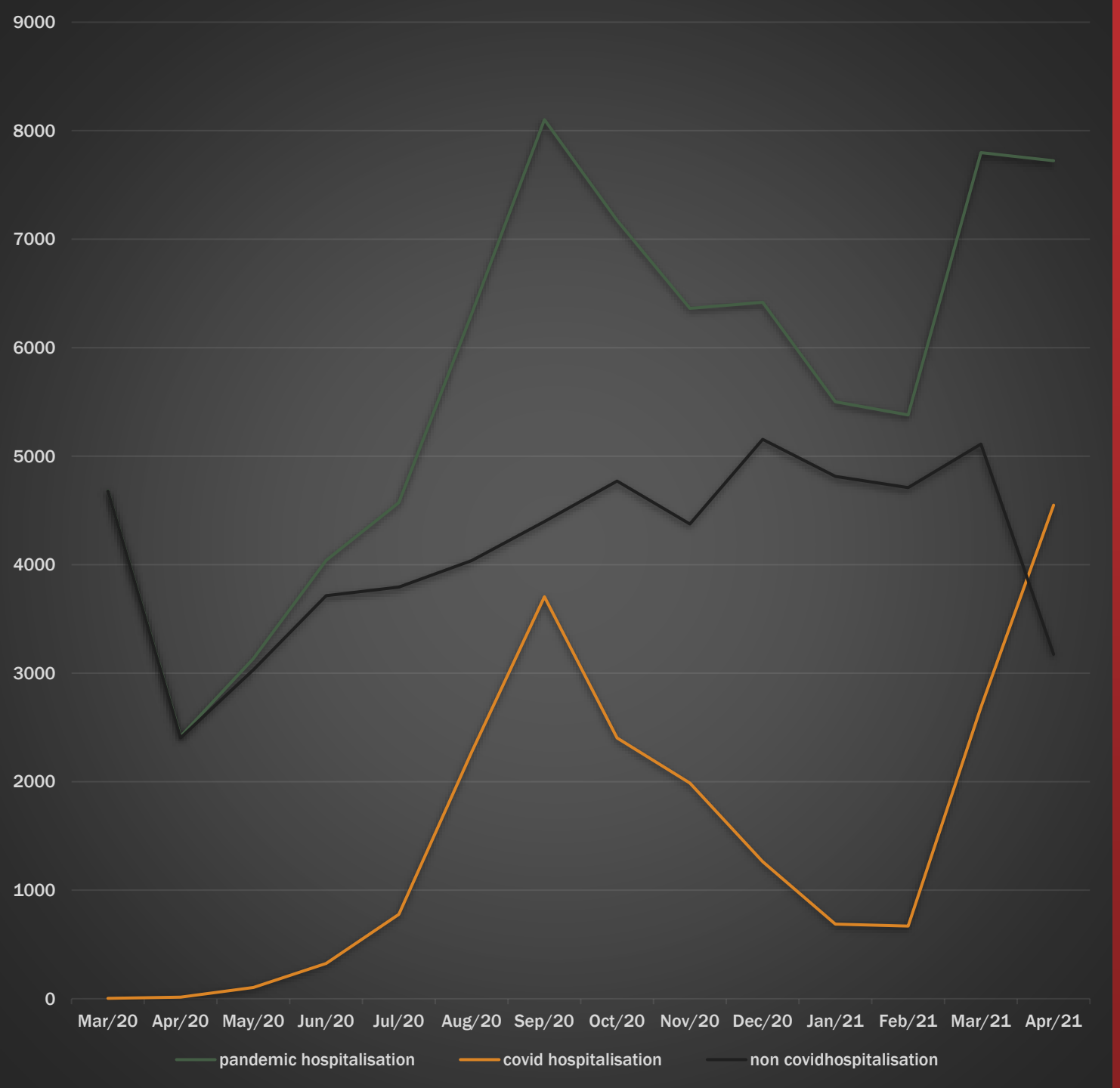
- There was decrease in claims count till April 2020 because covid was just started in the month of March and since the infection was spreading rapidly insured prefer not to go to hospitals for minor treatment as hospitals has higher chances of infection
- Whereas we can see that there was increase in claim till the month of September 2020, the possible reason for this could be that in April IRDA has announced that covid treatment would be covered under policy and the number of cases was also increasing so claims were increased.
- We can see that again there is fall in claims till February 2021, possible reason for this could be that covid cases were decreased at that time but hospitals were still not performing elective procedures so it led to decrease in number of claims. But since second wave came during march 2021 so again it led to rapid increase in number of claims
- This graph depicts comparison of claim counts over the period from jan-19 to feb-20 in non pandemic era.



This graph depicts comparison of cashless claim count versus reimbursement claim count in pandemic era over the period from march-20 to April-21.

As we can observe that there is significant increase in reimbursement claim after April when IRDA launched there corona guidelines for covid claims but there is only a slight increase in cashless claim

- Possible reason could be that corona rakshak benefit policy was introduces for corona cases and as it's a benefit policy it doesn't have a cashless facility so therefore there is an increase in reimbursement claim as covid cases increased



This graphs depicts the month wise hospitalization for pandemic, covid hospitalization and non covid hospitalization

- As its shown that There was decrease in claims count till April 2020 because covid was just started in the month of March and since the infection was spreading rapidly insured prefer not to go to hospitals for minor treatment as hospitals has higher chances of infection
- Whereas we can see that there was increase in covid hospitalization which caused an increase in pandemic hospitalization till the month of September 2020, the possible reason for this could be that in April IRDA has announced that covid treatment would be covered under policy and the number of cases was also increasing so claims were increased.
- There was constant increases in covid case and then they peaked in September and after that the number of cases decline slowly till feb -21 than again they started increasing as 2 nd wave of covid came in India

Conclusion

Covid has impacted the Insurance industry in several way after analyzing and comparing the data the conclusion was as during the pandemic the claim should be increased but it was more or less same as hospitals had to shut down their elective surgery procedure due to risk of covid-19 infections and less availability of beds so claims where more or less similar but ACS was majorly impacted during covid as ACS for pandemic era was much more higher than non – pandemic ,other than ACS cashless claims were also impacted as during pandemic hospitals and insured preferred reimbursement claims over cashless , another thing which was impacted was policy type despite of covid claims are covered in normal policy insured preferred buying corona policy which resulted in having a higher percentage of covid claims from Retail policy.

RECOMMENDATIONS :-

- As it has been observed that only 50% of the claims were from network hospitals so future generali should encourage on empaneling more hospitals.
- For future waves of covid-19, future generali India insurance should be prepared to pay a huge amount towards the claim, as it was observed during the study, that though the number of cases were nearly same but still the ACS for pandemic was comparatively high.
- As it has observed that majority proportion of total claim cost is dedicated towards hospitalization so Future Generali provider network should try to have a capping on tariff for hospitalization of covid treatment so that would help us to reduce the impact of covid pandemic on the total ACS..
- As we have seen that ACS for pandemic era is high and also there is high chance of receiving more claims towards covid19 in coming year as risk is high so Future Generali should develop new business strategies, prioritize investments, rethink what industry verticals and customer segments to target, and develop products, services and pricing strategies for prioritized segments. These practices can help drive revenue.
- Responding to critical issues in a timely manner will be important to future customer and employee relationships. Insurers should keep close track of market developments and respond effectively and sensitively in order to demonstrate true value to the economy and society as a whole.

THANK YOU