A Study To Assess New Business Group Operations In Terms Of its TAT, Premiums, Cost and Efficiency at ABHI, Mumbai

*Employee cost centric

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Introduction

- Every policy issuance starts with coming of new business, where group of policy is issued and
then the members of groups are enrolled for health insurance, by group operations team.

- Various costs that comes in action while policy issuance, includes administration cost, HR cost, service cost and other.

- These cost directly or indirectly influences growth of insurance company.

- The project identifies cost associated with operations new business policy issuance and the time taken to issue new business policy. By this various observations are made.

Objective

- To study process flow of new business group operations.
- To identify problem area in process.
- To estimate time (TAT) to issue a new business policy and estimating cost of new business policy issuance.
- To identify reason for cost incurred of policy issuance and identifying root cause to reduce cost of policy issuance.
- To set benchmark for policy premium and identify zones with lowest premiums.
- To identifying the efficiency of work in new business.
- To provide suggestions as per observation.

Methodology

- **Descriptive cross sectional study** was being conducted in Aditya Birla Health Insurance for three months (Feb 1st 2019 to April 14th 2019)

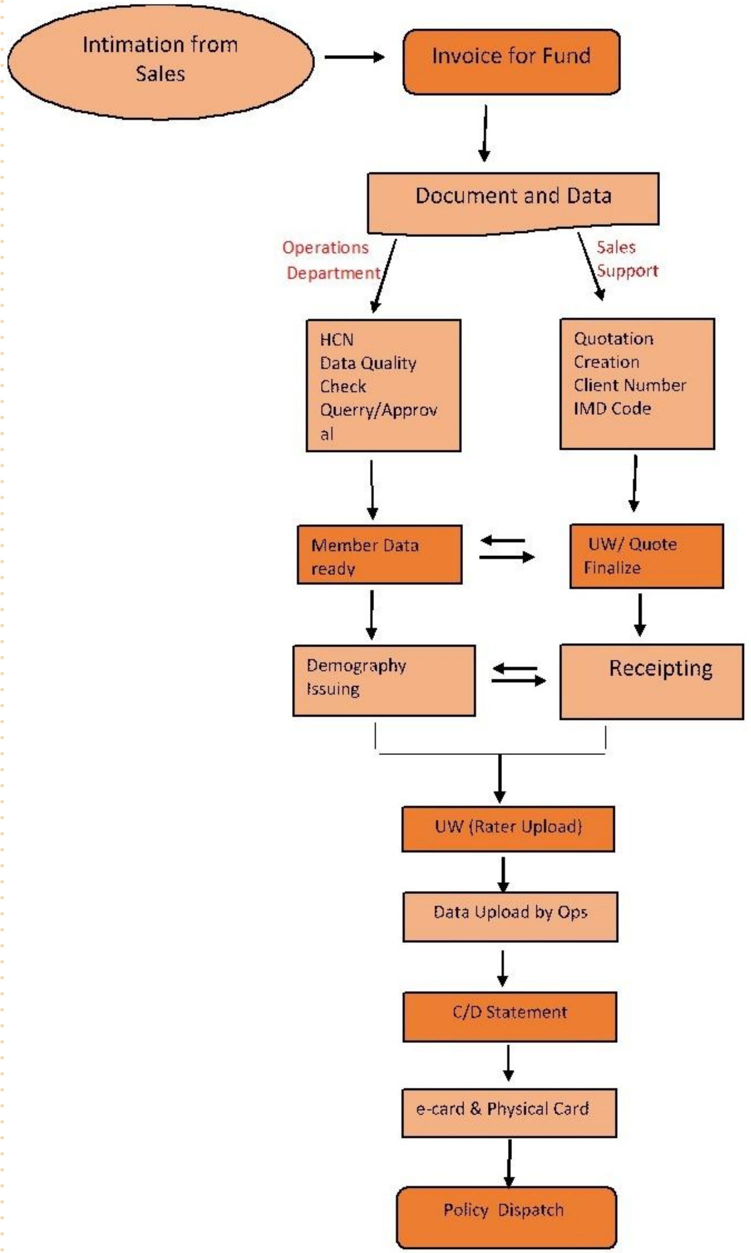
- Firstly, the process flow of group operations was seen and understanding of new business group operations was developed.

- **Primary Data Collection-**After this the time motion study was conducted to identify total time taken for policy issuance.

- **Secondary Data Collection-**Data from inception was taken and analysis was made.

- To select the sample, **Purposive sampling technique** was used.

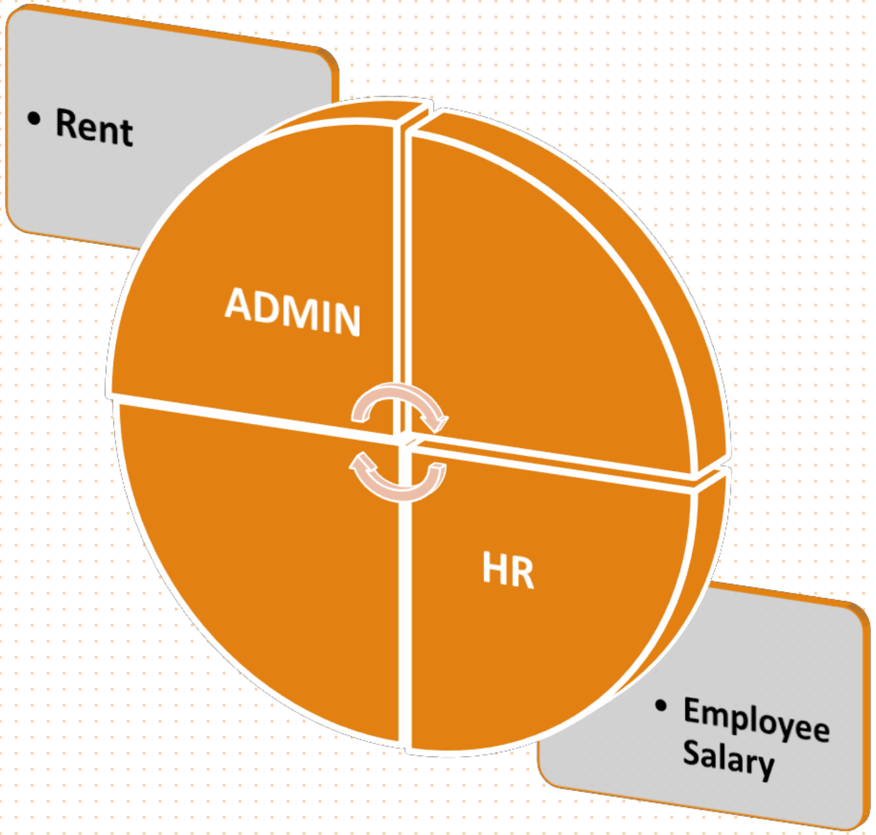
The total sample size for the study was **55** (taking on average 1 New business issuance take aprox 6 days). The data obtained was analysed using excel. Sample- **6** Employees



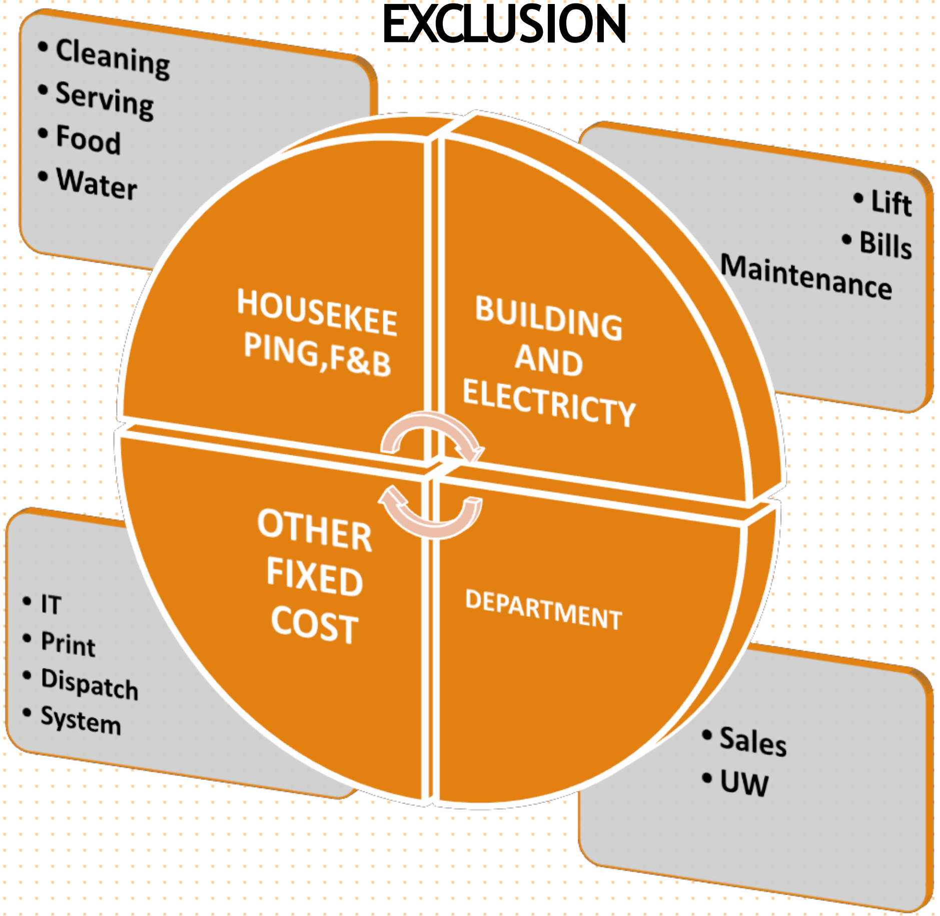
Process Flow Of Group Operations

Employees Cost Inclusion And Exclusion Criteria

INCLUSION



EXCLUSION



TATv/s Cost Per Resource

3.2Hr.

Average time taken by resource for policy issuance of New business

950.23 Rs

Average resource cost incurred for policy issuance (Excluding Fixed cost)

- Excluding First Time Cost (System Cost)
- Print & Dispatch

Sample Size- 55 Selected New Business Policy Issuance

TATv/s Cost Per Resource Breakup

3.2 Hours Break up

Process Undertaken	Time Taken
Invoice	00:12
MIS Entery	00:18
HCN Note	00:05
QC Check	00:15
Receipting	00:11
Demographic Issuance	00:14
Member Data Upload	00:25
C/D	00:04
MIS Mail	00:04
Dispatch & E-Card	00:08
Senior Executive Time	00:30
Buffer Time	00:50

950 Rs Breakup

				1Day= 9Hr		
Post	Count	Salary/ Year	Salary/ Month	Salary/Day	Salary/1Hr	Salary/Min
Senior Executive	1	5,00,000	₹ 41,667	₹ 1,344.09	₹ 149.34	₹ 2.49
On role Executive	1	4,00,000	₹ 33,333	₹ 1,075.27	₹ 119.47	₹ 1.99
Off role Executive	4	2,50,000	₹ 20,833	₹ 672.04	₹ 74.67	₹ 1.24

Buffer Time 50 min = 5 employee is taken (1 employee is excluded because that person only make HCN Note which takes 5min)

1 Senior Executive
1 On Role Employee
4 Off Role

Problem Area In Process Flow

- **Business complexity-** Lack of forecasting, product mix, multiple brands and channel.
- **Operating model-** Customised servicing, lack of load management.
- **IT systems-** System compatibility, low levels of automation, Issue resolution without RCA.
- **Performance management-** KPI- Goal & Role oriented, productivity measurement.

Analysis For Cost Reduction

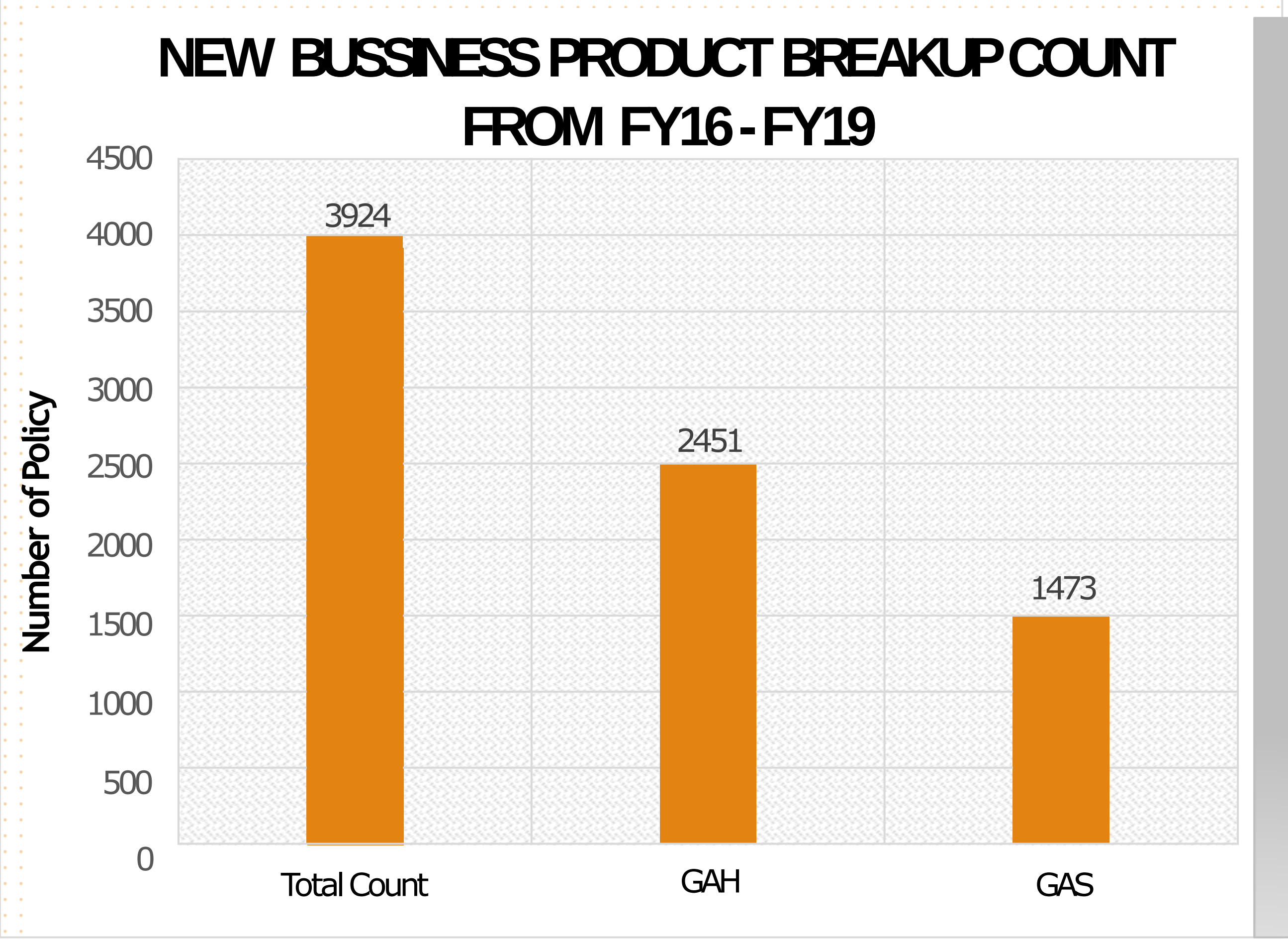
- **Curb business complexity-** Targeted countermeasures, understanding root causes of business complexity & product mix.

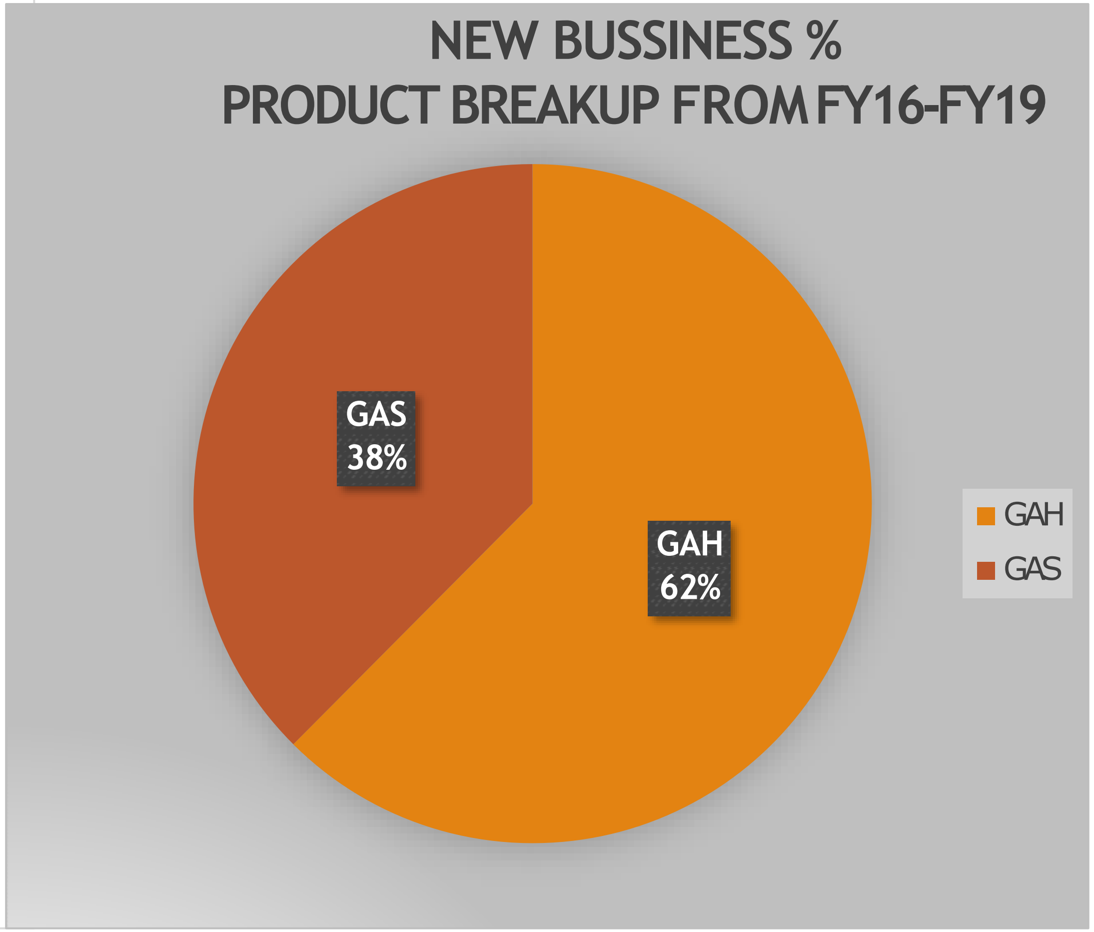
- **Optimize the operating model-** Holistic examination of the operating model, supporting technology, employee skill, digitizing its insurance processes & empowering partners by portal.

- **IT system**-Streamlined IT platform , high level of automation, RCA & timely closure, go-green,
mutual responsibility.

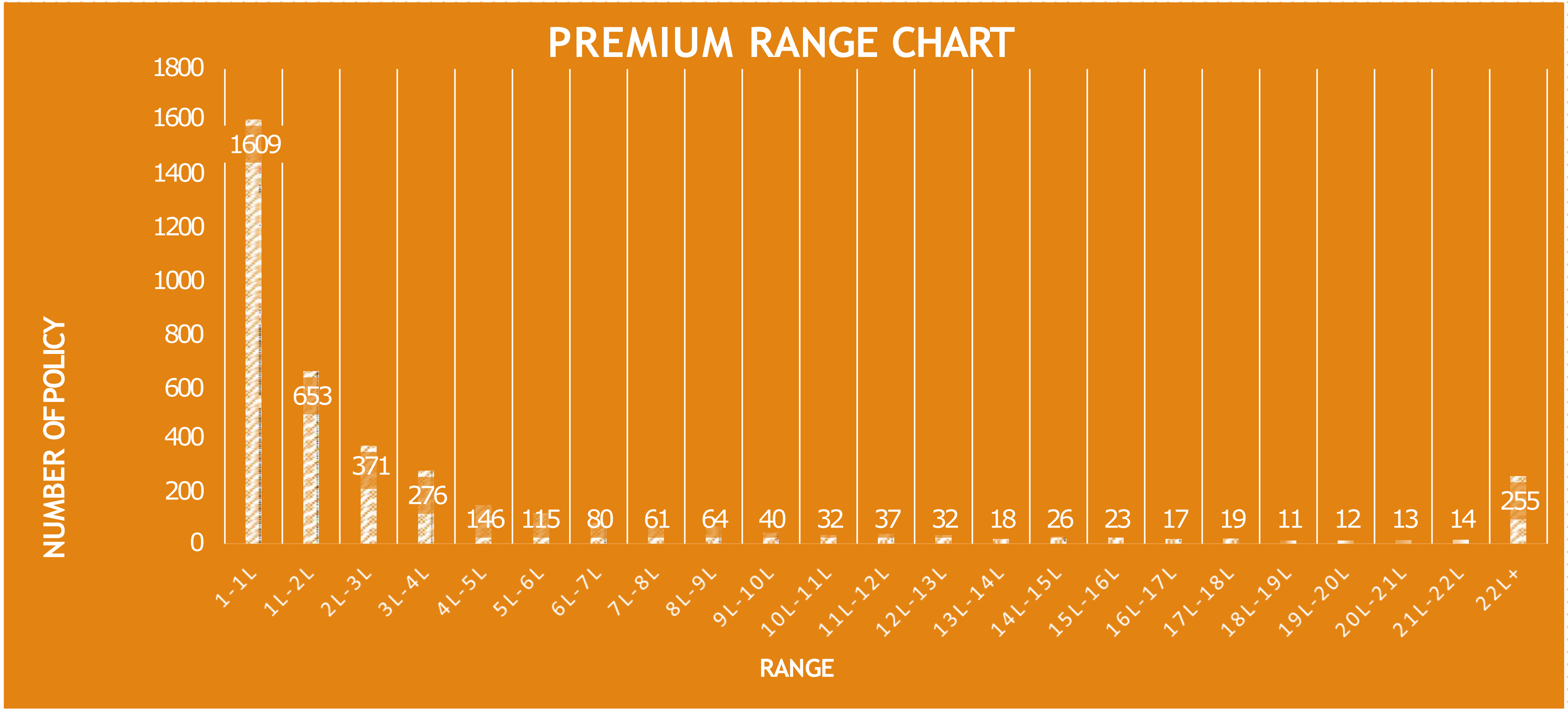
- **Cultivate performance management-** Defining new performance metrics and targets, designing new processes & training of employees.

New Business Product Breakup From Inception Till Date

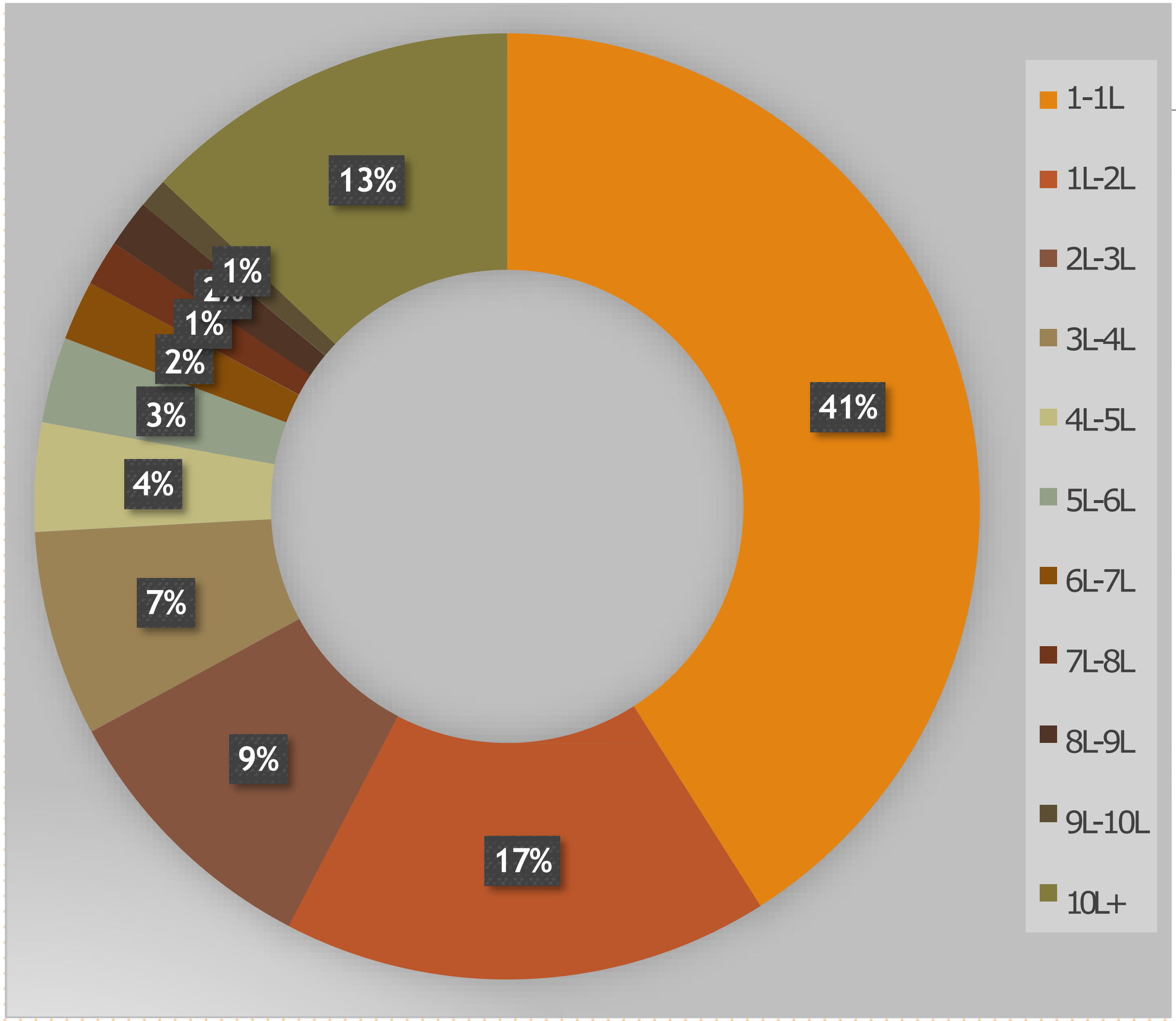




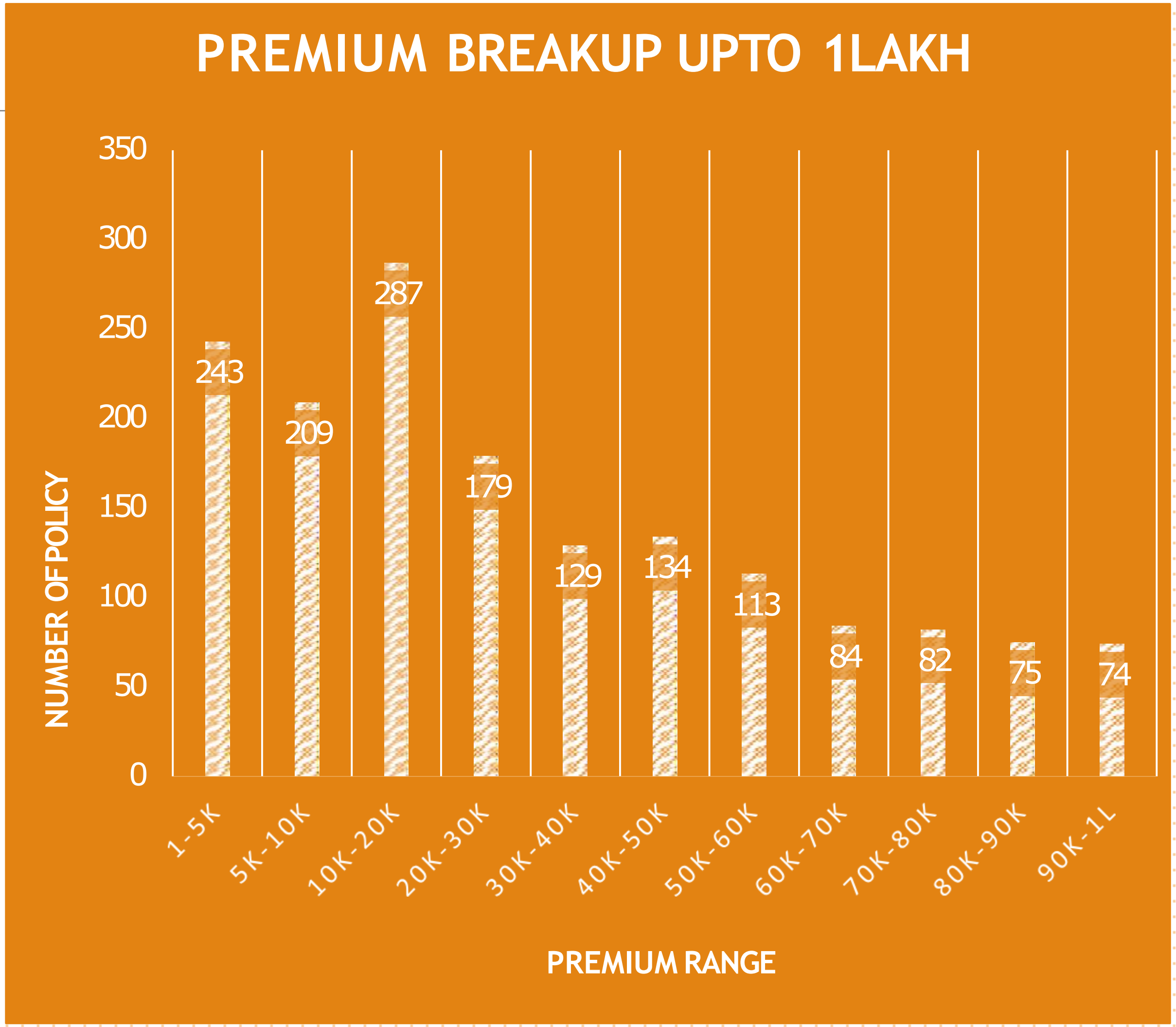
Premium Range Chart From Inception Till Date

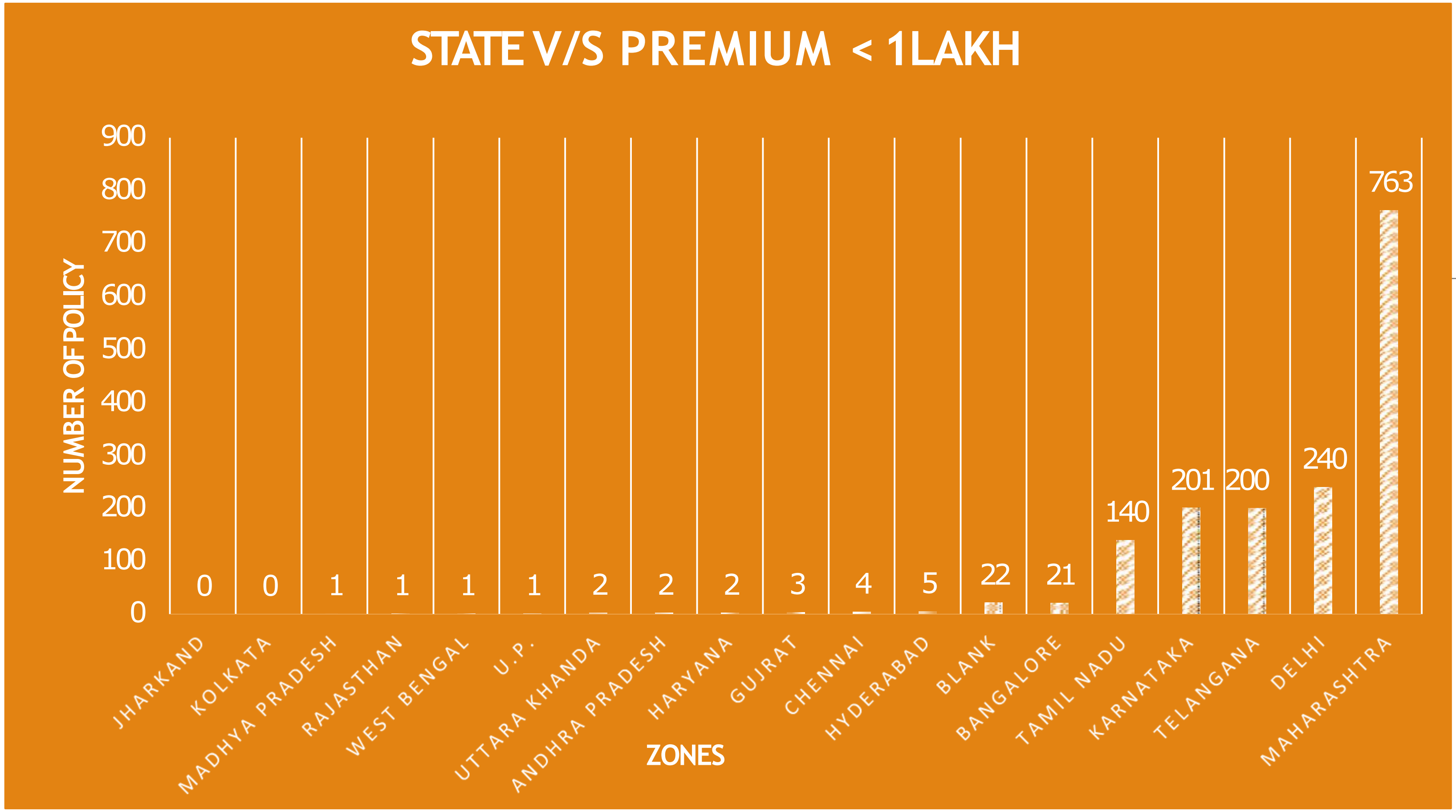


% Premium Range Chart From Inception Till Date



(41% share) Premium Breakup Up to 1lakh





Graph Representing Zone V/S Premium < 1 Lakh

ZONE	COUNT	LOWEST PREMIUM	PREMIUM UNDER 1LAKH	PREMIUM UNDER BENCHMARK	AVERAGE
Tamil Nadu	140	561	100000	3	28,622
Karnataka	201	108	100000	13	34,337
Telangana	200	1560	100000	9	33,683
Delhi	240	511	100000	7	37,246
Maharashtra	763	145.31	100000	6	31,008

Table Representing Zone V/S Premium < 1 Lakh

<u>Efficiency</u>

Efficiency= $\frac{\text{Work Output}}{\text{Work Input}}$ x 100

- Oct 2016 Feb 2019 = 626 days =3924 policy
- 626 (excluding Saturday and Sunday including holidays)= 3924 Policy issue/ 6 person per policy.
- 3924 policy / 626 days i.e. 6 policy per day
- Output= No. of working days x Policy issuance hours x Per day policy i.e. 626 x 3.2 x 6= 12019.2
- Input= No. of working days x Resource x Per day working hour
- i.e. 626 x 6 x 9 = 33804
- Efficiency= 12019.2/ 33804 x 100 = 35%

Observations

- **41%** premium ranges under 1 lakh (1609/ 3924)

- Out of that 40% -1Lakh premium, maximum lies under 20 thousand (739/ 1609).

- Zones which holds maximum premium under 1 lakh are Maharashtra, Delhi, Telangana, Karnataka and Tamil Nadu.

- New business policy issuance costs to **950Rs.** (Time for process is taken v/s cost incurred as employee salary is taken)

- Average time taken by resource for policy issuance of New business= **3.2hr** (process flow is observed and time estimation for each sub step is taken)

- Efficiency of employee= **35%**

- The maximum time consumption is of data uploading in HB portal (value enabling activity)

- The data format from broker is not standardized.

Suggestions

- New business with premium below Rs.950 is operational loss to company (excluding sales and underwriting department).
- The issuance of new business is possible in 2hr (as per time motion study).
- Training of employee for product should be done.
- HB upload should have standard data uploading limit to avoid time wastage.
- Standardize data format with brokers end to avoid rework of data massaging.
- Efficiency is 35%,there should be maker checker process to keep check on employees and by optimising the performance of portal for data uploading.

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THANK YOU