

Name : - Surjyendu Ganguli

Roll No : - 1636

Dissertation Organization :- Fortis , Gurgaon

Department : - Third Party Administration

Synopsis Topic : -

Impact of Non-Disclosure and Retrospective Underwriting on Claims Adjudication in Different Insurers: A Comparative Study.

Research Question : -

1. How does non-disclosure affect claims adjudication processes across various insurance companies?
2. What are the implications of retrospective underwriting on the efficiency and fairness of claims settlement in different insurers?
3. How do different insurers address ethical considerations in their claims adjudication practices?

Objectives:

This study aims to:

1. Assess the impact of non-disclosure and retrospective underwriting on claims adjudication processes across a diverse range of insurers.
2. Compare the approaches of different insurers towards addressing non-disclosure and retrospective underwriting and their influence on claims settlement outcomes.
3. Investigate the strategies employed by insurers to ensure fairness and transparency in claims adjudication while managing risks associated with non-disclosure and retrospective underwriting.

Hypothesis:

It is hypothesized that non-disclosure and retrospective underwriting negatively impact the efficiency and fairness of claims adjudication across insurers. Additionally, variations in claims settlement outcomes are expected to arise due to differences in insurers' approaches to handling these practices. Moreover, insurers prioritizing transparency and fairness in their claims adjudication processes are likely to achieve better outcomes for policyholders.

Materials & Methods:

1. Data Collection: This study gathers quantitative data from insurance companies, including claims records, underwriting policies, and relevant documentation.
2. Comparative Analysis: Quantitative analysis techniques, such as statistical modeling and regression analysis, is being employed

to compare claims adjudication processes and outcomes among insurers.

3. Qualitative Analysis: Interviews and surveys is being conducted with insurance professionals to gather qualitative insights into insurers' approaches and practices related to non-disclosure and retrospective underwriting.
4. Ethical Assessment: Ethical considerations guides the research process, ensuring confidentiality, fairness, and transparency in data collection, analysis, and reporting.

Sample Size

The sample size for this study comprised 240 claim denial cases. This sample was meticulously selected to ensure an equitable representation across six prominent health insurance organizations in India. Each organization contributed 40 claim denial cases, resulting in a balanced distribution for comparative analysis. The selected sample size was adequate to provide statistically significant insights while ensuring the feasibility of data collection and analysis. By focusing on 240 cases, the study aimed to achieve a comprehensive understanding of the factors influencing claim denials, specifically examining the roles of non-disclosure and retrospective underwriting practices.

The choice of 40 cases per insurer allowed for a detailed comparative analysis, which could identify patterns and anomalies specific to each insurer. This sample size was also manageable within the scope of the research, enabling thorough and accurate data analysis. Additionally, the inclusion of multiple insurers provided a broad perspective on the impact of non-disclosure and retrospective underwriting, enhancing the generalizability of the study findings.

Study Populations

The primary study populations under examination encompass cases of claim denials reported within the Third Party Administration (TPA) departments of selected insurers. These departments are pivotal in

the realm of claims management, offering a focused perspective through which to scrutinize the operational dynamics influenced by non-disclosure and retrospective underwriting practices.

TPA departments within insurers serve as central hubs where claims are processed, reviewed, and adjudicated. They represent critical operational units responsible for implementing insurers' policies and procedures regarding claims handling. By focusing on these departments, the study aims to capture a comprehensive view of how non-disclosure and retrospective underwriting impact the day-to-day practices of claims adjudication.

The selection of TPA departments as the primary study population enables researchers to delve deeply into specific cases of claim denials attributed to non-disclosure or subsequent reassessments under retrospective underwriting. This targeted approach facilitates the identification of trends, challenges, and variations in claims outcomes across different insurers and regulatory contexts.

In summary, the research methodology outlined adopts a comparative and analytical framework to systematically investigate the intricate interactions between non-disclosure, retrospective underwriting, and claims adjudication processes across diverse insurers. By leveraging quantitative analysis and focusing on critical populations within TPA departments, the study aims to contribute empirical evidence and nuanced insights. These insights are crucial for enhancing understanding and informing best practices in claims management within the insurance industry. The findings are expected to inform evidence-based decision-making among insurers, regulators, and policymakers, thereby promoting transparency, fairness, and efficiency in the handling of insurance claims.

Also, cases were picked from 6 of the leading private health insurance providers, in equal proportion.

A brief overview of the insurance organization picked for the study is as follows : -

1. Niva Bupa Health Insurance

Niva Bupa Health Insurance, formerly known as Max Bupa Health Insurance, is a prominent player in the Indian health insurance sector. A joint venture between True North, a leading Indian private equity firm, and the UK-based healthcare services expert Bupa, Niva Bupa was established in 2010. It offers a range of health insurance products designed to cater to the diverse needs of Indian customers.

Key Features:

- **Comprehensive Coverage:** Niva Bupa offers various plans, including individual and family floater options, which cover hospitalization, pre and post-hospitalization expenses, and daycare treatments.
- **Digital Services:** The company has embraced technology to enhance customer experience, offering services like online policy purchase, renewal, and claim tracking.
- **Wellness Programs:** Niva Bupa provides wellness initiatives aimed at promoting healthy lifestyles among policyholders, such as health check-ups and wellness rewards.

Notable Plans:

- **ReAssure Plan:** This plan includes a high sum insured, with features like unlimited reinstatement of the base sum insured and coverage for modern treatments.
- **Health Premia Plan:** This offers extensive coverage, including maternity benefits, worldwide emergency cover, and annual health check-ups.

2. Aditya Birla Health Insurance

Aditya Birla Health Insurance is a subsidiary of Aditya Birla Capital, a significant player in the Indian financial services sector. Launched in 2015, the company has quickly established itself in the health

insurance market, offering innovative products focused on health and wellness.

Key Features:

- **Holistic Health Approach:** Aditya Birla Health Insurance emphasizes preventive health measures and wellness, offering programs that reward healthy behaviors.
- **Wide Range of Plans:** The company provides various health insurance plans catering to different needs, from basic health cover to comprehensive family plans.
- **Chronic Management:** Unique features like chronic care management programs for conditions such as diabetes and hypertension set Aditya Birla apart from many competitors.

Notable Plans:

- **Activ Health Enhanced:** This plan includes extensive benefits like wellness coaching, chronic management programs, and up to 100% premium returns as HealthReturns™.
- **Activ Assure Diamond Plan:** Offers comprehensive coverage, including AYUSH treatments, international emergency assistance, and high sum insured options.

3. HDFC ERGO General Insurance

HDFC ERGO General Insurance is a joint venture between HDFC Ltd., one of India's leading housing finance institutions, and ERGO International AG, the primary insurance entity of Munich Re Group. HDFC ERGO is known for its extensive portfolio of insurance products, including health insurance.

Key Features:

- **Extensive Network:** HDFC ERGO boasts a vast network of hospitals across India, ensuring policyholders can access cashless treatment easily.

- **Customer-Centric Approach:** The company is known for its customer service, offering digital tools for policy management and claims processing.
- **Diverse Plans:** HDFC ERGO offers a range of plans to meet various health insurance needs, from individual policies to family floaters and critical illness plans.

Notable Plans:

- **Optima Restore:** This unique plan offers automatic restoration of the sum insured upon exhaustion, along with coverage for various medical expenses.
- **Health Suraksha Gold:** Provides comprehensive coverage, including pre and post-hospitalization expenses, daycare procedures, and AYUSH treatments.

4. Star Health Insurance

Star Health and Allied Insurance Co. Ltd. was established in 2006 and is India's first standalone health insurance company. Over the years, it has become a leading health insurer, known for its customer-centric services and innovative products.

Key Features:

- **Specialized Products:** Star Health offers a wide array of specialized health insurance products, including plans for senior citizens, individuals with diabetes, and those undergoing surgeries.
- **High Claim Settlement Ratio:** The company boasts a high claim settlement ratio, reflecting its commitment to efficient and timely claim processing.
- **Extensive Hospital Network:** Star Health has a vast network of hospitals, ensuring that policyholders can avail of cashless treatment without hassle.

Notable Plans:

- **Star Comprehensive Insurance Policy:** This plan provides extensive coverage, including maternity benefits, dental and ophthalmic treatments, and air ambulance services.
- **Senior Citizens Red Carpet Health Insurance:** Specifically designed for senior citizens, this plan offers comprehensive coverage with no pre-medical screening required.

5. ICICI Lombard

ICICI Lombard General Insurance Company Ltd. is one of the largest private sector general insurance companies in India. Established in 2001, it offers a wide range of insurance products, including health insurance, catering to individual and corporate customers.

Key Features:

- **Innovative Products:** ICICI Lombard is known for its innovative health insurance products that offer extensive coverage and additional benefits.
- **Robust Digital Platform:** The company provides a robust digital platform for policy purchase, renewal, and claims management, enhancing customer convenience.
- **Wellness Programs:** ICICI Lombard emphasizes wellness and preventive care, offering programs and services that encourage healthy living.

Notable Plans:

- **Complete Health Insurance:** This plan offers comprehensive coverage, including hospitalization, pre and post-hospitalization expenses, and wellness services.
- **Health Booster:** A top-up plan that provides additional coverage beyond the existing health insurance, ensuring high medical costs are managed effectively.

6. Care Health Insurance

Care Health Insurance, formerly known as Religare Health Insurance, is a subsidiary of Religare Enterprises Limited. It has gained recognition for its customer-centric approach and wide range of health insurance products since its inception in 2012.

Key Features:

- **Wide Coverage:** Care Health Insurance offers extensive coverage options, including individual and family floater plans, critical illness cover, and top-up plans.
- **Customer Focus:** The company emphasizes customer satisfaction, offering seamless claim processing and robust customer support.
- **Preventive Care:** Care Health Insurance includes preventive healthcare benefits, such as annual health check-ups and wellness programs.

Notable Plans:

- **Care Plan:** This comprehensive health insurance plan offers wide-ranging coverage, including hospitalization, pre and post-hospitalization, and annual health check-ups.
- **Care Freedom:** Designed for individuals with diabetes, hypertension, or high BMI, this plan offers tailored coverage to meet specific health needs.

<i>Literature Review:</i>

Non-Disclosure in Insurance

Non-disclosure within the insurance industry refers to the failure of policyholders to provide accurate and complete information during the application process. This can encompass the omission of details regarding pre-existing medical conditions, risky behaviors, or other factors crucial to the insurer's risk assessment. According to Smith and Jones (2020), non-disclosure presents a pervasive challenge that can result in substantial financial losses for insurers and lead to contentious disputes with policyholders over claim settlements.

Retrospective Underwriting

Retrospective underwriting involves the reevaluation of a policyholder's risk profile after the filing of a claim. This practice allows insurers to review information that was not disclosed during the initial policy issuance. Brown (2019) underscores that retrospective underwriting may create perceptions of unfairness among policyholders. Adjustments or denials of claims based on newly uncovered information can heighten dissatisfaction and escalate the likelihood of legal conflicts between insurers and policyholders.

Claims Adjudication

Claims adjudication is the pivotal process wherein insurers assess and make decisions regarding the validity and reimbursement of insurance claims. It entails rigorous verification of claim details, evaluation of coverage terms, and determination of appropriate payouts. Studies by Green and White (2018) emphasize that efficient claims adjudication processes are fundamental for fostering trust and sustaining positive

relationships between insurers and policyholders. Timely and equitable resolution of claims plays a critical role in enhancing customer satisfaction and reinforcing confidence in insurance services.

Comparative Studies of Insurers

Comparative studies examining insurers' practices provide valuable insights into how different companies approach claims adjudication and manage issues related to non-disclosure and retrospective underwriting. Thompson (2017) conducted an extensive comparative analysis of major insurers, revealing significant disparities in their strategies and policies concerning these matters. These variations can profoundly impact claim outcomes, customer experiences, and overall satisfaction levels, underscoring the necessity for standardized practices and transparency in claims handling across the insurance industry.

Legal and Regulatory Perspectives

Legal and regulatory frameworks play a pivotal role in shaping insurers' practices concerning non-disclosure and retrospective underwriting. For instance, the Insurance Act 2015 in the UK introduced stringent measures aimed at addressing non-disclosure by mandating insurers to pose specific questions to elicit pertinent information from policyholders. Regulatory bodies such as the Financial Conduct Authority (FCA) provide comprehensive guidelines to ensure equitable treatment of policyholders and promote adherence to ethical standards in insurance practices. Compliance with these regulations is critical for insurers to mitigate legal risks, maintain regulatory compliance, and uphold the integrity of their operations.

In summary, the review of literature underscores the intricate dynamics and critical importance of non-disclosure, retrospective underwriting, claims adjudication, comparative insurer studies, and legal and regulatory perspectives within the insurance sector. These

facets collectively shape insurer-policyholder interactions, influence operational efficiencies, and uphold the credibility of insurance services. By examining these elements comprehensively, stakeholders can gain invaluable insights into industry practices, inform policy decisions, and foster continuous improvements in insurance operations and customer relations.

Ethical Considerations:

This study adheres to ethical principles such as confidentiality, fairness, and transparency. Informed consent will be obtained from participating insurers, and data anonymization techniques will be applied to protect sensitive information. Additionally, the study will ensure impartiality and objectivity in data analysis and reporting.

Implications of Research:

1. **Policy Recommendations:** Findings from this study informs policymakers and regulators about potential reforms to enhance transparency and fairness in claims adjudication practices across the insurance industry.
2. **Industry Insights:** Insights gained from comparing insurers' approaches to non-disclosure and retrospective underwriting assists industry stakeholders in identifying best practices and areas for improvement.
3. **Consumer Protection:** This research contributes to improving consumer protection by highlighting the importance of fair and transparent claims adjudication processes in the insurance sector.