A STUDY ON END TO END COUNTER OFFER PROCESS AT ADITYA BIRLA HEALTH INSURANCE

Dissertation Submitted to

The IIHMR University, Jaipur

for the partial fulfillment for the award of the degree of

Master of Business Administration(MBA)

in

Hospital and Health Management

by

Dr Gagandeep Kaur

Under the Supervision and Guidance of

Dr Nutan P. Jain

Professor, IIHMR University, Jaipur

2023

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DECLARATION BY STUDENT

I hereby declare that this dissertation titled **"A study on End to End Counter Offer Process at Aditya Birla Health Insurance"** is the bonafide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

(Signature)

Dr. Gagandeep Kaur

Date:

CERTIFICATE

This is to certify that Gagandeep Kaur in partial fulfillment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur has successfully completed her internship at Aditya Birla Health Insurance during February 22 - May 19, 2023.

Place: Mumbai

Date:

Preceptor/Head of the Organization

Aditya Birla Health Insurance

CERTIFICATE

This is to certify that dissertation titled **"A study on End to End Counter Offer Process at Aditya Birla Health Insurance"** is a record of the research work undertaken by Gagandeep Kaur in partial fulfillment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur under my guidance and supervision and her approach to the research study has been sincere, scientific, and analytical.

Dr Nutan P. Jain	Dr (Col) Mahendar Kumar
IIHMR University, Jaipur	IIHMR University, Jaipur
Date	Date

ABSTRACT

Introduction

Health insurance is a contract between an individual and an insurance company where the individual agrees to pay a premium in exchange for the insurance company agreeing to cover some or all of the individual's healthcare costs.

Health facilities, such as hospitals and clinics, play a pivotal role in providing medical services that are covered by health insurance plans.

Underwriting refers to evaluating and assessing the risk of insuring a person or entity and determining the appropriate terms and conditions of the insurance coverage. This process is carried out by a professionally qualified and trained underwriter, who are recruited by an insurance company.

Counter offer in health insurance refers to a document which is proposed against an insurance policy in which it’s beholder is a known case of any pre-existing disease for which insurance company is covering or not covering risk for.

Rationale

The counter offer process is a critical aspect of underwriting in insurance industry and for risk assessment, any shortcomings in the process can significantly impact customer satisfaction and future claims. At present, customers are required to physically visit a branch or send a scanned copy of their Counter Offer Consent letter via email or WhatsApp in order to make premium payments. However, in light of current circumstances and the need for improved business efficiency, the study aims to identify areas for improvement and provide recommendations for ameliorating the Counter offer process.

Objectives

- To review the standard counter offer processes, as per the organizational guidelines
- To study current practices and related facilitating and hindering factors in the counter offer process at Aditya Birla Health Insurance.
- To suggest ways for improving the counter offer process at Aditya Birla Health Insurance, if required.

Methodology

Research Question-

How to automate the process of End-to-End Counter Offer?

Study Design- It is a Qualitative Observational Study

Setting- Department: Retail Underwriting at Aditya Birla Health Insurance Office Thane, Maharashtra.

Study Population- Policyholders of ABHI

Duration of Study- 3 months (Feb-May 2023)

Sampling and Sample Size- the online data of customers who receive Counteroffer from Underwriting team of ABHI was assessed for February 2023 month, and improvement initiatives were taken for the month of March 2023. Again, the data for April month was analyzed to compare with the February 2023 to understand the desired improvements.

Sample size- After screening 953 cases, 650 cases were analyzed for each month.

Data Collection Procedure-

- Secondary Data from Company's portal
- Discussion with experts from various teams of ABHI
- Review of literature- PubMed, Google Scholar
- Observation- Direct Observation of Counter offer calls (15-20 per day)

Key Results

Based on the analysis and the observations, it can be inferred that opting for Digital Counter Offer process can decrease the TAT and increase the profitability of the business by improving the experience of the customers.

Conclusions

- While reviewing Counter Offer Procedure, it was observed that since in the manual procedure, customer had to visit the branch physically, it increased the TAT.
- Facilitating Factors-

  -Adequate time (1-2 days) taken for the Counter Offer process

  -Appropriate time taken lead to increased customers' satisfaction thereby improving business efficacy.

  Hindering Factors-

  -Physically visiting the branch, increased inconvenience to the customers

  -Multiple bucket movement increased the TAT.

- Accept or Reject Option and Payment Link added in the Counter Offer Letter increases the profitability of the business.

ACKNOWLEDGEMENT

"I consider myself lucky to have had the opportunity to work at Aditya Birla in Mumbai, where the staff and faculty were cooperative and helped me learn a lot. I am grateful for the chance to become a potential research scholar and gain knowledge about new techniques and methods relevant to my curriculum, which has opened many doors for me.

Completing this project was a challenging but rewarding journey, and I could not have done it without the kind support and help of my external mentor, Dr Ramesh Nediginti (Senior Underwriter), and other supporting team members, Dr Amruta (Senior Underwriter), Mr Ganesh Pawar(Manager) and Ms Nishika(Underwriter). I extend my sincere thanks to all of them for guiding me throughout the project and giving me the opportunity to work as part of their team.

I also want to thank my internal faculty guide, Dr Nutan P. Jain, for providing me with guidelines to prepare this report, and my institution IIHMR for giving me the chance to represent my knowledge on such platforms. I am also grateful to the dean, Dr (Col) Mahender Kumar of the Institute of Health Management Research, and the entire placement cell team for their continuous support during my dissertation.

I want to express my gratitude to my parents, my siblings, my friends, and all those associated with me for their kind cooperation and encouragement, which helped me to complete this report.

I am highly indebted to all the faculties for their guidance and constant supervision, providing necessary information, and supporting me in accomplishing the task. I believe that this opportunity will help me develop my career and enhance my skills and knowledge in the best possible way, and I will continue to work on improving myself."

Sincerely,

Dr Gagandeep Kaur

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ABBREVIATIONS

AI	Artificial Intelligence
BDA	Big Data Analytics
BMI	Body Mass Index
BOPS	Branch Operations
CGHS	Central Government Health Scheme
CO	Counter offer
CT	Cloud Technologies
HIC	Health Insurance Company
IRDA	Insurance Regulatory Development Act
IRDAI	Insurance Regulatory and Development Authority of India
IoT	Internet of Things
ML	Machine Learning
NSTP	Non Straight Through Processing
OOPE	Out of Pocket Expenditure
PED	Pre- Existing Diseases
PPN	Preferred Provider Network
RBI	Reserve Bank of India
STP	Straight Through Processing
TAT	Turnaround Time
UW	Underwriting/ Underwriter
WHO	World Health Organization
WT	Wearable Technology

1. INTRODUCTION

The history of the Indian insurance industry can be divided into four periods: pre-independence, nationalization, liberalization, and the present time. Life insurance began in 1818 with the Oriental Life Insurance Company, while general insurance started in 1850 with Triton Insurance. Health insurance came into existence in 1912 with the first insurance act. In 1947, the Bhore Committee Report recommended improvements in healthcare services. The government introduced the ESIS in 1948 for blue-collar workers. Nationalization began in 1956, with the government taking over life insurance and creating the Life Insurance Corporation of India. General insurance was nationalized in 1973, leading to the General Insurance Corporation of India. The insurance sector opened up to private and foreign participation in 1991 through the Insurance Regulatory Development Act of 1999. Private insurance companies started operating in 2001. In 2003, the UHIS aimed to provide health insurance for the informal sector. The Insurance Regulatory & Development Authority of India regulates both life and non-life insurance.

Health Insurance Coverage in India

The insurance industry in India consists of a total of 55 companies, with 24 specializing in life insurance and 32 in non-life insurance. According to the Insurance Regulatory and Development Authority of India(IRDAI) annual report for the fiscal year 2021-2022, the combined General and Health insurance companies provided coverage to a total of 52.04 crore individuals.

Why expand health insurance in India?

Around 30% of India's population is covered by government programs, social health schemes, or private insurance. The Ayushman Bharat health scheme, introduced in 2018, aimed to provide health insurance to the bottom 40% of the population. However, there is a vulnerable group called the "missing middle," comprising around 30% of the population, who are not eligible for government subsidies and cannot afford private health insurance. This leaves them financially exposed in the face of health emergencies. Thus, increasing health insurance coverage is necessary to reduce high out-of-pocket expenses, enhance healthcare efficiency and delivery, and improve overall health outcomes.

Health insurance includes various functions, which can be broadly classified as follows:

- **Underwriting**: Assessing and evaluating the risks associated with insuring individuals or groups for health coverage.

  Major Underwriting Decisions are-

  -Accept risk at standard rates

  -Accept risk at an extra premium(loading)

  -Counter offer

  -Postpone the cover for a stipulated period/term

  -Decline the cover

  -Impose a higher deductible or Co-Pay

  -Levy permanent exclusions under the policy

  List of types of decision of Counter Offer-

  -Accept with Loading only

  -Accept with Special conditions/exclusions

  -Accept with Loading and waiting periods for Pre-Existing Diseases

- **Claims management**: Handling the processing and settlement of claims made by policyholders for medical expenses or healthcare services.
- **Managing fraud and abuse**: Detecting and preventing fraudulent activities or abuse within the health insurance system to ensure fair and legitimate claims.
- **Managing provider network**: Establishing and maintaining a network of healthcare providers, such as hospitals, doctors, and specialists, to ensure policyholders have access to medical services as per their insurance coverage.

Various type of underwriting includes:

- **Medical underwriting**: Assessing an individual's medical history, health conditions, and risks associated with insuring their health.
- **Financial underwriting**: Evaluating an individual's financial stability and ability to meet insurance premium payments.
- **Tele underwriting**: Conducting underwriting assessments through telephone interviews to gather necessary information.
- **Technical underwriting**: Utilizing technical expertise to evaluate complex risks and determine appropriate insurance coverage.

2. LITERATURE REVIEW

Title	Author	Location and Study Type	Overview
The rise of the exponential underwriter Leveraging a convergence of data, technology, and human capital to transform underwriting in insurance	By Britton Van Dalen, Andy Ferris and Kelly Cusick, published on 24 February 2021	Descriptive Study, Location-USA	• The transformation of underwriting processes to remain competitive can be achieved by insurers through automation of routine tasks and use of latest technologies to enhance the skills of underwriting professionals. • Adopting new roles like Data Pioneering and Risk Detection can prevent the UWs from getting displaced by Automation**.** • Failure to modernize underwriting could lead to adverse risk selection, difficulty retaining skilled professionals, and being dropped from preferred lists of distribution partners.
Medical underwriting and rating modalities in health insurance	By Madan Mohan Dutta, published on 16 December 2020	Cross-Sectional Study, Location-Bhubaneshwar	• It is very important to consider factors such as lifestyle, occupation, health status, and habits when underwriting a health policy. • Although there has been a lot of research on HI worldwide, there seems to be a lack of studies examining how the HI industry's performance can be assessed in terms of underwriting profit or loss.
Technology and innovation in the insurance sector	By OECD, published in 2017	Descriptive Study, Location- Bangalore	• InsurTech companies use technology to make insurance contracts easier and create policies according to the need of policyholders. • Regulatory platforms like regulatory sandboxes are being set up to support start-ups in developing their

			business models and getting familiar with regulatory standards. • InsurTech has the power to provide improved and personalized insurance coverage to a wider population, including those with lower incomes and can also offer enhanced financial security. • OECD can support government initiatives by conducting further research on important aspects like InsurTech trends, regulatory approaches, best practices in regulatory sandboxes, and evaluating the insurance solutions addressed by regulations. • This would help enhance technology and innovation in the insurance sector.
The Changing Narrative in the Health Insurance Industry: Wearables Technology in Health Insurance Products and Services for the COVID-19 World	By Bishwajit Nayak and Som Sekhar Bhattacharyya, published on February 10, 2021	Descriptive Type, Location- Mumbai	• New technologies such as the Internet of Things (IoT), Big Data Analytics (BDA), Wearable Technology (WT), Cloud Technologies (CT), Machine Learning (ML), Artificial Intelligence (AI), and Blockchain Technologies (BCT) can help Health Insurance companies in calculating their premiums and payouts more accurately. • Traditionally, insurance managers base premiums on one-time clinical tests. • But with WT, insurers can gather data on customers' fitness levels, leading to improved processes.

3. METHODOLOGY

Research Question

How to automate the process of End-to-End Counter Offer?

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- Data Collection Procedure-

  -Secondary Data from Company's portal
  -Discussion with experts from various teams of ABHI
  -Review of literature- PubMed, Google Scholar
  -Observation- Direct Observation of Counter offer calls (15-20 per day)
  -Records- Daily updating of data at portal of Aditya Birla Health Insurance

Data Analysis Plan

Data was checked for completeness and correctness and was entered in MS Excel for further Analysis of indicators like-

-End to End issuance TAT along with offer,
-loss ratio for counter offer rejected by customers

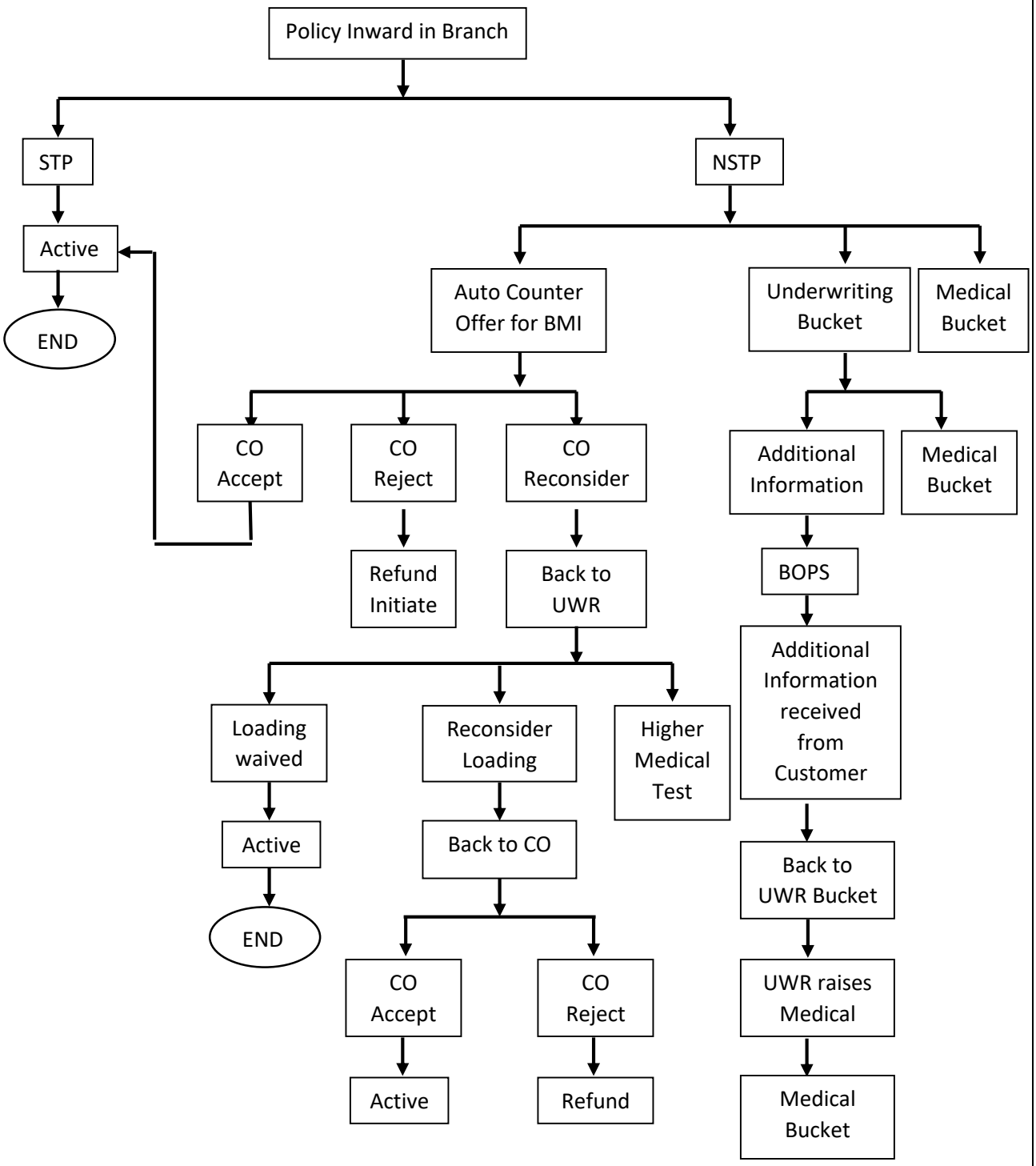
Ethical Considerations

The following points were considered during the study-

- Confidentiality of the organization was maintained.
- Customer's details were not disclosed, which were shared during the Underwriting procedure.
- Anonymity was maintained in data analysis.

4. RESULTS AND DISCUSSIONS

The study included mapping the Underwriting and the Counter Offer procedure. Handling of the cases depend on their classification. Straight Through Processing(STP) cases are categorized as those directly approved by the system. NSTP (Non Straight Through Processing) cases, on the other hand, require underwriters to intervene.



Process Flow of Retail Underwriting

- When the underwriter updates the member status to a counter offer, the case moves to branch.
- Customer is informed about the same and he then visits the branch.
- If the customer agrees to the counter offer, they must provide consent by signing a letter and paying the premium via cheque or demand draft. The consent letter is sent to the proposer's email address.
- If the customer rejects the counter offer, they follow the same process of signing the consent letter. If a refund is required, the operations team handles it according to the existing refund process in Jarvis.
- If the customer wishes to reconsider the proposal, they can sign the consent letter and send it to the company email or nearest branch with the message, "I do not agree with the above terms and am providing additional documents for reconsideration." The proposal is sent back to the underwriting team.

Proposed modifications in Counter Offer Procedure-

- Payment link & Counter offer Acceptance and Rejection option should be provided on Counter offer via Email / WhatsApp and SMS.
- When the customer clicks on the link provided in the email, WhatsApp, or SMS, they should be redirected to the Customer Consent page on the customer portal.
- On this page, the customer must review the options and provide consent by selecting either "Accept" or "Reject."
- The Customer Consent page should only offer the "Accept" and "Reject" options.
- The customer's acceptance or rejection consent should be transmitted and processed in Jarvis.
- The provided link should become invalid once the customer gives their consent to prevent duplicate responses.

- If the Counter Offer is accepted by the Customer, it can either be with or without Premium Impact. Following are the flow charts on basis of customer's response-

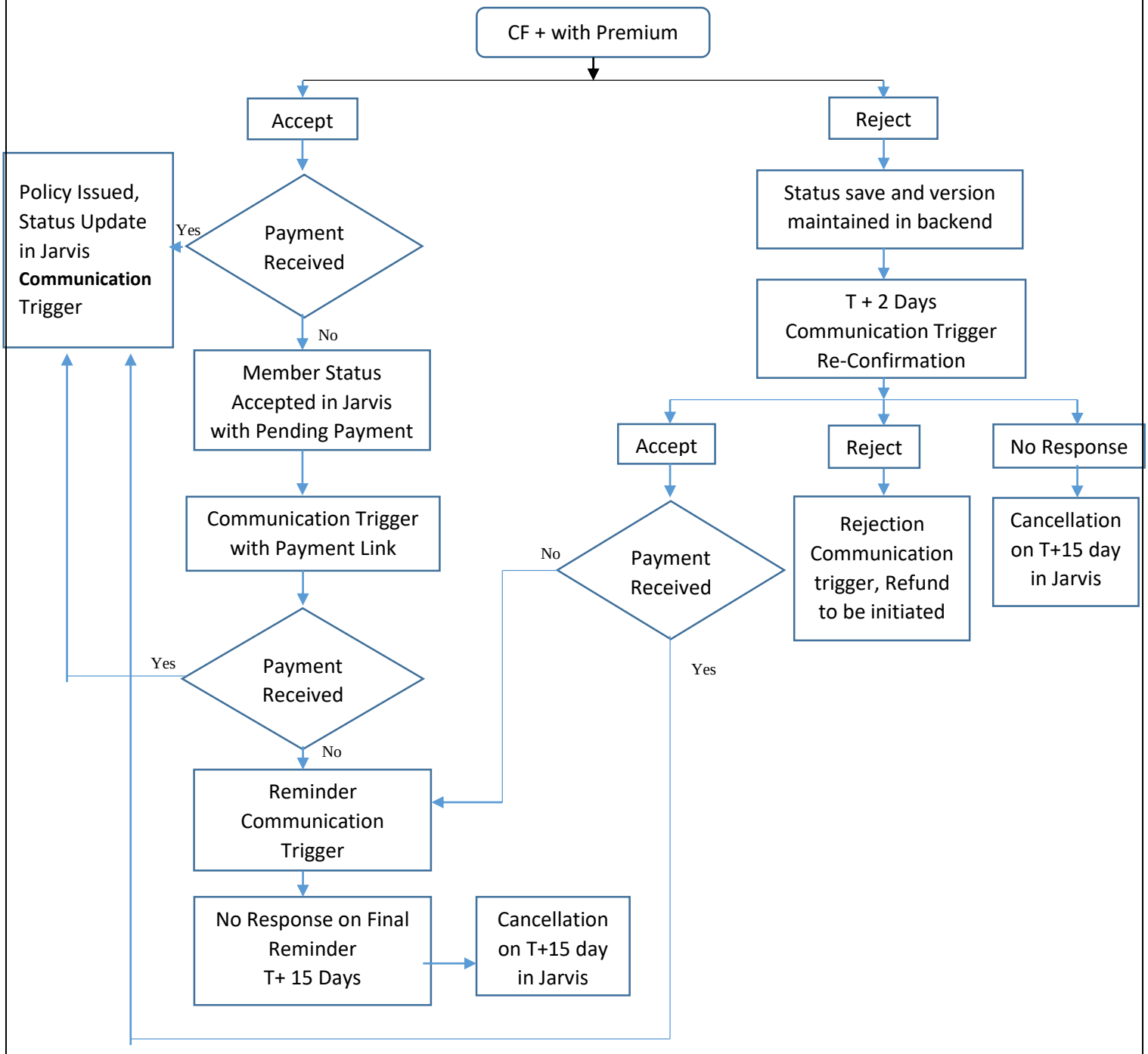


Figure2. Consent with Premium Impact

Counter offer with Premium impact – Counter offer Accepted by customer Consent should be saved in **Jarvis.** Customer has to pay the loaded premium by clicking on the payment button.

i. **Accepted by the customer and loading Premium Paid –** To be auto checked by the system and communication is triggered to customer and policy copy is generated and Consent status is saved in Jarvis.
   - **Accepted and Loading amount not paid by customer –** Member status is Updated as Member accepted with Pending Payment. Reminder Communication notification is triggered with Payment link. Customer has to pay the loaded premium.

ii. If No Response on Loading premium payment Reminder email– on final reminder T+15 Day's counter offer rejected and proposal is cancelled and status of rejected proposal updated in Jarvis.

iii. **In case of Customer Consent Accepted but payment failed –** Real-time reconciliation communication send to customer to retry the payment. If any technical Issue in online payment is displayed, the message to customer to Retry payment or Pay the premium Offline.

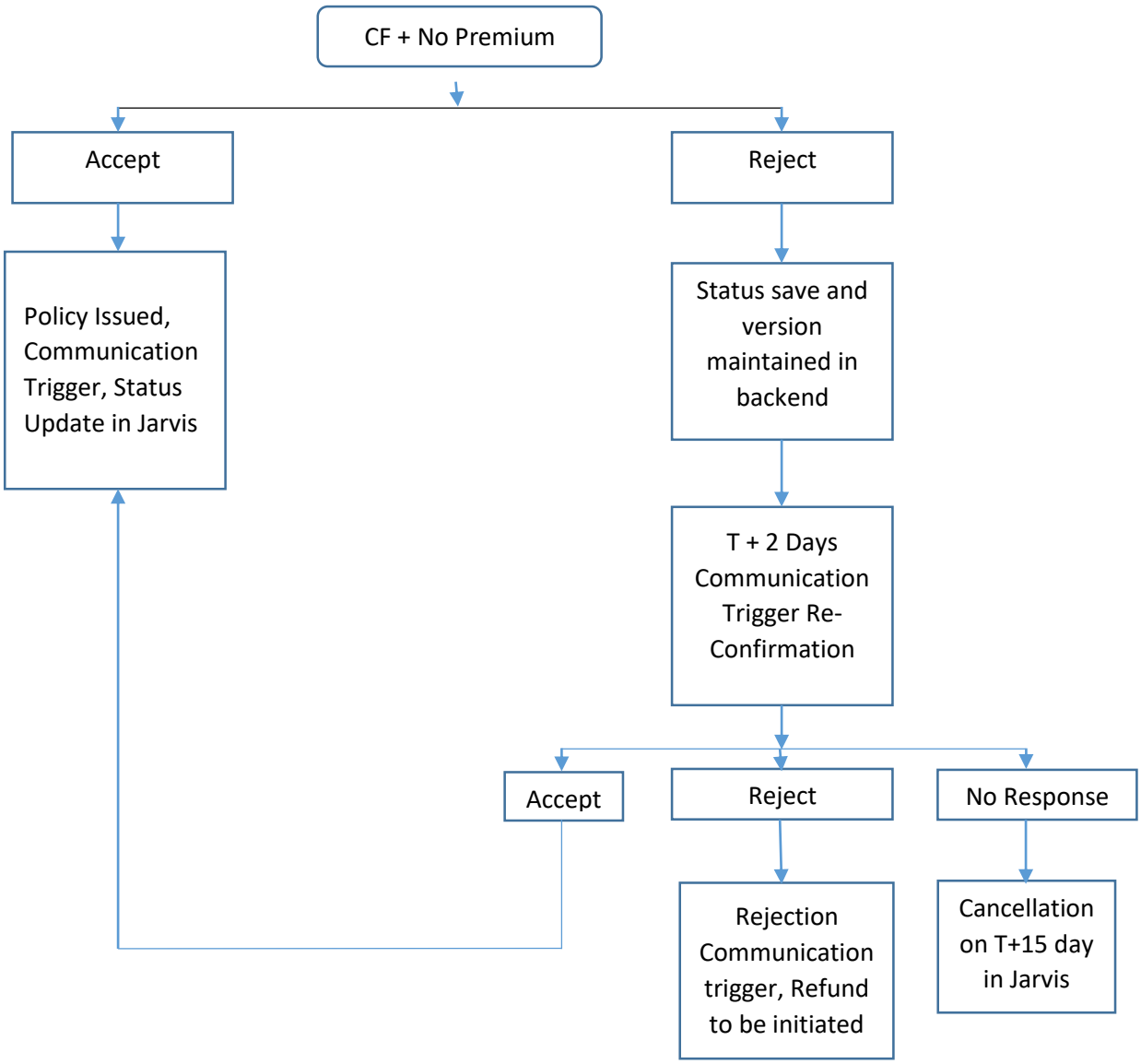


Figure3. Consent with No Premium Impact

Rejection by the customer – Once customer reject the counter offer, status is saved and version is maintained in backend. Here, the status is not Updated in Jarvis.

On T+2-day, Confirmation of rejection of counter offer communication is triggered and a hyper link is given in the email body. On clicking the link, customer either Accept or reject the counter offer. This is the final consent and on the basis of customer's decision as Accept or reject, the same status is Updated in Jarvis.

i. **Rejected by the Customer Again -** If the customer rejects again, status in Jarvis is saved as Rejected. And Rejection Communication email is triggered to customer and refund is initiated and refund process is followed as it is.

ii. **Accepted by the Customer –** Customer Consent is saved in **Jarvis** as member accepted.

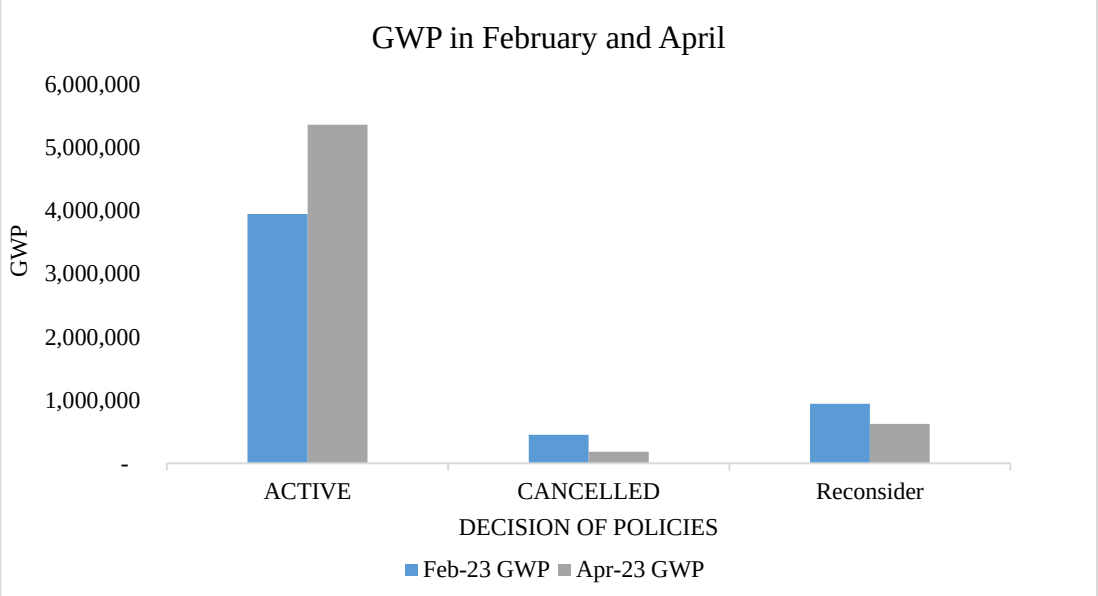
- **If Premium Impact**- Customer has to pay the Loading Premium.

  Post successful payment, Policy is Issued and Policy status is marked as Active in Jarvis and communication is triggered to customer**.**

- **If No Premium Impact-** Counter Offer Accepted by customer. Consent is saved in **Jarvis**. Communication is triggered to customer and policy Issued and Policy copy is generated.

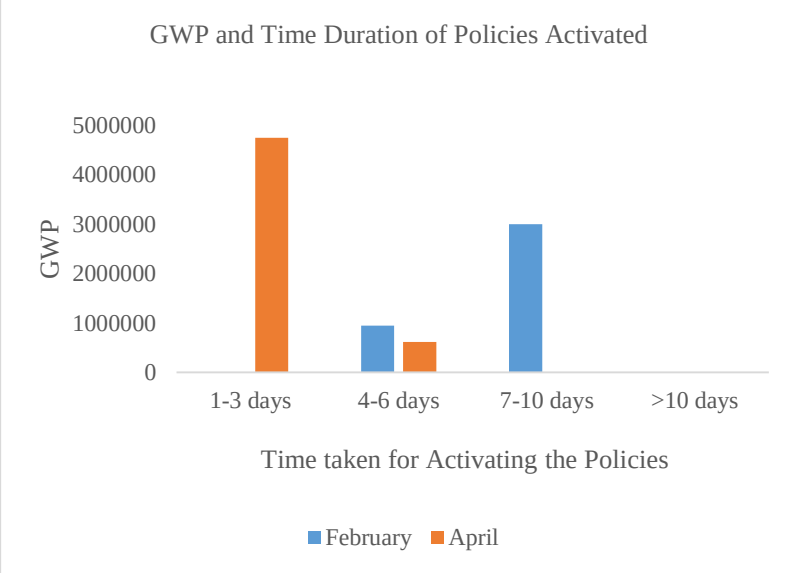
iii. Re-Confirmatory email is the final Confirmation. Auto cancelled rule is applied on T+15 Day's if no response from customer.

Comparison of GWP in February and April

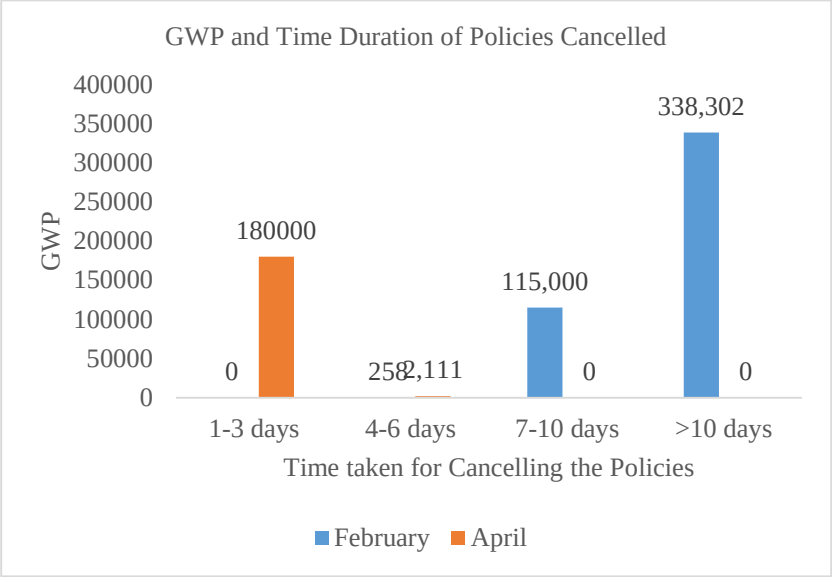


Gross Written Premium(GWP) of Active Policies increased in the month of April as compared to that of February contributing to the organization's profit.

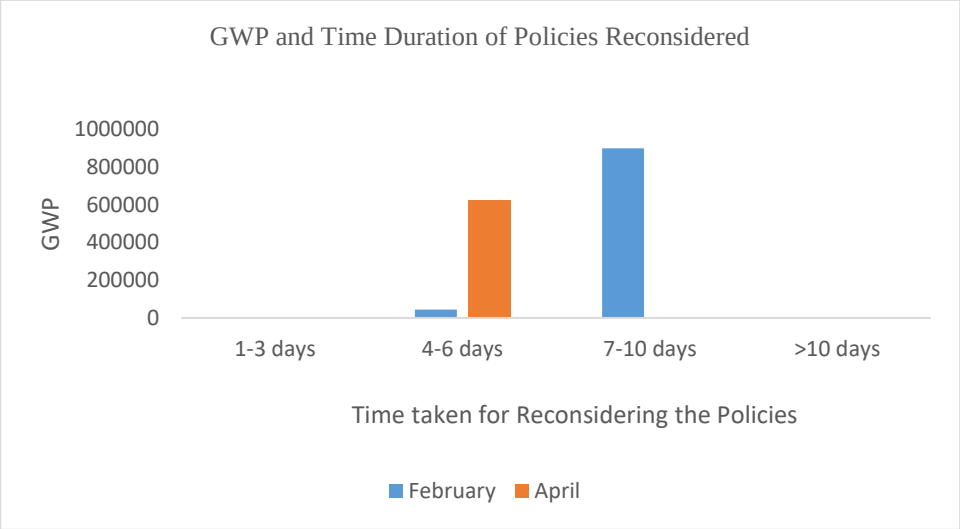
Comparison of data between February and April for time taken for decision making-



In the month of April, maximum policies were Activated within the span of 1-3 days whereas in the month of February, it took 7-10 days to activate most of the policies.



In the month of April, maximum policies were cancelled within the span of 1-3 days whereas in the month of February, it took 7-10 days to cancel most of the policies.



In the month of April, maximum policies were Reconsidered within the span of 4-6 days whereas in the month of February, it took 7-10 days to process most of the policies.

Thereby showing increase in the number of policies getting accepted with decreasing the TAT, indicating increased customers' satisfaction.

Digital Counter Offer Process provides following advantages over Manual Counter Offer Process-

- Less bucket movement
- Less involvement of manpower
- Better TAT
- More Customer centric
- More efficacious
- Improved productivity of UW
- Lesser room for errors
- Improved business efficacy
- Increased customer retention
- Smoother Counter Offer process
- Lesser dependency on UWs

CONCLUSIONS

- While reviewing Counter Offer Procedure, it was observed that since in the manual procedure, customer had to visit the branch physically, it increased the TAT.

- **Facilitating Factors-**

  -Adequate time (1-2 days) taken for the Counter Offer process

  -Appropriate time taken will lead to increased customers' satisfaction thereby improving business efficacy.

- **Hindering Factors-**

  -Physically visiting the branch, increased inconvenience to the customers

  -Multiple bucket movement increased the TAT.

- Accept or Reject Option and Payment Link added in the Counter Offer Letter increases the profitability of the business.

5. RECOMMENDATIONS

On the basis of the study undertaken, in order to improve TAT and process efficiency, recommendations are as following-

Counter Offer letter and policy details can be directly sent over WhatsApp so that Customer can provide his response faster.

BOT Calling can be opted for in order to inform the Customer regarding the Counter Offer.

Reconsider option can also be added in the Counter Offer letter with a link for the Customer to upload supporting documents, if required.

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