

CLAIM SETTLEMENT MANAGEMENT PROCEDURE IN PRIVATE AND PUBLIC SECTOR INSURANCE COMPANIES WITH REFERENCE TO LIC, ICICI, HDFC, BAJAJ ALIANCE, & MAXLIFE INSURANCE COMPANIES

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Abstract: One of the most significant services under the essential components of life insurance services is claim settlement administration. The present study aims to investigate the claims settlement procedures employed by public and private life insurance companies in India. Additionally, it seeks to evaluate the impact of these procedures on the operational efficacy and profitability of these companies. In the public sector, the only state-owned company in India is the Life Insurance Company (LIC), whereas the private sector companies that were sampled included ICICI Prudential Life Insurance, HDFC Life Insurance, MAX Life Insurance, and Bajaj Allianz Life Insurance. The firm annual reports from 2019-20 to 2022-2023 that were chosen, as well as the IRDA annual reports, were utilized to gather the necessary data. The different advantages that are given to policy holders by particular public and private sector companies—such as annuities, death claims, maturity benefits, etc.—are examined. According to the analysis, LIC of India leads the sector in both policy sales and benefit payouts. ICICI Life Insurance, HDFC Life Insurance, Bajaj Allianz Life Insurance, and MAX Life Insurance were the top-performing private sector life insurance companies in terms of overall benefit payments. It is determined that the life insurance industry's claim settlement procedures have a statistically significant effect on both their profitability and operational effectiveness. Furthermore, a statistically significant favorable influence was observed in the claim settlement methods of specific life insurance players.

Key Words: Claim settlement Ratio, IRDA

Introduction:

Because it offers the family and/or dependents financial security, life insurance is a crucial part of financial planning. The company guarantees the financial security of the policyholder's family in the event of an early death. It is a tool to help ease the financial strain brought on by a loved one's passing. In the life insurance business, quick and easy claim settlement procedures are critical to building insurance companies' credibility. Examine the life insurer's claim

settlement ratio over an extended period of time while making your choice. It is advisable to avoid organizations with volatile ratios as they are less likely to guarantee a timely payout of your claims. To put it simply, the claims settlement ratio is a calculating statistic that compares the total number of claims received to the percentage of claims settled by an insurer. This ratio is an important measure of how committed the insurer is to paying claims. In the tragic event that the insured person passes away, a higher ratio reassures the insured person's family



and indicates a better possibility of the firm settling claims quickly.

Objectives of the study:

- To evaluate how well insurance firms handle the settlement of claims
- To research the rise in the claim settlement ratio of private enterprises.
- To assess how well-performing both public and private insurance firms.
- To research the process used by both public and private insurance organizations to file claims.

Review of literature:

Reenu Lulla and Monu Bhargava's (2015)

The total size of LIC is significantly larger than the total size of all private insurance businesses, according to "A Comparative Analysis between Public Sector and Private Sector Companies." In order to guarantee strong market performance, the public sector must give customers information about insurers' rates, offerings, and stability of finances. The private sector insurance companies should guarantee quick and effective after-sales service to their clients in order to keep their customers loyal and keep them from moving to other competitors. If they don't improve their systems and practices to the expected levels, only customers will choose them over the new players.

Rajesh K. Yadav (2015) A comparative study of LIC of India and ICICI Prudential Life Insurance Company was conducted by on the claim settlement process of life insurance policies in insurance services. The claim settlement procedure must meet the

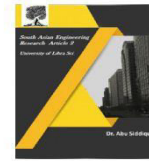
needs of the consumers in order to prevent any client from suffering because of the process's complexity while they are in need. While certain steps in the process should be avoided as they raise the cost of claim settlement, a quicker claim settlement procedure lowers the cost of processing any claim. Policyholders should receive accurate information on a frequent basis in order to speed up the process. Stress should be placed on that in order to make the claim settlement process more open and customer-focused. Being more recent than LIC of India, ICICI Prudential Life Insurance Company is extremely

Research methodology

The methodical collection of data and its subsequent sequential analysis are essential to the study's validity. The purpose of the study is to identify the variables impacting consumers' preferences and life insurance investment decisions when they are choosing which policies to purchase. The secondary data used in this study was gathered from the Policy Bazaar, the IRDA website, and firm annual reports.

Ratio of Claim Settlement

The ratio obtained by comparing the total number of claims resolved to the total number of claims made by policyholders is known as the claim settlement ratio. To lower their chance of being rejected, individuals choose insurance firms based in large part on the Claim Settlement Ratio.



In mathematical representation,

CSR is the sum of claims made by policyholders and claims resolved by the insurance firm.

An insurance company's claim settlement ratio is 96% if it received 100 claims, of which 96 were paid and 4 were rejected.

Making a Claim on Life Insurance

One of the most crucial things an insurance company may offer its clients is claim settlement. Insurance providers are required to quickly resolve claims. In addition to contacting the financial advisor you purchased your coverage from, you will need to fill out a claim form. Provide proof of death and policy bond, among other pertinent papers, to your insurer in order to bolster your claim. Within seven days after they receive the documentation, the majority of claims are resolved by sending out checks. You will, however, receive written notice if your insurer is unable to handle all or any portion of your claim.

Types of claims

1. Maturity Claim: In order to facilitate prompt settlement of claims on or before due dates, life insure must submit their maturity claim, discharge form, and original policy bond well in advance of the maturity date. The majority of businesses provide postdated checks, issue them, and/or pay with ECS credit on the maturity date. Please refer to grievance redressal in the event that the settlement is delayed.

2. Death Claim (including rider claim):

The following process ought to be adhered to in the event of a death claim or rider claim.

To file a claim, simply follow these easy steps:

1. Notification or Intimation of Claim:

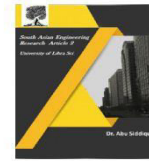
The insurance company needs the written notification from the claimant as soon as possible in order to start processing the claim. Basic details including the policy number, the insured's name, the date and location of death, the cause of death, and the claimant's name should all be included in the claim notification. The insurance company's closest local branch office or their advisor/agent can also provide the claimant with a claim intimation/notification form. As an alternative, some insurance providers allow you to download the form directly from their website.

2. Documents needed to handle claims:

In order to process the claim, the claimant must submit the following documentation: claimant's statement, original policy document, death certificate, police report of accidental death, post mortem exam report, certificate and records from the treating physician or hospital, and advance discharge form. Insurance companies may also ask for extra documentation depending on the amount at risk, the reason of death, and the length of the policy.

3. Submitting the necessary paperwork to process the claim:

It is imperative that the claimant provides the necessary documentation as soon as possible to facilitate faster claim processing. A life insurance company cannot make a decision until all conditions are met. Following receipt of all pertinent data, paperwork, and forms, the life insurance will be able to decide how to proceed with the claim.



Claim settlement

Regulation 14(2)(i) of the IRDAI Regulations, 2017 states that an insurer must resolve a claim within 30 days of receiving all necessary documentation, including any clarification the insurer may have requested. On the other hand, the insurance provider may decide to settle claims even sooner. The insurer must swiftly conclude its investigation if the claim calls for it, and within 90 days of receiving the claim notification, at the latest. The claim must then be resolved within 30 days.

Making a Claim for Life Insurance through ICICI

Any of the following contact points can be used to report a claim:

You can submit an online claim by visiting the claims part of the website,

- calling the 1800 2660
- Claim Care number 24 hours a day, or
- Sending an email to claimsupport@iciciprulife.com.
- Go to the closest ICICI Prudential Life Insurance branch.
- Text "ICLAIM Policy No." to 56767.

Mandatory documents required for claim registration:

- Duly filled and signed Claimant Statement Form
- Recent photograph of the claimant
- Death Certificate issued by local government authority of the person insured in the policy
- Signed copy of photo identity proof of the claimant

- Current Address proof of the claimant(Aadhar Card, Valid Passport or Driver's License, Voters ID are considered as proofs)
- Signed copy of PAN card / Form 60 of the claimant
- Copy of cancelled cheque / bank statement / passbook of the bank account of the claimant where payment needs to be.

We will resolve your claim as soon as you inform us about it and provide us with all the necessary paperwork. Furthermore, we settle your claim by electronic means of transfer in order to protect your settlement amount, minimize paperwork, and guarantee your convenience.

Claims Made Against Regular Life Insurance Plans

The following is the LIC claim reporting process:

Notification: To notify them of the claim, get in touch with the closest LIC branch or give their customer service helpline a call.

Get the necessary paperwork together, which consists of:

- Original policy document
- Death certificate from local municipal authority
- Claim form, available online or at LIC locations
- Identification and proof of address for the beneficiary or nominee.

Verification: LIC will examine the paperwork and grant approval for the claim if they order.

Payment: The nominee's account receives the death claim amount.



Depending on the nature of the claim, LIC claims might take a variety of times to resolve. Nonetheless, the IRDAI mandates that all insurers make an effort to resolve every claim within 30 days of obtaining the necessary paperwork.

By doing the following actions, you can check the progress of your LIC claim online:

- Use the LIC customer site to access your LIC account.
- Select "Track Claim" from the list of options in the policy status section.
- Enter all necessary data, including the kind of claim, policy number, and birthdate.

1. Death Claims: The person who is legally qualified to receive the policy proceeds must notify the servicing branch.

The death claim money is paid into the nominee's account.

LIC claims can take a variety of lengths of time to resolve, depending on their specifics. All insurers are nevertheless required by the IRDAI to attempt to settle each claim within 30 days of receiving the required documentation.

You can monitor the status of your LIC claim online by taking the following steps:

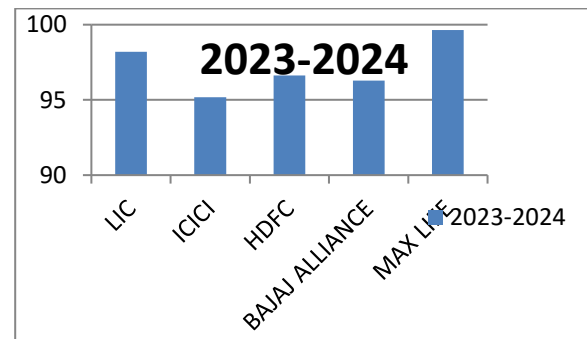
- To view your LIC account, go to the LIC client site.
- In the insurance status section, choose "Track Claim" from the list of alternatives.

- Enter the policy number, date of birth, and type of claim, among other information that is required.

Death Claims: The person legally entitled to receive the proceeds of the policy must inform the servicing

CSR of different companies

COMPANIES	2023-2024
LIC	98.19
ICICI	95.17
HDFC	96.62
BAJAJ ALLIANCE	96.29
MAX LIFE	99.65



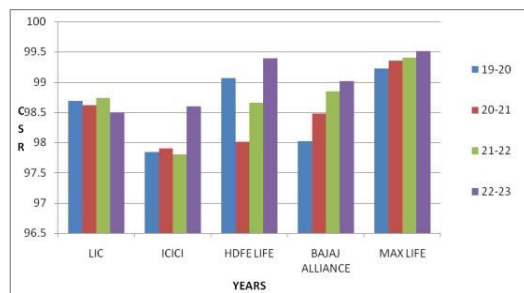
In the above graph we can clearly understand that the MAX Life has occupied the first place in settling the claims with the ratio of 99.65. The next place is of LIC with 98%. How far all companies are having the 95% so all these are reliable and best. But private company is leading first.

Claim Settlement Ratio of different companies for past 4yrs :

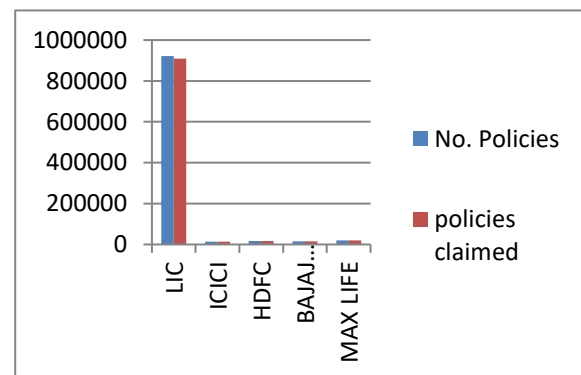
Comp anies	LIC	ICI CI	HD FC LIF E	BAJA J ALLI ANC E	MA X LIF E
2019- 20	98.69	97.8 4	99.0 7	98.02	99. 22
2020- 21	98.62	97.9	98.0 1	98.48	99. 35
2021- 22	98.74	97.8	98.6 6	98.85	99. 4
2022- 23	98.5	98.6	99.3 9	99.02	99. 51

policy, which is dependent on the time the claim event occurred, this form of trigger only covers claims resulting from incidents that happened within a designated time frame. As long as the injury or damage is sustained during the policy period, occurrence insurance do not stipulate when the accident must occur.

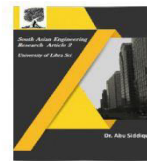
COMPANIES	No. Of Policies	policies claimed
LIC	922207	908576
ICICI	14333	13656
HDFC	17558	17451
BAJAJ ALLIANCE	15502	15353
MAX LIFE	19659	19563



From the above graph we can analyse that MAX life is in leading since 4 years with an aggregate of 99% and constantly growing in the same way BAJAJ ALLIANCE also growing from 98% to 99%, HDFC faced some downfall in 2020's but later increased and become a tough competitor to MAX. Even though LIC having a good CSR and but not as of pvt- companies doing. A claims-made policy becomes operative upon the filing of a claim during that period. The insurance provider is required to pay for the claims and defend the insured. Any claims filed within that time frame are protected under the policy. Unlike an occurrence



From the above graph we can easily understand that LIC is the leading company in selling the polices when compared to other pvt- companies. LIC have more reliability in the society as it is undertaken by central government. Claiming these many policies is really a remarkable to the LIC of India.



Conclusion: client requirements must be met by the claim settlement process in order to prevent any client from suffering at the hands of the intricate procedure when they are in need. A quicker claim settlement procedure lowers the processing costs associated with every claim, while avoiding numerous steps of the process may result in higher claim settlement costs. Regular provision of appropriate information to policyholders is necessary to accelerate the process. LIC is the only insurance company that sells more policies than both private and public sector organizations, despite the fact that public sector insurance companies have higher CSR. Having 98% CSR for 9 lakh policies is a noteworthy accomplishment.

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