Claims Challenges

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Image problem

DELAY DENY DEFEND

WHY INSURANCE COMPANIES DON'T PAY CLAIMS AND WHAT YOU CAN DO ABOUT IT

ADVANCE UNCORRECTED PROOFS—NOT FOR SALE

JAY M. FEINMAN
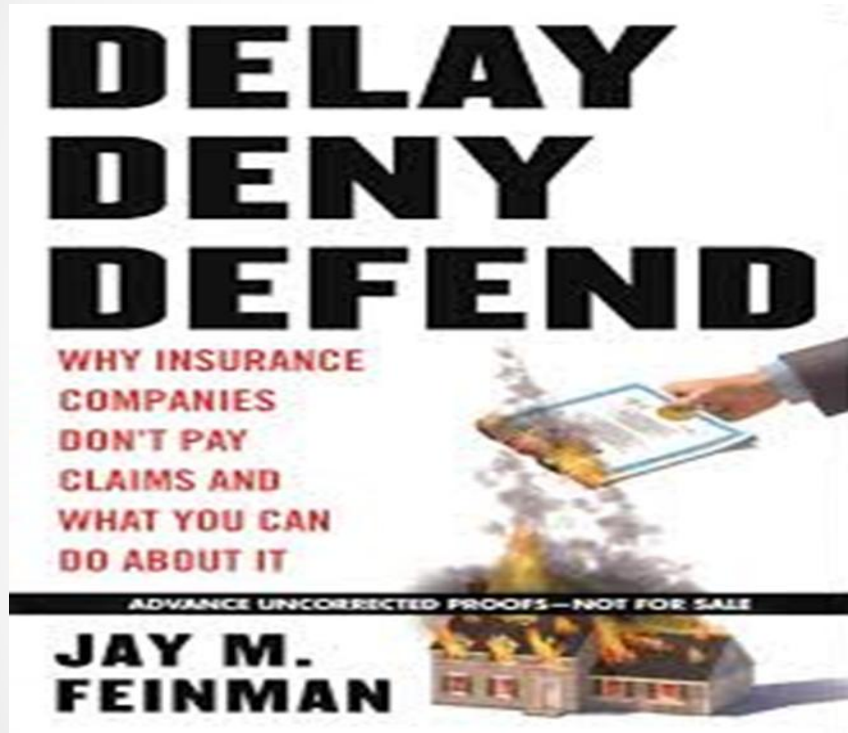
An insurer designed a new coverage "Senility Insurance". He expected low claims because "If you remember that you have a policy, it is proof that you are not senile."
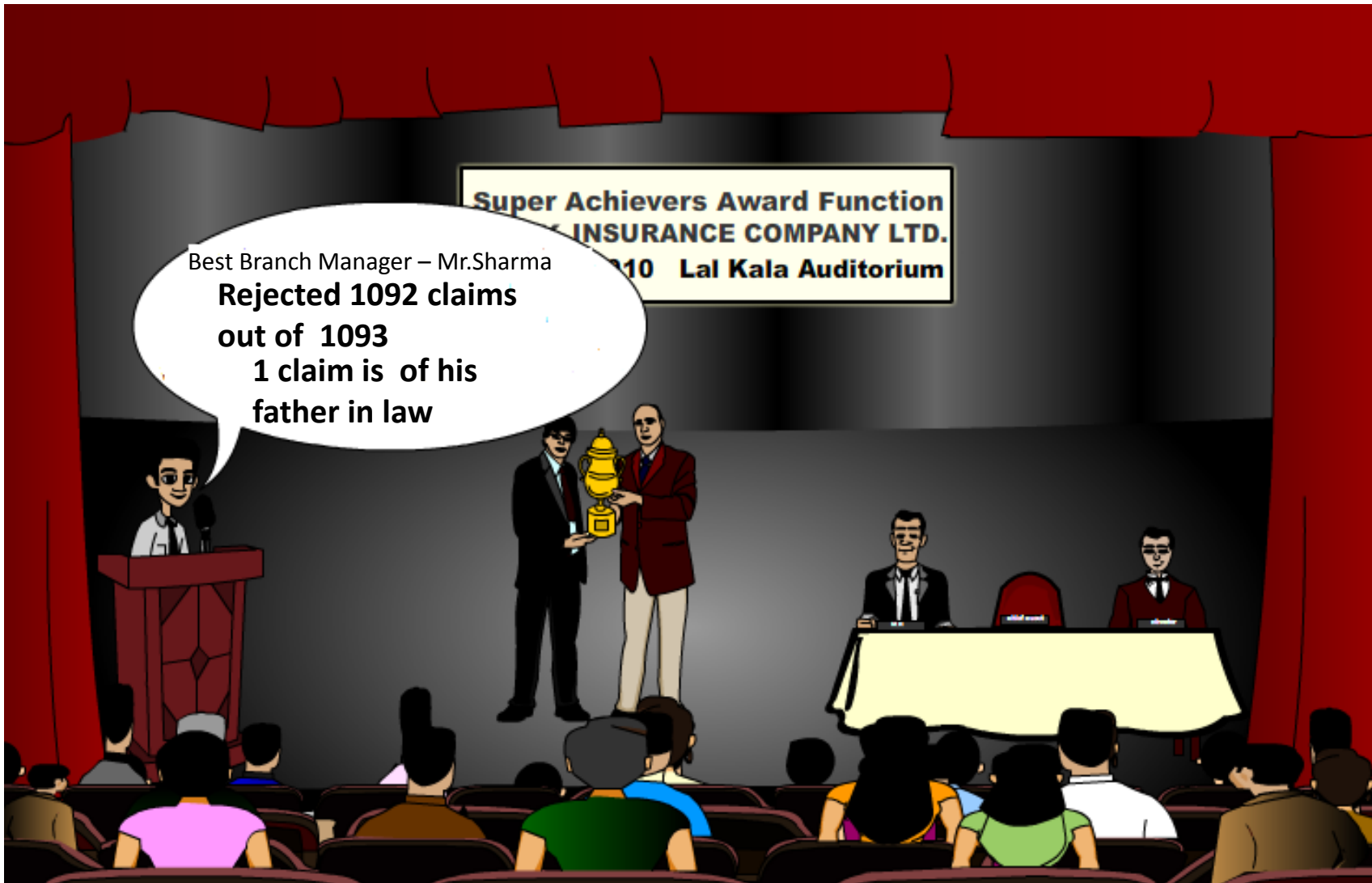
Claims data 2012-13	
Claims Opening	3328989
Claims reported	15451139
Claims settled	14716673
Claims repudiated	743758
Claims closed	404299
Claims closing	2915398
Settlement ratio	84.48
Settlement ratio excluding closed/repudiated	78.36
Repudiation Ratio	4.81

Data compiled from Public disclosures

Characteristics

In GOD, we trust

1 **Complexity**

2 **Severity**

3 **Time**

4 **Skills**

5 **Reinsurance**

Underwriting

- Customized cover
- Complex terms
- Possible ambiguity in wording
- Surprises at the time of claim
- Solution for the customer's problem

Claims

- Pay if you can – Repudiate if you must
- No Uniform process
- Benefit of doubt to the customer

Service Issues

- Clear cut document requirements
- Quick decision
- Timely updates

1 **Quantum Scares**

2 **Qualified surveyors rare**

3 **Multiple authority levels**

4 **Reinventing the wheel**

5 **CAG/CVC fears**

Size

- Bigger the claim/longer the time for
  - Repairs/Reinstatement
  - Availability of experts
  - Availability of spares
  - Availability of money

Assessment

- Availability of surveyors
- Availability of experts

Settlement

- Multiple levels

Client

- Know your policy
- Utilise expertise
- Have one version of truth
- Be prepared for the long haul
- Implement learning

Surveyor/Insurer

- Absence of quality surveyors
- Create MLAs
- Attitude matters
- Keeping to timelines is also a skill!!!
- Educate client – ALOP monitoring/periodic risk inspections
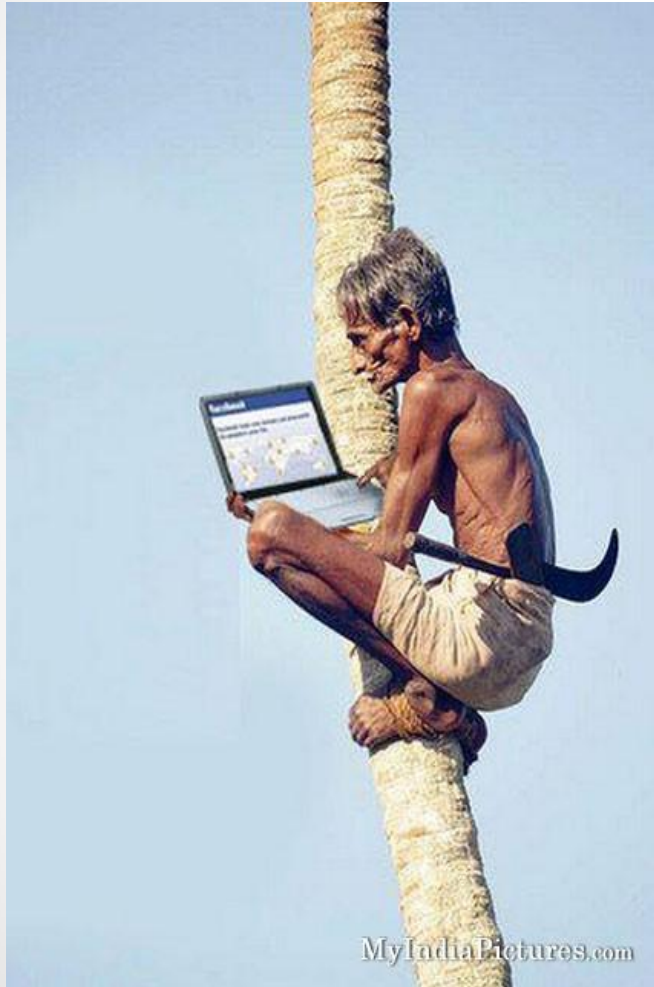
Complexity > Severity > Time > Skills > **Reinsurance**

Operates in the back end but can bring in international expertise/experience

Way forward

1	**Surveyors by insured**
2	**Admissibility/Average/ 64VB**
3	**Develop skills**
4	**Service Guarantee**
5	**Transparency**

Case studies - Claims

1   **Tsunami**

2   **Uttarakhand floods**

3   **World trade centre**