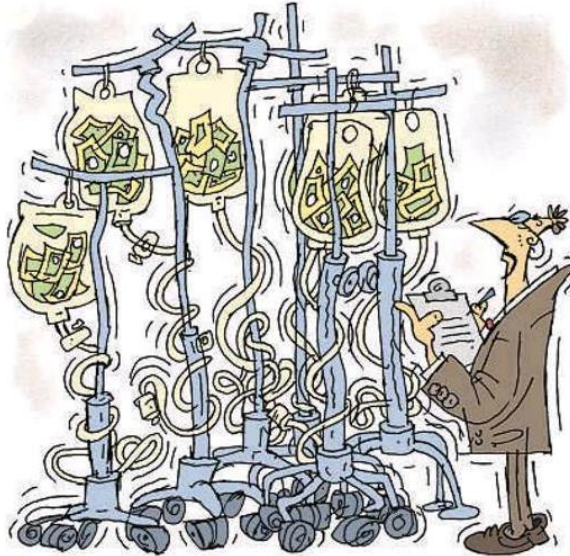


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MEDICLAIM RATING

Tackling the problem of plenty



Mint Mediclaim Ratings aims to make your job of evaluating a health insurance plan much simpler

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Choosing the right health insurance policy is as confusing as it is important. Important because medical expenses are constantly rising, so you need health insurance to be able to meet them. Confusing because you can't pick up a plan on price alone; there are several factors that you need to consider, such as the features of the policy, price, and the claims settlement record of the insurer. This is hard because you will not find this information in one place or in a user-friendly format. To make your job of evaluating a health insurance plan simpler, we have updated Mint Mediclaim Ratings (MMR) developed by SecureNow Insurance broker Pvt. Ltd. MMR rates health insurance policies on the basis of various parameters that are important for a customer when buying a health insurance policy. The data is taken from the insurer's website, product brochures and public disclosures. Here is the methodology of MMR.

Plans considered

The ratings have considered basic individual and family floater health plans that primarily cover hospitalization expenses, pre- and post-hospitalization expenses and listed day-care procedures. A family floater considers the entire family as one unit, so if one member makes a claim, the cover reduces by that much for all the members in the policy

year. When going for a family floater it's recommended you go for a high sum insured. Accordingly, we have rated plans for a sum insured of ₹10 lakh and ₹20 lakh for a family of four in two age categories: eldest member being 35 years and 45 years of age. For senior citizens who are 65 years of age, we have considered a family of two. For individuals aged 35 years, 45 years and 65 years we have taken a sum insured of ₹5 lakh. We have also introduced a new category for senior citizens, 70 years of age for a sum insured of ₹10 lakh, given the high demand for health insurance for them.

The rating drivers

The ratings are based on broadly three parameters: features, price and claims record. Each of these parameters have been nuanced further and assigned a weightage according to their importance and a final score is given. The highest weightage of 30% given to an individual parameter goes to premium rates. As a buyer, the price of a product is critical. Accordingly, premiums in the lowest bucket, top quartile in the ratings, have been given the maximum score. But price can't be the only filter.

In MMR, though price as an individual parameter gets the maximum weightage, others put together account for 70% of the weightage which suggests you look at premiums only after you have gone through other parameters.

Claims comprise 25% of the weightage. Claims is the litmus test of a health insurance policy and insurers with a high claims settling record should bode well for customers. How-

ever, the data on claims is very noisy in its current format. The data does not segregate claims coming from corporate policies, where claims settlement is usually high, and individual claims. So insurers with a sizeable group portfolio may boast of high claims settlement, not giving a true picture to the retail customers. It's important to have segregated data for better analysis but this is not available in the public domain.

The second issue is that claims not settled are further bifurcated into claims repudiated and claims closed. Claim repudiated is self-explanatory but closed claims need to be explained. Closed claims are those unpaid claims which are closed either for want of more documents from the insured or where the policyholder hasn't pursued the claim further. Given this, the percentage of closed claims should be negligible, but if it's sizeable there is reason to worry.

MMR does not look at the percentage of repudiated claims alone, but that of claims not settled and that is calculated as claims repudiated plus claims closed divided by claims settled plus claims repudiated plus claims closed. We haven't factored the outstanding claims as a decision is yet to be taken on them. Insurers with not-settled claims of under 5% get the highest score.

We have also added another layer in claims by factoring in the time taken to pay the claims. While 20% weightage is kept for claims settlement, 5% of the weightage is also kept for its duration.

FAMILY FLOATER PLAN | SUM INSURED: ₹10 LAKH, 2 ADULTS + 2 CHILDREN

35 years (Oldest person in the group)

Insurer	Product	Premium (₹ including service tax)	Overall score (0)	Rating
ICICI Lombard	iHealth	16,735	91	A
Reliance General	Health Gain***	17,543	75	A
Religare + Health	Care	17,339	74	A
Tata-AIG	Medi Prime	17,773	71	A
New India Insurance	Floater Mediclaim [†]	11,551	69	A
Universal Sampo	Complete Health Care	17,212	68	A
Apollo Munich	Optima Restore	19,184	68	A
Star Health	Family Health Optima	17,483	64	B
Oriental Insurance	Family Floater Gold ^{††}	20,765	61	B
Max Bupa	Family First Gold [†]	28,973	61	B
Max Bupa	Health Companion	18,316	60	B
Apollo Munich	Easy Health Premium	26,007	60	B
Future Generali	Health Suraksha Platinum	28,495	59	B
Iffco Tokio	Swasthya Kavach - Wider Plan	18,634	54	B
Max Bupa	Family First Silver [†]	20,436	54	B
Cigna TTK	Pro Health Plus	21,519	53	B
United India	Family Medicare 2014	19,461	51	B
HDFC Ergo	Health Suraksha Silver	21,770	51	B
Star Health	Star Comprehensive	23,506	49	B
Max Bupa	Heartbeat Gold	30,644	46	B
Bajaj Allianz General	Health Care Supreme	33,671	46	B
Cholamandalam MS	Enrich Healthline	35,458	41	C
Royal Sundaram	Total Health Plus Platinum	50,527	38	C
L&T Insurance	Medisure Prime	31,899	34	C
Cholamandalam MS	Family Healthline - Advanced Plan	36,281	26	C

[†]Assumes ₹1 lakh cover per person and floater sum insured of ₹10 lakh; ^{††}assumes 2 people in the 30-35 age band and 2 children; ^{***}For a sum insured of ₹9 lakh; ^{†††}For a sum insured of ₹8 lakh, Floater Mediclaim considered because Asha Kiran is restricted to families with a girl child; products with less than ₹8 lakh sum insured not considered.

45 years (Oldest person in the group)

Insurer	Product	Premium (₹ including service tax)	Overall score (0)	Rating
ICICI Lombard	iHealth	19,554	91	A
Reliance General	Health Gain***	19,656	75	A
Religare Health	Care	20,224	74	A
Tata-AIG	Medi Prime	20,256	71	A
New India Insurance	Floater Mediclaim [†]	15,978	69	A
Apollo Munich	Optima Restore	21,653	68	A
Universal Sampo	Complete Health Care	21,436	68	A
Star Health	Family Health Optima	19,719	64	B
Oriental Insurance	Family Floater Gold ^{††}	23,865	61	B
Max Bupa	Family First Gold [†]	37,578	61	B
Max Bupa	Health Companion	22,668	60	B
Apollo Munich	Easy Health Premium	29,335	60	B
Future Generali	Health Suraksha Platinum	33,566	59	B
Max Bupa	Family First Silver [†]	22,620	54	B
Iffco Tokio	Swasthya Kavach - Wider Plan	23,656	54	B
Cigna TTK	Pro Health Plus	29,286	53	B
United India	Family Medicare 2014	22,416	51	B
HDFC Ergo	Health Suraksha Silver	24,184	51	B
Star Health	Star Comprehensive	26,427	49	B
Max Bupa	Heartbeat Gold	41,933	46	B
Bajaj Allianz General	Health Care Supreme	42,239	46	B
Cholamandalam MS	Enrich Healthline	46,973	41	C
Royal Sundaram	Total Health Plus Platinum	53,720	38	C
L&T Insurance	Medisure Prime	42,664	34	C
Cholamandalam MS	Family Healthline - Advanced Plan	46,479	26	C

[†]Assumes ₹1 lakh cover per person and floater sum insured of ₹10 lakh; ^{††}assumes 2 people in the 40-45 age band and 2 children; ^{***}For a sum insured of ₹9 lakh; ^{†††}For a sum insured of ₹8 lakh, Floater Mediclaim considered because Asha Kiran is restricted to families with a girl child; products with less than ₹8 lakh sum insured not considered.

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INSURANCE STREET

KAPIL MEHTA

We welcome your comments at mintmoney@livemint.com



The difficulty in rating health insurance products

Two years ago when *Mint* discussed rating individual health insurance products, I readily agreed. The idea was compelling. And how difficult could it be to put this together? Well, we underestimated the task. There are 29 insurers, offering about 50 health insurance products, over 300 product combinations and at least 10,000 information points to be considered. But if ever there was a task worth doing well, it's this. Properly done ratings frame choices in a way that significantly improve your decisions. The Mint Mediclaim Ratings (MMR) is a guide to buying a good health insurance.

The MMR factors in three things that health insurance buyers must consider—price, product features and the insurer's claims payment record. Of these, collecting claims information is the most difficult and interpreting that properly is harder. Consider the two most commonsensical claims-related questions a buyer of health insurance would ask.

What proportion of claims has been paid for the product I want to buy? Why were the claims rejected? Today, however, these questions cannot be adequately answered with publicly available information. Published claims data combines individual and group insurances; cashless and reimbursement claims; government and non-government schemes. Product-wise claims are not segregated. Averages hide the true picture. For example, claim rejection is higher for individuals than for group insurances. So an insurer with high proportion of group will appear to have low claim rejection rates whereas their rejection on individual insurances, that you buy, may be high.

The published data is inconsistent. Most insurers publish quarterly information; and a few annual; in some cases the numbers don't add up; an insurer states that no claims were repaid last year which is not realistic; recent public disclosures are not available in one case; on some websites, pages do not load. We have sifted through this information, a summary of which is provided in the table.

In a similar vein, reasons for claim rejection are not published. A significant component of published data is "claims closed". In some cases this is as high as 20% of claims decisions taken and refers to claims where complete information is not provided for an extended period of time. This is worrying. Why would so many people make a claim and then not follow through? There will be frauds but there are also many situations where claimants get worn out.

The solution to these issues is to publish a product-wise breakdown of claims settlement and reasons for rejection. It is a straightforward approach but likely to leave many insurers uncomfortable with the outcome.

HEALTH CLAIMS NOT SETTLED

Percentage of claims decisions taken by insurers.

Less than 5%
ICICI Lombard, Iffco Tokio, New India Assurance, Oriental Insurance, United India

5 to 15%
Apollo Munich, Bajaj Allianz General, Cholamandalam MS, Future Generali, HDFC Ergo, Reliance General, Religare Health, Royal Sundaram General, Tata-AIG

Over 15%
Bharti Axa General, L&T General, Max Bupa Health, National Insurance, SBI General, Star Health, Universal Sompo

Note: Based on public disclosures for the period FY2013-14; claims not settled=claims repaid/total-claims closed; claims settled=claims repaid/total-claims closed; only insurers with over a year of claims history are covered; insurers arranged alphabetically within categories

There are two other aspects that we would like to factor in when reliable information is available. First, how effectively do complaints get addressed? And second, how comfortable is an insurer in issuing insurance to people with poor health?

According to published information for the financial year 2013, 98.64% of life insurance complaints and 98.47% of general insurance complaints were resolved. That's unrealistically high. What does resolution mean? Was the complaint upheld? Partially upheld? Denied? The Financial Conduct Authority, UK publishes such information about complaints. It transparently says that only 53% of consumer complaints were investigated and 42% of these were upheld. We need similar transparency in our grievance data.

The insurer's ability to issue insurance to most applicants is important. It is not useful to have the best-rated insurance if only Marvel Comics' superheroes can clear the medical tests. For buyers, it is frustrating to go through an underwriting process and then not get insurance. We'll factor "issuability" into the ratings when we are able to get this information.

Public ratings such as MMR nudge the industry forward. Over the past two years, there have been several new launches with customer-friendly features. Previously "C" rated products have started to move up the rankings and it's getting harder for "A" rated products to retain their position. That's excellent because as the health insurance industry presses forward, buyers benefit.

Kapil Mehta is managing director, SecureNow Insurance Broker Pvt. Ltd.

SCORING SYSTEM

Following are the individual parameters on the basis of which insurance plans have been rated for all age groups. According to their importance, each parameter has been assigned a weightage and final points are calculated. The final ranking in percentage terms are based on sum of these points.

Rating scale	All ages		Rating scale	All ages	
	Weighted scale	Points		Weighted scale	Points
PRICING			Disease waiting period		
Premium	30.00%		No	5.00%	1.00
Top quartile	1.00	0.30	Yes	1.00	0.05
2nd quartile	0.75	0.225	Disease-wise capping	5.00%	1.00
3rd quartile	0.50	0.15	No	1.00	0.05
4th quartile	0.00	0.00	Yes	0.00	0.00
BENEFIT			Sub-limits on room	7.50%	1.00
Co-pay	5.00%		No	1.00	0.075
No	1.00	0.05	Yes	0.00	0.00
Yes	0.00	0.00	CLAIMS		
No-claim bonus*	7.50%		Claims not settled	20.00%	1.00
If no-claim bonus >= 10%	1.00	0.075	Less than 5%	1.00	0.20
If no-claim bonus < 10%	0.00	0.00	5 to 15%	0.50	0.10
Pre-existing exclusion	15.00%		Over 15%	0.00	0.00
1 year or less	1.00	0.15	Claims pending for over 6 months	5.00%	1.00
2 years	0.75	0.1125	Less than 5%	1.00	0.05
3 years	0.50	0.075	5 to 15%	0.50	0.025
4 years	0.25	0.0375	Over 15%	0.00	0.00
4 or more years	0.00	0.00	Total	100.0%	

*10% taken as benchmark to reflect inflation

FAMILY FLOATER PLAN | SUM INSURED: ₹10 LAKH, 2 ADULTS

65 years (Oldest person in the group)

Insurer	Product	Premium (₹ including service tax)	Overall score (%)	Rating
ICICI Lombard	iHealth	56,235	84	A
Reliance General	Health Gain [†]	51,832	70	A
Religare Health	Care	35,986	69	A
Apollo Munich	Optima Restore	54,056	68	A
HDFC Ergo	Health Suraksha Silver	50,382	66	A
Tata-AIG	Medi Prime	57,142	64	B
Universal Sompo	Complete Health Care	53,381	60	B
Max Bupa	Health Companion	55,040	60	B
Apollo Munich	Easy Health Premium	73,284	60	B
Star Health	Family Health Optima	38,124	54	B
United India	Family Medicare 2014	47,495	54	B
Oriental Insurance	Family Floater Gold [†]	73,011	54	B
Max Bupa	Family First Silver ^{††}	49,323	51	B
New India Assurance	Floater Mediclaim [†]	57,944	51	B
Max Bupa	Family First Gold [†]	76,924	51	B
Cigna TTK	Pro Health Plus	60,907	48	B
Bajaj Allianz General	Health Care Supreme	83,580	46	B
Star Health	Star Comprehensive	64,349	44	C
Cholamandalam MS	Erich Healthline	84,031	41	C
Royal Sundaram	Total Health Plus Platinum	88,426	38	C
Max Bupa	Heartbeat Gold	90,048	36	C
L&T Insurance	Medisure Prime	1,25,694	34	C
Cholamandalam MS	Family Healthline - Advanced Plan	1,31,297	26	C

*Assumes ₹1 lakh cover per person and floater sum insured of ₹10 lakh; **assumes both individuals in the 61-65 age band; ††For a sum insured of ₹9 lakh; ‡For a sum insured of ₹8 lakh; products with less than ₹8 lakh sum insured not considered

FAMILY FLOATER PLAN | SUM INSURED: ₹20 LAKH, 2 ADULTS + 2 CHILDREN

35 years (Oldest person in the group)

Insurer	Product	Premium (₹ including service tax)	Overall score (%)	Rating
Reliance General	Health Gain [†]	27,345	75	A
Religare Health	Care	23,935	74	A
Max Bupa	Family First Gold [†]	30,886	69	A
Max Bupa	Health Companion	23,304	68	A
Apollo Munich	Optima Restore	27,721	68	A
Max Bupa	Family First Silver ^{††}	22,521	61	B
Max Bupa	Heartbeat Gold	35,982	61	B
ICICI Lombard	Health Smart plus	53,955	61	B
Apollo Munich	Easy Health Premium	31,979	60	B
HDFC Ergo	Health Suraksha Silver	28,519	59	B
Star Health	Star Comprehensive	32,090	49	B
Bajaj Allianz General	Health Care Supreme	57,191	46	B
Cigna TTK	Pro Health Preferred ^{†††}	57,418	41	C
Iffco Tokio	Swaasthya Kavach - Wider Plan	37,268	31	C

*Assumes ₹1 lakh cover per person and floater sum insured of ₹20 lakh; **assumes ₹3 lakh cover per person and floater sum insured of ₹15 lakh; ††Assumes ₹15 lakh sum insured; †††For a sum insured of ₹10 lakh

45 years (Oldest person in the group)

Insurer	Product	Premium (₹ including service tax)	Overall score (%)	Rating
Reliance General	Health Gain	31,016	75	A
Religare Health	Care	27,793	74	A
Max Bupa	Health Companion	28,973	68	A
Apollo Munich	Optima Restore	31,290	68	A
Max Bupa	Family First Silver	27,345	61	B
Max Bupa	Family First Gold	40,056	61	B
ICICI Lombard	Health Smart plus	53,608	61	B
Apollo Munich	Easy Health Premium	36,096	60	B
HDFC Ergo	Health Suraksha Silver	31,682	59	B
Star Health	Star Comprehensive	35,416	56	B
Iffco Tokio	Swaasthya Kavach - Wider Plan	47,312	46	B
Max Bupa	Heartbeat Gold	49,379	46	B
Bajaj Allianz General	Health Care Supreme	67,819	46	B
Cigna TTK	Pro Health Preferred	68,572	41	C

65 years (Oldest person in the group) 2 ADULTS

Insurer	Product	Premium (₹ including service tax)	Overall score (%)	Rating
ICICI Lombard	Health Smart plus	1,00,978	76	A
Reliance General	Health Gain [†]	66,274	70	A
Religare Health	Care	46,647	69	A
Apollo Munich	Optima Restore	78,115	68	A
HDFC Ergo	Health Suraksha Silver	66,000	66	A
Max Bupa	Health Companion	69,245	60	B
Apollo Munich	Easy Health Premium	90,112	60	B
Max Bupa	Family First Silver ^{††}	54,020	51	B
Star Health	Star Comprehensive	72,776	51	B
Max Bupa	Family First Gold [†]	81,669	51	B
Bajaj Allianz General	Health Care Supreme	1,15,068	46	B
Cigna TTK	Pro Health Preferred ^{†††}	1,05,108	36	C
Max Bupa	Heartbeat Gold	1,06,287	36	C

*Assumes ₹1 lakh cover per person and floater sum insured of ₹20 lakh; **assumes ₹3 lakh cover per person and floater sum insured of ₹15 lakh; ††Assumes ₹15 lakh sum insured which is closest to ₹20 lakh; †††For a sum insured of ₹10 lakh