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A study of class wise net incurred claim for health insurance of general insurance companies of India

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Abstract

Health insurance is a form of group insurance, where individuals pay premiums or taxes in order to help protect themselves from high or unexpected healthcare expenses. Health insurance works by estimating the overall "risk" of healthcare expenses and developing a routine finance structure that will ensure that money is available to pay for the healthcare benefits specified in the insurance agreement. Present study is based on incurred claim of health insurance

by general insurance companies on the base of class of business. Researcher intends to study the claim management of the health insurance by general insurance company and that is done with the help of incurred claim on the base of average accounting ratio in percentage during research period and variances studied with the help of F-Test one way ANOVA.

Keywords: Health Insurance, General Insurance Company, Incurred Claim Ratio

1. Introduction

The term 'Health Insurance' relates to a type of insurance that essentially covers your medical expenses. A health insurance policy like other policies is a contract between an insurer and an individual / group in which the insurer agrees to provide specified health insurance cover at a particular "premium" subject to terms and conditions specified in the policy.

1.1 Objective of the study

Present article is based on the Study of class wise net incurred claim for health insurance of General Insurance Companies of India.

1.2 Research design

- Selection of Sample:** Researcher has selected Health Insurance of General Insurance Companies from the entire segment for class of Business for the present study.
- Period of Study:** The study period were be converted 5 years; from 2016-17 to 2020-21.
- Data Collection:** The present study is mainly based on secondary data and the required data will be collected from the IRDA website, Annual Published Report of selected units, various Magazines, Periodicals related to insurance industries, related websites and subject matter will also use.
- Tools & Techniques:** For the present study, Ratio-Analysis in percentage as an accounting tools and F-Test ONE WAY ANOVA has used as tools of Statistics.

2. Incurred Claim Ratio

Incurred Claim Ratio or ICR is the proportion of claims paid out against the total amount of premiums received during a particular financial period. For instance, if a health insurance company has approved a total of Rs. 80 Crores of claims against Rs. 100 Crore of premium received; the Incurred Claim Ratio would be 80%. A low Incurred Claim Ratio indicates that the health insurance company's claim settlement process is highly rigorous.

Table 1: Class of business wise Net Incurred Claim Ratio in percentage of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

Category	Year					Average
	16-17	17-18	18-19	19-20	20-21	
Government Business	122	115	113	97.22	120.09	113.46
Group Business	125	107	102	98.84	97.88	106.14
Individual Business	76	71	72	72.86	84.69	75.31
Average	107.67	97.67	95.67	89.64	100.89	98.31

Source: IRDA Report 2016-17 to 2020-21

2.1 Graphical analysis

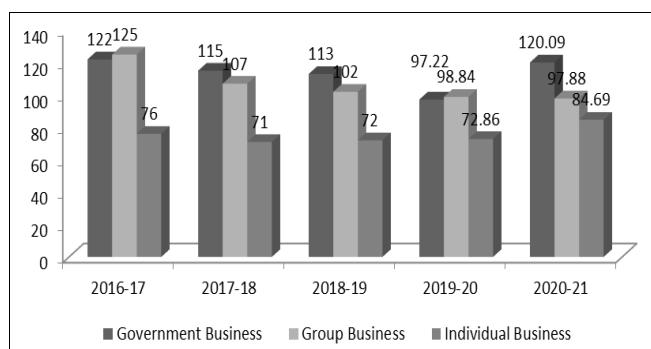


Chart 1: Class of business wise Net Incurred Claim Ratio in percentage of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

It is evident from the above table and chart that Average Net incurred claim ratio for Government sector is more than 100 percent except for the year 2019-20 while Group business also shows an average more than 100 percent during research period except for the year 2019-20 and 2020-21. Individual business is having an average less than 100 percent during research period. Government business classes and Group business classes are not having proper premium claim management in compare to Individual business class insurer during research period.

2.2 Statistical analysis

Table 2: “F”-Test One Way ANOVA for Class of business wise Net Incurred Claim Ratio in percentage of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

H₀: There is No Significant Different for Class of business wise Net Incurred Claim Ratio of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21					
H₁: There is Significant Different for Class of business wise Net Incurred Claim Ratio of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21					
Source of Variation	Sum of Square	Degree of Freedom	Mean Sum of Square	F _c	F _t
B.S.S.	4099.77	02	2049.8864	24.54207	3.885294
W.S.S.	1002.30	12	83.525066		
T.S.S.	5102.07	14			

From the “F” test one way ANOVA Table as calculated above it shows Calculated value of F_c = 24.54 while tabular value of F_t = 3.885294 which show that calculated value F_c is greater than tabular value F_t, F_c > F_t Hence Null Hypothesis is rejected and Alternative Hypothesis is accepted.

3. Conclusion

Researcher has focused net incurred claim ratio for health insurance of General Insurance Companies of India that shows the claim management on the base of managing body on the base of statutory mechanism. It is found from the study that There is Significant Different for Class of business wise Net Incurred Claim Ratio of Health Insurance by General Insurance Companies during research period.

4. References

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