



A Case Study of Mediclaim Policy of ‘The New India Assurance Company’

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Abstract:

Health insurance is a growing sector in India. One of the most common and hectic problem is that the health need of Indian people increased from the year 2000, and on the other hand, health cost is also growing very fast. In this type of situation, people try to find out the way to maintain the health cost of family as per economic condition. In this situation mediclaim policy may help people. The study was conducted for the New India Assurance Company providing mediclaim policy in India, to identify the features of mediclaim policy of the New India Assurance Company through secondary data and tools with the use of convenience sampling method.

Keywords: *mediclaim policy, the new India assurance company*

1. Introduction

Health Insurance has become one of the fastest growing segment in the non-life insurance industry. The New India Assurance Company growing fast among non-life insurance industry with premium to the tune of Rs. 1119688 lakh underwritten in 2013-14, reporting a growth of 8.98 percent over the premium of Rs. 1027417 lakh underwritten in 2012-13. The New India Assurance Company is a public sector general Insurance company of India. It is the largest general insurance company of India on the basis of gross premium collection inclusive of foreign operations. It was founded by Sir Dorabji Tata in 1919, and was nationalised in 1973. The New India Assurance Company has a series of cost efficient mediclaim insurance plans for individuals as well as for families. Mediclaim Insurance is one type of hospitalisation benefit policy offered by company. The mediclaim policy takes care of medical expenses of hospitalisation of the insured for the situations of sudden illness, accident, surgery for any disease during the policy period. Though the main purpose of the policy is to provide reimbursement in respect of treatment taken in the hospital, the policy also provides reimbursement in respect of domiciliary hospitalisation. Mediclaim policy were Introduce in 1986 in India. These policies do not cover outpatient treatments. In order to promote these policies, the government has exempted the premium paid by individuals from their taxable income. The New India Assurance Company considers the economical situation while designing a policy for different class of India.

2. Review of Litratue

ELLIS, ALAM & GUPTA (2000) In their study explain that public delivery of health care is poor in quality, presumably for reasons of inadequate financing. The paper also attempts to review a variety of health insurance systems in India, their limitations and the role of the General Insurance Corporation as an important insurer agency. Further it attempts to develop a prospectus of strategy for greater regulation and increased health insurance coverage by making suitable changes – particularly in claim settlements and the exclusion clause. This paper highlighted the need for a competitive environment which is at present completely missing.

Rao and Choudhury (2012) in their paper analyzes of public spending on health care in India. According to them, governments have to play a significant role in developing countries with large concentration of the poor. Further he presented the salient features of the health care system in India and the health status of the population, and also he examined the impact of low levels of public

expenditures on the state of health infrastructure in India and discussed recent reforms for increasing allocation to health.

KUMAR & GUPTA (2012) in their paper discussed about increasing the private health sector in India. Because of the role of private health sector, healthcare facilities are getting costly, and not affordable for the poor. On the other hand (government side), there is a lack of monitoring of the funds and resources, which are devoted towards the improvement of healthcare sector. Further they have suggested a model healthcare plan which revolves around preparing a long term strategy for qualitative as well as quantitative improvements in our healthcare infrastructure.

Kumar (2013) in his paper categorized the Indian health insurance market into urban and rural markets. According to him both the markets are very different from each other. For the majority of people living in rural India, "Health Insurance" is an unheard word. So insurance companies need to design a new product to penetrate in rural market. There are threats for health insurance at rural market, like ground literacy level, insurance awareness, low earnings of countryside people and their psychology. Laliytha (2013) in his paper deals with the various types of health insurance and also the method of selecting a scheme which will be appropriate for every individual. Further he defined a health as a contract between the insurer and the insured. As the time needs, it has become necessary to have a health insurance because of increasing medical problems and the treatment cost being even more. Santha (2014) in his article discussed about the health cost. The increased healthcare cost stands as a huge impediment and it hinders the path of the elderly in taking good care of personal health. This is where a Health Insurance Policy comes into assistance by extending reimbursement of hospitalization costs incurred due to an unfortunate health problem, subject to terms and conditions. There are Insurance Companies who provide such Health Policies for Senior Citizens.

3. Statement of the Problem

To select a good mediclaim policy is one of the most important decisions for any person because it is related with person's financial situation and health need of the family. Privatization of sector opens the entry for foreign investors with significant capital in the Indian health insurance market. In India there are four public companies and four standalone health insurance companies which are provided health product in the market, so comparison of health product issued by them is very crucial for people before buying any health product. Every company provides health product for different segment of the society to keep the health requirement of that segment in mind, so it is necessary to compare it by getting quotes and other financial way from as many health insurance companies as possible and then after comes on decision according to personal situation. There are four major players in public health sector include The New India health insurance company Ltd., National Health insurance company Ltd, Oriental health insurance company and United India health insurance company. And four standalone health insurance company include Star health & allied insurance company, Apollo Munich health insurance company, Religare health insurance company, Max bupa health insurance company. From mentioned market players The New India assurance company is selected for study because it is covering larger market of Indian health insurance sector. So study of this health provider in Indian health market give clear picture of whole health insurance sector.

4. Objectives of the Study

The objectives of the study is to compare a mediclaim policy of The New India Assurance Company using different key factors and to find out a proper mediclaim policy for individuals and family in the society. The following objectives are framed.

1. Comparative analysis of the different mediclaim policy of The New India Assurance Company of India.
2. To identify the proper mediclaim policy for individuals in the society.

3. To analyse the financial performance of The New India Assurance company of India for the period of FY 2006-07 to 2014-15.

5. Research Methodology

The study is exploratory in nature. The secondary data is collected from different resources like annual reports of company, website of the company, reports of financial institutions, books and other source. Collecting data is tabulated and analysed by using different accounting statistical methods. Convenience sampling method is used for collecting the secondary data. There are 24 health insurance companies in India as on 31st December 2015. From all these health care companies researcher has selected 1 company for the study. The researcher is taken information of mediclaim policy which are presented up to the year 2015 by company.

6. Tools Used for the Study

Collected data is tabulated and analysed by comparing the key factors of mediclaim policies.

7. Analysis and findings

The New India Assurance company has fashioned a range of health assurance policies to ensure economical access to healthcare for individuals and their families. The comparison of health policies of the new India assurance company by using different key factors can be seen from the table 4.1 given below :

Table .1: Health Policies of the New India Assurance Company Ltd.

Plan name	Min./Max. Sum Insured(INR)	Sublimit	Pre. & post hospitalisation covers(In days)	Entry age	Renewability	Co-payment	Pre-existing disease	No claim bonus	Features available
New India asha kiran policy	₹ 2 lac/8 lac	Room rent: 1 % of sum insured per day ICU charge: 2 % of SI per day or Actual whichever is less	30 days & 60 days	3 months to 65 years	Lifetime	20 % co-payment if the treatment is taken in another zone	48 months	Increased 5 % for every claim free year, subject to maximum 30 %	Day care treatment; Emergency ambulance; Hospital cash; Health check up; Accidental death; Ayush benefit; Critical care benefit; Congenital disease; Permanent/partial disablement
Mediclaim 2012h ealth policy	₹ 1 lac/8 lac	Room rent: 1 % of sum insured per day ICU charge: 2 % of SI per day or Actual whichever is less	30 days & 60 days	3 months to 60 years	Lifetime	co-payment of 10% of admissible claim would be required in case claim arises out of a pre-existing disease	48 months	Increased 5 % for every claim free year, subject to maximum 30 %	Day care treatment
Janta mediclaim policy	₹ 50000/75000	Room rent: 1 % of sum insured per day; ICU charge: 2 % of SI per day or Actual whichever is less	30 days & 60 days	3 months to 60 years	Lifetime	co-payment of 10% of admissible claim would be required in case claim arises out of a pre-existing disease	48 months	Increased 5 % for every claim free year, subject to maximum 30 %	Day care treatment; Emergency ambulance; Hospital cash; Health check up; Ayush benefit; Organ donor;
New Tindia floater mediclaim policy	₹ 2 lac/8lac	Room rent: 1 % of sum insured per day; ICU charge: 2 % of SI per day or Actual whichever is less	30 days & 30 days	3 months to 65 years	Lifetime	co-payment of 10% of admissible claim would be required in case claim arises out of a pre-existing disease	48 months	Increased 5 % for every claim free year, subject to maximum 30 %	Day care treatment; Emergency ambulance; Organ donor; Hospital cash; Critical care benefit; New born baby; Ayush benefit;

Table 1 indicates four health product of the company: (1) New India asha kiran policy (2) Mediclaim 2012 health policy (3) Janta mediclaim policy (4) New India floater mediclaim policy. It can be seen from the table 4.1 that company offers minimum coverage of ₹ 50000/- and maximum ₹ 8 lac. Payment of Room Rent, boarding and nursing expenses incurred at the Hospital shall not exceed 1% of

the Sum Insured per day in any health product. ICU charge is also limited up to 2 % of sum insured in any health product. Medical expenses covered for 30 days before any hospitalization and 60 days for post hospitalization for related medical expenses. Delimit for entry age is 3 months to 65 years, after that only renewable are allowed life time. An additional co-payment of 10% of admissible claim would be required in case claim arises out of a pre-existing disease in any health product. Any pre-existing condition will be covered after a waiting period of 48 months. No claim bonus is increased 5 % for every claim free year, subject to maximum 30 %. Features available is different as per health product.

8. Performance Analysis

Financial ratios are important tool for the business to measure the progress towards reaching goal as well as competing with other companies within the industry. Tracking various ratios over the time is powerful way to identify trends. It illustrates relationship between different aspects of a company's operations in relation to market condition and performance.

Incurred claim ratio is a profitability ratio which measures claim incurred by the health insurance company to actual premium collected for that period. Further it may also say as a net claim settlement cost incurred to the net premium collected for a given accounting period.

Formula for calculating is as below:

Incurred claim ratio = net claims incurred / net earned premium

Usually higher the incurred claim ratio then it is good for the insured. This is how the health insurance company's performance is gauged. However, when it comes to health insurance company point of view, then if higher the incurred claim ratio means the company is in loss. That is the reason usually health insurance companies load premium when they incur a higher loss in particular age group segment (even though one does not have any claims in previous years)

Table: incurred claim ratio

INSURER	2007	2008	2009	2010	2011	2012	2013	2014	2015
The New India Assurance Company	2.13	0.90	1.07	1.13	1.03	0.97	1.04	0.97	0.99

The table depicts that the ratio is fluctuating over the period of time. Most of the period of time the New India Assurance Company of public sector has incurred ratio above 1 which presents a poor situation of the company of public sector during above time period.

9. Findings

1. It was observed that the health plans of The New India Insurance Company were structured according to the need of the society. It can be seen that company has a plan for all class of the society. It can be also seen that "Janta Mediclaim Policy" has a minimum sum insured of Rs. 50000 which is mainly designed for a lower class family of the society.
2. Most of the health plans of the company apply sublimit for room rent and ICU charges and it was found that sublimit remain same in all of the health plans provided by the company. Room rent and ICU charges are depended on sum insured. Generally room rent is applied 1 to 2 % of sum insured per day, it means that the amount of sum insured is high than the limit of room rent is also high.
3. It is found that in most of the health plans of the company, charges incurred by an individual 30 days prior to his or her admission to any hospital fall within the ambit of pre-hospitalisation expenses, and 60 days from the discharge date comes under the ambit of post-hospitalisation expenses
4. It was found that most of the health plans of the company allow people to enrol for health policies up to the age of 60 to 65 years after that only renewals is allowed.

5. It was found that generally company apply a co-payment clause in the conditions of pre-existing medical conditions, treatment taken in non-network hospitals and treatment taken in another zone while hospitalisation.
6. It was observed that Company requires insurants to wait for four years for any pre-existing illness to be covered.
7. It was found that company provides a cumulative bonus, i.e. increase in the sum insured annually up to limits prescribed. It is 5 % to maximum 30 % of sum insured for every claim free year.
8. The need of the health policy of individuals were based on economical condition and its own health need. The upper class of the society who can afford a big amount of premium and according to health status of its family member which are mostly above 50 years, it needs high insured health plans which covers high amount of room rent and ICU charges. Same as the lower and middle class of the society who cannot afford a big amount of premium, they should go with the proper insured plans which fulfil their health needs.
9. It is found out that in case of The New India Assurance Company, the incurred claim ratio is higher than 1 in 2007, 2009, 2010, 2011, 2013 and it is a safe side for insurants because the amount of the claim incurred is more than the amount of premium that they obtained. But in remaining year, the incurred claim ration is less than 1. It means that the amount of the amount of premium that company received is higher than the amount of claim incurred.

10. Conclusions

There is a vast market for the health insurance companies in India, but a cut throat competition is present in Indian Health Insurance Market between the companies. The New India Assurance Company has a limited amount of sum insured of Rs 8 lakh. Besides sum insured, it can be seen that there is a similarity in most of the parameters which are compared. It can be also seen in Incurred claim ratio, as it is higher than 1 in most of the years, it means that there is a loss for the company.

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