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Insurance Claims – A Clean-up needed

By Kapil Mehta

Make accurate and well-presented claims to ensure that insurers have no grounds for claim repudiation.

I have discovered a pitfall of being in insurance. Whenever I am at a get-together, people group around me to recount the different ways in which they have been cheated. This is disconcerting. While I can and do give a spirited defense in many cases, I am often at a loss of words on the issue of claims denied unfairly and claimants treated shabbily.

IRDA's statistics indicate that claim repudiation for many insurers is increasing and some insurers repudiate 10 per cent or more of their claims. Consider some of these cases that we have had to face over the past few months.

Recently a friend underwent a surgery at one of Delhi's leading hospitals. The surgery required him to be hospitalized. The hospital administration made the mistake of generating the discharge invoice about 30 minutes before 24 hours were completed. In reality the patient stayed at the hospital for well over 24 hours because several discharge procedures, which had already been billed for, were carried out. Anybody who has been in a large hospital knows that billing systems are notoriously inefficient. Since medical insurance typically requires 24 hour hospitalization, the hospital administrator issued a certificate stating that the patient had been hospitalized for over 24 hours. Unfortunately, the insurance company refused to accept the statement and declined the claim based on the 30 minute shortfall in the invoice. When my friend reached out, I escalated the grievance to the IRDA and subsequently to the ombudsman. The claim quickly got paid.

In another case, with one of our clients, a private sector insurer quoted low premiums to win the account. However, we were in for a rude shock when a company employee was hospitalized for a medical emergency. The TPA's first reaction was to suspect a fraud since the claim came soon after the policy was issued. The TPA denied cashless reimbursement. I have taken the matter up directly with the insurer but do not seem to be making much headway despite the treating doctor's written view that the claim is genuine. The main issue here is the insensitivity with which claimants are treated. It is hard enough to deal with a medical emergency but in many situations the insurer's and TPA's claims executives are rude, do not take calls and give cryptic answers to claimants. Frontline executives, who should be decision makers, do not appear to have any authority or decision-making ability.

I am not suggesting that only the insurers and TPAs are to blame. Policyholders do fudge claims. In the past, I have had to decline a claim where the policyholder was under constant medical treatment but declared himself in good health to purchase life insurance. We learnt about this when the claims investigator visited the deceased person's neighbour for information. Similarly, since hospitalization is necessary to file a medical claim, I routinely see nursing homes admit patients when a day-care procedure would have been fine. Not disclosing pre-existing diseases is also fairly common.

So, what can you do if your genuine claim is not paid?

(a) Email a simple and succinct complaint to the company. Avoid hyperbole as this puts off insurers who assume that the complaint is not genuine. I hate getting long, vicious complaints marked to all my competitors, the regulator, finance ministry and (in one case) the President of India. Ensure that a complaint number is issued to you.

(b) Escalate your query within the insurance company. Get to a person senior enough to take a decision. Your agent or broker has an important role in escalating the case.

(c) If you are dissatisfied with the response, log a complaint with the IRDA. Do this on IRDA's website or by emailing them. Typically, the IRDA then writes to the insurer to provide a response. As no insurer wants to get into the regulator's bad books, they will often do away with frivolous objections and pay the claim. A note from the IRDA is also the surest way to escalate to matter to a senior-enough level in the company.

(d) Finally, you could write to the ombudsman. The ombudsman has limited powers but they can galvanize the insurer into action.

Making accurate and well-presented claims is a necessary first step to ensuring that insurers have no grounds for claim repudiation.

I do hope we can all collectively address this issue. I would love to go out without the fear of being confronted by disenchanted insurance customers.

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