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A study of cashless claim settlement for health insurance of general insurance companies of India

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Abstract

The Health Insurance Claim Settlement Ratio (CSR) is a metric utilized to evaluate health insurance companies. It is determined as a percentage and signifies the number of claims compensated by a health insurance company against the total number of claims recorded throughout the year. Present study is based on cashless claim settlement ratio of health insurance by general insurance companies on the base

of settlement processor. Researcher intends to study the settlement management of cashless for the health insurance by general insurance company and that is done with the help of claim settlement ratio 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, Cashless, Claim Settlement Ratio

1. Introduction

When it comes to buying an ideal health insurance, there are multiple factors such as sum insured, medical history, network hospitals, claim process and others that one considers. Out of all, one of the most significant elements is Claims Ratio. When buying health insurance, customers face a doubtful situation where it becomes hard for them to understand that whether or not the insurance company will settle the claim. To make things easy, it is advised to keep a check on claims ratio to gain an idea about the company's claim settlement.

1.1 Objective of the study

Present article is based on the Study of claim settlement ratio 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 of settlement processor 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. Claim Settlement Ratio

Claim Settlement Ratio or CSR is the ratio of claims settled by a health insurance company against the total claims filed in a particular financial period. For instance, if a company has received 100 claims and it approves 70 claims, its Claim Settlement Ratio would be 70%. The other 30% would be either pending or rejected by the insurance company. A high claim settlement ratio is considered good as it indicates that the claim settlement process of the health insurance company is quite strong in comparison to the one that has a low claim settlement ratio. Note that the Claim Settlement Ratio for a health insurance company cannot be more than 100%.

Table 1: Claim Settlement Ratio in percentage for Cashless Claim of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

Settlement Processor	Year					Average
	16-17	17-18	18-19	19-20	20-21	
TPA	85.49	90.39	86.59	94.09	97.04	90.72
In House	91.32	89.79	83.92	88.48	88.15	88.33
Both	86.82	90.15	85.89	92.11	94.69	89.93
Average	87.88	90.11	85.47	91.56	93.29	89.66

Source: IRDA Report 2016-17 to 2020-21

2.1 Graphical analysis

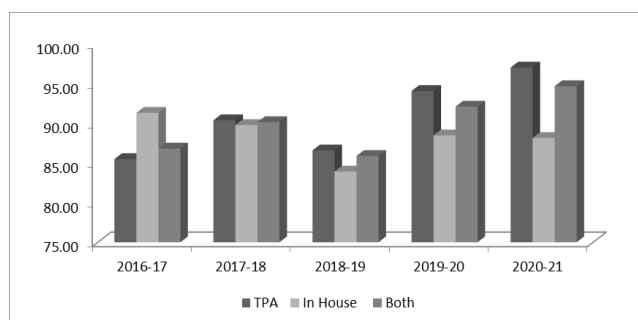


Chart 1: Claim Settlement Ratio in percentage for Cashless claim of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

From the above table it is evident that CSR is found an average 90 percent for Third Party Administration (TPA) and in house is showing average less than 90 percent during research period while both TPA and in house is showing also average less than 90 percent during research period.

2.2 Statistical analysis

Table 2: “F”-Test One Way ANOVA for Claim Settlement Ratio in percentage for Cashless claim of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21

H₀: There is No Significant Different for Claim Settlement Ratio in percentage for Cashless claim of Health Insurance by General Insurance Companies for the period from 2016-17 to 2020-21					
H₁: There is Significant Different for Claim Settlement Ratio in percentage for Cashless claim 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.	14.785	02	7.392824	0.493271	3.885294
W.S.S.	179.848	12	14.98735		
T.S.S.	194.6339	14			

From the “F” test one way ANOVA Table as calculated above it shows Calculated value of F_c = 0.493271 while tabular value of F_t = 3.885294 which show that calculated value F_c is smaller than tabular value F_t, F_c < F_t Hence Null Hypothesis is accepted and Alternative Hypothesis is rejected

3. Conclusion

Researcher has focused cashless claim settlement ratio for health insurance of General Insurance Companies of India that shows the claim settlement management for cashless on the base of settlement processor. It is found from the study that there is No Significant Different for Claim Settlement

Ratio for Cashless claim of Health Insurance by General Insurance Companies during research period.

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