LIFE INSURANCE CLAIMS SETTLEMENT - AN UNAVOIDABLE INFLUENCER IN RETENTION AND ATTRACTION OF CUSTOMERS

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Abstract *Life insurance is the financial risk protection tool. It saves many families in different occasions in different forms. Life Insurance is purchased by inspired people to get financial benefit to the family if the insured dies or affected by health related problems. Life insurance business was regulated by government of India during 1956. LIC has been doing responsible business in urban areas, metro cities and semi urban areas of India. To penetrate life insurance business fully in rural part and semi urban area of India, IRDA permits private business players to open life insurance business in India. As of now there are 24 life insurance companies including Life Insurance Corporation of India doing life insurance business in India. The private life insurance companies design and launch customer friendly life insurance plans based on the present situation. These life insurers recruit and train the appropriate insurance advisors / agents to sell the life insurance plans. The life insurers understand the value, strength of insurance advisors to the company; hence they want to retain the quality advisors. Another marketing strategy adopted by the insurers to reach the untapped prospective customers is giving advertisements in the leading newspapers, magazines and websites. These advertisements communicate apt message to the target audience at the appropriate time. So the target audience or customers are familiar with the new insurance products and the insurer.*

Keywords *Life Insurance, Claim Settlement, Marketing Tool, Customers*

CLAIM SETTLEMENT – APPROPRIATE MARKETING TOOL:

In this modern digital world, insurers accept the worth and impact of information technology in the insurance industry. Emails, SMS, few apps are created by the insurer and send to the policyholders or customers, by which customers can update and ensure about the status of their insurance policy with their company. Moreover, the data bases about the customers are to be maintained accurately. Another vital marketing strategy to be considered by insurance company is the claim settlement. The prompt claims settlements fulfill the insurer's expectation well to meet the competition. Private life insurers have branch office spread over various parts of India and have lakhs of employees, insurance advisors. Majority of these insurers are managed and financially supported, enriched by mammoth business corporate. People who have invested, people who would like to invest in insurance companies have doubt, whether the life insurer will settle the claim amount correctly, if it arises. This is the actual gap between the expectation of the customers and the insurers trustworthiness. Life insurers need to fill the gap by fulfilling the expectations of the policyholders in relation to claim settlements.

Educate the Customers

Life insurers motivate the people to save the hard earned money in life insurance plans. The life insurance provides safety and security against the loss on a particular event (Mishra, 2004). To provide the maturity claim and the death claim to the claimant, few things must be done by the insurers. If they do so, it is easy for the life insurer to settle the claim amount quickly without any sort of delay

Customers of the insurance company should be strictly instructed by company to provide all the required information such as age, income educational qualification, residential address, health condition nature of work, family members health condition and other insurance policy details to be true. Even though it takes too much time to read all the pages of proposal form, customers are suggested to read every line and to give true information. Suggestions may be given through SMS, emails, advertisements in newspaper, magazines and web sites. Surely this would educate the individuals to write correct response in the proposal form. If the customers response are believed to be true, it is easy to analyze and underwrite the proposal form. It results in quick preparation, delivery of policy document. If any claim arises, it is convenient for the insurer to settle any type of claim without any repudiation or delay. Educating the prospective individuals to give true information in the

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proposal form is tedious. Once if they realize it, it would be easy for the insurer to settle claims shortly.

To avoid repudiation and delay of claim settlement by the insurer, at the time of purchasing the insurance policy all the information required has to be written correctly in the proposal form. Customers should be taught well by the insurer that false response regarding the data required leads to repudiation of claim at the time of death of the policyholder. Wrong information or truth withheld by the customers may make insurance contract void making the customer to lose the benefits of the policy. (Rajhit Mehta, 2011). Hence the family of the deceased policyholder may be under financial crisis or burden.

Contribution of Advisors

Life insurance advisors are doing the noble job. They involve in this type of profession not only to earn income and improve standard of living, but also to serve the Indian public, by selling suitable life insurance plans. Insurers assign some target to them. They need to achieve it; otherwise their license will cease to end. For this, they should not force, demonstrate unnecessary insurance plans. They have to convince the customer by demonstrating suitable insurance plans based on the prospective customers need and demand. Another vital task of the insurance advisor is to help the customer to fill the proposal form.

Checklist for the Insurer

Life insurance has involved in this business to take care of financial needs of the family of affected customers by which insurer can get new business. To earn profit life insurer does not prefer to spoil its reputation, goodwill by repudiating the claim requested.

To make easy to fill the proposal form, life insurer should frame simple questions that understand for the customer and should lead to collect all relevant information from customers. The proposal form can be analyzed, examined clearly by the experts of underwriting department. Proposal form can be rejected in the initial stage itself by the underwriter, if there is any major deviation from the standard norms. Proposal form can be accepted with the additional premium paid by the customers, if deviation is minimum. This would be convenient for insurer to settle death claim in a short period of time.

As there is stiff competition given by the other competing companies, insurers focus the target customer with informative, innovative advertisements. Insurers organize, celebrate festivals in insurance company. Prospective customers are invited to participate in the programmes. Likewise insurers conduct competitions to school children, college boys, and girls to enhance their familiarity, goodwill. They become sponsor for the national level and international level tournament in India. The life insurers launch customer friendly new insurance plans to fulfil the various need and expectation of different customers. To meet the competition given by the competing insurer, few life insurers fix lesser premium to attract the customers. Timely claim settlement by the insurer reduces the work burden/ load of the claim department. This gives enormous amount of time to investigate in other activities. Prompt, quick settlements of claim fulfill the claimants need at the critical financial situation and leads to satisfaction of affected person's family. This may enhance the reputation, image of the life insurers in the minds of the customers. Those who settle correct claim retains the existing policyholders and attract the new customers to the company.

Claim Settlement of few Insurers in India

Sl. No.	Insurer	2009-10 %	2010-11 %	2011-12 %	2012-13 %
1	LIC	97	97	97	98
2	HDFC Life	91	95	96	96
3	ICICI Prudential	90	95	97	96
4	Kodak Life	87	89	92	92
5	Birla Life	89	95	91	83
6	SBI Life	82	83	95	94

Source : IRDA Annual Report.

Settlement of the claim by the insurer to the claimant fulfils the promise made and creates satisfaction among policyholders .As customers are educated, before selling the insurance plan, insurer should disseminate about claim settlement history of the life insurers company. It gives clear picture to the customer about claim settlement pattern and trustworthiness of the insurer. Any type of products which are tangible in the nature can be sold to the customer by telling its purpose, usefulness. Customer can be convinced easily to buy tangible goods. But life insurers plans are intangible in nature, any one cannot see, touch and smell it. Just customers have to realize its needs, purpose, and worth to an individual after the maturity of after death of the insured.

In this scenario, insurer has to ensure about the integrity, trustworthiness of them. It indicates how one insurer differs from other in terms of prompt, clear claim settlement; it shows how one life insurance company is better than others consistently in relation to claim settlement. The table infers the percentage of claim settlement made by the insurer from the financial year 2009-2010 to 2012-2013. The government owned LIC settled maximum number of claims.

Consecutively this is followed by young generation private insurer such as ICICI prudential, HDFC life, KODAK life, BIRLA sun life and SBI life. Even though there are lots of insurers are doing business the above said insurers at the top place in India to settle the claim. Companies which are settling better claims can project this to prospective customers and intermediaries like agents, broking companies, corporate agents, bancassurance channel people. If this would be positioned appropriately it may attract new business more and retain existing customer when they want to purchase any new insurance policy.

Life insurers Speed in Claim Settlement

Life insurer can market their company, insurance plans in such a way that how quickly, fastly, it settles the claim to the claimant. In the case of maturity claim, customer can be approached with claim form few months before the maturity date. Customer has to fill the claim form and the customer need to send it in the insurance company along with the policy document, age proof, identification proof. Then the maturity amount can be credited in the customer bank account during the maturity date.

Death claim cleared by the insurance company in the financial year 2012-2013 is shown below along with how fast Life Insurance Company settles claim from claim intimation period

Company	Claim settlement ratio %	Pending less than 3 months	Pending 3 to 6 months	Pending 6 to 12 months
LIC	97.73	40.06	15.47	21.08
ICICI	96.29	83.33	8.33	-
HDFC	95.76	96.04	2.97	-
SBI	94.41	66.93	6.69	9.45
MAX	94.25	87.5	12.5	-

Source : basunivesh.com

From the above table it is clear that LIC stands first in settling the claims in the financial year 2012-2013. This is continued by ICICI, HDFC, SBI and MAX.

After the death of the insured, claimant is in the urgency of money to use it for the affected persons family member's immediate financial needs. To eliminate the dilemma about the integrity of the insurance company, from the mind of the prospective customers, insurance company has to disseminate how quickly it settles the claims form claim registering period. If the death is technical, complicated in nature, it is accepted to settle up to 6 months, if beyond 6 months it increases the level of distrust about the company in claimant's mind.

The above table depicts that LIC has the least number of pending claim settlement in less than 3 months period. It is followed by SBI Life (66.93%). HDFC life has the least number of claims to be settled in 3 to 6 months period. This service can be projected to the prospective customers, existing customers as a wonderful marketing tool. This gives more confidence among the customer about the claim settlement. Hence it is known that the companies which are settling the claim quickly to the claimant can use this as a fantastic marketing strategy to the target customers.

PRESENT SCENARIO IN CLAIM SETTLEMENT

Life insurers have understood the adverse effect of the poor claims management on profitability, high dissatisfaction of customers. It leads to lesser bonus amount for the existing policy holders, higher premium for the new customers. In the period of economic crisis and heavy competition, every life insurer wants to attract new customers, satisfaction of existing customers. Hence a lot of changes should take place in claim process and administration.

Few life insurers feel that claimant of death claim face lot of issues in getting claims with insurance company. Hence these modern insurers appoint, claim handlers. These claim handlers have to liaison between claimant and the life insurer. The claim handlers help in filling up claim forms and arrange for the documentation. Totally they facilitate the claims settlement process with the claimant. It makes the claimant's satisfaction, there may be an opportunity for the claim handlers to collect the claim amount from the claimant and invest that amount in a new policy (Bharadwaj 2014). Like other departments claim department should have active, efficient, dedicated employees (Goplalakrishna 2014). They need to be clearly trained about claim process. If it is not so it results in repudiation of claim for the correct request, acceptance of claim for the wrong request, and it defames the image of the company in the market, whatever marketing strategy taken by the company will not be fruitful.

Government insurer entered in India very long back and does good business here. Even though, there is lot of potential in India, life insurers prefer to do appropriate genuine business in India. They want few changes in claim settlement process as like other vital issues of insurance company. The young age insurers want to i) implement end to end claims management solutions ii)focus on key performance indicators leading to claims process iii) adopt advanced fraud detection technologies (Amit Jain 2011). Use of intelligent software by the insurers for transaction, monitoring , screening against negative lists and third party databases (Ernest &Young,2011) leads to decrease in claim execution period, decrease in claim investigation, cost decrease in claim ratio, well developed claim processing method, enhancement of service quality and policyholders' satisfaction.

CONCLUSION

After the entry of foreign, private players in the life insurance industry, there has been a lot of changes in the insurance sector such as variety of insurance plans, innovative distribution channels, marketing and HR practices, number of branches by which the life insurers get more businesses. In association with this, number of fraudulent claims also increased year by year. Hence, life insurers must have separate skilled, committed, efficient employees, easy process in managing the claim settlement. It results in maintaining reasonable premium for the new businesses and drastically decrease in the claim cost. Finally claim can be settled speedily by the insurer. It leads to claimant's satisfaction about the company.

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