

TPAs lose out as insurance cos settle claims in-house

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Chennai: Are third-parties losing out, as insurers look within? With as many as eight of the top general insurers, including ICICI Lombard, Bajaj Allianz and standalone health players like Star Health and Cigna TTK preferring to settle claims in-house, there has been a sizeable dent in the business third-party agencies get.

The general insurance sector settled 92.36 lakh health insurance claims and paid ₹18,223 crore in settlement. Of this, 55% claims were settled through third party administrators (TPAs) and 45% through in-house insurers, according to IRDAI data.

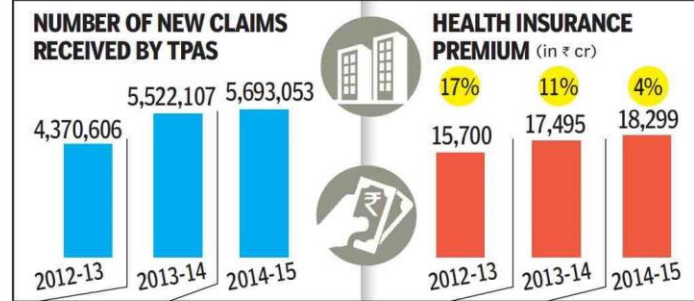
"This is a remarkable change from a decade ago. In 2005, the public-sector insurers had nearly 80% of the market share and both private

and public-sector insurers were settling claims through TPAs," said an official from United India Insurance Company. "From having a market share of 90%, TPAs despite seeing growth are facing tough competition from the top private insurers, who have their own claims settlement department," the official said.

To stay relevant, the 30 TPAs currently operating in the country are expanding in all possible directions. Apart from increasing the number of branches to 161, they have also been at the forefront of increasing hospitals on the empanelled network. The number of network hospitals has increased to 50,118 from 40,521 in the last one year. New claims received by TPAs has also increased to 56.93 lakh in 2015 from 55.22 lakh and 43.70 lakh in 2014 and 2013 respectively.

LOSING GROUND

New claims, handled by TPAs, has increased as health insurance industry increases penetration; marketshare has dropped to 55%



TPAs like Medi Assist are also offering ancillary services to help both policyholders and hospitals. "We also offer mobile apps and web portals like MediBuddy and MediBuddy Infiniti to both hospitals and policyholders. From raising, tracking claims, planning an e-cashless hospitalisation to maintaining e-health

records, there is a lot that TPAs are engaged in today," said Prashant Jhaveri, chief business officer, Medi Assist. "We connect more than 10,000 hospitals, the country's top diagnostic scan centres, dental, eye-care clinics and pharmacy stores," he said.

According to IRDAI data, 65% of the 92.36 lakh total cl-

aims were settled through cashless mode and the remaining 35% through reimbursements. Of this, number of cashless claims is as high as 82% in case of in-house settlements, compared to just 52% of claims settled by TPAs.

"For health insurance, the proof of the pudding is in the claims settlement. It is during an emergency that an insurer's role really comes into play," said Sasikumar Adidamu, chief technical officer, non-motor insurance, Bajaj Allianz General Insurance Company.

Despite the convenience of settling claims faster, lower overhead costs, more accuracy and attractive inducements to go in-house, many insurers are still forced to rely on TPAs as they do not have the network that third-party agencies have established.