

## Less than half of ₹8,000-crore Covid claims filed so far have been settled

Insurers pin blame on 'unreasonable' claims and time lag for low settlement ratio

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Seventy-seven year old Aresh Prasad Ghosh died after a three-day battle with Covid at one of the premier city-based private hospitals. His total bill for three days added up to nearly ₹3 lakh, with the ICU room charges and ventilator alone costing his family a whopping ₹88,000 a day. Luckily, he was under his son's corporate health insurance cover and got back nearly 90 per cent of the total claims.

But having an insurance policy may not be enough to ensure that you get fully covered, and there have been instances where patients have received only 50-70 per cent of their claims.

Insurance companies on their part have clarified that they would only be able to honour claims to the extent that they are "reasonable and customary", indicating that they may not be able to honour claims that are "unreasonable" arising primarily due to overbilling by hospitals.

### Numbers say it all

As on November 3, close to 5.18 lakh claims have been filed, amounting to nearly ₹ 7,973 crore. Of these, close to 3.97 lakh cases (roughly 77 per cent) have been settled. However, the amount settled is around 43 per cent of the total claims at around



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₹3,436 crore. While the number of cases rejected or withdrawn is miniscule at around 1,337, close to 1.21 lakh claims amounting to ₹4,538 crore are pending for settlement.

According to MN Sarma, Secretary General, General Insurance Council (GIC), the difference in the number of claims made and settled is primarily due to the time lag between reporting of a claim and submission of final bills post the completion of treatment.

However, he clarified that insurance companies would only settle claims to the extent that they deem "reasonable and customary" and may not be able to honour the full claim even if it falls within the customer's sum insured limit.

"In our policy, the wording is very clear. Insurers will reimburse up to the sum insured only those expenses which are reasonable and necessary. We cannot reimburse whatever the hospital is charging," he said, and added that there have been instances where hospitals were reportedly "exploiting" patients by charging exorbitant rates.

"If we simply settle whatever claims are raised then either we

will have to resort to increasing the premium on health covers next year or have this (Covid) as an exclusion in our policy like we do not cover war risks," he pointed out.

### Standardisation of costs

According to S Prakash, Managing Director, Star Health and Allied Insurance, there is a lack of standardisation of costs at some hospitals and there have been instances where patients with cashless policy have been either denied admission or asked to pay upfront. GIC and the industry are in constant discussions with the hospital network for bringing in standardisation.

"Discussions are under way to arrive at a common ground in terms of referral rates, both for reimbursement and cashless treatment," Sanjay Datta, Chief Underwriting, Claims & Reinsurance, ICICI Lombard General Insurance, said.

### Dent on profitability

Insurance companies are also likely to see piling up of claims for non-Covid treatment, which had been put on hold until recently.

"During the first three months of the lockdown, people were avoiding going to hospitals and some of the surgeries and treatment were delayed. But post July, things have been opening up and if we do not see another wave of Covid, then people will feel safe (with hospitalisation), and non-Covid claims will start increasing. We need to wait and watch," said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.