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Claim ratios to look for while deciding on health insurer

*In health insurance, servicing the health claims is called 'moment of truth', as that is when you really know whether you are associated with right partner, says **Bhaskar Nerurkar, Head – Health Claims, Bajaj Allianz General Insurance***

Before buying a health insurance policy, it is customary to look at the cost and features of any product but an intelligent customer needs to look beyond these two obvious points. Especially with the increase in standardisation of health insurance products which leads to similarities in offerings across insurers. In such situation, it becomes vital to not just opt for the right product, but also the right insurer – with the key differentiator being the service you will receive during a medical exigency.

Below are a few key ratios that will help gauge an insurer's capability to stand by your side in times of dire need.

Claim Repudiation Ratio: Repudiation means rejection of a claim received. Hence, the Claim Repudiation ratio tells you the number of claims an insurer repudiates versus the total claims received. A lower Claims Repudiation Ratio is a good indication since it determines that the insurer rejects lower number of claims.

Claim Settlement Ratio: This ratio helps you understand the number of health claims settled by an insurer versus the total health claims received. The higher the Claims Settlement Ratio, the better is an insurance company. This suggests an insurance company's higher interest towards serving its customers compared to other insurers.

Claim Settlement Efficiency Ratio: This ratio helps you gauge how efficiently an insurer settles claims. This is typically calculated based on the number of claims settled within 3 months versus total health claims received. Higher the Efficiency Ratio, the better is an insurance company since it indicates that the insurance company settles more number of claims within the stipulated time.

Claim Outstanding Ratio: Outstanding claims mean claims which are intimated to the insurer, but are yet to be processed/final liability to be arrived at. It is typically calculated based on the number of claims that are outstanding versus the total number of claims received. Lower the claim outstanding ratio, the better is an insurer since it indicates the frequency at which claims are closed.

Claim Pendency Ratio: Claim pendency means that the claim which is yet to be processed. This ratio is usually calculated based on the number of claims that are pending for over a year versus the total number of claims received. The lower this ratio, the better is the insurer.

Claims are the litmus test for the promises made by the insurer to their customer if and when things go wrong. Hence, it's important for a customer to choose the right product that can cover their healthcare needs and equally critical to understand the above ratios in order to opt for the right insurer who will be help them stay worry-free in case of an exigency.