IndiaVima

Case Study:

Risk-based Underwriting of Group Health Insurance Policies

ObjectOrb Technologies Pvt. Ltd.

CMMI - LEVEL 5
ISO 9001 : 2000

_____

Risk-based Underwriting of Health Insurance Policies
Underwriting a risk such as health insurance needs careful assessment of risk and collecting the appropriate premium for covering the risk. Underwriting individual policies are easier than group policies for two reasons. Assessment of risk for individuals is much quicker and better as the beneficiaries covered is far few than group. Individual policies also exclude coverage of many known risks – such as pre-existing conditions, coverage for specific treatments, etc.

An efficient way to assess the risk of groups, especially large groups is critical to good underwriting, leading to better risk management and profitability for insurance companies.

Situation
Group mediclaim policies are usually loss making, in India. First, the premium collected at the time of underwriting does not accurately reflect the risk covered and secondly the quality of claims information is not good enough to assess the risk.

Typical drivers of premium amounts have been rough yardsticks or market pressure. Yardsticks such as premium per individual, or per family are common. A multiple of this based on the number of members in the group is used. Sometimes competitive pricing is used. Often previous years claim is used as a benchmark. Today with employee turnover being among the highest ever and some companies experiencing high growth, past years claims data is a poor indicator of risk covered. The groups' risk characteristics may significantly change.

Solution
IndiaVima, an online collaborative platform for insurance companies, TPAs, insured and brokers, has a risk-based premium rating engine. IndiaVima solves the lack of standardization of beneficiary data format, by defining a standardized representation of beneficiary data and also the policy parameters – sum insured, exclusions, subgroups, sub-limits, and buffer amount.

With the beneficiary data representation standardized, it is easy for the insured to send the beneficiary information to insurance companies through IndiaVima. The data is analyzed and presented to insurance companies for underwriting. The analyses and distribution of data by gender, age group, family sizes, and claims analytics, help insurance companies to more accurately assess the risk of the group.

The premium rating engine in IndiaVima allows the insurance company to arrive at a risk-based premium involving loading and discounting to be applied to the specific group. The benefit of IndiaVima is that loading and discounting is applied based on the risk characteristics of a specific group and families in the group. The rating engine seamlessly allows the insurance companies to use multiple premium rate tables for different risk categories and multiple criteria for computing the premium. By automating the risk-based premium rating process, IndiaVima allows the insurance companies to underwrite group policies with better understanding of risk and in a short time.

Benefits
1. Better assessment of risk being covered. Premium computation based on risk covered.
2. Able to use multiple criteria and multiple rate tables to compute premium instantaneously, even for large groups.
3. Online nature of IndiaVima provides better access and transparency in underwriting for the reporting offices. They are able to manage risk-based underwriting much better.
4. Risk-based premium calculation can yield better control on claims ratio and profitability of mediclaim insurance.

_____

_____

IndiaVima – At a Glance

FEATURES	BENEFITS
• RFQ (Request for Quotation)	➢ PIOs(Policy Issuing Offices) can compute the Premium even with minimal available information like – No. of employees to be covered, no. of beneficiaries to be covered, average age of the employees and the sum insured.
• Response to online RFP (Request for proposal)	➢ PIOs can respond to RFPs (floater/non-floater policies) by sending proposals online without any delay.
• Highly versatile Premium Calculator	➢ Base Premium can be calculated based on several criteria like self age, maximum age, average age per family, average age of all beneficiaries in the policy etc., ➢ Multiple Rate Tables can be used for the computation of the Premium.
• Online transfer of beneficiary info from Employer	➢ Re-entry of beneficiary information at the PIO and TPA is eliminated. ➢ As and when policy is activated or Endorsement is issued by PIO, TPA can access the same information instantaneously. ➢ Eliminates the delays and errors in the TPA cards by reducing manual intervention.
• Reports & Audits	➢ RO can view RFPs received, Proposals sent, policies issued and the claims detail of all the policies issued by all PIOs under it. ➢ HO can view RFPs received, Proposals sent, policies issued and the claims detail of all the policies issued by all PIOs. ➢ Policy information provided by IndiaVima helps in Audits at various levels.
• Claim-Analytics	➢ View the performance of the policies in terms of claims, claims ratio, trends according to disease codes, hospitals, corporate, industry sector, age group, etc ➢ Helps in scientifically computing the Premium for a policy at the time of renewal.
• Issue of TPA cards	➢ TPAs can generate TPA cards and issue without delay and errors

About ObjectOrb Technologies
ObjectOrb Technologies is a SEI-CMMI Level-5 and ISO 9001:2000 certified Bangalore-based Healthcare IT Products & Services Company. As an offshore partner for software product development companies in the US, Europe and Middle East, ObjectOrb has built world-class products for its customers in the industry verticals of Healthcare and Financial Services. Most of the customer engagements have been long term, ranging from 1 to 4 years and more. Since inception in 1998, ObjectOrb has worked on full life-cycle projects following an iterative and incremental development methodology. ObjectOrb offers product and services primarily to providers, payers and Healthcare IT companies and other industry verticals. ObjectOrb has 3 innovating products:
- A Contract Management Software, **eprovion**, for the U.S. market.
- **IndiaVima**, a health insurance portal for Indian market.
- A unique 'Any Database, Any Format' integration solution – **Transemble**

For more information

Visit: www.objectorb.com	Call: +91-80-2352 9525	Email : sales@objectorb.com

_____