

# IS INDIA HAPPY WITH HEALTH INSURANCE CLAIMS?

The Moment of Truth  
A Policybazaar Study





# FROM THE CEO'S DESK

*In the world of insurance, where everything hangs on the delicate thread of trust, claims experience is the ultimate moment of truth...*

At Policybazaar, it is our belief that the most critical step in the insurance lifecycle is the customer claims experience. It has the ability to cement or shatter the customer's trust in the product and the industry in general. And more importantly, it has the potential to impact the long-term wellbeing of the customer and their family.

Our comprehensive study, 'Is India Happy with Health Insurance Claims?' is a deep dive into the customer claims experience for health insurance products. Our team interviewed over 2,100 customers across the length and breadth of the country to draw actionable insights that can enhance our understanding of customers and enable us to craft superlative customer experiences.

A health insurance customer's claims experience is a function of multiple variables like the approval rate, the final approval amount, the ease of raising the claim and the nature of settlement (cashless or not) at the time of discharge. **94% of customers in our sample said that their health insurance claims had been approved.** While this is indeed heartening from an industry perspective, the metric does throw up a challenge for us. Of the 6% claims that were rejected, how many could have been managed better by the ecosystem through concerted efforts towards customer education, more responsible selling and a more user-friendly representation of policy terms and conditions?

The study reiterates that increasing the proportion of cashless claims in line with IRDAI's recent initiatives is the best path forward. 89% of interviewees who received cashless claims were satisfied as against 79% of those who received reimbursements. It is also critical to note that ~70% respondents said that they would have either needed financial assistance or drawn upon their investments in the absence of cashless claims being available.

A health crisis in the family is one of the most overwhelming challenges that a person can face. It is incumbent upon the entire ecosystem to work together and adopt a customer first approach to ensure that the claims experience gets even better. This will lead to enhanced trust and penetration of health insurance; in turn allowing citizens to lead more secure lives.

# Research Design

A Face-to-Face survey was conducted among 2,128 respondents across India (All zones with Tier 1, Tier 2 and Tier 3 cities) to assess the claim process satisfaction levels and the reasons behind the same.

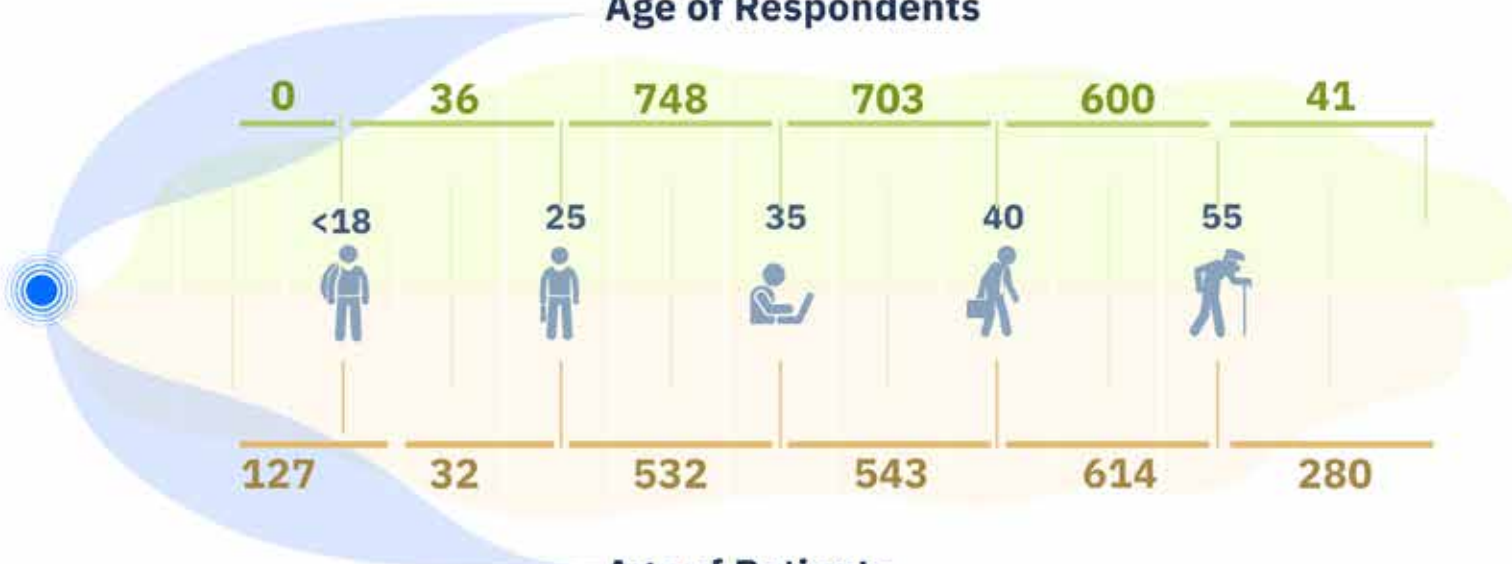
Respondents were either the policy proposer or the family member most involved in the claim process.

**2,128**  
TOTAL SAMPLE

## Respondents' Gender

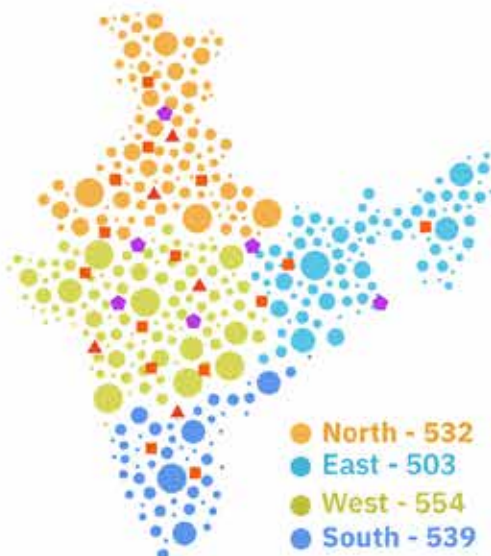


## Age of Respondents



## Age of Patients

## Zonal & Tier Coverage



- North - 532
- East - 503
- West - 554
- South - 539

### ▲ Metro - 737

Delhi  
Mumbai  
Pune  
Ahmedabad  
Bangalore  
Chennai  
Kolkata

### ◆ Tier 2 - 757

Ghaziabad  
Gurgaon  
Noida  
Faridabad  
Ludhiana  
Jaipur  
Lucknow  
Surat  
Nagpur  
Indore  
Coimbatore  
Cochin  
Ranchi  
Bhubaneswar  
Patna

### ■ Tier 3 - 634

Mohali  
Ajmer  
Agra  
Sonapat  
Vadodara  
Bilaspur  
Tiruvallur  
Allepey  
Mysore  
Hubli  
Dharwad  
Vajaywada  
Warangal  
Gaya  
Guwahati

# Key Takeaways

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# 94%

**Respondents got their claims approved;**

**If purchased online, the approval rate number moves to 97%**

With a robust 94% approval rate for claims, the insurance industry is on solid ground. What's even more heartening is to identify a higher approval rate of 97% in case of purchase and assistance sought through online channels.

Nonetheless, there's some more ground to cover when it comes to the claim payout amount, which currently stands at 87%. To ensure 100% claim payout percentage, it's important to raise awareness about add-ons like consumables cover, to prevent dissatisfaction among policyholders who still incur expenses despite being insured.

# 86%

**Satisfied with health insurance claim experience**

**40% respondents say they were extremely satisfied**

The ultimate test for any insurance policy is the claims process — it either builds or breaks consumer trust in insurance. Our findings reveal that an impressive 86% of customers were happy with their claim experience. This reflects positively on the industry's efforts to meet customer expectations over the years.

# Nearly half

**of the rejected claims (6%) were due to non-disclosure of pre-existing or uncovered diseases**

Building awareness is crucial in reducing instances of claim rejection, almost 51% of which were majorly attributed to undisclosed conditions or uncovered diseases. It's important to ensure responsible selling of products by equipping customers with knowledge to recognize potential pitfalls, proactively address them, and reduce the likelihood of claim rejection. The industry also needs to relook at the terms and conditions to make the product simpler and build consumers' faith in the system.

# Key Takeaways



## Higher rejected claims **approved** when online intermediary involved versus offline agent

Even though the overall rejection rate remained low, claim rejections led to significant decline in satisfaction. Involvement of intermediaries in such cases, as advocates of the customer, helped in pushing genuine cases forward. When rejected claims were submitted for reconsideration by the customer themselves, only 6% of such claims got the decision reversed from rejected to approved. This rate improved to 32% when an offline agent was involved and 67% when an online intermediary was involved.

Discrepancy in information provided at the time of purchase and the information available at the time of claim often leads to rejection of cashless claims. In other cases, consumers go for reimbursement when their preferred doctor or hospital is not in the network list of the insurer. While both are valid reasons; for a large majority, covering upfront treatment expenses in the absence of a cashless facility remains a challenge. The data reveals that 68% people resort to borrowing or dipping into their longer-term investments meant for other life goals to finance the treatment. In a country where out-of-pocket medical expenditure already runs abysmally high, cashless claims can effectively help address this gap. The findings also suggest that in cashless claims, rejection rates are 1/3rd of those in reimbursement claims. The Cashless Everywhere initiative is the foundation of a seamless claims experience.

# ~70%

**Of reimbursement claimants seek financial aid to fund upfront payment**

**Reimbursement only sought if cashless is unavailable or rejected**

# Recommendations for the industry



Ensuring the payout of 100% of the claimed amount is paramount to instil greater consumer trust



Cashless Everywhere paves the way forward for a seamless claims experience and prevent financial strain



Mutual transparency and clarity about non-disclosures during policy purchase is the top priority for the industry



Better coordination between hospital and insurers can help with fast-tracking discharge process further



Integrated approach works best for customer satisfaction; it gives them speed of online & comfort of on-ground support

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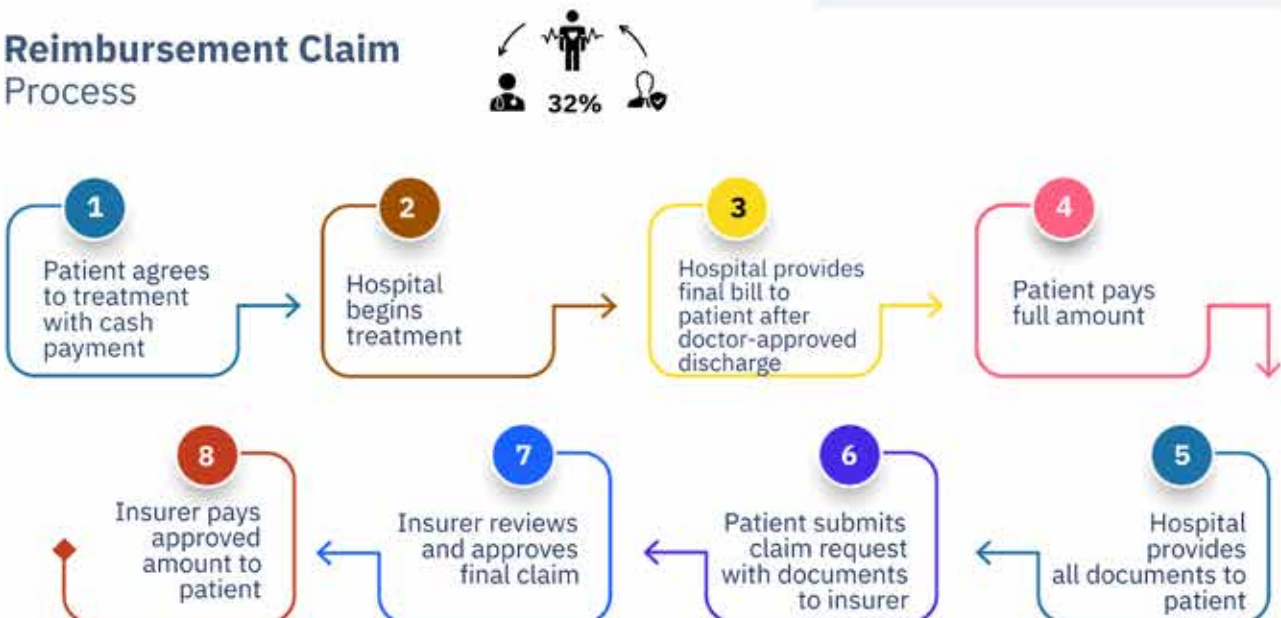
# Health insurance and claims: An overview

The two primary mechanisms for claims - cashless and reimbursement - differently affect the policyholder's experience with health insurance. Cashless claims offer policyholders an access to medical services without immediate financial strain, while reimbursement claims require policyholders to fund the upfront initial costs and later seek reimbursement. This report delves into the depths of health insurance claims and how they shape the insurer-policyholder relationship.

## Cashless Claim Process



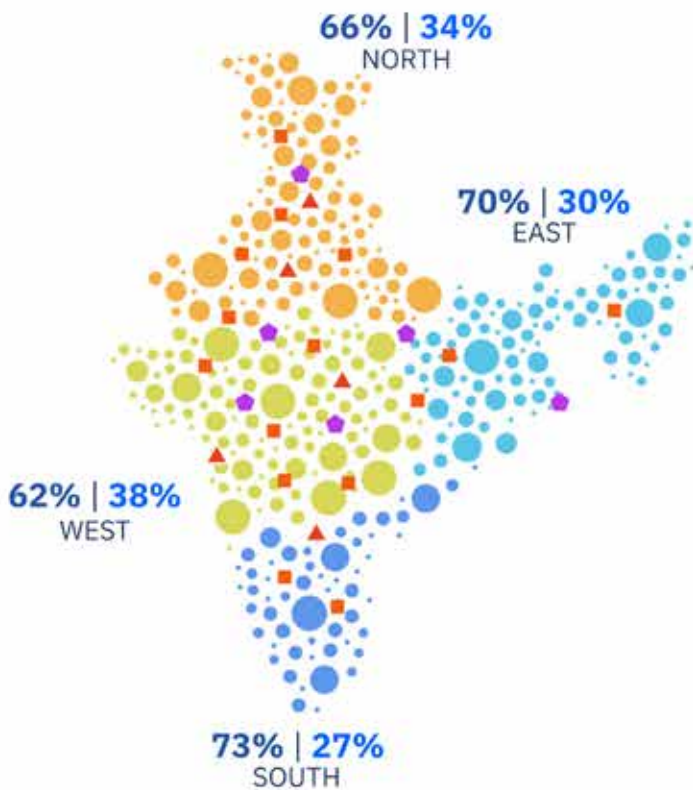
## Reimbursement Claim Process



On an average, people tend to prefer cashless claims across regions, city-tiers, and ages. The reimbursement process is typically selected only when:

- Cashless facility is unavailable at the desired hospital
- Cost of treatment is low and patient does not want to wait for claim settlement before discharge

## Type of Claim Made By Region



## Type of Claim Made By City Tier



## Type of Claim Made By Gender



## Type of Claim Made By Age



% Figures in **blue** - Cashless    % Figures in **blue** - Reimbursement



# Claiming Customer Satisfaction

01

Customer  
Satisfaction  
with Claims

**86% satisfied** with claim  
experience, 40% extremely  
satisfied

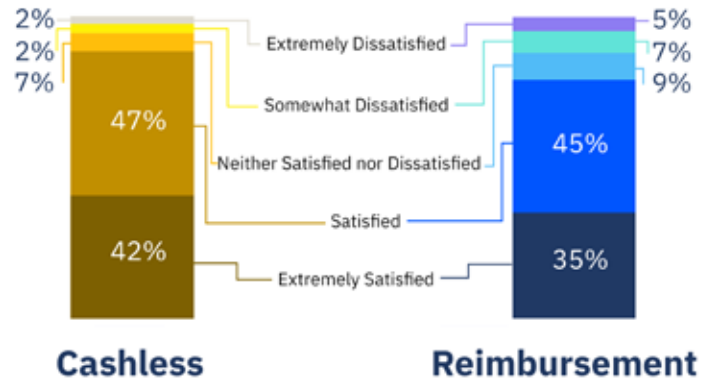
# Claiming Customer Satisfaction



## 40% EXTREMELY SATISFIED

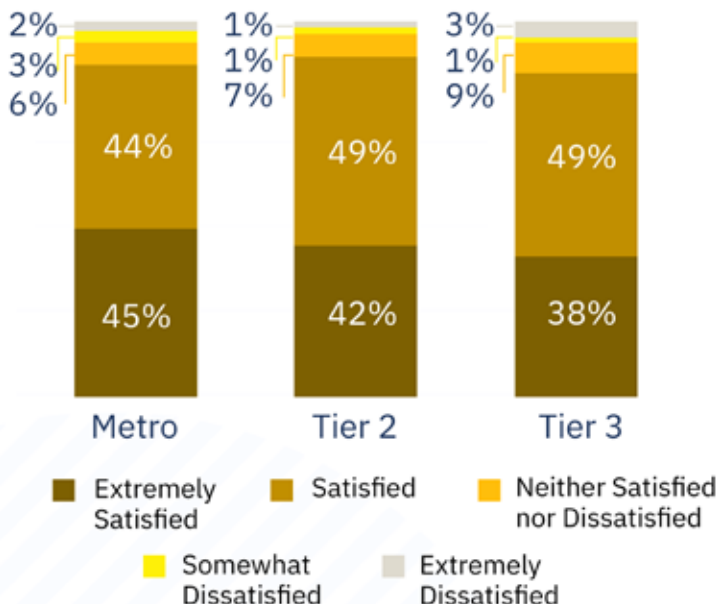
The degree of ease the industry is able to bring to the life of an insured family at the time of claims is critical. These individual family experiences collectively guide the overall industry perception. Our study shows that while the average user experience is respectable, it is substantially better in case of cashless claims as compared to cases of reimbursement.

The proportion of respondents going for the cashless process was at par in tier 1 and 2 cities, but slightly lower in tier 3. Potentially, this can be attributed to lower awareness as well as lower number of empanelled hospitals in tier 3 cities.

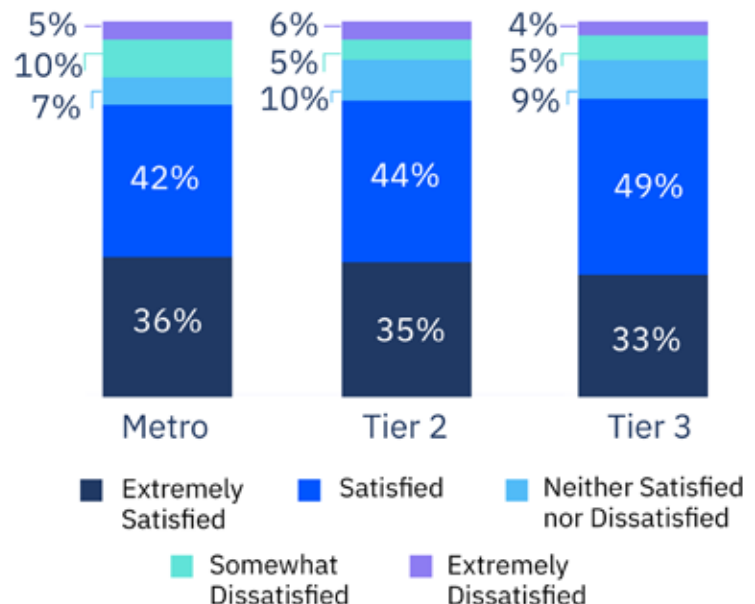


**Cashless**  
claims fare better with  
**~90% policyholders**  
satisfied  
and **42% elated**

**Cashless**  
Claim Satisfaction by City Tier

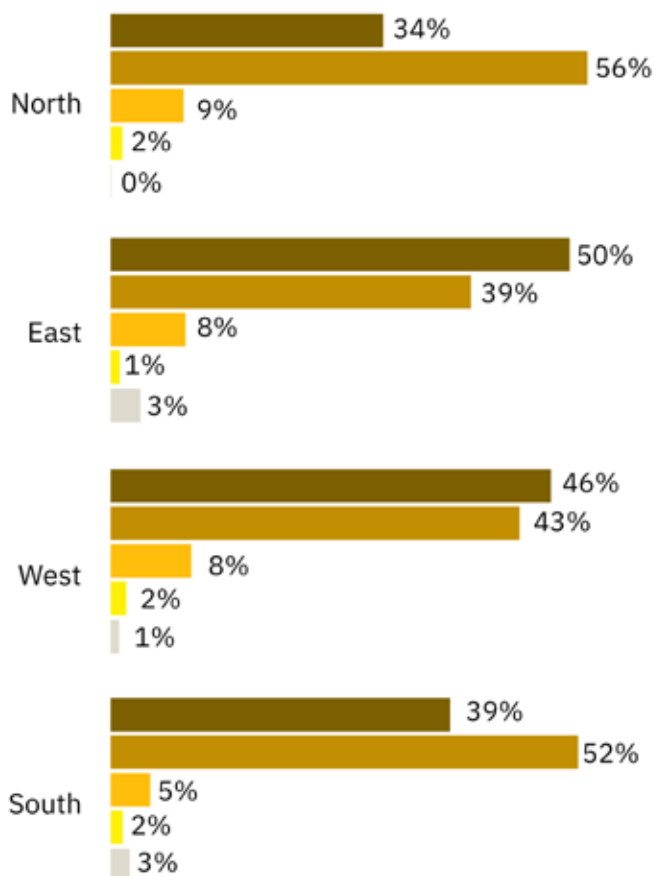


**Reimbursement**  
Claim Satisfaction by City Tier

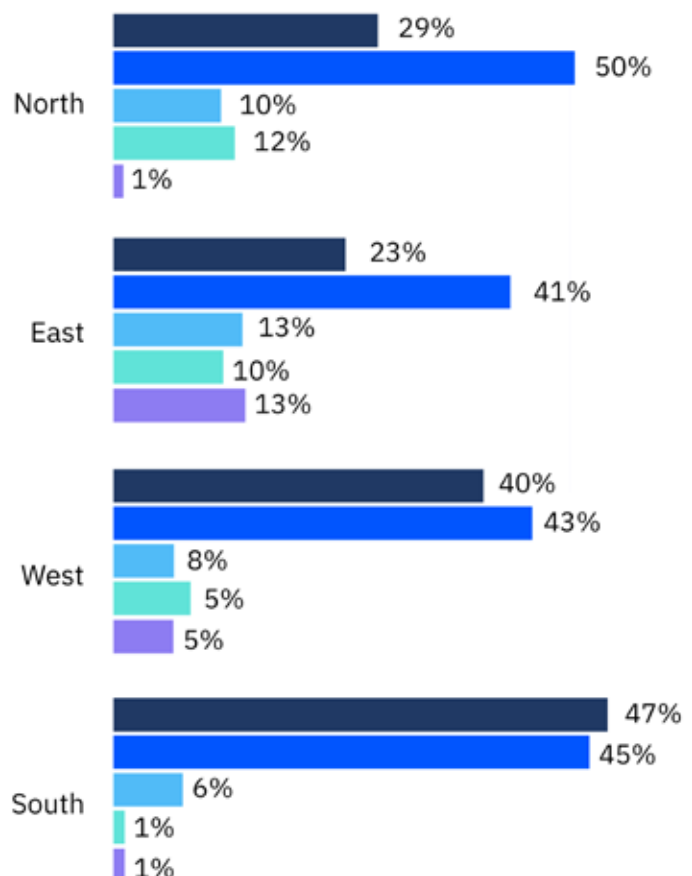


Across tiers, cashless claim comes out as a more satisfactory experience. In the case of reimbursement claim, 79% respondents were satisfied with their experience while only 35% reported high satisfaction. While 11% reported low satisfaction in case of cashless claims, the number is as high as 21% in case of reimbursement claims.

### Cashless Claim Satisfaction by Region



### Reimbursement Claim Satisfaction by Region



■ Extremely Satisfied   
 ■ Satisfied   
 ■ Neither Satisfied nor Dissatisfied  
■ Somewhat Dissatisfied   
 ■ Extremely Dissatisfied

■ Extremely Satisfied   
 ■ Satisfied   
 ■ Neither Satisfied nor Dissatisfied  
■ Somewhat Dissatisfied   
 ■ Extremely Dissatisfied

What’s worth noting here is that a portion of the reimbursement claims are sought to be cashless by the consumer but not permitted, due to a need for verification of the claim felt by the insurer. This is the first stage where customer experience gets hampered, even though the cause is not established yet. Secondly, the probability of rejection of such claims is obviously higher when the reimbursement claim is filed – further lowering customer satisfaction with the claim experience.

Clearly, IRDAI’s push for cashless claims is timely and thoughtful. The rapid compliance of these guidelines by insurance companies is equally commendable. Better availability of cashless claims across tiers can make a big difference to overall customer satisfaction.

# Industry Rides High

02

Claim  
Approvals vs  
Rejections

**with 94% claim approval,**  
instance of claim rejection even  
lower in cashless claims

# Industry rides high with high claim approval rates

At the heart of every health insurance policy lies a promise - a promise of security, of support and care when it's needed the most. But it's in the moments of truth, or claims as we call them, where these promises truly come to life.

The insurance industry plays well to its strengths with a

# 94%

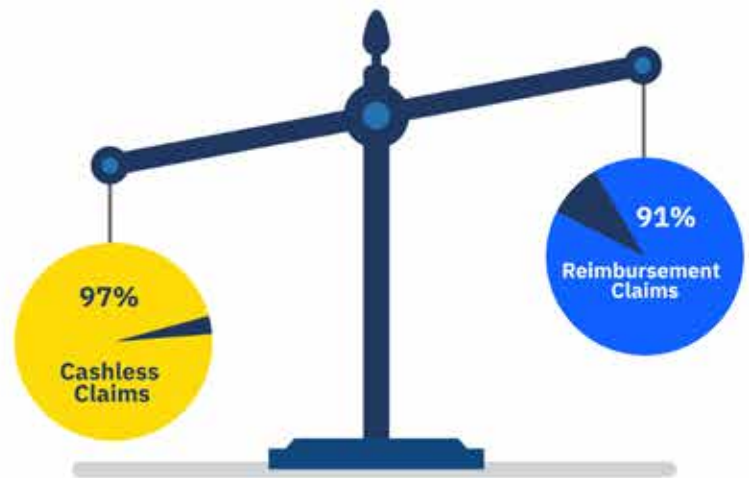
## CLAIMS APPROVAL RATE

The insurance industry plays well to its strength with a 94% claims approval rate. The approval rate is higher at 97% in case of online channels, indicating the customer-centricity of online mediums. An overall rejection rate of just 6% represents the significant strides that the sector has made in processing claims efficiently.

Notably, the instance of claim rejection was higher in case of reimbursement claims at 9% as compared to just 3% in cashless, demonstrating the latter offers a superior and more seamless customer experience.

Coming to payouts at the time of claims, on an average, 87% of the claimed amount was paid by the insurance companies. Expenses like consumables, which comprised 8-10% of the total bill, were mostly paid out of pocket. While the claim approval rate fares well, there's a scope to raise awareness regarding inclusive coverage with add-ons to cover all expenses adequately.

### Approval Rates



*I recently underwent a heart surgery which cost me about Rs. 5 lakh and was covered by my family floater health insurance policy. However, I was surprised to find that even after the insurance payout, I ended up spending an additional Rs. 20,000 on items like masks, bandages, and other medical supplies. I wasn't aware that these could have been covered by health insurance too.*

Male, 56, Lucknow

### Rejection Rates

#### Cashless

3% Claim rejected

37% Not contested

63% Contested

70% Contested claims rejected

30% Contested claims approved

#### Reimbursement

9% Claims rejected

25% Not contested

75% Contested

85% Contested claims rejected

15% Contested claims approved

## 2.1) Online brings claim rejection rate down from 6% to 2.5%

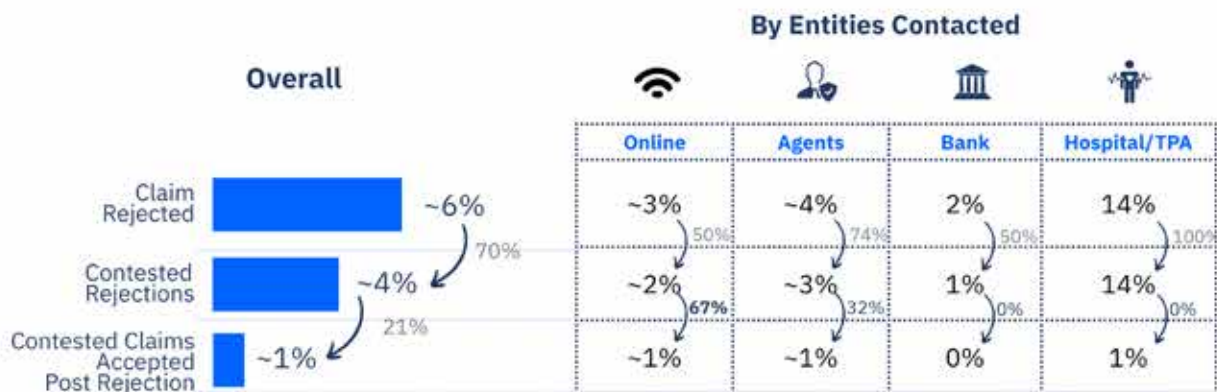
- The integration of online platforms yields a remarkable decline in rejection rates—from an average of 6% to a mere 2.5%
- This decline demonstrates the understanding and expertise that the online channels have built around claims handling and assistance. This includes ensuring that claims don't get stuck due to any documents or lack thereof



## 2.2) 67% of rejected claims greenlit if online intermediary involved, 32% via agents

- Online processes show a substantial improvement in claim approval rates, boasting a conversion rate of 67% from rejection to approval of claims submitted for reconsideration
- Agent-based approaches achieve a conversion rate of 32%, while individual claim processing attempts yield a meagre 6%

### Success rates in contesting claim



# High Expenses

make a clear case for  
**cashless claims**

# 03

Healthcare  
Expenditure  
and  
Impact on  
Experience

# High expenses make a clear case for cashless claims

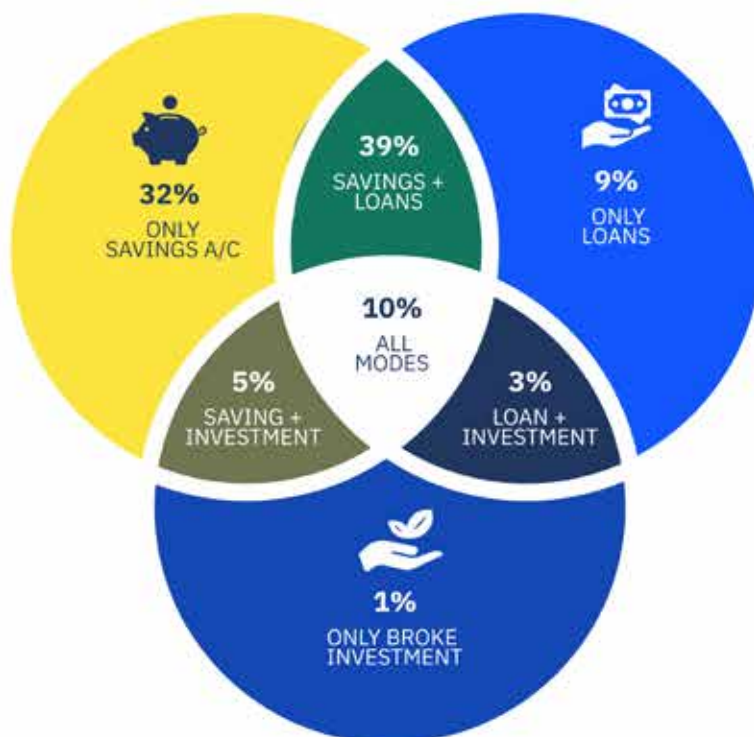
## 3.1) Treatment expenses weigh heavily on patients' pockets

Reimbursement claims are only sought when cashless claims are rejected or unavailable in preferred hospitals. The treatment expenses in such cases are beyond the reach of most. The findings show that 68% claimants who went for reimbursement claim end up dipping into longer term investments or even borrowing from formal and informal channels to finance the treatment.

# ~70%

of **Reimbursement Claimants** struggle to fund upfront costs if cashless is rejected or is unavailable in preferred hospital

### Source of Finance for Treatment



### The findings indicate that:

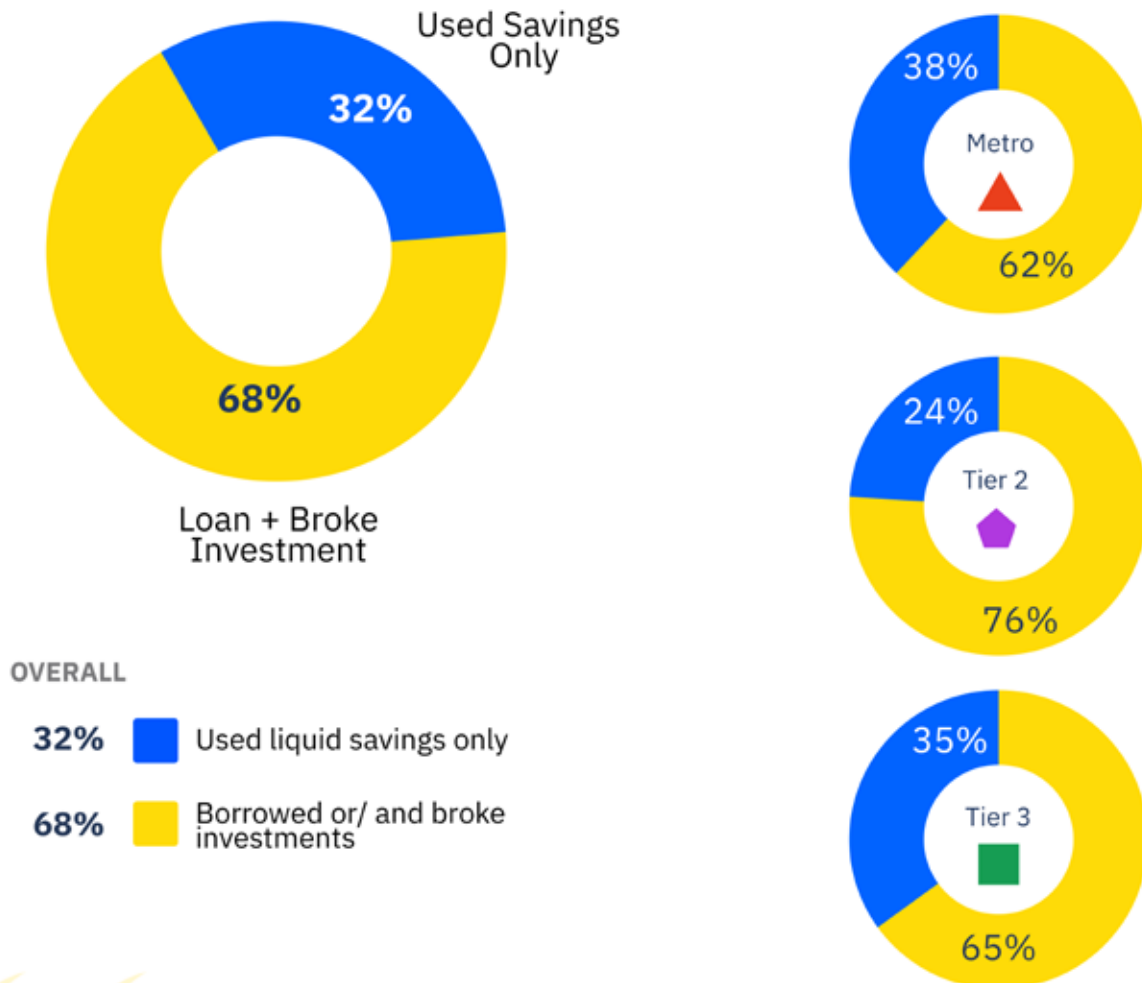
- Only **32%** were able to sustain the expenses by only using their liquid savings
- ~**20%** broke investments meant for other life goals
- ~**50%** were forced to seek loans through formal or informal channels even after utilising savings and investments
- The worst hit of the lot were the **9%** who had no choice but to borrow

The instance of borrowing increased significantly when the total treatment expense exceeded Rs. 1 lakh.

Notably, the out-of-pocket expenses in India have dropped from 62% to 47% as per the latest National Health Accounts (NHA) data. However, this is still far behind the world average of 18%, emphasising the need for adequate coverage in health insurance.

Tier 2 users seemed particularly pressed for resources to meet hospitalisation expenses. A higher proportion of them tended to rely on multiple sources, including breaking into savings and investments as well as loans, to fund their treatment expenses.

### Source of Finance for Treatment by City Tier



*I used to have stomach cramps and vomiting after I ate food. The doctors in my city treated me for 4 months to no avail. So, me and my husband went to Vellore as they have good facilities. However, this entire trip lasted for a month. Also, since most of the treatment was diagnosis and repeat tests, I didn't get cashless claim. We also had to pay for the hotel bills apart from the medical bills during this period. After 15 days of treatment, we were left with no money and we had to ask my parents and friends to help us out. After I got better, the reimbursements covered 70% of the total treatment cost. Also, once I got better, I paid back my friends.*

– Female, 29, Tiruvallur

## 3.2) High occurrence, high critical illnesses primary contributors to highest healthcare costs

Seasonal illnesses were the leading cause of hospitalisations accounting for **40%** hospitalisations. This was followed by accidents at **27%**.

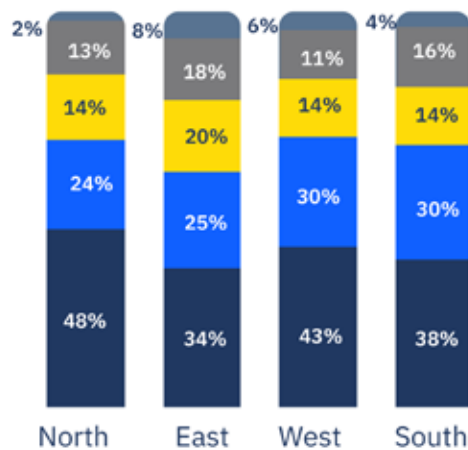
Surgeries and critical illnesses accounted for the third and fourth biggest causes of hospitalisation at 16% and 14% respectively. Most frequent surgical procedures included treatment for eyes (4%) and limbs/joints (5%). Critical illnesses most often related to organs like the heart, kidneys, liver, stomach or some form of cancer.

### Illnesses Causing Hospitalisation

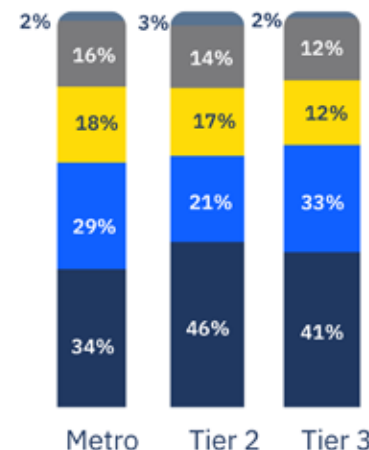


Hospitalisation due to seasonal illnesses were significantly **HIGHER AMONG CHILDREN** while accidents were prevalent among 18-40 year olds and critical illnesses among 41 and above.

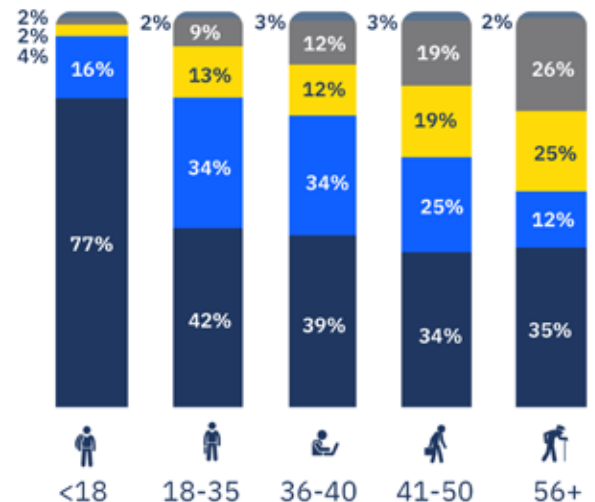
#### By Region



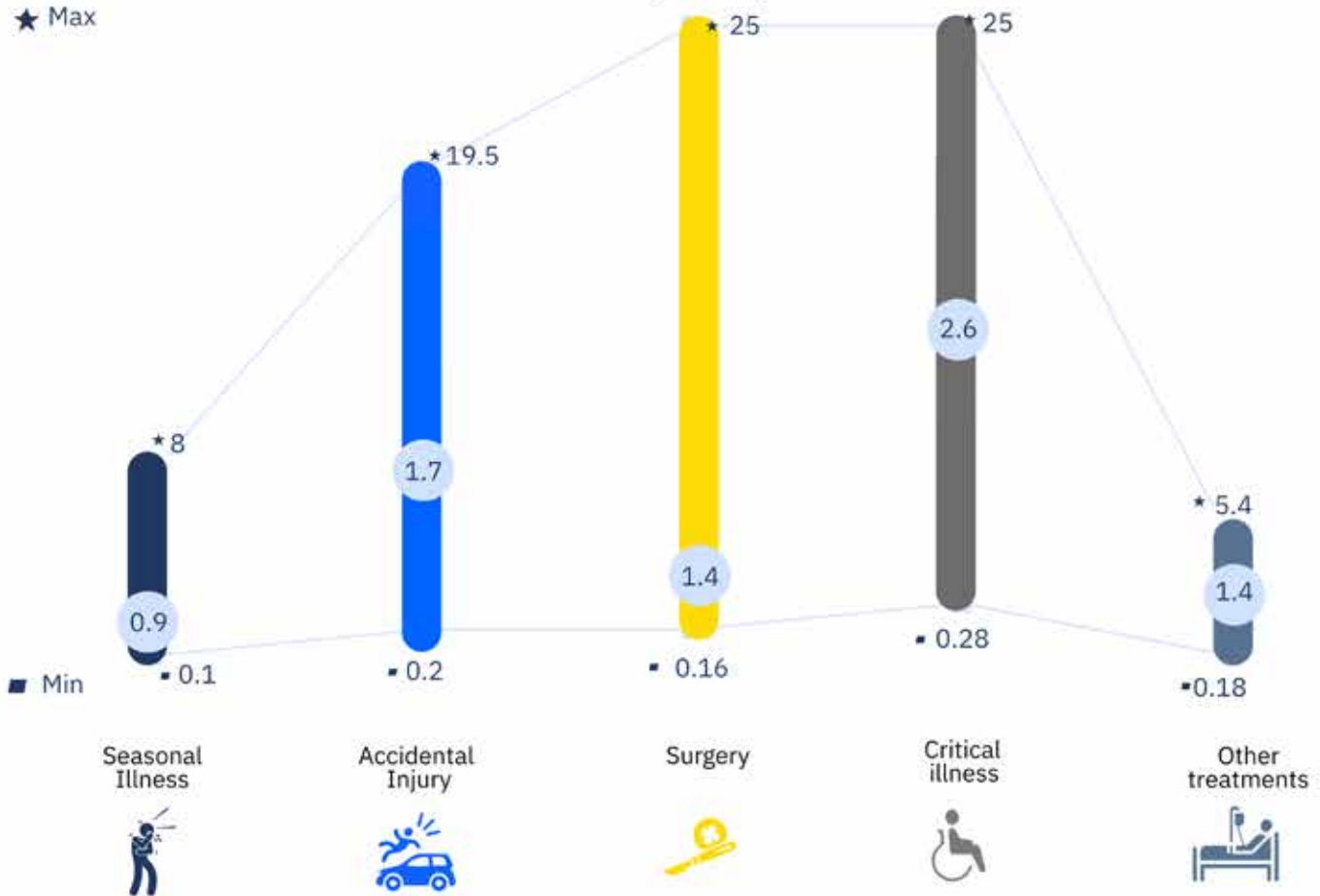
#### By City Tier



#### By Age



## Expense on treatment (Lakhs)



Even as seasonal illnesses accounted for the most hospitalisations among the sampled respondents; accidents, critical illnesses and other surgeries were heaviest on the pocket. The claim size in these cases often went up to Rs. 20-25 Lakhs. While seasonal illnesses have the lowest average claim size, the expense for them could also run as high as Rs. 8 Lakhs.

Treatment expenses further escalated with age, particularly for seniors, whose medical procedures tended to be more costly, owing often to comorbidities. The deductions also tend to be higher for patients in higher age-brackets stressing upon the significance of adequate health insurance for senior citizens.

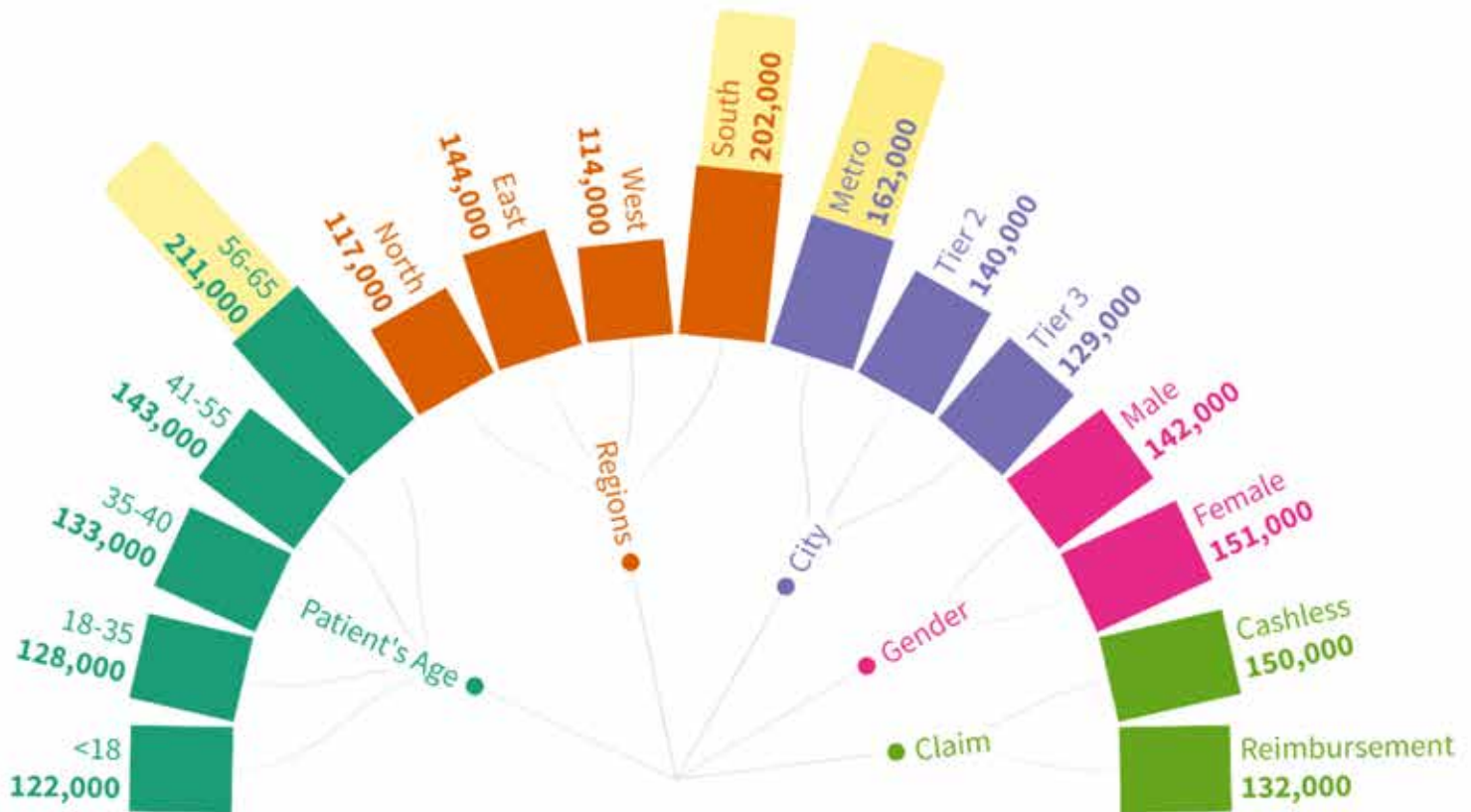
A Policybazaar study conducted in 2023 also found out that

**36%**  
of all claims required  
**advanced medical care**

With the rate of medical inflation at

**14%**  
**the cost of  
advanced treatment**  
has been rapidly  
rising for the past 3 years

## Expense (Lakhs)



**INR 1.44 L**

Average Expense



# Key Expectations

Swift and **stress-free**  
claim process

# 04

Customer  
Expectations

# Key Expectations: Swift and stress-free claim process

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When a customer decides to shell out a portion of his income as health insurance premium regularly, what they bargain for in return is mental peace on the financial front. In case of a medical emergency, a policyholder expects that funding the treatment will be a worry off his/her table.

Additionally, a disease that requires hospitalisation itself is a cause of severe concern for the family and loved ones. The priority at that time is getting the patient treated without having to spend mental and physical energies on documentation or negotiating with the insurance company or hospital to start treatment.

A) Starting treatment on time is crucial for policyholders and their families, especially in cashless claims. 14% of those satisfied with cashless claims say it's the most important factor

B) The time it takes to submit, process, and pay out claims is equally important in reimbursement process. 20% of reimbursement claimants say it's the main factor in satisfaction

C) Overall, limited and easy-to-fill paperwork was a key driver of satisfaction among both the types of claim processes

*Post my knee replacement surgery, the physiotherapy took 21 days. I also had to visit the doctor for him to diagnose the progress post-surgery. So, I submitted all these post-hospitalisation bills along with the hospital bills after 1 month of the surgery. I planned my haemorrhoid operation after the pain became unbearable. The doctor asked me to get some tests conducted. However, after looking at the reports, my doctor suggested that I needed to take medicines to balance my thyroid and kidney function levels. Without that, they wouldn't operate on me. This medication ran for 1.5 months. Then, I had my surgery conducted at the hospital. Post-surgery, the doctor asked me to consult back after 1 month. So, the total treatment was across ~3 months before I submitted all my bills for reimbursements.*

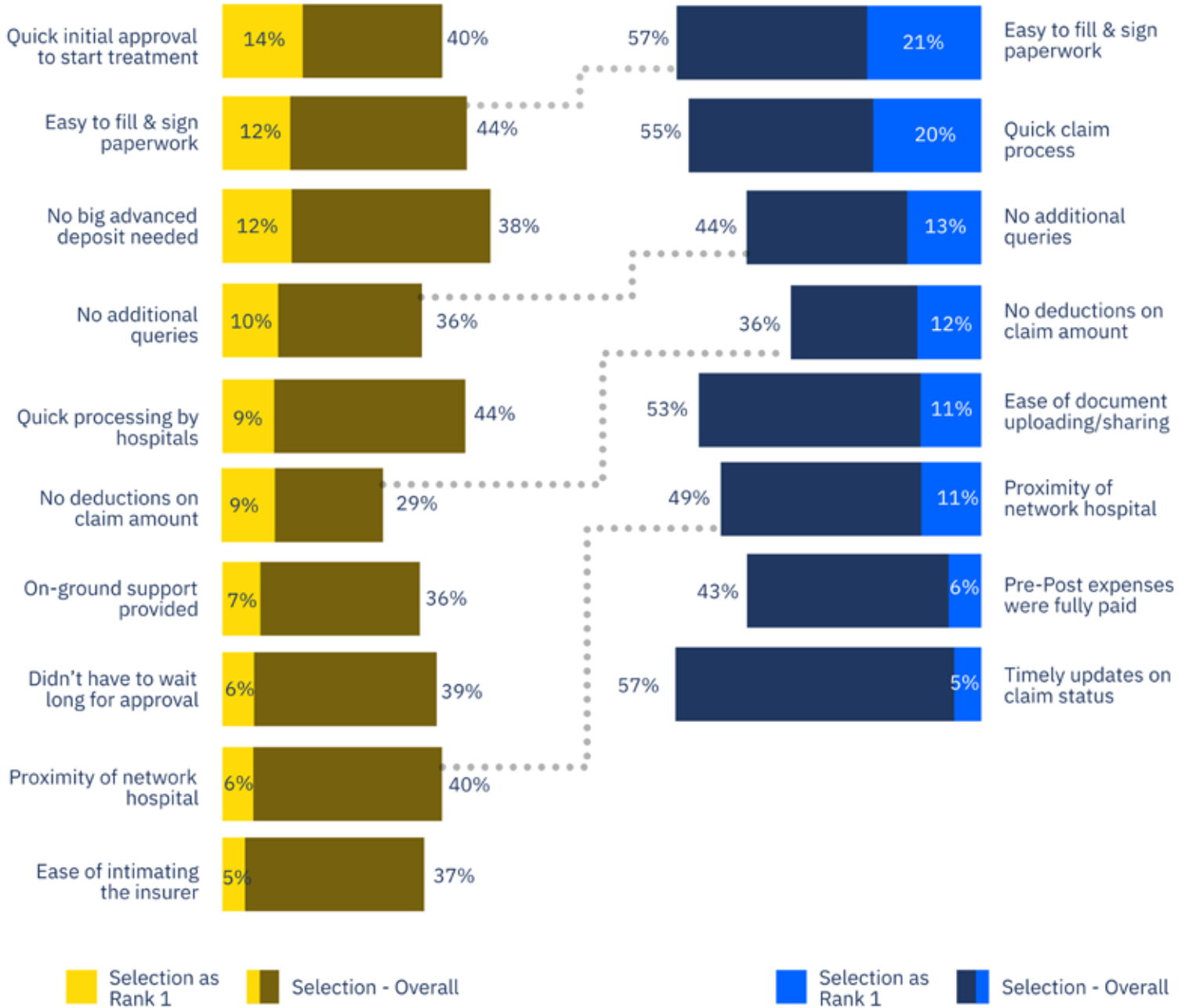
– Female, 70, Gurgaon



## Reasons for High Satisfaction

### Cashless 89% Users

### Reimbursement 79% Users



The disillusionment with paperwork is more readily apparent in reimbursement claims – the average time taken to submit bills is 12.2 days which goes up with higher bills. The average time taken to submit a bill above Rs. 1 Lakh is 20 days, while it's 28 days in case of bills above Rs. 3 Lakhs. The causes can be related to the kind of time and effort involved in collating the bills and post-hospitalisation treatment expenses.

Users going for  
**Reimbursement**

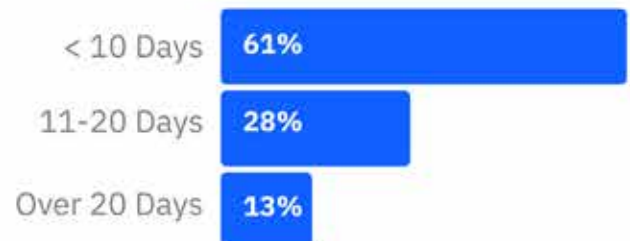


Often, the reasons behind opting for reimbursement are:

(i) Cashless claim initially getting rejected owing to verification, which indicates the need for a clearer and better verification process

(ii) Absence of cashless facility at the hospital of choice. Patients choose a doctor/hospital that they trust, irrespective of the availability of cashless mechanism

### Avg. Time Taken to Submit Bills **12.2 Days**



The average time taken to submit a bill is

# 28 Days

in case of bills  
above **Rs. 3 Lakhs**

# Policyholders' Biggest Frustrations

05

Biggest  
Frustrations

Too much paperwork

Claim denials

Running around for claims

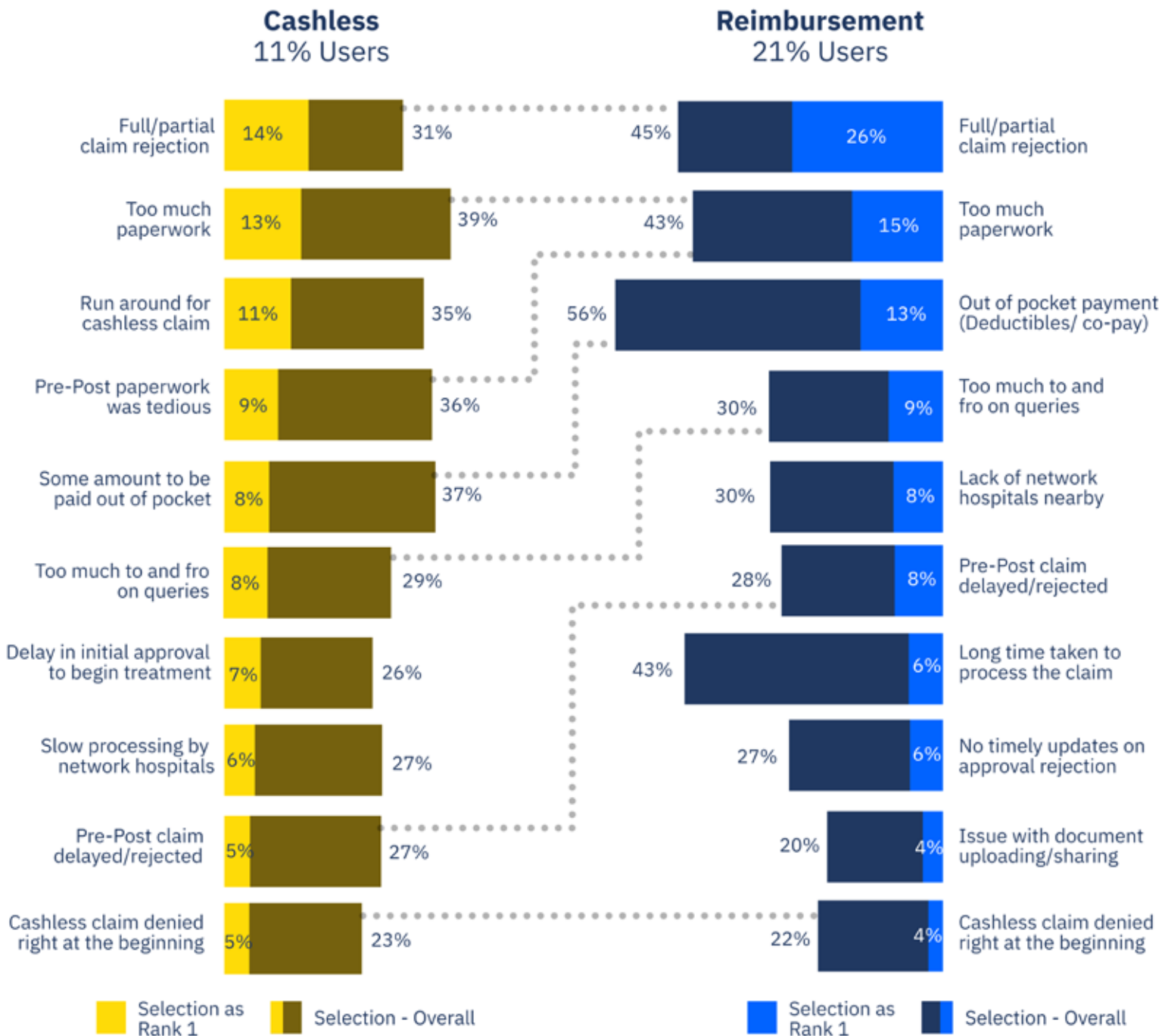
Lack of transparency

# Policyholders' biggest frustrations

- Too much paperwork
- Claim denials
- Lack of transparency
- Running around for claims

Irrespective of the type of claim, the biggest barrier to satisfaction remained claim denial among respondents, which is further accentuated if they are not provided a clear reason for rejection of their claim. While in case of rejected cashless claims, 40% were not provided a clear reason for rejection; in case of rejected reimbursement claims, this number was as high as 63%, necessitating the need for the industry to be more transparent.

## Reasons for Low Satisfaction



Among rejected claims, a significant portion (56% for cashless and 47% for reimbursement) were due to non-coverage of the disease – often due to non-disclosure of pre-existing conditions by the consumer at the time of purchase or exclusion in the policy which the consumer may not be aware of or did not remember.

## Reasons for Claim Rejection



Delayed notification to insurance companies (31% for cashless and 36% for reimbursement) is another top contributor to claim rejection, often due to stressful circumstances leading to oversight.

This brings forth a dire need for:

- Increasing consumer awareness and regular communication
- On-ground guidance and support at the hospital during claims process
- Simplification of the product and limitation of fine print

Running around at the hospital between the TPA desk, nursing station, billing desk, discharge counter for cashless claims, while also being by the patient's side adds to dissatisfaction of the patient and/or their loved ones.

# Wait time a hygiene factor in cashless

06

Wait Time  
in Cashless  
Claims

Average wait time post-doctor approval **3.8** hours overall; **6%** dissatisfied claimants spent **8.5** hours

# Average wait time 3.8 hours overall; 6% dissatisfied claimants spent 8.5 hours

*"In my case, I could return home only after 1.5 days. When my bills got stuck, the insurance company stated that they would need 4-5 hours to verify all documents. But that re-verification got delayed and insurers told a physical verification is needed but can happen only on the next day. So, I had to stay back at the hospital. Even the next day, the verifying agent didn't come to the hospital till late afternoon. He took his time to check all documents. Only by late evening on the second day, I could return home. Hospital added an extra day's bill as well due to the delay"*

– Male, 35, Mumbai



94%

**Satisfied** claimants spend 3.8 hours on avg. waiting for billing and claim approval process completion, post doctor approval for discharge



6%

**Dissatisfied** claimants spent 8.5 hours on avg. waiting for billing and claim approval process completion, post doctor approval for discharge

## Time Taken in Claim Process Post-Doctor Approval for Discharge



■ Satisfied Users
 ■ Dissatisfied Users

Lack of synchronisation between insurance company and hospitals results in inefficient query resolution.

Additional delays occur when insurance companies request supplementary information, leaving attendants to navigate the complexities themselves.

Involvement of intermediaries such as Policybazaar.com and individual agents expedites claim processing, showcasing a notable contrast to the standard procedure and the need for process simplification.

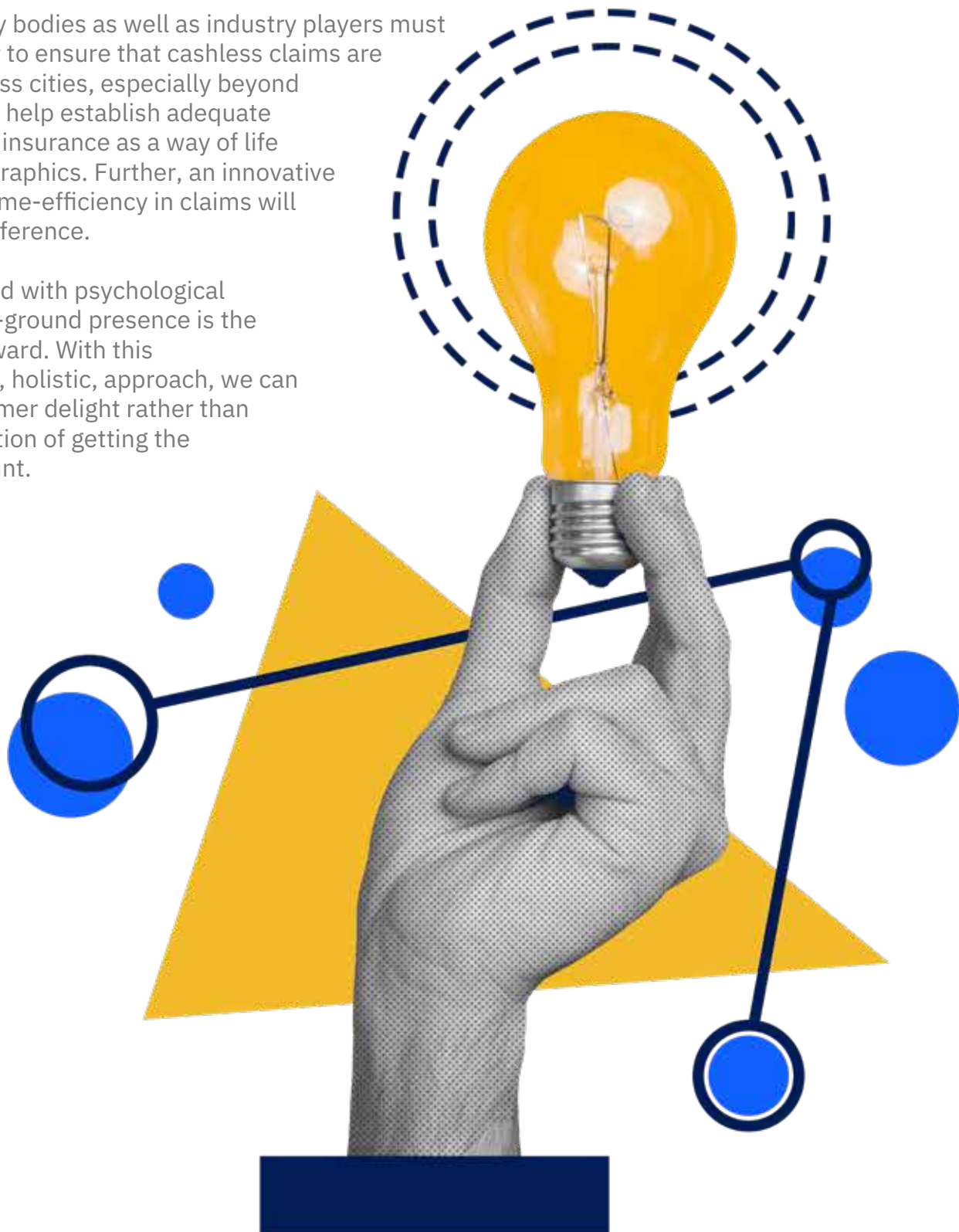
# Conclusion

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Over the past decade, the industry witnessed a significant uptake in the adoption of Health Insurance. It is a duty for all stakeholders to ensure that this bigger, growing customer base finds it easy to have faith in our systems. The fact that the overall experience of these claims is largely aligned with the customers' expectations (86% satisfaction rate) is a happy takeaway. However in an industry where the stakes are as high as they are in Health Insurance - the stats need to look even better. So, every granular detail of customer dissatisfaction must be overturned.

The regulatory bodies as well as industry players must work together to ensure that cashless claims are available across cities, especially beyond metros. It will help establish adequate investment in insurance as a way of life across demographics. Further, an innovative approach in time-efficiency in claims will make a big difference.

This, combined with psychological comfort of on-ground presence is the clear way forward. With this conscientious, holistic, approach, we can ensure consumer delight rather than mere satisfaction of getting the claimed amount.





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