

## **1. INTRODUCTION TO ORGANIZATION**

ICICI Lombard GIC Ltd. is the largest private sector general insurance company in India<sup>[3]</sup> with a Gross Written Premium (GWP) over 4,734.89 crore (US\$944.61 million) as of March 2011. The company issued over 56 lakh policies and settled over 81 lakh claims. The company has a network of 315 branches as on March 31, 2011. ICICI Lombard allows instant policy issuance and renewal through its website [www.icicilombard.com](http://www.icicilombard.com). Its expertise lies in providing retail insurance products including Car Insurance, Health Insurance, Travel Insurance, Two Wheeler Insurance and Home Insurance.

## **2. CORPORATE HISTORY**

### **2.1 Background of Formation**

ICICI Lombard GIC Ltd. was incorporated on October 30, 2000. It is a 74:26 joint venture between ICICI Bank Limited; India's second largest bank with USD 75 billion in assets and Fairfax Financial Holdings Limited. Based in Canada, Fairfax Financial Holdings Limited is a USD 27 billion diversified financial services company. It is engaged in general insurance, reinsurance, insurance claims management and investment management.

ICICI Lombard got its regulatory approval from the Insurance Regulatory and Development Authority ('IRDA') and also obtained its certificate on renewal of registration to undertake General Insurance business on August 3, 2001

### **2.2 History of ICICI Bank**

ICICI Bank was established in 1994 by the Industrial Credit and Investment Corporation of Indianan Indian financial institution that is a wholly owned subsidiary. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged into ICICI Bank.

### **2.3 History of Fairfax Group**

Fairfax Financial Holdings Limited is a financial holding company based in Toronto, Ontario. Its field of expertise lies in property, casualty, life insurance and reinsurance,

investment management and insurance claims management. The company operates primarily through several subsidiaries, including Odyssey Re, Northbridge Financial, Crum & Forster and Zenith Insurance Company.

### **3. OPERATIONS**

#### **3.1 Business lines**

ICICI Lombard offers general insurance products. It spreads across into diverse product groups such as:

- Business Solutions
- Project Solutions
- Liability Solutions
- Export Solutions
- Export Import Transit
- Rural Solutions
- Personal Solutions
- Travel Insurance
- Motor Insurance
- Home Insurance
- NRI Solutions

#### **3.2 Organizational structure**

ICICI Lombard's organizational structure comprises of four key segments:

- Corporate solutions group
- Financial inclusion solutions group
- Retail group &
- Shared services

The Corporate Solutions Group focuses on large conglomerates, small and medium enterprises, state, central government and government owned enterprises. The Financial Inclusion Solutions Group offers insurance solutions to rural customers with weather, cattle, health and personal accident covers as its vital product segments. The Retail segment addresses individual customer's needs like Health, Home, Motor, Travel and Personal Accident insurance. The Shared Services segment encompasses of areas like underwriting, customer service, technology, operations, reinsurance, broking, finance and accounts, human resources, legal, marketing, administration and fraud control.

#### **4. FIRAT TIME IN INDIAN INSURANCE MARKET**

##### **4.1 Telecalling**

ICICI Lombard was the first general insurance company in India to start telesales operations due to its inherent profitability. However in recent times, public outburst against pushy and intrusive Telecalling in general has led to a reduction in cold calling. Also, the introduction of 'do-not-call' (opt-out) lists is similar to the US 'Do Not Call Registry'. ICICI Lombard too has the Do Not Call option and respects the privacy of their customers.

##### **4.2 Online Policies**

ICICI Lombard was among the first companies to make their insurance products available online in India. ICICI Lombard has web-based systems to meet all pre and post-policy transactional needs of its customers.

##### **4.3 Weather insurance**

Started by ICICI Lombard in 2003-04, its weather based crop insurance schemes covers more than 2 million farmers. The states covered under this cover are Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Tamil Nadu Karnataka, Chhattisgarh, Himachal Pradesh, Haryana and Jharkhand. The company has close to 7.6 million acres of land that covers around 30 crop varieties. The Modified National Agricultural Insurance Scheme (MNAIS) was launched by the Ministry of Agriculture, Government of India on a pilot basis in 35 selected districts of India. The above schemes are alternative to the ongoing National Agricultural Insurance Scheme (NAIS) from the Rabi 2010-11 seasons. ICICI Lombard was the only private insurer

in India to have received a mandate to implement MNAIS in two districts of Uttaranchal and Madhya Pradesh.

#### **4.4 Women Seri-culturists and workers Health Insurance scheme**

Women employed in grain ages and silk reeling units are exposed to serious health hazards. A scheme providing coverage to women beneficiaries has been introduced for the welfare of women.

#### **4.5 Rajiv Gandhi Shilpi Swasthya Bima Yojana**

ICICI Lombard has introduced health insurance initiative for artisans in the country called RGSSBY (Rajiv Gandhi Shilpi Swasthya Bima Yojana).

### **5. AWARDS & RECOGNITINS**

ICICI Lombard has won a number of awards and recognitions over the time of its existence.

- Rated highest in customer satisfaction by J.D. Power Asia Pacific in India
- Customer and Brand Loyalty award in the 'Insurance Sector - Non-Life' at the 3rd Loyalty awards, 2010
- General Insurance Company of the Year at the 11th Asia Insurance Industry Awards
- NDTV Profit Business Leadership Award 2007
- Most Customer Responsive Company in the Insurance category at the Economic Times Avaya Global Connect Customer Responsiveness Award 2006
- Gold Shield for 'Excellence in Financial Reporting' by the ICAI (Institute of Chartered Accountants of India) for 2005-06.
- Most Preferred General Insurance Brand award for the year 2010 by CNBC AWAAZ
- World Business Leader in Insurance category presented by World Confederation of Business.

- The Master Brand Award 2010 by CMO Council
- IT user Award 2010 for Best Technology Implementation in the Insurance Sector by NASSCOM – CNBC for implementation of Rural Point of Service (RPOS) to extend health coverage to a large number of underprivileged families across various states.
- Save Money Motor Insurance campaign was awarded the Best Marketing Campaign by World Brand Congress
- ICICI Lombard has been conferred with the “Skoch Financial Inclusion Award-2011” in the micro finance category.
- It also received the “Golden Peacock Innovation Award-2010” for Rashtriya Swasthya Bima Yojana.

## **6. DEPARTMENTS**

### **6.1 Actuarial Department**

1. To Design Insurance Products.
2. To Conduct Research for further innovation (Products).
3. To Assess Financial viability of the organization.
4. Risk Management.
5. Coordination with External Environment (Government, competition)
6. Optimum utilization of Financial Resources as per Regulatory Norms.

### **6.2 HR Department**

1. Recruitment of Employee. (Quality Check, Right Person at Right Place.)
2. Development of Employee. (Feedback , Training )
3. Performance Appraisal.( Promotion, Increments, Bonus)
4. Coordination with Other Departments.

5. Guidelines & System process for overall development of the organization & Employee. (HR 4U, Pace and many more)

### **6.3 Finance Department**

1. Maintain Cash inflow and out flow.
2. Preparation of Balance sheet & P&L Accounts.
3. Coordination with other Department.
4. Implementation of Financial Plan (Expansion).
5. Yearly Budget.
6. Management as per Government Guidelines.

### **6.4 Training Department**

1. Conduct Training as per Regulatory Guidelines. (Advisor Training)
2. Conduct Induction Programs for New Employee.
3. Coordination with HR, Sales & Marketing and other Departments.
4. Understand Market changes and needs and Launching of new product.
5. Conduct Management Development Program at different Level.

### **6.5 Operations Department**

1. Maintain Daily Transaction (FPR).
2. Data Management.
3. Scrutiny of Proposal form.( First Underwriting)
4. Follow All key Guidelines (KYC, IRDA)
5. Coordination with other department like Training, Sales, Underwriting, Channel Development.
6. Maintain TAT.
7. Maintain Petty Cash.

### **6.6 Underwriting Department**

1. Assessment of Risk.

2. Financial Underwriting as per company Guidelines.
3. Medical Underwriting as per company Guidelines.
4. Decision Making in concern to the Risk Acceptance.
5. Coordination with Operation & Sales Department and Doctor Panels.
6. Database or MIS.
7. Analyzing Trends for profitable Underwriting.
8. Maintain TAT in all Process.

#### **6.7 Claim Department**

1. Coordination with Surveyors, Sales, and Underwriters & Doctor Panels other Departments.
2. Follow IRDA Guidelines.
3. Decision making in concern to claims.
4. Maintain TAT for all process.
5. Valuation and claim Estimation.
6. Work along with TPA and Hospitals.

#### **6.8 Sales and Development Department (S&D)**

1. Recruitment of Agents, Corporate agents, Business Partners.
2. Fulfillment of sales Targets.
3. Coordination with Operations, Training, and CD.
4. Initial underwriting.
5. Follow IRDA and KYC Norms.

#### **6.9 Marketing Department**

1. Based at RO/ZO/HO.
2. Event Management.
3. Sales Promotion Through Advertisement etc

4. R&R
5. Important Corporate Tie-ups. Like with Banks
6. Maintenance of sales MIS
7. Work along with S&D.

## **7. IN DEPTH STUDY OF CLAIM SETTLEMENT AND UNDERWRITING PROCESS**

### **Health Insurance Claims Settlement Process:**

In most cases, the Insurance companies appoint a Third Party Administrator (TPA) for claims processing. That means once the health insurance policy is sold, the insurer passes on the complete details to the TPA. In case of a claim, the insured has to get in touch with the TPA for all verification and formalities.

### **Two Ways By Which Health Insurance Claims Are Settled:**

#### **1. Cashless:**

For planned hospitalization at authorized network hospitals, the TPA has to be notified in advance for availing cashless treatment or within the stipulated time limits for emergencies. The insurance desk at hospitals will generally help with all the paper work. The TPA has to approve the claim amount and the hospital settles the amount with the TPA / Insurer. There will be exclusions which will have to be settled directly at the hospital by the insured.

#### **2. Reimbursement:**

Reimbursement facility can be availed at both the network and non-network hospitals. The hospital bills are directly settled at the hospital after the insured avails the treatment. The insured can then claim reimbursement for hospitalization by submitting relevant bills / documents for the claimed amount to the TPA.

The TPA mode of claims settling has its own problems. The TPA is incentivized to limit insurance claims and they are not the ones who sell the policy. There are many

cases where the insured had a tough time to claim for his hospital expenses. So before taking a health insurance policy, check who the TPA is and how good they are when it comes to claims processing. Internet search and a friendly chat with the hospital staff can give you good insight on the insurer / TPA. There are also some health insurance providers who do not employ TPAs and manage claims settlement directly which is called In-House TPA.

## **8. HEALTH INSURANCE UNDERWRITING PROCESS**

### **Collecting the Necessary Information**

To begin the underwriting process, an underwriter needs to have several pieces of information in order to provide the most accurate evaluation of a potential policyholder.

### **Analyzation**

Once the required information has been collected, the underwriter can begin to analyze each piece of information. Underwriters are governed by underwriting guidelines set forth by their company. Therefore, all information is evaluated against these guidelines. Underwriters have different levels of authority, as well. If the information and analysis reveals that a decision needs to be made by someone with a higher level of authority it will then be passed on to that particular underwriter.

The main purpose of analysis is to determine how much risk a particular customer will bring to the company.

### **Identifying options**

Once the analysis of the provided information is complete, the underwriter basically has three options:

1. Accept the application and approve a policy
2. Reject the application and deny coverage/refuse to write a policy
3. Approve an application with conditions attached (lower coverage limits, modification of loss control practices, higher premiums)

After the underwriter chooses how to proceed, the application will either be forwarded to the policy processing department, back to the agent for modifications and review with the customer, or a rejection letter will be sent to the agent and the customer.

### **The importance of underwriting**

Without underwriting, an insurance company would be placed on shaky ground with regards to its financial stability. Underwriting ensures that a company will not be confronted with a consistent barrage of losses. Just as a customer is evaluated to determine their risk, an insurance company has to evaluate its own tolerance for risk, and has to determine the ratio of favorable policyholders to those with a less favorable profile.

Each insurance company has its own underwriting guidelines and standards for who they will and will not insure. The underwriting process is the method of determining that the company continues to function within workable boundaries.

## **9. IN DEPTH STUDY OF ALL HEALTH INSURANCE PRODUCT**

The task assigned to me by the company was **comparision of the various major health insurance products provided by different health insurance companies, based on critical parameters.**

The goal of this task is to study the different health insurance products and find out the critical parameters and with the help of comparative studies deriving justifiable information in which areas our (ICICI Lombard General Insurance Co) products lagging behind. It also helps to draw the possible modifications that might improve the quality of the products, so that there will be an opportunity to attain the expectations of the customer. It will ultimately leads to customer loyalty and expansion of business.