# PROCESSING OF GENERAL INSURANCE

## S.Subesamoorthy[1], Dr.S.S.Onyx Nathanael Nirmal Raj[2]

[1]*MBA Student, School of Arts, Humanities & Management, Jeppiaar University, Chennai, India.*
*Email ID: subesamoorthy@gmail.com*

[2]*Associate Professor, School of Arts, Humanities & Management, Jeppiaar University, Chennai, India.*
*Email ID: dronyx77@gmail.com*

**Abstract**—*General insurance processing is in the nature of a systematic process of offering different kinds of risks, such as loss or damage to property, accidents, and illness, which are not included in life insurance. It starts with the policyholder choosing the nature of insurance depending on his or her requirement and goes to the issuance of a policy specifying the terms and conditions, premium, and coverage. The insurance company will take care of possible risks as long as the policyholder provides the required requirements. In case of loss or loss, the policyholder can make a claim so that he is compensated.*

*Processing of claims is an important part of general insurance because it entails ensuring the validity and extent of the loss. When a claim is received, the insurers evaluate the situation, check the documents required, and may carry out investigations to ascertain the validity of the claim. This process ensures that the claim is in accordance with the policy terms and that payment is made in accordance with the agreed terms.*

*Effective claims handling is essential to customer satisfaction and confidence in the insurance system. Efficient and open claims handling enable insurers to establish long-term relationships with customers, and each party knows its rights and commitments. Effective claim handling not only increases customer satisfaction but also the insurer's financial strength and reputation.*

**Key Words:** General Insurance Processing, Policyholder, Customer Satisfaction, Financial Strength.

## INTRODUCTION

General insurance is a general class of insurance covering except for life insurance forms of risk. General insurance offers insurance for loss or damage to property, liability, medical and health-related expense, and unexpected situations like accidents or natural calamities. While life insurance is aimed mainly towards offering protection of money in the event of death or disability, general insurance is used to insure various types of potential risks likely to occur to individuals, institutions, and assets. General insurance is issued to offer protection of money and indemnity in the event of sudden loss or damage so that the policyholders can offset the cost impact of the incident.

There are a number of key stages involved in dealing with the general insurance, starting at the point at which the customer buys the policy. The customer chooses the cover and amount as suitable to his/her own circumstances, perhaps car, home, health, or commercial cover. After issuance, the policy, the insurance firm becomes bound to pay a share of risks described in the contract when terms and conditions, including prompt payment of premiums, are met by the policyholder. When making a claim for loss, the policyholder of insurance makes a claim for payment and the insurer will then consider it to establish whether or not a loss has occurred and what kind of loss.

Settlement of claims is among the core business of general insurance that must be closely examined and ascertained to have occurred. Insurers examine the underlying accident in the claim, ask questions about the claim, and verify ancillary proof such as repair estimates or medical invoices. On the basis of investigations, the insurer pays or denies the claim or pays partially. The process helps to bring about the guarantee of financial protection under the cover in a rational and efficient manner with the insured and insurer's interests synchronized. Claims handling needs to be efficient towards the fulfilment of customer confidence and customer satisfaction in the overall general insurance business.

**REVIEW OF LITERATURE**

1. **Yves L Grize (2015)** This is an expository paper on applications of statistics in the field of general insurance, also called non-life insurance. Advanced statistical methods have long been used in financial mathematics and actuarial applications for life insurance, but their usage in non-life insurance is relatively new. The business model of insurance companies, especially those active in non-life insurance, has seen dramatic changes over the last 15 years. The aim of this paper is to convince the readers that especially today non-life insurance is not only an exciting ground to apply existing modern statistical tools but also a fertile environment for new and challenging statistical developments.

2. **Pietro Parodi (2023)** The pricing in General Insurance, Second Edition, presents pricing as a formalized process that begins with gathering information about a specific policyholder or risk and concludes with a commercially informed rate. It is based on the syllabus of actuarial practice courses on general insurance pricing, with additional content inspired by the author's personal experience as a practitioner and lecturer.

3. **Wolfgang Goebl, Klaudius J Messner, Bernd Schwarzer (2001)** This outline the Generali Vienna Group's workflow technology implementation approach. The Generali Vienna Group is a large insurance provider that primarily serves Central Europe. We talk about the challenges we encountered during the business process reengineering, workflow product evaluation, and workflow introduction phases, as well as the prospects we see for workflow management in the insurance industry.

4. **Omasz Rolski, Hanspeter Schmidli, Volker Schmidt, Jozef L Teugels John Wiley & Sons, (2009)** A new generation of statisticians, mathematicians, and scientists can now more easily access vital knowledge thanks to the Wiley Paperback Series. For scholars and practitioners of insurance mathematics, Stochastic Processes for Insurance and Finance provides an extensive yet approachable resource.

5. **Kimon Batoulis, Alexey Nesterenko, Günther Repitsch, Mathias Weske BPM (2017)**

Many organizations use business process and business decision management to handle their processes and decisions. Therefore, industry and academics have an increasing interest in exploring and developing solutions for BPM. This leads to different approaches such as open standards and proprietary process engines which in turn lead to discrepancies in terms of supported constructs, best practices, and much more.

**OBJECTIVE OF THE STUDY**

The Objective of this Research Paper are Described as Under:

- Make policyholders confident of protection against unforeseen risks, i.e., damage/loss to property, accidents, and illness-related accidents.

- Prevent people and businesses from suffering financial loss from unforeseen incidents by being covered adequately.

- Tailor insurance products to the very specific needs of individual policyholder, offering the right amount of cover for personal risk.

- Make purchase and understanding of insurance cover easy and convenient for policyholders.

- Issue policies in timely way after purchase, providing policyholders' cover in timely manner.

- Facilitate filing and processing of claims by policyholders easily without creating administrative issues.

- Settle claims reasonably on policy's terms and conditions.

- Deal fairly and openly regarding status of claim and settlement process.

- Establish and maintain trust by providing timely, equitable, and suitable settlement of claims.

**SCOPE OF THE STUDY**

The Objective of this Research Paper are Described as Under:

- It starts with the issuance of insurance policies for providing protection for different risk categories, i.e., health, property, car, and liability.

- Calculating the premium amount as a reaction to a such type of policy coverage, level of risk assessment, history of policyholder, and amount of coverage asked for.

- Quantum of risk assessment in an organization or a firm before selling the protection, i.e., medical, property, or accident risks.

- Acceptance and acceptance of policyholders' claims incurred or suffered loss under the policies.

- Investigation to verify claims, e.g., collection of evidence and interrogation of involved parties.

- Handling of additional support to the policyholders on claims, enquiries, renewal of policy, and general enquiries.

- Policy renewal, notice to the policyholders regarding the renewal date and coverage modification, if needed.

- Identification, testing, and treatment of possible threats to allow the insurance company to compensate for financial loss and provide cover in the long run.

- Allowing for timely payment of premiums and monitoring default or non-payment of premiums.

- Monitoring reinsurance companies in order to pool risks and provide financial security for the company in the event of high claims.

## RESEARCH METHODOLOGY

Research design in the analysis of the general insurance process involves multi-view approach by embracing qualitative and quantitative approach to allow complete information on the insurance process. Gathering primary data through questionnaires, interviews, and stakeholder forums such as policyholders, adjusters, underwriters, and professionals operating in the insurance sector are used. The general insurance processing study design integrates qualitative and quantitative analysis methods of the various steps and determinants influencing the industry. The descriptive study design is commonly applied in describing the underwriting process, claims handling, risk assessment, and issuance of a policy. Case studies can be utilized to facilitate extensive information on running issues and best practices in processing general insurance. The findings are then collated to inform improvement of the processing systems, from automation and integration of data, to enhance efficiency in operations and customer service.

Secondary data in the form of financial statements, regulator reports, and industry publications give background information on typical market movements and enable comparison of numerous various insurance companies or territories. Analysis also involves the use of sophisticated statistical tools and methods, including cluster analysis and time-series forecasts, to identify trends in frequency of claims, exposures, and composition of policyholders that assists even in further refining price structures and underwriting operations. In addition, leading industry companies' case studies are analyzed to determine best practices, particularly regarding innovations like digital platforms, chatbots, and automated claims processing. New technology trends, including artificial intelligence (AI), blockchain, and convergence of big data analytics, are examined for their bearing on improving risk management, fraud detection, and claims settlement accuracy. A significant aspect of the study also quantifies the effect of regulatory reforms, consumer protection law, and international insurance standards on business conduct, compliance, and ethical settlement of claims. And finally, customer journey mapping is included in the study to map the policyholder end-to-end journey, from initial point of contact to settlement of claim, to be able to make suggestions to improve user-friendly interfaces, communication, and service delivery. This strong methodology will provide actionable recommendations that can be utilized to drive innovation, automate processes, and improve overall service in the insurance sector as a whole.

## DATA ANALYSIS AND INTERPRETATION

**Table 1**

| OPTIONS | FREQUENCY | PERCENTAGE |
|---------|-----------|------------|
| True | 56 | 46.67 |
| False | 63 | 52.5 |
| **TOTAL** | **120** | **100** |

Source: Primary data
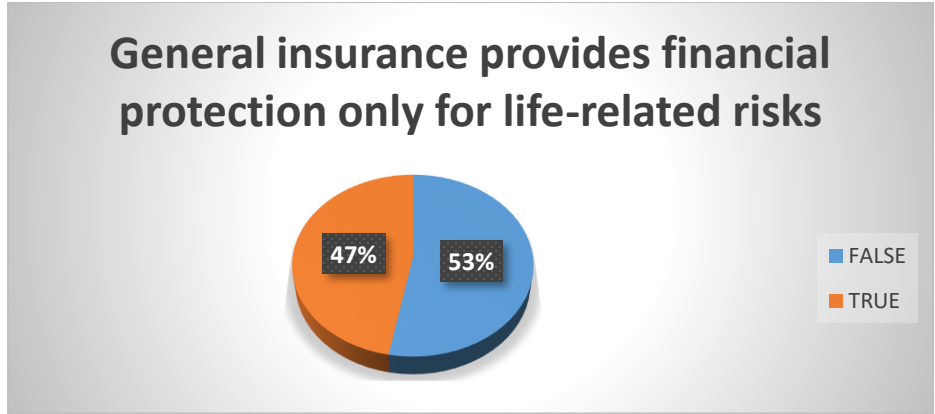
**Interpretation:** 52.5% of the respondents to the interview (blue section) answered "False", indicating that they have the correct knowledge that general insurance insures only life-related hazards. General insurance will normally insure assets such as cars, homes, health (non-life), and businesses.

46.67% of the sample (orange segment) responded with "True", which is incorrect, as life risks are covered under life insurance and non-life risks are covered by general insurance.

The research reveals that there exists a level of misunderstanding of the difference between general and life insurance because most respondents (46.67%) misbelieve that general insurance encompasses only life risks.

**Table 2**

| OPTIONS | FREQUENCY | PERCENTAGE |
|---|---|---|
| Type of coverage and risk factors | 28 | 23.33 |
| The policyholder's age and health condition | 33 | 27.5 |
| Claim history and no claim bonus (N) | 42 | 35 |
| All of the above | 17 | 14.167 |
| **TOTAL** | **120** | **100** |

Source: Primary data
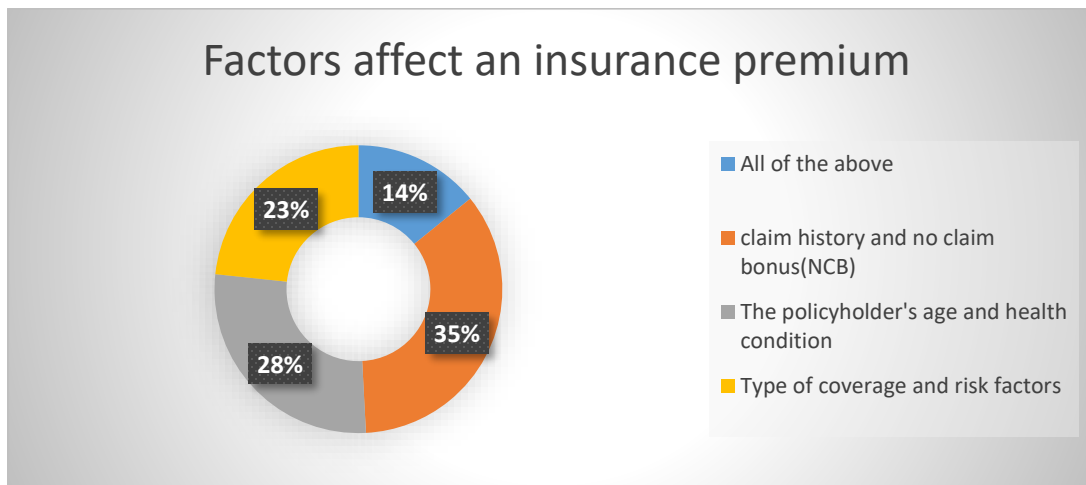


**Interpretation:** 35% of the sample (orange segment) chose "Claim history and no claim bonus (NCB)," indicating that an excellent percentage of people know that no claim bonuses and previous claims influence premiums.

27.5% of the sample (grey area) selected "The policyholder's age and health condition", which is right, especially in the case of life and health insurance.

23.33% of the survey participants (yellow bar) chose "Type of coverage and risk factors," with an awareness that the nature of the insurance policy and risks engaged will formulate the premium.

14.167% of the sample (blue section) voted for "All of the above", which is the most appropriate and comprehensive option as all the above are factors involved while computing an insurance premium.

**Table 3**

| OPTIONS | FREQUENCY | PERCENTAGE |
|---|---|---|
| By notifying the insurer and submitting the required documents | 31 | 25.833 |
| By calling the policies and reporting  the loss | 46 | 38.33 |
| By paying the claim amount upfront | 28 | 23.33 |
| By waiting for the policy to expire | 15 | 12.5 |
| **TOTAL** | **120** | **100** |

Source: Primary data
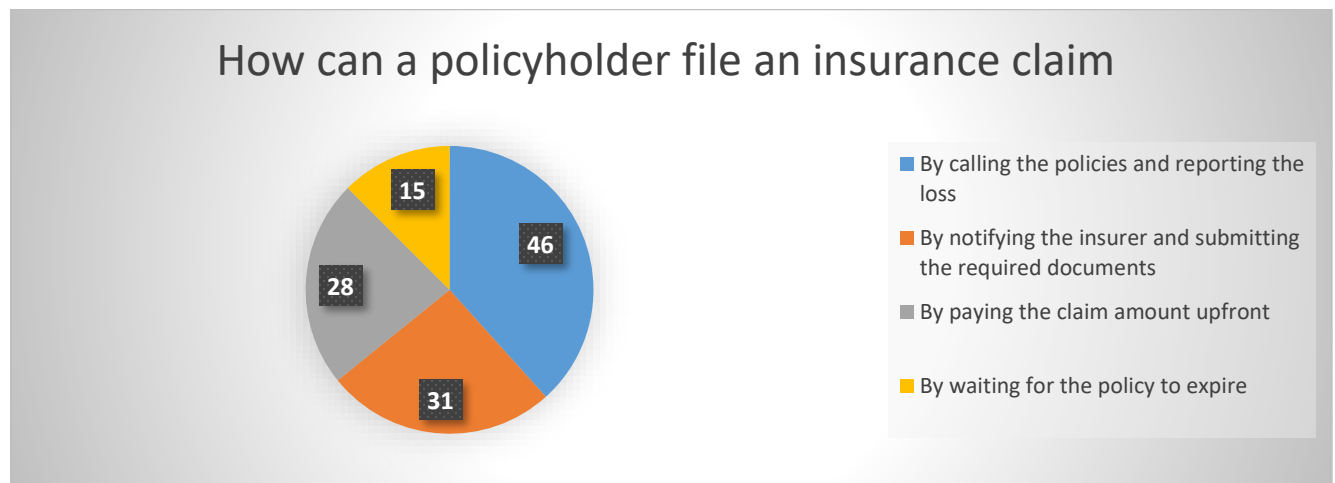


**Interpretation:** 38.33% (blue segment) said "By calling the policies and reporting the loss," which is halfway through what one does but not the complete response.

23.33% (grey segment) answered "By paying the claim amount upfront," which is incorrect because claimants don't pay the claims themselves—so do insurers.".

25.833% (orange bar) replied as "By notification to the insurer and filling up of forms which are required" which is true because actually it is the rightful claim procedure.

12.5% (yellow block) said "By waiting for the policy to expire," which is incorrect as claims must be actively filed prior to expiration.

**FINDINGS**

General insurance process does include some important steps beginning with the purchase of a policy. Policyholder buys a policy based on his or her need, i.e., health, motor, property, or travel insurance. The insurer considers several risk factors such as applicant history, nature of coverage, and claim record to ascertain the premium. The insured must pay the premium on a periodic basis after the policy purchase for the continuous coverage.

Upon making a claim, the insurer requests the policyholder to inform the insurer and provide supporting documents of the claim such as accident reports, medical reports, or assessment of damage. The insurer verifies authenticity of the claim by examining the circumstances, reading policy terms, and in some instances, inspecting or investigating the case. Upon successful claim, the insurance company pays the claim by paying directly to the insured or on the bills under policy cover.

Fraud prevention and risk control are a vital part of the general insurance settlement. Insurers employ computer-based systems and analytical data to locate fraudulent claims and avoid fraudulent claims. Proper processing is paying the claims in a timely manner, and that constitutes customer satisfaction. Policyholders also have to study their terms of cover so that there will not be any claim rejection on grounds of exclusions or absence of documents.

**CONCLUSION**

General insurance processing is a systematic and methodical process offering financial protection to policyholders against unforeseen risks. Each step from policy issuance to claims settlement is performed with the motive of ascertaining risks, collecting premiums, and offering cover in the form of the policy. A systematic process enables insurers and policyholders to manage risks efficiently and makes the insurance process transparent.A prompt and effective disposal of claims serves customer confidence and customer satisfaction. Prompt notice, sufficient documentation, and proper verification are necessary for good claim settlement. Disputes and delay do occur nevertheless, due to faulty documents or misinterpretation of policy words to trigger an effective interphase of clients and insurers.

Handling general insurance is an important activity in ensuring financial security against several risks such as health problems, accidents, loss of property, and natural calamities. The activity encompasses several steps ranging from issuance of policy and premium collection to risk evaluation and claim settlement. An efficient insurance system provides timely support to policyholders while enabling insurers to deal with risks. But claim settlement delays and disputes lower industry confidence, and therefore transparency and efficiency become imperative in enhancing customer satisfaction.

The settlement process of claims is one of the most significant components of general insurance processing. In a mishap under insurance coverage, policyholders need to lodge a claim supported by documents like accident reports, medical bills, or repair quotes. The insurer then processes the claim by applying policy conditions and, on being valid, pays the claim. But most claims are pending because of non-compliance documents or policy exemptions. To remedy these problems, insurers must facilitate better communication to customers and thoroughly acquaint them with claim procedures.

**REFERENCE**

1.  Yves L Grize (2015) This is an expository paper on applications of statistics in the field of general insurance

2.  Pietro Parodi (2023) Pricing in General Insurance

3.  Wolfgang Goebl, Klaudius J Messner, Bernd Schwarzer (2001) Generali Vienna Group, a large insurance company operating mainly in Central Europe

4.  Omasz Rolski, Hanspeter Schmidli, Volker Schmidt, Jozef L Teugels John Wiley & Sons, (2009) The Wiley Paperback Series, new generation of statisticians, mathematicians and scientists

*****