

In Life Insurance, Transparency is the Key to a Smooth Claim Process

Expert Take



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A life insurance policy is like a divine financial promise, made to a policyholder's family and his loved ones, that they will be taken care of, even in his absence. But, then, there are things that the policyholder must ensure first to enable the promise to be fulfilled. Let's consider the following case studies to bring home the point.

CASE 1: Mr A, 31, recently got his life insured for an 'X' sum. He is a senior executive, jet-setting from one city to another. He can only spare 10-15 minutes to engage with his advisor and fill the application form. Blame it on the hurried approach or a deliberate miss, he ticks on 'No' where the application form asks him whether he has diabetes or not. This is despite the fact that once a day he slips into the bathroom for his daily shot of insulin.

CASE 2: Mr B is also 31 and also got his life insured for an 'X' sum recently. Like Mr A, he, too, is a se-

nior MNC executive. He met his advisor on a day when he had ample spare time. While filling the application form, when Mr B came across the query that asked if he had hypertension, he paused, wondered, and upon discussion with the advisor, thought it best to consult a doctor before he answered. He filled up the form on the basis of the doctor's report.

Now let's examine what would happen to their claim payments. Giving Mr A the benefit of doubt, it looks as if he completed his life insurance application like he would complete some general marketing questionnaire while shopping at a mall. On the other hand, Mr B gave his life insurance application the importance it deserved. He was in no hurry. He, in fact, delayed the application for the sake of a health checkup to ensure that the form was filled based on authentic and honest information.

Now a few years down the line, if Mr A and Mr B's families need to file for claims, the latter's family stands a better chance of getting the claim disbursed without any hassles.

For nearly all the rejected claims, incorrect application forms are the main reason. Getting one's life insured without taking into consideration the relevance of a death claim will be a futile endeavour. The key goal of getting one's life insured is to secure the future of the dependants by offsetting the financial loss in case of his/her death and not to make up for the emotional trauma caused by death. With the death of the breadwinner, however, the trauma may well transform into a crisis if there is no financial security.



Thus, it becomes the moral duty of the breadwinner to make sure that insurance is bought properly.

TRANSPARENCY, KEY TO SECURING YOUR FAMILY

Death claims are dependent on a number of factors. But the most important thing for a trouble-free claim process is correct and honest declaration of details. A life insurance policy form should be filled with the same sentiment and morality with which the policyholder strives to ensure happiness for his family at all times.

Trust is the basis of the pledge of well-being the policyholder bequeaths his family with. Therefore, the customer must:

- Fill up the life insurance policy form himself and not depend upon an agent or service advisor to do so
- Ensure transparency by providing full and complete information
- Declare medical history and lifestyle disorders with full details.

Don't ever give an incorrect age or tamper/fudge additional documents required with the application

■ Spend time and not be in a hurry while filling in the details, lest anomalies creep in

■ Carefully read and fully understand the terms and conditions of the policy issued. If there are areas or features that are not clear or difficult to understand, one must revert to the insurer with query

■ Remember that the policy is a security for the policyholder's family in his/her absence and, thus, he needs to pay the premiums regularly for them to benefit

■ Must keep the nominee in the loop at all times about the insurance cover

It is imperative to realise that complete and honest disclosure is a sure way of avoiding any risk of the claim being rejected. Disclosing your problem is better than hiding it as it ensures faster claim payment.