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3 key things to look for in an insurer before buying a policy

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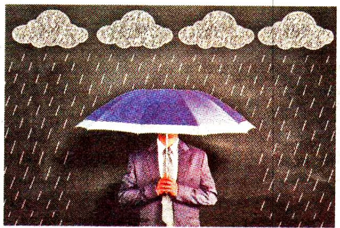
« INSURANCE

Buying insurance is crucial for protecting your prized assets from any financial loss. Since insurance is essentially a contract between the policyholder and the insurance company, buyers must do the due diligence of the insurance company, not just the insurance product. This approach is extremely important because, at the end of the day, it is the insurance company that will honour the claims. Buyers should pay close attention to grievance ratio, coverage strength and financial muscle of the insurer, before taking any decision. Let us find out more about how they can do this.

Grievance ratio - As a policyholder, you want seamless experience during claims and also other times. If you are not happy, you can lodge complaints but this route may take a lot of time for resolution. The grievance ratio is a handy metric which tells you about the number of complaints received by the insurer to premium collected.

Coverage strength - Unlike pure life insurance when the insured and the insurer don't speak during claims, service coverage becomes doubly important when it comes to non-life



covers. General insurance consumers have a variety of requirements and only an insurer with proper coverage strength can step in to help every time with the highest level of service quality. Consider an insurance company which has an adequate number of offices across the country and a high number of intermediaries working for it. With the world adopting digital processes fast, the insurer should have offer solutions such as online 'self-endorsement' facility to reduce customers walking into branches or calling agents for small changes in policy. The perfect marriage between technology and human interface is what delivers the best service experience.

Financial muscle - An insurance company pays consumer claims based on its own financial assets. This is why adequate care should be taken in selecting an insurer with sufficient financial muscle. 'The larger, the better' argument is not the best approach. What insurance buyers should look for are stable & robust investment returns and a strong capital buffer i.e. solvency ratio. The latter metric measures the company's ability to pay off its claims if all of them materialize at once. Insurers make money by collecting insurance premiums and by generating returns from those premiums. Their key expenses are claims on the risks they underwrite and the cost of running their operations. If the insurer manages their business well, then it has the requisite financial strength to honour customer claims.

Total no. of policy complaints (current year) per 10,000 policies (current year) Financial Year 2017

ICICI Lombard	1.33
Bajaj Allianz	-
HDFC Ergo General	2.30
IFFCO-Tokio	0.31
TATA - AIG	2.77
Reliance General	0.59
United India	1.51
National	0.35

Source: ICRA Report