Xenic insurance company: ethical dilemma of an employee
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Abstract
Purpose – This paper aims to depict the ethical dilemma of an employee in an insurance company who analyzed the group health policy of a major private telecommunication company. He noticed striking discrepancies and reported the findings to his superior.
Design/methodology/approach – Case study methodology is used for this study.
Findings – This paper reported the ethical dilemma faced by the employee.
Originality/value – This is an original work to the best of the author’s knowledge.
Keywords Health insurance, Insurance, Ethical dilemma, Insurance analytics

Mohan Sharma was a happy young man. As a recent graduate of a prestigious insurance school, he joined claim department of Xenic Insurance Company Limited. Mohan was best among his counterparts in the college and has achieved his Masters in Insurance with flying colors. His area of interest was health insurance, and he aspired to use all his learning of insurance analytics and actuarial science in developing an exhaustive but affordable health insurance product to serve bottom of pyramid. One of his projects titled “Health insurance products in sachet” won the first prize in business plan competition organized by the Finance Ministry of India. He got special appreciation by the chief guest of the function for his societal concern and insurance acumenship. His research article titled “Exploring the linkage between health insurance and poverty” also won accolades from industry experts. His academic brilliance and bright future prospects brought him job offers from leading private insurance players of the market. But he politely denied the offers and joined Xenic insurance, a public sector company, to pursue his dream of serving the downtrodden through his association with the government organization.

Established in 1940, Xenic Insurance Company in 2019 is the largest multi-line general insurer of the India, providing a range of products for individuals, families, small businesses and mid-sized and large corporate houses and governments. The company offers both standard and customized products in nearly all areas of risk including motor, health, personal accident, shopkeeper items, household items, baggage, fidelity, fire, engineering, cash, crop, animal and events. It has gained Number 1 spot in the insurance market in terms of premium collection, market share, life insured and growth rate. The gross business of the company...
crossed Rs 23,000 crores in March 2018 and company aimed at crossing Rs 30,000 crores by March 2021. The company has been rated “A” (Excellent) by AM Best Company, a US-based most reliable credit rating agency. Company’s strong financials as indicated by its solvency margin, reserves and net worth helped them to gain “AAA” (stable) rating from CRISIL. Xenic won “Golden peacock business excellence award” and “General insurance company of the year award” in 2018. It entered the global market in 1999 and has expanded its business in more than 30 countries now. It employs more than 20,000 employees worldwide. The company attributes its success to a large pool of prudent underwriters, dedicated claim settlement teams and visionary fund investors.

Mohan Sharma was on cloud nine with his first assignment. New job relocated him to Mumbai where he got company accommodation within one month of joining. He proudly asked his widow mother and younger sister to shift with him. His initial posting was in claim department with job design of analyzing and suggesting corrective measures for highly claim prone group health policies. Group health policies are taken by big companies for their employees. Since, big corporate houses with large number of employees negotiates with insurance companies thus premium charged for such policies are significantly small in comparison with other health policies. Health insurance policies provide facility of reimbursement of hospitalization expenses incurred due to illness/sickness, accident or disease. Xenic Insurance Company offers four different types of health insurance products. “Individual Mediclaim Policy” provides independent and separate coverage for each individual covered under the policy. “Xenic Happy Family Floater Policy” is designed to cover all family members with one sum insured. For example, in Individual Mediclaim policy each family member may be covered separately for (say) Rs 5 lakh, whereas coverage of Rs 5 lakh floats across all family members in case of Family Floater policy. “Group Medical Policy (Standard)” is offered to small business entities, trusts, educational institutes, co-operatives and registered associations. It provides extended insurance coverage (certain riders of individual mediclaim policy are relaxed) to a group of employees at discounted rates. “Group Mediclaim Policy (Customized)” offers tailor-made insurance coverage to a prede fined group of employees. Premium is charged on the basis of extent of coverage requested by the client. *(Table AI shows comparison of coverage under four types of policy)*

While analyzing one such group health policy of a major private telecommunication company, Mohan noticed striking discrepancies. He observed that most of the claims pertain to maternity. Quickly he started to analyze the demographic composition of the insured group. “Oh My God! Nearly 60 per cent of insured are unmarried” he exclaimed. Sensing something wrong, he started to go deeper into the claim files. Later on, he observed that the majority of cases (delivery) pertain to small hospitals with no computerized bills, which seems quite strange in the case of Mumbai. Moreover, claims were processed without ensuring birth certificates of the newborn children. He also observed that no new born baby has been added to the policy. He recalled the terms and condition of the policy which allows addition of newborn baby without any premium. Now, he realized that there is something fishy. All factual and circumstantial evidences indicate some bigger conspiracy. He reported his findings to his branch manager who asked him to leave that file with him and start working on some other case. He expected appreciation from his senior but manager cold response shocked him. He did not receive any satisfactory response from manager even after repeated reminders. Meanwhile, he started to analyze claim files of other group health policies. He observed similar types of unexplainable items in the files. In one case, one insured was hospitalized 30 times in the past two months. In another instance, he observed
that the all the claims registered under a particular policy in one particular month were treated in same hospital.

He reported every finding to his branch manager but manager never responded back. Dissatisfied by apathy of branch manager, Mohan approached Johnson, divisional manager with a formal report of all his findings. Johnson gave a patient hearing to Mohan and replied:

Look Mohan, you are working in the right direction and your findings can help our company in a big way. But being a senior, I suggest you to take more time to explore. It will help you to substantiate your findings with more data and statistical analysis.

Johnson’s words provided new lease of life for dejected and frustrated Mohan. He decided not to leave any stone unturn to bring corruption to light. Next morning, as soon as he joined the office, branch manager handed over his transfer order to him. He was transferred to another nearby branch under the same division manager with immediate effect. While he was wrapping his belongings, he noticed signature of Johnson on his transfer letter. While he was about the leave his office, his branch manager called him and said:

Please do not take any personal grudges with you. You should have understood my silence. Leave it now. Focus on your future and do not indulge yourself in unnecessary controversy in future. All the very best for your future

He left the place hurriedly to join his new office. Adding salt to injury, he was asked to join pension department in the new branch. New assignment shattered him badly as he found no enthusiasm and interest in repeated routine task of pension disbursement. He could not tolerate looting of public money. It gave him sleepless nights. Somehow, he gathered enough courage to report the incidence to regional head. While he was waiting for regional manager, he met Sridhar, one of the alumni of his insurance school. Sridhar told him that he is working there for the past 15 years and is well-versed with workings of the company. Mohan shared everything with him. Sridhar gave him a patient hearing and offered a smile in return. He said, “Look folk, everyone shares the pie and nobody is ignorant over here. If you hit someone’s stomach, he will definitely hit you back”. With these words, Sridhar left the place. While he was pondering over his future course of action, he got call from his mother who reminded him to pay sister’s fee, electricity bill and installment of car on time.

Appendix. Teaching note

Background
Case study: Xenic Insurance Company: Ethical Dilemma of an Employee is designed to be taught in BBA/MBA/PGDM/BTech/BA course or other courses that covers business ethics, professional conduct, corporate governance, corporate ethics, morality at workplace or similar ethics-related issues. The case is about an employee named Mohan Sharma from one of the fastest growing insurance companies. The employee is facing an imminent moral dilemma wherein he is unsure about his future course of action. Mohan, a bright student and post graduate in insurance, joined Xenic Insurance Company Limited, which is a leading public sector insurance company. His ultimate aim of life is to serve the society through developing an exhaustive but affordable health insurance product to serve bottom of pyramid. Accordingly, he declines job offer from private companies and joined government company in claim department. While analyzing claim files of Group Mediclaim Policy of a leading telecommunication company, he observes certain discrepancies. When he reports the same to his
branch manager and then subsequently to his divisional manager then he is transferred to some other branch. He is the sole bread winner of the family and his mother and unmarried sister rely on him fully. Case ends with a moral dilemma for Mohan.

Learning objectives
After analyzing the case, students would be able to:

- identify the moral dilemma faced by an individual in the organization and understand personal and organizational implications of various course of actions;
- understand various organizational and extra-organizational mechanisms and networks through which individual’s value manifest;
- differentiate between different approaches to business ethics like teleological, deontological and emotive approaches;
- understand the fact that personal ethics, personal need of the hour and organizational circumstances and needs may contradict; and
- understand various provisions of whistle blower act and its larger implications.

Assignment questions

Q1. Who is Mohan Sharma? Discuss his values, motivation, future aspirations and family conditions.

Q2. What should be the future course of action for Mohan? Discuss implications of each alternative available with Mohan.

Q3. What are the legal provisions against corruption as per Indian Penal Code? Also discuss statutory provisions of whistle blower protection.

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<th>Individual mediclaim</th>
<th>Family floater</th>
<th>GMC (Standard)</th>
<th>GMC (Tailor-made)</th>
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<td>Group</td>
<td>Group</td>
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<td>Yes</td>
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<tr>
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<td>Ye (30 days)</td>
<td>Yes (As per request)</td>
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<td>No</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Maternity</td>
<td>No</td>
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<td>No</td>
<td>Yes</td>
</tr>
<tr>
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<td>Yes (from the date of insurance)</td>
<td>Yes (from the date of insurance)</td>
<td>Yes (from the date of birth of child)</td>
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<td>Yes (Limited)</td>
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<td>Naturopathy</td>
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</table>

**Source:** Based on Coverage provided by Major Indian insurers

Table AI.

Coverage comparison of four policies
Teaching plan

Introduction
Ask students to get into the shoes of Mohan.

Q1. Who are you? (5-10 min)

The question bears paramount importance and should be repeated again and again to reinforce the importance of ‘getting into the shoes of Mohan’. Diverse responses including name, student, learner, human etc. should be negated till students get into the role of Mohan. Nobody can assume the mental and psychological challenge of Mohan until and unless one becomes Mohan. So, correct answer of the question is ‘Mohan Sharma’.

Q2. Who is Mohan Sharma? Discuss his values, motivation, future aspirations and family conditions. (10 min)

Although question seems very simple and easily answerable, but its answer has deep ramifications. Honest and deep evaluation will help learner in understanding the personality, perception and motivation of main character of the case. Following are the few responses to the question “Who is Mohan Sharma”. Students should be allowed to brainstorm to reveal maximum personality traits of Mohan.

- Employee of Xenic Insurance Company
- Victim of corrupt system
- A bright learner with a passion for excellence
- A brave man with never to die spirit (remind he has already raised his voice to branch manager and divisional manager and has decided to meet regional manager)
- A researcher or have research intent (published paper as student of PG)
- Most importantly, he is a man with a heart, which is filled with love, affection and compassion for needy people

Second part of the question is quite interesting to answer as values, motivation, future aspirations and family conditions are all interlinked and intermingled. Two- three facts inscribed in case study hints towards Mohan’s strong commitment and feeling for downtrodden people. These facts include learning of insurance analytics and actuarial science for product development, his business plan and research paper’s theme, he declines lucrative private sector jobs to serve public sector company. His academic achievements and extra-curricular credentials highlight his talent, hardworking intent, competitive spirit, theoretical expertise of subject matter and zeal for excellence. His family conditions are also a bit challenging. He is the sole bread earner of the family. His sister depends upon his for her studies. Additionally, Indian wedding also puts additional burden on bride’s side. Also, he would also need some cuisine against probable health issues of his old-aged mother. Looting of public money leaves Mohan sleepless, it reflects his inclination for transparency, accountability and good governance. He seems to be a honest and a man with impeccable integrity.

Q3. What should be the future course of action for Mohan? Discuss implications of each alternative available with Mohan. (30-40 min)

Alternative 1: Leave the office of Regional Manager silently and without discussing his hardship. And concentrate on constructive work and wait for opportunity to fulfil his dream to serve the needy people.
Alternative 2: Meet Regional Manager and discuss whole incident informally (without formal complaint of corruption).

Alternative 3: Meet Regional Manager and give written complaint with all proofs.

Alternative 4: Come back silently and submit complaint to Chief Vigilance Commissioner and seek anonymity and protection under Whistle Blower Protection Act, 2011.

Alternative 5: Write an anonymous letter to Chief Vigilance Officer and mark various authorities like Prime Minister Office, Department of financial services (Insurance Division), Ministry of finance, CMD of the company, CEO of Telecommunication company, IRDAI and honorable Supreme Court of India.

Alternative 6: Meet branch manager and divisional manager and get involved in corrupt practice. Ask for his share of loot.

Alternative 7: Leave the job and use his talent, expertise and skills in a private company.

Now, students should be encouraged to discuss personal, organizational and societal implications of Mohan’s decision. In general rewards for bringing corruption to light are letter of appreciation or recognition by higher officials but repercussions are numerous and are often dangerous. Personal repercussions may include transfer to far-flanged areas like north-east India, organizational witch hunting in the form of false charge sheets, audit and vigilance, denial of leaves, training and promotion opportunities, ostracism at workplace, bad behavior and victimization. Non-action may lead to loss of confidence, self-belief, self-efficacy, value degradation, loss of trust in company and system. Mohan may become indifferent towards such activities and may lose courage to speak up again. More than personal loss, students should be motivated to devote some time in exploring organizational repercussion like loss of a talented, young and enthusiastic human resource, demoralization of other employees due to grapevine, financial loss to the company, enticement for other employees who are susceptible to get engaged in corrupt practices.

Q4. What are the legal provisions against corruption as per Indian Penal Code? Also discuss statutory provisions of whistle blower protection.

Students should be encouraged to go through relevant statutory provisions of the same.

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