

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION No. 874

TO BE ANSWERED ON TUESDAY, 11 FEBRUARY, 2025/ 22 MAGHA, 1946 (SAKA)

CHALLENGES IN HEALTH INSURANCE CLAIM

874. Dr. Fauzia Khan:

Will the Minister of Finance be pleased to state:

- (a) Whether the ministry is aware that 43% of health insurance policyholders have faced difficulties in claim processing over the past three years, including delays, partial approvals, and arbitrary rejections;
- (b) If so, the reasons thereof; and;
- (c) The specific steps taken by the government to curb mis-selling, strengthen consumer protection, and ensure insurance companies disclose claim rejection rates, policy cancellations, and approvals publicly?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b): Insurance companies process health insurance claims as per the terms and conditions of the policy. Details of claims paid during last 3 FYs is enclosed as Annexure-I.

Some of the reasons for repudiating the claims could be the claim being inadmissible on account of being an exclusion, hospitalization within waiting period, sum insured limit being exhausted, claim within deductible limit, fraudulent claims, etc. A few reasons for disallowance could be non-medical expenses, co-payment, deductibles, various sub-limits opted under the policy, capping of benefits, etc.

(c): In order to curb mis-selling, IRDAI in its Master Circular on Protection of Policyholders' Interests, 2024 has mandated the following: -

1. Insurers or distribution channels shall be responsible for the solicitation process and conduct of business applicable to them. To avoid mis-selling of insurance policies, insurers are required to ensure the following:
 - a. Authorized personnel must use only the approved prospectus issued by the insurer.
 - b. Sales persons involved in the solicitation to be duly qualified and appropriately trained periodically.
 - c. Mechanism for obtaining customer feedback to be put in place.
 - d. Punitive action for breach of market conduct including blacklisting the sales person who indulge in unhealthy solicitation practices.
2. Free look period of 30 days (from the date of receipt of the policy document) is given to the policyholder to review the terms and conditions of the policy.

3. Insurer to provide Customer Information Sheet (CIS) along with the policy document that provides in simple words, important information and basic features of the policy issued at one place.

IRDAI has further advised insurance companies to take various measures to improve the customer claim settlement experience. Some of the measures are:

1. Insurers to have in place, a Policyholders' Protection, Grievance Redressal and Claims Monitoring Committee (PPGR&CM) for protection of the interests of policyholders.
2. No claim shall be repudiated without the approval of the Insurer's Product Management Committee (PMC) or Claims Review Committee (CRC).
3. Reason for claim rejection shall be communicated to the claimant along with full details giving reference to the specific terms and conditions of the policy document.
4. No claim shall be rejected or closed for want of documents or for delayed intimation of claim.
5. Timelines for settlement of claims have been specified.
6. If a customer is not satisfied with decision of the insurer on the claim, he/she may lodge a complaint with grievance redressal officer of insurer. The policyholders have the right to approach the Insurance Ombudsman without any charges.

Further, IRDAI *vide* circular on Public Disclosures by insurers, dated 30.09.2021, mandated insurers to display details of claims data giving details of claims reported, settled, repudiated, outstanding, profile and performance of their Health Insurance, Personal Accident and Travel Insurance products.

Annexure-I

Details of Claims Paid by the General and Health Insurers during last 3 FYs (Count in lakhs)

	Total Claims (including outstanding)	Claims Paid	Claims Carried Forward
FY 2021-22	254.95	218.52	20.06
FY 2022-23	275.24	235.75	17.84
FY 2023-24	325.72	268.59	20.73