

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**LOK SABHA**

**UNSTARRED QUESTION NO. 4079**

TO BE ANSWERED ON 9<sup>th</sup> December, 2016/Agrahayana 18, 1938 (Saka)

**Health Insurance Regulations**

4079. SHRI BHEEMRAO B. PATIL:  
SHRI R. DHRUVA NARAYANA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority of India (IRDAI) introduced several regulatory changes to health insurance and if so, the details thereof;
- (b) the aim and rationale behind such regulations and whether such regulations have balanced customer protection and the commercial interest of the insurer;
- (c) if so, the details thereof; and
- (d) whether such regulations have increased transparency and flexibility in withdrawal and rolling out of products and if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): Yes, Madam. Insurance Regulatory and Development Authority of India (IRDAI) has reviewed IRDA (Health Insurance) Regulations, 2013 and notified IRDAI (Health Insurance) Regulations, 2016 on 18<sup>th</sup> July 2016. A gist of the changes made is annexed. The Authority prescribed constitution of a Product Management Committee (PMC) for General and Health Insurers, which is an internal oversight mechanism within the company. PMC shall approve roll-out of Group Insurance products under Use and File procedure and also withdrawal of products. Prior approval of IRDAI is dispensed for Group Health Insurance Products and for withdrawal of the products of General and Health Insurers. The revised regulations increase the transparency and flexibility in withdrawal and rolling out of products.

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**Annexure referred to in reply to Lok Sabha Un-Starred Question Number 4079 for 09.12.2016**

**Key Changes of IRDAI (Health Insurance) Regulations, 2016**

- Under Health plus Life Combi Product, Combination of any Life Insurance cover offered by a life insurer and a Health Insurance cover offered by General Insurer or Health Insurer is allowed.

- General Insurers or Health Insurers are permitted to launch pilot products for a period not exceeding five years. At the end of the five-year period from the date of launch of the product, product shall be continued either as a regular product or shall be withdrawn.
- Life Insurers may offer long term Individual Health insurance products i.e., for term of 5 years or more. Life insurer may not offer indemnity based products.
- Credit Linked Group Health/Personal Accident policies can be offered for a term extended up-to the loan period not exceeding five years by all Insurers.
- Any Health Insurance Product offered by Insurers shall not be marketed or offered unless it is filed with the Authority as per the Product Filing Guidelines. Product Filing Guidelines specified Use and File norms for Group Health Insurance Products offered by General and Health Insurers.
- Product Management Committee (PMC) of General and Health Insurers can decide on withdrawal of Health Product by complying with the extant Guidelines prescribed in Product Filing Guidelines, 2016.
- Review of product performance after five years to seek fresh approval stands deleted.
- Norms specified for Group Insurance.
- General and Health Insurers may devise mechanisms or incentives to reward policyholders for wellness and preventive habits. It is further specified that the underwriting policy shall also cover the approach and aspects relating to offering health insurance coverage not only to standard lives but also to sub-standard lives. Denial of proposal shall be in writing and shall be the last resort.
- Insurers are now permitted to use the same proposal form without any change, for any number of their products. Norms are incorporated to protect the privacy of the policyholders.
- Restriction on allowing Cumulative Bonus to benefit based products stands deleted.
- General and Health Insurers to endeavour to provide coverage for one or more systems under AYUSH. Earlier exemption to Benefit based products stands deleted.
- Norms on Wellness & Preventive Aspects of health insurance products are specified.
- The nomenclature of '*Standard List of Excluded Expenses in Hospitalization Indemnity policies*' stands changed to 'Items for which optional cover may be offered by Insurers' in order to enable the Insurers cover these generally excluded items at their discretion.
- Policyholder shall have the right to require a settlement of his/her claim in terms of any of his/her policies.

- No fresh underwriting at renewal stage where there is no change in Sum Insured offered. Where there is an improvement in the risk profile, the Insurer may endeavour to recognise that for removal of loadings at the point of renewal.
- Earlier Regulatory provision of HIR, 2013 [Reg. No. 8(d)(iv)] on claim event falling during two policy periods stands deleted. No claim shall be closed in the books of the Insurer without proper disposal as per policy terms and conditions.
- The following other disclosures are to be made:
  - Product-wise or location or geography-wise particulars of the TPAs
  - Product-wise cashless services offered
  - Geography-wise list of Network Providers
  - Specific disclosures in case of Pilot Products
- The Insurer may provide a permanent Identity card (Smart Cards) to avail cashless facility which is valid as long as the policy is renewed with the company.
- Authority specified certain Standards and benchmarks for hospitals in the provider network through Guidelines.
- Where a claim is denied or repudiated, the communication shall be made only by the Insurer. Reasons for the denial or repudiation to be specified referring to corresponding policy conditions. Details of grievance redressal procedures available with the Company and with the Insurance Ombudsman to be furnished
- Insurers and TPAs should put in place systems and procedures to identify, monitor and mitigate frauds.

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