

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 3572

TO BE ANSWERED ON 16th March 2018/ Phalgun 25, 1939 (Saka)

Erring Insurance Companies

3572. SHRI PARESH RAVAL, SHRI D.S. RATHOD and
SHRI DEVUSINH CHAUHAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made any rule to punish the insurance companies which are paying less amount than the real amount the clients have insured for their medical treatment; and
- (b) if so, the details thereof and the action taken by the Government against such erring insurance companies?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

- (a) In order to monitor the settlement of claims in health insurance policies, the Insurance Regulatory Development Authority of India (IRDAI) had notified IRDAI (Health Insurance) Regulations, 2016, which inter-alia, specifies various norms on settlement of claims and stipulate certain measures for protection of policyholder interests. Further, any insurer found to be violating the Regulations and Guidelines framed under the Insurance Act, 1938 shall be penalized as per the provisions of Section 102 of the Act.
- (b) Since financial year 2015-16, there were 3 instances wherein the Authority has taken regulatory action on noticing excess deductions from health insurance policy claims. Details are given in **Annexure**.

Annexure referred to in reply of part (b) of Lok Sabha Unstarred Question no. 3572 for 16.03.2018

Order dated	Licensed entity	Observation	Details of Direction
Charge 38 of Order dated 30-07-2015	L & T General Insurance Company Limited	Deduction of other hospitalization expenses in the proportion to the eligibility of the room rent.	Penalty of Rs.5 lacs has been imposed and insurer is directed to refund the excess deductions along with penal interest. <u>Compliance:</u> Insurer submitted that it has identified 350 health claims and refunded an amount of Rs.34,30,718 including penal interest.
Charge 3 of Order dated 16/05/2016	Vidal Third Party Administrator	Deduction was wrongly made toward co-pay.	Direction was given to re-examine all such cases and to refund the excess recovered amount <u>Compliance:</u> Insurer submitted that it has refunded Rs.3,72,000 with regard to 11 cases where co-pay was wrongly recovered.
Charge 2 of Order dated 28/06/2016	United India Insurance Company Limited		
Charge 5,6 & 7 of Order dated 20/07/2016	Bharti Axa General Insurance Company Limited	Wrongful deduction from the associated charges and other medical charges in the proportion to room rent eligibility.	Penalty of Rs.5 lacs imposed and insurer is directed to ensure that no claim is settled based on the product features and conditions that is not filed and approved under F&U procedure of Authority. <u>Compliance:</u> Insurer agreed to the direction and remitted penalty of Rs.5 lacs.