

Insurers can soon tweak their health insurance on renewal

The regulator may also permit an increase or decrease in premium up to 15 per cent

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The Insurance Regulatory and Development Authority of India (Irdai) will soon start approving "minor" changes to products quicker if it benefits policyholders. The regulator has proposed a list of 12 "minor" changes for which the insurer can apply for quicker approval.

If an insurer, for example, wants to give an option to policyholders to pay the health insurance premium in instalments, it doesn't need to go through the lengthy procedure of seeking the nod from the regulator. Similarly, insurers would be able to add more riders, change the sum assured, expand the list of day-care procedures, and add more critical illnesses to their products faster than before. Along with these, Irdai has would also allow companies to increase or decrease premiums by 15 per cent and tweak minor policy wordings.

In another notification, the regulator has asked the insurers to send updates to policyholders if they have lodged a claim. "All insurers shall notify about the status of the claim at various stages of its processing. In case of health insurance, where third-party administrators (TPAs) are engaged for rendering claims services, it is the responsibility of insurers to ensure that status on the claim shall be notified to the claimant at every stage," said the circular.

The regulator is in the process of coming up with standard terms and conditions for a health insurance product and a list of exclusions.

While the regulator had earlier allowed insurers to charge health insurance premiums in instalments, not many companies had filed for it. Officials of insurance companies say once the current proposal is finalised, the companies would allow policyholders to pay premiums in monthly and quarterly instalments. Similarly, faster approvals of add-ons, day-care procedures, critical illnesses and riders would benefit

PROPOSED 'MINOR' MODIFICATIONS

- Change in premium paying frequency
- Change in the base premium rates – increase/decrease of 15%
- Addition of approved standalone riders, add-ons and critical illnesses
- Minor changes in policy wordings
- Change in sum insured
- Change in entry age
- Expansion of the list of day care procedures
- Addition of critical illnesses

existing policyholders.

"The regulator has said that insurance companies can make these changes after filing the same on certification basis. As of now, when insurers file for changes, it can take 16-20 weeks to get an approval," says Puneet Sahani, head of product development, SBI General insurance.

The proposed changes in premium by 15 per cent won't be arbitrary. The regulator has specified guidelines for changes in premium. The increase in premiums, for example, due to adverse loss ratios, can be done only if the

insurer faces losses for the preceding three financial years for the product. "Similarly, changes in policy wordings are limited to those that may enhance the value to the policyholder in terms of

the manner of payment or entitlement of benefit. The regulator has said that these minor changes should not adversely affect the terms and conditions of the benefits payable," says Bhaskar Nerurkar, head of health claims, Bajaj Allianz General Insurance.

According to the draft proposal, insurers cannot change the wording of exclusions or time-bound waiting periods of a policy when seeking any modifications to their products. They are also not allowed to impose any new deductible, co-pay or sub-limits.

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