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Health policy: More disclosures, flexibility

You can look forward to discounts on premium for healthy behaviour and innovative products, if the health insurance proposals are passed

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You might soon be able to get a discount on your health insurance policy if you are a member of a gymnasium or if you have purchased the policy at a young age. Similarly, if you have more than one fixed benefit policy, you will be entitled to the entire amount of both. And, if you have a pre-existing disease such as diabetes or hypertension but have managed to keep it under control, your premium could be lower at the time of renewal.

These are some proposals in the exposure draft on health insurance regulations issued by the Insurance Regulatory and Development Authority of India (Irdai) recently.

Overall, the guidelines allow insurance companies more flexibility in launching new products and loading premium while also laying stress on more disclosures and communicating product features to customers.

Some of the proposed guidelines are already being practised by insurers, says Sandeep Patel, chief executive officer and managing director of Cigna TTK Health Insurance. These include guaranteed renewals irrespective of claims; no increase of premium during the term of policy, especially multi-year policies; no loading of premium due to claims or increase in age; and allowing entry of customers irrespective of their age, among others.

The guidelines will ensure that these practices are included as part of policy documents and communicated to policyholders upfront, points out Yashish Dahiya, CEO and co-founder, Policybazaar.com.

There are new proposals, which, if implemented, will help customers immensely. Let us look at them.

Rewards for healthy behaviour

Policyholders can look forward to discounts on premium for healthy behaviour.

"Insurers may also endeavour to put in place procedures for offering discounts on premiums on renewals based on the fitness and wellness criteria stipulated and disclosed," says the draft.

"Insurance companies can reward consumers for healthy behaviour, such as getting regular health check-ups or running a marathon. Cigna TTK offers reward points for such behaviour and customers can use these points to reduce their premium at the time of renewal," says Patel.

Irdai also suggests promoting wellness among policyholders by offering specific outpatient services such as treatments or health check-ups at discounts at specified network providers. For instance, Bajaj Allianz offers discounts if customers get treatment at an 'out-patient department' but don't claim because not many are aware of it. Irdai now wants such product features to be communicated to customers upfront while



selling the policy, says Suresh Sugathan, head, health insurance, Bajaj Allianz General.

Another benefit is that in case of multiple policies, the contribution clause should not apply and the policyholder is entitled to receive claims from all the companies.

"In case of multiple policies which provide fixed benefits, on the

"If total expenses are higher than the sum assured, both companies can be brought to the table and asked to divide the amount between them," says Dahiya.

"If two or more policies are taken by an insured during a period from one or more insurers to indemnify treatment costs, the insurer shall not apply the contribution clause, but the policyholder shall have the right to require a settlement of his claim in terms of any of his policies... If the amount to be claimed exceeds the sum insured under a single policy, the policyholder shall have the right to choose insurers by whom the claim is to be settled. In such cases, the insurer may settle the claim with contribution clause," says the draft.

Flexibility to launch products

By allowing insurance companies to launch 'pilot products', without filing for prior approval, the regulator is offering flexibility to insurance companies to innovate. This will make it possible to launch disease-specific health products or short-term travel insurance. "Today we cannot offer a one-

week-long travel insurance because it takes time to file the product. But now, we will have the flexibility," says Sugathan.

A pilot product cannot exceed five years. After that it needs to get converted into a regular product or withdrawn provided the insured is given an option to migrate to another product, says Irdai.

Flexibility to reduce loading

Insurers can reduce the loading of premium if the policyholder has managed the risk, on a case-to-case basis. "This too will drive healthy habits among customers", points out Patel. "...where based on revelations made loading was already levied at the time of issuance of a policy, Insurers may endeavour to revisit the loadings where the policyholder meets the underwriting norms of the Company," says the draft.

By asking insurance companies to incentivise or reward policyholders for early entry, a person who purchases a policy at 30 years may pay lower premium at 40 years, than one who enters at 40 years.