

New health insurance regulations allow market testing of products

Irdai restrains life insurance companies from offering indemnity products

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GIVING emphasis on innovation, the insurance regulatory and development authority of India (Irdai) has allowed filing of "pilot products" for market testing under its new regulations for health insurance segment. The authority has also asked insurers to promote wellness and factor in health management initiatives in pricing, and has restrained life insurers from offering indemnity products.

"In order to facilitate offering of innovative covers by insurers, pilot products may be designed and filed for the authority's approval in accordance with the product filing guidelines specified by the authority," says Irdai in its 2016 regulations for the health insurance segment. General insurers and health insurers can offer pilot products for a term ranging from one to five years.

"Five years after launch, the pilot product needs to get converted into a regular product or, based on valid reasons, may be withdrawn subject to the insured being given an option to migrate to another product subject to portability conditions," Irdai said.

"This will help insurers experiment with new products. The filing of these products is easier and these can be withdrawn af-

ter five years if found unsuccessful. Insurers can bring in products for covering risks that have not been offered hitherto. They can also look at products specific to certain geographies," said Abhijeet Ghosh, head, health administration team, Bajaj Allianz General Insurance.

According to Puneet Sahni, head of product development, SBI General Insurance, insurers can test products available in global markets, such as the ones that enable savings for future medical purposes. They can also test and see whether products for certain diseases at a certain price will work or not," he said.

The authority may specify guidelines for pilot products from time to time. Further, Irdai has asked the insurers to give emphasis on the wellness and preventive aspects of health while covering the risk. Insurers may endeavour promoting wellness amongst policyholders of health insurance by offering outpatient consultations or treatments, pharmaceuticals or health check-ups, including discounts on all the aforementioned facilities.

"Some insurers have been providing wellness offerings and discounts. But these benefits were not mentioned in the product filings. The regulator has brought in more transparency in these offerings. Once



What norms say...

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mentioned in the product filing, it has to be mandatorily offered. Irdai has also asked to offer discounts on premiums on renewals based on the fitness and wellness criteria stipulated and disclosed," said Sahni. "The regulator wants the insurance companies to capture the customer profile and incentivise him for the progress he makes in managing his health," added Ghosh.

Irdai has restrained life insurers from offering in-

demnity-based products, either individual or group. All such existing products shall be withdrawn as specified under these regulations, the authority said. Life insurers may offer long-term individual health insurance products, i.e., for a term of five years or more, but the premium for such products shall remain unchanged for at least a period of every block of three years. Thereafter, the premium may be reviewed and mod-

ified as necessary.

"The new regulations have helped differentiate the product offerings by life and health insurers — while life insurers will offer financial protection plans, comprehensive health plans will only be offered by health insurers. With this move, more trust has been reposed on the core competency of health insurers," said Ashish Mehrotra, MD and CEO, Max Bupa.

The authority also has brought in more clarity on the definitions of an individual and a group policy. "It was not defined earlier. Some insurers took five people for a group and some ten. Now, it has been fixed at seven," said Ghosh. According to Sahni, this is the first step towards sanitising the group insurance segment from providing heavy discounts.

Further, health and general insurers can now revise the pricing every year after the first three years, depending on the experience. "This would largely bring down the pricing if the product does well," said Ghosh.

As per the new regulations, an insurer also shall not resort to fresh underwriting by calling for medical examination, fresh proposal form, etc, at the renewal stage where there is no change in the sum insured offered.