

Health cover standardised

A STAFF REPORTER

Calcutta: Health insurance premium is set to increase from October as companies factor in the changes mandated by regulator IRDAI on standardisation and a clutch of related regulations.

The regulator in a bid to cut down on the complexities of health insurance policy documents and make certain aspects of coverage more easier for the policyholder to understand has come out with a set of guidelines, and products not in conformity with the rules cannot be offered and promoted from October 1, 2020.

As a part of the changes, insurers can introduce EMI payment options in their health insurance products on a certification basis. Additionally, in a bid to standardise exclusions across all health insurance products, the regulator has come up with codes for each exclusion and the definition or wordings for these exclusions.

Earlier the exclusions and their wordings were different across insurers. From October, there will be parity in terms of exclusions under health insurance products.

Apart from the exclusions, the IRDAI has also defined ail-

PREMIUM TO RISE FROM OCTOBER

- EMI payment options
- Precise definition of exclusion. Codes for each category of exclusion
- Definition of ailments and treatments to be mandatorily covered
- Uniformity in definition of pre-existing ailments
- Proportionate deduction from hospital expenses needs to be defined
- Expenses such as cost of pharmacy, consumables, implants and devices will not be part of associated expenses



ments or treatments which are to be mandatorily covered by the insurers. There is also the standardisation of definition for pre-existing diseases with an intent to simplify it for the customers. All of these will be factored into when a policy is purchased next month or when it comes up for renewal.

The industry estimates at least a 5 per cent rise in premium as these changes are incorporated. "There will be some impact on the premium. The regulator has allowed insurers to increase their premium by up to 5 per cent and launch their health insurance products on certification basis by October 1. If the increase is beyond 5 per cent, the insurers will have to follow the path of file and use," said Rashmi Nandargi, head — retail

health underwriting, Bajaj Allianz General Insurance.

She said the standardisation was a positive move for the industry as the underlying terms and conditions for the claims decisions would be similar across insurers. It will also benefit customers, as the standardisation of terms and conditions will remove any ambiguity and they can opt for an appropriate health insurance policy based on the services provided by the insurer.

Sanjay Datta, chief of underwriting, claims and reinsurance at ICICI Lombard, said since this is a regulatory mandate the industry has already incorporated the necessary changes and is prepared with the updated products.

According to some insurers, the standardisation of

health insurance could act as a gateway for insurers and preferred network partners (hospitals) to work in sync. "It is going to be the gateway for insurers and hospitals to come in alignment," said S. Prakash, MD, Star Health Insurance.

Deductions

One of the critical components of health insurance coverage is hospitalisation cost and proportionate deductions of the associated medical expenses. When a policyholder upgrades his room and the room rent is higher than the one prescribed in the policy, the claims are subject to proportionate deductions.

Now the regulator has asked insurance companies to define proportionate deductions and said that certain expenses such as cost of pharmacy and consumables, cost of implants and medical devices and cost of diagnostics are not allowed to be part of associated medical expenses.

"There are a chunk of regulations that are coming into effect from October and changes related to proportionate deductions are part of that," said Amit Chhabra, health insurance business head, Policybazaar.com.