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● GENERAL INSURANCE

# Tweak in health insurance policy norms to benefit customers

**Irdai has allowed insurance companies to do minor modifications such as changes in frequency of premium payments, change in policy wordings on certification basis without waiting for its approval**

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**IN ORDER TO** make individual general and standalone health insurance more customer-friendly, insurance companies can do minor modifications such as changes in the frequency in premium payment options, change in policy wordings and addition of distribution channels for specific products on certification basis without waiting for the regulator's approval.

General and standalone health insurers can do changes in the sum insured options, decrease the minimum or increase the maximum premiums, lower the minimum entry age or increase the maximum entry age. At present, the maximum entry age for health insurance policy is 65 years. However, if the

insurer wants to extend the age limit it can do so as per the new guidelines.

The Insurance Regulatory and Development Authority of India's (Irdai) new guidelines on filing of minor modifications underlines that insurers can make changes in the base premium rates by increasing or decreasing by 15% of the premium rates of the originally approved individual product, depending on the loss-ratio range. Insurers can add approved standalone riders or additions to the approved individual health insurance products and expand the list of day care procedures that they can offer and add critical illness under benefit-based products.

Insurers will have to ensure that the proposed modifications will not impact the benefit structure of the product, including the manner of settlement of the underlying benefits. The premium rates, terms and conditions under the modified product will have to be sound and the assumptions reasonable. At the time of modification, insurers cannot impose any fresh deductible, co-pay or sub-limits rules. Insurers cannot make any changes in the wordings of exclusions or time-bound waiting periods of the underlying approved individual product.

**Premium payment modes, riders**

Insurers cannot do any change in basic premium table and charging structure



ILLUSTRATION: SHYAM KUMAR PRASAD

under the approved individual product to which new premium payment mode is being added. The premium mode, or the frequency, proposed to be added would be either monthly, quarterly or half-yearly and the resulting premium amounts under each mode will have to be consistent with the pre-

mium amounts under other premium modes or frequencies. An increase in premium rates will take place after three years of launch of the approved individual product. There can be no changes in any other parameter in the premium bases except underlying loss ratio of the preceding three

years. There will be no change in discounts and loading specified under 'File and Use' of the product. For addition of critical illness covered under benefit-based products, the insurer will have to ensure that the definitions of critical illness are consistent with the definitions specified in guidelines on standardisation in health insurance business.

**Effecting minor changes**

Insurers can launch the modified version of the individual product after filing the same on certification basis. The minor modifications proposed are to be placed before the Product Management Committee (PMC) of the respective insurance company and the PMC will have to approve the proposed minor modifications before they are implemented. The modified version of the individual product will be subject to the withdrawal/modification norms specified under the guidelines. Irdai will issue a new Unique Identity Number (UIN) for the modified product. The insurance regulator can inspect the documents submitted by the insurance companies and even call for additional information and supporting data.

Bashmi Yandangi, head, Retail Health, BA and Travel Underwriting, Bajaj Allianz General Insurance, says the guidelines will help in increasing the penetration and distribution of insurance products. "The guidelines are a welcome change since it helps making the distribution of insurance products better and also increases transparency in the product offering. The regulator has allowed the insurers with their previous experience to make changes in the product to help benefit the consumers. These guideline framework have also made the implementing process faster for the insurer compared to the earlier longer filing process," she says.