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Headline: - IRDAI's proposed revisions in health insurance policies' customer information sheet (CIS)

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Now, the Insurance Regulatory and Development Authority of India (IRDAI) has suggested changing the existing format of the customer information sheet. The new format of customer information sheet will ensure that policyholders receive all of the basic information regarding the coverage. If finalised, it will further help policyholders understand the complex terms and procedures related to their health insurance policies better, say experts. Let's take a look at the key changes in the proposed customer information sheet of health insurance policies.

In a bid to make it easier for thousands of health insurance policyholders, the insurance regulator has proposed to make customer information sheets (CIS) simple and easy to understand. A customer information sheet gives you a glance at the key policy details in a summarised format. Usually, the insurer provides a customer information sheet with the policy at the time of purchase and renewal of the policy.

Now, the Insurance Regulatory and Development Authority of India (IRDAI) has suggested changing the existing format of the customer information sheet. "To ensure that the health insurance policy information is provided in a simple and easily understandable language, it is proposed to revisit the customer information sheet," the insurance regulator mentioned in a draft proposal dated August 30, 2023.

"Typically, the policy document is rather lengthy, and policyholders must carefully examine crucial information. However, policyholders will be able to obtain facts like as exclusions, waiting periods, financial limits of coverage, and claim procedures in very simple words in this overhauled customer information sheet," said Rakesh Goyal, Director, Probus Insurance Broker.

If finalised, it will further help policyholders understand the complex terms and procedures related to their health insurance policies better, said Abhishek Ray, a SEBI-registered investment adviser and Founder of SahajMoney.com.

Let's take a look at the key changes in the proposed customer information sheet of health insurance policies.

The new format of customer information sheet will ensure that policyholders receive all of the basic information regarding the coverage. "The proposed CIS format is simple, and conversational in nature," said Bhaskar Nerurkar, Head, Health Insurance Administration, Bajaj Allianz General Insurance.

Health insurance: Type of policy and sum insured

At present, the customer information sheet does not mention some critical information that the insurance company will need to add if the draft proposal is accepted in the current form. According to the proposed format, the customer information sheet will have a few new sections such as what type of policy it is — indemnity, benefit, or both, added Ray. Further, the CIS will have to specify the sum insured amount under individual as well as family floater policies, he mentioned.

Health insurance: Financial limits of the coverage The proposed customer information sheet has merged some of the previous sections such as payment basis and loss sharing under a new section, financial limits of the policy, added Ray.

The new CIS further breaks down the complex terms of a health insurance policy including sub-limit, co-payment, and deductible, and mentions them in straightforward language, barring jargon or technical terms.

This is how the customer information sheet will look as per IRDAI proposal

Source: IRDAI

Health insurance claim settlement turnaround time

The proposed customer information sheet will contain the details of procedures that have to be followed for cashless service as well as for reimbursement of claims including pre- and post-hospitalisation.

The format, according to the IRDAI proposal will be as follows:

Turn Around Time (TAT) for claims settlement: XX

Further, the insurer has to provide the details/web link for the following:

- i) Network Hospital details
- ii) Helpline number
- iii) Downloading/getting claim form

This information aims to speed up your health insurance claims, say experts.

Health insurance: Contact of grievance redressal officer

The customer information sheet will include the contact details of the company's grievance redressal officers and IRDAI-appointed ombudsman offices. Thus, health insurance customers can easily raise their complaints if they have any grievances.

Health insurance: Free look period, how to port your insurance

There will be a separate column about things a health insurance customer needs to know. It will specify the free look period (you may cancel the policy within xx days if you do not want it) and the process, policy migration and portability (the process for migration and portability at the time of renewal) and clauses of policy renewal (except on grounds of fraud, moral hazard or misrepresentation or non-cooperation, renewal of your policy will not be denied, provided the policy is not withdrawn).

When compared to the existing CIS, the proposed format seems easier and simpler to understand. "It remains a great way for customers to understand the terms and conditions of the product they intend to purchase and brings in greater transparency," Nerukar added.

"The regulator aims to distill the intricacies of insurance features and terms into an easily understandable format, essentially encapsulating the idea of enabling informed decision-making. It provides consumers with the assurance required to navigate the intricate realm of health insurance effectively," says Amrit Singh, Co-Founder and CRO, Loop, a healthcare startup.

Health insurance: Disclose pre-existing diseases, know your obligations

While purchasing a policy, you also have a few responsibilities. You must disclose all your pre-existing diseases and conditions to an insurer before buying a policy. Do note that hiding your pre-existing conditions will be termed as fraud and it will affect your claim settlement. IRDAI has also asked the insurer to mention other material information that a policyholder needs to disclose during the policy period.

Further, the insurer must provide an online link to where the product-related documents including the customer information sheet are available on the website of the company. "With easy digital access proposed in the exposure draft, it would be easier for customers to understand product-related information," Nerukar mentioned.