



## Tax alert: Insurance Regulator releases new guidelines for health insurance products

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The Insurance Regulatory and Development Authority of India (IRDAI) on 29 May 2024 released a Master Circular (IRDAI/HLT/CIR/PRO/84/5/ 2024) on health insurance products with the objective to rationalise operations of health insurance policies and empower policy holders, besides simplifying the entire process. This Master Circular has been issued under Section 14(2)(e) of the IRDAI Act 1999 and Section 34 of the Insurance Act, 1938, read with Regulation 7 of schedule-III of IRDAI (Insurance Products) Regulations 2024.

### In a nutshell



The Insurance Regulatory and Development Authority of India (IRDAI) has made a few major changes in the regulatory norms for health insurance policies with the objective of empowering policyholders and strengthening inclusive health insurance.



The regulator has issued a comprehensive Master Circular on Health Insurance Products, repealing as many as 55 circulars.



The Master Circular has consolidated the following:

- (a) The entitlements available to a policyholder/prospects/ customers; and
- (b) Emphasised measures towards providing seamless, faster and hassle-free claims experience to the policyholder and ensuring enhanced service standards across the health insurance sector.



The Master Circular shall come in to force with immediate effect except for provisions where specific effective date is mentioned.

The circular has clarified that the existing health insurance products which are not complying with the IRDAI (Insurance products) Regulations 2024, and this Master Circular, shall be modified on or before 30 September 2024.



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## Salient features of the Master Circular:

- Insurers need to ensure that health insurance products, add-ons and riders cater to all ages, all types of existing medical conditions including pre-existing diseases and chronic conditions, all systems of medicines and treatments including allopathy, Ayush and other systems of medicine, every situation of treatment including domiciliary hospitalisation, outpatient treatment, day care and home care treatment, all types of hospitals and health care providers to suit the affordability of policy holders.
- They need to provide for customisation of products by customers. Additionally the products offered by them should cover the technological advancements and treatments.
- The insurer will also need to provide a **Customer Information Sheet (CIS)** along with every policy document in the prescribed format which explains the basic features of the insurance policy.
- The policy holders will be provided a period of 30 days to review the terms and conditions of the policy. If the policy holder is not satisfied with any of the terms and conditions, the policy holder has an option to cancel the policy; this facility is available for a policy of 1 year or more.
- Policyholder can cancel the indemnity-based health insurance policy at any time during the policy term by giving 7 days' notice in writing. In such cases, the policy holder to get **refund of premium/ proportionate premium** for unexpired policy period as per below:
  - **If the policy term is up to 1 year and there are no claims made during the policy period:** Proportionate premium amount for the unexpired policy period.
  - **If the policy term is more than 1 year and risk coverage for such policy years has not commenced:** Premium for the unexpired policy period.
- Nomination details to be provided by the policy holder for payment of claims in case of death; such details can be changed at any time during the policy period. The claim shall be paid to the nominee and the nominee.
- A grace period of 15 days to be provided for payment of premium where premium is paid in monthly instalments. The grace period shall be 30 days where premium is paid in quarterly, half yearly or annual installments. If the policy is renewed during grace period, the benefits accrued under the policy will be protected and the insurance coverage will be available for grace period as well.
- The renewal of health insurance policy is available provided the same is not withdrawn, except in case of fraud or non-disclosure or misrepresentation by the insured.
- Portability of health insurance policy from one insurer to another insurer will be provided.
- In case of **no claims** during the policy period, the insurers may reward the policyholders by providing an option to choose **No Claim Bonus (NCB)** either by increasing the sum insured or discounting the premium amount at the time of every renewal.
- Every insurer to strive towards achieving **100% cashless claim settlement** in a time-bound manner. Also, the insurer should decide on the request for cashless authorization immediately, but not more **than one hour** of receiving the request. IRDAI has also asked insurers to put necessary procedures in place immediately and not later than **July 31, 2024**, to achieve this goal.
- The insurer must grant the final authorization **within three hours** of receiving the receipt of the discharge request from the hospital. If there is any delay beyond **three hours**, the additional amount if any charged by the hospital shall be borne by the Insurer from shareholder's fund.
- In the event of death during the treatment, mortal remains to be released from the hospital immediately.
- A policyholder with **multiple health insurance** policies gets to choose the policy(s) under which he/ she can get the admissible claim amount. The primary insurer with whom claim is first submitted shall coordinate and

facilitate settlement of balance amount from the other Insurers.

- For all related claim settlements, the policyholder shall not be required to submit any documents to the Insurer. The insurers and TPAs are required to collect the required documents from the Hospitals directly and no involvement should be needed from policy holders.
- The insurer will be liable to pay INR 5000/- per day to the policyholder in case ombudsman awards are not implemented within 30 days.
- The insurer will also have to display prominently on Insurer's website:
  - List of hospitals/ healthcare service providers with whom they have tie up for cashless claim settlement;
  - Specify that a policyholder has to file for claim reimbursement in case services are availed in other than empaneled hospitals/ healthcare service providers;
  - Procedures to be followed for claim settlement under cashless facility and reimbursement of claims.

**Our comments:**

The release of a detailed master circular is certainly a welcome move by IRDAI. It signifies a major step in empowering policyholders, ensuring that they receive top-quality care and service, more security and seamless transactions in the case of an emergency. It also promotes trust and transparency in the health insurance sector. Insurers may have to review their current policy offerings to ensure compliance with the guidelines provided in the master circular.

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