

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

STARRED QUESTION NO. *578

TO BE ANSWERED ON 6th April, 2018/ Chaitra 16, 1940 (Saka)

Non-Life/Health Insurance Policies

***578. SHRI BHARTRUHARI MAHTAB:
SHRI RAHUL SHEWALE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the cases of having differences between the amount claimed and the amount settled under Non-Life Insurance and Health Insurance Policies by the insurance companies have increased in the country during each of the last three years and the current year, if so, the details thereof and the reasons therefor, company-wise;
- (b) whether the Government has noticed irregularities/corruption in settlement of such claims on the part of the surveyor or the insurance company during the said period;
- (c) if so, the details thereof along with the action taken/being taken thereon, company-wise;
- (d) the number of onsite visits/ inspections undertaken by the Insurance Regulatory and Development Authority of India and the regulatory action initiated during the said period; and
- (e) the other steps taken/being taken by the Government to make the process of claim easier under Non-Life/Health Insurance?

ANSWER

**THE FINANCE MINISTER
(SHRI ARUN JAITLEY)**

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) to (e) OF LOK SABHA STARRED QUESTION NO. *578 FOR 6TH APRIL, 2018 REGARDING “NON-LIFE/HEALTH INSURANCE POLICIES” TABLED BY SHRI BHARTRUHARI MAHTAB AND SHRI RAHUL SHEWALE.

(a) The company-wise details of amount claimed under non-life insurance and health insurance and claims paid during the last three years is at **Annexure I** and **Annexure II** respectively.

(b) and (c): In Non-Life Insurance, no irregularities / corruption in settlement of claims have come to the notice of Insurance Regulatory and Development Authority of India (IRDAI). However, in the area of Health Insurance, the Authority has taken regulatory action on noticing excess deductions from health insurance policy claims as per details given in **Annexure-III**.

(d) The number of onsite visits/ inspections undertaken by the Insurance Regulatory and Development Authority of India and the number of regulatory actions initiated during the said period are at **Annexure-III**.

(e) The other steps taken to make the process of claim easier under Non-Life/Health Insurance inter-alia also includes:-

The IRDAI (Health Insurance) Regulations, 2016 (HIR 2016) and the IRDAI (Protection of Policyholders' Interests) Regulations, 2017 have been issued by IRDAI which stipulate various provisions to protect the interest of the Policyholders of Health Insurance Policies/ General Insurance Policies including making the process of claims easier. Towards this, the Authority, inter-alia, has put in place the following provisions in these regulations:-

- The insurance claims shall be settled or rejected within 30 days from the receipt of the last “necessary” document.
- Except in cases where a fraud is suspected, ordinarily no document not listed in the policy terms and conditions shall be deemed ‘necessary’.
- The insurer shall ensure that all the documents required for claims processing are called for at one time and that the documents are not called for in a piece-meal manner.
- Insurer may stipulate a period within which all necessary claim documents should be furnished by the policyholder/insured to make a claim. However, claims filed even beyond such period should be considered if there are valid reasons for any delay.
- Every Insurance Claim shall be disposed of in accordance to the Terms and Conditions of the policy contract.
- Regulation (33) (d) (iv) of HIR 2016 specifies that where a claim is repudiated, the communication about the repudiation shall be made only by

the Insurer by specifically stating the reasons for repudiation, necessarily referring to the corresponding policy conditions.

- The insurer shall also furnish the grievance redressal procedures available with the Insurance Company and with the Insurance Ombudsman along with the detailed addresses of the respective offices.
- Subject to the terms of a policy, General Insurers and Health insurers shall extend to all policy holders a cashless facility for treatment at specific establishments.
- To ensure that interests of insurance policyholders' are protected.
- To ensure that insurers, distribution channels and other regulated entities fulfill their obligations towards policyholders and have in place standard procedures and best practices in sale and service of insurance policies.
- To ensure policyholder-centric governance by insurers with emphasis on grievance redressal.

Annexure-I referred to in reply of part (a) of Lok Sabha Starred Question no. *578 for 06.04.2018

Company- wise Non-life insurance amount claimed and Claims paid (in terms of amount):

(Amount in Rs. Crore)

Name of the Gen. Ins. Company	Claims Data 2014-15			Claims Data 2015-16			Claims Data 2016-17		
	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid
Bajaj Allianz	2480.7	3655.1	3476.4	3242.6	3998.7	3397.1	3587.0	3506.5	3261.7
Bharti AXA General	674.1	1425.7	927.2	926.9	1736.4	965.9	1400.8	884.8	1251.1
Cholamandalam	1390.5	1738.0	983.9	1892.7	1830.0	1289.9	2241.0	4821.2	1517.6
Future Generali	488.4	925.8	852.1	600.5	1244.3	1050.4	780.2	1115.8	1040.1
HDFC ERGO General#	1005.1	2468.2	1700.4	1349.3	2857.3	2156.2	1533.5	3260.8	2269.4
ICICI-Iombard	2912.3	4924.1	4058.9	3054.1	6383.7	4881.3	3890.9	6880.9	5141.7
IFFCO-Tokio	1494.9	1895.8	1737.8	1655.4	2372.7	2595.8	1516.9	3270.8	2546.0
Kotak Mahindra	-	-	-	0.0	6465.0	1010.0	0.0	12.1	6.2
HDFC Gen. (L&T)	106.3	234.1	131.6	164.0	340.2	239.3	223.2	390.2	268.9
Liberty Videocon	13.3	174.4	123.6	49.8	468.6	217.7	106.3	323.5	229.6
Magma HDI	66.7	300.8	247.2	169.2	370.0	225.8	217.0	202.3	209.5
Raheja QBE	3.6	4.9	3.3	2.7	1.4	2.2	2.1	5.8	2.0
Reliance General	1955.1	1540.3	1750.7	2132.2	1802.9	2041.0	2361.3	1767.5	2238.3
Royal Sundaram	900.3	878.0	1001.1	907.8	957.0	1058.7	1041.2	1113.2	1240.6
SBI General	321.2	2181.7	485.9	699.4	1936.4	995.7	940.8	1466.7	1174.7
Shriram General	714.0	1873.5	371.5	1209.2	1660.9	951.0	2356.6	1817.4	1348.4
Tata-AIG	948.5	1787.6	1302.5	1172.3	2495.7	1778.3	1552.6	2441.3	1991.2
Universal Sampo	352.5	580.7	355.0	473.7	814.8	703.4	482.8	1020.5	600.0
National	6718.2	12059.1	8232.4	6958.8	23089.5	9175.8	7473.1	32256.9	12542.7
New India	7995.6	17474.3	9739.6	9873.7	12396.1	11579.7	9968.7	16782.7	13834.5
United India	11151.2	12487.9	7707.3	12126.0	16655.6	9663.2	14151.5	22675.3	11826.9
Oriental	6453.8	7643.8	5566.8	7254.7	7213.9	5953.1	7481.2	8152.3	7544.8
Total	48146.3	76253.8	50755.2	55915	97091.1	61931.5	63308.7	114168.5	72085.9

Source: IRDAI

Note: The amount settled against a policy is based on the final assessment and also as per the terms and conditions under which a specific policy has been issued. The data pertaining to just concluded Financial Year (2017-18) is not readily available with IRDAI.

Annexure-II referred to in reply of part (a) of Lok Sabha Starred Question no. *578 for 06.04.2018

Company- wise Health Insurance (Excluding Personal Accident and Travel) amount claimed and Claims paid (in terms of amount):
(Amount in Rs. Crore)

Name of the Gen. Ins. Company	Claims Data 2014-15			Claims Data 2015-16			Claims Data 2016-17		
	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid	Claims Outstanding at the beginning of the year	New claims registered during the period	Claims paid
Bajaj	41	494	498	21	733	548	29	801	694
Bharti	16	224	175	18	119	99	12	98	62
Cholamandalam	28	111	91	11	97	71	15	99	72
Future	5	128	119	7	148	127	2	160	145
HDFC	26	327	247	24	334	225	27	398	269
ICICI	181	1314	1039	186	1156	851	202	1690	1195
IFFCO	16	312	229	23	537	388	43	608	482
Kotak	-	-	-	-	-	-	0	2	1
Liberty	0	27	17	4	63	50	4	72	49
L&T	3	36	23	4	39	24	3	43	31
Magma	0	0	0	0	0	0	0	0	0
Raheja	0	0	0	0	0	0	0	0	0
Reliance	63	472	524	48	483	466	90	292	331
Royal	17	140	117	18	153	127	14	162	134
SBI	1	34	13	5	98	42	10	121	54
Shriram	0	0	0	0	0	0	0	0	0
Tata	4	72	60	5	94	72	8	90	69
Universal	7	159	100	8	170	120	8	117	107
National	388	6182	4525	513	5047	4476	572	6025	5302
New India	190	3877	3467	225	5764	5204	210	6900	6365
Oriental	236	2908	2250	272	3485	2534	300	3639	3363
United	333	5885	3356	513	6432	4399	745	8742	6155
Aditya Birla	-	-	-	-	-	-	0	14	8
Apollo	35	569	407	47	725	528	52	925	680
Cigna	0	3	1	0	43	37	1	111	84
Max Bupa	11	267	169	16	295	210	9	338	266
Religere	15	191	98	18	339	173	35	466	235
Star	84	836	703	102	1264	987	102	1976	1372
Industry total	1700	24568	18228	2088	27618	21758	2493	33889	27525

Source:IRDAI

Note: The amount settled against a policy is based on the final assessment and also as per the terms and conditions under which a specific policy has been issued. The data pertaining to just concluded Financial Year (2017-18) is not readily available with IRDAI.

Annexure-III referred to in reply of part (b), (c) and (d) of Lok Sabha Starred Question no. *578

for 06.04.2018

Regulatory action taken by IRDAI on noticing excess deductions from health insurance policy claims:

Order dated	Licensed entity	Observation	Details of Direction
Charge 38 of Order dated 30-07-2015	L & T General Insurance Company Limited	Deduction of other hospitalization expenses in the proportion to the eligibility of the room rent.	Penalty of Rs.5 lacs has been imposed and insurer is directed to refund the excess deductions along with penal interest. <u>Compliance:</u> Insurer submitted that it has identified 350 health claims and refunded an amount of Rs.34,30,718 including penal interest.
Charge 3 of Order dated 16/05/2016	Vidal Third Party Administrator	Deduction was wrongly made toward co-pay.	Direction was given to re-examine all such cases and to refund the excess recovered amount <u>Compliance:</u> Insurer submitted that it has refunded Rs.3,72,000 with regard to 11 cases where co-pay was wrongly recovered.
Charge 2 of Order dated 28/06/2016	United India Insurance Company Limited		
Charge 5,6 & 7 of Order dated 20/07/2016	Bharti Axa General Insurance Company Limited	Wrongful deduction from the associated charges and other medical charges in the proportion to room rent eligibility.	Penalty of Rs.5 lacs imposed and insurer is directed to ensure that no claim is settled based on the product features and conditions that is not filed and approved under F&U procedure of Authority. <u>Compliance:</u> Insurer agreed to the direction and remitted penalty of Rs.5 lacs.

The year-wise break up of onsite visits/inspections Non-Life and Health insurance companies:

Financial Year	No. of Non-Life Insurance Companies inspected in FY	No. of Health Insurance Companies inspected in FY
2017-18	9	2
2016-17	7	0
2015-16	4	2
2014-15	11	2

The year-wise break-up of the number of regulatory actions initiated against the Insurance Companies as a result of onsite visit/inspection:

Financial Year	2014-15	2015-16	2016-17	2017-18	Total
General insurers and Stand alone Health insurers.	5	16	10	6	37