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[Health insurance new rule: Get full coverage during grace period despite unpaid premium, mandates IRDAI](#)



To bring some much-needed relief to health insurance policyholders, Insurance Regulatory and Development Authority of India (IRDAI) has released a master circular on Health Insurance Business. Typically, most health insurance plans offer a grace period, a buffer to pay premium of your insurance policy. Earlier, health insurance grace period offered a buffer to pay premiums but no coverage for claims during that time. IRDAI's new rule mandates coverage during the grace period. What changes for the health insurance policyholders. How is this new move going to impact them? Read here to find out.

Synopsis Now, the health and general insurance companies have to mandatorily provide coverage during the grace period if the premium of the health insurance is paid in instalments — monthly, quarterly, half-yearly, or annually. Policyholders of the insurance companies usually get a grace period to pay their health insurance premiums. The grace period for a health insurance plan is the extra time that you get to pay the premium if you have missed the policy renewal due date. Typically, most health insurance plans offer a grace period. What was the rule earlier? What is the new rule and how is it going to impact health insurance policyholders? Read here to find out

Earlier, the insurance companies used to offer grace periods based on the type of policy you bought, says Parthanil Ghosh, Director & Chief Business Officer, HDFC ERGO General Insurance . Some insurers offer a grace period of 15 days while others offer 30 days for health insurance policies. So, the grace period in a health insurance plan used to vary from one insurer to another. The insurance companies typically do not offer any policy coverage during the grace period in health insurance policies.

IRDAI's big announcement on health insurance grace period: What has changed? The Insurance Regulatory and Development Authority of India (IRDAI) aims to change this well-known practice of the insurance industry. In a master circular dated May 29, 2024, the regulator has standardised the grace period for health insurance policies with various installments and asked insurers to provide claim coverage even during the grace period. IRDAI said, "If the premium is paid in instalments during the policy period, coverage will be available for the grace period also."

Further, the regulator mandated that the grace period will be for 15 days where the premium is paid through monthly installments. Those who pay health insurance premiums in quarterly, half-yearly or annual installments are eligible to get a grace period of 30 days.

Health insurance grace period rule change: What was the rule earlier? Until now, it has not been mandatory for insurance companies to offer health insurance coverage during the grace periods. During the grace period, your health insurance policy remains active and you get the benefit of continuity of the policy — such as sum insured, no claim bonus, specific waiting periods, waiting periods for pre-existing diseases, moratorium period, etc. However, insurers typically have not offered coverage for claims arising during the grace period till now. However, there could be a few insurers who used to offer claim coverage even during the grace period of the health insurance plans even earlier.

Health insurance grace period rule change: How these rules are going to impact health insurance policyholders
Standardising the grace period will be beneficial for the customers. It will be easier for them to remember what grace period will be applicable for what kind of health insurance policy and pay according.

The bigger change is the extension of coverage during the grace period. If a customer pays health insurance premium by monthly, quarterly, half-yearly and yearly instalments, he or she would be eligible for coverage during grace period now.

"As earlier during the grace period it was not mandatory to provide coverage to their policyholders and some of the insurers were offering such benefits on of their own. But now all insurers have to provide this benefit to their policyholders," says Abhishek Kumar, a SEBI RIA and founder of SahajMoney.com.

Let me give you an example to make it clearer what is going to change for the health insurance policyholders:
Suppose your health insurance premium renewal date was May 1, 2024. You forgot to pay the premium by mistake or can't pay it on time due to some financial crunch. Your insurance company offers you a grace period of 15 days and you thought you would pay it before the grace period gets over. Unfortunately, you met with an accident on May 12 and had to go to a hospital. According to the earlier rule, the insurance company was not liable to pay your claim as the accident happened during the grace period. It would be up to the insurer whether they wanted to pay to claim or not. Some insurers might pay it, some might not as it was not mandatory, explains Bhaskar Nerurkar, Head of- the Health Administration Team, Bajaj Allianz General Insurance

Usually, when a policyholder raises a claim during the grace period, he or she has to pay the premium first and then get the coverage. However, Bajaj Allianz General Insurance has claimed that they offer coverage during the grace period without asking for the due premium amount.