

Article Date	Headline / Summary	Publication
30 May 2024	DECIDE ON CASHLESS CLAIMS IN 1 HR: IRDAI TO HEALTH INSURERS	Business Standard

# DECIDE ON CASHLESS CLAIMS IN 1 HR: IRDAI TO HEALTH INSURERS

The Insurance Regulatory and Development Authority of India (Irdai) on Wednesday released a circular on health insurance specifying that an insurer will have to decide on cashless authorisation within an hour of its request, a move aimed at boosting cashless initiatives. Insurance firms have been given time till July 31, 2024, to put the necessary systems and procedures in place. Policyholders will also be able to avail a discount on the premium payable if there were no claims made in the previous year.

18 ▶

# Decide on cashless claims in 1 hr: Irdai to health insurers

Health policy-holders can now avail premium discount in case of no claims in previous year

AATHIRA VARIER  
Mumbai, 29 May

The Insurance Regulatory and Development Authority of India (Irdai) on Wednesday released a master circular on health insurance specifying that an insurer will have to decide on cashless authorisation within an hour of its request, a move aimed at boosting cashless initiatives.

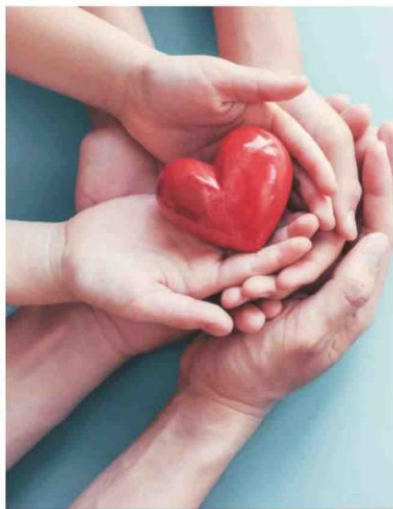
Insurance companies have been given time till July 31, 2024, to put the necessary systems and procedures in place. Health insurance policy-holders will also be able to avail a discount on the premium payable if there were no claims made in the previous year, according to the circular released by the regulator.

The Irdai has asked general and health insurance companies to reward the policyholders by giving them 'No Claims Bonus' (NCB) in the form of either increasing the sum insured or by offering a discount on the premium amount if they have not made any claims. At present, no claim bonus is given by offering health insurance policyholders only the cumulative bonus which is an addition to the sum insured.

Customers will be given the option to choose between increasing the sum insured or the discount on the premium at the time of renewal. The new norms are effective immediately.

For Motor insurance, no claim bonus for policyholders is offered in the form of the discount in renewal premium.

"Customers are of the opinion that they should get some discount in premium at the time of renewal for claims-free years. The option from the regulator is a welcome move for the policyholders which will give them an incentive to con-



## KEY TAKEAWAYS

- > Currently, insurers offer only cumulative bonus for health insurance products
- > Motor insurance offers discount in premium at time of renewal
- > An insurer shall not resort to fresh underwriting unless there is an increase in sum insured
- > Underwriting policy to ensure AYUSH treatment at par with the other treatments

tinue with the policy. Currently, cumulative bonus on the products range between 10 — 25 per cent depending on the products," said Bhaskar Nerurkar, Head — Health & Travel Administration Team, Bajaj Allianz General.

According to insurance industry officials, in the Motor (Own Damage - OD) segment there is a structured no-claim bonus of 50 per cent up to 5 years.

The policyholder will get a maximum of 50 per cent discount in the premium over 5 years. However, if the policyholder incurs a claim, the benefits are reversed.

"In the case of Motor Vehicle Insurance, the No Claim Bonus is applicable from the second year of the policy period. After the first year, when no claim has been raised, your insurance provider offers you a discount of 20 per cent on the premium amount. This begins in the second year, and this can go up to 5 consecutive years. However, in the case of Health Insurance No Claim Bonus (NCB), also known as the cumulative bonus is a reward for every claim-free year given by the insurer to the policyholder, the current practice of Insurance Companies is to offer an increase in the sum insured for every claim-free year instead of discount in premium," said Narendra Bharindwal, vice-president, Insurance Brokers Association of

India. Industry officials believe that although the discount in the premium for health insurance policies is a prudent measure in the interest of the customers, there is a need for the discount to be given in a structured manner on health insurance products during renewal.

The insurance regulator released a master circular on health insurance products repealing 55 existing circulars. Experts said the regulator should ensure that claims triggered in a year do not become an excuse for the insurers to increase the premium in the next year and reverse the discount given during no claims period.

The regulator has also introduced other changes in the master circular like the inclusion of AYUSH products under health insurance coverage and 100 per cent cashless initiatives are also expected to boost customer interest. "The latest Master Circular for Health Insurance Products will simplify the insurance buying and servicing process even further. Not only do we expect a marked improvement in health insurance adoption in the near term, but trust that this Master Circular will facilitate higher transparency and disclosure standards in the health insurance sector," Sharad Mathur, managing director and chief executive officer, the Universal Sampo General Insurance Company.