

Existing Provisions of IRDAI (TPA-Health Services) Regulations, 2016 vis-à-vis the proposed modifications along with the rationale for the modifications.

Sr No	Clause No.	Regulation Changes	Description of Existing Regulation	Proposed Modification	Rationale
1	2(a)	Omitting Regulation 2(1)(f)	<i>"Cashless facility means a facility extended by an insurer to an insured where the payment of the costs of treatment undergone by the insured in accordance with the policy terms and conditions is directly made to the network provider by the insurer to the extent of approved pre-authorization"</i>	Omit the provision.	Defined under Regulation 2(f) of IRDAI (Health Insurance) Regulations, 2016. Hence, omitted.
2	2(b)	Modification in Regulation 2(1)(k)	<i>"Network Provider" means hospital or health care provider enlisted by an insurer, TPA or jointly by an insurer and TPA to provide medical services to an insured either <b>on payment</b> or by a cashless facility".</i>	<i>Network Provider" means hospital enlisted by an insurer, TPA or jointly by an insurer and TPA to provide medical services to an insured by a cashless facility</i>	To give effect to the Circular dated 15 <sup>th</sup> Nov, 2016.
3	2(c)	Modification in Regulation 2(1)(m)	<i>Third Party Administrator (TPA)", means a company registered with the Authority, and engaged by an insurer, for a fee or remuneration, by whatever name called and as may be mentioned in the agreement, for providing health services as mentioned under these Regulations.</i>	<i>Third Party Administrator (TPA)", means a company registered with the Authority, and engaged by an insurer, for a fee or by whatever name called and as may be mentioned in the health services agreement, for providing health services as mentioned under these Regulations.</i>	The word "remuneration" is removed from the definition as the word "remuneration" is already defined in IRDAI (Payment of commission, remuneration and rewards to insurance agents and insurance intermediaries) Regulations, 2016 to mean compensation paid by an insurer and received by an insurance intermediary for soliciting and procuring an insurance policy. Since, TPA does not solicit and procure insurance business, hence reference to the word "remuneration" is deleted. Consequential modifications are proposed to be effected in Regulation 20(2), 20(5)(c ),20 (6), clause 2(u) of Schedule II.

4	2(d)	Modification in Regulation 3(1)(e)	<p><i>servicing of health services matters of foreign travel policies issued by foreign insurers for policyholders who are travelling to India:</i></p> <p><b>Provided</b> that such services shall be restricted to the health services required to be attended to during the course of the visit or the stay of the policyholders in India</p>	<p><i>servicing of health services matters of <b>travel or health or medical insurance</b> policies issued by foreign insurers for policyholders who are travelling to India:</i></p> <p><b>Provided</b> that such services shall be restricted to the health services required to be attended to during the course of the visit or the stay of the policyholders in India</p>	To increase the scope of health services to be rendered by IRDAI registered TPAs to the policyholders of foreign insurers visiting India. Consequential modifications are proposed to be effected in Regulation 22 (1) and 22 (2).
5	2(e)	Inserting Regulation 3(4)	Not Available (NA)	<p>i. Regulation 3 (4): The policyholder can choose the TPA of their choice from amongst the TPAs engaged by Insurers, where services of TPAs are engaged by the Insurer for a given Insurance Product.</p> <p>ii. (a) Where the services of the TPA are terminated during the course of health services rendered by the said TPA, every Insurer shall allow the policyholder to choose an alternate TPA from amongst the TPAs engaged by it.</p> <p>iii. (b) The Insurer shall explicitly provide the names of the TPAs amongst whom the policyholder may choose the TPA of its choice at the point of</p>	<p>To ensure that policyholder is given a choice to choose TPA company for rendering health services. This is proposed to be incorporated with the objective of competition improving the quality of service delivery by the TPA companies.</p> <p><b>New Regulation 3 (5): New provision is incorporated based on suggestions that policyholders shall be privy to the qualitative and quantitative parameters in respect of services rendered by TPAs. Hence, enabling provision for issuing guidelines is proposed.</b></p>

				<p>sale. The Policyholder may be allowed to change the TPA of its choice only at the point of renewal.</p> <p>Provided that the policyholder shall have no right to seek dispensing the services of the TPA and request the Insurer to undertake rendering the health service directly.</p> <p>Provided further that the Insurer have the prerogative of whether or not to engage any TPA or to terminate the services of the TPA or not to engage the services of the TPA for a particular health insurance product or discontinue the services of the TPA to service a particular health insurance product.</p> <p>Provided further that the Insurer has the prerogative of changing the TPA in accordance to the provisions of sub-regulation 8 of the Regulation 20 of these regulations.</p> <p>iv. (c) Where the Policyholder did not choose any of the TPAs, the Insurer may allot the servicing to a TPA of its choice.</p>	
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6	2(f)	Modification in Regulation 5 (1)	<i>"No person or an entity can commence or carry out the business of TPA and render health services as mentioned in</i>	<i>"No person or an entity can commence or carry out the business of TPA and render health services mentioned</i>	To give effect to the Circular dated 15 <sup>th</sup> Nov, 2016.

			<i>these regulations without a valid certificate of registration from the Authority”</i>	at clauses (a) and (b) of sub-regulation (1) of Regulation 3 of these regulations without a valid certificate of registration from the Authority	<p><b>The</b> Health services defined under Regulation 3(1)(a) &amp; 3(1)(b) are only the services that are mandatorily to be rendered by IRDAI registered TPAs. The following remaining services as defined under Regulation 3(1) (c ) to Regulation 3 (1)(g) may be carried out by an entity other than the TPA as well.</p> <p>3(1)(c) – Pre-Insurance Medical Examination</p> <p>3(1)(d) – Servicing of foreign travel policies issued by Indian Insurers outside India</p> <p>3(1)(e) – Servicing of foreign travel policies of foreign insurers in India</p> <p>3(1)(f) – Servicing of non-insurance health care schemes</p> <p>3(1)(g) – any other services</p>
7	2(g)	Modification in Regulation 5(4)	<i>“No insurer shall engage any person or entity to carry out the business of TPA and render health services as mentioned in these Regulations unless he is holding a valid certificate of registration from the Authority as TPA.”</i>	No insurer shall engage any person or entity to carry out the business of TPA and render health services mentioned at clauses (a) and (b) of sub-regulation (1) of Regulation 3 of these regulations unless he is holding a valid certificate of registration from the Authority as TPA	As noted under Sr No 6 above.
8	2 (h) and 3(i)	Modification of Regulation 6 (3)	6.Minimum Capital and Working Capital Requirements:	6. <i>“Minimum Capital and Net Worth Requirements: (3) The net-worth of a TPA shall at no time during the</i>	The concept of “Working Capital” is to be replaced with “Net Worth” of the Company. The concept of Working Capital was more prevalent in the earlier times when the

			<p>(3)A registered TPA shall maintain a working capital of not less than rupees one crore.</p> <p>Explanation: For the purpose of this regulation, “working capital” means the difference between the aggregate of the current assets and current liabilities as on the date of reckoning.</p>	<p><i>period of certificate of registration fall below rupees one crore.</i></p> <p><i>Explanation: For the purposes of these regulations, “net worth” shall have the meaning assigned to it in the Companies Act 2013 and as amended from time to time.</i></p>	<p>concept of Float fund was being followed by the TPAs. However, now the payments are to be made by the Insurers directly to the hospitals or policyholders, hence the concept of the Working Capital for the TPAs may be discontinued and subsequently it may be replaced with the concept of “Net Worth” to provide the TPAs more leeway to manage their funds/capital more effectively and efficiently.</p>
9	2(j)	Modification in Regulation 7(2)	<p>The application shall be accompanied by a non-refundable processing fee of Rupees 20,000/- (Rupees Twenty Thousand only) and applicable service tax, to be paid in favour of the Authority, by way of a crossed demand draft payable at Hyderabad or through such other payment mode as may be stipulated by the Authority from time to time</p>	<p>The application shall be accompanied by a non-refundable processing fee of Rupees One Lakh and other taxes as may be applicable, to be paid in favour of the Authority, by way of a crossed demand draft payable at Hyderabad or through such other payment mode as may be stipulated by the Authority from time to time</p>	<p>The fee payable by TPA applicants was remained unchanged since, 2001. Hence, it is proposed to amend the regulations by increasing the fee to Rs 1 lakh.</p>
10	2(k)	Inserting 8 (2) (l)	NA	<p>(ja)The Applicant shall demonstrate the preparedness in respect of adequate technological capabilities, data security and human resources.</p>	<p>This is a new provision.</p> <p>There were in existence various norms that require the TPA Company to have in place resources and IT capabilities. However, as it is essential that a TPA shall be in a position to comply with these norms from day one, it is considered important to examine if the applicant company has the necessary technological capabilities, hence, the modification.</p>
11	2 (k)	Inserting 8 (2) (m)	NA	<p>(jb)The promoters of the applicant, shall have</p>	<p>This is a new provision.</p>

				professional competence and general reputation of fairness and integrity to the satisfaction of the Authority.	It is considered very important to specify minimum qualitative norms to the promoters of the applicant company, hence, the provisions.
12	2(l)	Inserting the Regulations 8(3) to 8(6)	NA	<p>Regulation 8 (3): Each of the promoters shall have a sound track record. "Sound Track Record" includes, the promoters shall-</p> <p>(i) Notwithstanding the provisions of Clause (3) of Schedule – II read with Regulation 23, be carrying on business or engaged in offering professional services for a period of not less than three years to the date of application; and</p> <p>(ii) The net worth is positive in all the immediate preceding three financial years to the date of application; and</p> <p>(iii) The net worth of each promoter in the immediate preceding two financial years to the date of application is more than the capital contribution of the respective promoter;</p> <p>i. Regulation 8 (4):</p> <p>ii. Regulation 8 (4): Where there are one or more investors in an Applicant, any investor holding the shares in an Applicant</p>	<p>To ensure promoters with reasonable financial background only enter into the TPA space and to ensure that no promoter infuses the capital out of borrowed funds, the minimum norms on net worth requirement for promoters are specified.</p> <p>If a number of individuals join hands and form a TPA company it would be very difficult to carry out the due diligence on all the shareholders. To ensure that a number of individuals will not join hands, it is specified that an investor who proposes to hold more than 10% stake would be regarded as promoter and that all such investors together shall not hold more than</p>

				<p>exceeding ten percent of the paid up equity capital, such an investor shall be considered as promoter of the Applicant.</p> <p>iii. Regulation 8 (5): Indian investors other than investors holding more than ten percent referred at Regulation 8(4) put together shall not hold more than twenty-five percent of paid up equity share capital of the Applicant.</p> <p>iv. Regulation 8 (6): The promoters shall agree to a lock in period of three years for the funds proposed to be invested in the Applicant. The lock-in period of three years shall reckon from the date of granting Certificate of Registration by the Authority.</p>	25%. To ensure serious players only enter the TPA space, minimum lock in period of three years specified.
13	2(m)	Modification in Regulation 9(2)	Every applicant approved by the Authority for grant of Certificate of Registration shall pay a further	Every applicant approved by the Authority for grant of	As in SI No. 9 above.



			sum of Rs. 30,000/- (Rupees Thirty Thousand only) and applicable service tax to the Authority as registration fee prior to grant of Certificate of Registration and the same shall be paid to the Authority in the manner as mentioned in Regulation 7(2) of these Regulations	Certificate of Registration shall pay a further sum of Rupees Two Lakh and other taxes as may be applicable to the Authority as registration fee prior to grant of Certificate of Registration and the same shall be paid to the Authority in the manner as mentioned in Regulation 7(2) of these Regulations	
14	2(n) and 2(s)	Modification under Regulation 9(3) and Omitting Regulation 16 (3)(d)	<p>Regulations 16 (3) (d): The Authority may issue an order revoking or suspending the Certificate of Registration without notice if the TPA; has not commenced business within twelve months from the date of Certificate of Registration</p> <p>Provided that the Certificate of Registration so revoked or suspended shall not be cancelled by the Authority unless an enquiry is conducted and the TPA has been given a reasonable opportunity of being heard.</p>	<p>Where a TPA could not commence, the business operations within twelve months as stipulated at Regulation 9 (3) above, it shall, in writing seek further extension of time, thirty days before the expiry of twelve months from the date of grant of Certificate of Registration by the Authority, substantiating the reasons thereof. The Authority on considering the request may grant a further period of six months' time to the TPA to commence the business operations.</p> <p><b>Provided</b> that where a TPA did not commence the business operations within the period stipulated under Regulation 9 (3) or 9 (3) (1), the Authority shall cancel the Certificate of Registration and publish the</p>	<p>Existing Regulation 16(3)(d) has a necessary mandate to conduct an enquiry in case the CoR of the TPA is revoked or suspended due to not commencement of business within twelve months from the date of Certificate of Registration. However, it is observed that this mandate to conduct an inquiry is redundant in the case of a TPA which has not commenced business/operations after grant of CoR. Hence, the existing regulation will be deleted and necessary provision as proposed will be incorporated under Regulation 9 (3) and consequentially, Regulation 16(3)(d) to be omitted.</p>

				same in its website for information of general public.	
15	2 (o)	Modification of Regulation 10 (3)	An Applicant against whom an order of refusal to grant CoR has been passed by the Authority shall not, for a period of two years from the date of such refusal, submit a fresh application to the Authority for grant of CoR as a TPA.	Regulation 10 (3): An applicant or any of the promoters of the applicant against whom an order of refusal for grant of CoR has been passed by the Authority shall not, for a period of one year from such refusal, submit a fresh application to the Authority for grant of certificate of registration as a TPA.	Existing provision state that the applicant whose application is not considered is not eligible to apply for two years. This is now extended to any of the promoters of the applicant, but by reducing the waiting period required to one year. It is to be ensured that the applicant or the promoter whose Application is refused is not preferring a fresh application without any improvements or substantive reasons.
16	2(t)	Insert new clause (6) under Regulation 16	NA	Regulation 16(6): A TPA Company against whom an order of revocation or cancellation or denial of the renewal has been passed by the Authority shall not, for a period of two years from the date of such revocation or cancellation or denial, submit a fresh application to the Authority for grant of certificate of registration as a TPA.	There are no provisions in the existing Regulations with regard to the time period that may be considered to allow the TPA company to apply afresh in the event of cancellation / revocation of CoR. Hence, as the reasons under which a CoR may be revoked or cancelled or renewal denied are to be serious in nature in terms of Reg 16 of TPA Regulations, 2016, it may be appropriate to specify that such TPA company may not be eligible to apply afresh till the expiry of two years. The Authority, on receipt of any Application from any entity seeking registration as a TPA, every such application shall be subject to due diligence.
17	2(p)	Modification in Regulation 11(3)	The Chief Executive Officer or Chief Administrative Officer and Chief Medical Officer shall not suffer disqualifications mentioned under Section 42D of the Act.	<b>Provided further</b> the Chief Executive Officer or Chief Administrative Officer and Chief Medical Officer shall not suffer disqualifications	Third proviso to Regulation 11 (3) was incorporated as an independent clause in the existing regulations without having any reference number. Hence, it is now converted as a third proviso to Regulation 11 (3).

				mentioned under Section 42D of the Act.	
18	2(q)	Modification in Regulation 15(3)	The application shall be accompanied by a non-refundable renewal processing fee of Rs.15,000/- (Rupees Fifteen Thousand only) and applicable service tax to be paid to the Authority in the manner mentioned in Regulation 7(2) of these regulations	The application shall be accompanied by a non-refundable renewal processing fee of Rupees One Lakh fifty thousand and other taxes as may be applicable to the Authority in the manner mentioned in Regulation 7(2) of these regulations	As in SI No. 9 above.
19	2(r)	Modification under Regulation 16(1)(k)	The TPA failed to maintain minimum capital or working capital requirements in accordance with the provisions of Regulation 6 of these regulations;	The TPA failed to maintain minimum capital or Net-Worth requirements in accordance with the provisions of Regulation 6 of these regulations;	To maintain consistency, consequential to the changes proposed under Regulation 6(3) under SI No. 8 above.
20	2(u)	Modification in Regulation 19 (6)	<i>"The TPA shall submit or handover all the files, data and other related information pertaining to the settlement of claims to the respective insurers on a quarterly basis within fifteen days after the close of each quarter and the insurer shall accept the same under the acknowledgement"</i> .	Regulation 19 (6): Where TPAs maintain files, data and other related information pertaining to the settlement of claims in electronic form, maintenance of the same by the TPA again in physical form is dispensed. A TPA shall submit or handover all the files, data and other related information pertaining to the settlement of claims to the respective insurers within 90 days after close of every quarter commencing from April of every financial year and the insurer shall accept the same under the acknowledgement.	Considering the representations / comments received from TPA industry and from some of the insurers on the difficulties faced in complying with the existing time lines the proposed modification is sought to be modified. Further, where claim records are received and maintained in electronic mode maintaining these records again in paper mode is considered redundant. Hence, to encourage the TPAs to process the claims in electronic mode, it is proposed to specifically dispense maintenance of records in paper mode as well, when claim records are maintained in electronic form.

21	2(v)	<b>Modification in Heading of Regulation (20)</b>	<i>"Agreements between (i) a TPA and an Insurer and (ii) a TPA and a Network Provider and (iii) a TPA, an insurer and a Network Provider"</i>	Health Services Agreements	As Health Services Agreement is already defined, the heading of this regulations is suitably reflected .
22	2(z)	Modification in Regulation 20(9)(d)	Every Insurer shall make these procedures as part of the detailed guidelines on claim settlement to be provided to the TPAs, in accordance with the provisions of Reg. 12 (b) (i) of IRDA (Health Insurance) Regulations, 2013 as amended from time to time	Every Insurer shall make these procedures as part of the detailed guidelines on claim settlement to be provided to the TPAs, in accordance with the provisions of Reg. 33 (b) of IRDA (Health Insurance) Regulations, 2016 as amended from time to time	To reflect the provisions of HIR, 2016.
23	2(aa)	Modification in regulation 22(1)	Before servicing the foreign travel policies issued by the foreign insurers, a TPA shall obtain the complete terms and conditions governing such policy and shall service only on the specific authorization of the foreign insurer	Before servicing the travel or health or medical insurance policies issued by the foreign insurers, a TPA shall obtain the complete terms and conditions governing such policy and shall service only on the specific authorization of the foreign insurer	Refer SI No. 4 above.
24	2(bb)	Modification in regulation 22(2)	The TPAs who are willing to service foreign travel policies issued by foreign insurers shall obtain approvals under various other applicable laws and other relevant framework in India	The TPAs who are willing to service travel or health or medical insurance policies issued by foreign insurers shall obtain approvals under various other applicable laws and other relevant framework in India	
25	2(cc)	substitution of clauses 10, 19,22,24,26 and 27 under	Clause: 10 Regulation 13 (3) & (4): Quarterly return for Status of Shareholding Pattern of a TPA Company	Regulation 13 (3) & (4): Return on Status of Shareholding Pattern of a TPA Company	To sync the periodicity of reporting formats of the TPAs.

		schedule-I of the Regulations.	Clause 17: Regulation 19 (8): Schedule of Income or Remuneration received by TPA	Regulation 19 (8): Schedule of Income or fee received by TPA	
			Clause:19 Regulation 19 (10): Format for Monthly and Cumulative Claims data for TPAs	Regulation 19 (10): Format Claims data	
			Clause:22 Regulation 20 (4): Quarterly Form for Service Level Agreement Details	Regulation 20 (4): Form for Service Level Agreement Details	
			Clause:24 Regulation 22 (4): Periodical returns - Quarterly information on non-insurance health schemes.	Regulation 22 (4): Periodical returns - information on non-insurance health schemes.	
			Clause:26 Regulation 22 (4): Format for quarterly Information on services rendered in Indian or in foreign jurisdictions for policies issued by Indian Insurers	Regulation 22 (4): Format of Information on services rendered in Indian or in foreign jurisdictions for policies issued by Indian Insurers	
			Clause:27 Regulation 22 (4): Format for quarterly Information on health services rendered to foreign travel policies issued by Foreign Insurers	Regulation 22 (4): Format on Information on health services rendered to policies issued by Foreign Insurers	
26	2(dd)(i)	Modification of clause (d) under Regulation (2) of Schedule-II	Bring to the notice of the insurer with whom it has an agreement any adverse report or inconsistencies or any material fact that is relevant for the Insurer	Bring to the notice of the insurer with whom it has an agreement any adverse report or inconsistencies or	To ensure that the information relevant to the concerned insurer is only shared.

		of the Regulations		any material fact that is relevant for the Insurer concerned	
27	2(dd)(iv)	Insert new provision (ll) under Regulation (2) of Schedule-II of the Regulations	No existing provision	A TPA shall not canvass business of rendering health services directly from the policyholders or prospects.	To ensure that the policyholders/prospects are not influenced by the TPA and they can make informed choice with regards to selection of the TPA of its choice for rendering health services.
28	2(dd)(iv)	Insert new provision (kk) under Regulation (2) of Schedule-II of the Regulations	No existing provision	Any information or data relating to the group Insurance policies of one Insurer shall not be shared with any other Insurer or any other third party. For the purpose of underwriting, a TPA may with the explicit written approval of the concerned insurer and the Group Insurance Policyholder may share information or data to any other insurer.	To prohibit the TPA in sharing the data relating to the policies of other insurers to any other insurer without any written consent from Group Insurance Policyholder and Insurance company to whom the data belongs. <b>Based on the suggestions received, TPAs are barred from parting information to other insurers and any other third party as well.</b>
29	3(dd)(iii)	Modification in proviso to Clause 2(w)	Clause 2(w) <b>Provided</b> that, with respect to servicing of foreign travel policies issued by foreign insurers, a TPA can make claim payment based on a valid and written agreement in this regard with such foreign insurers	Clause 2(w) <b>Provided</b> that, with respect to servicing of policies issued by foreign insurers, a TPA can make claim payment based on a valid and written agreement in this regard with such foreign insurers	To give effect to the proposed changes referred under SI No 4,23 and 24 the words foreign travel were omitted.