

Ref: IRDAI/TPA/ORD/MISC/98/07/2024

Order in the matter of M/S Anmol Medicare Insurance TPA Limited

Based on the

- Show Cause Notice (SCN) dated 20th November 2023 observing deficiencies in complying with the provisions of IRDAI (TPA-Health Services) Regulations, 2016 (hereafter referred to as *TPA Regulations*) by Anmol Medicare Insurance TPA Limited (hereafter referred to as *Anmol TPA / the TPA*).
- Response to the above SCN given by the TPA in their written replies vide letter dated 27th November 2023.
- Submissions made by the TPA during personal hearing chaired by Sh. B.C. Patnaik, Member (Life), on 4th January 2024 at IRDAI Office, Hyderabad.
- Further submissions made by the TPA vide letter dated 10th January 2024.

Background

- Anmol TPA was granted Certificate of Registration (CoR) No. 27 on 27th October, 2005. The CoR was renewed for the period 27.10.2020 to 26.10. 2023 vide Certificate of Registration dated 17th September 2020. The CoR was due for renewal on 26th October, 2023 and the renewal application dated 19th September, 2023 was filed by the TPA on 22nd September, 2023.
- On examining the renewal application, it was observed that the TPA did not comply with the Minimum Business Requirements (MBR) stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020 read with Regulation 14 and 15 of IRDAI (TPA – Health Services) Regulations, 2016.
- The Minimum Business Requirements as stipulated under TPA Regulations, 2016 are reproduced here under:

a. "14. Minimum Business Requirements:

Every TPA registered with the Authority shall comply with such minimum business norms towards health services for the insurers registered with the Authority as may be specified by the Authority from time to time and with effect from such date as may be specified therein.

Provided that the business carried out in respect of the services referred at Regulation 3 (1) (c), Regulation 3 (1) (d), Regulation 3 (1) (e) and Regulation 3 (1) (f) of these Regulations shall not be reckoned towards the minimum business norms specified.

- b. The Minimum business norms as stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020 are also reproduced hereunder:

Number of Financial Years completed since 01-04-2016 or date of granting the Certificate of Registration, whichever is later	Number of policies serviced Parameter - 1	Number of lives serviced Parameter – 2
Second Year	2500	5000
Third Year	5000	10000
Fourth Year to Sixth Year	10000	25000
From Seventh Year onwards	15000	50000

- c. Further, the minimum business norms also inter alia specify that “every TPA shall endeavour to enter into Health Services Agreement with at least two insurers during second and third years of business, a minimum of three insurers during fourth to sixth year of business and a minimum of four insurers from seventh year onwards” whereas TPA has SLA with only 2 Insurers during 6th, 7th and 8th Year.

4. From the above, it is noted that the Minimum Business Requirements as stipulated by the Authority were applicable to Anmol TPA from FY 2016-17 onwards.
5. The TPA in the renewal application dated 22nd September, 2023 furnished the following details with regard to the business stated to have been carried out by them in the preceding three years:

Figures in absolute numbers				
Sr. No.	Particulars of Information	Financial Years (previous three financial years)		
		2021-22 (6th year)	2022-23 (7th year)	01.04.23 to 31.09.23 (8 th year)(6 months)
1	No. of insurers with whom SLAs entered with	2	2	2
2	No. of Lives covered under Health Policies (to be reported as per provisions of Reg. 14 of TPA Regulations & Circular	88,331	87,991	39,168
3	No. of Policies Served (to be reported as per provisions of Reg. 14 of TPA Regulations and Circular	9,568	11,437	5,725

6. From the information furnished, it is observed that the TPA did not comply with the Minimum Business Requirements as specified hereunder:

No of financial year since 01-04-16	FY	No. of Policies Serviced (Parameter 1)			No. of Lives Serviced (Parameter 2)			Remarks
		Target	Actual	Status of fulfilment	Target	Actual	Status of fulfilment	
6 th year (2021-22)	2021-22	10,000	9,568	<u>No</u>	25,000	88,331	Yes	Deficit in fulfilling Parameter 1 is within 20 %. However, parameter 2 exceeds by more than 20 %. Hence this is considered as compliance to MBR requirements for FY 21-22 as per reg. 15 (C) (6) (a).
7 th year (2022-23)	2022-23	15,000	11,437	<u>No</u>	50,000	87,991	Yes	Deficit in fulfilling Parameter 1 is more than 20 %. Hence, compliance to MBR requirements is not met for FY 22-23 as per reg. 15 (C) (6) (a).
8 th year (01.04.23 to 30.09.23)	2023-24 (6 months)	7,500*	5,725	<u>No</u>	25,000*	39,168	Yes	Deficit in fulfilling Parameter 1 is more than 20 %. Hence, compliance to MBR requirements is not met for FY 23-24 as per reg. 15 (C) (6) (a).

*Proportionate target for six months as per Annexure 11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020

7. As per Regulation 15(C)(6)(c), where a TPA has failed to comply with Reg.15(C)(6)(a) or 15(C)(6)(b) of TPA regulations, the registration shall not be renewed.

8. Hence, a Show Cause Notice dated 20th November, 2023 was issued to the TPA invoking the above referred provision.

9. The TPA has stated that during the FY 22-23 and the period under consideration for FY 23-24, in respect of Parameter 1 (No. of policies serviced), there is a deficit of only 563 policies (80% of 15000 policies =12000-11437=563) and 275 policies (80% of 7500 policies=6000-5725=275) respectively. While at the same time, under Parameter-2 i.e., No. of lives serviced are 87,991 against the required 50,000 lives in FY 22-23 (which is 75.89% higher than target) and 39,168 against the required 25,000 lives in period under consideration for FY 23-24 (which is 56.67% higher than target). The TPA has requested the Authority to waive off shortfall in Parameter-1 in view of Parameter-2 where it is exceeding by more than 20%.

10. The TPA has further stated that considering total business for the years 21-22, 22-23 & 23-24 (based on six months) on an average basis, target number of policies under Parameter-1 is 10833.33 policies and they have serviced 8910 policies where short fall is 17.75% (less than 20% margin). At the same time under Parameter-2, target number of lives is 33333.33 and they have serviced 71,830 lives which is greater than the deficit as in the parameter-1 (17.75%) so considering MBR on an average basis for the period under consideration, it may be considered as compliance to MBR. The TPA also requested for a personal hearing.
11. As requested by the TPA, a personal hearing was accorded to the TPA which was held on 04th January, 2024 at IRDAI Office and was chaired by Sh. B.C. Patnaik, Member (Life), IRDAI.
12. The TPA company was represented by Sh. P.S. Kshatriya, CEO and Sh. Manoj Shah, Senior Executive. On behalf of the Authority, Sh. A. Ramana Rao, Chief General Manager (Health), Sh. Pankaj Kumar Tewari, General Manager (Health) and Dr Pankaj Sharma, Assistant General Manager (Health) were present in the personal hearing.
13. The findings on the submissions made by the TPA and the decisions thereon are as under:

Charge:

14. The TPA did not comply with the Minimum Business Requirements as specified under Regulation 14 and 15 of IRDAI (TPA-Health Services) Regulations, 2016 read with Annexure 11 Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020.

Gist of TPA's submissions:

15. While reiterating the submissions made vide letter dated 27th November, 2023, the TPA further made the following submissions:
- i. Out of 3 years under consideration, TPA was able to meet the Minimum Business Requirements in FY 21-22.
 - ii. Their main business is retail and meeting the requirements in retail is difficult when compared with the Group segment.
 - iii. Now, the TPA has engaged people to source business which will help the TPA to meet the MBR requirements in future.
 - iv. In the present FY 23-24 (as on 31.12.2023), the TPA has served 10,117 Policies and 55,195 lives as against the Minimum Business Requirement of 11,250 policies and 37,500 lives.
 - v. TPA has been recently allotted business by many offices of an insurer.

16. Authority vide its email dated 7.3.2024 had sought comments on the performance of the TPA from the United India Insurance Company which is having service level agreement with the TPA. The insurer vide email dated 18.04.2024. replied that only two regional offices were being serviced by the TPA with the premium allocation over the year remaining almost stagnant at under Rupees 2 crores since July 2022.

Decision of the Authority:

17. Considering the submissions made by the TPA and the responses of the insurer who had a service level agreement with the TPA for rendering health services, the Minimum Business Requirement (MBR) figures of the TPA and the status of compliance are as under:

No of financial year since 01-04-16	FY	No. of Policies Served (Parameter 1)			No. of Lives Served (Parameter 2)			Remarks
		Target	Actual	Status of fulfilment	Target	Actual	Status of fulfilment	
6 th year (21-22)	21-22	10,000	9,568	<u>No</u>	25,000	88,331	Yes	Deficit in fulfilling Parameter 1 is within 20 %. However, parameter 2 exceeds by more than 20 %. Hence this is considered as compliance to MBR requirements for FY 21-22 as per reg. 15 (C) (6) (a).
7 th year (22-23)	22-23	15,000	11,437	<u>No</u>	50,000	87,991	Yes	Deficit in fulfilling Parameter 1 is more than 20 %. Hence, compliance to MBR requirements is not met for FY 22-23 as per reg. 15 (C) (6) (a).
8 th year (01.04.23 to 30.09.23)	2023-24 (6 months)	7,500*	5,725	<u>No</u>	25,000*	39,168	Yes	Deficit in fulfilling Parameter 1 is more than 20 %. Hence, compliance to MBR requirements is not met for FY 23-24 as per reg. 15 (C) (6) (a).

*Proportionate target for six months as per Annexure 11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020

18. Thus, it is concluded that the TPA did not fulfill the Minimum Business Requirements during FY 2022-23 and during 1st April 2023 till 30th September 2023, in Parameter 1 as specified under regulation 14 of IRDAI (Third Party Administrators - Health Services)

Regulations, 2016 read with the Minimum Business norms as stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020.

It is also observed that on an average basis for the years under consideration, the TPA fulfilled only the number of lives serviced but not the number of policies serviced. Thus, the TPA did not comply with Regulation 15 (C) (6) (b) of IRDAI (Third Party Administrators - Health Services) Regulations, 2016. Hence, as per Regulation 15 (C) (6) (c), where a TPA has failed to comply with regulation 15 (C) (6) (a) or 15 (C) (6) (b) of IRDAI (Third Party Administrators - Health Services) Regulations, 2016, the registration shall not be renewed.

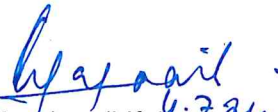
19. In view of this, and as per provisions of Regulation 16(1)(f) to be read with Reg.15 (C) (6) (c) of IRDAI (Third Party Administrators- Health Services) Regulations, 2016, the Authority rejects the renewal application of TPA with Registration No. 27 filed by Anmol Medicare Insurance TPA. Ltd.

20. Following directions are to be complied with, in view of rejection of application for renewal of TPA License No. 27 of Anmol TPA;

- a. Anmol TPA is directed to remove the word *Insurance TPA* from the name of its company.
- b. In terms of Reg. 18 of IRDAI (Third Party Administrators- Health Services) Regulations, 2016, Anmol TPA shall inform the insurers to take alternative steps and all such insurers who were having TPA agreement with Anmol TPA, shall immediately take such alternative steps including appointment of another TPA, if any, as may be necessary to continue to cater to the policy holders served by Anmol TPA.
- c. Anmol TPA shall immediately submit the data collected and the books, records or documents etc., relating to the TPA business carried on by it to respective insurers.
- d. Anmol TPA shall cooperate with insurance companies in making suitable alternate arrangements to service the policy holders in respect of whom the policies are in force.
- e. Anmol TPA shall, reconcile and close the accounts with concerned insurance companies and network providers, if any.

If the TPA feels aggrieved by the decision of this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place : Hyderabad
Date : 04-Jul-2024


Member (Life) 4.7.24.