



Ref: IRDA/TPA/ORD/MISC/201/08/2014

FINAL ORDER

In the matter of M/s Medicare TPA Services (I) Pvt. Ltd.

This is based on reply to Show Cause Notice dated 16th May 2014 and Submissions made during Personal Hearing Chaired by Sri M. Ramaprasad, Member (Non-Life), IRDA, on 2nd July 2014 at 1130 hrs. at the office of Insurance Regulatory and Development Authority, 3rd Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

Show Cause Notice on observed deficiencies in the functioning of licensed TPA namely, Medicare TPA Services (I) Pvt. Ltd. (Medicare TPA / TPA) was issued and in deference to the licensed entity's request to hear them on the charges for which they had also filed written submissions, the undersigned during the course of the personal hearing heard the submissions of the TPA company represented by Mr. Dipnagar Roy, CAO and Mr. Pijush Halder, COO, of Medicare TPA. On behalf of the Authority, Mr. M. Ramaprasad, Member (Non-Life), Mrs. Yegna Priya Bharath, Joint Director (Health), Mr. N.M. Behera, Deputy Director (Health Policy) and Mr. Bhaskar Khadakbhavi, Assistant Director (Health – TPA), were present in personal hearing.

The submissions made by the TPA in their written replies to the Show Cause Notice issued by the Authority and also those made during the course of personal hearing were taken into account.

The findings on explanation offered by Medicare TPA on the issues raised in Show Cause Notice and the decisions are as follows;

1. Charge No. 1:

Medicare TPA had rendered Health / TPA services without entering into agreement with insurance company. The said Health / TPA services were rendered to Group Company/ associate company / related party of Medicare TPA.

Violation of Reg. 5 and Reg. 7 to be read with Reg. 2 (d) and 2 (e) of IRDA (TPA – Health Services) Regulation, 2001, and violation of Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

Reply of Medicare TPA:

Medicare TPA submitted that, they had received verbal request from the insurance company to render Health / TPA services.

Decision:

The submission of Medicare TPA is not acceptable.

2. Charge No. 2:

Dr. Utpal Ray is Chairman and Director of Medicare TPA and also a director of three companies namely Zodiac Insurance Agents Pvt. Ltd., Takaful Insurance Services Pvt. Ltd. and Conic Insurance Agents Pvt. Ltd., who are engaged in insurance and insurance related activities. The said fact was not disclosed by Medicare TPA, in their undertaking to the Authority.



Reply of Medicare TPA:

Medicare TPA submitted that, the companies set out above, although incorporated but has never conducted any insurance or insurance related activities and that all the three companies were dissolved after issues raised by the Authority.

3. Charge No. 3:

Ms. Neelakshi Ray, Director of Medicare TPA and also a director of M/s. Integrita Insurance Brokers Pvt. Ltd. (Integrita Brokers). The said fact was not disclosed by Medicare TPA, in their undertaking to the Authority.

Reply of Medicare TPA:

Medicare TPA submitted that, the company set out above, although incorporated but has never conducted any insurance or insurance related activities and the said company is dissolved after issues raised by the Authority.

4. Charge No. 4:

Medicare TPA right from the annual report for the year 2002-03 till 2012-13 (11 annual reports) had not disclosed about holding of director position in above mentioned four companies by the respective directors of their Company, in Annual Return Form TPA - 4 (1).

Reply of Medicare TPA:

Medicare TPA submitted that they sincerely regret the inadvertent errors in filing annual return.

5. Charge No. 5:

The fresh license no. 12 to act as TPA was granted to Medicare TPA on 21-03-2002 and consequent to which, three renewals for said TPA license no. 12 were granted.

It was noted that Dr. Utpal Ray, Chairman and Director of Medicare TPA also hold directorships w.e.f year 2001 & 2006, in the companies who are engaged in insurance or insurance related activities and Ms. Neelakshi Ray also holds directorship in other company w.e.f. Feb. 2008.

The said facts were not disclosed by Medicare TPA, in their undertaking to the Authority during the process of renewal applications. Thus, previous renewals to Medicare TPA were granted on the basis of misrepresentation of facts.

Reply of Medicare TPA:

Medicare TPA submitted that they sincerely regret the inadvertent errors in filing of information to the Authority.

Violation noted for above Charge Nos. 2 to 5:

Violation of Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001.




Decision (Charge No. 2 to 5) :

The licensed entity was granted license first in the year 2002 and therefore the entity has completed more than ten years of existence and has undergone the process of four renewals. The deficiencies pointed out by the Authority and concurred by the licensed entity should have been declared voluntarily or at least during submission of various requirements / undertaking needed to consider for renewal of their TPA license. Obviously, the company has failed in this regard, which only reflects the casual attitude while making submissions to the Regulatory Authority.

In view of (i) various violations of the Regulation / guidelines / circulars referred to at points 1 to 5 above and (ii) submission of incorrect information to the Authority as indicated at point no. 2 to 5 above, the Authority in exercise of powers vested under Section 102 of the Insurance Act, 1938, impose a penalty of Rs. 5,00,000/- (Rs. Five lakhs only) on M/s Medicare TPA Services (I) Pvt. Ltd.

The penalty amount shall be remitted within a period of 07 days from the date of receipt of this Order through a crossed demand draft drawn in favour of "Insurance Regulatory and Development Authority" and payable at Hyderabad, which may be sent to Ms. Yegna Priya Bharath, Joint Director (Health) at the Insurance Regulatory and Development Authority, 3rd Floor, Parisrama Bhavanam, Basheerbagh, Hyderabad 500 004.

Place : Hyderabad
Date : 26-08-2014


M. Ramaprasad
Member (Non-Life)