



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Ref: IRDA/HLT/MISC/ORD/ 268 /12/2017

FINAL ORDER
In the matter of M/s Oriental Insurance Company Ltd.
Certificate of Registration No:556

Based on reply to the Show Cause Notice dated 21st April, 2017 and submissions made during Personal Hearing on 25th July, 2017 at 12 Noon taken by Member (NL) at the office of Insurance Regulatory and Development Authority of India, 3rd Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad and further information furnished on 30th November 2017.

Background

1. The Authority is in receipt of a complaint wherein, inter alia, it was alleged that a Product by name, PNB-Oriental Royal mediclaim policy automatically lapses on attainment of 80 years of age and the policyholders were not informed about the migration options at the time of exit from the policy owing to the attained age.
2. Show-cause Notice (SCN) dated 21st April, 2017, was issued to the insurer on Non-disclosure of norms on migration in prospectus and in the policy of the product PNB-Oriental Royal mediclaim policy. In deference to the entity's request vide their letter dated 12th May 2017, a personal hearing was accorded at 12 Noon on 25th July, 2017.
3. The insurer was represented by Mr. Mr. A. V. Girjakumar – CMD, Mr. Anil Srivastava – General Manager and Mr. Sunil Gupta – Chief Manager. On behalf of the Authority Mr. Suresh Mathur, Executive Director (Health), Mr DVS Ramesh, General Manager (Health), Mr. D P Pattanaik OSD (Health products & Analysis) and Mr. S Pavan Kumar OSD (Health Approvals) were present in the personal hearing.
4. The submissions made by the insurer in their written replies vide letter dated 12.05.2017 to the SCN issued by the Authority, also those made during the course of personal hearing and the further information furnished on 30th November 2017 were taken into account.
5. The findings on submissions made by the insurer on the issues raised in the SCN and the decisions thereon are as under;

Page 1 of 3

Charge 1:

6. It is observed from the copies of prospectus and policy of the product (PNB-Oriental Royal mediclaim policy) made available in Company's website, the migration options were not disclosed. Non-disclosure of the information in prospectus is in violation of Regulation 5 (m) (3) of IRDA (Health Insurance) Regulations, 2013.
7. Marketing the product that are not in compliance with regulations stipulated in Health Insurance Regulations, 2013 are in violation of Regulation 17 (a) (ii) of IRDA (Health Insurance) Regulations, 2013.

Submissions of the Insurer:

8. The insurer submitted that it was through unintentional oversight that the provision of migration was not explicitly mentioned on the face of the PNB Oriental Royal mediclaim policy. However, the Insurer allowed migration to the policyholders at the time of the exit from the policy in all cases.
9. It is further submitted that though the migration clause is not incorporated in the prospectus, company is allowing the migration since 2014.

Charge 2:

10. Non-disclosure of norms on migration is in violation of Regulation 7 (1)(j) of IRDA (protection of policy holders' interests) regulations, 2002.

Submissions of the Insurer:

11. The insurer submitted that the company allows migration in all the cases. It is further submitted that the company concedes that Regulation 7(1)(j) of protection of policy holders' interest Regulation, 2002, is about mentioning of general terms & conditions related to insurance contract. Practically all the general terms & conditions of the contract have been incorporated in the policy, and migration is being allowed unconditionally.



Charge 3:

12. By specifically mentioning about the automatic lapse of policy on attainment of 80 years of age, policyholders in the age group of 80 years were denied the possibility of getting continuous coverage. This is in violation of Regulation 5 j (i) of IRDA (Health Insurance) Regulations, 2013.

Submissions of the Insurer:

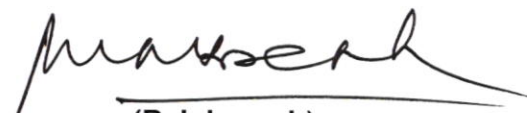
13. The insurer submitted that the specific mention of lapse of policy on attaining the age of 80 years is in keeping with Regulation 3(2) of protection of policy holders' interest Regulation, 2002 and may actually enable the insured to take a well informed and well thought decision after weighing the pros and cons of the policy. The Company further submitted that they are being transparent by mentioning the exit age and thus preventing any mis-selling.
14. The insurer further submitted that the policy holders are getting migrated to other suitable health policies at the time of exiting the scheme and that individual notices are being sent to the policyholders nearing exit age
15. Further, it is confirmed by the insurer that the provision of migration has been duly displayed on company's website w.e.f 02.08.2017.

Decision of the Authority (Charge 1,2 and 3):

16. The submissions of the insurer that it was through unintentional oversight that the provision of migration was not explicitly mentioned on the face of the PNB Oriental Royal mediclaim policy are not acceptable. However, considering the submissions of the insurer that migration was being allowed under the policy from the year 2014 and that the corrective measures were carried out by the insurer in the matter of allowing the migration, the Insurer is warned for not disclosing the information (on availability of migration) in prospectus and in the policy contract of the said product. The Insurer is hereby directed to ensure compliance with the extant applicable regulatory provisions hereafter. The Insurer is also advised to ensure that all the exiting policyholders are informed of availability of migration option in advance so as to enable them to take an informed choice.

Insurer is directed to submit a compliance report in respect of the directions issued under this order within 15 days from the date of this order.

Place: Hyderabad
Date: 20th December 2017



(P.J. Joseph)
Member (Non-Life)