



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

Ref: IRDA/HLT/MISC/ORD/243/10/2017

**FINAL ORDER**  
**In the matter of M/s M/s United India Insurance Co. Ltd.**  
Certificate of Registration No: 545

Based on reply to the Show Cause Notice dated 25<sup>th</sup> May, 2017 and submissions made during Personal Hearing on 05<sup>th</sup> July, 2017 at 11-45 AM taken by Member (NL) at the office of Insurance Regulatory and Development Authority of India, 3<sup>rd</sup> Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

**Background**

1. The Authority is in receipt of a complaint wherein, inter alia, it was alleged that United India Insurance Company Limited (hereafter referred as the Insurer) increased premium at the time of renewal of Group Mediclaim policy which is not justified as per the matrix mentioned in the policies issued to the complainant.
2. Show-cause Notice (SCN) dated 25<sup>th</sup> May, 2017, was issued to the insurer on Non-disclosure of the matrix as filed under File & Use (of the product "Health Insurance policy-Group") in the Group Mediclaim policy contract issued. In deference to the entity's request vide their letter dated 13<sup>th</sup> June 2017, a personal hearing was accorded at 11.45 AM on 05<sup>th</sup> July, 2017.
3. The insurer was represented by Mr. C.R.Vijayan, General Manager, Mrs Gauri Venkatesan Chief compliance officer and Mrs Usha Girish, Chief Manager – Health. On behalf of the Authority Mr DVS Ramesh, Deputy 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 13.06.2017 to the SCN issued by the Authority and also those made during the course of personal hearing were taken into account.
5. The findings on submissions offered by the insurer on the issues raised in the SCN and the decisions are as follows;

**Charge 1:**

6. It is observed that the annual matrix mentioned at clause 5.18 of policy document is not tallying with the Low claim ratio Discount and High claim Ratio Loading mentioned at clause 5.17 and 5.18 of F&U of the product "Health Insurance Policy-Group".

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7. Non-Disclosure of the matrix as filed under F&U, in the policy contract issued is in violation of Regulation 7(h)(ii)(3) of IRDA (Health Insurance) regulations 2013.

**Submissions of the Insurer:**

8. The insurer submitted that the discounts and loadings were disclosed in the policy document issued under objective criteria. However, the loadings were worked out on the basis of the information made available and market practices prevailing at that point of time.
9. The insurer further added that the company did not feel that the claims would go beyond a specific ICR level and the loadings were restricted to that level. It is also submitted that it is based on the understanding that in case the ICR exceeds the specified limit the rate 'would be negotiated' and that the percentage of increase as applied was also after holding extensive negotiations with the insured at the relevant point of time. The insurer submitted that the company has not charged the policy holders as per the filed policy matrix but beneficially rated the policy at a lesser rate of loading.

**Charge 2:**

10. The disclosure of the annual matrix made in the Policy Contract issued to the complainants is also in violation of Regulation 4(b) of IRDA (Health Insurance) regulations 2013 and Clause 6 (e) and (g) of Annexure V of guidelines on Standardization in health insurance issued vide circular dated 20.02.2013, as these regulatory provisions require that any subsequent revision or modification or alteration of any approved health Insurance product shall require prior clearance of the Authority.

**Submissions of the Insurer:**

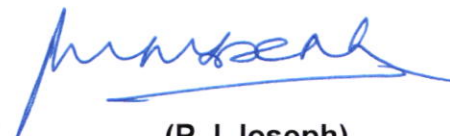
11. The insurer submitted that varying the loading factors may not be construed as alteration of the product filed with the Authority, as the discount/ loading in the matrix as provided in the filed policy is an indicative measure. However, considering the group size and market practices the loading may be changed and that such alteration may not be treated as change in the product. The insurer also submitted that as the cover was reviewed by them considering the ICR of the Group, this may not be treated as a violation of the Regulatory provisions referred in the charge.



**Decision of the Authority (Charge 1 and 2):**

12. On examining the submissions of the insurer, it is observed that the insurer revised the premium after holding negotiations with the concerned Master Policy Holder. The submissions of the Insurer that the premium is revised considering the actual claim ratio of the Group Policy were considered. However, the submissions of the Insurer, that loading factors disclosed in the policy contract have been customized taking into account the huge group size are not acceptable. It is envisaged that the Insurer shall disclose in any policy contract the Loading / Discount parameters specified in the File and Use Application of the concerned product. However, considering the submissions of the Insurer that the Loading levied at the time of renewal is well within the loading factor specified in the File and Use Application of the Product, the Insurer is warned for not disclosing the factors as filed in the File and Use Application. The Insurer is also hereby directed to ensure compliance with the extant applicable regulatory provisions hereafter.

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.



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

Place: Hyderabad  
Date: 31.10.2017