**Annexure A**

**Instructions on Claim Processing for Group Policies in respect of Health Insurance Business under Lender – Borrower Group Schemes**

1. These Instructions are applicable to Group Insurance Polices / Schemes covering Lender-Borrower groups in respect of Health Insurance Business and administered by the following entities as Master Policyholders, subject to the conditions mentioned vide 2 herein:
   1. Reserve Bank of India (RBI) Regulated Scheduled Commercial Banks (including Co-operative Banks).
   2. NBFCs having Certificate of Registration from RBI.
   3. National Housing Bank (NHB) Regulated Housing Finance Companies.
   4. National Minority Development Finance Corporation (NMDFC) and its State Channelizing Agencies.
   5. Small Finance Banks regulated by RBI
   6. Mutually Aided Cooperative Societies formed and registered under the applicable State Act concerning such Societies.
   7. Microfinance companies registered under section 8 of the Companies Act, 2013.
   8. Any other category as approved by the Authority.
2. The schemes administered by the above entities are subject to the following conditions:
   1. The Individual Member of the Group Insurance Scheme / Policy of Health Insurance Business shall specifically authorise the Insurance Companies to make the payment of Outstanding Loan Balance amount to Master Policyholder by deducting from the claim proceeds payable on the happening of the contingent event covered by the Group Insurance Scheme / Policy.
   2. The terms and conditions of the Group Insurance Scheme/ Policy contract of the respective Group Insurance Scheme/ Policy shall have an enabling clause both for obtaining the said Authorisation from the Individual Members of the Group and also for allowing the Insurers to make claim payments in favour of the Master Policyholder to the extent of the Outstanding Loan Balance.
   3. The Insurers shall ensure that the specific authorization is in consideration of;
      1. having received a loan or
      2. the existing outstanding loan.
   4. The Authorization shall be obtained from the Member Insured at the time of joining the group insurance scheme/policy or at a later date.
   5. In respect of existing policies/schemes, the Insurer and the Master Policyholder may mutually agree and pass an endorsement to the existing group insurance policies as specified under Clause 2.1 after specifically obtaining Authorisation from the Individual Members of Group Insurance as in Clause 2.2.
   6. The payment of claim amounts to the extent of Outstanding Loan Balance amount may be paid in accordance to these Guidelines only after specifically obtaining the Authorization from the Individual Member of the Group Insurance Scheme/Policy.
3. The Insurance Companies shall obtain from the Master Policyholder, a Credit Account Statement in respect of the Insured Member to whom/whose nominee or beneficiary the claim monies are payable on the happening of the insured contingency with inter alia, the following details:
   1. Name of the Group Master Policyholder.
   2. Group Master Policy Number.
   3. Name of Insured Member.
   4. Date of Commencement of Risk.
   5. Sum Assured for which the Member of the Group Insurance Policy was insured.
   6. Original Amount of Loan.
   7. Particulars of the recoveries made by the Master Policyholder towards the Loan.
   8. Outstanding Loan Balance as on the date of happening of the contingent event covered.
   9. Balance Claim Amount (difference between the sum assured referred under 3.5 above and Outstanding Loan Balance referred under 3.8 above) payable to the nominee / beneficiary of the deceased member in case of death claim, or to the insured member on the happening of other contingent event.
4. The Credit Account Statement submitted by the master policyholder, as mentioned in 3 above shall also have the declaration that the information / details furnished in the Credit Account Statement are verified for accuracy.
5. Insurance Companies shall settle the Claim on the happening of the contingent event covered under the Group Insurance Scheme/Policy after obtaining, apart from the usual claim requirements, the Credit Account Statement to the extent of
   1. Outstanding Loan Balance amount in favour of Master Policyholder of the Group Insurance Scheme/Policy, as mentioned in 3.8 above.
   2. Balance Claim amount if any (as mentioned in 3.9 after deduction of the Outstanding Loan Balance) directly in favour of nominee / beneficiary of the deceased member of the Group Insurance Scheme/Policy as the case may be.
6. The amount payable to the Master Policyholder shall under no circumstance be more than the Outstanding Loan Balance of the Member of Group Insurance as mentioned in 3.8 of the Credit Account Statement.
7. Where the Claim Discharge Form of the Insured Member / Nominee / Beneficiary is obtained through the Master Policyholder, the Insurer shall take a Certification either in the Claim Discharge Form or in a separate format from the Master Policyholder that the Insured Member / Nominee / Beneficiary who had submitted the Claim Discharge Form is the same person who has been registered by the Master Policyholder as the Insured Member / Nominee / Beneficiary under the Group Master Policy.
8. Complete details of the claim amount settled, the remittances made to the Master Policyholder towards Outstanding Loan Balance and the balance claim amount payable to the Insured Member / Nominee / Beneficiary shall be communicated by the Insurer directly to the Insured Member / Nominee / Beneficiary.
9. Where the entire claim proceeds are adjusted towards Outstanding Loan Balance, a communication shall nevertheless be directly forwarded by the Insurer either to the Insured Member or to the Nominee / Beneficiary, as the case may be, with complete details of the total amount of claim settled and the amount remitted to the Master Policyholder towards Outstanding Loan Balance.
10. The Insurers shall have in place an enabling clause in Terms and Conditions of the Group Insurance Scheme / Policy that they shall audit or cause an audit into the accuracy of the Credit Account Statements of the insured members in respect of which claims were settled on the completion of every financial year and every Insurer shall audit or cause an audit into the accuracy of the Credit Account Statements in respect of the deceased group insured members furnished by the Master Policy Holder.
11. However, notwithstanding the above clause as part of the terms and conditions of the group insurance contract, the Insurers may also delegate the responsibility of the audit and require the Master Policyholders to audit or to cause an audit into the accuracy of the Credit Account Statements of the insured members in respect of which claims were settled on the completion of every financial year and shall obtain a certification from their respective Internal / Statutory Auditors that the Outstanding Loan Balance being shown in the ‘Credit Account Statement’/ ‘Claim Discharge Form’ is correct and reflecting the balance as per the conditions governing the Credit Account / Loan Account.
12. In the event of any discrepancy found in the audit report of such Credit Account Statements, the onus of settling the difference amount, if any, to the Insured Member / Nominee / Beneficiary of the Group Insurance Scheme/Policy, as the case may be, rests with the Insurer.
13. The Insurer is responsible to redress the specific grievances of the Insured Member / Nominee / Beneficiary that may arise either during policy term or after settlement of the claim.
14. The Insurers shall obtain the documentary evidence to establish that the entities referred from 1.1 to 1.8 above are registered with the appropriate authority or under applicable legislation and continue to be eligible.
15. The Insurers shall submit yearly compliance certificate from their respective statutory auditors in the prescribed proforma attached as Annexure-B. The certification in the prescribed proforma shall be submitted in respect of the entire group insurance portfolio of the Insurer and be filed with the Authority within 90 days of the expiry of the respective financial year.

**Annexure B**

**Frequency: Yearly**

**Name of Insurer:**

**Information for the Financial Year ending \_\_\_\_\_\_\_**

**Form: GHCLCC**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| I | Total Number of Non Employer-Employee Group Insurance Schemes/Policies | | | | | | | | | | |
| II | Total Number of Group Insurance Schemes/Policies under Lender Borrower Schemes | | | | | | | | | | |
| Sl  No | Where the Master Policy holder is: | No of Schemes | No of Members Insured | Where claims settled in full and payment made in favour of MPH | | Where claims are settled in part and payment made in favour of MPH | | | | Where claims are settled in full and payment made in favour of Nominee / Beneficiary. | |
| To the MPH | | To the Nomine | |
| No of Claims | Benefit Amount | No of claims | Benefit Amount | No of Claims | Benefit Amount | No of Claims | Benefit Amount |
| 1 | RBI Regulated Scheduled Commercial Banks with RBI regulated Scheduled Banks (including Co-operative Banks). |  |  |  |  |  | |  | |  |  |
| 2 | NBFCs having Certificate of Registration from RBI. |  |  |  |  |  | |  | |  |  |
| 3 | NHB Regulated Housing Finance Companies. |  |  |  |  |  | |  | |  |  |
| 4 | NMDFC and its State Channelizing Agencies |  |  |  |  |  | |  | |  |  |
| 5 | Small Finance Banks regulated by RBI |  |  |  |  |  | |  | |  |  |
| 6 | Mutually Aided Coop Societies |  |  |  |  |  | |  | |  |  |
| 7 | Microfinance Companies registered under Section 8 of Companies Act, 2013. |  |  |  |  |  | |  | |  |  |
| 8 | Any other entity as approved by the Authority |  |  |  |  |  | |  | |  |  |

1. It is certified that in respect of all the group Insurance schemes where claims are settled (whether for full claim amount or partial claim amount) and payments are made in favour of the master policyholder, the insurer has:
   1. obtained specific authorization from the individual members of the group insurance scheme / policy in compliance to Clause 2.1 of the Annexure A;
   2. enabling clause was there in the terms and conditions in compliance to clause 2.2 of the Annexure A;
   3. obtained a credit account statement from the Master Policy Holder in compliance to Clause: 3 of the Annexure A.
2. In respect of the following group schemes where payments are made (whether in part or in full) in favour of Master Policyholders, non-compliance is observed as mentioned hereunder:
3. In respect of the Certification furnished for the financial year ending 31st March, 20XX*(Note: Specify the year)*, in addition to the above, the statutory auditors shall also certify the following:
   1. In respect of the following cases the insurer complied with Clause 10 or Clause 11 of the Instructions.
      1. Number of Group Insurance Schemes:\_\_\_\_\_\_
   2. In respect of the following cases the insurer has not complied with Clause 10 or Clause 11 of the instructions.
      1. Number of group insurance schemes where non-compliance has been observed: \_\_\_\_\_

It is certified that the above information is furnished after examining the relevant records of the insurer. The information furnished is correct.

Place: Signature of the Statutory Auditor#

Date:

Seal

#In case of engaging more than one statutory auditor, the insurers may submit the above certification from at least one of the auditors.