

To

All Life, General and Health Insurers

Reg: Exposure Draft on Group Insurance Products under Health Insurance Business and other operational matters

Group Insurance facilitates enhancing the access to insurance to both formal and informal sectors of the society. If operated prudently, it offers the advantage of beneficial coverage at moderate cost. With a view to rationalise and standardize the administration of group health insurance products so as to protect the interests of the insuring public and the insured members of group schemes, the following guidelines are issued by virtue of the powers vested under Regulation 7(a) of IRDAI (Health Insurance) Regulations, 2016(HIR, 2016) read with Section 34(1) of Insurance Act, 1938 for compliance by all Insurers carrying on group health insurance business.

This Circular supersedes the following as far as they pertain to group policies under Health insurance:

- a) Guidelines on Group Insurance Policies (Ref:015/IRDA/Life/Circular/GI Guidelines/2005 dated July 14th, 2005).
- b) Clarification on Guidelines on Group Insurance Policies (Ref: IRDA/Life/Cir/Misc/001/01/2011 dated January 4th, 2011).
- c) Chapter V of Consolidated Guidelines on Product Filing in Health Insurance Business (Ref: IRDAI/HLT/REG/CIR/194/07/2020 dated 22nd July, 2020).

Definitions:

1. For the purpose of these Guidelines:

- a) "Certificate of Insurance" means documentary evidence issued by the insurer to a member of a group insurance policy in support of giving insurance coverage as per the requirements of the master policyholder.
- b) "Master Policyholder" means a person to whom a group insurance policy is issued by an insurer extending insurance coverage for the members of the group.
- c) "Employer-Employee Group" means group where an employer-employee relationship exists between the master policyholder and the member, in accordance with the relevant laws.
- d) "Non-Employer-Employee Group" means group other than employer-employee, where a clearly evident relationship between the member and the group policyholder, for services other than insurance, exists.
- e) "Large Group" means group extending coverage to over and above 500 members
- f) All words and expressions used and not defined in these Guidelines but defined in the Insurance Act, 1938 (4 of 1938), as amended from time to time, the Insurance Regulatory and Development Authority Act, 1999 or in any of the

Regulations/Guidelines made thereunder shall have the meanings respectively assigned to them in those Acts/Regulations/Guidelines.

General

2. A group shall not be formed with the main purpose of availing insurance. Negotiating group rates and then forming a group is not permitted.
3. As the primary purpose of any health cover is to meet the treatment costs or to manage the life style on diagnosis of a critical illness, no Insurer is permitted to offer any indemnity or benefit based credit linked group health products, except for coverage of accidental death and disability in respect of policies issued under Personal Accident.

Provided existing Credit Linked Group Health Products shall be withdrawn by XX (Date)/ XX/ (Month)/ XXXX (Year).

Provided further, the existing credit linked group health policies already issued shall be continued till the expiry of policy contract.

Group Size and Term

4. Subject to the minimum number prescribed in Regulation (7) of HIR, 2016, every Group Health Insurance Product shall specify the minimum group size for offering Group Health Insurance Policy.
 - 4.1. No Group Insurance policy shall be issued to a group whose size is less than the minimum stipulated in the product expecting that the group would reach that size over a period of time.
 - 4.2. Group size for micro insurance groups shall be in accordance with the norms specified in IRDAI (Micro Insurance) Regulations 2015, as may be amended from time to time.
5. The policy term of every group insurance policy shall be as stipulated in HIR, 2016. Where the Group Insurance Policy is open for the entry of members at periodic intervals say every month or every quarter, though the duration of the Group Policy may be beyond the policy term stipulated in HIR, 2016, the insurance coverage for every member of the group insurance policy shall not exceed the maximum policy term stipulated in HIR, 2016.
6. Subject to maintaining the minimum group size and the maximum policy term stipulated in HIR, 2016, Insurers may issue multiple group insurance policies in tranches to the Master Policyholders for providing insurance coverage to the new members on an ongoing basis.
7. In terms of HIR, 2016, Life Insurers may also offer Group Health Products for a term of one year. However, policy terms and conditions shall also be subject to

IRDAI (Linked Insurance Products) Regulations 2019 and IRDAI (Non-Linked Insurance Products) Regulations 2019.

Provided that as per Regulation 3 (b) of IRDAI (Health Insurance) Regulations 2016, Life Insurers shall not offer indemnity based Group Health Products.

Underwriting and Pricing Aspects

8. All insurers offering group insurance should have a Board approved group insurance underwriting policy. The policy should specify the manner in which its risk and costs are analyzed and factored into the premium cost. All risk factors per unit of coverage such as individual, family, group floater, etc., should be separately analyzed and priced. Past experience and future exposures should also be critically analyzed for “Large Group”.
9. The underwriting and the rate review process of the group policies at the time of renewal should consider the member entry and exit patterns from the group in order to address the possibility of adverse selection, moral hazard or fraud.
10. The insurer shall ensure issuance of certificate of insurance (CIS) to the members of the group, who are insured. The certificate of insurance shall include the schedule of benefits, period of cover, the premium paid, the frequency and premium payment term. It should have important terms and conditions including waiting periods, sub limits, deductibles, co-pay and exclusions. It shall also detail the procedure to be followed to register a claim with the insurer including complete details of the insurer where the claim should be registered.
11. A master policy is to be issued to the group. The insurers may endeavour that the same is made available by the master policyholder for guidance of the members covered.
12. Pricing is to be made based on sound actuarial principles, supporting data considering all the relevant aspects of pricing such as morbidity experience by gender, by age group, by occupation, by group size etc, expenses, terminations, profit margin apart from any other relevant criteria.
13. For innovative covers, Insurers shall base the pricing prudentially on the relevant morbidity experience which reflects the future expected experience from such innovative covers apart from considering other parameters.
14. Insurers shall review the group insurance policies offered including pricing every year.

15. Insurers must justify the rates and terms offered to any group to the Authority, if called upon to do so. All discounts should be based on valid underwriting considerations, taking into account the loss experience of the group, the expenses including commission that may be incurred / payable. Discounts and Loadings offered shall be based on objective criteria with appropriate justifications.
16. In case of group policies issued to promoter group companies/ subsidiary companies or other related party companies, the premium rates charged vis-à-vis the coverage granted shall be placed before the risk management committee of the Insurance company on half-yearly basis for a review.

Entry and Exit norms

17. Master Policyholder and General / Health Insurer concerned shall facilitate the migration/portability as per the group scheme rules; the applicable norms stipulated in HIR, 2016 and the guidelines issued by the Authority from time to time.
18. Though entry into or exit from the group may go on continuously, entry into the group insurance policy for individual members will be either from a well-defined date such as the next anniversary of the policy or from the first of the following month or from a clearly identifiable date, subject to receipt of premium in time.
19. Insurance will cease as soon as a member leaves the group except where it is agreed in advance to continue the benefit even after the member leaves the group.

Employer – Employee groups

20. Where an employer buys a group insurance policy for its employees, the employer may be treated as the master policyholder with the employees being treated as the beneficiaries. In such cases, the employer shall issue confirmation of insurance protection to individual employees with clear reference to the group insurance policy. The reimbursement claims of individual persons insured thereunder may be paid through the employer.

Non-Employer-Employee groups

21. In non-employer-employee cases, the individual group member would be treated as the insured beneficiary and the master policyholder will only be the holder of the policy.
22. The Insurer may provide the facility to the master policyholder to issue certificates of insurance as stated in clause 10 herein on behalf of the Insurer to persons insured under the group, provided the underwriting guidelines for acceptance or rejection of such a risk do not require use of subjective judgment. The insurer should provide software to the master policyholder which will review acceptance

and print the certificate of insurance. It is advised only simple policies be sold to such groups where underwriting is not complicated.

22.1 Under all circumstances the insurer shall be responsible for the certificate of insurance issued by a master policyholder.

23. The insurer may utilize the services of the master policyholder in facilitating the intimation and settlement of a claim. However, subject to clause 24 herein the insurer shall ensure that the claim payment is made in the name of the insured member or his/her nominee.

24. In case of lender-borrower group insurance schemes offered by insurers, the claim payment to master policyholder is allowed subject to the provisions and procedure set out in Annexure A to this Circular.

25. The insurer shall be held responsible to the group members insured, in respect of the group policy in case of failure of the master policyholder to account for the business to the insurer, if the insured group member can prove that he had paid the premium and secured a proper receipt leading him to believe that he was duly insured as part of the Group.

26. The Insurer, under an agreement with the master policyholder, may leverage on the existing infrastructure, if any, for better administration of the scheme with respect to the following services.

- 26.1. data management
- 26.2. collection of premium
- 26.3. issuance of Certificate of Insurance and
- 26.4. claims documentation

27. The Insurer may make payments directly to the Master Policyholder, subject to clauses 29 and 30 herein, for the services rendered as stipulated in clause 26 above under an agreement not exceeding the limits given below:

27.1. For data Management: Rs. 20/- per member per annum

27.2. Premium Collection: Rs. 10/- per member per annum

27.3. Issuance and delivery of certificate of Insurance: Rs. 20/- per member subject to a minimum of Rs. 500/- for a scheme. The issue of duplicate certificate of Insurance shall not be done by the Master policyholder;

27.4. Claims documentation: Rs. 15/- per claim

28. No payments, other than what is prescribed at clause 27 above, shall be made by insurers to the agent or intermediary or master policyholder towards the administration of Group Insurance scheme. The Master Policyholder shall not collect by way of Insurance premium or in any other form from the members of a

group, any amount higher than the amount charged by or paid/payable to the insurer for such insurance.

29. The total payments to the master policyholder, as per clause 29 hereinabove:
- 29.1. shall not in any case exceed the 20% of the commission payable as per the IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016, in the respective lines of business.
- 29.2. shall not exceed for each of the services individually, the rated proportion to the overall limit of 20% of the commission payable as per the IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016.
30. Further, if the master policyholder is an insurance intermediary under the group policy, since the functions referred at clauses 26.1, 26.2 and 26.4 above form part of the obligations of an intermediary, no payments be made and no expense be reimbursed to the master policyholder or any other entity in respect of such functions. In such cases, only with respect to services referred in clause 26.3, the services of a master policyholder may be utilized and payment may be made as stipulated at clause 27.3 above, provided the master policyholder himself is carrying out the same.

Servicing Norms to the Insurers and Master Policyholders

31. All group health insurance policies having named beneficiaries should have ID cards issued to the beneficiaries to enable them obtain cashless service, wherever applicable.
32. Master Policyholder shall attach, a complete list of the persons insured thereunder. Where this is not feasible, in view of the large size of the group, a clear reference shall be made to a list of persons insured which is maintained in the books of the master policyholder that cannot be subsequently altered and made available to the Insurer as and when required.
33. Unnamed policies may also be issued by insurers provided the group has non-tamperable registers or records or procedures to identify the member insured / covered. The registers, records or the procedures shall be subject to inspection by the insurers at any time.
34. The insurer and the concerned Insurance Agent or Insurance Intermediary, shall take all such initiatives to ensure that a group policy is administered fairly to protect the interests of the beneficiary members or potential consumers or to the public at large.

Disclosures

35. The Master Policyholder's role as facilitator in offering a group cover and facilitating insurance services including claims needs to be clearly spelt out between the group and insurer as part of the Terms and Conditions.
36. As part of the terms and conditions of the Group Insurance policy, the Insurer shall put in place enabling provisions to enable the beneficiary or the insured member to raise grievances directly either with the insurer or with appropriate Grievance redressal mechanism. The granular details in this regard shall be part of the terms and conditions mentioned in the Certificate of Insurance.
37. The premium charged and benefits admissible to each member of the group shall be clearly specified in the group policy and the master policyholder shall not vary the premium or benefits with regard to the individual members.

Additional Norms on Group Travel Insurance policies

38. Group Policies issued towards domestic and overseas travel coverage shall also comply with the following norms:
- 38.1. Premium shall be received not more than 90 days in advance to the date of commencement of the risk covered in case of domestic travel or along with the ticket while purchasing the travel tickets whichever is earlier.
- 38.2. Covers towards overseas travel may be issued at any time.
- 38.3. Where policies are offered through any travel agency or portal, the following norms shall be complied:
- 38.3.1. Insurers are responsible to ensure an informed choice to the persons to be insured and ensure compliance to Regulation 6 of IRDAI (Protection of Policyholders' Interests) Regulations, 2017.
- 38.3.2. The Name of the Insurance Company which is offering the travel insurance cover, the amount of the premium that shall be collected towards travel insurance cover shall be specifically disclosed as the cost of travel cover, at the time of opting to buy a travel insurance cover. Rate of tax that is applicable to the premium shall be also separately specified.
- 38.3.3. Insurers shall ensure that any portal or App providing the travel insurance coverage shall not pre-select the option of buying the travel cover as a default option.
- 38.3.4. The prospect shall be able to specifically choose whether or not to buy the coverage.
- 38.3.5. Where selected to buy, an option shall be provided for opting out or de-selecting the option before concluding the transaction.

38.3.6. There shall be a provision to let the person to be insured buying a travel cover go through the benefits, terms and conditions offered under the travel insurance cover on the screen itself and consent shall be obtained in the form of selecting a radio button by the prospect / policyholder in confirmation of having read and understood the terms and conditions.

38.3.7. In order to ensure that every travel policy offered is in compliance with these norms, there shall be a clause in the agreement entered with the master policyholder and in the terms and conditions of the group policy along with a provision to cancel the group policy arrangement if the master policyholder is not adhering to the norms specified.

38.4. Insurers shall put in place procedures to verify that at least once in a period of three months the travel policies offered are complying with the above norms.

Other norms

39. The insurer shall conduct inspection of the books and records of the master policyholder of non-employee–employer group at least once a year or require a certificate of such compliance from the auditors of the master policyholder, at least once a year to ensure compliance with these Guidelines.

40. An insurer who is engaging insurance intermediaries for sale of its group products shall require such Intermediary to file certificates at least once a year, from an independent auditor at the expense of the intermediary, confirming compliance with Section 64VB relating to collection and credit of premium, IRDA (Insurance Advertisements and Disclosures) Regulations, 2000, and IRDAI (Protection of Policyholders' Interests) Regulations, 2017.

41. Subject to the norms specified at Clause II of Chapter IV of Consolidated Guidelines on Product filing in Health Insurance Business (Ref: IRDAI/HLT/REG/CIR/194/07/2020) dated 22nd July, 2020, insurance products offered by General and Health Insurers for schemes sponsored by the State and Central Governments shall adhere to the conditions of the scheme as laid down by the Government.

42. This has the approval of the competent authority.

General Manager (Health)

Encl:
Annexure A
Annexure B