

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 2501

ANSWERED ON MONDAY, DECEMBER 18, 2023/AGRAHAYANA 27, 1945 (SAKA)

HEALTH INSURANCE COMPANIES

2501. SHRI SYED IMTIAZ JALEEL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has formulated any policy for rating of the Health Insurance companies on the basis of their performance and if so, the details thereof;
- (b) whether the Government has lifted the regulations for the approval-seeking process to launch new products by the insurance company under use and file system and if so, the details thereof;
- (c) whether the Government has taken note that the policies introduced under the use and file system lack sustainability and affordability for the targeted customers and if so, the details thereof; and
- (d) the number of health insurance schemes suspended or withdrawn due to non-compliances during the last three years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a): The insurance sector regulator Insurance Regulatory and Development Authority of India (IRDAI) vide circular dated 30.09.2021 has specified that the insurers should disclose 24 critical ratios which include Gross Direct Premium Growth Rate, Growth Rate of Net worth, Combined Ratio, Net Incurred Claims to Net Earned Premium, NPA Ratio etc. This reporting provides an enabling environment for assessing the performance of health insurance companies.

(b) and (c): In order to meet the health insurance needs of people and for making available tailor-made products that meet requirements of different segments, IRDAI has introduced the 'Use and File' procedure for all categories of products and add-ons or riders vide circular dated 01.06.2022. This new system provides scope for innovation and a wider choice of products to prospective policyholders.

The pricing of health insurance products is broadly driven by the market environment and the expenses of management of insurers, claims experience etc.

In terms of Use & File procedure, Insurers are directed to ensure that the product pricing is viable, self-sustainable and affordable to the targeted market. Further, the pricing shall be based on generally accepted actuarial principles and the revision in price, if any shall be only based on the underlying claims experience. However, to ensure that insurer do not revise prices frequently, IRDAI has advised them not to revise prices, ordinarily, within three years of introduction of the product.

(d): IRDAI has informed that no health insurance schemes have been suspended or withdrawn due to non-compliances during the last three years.
