

IRDA may review health plan bar for life insurance cos

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Kolkata: Insurance Regulatory and Development Authority (IRDA) may review the ban on life insurance companies from offering indemnity health products, popularly known as Mediclaim or hospitalisation health policies.

Now, only non-life insurance companies and stand-alone health companies can offer this product. The insurance regulator had barred all life insurance companies from offering indemnity health products in 2016. These health policies constitute over 90% of the health insurance sector.

K Ganesh, member life of IRDA, told reporters here that many life insurance companies have written to the regulator about restoration of indemnity (hospitalisation policies) health covers for life companies. He was in the city to address MCCI Insurance Forum 2019. "We shall write to both life insurance council and their non-life counterpart about their views on this matter. IRDA will write to both of them in seven days. We shall take a call on this after their reply," he said.

Life insurance companies can now offer fixed-benefit health policies only. The stand-alone health companies and other non-life companies are against allowing life companies in this field. Asked about this objection, Ganesh said IRDA would take a call on this matter after taking into account the interests of people.

Life companies have argued that allowing them to offer health policies would offer a better product choice to customers. The penetration of non-life sector in India is 0.91% while that of life is close to 3%.



MCCI president Vishal Jhaharia (left) and IRDA member life K Ganesh at the Kolkata event

The regulator's idea behind the ban was to let specialised non-life insurers to sell health products. But life insurers are of the view this has taken away the level playing field.

Life companies have welcomed IRDA's decision to write to life and non-life councils. PNB Metlife India Insurance Co MD Ashis Kumar Srivastava feels life companies should be allowed to sell indemnity policies. IndiaFirst Life Insurance's deputy CEO Rushabhi Gandhi too welcomed the initiative.

Bajaj Allianz Life MD & CEO Tarun Chugh said: "With a licence for selling indemnity products, the life insurance industry will be able to offer a host of benefits to our customers across the country, given our distribution network, including an army of agents (28 lakh), our experience and most essentially helping customers purchase all their insurance needs from a single provider."

Meanwhile, Ganesh said life companies had filed 150 out of 930 non-unit linked products in the market for revision. IRDA has asked all life companies to restructure non-unit linked products and give an indicative return based on 4% and 8% earnings. The deadline has been extended to January 31 from December 1.