Andhra Bank Retired Employees Association (ABREA)
#215, Kubera Towers, Narayanaguda, Hyderabad – 500029
Mobile Nos.9490213002 Email ID abreahyd@gmail.com

Krishnamurthy V Varanasi, President **NSN Reddy, General Secretary**

30th May 2023

To
The Chairman
IRDAI, 115/1, Financial District
Nanakramguda, Gachibowli, Hyderabad

Respected Sir,

Reg: Senior Citizens (Gen-S) - Health Insurance Issues.

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In the post liberalised environment, many private players have entered in to Insurance sector offering various health insurance products to the interested individuals / group entities across the country. This has enabled them to take care of their health emergencies by choosing appropriate product depending on age, health condition and affordability.

We are glad that IRDAI, as a regulator of Insurance sector, has been playing vital role in spreading awareness among the citizens of the country and regulating the activities of the players duly protecting the interests of all the stakeholders to a great extent.

As per Census estimates, India has 13.80 crore Gen-S (60+years), constituting 9.80% of total population of the country of which around 9.90 crore have crossed 65 years of age. According to Niti Ayog Report, around 50% of Gen-S segment is reportedly covered under state sponsored health schemes such as Arogyasri, Ayushman Bharat, CGHMS etc., and around 20% are under organised sector / relatively rich category who can afford to pay the premium. Still majority (30%) are away from the protected arena. This segment is important but price sensitive.

While the Government of India has been initiating various steps to make health insurance more inclusive, on contrary the Insurance players are hiking the premia year-on-year and now it has become unaffordable to **"Missing Middle"**, especially Senior Citizens whose income is limited.

We, the responsible representatives of Retired Employees of Banks, wish to bring the following few points for your kind perusal with a request to take up the pertinent issues with the concerned authorities to ensure that the health insurance scheme is ***Inclusive and Affordable***.

1. IRDAI Guidelines: As per the extant guidelines, the premia filled by the insurers shall ordinarily not be changed for a period of **3 years** after the product has been cleared by the Authority. Further, Regulation 23 of IRDAI, the premium levied on Senior Citizens *shall be fair, justified, transparent* and duly disclosed upfront. Despite clear guidelines, the insurance companies have been revising the premium every year. In the process, the policy holders are being burdened with additional premium. Further, the increased premium has adverse financial impact on Senior Citizens. This issue was brought to the notice of the Government through Rajya Sabha unstarred question no.1488 dated 20.12.2022. Copy is enclosed for your kind perusal with a request to reiterate the guidelines to the Insurance companies for doing the needful.

2. Incurred Claim Ratio (ICR): The contention of the insurance players for increase of premium is due to rise in *Claim Ratio*. Though, it is partially correct but the fact remains that there are many loose ends in the entire health insurance eco-system which needs to be revisited in the interest of all the stake-holders.

The claim ratio is being arrived on the amount paid to the Hospitals vis-a-vis Premium Received in a year. It is observed that some hospitals are collecting higher Bills in case of cashless treatment compared to treatment on cash basis. Further, the charges are varying from hospital to hospital for the same procedure / ailment / operation which is the major contributor for the increased payments to Hospitals and thereby claim ratio. The same is the case with Preferred Network Hospitals also.

We understand that there is no proper mechanism available to countercheck the veracity of the claim ratio figures furnished by the Insurers. Further, there is no analysis of the claims paid basing on the similar ailments in the same homogeneous group of Policy Holders. Thus, the regulator needs to focus on the above areas and ensure that the networked hospitals adhere to the laid down guidelines to protect the interests of the Insured as well as Insurer.

3. Third-Party Administrator (TPA): TPAs are expected to be Neutral and bound by code of Conduct. Majority of Insurance companies are undertaking Health Insurance activities through TPAs by paying substantial amounts for their services which is an add-on to the premium.

The TPAs are likely to exercise judicious control over the networked hospitals with regard to the services provided to the policyholders and also to ensure that the billing is done fairly. Further, they are expected to protect the bonafide interest of the Policy Holders. But in reality, it has become a routine process and the networked Hospitals are getting away with non-standard billing approach.

We are hesitant to use the word nexus, but their collaboration with Networked Hospitals is truly a grey area which needs to be addressed on priority. This warrants the insurers to inculcate more efficacy and professionalism on the part of TPAs, to safeguard the interest of both Insurer and the Insured.

4. Goods & Services Tax (GST): Health being an important and basic necessary service, it is the responsibility of the state to provide the required health services to all the citizens either at free of cost or at affordable cost. Contrary, the Govt is levying GST @ 18% on Health Insurance services which is causing increase in premium and has become additional burden to the policyholders. It is desirable to

offer preferential treatment to Senior Citizens availing Health Insurance policies as their paying capacity is limited. Thus, it is the responsibility of the regulator to take up the issue of waiver of GST to the notice of the Government and GST Council for doing the needful.

5. Group Policies: Banks are extending Health Insurance products to the customers in association with Insurance Companies as part of business strategy and providing value added services to their clientele. The premium on group policies is expected to be **Low** and also **Uniform** across the age-groups compared to individual retail policies on account of group size, mix and negotiation capabilities of the group aggregator. However, it is observed that the insurance companies have been increasing the premium rates year-on-year and also started levying differential premium based on the age of the policy holder. In this regard, we wish to bring the following pertinent points to your kind notice for doing the needful.

- The naive policy holder doesn't have any decisive role as the aggregator, mostly Bankers, is only the competent authority to have dialogue with the Insurer on revision of premium rates and other terms and conditions of the policy. We understand that the aggregators are failing their responsibilities and endorsing the Insurer terms and conditions without any purposeful discussions while renewing the policies. We strongly opine that presence of the policyholders' representative in the negotiation process of finalisation of the bids is the need of the hour as they are the main stakeholders in the entire eco-system of Group Health Policies. Thus, this area needs to be examined by the Regulator to protect the interests of the policyholders.

- Group policy holders are deprived of "*No Claim Bonus*" compared to retail policy on the plea that the premium charged on group policy is low. But it is not so in the present environment. Thus, there is a need to revisit the issue of extending "No Claim Bonus" to the group policy holders also.

- Uniform premium rate is one of the basic features of Group policy but the irony is that the insurers are adopting discriminatory premium rates by dividing the group into sub-groups based on the age of the policy holders. For example – Public Sector Insurance Company has quoted the following rates to a Group policy extended to a Bank for its customers for the year 2022-23.

Group Policy Premium Rates		
Age group	**Premium for Rs.5 lakh policy**	**Premium for Rs.10 lakh Policy**
61 to 65 years	30865	50550
66 to 70 years	45201	72745
Above 70 years	50655	86590

- Further, we understand that all most all Insurance companies started increasing premia around 40% for Senior Citizens for the current year. This has severe bearing on the elders and has become unaffordable to many. The present scenario is forcing many of Gen-S segment to choose exit route. Thus, we request your good offices to intervene in the matter and do the needful.

- It is the responsibility of the Banks (aggregators) to invite bids well in advance from the Insurers and finalise the price bids. It is observed that many of the Banks are commencing the process at **eleventh-hour** and informing the revised rates to the policyholders just few days before expiry of the current policy. Due to this, the policyholders do not have a choice to shift to other companies due to portability issues; and forced to continue the policy with the same insurer.

- The arm-twisting techniques being adopted by the Insurer and Aggregator is not fair and proper. The insured shall be informed the revised premium rates by the insurer minimum six months before the expiry of the current year policy. This enables the insured to take informed decision whether to continue the existing policy or switch to other company. Hence, we request the regulator to look in to this area on priority.

- The Insurers are always taking plea that the hike in premium rate is due to adverse claim ratio but the fact is otherwise. It is evident from the figures published in IRDAI Annual Report 2020-21 that the claim ratio of Government, Group and Retail segments were 120%, 97.88% and 84.69% respectively. At the aggregate level, the premium of group policies appear to be disproportionate to that of Government and Individual segments. Thus, we earnestly request the regulator to pay special attention on the above aspect in the interest of Group policyholders.

6. IBA Group Medical Insurance Policy: All serving Bank Staff as well as retired bank staff are covered under Group Medical Insurance policy administered by Indian Banks' Association since 2015. It is the responsibility of IBA to arrive a fair policy with due discussions with Insurance Companies on an ongoing basis to protect the interests of all member Banks as well as Bank Staff including retired staff. The Insurance Companies have been hiking the premium in a routine way thereby the retirees are subjected to heavy financial burden on account of disproportionate rise in premium rates. It is not out of place to mention that the former employees of the Bank, mostly Senior Citizens, are paying around Rs.90000/- per annum to cover Rs.9 lakh health insurance for Self & Spouse (Rs.4 lakh Base Policy and Rs.5 lakh Super Top-up policy). Whereas the premium for serving staff is half of the above amount and the coverage is for entire family (Self, Spouse, Parents and Children). Though the retirees are one of the stakeholders of the policy, IBA has been ignoring the views of the retiree issues on the subject matter. Thus, we strongly opine that IBA has to take the views of the retirees (Senior Citizens) in to consideration while finalising the policy and premium rates.

7. Portability: As per IRDAI guidelines, the right accorded to individual health insurance policyholders, to transfer the credit gained for pre-existing conditions and time bound exclusions, from one insurer to another. It is applicable to both individual as well as group policies. But in practice, the group policy holder is deprived of portability as the group aggregator is not evincing any interest to take up the matter with the concerned for resolution.

In this context, we wish to bring the recent instance of abrupt withdrawal of **UB Arogyadaan** group policy by United India Insurance Company (UIIC) on 6th March 2023 advising the members to opt for retail products of the same company or other company products.

- The product Arogyadaan in association with UIIC was launched by e-andhrabank 17 years ago. Bank has extensively marketed the product to the customers and continuing their policies since long. Those who joined in the scheme at their 50's now have become senior citizens and majority of this segment's age has crossed 65 years.

- The last date for renewal of the policy is fast approaching i.e. 6th June 2023. When the existing policyholders are approaching for renewal, UIIC is not evincing any interest and forcing them to pay number of visits to the office as the company is insisting for claim history, latest medical examination reports and number of other documents like Aadaar, PAN, Photographs which are already available with them.

- Further, it is observed that UIIC is loading additional premium (10% to 40%) to the policyholders on the plea of pre-existing ailments such as Blood Pressure, Diabetis etc., which are common to senior citizens.

- To our surprise, the insurance company has outrightly rejected few cases on the grounds that the policyholders have undergone surgeries or under treatment - Heart, Liver, Kidney, Cancer etc.

- The plight of the aged is miserable as they are shuttling from *Pillar to Post* for submission of renewal papers on one hand and paying additional premium on the other. It is causing anxiety, confusion and frustration for renewing the policy.

- The above scenario is compelling the policy holder either to continue with the same insurance company by paying additional amount, even though they are not interested; or join another insurance company and wait for the cooling period for pre-existing ailments / major surgeries.

- It is a naked fact that UIIC has collected huge premia from the policyholders over the years. Bank also earned substantial income by way of corporate commission every year. Now both the organisations have left the loyal customers like hot potatoes and are not caring them which is really a serious cause of concern.

- We have already brought the above facts to your kind notice in the month of April & May 2023 with a request to give justice by intervening in the matter. But till date no perceptible improvement is seen in the performance of UIIC with regard to migration (portability) process.

In order to protect the interests of the existing policyholders, it is the bounded duty of the regulator to ensure that the insurance companies implement the extant guidelines without any deviation and in a time bound manner. There is an urgent need to reiterate the specific guidelines with role and responsibilities of the group aggregators and insurance companies to extend portability without any riders or restrictive clauses.

8. Cap on Claims: It is a fact that the adverse claim ratio as reported by the insurers is mainly on account of high value claims. The primary reason for this is not having uniform rates for each ailment/disease and the treatment cost varies from hospital to hospital. In order to check the anomaly, there is a need to tighten the regulatory guidelines and effective monitoring mechanism.

9. GIPSA: Though, General Insurance Public Sector Association (GIPSA) has identified Preferred Provider Network (PPN) hospitals with an objective to provide treatment at standardized rates, but many of PPNs are collecting additional amounts from the policyholder on one or another pretext. When we report such instances, there is no proper response from the TPAs and forcing the policy holders to knock the doors of Insurance Ombudsman. We request the regulator to ensure that the GIPSA guidelines are being adhered to by all PPNs.

10. Special Schemes: At present, all health insurance products are subjected for renewal every year and payment of increased premium has become certain. In the process, insurance companies are resorting to arm-twisting techniques to keep the aged policyholders away from the scheme on one pretext or other; or levy abnormal premium to make the policy unaffordable. It is not expected in a welfare state where the senior citizens are treated inhumanely in this manner. This is the time for the regulator to explore the possibility of introducing long term health insurance policies, similar to that of Term Insurance, to Senior Citizens which definitely enables them to live their rest of life with peace and confidence.

11. Tax Treatment: As per CBDT guidelines, Senior Citizens are eligible to claim tax relief (payment of health insurance premium) under section 80D up to Rs.50000/- annually for self and spouse. In the present scenario, the average premium for Rs.10 lakh policy comes around Rs.1 lakh per annum. Thus, there is a need to revisit the limit of exemption to the extent of actual premium paid without any cap.

12. Claim Pendency: There are many instances where inordinate delay is taking place in settling reimbursement claims. There shall be a stipulation of payment of interest for the delayed claims beyond 30 days. Thus, there is an urgent need to monitor the role of TPAs, their efficiency, professionalism, service delivery, response time etc.

13. Cashless Treatment: There are many operational issues while availing cashless treatment at Networked Hospitals such as denial of treatment, delay in approvals at the time of admission as well as discharge, disproportionate billing, sub-optimal services of TPAs etc.

14. Inclusive & Affordability: The "Missing Middle" segment, those who are not covered under state sponsored schemes and affordable lot, is most important and price sensitive one. In order to achieve the goal of the Government "Universal Health Coverage for All", there an imperative need to bring the above segment under health insurance purview either by relaxing the existing norms of Ayushman scheme or/and covering them with reasonable premium. We hope and trust that the regulator will look in to this area with proper perspective and initiate necessary steps in this regard.

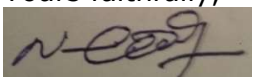
We are fully aware and understand the dynamics of liberalised environment where the rates are being decided by the market forces. However, adopting discriminatory methods in levying premium based on the age group is not warranted. Premium hike every year on one or other pretext is also not appreciable. It is desirable that all age-groups should be covered under one policy and the premium set once should continue for minimum five years.

The Gen-S segment is known for their hard-work, sacrifice, dedication to the family, organisation where they worked as well as to the society. Further, they are the most sincere and law-abiding by paying taxes all through the years for nation building. In the process, they have exhausted all their energies and resources and are left with meagre income to lead their twilight-years independently. The Gen-S group is compelled to look at Government, Regulator and former employers not for any freebies or charity; but they deserve continuation of health insurance coverage for the rest of their journey with peace and dignity.

Our humble request to your good offices is to make the Health Insurance policies **Inclusive & Affordable** to Senior Citizens for which we look forward to your early co-operation and intervention.

With Regards,

Yours faithfully,



(N S N Reddy)
General Secretary