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UNITED INDIA INSURANCE COMPANY LIMITED
HEAD OFFICE 24, WHITES ROAD CHENNAI

SUB: Revised Underwriting Policy for Health Insurance.

BACKGROUND

As per IRDAI (Health Insurance) Regulations, 2013, the Health Insurance Underwriting Policy was approved by the Board during its Meeting on 19-07-2013 and filed with IRDAI. The same requires modifications in view of the IRDAI Health Regulations, 2015, introduced in July 2016.

Health Insurance business continues to be the fastest growing segment of insurance business, with the total industry premium at Rs. 30,765 Crores in 2016-17 with a growth rate of 26%. The Public Sector Insurance Companies are the dominant players in the Health Insurance business, accounting for approximately Rs. 19,085 Crores in 2016-17, which is 62% of the health business of the industry.

United India has been a significant player with a market share of 17% in 2016-17 and the growth and performance of health business during the last five years has been as follows:

YEAR	GROSS PREMIUM (Rs. Crores)	GROSS ICR %	GROWTH %	NET PREMIUM (Rs. Crores)	NET ICR %
31-03-2017	5241	117	27	4801	127
31-03-2016	4123	107	29	3917	112
31-03-2015	3177	108	19	3179	123
31-03-2014	2660	99	0.6	2448	114
31-03-2013	2643	96.5	18	2167	100

Apart from the Retail Health products, our Company has implemented the TNMCHIS Scheme in all the Districts of Tamilnadu awarded by the Tamilnadu State Government and Government Schemes in various other States.

Underwriting Philosophy –

The objective of the Company at all times would be to achieve growth with profitability. Towards this end, the price is to have a margin to take care of the following over and above the pure risk premium arrived at by analysis of Incurred Claims Ratio:

- Procurement Cost
- Expenses of Management
- Medical Inflation
- Catastrophe Reserve
- Credit for Investment Income
- Profit Margin

The objective will be to achieve a combined ratio of below 100%.

Planned Underwriting at a loss may be considered for strategic reasons; to deny entry of competitors to an existing profitable segment or to fulfill social objectives in respect of rural/BPL segments. This will have to be approved by General Manager, Health Department alone and would be reviewed and monitored at Head Office level. We may have to resort to less than break even pricing to retain a particular client in our books, prevent diversion of our account to other insurers and also to divert an account on the book of other insurers.



Based upon the source Health Insurance can be classified as follows:

- Retail Health
- Retail Overseas Travel
- Group Health
- Government Health Schemes

It will be the endeavour of our Company to be present in and strive to attain a dominant position in each of the segments. Each of the segments has its own characteristics and challenges as also the dominant channel of distribution. Retail or Individual Insurance will normally be sold through Online and Agents, corporate agents, web aggregators CSC etc., directly through our network of offices or their portals.

In case of clients placing other line of business with the Company, the element of cross-subsidy may exist, but the overall portfolio of the client will have to be profitable.

PRODUCT MANAGEMENT COMMITTEE:

The Company has the Product Management Committee (PMC) which shall put in place a Product Management Policy (in line with the Underwriting Policy) for Health Insurance Business. This policy shall, *inter alia*, include aspects of reviewing products to avoid duplication or having multiple number of similar products; annual plans at the beginning of each financial year for filing of new products and modification of existing products; launching of products cleared under the File and Use procedure/ Use and File procedure as stipulated in IRDA Health Product Filing Guidelines; and any other matter relating to product design and performance.

INDIVIDUAL/RETAIL HEALTH:

Retail health products are class-rated Products and will be governed by internal underwriting guidelines and rates as filed with and approved by IRDAI. These products will be reviewed annually and if found necessary, the Company would approach IRDAI for revision in rates and terms and conditions as per Actuarial Review once in three years as per IRDAI Guidelines.

Renewals of Individual Policies would not be denied except on the grounds of Fraud, Misrepresentation and Non-Disclosure of Material facts in the proposal. If at the time of a claim, any of the above are discovered, the policy will be cancelled forthwith after due notice giving fifteen days' time to the Insured.

No loadings shall be applied based on claims of expiring policy as per IRDAI Health Insurance Regulations, 2016.

Retail Products is issued to cover all sections of insured persons viz. Senior Citizen, Women, Minor Children, Physically Disabled persons, HIV/AIDS contracted persons, etc. However, for the last two categories, the policy covers admissible hospitalization expenses except for the illness relating to pre-existing disablement and HIV related treatment. The company will make necessary changes to include other genders also in its health policies.

The underwriting parameters to differentiate the various classes for risk acceptance will include age, pre-existing health conditions and good health practices followed by the proposer along with such other relevant parameters.

The Company will design suitable products and introduce on pilot basis for both standard as well as sub-standard lives within the framework of the regulations.

INDIVIDUAL/ RETAIL TRAVEL:

Retail travel products are also class-rated Products and will be subject to internal underwriting guidelines and rates as filed with and approved by IRDAI. The products will be reviewed annually and revisions, if needed, will be made following the due procedure as per IRDAI guidelines.

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INDIVIDUAL PERSONAL ACCIDENT

Individual Personal Accident policies are usually sourced through Agents, Brokers where there is a specific requirement from corporates apart from the direct business which is procured by the office. The underwriting parameters will include occupation, and pre-existing health condition.

The pricing is governed by the two factors as mentioned below:

- a) Risk Group i.e., occupation
- b) Table of Benefits

Further, reference is made to the erstwhile tariff rate for guidance.

GROUP HEALTH

Please see *Annexure I*.

GROUP PERSONAL ACCIDENT

Group Personal Accident policies covering employees of various corporates is usually sourced through Brokers, Agents, Corporate Agents apart from direct business which is procured by the office.

Group Personal Accident proposals in respect of non employee employer groups are referred to H.O. Technical for acceptance. Group Personal Accident Policies are also issued on short terms basis i.e., term less than a year to provide coverage for specific events. Coverage shall not be extended to groups specifically formed only for the purpose of availing insurance. The underwriting parameters will include size of the group and occupation.

The pricing of group health policy is based on two factors :

- c) Risk Group i.e., occupation
- d) Table of Benefits

Reference is made to the erstwhile tariff rate for guidance and discounts are extended based on the size of the group. The renewals are priced on the basis of claims experience of the previous policy taking into account change in the Sum Insured and variations in cover.

Portability

Necessary provision is made in our system for portability of the Retail Policies from other Insurers to our company or from one plan to other of our own health policy. Portability procedure as prescribed under IRDAI guidelines is followed. No intermediary charges are payable for ported policies as per guidelines.

Senior Citizens' Cell

A separate Cell with exclusive Toll free number is formed at Head Office for Senior Citizen policy-holders as per the Health Regulatory provisions. This Cell addresses the requirement and grievances of policy-holders who are falling under the Senior Citizen category.

Free Look Period

All Retail Health Products has Free Look Period of 15 days from the date of receipt of policy. The Insured is given time of fifteen days from the date of receipt of policy to read and understand the coverage, terms and conditions, exclusions of the policy offered. The same is construed to be accepted automatically by the insured if the Insured has not approached our Policy Issuing Office within fifteen days of receipt of policy. Wherever the Insured has approached our office within the stipulated time, the policy is cancelled and refund is made as per conditions stipulated in IRDAI Health regulations, 2016. This condition is applicable only for Insured persons taking Health Insurance for the first time.

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Grace Period

A grace period of 30 days is granted in Retail Health Products for renewal. The Insured is permitted to renew the policy and the continuity benefit is granted subject to policy being renewed within the grace period of 30 days from the date of expiry of the policy. However, any illness contracted during the break period is not payable.

Denial of proposals and/or renewals

The basis of acceptance of the proposal/ renewal will be as per internal underwriting guidelines which include age, pre-existing health conditions, family health history, moral hazard and misrepresentation, fraud, non-disclosure and non-cooperation by the proposer.

Empanelment of Third Party Administrators

The empanelment of Third Party Administrators is carried out based on certain criteria which includes Infrastructure, IT System, Manpower and Capacity to handle the volume of claims. A Service Level Agreement entered into with the Third Party Administrator has taken care of the Service parameters, Fees, Modalities to be followed by TPA, reports to be submitted, eventualities that may lead to Insolvency/Fraud/Fallures of the TPA. Required Bank Guarantee is collected from the Third Party Administrators.

The guidelines issued for De-empanelment of TPA by IRDAI is strictly followed.

Empanelment of Preferred Provider Network Hospitals

Our Company being flag Company in South, is the Lead Insurer for empanelment of PPN Hospitals in South India. We have nominated lead TPAs for processing the Networking of hospitals and a Tripartite Agreement is signed between Insurer, TPA and Hospital.

Cashless is made available in these Networking Hospitals. In all other Non-Networking Hospitals, the claims are honoured by way of reimbursement claims.

Regulatory Requirement: (If any)

The IRDAI (Health Insurance) Regulations, 2013 have been amended and revised IRDAI (Health Insurance) Regulations, 2016 has come into effect from the date of Notification 12-07-2016. Accordingly, the Health Underwriting Policy has been revised and shall be filed with the IRDAI.

Authority:

Regarding Individual Health Policies and Standard Group Policies, the acceptance authority will be at operating offices subject to the underwriting guidelines detailed for each product. Regarding need-based Group Health Policies, the acceptance authority will be at RO and HO as mentioned below –

Acceptance Authority	Description	Figures
Regional In-charge in Regional Office	For our own renewals	Premium Up to Rs.25 Lacs
Head Office	For all other Group Policies	For our own renewals with premium above Rs.25 lacs and all other Need-based Group Policies irrespective of amount involved

At Head Office	Acceptance Authority
Deputy General Manager of Health Department	Premium up to Rs.1 Crore
General manager of Technical Department	Premium above Rs.1 Crore

However, the acceptance authority of RO and HO shall be based on the guidelines issued by Head Office from time to time which is based on the performance of health Portfolio. The General Manager, Health department

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shall have the authority to issue guidelines from time to time based on the performance of Health Portfolio and shall have the authority to delegate it to the officials of the Health Department at HO for quoting.

Reinsurance

While we need not seek Reinsurance support for capacity other than the obligatory cessions as the Authority may prescribe, we may resort to seeking Reinsurance support in respect of major Group Health Policies and Government Schemes to -

- (a) obtain technical expertise on pricing and designing of products
- (b) Introduction of various loss control measures under Group Policies
- (c) Controlling and monitoring of claims and creating processes in Government and other Group Schemes.

The Company may look for quota share support to shore up the portfolio.

Modifications in Health Policies -

We shall modify our existing Health Policies to ensure that they comply with the Regulations for Health Insurance prescribed by the Authority;

Withdrawal of Health Policies-

Based on the reasons like low market demand, changed requirements by Public, availability of improved products etc., the Company may decide to withdraw the existing health products. The decision to withdraw any Health Insurance product shall be taken by the PMC. The reason for withdrawal of the product shall be clearly documented and filed with IRDAI.

Reporting to Board -

The Board will be kept informed of the performance of the Health Department on quarterly basis through Financial results, Expert Committee Report and ERM Department and the same shall continue to be presented to the Board on quarterly basis.

The role and extent of Involvement of the Appointed Actuary -

The services of the Appointed Actuary will be utilized in review of rates in respect of various Health Products filed with IRDAI and for certification in respect of products to be filed with IRDAI.

Internal Audit

Internal Audit shall include verification of implementation of the policy as to approval limits, free look period, cancellation etc. The files processed by the TPAs would be audited by an In-house team periodically and important findings shall be placed before the audit committee.

Fraud Prevention

The Company has put in force a Board approved FRM Policy and the frauds, if any, will be handled as per the said parameters.

Modification in Underwriting Policy

Our Company will undertake periodic annual review of our underwriting policy to bring it in tune with the changes in health sector as well as in medical field.

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Annexure I

Group Health Underwriting Policy

Group Health (Excluding Government)

The Group Health Policy catering to Corporates is normally sourced through Brokers and Agents apart from direct business procured by Office directly. The standard group health policies would follow the terms, conditions, rates, discount/loading matrix and exclusions as per the standard group health policy filed with IRDAI.

However, most of the Group Health Policies are need-based and catering to the unique requirements of specific clients, these policies are falling under Individual experience-rated Products or Exposure-rated Products and are subject to Use and File Procedure as prescribed in Guidelines for Product Filing in Health Insurance 2016. All fresh Group Health Policies devised as per the customers' needs shall be approved by Product Management Committee in line with the Group Health Insurance Underwriting Policy.

As the insurance covers sought are dictated and designed by the unique requirements of the clients, rating will be 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 etc. Discounts and Loadings offered shall be based on objective criteria with appropriate justifications. For the group health policy renewals, the claims experience of the previous policy, wherever such information is available, is considered. Apart from claims experience, other factors that would be considered are:

- a) Changes in coverage sought in comparison to the expiring policy terms – nature of contingencies sought to be covered, sum insured and limits of indemnity sought
- b) Expected frequency/severity of losses
- c) Group size
- d) Medical Inflation
- e) Procurement costs and Management Expenses

Claims experience of such policies would be monitored and analysed periodically. Introduction of various loss control measures given below are suggested to the Insured where the Claims experience is very adverse –

- a) Application of suitable conditions and clauses
- b) Restrictions in the limits
- c) Incorporation of Deductibles/Co-pay
- d) Loading of premium where warranted
- e) Modification/deletion of covers granted

In addition to above mentioned Group Health Policies, Group Policies are issued to Non-Employer–Employee relationship partners viz., Banks, Cooperative Societies, Clubs, Trade Organizations, etc. In some of the Non-Employer–Employee relationship policies, though the cover granted is as per the Group Health Policies, individual certificates are issued to Insured persons/family since the source is common, the process of rating and drafting of other terms of cover shall be as per requirements in each case/source. No policies will be issued to a group formed for the sake of insurance.

Normally, for group policies the minimum group size will be of 100 lives but in special cases HO may permit issue of group policies less than that based on a case to case basis but not less than for 7 lives.

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Group Health Policies are issued on named basis. Group P.A. Policies however may be issued on unnamed basis also provided the group has non-tamperable registers or records or procedures to identify the member Insured / covered.

Group Health (Government)

Group Health Policies for Government are sourced through the tender process. The cover granted are as per the tender conditions and the rating is based on the previous claims experience in the same scheme or in any such similar scheme elsewhere, and other factors like number of packages covered, family size, standard exclusions etc. Any such policies also will be placed before the Product Management Committee for approval and subsequent filing with IRDA.

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