

Ref: IRDAI/HLT/REG/CIR/151/06/2020

11th June, 2020

To

CEOs of all General and Standalone Health Insurance Companies

**Re: Modified Guidelines on Product filing in Health Insurance Business-
Norms on Proportionate Deductions**

1. Reference is invited to the provisions of Clause (4) of Chapter II of Guidelines on Product filing in Health Insurance Business (Ref: IRDA/HLT/REG/CIR/150/07/2016) dated 29th July, 2016 (the guidelines) specifying norms on designing of health insurance products.
2. In addition to the norms specified in clause (4) of Chapter II of the guidelines, the following additional norms are specified.
3. Where as part of product design insurers propose proportionate deduction of the 'associated medical expenses' when a policyholder chooses a higher room category than the category that is eligible as per terms and conditions of the policy, insurers shall define 'associate medical expenses' in the terms and conditions of policy contract.
4. The following expenses are not allowed to be part of the definition of 'associate medical expenses'.
 - a. Cost of pharmacy and consumables;
 - b. Cost of implants and medical devices
 - c. Cost of diagnostics
5. Insurers shall not recover any expenses towards proportionate deductions other than the defined 'associate medical expenses' while processing claims.
6. Insurers shall ensure that proportionate deductions are not applied in respect of the hospitals which do not follow differential billing or for those expenses in respect of which differential billing is not adopted based on the room category. This shall be clearly specified in the policy terms and conditions.
7. Insurers are not permitted to apply proportionate deduction for 'ICU charges' as different categories of ICU are not there.





8. The provisions of these guidelines shall be applicable to the Health Insurance products filed as per Guidelines on Product Filing in Health Insurance Business on or after 01st October, 2020. All policy contracts of the existing health insurance products that are not in compliance with these guidelines shall be modified as and when they are due for renewal from 01st April, 2021 onwards.
9. Insurer shall modify the policy wordings of the existing health insurance products without any change in UIN to comply with these guidelines.
10. This has the approval of the competent authority.

(D V S Ramesh)
General Manager (Health)