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Ref: IRDA/TPA/ORD/MISC/ 103/2016

**FINAL ORDER**

**In the matter of M/s Medsave Healthcare (TPA) Ltd.**

Based on the reply to Show Cause Notice dated 16<sup>th</sup> December, 2014 and submissions made during Personal Hearing Chaired by Chairman, IRDAI on 17<sup>th</sup> November, 2015 at 15:45 hrs. at the office of Insurance Regulatory and Development Authority of India, 3<sup>rd</sup> Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

Show Cause Notice dated 16<sup>th</sup> December, 2014, (SCN) on observed deficiencies in the functioning of licensed TPA namely; Medsave Healthcare (TPA) Ltd. (hereafter referred as Medsave TPA / the TPA) was issued and in deference to the entity's request, a personal hearing was accorded on 17<sup>th</sup> November, 2015. The TPA Company was represented by Mr. Vivek Tiwari, CEO, Mr. Sumesh, Branch Manager, Hyderabad. On behalf of the Authority Mrs. Yegna Priya Bharath, Joint Director (Health), Mr. DVS Ramesh, Deputy Director (Health) and Mr. Bhaskar Khadakbhavi, Assistant Director (Health – TPA), were present in the personal hearing.

The submissions made by the TPA in their written replies vide letter dated 29<sup>th</sup> December, 2014 to the Show Cause Notice issued by the Authority and also those made during the course of personal hearing were taken into account.

The findings on explanation offered by the TPA to the issues raised in the Show Cause Notice and the decisions are as follows;

**Charge No. 1 & 2:** Mr. Arvind Kumar Saraf, Chairman, Director and Shareholder of Medsave TPA was holding Director position in Trust IRMPL w.e.f. 21-11-2013 and the main object of said Trust IRMPL was related to insurance and insurance related activities.

The said fact was not disclosed by the TPA which is in Violation of Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001.

The information is also not disclosed in the Annual Report – Form-TPA 4(1) for FY 2013-14 of the TPA Company which is in violation of Reg. 24 (2) of IRDA (TPA – Health Services) Regulation, 2001.

*Response of TPA: In response to the Show Cause Notice, the TPA Company submitted that no activities of insurance or related to insurance has been carried out in the said Trust and that they have practically and legally not carried on the business that was stated in the objectives of the Trust. The TPA also submitted that Mr Arvind Kumar Saraf, is not having active role in day to day activities of the Trust, shall have no effect on the TPA Company.*

**Decision on Charges No. (1) and (2):** On examining the submissions of the TPA, it is observed that the TPA Company did not disclose to the Authority about Mr Arvind

Kumar Saraf holding position of Director in M/s Trust IRMPL. It is further observed that there is a mention in the objectives clause of the said Trust to carry on insurance related activities. Considering the submissions of the TPA that there are no activities carried out, the TPA is cautioned for not disclosing complete information to the Authority. The TPA is directed to give correct information to the Authority and also disclose complete relevant information in the Annual Report hereafter.

**Charge No. 3:** Mr. Arvind Kumar Saraf, Chairman, Director and Shareholder of TPA Company is holding Director position in Arcofemi Healthcare Limited (AHL) which is not disclosed to the Authority. As per AHL website they are engaged in insurance and insurance related activities.

This is in Violation of Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001.

*Response of TPA: In response to the Charge, the TPA submitted that the said company (AHL) did not start their operations. The TPA Company also submitted that the officials of the said company (AHL) have revisited their website and that there is no reference to insurance on their website.*

Decision on Charge No. 3: Considering the submissions of the TPA, charges are not pressed.

**Charge No. 4:** Mr. Rishabh Saraf, Shareholder of MedSave TPA was holding Director position in Trust IRMPL w.e.f. 22-03-2013 and as per the main object of said Company i.e. Trust IRMPL, it renders services in insurance and insurance related activities. This was not disclosed by Medsave TPA to the Authority.

This is in Violation of Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001.

*Response of TPA: Reiterating the submissions made under Charge No. (1), (2) and (3) above, the TPA also submitted that the individual referred in the charge is holding very few shares in the TPA Company.*

Decision on Charge No. 4: Considering the submissions of the TPA, charges are not pressed. However, the TPA is advised to give correct information to the Authority hereafter.

**Charge No. 5:** Mr. Rishabh Saraf, Shareholder of Medsave TPA, was also a director in M/s Arcofemi Healthcare Ltd. (AHL). As per AHL website they are engaged in insurance and insurance related activities. The said fact was not disclosed to the Authority which is in violation of Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001.



Response of TPA: The TPA submitted that the responses furnished for Charge No. (1), (3) and (4) be also considered for this charge. The TPA also submitted that no activity was done to carry on further the objectives of the company referred in the Charge.

Decision on Charge No. 5: Considering the submissions of the TPA, charges are not pressed. However, the TPA is advised to give correct information to the Authority hereafter.

**Charge No. (6) and (7):** MedSave TPA is engaged in other business, apart from TPA activity as defined in TPA regulation and through their website the TPA had published wrong and misleading information about the details of services rendering to general public.

This is in violation of Reg. 3 (2) of IRDA (TPA – Health Services) Regulation, 2001 to be read with Reg. 12 (e) of IRDA (Health Insurance) Regulation, 2013, the provisions of Authority circular no. IRDA/NL/CIR/HLTH/207/09/2011 dated 06-09-2011 and also in violation of Reg. 21 (2) (c) of IRDA (TPA – Health Services) Regulation, 2001.

Response of TPA: In response, the TPA Company submitted that the activities referred are sub set of services rendered under agreements with any of the Insurance companies. The TPA Company also submitted that they did not bill any individual or any insurance company for any of the services mentioned and that there is no income arising on account of the services mentioned in the website.

Decision on Charges No. (6) and (7): On examining the submissions of the TPA, it is observed that in respect of one the services viz., “access to worldwide network of medical providers” the disclosures made in the website are out of the context of the business of the TPA. Mentioning such type of services which are not part of the health services potentially misleads the public in general. Hence, the TPA is cautioned for making wrong disclosures in its website and is also directed to be sensitive before disclosing the services that are stated to have been rendered to the public. The TPA is also directed that the services that are not part of health services and that are not rendered by the TPA shall not be published in the website.

The TPA is advised to ensure compliance as mentioned under the respective charges and furnish the status thereon within 45 days from the date of the order.

Place: Hyderabad  
Date: 02<sup>nd</sup> March, 2016



CHAIRMAN