

Ref: IRDAI/HLT/ORD/MISC/203/09/2022

**Order in the matter of M/S Rothshield Insurance TPA Limited**

**Based on the**

- a. Show Cause Notice (SCN) dated 18<sup>th</sup> August 2022 issued on observed violations in complying with the provisions of IRDAI (TPA-Health Services) Regulations, 2016 (hereinafter referred as TPA Regulations) by M/s. Rothshield Insurance TPA Pvt. Ltd. (hereinafter referred as “Rothshield TPA / the TPA”).
- b. Response to the above SCN made by the TPA in their written reply forwarded vide e-mail dated 1<sup>st</sup> September 2022.
- c. Submissions made by the TPA during Personal Hearing chaired by Shri Rakesh Joshi, Member (F&I), on 9<sup>th</sup> September 2022 at 11:00 hrs. through Video Conference, WebEx.
- d. The TPA was represented by Ms. Janki M. Bhate, CEO, Dr. Ritesh M. Bhate, Director, Dr. Nagesh, Sr. Medical Manager and Mr. Mahesh, Govt. Business Head. On behalf of the Authority Sri D.V.S. Ramesh, Chief General Manager (Health), Sri P. G. Kumaravaidyalingam DGM-OSD (Health) and Sri M. Israel, Manager-OSD (Health) were present in the personal hearing.

**Background**

1. M/s Rothshield TPA was granted certificate of registration No. 030 on 16<sup>th</sup> July 2007. The certificate of registration was due for renewal on 15<sup>th</sup> July 2022 and the application for renewal was uploaded on 17<sup>th</sup> June 2022. Renewal fee was paid by the TPA on 06<sup>th</sup> June 2022.
2. While processing the renewal application, it was observed that the TPA did not comply with the minimum business requirements stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03<sup>rd</sup> June 2020 read with Regulation 14 and 15 of TPA Regulations.
3. The Minimum Business requirements as stipulated under TPA Regulations are reproduced here under:
  - a. **“14. Minimum Business Requirements:**  
*Every TPA registered with the Authority shall comply with such minimum business norms towards health services for the insurers registered with the Authority as may be specified by the Authority from time to time and with effect from such date as may be specified there in:*

*Provided that the business carried out in respect of the services referred at Regulation 3 (1) (c), Regulation 3 (1) (d), Regulation 3 (1) (e) and Regulation 3 (1) (f) of these Regulations shall not be reckoned towards the minimum business norms specified.”*

- b. The Minimum business norms as stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03<sup>rd</sup> June 2020 are also reproduced hereunder:

<b>Number of Financial Years Completed since 01-04-2016 or date of granting the Certificate of Registration, whichever is later</b>	<b>Number of policies serviced Parameter - 1</b>	<b>Number of lives serviced Parameter – 2</b>
Second Year	2500	5000
Third Year	5000	10000
Fourth Year to Sixth Year	10000	25000
From Seventh Year onwards	15000	50000

- c. Further, the Minimum business norms also specify inter-alia that “every TPA shall endeavour to enter into Health Service Agreement with at least two insurers during second and third years of business, a minimum of three insurers during fourth to sixth year of business”, whereas the TPA has SLAs with only 2 insurers for the fifth and sixth years of business.

4. The TPA has furnished the following details in the renewal application.

<b>Sr. No.</b>	<b>Particulars of Information</b>	<b>Financial Years (previous three financial years)</b>		
		<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
1	Number of policies serviced (as per Parameter-1 of Authority Circular)	5289	5898	2557
2	Number of lives serviced (as per Parameter-1 of Authority Circular)	13026	15984	7540
3	No. of Service level agreements entered into with insurers	2	2	3

5. It is clarified that the TPA as part of renewal application in BAP, mentioned the business figures relating to FYs 2017-18 to 2019-20, while the applicable years are FYs 2019-20 to 2021-22 (FY 2019-20 being for broken period of August 2019 to March, 2020). Hence, business figures from FY 2019-20 to 2021-22 shall be considered.
6. On seeking clarifications and from the Annual Reports of the preceding financial years it is observed that the following business was carried out by the TPA in the preceding three years:





Sr. No.	Particulars of Information	Financial Years (previous three financial years)		
		2019-20 (4th Year)	2020-21 (5th Year)	2021-22 (6th Year)
1	No. of insurers with whom SLAs entered with	3	2	2
2	No. of Lives covered under Health Policies (to be reported as per provisions of Reg. 14 of TPA Regulations & Circular	7540	575	0
3	No. of Policies Served (to be reported as per provisions of Reg. 14 of TPA Regulations and Circular	2557	150	0

7. On reviewing the business performance of the TPA as mentioned under SI No. 6 vis-à-vis the minimum business requirements stipulated under SI No. 3 above, it is concluded that the TPA has failed to fulfil the Minimum Business Requirements in the applicable financial years in any of the parameters specified, as mentioned hereunder:

Year since introduction of MBR	FY	Policies			Lives			Remarks
		Target	Actual	Fulfilled	Target	Actual	Fulfilled	
4 <sup>th</sup> Year	2019-20	6667	1701*	No	16667	4618*	No	As both parameters did not fulfil, no concession can be given as per Reg 15 (C) (6) (a).
5 <sup>th</sup> Year	2020-21	10000	150	No	25000	575	No	
6 <sup>th</sup> Year	2021-22	10000	0	No	25000	0	No	
	<b>Total</b>	<b>26667</b>	<b>1851</b>		<b>66667</b>	<b>5193</b>		
	<b>Average</b>	<b>8889</b>	<b>617</b>	<b>NO</b>	<b>22222</b>	<b>1731</b>	<b>No</b>	On an average basis the TPA has not fulfilled any of the specified parameters. Hence, the TPA did not comply with Reg 15 (C) (6) (b).

\* for the period August 2019 to March 2020 the proportionate targets and the business figures are considered.

8. It is clarified that in terms of Annexure 11 of Master Circular dated 03<sup>rd</sup> June 2020, in respect of the applications received for the renewal of the certificate of registration, the business procured in the applicable Financial Years shall be taken into consideration while determining the fulfillment of minimum business requirements in accordance to the provisions of Regulation 15(C)(6). Where a TPA company has completed more than six months' business in a financial year and due for renewal, such TPA Company shall fulfill the proportionate business in respect of the completed number of months in that incomplete financial year. Accordingly, for the year 2019-20, for the period August 2019 to March 202, proportionate target and business are considered as above.



9. Further, as per Regulation 15 (C) (6) (c), where a TPA has failed to comply with Reg. 15 (C) (6) (a) or 15 (C) (6) (b) of these regulations, the registration shall not be renewed.
10. The TPA, vide e-mail dated 12.7.2022, inter alia, informed, that on account of severe human resource crunch and administrative issues it could not service new policies and lives during FY 2021-22.

11. Regulation 15(C) of IRDAI(TPA-HS) Regulations is as follows:

*(C) Non-compliance with minimum business requirements:*

(6) Where a TPA does not fulfill the Minimum Business Requirement stipulated under Regulation 14 of these regulations, the Authority shall deal with the application for renewal of registration of the TPA in the following manner:

a. Where the TPA has failed to fulfill the minimum business requirements in any of the parameters (Parameter-1 Number of policies serviced and Parameter-2 Number of lives serviced) by a margin of 20 percent, but exceeded by a similar margin in respect of the other parameter in respect of the relevant financial year, the Authority may consider the renewal based on the reasons furnished by the TPA. For the purpose of these Regulations, any fraction shall be rounded off to the next higher integer:

**Provided** that the Authority may specify separate norms for those TPAs who are exclusively servicing the Group Health Insurance policies and the stipulation of Regulation 15(C)(6)(a) is not applicable for such TPAs.

b. Where a TPA has failed to fulfill the minimum business requirements in any of the parameters specified in one financial year, but has met with the norms on an average basis for the years under consideration the Authority may consider the renewal based on the reasons furnished by the TPA.

c. Where a TPA has failed to comply with Reg. 15 (C) (6) (a) or 15 (C) (6) (b) of these regulations, the registration shall not be renewed.

12. Hence, a show cause notice dated 18<sup>th</sup> August 2022 was issued to the TPA.

13. The TPA submitted its response to the SCN vide letter forwarded by email dated 1<sup>st</sup> September and requested for a personal hearing and the same was given.

14. The findings on submissions made by the TPA on the issues raised in the SCN and the decisions thereon are as under:

**Charge:**

15. The TPA did not comply with the minimum business requirements as specified under Regulation 14 and 15 of TPA Regulations, 2016.



**Gist of TPA's submissions:** The TPA inter alia, submitted;

16. Regretted for not being able to meet the stipulated Minimum Business Requirements for the 4th (2019-20), 5th (2020-21), and 6th year (2021-2022).
17. That in spite of their sincere efforts to sign SLA with Insurance Companies and continuous follow-up to gain business they couldn't succeed to get the business.
18. That COVID-19 pandemic was another major factor that can be attributed to their low performance.
19. That during and after the COVID-19 pandemic situation the TPA struggled a lot on many fronts like manpower shortage, administrative and financial issues, etc. which resulted in their inability to meet the Minimum Business Requirements stipulated.
20. To consider a one-time exception and grant renewal of their license as the TPA has in place strategies to meet Minimum Business Requirements in future and requested to renew the Certificate of Registration.

**Decision of the Authority:**

21. The submissions of the TPA are examined. The submissions of the TPA that COVID is attributable to the non-compliance to the minimum business requirements is not acceptable as the TPA did not comply with the MBR even in the year 2019-20 when there was no COVID and during COVID, there was an increased role for all healthcare services including the TPA services provided by TPAs to various insurers. It is also clarified that as per Regulation 8(2)(f) of TPA Regulations, the TPA shall have the necessary infrastructure such as adequate office space, equipment and trained man power to effectively discharge its functions. The TPA admitted that all these were affected during the COVID-19 pandemic which resulted in their non-compliance with the minimum business requirements stipulated.
22. On considering the submissions made by the TPA, it is concluded that the TPA did not fulfill the Minimum Business Requirements as mentioned at SI No. 7 of this order.
23. Hence, as per Regulation 15 (C) (6) (c) of TPA Regulations, where a TPA has failed to comply with regulation 15 (C) (6) (a) or 15 (C) (6) (b), the certificate of registration shall not be renewed.
24. In view of this, in accordance to the provisions of Regulation 16(1)(f) to be read with Reg.15 (C) (6)(c) of TPA Regulations, 2016, the Authority rejects the renewal application of TPA, Registration No. 030, filed by **M/S Rothshield Insurance TPA Limited**.
25. In view of rejection of application for renewal of TPA License No. 030 of M/s Rothshield TPA, the following directions are issued;



- a. Rothshield TPA is directed to remove the word "Insurance TPA" from name of its Company.
- b. In terms of Reg. 18 of TPA Regulations, 2016, all insurers who were having TPA agreement with Rothshield TPA earlier, if any, shall immediately take such alternative steps including appointment of another TPA, if any, as may be necessary to continue to cater to the policy holders served by Rothshield TPA.
- c. Rothshield TPA shall immediately submit the data collected and the books, records or documents etc., relating to the TPA business carried on by it, if any, to respective insurers.
- d. Rothshield TPA shall cooperate with insurance companies in making suitable alternate arrangements to service the policy holders, if any, in respect of whom the policies are in force.
- e. Rothshield TPA shall, reconcile and close the accounts with concerned insurance companies and network providers, if any.

If the TPA feels aggrieved by the decision of this order, an appeal may be preferred to Hon'ble Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place: Hyderabad

Date: 27<sup>th</sup> September 2022



Member (F&I)