



Ref: IRDAI/HLT/ORD/MISC/259/10/2021

Order in the matter of M/S Vision Digital Insurance TPA Private Limited

Based on the

- a. Show Cause Notice (SCN) dated 30th June 2021 issued on observed violations in complying with the provisions of IRDAI (TPA-Health Services) Regulations, 2016 (hereinafter referred as TPA Regulations) by M/s. Vision Digital Insurance TPA Pvt. Ltd. (hereinafter referred as “Vision TPA / the TPA”).
- b. Response to the above SCN made by the TPA in their written replies vide letter dated 10th July 2021, forwarded by email dated 10th July 2021.
- c. Submissions made by the TPA during Personal Hearing chaired by Ms. T.L. Alamelu, Member (Non-Life), on 30th July 2021 at 15:00 hrs. through Video Conference through WebEx.

Background

1. M/s Vision TPA was granted certificate of registration No. 037 on 25th June 2018. The certificate of registration was due for renewal on 24th June 2021 and the renewal application was filed by the TPA vide letter dated 19th April 2021, forwarded by email dated 21st April 2021.
2. On examining 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 03rd 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 03rd June 2020 are also reproduced hereunder:

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

4. The TPA in the renewal application dated 19th April 2021 furnished the following details with regards to the business stated to have been carried out by them in the preceding three years:

Sr. No.	Particulars of Information	Financial Years (previous three financial years)		
		25.06.2018 – 31.03.2019 (1st Year)	2019-20 (2nd Year)	2020-21 (3rd Year)
1	No. of insurers with whom SLAs entered with	4	4	3
2	No. of Lives covered under Health Policies (to be reported as per provisions of Reg. 14 of TPA Regulations & Circular	105	1309	10601
3	No. of Policies Served (to be reported as per provisions of Reg. 14 of TPA Regulations and Circular	1	10	7983

5. Based on minimum business norms referred at Para 3(b) above, the business procured in the first financial year, i.e. from 25th June 2018 to 31st March 2019, is not considered. Also, in terms of Annexure 11 of Master Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020, if a TPA Company has completed less than six months in a financial year and due for renewal, that period may be ignored. Thus, the business procured in the fourth financial year, i.e. from 01st April 2021 to 24th June 2021, is not to be considered. Hence, the business carried out by the TPA for two financial years, i.e., for FY 2019-20 and 2020-21 was considered.
6. In order to validate the business figures submitted by the TPA, the Authority had sought the details of the health services rendered by the TPA from all the insurers who



had a service level agreement (SLA). The information furnished by the insurers are specified hereunder:

Sr. No.	Particulars of Information	2019-20 (2 nd Year)	2020-21 (3 rd Year)
1	No. of Lives covered under Health Policies (to be reported as per provisions of Reg. 14 of TPA Regulations & Circular	1134	10602
2	No. of Policies Served (to be reported as per provisions of Reg. 14 of TPA Regulations and Circular	8	7995

7. On examining the information provided by the insurers, minor differences between the figures furnished by the TPA referred at Para 4 and the business figures given by insurers were noticed as specified hereunder:

	Information Provided by the TPA	Information Provided by the insurers	Difference
No. of policies serviced	7994	8004	-10
No. of lives serviced	12015	11841	174

8. Based on the data/information furnished by the insurers, it was observed that the TPA did not comply with the Minimum Business Requirements as specified hereunder:

Year since introduction of MBR	FY	Policies			Lives			Remarks
		Target	Actual	Status of fulfilment	Target	Actual	Status of fulfilment	
2 nd Year	2019-20	2500	8	No	5000	1134	No	As both parameters did not fulfil, no concession can be given as per Reg 15 (C) (6) (a).
3 rd Year	2020-21	5000	7995	Yes	10000	10602	Yes	No Comments
	Total	7500	8003		15000	11736		



	Average	3750	4001.5	Yes	7500	5868	No	On an average basis TPA fulfilled only number of policies, but not number of lives. Hence did not comply with Reg 15 (C) (6) (b).
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9. 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 TPA regulations, the registration shall not be renewed.
10. Hence, a show cause notice dated 30th June 2021 was issued to the TPA invoking the above referred provision.
11. The TPA submitted its response to the SCN vide letter dated 10th July 2021 forwarded by email dated 10th July 2021 and requested for a personal hearing.
12. As requested by the TPA a personal hearing was given which was held on 30th July 2021 at 15:00 hrs through Video Conference by WebEx and was chaired by Ms. T. L. Alamelu, Member (Non-Life).
13. The TPA company was represented by Mr. Harsh Binani, Director, Mr. Sanjib Jain, CFO and Mrs. Priyanka Jain, CAO. On behalf of the Authority Sri D.V.S. Ramesh, General Manager (Health), Sri P. G. Kumaravaidyalingam DGM-OSD (Health) and Sri Saurabh Vinayak, Manager-OSD (Health) were present in the personal hearing.
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. The minimum eligibility criterion, kept by PSU insurers, is generally three years of functioning as TPA for allocation of retail health insurance business or for participation in 'Ayushman Bharat' scheme in various states.



17. Due to pandemic and nationwide imposed lockdown, the TPA was restricted from meeting representatives of customers, insurance companies, etc. and establish links with them.
18. One of the PSU insurers had empaneled the TPA for retail health business in October 2019 but the allocation started only in May 2020 which was the peak time of pandemic. The time lag between the allocation process and actual commencement of business and then the onslaught of pandemic is beyond the control of the TPA Company.
19. Their first year of operations was consumed in conducting trial of their software with several Hospitals, Clinics, Insurance Companies in order to make it error free, which takes a reasonable amount of time.
20. The TPA requested to renew the Certificate of Registration.
21. While the decision of the Competent Authority is under consideration, the TPA has filed a writ petition before Hon'ble High Court of Delhi at New Delhi vide W.P.(C) 10379/2021. The Hon'ble High Court directed the Authority to "*scrutinize the application preferred by the petitioner for renewal of Certificate of Registration for next three years from June, 2021 in light of Regulation No. 27 – Removal of Difficulties and keeping in mind the facts which have been highlighted by the petitioner at Annexure P26 to the memo of this petition. This exercise shall be completed by concerned Authorities after taking into consideration Regulation 27 for scrutinizing the application dated 19/20.4.2021 for renewal of certificate of a registration within a period of two weeks from the date of receipt of copy of the order of this Court*".
22. The order of the Hon'ble High Court was received at the office of the Authority on 23rd September 2021.

Decision of the Authority:

23. The submissions of the TPA are examined. It is clarified that the minimum business requirements were notified on 28th March 2016 and that the Certificate of Registration was issued to the TPA on 25th June 2018. Thus, the TPA is fully aware of the business obligations imposed on it by virtue of minimum business requirement and it ought to have taken serious initiatives in order to ensure that it is always compliant with the regulations.
24. Considering the submissions made by the TPA and the information furnished by the insurers who had a service level agreement with the TPA for rendering health services, it is found that the TPA did not comply with the Minimum Business Requirements. The Minimum Business Requirement (MBR) figures of the TPA, based on the information furnished by the insurers, and the status of compliance are as under:



Year since introduction of MBR	FY	Policies			Lives			Remarks
		Target	Actual	Status of fulfillment	Target	Actual	Status of fulfillment	
2 nd Year	2019-20	2500	8	No	5000	1134	No	As both parameters did not fulfill, no concession can be given as per Reg 15 (C) (6) (a).
3 rd Year	2020-21	5000	7995	Yes	10000	10602	Yes	No Comments
	Total	7500	8003		15000	11736		
	Average	3750	4001.5	Yes	7500	5868	No	On an average basis TPA fulfilled only number of policies, but not number of lives. Hence did not comply with Reg 15 (C) (6) (b).

25. Thus, it is concluded that the TPA did not fulfill the Minimum Business Requirements during 2019-20 in any of the parameters as specified under regulation 14 of TPA Regulations, 2016 read with the Minimum Business norms as stipulated under Annexure-11 of Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020. It is also observed that on an average basis for the years under consideration, the TPA fulfilled only the number of policies serviced but not the number of lives serviced. Thus, as per Reg. 15(C) (6) (b), the Authority may consider the application of renewal, if the TPA has fulfilled the Minimum business criteria on an average basis for the years under consideration, however, as stated above, the TPA has not fulfilled the criteria on average basis for the number of lives serviced. 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 registration shall not be renewed.

26. While the matter is under consideration of the Authority, the TPA filed a writ petition before the Hon'ble High Court of Delhi at New Delhi. The Hon'ble Court in their decision directed the authority to scrutinize the application preferred by the petitioner for renewal of Certificate of Registration for next three years from June, 2021 in light of Regulation No. 27 – Removal of Difficulties and keeping in mind the facts which have been highlighted by the petitioner. Provisions of Regulation No. 27 of TPA Regulations, 2016 are reproduced hereunder:

“In order to remove any doubts or the difficulties that may arise in the application or interpretation of any of the provisions of these regulations, the Chairperson of the Authority may issue appropriate clarifications or guidelines as deemed necessary.”

In this regard, it is clarified that the Regulation 27 enables Chairperson of the Authority to remove difficulties in the application of the provisions of these regulations. It does not mean that the Chairperson can exonerate/exempt a particular legal entity from the applicability of the regulations. These regulations only enable Chairperson to remove doubts or difficulties in the application or interpretation of these regulations by issuing suitable instructions to the entire industry (in this case to all the affected TPAs) well in advance. There is no relaxation power vested with Chairperson under this regulation. It is also clarified that the TPA did not fulfill minimum business requirement during FY 2019-20. Hence, pandemic shall not be attributed to the failure of the TPA in fulfilling the stipulated minimum business requirements.

27. In view of this, and as per 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. 037, filed by **M/S Vision Digital Insurance TPA Private Limited**.

28. Following directions are to be complied with, in view of rejection of application for renewal of TPA License No. 037 of M/s Vision TPA;

- a. Vision 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 Vision 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 Vision TPA.
- c. Vision TPA shall immediately submit the data collected and the books, records or documents etc., relating to the TPA business carried on by it to respective insurers.
- d. Vision TPA shall cooperate with insurance companies in making suitable alternate arrangements to service the policy holders in respect of whom the policies are in force.
- e. Vision 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: 04th October 2021

Sd/-
Member (Non-Life)