

Order in the matter of Heritage Health Insurance TPA Pvt. Ltd.

1.1. Based on the

- 1.1.1. Show Cause Notice ("SCN") Ref. No. IRDA/Enforcement & Compliance/2021/660/SCN/042 dated 05th September, 2024 issued to Heritage Health Insurance TPA Pvt. Ltd. (TPA) in connection with the remote inspection conducted by the Authority from 08th November 2021 to 11th November 2021.
- 1.1.2. Submissions made by the TPA vide email dated 25th November 2024 in response to the aforesaid SCN.
- 1.1.3. Submissions were made by the TPA during the personal hearing held on 06th March, 2025, chaired by a panel of two whole-time members of the Authority – Shri P.K. Arora (Member-Actuary) and Shri Rajay Kumar Sinha (Member-F&I)
- 1.1.4. Further submissions made by the TPA post-hearing vide email dated 13th March 2025.

2.1. Background

- 2.1.1. The Authority had conducted a remote inspection on Heritage Health Insurance TPA Pvt. Ltd. (TPA) from 08th November 2021 to 11th November 2021. The inspection report, inter alia, revealed certain violations of provisions of the Insurance Act, 1938 and Regulations, Guidelines and Circulars issued thereunder.
- 2.1.2. A copy of the inspection report was forwarded to the TPA on 15th December 2021 seeking their response and the TPA submitted their response vide letter dated 30th December 2021.
- 2.1.3. On examining the submissions of the TPA, an SCN was issued on 05th September, 2024. The TPA replied to the SCN vide email dated 25th November, 2024. As requested for by the TPA, a personal hearing was granted to the TPA on 06th March, 2025 by a panel of two Whole Time Members Shri P.K. Arora, Member (Actuary), Shri Rajay Kumar Sinha, Member (F&I).

- 2.1.4. On behalf of the TPA, Shri Sunil Parekh (Director & Chief Executive Officer), Shri Manas Chakraborty (CAO, Smt. A.K. Roohi (Regional Manager) and on behalf of the Authority, Shri RK Sharma (Chief General Manager), Shri TV Rao (General Manager), Shri Sanjay Kumar Verma (General Manager), Shri Manoj Kumar Asiwai (Deputy General Manager) and Shri Monu Moar (Assistant Manager) attended the hearing.
- 2.1.5. The submissions made by the TPA in its letter dated 30th December 2021 and the submissions made after SCN vide email dated 25th November, 2024, submissions during the personal hearing on 06th March, 2025 and further submissions made post hearing vide email dated 13th March 2025 have been carefully considered by the Authority and are summarized below:

3.1. Charge-1

Violation of

- 3.1.1. Regulation 3 (1) (a) of IRDAI Third Party Administrators-Health Services, Regulations, 2016.
- 3.1.2. Regulation 27 (V) of IRDAI (Health Insurance) Regulations, 2016

3.2. Inspection Observation_C-8

- 3.2.1 It was observed that the TPA has closed the health claims for need of documents/further information from the claimants and a copy of the said communication is marked to insurer. There is no evidence that the TPA has forwarded the query letter or any reminders to policyholders.

3.3. Summary of TPA's Submissions:

- 3.3.1. The TPA submitted that remote inspections were carried out during the aftershock period of the COVID-19 pandemic.

- 3.3.2. The TPA submitted that they render services related to Health Insurance Policies based on the Service Level agreement with the insurer, terms and conditions cited in respective policies and various guidelines issued by the Insurer time to time.
- 3.3.3. Further, TPA stated that the insurer directed that claims be closed immediately where all necessary reminders had already been sent to customers and hospitals but no response was received and are pending for a decision.
- 3.3.4. TPA submitted that query letters and reminders were given to the Insured and there were relevant Policy provisions empowering the TPA to recommend for rejection by the Insurer where there is non-compliance by the policy holders of vital documents even after sending query letter and reminders in regular interval for claim disposal purpose.
- 3.3.5. Further, in all the sample cases TPA submitted that the query letters reflected print date instead of original query date.

3.4. Decisions on Charge-1:

- 3.4.1. The TPA has provided details of the query letters sent to the policyholders post issuance of Show cause notice in the cases identified by the inspection team during the inspection. In these cases, reminders were issued prior to closing the claim as claimed by the TPA. The said information was not made available to the Inspection team and in the response to the inspection report. The copies of the query letters and reminders submitted to the inspection team by the TPA were printed with the date on which they were provided. Later the TPA provided the query letters with the respective dates which creates the legitimate suspicion that the letters might have been created to satisfy the Authority with

respect to the concerns raised. For example, in the claim with respect to Policy No. 51290034192800000353, TPA requested policyholder to share requirements like doctor's investigation, original bills. The date of query letter is 08.11.2021 (the date of inspection). The claim is closed on 28.10.2020. In closure letter the TPA did not mention the date of query letter. Hence, it is noted that there is no evidence that the TPA has forwarded query letter to policyholder before closing the claim. There are no reminder letters forwarded to policyholder. It is not evident from documents shared that the TPA has taken permission from insurer to close the claim. It is not clear as to why the TPA did not submit the correct query letters to the inspection team and in the response to the SCN and was able to produce the same only during the hearing with a justification that due to the time constraints, relevant queries were generated from the operational portal instead of using the original claim document. This shows that the TPA does not have proper systems to maintain records which can be submitted to the Authority when asked for.

3.4.2. Communication/Query Letter/email with respect to the admissibility or denial of the claim is core function for the claim settlement and the Regulations mandate that TPA has to assist the policyholder in claim process rather than working on behest of the insurer by closing the claim which they are not empowered to do. As per Regulation 27 (V) of IRDAI (Health Insurance) Regulations, 2016; no claim shall be closed in the books.

3.4.3. TPA has submitted that they follow the instructions of insurer as contained in the agreement (Annexure A1). Clause 5.17 of the agreements deals with settlement/rejection of claims wherein TPA is required to issue deficiency requests to claimants/insureds and in case of non-submission of requested documents within 7 days, TPA shall send 3 reminders at an interval of 7 days each. If the requested documents are not submitted

within 7 days from 3rd reminder, the claims shall be repudiated. Instead of intimating claimants/insureds that their claims stand repudiated due to non-submission of documents, TPA intimated that their claims are closed.

- 3.4.4. According to Regulation 33(d)(iv) of Health Insurance Regulations 2016, where a claim is denied or repudiated, the communication about the same shall be made only by the insurer by specifically stating the reasons for denial or repudiation with reference to corresponding policy conditions. In the sample claims, TPA has communicated the repudiation that too without reference to the corresponding policy conditions. The wording of TPA's communication implies as if the TPA itself has closed the claims.
- 3.4.5. The aforementioned observations have led the Authority to conclude that the TPA has failed to service the health claims within the framework of the guidelines issued by the insurers for settlement of the claims.
- 3.4.6. The TPA has submitted an undertaking signed by the CEO stating that they have not closed any claims post inspection period till the date of submission.
- 3.4.7. The TPA is hereby warned for closing the health claims on its own and issuing the communication regarding denial/repudiation of the claim directly to the policyholders in contravention of Regulation 3 (1) (a) of IRDAI Third Party Administrators-Health Services, Regulations, 2016 and Regulation 27 (V) of IRDAI (Health Insurance) Regulations, 2016.**
- 3.4.8. The TPA is further advised to ensure that the decisions on claims are not taken or influenced by them. TPA must ensure that the communication with respect to repudiation of claim shall only be issued by the insurer and not the TPA.**

4. Summary of Decisions:

Charge No.	Violation of Provisions	Decision
1	Inspection Observation_1 a. Regulation 3 (1) (a) of IRDAI Third Party Administrators-Health Services, Regulations, 2016. b. Regulation 27 (V) of IRDAI (Health Insurance) Regulations, 2016	Warning & Advisory

5. Further,

- The Order shall be placed before the Board of the TPA in the upcoming Board Meeting and the TPA shall provide a copy of the minutes of the discussion.
- The TPA shall submit an Action Taken Report to the Authority on direction given within 90 days from the date of this Order.

6. If the TPA feels aggrieved by this Order, an appeal may be preferred to the Securities Appellate Tribunal as per the provisions of Section-110 of the Insurance Act, 1938.

Rajay Kumar Sinha
Member (F&I)

P.K. Arora
Member (Actuary)

Place: Hyderabad
Dated: 09th April 2025