

Publication : Outlook Money	Issue : September, 2018
Journalist : Himali Patel	Page: 54, 55

Insurance

Pliancy To Boost Health Insurance

Health insurance portability introduced to assist policyholders overcome challenges



By Himali Patel

While the importance of having a health insurance policy cannot be undermined, the fact that it comes with its fair share of drawbacks is a reality one has to face. Even after having a health insurance policy, a customer simply may not be happy with the services of the insurance company. Yes, it might come as a surprise, but a policyholder often faces challenges such as slow claim settlement process, low-quality services, increased premium and late reimbursements. In order to address such issues in a more effective manner, the Insurance Regulatory and Development Authority of India

(IRDAI) introduced the concept of health insurance portability. The system allows a policyholder the option of porting his or her health insurance policy from one company to another without compromising

on major benefits.

Further explaining the concept, Anand Roy, Joint MD, Star Health and Allied Insurance said, "Portability means the right accorded to an individual health insurance policyholder (including family cover) to transfer the credit gained by the insured for pre-existing conditions and time-bound exclusions if the policyholder chooses to switch from one insurer to another, provided the previous policy has been maintained without any break." Just like one would move from one power distributor to another, without interruption of supply or switch from one mobile operator to another without losing one's number, health insurance portability allows the customer to do the same.

Commenting on the benefits of health insurance portability, Jaideep Devare, MD, Mahindra Insurance Brokers said, "Porting your original policy is a better option than buying a new policy for two reasons: one, you do not lose any no-claim bonus under your existing policy, and two, you get to carry forward your waiting period over to the new plan."

So, what are the kind of policies that can be ported?

Policyholders can port health insurance indemnity policies and not fixed benefit health insurance policies from one insurance company, which can either be General Insurance (GI) or Standalone Health Insurance (SAHI) company to another GI or SAHI company. However, certain fixed benefit policies such as hospital cash, critical illness and personal accident policies cannot be ported from life insurance companies.

JAIDEEP DEVARE

MD, Mahindra Insurance Brokers



Porting your original policy is a better option than opting for a new one

“Porting is also possible for group health insurance policies of GI or SAHI company of your current insurer to retail health insurance policies of GI or SAHI company. However, the insurer needs to be the same,” said Nikhil Apte, Chief Product Officer, Royal Sundaram General Insurance. One of the biggest benefits of portability is that the policyholder can be in control of their health insurance policy — and as well as their medical expenditure and further they retain all the benefits accumulated in their old plan.

Also, porting enables the customer to enjoy weightages for waiting period and time spent in the previous policy when she moves to a new policy. Portability therefore, ensures that the customer can switch from one GI company or SAHI company to another GI or SAHI company of their choice without losing the benefits. Apte explained that for example, a customer who currently has a health insurance policy with A – SAHI company for three consecutive years, at the time of renewal seeks to move to GI

Read pros and cons thoroughly before porting policies

company B, wherein, his pre-existing waiting period will be reduced by three years, there will not be any initial waiting period applicable, no claim bonus will be transferred to the new company and there will not be any two years’ waiting period applicable for certain ailments such as cataract surgery or knee-replacement.

Having said that, it is crucial to note that health insurance policies can be ported only at the time of renewal, when the customer approaches the new insurance company within 45-60 days prior to the expiry of the policy. The porting form should be collected from the new insurer along with the proposal form of the plan you intend to opt for. Both should be filled and submitted with premium for the new policy along with other required documents. The new insurer will check policyholder’s original

policy details as well as his new documents and forms, and approve or disapprove within 15 days of submission. Further, on receipt of such request, the insurer approaches the former insurer for medical and claims history of the customer.

“When a customer ports, medical underwriting happens on the current health status of the customer and not how the customer was when he purchased the policy for the first time. On the basis of the current health status, the customer may be subjected to co-pay or loading in premium also,” explained Apte. On the other hand, the outcome of medical underwriting the company, post evaluation on the various medical underwriting parameters can either reject, or accept the case. Also, fresh waiting period will be applied on the additional sum insured if required.

Although porting is a considerable effort by the customer, experts suggest it is always advisable for the customer to go for a higher sum insured. “The new insurer accepts or rejects the proposals based on the information received and the underwriting guidelines. Once the new insurer accepts the proposal the customer will continue to receive all the benefits, he enjoyed in the earlier policy,” said Eswarnatarajan N, Senior EVP and Chief Operating Officer, Kotak General Insurance.

However, experts also come with a caveat that a policyholder should thoroughly understand the pros and cons before opting for a portability. “No two insurance plans are identical, in which case a policyholder may have to consider key aspects like sub-limits, coverage premium, waiting period and co-payment clause. Thus, before porting, they have to be doubly sure that both the new policy and insurer fulfil their health insurance requirements,” concluded Devaré. □

Process of Porting A Health Insurance Policy

- On receipt of an application for porting, the insurance company shall furnish the applicant, the Portability Form together with a Proposal Form and relevant product literature on the various health insurance products which could be offered
- The policyholder shall fill in the Portability Form along with Proposal Form and submit the same to the insurance company
- On receipt of the Portability Form, the insurance company shall address the existing insurance company seeking necessary details of medical history and claim history of the concerned policyholder
- This shall be done through the Insurance Information Bureau of India (IIB) portal. Previous policy details will be furnished for the requisite data in the data format for porting insurance policies prescribed by IIB.
- On receipt of the data from IIB, the new insurance company may underwrite the proposal in accordance with its underwriting policy as filed by the company with the authority and convey its decision to the policyholder.

Source: Star Health and Allied Insurance

himali@outlookindia.com