

Ref: IRDAI/HLT/MISC/ORD/175/06/2021

Order in the matter of M/S Alankit Insurance TPA Limited

Based on the

- a. Show Cause Notice (SCN) dated 2nd December 2020 issued on observed violations in complying with the provisions of IRDAI (TPA-Health Services) Regulations, 2016 (hereinafter referred as TPA Regulations) by M/s. Alankit Insurance TPA Ltd. (Alankit TPA / the TPA).
- b. Response to the above SCN made by the TPA in their written replies vide letter dated 11th December 2020 and vide email dated 17th December 2020.
- c. Submissions made by the TPA during Personal Hearing chaired by Ms. T.L. Alamelu, Member (Non-Life), on 20th January 2021 at 15:00 hrs. through Video Conference by WebEx.
- d. Submissions made by the TPA vide letter dated 15th March 2021 forwarded vide email dated 15th March 2021.

Background

1. M/s Alankit TPA was granted certificate of registration No. 21 on 18th November 2002. The certificate of registration of the TPA was renewed for the period 18th November 2017 to 17th November 2020. The certificate of registration was due for renewal on 17th November 2020 and the renewal application was filed by the TPA on 'Business Analytics Project' (BAP) Portal on 17th October 2020.
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. From the above, it is noted that the minimum business requirements as stipulated by the Authority were applicable to Alankit TPA from FY 2016-17 onwards.
5. The TPA in the renewal application dated 17th October 2020 furnished the following details with regards to the business stated to have been carried out by them in the preceding three years:

S. No.	Particulars of Information	Preceding three financial years		
		2018-19 (3 rd Year)	2019-20 (4 th Year)	2020-21 (Proportionate for six months) (5 th Year)
1	No. of insurers with whom SLAs entered with	4	5	5
2	No. of lives covered under Health Policies (to be reported as per provisions of Reg.14 of TPA Regulations & Circular)	55802	16303	19148
3	No. of Policies (to be reported as per provisions of Reg.14 of TPA Regulations and Circular)	5801	225	7965

6. From the information furnished, 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 fulfillment	Target	Actual	Status of fulfillment	
3	2018-19	5000	5801	Yes	10000	55802	Yes	No Comments
4	2019-20	10000	225	No	25000	16303	No	As both parameters did not fulfill no concession can be given as per Reg 15(C)(6)(a).
5	2020-21 (Proportionate for six months Apr'20-Sep'20)	5000	7965	Yes	12500	19148	Yes	No Comments
	Total	20000	13991		47500	91253		
	Average	6666.66	4663.66	No	15833.33	30417.67	Yes	On an average basis TPA fulfilled only number of lives, but not number of policies. Hence did not comply with Reg 15(C)(6)(b).

- 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 TPA regulations, the registration shall not be renewed.
- Hence, a show cause notice dated 2nd December 2020 was issued to the TPA invoking the above referred provision.
- The TPA submitted its response to the SCN vide letter dated 11th December 2020 stating that they have fulfilled the minimum business criteria on average basis for last 3 years in consideration. The TPA submitted business details for 2018-19, 2019-20 and 2020-21 (from April, 2020 – Nov, 2020). The TPA also requested for a personal hearing.

10. In terms of Annexure 11 of Master Circular Ref: IRDAI/TPA/REG/CIR/130/06/2020 dated 03rd June 2020, 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. Hence, the Authority sought business figures (Number of Policies serviced and number of lives serviced) for the period 1st April 2020 to 31st October 2020 from the TPA vide email dated 15th December 2020.
11. The TPA submitted the following business figures for the period 1st April 2020 to 31st October 2020 vide email dated 17th December 2020:

Number of Policies Serviced	15,104
Number of Lives Serviced	26,446

12. In order to validate the business figures for the period 1st April 2020 to 31st October 2020 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). On receipt of responses from the insurers, significant differences between the figures furnished by the TPA and the business figures given by insurers both, in terms of number of policies serviced and number of lives serviced, were noticed as specified hereunder:

	Information Provided by the TPA	Information Provided by the insurers*
No. of Policies serviced	15,104	8,293
No. of Lives serviced	26,446	36,722

(*This information also subsequently changed, as specified at Para 23 of the order, pursuant to the certificate of business submitted by the TPA)

13. It was observed that the TPA did not comply with the minimum business requirements.
14. As requested by the TPA a personal hearing was given which was held on 20th January 2021 at 15:00 hrs through Video Conference by WebEx and was chaired by Ms. T. L. Alamelu, Member (Non-Life).
15. The TPA company was represented by Mr. Alok Kumar Agarwal, Director, Mr. Bodh Raj Punj, CEO, Dr. V. K. Monga, CMO and Mr. Mukul Pandey, SVP. On behalf of the Authority Sri Suresh Mathur, Executive Director, 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.

16. The findings on submissions made by the TPA vide email dated 15th March 2021 and the decisions thereon are as under:

Charge:

17. The TPA did not comply with the minimum business requirements as specified under Regulation 14 and 15 of TPA Regulations, 2016. The Regulation 15 (C) (6) under TPA regulations are reproduced here under:

“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.”

Gist of TPA's submissions:

18. During the personal hearing, the TPA submitted the insurer wise break-up of business figures done during April, 2020 – October, 2020. The TPA submitted that during this period they serviced 15,105 policies. In terms of number of lives, the TPA submitted that they serviced 42,919 lives during the same period. These submissions are in deviation from the submissions made vide e-mail dated 17th December 2020, as mentioned in Para 11. It is also observed that these details are in deviation with the business figures furnished by the insurers, as mentioned in Para 12.

19. Significant differences were noticed in respect of the business figures furnished by the TPA. Differences were also observed between the business figures furnished by the TPA vide email dated 17th December 2020 (Para 11) and those figures that were submitted by the TPA during the personal hearing (Para 17).

20. In order to ascertain the correct business serviced by the TPA during the period 1st April 2020 to 31st October 2020, the Authority directed the TPA to submit Certificate of Business, from an officer not below the rank of General Manager in-charge of Health Business of the corporate office of the respective insurance companies in support of



assigning the servicing of lives and policies in the format as specified by Health department of the Authority. Accordingly, the TPA was advised to furnish the certificate of business from the insurers by 15th February 2021 and the TPA sought additional time which was allowed up to 15th March 2021.

21. Out of the four general insurance companies with whom the TPA has SLA, the TPA submitted the Certificate of Business dated 12th March 2021 from only one of the insurers for the period 1st April 2020 to 31st October 2020. From the business figures furnished it is found that the TPA did not comply with the minimum business requirements.

Decision of the Authority:

22. In order to validate the business figures, the TPA was directed to submit the Certificates of Business from the insurers with whom the TPA has SLA. However, the TPA submitted the Certificate of Business dated 12th March 2021 from only one of the insurers. The business figures, specifically the number of policies serviced, for other insurers are relatively less and will not alter the decision of the Authority. Hence, though the TPA did not produce the certificate of business from the remaining three insurers, the Authority considered the responses of other insurers which were received by emails in December, 2020.

23. Considering the submissions made by the TPA and the responses of the insurers who had a service level agreement with the TPA for rendering health services, the Minimum Business Requirement (MBR) figures of the TPA and the status of compliance are as under:

Year since introduction of MBR	FY	Policies		Status of fulfilment	Lives		Status of fulfilment	Remarks
		Target	Actual		Target	Actual		
3	2018-19	5000	5801	Yes	10000	55802	Yes	No Comments
4	2019-20	10000	225	No	25000	16303	No	As both parameters did not fulfil no concession can be given as per Reg 15(C)(6)(a)



5	2020-21 (Proportion ate for seven months Apr-Oct'20)	5833.33	8422	Yes	14583.33	36650	Yes	No Comments
	Total	20833.3 3	14448		49583.33	108755		
	Average	6944.44	4816	No	16527.78	36251.67	Yes	On an average basis TPA fulfilled only number of lives, but not number of policies. Hence did not comply with Reg 15(C)(6)(b)

24. 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 lives serviced but not the number of policies 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 policies 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.

25. The TPA also did not produce the Certificate of Business from all the insurers as directed.

26. 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. 21, filed by **M/S Alankit Insurance TPA Limited**.

27. Following directions are to be complied with, in view of rejection of application for renewal of TPA License No. 21 of M/s Alankit TPA;

- a. Alankit 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 Alankit 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 Alankit TPA.
- c. Alankit 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. Alankit 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. Alankit 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 the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place: Hyderabad
Date: 30th June 2021

Sd/-
Member (Non-Life)