

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4921
ANSWERED ON:02.09.2011
GROUP MEDICAL INSURANCE
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Will the Minister of FINANCE be pleased to state:

- (a) whether the beneficiaries have been provided the flexibility to increase their insurance cover under the Group Medical Insurance Scheme;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the beneficiaries are provided insurance cover under the said scheme after their retirement/quitting the job;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the corrective steps taken/being taken by the Government to protect the interests of the said beneficiaries?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : Insurance Regulatory and Development Authority (IRDA) has reported that where an employer buys a group insurance policy as a service benefit for its employees and pays the premium, the employer has to be treated as the policyholder with the employees being treated as beneficiaries. Therefore, the flexibility to increase the insurance cover or its terms and conditions is also applicable for entire group as desired by the policyholder but not on individual basis.

(c) & (d): The IRDA has reported that, it depends on the employers whether they want to provide insurance cover under the Insurance Scheme to their employees even after their retirement. Otherwise, the group insurance cover ceases as soon as a member leaves the group.

(e): IRDA vide its Circular dated 14.7.2005, issued detailed guidelines on group insurance business. Further, while giving clearance for insurance policy products filed under File & Use, IRDA insists that wherever the health insurance policy is being sold to a Group, the prospectus and policy documents shall contain upfront disclosures on the mechanism for continuity of coverage being offered by the insurer to the individual members covered under the group insurance.