

IRDA against TPAs working for govt health insurance schemes

Insurance regulator **IRDA** is proposing to ban **Third Party Administrators** (TPA) from operating as intermediary for the government sponsored health insurance schemes.

"The licensed TPAs cannot enter into arrangements for servicing health schemes promoted, sponsored or approved by any non-insurance body including central, state, local governments, firms, corporates during the subsistence of the TPA license granted by the IRDA," the regulator said in a draft circular, on which it has invited comments.

The **Insurance Regulatory and Development Authority (IRDA)** had in 2005 allowed TPA to act for government sponsored schemes, but since then there has been an exponential growth in the health insurance industry.

The gross written premium of health insurance in India has increased to about Rs 11,145 crore at the end of March 31, 2011, from Rs 1,535 crore in end-2005.

"Given the growth of the health insurance sector it is important that the systems in place for servicing the health insurance should be dynamic and effective in order to ensure the orderly growth of the health insurance business in India," the draft said.

The circular said that with respect to existing contracts that any TPA is servicing with the government, such contracts would be continued till expiry of the period, without further renewal. "All insurance companies are directed to ensure that the TPA with whom they seek to enter into an agreement to render "Health Service" do not have any similar arrangement... for servicing parties other than insurance companies..." it said.