

Indian Insurers To Offer Life Insurance Cover To HIV / AIDS Patients



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The Insurance Regulatory and Development Authority (IRDA) of India has asked insurers to provide life insurance cover to *people living with HIV/AIDS* (PLHA) from **April 1, 2014**. However, the insurers said that the lack of proper data about the ailment will be a hurdle in determining the premiums of the product.

In the draft guidelines last week, the regulator said that the board-approved underwriting policy should be kept in place by all insurance companies. It said that PLHA's cannot be denied a life insurance cover, if they satisfy the eligibility criteria mentioned in the board-approved underwriting policy.

Pricing the risk is a major concern for the life insurance companies. While, they have been asked by the regulator that the mortality study conducted by the Institute of Actuaries of India with the support of the working group constituted by the National AIDS Control Organisation (NACO) could be referred for pricing, which insurers don't find viable.

The regulator also said that the insurance companies can also take the standard underwriting guidelines for life insurance products framed by the Life Insurance Council into consideration.

The biggest concern was that PLHA condition was still not completely curable, said a senior official from the industry, adding, "On one hand, while we are finding it difficult to price conditions such as cancer, a product for PLHA would become unaffordable for the masses."

Further, the guidelines said the board-approved underwriting policy should provide clear guidelines on PLHA and clearly indicate all possible risks to be considered for underwriting, along with the eligibility criteria to consider such proposals in terms of medical and non-medical parameters.

The policy should also specify all the risks that would be deferred and denied/declined, it added.

In the case of health insurance products offered by life insurers, the regulator said that if an insured is HIV negative at the time of signing the policy, and later found to be HIV positive during the policy term, the insurance company can't reject/deny any claim, on such grounds. In such cases, the insurer can provide options such as - PLHA as a critical illness, providing a lump sum amount to the insured on becoming HIV-positive; conversion of the lump sum into annuity for life in the event of the insured becoming HIV-positive; and providing health cover on a benefit basis, excluding the treatment for HIV/AIDS.

To ensure the insurance seekers are HIV negative, they have to go through a HIV test, an official said, adding, "Presently

we do not check people for HIV/AIDS. So unless they declare that they are under PLHA category, we will have no idea of their physical condition.”

The IRDA had issued draft guidelines for life and non-life insurance companies as well on offering insurance cover to HIV patients. The guidelines said the underwriting policy would particularly address individuals who are yet to show symptoms of AIDS and are in stages 1 or 2 of the infection.

However, the regulator has granted insurers a relief authorising them to decide the eligibility criteria for PLHA. According to the guidelines, if an individual insurer doesn’t want to insure people living with HIV/AIDS in their last stages, can exclude them. This is a great relief for smaller players as they are not in the position to cover these risks.

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