

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

STARRED QUESTION NO. *103

TO BE ANSWERED ON TUESDAY, JULY 26, 2022/ SRAVANA 4, 1944 (SAKA)

COMPLAINTS AGAINST INSURANCE COMPANIES

***103 Shri Sanjay Raut:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has received many complaints/allegations against various insurance providers engaged in a number of offences, misusing policy holders funds, rerouting funds through additional businesses and paying exorbitant overriding commissions to banks and their agents;
- (b) if so, the details thereof and Government's reaction thereto;
- (c) whether it is a fact that many insurance companies are unjustly denying COVID-19 related claims;
- (d) if so, the number of such cases registered against the insurance companies by insurance policy holders and their families during the last two years; and
- (e) the details of steps taken or proposed to be taken in this regard?

ANSWER

**THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)**

(a) to (e): A Statement is laid on the Table of the House.

Statement as referred to in reply to part (a) to (e) of Rajya Sabha Starred Question no. *103 for July 26, 2022/ Sravana 4, 1944 (Saka) regarding “Complaints against insurance companies” by Shri Sanjay Raut, Hon’ble Member of Parliament

(a) and (b): Insurance Regulatory and Development Authority of India (IRDAI) has informed that no specific complaints/allegations with supporting documentary evidence, against various insurance providers engaged in a number of offences, misusing policy holders funds, rerouting funds through additional businesses and paying exorbitant overriding commissions to banks and their agents have come to their notice.

(c) to (e): IRDAI has further informed that no cases wherein the insurance companies have unjustly denied the COVID-19 related claims have come to their notice.

IRDAI has also informed that a policyholder who has a grievance regarding a claim, can represent to the Grievance Redressal Officer of the insurer concerned and upon either not being satisfied with the response or expiry of one month, represent to the Insurance Ombudsman, who is authorised to award compensation to policyholders after due hearing.

In terms of Rule 13 of the Insurance Ombudsman Rules, 2017, an Ombudsman shall receive and consider complaints alleging deficiency in performance required of an insurer (including its agents and intermediaries) or an insurance broker, *inter-alia*, on the grounds of delay in settlement of claims beyond the time specified in the IRDAI regulations, any partial or total repudiation of claims by the insurers, misrepresentation of policy terms and conditions at any time in the policy document or policy contract, policy servicing related grievances against insurers and their agents and intermediaries, non-issuance of insurance policy after receipt of premium in life insurance and general insurance including health insurance. The Council for Insurance Ombudsmen has intimated that during the period from the financial year (FY) 2020-21 to FY 2022-23(till 20.7.2022), 6915 complaints have been registered with Insurance Ombudsmen in respect of COVID-19, of which 5443 complaints have been disposed by the concerned Ombudsman.

IRDAI has also issued IRDAI (Protection of Policyholders' Interests) Regulations, 2017 for ensuring speedy settlement of insurance claims and policyholder-centric governance by insurers with emphasis on grievance redressal.

IRDAI has also informed that since the onset of the pandemic it has taken, *inter alia*, the following steps for speedy settlement of COVID-19 related health insurance claims:

- (i) All general and health insurers have been instructed that any claim to be repudiated has to be reviewed by the apex level claims review committee of the insurer.
- (ii) All insurers have been advised to publish frequently asked questions (FAQs) on COVID-19 claims on their respective websites and to be sensitive towards the requirements of policyholders in settlement of claims.
- (iii) IRDAI's Guidelines on Standardisation of General Terms and Clauses in Health Insurance Policy Contract now require insurers to settle claims within 30 days of receipt of the last necessary document.
- (iv) IRDAI has issued a circular allowing collection of health premiums in instalments to ease payment burden.
- (v) Government provided a grace period till 15.5.2020 for paying health premium for policies falling due between 25.3.2020 and 3.5.2020, to enable continuity of cover.
- (vi) Standard COVID-19 related insurance products have been launched for covering COVID-19 (namely, Arogya Sanjeevani, Corona Kavach and Corona Rakshak), which are simple and easy to understand and have a simplified claim settlement process
