

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION No. 1824

ANSWERED ON TUESDAY, 16th DECEMBER, 2025/ 25 AGRAHAYANA, 1947 (SAKA)

CAR INSURANCE CLAIM FRAUD AND REGULATORY OVERSIGHT

1824 SHRI AKHILESH PRASAD SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken cognisance of rising complaints regarding fraudulent practices during car-insurance claim settlement, including coercive assessment, arbitrary deductions and forced cash-loss agreements by insurers or surveyors;
- (b) the steps taken by IRDAI to strengthen monitoring of motor-claim investigations, digital evidence verification and grievance redressal;
- (c) whether stricter penalties for surveyor misconduct are being considered; and
- (d) the details of actions taken against insurers found violating claim-settlement norms over the last three years?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b): The sector regulator, Insurance Regulatory and Development Authority of India (IRDAI) has taken various regulatory measures for protection of policyholders' interests which require insurers to adopt transparent, time-bound and fair claim-settlement processes. The Regulations form the primary legal instrument to prevent arbitrary or coercive practices during motor claim settlement.

The IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024 stipulate that insurers must have board-approved claim-settlement policies, disclose the roles, duties and appointment details of surveyors/loss assessors to the insured, and ensure that all claim deductions and settlements are transparent, reasonable and supported by documentary explanation.

IRDAI has reported that the percentage of complaints in motor segment to total complaints was 26.18% in FY 2023-24, which has come down to 24.8% in FY 2024-25.

Further, out of total 10,156 complaints received by Insurance Ombudsman under motor insurance category during FY2022-23, FY2023-24 and FY2024-25, a total of 9,943 were disposed (awarded, withdrawn and non-entertainable), and rest are under process.

As per provision of the Master Circular on Protection of Policyholders' Interests, 2024, in motor insurance, any loss that less than Rs. 50,000/- need not be mandatorily surveyed by a registered surveyor. Insurers are using App based methodology with AI-Driven assessment for the same.

(c) and (d): IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 provides for monitoring of surveyor performance by insurers, including adherence to the prescribed code of conduct. Insurers are required to examine any reported deviations, undertake necessary enquiries and report established violations to the Authority. Such cases are processed in accordance with the regulatory framework.

Further, IRDAI may suspend a license of a surveyor under various grounds such as failure to discharge the duties and responsibilities in a satisfactory and professional manner, violation of code of conduct specified in the Regulations, acting prejudicial to the interest of the policyholders etc.

IRDAI has also issued 53 cautions and advisories to various surveyors as a part of regulatory action taken on inspection observations during FY2022-23, FY2023-24 and FY2024-25.

The details of actions taken by IRDAI against insurers found violating claim settlement norms are provided in the Annexure.

Annexure referred to in reply to Rajya Sabha Unstarred Question No.1824 for answer on 16.12.2025 for Car insurance claim fraud and regulatory oversight

S. No.	Date of Order	Insurer	Violation	Subject Matter	Action
1.	03/01/2024	Reliance General Insurance Co. Ltd.	Non-Life Insurer violated Clause-15 (5) (d) of MISP Guidelines bearing Ref.No. IRDAI/INT/GDL/MISP/202/08/2017 dated 31st October 2017 by making payments other than the distribution fee to MISP and Insurer violated the provisions of Reg.12 (1) & (2) of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015	By appointing in-house employees to assess the losses beyond Rs. 50,000/- under Motor Insurance, who did not possess the license issued by the Authority.	Penalty of Rs. Two Crore
2.	01/08/2024	HDFC Life Insurance Co. Ltd.	14(2)(iv) of IRDAI (Protection of Policyholders Interests) Regulations, 2017	There were considerable delays in the settlement of maturity claims and the Insurer did not pay the penal interest at the time of settlement of maturity amount. Similarly, the insurer has not been making the payments of survival benefits on time to the policyholders and also not making interest payments on the delays.	Penalty of Rs. One Crore
3.	23/01/2025	Royal Sundram General Insurance Co. Ltd.	Regulation-27 (v) of IRDA (Health Insurance) Regulations, 2016	The insurer had closed the health insurance claims in previous year / current financial year and re-opened the same in current / next financial year and settling the claims.	Warning and Advisory to prioritize a thorough review and realignment of internal processes in order to comply with the provisions of the extant master circulars / regulations
4.	07/11/2025	Universal Sompo General Insurance Co. Ltd.	Regulation-27 (v) of IRDAI (Health Insurance) Regulations, 2016 Regulation-15 (8) of IRDAI (Protection of Policyholders' Interest) Regulations, 2017 6.1.2. Regulation-15(10) of IRDAI (Protection of Policyholders' Interest) Regulations, 2017	The insurer closed Health Insurance Claims where the requirements were pending from the Claimants / Insured. Moreover, the insurer did not provide the information/documents to the inspection team during the course of inspection. There were delays in settlement of claims of more than 30 days from the date of receipt of survey report or additional documents from the insured. Moreover, no penal interest was paid by the insurer to policyholders/claimants for such delayed settlement	Cautioned against closing claims in the books of the insurer without a final decision