

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**STARRED QUESTION NO. \*269**

ANSWERED ON TUESDAY, 17 MARCH, 2026/26 PHALGUNA, 1947 (SAKA)

**MIS-SELLING PRACTICES IN THE INSURANCE SECTOR**

\*269 # SHRI NEERAJ DANGI:

Will the Minister of Finance be pleased to state:

- (a) the details of the data registered regarding the increasing complaints of mis-selling in the insurance sector in the past three years, State-wise;
- (b) the number of insurance companies/agents against whom punitive action has been taken by Government during the said period and whether the current penalty system is insufficient to protect the interests of consumers;
- (c) if so, other strict measures being taken to safeguard the interests of consumers; and
- (d) whether Government proposes to develop any concrete mechanism to fix the accountability of individual agents as well as the concerned insurance companies in the cases of mis-selling of insurance products?

**ANSWER**

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF RAJYA SABHA STARRED QUESTION NO.\*269 FOR 17 MARCH, 2026 REGARDING ‘MIS-SELLING PRACTICES IN THE INSURANCE SECTOR’ TABLED BY SHRI NEERAJ DANGI, HON’BLE MEMBER OF PARLIAMENT**

(a) Bima Bharosa Portal maintained by the Insurance Regulatory and Development Authority of India (IRDAI) captures the data on “Unfair Business Practice” which includes “Mis-selling” and other practices where the customers are not treated fairly. The State-wise data of Unfair Business Practice is enclosed herewith as Annexure-1.

The complaints on Unfair Business Practices to total complaints in last three years is as under:

Year	Total complaints	Complaints on Unfair Business Practice	% of UBP to total complaints	Percentage of total complaints to total number of policies issued
2024-25	2,57,790	26,667	10.34	0.00767
2023-24	2,15,569	23,335	10.82	0.00597
2022-23	2,02,640	26,109	12.88	*

\* Data for 2022-23 not available with IRDAI

While in absolute numbers, the complaints on Unfair Business Practices have shown an increase, the same has shown slight decrease in terms of percentage.

(b) The IRDAI had imposed penalty under Section 102 of Insurance Act, 1938 on unfair business practices and other violations of the insurers and intermediaries. IRDAI has not imposed penalties on unfair business practices for FY 2022-23. The details of penalties imposed in FY 2023-24 and 2024-25 on unfair business practices are attached as Annexure-2.

(c) and (d) With the notification of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 the quantum of penalty to be levied under Section 102 has been increased to Rs.10 Crore from Rs. 1 crore.

Further, the IRDAI, under Section 34 of the Insurance Act, 1938 has been vested with the powers to issue directions of disgorgement. In order to curb mis-selling, the Authority has also taken the following measures:

- i. defined “mis-selling” under IRDAI (Protection of Policyholders’ Interests, Operations and Allied Matters of Insurers) Regulations, 2024.
- ii. specified that the Board policy of the insurer shall dwell on the measures to curb mis-selling, force-selling and mis-leading sales
- iii. specified the mechanism to be put in place to avoid mis-selling of insurance policies.
- iv. mandated suitability analysis for saving based Insurance Products and Annuity products except those sold to NPS subscriber.
- v. extended Free Look Period: A uniform period of 30 days is made applicable for Health and Life insurance policies.
- vi. mandated to capture the detail of agent / Specified Person in the proposal form as well as on policy document who has solicited the business from the customer.
- vii. introduced Customer Information Sheet (CIS) which provides in simple words, important information and basic features of the policy issued at one place.

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**Annexure 1 referred to in part (a) of Rajya Sabha Starred Question No. \*269 on “Mis-selling practices in the insurance sector” answered on 17.03.2026**

<b>S. No.</b>	<b>States and UTs</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>
1	Maharashtra	3,870	4,635	5,920
2	Uttar Pradesh	1,839	2,197	2,232
3	West Bengal	1,443	1,706	1,635
4	Haryana	947	1,215	1,143
5	Tamil Nadu	662	770	690
6	Karnataka	687	696	668
7	Madhya Pradesh	590	664	771
8	Gujarat	724	618	646
9	Rajasthan	559	595	740
10	Bihar	504	513	582
11	Andhra Pradesh	326	511	394
12	Jharkhand	346	420	385
13	Telangana	472	419	689
14	Punjab	489	392	459
15	Arunachal Pradesh	81	321	129
16	Kerala	337	304	226
17	Odisha	299	276	298
18	Assam	189	262	146
19	Himachal Pradesh	191	261	201
20	Chattisgarh	220	253	629
21	Uttarakhand	172	168	230
22	Others	5,666	116	1,296
23	Goa	69	39	56
24	Tripura	19	15	18
25	Meghalaya	8	14	6
26	Sikkim	8	12	6
27	Manipur	3	7	3
28	Mizoram	2	2	-
29	Nagaland	5	1	7
30	Andaman & Nicobar Islands	3,292	2,781	3,342

31	Chandigarh	77	96	79
32	Delhi	1,774	2,720	2,785
33	Lakshadweep	15	6	2
34	Jammu & Kashmir	181	294	232
35	Pondicherry	14	9	11
36	Daman and Diu and Dadra and Nagar Haveli	29	27	21
	<b>Grand Total</b>	<b>26,109</b>	<b>23,335</b>	<b>26,677</b>

**Annexure 2 referred to in part (b) of Rajya Sabha Starred Question No.\*269  
on “Mis-selling practices in the insurance sector” answered on 17.03.2026**

<b>PENALTIES LEVIED BY THE AUTHORITY DURING FY 2023-24</b>			
<b>S. No.</b>	<b>Name of the entity</b>	<b>Amount of Penalty (in Rs.)</b>	<b>Date of issuance of penalty order</b>
1	Reliance General Insurance Co. Ltd.	Rs.2 crore	03/01/2024

<b>PENALTIES LEVIED BY THE AUTHORITY DURING FY 2024-25</b>			
<b>S. No.</b>	<b>Name of the entity</b>	<b>Amount of Penalty (in Rs.)</b>	<b>Date of issuance of penalty order</b>
1	Bajaj Finance Ltd. (Corporate Agent)	Rs.2 crore	15/07/2024
2	HDFC Life Insurance Co. Ltd.	Rs.2 crore	01/08/2024
3	SBI Life Ins. Co. Ltd.	Rs.1 crore	06/09/2024
4	Royal Sundaram General Insurance Co. Ltd.	Rs. 1 crore	23/01/2025