

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 1322

TO BE ANSWERED ON SATURDAY, SEPTEMBER 19, 2020/BHADRAPADA 28, 1942 (SAKA)

INSURANCE COMPANIES

1322.SHRI BIDYUT BARAN MAHATO:

SHRI SANJAY SADASHIVRAO MANDLIK:

SHRI SUDHEER GUPTA:

SHRI SHRIRANG APPA BARNE:

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government has laid down guidelines for Insurance Companies regarding unfair business practices at the point of sale indulged by them and if so, the details thereof;
- (b) whether the Government has taken cognizance of increasing complaints against the public and private sector Insurance Companies under the category of unfair business practices;
- (c) if so, the details thereof along with the action taken/being taken by the Government on each complaints during each of the last three years and the current year;
- (d) whether the Government has fixed any time frame to resolve such complaints and if so, the details thereof including the complaints that have not been resolved within the fixed time frame during the said period; and
- (e) The further corrective measures taken/being taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): Under provisions of section 14(2) of the IRDAI Act, 1999, the Insurance Regulatory and Development Authority of India (IRDAI), has been entrusted with the powers to regulate, promote and ensure orderly growth of insurance business in India. Under these powers, IRDAI has notified IRDAI (Protection of Policyholders' Interests) Regulations, 2017, to ensure that the full information is given to the prospects, inter alia, about the product features, scope of benefits, exclusions and conditions of insurance cover at point of sale.

Under Regulation 5(1)(iv) of the said Regulations, the IRDAI has mandated all insurers to have in place a board approved policy which shall contain steps to be taken to prevent mis-selling and unfair business practices at point of sale and service. Under Regulation 6 of the said Regulations, the Authority has prescribed specific point of sale provisions to be complied with by all insurers, agents and intermediaries. Further, IRDA (Advertisement and Disclosure) Regulations, 2000 and other guidelines relating to advertisements are aimed at ensuring that any communication (including those on the internet) which directly or indirectly result in eventual sale or solicitation of policy should not be unfair or misleading.

(b) & (c): Following table shows the number of complaints received in IRDAI under the unfair business practices category, during the previous three years:

Year	Number of Complaints relating to unfair business practices	Total complaints	Percentage of UFBP complaints to total complaints
2017-18	54,229	154367	35.13%
2018-19	49,570	163264	30.36%
2019-20	43,444	165217	26.30%

Source: Integrated Grievances management System (IGMS)

In the current financial year, 9954 complaints of this category have been received in IRDAI till 31.7.2020. These complaints were taken up with Insurance Companies from time to time for resolution as per timelines, prescribed by the Authority.

(d): IRDAI has advised the Insurance Companies to resolve the complaints registered against them within two weeks of their receipt. In case insurer fails to resolve the complaint within 30 days of its receipt or the resolution provided by insurer is not to the satisfaction of complainant, he/she can approach Insurance Ombudsman. As on 31.07.2020, 39 complaints are pending for resolution out of which 22 are pending for less than 15 days and 17 are pending for more than 15 days.

(e): Further, IRDAI has notified various other regulations namely IRDAI (Appointment of Insurance Agents) Regulations, 2016, IRDAI (Registration of Corporate Agents) Regulations, 2015, IRDAI (Web Aggregators) Regulations, 2017 and IRDAI (Insurance Brokers) Regulations, 2018 prescribing code of conduct for agents, corporate agents and brokers so that they do not resort to mis-selling and unfair business practices at point of sale and to promote best practices during solicitation of the business. The IRDAI has also put in place Integrated Grievance Management System (IGMS), an online mechanism, to register complaints against insurance companies and to track them for their effective redressal. Besides, to create awareness in public about the insurance concepts, risks, benefits, exclusions, conditions, etc., IRDAI runs regular campaigns and publicity on electronic, social and print media.
