

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
STARRED QUESTION NO. *7

TO BE ANSWERED ON MONDAY, 03rd FEBRUARY, 2025/MAGHA 14, 1946 (SAKA)

UNCLAIMED INSURANCE FUNDS

***7. SHRI VIJAYAKUMAR ALIAS VIJAY VASANTH:
SHRI MANICKAM TAGORE B:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any data on the total amount of unclaimed insurance funds in the country and if so, the details thereof along with the amount claimed by beneficiaries from that amount during the last three years;

(b) the number of life insurance policies which are currently unclaimed along with the average amount due to each policy holder;

(c) whether the Government has taken any steps to raise awareness about unclaimed insurance funds and if so, the proposed legislation or regulatory changes made to simplify the process of claiming unclaimed insurance funds and reduce unclaimed policies;

(d) whether the nominees are required to search each insurer's website individually to locate

unclaimed funds and if so, the reasons therefor along with the steps taken by the Government to create a centralized database to facilitate the beneficiaries;

(e) the number of insurance companies which are currently complying with IRDAI guidelines to list unclaimed amounts of 1000 or more on their websites;

(f) whether the Government plans to address concerns around data privacy and security in the process of claiming unclaimed insurance funds along with the number of e-insurance accounts opened through CDSL or NSDL and the way by which it has impacted the number of unclaimed insurance funds;

(g) the measures taken to prevent insurance companies from rejecting claims for unclaimed funds due to minor discrepancies in documentation; and

(h) the average time taken by the insurers to process claims for unclaimed funds along with the details of penalties defined for delays in processing claims?

Answer

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

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

Statement as referred to in reply to part (a) to (h) of Lok Sabha Starred Question No. *7 for February 03, 2025/ 14 Magha, 1946 (Saka) regarding “Unclaimed Insurance Funds” by Shri Vijayakumar Alias Vijay Vasanth and Shri Manickam Tagore B, Hon’ble Members of Parliament

(a) & (b) : IRDAI has provided the details of unclaimed insurance funds with insurers in India as below:

Date	31.3.2022	31.3.2023	31.3.2024
Amount (Rs in crore)	25,403	23,699	21,718

IRDAI has further informed that it does not maintain data regarding amounts claimed by beneficiaries out of unclaimed amount, data on number of life insurance policies that are currently unclaimed and average unclaimed amount per life policy.

(c) Various regulatory measures prescribed by IRDAI are in place towards reducing unclaimed funds and raising awareness amongst the policyholders regarding the same. Some of these are as below:

- i. Policyholder Protection, Grievance Redressal and Claims monitoring Committee, a Board Level Committee at insurance companies, has been mandated to review the settlement of unclaimed amounts on quarterly basis, including the number and amounts of claims and the steps taken by the company to identify policyholders or beneficiaries.
- ii. IRDAI’s Bima Bharosa portal provides access to website links of all insurers where details of unclaimed amounts held by them are displayed.
- iii. In order to ensure that accumulation of unclaimed funds with the insurers is reduced, IRDAI has mandated that nominee details such as name, mobile no., e-mail id, address are obtained at the time of policy issuance.

(d) Nominees/beneficiaries have been facilitated with a search facility in the respective websites of insurers to check for any unclaimed amounts due to them based on fields like name and date of birth of policyholders, PAN of policyholders and policy number. Based on the above information, the person can approach the insurer for claiming the amount.

(e) IRDAI has confirmed that all insurance companies are complying with its guidelines.

(f) IRDAI has issued ‘IRDAI Information and Cyber Security Guidelines dated 24.04.2023, which addresses the matters related to data privacy and security related aspects. As of 31st March, 2024, a total of 1.83 crore Electronic Insurance Accounts (eIAs) have been created. IRDAI has introduced mandatory issuance of e-insurance through Protection of Policyholders’ Interests, Operations and Other Allied Matters of Insurers Regulations, 2024. E-insurance policies, are more accessible to policyholders, potentially increasing the likelihood of policyholders being aware of their policies and enabling them to prefer claims when necessary.

(g) & (h) IRDAI has informed that it does not maintain data on average time taken by insurers to process claims on unclaimed amount. However, it has put in place several measures to ensure timely settlement of all claims including claims on unclaimed amount. Further, there exist regulatory provisions to penalize insurance companies for delayed settlement of claims including interest payments. The following provisions are specified by IRDAI in this regard:

- i. All insurers shall credit the investment income accruing on the unclaimed amounts to the respective identified unclaimed account.
- ii. All insurers shall pay the identified unclaimed amount along with the investment income so credited, to the consumers whenever a claim is made as per the procedure.
- iii. Further, the Authority has specified timeline for payment of the claim and other benefits. All the insurers are required to settle the claims within the specified timelines.

To facilitate smoother and speedier claim settlements, IRDAI has prescribed documents required for settlement of insurance claims. Insurers are required to display this information on their websites for information of claimants or beneficiaries. Insurers are also instructed not to reject or close a claim for want of documents or for delayed intimation of claim.

With regard to penalties on delay in processing of claims, insurers are required to pay interest at the bank rate plus two percent to the claimant for the period of delay. Such interest shall be paid by the insurers suo-moto along with the claim amount, which is applicable to all claims, including unclaimed amounts.
