

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA
UNSTARRED QUESTION NO. 5816**

ANSWERED ON MONDAY, 30 MARCH, 2026/CHAITRA 09, 1948 (SAKA)

Rejection of Claims by Health Insurance Companies

†5816. SHRI MURARI LAL MEENA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of instances where health insurance companies reject the claims of hospitalised patients by citing exclusion clauses or by categorising such treatments as Out-Patient Department (OPD) services;

(b) if so, the total number of complaints received across the country during the last three years along with the details of complaints received from the State of Rajasthan, specifically in the Dausa district;

(c) whether the Government and the concerned regulatory authority have examined if certain policy conditions allow insurance companies to overrule the clinical judgement of treating physicians, if so, the steps being taken by the Government to amend and abolish such conditions; and

(d) whether there is any proposal under consideration by the Government to implement stricter regulatory provisions or take punitive action against insurance companies to ensure transparency and safeguard the rights of policyholders and if so, the details thereof?

ANSWER

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

(a) Insurance Regulatory and Development Authority of India (IRDAI) has informed that Insurers are mandated to communicate specific reasons for rejection to the claimant, with reference to the relevant policy terms and conditions. It is also stipulated that no claim shall be repudiated without the approval of the Product Management Committee (PMC) or its three-member sub-group, the Claims Review Committee (CRC) of the insurer. Among other reasons, claims may be rejected due to exclusion clauses and conditions in the policy, including cases where hospitalization is not required and the treatment falls under out-patient (OPD) services.

With regard to complaints, it is submitted that there is no specific categorization capturing instances of rejection of hospitalization claims on the ground that the treatment has been categorized as an out-patient service.

(b) A total of 47,658 complaints during FY 2023-24, 64,365 complaints during FY 2024-25 and 73,729 complaints during FY 2025-26 up to February 2026, pertaining to various reasons in health insurance claims were registered on the 'Bima Bharosa' portal.

As IRDAI has informed that there is no specific categorization capturing instances of rejection of hospitalization claims, State wise and district wise data is not maintained.

(c) IRDAI has informed that health insurance policy terms and conditions only provide for criteria for admissibility of medical expenses incurred by the policyholder under the policy.

(d) IRDAI has introduced several measures to bring in transparency, and fairness in the health insurance claims settlement processes. The key measures are as under:

- i. Insurers shall comply with all regulations and circulars issued by the IRDAI from time to time. Violations if any, attract penal provisions under Section 102 of Insurance Act, 1938.
- ii. The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 further strengthened Section 102 of Insurance Act by increasing penalty limits.
- iii. The Section 34(1) of Insurance Act as amended by the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 empowers IRDAI to issue directions to insurers and insurance intermediaries in the public interest, to protect policyholders, prevent mis-management, and ensure proper governance, including ordering disgorgement of wrongful gains, and bringing insurance intermediaries under the ambit of this provision. The amended Section 102 also provides for imposing penalty for non-compliance of IRDA Act.
- iv. In case of repudiation, rejection, or partial disallowance, the insurer shall communicate detailed reasons with reference to specific policy terms. Aggrieved claimants may approach the insurer's Grievance Redressal Officer (GRO), who shall resolve the complaint within 14 days. If still dissatisfied, the claimant may approach the Insurance Ombudsman for adjudication. Non-compliance with the Ombudsman's award attracts a penalty of ₹5,000 per day.

The details of major penalties imposed by IRDAI during FY 2023-24 and 2024-25 against insurance companies to ensure transparency and safeguard the rights of policy holders are attached as Annexure.

Annexure referred to in part (d) of Lok Sabha Unstarred Question No. †5816 on “Rejection of Claims by Health Insurance Companies” for 30.03.2026

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

PENALTIES LEVIED BY THE AUTHORITY DURING FY 2024-25			
S. No.	Name of the entity	Amount of Penalty (in Rs.)	Date of issuance of penalty order
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
