

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2777
ANSWERED ON:30.03.2012
INSURANCE POLICIES
Saroj Smt. Sushila

Will the Minister of FINANCE be pleased to state:

- (a) whether Government/IRDA has taken note that various types of insurance policies are being sold by various insurance companies which are beyond the comprehension of customers;
- (b) if so, the details thereof;
- (c) whether the instructions of IRDA in which it is obligatory to convey to the consumer insurance the estimated rate of return of 6 to 10 percent per annum is not being complied with by the insurance agents; and
- (d) the corrective steps taken/being taken by the Government/IRDA in this direction?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): Insurance Regulatory and Development Authority (IRDA) has informed that all life insurance products are approved by the authority before being offered for sale by the insurance companies directly or through intermediaries. IRDA has also informed that it also clears the sale literature at the product approval stage. Focus is laid on making the sales literature relevant, fair and transparent to enable an informed decision by the purchaser of an insurance policy. IRDA has also issued guidelines mandating that "all insurance advertisements are comprehensible in light of the complexity of the product being sold". In addition to that IRDA through its "Bima Bemisal" multi media campaign is spreading awareness among the public on relevance and importance of insurance, policyholders' rights and responsibilities.

(c): The sales literature cleared by the IRDA at the product approval stage contains benefit illustration of 6% and 10% . Sales literature is released by insurance companies and the agents are required to use only approved sales literature for promotion of insurance products

(d): When complaints on usage of unapproved sales literature or literature not being compliant to advertisement regulations are received, directions are issued for withdrawal of such advertisements apart from initiating action against such offenders.