

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2314
ANSWERED ON:23.08.2013
MALPRACTICES BY INSURANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

- (a) whether complaints of mis-selling of insurance products by the banks/ Insurance companies to the customers in the country have been received by the Government IRDA in the recent past;
- (b) if so, the details thereof along with the action taken by the Government IRDA thereon during each of the last three years and the current year, bank/insurance company-wise;
- (c) the details of policies given by the LIC and other private life insurance companies during the last three years and the current year;
- (d) whether the lapse rate of policies in various insurance companies is on the higher side; and
- (e) if so, the details thereof for the said period, company-wise along with the reaction of the Government thereto?

Answer

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

(a) and (b): The Insurance Regulatory and Development Authority (IRDA) has informed that complaints relating to alleged mis-selling of insurance at the point of sale are put under the category of Unfair Business Practices. Primarily, these complaints relate to life insurance policies. The number of such complaints were 1,00,581 during 2010-11, 1,00,770 during 2011-12 and 1,68,482 during the last financial year, i.e. 2012-13.

The details of total number of complaints and Unfair Business Practice complaints as available with IRDA (insurance company-wise) for the last three financial years and the current year till 19th August 2013 are attached at Annexure I.

Based on complaints received, follow-up action is taken by the insurer, and based on its own enquiries IRDA levies penalty on insurance companies wherever a case of an unfair business practice is established. Details of such penalties company-wise are at Annexure-II.

(c): Details of policies given by the LIC and other private life insurance companies during the last three years and the current year are at Annexure III.

(d) & (e): As per information furnished by IRDA, the details of lapse rate for LIC and other private life insurance companies in terms of persistency for 13, 25 and 37 months are enclosed at Annexure IV.