

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2519
ANSWERED ON:25.07.2014
COMPLAINTS AGAINST INSURANCE COMPANIES
Dubey Shri Nishikant

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken note of increasing number of complaints against insurance companies including private insurance companies for selling policies by making false lucrative offers;
- (b) if so, the details thereof during the last three years and the current year, company-wise;
- (c) the action taken by the Government on such complaints during the said period, company-wise;
- (d) whether the Insurance Regulatory and Development Authority (IRDA) has laid down any guidelines to curb such lucrative offers by the insurance companies; and
- (e) if so, the details thereof?

Answer

Minister of State (Finance) (Shrimati Nirmala Sitharaman)

(a) and (b): Insurance Regulatory and Development Authority (IRDA) has informed that the complaints relating to alleged selling of policies by making false lucrative offers are placed under the category of 'Unfair Business Practices' in the Integrated Grievance Management System (IGMS), which is the repository of industry wide customer grievances. There has been an increase in the number of complaints against insurance companies, especially private insurance companies. The numbers of such complaints were 1,00,770 during 2011-12, 1,68,482 during 2012-13, 2,11,622 during 2013-14 and 48,721 till 20th July 2014 in 2014-15. The company wise details of complaints are attached in Annexure-I.

(c): IRDA has launched the Integrated Grievance Management System (IGMS) that offers an online mechanism to policyholders to register complaints against insurance companies and track them. Through this system IRDA facilitates Grievance Redressal by insurance companies by not only monitoring the disposal but also analyzing complaints from the regulatory perspective for suitable corrections in the framework and systems. IRDA has provided the available data relating to the disposal of such complaints during the year 2014- 15 which are given in Annexure II.

(d) and (e): The provisions to curb unfair business practices are contained in Section 41 of the Insurance Act,1938 and various regulations, guidelines, circulars, public notices and directions issued by IRDA from time to time including the "IRDA (Protection of Policyholders' Interests) Regulations" 2002, which aims specifically to safeguard policyholders' interests.

Details of all such regulations are available at <http://www.irda.gov.in> under the category – insurance laws etc/regulations/notifications.

These provisions, inter-alia, include conditions to be stated at the point of sale, claims procedures, policy holder's servicing, minimum mandatory training and code of conduct for agents and other intermediaries, specifying free look period, guidelines issued on products for benefit illustrations, lock-in period, market conduct issues, advertisement & disclosure requirements, and guidelines on standardization in health insurance and standardization of proposal forms.