

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5110

ANSWERED ON:24.04.2015

REPAYMENT OF INSURANCE CLAIMS

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Will the Minister of FINANCE be pleased to state:

- (a) whether any time limit has been fixed for payment of the insurance claims by the public sector insurance companies to the victims/families in case of injury or death in road accidents;
- (b) if so, the details thereof along with the process adopted for payment and settlement of death/insurance claim;
- (c) whether the Government proposes to direct the insurance companies to formulate a rule so that 25-50% of the insurance amount should immediately be paid as a spot cover in case of injury in the road accidents;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether the Government has any proposal to create accident compensation fund for road accident victims; and
- (f) if so, the details thereof along with the steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): As per the Insurance Regulatory and Development Authority of India's (Protection of Policyholders interest) Regulations 2002, the Authority has prescribed time limits for resolution of insurance claims. However, Motor Third Party Liability being a legal liability, the resolution is generally through the courts of law. Wherever liability is clean and undisputed, resolution through Lok Adalat and out of court settlements by Insurers is encouraged to reduce the time involved in such settlements.

(c) & (d): Section 140 of Motor Vehicles Act, 1988 defines that the liability to pay compensation in certain cases can be paid on the basis of the principle of No Fault (i.e. the claimant involved in a motor vehicle accident is not required to prove wrongful act, neglect or default on the part of the owner of the vehicle or by any other person). The amount of compensation to be paid is also defined in the Motor Vehicles Act 1988. However, a pilot project in this regard was launched by Ministry of Road Transport and Highways (MoRTH) in collaboration with few Private Sectors General Insurance Companies on 3 National Highways. These three pilot projects have been launched for collection of data for rolling out a pan-India plan for cashless medical treatment of road accident victims with the objective of reducing fatalities in road accidents by providing appropriate medical care to the accident victims during the "Golden Hour".

(e) & (f): The Central Government has established a Solatium Fund in respect of Hit and Run motor accident cases. Hit and Run accident cases are those cases where the identity of Motor vehicle cannot be traced. The Insurance Companies shall make contribution to the Solatium Fund as per the order specified by the Central Government from time to time. This fund is maintained by New India Assurance Company Ltd. In case of Hit and Run accident cases, the amount for the victim is paid from this fund.