

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1998

ANSWERED ON:31.07.2015

Insurance Claims

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has fixed any norms/time frame pertaining to settlement of the claims of road accident victims and if so, the details thereof;
- (b) whether the Government has received complaints against insurance companies for non-settlement/delay/refused of insurance claims and violation of said time frame and if so, the details thereof during the last three years and the current year, company-wise;
- (c) whether the Government has decided to cap the compensation through third party insurance in case of death in road accidents to a limit of Rs. 15 lakhs;
- (d) if so, the details and reasons thereof; and
- (e) the steps taken/being taken by the Government for speedy payment of insurance claims?

**Answer**

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

(a): 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, due to the nature of Motor Third Party 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.

(b): Complaints related to the service provided by Insurance Companies are received from time to time. These are taken up for suitable resolution with the companies by IRDAI. The Insurance Regulatory and Development Authority of India (IRDAI) has established the "Integrated Grievance Management System" (IGMS) in 2011, which enables the Authority to keep track of and suitably address all the complaints flowing into the system.

(c) & (d): Ministry of Road Transport and Highways is working on a proposal to replace the "Motor Vehicles Act, 1988" with a new Act through the draft Bill namely, "The Road Transport and Safety Bill, 2015" which inter-alia proposes enhanced compensation through third party insurance and structured formula basis. The maximum liability for minimum premiums has been proposed for such sum not exceeding Twenty-five lakh Rupees as the Central Government may, by notification, specify. The draft Bill is available on Ministry's official website: [www.morth.nic.in](http://www.morth.nic.in).

(e): Sec 140 of Motor Vehicle Act, 1988 defines that the liability to pay compensation in certain cases can be discharged 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 Vehicle Act, 1988.

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