

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2033  
ANSWERED ON:31.07.2015  
Complaints against Insurance Companies  
Mahtab Shri Bhartruhari

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

- (a) whether the Government has taken note of increasing complaints against the public and private sector general insurance companies under the category of Unfair Business Practice at the point of sale during each of the last three years and the current year, if so, the details thereof, insurance company-wise;
- (b) the action taken on such complaints by the Government/IRDA along with the number of erring officials of the said companies found guilty in such complaints and action taken against them during the said period;
- (c) whether the Government/IRDA has laid down guidelines to curb such unfair business practice at the point of sale, if so, the details thereof; and
- (d) the corrective steps taken/being taken by the Government in this direction?

**Answer**

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

(a): In case of general insurance segment, in view of the duration of the policy contract largely being 'annual' and the rates of premium having been 'detriffed', Insurance Regulatory and Development Authority of India (IRDAI) receives relatively few complaints of 'Unfair Business Practice at the point of sale'.

Further, IRDAI 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, IRDAI facilitates Grievance Redressal by insurance companies not only by monitoring the disposal but also analyzing complaints from the regulatory perspective for corrections in the framework and systems. As such, those complaints which relate to general insurance are categorized in various segments, e.g. Claims, Premium, Product Features, Refunds etc.

Details of complaints which fall under the category 'Unfair Business Practice at the point of sale', are tabulated below:

No.	Complaint Description on product sold – General Insurance Business	YEAR	2012-13	2013-14	2014-15	2015-16 (3 Month)
1	Total complaints registered in IGMS system against all general insurance companies		78,927	63,335	60,688	14,672
2	Product related complaints					
(i)	Misleading advertisement issued by the insurer. Product was different from what was advertised		79	63	56	14
(ii)	Product received by the insured is not what was negotiated at the time of sale		479	251	253	54
	Total Complaints related to sale of the product		558	314	309	68
3	%age to total complaints		00.70	00.50	00.51	00.46

The company wise details of complaints is given in Annexure I.

(b): IRDAI tracks the action of various insurers on such complaints and monitors resolution as per laid down time frame. This aspect is also covered based on specific complaints during onsite inspection from time to time and necessary actions if required are initiated by the Authority based on outcome of the inspection.

(c) & (d): IRDAI has laid down various guidelines largely relating to life segment which, to the extent applicable, deals with general segment too. Section 41 of the IRDA Act, 1938, clearly prohibits rebating. The regulations for Protection of Policyholders' Interests, 2002 and the Codes of Conduct prescribed for Intermediaries – Brokers, Corporate agents and Individual Agents directly or indirectly prohibit such activities.