

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3216
ANSWERED ON:01.08.2014
IRREGULARITIES BY INSURANCE COMPANIES
Gandhi Shri Dilip Kumar Mansukhlal

Will the Minister of FINANCE be pleased to state:

- (a) whether there are reports that the insurance companies allegedly collect huge amount as premium from the subscribers and offer only a petty amount against compensation claims for losses on the pretext of various rules and regulations;
- (b) if so, the details thereof and the reaction of the Government thereon indicating the number of such cases reported/ detected during each of the last three years and the current year along with the corrective steps taken in this regard;
- (c) whether the Government proposes to formulate any scheme/policy to check recurrence of such incidents in future; and
- (d) if so, the details thereof and the time by which it is likely to be implemented?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a & b): As per information furnished by Insurance Regulatory and Development Authority (IRDA), no such reports have been received. The life insurance companies settle the death claims in accordance with the provisions of the Insurance Act, 1938 in general and in particular within the norms laid down in Section 45 of Insurance Act 1938. The claim settlement in non-life insurance companies is based on sum insured, terms and conditions of the policy and principle of indemnity as well as the provisions of the Insurance Act, 1938 and IRDA Act, 1999.

(c & d): The Insurance Regulatory and Development Authority has in place a system of information/ data collection on the matter of claim settlements from all insurance companies. The information furnished by the insurers pertaining to the number of claims repudiated, claims outstanding are being regularly monitored. The Authority also has in place the procedures for carrying out onsite inspections periodically for examining the claim settlement procedures of all the insurers. If any deviations are noticed, the Authority initiates appropriate regulatory action.