GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:458
ANSWERED ON:08.08.2014
SETTLEMENT OF INSURANCE CLAIMS
Thota Shri Narasimham

Will the Minister of FINANCE be pleased to state:

(a) the details of the premium collected and claims settled by the public as well as private insurance companies during the last three years and the current year, company-wise;

(b) whether the Government has taken note of the difficulties being faced by claimants in getting claims from the insurance companies including delay in the settlement of claims and demand of additional documents at the time of final settlement;

(c) if so, the details thereof during the last three years and the current year, company-wise; and

(d) the remedial measures taken/being taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI ARUN JATLEY)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 458 REGARDING "SETTLEMENT OF INSURANCE CLAIM" RAISED BY SHRI NARASIMHAM THOTA, MP, TO BE ANSWERED ON 08.08.2014

(a): The details of premium collected and claims settled by the public as well as private insurance companies during each of the last three years in respect of Life and General Insurers' are given in Annexure-1 and Annexure-2 respectively. The details of Gross Premium, Net Earned Premium, Net Claims Incurred and Net Incurred Claims Ratio relating to Health Insurance for private and public insurers during the last three years is given in Annexure-3. The data of premium and claims settled for non-life insurers is given in Annexure-4.

(b) & (c): Insurers and Insurance Regulatory and Development Authority (IRDA) have been receiving complaints regarding difficulties faced by complainants in getting claims from insurance companies including delay in settlement of claims and demand of additional documents at the time of settlement. IRDA has framed the Regulations incorporating certain norms pertaining to settlement of claims. IRDA constantly monitors the claims payment position of the insurance companies by collecting the claims payment data on quarterly basis. IRDA has formed an Integrated Grievance Management System (IGMS) for real time monitoring of the consumer grievances including complaints pertaining to claims.

(d): The remedial measures taken/being taken by Government/IRDA in this regard are as under:

i . IRDA (Protection of Policyholders' Interest) Regulations, 2002 constitutes the regulatory framework for the protection of policyholders' interests. Regulation 8 and 9 deal with claims procedure in respect of life insurance and general insurance policy respectively. In terms of Regulation 5, every insurer should have in place proper procedures and effective mechanism to address complaints and grievances of policyholders efficiently.

ii. To enable timely resolution of grievances, IRDA has issued Guidelines for Grievance Redressal by insurance companies on 27th July 2010 according to which every insurance company is required to acknowledge grievances within 3 days and resolve complaints within two weeks.

iii. Grievance cell in the Consumer Affairs Department of IRDA also receives complaints from policyholders which include those relating to claims. The complaints are registered and forwarded to the insurers for resolution and advice to the complainants. The insurers are required to examine the complaints and resolve the same within two weeks.

iv. The Government has introduced a system of Ombudsman in the Insurance Sector in 1998. Currently there are 17 insurance Ombudsmen in the country who are allotted to different geographical areas for addressing grievances of policyholders.

v. IRDA regularly inspects the books of the insurance companies as per Section 33 of the Insurance Act, 1938 which includes the examination of systems and procedures relating to handling of claims, practices of making payment as well as compliance with various regulatory requirements relating to claim handling. Wherever any deviations are noticed regulatory action is initiated.