LAW OF LIFE INSURANCE IN INDIA: A STUDY OF LEGISLATIVE POLICIES AND JUDICIAL RESPONSE

(ABSTRACT)

A. INTRODUCTION

Human life has many probable uncertainties and risks such as untimely death, disability, fatal illness as well as a very long life. The globalization of economies, technological revolution and breakdown of the joint family has further added to the risk factors. These risks can be successfully countered with the help of modern tool of life insurance. In exchange of small periodic contributions, it transfers the financial risks associated with the death of insured to an insurance company. All the policies of life insurance are paid sooner or later, either by maturity of policy or on death of the assured. But, claim settlement is very tricky process and most of the times various disputes crop up between the policy holder and the insurance company. The opening up of insurance sector and entry of private players has totally changed the scene of Indian Life Insurance Industry. Today, there are 24 players in the life insurance sector who are competing to capture the vast insurable population of this huge country. In this era of cut throat competition, the actions of insurance companies are ruled by profit motive rather than the service to customer. So, at this crossroad, it becomes essential to study the existing regulatory framework of life insurance and make smooth road towards success.
B. OBJECTIVES OF THE STUDY

The objective of this research work is to overview all the important facets of life insurance in a comprehensive way and achieve new insights into it.

The main objectives of the present study are as under:-

1. To trace the growth and development of life insurance in India.
2. To throw light on the concept and scope of life insurance in India.
3. To study various kinds of life insurance products.
4. To analyze advantages of life insurance.
5. To study comprehensively the contract of life insurance i.e. its formation, performance, conditions and discharge.
6. To discuss the concept of insurable interest and its importance in context of life insurance.
7. To examine the claim settlement procedure and various types of claims.
8. To analyze the liability of insurer and defenses taken by them to escape liability.
9. To evaluate the role of regulatory framework of life insurance and dispute resolution mechanism.
10. To examine the provisions made for protection of interest of policy holders and insurers and balancing the competitive interests.
11. To point out the emerging problems and analyze the possibilities of encouraging self regulation and reducing the role of government in day to day working.
12. To study the grievance redressal mechanism and governance issues in the Life Insurance Industry.
13. To highlight the opportunities of expansion of the Life Insurance Industry and challenges before the Industry and suggest remedial measures.

14. To understand the concept and scope of CSR vis-à-vis the Life Insurance Sector in the changing scenario.

15. To analyze the significance of solvency margins in the Life Insurance Market.

C. CHAPTER SCHEME

The present research work is divided under the following rubrics:

Chapter I – Introductory

Chapter II – Life Insurance: Concept, Nature and Scope

Chapter III – Underwriting of Risk and Settlement of Claims

Chapter IV – Life Insurance in India

Chapter V – Regulation of Life Insurance Industry

Chapter VI – Grievance Redressal Mechanism of Life Insurance Industry

Chapter VII – Life Insurance Sector: Management Supervision and Governance

Chapter VIII – Challenges and Opportunities

Chapter IX – Conclusions and Suggestions

D. SUGGESTIONS

1. Reassessment of Role of Life Insurance

2. Simplification of Policy Wordings

3. Focus on Consumer Servicing

4. Enhancing Life Insurance Awareness

5. Enhancing Underwriting Quality

6. Enacting one Comprehensive Piece of Legislation
7. Establishment of Single Regulator
8. More Tailor Made Products
9. Specialized Distribution Channels
10. Licensing of Life Insurance Agents
11. Setting Up of Policyholders’ Protection Fund
12. Rating of Insurance Companies
13. Credible Reinsurance
14. Adoption of Risk-Based Capital Approach
15. Strict Enforcement of Solvency Margin Regulations
16. Efficient Governance System
17. Strengthen the Role of Self-Regulatory Organizations
18. Efficient Claim Settlement
19. Full-Fledged Grievance Redressal Machinery
20. Provision for Natural Catastrophes
21. Emphasis on Rural Market
22. Expansion of International Market
23. Strengthening Social Security
24. Further Deregulation of Insurance Market
25. Technological Upgradation
26. Promoting Research and Training Activities
27. Raising the FDI Cap