CHAPTER - II

IRDA- INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

2.1 BACKGROUND & BIRTH OF IRDA

2.2 IRDA ACTIVITIES

2.3 EXPECTATIONS OF LAW FROM IRDA

2.4 IRDA,S AUTHORITY

2.4.1 Composition of Authority

2.4.2 Removal of Authority

2.4.3 Meetings of authority

2.4.4 Mission of the Authority

2.5 DUTIES, POWERS & FUNCTION OF IRDA

2.6 IRDA’S REGULATIONS, 2002

2.6.1 Point of Sale

2.6.2 Proposal for Insurance

2.6.3 Grievance Rederrasal Procedure
2.6.4 Matters to be stated in Life Insurance Policy
2.6.5 Matters to be stated in General Insurance Policy
2.6.6 Claims Procedure in respect of Life Insurance Policy
2.6.7 Claims Procedure in respect of General Insurance Policy
2.6.8 Policy holder Servicing
2.6.9 General

2.7 IRDA’S CONSUMER EDUCATION WEBSITE
     : A BIMA BEMISAL INITIATIVE
2.8 IRDA -STRUCTURE FOR BANCASSURANCE
2.9 CELL FOR REDRESSAL OF GRIEVANCES OF POLICYHOLDERS
CHAPTER – II

IRDA : Insurance Regulatory Development Authority

The insurance industry in India consists of 51 insurance companies of which 24 are in life insurance business and 27 are non-life insurance companies. In addition there is one national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include Agents (Individual and Corporate), Brokers, Surveyors and Third Party Administrators servicing Health Insurance claims.

Out of 27 non-life insurance companies, 4 are registered to underwrite policies exclusively in Health, Personal Accident and Travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd and Religare Health Insurance Company Ltd. The non-life insurance sector also has two more specialised insurers, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for Crop Insurance.

Table No.2.1

<table>
<thead>
<tr>
<th>Life Insurance Business Performance:</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year Premium (₹ in Crores)</td>
<td>1,26,381</td>
<td>1,09,894</td>
</tr>
<tr>
<td>Policies (₹ in Lakhs)</td>
<td>482</td>
<td>532</td>
</tr>
<tr>
<td>Number of Death Claims settled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Individual &amp; Group Policies) (₹ in Lakhs)</td>
<td>12.34</td>
<td>10.31</td>
</tr>
<tr>
<td>Number of Claims settled within 30 days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Individual) (₹ in Lakhs)</td>
<td>8.13</td>
<td>7.26</td>
</tr>
<tr>
<td>Number of Claims settled within 30 days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Group) (₹ in Lakhs)</td>
<td>4.21</td>
<td>3.05</td>
</tr>
</tbody>
</table>

Table No.2.2

<table>
<thead>
<tr>
<th>Non-Life Insurance Business Performance:</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium (Rs in Crores)</td>
<td>42,576</td>
<td>34,620</td>
</tr>
<tr>
<td>Policies (in Lakhs)</td>
<td>793.41</td>
<td>674.88</td>
</tr>
</tbody>
</table>
Government of India formed a national agency IRDA, an act to provide for the establishment of an authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto and further to amended the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (nationalisation) Act, 1972.

1. This act is called the Insurance Regulatory and Development Authority Act, 1999.
2. It extends to the whole of India.

2.1 Background & Birth of IRDA

- **1991**: Government of India begins the economic reforms programme and financial sector reforms
- **1993**: Committee on Reforms in the Insurance Sector, headed by Mr. R. N. Malhotra, (Retired Governor, R B I) set up to recommend reforms.
- **1994**: The Malhotra Committee recommends certain reforms having studied the sector and hearing out the stakeholders
- Some recommended reforms
  - Private sector companies should be allowed to promote insurance companies
  - Foreign promoters should also be allowed but only up to 26% of the paid up capital of the company. (Proposed to increase from 26% to 49%)
  - Government to vest its regulatory powers on an independent regulatory body answerable to Parliament
- Insurance Regulatory and Development Authority (IRDA) set up as autonomous body under the IRDA Act, 1999
- IRDA’s Mission: To protect the interests of policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.
2.2 IRDA’s Activities

- Frames regulations for insurance industry in terms of Section 114A of the Insurance Act 1938
- From the year 2000 has registered new insurance companies in accordance with regulations
- Monitors insurance sector activities for healthy development of the industry and protection of policyholders’ interests

The Insurance Regulatory and Development Authority (IRDA) is a national agency of the Government of India, based in Hyderabad. It was formed by an act of Indian Parliament known as IRDA Act 1999, which was amended in 2002 to incorporate some emerging requirements. In 2010, the Government of India amended the Act and ruled that the Unit Linked Insurance Plans (ULIPs) will be governed by IRDA, and not the market regulator Securities and Exchange Board (SEBI) of India. Mission of IRDA as stated in the act is "to protect the interests of the Policyholders, to regulate, promote and ensure orderly growth of the Insurance industry and for matters connected therewith or incidental thereto."

Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A
of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders’ interests.

The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country’s GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructure development at the same time strengthening the risk taking ability of the country.

2.3 Expectations of Law from IRDA:

16) To protect the interest of and secure fair treatment to policyholders.
17) To bring about speedy and orderly growth of the insurance industry (including Annuity and Superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy.
18) To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.
19) To ensure that insurance customers receive precise, clear and correct information about products and services and make them aware of their responsibilities and duties in this regard.
20) To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery.
21) To promote fairness, transparency and orderly conduct in Financial markets dealing with insurance and build a reliable management information system (MIS) to enforce high standards of financial soundness amongst market players.
22) To take action where such standards are inadequate or ineffectively enforced.

23) To bring about optimum amount of Self-regulation in day to day working of the industry consistent with the requirements of prudential regulation.

24) To protect the interest of and secure fair treatment to policyholders;

25) To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy;

26) To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;

27) To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery;

28) To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players;

29) To take action where such standards are inadequate or ineffectively enforced;

30) To bring about optimum amount of self-regulation in day-to-day working of the industry consistent with the requirements of prudential regulation.

2.4 IRDA’s Authority

2.4.1 Composition of Authority

As per the section 4 of IRDA Act’ 1999, Insurance Regulatory and Development Authority (IRDA, which was constituted by an act of parliament) constitutes a Chairman and some permanent as well as part time members. The regulations, however, are enacted under the guidance of a statutory advisory
committee. The advisory committee consists of following individuals and ex-officio authorities:

The Authority is a ten member team consisting of:

d) a Chairman;
e) five whole–time members;
f) four part-time members.

to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which would, in the opinion of the Central Government, be useful to the Authority:

Provided that the Central Government shall, while appointing the Chairperson and the whole-time members, ensure that at least one person each is a person having knowledge or experience in life insurance, general insurance or actuarial science, respectively.

**Tenure of office of chairperson and other members**-

(1) The Chairperson and every other whole-time member shall hold office for a term of five years from the date on which he joins his office and shall be eligible for reappointment, provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years

(2) A part-time member shall hold office for a term not exceeding five years from the date on which he enters upon his office.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), a member may -

(a) relinquish his office by giving in writing to the Central Government notice of not less than three months; or

(b) be removed from his office in accordance with the provisions of section

Provided that no person shall hold office as a whole-time member after he has attained the age of sixty-two years.
2.4.2 Removal of Authority

(1) The Central Government may remove from office any member who-
(a) is, or at any time has been, adjudged as an insolvent; or
(b) has become physically or mentally incapable of acting as a member; or
(c) has been convicted of any offence which, in the opinion of the Central
Government, involves moral turpitude; or
(d) has acquired such financial or other interest as is likely to affect prejudicially
his functions as a member; or
(e) has so abused his position as to render his continuation in office detrimental
to the public interest.

(2) No such member shall be removed under clause (d) or clause (e) of sub-
section (1) unless he has been given a reasonable opportunity of being heard in
the matter.

2.4.3 Meetings Of Authority

(1) The Authority shall meet at such times and places and shall observe such
rules and procedures in regard to transaction of business at its meetings
(including quorum at such meetings) as may be determined by the regulations.

(2) The Chairperson, or if for any reason he is unable to attend a meeting of
the Authority, any other member chosen by the members present from amongst
themselves at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be
decided by a majority of votes by the members present and voting, and in the
event of an equality of votes, the Chairperson, or in his absence, the person
presiding shall have a second or casting vote.

(4) The Authority may make regulations for the transaction of business at its
meetings.
2.4.4 Mission statement of the authority:

- To protect the interest of and secure fair treatment to policyholders;
- To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the Economy.
- To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;
- To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery;
- To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players;
- To take action where such standards are inadequate or ineffectively enforced;

To bring about optimum amount of self-regulation in day-to-day working of the industry consistent with the requirements of prudential regulation

2.5 Duties, Powers and Functions of IRDA

Acc. to Sec 14 of IRDA Act, 1999 the duties, powers and functions of IRDA include the following:

3. Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and re-insurance business.

4. Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Authority shall include,
a) issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;
b) protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of Insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;
c) specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;
d) specifying the code of conduct for surveyors and loss assessors;
e) promoting efficiency in the conduct of insurance business;
f) promoting and regulating professional organisations connected with the insurance and re-insurance business;
g) levying fees and other charges for carrying out the purposes of this Act;
h) calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business;
i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938);
j) specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;
k) regulating investment of funds by insurance companies;
l) regulating maintenance of margin of solvency;
m) adjudication of disputes between insurers and intermediaries or insurance intermediaries;
n) supervising the functioning of the Tariff Advisory Committee;
o) specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organisations referred to in clause (f);

p) specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector; and

q) exercising such other powers as may be prescribed from time to time,

2.6 Insurance Regulatory and Development Authority (Protection of Policyholders’ Interests) Regulations, 2002

The Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations, namely:

2.6.1. Point Of Sale

(1) A prospectus of any insurance product shall clearly state the scope of benefits, the extent of insurance cover and in an explicit manner explain the warranties, exceptions and conditions of the insurance cover and, in case of life insurance, whether the product is participating (with-profits) or non-participating (without-profits). The allowable rider or riders on the product shall be clearly spelt out with regard to their scope of benefits, and in no case, the premium relatable to all the riders put together shall exceed 30% of the premium of the main product. The rider or riders attached to a life policy shall bear the nature and character of the main policy, viz. participating or non-participating and accordingly the life insurer shall make provisions, etc., in its books.

(2) An insurer or its agent or other intermediary shall provide all material information in respect of a proposed cover to the prospect to enable the prospect to decide on the best cover that would be in his or her interest.
(3) Where the prospect depends upon the advice of the insurer or his agent or an insurance intermediary, such a person must advise the prospect dispassionately.

(4) Where, for any reason, the proposal and other connected papers are not filled by the prospect, a certificate may be incorporated at the end of proposal form from the prospect that the contents of the form and documents have been fully explained to him and that he has fully understood the significance of the proposed contract.

(5) In the process of sale, the insurer or its agent or any intermediary shall act according to the code of conduct prescribed by:
   
i) the Authority
   
   ii) the Councils that have been established under section 64C of the Act
   
   iii) the recognized professional body or association of which the agent or intermediary or insurance intermediary is a member.

2.6.2. Proposal for insurance

(1) Except in cases of a marine insurance cover, where current market practices do not insist on a written proposal form, in all cases, a proposal for grant of a cover, either for life business or for general business, must be evidenced by a written document. It is the duty of an insurer to furnish to the insured free of charge, a copy of the proposal form, within 30 days of the acceptance of a proposal.

(2) Forms and documents used in the grant of cover may, depending upon the circumstances of each case, be made available in languages recognised under the Constitution of India.

(3) In filling the form of proposal, the prospect is to be guided by the provisions of Section 45 of the Act. Any proposal form seeking information for grant of life cover may prominently state therein the requirements of Section 45 of the Act.
(4) Where a proposal form is not used, the insurer shall record the information obtained orally or in writing, and confirm it within a period of 15 days thereof with the proposer and incorporate the information in its cover note or policy. The onus of proof shall rest with the insurer in respect of any information not so recorded, where the insurer claims that the proposer suppressed any material information or provided misleading or false information on any matter material to the grant of a cover.

(5) Wherever the benefit of nomination is available to the proposer, in terms of the Act or the conditions of policy, the insurer shall draw the attention of the proposer to it and encourage the prospect to avail the facility of nomination.

(6) Proposals shall be processed by the insurer with speed and efficiency and all decisions thereof shall be communicated by it in writing within a reasonable period not exceeding 15 days from receipt of proposals by the insurer.

2.6.3. Grievance redressal procedure

Every insurer shall have in place proper procedures and effective mechanism to address complaints and grievances of policyholders efficiently and with speed and the same along-with the information in respect of Insurance Ombudsman shall be communicated to the policyholder along-with the policy document and as maybe found necessary.

2.6.4. Matters to be stated in life insurance policy

(1) A life insurance policy shall clearly state:
   (a) the name of the plan governing the policy, its terms and conditions;
   (b) whether it is participating in profits or not;
   (c) the basis of participation in profits such as cash bonus, deferred bonus, simple or compound reversionary bonus;
(d) the benefits payable and the contingencies upon which these are payable and
the other terms and conditions of the insurance contract;
(e) the details of the riders attaching to the main policy;
(f) the date of commencement of risk and the date of maturity or date(s) on
which the benefits are payable;
(g) the premiums payable, periodicity of payment, grace period allowed for
payment of the premium, the date the last installment of premium, the
implication of discontinuing the payment of an installment(s) of premium and
also the provisions of a guaranteed surrender value.
(h) the age at entry and whether the same has been admitted;
(i) the policy requirements for
(a) conversion of the policy into paid up policy, (b) surrender (c) non-forfeiture
and (d) revival of lapsed policies;
(j) contingencies excluded from the scope of the cover, both in respect of the
main policy and the riders;
(k) the provisions for nomination, assignment, and loans on security of the
policy and a statement that the rate of interest payable on such loan amount
shall be as prescribed by the insurer at the time of taking the loan;
(l) any special clauses or conditions, such as, first pregnancy clause, suicide
clause etc.; and
(m) the address of the insurer to which all communications in respect of the
policy shall be sent.
(n) the documents that are normally required to be submitted by a claimant in
support of a claim under the policy.
(2) While acting under regulation 6(1) in forwarding the policy to the insured,
the insurer shall inform by the letter forwarding the policy that he has a period
of 15 days from the date of receipt of the policy document to review the terms
and conditions of the policy and where the insured disagrees to any of those
terms or conditions, he has the option to return the policy stating the reasons for his objection, when he shall be entitled to a refund of the premium paid, subject only to a deduction of a proportionate risk premium for the period on cover and the expenses incurred by the insurer on medical examination of the proposer and stamp duty charges.

(3) In respect of a unit linked policy, in addition to the deductions under sub-regulation (2) of this regulation, the insurer shall also be entitled to repurchase the unit at the price of the units on the date of cancellation.

(4) In respect of a cover, where premium charged is dependent on age, the insurer shall ensure that the age is admitted as far as possible before issuance of the policy document. **In case where age has not been admitted by the time the policy is issued, the insurer shall make efforts to obtain proof of age and admit the same as soon as possible.**

### 2.6.5. Matters to be stated in general insurance policy

(1) A general insurance policy shall clearly state:

(a) the name(s) and address(es) of the insured and of any bank(s) or any other person having financial interest in the subject matter of insurance;

(b) full description of the property or interest insured;

(c) the location or locations of the property or interest insured under the policy and, where appropriate, with respective insured values;

(d) period of Insurance;

(e) sums insured;

(f) perils covered and not covered;

(h) any franchise or deductible applicable;

(i) premium payable and where the premium is provisional subject to adjustment, the basis of adjustment of premium be stated;

(j) policy terms, conditions and warranties;
(k) action to be taken by the insured upon occurrence of a contingency likely to give rise to a claim under the policy;

(l) the obligations of the insured in relation to the subject matter of insurance upon occurrence of an event giving rise to a claim and the rights of the insurer in the circumstances;

(m) any special conditions attaching to the policy;

(n) provision for cancellation of the policy on grounds of mis-representation, fraud, non-disclosure of material facts or non-cooperation of the insured;

(o) the address of the insurer to which all communications in respect of the insurance contract should be sent;

(p) the details of the riders attaching to the main policy;

(q) proforma of any communication the insurer may seek from the policyholders to service the policy.

(2) Every insurer shall inform and keep informed periodically the insured on the requirements to be fulfilled by the insured regarding lodging of a claim arising in terms of the policy and the procedures to be followed by him to enable the insurer to settle a claim early.

2.6.6. Claims procedure in respect of a life insurance policy

(1) A life insurance policy shall state the primary documents which are normally required to be submitted by a claimant in support of a claim.

(2) A life insurance company, upon receiving a claim, shall process the claim without delay. Any queries or requirement of additional documents, to the extent possible, shall be raised all at once and not in a piece-meal manner, within a period of 15 days of the receipt of the claim.

(3) A claim under a life policy shall be paid or be disputed giving all the relevant reasons, within 30 days from the date of receipt of all relevant papers and clarifications required. However, where the circumstances of a claim
warrant an investigation in the opinion of the insurance company, it shall initiate and complete such investigation at the earliest. Where in the opinion of the insurance company the circumstances of a claim warrant an investigation, it shall initiate and complete such investigation at the earliest, in any case not later than 6 months from the time of lodging the claim.

(4) Subject to the provisions of section 47 of the Act, where a claim is ready for payment but the payment cannot be made due to any reasons of a proper identification of the payee, the life insurer shall hold the amount for the benefit of the payee and such an amount shall earn interest at the rate applicable to a savings bank account with a scheduled bank (effective from 30 days following the submission of all papers and information).

(5) Where there is a delay on the part of the insurer in processing a claim for a reason other than the one covered by sub-regulation (4), the life insurance company shall pay interest on the claim amount at a rate which is 2% above the bank rate prevalent at the beginning of the financial year in which the claim is reviewed by it.

2.6.7. Claim procedure in respect of a general insurance policy

(1) An insured or the claimant shall give notice to the insurer of any loss arising under contract of insurance at the earliest or within such extended time as may be allowed by the insurer. On receipt of such a communication, a general insurer shall respond immediately and give clear indication to the insured on the procedures that he should follow. In cases where a surveyor has to be appointed for assessing a loss/claim, it shall be so done within 72 hours of the receipt of intimation from the insured.

(2) Where the insured is unable to furnish all the particulars required by the surveyor or where the surveyor does not receive the full cooperation of the insured, the insurer or the surveyor as the case may be, shall inform in writing the insured about the delay that may result in the assessment of the claim. The
A comparative study of LIC Branches Performance in Indore Division

surveyor shall be subjected to the code of conduct laid down by the Authority while assessing the loss, and shall communicate his findings to the insurer within 30 days of his appointment with a copy of the report being furnished to the insured, if he so desires. Where, in special circumstances of the case, either due to its special and complicated nature, the surveyor shall under intimation to the insured, seek an extension from the insurer for submission of his report. In no case shall a surveyor take more than six months from the date of his appointment to furnish his report.

(3) If an insurer, on the receipt of a survey report, finds that it is incomplete in any respect, he shall require the surveyor under intimation to the insured, to furnish an additional report on certain specific issues as may be required by the insurer. Such a request may be made by the insurer within 15 days of the receipt of the original survey report.

(4) The surveyor on receipt of this communication shall furnish an additional report within three weeks of the date of receipt of communication from the insurer.

(5) On receipt of the survey report or the additional survey report, as the case may be, an insurer shall within a period of 30 days offer a settlement of the claim to the insured. If the insurer, for any reasons to be recorded in writing and communicated to the insured, decides to reject a claim under the policy, it shall do so within a period of 30 days from the receipt of the survey report or the additional survey report, as the case may be.

(6) Upon acceptance of an offer of settlement as stated in sub-regulation (5) by the insured, the payment of the amount due shall be made within 7 days from the date of acceptance of the offer by the insured. In the cases of delay in the payment, the insurer shall be liable to pay interest at a rate which is 2% above the bank rate prevalent at the beginning of the financial year in which the claim is reviewed by it.
2.6.8. Policyholders’ Servicing

(1) An insurer carrying on life or general business, as the case may be, shall at all times, respond within 10 days of the receipt of any communication from its policyholders in all matters, such as:
   (a) recording change of address;
   (b) noting a new nomination or change of nomination under a policy;
   (c) noting an assignment on the policy;
   (d) providing information on the current status of a policy indicating matters, such as, accrued bonus, surrender value and entitlement to a loan;
   (e) processing papers and disbursal of a loan on security of policy;
   (f) issuance of duplicate policy;
   (g) issuance of an endorsement under the policy; noting a change of interest or sum assured or perils insured, financial interest of a bank and other interests; and
   (h) guidance on the procedure for registering a claim and early settlement thereof.

2.6.9. General

(1) The requirements of disclosure of “material information” regarding a proposal or policy apply, under these regulations, both to the insurer and the insured.

(2) The policyholder shall assist the insurer, if the latter so requires, in the prosecution of a proceeding or in the matter of recovery of claims which the insurer has against third parties.

(3) The policyholder shall furnish all information that is sought from him by the insurer and also any other information which the insurer considers as having a bearing on the risk to enable the latter to assess properly the risk sought to be covered by a policy.
(4) Any breaches of the obligations cast on an insurer or insurance agent or insurance intermediary in terms of these regulations may enable the Authority to initiate action against each or all of them, jointly or severally, under the Act and/or the Insurance Regulatory and Development Authority Act, 1999.

2.7 IRDA’s Consumer Education Website: Bima Bemisaal

Insurance is a sophisticated financial instrument which requires a fairly high level of involvement on the part of the consumer to make it effective. Yet insurance is also a basic requirement that every person should have. This universal need coupled with its complexity makes for a difficult combination since there is a mismatch between the perceptions of the customer and the reality of the product. It is this perception-reality gap that consumer education bridges.

The Insurance Regulatory and Development Authority had taken a series of initiatives under the Bima Bemisaal logo for creating awareness about insurance. The latest initiative is the proposed exclusive educational website for members of the public, prospects and policyholders with a view to educating them about matters relevant to consumers of or prospects for various insurance services. The objective of having an exclusive website is to educate consumers about insurance, in particular, regarding Buying Insurance, Making Claim etc. The website is an attempt to reach out to all to give certain basic generic information on the subjects in order that consumers begin to think and seek answers to questions such as what they need to buy, whether they are being offered the right product, that they must read the insurance policy fully, understand procedures and documentation involved in making a claim etc. The website can be accessed at www.policyholder.gov.in.

The Consumer Affairs Department (CAD) of IRDA has various initiatives for increasing information and support to insurance consumers. The
Bima Bemisaal identity was created as a means to explore the various facets of insurance buying and to disseminate consumer protection information. Taking that idea further, this website has been created as a destination for consumer guidance, protection and information and as place for the consumer to find the latest updates. The reason behind the website is that everybody benefits when the consumer is well-informed: the consumer himself, his family and the insurance companies who need to get more efficient as they deal with consumers who are getting smarter. IRDA is charged with protecting the interests of the policyholder. This website is one more dimension in IRDA efforts to do just that because the best protection for a consumer is education.

2.8 IRDA : Structures for Bancassurance

The insurance regulator IRDA has proposed different structures for bancassurance, paving the way for banks to sell products of more than one insurance company. In an exposure draft, the insurance regulator has said banks can operate as corporate agencies, brokers or tie up with insurers based on location. Under the proposed rules, a bank can tie up with a particular life, non-life and health insurance company in a maximum of 20 and a minimum of 10 locations. For the remaining areas, it will have to seek different partners. To be able to sell products of multiple companies from a single branch, banks will have to form a separate broking company. But those opting to be brokers have to withdraw from their existing bancassurance partnership.

Banks can also be the corporate agency of an insurance company. At present, one bank can become the corporate agency of one insurance company and one non-life insurance company. Axis Bank, Dhanlakshmi Bank, Syndicate Bank and Standard Chartered Bank sell products as corporate agents without equity participation in insurance companies.
2.9 Cell for redressal of grievances of Policyholders

The Grievance Redressal Cell of the Insurance Regulatory and Development Authority looks into complaints from policyholders. Complaints against Life and Non-life insurers are handled separately. This Cell plays a facilitative role by taking up complaints with the respective insurers.

Policyholders who have complaints against insurers are required to first approach the Grievance / Customer Complaints Cell of the concerned insurer. If they do not receive a response from insurer(s) within a reasonable period of time or are dissatisfied with the response of the company, they may approach the Grievance Cell of the IRDA. The complaints need to be addressed to the Non-life insurance Grievance Cell of the IRDA.

Only cases of delay/non-response regarding matters relating to policies and claims are taken up by the Cell with the insurers for speedy disposal. As claims/policy contracts in dispute require adjudication and the IRDA does not carry out any adjudication, insurers are advised to approach the available quasi-judicial or judicial channels, i.e., the Insurance Ombudsman, Consumer forum or the Civil courts for such complaints.

Only complaint from the insured’s themselves or the claimants shall be entertained. The Cell shall not entertain complaints written on behalf of policyholders by advocates or agents or any third parties. Where complaints are being sent through e-mail, complainants are requested to submit complete details of the complaint as required in the complaints registration form. Without this the Cell will not be in a position to register the complaint.