

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

STARRED QUESTION NO. *291

TO BE ANSWERED ON MONDAY, DECEMBER 9, 2019/AGRAHAYANA 18, 1941 (SAKA)

REIMBURSEMENT OF INSURANCE CLAIMS

***291. DR. SANJAY JAISWAL:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that general insurance claims of many industries affected by natural disasters have been delayed/denied by the insurance companies during the last five years and if so, the details thereof;
- (b) whether instructions have been sent to insurance firms to take swift action in reimbursing the claims of industries, especially in the aftermath of the Bihar 2016 floods and if so, the details thereof; and
- (c) whether the Government is aware that the accounts of industries are turning into NPAs due to negligence of industries?

ANSWER

**THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)**

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

STATEMENT REFERRED TO IN REPLY TO PART (a) to (c) OF LOK SABHA STARRED QUESTION NO. 291 FOR 9th DECEMBER, 2019 REGARDING “REIMBURSEMENT OF INSURANCE CLAIMS” TABLED BY DR. SANJAY JAISWAL

(a) to (c) : Insurance companies have been paying claims on regular basis. The four public sector general insurance companies (PSGICs) have settled claims for natural calamities such as floods, cyclone, etc. The settlement percentage was 98.2% for Kerala Floods(August, 2018) and 97.64% in case of Cyclone Titli in Andhra Pradesh(October/November, 2018). Substantial number of natural calamity claims in Tamilnadu (November, 2018), Odisha(April/May, 2019), Maharashtra, Karnataka, Kerala and Gujarat(July/ August, 2019) have been settled and the remaining claims are pending for want of documents on the part of insured. Further, with the submission of documents, claims are settled on priority.

On occurrence of a natural calamity, following process is set in motion: independent and qualified surveyors, certified by Insurance Regulatory and Development Authority of India (IRDAI) are engaged to assess the losses and recommend the claims amount payable; the Companies provide special dispensation in case of natural disasters so as to ensure that claims are settled promptly; to provide immediate relief to the insured, insurers make “on account” payment and the balance amount is paid after the property is reinstated.

Further, advisories are issued to General Insurance Companies (GICs) by IRDAI to devise a common strategy to handle claims arising out of that event with minimal inconvenience to the customers, including waiver of certain documents such as meteorological report, FIR, condoning the delay in claim intimation, simplified claims procedure, etc.

Advisories are also issued to the PSGICs by Department of Financial Services(DFS) *inter-alia* containing nomination of a Senior Level Officer who would act as Nodal Officer in the State for coordinating / expediting settlement of claims that are reported; coordination with Chief Secretary / District Magistrate/ District Administration; display of Nodal Officers’ contact details on the Companies’ website, daily reporting to DFS of the claims reported and settlement, deployment of adequate number of Surveyors in each affected Districts; setting up of Special Camps, its publicity in the Press, etc. ; starting of 24*7 Helplines; expeditious disposal of eligible claims.

The details of the advisories issued from time to time in this regard vide letter dated 26.11.2019 for floods in the State of West Bengal and Odisha, letter dated 26.08.2019 for floods in the State of Maharashtra, Karnataka, Kerala and Gujarat, letter dated 09.08.2019 for floods in the State of Karnataka and Maharashtra, letter dated 06.05.2019 for Cyclone Fani in

the State of Odisha, letter dated 17.08.2018 for floods in the State of Kerala, letter dated 29.08. 2017 for floods in the State of Bihar and letter dated 26.07.2017 for floods in the State of Assam and Gujarat

Notwithstanding the above, in the event of rejection/reduced payment of claim amount as requested by the claimant, a robust grievance redressal mechanism gets activated wherein every insurer has a Grievance redressal cell which admits the request and strives to resolve the same within the defined Turn Around Time(TAT). In the event of claimant not being satisfied with the decision of the Grievance redressal cell, they can approach the Regulator(IRDAI) for the redressal of their grievance. If still not satisfied, the customer can approach Insurance Ombudsman concerned for the speedy and resolution of their grievance who have powers to entertain claims upto the limit of Rupees 30 Lakhs.

The NPAs of the PSGICs are ~ 0.30% of total Assets as on 31.03.2018. The key reason for NPAs of the PSGICs is non-repayment of debt instruments extended as a part of Investments made by the Company in terms of IRDAI's investment guidelines.
