

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION No. 3374**

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

**DELAY IN SETTLEMENT OF INSURANCE CLAIMS**

†3374. KUNWAR DANISH ALI:

Will the Minister of FINANCE be pleased to state:

- (a) whether insurance companies charge lakhs of rupees from people in the name of compensation and assistance in case of an accident when it comes to compensate huge loss, they pay a small amount by referring to rules, terms and conditions;
- (b) if so, the details thereof including such cases that come to the notice of the Government during each of the last three years, State-wise including Uttar Pradesh; and
- (c) the corrective steps taken/ proposed to be taken by the Government in this regard?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

**(a) and (b):** Insurance Regulatory and Development Authority of India (IRDAI) has informed that the pricing of insurance products is actuarial based and in compliance with the underwriting policy as approved by the respective Boards of Director of Insurers. It takes into account risk exposure, claims experience/ estimated claims costs, all expenses etc. The pricing of products commensurate with the benefits offered.

In case of Motor accident claims, the total loss, theft and constructive total loss claims, etc., the amount payable shall be the Sum Insured (i.e. Insured Declared value) given in the policy.

The partial loss claims of motor vehicles are payable subject to depreciation as per the policy contract. Further, compensations in case of road accidents are awarded by Motor Accident Claims Tribunals (MACTs) and the insurance companies are bound by these awards. Category –wise compensation defined in section 161 of the Motor Vehicle(Amendment) Act,2019 are as under:

*“161. (1) Notwithstanding anything contained in any other law for the time being in force or any instrument having the force of law, the Central Government shall provide for paying in accordance with the provisions of this Act and the scheme made under sub-section (3), compensation in respect of the death of, or grievous hurt to, persons resulting from hit and run motor accidents.*

*(2) Subject to the provisions of this Act and the scheme made under sub-section (3), there shall be paid as compensation,—*

*(a) in respect of the death of any person resulting from a hit and run motor accident, a fixed sum of two lakh rupees or such higher amount as may be prescribed by the Central Government;*

*(b) in respect of grievous hurt to any person resulting from a hit and run motor accident, a fixed sum of fifty thousand rupees or such higher amount as may be prescribed by the Central Government.”*

IRDAI has further informed that IRDAI (Protection of Policyholders) Regulations, 2002 and amendments issued thereof clearly mention about matters to be stated in the insurance policy, general principles governing issuance of policies, claims procedure in respect of general/life/health insurance policies and grievance redressal procedure. As per this Regulation, every insurer shall have in place a board approved policy for protection of policyholders' interests which shall include steps to enhance insurance awareness, turnaround times for various services rendered and procedure for expeditious resolution of complaints.

**(c) : Available Grievance Mechanism:**

In the event of rejection/reduced payment of claim amount as requested by the claimant, a robust grievance redressal mechanism gets activated as under:

- Every GIC 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.

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