

Nearly one-third consumer complaints are of Insurance Sector: Secretary Department of Consumer Affairs

Disposal of consumer complaints doubled in second half year of 2022 compared to first half

Need to improve the insurance policies by being more transparent and worded simply: Centre

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Due to various proactive measures taken by the Department of Consumer Affairs (DoCA), the disposal of cases in Consumer Courts has been doubled during the period April to July 2022 vs August to November 2022. In addition, of total 5,78,061 cases pending before the Consumer Commission, 161134 pertains to the Insurance sector, said Shri Rohit Kumar Singh, Secretary DoCA during a Round Table Conference on Consumer and the Insurance Sector organised here today.

The Insurance cases are divided into many categories like Travel insurance, Life insurance, Home insurance, Car insurance, Marine Insurance, Fire Insurance, Crop Insurance, and, Medical Insurance among them most of the cases are seen in Medical insurance and life insurance claims.

Discussion is held on the major issues on which the claims are repudiated like: (i) Ambiguity in the insurance contract i.e. use of technical jargons and complex words, (ii) Eligibility of the consumer, claims rejected due to the pre-existing diseases, (iii) Intermediary did not disclose terms of the contract, (iv) Eligibility (other than pre-existing diseases), (v) Crop insurance rules tied to the scheme.

To address the large pendency of insurance cases in the Consumer Commissions, the Department has organised the conference to facilitate stakeholder consultation on insurance cases in consumer commissions. Members of the National Consumer Dispute Redressal Commission along with Presidents of the Jharkhand and Gujarat State Consumer Dispute Redressal Commissions and Presidents of Hisar, Raigad, Jabalpur, and Gaziabad District Consumer Redressal Commissions along with members of J&K, Madhya Pradesh, and Rajasthan State Consumer Dispute Redressal Commissions, attended the conference and addressed the major issues faced by the commissions while disposing of the insurance cases.

During the deliberations it was suggested that there is need to improve the insurance policies need to be more transparent, worded simply, in local language, exclusion and inclusions clearly identified, use of IT, to setup the intermediary management, there should not be multiple hearing, the increase in jurisdiction for settlement of cases by the ombudsman, consumers to be clearly informed about the requisites of the insurance contract so they have complete knowledge about the insurance policy, need for strengthening internal grievance redressal of the company, the terms and conditions of the policy including exemption clause to be readable font, avoid use of jargons, and hyper-technical words etc, need for advocacy, creating awareness among the insurance sector and for crop insurance Ministry of Agriculture has made a framers grievance portal on which the

framers can file the complaints. The whole emphasis is on honest and fair disclosure of terms and conditions of the insurance policy.

Representatives from the insurance companies being bound by restrictions and not empowered to take proper decisions are discussed in detail.

Department of Financial Services, Ministry of Agriculture, Insurance Regulatory and Development Authority (IRDAI), Insurance Ombudsmen from the Council of Insurance Ombudsman, members of various Voluntary Consumer Organizations, Senior representatives of the 22 major Insurance Companies participated in the conference. 35 District Consumer Commissions and 5 National Law Universities joined the conference through the Video Conferencing. The main purpose of this stakeholder consultation is to find out the reason of the rise of insurance cases in the Consumer Commissions and reach to an amicable solution to hurdles while disposing of the insurance cases in the consumer commissions.

The Department of Consumer Affairs is continuously working towards reducing the pendency of cases in the Consumer Commissions so as to protect the interest of the consumers and reach the goal set by the Consumer Protection Act, 2019. In respect of this department organized many campaigns to reduce the pendency in the consumer commissions and have addressed the issue multiple times.

The great success achieved by the States/District Consumer Commissions in disposing of the pending cases through the National Lok Adalat held on 12.11.2022 and “Grahak Madhyasthata Samadhan” on 16th December 2022 has given hope towards early disposal through a mutual settlement.

AD/NS

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