

Grievance Redressal In Insurance Sector

**CONSUMER AFFAIRS DEPARTMENT
IRDAI**

REGULATORY FRAMEWORK

- IRDA (Protection of Policyholder's Interests) Regulations 2002 – Regulation 5
- Guidelines for Grievance Redressal by Insurance Companies

IRDA (PPHI) Regulations-Regulation 5

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.

Guidelines on Grievance Redressal

1. Definition of Grievance / Complaint – Request and Inquiry
2. Grievance Redressal Policy
 - Board approved GRP to be filed with IRDA
3. Grievance Officer
 - Designated GO of Senior Mgmt level (CEO / Compliance Officer)
 - Office other than HO/Corp/Principal Office to have a nominated officer for the office

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Grievance/Complaint

- **Any communication that**
 - **expresses dissatisfaction**
 - about an action or lack of action
 - about the standard of service/deficiency of service of
 - an insurance company and/or
 - any intermediary or
 - **asks for remedial action.**
- **Inquiry** – communication for the primary purpose of requesting information about a company and/or its services.
- **Request** – communication soliciting a service such as a change or modification in the policy.

Guidelines on Grievance Redressal

4. Grievance Redressal System / Procedure –
 - Receiving, Registering and disposing in each office
 - Acknowledgement
 - In 3 working days
 - Contain name and designation of officer dealing
 - Details of GR procedure and time taken for resolution of disputes
 - Not separately necessary where resolved in 3 days (Resolution with ack.)
 - Resolution
 - Within 2 weeks of receipt
 - Resolve and Send a final letter of resolution
 - Redress / Rejection
 - Send written response with reasons
 - Inform how the complaint can be pursued
 - Inform that complaint will be treated as closed if no reply is received in 8 weeks after receipt of response
 - Any failure to do so – attract penalties from IRDA
 - Every office to have a system of grievance Registration and disposal

Guidelines on Grievance Redressal

5. Turnaround times

- Service Level TATs
 - as per PPHI Regulations
 - as provided by the Authority
- Grievance Redressal TATs
 - as per the para 4 of these Guidelines

6. Closure of Grievance – Details

7. Categorization of complaints

- As prescribed by Authority (aligned with IGMS)
- Standing Advisory Committee to relook at Codification and align with International Standards

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TURN AROUND TIMES

Life Insurance Companies		General Insurance Companies	
Service	Maximum Turn Around Time	Service	Maximum Turn Around Time
General		General	
Processing of Proposal and Communication of decisions including requirements/issue of Policy/ Cancellations	15 Days	Processing of Proposal and Communication of decisions including requirements/issue of Policy/ Cancellations	15 Days
Obtaining copy of the Proposal	30 Days	Obtaining copy of the Proposal	30 Days
Post Policy issue service requests concerning mistakes/Refund of proposal deposit and also Non-Claim related service requests	10 Days	Post Policy issue service requests concerning mistakes/Refund of proposal deposit and also Non-Claim related service requests	10 Days
Life Insurance		General Insurance	
Surrender value/Annuity/Pension processing	10 Days	Survey report submission	30 Days
Maturity claim/Survival benefit/Penal interest not paid	15 Days	Insurer seeking addendum report	15 Days
Raising claim requirements after lodging the Claim	15 Days	Offer of Settlement/Rejection of Claim after receiving first/addendum survey report	30 Days
Death Claim settlement without Investigation requirement	30 Days		
Death Claim settlement/Repudiation with Investigation requirement	6 Months		
Grievances		Grievances	
Acknowledging a Grievance	3 Days	Acknowledging a Grievance	3 Days
Resolving a Grievance	15 Days	Resolving a Grievance	15 Days

• PPHI Reg. 2002 & Grievance Redressal Guidelines 2010

Insurers to ensure meticulous compliance with TATs

Penal Interest

- Penal Interest @ bank rate plus 2 %
 - Life – Delay beyond time 30 days after receipt of all documents and clarifications relating to claims
 - (Regulation 8(5) of PPHI Regulations)
 - Non-Life – Delay beyond 7 days from the date of acceptance of settlement amount
 - (Regulation 9(6) of PPHI Regulations)
 - Health – No clear provision. Can be equated to non-life without surveyor requirement.
- **Payment of interest should be without demur and without request from claimant**
- *Payment of interest @ applicable FD rate for delay in refunding premium beyond 15 days of receipt as customer is out of funds with no benefit.*

BACK

Closure of grievance

A complaint shall be considered as *disposed of and closed* when

- (a). the company has *acceded to the request of the complainant fully.*
- (b). where the complainant has *indicated in writing , acceptance of the response of the insurer.*
- (c). where the complainant has *not responded to the insurer within 8 weeks of the company's written response.*
- (d) where the *Grievance Redressal Officer has certified that the company has discharged its contractual, statutory and regulatory obligations and therefore closes the complaint.*

BACK

Guidelines on Grievance Redressal

8. Minimum Software Requirements

- To enable online registration, tracking of status and generating reports
- Integrate with IRDA's system in prescribed manner
- IRDA to define requirements and insurers to provide / modify systems as required
- Objective
 - Create Industry Level Database and systems
 - To enable speedy and effective redressal of complaints

9. Calls relating to Grievances

- Systems to receive and deal with calls / voice/emails relating to grievances
- System should enable and facilitate interfacing with IRDA's system of handling calls and emails

Guidelines on Grievance Redressal

10. Publicizing Grievance Redressal Procedure

- To publicize GRP and
- To ensure it is made available on website

11. Policyholder Protection Committee

- As stipulated in Corporate Governance Guidelines is in place
- to receive and analyze reports from the Management and monitoring activities

GRIEVANCE HANDLING SYSTEM

Grievances Handling System

At Insurers

- Post, walk-in, email, call centre, online etc.
- Replicated from IRDAI
- Captured on Insurer's Portal

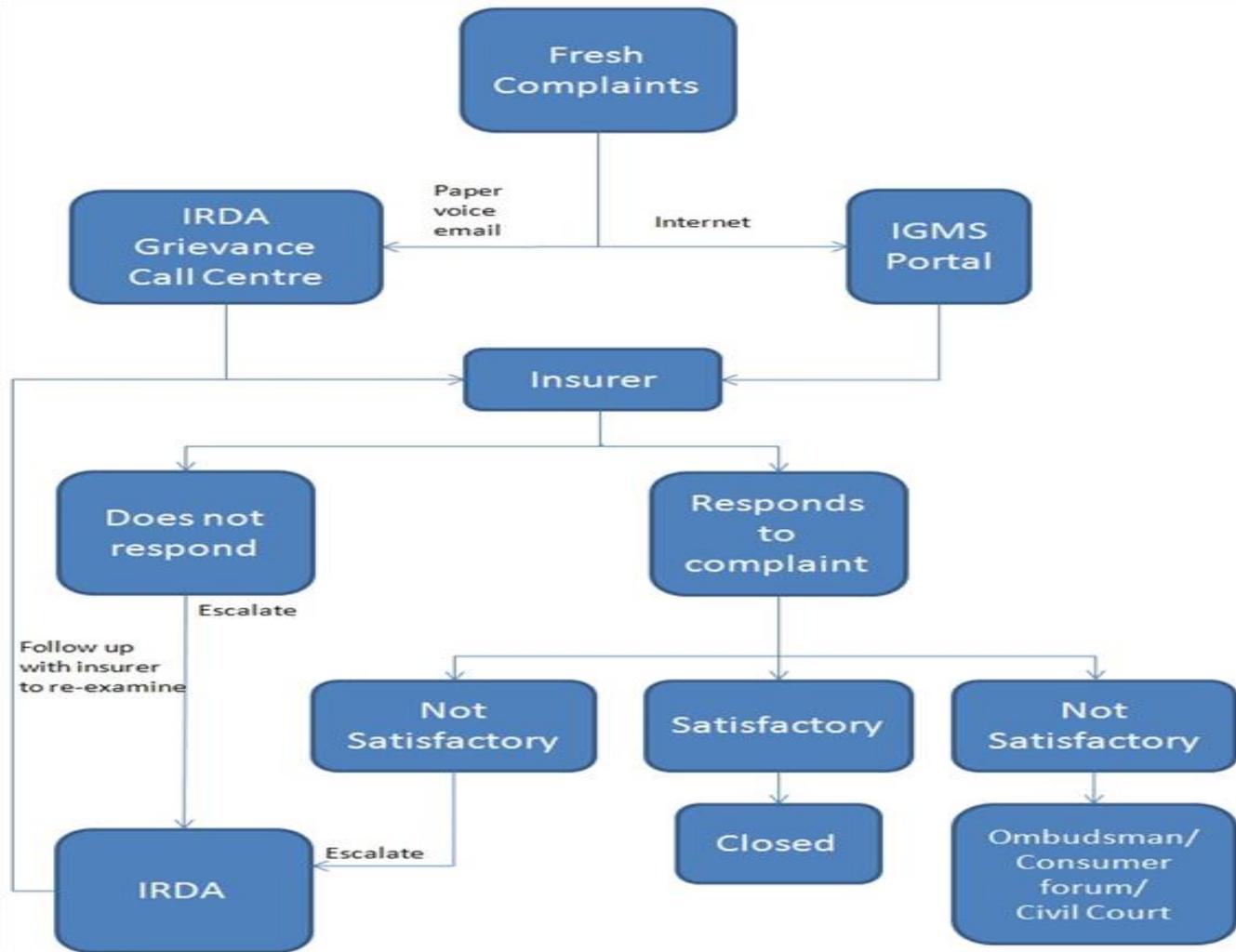
At IRDAI

- IGCC – IRDAI Grievance Call Centre
- Post, walk-in, email, DARPG, other regulators, Government
- Replicated from Insurer's portal
- Captured on IGMS – Industry repository of grievances

IGMS for capturing grievances

- It is a repository of industry-wide grievances
- No attachments
 - for better space management
 - ease of text search if needed
- The complaint would be indicated in brief
- Resolution offered has to be updated so that it
 - Should give full information about resolution
 - Should be brief (1000 characters)
 - Should indicate customer satisfaction

WORK FLOW RELATING TO GRIEVANCES



GRIEVANCES SUMMARY

FY 2015-16

TOTAL COMPLAINTS

Insurer Type	Complaints of 2014-15 (1)	Complaints of 2015-16 (2)	% of (2) to (1)
Life	278992	204701	73.37%
Non Life	60688	59083	97.36%
TOTAL	339680	263784	77.66%

Life complaints decrease high; Non-life complaints likely to decrease
Total complaints decrease high.

RECEIPT AND DISPOSAL OF COMPLAINTS – LIFE

Pending as at beginning	6109	
Received during the period	204701	
Attended to during the period	209875	99.56%
Pending as at the end of the period	935	0.44%

< 15 days	775	82.89%
16-30 days	22	2.35%
> 30 days	138	14.76%

While the resolution figures are good, no complaint should be pending for > 15 days

RECEIPT AND DISPOSAL OF COMPLAINTS - NON-LIFE

Pending as at beginning	2099	
Received during the period	59083	
Attended to during the period	60211	98.41%
Pending as at the end of the period	971	1.59%

< 15 days	533	54.89%
16-30 days	83	8.55%
> 30 days	355	36.56%

Pending complaints to be brought down.

No complaint should be pending for > 15 days

COMPLAINT TYPE WISE – LIFE

Complaints Type	Complaints of 2014-15 (1)	Complaints of 2015-16 (2)	% of (2) to (1)
Unfair Business Practices	145129	100257	69.08%
Policy Servicing	55869	43928	78.63%
Survival Claims	27123	21347	78.70%
Others	21957	17360	79.06%
Proposal Processing	20932	15599	74.52%
Death Claims	3953	3402	86.06%
ULIP Related	4029	2808	69.69%
TOTAL	278992	204701	73.37%

COMPLAINT TYPE –WISE - LIFE

- Highest proportion of complaints
 - Unfair business practices (48.98 % [52% last year])
 - Policy servicing (21.46 %)
 - Claims (Survival & Death) (11.80 %)
- Sharp decrease in Unfair Business Practices complaints

GREATER EFFORT NEEDED TO CURTAIL COMPLAINTS ON MIS-SELLING

Unfair Business – Top 10 Insurers

S.No	Insurer Name	No. of Complaints
1	Bajaj Allianz Life Insurance Company Ltd	12182
2	Reliance Life Insurance Company Limited	9620
3	HDFC Standard Life Insurance Co. Ltd	9283
4	Birla SunLife Insurance Company Limited	9208
5	Max Life Insurance Company Limited	8131
6	ICICI Prudential Life Insurance Company Ltd	7559
7	AEGON Religare Life Insurance Company Limited	7486
8	Exide Life Insurance Company Limited	6261
9	Future Generali India Life Insurance Company Limited	5965
10	Bharti-Axa Life Insurance Company LTD	3969

Checking Misselling - Efforts Taken

- Relating to spurious calls
 - Issued Public Caution advertisement
 - Mandatory inclusion of IRDA caution in ads by insurers in print/electronic media
 - Pre-verification calls sent by most insurers
- Stepping up consumer education efforts
- Ombudsman are also entertaining complaints
- Contemplated
 - Modification in PPHI Regulations
 - Interaction thru VC with major life insurers

COMPLAINT TYPE WISE – NON LIFE

Complaints Type	Complaints of 2014-15 (1)	Complaints of 2015-16 (2)	% of (2) to (1)
Claim	26467	26480	100.05%
Policy Related	19656	19422	98.81%
Others	9201	8635	93.85%
Premium	1913	1271	66.44%
Refund	1086	1072	98.71%
Coverage	828	998	120.53%
Proposal Related	621	445	71.66%
Cover Note Related	607	407	67.05%
Product	309	353	114.24%
TOTAL	60688	59083	97.36%

COMPLAINT TYPE WISE – NON LIFE

- The major causes of complaint
 - Claims (44.2 % [43.61 % last year])
 - Policy related (32.87 % [32.39 % last year])
- Steps to be taken
 - Claim forms to be made easily available
 - Hastening survey report and action
 - Timely resolution of claims
 - Reasoned decision in case repudiation of claims
 - Ensuring prompt issue of policy
- Claim process would be reviewed by the Standing Advisory Committee to come out with best practices for expeditious claim handling

MAJOR COMPLAINT DESCRIPTIONS (Top 10) – LIFE

Complaint Description Type	No. of Complaints	%
UNFAIR BUSINESS PRACTICES (5)		
Malpractices or unfair business practices	50075	24.46%
Spurious calls or Hoax Calls	9089	4.44%
Tampering, Corrections, forgery of proposal or related papers	6804	3.32%
Intermediary did not provide material information concerning proposed cover	6352	3.10%
Single premium Policy issued as Annual premium policy	6248	3.05%
Policy Servicing (2)		
Payment of premium not acted upon or wrongly acted upon	8934	4.36%
Non-receipt of Premium receipt	8369	4.09%
OTHERS - Complaint raised with Insurer not addressed	14597	7.13%
Proposal Processing - Policy bond not received.	9250	4.52%
Survival Claims - Survival Benefit is not paid	6839	3.34%

COMPLAINT DESCRIPTION CLASSIFICATION (Top 10) –NON LIFE

Complaint Description Type	No. of Complaints	%
POLICY RELATED (3) CLAIM RELATED (5)		
Insurer not disposed of the claim	10550	17.86%
Difference between assessed loss and amount settled by Insurer.	2754	4.66%
Insurer reduced the Quantum of claim for reasons not indicated in the policy.	1844	3.12%
Insurer failed to make offer of settlement to Insured after receipt of survey report.	1319	2.23%
Delay on the part of TPA to arrange claim reimbursement.	1266	2.14%
POLICY RELATED (3)		
Certificate of Insurance / Policy not received by the Insured	8997	15.23%
Details shown in policy or Add-on are incorrect.	2713	4.59%
Insured asked for cancellation of policy, Insurer failed to respond	2211	3.74%
OTHERS (2)		
Insurer failed to clarify the queries raised by Insured.	2862	4.84%
TPA not sent ID card to Insured.	1484	2.51%

RESOLUTION CLASSIFICATION OF COMPLAINTS DISPOSED DURING THE FY 2015-16- LIFE

Complaints Type	In favour	Partially in favour	Reject	Reject %
Death Claims	1672	398	1312	38.79%
Others	13783	974	2569	14.83%
Policy Servicing	36137	2561	5135	11.71%
Proposal Processing	11346	1036	3183	20.45%
Survival Claims	14586	1626	5082	23.87%
ULIP Related	1295	233	1271	45.41%
Unfair Business Practices	30765	8603	60248	60.48%
TOTAL	109584	15431	78800	38.66%

RESOLUTION CLASSIFICATION OF COMPLAINTS DISPOSED DURING THE FY 2015-16 - NON LIFE

Complaints Type	In favour	Partially in favour	Reject	Reject %
Claim	10808	4255	10991	42.19%
Cover Note Related	316	19	70	17.28%
Coverage	467	261	267	26.83%
Others	5705	1138	1695	19.85%
Policy Related	15611	2135	1488	7.74%
Premium	931	98	236	18.66%
Product	155	10	181	52.31%
Proposal Related	206	23	215	48.42%
Refund	819	102	140	13.20%
TOTAL	35018	8041	15283	26.20%

Resolution

- Resolution in favour of complainants is better in non-life than life
- In Life
 - Unfair business practices
 - Highest in number of complaints
 - Highest in rejection as well
 - ULIP related complaints – 45.41 % rejected
 - Related to charges / Return (NAV) / Foreclosure-surrender
- In Non-Life
 - Policy related complaints though large in number, 82 % of them are resolved in complainant's favour

ALTERNATE GRIEVANCE REDRESSAL

- **Insurance Ombudsman**

Redressal of Public Grievances Rules, 1998

Insurance Ombudsman

- From November 11, 1998
- GBIC appoints and can remove. It looks after Administration, staffing, budget, preparation of annual report etc.
- Funding – by companies based on gross premium of last year
- Selection Committee
 - Chairman, IRDA (Chairman)
 - Rep of GI Council and Life Council
 - Rep of Govt of India
- Eligible persons
 - Insurance Industry, Civil/Admin Services, Judicial services
- Term
 - 3 years or till 65 years age
 - Not eligible for reappointment
- Jurisdiction
 - Pecuniary – Compensation of 20 lakhs
 - Territorial – Branch /Office where insurer complained against is located.

Insurance Ombudsman

- Number
 - 17
- Complaints on personal lines of insurance regarding
 - Any partial or total repudiation of claims by an insurer.
 - Any dispute in regard to premium paid or payable in terms of the policy.
 - Any dispute on the legal construction of the policies in so far as such disputes relate to claims.
 - Delay in settlement of claims.
 - Non-issue of any insurance document to customers after receipt of premium
- Procedure – Conciliation / Award. Fairly and equitably.

**COMPLAINTS RECEIVED BY THE INSURANCE OMBUDSMEN -
CURSORY GLANCE**

Insurance Type	2014-15	2015-16
LIFE INSURANCE	14339	17257
NON-LIFE INSURANCE	7145	8920
TOTAL (Life& Non-Life)	21484	26177

DISPOSAL OF COMPLAINTS BY THE INSURANCE OMBUDSMEN

Particulars	2014-15			2015-16				
	O/S as on 01.04.2014	Received	Disposed	O/s as on 31.03.2015	O/S as on 01.04.2015	Received	Disposed	O/s as on 31.03.2016
1. Against Life Insurers	5724	14339	15666	4397	4397	17257	19645	2009
2. Against General Insurers	3893	7145	8653	2385	2385	8920	10621	684
3. Against Life & General Insurers	9617	21484	24319	6782	6782	26177	30266	2693

DISPOSAL OF COMPLAINTS BY INSURANCE OMBUDSMEN DURING 2015-16

Insurer	Compl aints O/S as on 1.4.15	Receiv ed during 2015-16	Total	Complaint s disposed during 2015-16	No. of Complaints disposed by way of				Complaint s O/S as on 31.3.2016
					(I)	(II)	(III)	(IV)	
Life	4397	17257	21654	19645	5431 [27.65]	1956 [9.96]	1924 [9.79]	10334 [52.60]	2009
Non-Life	2385	8920	11305	10621	3440 [32.39]	932 [8.78]	1583 [14.90]	4666 [43.93]	684
Combined	6782	26177	32959	30266	8871 [29.31]	2888 [9.54]	3507 [11.59]	15000 [49.56]	2693

Notes: O/S : Outstanding

(I) Recommendations / Awards

(III) Dismissal

(II) Withdrawal / Settlement

(IV) Non-acceptance / Not-entertainable

CLASSIFICATION OF COMPLAINTS RECEIVED BY THE INSURANCE OMBUDSMEN

(Life & General Insurers)

Year	Complaints which are not entertainable	Partial or total repudiation of claim	Dispute in regard to premiums paid or payable in terms of policy	Disupute on the legal construction of the policies so far as such dispute relates to claim	Delay in settlement of claims	Non issuance of document to customer after receipt of premium	Total
2014-15	13006	4649	3236	193	328	72	21484
2015-16	15000	6312	4309	194	292	70	26177

THANK YOU