

# Insurance Ombudsman

April 3, 2021

**In News:** The Government on 2nd March 2021 notified comprehensive amendments to the Insurance Ombudsman Rules, 2017, with a view to improve the working of the Insurance Ombudsman mechanism.

## Insurance Ombudsman

- The Insurance Ombudsman scheme was created by the Government of India for individual policyholders to have their complaints settled out of the courts system in a cost-effective, efficient and impartial way.
- There are 17 Insurance Ombudsman in different locations and you can approach the one having jurisdiction over the location of the insurance company office that you have a complaint against.

**Objective :** To provide a forum for resolving disputes and complaints from the aggrieved insured public or their legal heirs against Insurance Companies.

## Features of Insurance Ombudsman

- Representation should be made to the Insurance Company and either unsatisfactory reply should have been received or the representation should stand as un-replied for at least 1 month.
- Complaint must be lodged within 1 year of the events.
- Total relief sought must be within an amount of Rs.20 lakhs.
- Subject matter of the complaint should not currently be or have earlier been before a Court/Consumer Forum.
- No fees / charges are required to be paid.
- Aggrieved individual who has taken an Insurance Policy on personal lines (or if deceased, the legal heir(s) under such policy) can approach Ombudsman.

- If the Ombudsman deems it fit in the circumstances of the case, he may award ex-gratia payment.
- Complaints pertaining to repudiation of claims totally or partially, delay in settlement of claims, any dispute on the legal construction of the policies in so far as such disputes relate to claims, disputes regarding premiums paid / payable and non-issue of insurance documents.
- Insurance on personal lines means a policy taken or given in an individual capacity, e.g. life insurance, personal accident insurance, mediclaim insurance, insurance of personal property of the individual such as motor vehicle, household articles, etc.

### **Complaint to the Ombudsman about:**

- Partial or total repudiation of claims by an insurer
- Dispute about premium paid or payable in terms of the policy
- Dispute on the legal construction of the policies as far as it relates to claims
- Delay in settlement of claims
- Non-issue of any insurance document to you after you pay your premium

### **Approach the Ombudsman with complaint if**

- If you first approached your insurance company with the complaint and they have not resolved it OR Not resolved it to your satisfaction OR not responded to it at all for 30 days.
- Complaint pertains to any policy you have taken in your capacity as an individual and
- The value of the claim including expenses claimed is not above Rs 20 lakh.

### **Settlement process Recommendation**

- The Ombudsman will act as counsellor and mediator and

arrive at a fair recommendation based on the facts of the dispute.

- After acceptance this as a full and final settlement, the Ombudsman will Inform the company which should comply with the terms in 15 days

## **Award**

- If a settlement by recommendation does not work, the Ombudsman will Pass an award within 3 months of receiving the complaint and which will be a speaking award with the detailed reasoning and Binding on the insurance company but Not binding on the policyholder
- The Ombudsman can also award an ex-gratia payment

## **Once the Award is passed:**

- You have to accept the award in writing and the insurance company has to be informed of it within 30 days and The Insurance Company has to comply with the award in 15 days after that.

## **Amendments to the Insurance Ombudsman Rules, 2017**

- Enlarged the scope of complaints to Ombudsmen from only disputes earlier to deficiencies in service on the part of insurers, agents, brokers and other intermediaries.
- Insurance brokers have been brought within the ambit of the Ombudsman mechanism, by empowering the Ombudsmen to pass awards against insurance brokers as well.
- The timeliness and cost-effectiveness of the mechanism has been substantially strengthened.
- Policyholders will now be enabled for making complaints electronically to the Ombudsman and a complaints management system will be created to enable policyholders to track the status of their complaints online.
- The Ombudsman may use video-conferencing for hearings. To enable access to relief through the

- Ombudsman mechanism even when there is vacancy in the
- office of a particular Ombudsman, provision has been made for giving additional charge to another Ombudsman, pending the filling of the vacancy.
  - The selection committee will now include an individual with a track record of promoting consumer rights or advancing the cause of consumer protection in the insurance sector.