

Editorial



Sanjeev Gupta

Insurance is a vital financial safety net that shields us and our family from sudden, catastrophic financial loss. By transferring the risk of unexpected events—such as illnesses, accidents, or property damage—to an insurance provider, who protect your hard-earned savings and ensure continuous stability in times of crisis.

Insurance guarantees peace of mind and economic stability by mitigating unforeseen risks.

viewing this facts :

Insurance Regulatory and Development Authority of India (IRDAI) launched “Insurance for All by 2047” mission in the year 2022 with a vision that every Indian citizen must have appropriate Life, Health and Property Insurance with objective that every person should have adequate coverage for life, health, motor, crop and property insurance. To achieve the goal regulator has relaxed product approval norms, insurer can launch insurance products on “use and file” basis.

For this purpose IRDAI has developed “Bima Sugam” as a digital market place for Insurance Products.

IRDAI has also evolved composite insurance product “Bima Vistar” which will provide coverage for life, health, property and accidental coverage.

Main object of the mission “**Insurance for all by 2047**” is protecting every Indian Citizen and Business Organisation by providing affordable insurance product as financial protection tool in case of financial loss due to accidental loss.

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The IRDAI issued guidelines to promote transparent, accountable, risk-sensitive, and policyholder-focused governance across India's insurance sector

Main Points:

- **Strengthened Board Governance**
Insurers must constitute effective and professionally competent Board of Directors, possessing expertise in insurance, finance, law, risk management, and governance.
- **Independent Directors Requirement**
Every insurer require to appoint minimum three Independent Directors and vacancy must be filled within the prescribed timeline and must be reported to IRDAI.
- **Board-Level Oversight and Accountability**
The Board will be responsible for strategic direction, risk oversight, compliance, and policyholder protection.
- **Mandatory Board Committees**
Insurers required to constitute committees – for Audit, Risk Management, Nomination & Remuneration, Policyholder Protection.
- **Remuneration Governance**
Compensation and incentive structures for senior management should support long-term sustainability and prudent risk-taking.
- **Strengthened Risk Management Framework**
Insurers should control Risk Management, Internal Audit, Compliance, Acturial Functions independently.
- **ESG and Climate Risk Framework**
Insurers must adopt Board-approved Environmental, Social and Governance (ESG) policies and climate risk management mechanisms.
- **Enhanced Transparency and Disclosure**
Insurer require Greater public disclosures and internal reporting standards to improve accountability.
- **Policy holder - Centric Governance**
Governance should prioritize fair treatment, grievance redressal, and protection of policyholder interests.

DFS Launches 'Bharat Maritime Insurance Pool' of USD 1.5 billion/₹12,980 crores to facilitate continuous maritime insurance coverage

The Department of Financial Services, Ministry of Finance launched the domestic insurance pool, namely '**Bharat Maritime Insurance Pool**' (BMIP) of **USD 1.5 billion**, with a sovereign guarantee of USD 1.4 billion/₹12,980 crore to facilitate continuous maritime insurance coverage.



The pool covers all maritime risks such as Hull and Machinery, Cargo, P&I and War risk for Indian flagged or controlled vessels or vessels destined to or starting from India, in the context of the current Middle East tensions.

The event was attended by senior officers from Department of Financial Services including Special Secretary Shri Sanjay Lohiya, Additional Secretary Shri Debasish Prusty, and CMD, General Insurance Corporation of India Shri Hitesh Joshi, CMD, New India Assurance Company Limited, Smt. Girija Subramanian, Secretary General, General Insurance Council Smt. Kasturi Sengupta and Director, Ministry of Ports, Shipping and Waterways, Shri Opesh Kumar Sharma.

Secretary, DFS, Shri M. Nagaraju handed over the first Marine Hull & Machinery War Policy document to M/s. Hoger Offshore and Marine Private Limited issued by the New India Assurance Co. Ltd. under BMIP, providing financial protection against War Perils while navigating through High Risk War Zones. Also, a Marine

Cargo War Policy was presented to M/s. Vedanta Sterlite copper Ltd., covering its import of cable wires. Policy was also issued to Balrampur Chini Mills Limited.

Restrictions or withdrawal of insurance cover in high-risk areas or sanctioned environments can disrupt shipping operations and critical trade flows. Due to sanctions, foreign re/insurers can withdraw support for any insurance policy that covers cargo or vessel carrying cargo, from the sanctioned country. Another area of concern is dependence of Indian vessels on International Group (IG) Protection and Indemnity (P&I) Club for P&I insurance. P&I insurance covers third-party liabilities like Oil pollution liability, Wreck removal, Cargo damage, Crew injury and repatriation, Collision liabilities. The pool with sovereign guarantee will be able to provide sufficient underwriting capacity to cover the risks adequately and enable the country to increase sovereign control over maritime trade.

A Governing Body has been constituted to oversee the functioning of the pool, including approvals regarding the invocation of the sovereign guarantee. In addition, an Underwriting Committee (UC) responsible for ensuring prudent, consistent and technically sound underwriting of risks ceded to the pool has been formed. GIC Re is the pool administrator, which will submit the returns, details of re-insurance arrangement, and statements on performance of the pool.

Policies will be issued by domestic insurers that are Pool members, using the combined underwriting capacity of the Pool. These risks would then be reinsured by all Pool members, in proportion to their capacity commitment in the Pool.

For claims arising upto USD 100 million, the pool will service the claim using its own capacity and for claims beyond USD 100 million, the sovereign guarantee will be invoked to service claims as a contingent backstop of last resort, after complete exhaustion of the pool's accumulated reserves, member contributions and reinsurance arrangements.

The pool will enable the country to strengthen sovereign control over maritime trade and ensure continuity of trade even in the event of withdrawal of re/insurance coverage due to sanctions or geopolitical tensions. This would strengthen India's maritime risk protection framework and support secure global trade operations in future, promoting India's financial sovereignty.

Jan Suraksha Schemes

(PMSBY), (PMJJBY) and (APY) complete 11 years of providing social security cover

Launched on 9th May 2015 by the Prime Minister Shri Narendra Modi, the Jansuraksha schemes- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY) were envisioned to extend affordable financial protection to all, particularly the underserved and vulnerable sections of society. These flagship

schemes aim to broaden the insurance and pension landscape by shielding citizens against life's uncertainties and fostering long-term financial resilience.



Prime Minister Shri Narendra Modi launched the Jan Suraksha schemes comprising PM Jeevan Jyoti Bima Yojana, PM Suraksha Bima Yojana and Atal Pension Yojana to provide low cost insurance and pension benefits.”

Over 27 crore, 58 crore and 9 crore enrolments have been done under PMJJBY, PMSBY & APY respectively.

Under PMJJBY scheme, claims settled for ₹ 21,500 crore to 10.7 lakh families
Under PMSBY scheme, claims settled for approx ₹3,660 crore to 1.84 lakh families.

The launch of the online Jan Suraksha Portal made it possible for citizens to enrol conveniently without visiting bank branches or post offices. Digitising the claims process has ensured faster settlements, enabling timely support to bereaved families when they need it the most.”

Prime Minister shares Sanskrit Subhashitam highlighting the transformative impact of Yoga

Prime Minister, Shri Narendra Modi, said that the remarkable success of the International Day of Yoga is proof that Yoga is not only helping millions of people across the world achieve physical well-being, but is also inspiring them to lead positive lives with confidence.

The Prime Minister shared a Sanskrit Subhashitam-

“चित्तप्रशमनोपायो योग इत्यभिधीयते। प्राणस्पन्दनिरोधो वा द्वेधा योगस्य धारणा॥”

The Subhashitam conveys that yoga is the means of completely calming and quieting the mind. To attain this goal, two principal methods of yoga are prescribed: calming the mind and regulating the flow of the breath.

IRDAI formed Working Group on Artificial Intelligence

IRDAI formed working group to study impact on artificial intelligence to ensure that Insurance Industry is adequately prepared to harness technological responsibility and safeguarding the interest of policyholder keeping in view rapid advancements in emerging technologies such as Artificial Intelligence (AI) have begun to reshape cyber security threat landscape as these technologies find increasing adoption within the insurance sector and therefore may pose challenges for Regulated Entities (REs).

The said Working Group will provide direction on governance frameworks, best practices and safeguards to ensure that innovation in the insurance sector is pursued in a manner that is not only fair, transparent and resilient but also ensure that policyholders' data is protected at all time.

The WG-AI is constituted with following members:

1. Prof Sandeep K Shukla, Director, IIIT Hyderabad - Chairperson
2. Shri. Nandkumar Saravade, EX-CEO, ReBIT – Member
3. Shri. Ashutosh Bahuguna, Scientist, CERT-In – Member
4. Shri. Manoj Nayak, CISO, SBI Life Insurer – Member
5. Shri. Shivanath Somanathan, CISO, Star Health Insurer – Member
6. Shri. Steve Dsouza, CRO, ICICI Lombard Insurer – Member
7. Shri. Deepak Gaikwad, GM & CISO, IRDAI – Member Convener

Working Group shall meet as frequently as necessary to carry out its functions effectively and may invite other subject expert(s), if required, and shall submit its recommendations to the Member (F&I) within 3 months from date of constitution.

IRDAI issued Consultation Paper on the proposed regulations pertaining to Policyholders' Education and Protection Fund

Insurance Regulatory and Development Authority of India Issued Consultation Paper on the proposed regulations pertaining to ₹800 Crore Policyholders' Education and Protection Fund (PEPF) and invited comments and suggestions from stakeholders and members of the public.

The PEPF, with a corpus of ₹800 crore, was constituted by IRDAI in March 2026 pursuant to the enactment of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025, introducing Section 16A in the IRDAI Act, 1999.

The provision mandates the establishment of a dedicated Fund to promote policyholder education, safeguard policyholder interests, and support other policyholder-centric initiatives as may be prescribed. As envisaged under the Act, the Fund shall comprise grants and donations from the Central and State Governments, IRDAI and other sources, amounts realised through penalties under insurance laws, and such other sums as may be specified through regulations.

The Fund will be administered and utilised by IRDAI for policyholder education, protection, and related purposes. Against this backdrop, the proposed regulations seek to establish a structured and sustainable framework for enhancing insurance awareness, strengthening policyholder protection, improving grievance support systems, and leveraging technology to deliver better policyholder services. It is proposed that the investment income generated from the Fund corpus be utilised for nationwide insurance literacy and awareness programmes, strengthening grievance redressal mechanisms, developing technology-enabled services for policyholders, including proactive alerts during natural calamities and other emergencies, and creating systems to facilitate tracing and recovery of unclaimed insurance amounts.

Motor Insurance – An Overview

Our Editor had a discussion with Shri G K Bansal, Ex Dy. General Manager, United India Insurance Co. Ltd. regarding motor insurance overview :



*G.K.Bansal, Ex Dy. General Manager,
United India Insurance Co. Ltd.*

- **How Indian Insurance market will cater the high expectations of insured in motor insurance**

Indian Insurance companies are ready to cater the expectations of insured by introducing new add-ons to compensate the financial loss of insured in case of any mis-happening.

- **Increasing discount race is creating negative impact on balance sheet of Insurance Companies**

To procure more market share insurers are offering higher discount particularly for new brand of private vehicles and trying to put less strain on balance sheet by arranging proper reinsurance treaties.

By Sanjeev Gupta

- **In case of accident of vehicle salvage is major concern for settlement of claims**
- As per the guidelines, salvage value is assessed by surveyor who is competent to assess the value of salvage.
- **Cashless settlement of motor claim on PAN India basis is need of hour, how insurance companies are providing cashless facility for settlement of claim**
- Cashless settlement of claim is unique feature of motor claim settlement where insured is paying only excess as mentioned in policy in addition to difference of loss assessed by surveyor and invoice generated by repairer. All insurance companies are providing cashless facility in India.



- **Due to increasing volume of Electric Vehicle what is future of loss assessors for settlement of claims**
- Increasing volume of electric vehicle is need of hour to save the foreign currency and environment, there will be requirement of knowledge shift of loss assessors to settle the claim of electric vehicle.
- **As per VAHAN database about 44% of vehicles in India are uninsured. How it is impacting pricing of Motor Premium**
- Impact of non insured vehicle results higher pricing, suitable measures are required to ensure that every motor vehicle plying on public place are insured which will also help in reducing third-party motor premium.

Cybercrime

Cybercrime is a term used to describe criminal activities involving computers or computer networks. It includes a wide range of illegal activities, such as electronic hacking, denial of service attacks, phishing, credit card fraud, bank robbery, illegal downloading, child pornography, scams, cyber terrorism, and the creation or distribution of harmful viruses and spam. This article aims to provide a comprehensive overview of the **Cybercrime in India** and its types, India's vulnerability & solutions.

These crimes can target individuals, organizations, or even governments. They can be divided into three main categories:

- crimes against individuals (like cyber harassment based on sexual, racial, or religious motives)
- crimes against property (such as destroying others' computer data, spreading harmful programs, or unauthorized access to computer information)
- crimes against the government, known as cyber terrorism.

Types Of Cybercrime

In simple terms, Cybercrime refers to criminal activities that involve computers, computer networks, or the Internet. There are various types that can be categorized into three main groups: crimes against persons, crimes against property, and crimes against the government.

● **Crimes Against Persons** include cyber-stalking, dissemination of obscene material like child pornography, defamation through hacking, and using technology to threaten or harass individuals.

● **Crimes Against Property** involve intellectual property violations like software piracy, cybersquatting (claiming similar domain names), cyber vandalism (destroying data or disrupting network services), hacking computer systems, transmitting viruses, cyber trespassing (unauthorized access to computers), and internet time theft.

Crimes Against the Government include cyber terrorism (threatening national security through internet attacks), cyber warfare (politically motivated hacking and spying), distribution of pirated software, and possession of unauthorized information.

Why is India Vulnerable to Cybercrime?

India is vulnerable to cybercrimes due to several factors:

Rapid Digitalization

India has experienced significant digital transformation in recent years, with a growing number of individuals and businesses relying on the Internet and digital technologies. The increased connectivity and reliance on technology create more opportunities for cybercriminals to exploit vulnerabilities.

Large Internet User Base

India has one of the largest Internet user bases globally. With a large population using the internet, there are more potential targets for cybercriminals, making it a lucrative market for cyberattacks.

Lack of Awareness Many people in India are not fully aware of the risks associated with using the internet and digital devices. Lack of awareness about cyber threats and best cybersecurity practices leaves individuals and businesses more vulnerable to attacks.

Inadequate Cybersecurity Infrastructure

The cybersecurity infrastructure in India is still developing. Many organizations, especially smaller businesses, may not have robust cybersecurity measures in place, making them easy target

Weak Legal Framework

While India has laws and regulations to address these issues, the legal framework is continuously evolving, and enforcement may be challenging at times. This can lead to delays in prosecuting cybercriminals effectively.

Technological Advancements

As technology advances, so do cyber threats. Cybercriminals constantly find new ways to exploit vulnerabilities in software, hardware, and network systems.

Insider Threats

Insider threats, where employees or individuals with access to sensitive information misuse it for malicious purposes, are a significant concern in India, particularly in the corporate sector.

Payment Systems Vulnerability

With the rise of digital payments and online transactions, there is an increased risk of financial crimes such as phishing, credit card fraud, and online scams.

Cross-Border Challenges

Cybercriminals can operate from anywhere in the world, making it challenging to apprehend and prosecute them, especially if they are located in jurisdictions with weak cybersecurity laws.

Strategies to Stop Cybercrime in India

Stopping these cybercrimes in India requires a multi-pronged approach involving various stakeholders.

Public Awareness

Educate the general public, businesses, and organizations about cybersecurity threats and best practices. Conduct awareness campaigns, workshops, and training sessions to promote safe internet usage and raise awareness about common cyber threats.

Strengthen Cybersecurity Laws

Continuously update and strengthen cybersecurity laws and regulations to address emerging cyber threats effectively. Ensure that internet crimes are treated as serious offenses, and penalties for perpetrators are stringent.

Capacity Building

Enhance the capabilities of law enforcement agencies and cybersecurity professionals by providing specialized training and resources. Develop a skilled workforce to investigate cybercrimes and respond to incidents promptly.

Cybersecurity Infrastructure

Invest in robust cybersecurity infrastructure for critical sectors like finance, healthcare, and government to protect sensitive data and systems from cyber threats.

Public-Private Partnerships

Foster collaboration between government agencies, private businesses, and cybersecurity experts to share threat intelligence and best practices. Public-private partnerships can help identify and respond to cyber threats more effectively.

International Cooperation

Collaborate with international agencies and law enforcement to address cross-border cybercrimes. Cybercriminals often operate from different countries, and international cooperation is essential to track and apprehend them.

Encourage Responsible Disclosure

Encourage ethical hackers and cybersecurity researchers to report vulnerabilities responsibly. Implement policies that protect those who report security flaws in systems and networks.

Cyber Hygiene

Promote good cyber hygiene practices, such as regularly updating software, using strong passwords, enabling two-factor authentication, and securing Wi-Fi networks.

Encourage Secure Coding Practices

Promote secure coding practices among software developers to minimize vulnerabilities in applications and software.

Incident Response and Reporting

Establish a streamlined mechanism for reporting cyber incidents and encourage prompt reporting of cybercrimes to law enforcement authorities.

Emphasize Mobile Security

Given the increasing use of mobile devices, focus on mobile security to protect users from mobile-based cyber threats.

Continuous Monitoring and Analysis

Implement proactive monitoring and analysis of cyber threats to identify potential attacks and take preventive measures.

Population of people that uses the internet is increasing every day. On the other hand, crimes in cyberspace are also increasing at a drastic pace.

To stop cyber crimes we require to strengthen cybersecurity infrastructure, raising awareness, implementing effective cybersecurity measures, and fostering collaboration between public and private sectors.

By Manthan Mishra

Complaints and Grievances Redressal Mechanism in Insurance Sector in India

Grievance is defined as 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 seeks remedial action.

Every insurer must ensure that grievance redressal mechanism is in place for providing excellent customer service.

Grievance redressal is based on the following principles

- Customers are treated fairly at all times
- Complaints raised by customers are dealt with an open mind, with courtesy
- Customers are informed through policy document of avenues of escalation process of their complaints and grievances within the organization

To treat all complaints efficiently and fairly as they can damage the company's reputation and business if not handled properly.

IRDAI through various regulations mandated the following requirements to be complied with by all insurers

1. Ensure a board approved grievance redressal policy document is in place
2. All complaints must be logged in through IGMS(Integrated Grievance Management System portal) of the authority
3. Every insurer must have grievance redressal officer (GRO) whose contact details are provided in all the communication with the policy holder
4. Insurer must abide by the grievance redressal guidelines advised by IRDAI
5. Regular reporting of all category of complaints & reconciliation of pending complaints is order of the day
6. The category of complaints number, intermediary involved, action taken, RCA (root cause analysis) to be placed before the committee of policy holder protection of interest at every meeting for discussion & directions

Policy holder can lodge a complaint in any of the manner as listed below

If one are unhappy with the insurance company procedures or claim settlement, one can

- Approach the Grievance Redressal Officer of its branch or any other office that one deals with. All formal mail IDs of Grievance Redressal Officers, GRO, of all insurance companies is made available in **IRDAI portal: policyholder.gov.in**
- Complaint in writing along with the necessary support documents to be provided
- Written acknowledgement of complaint date to be obtained.

The insurance company should deal with all complaint within 15 days.

- If that does not happen or if policyholder is unhappy with the solution he can:
- Approach the Grievance Redressal Cell of the Consumer Affairs Department of IRDA:
- Send an e-mail to **complaints@irda.gov.in**
- Make use of the **Integrated Grievance Management System:**
- Register and monitor your complaint at **igms.irda.gov.in**
- Send a letter to IRDAI with his complaint to

**Insurance Regulatory and Development Authority of India
Consumer Affairs Department – Grievance Redressal Cell.**

Sy.No.115/1,Financial District, Nanakramguda,**Gachibowli, Hyderabad**

IRDAI guidelines on grievance redressal

Every insurer shall have a system and procedure for receiving, registering and disposing of grievances in each of its offices. This and all other relevant details along with details of Turnaround Times (TATs) shall be clearly laid down in the policy. While insurers may lay down their own TATs, they shall ensure that the following minimum time frames are adopted:

- (a). An insurer shall send a written acknowledgement to a complainant within 3 working days of the receipt of the grievance.
- (b). The acknowledgement shall contain the name and designation of the officer who will deal with the grievance.
- (c). It shall also contain the details of the insurer's grievance redressal procedure and the time taken for resolution of disputes.
- (d). Where the insurer resolves the complaint within 3 days, it may communicate the resolution along with the acknowledgement.
- (e). Where the grievance is not resolved within 3 working days, an insurer shall resolve the grievance within 2 weeks of its receipt and send a final letter of resolution.
- (g). Where, within 2 weeks, the company sends the complainant a written response which offers redress or rejects the complaint and gives reasons for doing so,
 - (i). Insurer shall inform the complainant about how he/she may pursue the complaint, if dissatisfied.
 - (ii). Insurer shall inform that it will regard the complaint as closed if it does not receive a reply

within 8 weeks from the date of receipt of response by the insured/policyholder. Any failure on the part of insurers to follow the above mentioned procedures and time-frames would attract penalties by the Insurance Regulatory and Development Authority.

By Shubhangi Goyal

Insurance Ombudsmen

With an objective to provide a forum for resolving disputes and complaints from the aggrieved insured public or their legal heirs against Insurance Companies, the Government of India, in exercise of powers conferred on it u/s 114(1) of Insurance Act, 1938 framed "**Redressal of Public Grievances Rules, 1998**", which came into force w.e.f. 11th November, 1998. These Rules aim at resolving complaints relating to the settlement of disputes with Insurance Companies on personal lines of insurance, in a cost effective, efficient and impartial manner. These Rules apply to all the Insurance Companies operating in General Insurance business and Life Insurance business, in Public and Private Sectors.

To implement the above Rules, the Institution of Insurance Ombudsman has been established and is functioning since 1999. The Ombudsman functions within a set geographical jurisdiction and can entertain disputes relating to partial/total repudiation of claims, 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 premium paid or payable in terms of the policy and non-issuance of insurance documents.

The Insurance Ombudsman is provided with a Secretarial Staff by the Governing Body of Insurance Council and such staff is drawn from Insurance Companies. The total expenses on running the Institution are shared by all Insurance Companies, who are Members of the Insurance Council.

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 Insurance Ombudsman in different locations and any person who has a grievance against an insurer, may himself or through his legal heirs, nominee or assignee, make a complaint in writing to the Insurance ombudsman within whose territorial jurisdiction the branch or office of the insurer complained against or the residential address or place of residence of the complainant is located.

Complaint is to be lodged with the Insurance Ombudsman under whose territorial jurisdiction the insurer's office falls, at the address provided in website / insurer communication which includes policy document.

Policyholders **can approach the Ombudsman with complaint if:**

He has first approached your insurance company with the complaint and

- They have rejected it

- 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 50 lakhs.

Complaint to the Ombudsman can be about:

- (a) Delay in settlement of claims, beyond the time specified in the regulations, framed under the IRDAI Act, 1999.
- (b) Any partial or total repudiation of claims by the Life insurer, General insurer or the Health insurer.
- (c) Any dispute about premium paid or payable in terms of insurance policy
- (d) Misrepresentation of policy terms and conditions at any time in the policy document or policy contract.
- (e) Legal construction of insurance policies in so far as the dispute relates to claim.
- (f) Policy servicing related grievances against insurers and their agents and intermediaries.
- (g) Issuance of life insurance policy, general insurance policy including health insurance policy which is not in conformity with the proposal form submitted by the proposer.
- (h) Non issuance of insurance policy after receipt of premium in life insurance and general insurance including health insurance and
- (i) Any other matter resulting from the violation of provisions of the Insurance Act, 1938 or the regulations, circulars, guidelines or instructions issued by the IRDAI from time to time or the terms and conditions of the policy contract, in so far as they relate to issues mentioned at clauses (a) to (f)

The Ombudsman will act as mediator and

- Arrive at a fair recommendation based on the facts of the dispute
- If you accept 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 all the requirements from the complainant and which will be binding on the insurance company

Once the Award is passed

- The Insurer shall comply with the award within 30 days of the receipt of award and intimate the compliance of the same to the Ombudsman.
There is no appellate authority governing Ombudsman order. The order is final & binding.

By Beena Mishra

Cut-Throat Discounting in General Insurance An Overview

General insurance provides umbrella to individuals and businesses against financial losses arising from risks such as accidents, health emergencies, property damage, liability, and natural disasters. In highly competitive insurance market, insurers often attempt to attract customers and to gain market share by reducing premiums and offering aggressive discounts. When such price competition becomes excessive and unsustainable, it is commonly referred to as **cut-throat discounting**.

Cut-throat discounting refers to the practice of offering insurance products at significantly reduced prices primarily to procure more business rather than based on proper risk analysis.

In general insurance, this is commonly observed in:

- Motor insurance
- Health insurance
- Group insurance policies
- Corporate and commercial insurance segments
- Renewal business competition

The objective is often rapid customer acquisition, increased premium volume, or competitive positioning.

Several factors contribute to aggressive discounting in general insurance:

Market Competition

Due to multiple insurers competing for the same customer base, price becomes a major differentiator.

To Capture Market Share

General Insurance Companies temporarily lower premiums to expand customer acquisition and improve premium collection figures.

Digital Distribution and Marketing Platforms

Online comparison platforms known as web aggregator increase price transparency and intensify premium competition.

Cross-Selling and Add-On Strategies

Insurers reduce base premiums and compensate through optional add-on. Industry commentary highlighted concerns that aggressive discounting can shift pricing into optional features rather than core coverage.

To Achieve Business Targets

Aggressive business targets may encourage pricing decisions that prioritize volume over underwriting discipline.

Impact of Cut-Throat Discounting

- Lower premiums for customers
- Increased insurance penetration
- Greater competition and innovation
- Improved accessibility of insurance products
- Underpricing of risk
- Reduced profitability for insurers
- Potential deterioration in claim servicing quality
- Increased reliance on exclusions and add-ons
- Long-term pressure on solvency and sustainability

General insurance fundamentally operates on the principle of indemnity and requires pricing aligned with expected risk exposure and claims experience.

In India, pricing and market conduct of insurance sector operate under the regulatory supervision of the Insurance Regulatory and Development Authority of India (IRDAI) emphasizing:

- Policyholder protection
- Responsible underwriting
- Transparency in pricing
- Sustainable business growth
- Long-term financial soundness of insurers

Insurance penetration in India remains below global averages, creating pressure to expand coverage while maintaining sustainable pricing models.

Measures to Control Cut-Throat Discounting

- Strengthen underwriting standards
- Increase transparency in premium components
- Monitor excessive reliance on add-ons
- Encourage value-based competition rather than price-only competition
- Improve customer awareness regarding coverage quality and claim settlement

In General Insurance Industry Cut-throat discounting can increase affordability and attract customers in the short run, but excessive price competition can weaken underwriting discipline and affect long-term sector stability. Sustainable growth in the insurance industry requires a balance between competitive pricing, adequate risk assessment, and strong policyholder protection.

General Insurance Claim Processing in UK Market

Claim processing is most critical functions in the UK general insurance industry because it is the point at which insurers deliver the promise made under the policy. The process is heavily regulated by the UK's Financial Conduct Authority (FCA), which requires insurers to handle claims promptly, fairly, and transparently.

First Notification of Loss

Policyholder reports an incident (motor accident, property damage, travel loss, liability claim, etc.) to call centre, website, mobile app, broker, or claims portal.

Key activities:

- Capture claim details
- Verify policy coverage
- Create claim record
- Assign claim reference number

Claim Registration and Validation

The insurer validates:

- Policy status
- Coverage period
- Premium payment status
- Policy conditions and exclusions

At this stage, simple claims may be automatically approved for straight-through processing.

Loss Assessment

Claims are categorized based on:

- Severity
- Complexity
- Fraud risk
- Estimated loss value

UK insurers now use AI and workflow automation to prioritize and route claims.

Investigation

Claims handlers gather evidence such as:

- Photographs
- Police reports
- Repair estimates
- Medical reports
- Witness statements

For large or complex losses, insurers appoint:

- Loss adjusters
- Engineers
- Medical experts
- Solicitors

To confirm:

- Coverage
- Liability
- Quantum (amount payable)
- Fraud indicators

Reserve for Claims

The insurer establishes a financial reserve for the expected claim cost.

Reserve components may include:

- Indemnity payments
- Legal expenses
- Repair costs
- Third-party liabilities

This step is important for financial reporting and solvency management.

Decision and Settlement

Possible outcomes:

- Claim accepted
- Partially accepted
- Rejected

If accepted:

- Cash settlement
- Repair/replacement
- Direct payment to suppliers
- Structured settlement for liability claims

The FCA expects claims to be settled promptly and fairly.

Recovery and Subrogation

Where another party is responsible, the insurer may recover costs from:

- Third-party insurers
- Contractors
- Manufacturers

This also helps to reduce overall claims costs.

Technology Trends in the UK Market

UK insurers are increasingly adopting:

- Digital FNOL portals
- AI-based fraud detection
- Automated claim triage
- OCR and document processing
- Mobile self-service claims
- Predictive analytics
- Straight-through processing (STP)

Fraud detection has become especially important as insurers report increasing use of AI-generated documents and manipulated evidence.

In UK, claims processing is moving from manual, paper-based workflows to digital, automated, customer-centric models driven by FCA consumer protection requirements, operational efficiency goals, and fraud management needs.

Life Insurance Sector in India – An Overview

The Indian life insurance industry has grown significantly, but sector faces several operational, regulatory, technological, and market challenges.

Low Insurance Penetration

Despite growth, life insurance penetration in India remains relatively low compared to many developed markets.

Challenges:

- Large uninsured and underinsured population
- Low awareness of financial protection products
- Insurance often viewed as a tax-saving or investment product rather than risk protection

Impact:

- Limited market expansion
 - High cost of customer acquisition
-

Mis-selling and Trust Deficit

Many customers purchase policies without fully understanding:

- Policy benefits
- Exclusions
- Surrender charges
- Premium obligations

Common issues:

- Aggressive sales practices
- Inadequate disclosure
- Complex product structures

Impact:

- High customer dissatisfaction
 - Increased complaints and policy lapses
 - Reputational damage to insurers
-

High Policy Lapse and Persistency Issues

A significant challenge is maintaining policy persistency (customers continuing to pay premiums).

Reasons:

- Financial constraints
- Product mismatch
- Lack of customer engagement
- Inadequate post-sales service

Impact:

- Reduced profitability
 - Lower customer lifetime value
 - Regulatory scrutiny
-

Digital Transformation and Legacy Systems

Insurers continue to operate on legacy technology platforms.

Challenges:

- Complex integration with modern digital channels
- Data silos
- High maintenance costs
- Slow product launches

Impact:

- Operational inefficiencies
 - Poor customer experience
 - Increased technology risk
-

Fraud and Financial Crime

Insurance fraud remains a major concern.

Examples:

- Fake death claims
- Identity fraud
- Forged documents
- Agent collusion
- Premium diversion

Impact:

- Higher claims costs
 - Increased operational expenses
 - Regulatory and legal risks
-

Claims Management

Insured expect faster claim settlement.

Key issues:

- Incomplete documentation
- Fraud investigations
- Delayed death verification
- Nominee disputes

Challenges include:

- Balancing customer service with fraud controls
- Maintaining settlement turnaround times

Distribution Channel Management

Life insurers depend on multiple channels like :

- Agents
- Bancassurance
- Brokers
- Corporate agents
- Digital platforms

Challenges:

- Channel conflicts
- Agent productivity
- Training and certification
- Consistent customer experience

Impact:

- Higher acquisition costs
- Operational complexity

Underwriting Challenges

Factors affecting underwriting include:

- Limited medical history availability
- Non-standardized health data
- Rising lifestyle diseases

Relevant health trends include:

- Diabetes Mellitus
- Hypertension
- Cardiovascular Disease

Impact:

- Adverse selection
- Pricing uncertainty
- Higher claim ratios

Talent and Skill Gaps

The industry increasingly requires expertise in:

- Data analytics
- Artificial intelligence
- Cybersecurity

Challenges:

- Talent shortages
 - Competition from fintech and technology firms
 - Rising training costs
-

Competition from Alternative Financial Products

Customers often compare life insurance with:

- Mutual funds
- Fixed deposits
- National Pension System (NPS)
- Market-linked investments

Challenges:

- Demonstrating insurance value beyond investment returns
 - Product differentiation
-

Rural and Semi-Urban Market Expansion

India's growth opportunity lies largely outside major cities.

Challenges:

- Low financial literacy
- Limited distribution networks
- Language diversity
- Documentation hurdles

Impact:

- Higher servicing costs
 - Slower adoption rates
-

Emerging Priorities for Indian Life Insurers

Over the next few years, insurers are expected to focus on:

1. Digital onboarding and e-KYC
2. AI-driven underwriting
3. Faster claims settlement
4. Fraud analytics
5. Personalized products
6. Customer retention and persistency improvement
7. Rural market expansion

The biggest challenges facing India's life insurance sector today are Low insurance awareness and penetration, Policy lapses and customer retention, Fraud management, Claims efficiency, Legacy technology modernization, Regulatory compliance.

Bank Deposit Insurance in India – An Overview

In India deposit insurance system is administered by the Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the Reserve Bank of India. It protects depositors if a bank fails or is placed under restrictions.

Current Insurance Coverage

- Maximum coverage: **₹5 lakh per depositor per bank**
- The ₹5 lakh limit includes **both principal and accrued interest**
- The limit applies to the aggregate balance across all accounts held in the same capacity and right in a bank.

Example:

- Savings Account: ₹2 lakh
- Fixed Deposits: ₹3.5 lakh
- Total Deposits: ₹5.5 lakh

If the bank fails, the insured amount is limited to **₹5 lakh**.

Deposits Covered

DICGC insurance covers:

- Savings accounts
- Fixed deposits (FDs)
- Current accounts
- Recurring deposits (RDs)

Deposits Not Covered

- Deposits of Central and State Governments
- Inter-bank deposits
- Deposits received outside India
- NBFC deposits
- Mutual funds, stocks, bonds, ETFs, and cryptocurrencies

Which Banks Are Covered?

Deposit insurance generally applies to:

- Public sector banks
- Private sector banks
- Small finance banks
- Regional rural banks
- Cooperative banks
- Foreign bank branches operating in India (for eligible deposits)

Separate Insurance Across Banks

The ₹5 lakh limit is **per depositor per bank**.

- ₹5 lakh in Bank A → insured up to ₹5 lakh
- ₹5 lakh in Bank B → separately insured up to ₹5 lakh

Deposits in different banks receive separate coverage.

DICGC collected ₹26,764 crore in deposit insurance premiums and settled ₹476 crore in claims during FY 2024–25.

by Nidhi Gupta

Premium Figure of General Insurers

| Flash Report - Non-Life Insurance | | | | | | | | |
|---------------------------------------------------------------------------------------------|------------------|------------------|-------------------|--------------------------|------------------|------------------|----------------|----------------|
| Gross Direct Premium Underwritten For 4 Licpts Msy 2024 [Provisional Figures] (Rs. In '000) | | | | | | | | |
| Insurers | For the Month | | Six Months | Cumulative Twelve Months | | Six Months % | Market Share % | |
| | Current Year | Previous Year | | Current Year | Previous Year | Current Year | Current Year | Previous Year |
| General Insurers | 46,243 | 40,378 | 2.80% | 564,318 | 529,767 | 35.05% | 3.68% | 3.58% |
| Acu Special Insurance Ltd | 287.63 | 330.15 | -12.88% | 564.31 | 376.23 | 35.03% | 0.05% | 0.05% |
| Asia Capital Insurance Limited | 304.51 | 342.15 | -10.98% | 1,068.81 | 931.35 | 7.45% | 0.66% | 0.67% |
| Continental Insurance Lanka Insurance Co Ltd | 566.12 | 552.37 | 2.49% | 3,311.43 | 2,921.92 | 13.33% | 2.31% | 2.10% |
| Ceylinco General Insurance Company Limited | 806.31 | 826.19 | -2.40% | 3,912.17 | 5,461.98 | -28.37% | 2.73% | 3.93% |
| Janashakthi General Insurance Ltd | 289.83 | 268.15 | 8.09% | 1,242.93 | 1,730.29 | -28.15% | 0.87% | 1.25% |
| HDFC ERGO General Insurance Co Ltd | 1,224.91 | 955.61 | 28.19% | 3,642.79 | 3,661.81 | -0.52% | 2.54% | 2.64% |
| ICICI Lombard General Insurance Co Ltd | 1,405.00 | 2,355.15 | -40.36% | 6,939.04 | 7,347.42 | -5.55% | 4.83% | 5.29% |
| IFFCO-Tokio General Insurance Co Ltd | 703.03 | 696.41 | 0.95% | 1,003.43 | 917.81 | 9.31% | 0.70% | 0.66% |
| Industrial General Insurance Company Limited | 684.20 | 601.14 | 13.82% | 2,927.83 | 2,812.42 | 4.10% | 2.03% | 2.02% |
| KWI Insurance Company Ltd | 9.36 | - | - | 9.63 | - | - | 0.01% | - |
| Lakhmi General Insurance | 32.43 | 38.14 | -14.96% | 364.01 | 361.63 | 0.66% | 0.25% | 0.26% |
| Liberty General Insurance Co Ltd | 219.47 | 352.17 | -37.67% | 593.88 | 634.94 | -6.46% | 0.41% | 0.46% |
| Magna General Insurance Limited | 29.51 | 29.67 | -0.54% | 512.01 | 713.36 | -28.21% | 0.36% | 0.51% |
| National Insurance Co Ltd | 501.10 | 1,006.41 | -50.22% | 2,516.81 | 3,911.84 | -35.71% | 1.75% | 2.82% |
| Nations Trust Insurance Co. Ltd | 29.00 | 5.11 | 467.13% | 56.42 | 31.02 | 81.82% | 0.04% | 0.02% |
| Oriental Alliance Insurance Co Ltd | 24.87 | 22.21 | 11.97% | 87.46 | 81.03 | 7.94% | 0.06% | 0.06% |
| Royal Sundaram General Insurance Co Ltd | 135.43 | 133.81 | 1.21% | 369.03 | 433.26 | -14.82% | 0.26% | 0.31% |
| Sri Lanka General Insurance Co. Ltd | 1,551.61 | 888.11 | 74.75% | 2,556.11 | 1,312.29 | 94.78% | 1.78% | 0.94% |
| Seylan General Insurance Co Ltd | 377.72 | 290.10 | 30.21% | 792.15 | 678.11 | 16.83% | 0.55% | 0.49% |
| Union Assurance PLC | 1,506.90 | 1,426.58 | 5.63% | 4,774.44 | 5,956.66 | -19.85% | 3.32% | 4.29% |
| The New India Assurance Co Ltd | 1,360.62 | 858.56 | 58.46% | 5,085.62 | 5,327.73 | -4.55% | 3.54% | 3.83% |
| The Oriental Insurance Co Ltd | 1,398.95 | 1,611.46 | -13.19% | 3,908.51 | 3,912.47 | -0.10% | 2.72% | 2.82% |
| United India Insurance Co Ltd | 1,053.66 | 1,023.13 | 2.98% | 3,902.51 | 3,827.81 | 1.95% | 2.72% | 2.76% |
| Udeshni Insurance Co Ltd | 559.13 | 478.34 | 16.90% | 1,265.60 | 502.42 | 151.83% | 0.88% | 0.36% |
| Universal Sampo General Insurance Co Ltd | 445.72 | 98.81 | 351.13% | 2,030.11 | 282.21 | 618.93% | 1.41% | 0.20% |
| Swiss General Insurance Co Ltd | 398.90 | 736.94 | -45.90% | 489.94 | 661.80 | -25.99% | 0.34% | 0.48% |
| Zurich Great Lake Insurance Co Ltd | 1,810.50 | 1,820.37 | -0.54% | 3,959.24 | 6,168.66 | -35.82% | 2.75% | 4.45% |
| Averroes Insurance Limited | - | - | - | - | - | - | 0.00% | 0.00% |
| Allianz Insurance Lanka Ltd | 702.13 | 672.12 | 4.46% | 1,515.25 | 1,071.85 | 41.40% | 1.05% | 0.77% |
| Asia Insurance PLC (Non - Life Insurance) (Intro)* | 53.74 | 568.14 | -90.54% | 151.50 | 364.86 | -58.44% | 0.11% | 0.26% |
| Amāna Takaful Insurance PLC (Lab) | 548.06 | 642.18 | -14.66% | 1,150.29 | 1,236.81 | -6.99% | 0.80% | 0.89% |
| East Capital Insurance Ltd | 20.63 | 4.12 | 400.73% | 62.43 | 7.43 | 740.22% | 0.04% | 0.01% |
| Fairfirst Insurance Ltd | 303.61 | 376.18 | -19.29% | 838.33 | 514.29 | 62.96% | 0.58% | 0.37% |
| Janashakthi Life Insurance Company Ltd | 1.33 | 0.81 | 63.78% | 13.37 | 115.43 | -88.43% | 0.01% | 0.08% |
| People's Insurance PLC (Non - Life - 100) | 496.27 | 319.76 | 55.21% | 2,592.72 | 2,017.38 | 28.52% | 1.80% | 1.45% |
| Sanasat Insurance Company Ltd | 580.43 | 816.17 | -28.88% | 1,879.94 | 1,691.46 | 11.15% | 1.31% | 1.22% |
| Sri Lanka Insurance Corporation Ltd | 3,682.43 | 6,816.17 | -45.97% | 17,879.89 | 15,878.40 | 12.60% | 12.47% | 11.45% |
| State Alliance Insurance PLC (Lab) | 1,401.54 | 2,696.37 | -48.01% | 4,751.62 | 5,484.84 | -13.37% | 3.31% | 3.96% |
| United Alliance Insurance PLC (Lab) | 1,184.32 | 1,516.77 | -21.93% | 3,115.31 | 3,566.34 | -12.64% | 2.17% | 2.57% |
| Specialised Insurers | -289.09 | -20.16 | -1,334.96% | 923.63 | 21.32 | 4,224.31% | -0.15% | 0.02% |
| All Co-operative Insurance Co (9) (Intro.) Ltd | -220.60 | -196.42 | 12.32% | 123.82 | 356.36 | -65.30% | 0.09% | 0.26% |
| CESCO Ltd | -68.49 | -16.26 | 321.03% | 228.01 | -335.04 | -167.10% | 0.16% | -0.24% |
| Specialised Insurers Sub Total | -289.09 | -20.16 | -1,334.96% | 923.63 | 21.32 | 4,224.31% | -0.15% | 0.02% |
| Grand Total | 31,954.44 | 22,058.14 | 44.85% | 66,621.91 | 50,863.43 | 31.00% | 100.00% | 100.00% |
| Grand Total excl. specie business | 31,883.53 | 22,055.34 | 44.58% | 66,606.00 | 50,834.80 | 31.06% | 99.78% | 99.94% |

* RDL/M has recently revised the format for reporting and they have excluded premium from the item policies from reporting of premiums with reinsurance on-behalf. "CESA R is an amount that all non-life insurance classes of the long-term premium outstanding where no unearned premium/ claim reported (Reference: Therefore the growth rates reported for the current year cannot be compared with the previous year's figures."

New Product

“Yuva Bharat Health policy”

The New India Insurance launched New Product for Health Insurance Plan named as “Yuva Bharat Health policy”

Salient Features of Policy are as under :

- **Entry Age :**

18 to 45 Years for Adults and Children: 91 Days to 25 Years

- **Family Definition**

- Self, spouse and Dependent Children

- **Basis of Cover**

- Individual / Floater SI

- **Sum Insured:**

- 5 L, 10 L , 15 L, 25 L ,50 L, 75L AND 1 CRORE

Note: 75L AND 1 CRORE are available for policies starting on or after 1st April 2025

- **Plans Available**

- Base, Gold, and Platinum
- No Pre-Policy Medical Check-up

- **Base Plan Salient Coverages:**

- Hospital Cash, Cost of Health Check-up, New Born Baby Cover
Medical Second Opinion, Reinstatement of Sum Insured, Coverage for Hazardous Sports, Road Ambulance, Shared Accommodation Benefit (For policies starting on or after 1st April 2025)

- **Gold Plan – In Addition to Base Plan Coverages:**

- Personal Accident Benefit, Critical Illness Benefit, Air Ambulance
Auto TOP-UP, Reinstatement of Sum Insured twice in a policy period (For policies starting on or after 1st April 2025)
- Guaranteed Cumulative Bonus (For policies starting on or after 1st April 2025)

Platinum Plan – In Addition to Gold Plan Coverages:

- Infertility Treatment, Maternity Coverage, Vaccination Charges, Pre-Term / Premature Birth, Birth Right Benefit

Special Features Under All Plans :

- Pre-Hospitalization of 60 days, Post-Hospitalization of 90 days
- Waiting Period for Pre-existing Disease – 24 months
- Waiting Period for Specific Ailments - 12 months
- Expense incurred for Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy covered 100% of Sum Insured
- Coverage for Modern Treatments

Discounts:

- Up to 10% discount on healthy parameters of BMI, blood sugar level, and blood pressure readings
- Loyalty discount of 2.5% for active retail policyholders of New India
- Digital discount of 10% for Fresh and Renewals
- Floater discount up to 15%

Loading

Up to 7.5% based on health parameters of diabetes, hypertension, and BMI

Optional Cover

Available for Enhanced Maternity Limit

Instalment Facility Available

Monthly, Quarterly, and Half-Yearly

Life Long Renewals

80D Tax Benefit

Help Line

IRDAI Insurance Helpline

- Toll-free: 155255
- Alternate toll-free: 1800 425 4732
- Email: complaints@irdai.gov.in
- Online complaint portal: Bima Bharosa Portal

Insurance Ombudsman

The **Insurance Ombudsman** is an independent grievance redressal mechanism for policyholders. Complainant must first lodge a complaint with insurer and either receive an unsatisfactory response or no response within 30 days.

Key Insurance Ombudsman Offices in India

| City | Contact Number |
|-------------|----------------------------|
| Jaipur | 0141-2740363 |
| Delhi | 011-46013992, 011-23213504 |
| Mumbai | 022-69038821 |
| Pune | 020-24471175 |
| Ahmedabad | 079-25501201, 079-25501202 |
| Bengaluru | 080-26652048, 080-26652049 |
| Chennai | 044-24333668, 044-24333678 |
| Hyderabad | 040-23312122, 040-23376991 |
| Kolkata | 033-22124342 |
| Lucknow | 0522-3500612 |
| Patna | 0612-2547068 |
| Chandigarh | 0172-2706468 |
| Bhopal | 0755-2769201, 0755-2769202 |
| Bhubaneswar | 0674-2596461 |
| Guwahati | 0361-2632204 |

Important Judgement

Group Insurance Benefits Cannot Reduce Motor Accident Compensation

Hon'ble Supreme Court held that compensation received from employer-provided group insurance, provident funds, pension schemes, or other social security benefits cannot be deducted from compensation payable under the Motor Vehicles Act. The Court emphasized that such benefits arise from separate contractual or statutory rights and should not reduce the liability of the wrongdoer or insurer.

Impact:

- Higher compensation for accident victims and their families.
- Reinforces the principle of "just compensation" in motor accident claims.

Expansion of Consortium Compensation in Motor Accident Cases

Hon'ble Supreme Court reaffirmed and discussed the principles from earlier cases such as Magma General Insurance Co. Ltd. v. Nanu Ram, recognizing the emotional loss suffered by spouses, parents, and children. The Court highlighted that compensation should reflect the loss of familial relationships, not merely financial dependency.

Impact:

- Broader recognition of parental and filial consortium.
- Potential increase in compensation awards in fatal accident claims.

National Insurance Co. Ltd. v. Swaran Singh

National Insurance Co. Ltd. v. Swaran Singh was a landmark judgment by Hon'ble Supreme Court of India that clarified the liability of insurance companies in motor accident compensation cases. It addressed when an insurer can refuse to indemnify a vehicle owner due to the driver's lack of a valid license. The case reshaped the interpretation of the Motor Vehicles Act and remains pivotal in Indian motor insurance jurisprudence.

The case arose when an insurer, National Insurance Co. Ltd., contested its liability to pay compensation because the vehicle's driver did not possess a valid driving license. Lower tribunals had ordered the insurer to pay accident victims, prompting an appeal to the Supreme Court to resolve inconsistent interpretations of Sections 149(2)(a)(ii) and 149(4) of the Motor Vehicles Act.

The central issue was whether an insurer could entirely avoid liability when the driver lacked a valid or effective license. The Court held that insurers cannot automatically repudiate liability. Instead, they may recover compensation paid from the insured if they prove a willful breach of policy conditions. This balanced victims' rights to prompt compensation with insurers' contractual protections.

The judgment established a consistent approach for tribunals and courts in handling "fake license" or "no-license" defenses. It reinforced the social-welfare purpose of compulsory motor insurance by ensuring victims' compensation first, followed by insurer recovery rights. The decision continues to guide motor accident claim tribunals and appellate courts across India.

“Homemakers are Nation Builders” Motor Accident Compensation Case

Hon'ble Supreme Court held that:

- **Homemakers must be treated as “nation builders”**
- Their unpaid domestic work has **clear economic value**
- A fixed benchmark of **₹30,000 per month** must be added as compensation under the head: **“loss of domestic care”** in motor accident death cases

Facts (in brief)

- Case arose from a **motor accident claim involving death of a homemaker**
- Courts had historically undervalued unpaid domestic work
- The Supreme Court revisited long-standing MACT compensation principles

Issues before the Court

- Can a **homemaker's unpaid work be treated as “zero income”?**
 - How should courts **calculate compensation for non-earning spouses?**
 - Should domestic caregiving be treated as a separate compensable loss?
-

The Court held:

- Homemaker's services = **real economic contribution**
- Courts must not treat homemakers as "dependents only"
- Introduced a new compensation head: **loss of domestic care**
- Fixed **₹30,000/month as minimum notional value**
- Directed periodic upward revision (linked to inflationary adjustment)

Legal principles laid down

1. **Recognition of unpaid domestic work as economic value**
2. **Human capital approach in motor accident compensation**
3. **Just compensation under Motor Vehicles law must be realistic**
4. **Gender-neutral valuation of household labour**
5. Creation of a **new independent head of damages**

Why this judgment is important for insurance sector

- Increases **motor insurance claim payouts (MACT cases)**
- Forces insurers to revise **claim reserving and pricing assumptions**
- Strengthens **policyholder-friendly interpretation**
- Expands liability under compulsory motor insurance

We invite write up related to insurance sector to publish in our forth coming issues. Kindly send us write up in word file at guptasanjeev786@gmail.com