**IRDA AND RECENT GUIDELINES OF 2020 -**

* ***IRDA and the health sector in pandemic –***

The Insurance Regulatory and Development Authority of India has instructed all the health insurance companies to include medical cover for COVID-19, irrespective of the type of policy.

Through a circular issued on March 4, 2020, the IRDA issued the following Guidelines on handling of claims reported under Coronavirus, with immediate effect:

"1. In respect of the products filed and cleared as per the provisions of Guidelines on product filing in Health insurance Business, where coverage is granted for treatment of hospitalization expenses, in order to alleviate the hardships that may be caused to the policyholders, all claims reported under corona virus shall be handled as per the following norms.

i) Where hospitalization is covered in a product, insurers shall ensure that the cases related to Corona virus disease (COVID-19) shall be expeditiously handled.

ii) The costs of admissible medical expenses during the course of treatment including the treatment during quarantine period shall be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework.

iii) All the claims reported under COVID 19 shall be thoroughly reviewed by the claims review committee before repudiating the claims.

2. In order to provide need based health insurance coverage, insurers are introducing products for various specific diseases including vector borne diseases. For the purpose of meeting health insurance requirements of various sections, insurers are advised to design products covering the costs of treatment for Corona Virus."

***IRDA – Motor premium adjustments – A casualty of the pandemic?***

As the Covid crisis rages across the globe, this would be the most appropriate time for the Country to evaluate the Insurance Regulator, INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA - IRDAIs role on how Insurance companies are regulated to honour their ever emphasised promises and assurances to deliver in times of dire need. It is also an opportunity to experience first-hand, the Regulators duties and powers in protecting policyholder's interest.

The Gross Written Premium (GWP) income by 34 Non–Life insurers within India for FY 2019-20 (provisional and unaudited) is Rs. 1,89,301.76 crores. Out of which the **GWP under the Motor portfolio within India for 2019-20 for both Motor Own Damage and Motor Third Party is Rs. 69,208.14 crores.**So, on an average, Indian Motor premium per month is Rs. 5767.34 crores. Assuming the total number of lockdown days is 45 days, the claim-free premiums available with the insurers is Rs. 8651 crores. The Lockdown is a blessing in disguise for insurance companies as there are fewer vehicles on the road meaning fewer accidents and fewer claims. Fewer claims means extra profits. Insurers are better off than before, because of this crisis. Is there is a compelling necessity to offset the above premiums based on the claims cost saved during the lockdown? Of course Yes, considering, as we may well remember, that last year IRDA had increased motor premiums across the spectrum. The premium increase were based on claims cost and the policyholders bore the brunt of that cost across India. Insurers seem to be very good at raising the rates when they perceive higher risk, but generally need to be forced to do the reverse, when there are fewer costs as of now.

***Pollution under control certificate must for renewal of Motor Insurance Policies – IRDA tell Insurers-***

*The IRDA has asked the insurers to comply with the directions of the Supreme Court.*

The Insurance Regulatory and Development Authority (IRDAI) has issued a circular to insurance companies asking them to ensure that policy holders provide a valid Pollution Under Control (PUC) Certificate at the time of renewal of their motor insurance policy.

The circular issued on August 20, 2020 has advised general insurance providers to not renew any motor vehicle's insurance policy without the owner providing a valid PUC certificate, as per Supreme Court's Orders.

The Supreme Court, on August 10, 2017, [had passed orders in the *MC Mehta case*](https://www.livelaw.in/no-insurance-renewal-without-valid-pollution-certificate-sc/?from-login=787848) mandating insurance providers to obtain valid PUC certificates for the vehicle while renewing its motor insurance policy. It was stipulated that vehicle owners who don't have a valid pollution certificate will not be able to renew the insurance of their vehicles.

The Top Court had issued this direction to all insurers in India with an aim to ensure that polluting vehicles could be kept off the roads.

The Order was issued after suggestions given by SC-appointed Environment Pollution Control Authority (EPCA). EPCA had told court that the current enforcement strategy based on "onroad" checks and challans also did not ensure 100 per cent pollution certificate compliance.

# *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 at present 17 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.

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

* You have 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
* Your 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 30 lakhs.

**Our 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 settlement process –***

**Recommendation:**

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.

***MODULE V***

**THE GENERAL INSURANCE BUSINESS (NATIONALISATION) ACT, 1972**

***Definitions -***

**(a)** “acquiring company” means any Indian insurance company and where a scheme has been framed involving the merger of one Indian insurance company in another or the amalgamation of two or more such companies means the Indian insurance company in which any other company has been merged or the company which has been formed as a result of the amalgamation;

**(b)** “appointed day” means such day, not being a day later than the 2nd day of January, 1973, as the Central Government may, by notification, appoint.

**(c)** “Companies Act” means the Companies Act, 1956;

**(d)** “Corporation” means the General Insurance Corporation of lndia formed under section 9;

**(e)** “Existing Insurer” means every insurer the management of whose undertaking has vested in the Central Government under section 3 of the General Insurance (Emergency Provisions) Act, 1971, and includes the undertaking of the Life Insurance Corporation in so far as it relates to the general insurance business carried on by it.

**(f)** “foreign insurer” means an existing insurer incorporated under the law of any country outside India;

**(g)** “general insurance business” means fire marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them, but does not include capital redemption business and annuity certain business;

**(h)** “Government Company” means a Government company as defined in section 617 of the Companies Act;

**(i)** “Indian insurance company” means an existing insurer having a share capital who is a company within the meaning of the Companies Act;

**(j)** “Insurance Act” means the Insurance Act, 1938;

**(k)** “Life Insurance Corporation” means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956;