

REDRESSAL OF PUBLIC GRIEVANCES RULES, 1998¹

In exercise of the powers conferred by sub-section (1) of section 114 of the Insurance Act, 1938 (4 of 1938), the Central Government hereby frames the following rules, namely:—

Short title.

1. These rules may be called the Redressal of Public Grievances Rules, 1998.

Application.

2. These rules shall apply to all the insurance companies operating in general insurance business and in life insurance business:

Provided that the Central Government may exempt an insurance company from the provisions of these rules, if it is satisfied that an insurance company has already a grievance redressal machinery which fulfils the requirements of these rules.

Objects

3. The objects of these rules are to resolve all complaints relating to settlement of claim on the part of insurance companies in cost-effective, efficient and impartial manner.

Definitions.

4. In these rules unless the context otherwise requires,—

(a) "Act" means Insurance Act, 1938 (4 of 1938);

(b) "Committee" means an Advisory Committee referred to in rule 19;

(c) "financial year" means a period of twelve months commencing from the 1st day of April of any year and ending on 31st day of March of the succeeding year;

(d) "General Insurance Corporation of India" means a government company formed under sub-section (1) of section 9 of the General Insurance Business (Nationalisation) Act, 1972 and shall include a subsidiary company of such company;

(e) "governing body" means governing body of the Insurance Council constituted under sub-rule (1) of rule 5;

²[(f) Insurance Council will consist of Life Insurance Corporation of India, General Insurance Corporation of India and its four subsidiaries and other Insurance Companies which will be permitted to do insurance business in future;]

(g) "Insurance Regulatory Authority" means a body established by Government of India *vide* Resolution No. 17(2)/94 Ins. V, dated 23-1-1996 to monitor the orderly growth of insurance industry;

1. *Vide* G.S.R. 670(E), dated 11-11-1998.

2. Substituted by G.S.R. 752(E), dated 18-12-1998, w.e.f. 18-12-1998.

- (h) "Insurance Company" means the Life Insurance Corporation of India, the General Insurance Corporation of India and any other company which has been given a licence to carry on business of life insurance or of general insurance, as the case may be;
- (i) "insured person" means an individual by whom or on whose behalf an insurance policy has been taken on personal lines;
- (j) "Life Insurance Corporation of India" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956;
- (k) "personal lines" means an insurance policy taken or given in an individual capacity.

Governing body of Insurance Council.

5. (1) There shall be a governing body of the Insurance Council which shall consist of one representative from each of the insurance companies.

(2) The representatives of an insurance company shall ordinarily be Chairman or Managing Director or any one of the Directors of such company.

(3) The governing body shall formulate its own procedure for conducting its business including the election of the Chairman:

Provided that the Chairman of the Life Insurance Corporation of India shall act as the first Chairman of the governing body.

Ombudsman.

6. (1) The governing body shall appoint one or more persons as Ombudsman for the purpose of these rules.

(2) The Ombudsman selected may be drawn from a wider circle including those who have experience or have been exposed to the industry, civil service, administrative service, etc., in addition to those drawn from judicial service.

(3) An Ombudsman shall be appointed by the governing body from a panel prepared by the committee consisting of—

- | | |
|---|-----------|
| (a) Chairman of Insurance Regulatory Authority | —Chairman |
| (b) Two representatives of Insurance Council including one each from the Life Insurance Business and from General Insurance Business respectively | —Member |
| (c) One representative of the Central Government | —Member |

Term of office.

7. An Ombudsman shall be appointed for a term of three years and shall be eligible for reappointment:

Provided that no person shall hold office as such Ombudsman after he has attained the age of 65 years.

Removal from office.

8. (1) An Ombudsman may be removed from service for gross misconduct committed by him during his term of office.

(2) The governing body may appoint such person as it thinks fit to conduct enquiry in relation to misconduct of the Ombudsman.

(3) All enquiries on misconduct will be sent to Insurance Regulatory Authority which may take a decision as to the proposed action to be taken against the Ombudsman.

(4) On recommendations of the Insurance Regulatory Authority if the governing body is of opinion that the Ombudsman is guilty of misconduct, it may terminate his services.

Remuneration, etc. of Ombudsman.

9. (1) There shall be paid to the Ombudsman a salary which is equal to the salary of the Judge of a High Court.

(2) The other allowances and perquisites of the Ombudsman shall be such as may be specified by the Central Government.

Territorial jurisdiction of Ombudsman.

10. (1) The office of the Ombudsman shall be located at such place as may be specified by the Insurance Council from time to time.

(2) The governing body shall specify the territorial jurisdiction of each Ombudsman.

(3) The Ombudsman may hold sitting at various places within his area of jurisdiction in order to expedite disposal of complaints.

Staff.

11. (1) The Ombudsman shall have such secretarial staff as may be provided to him by the Insurance Council after having consultation with the Ombudsman.

(2) The Ombudsman may engage the services of professional expert with a view to assist him in discharging his functions.

(3) The salary, allowances and perquisites payable to Ombudsman, the salary allowances and other benefits payable to the staff of the secretariat and all expenses incurred for the purposes of these rules shall be borne by the Insurance Council.

(4) The Ombudsman shall prepare the budget indicating the requirement of funds before the beginning of every financial year.

(5) The budget of the office of Ombudsman will be sent to the governing body.

(6) The governing body will finalise the budget in consultation with the Ombudsman and shall allocate the funds to the office of Ombudsman.

(7) The total expenses on Ombudsman and his staff shall be incurred by the insurance companies who are members of the Insurance Council in such proportion as may be decided by the governing body from time to time:

Provided that till a decision is taken by the governing body, the entire expenditure shall be shared equally between the insurance companies in the life insurance business and general insurance business in equal proportion.

(8) The share of expenditure which is to be incurred by each insurance company shall be in the ratio of premium income for the previous year of such company.

Explanation.—For the purpose of this sub-rule “premium income” means the gross direct premium income of the insurer without taking into account from time to time income on re-insurance accepted by the insurance company.

Power of Ombudsman.

12. (1) The Ombudsman may receive and consider—

(a) complaints under rule 13;

(b) any partial or total repudiation of claims by an insurer;

(c) any dispute in regard to premium paid or payable in terms of the policy;

(d) any dispute on the legal construction of the policies insofar as such disputes relate to claims;

(e) delay in settlement of claims;

(f) non-issue of any insurance document to customers after receipt of premium.

(2) The Ombudsman shall act as counsellor and mediator in matters which are within his terms of reference and; if requested to do so in writing by mutual agreement by the insured person and insurance company.

(3) The Ombudsman's decision whether the complaint is fit and proper for being considered by it or not, shall be final.

Manner in which complaint is to be made.

13. (1) Any person who has a grievance against an insurer, may himself or through his legal heirs make a complaint in writing to the Ombudsman within whose jurisdiction the branch or office of the insurer complained against is located.

