

3. The Insurance Ombudsman

The Central Government under the powers of the Insurance Act, 1938 made **Redressal of Public Grievances Rules, 1998** by a notification published in the official gazette on November 11, 1998. These rules apply to life and non-life insurance, for all personal lines of insurances, that is, insurances taken in an individual capacity.

The objective of these rules is to resolve all complaints relating to settlement of claim on the part of the insurance companies in a cost effective, efficient and impartial manner.

The Ombudsman, by mutual agreement of the insured and the insurer can act as a mediator and counsellor within the terms of reference.

The decision of the Ombudsman, whether to accept or reject the complaint, is final.

a) Complaint to the Ombudsman

Any complaint made to the Ombudsman should be in writing, signed by the insured or his legal heirs, addressed to an Ombudsman within whose jurisdiction, the insurer has a branch/ office, supported by documents, if any, along with an estimate of the nature and extent of loss to the complainant and the relief sought.

Complaints can be made to the Ombudsman if:

- i. The complainant had made a previous written representation to the insurance company and the insurance company had:
 - Rejected the complaint or
 - The complainant had not received any reply within one month after receipt of the complaint by the insurer
- ii. The complainant is not satisfied with the reply given by the insurer
- iii. The complaint is made within one year from the date of rejection by the insurance company
- iv. The complaint is not pending in any court or consumer forum or in arbitration

Award

If the dispute is not settled by intermediation, the Ombudsman will pass an award to the insured which he thinks is fair, and is not more than what is necessary to cover the loss of the insured.

- The awards by Ombudsman are governed by the following rules:
- i. The award should not be more than Rs.20 lakh (inclusive of ex-gratia payment and other expenses)
 - ii. The award should be made within a period of 3 months from the date of receipt of such a complaint, and the insured should acknowledge the receipt of the award in full as a final settlement within one month of the receipt of such award
 - iii. The insurer shall comply with the award and send a written intimation to the Ombudsman within 15 days of the receipt of such acceptance letter
 - iv. If the insured does not intimate in writing the acceptance of such award, the insurer may not implement the award