Business of Claims

Inconvenience Regretted

ARMAN OZA COMMENTS THAT PROPER CARE ON THE CLIENT'S PART AT THE POINT OF SALE REDUCES THE RISK OF REPUDIATION OF A CLAIM TO A GREAT EXTENT.

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amounts lesser than the actual entitlement, is also equally serious and needs to be treated at par with total repudiation. An insurance contract casts an obligation upon the insurer to honour his liability as per the terms and conditions of the policy in full. Wrongful deductions towards depreciation, betterment charges, non-standard settlements are

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been adequately publicized. Consumer courts on the other hand have started taking too long to dispose cases and hence are proving to be costly. Cost, time and accessibility factors inhibit most of the redressal options in our country. Consumer protection mechanism has not been able to cope with geographic and demographic expansion of markets, especially in the financial services segment. Due to systemic deficiencies very few consumers get inclined to pursue their grievances before these forums. Those who do, most probably end-up with claims being paid. Unfortunately, these numbers are too small to credibly deter delinquent service providers.

Conclusion

As indicated earlier, the aleatory nature of insurance makes it a dilemma for the layman consumer at the very outset. Instances of repudiation of claims on flimsy or merely technical grounds make things worse. Even if such instances are few in number, they gather wider publicity thus tarnishing the credibility of insurers in general. Outright rejection of a claim should be rarest of the rare

policies has built a public perception of insurance as an investment and tax savings tools only. The non-life side till recently

been any effort to educate him on these lines from the industry. As a result, while products keep selling, the concept underlying that product always remains obscure. Thus an endeavour on addressing the fundamental issue of improving the risk consciousness of the population also needs to be undertaken along with other measures to expand the market. Without this the prospects for robust market growth will always remain elusive. Leaving the naïve customer to the mercy of market forces and learn bitter lessons on his own, would also not be a considerate way of developing the insurance market. Only a reasonably risk literate population can deliver sustainable demand for financial services. To attain this long term objective, IRDA in collaboration with other financial service regulators should encourage market players to undertake better risk education in schools and colleges so that at least the next generation is much more aware about risk and insurance. In the short run, alongside investment friendly steps like increasing Foreign Direct Investment (FDI) limit to 49%, regulatory tightening that ensures better accountability of insurers towards their customers is also required.

The current trend however, is towards bracing big volumes. Glossy advertisements and celebrity endorsements portray insurance as a quick fix solution to all your financial problems. Insurance is a subject matter

informed decisions.

Claims handling by general insurers is likely to become stricter as de-tariffing puts margins under squeeze.

All this, however, does not mean that the consumer should refrain from buying insurance. Modern world poses diverse and complex risks, which the average citizen can hardly afford to retain. The solution lies in showing finesse while shopping for insurance and determination in pursuing claims. It is ultimately up to the consumer to navigate across the vying marketplace, see through the wily promotional vibes and spot the right product that serves his needs in times of distress. The seemingly clichéd maxim of *caveat emptor* continues to apply.

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