

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

Ref: 3/CA/GRV/YPB/10-11

27th July, 2010

ALL LIFE AND GENERAL INSURANCE COMPANIES

Re: GUIDELINES FOR GRIEVANCE REDRESSAL BY INSURANCE COMPANIES

Further to Regulation 5 of IRDA Regulations for Protection of Policyholders Interests, 2002 which provides for insurers to have in place speedy and effective grievance redressal systems, and in terms of the Authority's powers and functions as enunciated in Section 14 of IRDA Act, 1999, the IRDA hereby issues the following guidelines pertaining to minimum time-frames and uniform definitions and classifications with respect to grievance redressal by insurance companies.

These guidelines are applicable for disposal of "grievances/complaints" as defined herein. All insurers shall ensure that the guidelines of the Authority are followed strictly.

1. Definition of "**Grievance/Complaint**":

There shall be a uniform definition of "Grievance or Complaint". Grievances shall be clearly distinguished from Inquiries and Requests, which do not fall within the scope of these guidelines.

The following definition of grievance shall be adopted:

Grievance/Complaint: A "Grievance/Complaint" is defined as any 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 asks for remedial action.

On the other hand, an Inquiry and Request would mean the following:

Inquiry: An "Inquiry" is defined as any communication from a customer for the primary purpose of requesting information about a company and/or its services.

Request: A "Request" is defined as any communication from a customer soliciting a service such as a change or modification in the policy.

2. Grievance Redressal Policy:

Every insurer shall have a Board approved Grievance Redressal Policy which shall be filed with IRDA.

3. Grievance Officer/s:

Every insurer shall have a designated Grievance Officer of a senior management level. Senior Management would mean either the CEO or the Compliance Officer of the company. Every office other than the Head/Corporate/Principal officer of an insurer shall also have an officer nominated as the Grievance Officer for that office.

4. Grievance Redressal System/Procedure:

Every insurer shall have a system and a 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). the insurer shall inform the complainant about how he/she may pursue the complaint, if dissatisfied.

(ii). the 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.

It may be noted that it is necessary for each and every office of the insurer to adopt a system of grievance registration and disposal.

5. Turnaround Times:

There are two types of turnaround times involved.

(i). The service level turnaround times, which are mapped to each classification of complaint (which is itself based on the service aspect involved).

(ii). The turnaround time involved for the grievance redressal.

As to (i), the TATs are as mapped to the classification and prescribed by the Authority to insurers. These TATs reflect the time-frames as already laid down in the IRDA Regulations for Protection of Policyholders Interests and more, as, wherever considered necessary(for certain service aspects not getting specifically reflected in the Regulations), specific TATs are indicated in the classification and mapping provided by the Authority.

As regards (ii) above, the minimum TATs required to be followed shall be as prescribed in guideline 4 (a) to (g) as prescribed above.

6. Closure of grievance:

A complaint shall be considered as disposed of and closed when

(a). the company has acceded to the request of the complainant fully.

(b). where the complainant has indicated in writing , acceptance of the response of the insurer.

(c). where the complainant has not responded to the insurer within 8 weeks of the company's written response.

(d) where the Grievance Redressal Officer has certified that the company has discharged its contractual, statutory and regulatory obligations and therefore closes the complaint.

7. Categorisation of complaints:

a). Categorisation of complaints as prescribed by the Authority from time to time shall be adopted by insurers and incorporated in their systems.

b). The present classification prescribed by the Authority is placed at **Annexure A**. All insurers shall provide for these classification categories in their respective systems.

8. Minimum software requirements:

It is necessary for insurers to have automated systems that will enable online registration, tracking of status of grievances by complainants and periodical reports as prescribed by IRDA. The system should also be one which can integrate seamlessly with the Authority's system in the manner prescribed by the Authority. The Authority shall define these requirements from time to time and insurers shall ensure that they provide for such software/system modifications as may be required. The objective is to create the required industry level database and systems that would enable speedy and effective redressal of complaints.

9. Calls relating to grievances:

Insurers shall also have in place a system to receive and deal with all kinds of calls including voice/e-mail, relating to grievances, from prospects and policyholders. The system should enable and facilitate the required interfacing with IRDA's system of handling calls/e-mails.

10. Publicizing Grievance Redressal Procedure:

Every insurer shall publicize its grievance redressal procedure and ensure that it is specifically made available on its website.

11. Policyholder Protection Committee:

Every insurer that ensure that the Policyholder Protection Committee, as stipulated in the guidelines for Corporate Governance issued by the Authority, is in place and is receiving and analyzing the required reports from the management and is carrying out all other requisite monitoring activities.

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