

XI. Examine the role of state governments and legislatures in ensuring a smooth inter-state financial services infrastructure in India.

XII. Examination of any other related issues.

Mis-selling of insurance products by Bank

3749. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is large scale mis-selling of insurance products by the banks/insurance companies to the customers;

(b) if so, the details of such complaints; and

(c) how many complaints have been received by IRDA and the action taken by IRDA against such banks/insurance companies; and

(d) how much the life insurance business has been achieved by L.I.C. and other private life insurance companies during the last three years and the lapse rate of policies in all the insurance companies during the last three year separately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The Insurance Regulatory and Development Authority (IRDA) has informed that the complaints against insurance companies for selling policies by making false lucrative offers at the point of sale are put under the category of Unfair Business Practices. Primarily, these complaints relate to life insurance policies. The number of such complaints were 56,470 during 2009-10, 1,00,581 during 2010-11, 1,00,770 during 2011-12 and 1,68,482 during the last financial year, *i.e.* 2012-13.

The details of total number of complaints and Unfair Business Practice complaints as available with IRDA (insurance company-wise) for the last four years are given in Statement-I (*See below*).

Based on complaints received, follow-up action taken by the insurer, and based on its own enquiries, IRDA levies penalty on insurance companies wherever a case of an unfair business practice is established. Details of such penalties company-wise are given in Statement-II (*See below*).

(d) The details of the life insurance business achieved by LIC and other private life insurance companies during the last three years is given in Statement-III (*See below*).

The details of lapse rate for LIC and other private life insurance companies in terms of persistency for 13/25/37 months are given in Statement-IV.

Statement-I

'Unfair Business Practice' complaints for the last four years including Financial Year 2012-13

Sl. No.	Name of Life Insurer	2012-13		2011-12		2010-11		2009-10	
		Total Complaints	Unfair Business Practice Complaints	Total Complaints	Unfair Business Practice-Complaints	Total Complaints	Unfair Business Practice-Complaints	Total Complaints	Unfair Business Practice Complaints
1	2	3	4	5	6	7	8	9	10
1	Aegon Religare	7341	6532	3440	2878	4516	1950	2600	347
2	Aviva	8948	4570	13520	4203	20312	7069	11724	10499
3	Bajaj Allianz	37092	21745	22390	4762	24582	2319	20174	1119
4	Bharti AXA	7402	5216	7310	5199	8780	4443	4750	2363
5	Birla Sun Life	30430	21651	11911	7685	11367	3936	4399	2267
6	Canara HSBC	5281	1874	5258	1324	2743	606	320	163
7	DLF Pramerica	1031	825	621	490	478	203	1113	4
8	Edelweiss Tokio	601	48	6	2	0	0	0	0
9	Future Generali	7580	869	15667	1035	15449	887	3035	679

1	2	3	4	5	6	7	8	9	10
10	HDFC Standard	50947	33813	35218	17910	34983	15501	36205	14563
11	ICICI Prudential	19759	16891	22016	15499	47268	31582	5055	2374
12	IDBI Federal	823	673	502	397	545	343	44	32
13	IndiaFirst	1199	762	738	360	1886	30	129	0
14	ING Vysya	8744	1558	10498	1509	12141	1166	9990	1443
15	Kotak Mahindra	8725	7709	8850	5921	12157	9759	5086	3561
16	LIC	73034	2538	52300	1672	83917	7	65623	0
17	Max New York	15899	5970	10362	2224	25590	4733	44665	7099
18	PNB MetLife	3832	2906	2940	2032	4532	1182	4957	994
19	Reliance	21843	16401	50807	9956	64282	5620	32876	4355
20	Sahara	29	6	29	2	20	2	30	1
21	SBI Life	18681	8333	18490	6791	16864	2796	14776	1362
22	Shriram	228	157	149	69	117	2	165	1
23	Star Union Dai-Ichi	432	224	284	193	261	65	124	38
24	TATA AIG	11672	7211	16307	8657	15241	6380	8675	3206
TOTAL		341012	168482	309613	100770	408031	100581	276515	56470

78 Written Answers to

[RAJYA SABHA]

Unstarred Questions

Statement-II*Details of penalties on insurance companies wherever a case of unfair business practice is established, company-wise*

Sl. No.	Name of Company	Amount of Penalty	Date of Penalty	Brief Particulars of the violation committed
1	Cholamandalam General	Rs. 5 lakh	23rd February, 2011	Failure to comply with the provision of guidelines on licensing of corporate agents
2	Central Bank of India	Rs. 5 lakh	24th February, 2011	Failure to comply with the guidelines on licensing of corporate agents and violation of Regulation 10(I)(vi)(ii) of IRDA (Insurance Advertisement and Disclosure) Regulations, 2000
3	Bajaj Alianz Life	Rs. 10 lakh	18th March, 2011	Failure to comply with File and Use guidelines as well as violation of ULIP guidelines

Statement-III*Details of life insurance business achieved by LIC and other private life insurance companies during the last three years*

Fin Yr	Description	Individual Business		Group Insurance Business		
		Policies	Premium (Rs. in crores)	Schemes	Premium (Rs. in crores)	Lives Covered
1	2	3	4	5	6	7
2010-11	Private Life Insurance Companies	11094391	30441.94	5087	8926.63	47571846
	LIC of India	37012277	52732.09	25509	34232.58	35660199
2011-12	Private Life Insurance Companies	8435592	22033.88	5515	10042.68	28857169

1	2	3	4	5	6	7
	LIC of India	35724749	42738.36	26014	39053.38	37856102
2012-13 (Apr - Dec)	Private Life Insurance Companies	4799515	12669.46	3734	6235.60	22760634
	LIC of India	22152917	28016.59	17980	22260.82	27021988

Business figures for the Financial Year 2012-13 relate to only for the period April, 2012 - December 2012.

Statement-IV

Lapse Rate - Premium-Wise (in %)

Sl. No.	Name of the Company	13 months	25 months	37 months	13 months	25 months	37 months
			Linked			Non Linked	
1	Aegon Life Insurance Co. Ltd.	36	38	65	45	29	69
2	Bajaj Life insurance Co. Ltd.	37	44	89	42	45	65
3	Edelweiss Tokio Life Insurance Co. Ltd.						
4	Bharti AXA Life Insurance	26	33	44	56	68	92
5	DLF Pramerica Life Insurance Co. Ltd.	42	54	69	59	86	90
6	Future Generali India Life Insurance Co. Ltd.	45	46	33	57	66	72
7	India First Life Insurance Company Ltd.	30	29	19			
8	Birla Sun Life Insurance	18	34	29	48	48	73

9	ING Vysya Life Insurance Company Limited	29	43	63	37	48	60
10	Shriram Life Insurance Company	58	62	93	63	67	71
11	Met Life Insurance Co. Ltd.	36	33	64	39	33	55
12	TATA AIA Life Insurance Company Ltd.	26	29	55	34	45	44
13	Aviva Life Insurance Company India Ltd.	41	47	74	41	58	67
14	ICICI Prudential Life Insurance Company Limited	24	29	73	39	55	65
15	Max Life Insurance Co. Pvt. Ltd.	22	36	58	28	44	54
16	SBI Life Insurance Co. Ltd.	22	29	84	25	35	47
17	Sahara India Life Insurance Co. Ltd.	37	44	77	40	45	52
18	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	20	11	35	39	21	2
19	IDBI Federal Life	26	33	43	31	32	48
20	HDFC Standard Life Insurance Company Limited	20	23	61	24	25	46
21	Kotak Mahindra Old Mutual Life Insurance Ltd.	29	34	72	38	51	70
22	Life Insurance Corporation of India	16	36	54	17	29	34
23	Reliance Life Insurance Company Limited	38	50	84	47	62	66
24	Star Union Dai-ichi Life Insurance Co. Ltd.	30	44	58	46	43	37

Written Answers to

[30 April, 2013]

Unstarred Questions

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