

COMMITTEE ON SUBORDINATE LEGISLATION
(2021-2022)

(SEVENTEENTH LOK SABHA)

TWENTY FIRST REPORT

**ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT OF THE
COMMITTEE ON SUBORDINATE LEGISLATION (SEVENTEENTH LOK SABHA) ON
"THE INSURANCE OMBUDSMAN RULES, 2017)".**



LOK SABHA SECRETARIAT
NEW DELHI
August, 2022/ Shravana, 1944 (Saka)

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"THE INSURANCE OMBUDSMAN RULES, 2017)".**

(PRESENTED TO LOK SABHA ON 04.08.2022)



LOK SABHA SECRETARIAT
NEW DELHI
August, 2022/ Shravana, 1944 (Saka)

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MEMBERS OF THE COMMITTEE ON SUBORDINATE LEGISLATION
(2021-2022)

Shri Balashowry Vallabhaneni Chairperson

Members

2. Shri Jyotirmay Singh Mahato
3. Shri Pinaki Mishra
4. Shri Chandeshwar Prasad
5. Shri N.K.Premachandran
6. Shri Suresh Kumar Pujari
7. Shri A.Raja
8. Shri Nama Nageshwara Rao
9. Shri Sanjay Seth
10. Shri Mahendra Singh Solanky
11. Shri Su Thirunavukkarasar
12. Shri. Manickam Tagore B.
13. Shri Ram Kripal Yadav
14. Dr. Amar Singh
15. Vacant

SECRETARIAT

1. Shri Vinay Kumar Mohan - Joint Secretary
2. Shri Muraleedharan.P - Director
3. Smt. Jagriti Tewatia - Additional Director

INTRODUCTION

I, the Chairperson, Committee on Subordinate Legislation having been authorised by the Committee to submit the report on their behalf, present this Twenty First Report.

2. The Report relates to the Action Taken on the Observations/ Recommendations of the Committee contained in the Fourth Report (2019-20) (Seventeenth Lok Sabha) which was presented to Lok Sabha on 22.09.2020.

3. The Committee considered and adopted this Report at their Sitting held on 25.07.2022.

4. The Extracts of the Minutes of the Twenty-eighth Sitting of the Committee relevant to this Report are brought out in Appendix I of the Report.

5. An analysis of the Action Taken by Government on the Recommendations contained in the Fourth Report of the Committee (Seventeenth Lok Sabha) is given in Appendix II of the Report.

New Delhi;
25 July, 2022
03 Shravana, 1944 (Saka)

BALASHOWRY VALLABHANENI
Chairperson,
Committee on Subordinate Legislation

REPORT

This Report of the Committee on Subordinate Legislation (2020-21) deals with the Action Taken by the Government on the recommendations contained in their Fourth Report (Seventeenth Lok Sabha) which was presented to Lok Sabha on 29.9.2020.

2. The Fourth Report contained recommendations on the Insurance Ombudsman Rules, 2017.

3. Action taken replies in respect of all the observations/recommendations contained in Paras 2 to 11 of Part-II of the Fourth Report have been received from the Ministry of Finance (Department of Financial Services) vide Ministry's O.M. No. G-149/02/2091-Ins II dated 28th June, 2021.

4. Replies to the observations/recommendations contained in the Report have been categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government

Sl. Nos. 1, 2, 3, 4, 5, 6, 7 and 9

Total No. Eight
Chapter II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply.

Sl. No. 8

Total No. One
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration

Sl. Nos. NIL

Total Nos. NIL
Chapter IV

(iv) Observations/Recommendations in respect of which replies of the Government are still awaited

Sl. Nos. 10 and 11

Total No. Two
Chapter V

5. The Committee in their Original Report on the Insurance Ombudsman Rules, 2017 made a number of Observations/ Recommendations covering issues such as composition of the Executive Council for Insurers (ECI), need for impartial institution of the Insurance Ombudsman, selection criteria for Insurance Ombudsman, Maximum age fixed for Insurance Ombudsman, removal of ombudsman from office, duties and functions of Insurance Ombudsman, grant of award by outstanding Insurance Ombudsman scheme versus Banking Ombudsman Scheme, delay in laying of rules and review of Insurance Ombudsman Rules, 2017.

6. On the Observations/ Recommendations made by the Committee, the Action Taken Replies, with respect to Observations/Recommendations made by the Committee at Sl. Nos. 2 to 9 in the Part-II of the Fourth Report (Seventeenth Lok Sabha), have been received from the Ministry of Finance (Department of Financial Services) vide O.M. No. G-149/02/2091-Ins II dated 28th June, 2021. For the other two Observations/Recommendations made by the Committee at Sl. Nos. 10 and 11, regarding delay in laying of rules and review of Insurance Ombudsman Rules, 2017 respectively, the Ministry didn't furnish any written reply. However, during the oral briefing before the Committee, on the Insurance Ombudsman Rules, 2017 held on 10th December, 2019, the representative of the Ministry had assured the Committee that, in future it will be ensured that Rules are laid in Parliament well in time (Recommendation No. 10) and had also acknowledged and expressed their willingness to remove the deficiencies/ short comings, as pointed out by the Committee in the Insurance Ombudsman Rules, 2017 by undertaking a review and bringing out suitable amendments to the Rules (Recommendation No. 11).

7. The Committee thus, note with satisfaction that the Ministry have accepted all the Recommendations made by the Committee in the Part-II of the Fourth Report (Seventeenth Lok Sabha) except the recommendation made at Sl. No. 8 regarding grant of reward by the Insurance Ombudsman, under rule 17 of the Insurance Ombudsman Rules, 2017, for which the Ministry in their Action Taken reply has submitted that, an Ombudsman by definition is only an

official appointed to receive, investigate, and report on private citizen's complaints about the government; He serves as an alternative to the adversary system for resolving disputes, especially between citizens and government agencies. Therefore, by its very nature, an Ombudsman is an alternative to an adversary system for resolution of disputes. Further, the complainant has the option of claiming compensation on the grounds of harassment, mental agony, loss of time and cost from the courts of law as and when he may feel necessary. In view of the aforesaid reply of the Ministry, the Committee do not desire to pursue this recommendation further.

8. With regard to the recommendation given by the Committee regarding delay in laying of rules at Sl. No. 10, for which the Ministry didn't furnish written reply, the Committee hope and trust that the assurance given by the representative of the Ministry during the briefing meeting held on 10th December, 2019, will be followed in letter and spirit and all the notifications will henceforth, be Tabled timely in both the Houses.

9. The Committee are also satisfied to note that, as assured by the Ministry during the briefing meeting held on the Subject on 10th December, 2019 (Recommendation No. 11), the Ministry of Finance (Department of Financial Services) has reviewed the Insurance Ombudsman Rules, 2017 and have brought out the amendments as suggested by the Committee and has notified the same as Insurance Ombudsman (Amendment) Rules, 2021 dated 02nd March, 2021 (Appendix-I) and Insurance Ombudsman (Second Amendment) Rules, 2021 dated 18th May, 2021 (Appendix-II).

10. The Observations/ Recommendations made by the Committee and the Action Taken Replies received from the Ministries concerned have been reproduced and suitably categorized in the succeeding Chapters of the Report.

CHAPTER II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Introductory

The Committee note that India has a very large Insurance Sector with several crore policy holders and the focus of the Government is to provide social security to all or maximum number of people. The Insurance business in India has been growing at the rate of about 10-20% yearly. However, the available dispute redressal mechanism is not sufficient to handle the large number of complaints pertaining to deficiency in service. Presently, there are only 17 Ombudsmen for such a large country and large number of policy holders. The record of disposal of complaints by Insurance Ombudsman is also not very encouraging. In this context, the Committee note that as per Annual Report (2017-18) of Insurance regulatory and Development Authority of India, 74% of complaints made to Insurance Ombudsman were declared non-acceptable/not - entertainable by the Ombudsman. It is also well known that civil courts of the country are burdened with large number of cases. They have a large number of pending cases. Their infrastructure and staff strength are not sufficient to handle timely disposal of complaints against insurance companies. In this backdrop the Committee examined the Insurance Ombudsman Rules, 2017. The observations and recommendations of the Committees on the issues arising out of the examination of the Insurance Ombudsman Rules are detailed below in the succeeding paragraphs.

[Para no. 1 of Part-II of the 4th Report, 17th Lok Sabha]

Executive Council for Insurers (ECOI)

The Committee in Part II of their original Report at Para No. 2 had noted that Rule 5 of the Insurance Ombudsman Rules prescribes for an Executive Council of Insurers consisting of nine members including the Chairperson. According to sub-Rule (2), the members of ECOI shall comprise of -- 2 representing life insurers, 2 representing general insurers, 1 representing stand alone health insurers, 1 from IRDAI, 1 from Central Government, 1 from Chairman LIC or the Chairman, General Insurers' (Public Sector) association of India. It may, therefore, be seen that the total number of members when counted as per the composition given comes to 8 only contrary to the total number of 9 members prescribed under Sub-Rule (1) of Rule 5.

[Para no. 2 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

It may be mentioned that the nomenclature of ECOI has been changed to “Council for Insurance Ombudsmen’ (CIO) without changing its composition.

Further, it is clarified to the Hon’ble Committee that the Council consists of nine members in total, including its Chairman, which is as under-

- (i) **two persons** representing life insurers to be nominated by the LI Council
- (ii) **two persons** representing General insurers, other than stand-alone health insurers, to be nominated by the GI Council
- (iii) **one person** representing stand-alone health insurers to be nominated by the GI Council
- (iv) **One representative** of the IRDAI
- (v) **One representative** from the Ministry of Finance from the Department of Financial Services not below the rank of Joint Secretary or equivalent;
- (vi) **The Chairman, LICof India** or the **Chairman, General Insurers’ (Public Sector) Association of India (GIPSA)** provided they are not acting as Chairperson, CIO.*

** They act as members of the council if they are not acting as chairperson.*

- (vii) The Chairperson of Council for Insurance Ombudsmen shall be either the Chairman of LIC of India or the Chairman of the GIPSA by rotation

However, with a view to align the level of Central Government representation on the Council with the level of such representation for the selection committee, in Rule 5 (2) clause (v), for the words “Director”, the words, “Joint Secretary or equivalent” has been substituted.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Need for impartial institution of the Insurance Ombudsman

The Committee in Part II of their original Report at Para No. 3 had noted that as per the existing provisions contained in Rules 5, 6, 7, 9 and 12 (2) of the Insurance ombudsman Rules, 2017, there appears to be a conflict of interests in the duties of the Ombudsman as protector of the interests of policy holders and the interest of the Insurers he appears to represent. In this regard, the Committee note

that Rule 5 provides for the 'Executive Council of Insurers (ECOI)' which under Rules 6, 7, 9 and 12(2) has substantial role in appointment and removal of Ombudsman, formulation of the policies of the office of Ombudsman and meeting its expenditure. As per the prescribed composition of the ECOI, 7 out of the 9 of its members including the Chairman represent the insurance industry. The criteria for selection of Insurance Ombudsman and panel of eligible candidates are also prepared by ECOI. The Committee, therefore, gather an impression that all these provisions read together depict Insurance Ombudsman as an agent of insurers leading to conflict of interest in the discharge of his/her duties to act impartially, fairly and independently in protecting the interests of the policy holders. As a result, the Committee feel that the Insurance Ombudsman Rules 2017, in their present shape, disregard the principles of natural justice particularly rule against bias. Accordingly, the Committee feel that there is an urgent need for independent and impartial Insurance Ombudsman in the country and the strengthening of these institutions.

[Para no. 3 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

The name of the ECOI has been changed to “Council for Insurance Ombudsmen” as the erstwhile name “Executive Council of Insurers” (“Council”) suggested that it was a body of insurers rather than being a body vested with public functions.

As per the revised Insurance Ombudsman Rules, 2021, the **appointments** to the post of Insurance Ombudsman is done by the “Council for Insurance Ombudsmen”, after following a robust and transparent selection procedure given in Rule 7, and on the recommendations of a selection committee which has been made more independent and unbiased under the revised Rules. The composition of the selection committee under Rule 7 is as under-

- (i) the Chairperson of the Authority, or such other whole-time member of the Authority entrusted with matters relating to the general or life insurance business as the Chairperson may authorise and in case there is a vacancy in the office of the Chairperson of the Authority, the senior-most whole-time member of the Authority— chairperson;
- (ii) **One person from non-official members of the Banks Board Bureau (BBB) from general insurance business.**
- (iii) **One person from non-official members of the Banks Board Bureau (BBB) from life insurance business.**

- (iv) **Central Government representative in DFS (Not below the rank of Joint Secretary or equivalent)**
- (v) **A person with a track record of promoting consumer rights or consumer protection in insurance sector.**

Further, as per the provisions of Rule 9(e) of the said rules, the IRDAI (the sector regulator) has substantial role in the removal of the Insurance Ombudsman as the said rule mandates IRDAI to decide upon the action to be taken, if any, against the concerned Insurance Ombudsman after conclusion of the enquiry by persons appointed by the CIO.

Further, as provided under Rule 9 (f), IRDAI wherever it considers necessary, initiate an inquiry suo motu against any Insurance Ombudsman.

As per the provisions of Rule 12, the **funds** to the offices of Insurance Ombudsman are allocated by the General Insurance Council and Life Insurance Council, which have no role in the appointment and removal of the Insurance Ombudsman and they have been kept out of the new selection committee as per amended rule 7.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Selection Criteria for Insurance Ombudsman

The Committee in Part II of their original Report at Para No. 4 had noted that as per sub-Rule 2 of Rule 7 of the Insurance Ombudsman Rules, 2017, an Ombudsman was to be selected from amongst the persons having experience of the insurance industry, civil service, administrative service or judicial service. The Committee, however, found that the provision was silent in respect of the qualification as well as the nature and extent of experience required to be possessed by a person for selection as ombudsman. In this regard, the Ministry had clarified that according to the selection criteria finalized by the Executive Council of Insurers, a person should have at least 25 years' experience in Insurance industry at senior level with last position held at most one level below Board or persons who have retired or are soon to retire from Civil or Administrative services of Government of India should have held a post of Joint Secretary or equivalent in the Government of India or any equivalent post in Civil or Administrative services of Government of India or persons who have retired or are soon to retire as District & Sessions Court Judge or Judge of MACT equivalent to District & Sessions Court Judge or equivalent Courts or High Court Judge. The Committee were of the considered opinion that the selection criteria which had been so finalized by the ECOI in consultation with the Government should be made a part and parcel of the Insurance Ombudsman Rules, 2017 to make them transparent and self-contained.

[Para no. 4 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

The **selection criteria** under Rule 7 (which now forms part of the rules itself) has been made more independent, transparent and impartial by bringing the changes such as new qualifications, experience and disclosures, declarations and undertaking to be given by the candidates who are shortlisted for appointment of Insurance Ombudsman.

It may be further reiterated that, as provided under Rule 6(1) of these Rules, 'Council for Insurance Ombudsmen' shall issue guidelines relating to procedure for the day-to-day administration, secretariat staffing, secretariat administration, infrastructure and other related aspects of the of Insurance Ombudsman system.

In view of the above, it is reiterated to the Hon'ble committee that 'Council for Insurance Ombudsmen' has no interference in the functioning of Insurance Ombudsmen.

In line with the Committee's recommendations, the eligibility conditions (Qualifications, Experience etc.) and selection criteria have been made a part of the Insurance Ombudsman Rules, 2017 under Rule 7.

Further, the provisions under Rule 7 have been made duly explicit and expressive in terms of the nature of qualifications, experience, selection criteria, introduction of various disclosures and undertakings and furnishing report from agencies to remove any conflict of interest and to maintain integrity in the selection and appointment of Insurance ombudsman.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Maximum age fixed for holding the office of ombudsman

The Committee in Part II of their original Report at Para No. 5 had noted that Rule 8 of the Insurance Ombudsman Rules, 2017 prescribed a very high maximum age of up to 70 years for holding the office of Insurance Ombudsman. On being pointed out by the Committee that normally such kind of higher age was fixed in case of Offices/ posts which required extensive knowledge and experience etc. The Ministry had taken the plea that the post of Insurance Ombudsman required extensive knowledge and experience and most of the Insurance Ombudsman are retired professionals having experience in the insurance sector.

[Para no. 5 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

In line with the Committee's recommendations, Rule 8 of these revised rules now provides that an Insurance Ombudsman shall hold office for a term of 3 years or till he attains the age of 68 years, whichever is earlier, and shall not be eligible for reappointment.

Further, the age bracket for applying to the office of Insurance Ombudsman has been changed from 58-67 years to 55-65 years.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Removal from Office

The Committee in Part II of their original Report at Para No. 6 had noted that Rule 9 of the Insurance Ombudsman Rules, 2017 provided that an Ombudsman could be removed from Office on the ground of gross misconduct ignoring the other generally specified grounds such as physical incapacity, unsoundness of mind, insolvency, conviction in a criminal case, engagement in any other paid employment etc. which were often grounds for removal of holder of a public office. On being pointed out, the Ministry had agreed to look into this issue.

[Para no. 6 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

Rule 9 of these revised rules provides that, an Ombudsman may be removed from office on the grounds of 'gross misconduct during the term of office or physical incapacity, or insolvency, or unsoundness of mind, or conviction for an offence involving moral turpitude, or engagement in another paid employment, or conflict of interest or furnishing as part of the selection process information that is false or omits to specify material facts'.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Duties and Functions of Insurance Ombudsman

The Committee in Part II of their original Report at Para No. 7 had noted that nature of complaints and disputes specified under subRule (1) of Rule 13 which are to be dealt with by the Insurance Ombudsman appear to be in an exhaustive form and gives an impression that in the Rules, the nature of disputes or complaints have been made limited to the specified extent. The Committee observe that normally such provisions in various statutes are prescribed in the nature of inclusive form so as to include even those situations not contemplated for in the Rules or other

unforeseen situations or cases arising out of the insurance disputes and complaints or any kind of deficiency in service by the Insurers. On being pointed out, the Ministry have agreed to suitably examine the issue.

[Para no. 7 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

In line with the Committee's recommendations, in Rule 13, the words "complaints or disputes" have been replaced by "deficiencies in insurance services". Further the word "deficiency" has been aligned with clause (11) of section 2 of Consumer Protection Act, 2019 (35 of 2019).

Insurance Broker is included in the Rules to provide relief to the policyholders from those intermediaries who act independently of an insurer.

Scope of kinds of complaints which an Insurance Ombudsman may handle has been expanded under Rule 13 by including the following-

- a) 13(g) - Issuance of policy not in conformity with the proposal
- b) 13 (h) - Non-issuance of policy after receipt of premium

An online portal for early settlement and tracking of complaints to be introduced

Violation of any of the provisions of "PPHI (Protection of Policyholders' Interests) Regulations" of IRDAI 2017 included in Rule 13 to expand the scope of the complaints.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

Insurance Ombudsman Scheme vis-a-vis Banking Ombudsman Scheme

The Committee in Part II of their original Report at Para No. 9 had noted that the Committee observe that the scheme of insurance ombudsman as introduced by the Insurance Ombudsman Rules, 2017 is substantially different from the Banking Ombudsman Scheme, 2016 made by the RBI. In this regard, the Committee feel that uniformity in various schemes of ombudsman in different segments of financial market will help the consumers in having a better understanding of complaints redressal mechanism. In this regard the Committee note that the Ministry of Finance have agreed to examine this aspect.

[Para no. 9 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

Similar to that of Banking Ombudsman, the responsibility of review of activities of Insurance Ombudsman rests with the sector regulator IRDAI under Rule 18 (3). Further, under Rule 19, the Advisory Committee constituted by IRDAI comprising eminent persons, including a central government nominee, has the responsibility to review the performance of the Insurance Ombudsman.

With the revised rules, the office of Insurance Ombudsman is likely to function in a more efficient, unbiased and transparent manner.

Further, persons from the judicial background have been excluded from the category of eligible persons for applying to the post of Insurance Ombudsman, in line with the Banking Ombudsman.

Age bracket for applying for insurance ombudsman has been revised from 58-67 years earlier to 55-65 years now, which is at par with the Banking Ombudsman.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

CHAPTER III

OBSERVATIONS/ RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

Grant of Award

The Committee in Part II of their original Report at Para No. 8 had noted that an award granted by the Insurance Ombudsman under Rule 17 in favor of complainant shall state the amount of compensation to be granted to the complainant after deducting the amount, if any, already paid. In this regard, the Committee are of the considered opinion that the award should also provide for compensation on accounts of harassment, mental agony, loss of time and costs which are usually grounds for enhanced compensation in judicial and quasi-judicial proceedings. The Ministry have agreed to examine this observation of the Committee.

[Para no. 8 of Part-II of the 4th Report, 17th Lok Sabha]

Reply of the Government

No such provision for compensation on grounds of harassment, mental agony, loss of time etc. exists in the Insurance Ombudsman Rules, 2017.

The Insurance Ombudsman has been kept as such for the purpose of awarding compensation, due to the following points-

- a) It may be brought to the notice of the Hon'ble committee that judicial background for appointment is not required in respect of Banking Ombudsman. Therefore, keeping in view the experience of disposal of complaints and the object of securing cost-effective resolution of complaints of policyholders, the rules have been revised to include only persons having experience of insurance industry and persons who have served at senior levels in the civil services.
- b) Further, an Ombudsman by definition is only an official appointed to receive, investigate, and report on private citizen's complaints about the government; a similar appointee in a non-governmental organisation (such as a company or university).He serves as an alternative to the adversary system for resolving disputes, especially between citizens and government agencies. Therefore, by its very nature, an Ombudsman is an alternative to an adversary system for resolution of disputes.
- c) The core area of expertise of an Insurance Ombudsman is "deficiencies in insurance services" as provided under Rule 13 of the said rules..

- d) The complainant has the option of claiming compensation on the grounds of harassment, mental agony, loss of time and cost from the courts of law as and when he may feel necessary.

**[Ministry of Finance, Department of Financial Services,
OM No. G-14019/02/2091-Ins II dated 28 June, 2021]**

CHAPTER IV

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

-NIL-

CHAPTER V

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Delay in laying of Rules

The Committee note that the original Insurance ombudsman Rules were notified on 27.04.2017 but were laid in Parliament only on 29 December, 2018 i.e. after a gap of more than one and a half years which was contrary to the oft repeated recommendation of the Committee on Subordinate Legislation which has prescribed that Rules should be laid in Parliament as soon as possible after their publication and if the House is not in Session then within a maximum time-limit of 15 days after start of the Session. The Committee are not satisfied with the justification furnished by the Ministry of Finance that the amendment proposed in the Rules was clubbed with the proposed notification of amendment to Insurance Ombudsman Rules, 2017 and the Insurance Ombudsman (Amendment) Rules, 2018 were notified in the Gazette of India vide GSR 785 (E) on 20th August, 2018. The Committee feel that in accordance with the statutory provisions, it was the bounden duty of the Ministry to lay the Regulations in Parliament immediately after their notification in April, 2017 instead of waiting for the Notification of the proposed amendment in the Rules resulting in their delayed laying in December, 2018. In this regard, the Committee note with satisfaction that the representatives of the Ministry during evidence before the Committee have assured that in future it will be ensured that Rules are laid in Parliament well in time.

[Para no. 10 of Part-II of the 4th Report, 17th Lok Sabha]

Conclusion

The Committee note that as per the annual report (2017-18) of the Insurance Regulatory and Development Authority of India, 74% of the complaints made to Insurance Ombudsman were declared non-acceptable, non-maintainable. Also, taking into consideration the various aspects brought out above, the Committee feel that the Insurance Ombudsman Rules, 2017 in their present shape, are not sufficient to carry out the objectives of their parent Act i.e. Insurance Regulatory and Development Authority Act, 1999 to protect the interests of holders of insurance policies so prominently expressed in the long title of the Act. The Committee also observe that the representatives of the Ministry of Finance, Department of Financial Services have acknowledged the deficiencies/ short comings pointed out by the Committee in the Insurance Ombudsman Rules, 2017 and expressed their willingness to remove the same by undertaking a review and bringing about suitable amendments to the Rules. In this regard, the Committee note that the Department of Financial Services have proposed to constitute a Committee to review the Insurance Ombudsman Rules, 2017 as a whole to make the Insurance Ombudsman system

more robust, transparent and efficient. The said Committee will take an independent view on these Rules and present its report within a period of next 3 to 4 months since its formation. Based on the recommendations of the said Committee a view will be taken in the matter. The Committee, therefore, recommend the Ministry to complete the process of review and amendment of the Insurance Ombudsman Rules, 2017 within a period of three months from the date of the presentation of this Report to the Lok Sabha.

[Para no. 11 of Part-II of the 4th Report, 17th Lok Sabha]

**New Delhi;
25 July, 2022
03 Shravana, 1944 (Saka)**

**BALASHOWRY VALLABHANENI
Chairperson,
Committee on Subordinate Legislation**

APPENDIX I

(Vide Para 5 of the Introduction of the Report)

EXTRACTS FROM MINUTES OF THE TWENTY-EIGHTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2021-2022)

The Twenty-eighth sitting of the Committee (2021-22) was held on Monday, the 25th July, 2022 from 1500 to 1700 hours in Committee Room No. 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Balashowry Vallabhaneni Chairperson

MEMBERS

2. Shri Chandeshwar Prasad
3. Shri N.K. Premachandran
4. Shri Suresh Kumar Pujari
5. Shri A. Raja
6. Shri Nama Nageswara Rao
7. Shri Sanjay Seth

SECRETARIAT

1. Shri V.K.Mohan - Joint Secretary
2. Shri Muraleedharan P. - Director
3. Smt. Jagriti Tewatia - Additional Director

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

The Committee then considered the following draft Reports:-

(i) xx xx xx xx

(ii) xx xx xx xx

(iii) Twenty-first Report on action Taken by the Government on the Observations/ Recommendations contained in the 4th Report of the Committee on Subordinate Legislation (17th Lok Sabha) on 'The Insurance Ombudsman Rules, 2017');

(iv) xx xx xx xx

(v) xx xx xx xx

3. After deliberations, the Committee adopted the above draft Reports without any modification. The Committee also authorized the Chairperson to present the same to the House.

4. xx xx xx xx

5. xx xx xx xx

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8. xx xx xx xx

9. xx xx xx xx

10. xx xx xx xx

11. xx xx xx xx

The Committee then adjourned.

XX Omitted portion of the Minutes are not relevant to this Report

APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT OF THE COMMITTEE ON SUBORDINATE LEGISLATION (SEVENTEENTH LOK SABHA) ON "THE INSURANCE OMBUDSMAN RULES, 2017)".

I	Total No. of Observations/Recommendations made	11
II	Recommendations that have been accepted by the Government [vide recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6, 7 and 9]	8 73%
	Percentage of total	
III	Recommendations which the Committee do not want to pursue in view of Government replies [vide recommendation at Sl. No. 8]	1 9%
	Percentage of total	
IV	Recommendations in respect of which replies of Government have not been accepted by the Committee	NIL 0%
	Percentage of total	
V	Recommendations in respect of which final replies of Government are still awaited [vide recommendations at Sl. Nos. 10 and 11]	2 18%
	Percentage of total	