

EVOLUTION OF INSURANCE IN INDIA

Insurance in India refers to the market for insurance in India which covers both the public and private sector organisations. It is listed in the [Constitution of India](#) in the Seventh Schedule as a [Union List](#) subject, meaning it can only be legislated by the [Central government](#).

Insurance in its current form has its history dating back to 1818, when *Oriental Life Insurance Company*^[2] was started by Anita Bhavsar in [Kolkata](#) to cater to the needs of European community. The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter. In 1870, *Bombay Mutual Life Assurance Society* became the first Indian insurer.

At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business. The Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an [actuary](#). However, the disparity still existed as discrimination between Indian and foreign companies. The oldest existing insurance company in India is the [National Insurance Company](#), which was founded in 1906, and is still in business.

The Government of India issued an Ordinance on 19 January 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers and also 75 provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalisation) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commenced business on 1 January 1973.

TYPES OF INSURANCE

There are several major types of insurance policies. Some companies offer the entire suite of insurance, while others specialize in specific areas:

LIFE INSURANCE - Insurance guaranteeing a specific sum of money to a designated beneficiary upon the death of the insured, or to the insured if he or she lives beyond a certain age.

HEALTH INSURANCE - Insurance against expenses incurred through illness of the insured.

LIABILITY INSURANCE - The miscellaneous category. This insures property such as automobiles, property and professional/business mishaps.

SECTION 45 of INSURANCE ACT 1938

No Policy can be repudiated by Insurer after the expiry of 3 years

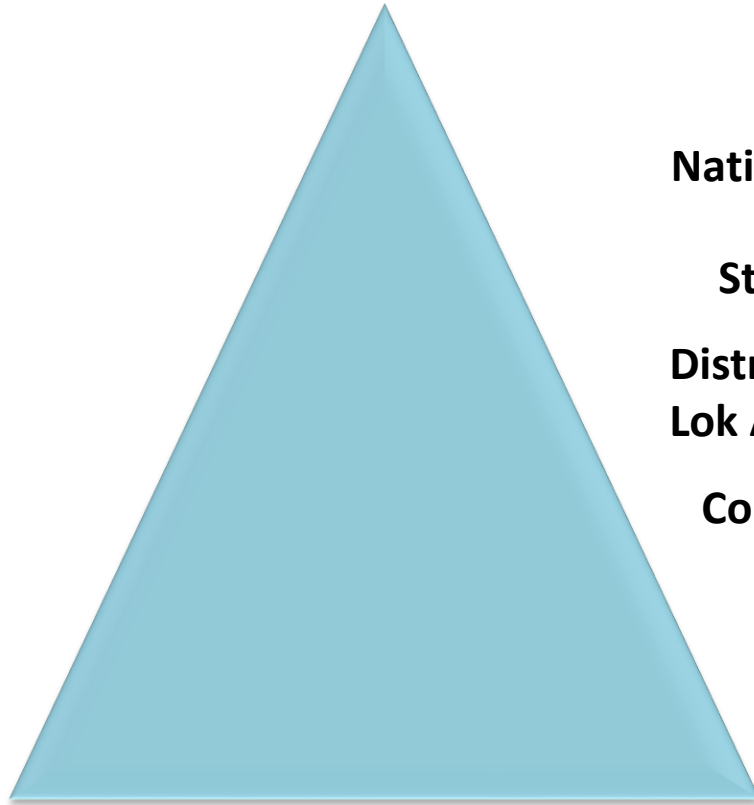
Policy can be repudiated only on the basis of FRAUD within 3 years

WHAT IS FRAUD ACCORDING TO INSURANCE LAW

- **Fraud has been defined as following:**
- **(a) the suggestion, as a fact of that which is not true and which the insured**
- **does not believe to be true;**
- **(b) the active concealment of a fact by the insured having knowledge or belief of the fact;**
- **(c) any other act fitted to deceive; and**
- **(d) any such act or omission as the law.**

Hierarchy of Courts

SUPREME COURT



National Commission

High Court

State Commission

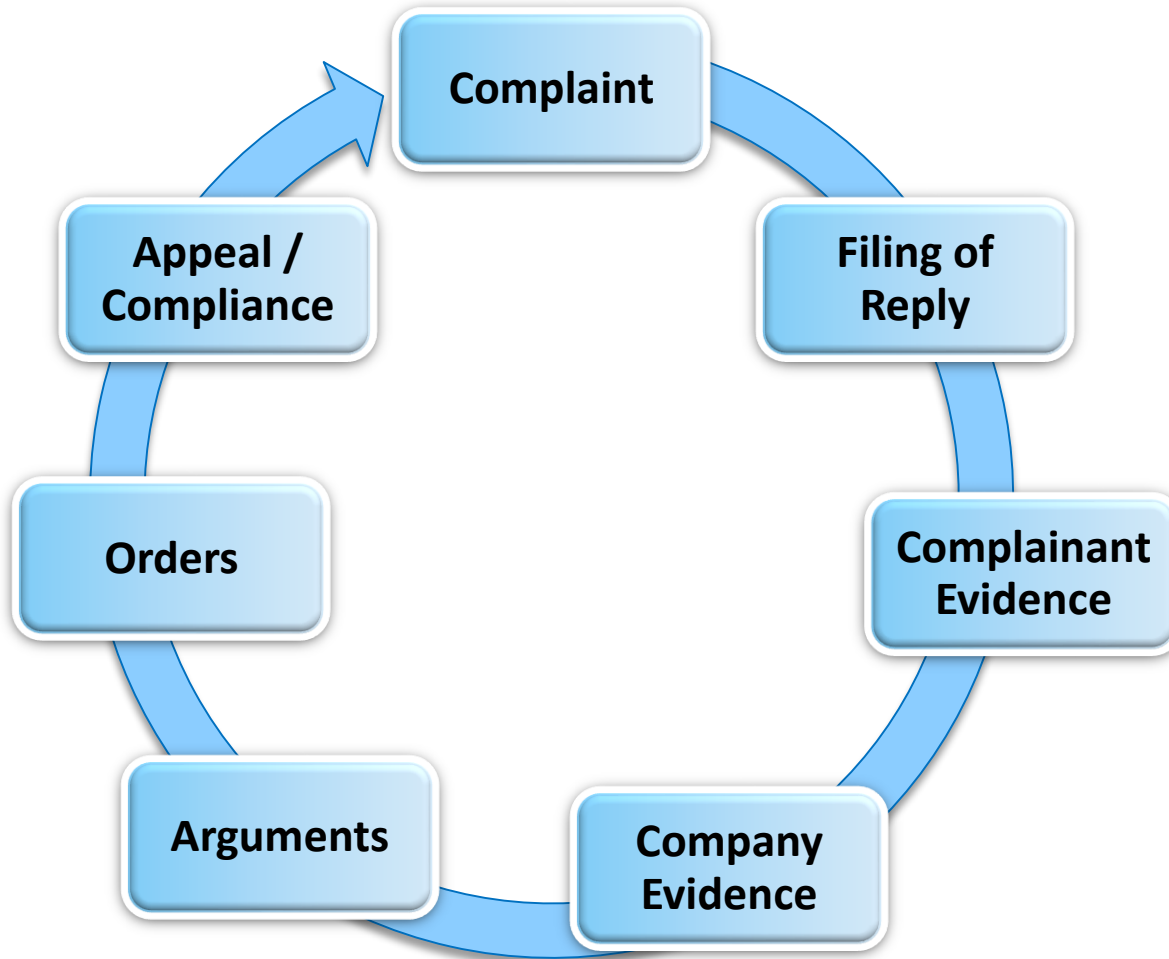
Civil Court

**District Forum/Permanent
Lok Adalat**

Consumer Counseling Centre

Ombudsman

Procedure of Court



Types of Litigation –NON CLAIMS

- **Falsely Collecting Premiums**

Promising beyond terms and conditions

Fake Documentation

Difficulty in processing of payouts i.e. surrender etc

Beyond Free Look Period

TYPES OF LITIGATION CASES CLAIMS

GROUNDS OF REPUDIATION BY COMPANY

HARD CORE FRAUD

- Death before issuance
- Fake death certificate
- LA does not exist
- LA still alive

MATERIAL SUPPRESSION OF FACTS

- Age
- Income & occupation
- Past medical history
- Insurance history

DEATH BEFORE ISSUANCE/FAKE DEATH CERTIFICATE

- Cancelled DC by issuing authority
- Genuine DC with correct date of death by appropriate authority
- Cremation Certificate
- F.I.R or Complaint copy
- Extract from Death & Birth register supported by RTI
- None cancelled 2 different Death Certificates
- Letter from Anganwadi/Gram Panchayat not supported by Affidavit
- Non availability of Genuine DC

Strong Evidences



Weak Evidences



CASE STUDY- DEATH BEFORE ISSUANCE

❑ **LOCATION** – DCDRF, MORADABAD

❑ **POLICY ISSUED ON** - 10 November 2014

❑ **GROUND OF REPUDIATION** – Death Before Issuance – Fraudulent Claim

❑ **EVIDENCES AVAILABLE** -

- a) Cancelled Death Certificate by Panchayat of the village
- b) Statement recorded by Aaganwadi Worker stating that Life Assured died on 1.10.2014 due to electric shock.
- c) Photograph of last rituals record was obtained. However originals were not provided to 3rd party.

❑ **OUTCOME** - a) DC was not cancelled by Issuing Authority- Registrar Birth & Death
b) Cancelled DC must be supported with Original/Genuine DC

❑ **POINT OF CONCERN** –Cancelled DC by issuing authority and copy of last rituals record were not considered.

❑ **SUGGESTIONS** – Genuine Death Certificate must be procured during investigation through RTI

- Statement of Aaganwadi Workers must be on Affidavit or on letter head.

NON-DISCLOSURE OF AGE

Pan Card

Passport

Aadhar Card

10th Admit Card

Family Tree with age

Voter List/Voter Id

Mukhiya Statement

Confession in writing by the Nominee or any relatives on plain paper

**Strong
Evidences**



**Weak
Evidences**



NON-DISCLOSURE OF INCOME AND OCCUPATION

BPL CARD/RATION CARD

INCOME TAX CERTIFICATES

**SALARY SLIP/BANK ACCOUNT
STATEMENT**

KABIR ANTHYESTI ANUDAN YOJANA

Certificate from Gram Panchayat/Anganwadi

Confession in writing by the nominee on a plain paper or video

Strong Evidences



Weak Evidences



MULTI INSURANCE FRAUD

Mail conversation between the companies

Policy documents procured from other companies

Affidavit of the Branch Managers of the Company

Only details of the policies from other companies without any written confirmation from the companies

Strong Evidences



Weak Evidences



Three arrested for insurance fraud

STAFF REPORTER

GUWAHATI, July 14: Three persons, including a government doctor and secretary of a kabarthan committee, have been arrested by Paltan Bazar police for forging a death certificate and claiming insurance of over Rs 1 crore from two companies.

Doubts were raised by internal investigators of the two insurance companies—HDFC and Exide Life Insurance—after the claim for insurance was made. Thereafter, an FIR was lodged at the Paltan Bazar police station.

Among the arrested are Dr Kamal Chandra Gogoi, who hails from Ghilamora in Dhakuakhana and is the Depu-

ty Superintendent of Kandoli Model Hospital, and Moulana Hilal Ahmed, the secretary of the Gastola Kabarthan Committee in Doboka.

“They will be taken tomorrow to court. Both of the arrested accused issued death certificate in the name of Shamsul Hoque Chowdhury on the strength of which his

wife Akalima Begum submitted death claims at two insurance companies,” ACP Panbazar Suprotiv Lal Baruah said.

The prime accused and so-called deceased Shamsul Hoque Chowdhury (37) of Doboka has also been arrested. The accused have been booked under sections 120B/420/468/471 of the IPC.

NON DISCLOSURE OF PRE-MEDICAL HISTORY

Discharge Summary

Diagnosis Paper

Admission records

Medical Examination Reports along with the Affidavit of Doctor

Medical leave letter of the Life Assured procured from the companies

Post Issuance medical reports

Illegible medical reports

Medical Attendant certificate with non disclosure and no diagnosis or treatment details

Different name on medical records, or only name mentioned but no age, address, date

Strong Evidences



Weak Evidences



IMPEDIMENTS IN LITIGATION

**Redundant and Erroneous stage mentioned on
CONFONET**

Vacant and Slow Courts

Consumer Centric Courts

**Documents annexed as Annexures/Exhibits to the written
statement not considered as placed on record.**

**Uniform approach not adopted in Appeals and granting of
stays**

**Non acceptance of medical records procured during
investigation**