



Ranjan and his tryst with Insurance

A Consumer Education Series - Volume 1

ABOUT THIS SERIES

This series is designed by the Insurance Regulatory And Development Authority (IRDA), to provide you with general information only. No information given herein replaces or overrides the terms and conditions of an insurance policy.

Please approach a duly licensed agent or a broker or an insurance company registered with the IRDA for specific information regarding a policy or for any other additional information.

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RANJAN'S DISCOVERY OF INSURANCE OMBUDSMAN

Ranjan has been holding a Health Insurance policy for himself and his family for the last 7 years and has not made any claim so far. Now, Ranjan's father who is a 60-year old retired pensioner needs to undergo a cataract operation. While his request to the Third Party Administrator for cashless facility was agreed to, the amount was restricted to Rs.20,000, as against the estimated expenses of Rs.40,000. Ranjan's efforts to get this revised were in vain.

Mr. Sharma, why is it that the cashless facility was allowed only for Rs.20,000, when I had submitted the required documents with an estimate of Rs.40,000?

Give me a minute please.



Mr.Ranjan, your policy has a sub-limit of Rs.20,000 per cataract surgery, that is why your claim has been restricted to that amount.

But the policy document does not state that.

But I am sorry sir, those are the terms that are currently in force.

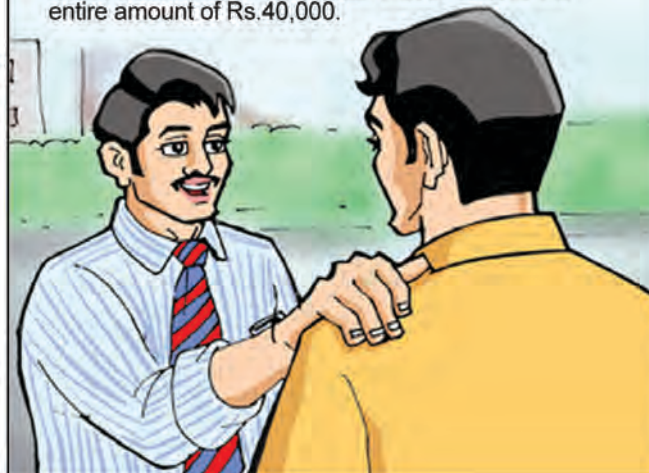
Disappointed, Ranjan consults his friend, Mohan who has dealt with insurance companies before.

My policy document does not contain this particular clause. I had no idea about such a sub-limit... I was expecting the insurance company to reimburse the Rs.20,000 on submission of bills.

Listen, first register a complaint with the grievance cell of the insurance company. If you do not hear from them within 30 days, approach the Insurance Ombudsman.



Ranjan approached the insurer, but the company did not revise its decision. He then approached the Insurance Ombudsman who found that Ranjan was not provided with the particular policy clause. Since Ranjan's policy had adequate Sum Insured and was not informed of any restriction on expenses for cataract surgery, the Insurance Ombudsman ruled that Ranjan was entitled to the entire amount of Rs.40,000.



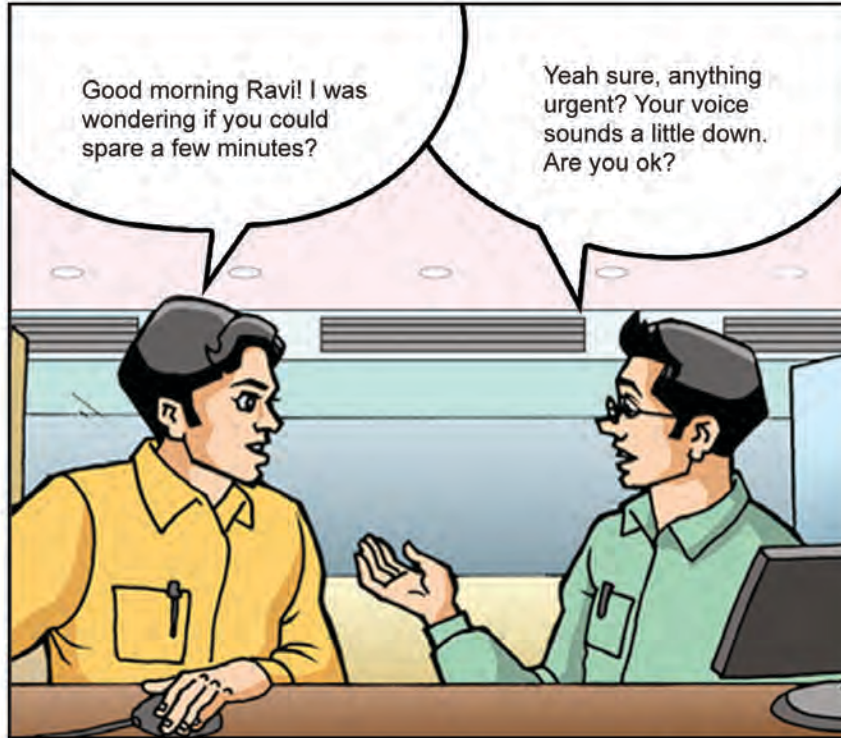
Remember, the Insurance Ombudsman receives and disposes off complaints like this one! You can obtain more details about the Insurance Ombudsman from www.gbic.co.in or from www.irda.gov.in.





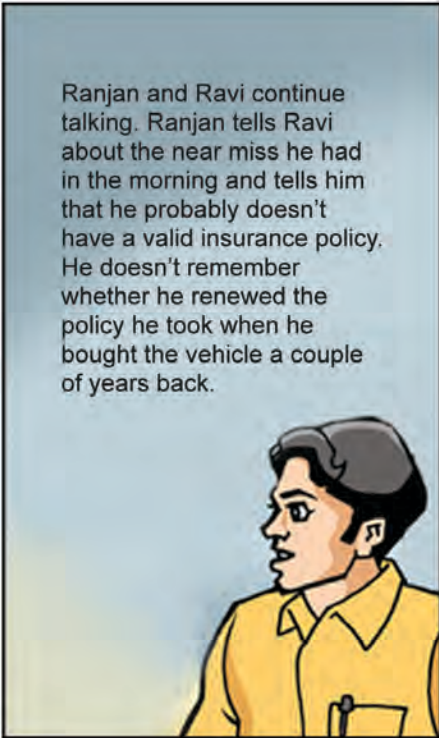
RANJAN BRAKES FOR MOTOR INSURANCE

Ranjan is a safe and law abiding driver. This morning he left for work as usual. Just as he was about to take the turn leading to the office, a rash bike rider cut a lane. Ranjan's presence of mind and good luck ensured that he braked on time, thus averting a major accident. He enters office thanking God that nothing untoward had happened. At the same time a thought crossed his mind. Ranjan wonders if the accident had occurred, how he would have borne the compensation, if any had arisen. Where was his insurance policy? Was it valid? He ruffles through his papers and doesn't find any Motor Insurance policy.

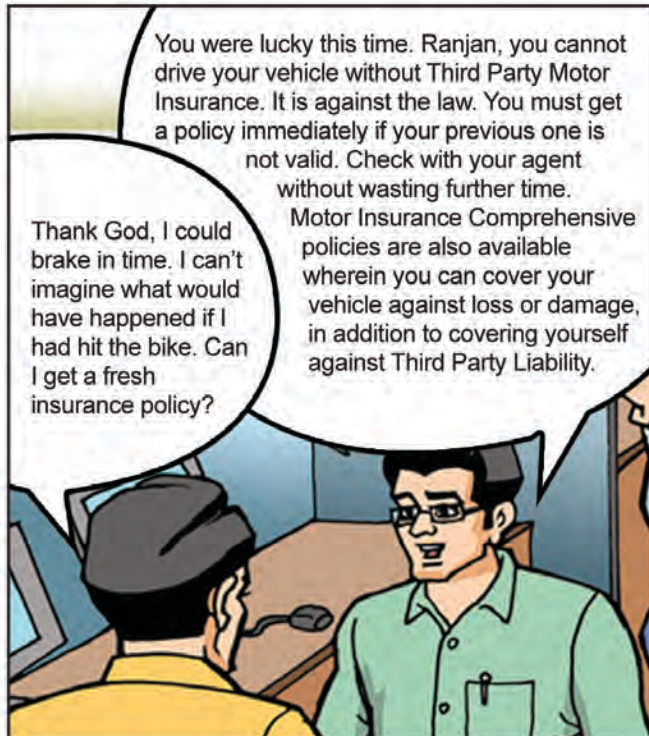


Good morning Ravi! I was wondering if you could spare a few minutes?

Yeah sure, anything urgent? Your voice sounds a little down. Are you ok?



Ranjan and Ravi continue talking. Ranjan tells Ravi about the near miss he had in the morning and tells him that he probably doesn't have a valid insurance policy. He doesn't remember whether he renewed the policy he took when he bought the vehicle a couple of years back.



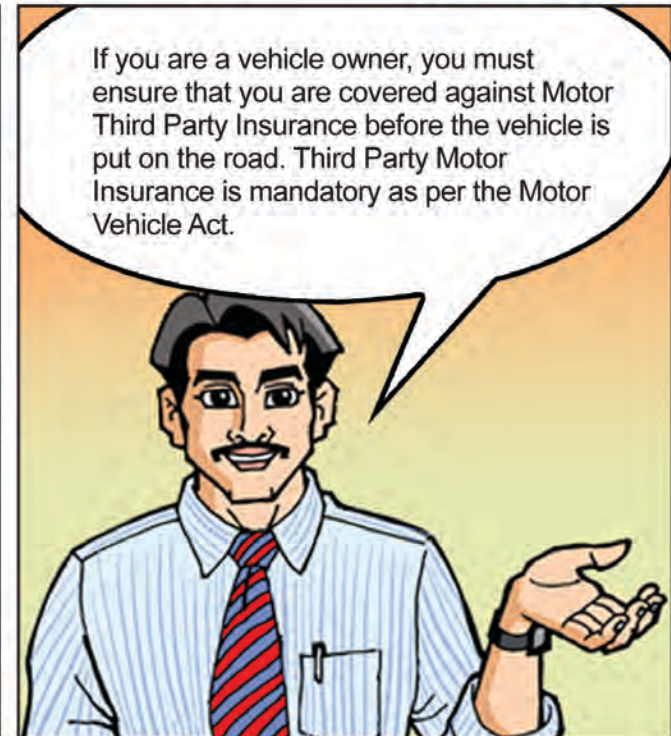
You were lucky this time. Ranjan, you cannot drive your vehicle without Third Party Motor Insurance. It is against the law. You must get a policy immediately if your previous one is not valid. Check with your agent without wasting further time.

Thank God, I could brake in time. I can't imagine what would have happened if I had hit the bike. Can I get a fresh insurance policy?

Motor Insurance Comprehensive policies are also available wherein you can cover your vehicle against loss or damage, in addition to covering yourself against Third Party Liability.



Thanks Ravi, I will remember to keep my insurance valid at all times by renewing it continuously. I will check about the Comprehensive policy as well.

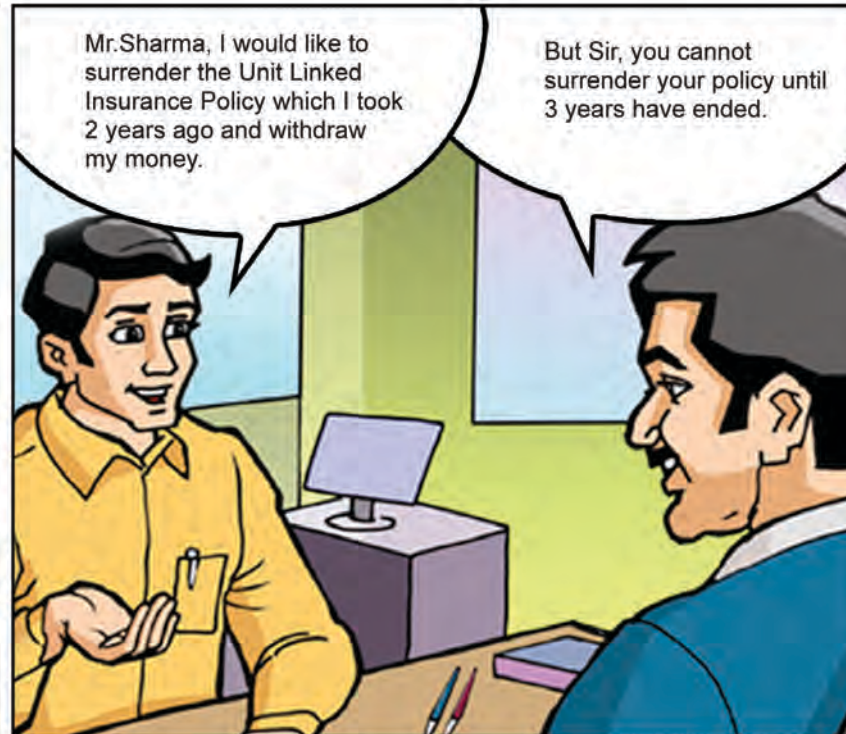


If you are a vehicle owner, you must ensure that you are covered against Motor Third Party Insurance before the vehicle is put on the road. Third Party Motor Insurance is mandatory as per the Motor Vehicle Act.



RANJAN LEARNS MORE ABOUT ULIP

Ranjan suddenly realises that he needs money to buy a house that he has just found. He takes stock of his assets and finds that he has a Unit Linked Insurance Policy (ULIP) with X insurance company. He decides to surrender it and get his money back. He writes to the insurance company and also calls them up.



Mr.Sharma, I would like to surrender the Unit Linked Insurance Policy which I took 2 years ago and withdraw my money.

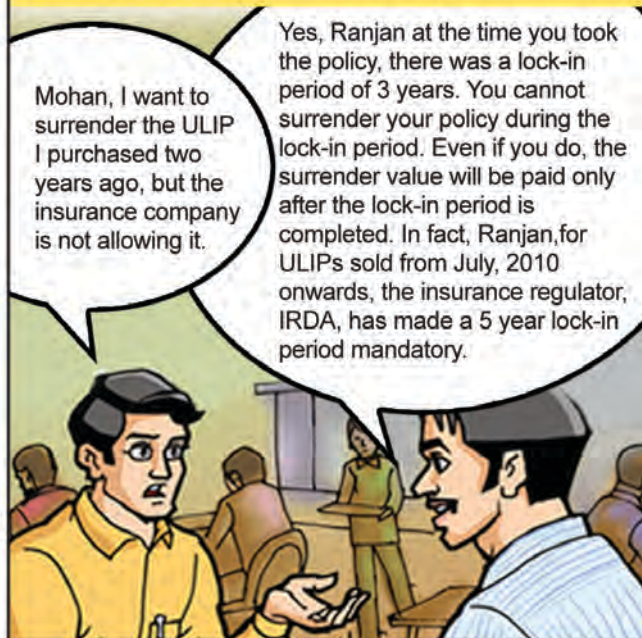
But Sir, you cannot surrender your policy until 3 years have ended.



But I was never aware of this, I don't think you explained all these details to me.

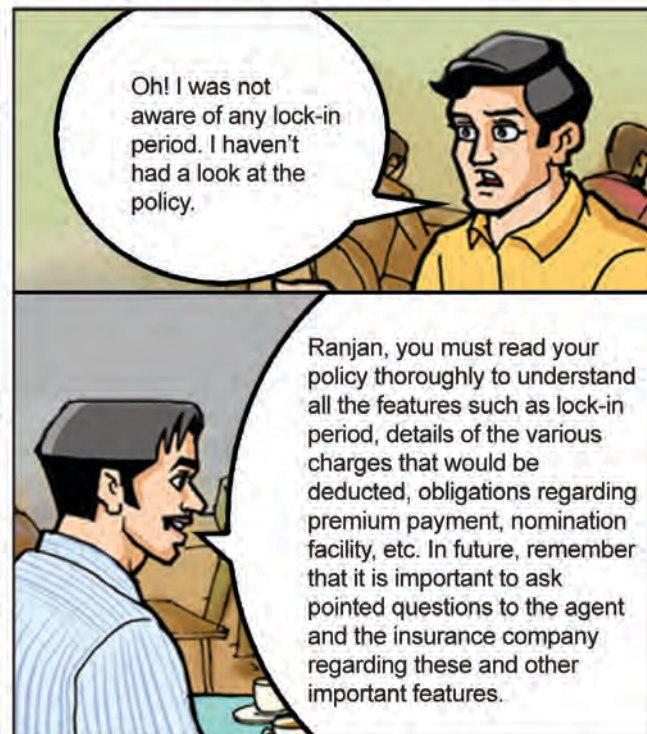
I did mention it to you, Sir. In passing, my advice to you is not to surrender the policy.

Ranjan meets up his friend Mohan who is familiar with insurance.



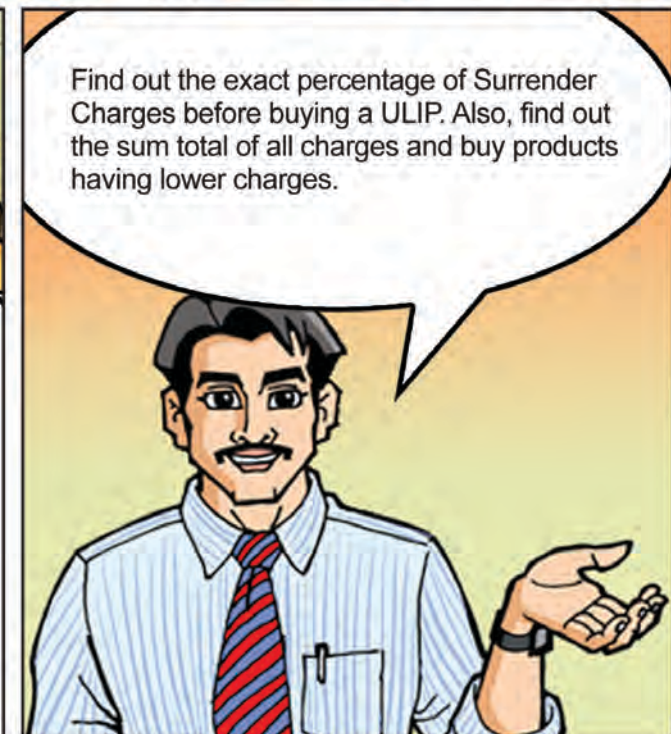
Mohan, I want to surrender the ULIP I purchased two years ago, but the insurance company is not allowing it.

Yes, Ranjan at the time you took the policy, there was a lock-in period of 3 years. You cannot surrender your policy during the lock-in period. Even if you do, the surrender value will be paid only after the lock-in period is completed. In fact, Ranjan, for ULIPs sold from July, 2010 onwards, the insurance regulator, IRDA, has made a 5 year lock-in period mandatory.



Oh! I was not aware of any lock-in period. I haven't had a look at the policy.

Ranjan, you must read your policy thoroughly to understand all the features such as lock-in period, details of the various charges that would be deducted, obligations regarding premium payment, nomination facility, etc. In future, remember that it is important to ask pointed questions to the agent and the insurance company regarding these and other important features.



Find out the exact percentage of Surrender Charges before buying a ULIP. Also, find out the sum total of all charges and buy products having lower charges.



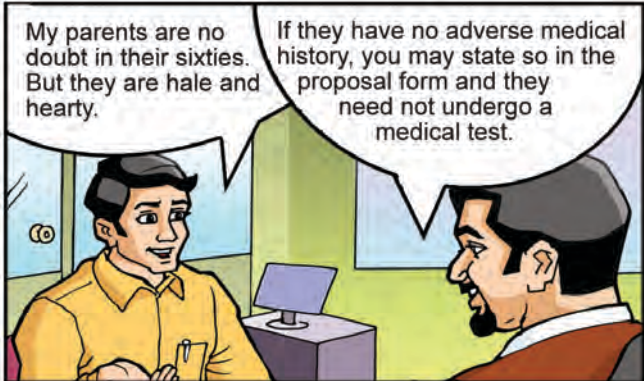
RANJAN REALISES HONESTY IS THE BEST POLICY

Ranjan's parents are ageing and their frequent hospitalisation worries him. Medical expenses form a major chunk of his expenditure each year. How was he going to cope with the medical bills? Ranjan comes across this advertisement by XYZ Insurance Company urging people to buy its Health Insurance policy. Ranjan approaches the company. The sales personnel is happy to receive his enquiry and eager to sell one more policy.



Sir, here are the proposal forms, forms for the medical tests that need to be carried out in case of adverse medical history, and the prospectus of the Insurance product.

Ranjan goes through the elaborate medical report forms. Given their adverse medical status, his parents are probably not going to get covered for most diseases immediately and would have to wait four years to get the coverage, as per the prospectus. That doesn't serve his purpose. Moreover, who will go through these elaborate tests even if the insurance company is willing to pick up the cost?



My parents are no doubt in their sixties. But they are hale and hearty.

If they have no adverse medical history, you may state so in the proposal form and they need not undergo a medical test.



Yes... I have decided to cover them against Health Insurance only as a precaution.

That's a good idea sir, it always helps in the future.

The proposal forms are filled up with a declaration that both are medically fit. There's no previous adverse medical history that is stated. As luck would have it, Ranjan's mother needs hospitalisation for a cardiac problem within the next two months. Ranjan applies to the Third Party Administrator of the Insurer for cashless facility. He is shocked to receive a denial from the TPA on the grounds that the disease was a Pre-Existing Disease (PED).

On what grounds do you deny this? Can't you see the proposal form? It clearly states that she is healthy and has no diseases.

But Sir, she already has a history of cardiac problems and has a stent. Our investigation clearly shows that.



Ranjan, how could you not be truthful in your statements? How did you ever think that you could get away withholding the facts? I am also surprised that you didn't plan for their Health Insurance earlier. Now look, you are the loser. Even future coverage by this company is ruled out.

I do feel ashamed, I will make sure I don't repeat this. Thanks Mohan for your advice, as always.



Remember to fill up the proposal form truthfully, giving all relevant information. Make sure you take Health Insurance when you are still young and truly hale and healthy.



Disclaimer

This series is intended to provide you general information only, and is not exhaustive. It is an education initiative and does not seek to give you any legal advice.



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**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Promoting insurance. Protecting insured.