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ABOUT US

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provided dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

A STUDY ON AWARENESS OF IRDA **AMONG PEOPLE**

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ABSTRACT

IRDAI – The Insurance Regulatory and Development Authority of India is a regulatory body which regulates the insurance that is provided in the country and it also looks after all the insurance companies. Insurance is a safe mechanism tool which provides us protection when there is a sudden financial loss for the subject matter which we have insured. Whereas the regulatory IRDAI provides protection of the policy holder and makes sure that every person in India is being aided by using the insurance policy, and it provides safety for the insured by providing a license to the insurance company, giving license to the agent or the broker, regulating the insurance company, etc. In this paper we will get to know how far has the people being aware of the regulatory body that governs the insurance despite having an insurance with them. Also, we can understand how far there is awareness held between the public.

INTRODUCTION

The IRDA was established with the act IRDA act 1999. The main aim of this act was to establish an authority to protect the interest of the policy holders, to regulate, develop, aid in the growth of the insurance sector and also be an amendment that brings changes to insurance act,1938, the life insurance corporation act,1956 and the general insurance business(nationalisation) act,1972. This act was created and established as the regulation of insurance can be held properly only when there is a strict act and a regulatory authority.

India saw a growth in insurance when Oriental life insurance company was established in Calcutta. Thereafter many insurance companies came into the picture. After independence the government of India nationalised all the insurance companies to curb the unfair trade practices and other illegal

practices. Later liberalisation was introduced in the year 1990. The “Malhotra committee” was formed and was asked to examine the structure of insurance sector and recommend any changes needed to make the insurance sector more effective, efficient and competitive. The committee suggested to form a regulatory body which was IRDAI. It was formed in 1999 after undergoing various transformations. The IRDA was incorporated as a statutory body in April 2000. The main aim of the IRDA is “Insurance for all by 2047”. Which means that every citizen in India must have an insurance policy which of any insurance such as life, general insurance.

RESEARCH OBJECTIVE

- To analyse how many people are aware about the regulatory authority
- To understand what are the possible reason for the awareness
- To study the working of the insurance regulatory body

RESEARCH QUESTION

1. How much awareness is present among the people about the regulatory?
2. What are its main functions and roles of IRDA

METHODOLOGY

The research is non-doctrinal research with some secondary sources available in regards to the topic. In this paper there is both primary and secondary source of data involved. Primary source, a survey via g-forms was held. And the secondary source is used for the other details.

LIMITATION OF THE STUDY

The survey conducted is only with a few members in an age group of 18-25. Thus, it does not have a full coverage as it is like a sample survey. This paper also has a limitation of not going in deep with the act and its functions.

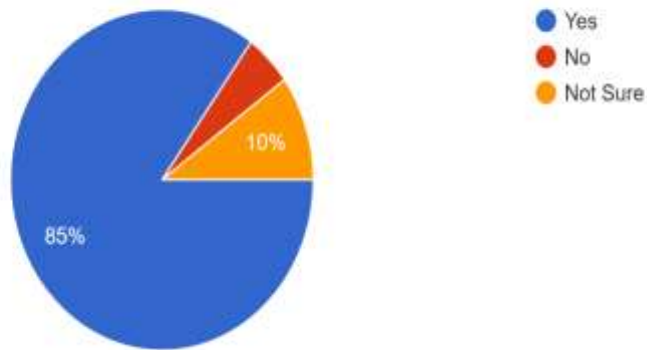
1.AWARNESS AMONG PEOPLE ABOUT REGULATORY BODY.

There was a survey circulated among few of my close circle. Where the survey consisted of basic questions related to the insurance and regulatory authority. From the survey it was easily

understandable that many are unaware of the regulatory body and its functions.

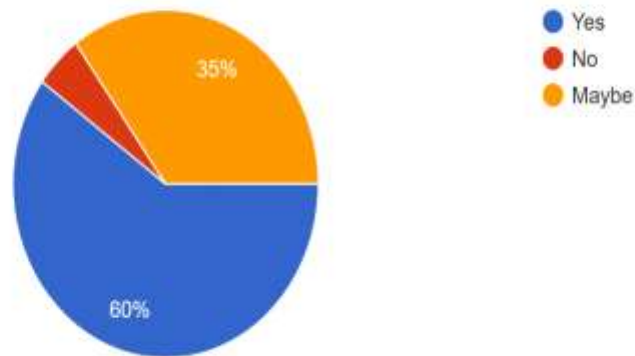
Do you or your family member have any insurance policy?

20 responses



Do you think is there any regulatory body for governing insurance policy and the company?

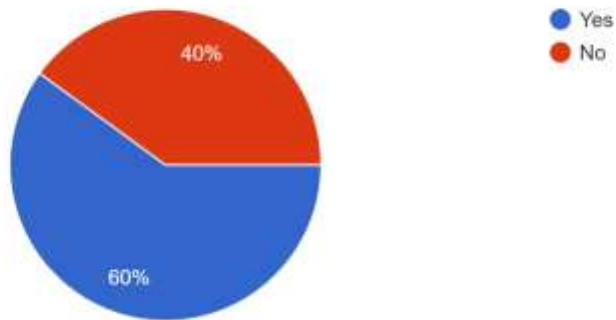
20 responses



From the above chart we can say that out of 20 members, 17 members have an insurance policy. But only 12 members are sure that there is a regulatory authority for insurance. 7 members are not sure whether there exists a regulatory body and 1 member states that there is no insurance regulatory in India.

Have you heard about the IRDAI

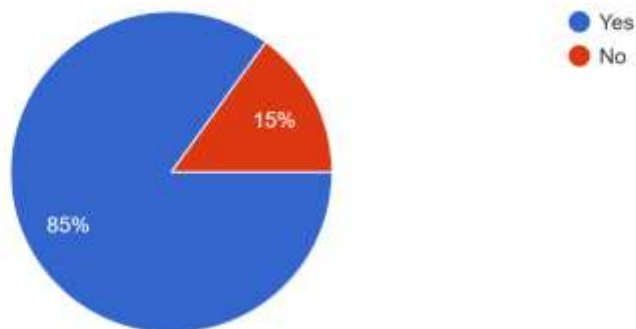
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Among 20 members 12 members have said they heard about IRDAI but the rest have said they haven't heard about the regulatory body of insurance. But among these 20 members only 1 member is only not having insurance.

Are you aware of RBI or SEBI

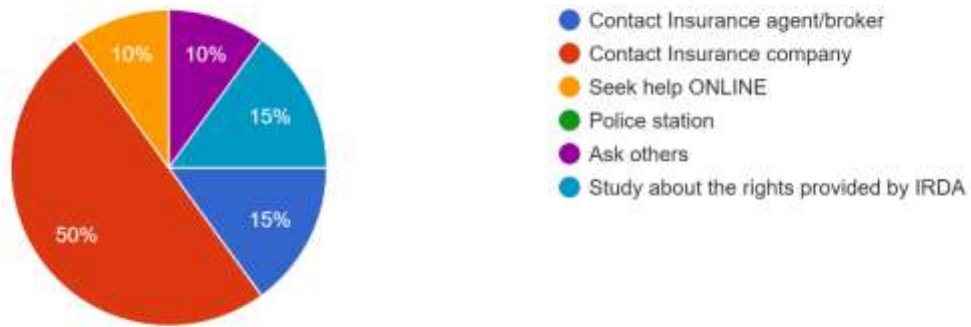
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From the above chart we can find that 17 members, are aware about the RBI or SEBI which are regulatory body of banks and stock market respectively. But only 12 members aware of IRDA which is a regulatory body of insurance in the country.

Where do you go if there is any problem in insurance policy?

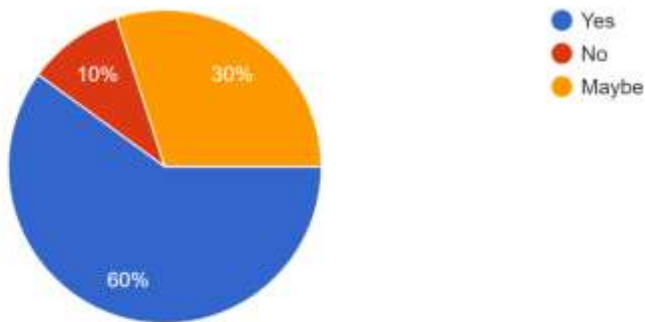
20 responses



From the above data we can see that 10 members go and contact the insurance company when there is any problem raised. 3 members have stated that they'll contact their agent or the broker, 3 members have stated that they'll look into the rights provided. And 2 members each has responded that they'll seek help online and ask anyone such as friends, family, or any known person who are aware of this.

Do you think all the insurance companies are reporting to some authority ?

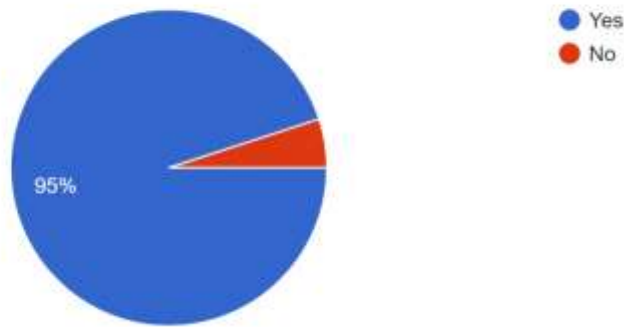
20 responses



From the above chart we can understand that only 12 members have stated that they think every insurance company has a responsibility to report to the regulatory authority or some authority. 2 members think that the insurance company doesn't have the liability to inform any authority. 6 members consider that there are chances for an authority where the insurance companies are supposing to report. It is a state of mind where they are unaware and have responded as may or may not be.

Is there any license needed to start a insurance company in India ?

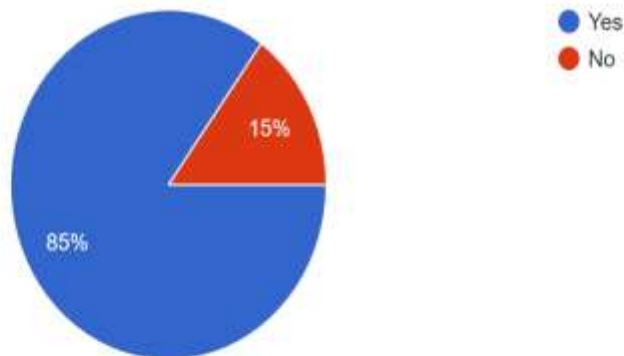
20 responses



Among 20 members 19 members are sure that there is a license needed in India to start a insurance company. But 1 member is not aware that there is a need for the insurance license. But many are not aware that IRDA is the regulatory authority or the authority which provides license to the insurance company in India.

Do you think insurance policy holders rights are protected and valued?

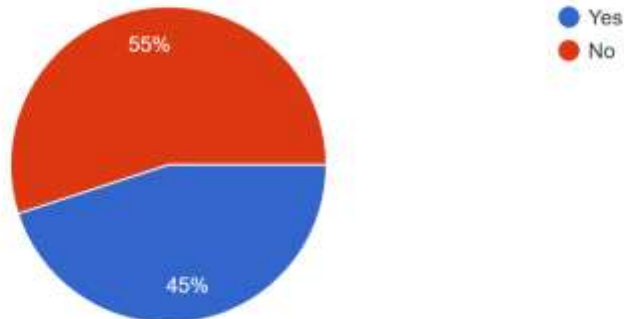
20 responses



When asked if the insurance policy holder's right is protected and valued 17 members have said that it is being protected and 3 members have said that rights of the insurance policy holder are not protected and valued. From this we can understand that few consider that their rights are not valued and majority consider that their rights are valued and has a power.

Have you ever thought of filing a complaint against the insurance company for not disclosing properly and giving the claim?

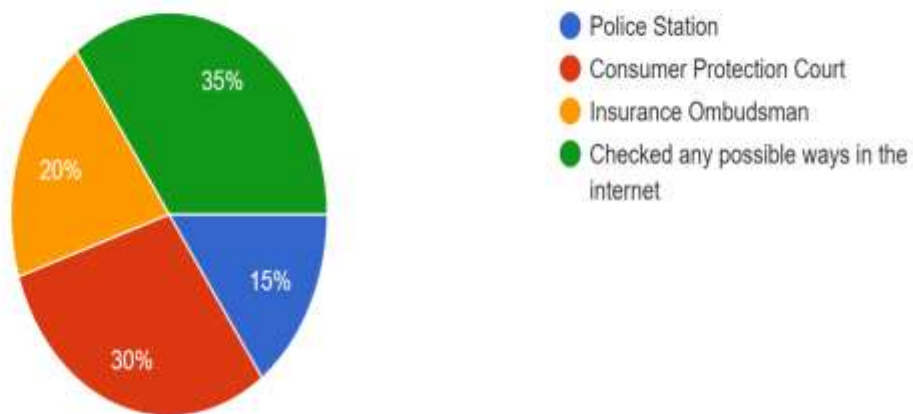
20 responses



From the above chart we can see that 11 members doesn't want to file any complaint against the insurance company and are saying they have disclosed all the details of the policy properly. Whereas rest 9 members have said that they wanted to file complaint against the insurance company and have mentioned that the claim was not properly disclosed.

If yes (to previous question) where would you have gone?

20 responses



From the above data we can see that 3 members have stated that they'll be going to police station to file complaint if there was any problem with the insurance company. Whereas 7 members have reported that they will check in internet if there is any possible way that could help them to file a complaint. 4 members have stated that they'll go to insurance ombudsman to file a complaint. And

rest 6 members have stated that they'll be going to consumer protection court to file a complaint against them.

From the above data's and charts we can understand that the awareness of the insurance regulatory is not up to a remarkable place but there is awareness between the people who has brought insurance and has a little idea of what is a regulatory body and aware about the IRDA. We can see that there is more awareness about the SEBI and RBI comparing to IRDA since there is more information is learnt and it is considered to be one of the essential bodies that governs the day-to-day activities and insurance is still being considered as not a mandatory protection which is needed.

2.FUNCTIONS AND ROLES OF IRDA

➤ *Functions of IRDAI*

- It grants registration certificates to insurance companies which enables them to renew, modify, if needed to be cancel, suspend or withdraw.
- The regulatory body makes sure that the policies are granted properly to the policy holders, claim settlements are going smooth, insurance interest are checked, surrender value of the policy and also all the terms and conditions of the policy taken.
- The body makes sure that agents are well qualified and also follows the code of conduct properly.
- IRDAI inspects, keep audit checks, investigates, calls for the information from the insurance companies and other business-related details.
- The regulatory body keeps an eye always on the insurance rates, advantages which shall be offered and also terms and conditions of policy.

➤ *Roles of IRDAI*

- It has a function to protect the interest of the insured.
- There is a code of conduct for the surveyors and the loss of assessors which to be maintained.
- It has a function to specify the percentage of the life and general insurance business that are present in the India's rural sector and urban sector.
- This body also helps in passing of judicial disputes between the issuer and the

intermediaries.

- Create and release annual report with a detail of the present status of the insurance industry in India.
- Its function is to ensure high standard of accounting and transparency of the balance sheet of insurance companies and they scrutinize and accept the annual accounts.
- It ensures proper maintenance of adequate technical reserves kept by the insurers.
- It monitors the performance and quality of reinsurance ceded and accepted.
- It establishes capital adequacy and solvency margin requirements, and other standards for entities engaged in insurance activities.
- It ensures compliance with the prescribed ceiling for management expenses of insurance and agency commissions.
- It set standards for insurance products. There shall be a system of file and use for insurance products subject to the power to modify the rates, terms and conditions within prescribed time limit.
- It reviews the insurer's asset distribution and management and also monitor compliance with prescribed prudential norms and patterns of investment.
- Detect badly managed or failing insurers and take suitable corrective actions, which includes the appointment of administrators and also temporarily manage such companies.
- It monitors the investment of funds by insurance companies and govern the margin of solvency.

SUGGESTIONS

There are many facilities and aides being provided by the IRDAI but many are unaware of it as they consider insurance is not a necessary one and not same as how they consider cash or the stock rates. The public are not very much aware about the regulatory body which provides them safety and security. There must be some awareness brought to the public so that they'll find easy and strong so that there will be more purchase of insurance and also, they'll not have any fear of being forged or cheated. The Interest of the policy holder are always protected by the regulatory body and the IRDAI creates and promotes the insurance industry in a needed way of transforming and adaption of growth with the changing environment. Thus, it is mandatory to create awareness about the insurance regulatory once when the policy is issued or at least many advertisements must be given out so that there will be many people who will get an awareness and shall have a faith to purchase the policy and

can rise complaint and settle the disputes which arises to them.

CONCLUSION

From this study we can conclude that there are various functions and roles are done by the regulatory body of insurance that is the IRDAI. But only a handful of persons are completely aware of it and rest are not even aware of the regulatory body that exists in India for insurance. Insurance is still considered as a burden and many have not got faith in the insurance as there is no proper claim return due to lack of communication and fair dealings. This makes the awareness of the insurance regulatory a very important aspect as many will be able to buy the insurance policy if they have an idea that there is a protection of their interest and they are valued. The awareness must be developed and shall be increased so that every person could have an insurance as a safety or helping hand without any fear.

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