



Performance Appraisal of Ombudsman Scheme in India

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INTRODUCTION

The Insurance Ombudsman scheme was created by the Government of India for individual policyholders to have their complaints settled out of the court system in a cost-effective, efficient and impartial way. It is an expert in the area of the insurance business. This institution is of great importance and relevance for the protection of interests of policyholders. This institution has helped in generating and sustaining the faith and confidence of the consumers and insurers in the system.

The Insurance Ombudsman Rules, 2017 (IO Rules - 2017) contain provisions in respect of appointment and office term, etc. for Insurance Ombudsman and also include stipulations in respect of staffing and administration of Ombudsman Centre, powers of Ombudsman, manner of lodging a complaint and disposal of complaint by Ombudsman either by way of Recommendation or Award. Miscellaneous Provisions of the notification related to constitution of Advisory Committee, submission of the annual report, etc.

The Governing Body of Insurance Council (GBIC) has been established under the Redressal of Public Grievances Rules 1998, to set-up and facilitates the Institution of Insurance Ombudsman in India. 17 Ombudsman Centers, covering

the country, established in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Pune, Patna and Noida.

OBJECTIVES OF THE STUDY

- To examine the Role and scope of Insurance Ombudsman in India.
- To study the profile of Insurance and to understand the History, and characteristics of Indian Insurance,
- To study different Functions of Ombudsman in Indian Insurance Industry.
- To study the procedural aspects of Ombudsman in India with special reference to Life Insurance and General Insurance.
- To evaluate the performance appraisal of Ombudsman in terms of observance of various Disposal Statement of Life and General Insurance.
- To compare Public and Private sector -Life and General Insurance Companies with special reference to Andhra Pradesh.

NEED FOR THE STUDY

In the last five decades, the Ombudsmen played a vital role in investigating complaints and attempt to resolve them, usually through recommendations. The Insurance Ombudsman scheme was created by the IRDAI to address complaints relating to



both Life and non-Life Insurance by individual policyholders. The Ombudsman will act as a mediator and arrive at a fair recommendation based on the facts of the dispute. Therefore, most studies are made on grievance redressal system, lokayukta and lokpal and Banking Ombudsman only there are very less studies on Insurance Ombudsman. The studies conducted earlier were pertaining to the grievance and Insurance claim settlement. There were no studies conducted on the Performance Appraisal of Ombudsman in India. It can also be noticed that considerable concentration is not paid in this area by the researchers towards practical aspects of performance evaluation of the Ombudsman in India. Hence the present study is aimed to fill the research gap with a case study approach

PROFILE OF INSURANCE INDUSTRY IN INDIA MEANING OF INSURANCE

The Basic Principle of “Insurance” is to reduce risk and to provide Certainty and Security against uncertainty. It eliminates risk but compensates loss. There is no end of risk and therefore, no limit of loss, death will forge, fire will consume and accident shall occur, loss from the incident can only be lessened but cannot be avoided, insurance has nothing to do with their occurrences but may reduce the loss due to the incident occurred, by spreading the total loss amongst the community of insured, insurance is thus a device to remove the economic consequence of uncertainty. From the point of view of Economists, by diminution of risks insurance evolves an increase in wealth.

HISTORY OF INSURANCE IN INDIA

In India, insurance has a deep-rooted history. It finds mention in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and

Kautilya (Arthasastra). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a precursor to modern day insurance. Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.

1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta.

In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.

In 1914, the Government of India started publishing returns of Insurance Companies in India. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protect the interest of the Insurance public, the earlier legislation was consolidated and amended by the



Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.

The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. Therefore, The Government of India decided to nationalize insurance business.

An Ordinance was issued on 19th January, 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies 245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.

The history of general insurance dates back to the Industrial Revolution in the west and the consequent growth of sea-faring trade and commerce in the 17th century. It came to India as a legacy of British occupation. General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd, was set up. This was the first company to transact all classes of general insurance business.

1957 saw the formation of the General Insurance Council, a wing of the Insurance Association of India. The General Insurance Council framed a code of conduct for ensuring fair conduct and sound business practices.

In 1968, the Insurance Act was amended to regulate investments and set minimum solvency margins. The Tariff Advisory Committee was also set up then.

In 1972 with the passing of the General Insurance Business (Nationalisation) Act, general insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National .This millennium has seen insurance take a full circle in a journey extending to nearly 200 years. The process of re-opening of the sector had begun in the early 1990s and the last decade has seen it open up more substantially. Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002. Today there are 31 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies operating in the country.

CHARACTERISTICS OF INSURANCE

The insurance has the following characteristics which are, generally, observed in case of life, marine, fire and general insurances.¹

Sharing of Risk:

Insurance is a device to share the financial losses which might befall on an individual or his/her family on the happening of a specified event. The event may be death of a bread-winner to the family in case of life insurance, marine-perils in marine insurance, fire in fire



insurance and other certain events in general insurance, e.g., theft in burglary insurance, accident in motor insurance, etc. The loss arising from these events, if insured are shared by all the insured in the form of premium.

Co-operative Device:

The most important feature of every insurance plan is the co-operation of large number of persons who, in effect, agree to share the financial loss arising due to a particular risk which is insured. Such a group of persons may be brought together voluntarily or through publicity or through solicitation of the agents.

Value of Risk:

The risk is evaluated before insuring to charge the amount of share of an insured, herein called, consideration or premium. There are several methods of evaluation of risks. If there is expectation of more loss, higher premium may be charged. So, the probability of loss is calculated at the time of insurance.

Payment at Contingency:

The payment is made at a certain contingency insured. If the contingency occurs, payment is made. Since the life insurance contract is a contract of certainty, because the contingency, the death or the expiry of term, will certainly occur, the payment is certain. In other insurance contracts, the contingency is the fire or the marine perils etc., may or may not occur. So, if the contingency occurs, payment is made, otherwise no amount is given to the policy-holder

ROLE OF OMBUDSMAN IN INDIAN INSURANCE OMBUDSMAN DEFINITION

An ombudsman is an official, usually appointed by the government, who

investigates complaints (usually lodged by private citizens) against businesses, financial institutions, or government departments or other public entities, and attempts to resolve the conflicts or concerns raised, either by mediation or by making recommendations.²

HISTORY OF THE OMBUDSMAN

Over the past century, the government administration has prolonged significantly and grievances about the administrative conduct have grown in similar. In response, to tackle these administrative conducts the ombudsman institution has been established by the state in many countries. Although the ombudsman in its contemporary form dates back to the Swedish ombudsman of 1809, the institution only began to spread outside Scandinavia starting in the 1960s. The ombudsman is a public sector institution, preferably established by the government to supervise the administrative actions of the executive. The ombudsman is an instrument which improves the transparency in government and democratic accountability, with the result that it assists in building good governance. Also, certain ombudsman institutions are hybrids. One is the human rights ombudsman which has both administrative and human rights protection functions and other is ombudsmen may be given directives including anti-corruption, leadership code enforcement and/or environmental protection functions. Further, even the classical ombudsman can and does resolve some complaints with human rights aspects. Thus, both classical and human rights ombudsman institutions play roles in domestic human rights protection and promotion. The human rights norms

² Will Kenton - Oct 6, 2019 -
<https://www.investopedia.com/terms/o/ombudsman.asp>



involved may be derived from international human rights obligations of the state concerned, with the result that the ombudsman acts as a domestic non-judicial institution for the implementation of international human rights law. The objectives of the ombudsman are the improvement of the performance of the administration and the enhancement of government responsibility to the public.

In *B.C. Development Corp vs. Friedmann*,² The Supreme Court of Canada has stated that the powers granted to the Ombudsman allow him to address administrative problems that the courts, the legislature and the executive cannot effectively resolve. The institution of Lokpal is called by the name ombudsman in foreign countries. This institution of ombudsman originated for the first time Swedish justitie ombudsman (ombudsman for justice) established in 1809 by the Swedish king, Charles XII, from exile in Turkey, after a military defeat by Russia in 1709. As a result of the absence of the king, the administration in Sweden weakened. In order to stem the civil strife in

GOVERNING BODY OF INSURANCE COUNCIL

The Governing Body of Insurance Council (GBIC) has been established under Redressal of Public Grievances Rules 1998, to set-up and facilitate the Institution of Insurance Ombudsman in India. 17 Ombudsman Centres, covering the country, established in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Pune, Patna and Noida.³

³ Department of Financial Services – Web Source - <https://financialservices.gov.in/insurancedivisions/Brief-on-Insurance-Ombudsman>

Insurance Ombudsmen are appointed by the Governing Body and are empowered to entertain complaints on the following aspects in respect of personal line insurances:

Any partial or total repudiation of claims by an insurer.

- Any dispute in regard to premium paid or payable in terms of the policy.
- Any dispute on the legal construction of the policies in so far as such disputes relate to claims.
- Delay in settlement of claims
- Non-issue of any insurance document to customers after receipt of premium⁴/*-

INSURANCE OMBUDSMAN RULES, 2017

Whereas, the draft of certain rules namely, the Insurance

Ombudsman Rules, 2016, were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated the 15th September, 2016 under the notification of the Government of India in the Ministry of Finance (Department of Financial Services) number G.S.R. 886(E), dated the 15th September, 2016 inviting objections or suggestions from all persons likely to be affected thereby before the expiry of a period of forty-five days from the date on which the copies of the Official Gazette containing the said notification were made available to the public;⁴ And whereas, the copies of said Official Gazette were made available to the public on the 15th September, 2016; And whereas, the objections and suggestions received from the public on the said draft have been considered by the Central Government.

⁴ MINISTRY OF FINANCE - Department of Financial Services, Insurance Division – Notification New Delhi, the 25th April, 2017.



Now, therefore, in exercise of the powers conferred by Section 24 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and in supersession of the Redressal of Public Grievances Rules, 1998, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:-

1. **Short title and commencement.** - (1) These rules shall be called the Insurance Ombudsman Rules, 2017. (2) They shall come into force from the date of their publication in the Official Gazette.
2. The objects of these Rules is to resolve all complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises on the part of insurance companies and their agents and intermediaries in a cost effective and impartial manner.
3. **Application.** - These rules shall apply to all insurers and their agents and

intermediaries in respect of complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises.

4. **Definitions** - (1) In these rules, unless the context otherwise requires,—
 - (a) “Award” means an award passed by the Insurance Ombudsman under rule 17;
 - (b) “Financial year” means a period of twelve months commencing on the 1st day of April and ending on the 31st day of March;
 - (c) “Insurance Council” means the Life Insurance Council and the General Insurance Council constituted under Section 64C of the Insurance Act, 1938 (4 of 1938);
 - (d) “Executive Council of Insurers” means the Executive Council of Insurers constituted under Rule 5;
 - (e) “Insurance Ombudsman” means the Insurance Ombudsman established under Rule 7;

DATA ANALYSIS AND INTERPRETATION

Table: Consolidated accounts of the Governing body of Insurance Council and 17 Ombudsman offices

Year	Life Insurance				General Insurance			
	Complaints O/s. as on start	Received during the year	Disposed during the Year	Outstanding as on end	Complaints O/s. as on start	Received during the year	Disposed during the Year	Outstanding as on end
2011-12	2,343	12,353	11,850	2,846	3,678	9,987	9,335	4,330
2012-13	2,846	15,711	14,673	3,884	4,330	9,071	8,684	4,717
2013-14	3,884	17,512	15,672	5,724	4,717	8,803	9,627	3,893
2014-15	5,724	14,339	15,666	4,397	3,893	7,145	8,653	2,385
2015-16	4,397	17,257	19,645	2,009	2,385	8,920	10,621	684
2016-17	2,009	16,744	17,377	1,376	684	10,883	1,013	954
2017-18	1,376	13,419	9,475	5,320	954	12,059	7,750	5,263
2018-19	5,320	11,859	12,103	5,076	5,263	10,805	9,864	6,204
Total	27,899	119,194	116,461	30,632	25,904	77,673	65,547	28,430
Average Mean	6,200	26,488	25,880	6,807	5,756	17,261	14,566	6,318
Std. Deviation	8,272	34,827	34,106	9,059	7,724	22,700	19,327	8,503
Std. Error Mean	5,849	24,627	24,117	6,406	5,461	16,052	13,666	6,013

Source: Annual reports from Ombudsman



Table 7.18.1: Student T Test Life Insurance & General Insurance

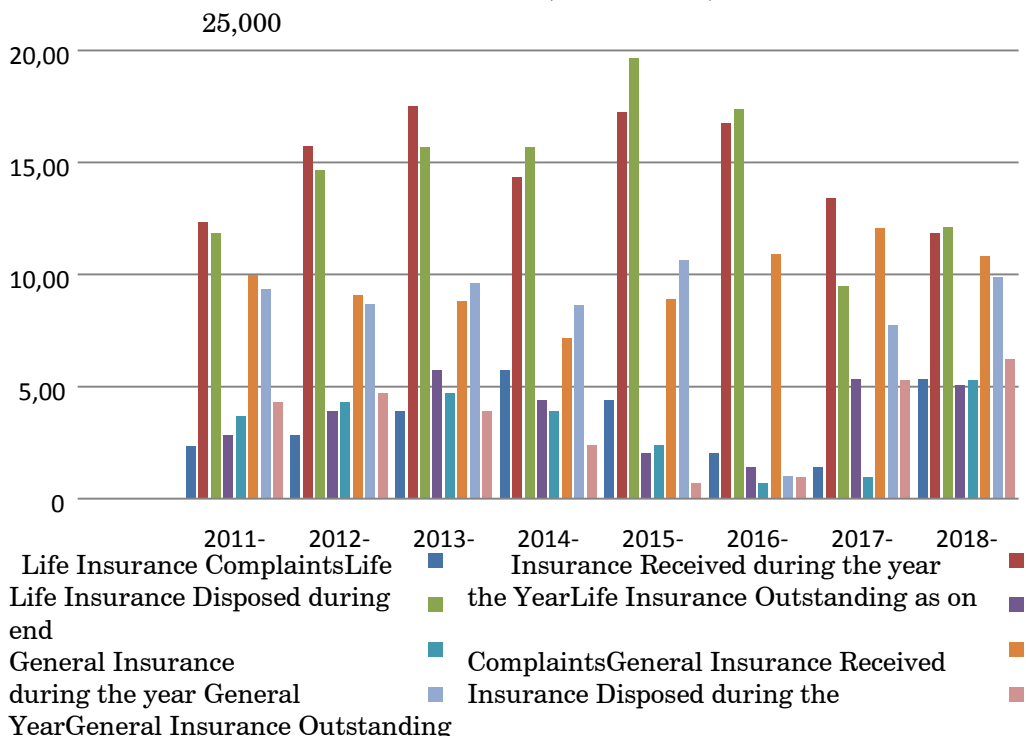
Life Insurance & General Insurance Student T Test	Received during the year	Disposed during the Year	Outstanding as on end
	0.4103	0.2893	0.8843

As per the collected values of 't' = 0.4103 Received during the year for Life and General Insurance, 't' = 0.2893 Disposed during the Year for Life and General Insurance and 't' = 0.8843 Outstanding as of the end of the Year for Life and General Insurance. As such the sig-value is lower at a 5 percent level of significance. Hence, the null hypothesis is accepted for both complaints received, and complaints disposed, and the alternative hypothesis is rejected for outstanding complaints and the Average Mean for Life

Insurance is 6,200, 26,488, 25,880 and 6,807.

Average Mean for General Insurance is 5,756, 17,261, 14,566, and 6,318. Standard Deviation for Life Insurance is 8,272, 34,827, 34,106 and 9,059. Standard Deviation for General Insurance is 7,724, 22,700, 19,327 and 8,503. Standard Error Mean of Life Insurance is 5,849, 24,627, 24,117 and 6,406. Standard Error Mean of General Insurance is 5,461, 16,052, 13,666 and 6,013.

Chart: Consolidated accounts of the Governing body of Insurance Council and 17 Ombudsman offices





Consolidated accounts of the Governing body of Insurance Council and 17

Ombudsman offices

It can be seen from Table 7.18 Consolidated accounts of the Governing body of the Insurance Council and 17 Ombudsman offices. It can be observed from the consolidated accounts of Life Insurance and General Insurance, highest outstanding complaints can be seen in Life Insurance companies in the year 2014-15 with 5,724 and the lowest recorded in the

year 2017-18 with 1,376 complaints. While from General Insurance highest outstanding complaints can be seen in the year 2018-19 with 5,263 and the lowest recorded in the year 2016-17 with 684.

It can also be seen that the highest complaints received were 17,512 during the year 2013-14 and the lowest recorded in the year 2018-19 with 11,859 in Life Insurance. In General Insurance highest complaints received were 12,059 during the year 2017-18 and the lowest recorded in the year 2014-15 with 7,145.

Name of Centre	Total No of Complaints			Number of complaints disposed of by way of							Duration wise disposal of Complaints				Duration wise outstanding complaints			
	o/s at the Beginning of the Year	Received up to March	Total	Recommendations/Awards	Withdrawal/Settlement	Non acceptance/NE	Dismissal awards fvg. Ins.co.	Non-Enterable	Total Disposed	Within 3 Months	3 months to 1 year	Above 1 year	Total Disposed	Within 3 months	3 months to 1 year	Above 1 year	Total outstanding	
Ahmedabad	1,338	2,325	3,663	0	69	217	0	25	1,017	1,328	1,070	83	175	1,328	290	953	1,092	2,335
Bhopal	490	1,283	1,773	97	440	93	0	238	652	1,520	716	683	121	1,520	156	97	0	253
Bhubaneswar	392	954	1,346	133	69	62	0	277	497	1,038	524	347	167	1,038	118	133	57	308
Chandigarh	204	801	1,005	3	113	7	0	23	634	780	644	10	126	780	50	103	72	225
Chennai	2,139	2,403	4,542	0	1,273	11	0	658	1,286	3,228	1,329	132	1,767	3,228	300	729	285	1,314
Delhi	403	1,655	2,058	6	394	111	0	243	1,118	1,872	1,174	561	137	1,872	135	51	0	186
Jaipur	674	1,509	2,483	373	564	51	0	3	652	1,643	674	444	525	1,643	262	278	0	540
Guwahati	100	472	572	11	170	45	0	84	262	572	456	109	7	572	0	0	0	0
Hyderabad	277	1,104	1,381	0	401	62	0	143	597	1,203	704	469	30	1,203	122	55	1	178
Bengaluru	276	776	1,052	63	393	107	0	121	368	1,052	707	339	6	1,052	0	0	0	0
Kochi	500	982	1,482	0	213	56	0	197	365	831	384	39	408	831	223	356	72	651
Kolkata	1,196	1,780	2,97	0	329	319	0	123	441	1,21	487	213	512	1,212	306	842	616	1,764



			6						2									
Patna	403	847	1,277	36	3	65	0	55	419	578	436	32	110	578	89	307	303	699
Lucknow	1,228	2,514	3,742	55	1,022	194	0	394	1,112	2,777	1,177	1,265	335	2,777	460	488	17	965
Noida	215	1,101	1,316	32	187	149	0	88	534	990	563	362	65	990	237	89	0	326
Mumbai	114	643	757	12	112	41	0	24	346	535	363	101	71	535	69	150	3	222
Pune	607	1,515	2,122	8	73	99	0	34	594	808	612	57	139	808	288	599	427	1,314
Total	10,583	22,664	33,247	829	5,825	1,689	0	2,730	10,894	21,967	12,020	5,246	4,701	21,967	3,105	5,230	2,945	11,280
CORRELATION	Between complaints and disposed										Between complaints and outstanding							
	0.8332										0.7709							

Source: Annual reports from Ombudsman

Complaints Disposal for the Period from 01.04.2018 to 31.03.2019

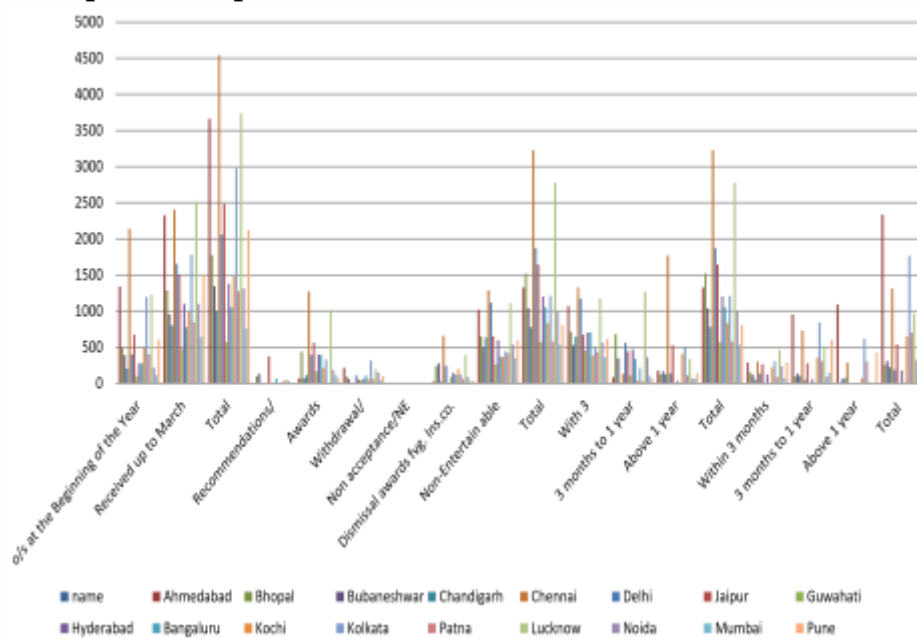




Table : Complaints Disposal Statement of Life and General Insurance Hyderabad

Year	HYDERABAD								
	Complaints			Disposed			Outstanding		
	Life	General	Total	Life	General	Total	Life	General	Total
2012-13	1,172	691	1,863	1,093	520	1,613	79	171	250
2013-14	1,155	765	1,920	1,075	666	1,741	80	99	179
2014-15	1,203	561	1,764	1,117	529	1,646	86	32	118
2015-16	1,030	460	1,490	955	436	1,391	75	24	99
2016-17	825	340	1,165	825	340	1,165	0	0	0
2017-18	482	406	888	352	259	611	130	147	277
2018-19	786	596	1,381	714	489	1,203	71	107	178
Total	6,653	3,819	10,471	6,131	3,239	9,370	521	580	1,101
Average Mean	950	546	1,496	876	463	1,339	74	83	157
Std. Deviation	266	153	383	275	134	390	38	65	94
Std. Error Mean	187.81	108.45	270.61	194.60	94.41	275.74	27.12	46.23	66.78
Student T Test	0.0062			0.0064			0.7748		

It can also be observed from the Table that the highest disposed can be seen in the year 2015-16 with 19,645 and the lowest trends can be seen in the year 2017-18 with 9,475 in Life Insurance. In General Insurance highest disposed complaints were during the year 2015-16 are 10,621 and the lowest recorded in the year 2016-17 with 1,013 complaints.

Chart: Complaints Life and General Insurance Hyderabad

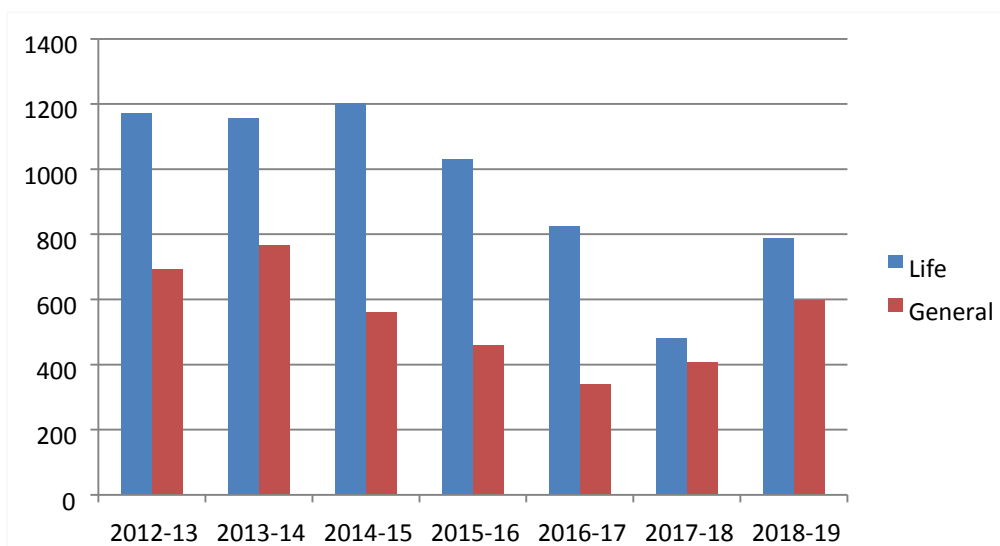




Chart : Disposed Life and General Insurance Hyderabad

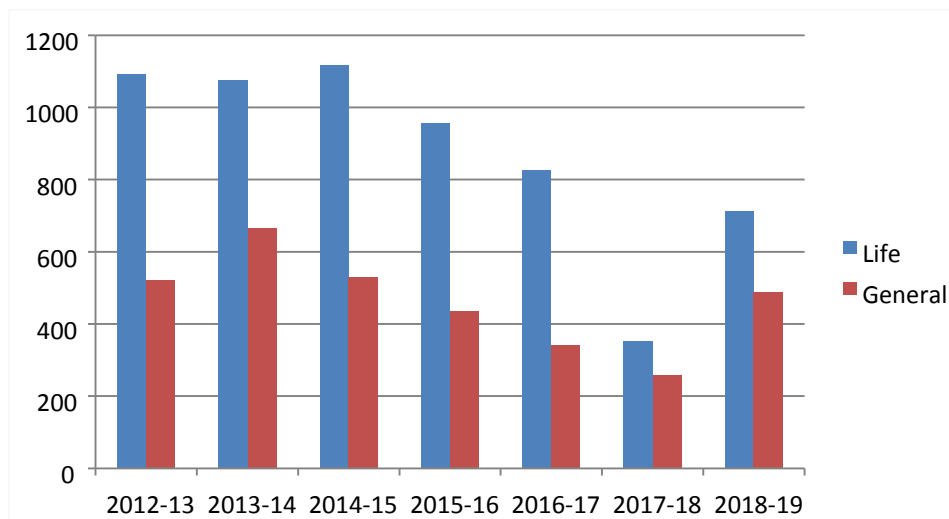


Table above shows Complaints Disposal Statement of Life and General

Insurance Hyderabad. It can be seen from the Disposal Statement of Life and General Insurance Hyderabad, highest complaints in Life Insurance can be seen in the year 2014-15 with 1,203 complaints and the lowest recorded in the year 2017-18 with 482. While from General Insurance highest complaints can be noticed in the year 2013-14 with 765 complaints and the lowest recorded in the year 2016-17 with 340. It can be noticed from the Total complaints Life Insurance complaints are higher with 6,653 complaints and General Insurance shows a lowest of 3,819 that is 43% lesser than Life Insurance complaints.

It can also be observed that highest disposed in Life Insurance can be seen in the year 2014-15 with 1,117 complaints and the lowest recorded in the year 2017-18 with 352. While from General Insurance highest complaints disposed can be seen in the year 2013-14 with 666 complaints and the lowest

recorded in the year 2017-18 with 259. It can be noticed from the Total complaints disposed Life Insurance complaints disposed higher with 6,131, and General Insurance shows a lowest of 3,239 that is 48% lesser than Life Insurance complaints disposed.

It can also be observed from the Table that the highest outstanding in Life Insurance can be seen in the year 2017-18 with 130 complaints and the lowest recorded in the year 2016-17 with Zero complaints. While from General Insurance highest outstanding can be seen in the year 2012-13 with 171 complaints and the lowest recorded in the year 2016-17 with Zero complaints. It can be noticed from the Total Outstanding General Insurance Outstanding is higher with 580 complaints and

Life Insurance shows a lowest of 521 that is 11% lesser than Life Insurance Outstanding.

As per the collected values of 't' = 0.0062 Life and General Insurance complaints, 't' = 0.0064 Life and General



Insurance complaints disposed and 't' = 0.7748 Life and General Insurance outstanding complaints. As such, the sig-value is lower at 5 percent level of significance. Hence, the null hypothesis accepted for complaints received and complaints disposed. The Average Mean for Life Insurance complaints is 950, General Insurance complaints is 546 and Total Life and General is

1,496. Average Mean for Life Insurance disposed complaints is 876, General

Insurance disposed complaints is 463 and Total Life and General is 1,339. Average Mean for Life Insurance outstanding complaints is 74, General Insurance outstanding complaints is 83 and Total Life and General outstanding complaints is 157. Standard Deviation for Life Insurance complaints received is 266, General

Insurance is 153 and Total Life and General are 383. Standard Deviation for Life

Insurance disposed complaints is 275, General Insurance is 134 and Total Life and

General is 390. Standard Deviation for Life Insurance outstanding complaints is 38, General Insurance is 65 and Total Life and General are 94.

Standard Error Mean for Life Insurance complaints received is 187.8

FINDINGS

The important findings of this study are primarily based on the observations of Indian insurance, Grievance and Lokpal and lokayukta by the researcher and also to evaluate the performance of Ombudsman through financial reports.

Insurance Ombudsman scheme was created by Government of India for individual policyholders to have their complaints settled out of the court system

in a cost effective, efficient and impartial way.

- Ombudsman has helped in generating and sustaining the faith and confidence of the consumers and insurers in the system.
- Insurance Ombudsmen are appointed by the Executive Council of Insurers and are empowered to entertain complaints against insurance companies and their agents.
- The Governing Body of Insurance Council (GBIC) has been established under Redressal of Public Grievances Rules 1998, to set-up and facilitate the Institution of Insurance Ombudsman in India.
- There are 17 Ombudsman Centres, covering the country, established in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Pune, Patna and Noida.
- Insurance Ombudsman typically has two types of functions Conciliation and Award Making.
- The Basic Principle of "Insurance" is to reduce risk and to provide Certainty and Security against uncertainty.

SUGESSTIONS

After explaining the findings of the study, it is essential to bring out the best suggestions regarding the functioning and mechanism of Ombudsman in the proposed study.

1. It is difficult to understand most insurance policies. Insurance policy legal document should be understandable by the layman and the document should be in local language.
2. Consumer Awareness campaigns should be encouraged to improve financial literacy/ insurance literacy



- levels by conducting workshops, distributing leaflets, distributing literature in both rural and urban areas.
3. Ombudsman has the power to investigate cases; its primary role is essentially in settling disputes between customers and companies. These may sound like the same thing, but it can often solve the problem without an investigation.
 4. Ombudsman officer should be available at every insurance head offices so that lay man who doesn't have any knowledge in contacting call center or filing complaint online.
 5. Agents have a very important role in life insurance business in view of the fact that they act as linkage between a life insurance company and the buyers of insurance products. These agents should also help the layman in their claim settlement. This helps in resolving problem at the beginning stage.
 6. Delay in settlement of claims, beyond the time specified even though there is an Insurance Regulatory and Development Authority of India Act, 1999. This Act should be implemented perfectly.
 7. A complainant, whose grievance on the same issue is pending before a court/consumer forum, cannot approach the ombudsman. So consumer should have a chance to approach the ombudsman also.

CONCLUSION

Ensuring high standards of customer satisfaction in redressal of public grievances under which Insurance Ombudsman was created. Implementation of Ombudsman services for effective, efficient, and speedy disposal of customer grievances has become the central dogma of this research

investigation. The main aim of this study is to know how much benefit the insured can derive after utilizing the services and facilities of the Ombudsman scheme. In accordance with the objectives and need for the study, it was proposed to study and evaluate the performance of Offices of Ombudsman in India. For this purpose, 17 Ombudsman offices were selected from all over India. Unless majority of insured know about the services of Ombudsman, it is not possible for the Ombudsman to have much prominence in Insurance. The failure of Grievance Redressal Mechanism under Insurance entities (Insurers) and IRDA, emphasized the immense need and role of Ombudsman In Indian Insurance Sector. As the importance of Insurance is increasing day by day it can be concluded that the role of Ombudsman in Grievance Redressal System is an inseparable ingredient. The availability of authentic information regarding the working of Ombudsman is a must for the redressal of disputes in Insurance Sector. So, the system of Grievance Redressal Mechanism will be strengthened when it is duly supported by the services and facilities of Ombudsman Scheme in India.