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THE ROLE OF CONSUMER PROTECTION IN REGULATING INSURANCE CONTRACTS AND ENSURING FAIR CLAIM SETTLEMENTS

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Abstract

Insurance contracts occupy a pivotal position in contemporary commerce and personal financial planning. They are inherently unequal agreements, drafted exclusively by insurers, leaving the policyholder in a position of structural disadvantage. Consumer protection law has emerged as the principal corrective mechanism to address this imbalance. This paper examines the intersection of consumer protection jurisprudence and insurance law in India, with comparative reference to international frameworks in the United Kingdom and Australia. It analyses the legislative architecture under the Consumer Protection Act, 2019¹ and the Insurance Regulatory and Development Authority Act, 1999², the essential principles governing insurance contracts, the procedural framework for claim settlement, and the role of the judiciary in protecting policyholders. The paper draws upon landmark decisions of the Supreme Court of India, regulatory guidelines, and comparative legislative instruments to argue that while the statutory framework is robust, practical implementation continues to fall short of the law's promise. The paper concludes with targeted recommendations for legislative, regulatory, and institutional reform.

Keywords: Consumer Protection, Insurance Contracts, Claim Settlement, IRDAI, Deficiency in Service, Utmost Good Faith, Policyholder Rights

¹Consumer Protection Act 2019, s 2(42) defines 'service' to include insurance services.

²Insurance Regulatory and Development Authority Act 1999 (IRDA Act 1999).

I. Introduction

Insurance, in its essence, is a mechanism of risk distribution. It enables individuals and enterprises to transfer the financial consequences of uncertain future events to a common pool managed by the insurer. Yet, the social utility of insurance is contingent upon honest, efficient, and fair claim settlement. When insurance companies deny or delay legitimate claims, they undermine the very purpose for which insurance exists. The relationship between an insurer and an insured is not one between equals. Insurance contracts are standard-form agreements, negotiated solely by the insurer; the policyholder has no meaningful opportunity to alter their terms. This structural inequality has historically exposed policyholders to exploitation through complex policy language, undisclosed exclusions, and technically motivated repudiations.

Consumer protection law has responded to this challenge. In India, the enactment of the Consumer Protection Act, 2019, replacing the earlier Act of 1986, reflects a legislative recognition that insurance services are a category of consumer service susceptible to the same deficiencies, misrepresentations, and unfair practices as other goods and services. Simultaneously, the regulatory architecture under IRDAI has evolved to impose positive duties on insurers regarding transparency, claim handling, and grievance redressal.

This paper proceeds in five parts. Part II examines the consumer protection framework applicable to insurance services. Part III analyses the legal nature and governing principles of insurance contracts. Part IV considers the claim settlement process and the common sources of disputes. Part V undertakes a judicial analysis of landmark decisions. Part VI offers conclusions and recommendations.

II. Consumer Protection and Insurance Services

2.1 Legislative Framework in India

The Consumer Protection Act, 2019 is the primary instrument governing the rights of consumers in India. The Act defines a 'consumer' to include a person who avails of services for a consideration, which encompasses policyholders who purchase insurance. The definition of 'service' under Section 2(42) expressly includes financial and insurance services. Consequently, any deficiency³ in the provision of insurance services, including unjust refusal or delay in claim

³Consumer Protection Act 2019, s 2(11) defines 'deficiency' as any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance.

settlement, is actionable before the consumer dispute redressal commissions established under the Act.

The Act also prohibits 'unfair trade practices',⁴ which include misrepresentation of the nature, standard or quality of a service, false or misleading advertisements, and non-disclosure of material conditions. These provisions are particularly significant in the insurance context, where policy documents are complex and agents may misrepresent the scope of coverage to secure sales. The establishment of the Central Consumer Protection Authority (CCPA) under Section 10 of the Act further strengthens enforcement by enabling suo motu investigation of widespread unfair practices.

2.2 The Role of IRDAI

The Insurance Regulatory and Development Authority of India (IRDAI) exercises supervisory and regulatory jurisdiction over all insurers operating in India pursuant to the IRDA Act, 1999. The Authority is empowered⁵ to issue regulations, guidelines, and circulars governing policy terms, claim settlement procedures, solvency requirements, and grievance redressal mechanisms. IRDAI's 'Protection of Policyholders' Interests Regulations' impose specific obligations on insurers to acknowledge claims, communicate decisions, and settle accepted claims within prescribed timeframes.

The regulatory framework also mandates the maintenance of internal grievance redressal systems by all licensed insurers. Where internal resolution fails, policyholders may approach the Insurance Ombudsman⁶ established under the Insurance Ombudsman Rules, 2017. The Ombudsman provides a cost-free, accessible, and expeditious forum for disputes involving claim repudiation, partial settlement, delay, or misrepresentation. Decisions of the Ombudsman are binding on the insurer, though the policyholder retains the right to pursue alternative remedies.

2.3 International Comparative Perspective

A comparative survey reveals that the challenge of protecting insurance consumers is universal. In the United Kingdom, the Financial Services and Markets Act 2000 imposes a statutory

⁴Consumer Protection Act 2019, s 2(47) defines 'unfair trade practice' to include misrepresentation of goods and services.

⁵IRDA Act 1999, s 14 enumerates the duties, powers and functions of the Insurance Regulatory and Development Authority.

⁶Insurance Ombudsman Rules 2017, r 13 provides the procedure for filing complaints before the Insurance Ombudsman.

consumer protection objective on the Financial Conduct Authority (FCA),⁷ which exercises oversight over the insurance sector. The UK Insurance Act 2015 reformed the law of utmost good faith, abolishing the insurer's right to avoid a contract for any non-disclosure and replacing it with proportionate remedies calibrated to the degree of fault. This reform reflects a recognition that the traditional common law position was disproportionately favourable to insurers.

In Australia, the Insurance Contracts Act 1984 similarly reformed the duty of disclosure, imposing a duty only to disclose matters that a reasonable person in the circumstances would have considered relevant,⁸ rather than all material facts. The Australian Financial Complaints Authority (AFCA) provides an independent dispute resolution service comparable to the Insurance Ombudsman in India. At the level of the European Union, the Solvency II Directive⁹ mandates comprehensive governance and risk management frameworks, with member states required to ensure adequate policyholder protection mechanisms. These comparative frameworks suggest a global convergence towards proportionate, consumer-oriented insurance regulation.

III. Nature and Legal Aspects of Insurance Contracts

3.1 Definition and Essential Elements

An insurance contract is a binding agreement under which the insurer, in consideration of the premium paid by the insured, undertakes to indemnify the insured against loss arising from a specified peril or to pay a stipulated sum upon the occurrence of a defined event. In India, insurance contracts are governed by the general principles of contract law under the Indian Contract Act, 1872.¹⁰ For a valid insurance contract, the elements of offer, acceptance, lawful consideration, capacity of parties, free consent, and lawful object must all be satisfied.

Insurance contracts are distinguished from ordinary commercial contracts by several unique features. They are aleatory in nature, meaning that the insurer's performance is contingent upon the occurrence of an uncertain event. They are contracts of adhesion, drafted unilaterally by the insurer.¹¹ This characteristic has profound implications for interpretation: courts in India have consistently held that ambiguous terms must be construed against the insurer and in favour

⁷Financial Services and Markets Act 2000 (UK), s 1C imposes a consumer protection objective on the Financial Conduct Authority.

⁸Insurance Contracts Act 1984 (Australia), s 13 imposes a duty of utmost good faith on both parties.

⁹European Council Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) [2009] OJ L335/1.

¹⁰Indian Contract Act 1872, s 10 lays down the essential elements of a valid contract.

¹¹KSN Murthy and KVS Sarma, *Modern Law of Insurance in India* (LexisNexis 2018) 45.

of the insured, applying the principle of *contra proferentem*.¹² Insurance contracts are also personal in nature; the insured cannot transfer the benefit of the contract without the consent of the insurer.

3.2 Principle of Utmost Good Faith

The principle of utmost good faith, expressed in the Latin maxim *uberrima fides*, is the cornerstone of insurance law. It imposes a pre-contractual and continuing duty on both the insurer and the insured to disclose all material facts. A material fact is one that would influence a prudent underwriter's decision to accept the risk or to determine the premium. The rationale for this heightened duty is the asymmetry of information inherent in insurance: the insured possesses information about the risk that the insurer cannot independently verify.¹³

The Indian courts have applied this principle with nuance. In *LIC of India v Consumer Education and Research Centre*,¹⁴ the Supreme Court held that the duty of disclosure must be read alongside the insurer's own duty to act honestly and to explain policy terms to the prospective insured. The Court further recognised that insurance corporations, particularly life insurers, exercise a quasi-public function, and their conduct must therefore conform to standards of fairness and public interest. In the context of modern insurance practice, the duty of disclosure is typically discharged through the submission of a proposal form; however, the ultimate responsibility for completeness remains with the insured.

The Insurance Act, 1938 moderates the consequences of non-disclosure in life insurance. Section 45 of the Act provides that a life insurance policy cannot be questioned after three years from the date of commencement on any ground, including misstatement of facts in the proposal, except on the ground of fraud.¹⁵ This provision reflects a legislative balancing of the insurer's interest in accurate information against the policyholder's interest in certainty.

3.3 Principle of Indemnity and Insurable Interest

The principle of indemnity operates as a limiting principle in general insurance: the insured is entitled to be restored to the financial position existing immediately before the loss, and may not profit from the insurance contract.¹⁶ This principle serves the dual function of discouraging

¹²General Assurance Society Ltd v Chandmull Jain AIR 1966 SC 1644.

¹³Carter v Boehm (1766) 3 Burr 1905; Pan Atlantic Insurance Co Ltd v Pine Top Insurance Co Ltd [1995] 1 AC 501.

¹⁴LIC of India v Consumer Education and Research Centre AIR 1995 SC 1811.

¹⁵Insurance Act 1938, s 45 restricts repudiation of life insurance policies after three years on the ground of misstatement.

¹⁶Avtar Singh, Law of Insurance (Eastern Book Company 2017) 78.

moral hazard and ensuring that insurance does not become an instrument of unjust enrichment. Life insurance is not a contract of indemnity, as life cannot be valued in monetary terms; it is instead a contract for payment of a fixed sum upon the occurrence of the insured event.

Insurable interest is the legal right or financial stake that the insured must have in the subject matter of the insurance. Without insurable interest, an insurance contract would be indistinguishable from a wagering agreement and would be void as contrary to public policy.¹⁷

In property insurance, insurable interest must exist both at the inception of the policy and at the time of the loss. In life insurance, insurable interest need only exist at the time of contracting. The principle of subrogation, closely allied to indemnity, entitles the insurer, upon paying the claim, to step into the shoes of the insured and exercise any rights the insured may have against third parties responsible for the loss.¹⁸

3.4 Terms, Conditions, and Exclusions

The policy document constitutes the written evidence of the insurance contract and contains the coverage clause, exclusions, conditions precedent, and warranties. Conditions precedent impose obligations on the insured, the breach of which entitles the insurer to deny liability entirely, regardless of whether the breach caused or contributed to the loss. This rule has attracted criticism as unduly harsh, and courts in India¹⁹ have moderated its application by requiring that the breach be material and causally connected to the loss.

Exclusion clauses are construed strictly by the courts. In *Modern Insulators Ltd v Oriental Insurance Co Ltd*, the Supreme Court held that an exclusion clause contained in a separate set of clauses attached to the policy, which had not been communicated to the insured, could not be relied upon to defeat the claim. This decision affirms the fundamental principle that the insured can be bound only by terms that have been brought to his attention. The principle of notice is a direct application of consumer protection values within the contractual framework of insurance.

IV. Claim Settlement Process and Consumer Disputes

4.1 The Claim Settlement Framework

The claim settlement process is the moment at which the insurance contract delivers, or fails to deliver, its social purpose. The process involves intimation of the loss, submission of a claim

¹⁷John Birds, *Modern Insurance Law* (11th edn, Sweet & Maxwell 2019) 87.

¹⁸MacGillivray on *Insurance Law* (14th edn, Sweet & Maxwell 2018) para 20-001.

¹⁹*Modern Insulators Ltd v Oriental Insurance Co Ltd* AIR 2000 SC 1014.

form, production of supporting documents, survey or investigation, and final settlement or repudiation. IRDAI regulations²⁰ prescribe time limits at each stage. Insurers are required to acknowledge claims within specified days, to seek any additional information within a prescribed period, and to settle or repudiate the claim within the stipulated time. The appointment of a surveyor is mandatory under the Insurance Act, 1938 for claims above a specified value.²¹

Health insurance claims may be processed either on a cashless basis, where the insurer settles the bill directly with the network hospital, or on a reimbursement basis, where the insured pays the expenses and subsequently claims them from the insurer. Motor insurance claims are subject to assessment by an approved surveyor, whose report forms the basis of the settlement. Life insurance death claims require the submission of the death certificate, the policy document, and, in cases of accidental death, the post-mortem report and police report.²²

4.2 Common Disputes in Claim Settlement

Disputes in claim settlement arise from several recurrent sources. Non-disclosure or misrepresentation of material facts at the time of inception of the policy is one of the most frequently pleaded grounds of repudiation. The Supreme Court has consistently held that the burden of establishing non-disclosure or misrepresentation rests on the insurer, and that the insurer cannot repudiate merely by alleging that incorrect information was provided; the insurer must prove that the information suppressed was material and that it would have affected the underwriting decision.²³

Delay in claim settlement is another widespread grievance. In *LIC of India v Asha Goel*,²⁴ the Court held that unreasonable delay in settlement, without justification, constitutes deficiency in service and entitles the consumer to compensation. The Court observed that insurance companies, as service providers, owe a duty of care to policyholders and must process claims expeditiously. Delay that causes financial hardship to the claimant is actionable, and consumer forums are empowered to award compensation for the mental agony and inconvenience occasioned by such delay.

Repudiation on the basis of technical breaches of policy conditions, unrelated to the cause of

²⁰IRDAI, 'Protection of Policyholders' Interests Regulations' (IRDAI 2017) reg 8 mandates timely settlement of claims.

²¹Insurance Act 1938, s 64UM provides for appointment of surveyors and loss assessors.

²²IRDAI, 'Guidelines on Settlement of Claims under Health Insurance Policies' (IRDAI/HLT/REG/CIR/194/08/2016, 2016).

²³United India Insurance Co Ltd v Harchand Rai Chandan Lal AIR 2004 SC 4794.

²⁴LIC of India v Asha Goel AIR 2001 SC 549.

the loss, has been a persistent source of consumer grievance.²⁵ In *B V Nagaraju v Oriental Insurance Co Ltd*, the Supreme Court held that a breach of a warranty or condition must be directly and causally connected to the loss before it can form the basis of repudiation. This decision has become a foundational precedent protecting policyholders from arbitrary technical repudiations.

4.3 Dispute Redressal Mechanisms

The Consumer Protection Act, 2019 establishes a three-tier consumer dispute redressal system. The District Consumer Disputes Redressal Commission has original jurisdiction over claims up to Rs 1 crore. The State Commission hears appeals from the District Commission and exercises original jurisdiction over claims between Rs 1 crore and Rs 10 crore. The National Consumer Disputes Redressal Commission (NCDRC) handles appeals from State Commissions and original complaints involving claims exceeding Rs 10 crore.²⁶ The forums follow a simplified procedure, enabling consumers to appear without legal representation. They are empowered to award the value of the claim, compensation for mental agony and inconvenience, costs, and punitive damages in egregious cases.

The Insurance Ombudsman provides an alternative, non-adversarial forum for complaints involving claim repudiation, partial settlement, delay, or misrepresentation, subject to a monetary limit. The Ombudsman may recommend a settlement or, if the recommendation is not accepted by the complainant, pass an award binding on the insurer. Importantly, approaching the Ombudsman does not preclude the complainant from subsequently approaching a consumer commission or civil court.

V. Judicial Approach and Case Law Analysis

5.1 The Consumer-Oriented Approach of the Supreme Court

The Supreme Court of India has, over several decades, developed a robust body of jurisprudence that protects policyholders against the structural disadvantages inherent in insurance contracts. The foundational principle established in *LIC of India v Consumer Education and Research Centre* is that insurance policies must be fair, reasonable, and not contrary to the public interest. The Court's recognition of the quasi-public function of life insurance was a watershed in Indian insurance law, subjecting the conduct of insurers to

²⁵*B V Nagaraju v Oriental Insurance Co Ltd* AIR 1996 SC 2054.

²⁶Consumer Protection Act 2019, s 58 vests jurisdiction of the National Consumer Disputes Redressal Commission over claims exceeding Rs 10 crore.

standards of constitutional fairness in addition to contractual principles.

In *General Assurance Society Ltd v Chandmull Jain*, the Supreme Court laid down the enduring rule that where the terms of an insurance policy are ambiguous, the ambiguity must be resolved in favour of the insured. This rule, which reflects the contra proferentem principle well-established in common law jurisdictions, is a direct application of consumer protection values within insurance contract law. The insurer, as the drafter of the contract, is in the best position to eliminate ambiguity; if it fails to do so, it must bear the consequences.

5.2 Motor Insurance and the Defence of Technical Breach

Motor insurance litigation has generated a particularly rich body of consumer-protective jurisprudence. In *National Insurance Co Ltd v Swaran Singh*,²⁷ the Supreme Court held that where a vehicle is driven by a person holding a licence for a different class of vehicle, the insurer's liability to the third party remains intact unless the insurer can establish that the breach of the licensing condition was the proximate cause of the accident. This decision substantially curtailed the insurer's ability to escape liability on technical grounds.

In *Skandia Insurance Co Ltd v Kokilaben Chandravadan*,²⁸ the Court held that the insurer cannot avoid liability to a third-party claimant by reason of a breach of a policy condition by the insured unless the breach is directly connected to the loss. The Court emphasised the protective purpose of the compulsory third-party insurance requirements under the Motor Vehicles Act, and the duty to protect innocent third parties from being deprived of compensation on technical grounds. These decisions collectively demonstrate the judiciary's commitment to giving effect to the substantive purpose of insurance regulation over its technical form.

5.3 Life Insurance: Non-Disclosure and Repudiation

Life insurance repudiation cases have raised fundamental questions about the scope of the duty of disclosure and the insurer's burden of proof. In *United India Insurance Co Ltd v Harchand Rai Chandan Lal*, the Court emphasised that the insurer must produce cogent evidence to establish that the insured had deliberately withheld material information, and that mere proof of a health condition not mentioned in the proposal form is insufficient to avoid the policy. This decision shifts the evidentiary burden significantly onto the insurer.

²⁷National Insurance Co Ltd v Swaran Singh AIR 2004 SC 1531.

²⁸Skandia Insurance Co Ltd v Kokilaben Chandravadan AIR 1987 SC 1184.

The principle was further elaborated in *Om Prakash v Reliance General Insurance Co Ltd*,²⁹ where the Court condemned the practice of insurers who collect premiums and then repudiate claims on flimsy or technical grounds. The Court directed that insurers must take a liberal approach to genuine claims and must not allow technical objections to defeat the remedial purpose of insurance. This decision is particularly significant because it affirms that the courts regard insurance not merely as a private contract but as a socially important institution that must be administered in good faith.

5.4 Consumer Forums and the Development of Deficiency Jurisprudence

Consumer forums have substantially expanded the jurisprudence on deficiency in service in the insurance context. In *New India Assurance Co Ltd v Prabhu Lal*,³⁰ the NCDRC held that an insurer who delays settlement of a genuine claim without adequate justification is guilty of deficiency in service and is liable to pay the claim amount along with interest and compensation. The NCDRC has also held that the obligation to inform the claimant of the reasons for repudiation in writing is a mandatory requirement, and failure to communicate reasons constitutes an independent deficiency.³¹

In *Kishore Lal v Chairman, Employees' State Insurance Corporation*,³² the Supreme Court extended consumer protection remedies to employees covered under statutory insurance schemes, holding that the broader framework of consumer protection applies whenever a person avails of a service for consideration, regardless of whether the service is provided under a private contract or a statutory scheme. This extension of jurisdiction has substantially widened the ambit of consumer protection in the insurance sector.

5.5 Judicial Trends and Emerging Issues

Several important trends may be identified in recent Indian insurance jurisprudence. First, courts have increasingly scrutinised exclusion clauses and have refused to give effect to those that were not brought to the attention of the insured at the time of contracting.³³ Second, courts have shown a willingness to award exemplary or punitive compensation where the insurer's conduct has been found to be egregious, deliberately obstructive, or in bad faith. Third, the courts have emphasized the insurer's duty to inform policyholders of the procedure for filing

²⁹*Om Prakash v Reliance General Insurance Co Ltd* (2017) 9 SCC 724.

³⁰*New India Assurance Co Ltd v Prabhu Lal* (2008) 1 SCC 696.

³¹*National Insurance Co Ltd v Sehtia Shoes* (2008) 5 SCC 400.

³²*Kishore Lal v Chairman, Employees' State Insurance Corporation* (2007) 4 SCC 579.

³³*United India Insurance Co Ltd v Manubhai Dharmasinhbhai Gajera* (2008) 10 SCC 404.

claims, and have held that failure to do so may constitute a separate ground of deficiency.³⁴

The IRDAI has also responded to judicial criticism by issuing more prescriptive guidelines on claim settlement, including requirements for written reasons for repudiation, faster timelines for settlement, and enhanced grievance redressal mechanisms.³⁵ In the international context, the trend is similarly towards greater accountability and consumer-orientation, with the UK's FCA adopting an outcomes-based regulatory approach that requires insurers to demonstrate, through measurable metrics, that consumers are achieving fair outcomes.

VI. Findings, Suggestions, and Conclusion

6.1 Findings

This study has established several significant findings. First, the legislative framework governing consumer protection in insurance in India is comprehensive in its scope, providing for institutional redressal through consumer commissions, the Insurance Ombudsman, and the IRDAI. Second, the judiciary has played a decisive role in shaping a body of consumer-protective insurance jurisprudence, consistently declining to give effect to technical defences that would result in the denial of legitimate claims.³⁶

Third, and notwithstanding the strength of the formal framework, a persistent gap exists between the law on the books and its practical application. Complex policy language, inadequate financial literacy among consumers, procedural burdens in claim documentation, and the considerable delay in consumer forum proceedings collectively diminish the effectiveness of available remedies.³⁷ Fourth, the comparative survey of international frameworks reveals that proportionate remedies for non-disclosure, outcomes-based regulation, and independent dispute resolution are recognised best practices that may inform further reform of the Indian framework. Fifth, the duty of good faith in insurance, while well-established in doctrine, requires more robust enforcement mechanisms to ensure that insurers adhere to it in practice.³⁸

6.2 Suggestions

On the basis of the foregoing analysis, several recommendations may be offered. The Indian legislature should consider enacting a dedicated Insurance Contracts Act, modelled on the

³⁴United India Insurance Co Ltd v Davinder Singh (2007) 8 SCC 698.

³⁵Policyholders Protection Board Regulations 2017 issued by IRDAI to protect the interests of policyholders.

³⁶National Insurance Co Ltd v Laxmi Narain Dhut (2007) 3 SCC 700.

³⁷United India Insurance Co Ltd v Lehu (2003) 3 SCC 338.

³⁸M N Srinivasan, Principles of Insurance Law (8th edn, Wadhwa and Company 2009) 112.

Australian and UK reforms, which would codify the rights and obligations of parties to insurance contracts, simplify the duty of disclosure, introduce proportionate remedies for non-disclosure in place of the blunt remedy of avoidance, and clarify the conditions under which an insurer may repudiate a claim. Such legislation would consolidate the existing patchwork of statutory provisions and judicial principles into a coherent and accessible framework.³⁹

IRDAI should mandate the use of plain language in all consumer-facing policy documents, with key terms such as exclusions, waiting periods, and conditions presented in a standardised summary document separate from the main policy. This reform would substantially reduce the information asymmetry that currently disadvantages policyholders. Consumer forums should be strengthened through the appointment of additional members, investment in digital infrastructure, and the introduction of case management protocols to reduce the backlog and delay that presently undermine their effectiveness.

A systematic programme of insurance literacy should be undertaken through collaboration between IRDAI, the Ministry of Consumer Affairs, and civil society organisations. The programme should equip consumers with the knowledge to understand their policy terms, the claim process, and the available grievance redressal mechanisms. The Ombudsman scheme should be reviewed to enhance its visibility among policyholders, to expand its monetary jurisdiction, and to improve the enforceability of its decisions.

6.3 Conclusion

Consumer protection law has fundamentally transformed the legal landscape of insurance in India. The Consumer Protection Act, 2019, the IRDA regulatory framework, and a robust body of judicial precedent have collectively constructed a system of rights and remedies that, in formal terms, provides policyholders with substantial protection against insurer overreach. The judiciary's consistent commitment to the principles of good faith, proportionality, and substantive justice has ensured that the law does not merely reflect the bargaining power of the insurer.

Yet, formal protection and effective protection are not synonymous. The persistence of widespread consumer grievances in the insurance sector — regarding delayed settlements, unjustified repudiations, and misleading practices — testifies to the gap between legal rights and their realisation. Bridging this gap requires not only legislative and regulatory reform, but also institutional investment in consumer education, forum infrastructure, and regulatory

³⁹Insurance Act 1938, s 114A empowers IRDAI to make regulations to carry out the purposes of the Act.

enforcement.

The comparative perspective reinforces the importance of proportionate, outcomes-based regulation and accessible dispute resolution as the cornerstones of effective consumer protection in insurance. India has the legislative and institutional foundations upon which such a system may be built. The challenge for the coming years is to ensure that the promise of consumer protection in insurance is translated into the lived experience of policyholders across the country.

