Salasar Services Insurance Brokers Pvt. Ltd.

salasarservices.com

Salasar Newsletter January - 2017

Registered Office : 23A, NETAJI SUBASH ROAD, 6TH FLOOR, KOLKATA - 700001
Branch Offices : Kolkata, ICC, New Delhi, Mumbai, Guwahati, Raipur, Noida, Kanpur & Dibrugarh, Ahmedabad
Telephones : (033) 3049 2601 – 2620

Myinsurancebazaar.com

Apollo Munich offers insurance renewal discount to walkers

Apollo Munich Health Insurance has announced an offer that would enable its policyholders to earn a discount of up to 8 per cent on renewal premium depending on the distance one walks during a year. To avail the Stay Active benefit, customers just need to download its newly launched Health Jinn app on their Apple or Android mobile phones from the application store. "Health Jinn app will simply count the number of steps one walks, and accordingly reward the policyholders with 2, 5 or 8 per cent renewal discount," Apollo Munich Health Insurance Chief Executive Officer Antony Jacob said.

In order to help more people lead healthier lives, Apollo Munich is engaging its customers with this app and a renewal discount rewarding helps them take more steps towards a fitter future. The idea of Stay Active was formed as a result of an in-depth research amongst health insurance policyholders and those interested in purchasing health insurance, along with Nielsen India Pvt Ltd in 19 cities, he said.

The research revealed that almost 80 per cent of respondents are fearful of health issues in the future and hence are keen to get fit, but seek simple ways to do so. The benefit has been designed keeping in mind that walking is the easiest and the most effective form of exercise to remain active and healthy. Hence, policyholders of revised Optima Restore and Easy Health can now earn up to 8 per cent renewal discount simply by walking.

IRDA – MAIN FEATURES OF THE HEALTH INSURANCE REGULATIONS (HIR), 2016 RELATED TO CLAIMS:

- TPA is not permitted to settle/ reject/ repudiate claims, as per Sec 33(c) of HIR 2016
- The claims settlement (rejection) letter should mention the specific grounds for denial/ rejection of claim, as per Sec 33(d)(iv) of HIR 2016
- Consumer will get interest of 2% over the prevailing bank rates, on claims payment delayed beyond 30 days and will have to mentioned in the policy document, as per Sec 28(iv) of HIR 2016
- The claims payment will be made from the Insurer's bank account and not the TPA's, as per Sec 32 of HIR 2016 Earlier claim cheques were issued to the customer by the TPA (Third party Administrator), but now the insurance company would have to write a claim cheque or ECS directly to the customer. This would eliminate the float that some of the TPAs were enjoying. Also, there was never any public audit of the claims funds sanctioned by the Insurance company v/s actual amount disbursed by the TPA.
- TPA has to electronically transfer the claims document to Insurer for a decision as per Sec 35(a) of HIR 2016
- The TPA will ask for claims related papers in one time only, and not in a piece meal manner as per Sec 27(ii) of HIR 2016
- Non-allopathic (AYUSH) treatments may be covered, as per Sec 18 of HIR 2016
- Fees to the TPA shall not be related to reduction of claims costs as per Sec 20(6) of Health Services Regulations for TPA, 2016
- Discounts offered by hospitals have to passed on to the policyholders, as per Sec 20(9) of Health Services Regulations for TPA, 2016
- Change of TPA will be intimated to the consumer in writing 30 days before hand as per Sec 34(a) of HIR 2016

Death Claim Analysis of all life Insurers for the Year 2015-2016

Note :

1. Private Companies has Repudiated 6.67% of Number of Claims received
2. Percentage of Claim Amount Repudiated by Private Companies is 14.95% against just 1.81% by LIC; this shows that more High Sum Assured claims are being repudiated by private companies. (Look at the figures of Aviva. Exido. HDFC. ICICI. Reliance and others)
3. Private Companies have paid only 80% of the total Claim Amount Payable against 96% of Claim Amount paid by LIC.
4. The Pending claims of private companies are also on higher side. this shows delay in settlement of claims by private companies.

Company	% of Claims Paid		% of Claims Repudiated		% of Claims Pending	
	Number	Amount	Number	Amount	Number	Amount
Aegon Religare	95.31	94.16	3.75	2.63	0.94	3.21
Aviva	81.97	72.11	17.37	25.62	0.65	2.27
Bajaj Allianz	91.30	79.98	6.34	12.82	2.35	7.20
Bharati AXA	80.02	70.55	13.16	18.97	6.82	10.48
Birla Sunlife	88.45	77.82	7.86	13.48	3.69	8.70
Canara HSBC OBC	92.99	91.37	6.30	6.83	0.70	1.80
DLF Pramerica	83.64	73.14	13.45	22.72	2.36	3.89
Edelweiss Tokio	85.11	86.47	12.77	13.04	2.13	0.49
Exide Life	89.36	64.01	10.11	34.62	0.53	1.37
Future Generali	90.26	80.48	8.63	17.07	1.11	2.45
HDFC Life	95.02	69.41	4.34	24.29	0.64	6.30
ICICI Prudential	96.20	88.07	3.50	10.14	0.30	1.79
IDBI Federal	84.79	81.69	13.36	15.82	1.84	2.49
India First	71.87	62.90	25.49	31.56	2.64	5.54
Kotak Mahindra	89.09	83.58	7.59	9.82	3.32	6.60
Max Life	96.95	93.19	3.01	6.03	0.04	0.79
PNB Met Life	85.36	73.71	13.80	24.06	0.84	2.23
Reliance Life	93.82	82.57	4.93	13.40	1.25	4.03
Sahara	90.30	90.35	6.55	5.85	3.15	3.79
SBI Life	93.39	83.05	4.76	8.20	1.85	8.75
Shriram Life	60.24	48.15	28.92	38.04	10.84	13.82
Star Union	80.73	67.39	5.27	7.34	13.99	25.28
Tata AIA	96.80	94.24	3.20	5.76	0.00	0.00
Private Total	91.48	79.60	6.67	14.95	1.85	5.44
LIC of India	98.33	95.59	0.98	1.81	0.51	2.39

Source: IRDA's Annual Report 2015-2016, Page no 134, Available at www.irdai.gov.in

GOVT TO SELL 25% STAKE IN GENERAL INSURANCE COMPANIES: FM JAITLEY

The Cabinet on 18.01.2017 approved plans to divest a 25 percent stake in each of the five fully-owned public sector general insurance companies by listing these on stock exchanges. The move will unlock a huge amount of value for the government and could increase investor appetite for private sector insurer IPOs that may follow. It may also foreshadow a listing for the Life Insurance Corporation of India, potentially the country's most valuable company. Finance minister Arun Jaitley told a news conference that all the five state-owned general insurance companies -- New India Assurance, Oriental Insurance, National Insurance, United India Insurance and national reinsurer General Insurance Company will be listed on stock exchanges by way of issue of fresh shares or offer for sale (OFS).

The listing of public sector general insurance companies will likely open up a flood of issue fresh public stocks or Initial Public Offerings (IPOs) by private insurers as well. The move comes months after the sector regulator, the Insurance Regulatory and Development Authority of India (IRDA), issued listing norms proposing that all general insurance companies, including standalone health insurers, that have been in existence for eight years and life insurance companies in operation for 10 years should initiate steps to get their shares listed.

The listing of these companies will also provide an idea about the market value of insurance companies that are currently reflected only in the "embedded value"— valuation based on a formula that the regulator has approved.

A majority of existing insurance companies, both the life and general insurance space, including the Life Insurance Corporation of India (LIC) have been in existence for the period stipulated in a Discussion Paper on Listing of Indian Insurance Companies issued by IRDA in August. The insurance regulator has said that all companies meeting the stipulation on minimum years of existence for listing should initiate steps to get listed within a period of three years from the date of issue of directions under these guidelines. Listing of public sector general insurance companies will likely open up a flood of issue fresh public stocks or Initial Public Offerings (IPOs) by private insurers as well. According to IRDA rules, the insures will have to make disclosures about embedded value, segment wise lapsation of policies and contribution to profitability, among others.

ORDER OF PREFERENCE FOR CEDING BUSINESS TO REINSURERS TAKES IMMEDIATE EFFECT

The insurance regulator, IRDAI, has issued a circular stating that a regulation, setting out the order of preference in which Indian insurers are to cede business to reinsurers, is taking immediate effect.

Under the regulation, the order of preference for cessions is:

a. Indian re-insurer(s) having a minimum credit rating from any of the internationally renowned credit rating agencies for the previous three years; and thereafter, the branch office of a foreign reinsurer which shall maintain a minimum retention of 50% of the Indian reinsurance business (such branches are classified as Category 1);

b. Other Indian reinsurer(s) or the branch office of a foreign reinsurer which shall maintain a minimum retention of 30% of the Indian reinsurance business (such branches are classified as Category 2);

c. The branch office of a foreign reinsurer set up in Special Economic Zone;

d. Indian Insurers and overseas reinsurers.

The notice, dated 16 January 2017 and posted on IRDAI's website, follows close on the heels of the regulator granting the final R3 approval (Certificate of Registration) last month to five foreign reinsurers to set up branches in India. IRDAI also gave final clearance for the establishment of the country's first privately held local reinsurer, ITI Re. The five overseas reinsurers are: Germany-based Munich Re and Hannover Re, Swiss reinsurer Swiss Re, French reinsurance major SCOR and US reinsurer RGA. All five fall under Category 1.

LOCAL REINSURERS

Currently, state-owned GIC Re is the only local reinsurer in India.

ITI Re does not have the same ranking as GIC Re. To enjoy the same status, the new reinsurer is required to have a minimum credit rating and maintain strong financials for a period of three years.

ITI Re and the five branches of global reinsurers are preparing to begin operations soon. They aim to be ready to tap business from 1 April reinsurance renewals.

The order of preference is opposed by several in the industry. On 5 January, over 100 brokers and representatives of general insurers in India attended a meeting convened by the Insurance Brokers Association of India to discuss the rankings. According to a source, the meeting was unanimous in its opinion that the regulation stipulating order of preference is unfair to all stakeholders. The dissenters argued that the regulation is restrictive in nature, anti-competition, and would give undue advantage to overseas reinsurers setting up branches in India.

10TH INDIA RENDEZVOUS:

The emphasis at the Rendezvous is “Carpe Diem”, that is, to seize the opportunities in this dynamically changing insurance and reinsurance market while facing challenges in the disruptive innovation era and evolving regulatory environment, as well as getting ready for the competition.

A favourable regulatory environment, growing consumer awareness about the benefits of insurance and increased spending by the government on infrastructure projects has resulted in growth in the Indian non-life insurance sector in 2016 and the momentum is expected to be carried forward to this year. Gross written premium in the Indian non-life industry, which consists of 28 players, is expected to hit US$20 billion in 2016-17 from the $14 billion achieved in 2015-16.

The India Rendezvous has been growing from strength to strength. Starting with 250 delegates at the inaugural event in 2008, the Rendezvous has become a must-attend event today for anyone interested in doing business in India. The theme for the event this year is, “Finding the ideal reinsurance partner”.

ISSUE OF MARINE POLICY AFTER SAILING OF THE VESSEL

The client may approach their underwriter to issue marine export/import specific policy under " All Risk" terms after issue of Bills of lading and/or sailing of the vessel.

If the premium for such consignment is not paid on or before the issue of Bills of lading, the underwriters may not grant the cover even if the client approaches the underwriter to issue the policy with the following conditions:

i. Warranted to commence the risk from the date of payment of premium and
ii. Warranted no loss prior to payment of premium

If the policy is issued under All risk terms subject to imposition of above warranties purely on accommodation basis, the underwriters, later on, may not be able to identify as to whether or not the premium under the policy wasreceived prior to occurrence of loss. Hence, it will be in order for the client to obtain marine policy under Institute Cargo Clause (B) terms, which covers named perils only. Since ICC(B) covers heavy casualty of the vessel like grounding, stranding, collision, fire etc., it will not be difficult for the underwriters to identify the date and place of loss since occurrence of every casualty during ocean voyage will be recorded in the ship's log book. The client, therefore, should not concealthe issue of Bills of lading and/or sailing of the vessel prior to their approach to the underwritersfor obtaining the policy.

We would like to refer Sec. 19 of the MI Act, 1963 where it provides that " A contract of Marine insurance is a contract based upon the utmost good faith, and if the utmost good faith be not observed by either party, the contract may be avoided by the other party."

In view of the above, it is important to note that though both the parties are under equal duty in this regard, but in practice, it falls largely on the proposer as he alone knows all the particulars of risk to be insured.

GENERAL INSURANCE - P&I INSURANCE

P&I clubs holding the fort for members

Despite the ongoing maritime industry downturn and shipping lines remaining in the doldrums, generally strong financials mean P&I clubs have been able to help members weather the storm. We speak to several clubs on their outlook on Asia for the months ahead.

By all accounts, Asia is still steaming ahead as a critical region of opportunity for maritime insurers. In October 2016, the International Union of Marine Insurance (IUMI) launched its first overseas hub in Hong Kong. Even as President Dieter Berg ran through a list of the challenges like geopolitical uncertainties and pressure on rates, he noted that the Asian marine insurance market accounts for almost 30% of global premium income and global trade in this region continues to grow.

Asia still a beacon for expansion

For the clubs Asia Insurance review spoke to, Asia too figures strongly in their plans, with many actively seeking to increase membership around the region. Just in November 2016, the North P&I Club, which already has Asian offices in Hong Kong, Singapore and Tokyo launched its Shanghai office, citing growing APAC membership which accounts for 34% of total tonnage. The American Club affirmed that Asia continues to be a growth area for the club and its associated Eagle Ocean Marine fixed premium facility, with its 2015 investment in the American Hellenic Hull Insurance Company Ltd helping to amplify its Asia presence.

Mr Simon Swallow, Chief Executive of the Shipowners' Club, which insures small and specialist vessels, said: "We see owners in the region becoming more aware of the benefits of mutuality, and especially being insured by a mutual within the International Group of P&I Clubs and the benefits of cover that this brings and the peace of mind it offers in their operations."

Strong financials buoyed by benign claims run and investments

Most clubs have had the benefit of a benign claims run this past year. "Despite continuing volatility in the bond markets, which again negatively impacted North's pension scheme, healthy investment returns of 3.16% and a relatively benign claims experience during 2016 mean the Club has remained in a very strong financial position," said Mr James Moran, Director (Singapore), North P&I Club.

Other Clubs are also seeing strong, if not stable financials and remain well capitalised. Gard P&I's Chief Underwriting Officer in Asia Andre Kroneberg noted its strong results for the financial year ending 2016 due to a "combination of good risk selection, a better than expected claims environment and a favourable development on prior years", and was able to return US$37 million to the members by reducing the premium agreed by 8%.

The UK P&I has seen an "extremely strong" performance over the first six months of the 2016 policy year, with a modest increase of its free reserves and hybrid capital to $571 million at the half year. Its investment portfolio achieved a healthy return of 3.7% in that same period.

As the freight slump continues, the American Club is feeling the "churn effect" somewhat, (ie, reduction of premium volume as older, higher-rated vessels are replaced by newer, lower-rated ships), which has continued to influence both the level of turnover and risk profile of the Club's vessels, but managed to generate about 2% in returns on investment year to date as at mid-November 2016.

Difficult time for clients

It is fortunate for members that the clubs are seeing good financials, which belie the difficult state of affairs for their clients. Mr Swallow summed up the sore situation of organic growth decline, with vessels increasingly moving in to lay up, while several companies have sadly folded, having only recently ridden high on the crest of a wave fuelled by inflated oil prices.

"New business opportunities remain but these have slowed. Attention to risk in these uncertain times remains essential. As freight rates reduce and incomes become challenged, we must ensure that owners also maintain the highest levels of maintenance to their vessels. Similarly the Club is on hand with loss prevention solutions and also offering advice on contracts. It is very much a buyer's market with charterers increasingly dictating terms looking to pass on indemnities, outside of the traditional knock-for-knock, back to the vessel operator," he said.

American Shipper, citing the latest figures from shipping consultancy Drewry, said the size of the idle containership fleet in November 2016 was about 435 ships with 1.7 million Twenty Foot Equivalent Units (TEUs), close to twice the level in November 2015 where it was 238 ships of 900,000 TEUs. At one time in early 2015, the amount of idle capacity even fell below 200,000 TEUs. What further reflects the current malaise is the young age of ships laid up, with 31% of these vessels below 5 years old, and 33% between 5 and 9 years old.

The collapse of South Korea's Hanjin Shipping, the world's seventh-largest container carrier and the ongoing struggles of Daewoo Shipbuilding and Marine Engineering(DSME) have disrupted global trade networks and has highlighted several valuable lessons for the volatility in shipping. Mr Hughes however noted that the Hanjin insolvency has had a somewhat positive effect on container freight rates, which have increased somewhat and can be a benefit for all in the sector, including insurers.

Some reprieve for clients in 2017

Shipowners can heave a sigh of relief as the clubs are in a position to grant them reprieve and many have already indicated that they will do so, despite the fact that premiums have been gradually reducing in the past few years and hence pressuring the market.

UK P&I has decided it is prudent to revise the club's approach to the general increase. For the upcoming renewals, the Club will not be seeking a standardised increase; instead, premium will reflect a specific risk a member brings to the club for the coming year. With the overall Club's underwriting results largely in balance, the 2017 policy year renewal will focus closely on individual member's underwriting performance.

"Capital strength has enabled the Club to discount premium three times in recent years, delivering real benefit to members as well as instilling confidence for the future," said Mr Andrew Jones, CEO of Thomas Miller, the Club's manager.

Also recognising members' needs to reduce operating overheads, the American Club is seeking a zero general increase across all classes of business—though it will still be a vigorous negotiation process between members and Club, said Mr Hughes, who added that the subdued claims situation may start to rise again following commodity prices rising and supply and demand for ships balance out over time.

North P&I, too, recently announced that it has decided to keep rates unchanged for both P&I cover and freight demurrage and defence (FD&D) cover in the 2017/18 policy year. It had returned 5% of the mutual premium for 2016/17.

On the International Group front, the decision not to set a general increase extends to other members as well, at least for Britannia, Gard, Standard, Steamship Mutual, West of England, London and Shipowners' Club. Skuld had already abandoned the practice before the 2011 renewal for an approach which assesses the individual accounts' risk for what it called a "fairer premium".

Skuld's Chief Executive, Mr Ståle Hansen, acknowledged its consistent record in the past six years but noted that beyond that, reductions are not sustainable. "A P&I club is however, a true mutual insurance provider. Its role is to balance income and costs. We see limited possibilities to reduce premiums further, and most members and their brokers fully understand this situation," he said.

An uncertain 2017

For 2017, Mr Moran of North P&I expects that there will be increasing volatility in the global investment and currency markets, together with continued difficult trading conditions for members, and will focus on maintaining the financial strength of the Club.

"In future, it is the Clubs who will be responding to the liabilities within the convention associated to the loss of wage payments and repatriation of crews following insolvency. What we have seen over the past five years or so is the increasing requirement on P&I Clubs to provide the blue cards – promises to pay – in relation to the adoption of maritime conventions such as wreck removal, bunkers, passenger liabilities and now the MLC. The lessons are simply that whilst some may report that claims frequency is declining, the risks and costs of claims are increasing," he said.

Some reasons for optimism in 2017

There is at least some reason for optimism in 2017, at least according to the American Club, and it is not just because it will celebrate the 100th anniversary of its founding next February. Mr Hughes noted the freight market may begin to show signs of sustainable improvement over the next year, and it is already seeing an increase in ship purchase activity in Asia and elsewhere.

The Shipowners' Club thinks there is a possibility of return to better times. "We all hope that we are now at the very bottom of the cycle and we will start to see a growing oil price, a rejuvenated China and a return to economic stability in the shipping sector," said Mr Swallow, who is also wary of escalating costs of claims despite the stagnant premium rates.

"While loss prevention initiatives and better safe working practices have improved risk, we know that through increases in the Convention on Limitation of Liability for Maritime Claims and a greater awareness of globally to maritime incidents, especially where the environment is concerned, have resulted in increased claims costs. We must continue to ensure that premiums and terms of entry plus loss prevention initiatives remain commensurate to risk."

UNDERWRITING LOSSES FOR INSURANCE INDUSTRY INCREASES IN H1F17

Underwriting profits in the general insurance industry was non-existent for the first half of 2016-17 in part because of natural disasters, floods and the drought situation. Non-life insurers posted a combined loss of Rs 7,554 crore in H1FY17 from losses in their motor and health portfolios.

Insurers said that the industry has been seeing sustained underwriting losses over the last 5-6 years. Long-term low prices would affect a insurance company's margins and the services it offers customers, including ability to settle claims.

"The industry has seen some impact from natural calamities. There was a spillover from the Chennai floods and the drought situation affecting farmers in many parts of India," said Sanjay Datta, chief underwriting and claims, ICICI Lombard General Insurance Co.

Insurers said that the entry of new players has intensified competition in motor and health. "Going forward pricing adequacy would results in better underwriting results," said Datta.

While public-sector companies incurred a loss of about Rs 5,794 crore, private sector players saw a loss of 1,667 crore. Bajaj Allianz General Company, Agriculture Insurance Company of India Ltd and Export Credit Guarantee Corporation of India Ltd were the few, that posted an underwriting profit for the half year of Rs 29 crore, Rs 90 crore and Rs 53 crore respectively.

Market leader New India Assurance Ltd, saw underwriting loss of Rs 1,803 crore for the half-year. The general insurer, which had underwritten premium worth Rs 11,204 crore for the half year, and settled 17.33 lakh claims — with prudent underwriting kept its solvency ratio at 2.04. Insurance Regulatory and Development Authority of India (IRDAI) mandates that insurers have a solvency or maintain capital reserves that are adequate to the risk they take i.e sufficient to settle expected claims.

United India Insurance Company and Oriental Insurance fared worse than their public sector peer. For the half year of 2016-17, United India saw an underwriting loss of Rs 1,533 crore and solvency margin at 1.56. The PSU has settled 15.99 lakh claims for the same period and underwritten Rs 7,711 crore in premium.

Oriental Insurance and National Insurance despite facing much less claims saw both solvency margin and underwriting profits hit. For the half year, Oriental settled 6.24 lakh claims and saw solvency margin drop to 1.14 with a massive underwriting loss of Rs 1,465 crore. National Insurance, which settled 5.31 lakh claims saw solvency at 1.26 while posting a loss of Rs 991 crore.

Oriental and National Insurance's solvency margins are a matter of concern as they are much below the insurance regulator's mandatory requirement of 1.50.

"The industry has been overlooking two critical aspects — profitability and combined ratio. The premium rates especially in commercial lines of business such as property, fire and group health which drive volumes for insurers have seen severe competition and has seen prices fall to unsustainable levels," said Tapan Singhel, MD, Bajaj Allianz General Insurance.

DISCHARGE VOUCHER IN FULL AND FINAL SETTLEMENT

A payment received under full and final settlement may nevertheless be challenged for its finality, because, it could have been accepted under financial constraints or other compelling reasons. The position of the insured becomes relevant on the facts of each case to see whether the discharge voucher was signed voluntarily in full and final settlement or he was coerced into it. (National Insurance Co. Ltd. Vs. New Bharat Rice Mills, (1997) 2 CPJ77 (NC)following National Insurance Co. Ltd. Vs. Lal Chand Jain & Sons, (First Appeal No.59 of 1994 decided on 08.01.1997 (NC).

There is the following pertinent observation of the Supreme Court on this point.

"The mere execution of the discharge voucher would not always deprive the consumer from preferring claim with respect to the deficiency in service or consequential benefits arising out of the amount paid in default of the service rendered. Despite execution of the discharge voucher, the consumer may be in a position to satisfy the Tribunal or the Commission under the Act that such discharge voucher or receipt had been obtained from him under the circumstances which can be termed as fraudulent or exercise of undue influence or by misrepresentation or the like. If in a given case the consumer satisfies the authority under the Act that the discharge voucher was obtained by fraud, misrepresentation, undue influence or the like, coercive bargaining compelled by circumstances, the authority before whom the complaint is made would be justified in granting appropriate relief"

Thus, mere execution of discharge voucher and acceptance of insurance claim would not estop the insured from making further claim from the insurer. But, the claimant has to move through legal proceedings through court.

(United India Insurance Co. Ltd Vs Ajmer Singh Cotton & General Mills, (1999) 6 SCC 400: AIR 1999 SC 3027: (1999) 3 CPR 53. The court followed Sovintory (India) Ltd. Vs. State Bank of India, (1999) 6 SCC 406. Progressing Industries Vs. National Insurance Co. Ltd, (2003) 1 CLD 1029 (NC), claim because of a car accident, payment accepted under full and final discharge voucher, not allowed subsequently to question it on the ground that the insured accepted it, he being mentally upset for the loss of his son in the accident.

The Circulars issued by IRDA in this regard are relevant

IRDA vide Circular No. IRDA/NL/CIR/Misc./173/09/2015 dated 24th September, 2015 informed that –

- The Insurers shall not use the instrument of discharge voucher as a means of estoppel against the aggrieved policy holders when such policy holder approaches judicial fora. Accordingly, the insurers are advised as under:
- Where the liability and quantum of claim under a policy is established, the insurers shall not withhold claim amounts. However, it should be clearly understood that execution of such vouchers does not foreclose the rights of policy holder to seek higher compensation before any judicial fora or any other fora established by law.

Subsequently, IRDA vide Circular No. IRDA/NL/CIR/Misc./113/06/2016 dated 7th June, 2016 taking equal cognizance of the legal rights of the policy holders and insurers the Authority directs that –

- Wherever there are no disputes by the insured/s or claimant/s to the amount offered by the insurers towards settlement of a claim, the present system of issuing discharge voucher may be continued. However, the insurer must ensure that the vouchers collected must be dated and complete in all respects while obtaining the signature of the insured/s or claimant/s
- If the amount offered is disputed by the insured/s or claimant/s, the insurer would take steps to pay the amount assessed without waiting for the voucher discharged by the insured/s or claimant/s
- Under no circumstances the discharge voucher shall be collected under duress, by coercion, by force or compulsion.