

Jeevan Dhan- Mis selling of Insurance

Lio recently got married and was advised by his family friends to purchase health insurance to safely cover any medical expenses which shall now arise as he was going to start his family. Lio thus bought a Health insurance plan for himself and his wife from Jeevan Dhan & Co. due to the recognition of the company through myriad advertising of lowest premiums in the industry.

Two years hence, Mrs. Lio fell sick and was admitted in the hospital. After 3 days of treatment in Ayushman Hospital, she was discharged and Lio collected all the bills. He submitted them to the insurance company to avail claim for the medical expenses. Two weeks later, to Lio's surprise his claim was rejected.

Lio contacted his insurance sales agent and questioned the same. He had paid all his instalments timely and still his expenses were not reimbursed. The insurance agent explained that Lio's wife was pregnant and hence his claim had been rejected. Also, she had been admitted in the deluxe room for only 2 days and the 1st day of her check-up in OPD wasn't counted. As his policy paid claim only for minimum three days of hospitalisation.

The agent further explained that he would have received his claim had he taken the policy with a higher premium which also covered his pregnant wife and hospitalisation along with OPD checkups.

Lio was not satisfied as he had stated his main reason to buy a policy was because of family concerns and family increment. He had been assured of payment of claims in case of any situation of medical emergency which was not happening. He warned the agent of serious legal consequences.

Points of deliberation-

1. What is the grievance redressal mechanism available with Lio in the above case?
2. Which authority is the regulator of General Insurance Industry in India and what does it say about mis-selling of Insurance?
3. Can health insurance be linked with Life Insurance policies?
4. What do we understand from the concept of Riders?