

## IC-14 - Regulations of Insurance Business

### Original Text in book

#### Chapter 8 Page no.386 - Point.1.3 last bullet point.

#### 1.3 Structure of Consumer Protection Act, 1986

The Act envisages three-tier quasi-judicial machinery at the National, State and District levels in the following manner:

##### 1. District Commission

**Composition:** President -One District Judge and two other members (1 lady member).

**Jurisdiction:** Value of services and compensation claimed does not exceed **Rs. 1 Crore.**

##### 2. State Commission

**Composition:** President - High Court Judge, Members not less than 2 (1 lady member)

**Jurisdiction:** Complaints of value claimed if exceeds **Rs 1 Crore but does not exceed Rs 10 crore.**

##### 3. National Commission

**Composition:** President - Supreme Court Judge, Members not less than 4, 1 lady member.

**Jurisdiction:** Original complaint where the value of services and compensation exceeds **Rs 10 crore.**

### Revised text as below Chapter 8 Page no.386 - Point.1.3 last bullet point.

#### 1.3 Structure of Consumer Protection Act, 1986

The Act envisages three-tier quasi-judicial machinery at the National, State and District levels in the following manner:

##### 1. District Commission

**Composition:** President -One District Judge and two other members (1 lady member).

**Jurisdiction:** Value of services and compensation claimed does not exceed **Rs 50 Lakh.**

##### 2. State Commission

**Composition:** President - High Court Judge, Members not less than 2 (1 lady member)

**Jurisdiction:** Complaints of value claimed if **exceeds 50 Lakh but does not exceed Rs 2 crore.**

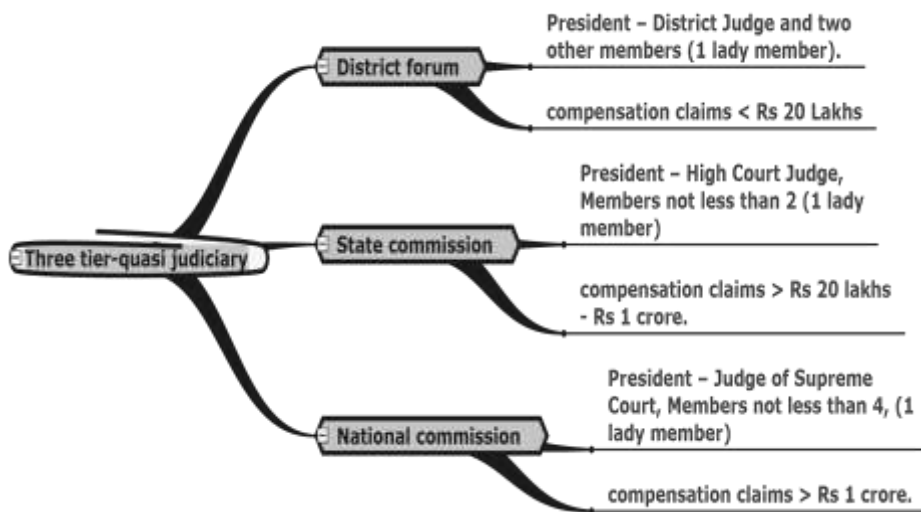
##### 3. National Commission

**Composition:** President - Supreme Court Judge, Members not less than 4, 1 lady member.

**Jurisdiction:** Original complaint where the value of services and compensation **exceeds Rs 2 crore.**

**Original Text in book**  
**Chapter 8 Page no.387 - Summary & 1.4 Appeals**

**SUMMARY**



**1.4 Appeals**

**Before the State Commission (Section 15):**

- Against the order of the District Forum within a period of 30 days
- subject to deposit of 50% of the amount awarded or Rs 25,000, whichever is less

**Before the National Commission (Section 19):**

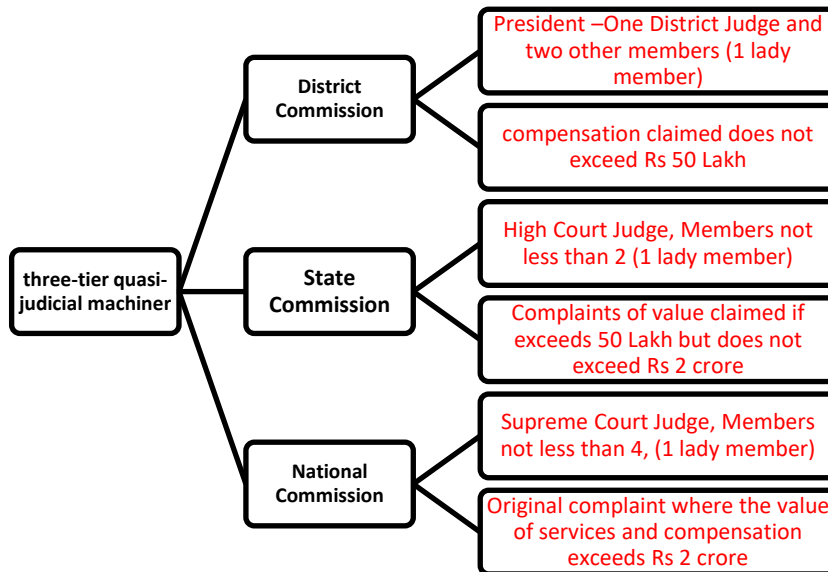
- Against the order of the State Commission - Appeal period 30 days.
- subject to deposit of 50% of the amount awarded or Rs 35,000, whichever is less

**Before the Supreme Court (Section 23):**

- Against the order of the National Commission - Appeal period 30 days
- subject to deposit of 50% of the amount awarded or Rs 50,000, whichever is less

**Revised text as below Chapter 8 Page no. 387 - Summary & 1.4 Appeals.**

**SUMMARY**



**1.4 Appeals**

**Before the State Commission (Section 15):**

- Against the order of the District Commission within a period of 45 days
- Subject to deposit of 50% of the amount awarded.

**Before the National Commission (Section 19):**

- Against the order of the State Commission - Appeal period 30 days.
- Subject to deposit of 50% of the amount awarded.

**Before the Supreme Court (Section 23):**

- Against the order of the National Commission - Appeal period 30 days
- Subject to deposit of 50% of the amount awarded.

**Original Text in book**  
**Chapter 8 Page no.392 - Summary.**

- Consumer is a person who buys goods / services for a consideration.
- The Consumer Protection Act, 1986 for the redressal of consumer complaints provides three-tier quasi-judicial machinery at the National, State and District levels.
- **Jurisdiction: District Commission where the value of services and compensation claimed does not exceed Rs 1 crore. State commission above Rs 1 crores to Rs 10 crore. National commission: excess of Rs 10 crore.**
- The Redressal of Public Grievances Rules, 1998 have been formulated to resolve all complaints relating to the settlement of claims on the part of the insurance companies in a cost effective, efficient and impartial manner
- The Insurance Ombudsman has been established to quickly dispose the grievances of the insurance consumers and lessen the problems involved in redressing complaints.

**Revised text as below Chapter 8 Page no.392 - Summary.**

- Consumer is a person who buys goods / services for a consideration.
- The Consumer Protection Act, 1986 for the redressal of consumer complaints provides three-tier quasi-judicial machinery at the National, State and District levels.
- **Jurisdiction: District Commission where the value of services and compensation claimed does not exceed Rs 50 Lakh. State commission above Rs 50 Lakh to Rs 2 crore. National commission: excess of Rs 2 crore.**
- The Redressal of Public Grievances Rules, 1998 have been formulated to resolve all complaints relating to the settlement of claims on the part of the insurance companies in a cost effective, efficient and impartial manner
- The Insurance Ombudsman has been established to quickly dispose the grievances of the insurance consumers and lessen the problems involved in redressing complaints.

## Chapter 8

### Page no.393 - Self-Examination Questions

#### Self-Examination Questions

##### Question 2

Fill in the blank by choosing the correct option

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to value of services and compensation not exceeding \_\_\_\_\_.

- A. Rs 10 lakhs
- B. Rs 20 lakhs
- C. Rs 50 lakhs
- D. Rs 1 crore

#### Answer of the above question

### Chapter 8 Page no.394 - Answers to Self-Examination Question

#### Answers to Self-Examination Questions

##### Answer to SEQ 2

The correct option is C.

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to the value of services and compensation not exceeding Rs. 20 lakhs.

## Chapter 8

### Page no.393 - Revised Self-Examination Questions

#### Self-Examination Questions

##### Question 2

Fill in the blank by choosing the correct option

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to value of services and compensation not exceeding \_\_\_\_\_.

- A. Rs 10 lakhs
- B. Rs 20 lakhs
- C. Rs 50 lakhs
- D. Rs 1 crore

### Revised Page no.394 - Answers to Self-Examination Questions

##### Answer to SEQ 2

The correct option is C.

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up

to the value of services and compensation not exceeding **Rs. 50 Lakhs.**

## **Chapter 8**

### **Page no.393 - Self-Examination Questions**

#### **Self-Examination Questions**

##### **Question 3**

Fill in the blank by choosing the correct option

An appeal in front of the State Commission against a decision of the District Commission must be within \_\_\_\_\_ days

- A. 15
- B. 30
- C. 45
- D. 60

#### **Answer of the above question**

### **Chapter 8 Page no.394 - Answers to Self-Examination Question**

#### **Answers to Self-Examination Questions**

##### **Answer to SEQ 3**

The correct option is B.

An appeal must be filed before the State Commission against the order of the District Commission within a period of 30 days. The appeal is subject to a deposit of 50% of the amount awarded by the District Commission or Rs 25,000 whichever is less.

## **Chapter 8**

### **Page no.393 - Revised Self-Examination Questions**

#### **Self-Examination Questions**

##### **Question 3**

Fill in the blank by choosing the correct option

An appeal in front of the State Commission against a decision of the District Commission must be within \_\_\_\_\_ days

- A. 15
- B. 30
- C. 45
- D. 60

#### **Revised Page no.394 - Answers to Self-Examination Questions**

### Answer to SEQ 3

The correct option is **C**.

An appeal must be filed before the State Commission against the order of the District Commission within a period of **45 days**. **The appeal is subject to a deposit of 50% of the amount awarded by the District Commission.**

### Chapter 8

#### Page no.393 - Self-Examination Questions

#### Self-Examination Questions

##### Question 5

The Insurance Ombudsman can entertain complaints against the insurance company when the total amount of relief sought is less than Rs \_\_\_\_\_.

- A. 10 lakhs
- B. 20 lakhs
- C. 1 crore
- D. 2 crore

#### Answer of the above question

#### Chapter 8 Page no.394 - Answers to Self-Examination Question

#### Answers to Self-Examination Questions

##### Answer to SEQ 5

The correct option is B.

One of the pre-requisite of lodging complain in front of the Insurance Ombudsman is that the amount of relief sought must be less than Rs 20 lakhs.

### Chapter 8

#### Page no.393 - Revised Self-Examination Questions

#### Self-Examination Questions

##### Question 5

The Insurance Ombudsman can entertain complaints against the insurance company when the total amount of relief sought is less than Rs \_\_\_\_\_.

- A. 10 lakhs
- B. 30 lakhs**
- C. 1 crore
- D. 2 crore

**Revised Page no.394 - Answers to Self-Examination Questions**

**Answer to SEQ 3**

The correct option is **B**.

One of the pre-requisite of lodging complain in front of the Insurance Ombudsman is that the amount of relief sought must be less than **Rs 30 lakhs**.



**Original Text in book**

**Chapter 1 Page no.4 - Point.1.6 last bullet point.**

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 26% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. In April 2015 the Reserve Bank of India notified government's decision to raise foreign direct investment (FDI) limit in the insurance sector to 49%.

**Revised text as per revised FDI limit as below Chapter 1 Page no.4 - Point.1.6 last bullet point.**

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 49% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. The Parliament passed the Insurance (Amendment) Act, 2021 to increase foreign direct investment (FDI) limit in the insurance sector to 74%.

**Chapter 1**

**Page no.6 - Test Yourself 1**

**Test Yourself 1**

**Question 1**

As per current FDI norms how much is the FDI limit for insurance sector?

- A. 49%
- B. 74%
- C. 100%
- D. There is no FDI allowed in insurance sector in India.

**Answer of the above question as per text book**

**Chapter 1 Page no.10 - Test Yourself 1**

**Answers to Test Yourself**

**Answer to TY 1**

The correct option is A.

As per current FDI norms the current FDI limit for insurance sector is 49%.

**Answer as per revised FDI limit as below**

**Chapter 1 Page no.10 - Test Yourself 1**

**Revised answers to Test Yourself**

**Answer to TY 1**

The correct option is B.

As per current FDI norms the current FDI limit for insurance sector is 74%.

**Original Text in book**

**Chapter 1 Page no.9 - Summary (Bullet Point)**

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 49% is allowed in the insurance sector.

**Revised text as per revised FDI limits Chapter 1**

**Page no.9 - Summary (Bullet Point)**

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 74% is allowed in the insurance sector.

**Original Text in book**

**Chapter 1 Page no.10 Summary (Bullet Point)**

- Insurance Laws (Amendment) Act, 2015 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 26% to an Explicitly Composite Limit of 49% with the safeguard of Indian Ownership and Control.

**Revised text as per revised FDI limits Chapter 1**

**Page no.10 Summary (Bullet Point)**

- Insurance Laws (Amendment) Act, 2021 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 49% to an Explicitly Composite Limit of 74% with the safeguard of Indian Ownership and Control.

**Chapter 3**  
**Page no.124 - Self-Examination Questions**

**Self-Examination Questions**

**Question 2**

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least \_\_\_\_\_ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 100
- C. 200
- D. 500

**Answer of the above question**

**Chapter 3 Page no.126 - Answers to Self-Examination Question**

**Answers to Self-Examination Questions**

**Answer to SEQ 2**

The correct option is B.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 100 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

**Chapter 3**

**Page no.124 - Revised Self-Examination Questions**

**Self-Examination Questions**

**Question 2**

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least \_\_\_\_\_ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 50/25
- C. 200
- D. 500

**Answers to Self-Examination Questions**

**Answer to SEQ 2**

The correct option is **B**.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 50/25 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

**Chapter 3**  
**Page no.125 - Self-Examination Questions**

**Self-Examination Questions**

**Question 3**

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is \_\_\_\_\_, a reinsurance broker is \_\_\_\_\_ and composite broker is \_\_\_\_\_.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. 50 lakhs, 200 lakhs, 250 lakhs
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

**Answer of the above question**

**Chapter 3 Page no.127 - Answers to Self-Examination Question**

**Answers to Self-Examination Questions**

**Answer to SEQ 3**

The correct option is B.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 50 lakhs, for a reinsurance broker it is 200 lakhs and for a composite broker the minimum amount of capital prescribed is 250 lakhs.

**Chapter 3**

**Page no.125 - Revised Self-Examination Questions**

**Self-Examination Questions**

**Question 3**

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is \_\_\_\_\_, a reinsurance broker is \_\_\_\_\_ and composite broker is \_\_\_\_\_.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. 75 lakhs, 400 lakhs, 500 lakhs
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

**Revised Page no.127 - Answers to Self-Examination Questions**

**Answer to SEQ 3**

The correct option is B.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 75 lakhs, for a reinsurance broker it is 400 lakhs and for a composite broker the minimum amount of capital prescribed is 500 lakhs.

