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CONSUMER AND THEIR RIGHTS IN INSURANCE SECTOR

Consumer and Their Rights in Insurance Sector

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Abstract – In India, 24th December is celebrated as "National Consumer Rights Day", since the Consumer Protection Act, 1986 was enacted on this day. The Consumer Protection Act was enacted in 1986 based on United Nations guidelines with the objective of providing better protection of consumers' interests. The Act provides for effective safeguards to consumers against various types of exploitations and unfair dealings, relying on mainly compensatory rather than a punitive or preventive approach. It applies to all goods and services unless specifically exempted and covers the private, public and cooperative sectors and provides for speedy and inexpensive adjudication.

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INTRODUCTION

Every individual is a consumer, regardless of occupation, age, gender, community or religious affiliation. Consumer rights and welfare are now an integral part of the life of an individual and we all have made use of them at some or the other point in our daily routine.

Every year 15th March is observed as "**World Consumer Rights Day**". It commemorates a historic declaration (1962) by former US President John F. Kennedy of four basic consumer rights:

1. **The right to safety**
2. **The right to be informed**
3. **The right to choose**
4. **The right to be heard**

This declaration eventually led to the international recognition of the fact that all citizens, regardless of their incomes or social standing, have basic rights as consumers. Another significant day is 9 April 1985, when the General Assembly of the United Nations adopted a set of guidelines for consumer protection and the Secretary General of the United Nations was authorized to persuade member countries to adopt these guidelines through policy changes or law. These guidelines constituted a comprehensive policy framework outlining what Governments need to do to promote consumer protection in the following areas:

1. **Physical safety**
2. **Protection and promotion of consumer economic interests**

3. **Standards for safety and quality of consumer goods and services**

4. **Measures enabling consumers to obtain redressal**

5. **Measures relating to specific areas (food, water, and pharmaceuticals)**

6. **Consumer education and information programme**

Now it is universally accepted that the consumer has a right to be provided with all relevant information in order to avoid exploitation and make a considered choice in availing of products and services from the market. These rights are well-defined, both on international and national platform and several agencies like the Government as well as voluntary organizations are constantly working towards safeguarding them.

In India, 24th December is celebrated as "National Consumer Rights Day", since the Consumer Protection Act, 1986 was enacted on this day. The Consumer Protection Act was enacted in 1986 based on United Nations guidelines with the objective of providing better protection of consumers' interests. The Act provides for effective safeguards to consumers against various types of exploitations and unfair dealings, relying on mainly compensatory rather than a punitive or preventive approach. It applies to all goods and services unless specifically exempted and covers the private, public and cooperative sectors and provides for speedy and inexpensive adjudication.

The rights under the Consumer Protection Act, 1986 flow from the rights enshrined in Articles 14 to 19 of the Constitution of India. The Right to Information Act (RTI), which has opened up governance processes of

our country to the common public also, has far-reaching implications for consumer protection.

As per the Act, a '**Consumer**' has been defined as:

1. Any person who buys goods for consideration, and any person who uses goods with the approval of the purchaser.
2. Any person, who hires any service for a consideration and any beneficiary of such services, provided the service is availed with the approval of the person who had hired the service for a consideration.

Moreover, the consideration for either the goods or services may be either paid or promised, or partly paid or promised, or provided under a system of deferred payment. The Act envisages the promotion and protection of the following rights of consumers:

RIGHT TO SAFETY

Means right to be protected against the marketing of goods and services, which are hazardous to life and property. The purchased goods and services availed of should not only meet their immediate needs, but also fulfill long term interests. Before purchasing, consumers should insist on the quality of the products as well as on the guarantee of the products and services. They should preferably purchase quality marked products such as ISI, AGMARK, etc.

RIGHT TO BE INFORMED

Means right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices. Consumer should insist on getting all the information about the product or service before making a choice or a decision. This will enable him to act wisely and responsibly and also enable him to desist from falling prey to high pressure selling techniques.

RIGHT TO CHOOSE

Means right to be assured, wherever possible of access to variety of goods and services at competitive price. In case of monopolies, it means right to be assured of satisfactory quality and service at a fair price. It also includes right to basic goods and services. This is because unrestricted right of the minority to choose can mean a denial for the majority of its fair share. This right can be better exercised in a competitive market where a variety of goods are available at competitive prices.

RIGHT TO BE HEARD

Means that consumer's interests will receive due consideration at appropriate forums. It also includes right to be represented in various forums formed to consider the consumer's welfare. The

consumers should form non-political and non-commercial consumer organizations which can be given representation in various committees formed by the Government and other bodies in matters relating to consumers.

RIGHT TO SEEK REDRESSAL

Means right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers. It also includes right to fair settlement of the genuine grievances of the consumer. Consumers must make complaint for their genuine grievances. Many a time their complaint may be of small value but its impact on the society as a whole may be very large. They can also take the help of consumer organizations in seeking redressal of their grievances.

RIGHT TO CONSUMER EDUCATION

Means right to acquire the knowledge and skill to be an informed consumer throughout life. Ignorance of consumers, particularly of rural consumers, is mainly responsible for their exploitation. They should know their rights and must exercise them. Only then real consumer protection can be achieved with success.

Thus, the concern of consumer protection is to ensure fair trade practices; quality of goods and efficient services with information to the consumer with regard to quality, quantity, potency, composition and price for their choice of purchase. Such a consumer protection policy creates an environment whereby the clients, customers, and consumers receive satisfaction from the delivery of goods and services needed by them.

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