Society & Social Justice · GS - III

Insurance penetration and consumer awareness are essential for financial inclusion in India. Discuss the challenges faced by insurance consumers and suggest reforms to improve access and protection.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 19/10/2026	GS - III	Society & Social Justice

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Financial inclusion; insurance penetration; ageing population; affordability; information asymmetry; policy exclusions; claim settlement; insurance literacy; consumer protection; regulatory oversight.

Model Answer

Introduction

Insurance provides financial protection against health, life and property-related risks. However, access to affordable and suitable insurance remains important for achieving inclusive financial security, particularly among vulnerable and elderly populations.

Major Challenges

1. Affordability: High premiums may discourage elderly people and low-income households from obtaining adequate coverage.

2. Information Asymmetry: Complex policy wording, exclusions and waiting periods can prevent consumers from making informed choices.

3. Claim Settlement: Delays, documentation requirements and disputes may reduce public confidence in insurers.

4. Limited Awareness: Consumers may purchase policies without understanding their actual coverage or suitability.

Reforms Required

IRDAI should promote transparent disclosures, accessible grievance redressal and effective supervision of claim settlement. Insurers should simplify policy documents and clearly explain exclusions, premiums and benefits. Wider insurance literacy programmes and appropriate product innovation can improve access.

Conclusion

Insurance reform should place consumers at its centre. Affordable products, transparent practices and effective regulation can strengthen financial inclusion and household resilience.