

डॉ. ममता सूरी
वरिष्ठ संयुक्त निदेशक
विभाग प्रमुख (वित्त एवं लेखा)

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भारतीय बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA**

Ref: 113.4/4/F&A-Life/SLIC ARA/ 118 /2014-15

26 November 2015

Mr Sanjay Agarwal,
MD & CEO
Sahara India Life Insurance Co. Ltd.
#1, SaharaIndia Bhawan,
Kopoorthala Complex,
Lucknow 226024

Dear Sir,

Sub: Review of performance of Sahara India Life Insurance Co, Ltd.

As part of the off-site monitoring of the regulated entities, a review of performance of Sahara India Life Insurance Co. Ltd. (SLIC) is being carried out by the Authority.

1. Governance Aspects:

During the review it was observed that Chairman of the Board and Investment Committee Mr. Subrato Roy Sahara had not attended any of the meetings of the Board and Investment Committee in the past four years. It was at the behest of the Authority that a new Chairman was inducted by the insurer. This is a cause of concern as regards the effective oversight of the Board on various activities of SLIC.

2. Decline in Business

It is also observed that there is continued decrease in the business performance as seen from the reducing new business year on year and declining renewal business of the insurer. In this regard, the insurer is advised to furnish a detailed business plan for the next three years elaborating on the planned course of action to address various concerns of the Authority and to identify the course of action to bring the

insurer on a strong footing. The said plan needs to be duly approved by the Board of the Company.

3. Review of Annual Report 2014-15:

Further, on review of the Annual Report 2014-15 of SLIC the following were observed on which your comments may be provided:

1. Board's Report of the insurer indicates that both the auditors are appointed for a period of six years in accordance with the provisions of the Companies Act, 2013. In view of the fact that the IRDAI guidelines permits an insurer to retain any statutory auditor for only five years, insurer would violate the provisions of IRDAI's guidelines on appointment of statutory auditors. Please explain. It is hereby directed that compliance with the guidelines on appointment of Statutory Auditor be ensured under intimation to the Authority.
2. Certification on NAV applied on application form received after 3 pm on 31st March 2015 is said to be 'processed with the appropriate NAV of appropriate dates in subsequent year'. The requirement under Regulation 9 (D) (5)(b) of the IRDA (Investment) Regulations, 2000 is a certification that in such cases NAV of the 'immediate next business day' is applied. Please explain whether the said 'certification of 'appropriate dates' is in compliance with the requirements under the aforesaid Regulation.
3. Reasons for significant increase/decrease observed under the following line items over the previous year may be provided:
 - a. Current Assets:
 - i. Security & Other Deposit from ₹ 0.10 crore to ₹ 71.34 crore
 - ii. Sundry Recoverable from ₹ 1.81 crore to ₹ 6.24 crore
 - b. Current Liabilities:
 - i. Surrender payable from ₹ 4.63 crore to ₹ 2.30 crore
 - ii. Expenses payable from ₹ 4.17 crore to ₹ 2.29 crore
 - iii. Book overdraft from ₹ 30.96 crore to ₹ 14.58 crore
 - c. Loans increased by 165% from ₹ 2.05 crore to ₹ 5.43 crore

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The account wise details of each of the account head along with the present status thereof as on date may be filed with the Authority along with the ageing thereof. Also please confirm if the above assets/liabilities have been considered for solvency margin.

4. Adjustments under revaluation reserve to the tune of ₹ 6 lakh (P.Y. ₹ 2.81 lakh) is shown as reduction. Nature and details of these adjustments may be provided.
5. There are unclaimed amounts ₹ 0.168 crore (PY ₹ 0.167 crore), 'excess to be refunded' which includes amount not refunded for over three year period. Reasons for such a long delay may be explained.

Your response to the above queries should reach us within two weeks of receipt of this communication

Yours faithfully,



(Dr. Mamta Suri)

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