



IRDAI/HLT/MISC/ORD/135/08/2019

Order in the matter of M/s Bharti AXA General Insurance Company Limited

Based on the;

- a) Show Cause Notice (hereinafter referred to as "SCN") dated 06th March, 2019 for consistently submitting wrong data through Health Insurance Regulatory Returns for the FY 2017-18 by Bharti AXA General Insurance Company Limited (hereinafter referred to as "the Insurer" or "Company").
- b) Response to the above SCN received from the Insurer vide letter dated 29th March 2019.
- c) Submissions of the Insurer during Personal Hearing held on 26th July 2019, taken by the Chairman of the Authority at its office at Hyderabad.

Background

- 1) The Insurer had wrongly submitted the number of lives covered under Group Personal Accident (GPA) Business as 7.23 Cr for FY 2017-18 through HI Regulatory Returns on 12th June, 2018. This number was 6031% increase over the lives covered in previous FY 2016-17. Subsequently, the following correspondence was made with the Insurer.
 - a. Vide e-mail dated 08th August, 2018 the Insurer was requested to confirm that the data is as per its annual audited figures.
 - b. On 04th September, 2018 revised returns were furnished wherein the number of lives covered under GPA remained as 7.23 Crore.
 - c. On 11th September, 2018 the Insurer again confirmed that the data submitted through returns is as per the audited figures.
 - d. On 13th September, 2018 on raising repeated queries through telephone, the insurer furnished that the revised number of lives covered under GPA as 52 lakhs.
- 2) On examining the issue of submission of wrong data it is considered that the insurer did not put in place effective procedures for furnishing correct data relating to number of lives vide HIR-18 for FY 2017-18.
- 3) Authority sought explanation from the insurer on this matter and the insurer furnished its submissions.
- 4) On examining the submissions, a Show-Cause Notice (SCN) dated 06th March 2019, was issued to the insurer for violation of norms specified in Chapter V of Guidelines on Standardization in Health Insurance (Ref: IRDA/HLT/REG/CIR/146/07/2016) dated 29th July, 2016 issued under the provisions of Section 34 (1) of Insurance Act, 1938 and Regulation 2 (i) (o) of IRDAI (Health Insurance) Regulations, 2016.



Page 1 of 3

- 5) Insurer replied to the SCN on 29th March,2019 and requested for a personal hearing.
- 6) The personal hearing was held on 26th July 2019. The insurer was represented by Shri S Sanjeev, CEO and Managing Director, Shri Milind Kolhe, Chief Underwriting Officer and Shri Amit Raheja, Chief Compliance Officer. On behalf of Authority Shri Suresh Mathur, Executive Director (Health), Shri DVS Ramesh, General Manager (Health), Shri M N Munshi, Asst. General Manager (Health), Shri Srikanth Gali, Asst. Manager (Health) were present in the personal hearing.
- 7) The findings on submission made by the insurer on the issues raised in the SCN and the decisions thereon are as under:

Charge:

- 8) The Insurer had consistently submitted wrong data relating to the number of lives covered under Group Personal Accident (GPA) Business as 7.23 Cr for FY 2017-18 through HI Regulatory Returns. Thus, Insurer did not put in place effective procedures for furnishing correct data through HI Regulatory Returns.

Submissions of the insurer:

- 9) Inadvertent errors in Health Insurance Returns submitted for the Financial Year 2017-18 to the Authority was primarily due to certain system related issues in extracting data for preparation of the Returns.
- 10) Owing to relocation of the corporate office certain issues relating to its human resources resulted in erroneous submission of Health Insurance Returns to the Authority at the first instance.
- 11) The Company had no intent to violate any provisions of applicable Regulations and always sincerely aimed at complete adherence to Regulations and Authority's guidelines/instructions.
- 12) The Company has taken all necessary corrective steps and put in place revised standard operating procedure for regulatory submissions to ensure that data/information submitted to the Authority is internally validated twice through Maker Checker Mechanism to avoid any kind of erroneous information furnished in future.


Decision of the Authority:

- 13) On examining the submissions of the insurer, it is observed that the sum of the number of lives covered under Group Personal Accident Business through 'For the period' quarterly returns submitted by the insurer for FY2017-18 is close to the final data furnished.



- 14) However, the submissions of the insurer that due to certain system related issues, wrong data was forwarded to the Authority on number of lives covered under Group Personal Accident Business through 'Upto the Period' returns for FY2017-18 is not acceptable. The insurer is expected to have placed effective procedures to validate the system data to avoid any kind of erroneous information being submitted to the Authority. When it appeared to the Authority that the cumulative data might be incorrect, it wrote to the Insurer on the 08th August, 2018 to confirm correctness. Even then, the Insurer reiterated on incorrect data through its communications dated 04th September, 2018 and 11th September, 2018. This shows utter negligence on the part of the insurer. It was also surprising that as against correct figure of 52 lakhs, an abnormally high figure of 7.23 Crores was being incorrectly furnished and this could not be detected by the Insurer despite request from the Authority for verification. From the submissions I understand that, apart from not putting in place effective procedures for furnishing correct data, it is clear that there is no review carried out before furnishing the data. The Insurer must understand that the data forwarded to the Authority is very important as it is published in the Annual Report of the Authority and is used by various stakeholders for various purposes. Thus, the Insurer is expected to exercise utmost care while furnishing the returns.
- 15) However, taking into consideration the submissions, the Insurer is warned to be careful in future while furnishing data to the Authority. The insurer is hereby advised to put in place proper checks for furnishing correct data and is also directed to ensure compliance with the extant applicable regulatory provisions hereafter.
- 16) Further,
- 1) The Order shall be placed before the Board of the Insurer in the upcoming Board meeting and the Insurer shall provide a copy of the minutes of the discussion.
 - 2) If the Insurer feels aggrieved by the decision of this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place: Hyderabad
Date: 14/08/2019


14/8/19
(Dr. Subhash C. Khuntia)
Chairman