



**Order of Insurance Regulatory and Development Authority of India
in the matter of M/s. Dealmoney Insurance Broking Private Limited
under Regulation 12(1) of the IRDAI (Insurance Brokers) Regulations, 2018
read with section 42E of the Insurance Act, 1938**

The Insurance Regulatory and Development Authority of India (hereinafter referred to as "the Authority") had received an application vide reference URN No. BR-NEW-2233-2018 dated June 22, 2018 from M/s. Dealmoney Insurance Broking Private Ltd, having its registered office at Plot No. A356/357, Road No. 26, Wagle Industrial Estate, MIDC, Thane West, Thane – 400604 (hereinafter referred to as "the applicant"), seeking grant of Certificate of Registration (CoR) to act as a Direct Insurance Broker in terms of Regulation 5 of IRDAI (Insurance Brokers) Regulations, 2018 (hereinafter referred to as "the Regulations").

2. Upon examination of the application form and its enclosures, the Authority, as provided under Regulation 7(1) of the Regulations, advised the applicant to submit clarification/documents/information vide letters reference no. IRDA/DB 742/02/18 dated July 25, 2018 and IRDA/DB 742/03/18 dated August 28, 2018 in order to process its application further. The applicant, vide their letters dated August 9, 2018 and October 4, 2018 responded to the above stated letters of the Authority and submitted the requisite information/documents, which were taken on record. As specified in Regulation 7(3) of the regulations, the Authority vide letter reference no. IRDA/DB 742/04/18 dated December 6, 2018 advised the applicant to make a presentation on December 13, 2018 at 15.30 hrs. to the Competent Authority. The applicant made presentation on the specified date. On behalf of the applicant, Mr. Vikram Rathod, Director and Principal Officer, Mr. Dishant Sagwaria, Director, Mr. Pandoo Prabhakar Naig, Director, Mrs. Celine D'Souza, Head Life Insurance and Mr. Bhagwan Krishna Srivastava, Head General Insurance attended the presentation. On behalf of the Authority, Mr. Sujay Banarji, Member (Distribution), Mr. K. Srinivas,

Assistant General Manager, and Mr. Indradeep Sah, Assistant Manager attended the presentation.

3. While examining the application, it was observed that the associate company of the applicant, M/s. Dealmoney Securities Private Ltd. (herein referred as “the corporate agent”) having its registered office at Plot No. A356/357, Road No. 26, Wagle Industrial Estate, MIDC, Thane West, Thane – 400 604 was registered with the Authority as a corporate agent, having registration no. CA0081. The Authority had received complaints against the corporate agent and based on the same, Authority conducted a Focused Onsite Inspection of the Corporate Agent from August 23, 2018 to August 27, 2018.

4. Further to the inspection, the Authority issued an order vide reference no. IRDA/ENF/ORD/ONS/239/12/2019 on December 31, 2019, cautioning and issuing directions to the corporate agent on the charges framed against them.

5. On December 24, 2019 a news article was published in Time of India newspaper reporting that the Bidhan Nagar Cyber Crime Police Station, Kolkata had conducted raids on the office of the corporate agent, situated at Sugam Park, Salt Lake, Sector V, Kolkata. The news article reported that police received many complaints of misconduct and cheating from Kolkata, Tripura, Odisha and other states of North East against the corporate agent and there were more than 1000 victims. As per the article, different modus operandi were used by the corporate agent to cheat public, which include the employee of corporate agent calling

- i. the public claiming as IRDAI official and offering to settle a disputed insurance bond,
- ii. as officials who would arrange easy personal loans against minimum documents,
- iii. as employee of the call centre of corporate agent calls people who had stopped paying premiums for an insurance,
- iv. to get the insurance money with interest and ask them to make a small investment with them again.

The article reported that the Police arrested one Mr. Abhijeet Dey, Director of the corporate agent and Mr. Pradeep Kumar Roy and that the matter is under investigation with Bidhannagar Cyber Crime Police Station, Kolkata. The allegations reported in the News Article are very serious in nature and as indicated in para 3 of this Order, the Authority had also received complaints against the corporate agent. From the above paragraphs, the conduct of the corporate agent, apparently, is not found to be appropriate and is not in the interest of the policyholder/prospects of insurance policies.

6. It is found that Mr. Pandoo Prabhakar Naig and Mr. Abhijeet Dey are the common directors of the applicant and the corporate agent.

7. In terms of Regulation 8(2)(o) of the Regulations, the Authority, while considering the application for registration of an insurance broker, shall take into account as to whether the issue of certificate of registration will be in the interest of policyholders. Therefore, considering the conduct of the corporate agent mentioned above, who is an associate company of the applicant and having common directors with the applicant, the applicant was found to be not in compliance with the Regulation 8(2)(o) of the Regulations.

8. In terms of Regulation 7(5) of the Regulations, the applicant shall bring to the notice of the Authority, on its own forthwith, such further information or clarification, which might have a bearing on consideration of their application. The applicant has never disclosed the information of the police raids on the office of the associate entity, and the case registered against it, which has common directors with the applicant entity. This information is material for consideration of the application as it relates to the conduct of the regulated entity with the policyholder/prospects, which is of prime importance in Insurance distribution business. By not disclosing this material information on its own forthwith, the applicant has violated Regulation 7(5) of the Regulations.

9. Based on above facts, as specified in Regulation 12(1) of the Regulations, vide letter reference no. IRDA/DB 742/08/18 dated July 7, 2020 (hereinafter referred as SCN), the applicant was show caused by the Authority seeking their explanation as to

why their application, seeking registration as a direct Broker, shall not be rejected. It was mentioned in the SCN that their reply should reach the Authority within 21 days. It was also mentioned in the SCN that if the applicant wishes to avail of the opportunity of personal hearing, they may indicate it in their reply. It is pertinent to mention here that the SCN was sent by the Authority through e-mail, speed post and Business Analytic Portal (herein referred as "BAP portal"), wherein the applicant filed an application online seeking direct insurance broker certificate of registration under the Regulations.

10. The applicant has not responded to the Authority's SCN within 21 days of time. The applicant was given reminders on July 17, 2020 and July 29, 2020 in BAP portal to respond to the SCN. In spite of the reminders, the applicant has failed to furnish their reply within 21 days and accordingly, it is inferred that the applicant has no explanation to submit to the Authority on the SCN.

11. Accordingly, after considering the above facts as available on records and mentioned in detail in the above paragraphs, the Authority, in terms of the powers vested with it under regulation 12(1) of the Regulations, hereby rejects the application dated June 22, 2018 filed by M/s. Dealmoney Insurance Broking Private Limited.

12. If the applicant is aggrieved by this order, an appeal may be preferred before the Securities Appellate Tribunal, as per the provisions stipulated under Sec 110 of the Insurance Act, 1938.

Sd./

(S. N. Rajeswari)
Member (Distribution)