

डॉ. आर. कण्णन  
सदस्य (बीमांकक)

Dr. R.Kannan  
Member (Actuary)



बीमा विनियामक और विकास प्राधिकरण  
**INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY**

ORDER

Ref: IRDA/F&I/ORD/0004/01/2010

7th January 2010

Shri Antony Jacob  
Chief Executive Officer  
Apollo Munich Insurance Company Ltd.  
10<sup>TH</sup> Floor, Tower-B, Building No.10,  
DLF Cyber City Phase-II,  
Gurgaon-122002

Dear Sir,

**Levy of Penalty under Section 105B of the Insurance Act, 1938**

The insurer was obliged under sections 32B and 32C of the Insurance Act, 1938 read with the IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002, as amended from time to time, to cover prescribed percentage of Gross Direct Premium in the Rural Sector and prescribed number of lives in the Social Sector of its general insurance business.

On review of the data submitted by the insurer with the Authority, it was observed that the insurer has non compliant with the Rural and Social Sector obligations for the financial year 2008-09. The company has procured only 0.06 per cent as against an obligation of 2 per cent of Gross Direct Premium in rural sector and has covered only 207 lives against a target of 5000 lives in social sector. Thus, the shortfall during the year 2008-09 was 1.94% and 4793lives in rural and social sector respectively.

The insurer vide its letter Ref: NO.ADKV/IRDA/2009-10 dated 1<sup>st</sup> July 2009 acknowledged the non-compliance of Rural and Social Sector Obligations for the financial year 2008-09, stating that the company has not penetrated in the rural and social sectors of the society during the year under review.

*(Handwritten signature)*  
7/1/10

The Authority's vide its letter Ref: 430/4/F&A/RSSO-NL/176/2008-09 dated 12<sup>th</sup> November 2009, advised the insurer to file a certificate of the statutory auditors regarding the compliance to Rural and Social Sector Obligations as on 30.09.2009 for the financial year 2009-10. However, the insurer vide its letter Ref: NO.ADKV/IRDA/2009-10/080 dated 17<sup>th</sup> December 2009 submitted the status as on 30.11.2009 instead of 30.09.2009 as advised by the Authority.

The Authority does not accept the plea of the insurer that it had any reasonable cause for not fulfilling its obligations in the rural and social sectors.

The Authority hereby, holds the insurer responsible for failure to comply with its obligations towards the rural and social sectors in 2008-09 and levies a penalty of Rs. 10lakh under section 105B of the Insurance Act 1938 for non-compliance with the provisions of Section 32B, 32C and the Regulations framed thereunder. The penalty shall be remitted to the Authority within 15 days of the receipt of this Order.

*In addition to the above, the insurer is also required to meet the unfulfilled part of the rural and social sector obligations of the year 2008-09 in the financial years 2009-10 and 2010-11.*



(R.Kannan)  
Member (Actuary & F&I)