



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

ORDER

Ref: IRDA/429/2/F&A/ORD/46/MAR-09

20th March 2009

Mr. V. Ramasaamy
Chairman-cum-Managing Director,
National Insurance Company Limited
3, Middleton Street, P.B.No 9229
Kolkata 700 071

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 number of lives of its general insurance business under the Social Sector.

On review of the data submitted by the insurer with the Authority, on the number of lives covered in the Social Sector for the financial year 2007-08, it was observed that the insurer is short of its obligations in the said sector by 3,40,211 lives in 2007-08 i.e., against an obligation of 19,16,563 lives, only 15,76,352 lives have been covered.

In response to the Authority's show cause notice vide No. 429/2/F&A/RSSO-NL/105/Dec-08 dated 31st December, 2008, the insurer has indicated that (i) non availability of census data classifying rural areas and (ii) inability to generate the data through IT department by the operating offices are the main reasons for non-compliance and has requested for condonement of the non-compliance. Since, the obligations of the insurer for the year 2007-08 are based on the modified data submitted by the insurer for the previous years, and are based on thorough deliberations of the issue and arrived at with the consent of the insurer, the Authority does not accept the plea of the insurer that it had any reasonable cause for not fulfilling its obligations in the social sector.

The Authority hereby, holds the insurer responsible for failure to comply with its obligations towards the Social Sector in 2007-08 and levies a penalty of Rs.5 lakh for not complying with the provisions of Section 32B and the Regulations framed thereunder. This amount shall be paid to the Authority within 15 days of the receipt of this Order.

In addition to the levy of the penalty, the insurer is also required to meet the unfulfilled part of the social sector obligations of the year 2007-08 in the financial years 2008-09 and 2009-10.


(J. Hari Narayan)
Chairman