Ref: IRDAI/ENF/ORD/ONS/138/06/2015 31.07.2015

ORDER

In the matter of Bajaj Allianz General Insurance Company Limited

Based on the reply to Show Cause Notice dated 19.11.2014 and submissions made during Personal Hearing Chaired by Sh. T. S. Vijayan, Chairman, IRDAI, on 22.05.2015 at 11.30 AM at the office of Insurance Regulatory and Development Authority of India, 3rd Floor, Parishrama Bhavan, Basheerbagh, Hyderabad, 500004.

The Insurance Regulatory and Development Authority of India (hereinafter, referred to as 'the Authority') carried out an onsite inspection of **Bajaj Allianz General Insurance Company Limited** having registered office at G.E. Plaza, Airport Road, Yerawada, Pune-411006, referred to as Insurer, from 17th January 2011 to 21st January, 2011.

The Authority forwarded the inspection report to the Insurer vide letter dated 3rd May, 2011 seeking their comments on the same. The Insurer responded to the observations as contained in the inspection report vide their communication dated 13th June, 2011. On examining the submissions made by the Insurer it was observed that the Insurer has not complied with the provisions of the IRDAI regulations and the guidelines framed there under. On the observed deficiencies, in the functioning of the Insurer a Show Cause Notice was issued on 19.11.2014 which was replied by the Insurer vide their communication dated 24.01.2015 with a request for personal hearing.

Accordingly, a personal hearing was held on 22.05.2015 under the Chairmanship of the Chairman, IRDAI. The personal hearing was attended by Sh. Tapan Singhel (MD & CEO), Sh. Milind Choudhari (CFO), Sh. Sasikumar Adidamu (Chief Technical Officer – Non-motor Insurance), Sh. Vijay Kumar (Chief Technical Officer – Motor Insurance Services), Sh. Ketul Patel (Head of Internal Audit) and Sh. Onkar Kothari (Company Secretary & Compliance Officer) of Bajaj Allianz General Insurance Company Limited. On behalf of the Authority Ms. Pournima Gupte, Member (Actuary), Sh. Lalit Kumar, FA and HoD (Enforcement), Sh. T. S. Naik, JD (Corporate Agency), Sh. G. R. Suryakumar, DD and Ms. Jyoti Vaidya, DD (Enforcement) were present in the personal hearing.

The submissions made by Bajaj Allianz General Insurance Company Limited in their written reply to the Show Cause Notice and also those made during the course of the

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personal hearing along with written submissions made thereafter (dated 09.06.2015), were taken into account. The explanation offered by the Insurer to various charges as regards violation/non-compliance as indicated in the Show Cause Notice and the decisions thereon are as follows:

Charge No. 1:

Concern/Violation: It had been observed that the insurer had procured motor business through motor dealers who did not have any license to procure business. It was informed that the insurer had entered into a MoU with the dealers and the payments made to these dealers were for infrastructure facilities provided by them.
On examination of an agreement format, it was observed that the payments were in the range of 8% to 25% of premium procured and the agreement had no details of the basis of such payments.

The dealers were claiming the amount as consultancy fee, professional services charges & policy issuance fee but not for extending infrastructure facility. The company had also not provided the details of agreements and basis of payments to dealers.

It is a violation of Section 40(1) of Insurance Act, 1938; Regulation 9 (2) (ii) (a) of IRDA (Corporate Agent) Regulations and Circular Number IRDA/CIR/011/2003, dated 27-03-2003 and attracts provisions of 42D (8) of the Insurance Act, 1938 for procuring the business through unlicensed motor dealers.

Submissions made by the Insurer: Insurer had submitted that the business was procured in the intervening period when the license of Maruti was under consideration. The insurer further confirmed that presently, the business was procured only through licensed entities.

Decision:

It had been observed that after cancellation of corporate agency license of M/s Maruti Insurance by the Authority in June-2010, the insurer was procuring business through dealers of Maruti Motors, which was evident from a statement showing the payments made to different (around 88) Maruti dealers during the period July-December 2010.

This is a clear violation of the above-referred act and regulation. Thus, the Authority in exercise of its powers under section 102(b) imposes a penalty of Rs. 5 Lakh on the insurer.

Charge No. 2:

Concern/Violation: It was mentioned that the dealers would collect amount from customers and issue a consolidated cheque periodically in the name of the insurer.

This was evident from the huge agent's balances (which include dealer's balances) that were shown under 'other assets' of Schedule 12 in Annual Report for 2009-10 amounting to Rs.3.02 crores. The dealer wise balance as on 31-03-2010 was Rs.1.73 crs and as at 31-12-2010 Rs. 5.06 crores. These balances reiterated the fact that the dealers were collecting premium from policyholders and remitting periodically the same to the insurer.

From the list of dues from dealers, it was observed that company had issued policies with risk commencing from March 2010 for which premium was collected on April 2010 and for policies with risk commencing in December 2010, the premium was collected on January 2011.

It is a violation of Section 64VB (1) of Insurance Act, 1938 which states that no risk is to be assumed unless premium is received in advance and Regulation 3 of IRDA (Manner of Receipt of Premium) Regulations, 2002 which mentions that the attachment of risk to an insurer will be in consonance with the terms of section 64VB.

Submissions made by the Insurer: Insurer has submitted that due to the vastness of our country and the spread of automotive dealers' premises/offices/showrooms and the lack of our branches / offices at all the locations in India where dealers were situated, there might have been some time-lag between the submission of the cheques by the customer and the collection of the cheque by insurer's authorized personnel, Insurer had further submitted that the deviation from the Act provisions had now been rectified. They had established a system with Maruti for on line transfer of daily premium amounts from the dealer to the insurer.

Decision:

It had been observed that the insurer had issued policies with risk commencing from March 2010 for which premium was collected on April 2010 and policies with risk commencing on December 2010, the premium was collected on Jan 2011.

This is a clear violation of the above-referred act and regulation. Thus, the Authority in exercise of its powers under section 102(b) imposes a penalty of Rs. 5 Lakh on the insurer.

Charge No. 3:

Concern/Violation: It was observed that the Maruti dealers were capturing the details of the proposal for insurance through their policy issuance portal (earlier maruti corporate agency portal) and uploading the same to insurer's system.

As there was no proposal for insurance signed by the policyholder, there was no basis / privity for the contract of insurance.

It is a violation of Regulation 4 (1) and 4(4) of IRDA (Protection of Policy holders' Interests), Regulations, 2002 which mentions that

1. Insurer should furnish a copy of proposal form free of charge, within 30 days of acceptance of a proposal.
2. Where proposal form is not used, insurer should confirm the information obtained by orally or in writing to proposer within a period of 15 days. But insurer is not doing the same.

Submissions made by the Insurer: The insurer has submitted that all these policies were issued against new sale of vehicles. In place of a proposal form the insurer is providing policy transcript to the policy holders on the completion of policy. This document covers all the details about the vehicle. The same practice is being followed for all dealers of Maruti, Honda, etc.

Decision:

In view of submissions made by the Insurer, the Authority is not pressing the charges. However the Insurer is advised to abide by the Regulation 4 (1) and 4(4) of IRDA (Protection of Policyholders' Interests), Regulations, 2002.

Charge No.4:

Concern/Violation: It was observed on sample examination of the records that in 3 instances the company had utilized the services of the corporate agents whose license had expired.

It is in violation of Section 40(1), Regulation 9 (2) (ii) (a) of IRDA (Corporate Agent) Regulations, 2002, IRDA Circular reference IRDA/CIR/011/2003, dated 27-03-2003 and attract provisions of section 42D (8) of the Insurance Act, 1938 for procuring the business through unlicensed motor dealers.

Submissions made by the Insurer: The insurer submitted that they had procured the business but the commission for the said business was not paid to the agent. It was also mentioned that they have introduced a system for checking such

incidences. In the first two cases, the licenses were renewed but in the third case the license was not renewed but insurer did not pay any commission.

Decision:

The insurer had collected premium of Rs. 6.60 lakh from the corporate agent , Ipsita Insurance Services Pvt Ltd after expiry of its corporate agency license. However considering the submissions made by the Insurer that systems have been implemented in order to ensure that neither the services of unlicenced intermediaries are taken nor commission is paid after expiry of licence the Authority is not pressing the charges.

Charge No.5:

Concern/Violation: It was observed that M/s Bajaj Allianz Financial Distributors Ltd. (BAFDL), Group Company, was also a Corporate Agent of insurance company with IRDA License No. 4329363, valid for 3 years from 25/06/2008. Authority vide its letter dated 02/01/2008, had approved the appointment of a group company as corporate agent subject to compliance of the regulations and guidelines issued. On examination, it was observed that BAFDL and the company had common Directors on the board which was not brought to the notice of the Authority during licensing process.

It is in violation of Regulation 9 (2) (ii) (k) of IRDA (Licensing of Corporate Agents) Regulation, 2002.

Submissions made by the Insurer: In the process of seeking the licence approval, the insurer had clearly explained and submitted that it was a 50:50 Joint Venture which in legal parlance and common understanding explicitly meant that certain directors would be on board of both the companies.

The insurer further submitted that this aspect was initially commented upon by their Internal Audit team during its Inspection of the Corporate Agents. This fact had also been reported by them to IRDA vide letter dated 11th February 2011. Insurer requested for specific approval of IRDA to regularize the issue. However, on realising the violation they have taken the corrective steps.

Decision:

It is observed that M/s Bajaj Allianz Financial Distributors Ltd. (BAFDL), Group Company, was also a Corporate Agent of insurance company and insurer had common directors. Insurer could not submit the details of making disclosures at the time of application of BAFDL. Hence the same may be treated as a case of non-disclosure at the time of application of Licence.

However, considering the submissions made by the Insurer that corrective actions are taken immediately on the matter being brought to their notice and currently there is no common director between the Corporate agent and the Insurer, the Authority is not pressing the charges.

Charge No.6:

Concern/Violation: An examination of the agency license register for the year 2009-10, and data submitted under Form 26-Q (income tax return filed by the insurer for payments other than salary), it is revealed that an IMD code was created for non-licensed entities and payment of insurance commission was made (Down Town Motors Pvt Ltd, Nagpur Nagrik Sahakari Bank Ltd & Karnavati Coop Bank Ltd).

It is in violation of:

- Regulation 8 (ii) (a) of IRDA (Licensing of Insurance Agents) Regulation, 2000 which states that no insurer agent shall procure insurance business without holding a valid license.

- Sec. 40 (1) of Insurance Act, 1938 and Authority's circular IRDA/CIR/011/2003, dated 27-03-2003 and attract provisions of Section 42 (7), and 42D (8) for sourcing of business premium through unlicensed persons / entities).

Submissions made by the Insurer: The insurer submitted that payment given to the vendors was for support services and not towards commission. These expenses had been accounted under Support Services only. However TDS was, wrongly deducted under Section 194D (Insurance commission) instead of Section194J (Professional services), as both these sections are having same rate of TDS (i.e.10%), which resulted in this inadvertent error. The insurer submitted that they had stopped the practice of assigning IMDs to unlicensed entities.

Decision:

The IMD code referred in inspection observation represented 'internal intermediary code' given to agents and employees sourcing insurance business but did not represent vendor code. Payments against the IMD code were made and TDS was deducted on the said payment was under Section 194D (Insurance commission). Hence, it may be reasonably concluded that the Insurer was soliciting business through unlicenced entity during the period of inspection. However considering the submission made by the Insurer that they had stopped the practice of assigning IMDs to unlicensed entities the charge is not pressed.

Charge No.7:

From the Form 26-Q submitted with the Income Tax authorities, it was observed that the company is paying in cash and / or in kind to intermediaries under different accounting heads. Several instances of payments in excess of the stipulated commission limit were observed.

It is in violation of:

- point 21 of Authority Circular – 017/IRDA/Circular/CA Guidelines/2005 dated 14.07.2005 read along with Section 40 (A) of Insurance Act,1938 wherein any additional payment other than commission to a corporate agent is prohibited.
- Insurer has violated IRDA circular 011/IRDA/Brok-Comm./Aug.8 dated 25-08-2008 read along with Section 40 (A) of Insurance Act, 1938 on limits of payment of commission.

Submissions made by the Insurer: The insurer submitted that the payments other than commission made to the agents were reasonable owing to the size of the business of the insurer.

Decision:

It is clear that it is violation of above mentioned act and circulars. Authority's decision is conveyed under Charge No 10.

Charge No.8:

Concern/Violation: It was observed that the amount under the head 'commission paid' was different in the agent register from the Form 26Q filed with Income Tax Authorities for the year 2009-10.

It is in violation of:

- point 21 of Authority Circular – 017/IRDA/Circular/CA Guidelines/2005 dated 14.07.2005 read along with Section 40 (A) of Insurance Act,1938 wherein any additional payment other than permitted commission to a corporate agent is prohibited.
- Insurer has violated IRDA circular 011/IRDA/Brok-Comm./Aug.8 dated 25-08-2008 read along with Section 40 (A) of Insurance Act, 1938 on limits of payment of commission.

Submissions made by the Insurer: Insurer submitted that the inconsistency cropped up due to the calculation error in the 2-3 months in the agency register. The insurer has taken a corrective action.

Decision:

In the In view of submissions made by the Insurer, the Authority is not pressing the charges.

Charge No.9:

Incentive of Rs.1 lakh is paid to an agent for qualifying to the CEO's club. Towards this, an amount of Rs. 90,000 was paid to M/s R.C. Bafana Jewellers for year 2009-10 and Rs.1 lac during the year 2010-11. Further payment of Rs.28194 to M/s. BHW Financial Consultants Limited, CA for qualifying in a competition; "Monsoon Mahalogin" was paid via sodexo coupons. These payments are in the nature of overriding commissions.

It is in violation of

- Point 21 of Authority Circular – 017/IRDA/Circular/CA Guidelines/2005 dated 14.07.2005 read along with Section 40 (A) of Insurance Act, 1938 wherein any additional payment other than commission to a corporate agent is prohibited.
- Insurer has violated IRDA circular 011/IRDA/Brok-Comm./Aug.8 dated 25-08-2008 read along with Section 40 (A) of Insurance Act, 1938 on limits of payment of commission.

Submissions made by the Insurer: The insurer submitted that it was an industry practice to motivate agents. The amounts paid to the agents were reasonable as compared to size of the business of the insurer and the same were clearly not in the nature of commission.

Decision:

Considering that the amount of incentive paid in the instant cases are not very high and that the payment is not linked to the business in respect of which they are paid agency commission or brokerage the Authority is not pressing the charges. However, the Authority directs the insurer to comply with above-mentioned circulars.

Charge No.10:

An amount of Rs. 31.41 crores was paid during year 2009-10 towards 'logo charges' to 9 entities. The list of payees includes M/s Axis Bank with whom the company

under an agreement agreed to a consideration fee of 7.5% of the premiums collected by the Bank every month. It was observed that Axis Bank is also a corporate agent of the company and the payment of this consideration fee (logo fees) is in addition to the commission for sale of insurance products. Further, it was observed that the company has paid an amount of Rs.10.40 crores as fee for professional and technical services to M/s Axis Bank in addition to the commission and logo charges (as filed in the form 26Q with the IT authorities for the year 2009-10).

Similarly to M/s Dhanalaxmi Bank, who was also a corporate agent of your company, in addition to logo charges & commission, payment of Rs.2 crores was made under the head of account 'Business development and promotion'

It is in violation of:

- Point 21 of Authority Circular – 017/IRDA/Circular/CA Guidelines/2005 dated 14.07.2005 to read with Section 40 (A) of Insurance Act, 1938 wherein any additional payment other than commission to a corporate agent is prohibited.

- Insurer has violated IRDA circular 011/IRDA/Brok-Comm./Aug.8 dated 25-08-2008 on limits of payment of commission.

Submissions made by the Insurer: While accepting the charge that they made payments towards the logo charges, the Insurer submitted that the services are not in the nature of procurement and solicitation of Insurance business. Further, they had indicated that the agreement with the Axis Bank has come to an end and hence the insurer is not having an agreement with Axis Bank as on today for the logo charges.

Decision:

The Insurer submitted that they have revised their agreement with the CA in order to discontinue payment against logo charge. However no satisfactory reply is given on payment of "Fees for professional and Technical Services"and payment under the head of "business development and Promotion". This amounts to violation of IRDA circular 011/IRDA/Brok-Comm./Aug.8 dated 25-08-2008.

Thus, the Authority in exercise of its powers under section 102(b) imposes a penalty of Rs. 5 Lakh on the insurer.

Charge No.11:

Payments were made towards charges for sales, business development and promotion (not in the nature of advertising or sales promotion). On examination of the agreements with Shri Ram Fortune Solutions Pvt Ltd & M/s Riya Travel and Tours (India) Pvt Ltd, it was observed that the payments made under the above heads of

account are primarily for logistic support (help, support, assistance, facilities, referral and infrastructure) extended for sale of the insurer's products. Such 'referral payments" were not shown under Sch. 3 of financial statements as required, thereby not reflecting true picture.

The above is in violation of Schedule 3 under IRDA (Preparation of Financial Statements and Auditors report of insurance companies) Regulations, 2002 for not disclosing the referral payments and not preparing the financial statements as prescribed by IRDA.

Submissions made by the Insurer: The insurer informed that the payments were for logistic, support services of the travel agent for offering travel Insurance with the air ticket, and did not involve any procurement or solicitation of business through referral arrangement. The Insurer also indicated that the relevant part of the agreement with the travel agent also provided for making such payment.

Decision:

Considering the submission made by the Insurer Authority is not pressing the charges.

Charge No.12:

It is observed that the company had been placing the reinsurance business in excess of 10% of total premium ceded outside India with its joint venture foreign partner M/s Allianz for the past several years. During 2009-10 80.73% under treaty and 8.38% under facultative (aggregate placement is 50%) reinsurance premium was ceded to the foreign JV partner.

It was observed that the company had exceeded the 10% ceding limit to foreign reinsurers in respect of four reinsurers: The Company had not sought the specific approval of Authority prior to placement of reinsurance business in excess of 10%.

It is in violation of Regulation 3(9) of IRDA (General Insurance-Reinsurance) Regulations, 2000.

Submissions made by the Insurer: It is submitted that the insurer had written to the Authority to grant specific approval for the same every year. It was also submitted that as on today the aggregate placement with Allianz Re for Fire and Engineering is 20%.

Decision:

Considering the submission made by the Insurer Authority is not pressing the charges. However, the Authority advises the insurer to take prior approval in

case the maximum Reinsurance cession exceeds the permissible limit in order to comply with the Regulation 3(11) of IRDA (General Insurance-Reinsurance) Regulations, 2013, which is equivalent to Regulation 3(9) of IRDA (General Insurance-Reinsurance) Regulations, 2000.

Charge No.13:

Investment guidelines specifically stipulated for placing and execution of the deal through system software, however insurer was using the MFund investment software only as a back-office tool. The dealer in the investment department was placing the deal over phone through a broker and later on entering it into the MFund and simultaneously sending an e-mail to CIO for approval. It was also observed that the CIO is not utilizing the inbuilt approval mechanism of MFund and instead using his e-mail for sending approval to the mid-office.

It is in violation of Investment guidelines given under Annexure III of IRDA (Invt) (Fourth Amendment) Regulations 2008 issued vide circular ref.no. INV/CIR/008/2008-09, dated 22-8-2008 for not placing and execution of the deal through system software.

Submissions made by the Insurer: The insurer submitted that for the bond market , the deal can only be finalised when it is mutually accepted. There are several options available for finalising deals in bonds and decision is taken based on the yield available on the bond. Such types of decisions are not feasible through the automated systems under bond deals and hence continuing with the manual interventions.

Decision:

In view of submissions made by the insurer, the Authority is not pressing the charges.

Charge No.14:

To test the capability of the inbuilt set limits in the MFund software, a test deal of sale of GOI security which will affect the investment limits was entered. Though the Mfund has displayed an alert of breaching the statutory limit, the same does not refrain the dealer from executing the transaction. This indicates that the threshold limits set in the Mfund software can be easily breached even by a dealer of the insurer. As all the deals are placed manually, the possible breach can only be noticed only after the deal is executed.

It is in violation of point 2 (a) & point 4 given under Annexure III of IRDA (Invt) (Fourth Amendment) Regulations 2008 issued vide circular ref.no.

INV/CIR/008/2008-09, dated 22-8-2008 as inbuilt alerts are not present in the system.

Submissions made by the Insurer: The insurer submitted that now they have strengthened their limit process and put in place the soft and hard limits so that system will not accept the deal if there is a breach.

Decision:

Considering the submission made by the Insurer Authority is not pressing the charges. However the Insurer is advised to ensure complaince of the point 2 (a) & point 4 under Annexure III of IRDA (Invt) (Fourth Amendment) Regulations 2008.

Charge No.15:

The company didn't have the facility of an off-site back-up of data in a city falling under a different seismic zone, as required under investment guidelines 2008.

It is in violation of point A-5 given under Annexure III of IRDA (Investment) (Fourth Amendment) Regulations 2008 issued vide circular ref.no. INV/CIR/008/2008-09, dated 22-8-2008.

Submissions made by the Insurer: The insurer had informed that off-site back up data is now being maintained at Hyderabad.

Decision:

In the In view of submissions made by the Insurer the Authority is not pressing the charges.

Charge No.16:

It was observed that for some of the closed/relocated branches (for ex. Kukatpally / Mehdipatnam-Hyderabad, Palwal-Haryana, Rohini-Delhi, Santacruz (W) – Mumbai and Rajkot-Rajastan etc), your company has not followed the procedure mentioned in the Circular No: 041/IRDA/BOO/Dec-06, which stipulates that a minimum notice of 2 months on the proposed relocation should be given to the policyholder serviced under that branch along with the alternate arrangements, in case of branches where policies were issued.

It is in violation of IRDA circular no 041/IRDA/BOO/ Dec-06 dated 28-12-2006 on closure/relocation of offices

Submissions made by the Insurer: The insurer had submitted that they had taken various measures such as putting on web site, deputing a person on the location, etc. to inform the policy holders for the relocation / closure. The insurer has given the document to support that they are issuing public notice in a news paper to policy holders to inform relocation of branch offices.

Decision:

The Authority has examined the submissions made by the insurer and is not pressing the charges. The Authority hereby advises to comply with Authority's circular no. 041/IRDA/BOO/Dec-06 dated 28/12/2006 on places of business of insurer.

Charge No.17:

While arriving at the Available assets under the Policyholders' fund, work in progress to the tune of Rs.26.49 crores has been considered. Out of this, Rs.2.6 crores was spent on revenue items or fixtures and should have been excluded from the computation of available assets. To this extent, the available assets under policy holders fund are overstated.

It is in violation of Regulation 2 (e) of IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 and Section.64V (1) (i) (e) of Insurance Act, 1938.

Submissions made by the Insurer: The insurer submitted that capital work in progress of Rs. 2.6 Crores was towards amount spent to acquire or improve long term assets / equipments and these items were not of revenue nature. Call centre up-gradation included acquisition of call centre equipments including software, benefits of which would be derived in future years. Similarly Interiors also included capital improvements benefit of which would be derived over several years. Further, the classification of these items of Capital Work in Progress as Revenue was not correct as this had been done according to Generally Accepted Accounting Principles duly vetted during annual closing by statutory auditors. Hence they were of the opinion that the available assets under policy holder's funds were not overstated.

Decision:

The Authority has examined the submissions made by the insurer and is not pressing the charges. The Authority hereby advises the insurer to comply with Regulation 2 (e) of IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 and Section.64V (1) (i) (e) of Insurance Act, 1938.

Charge No.18:

An examination of the fixed assets register revealed that the insurer had capitalized lease improvements (like curtains, storages, glass doors, wash basins, storage doors, plywood partitions, coloring, additional civil work, conference tables etc) that are either 'revenue' or 'fixture' in nature, which need to be discounted from the available assets under the policy holders' funds for the purpose of arriving at available solvency margin. As at 31/3/2010, your company had Gross book value in respect of lease improvements capitalized to the tune of Rs.20.40 crores and a Net book value of Rs.2.13 crores.

Further, as at 31-03-2010, it was also observed that an inconsistent approach has been adopted in treatment of the Air Conditioners. Some of them are considered as 'Computer equipment' while others were considered as 'Furniture & fittings or Office equipment' thus valued at varying rates of depreciation. Due to this, there is inconsistency in computation of the available assets for the purpose of arriving at the insurer's solvency.

Submissions made by the Insurer: Insurer submitted that all such items which are part of the turnkey project and can be individually segregated to different class of fixed assets are classified in their respective headings only. Since these expenses were incurred on leasehold properties, it is shown under Fixed Assets schedule as a separate category of assets.

The insurer submitted that they are not taking the lease hold improvements while calculating available assets in solvency calculation.

Decision:

The Authority has examined the submissions made by the insurer and is not pressing the charges. The Authority hereby advises the insurer to comply with Regulation 2 (e) of IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 and Section.64V (1) (i) (e) of Insurance Act, 1938.

The penalty amount of **Rs. 15 Lakh** shall be paid thorugh Demand Draft drawn in favour of **Insurance Regulatory and Development Authority payable at Hyderabad** within 15 days from the receipt of this letter. The Demand Draft is required to be forwarded to Sh. Lalit Kumar, FA and HoD (Enforcement). The insurer is required to ensure compliance with the above directions under information to the Authority.

Place: Hyderabad
Date: 31st July 2015

T. S. Vijayan
Chairman