



**FINAL ORDER**

**In the matter of M/s Alankit Health Care TPA Ltd.**

Based on the reply to Show Cause Notice dated 10<sup>th</sup> March, 2015 and submissions made during Personal Hearing Chaired by Chairman, IRDAI on 06<sup>th</sup> November 2015 at 1100 hrs. at the office of Insurance Regulatory and Development Authority of India, 3<sup>rd</sup> Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad,

Show Cause Notice (SCN) dated 10-03-2015 on observed deficiencies in the functioning of registered TPA namely; Alankit Health Care TPA Ltd. (hereafter referred as Alankit TPA / the TPA) was issued and in deference to the entity's request, a personal hearing was accorded on 06-11-2015. The TPA was represented by Mr. Alok Kumar Agarwal Managing Director and Mr. Abhishek Rungta, Regional Manager. On behalf of the Authority Mrs. Yegna Priya Bharath, Joint Director (Health), Mr. DVS Ramesh, Deputy Director (Health) and Mr. Bhaskar Khadakhbavi, Assistant Director (Health – TPA), were present in the personal hearing.

The submissions made by the TPA vide letter dated 16-03-2015 to the Show Cause Notice issued by the Authority and also those made during the course of personal hearing were taken into account.

The deficiencies noticed, explanation offered by the TPA to the issues raised in the Show Cause Notice and the decisions thereon are as follows;

1. **Charge No. 1:** Other Directorships of Mr. Alok Kumar Agarwal in M/s. Pratishtha Images Private Limited (Pratishtha IPL) were not disclosed to the Authority in form TPA – 4 (1) of Annual Report for the Financial Years 2012-13 and 2013-14.

**Violation** of Reg. 24 (2) and Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

*Response of TPA:* It was submitted by the TPA that they had disclosed the said directorship of Mr Alok Kumar Agarwal in M/s. Pratishtha IPL in the application for renewal of TPA registration.

*Decision on Charges No. 1:* On examining the submissions of the TPA, it is observed that the TPA Company did not disclose to the Authority about Mr Alok Agarwal holding position of Director in M/s Pratishtha IPL in the annual reports for FY 2012-13 & 2013-14 of TPA Company. The TPA shall ensure that all the relevant information is incorporated in the Annual Reports. The TPA is directed to give correct information to the Authority and also advised to disclose complete relevant information in the Annual Report hereafter.

2. **Charge No. 2:** Non-Submission of Required Documents: The Authority had requested the TPA to submit certified copies of ledger / sub-ledger (each transaction wise detail) for accounting heads "Other Income / Non-Operating Income" for the FYs 2012-13 and 2013-14. However, the TPA had submitted only summary for the same. Only after pointing out violation TPA submitted required ledger documents at later stage. **Violation** of Reg. 25 (3) IRDA (TPA – Health Services) Regulation, 2001.

Response of TPA: The TPA regretted and submitted that the details were forwarded later.

Decision on Charge No. 2: Considering the submissions of the TPA, charges are not pressed.

**3. Charge No. 3: Designation of Mr. Alok Kumar Agarwal, in Alankit Group of Companies:**

As per Authority records Mr. Alok Kumar Agarwal is Managing Director and major shareholder of Alankit TPA. Further, he is also Chairman & Managing Director (CMD) of Alankit Group of Companies. However, Alankit TPA had confirmed with the Authority that;

*“Mr. Alok Kumar Agarwal is not CMD of Alankit Group, he is CMD of M/s. Alankit Assignments Limited (AAL) only .....*”

In this regard, it was noted from the Authority records that Alankit Assignment Ltd. is Flagship Company of Alankit TPA. Further, as per some communications of Mr. Alok Kumar Agarwal, his designation in Alankit Group is mentioned as Chairman and Managing Director.

Thus, though Mr. Alok Kumar Agarwal is a CMD of Alankit Group, Alankit TPA had submitted wrong / misleading confirmation with the Authority.

**Violation** of Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

Response of TPA: As per records of RoC Mr. Alok Kumar Agarwal is only MD in Alankit Assignment Ltd. and Director in Alankit TPA. In case at some places it is mentioned as CMD of Alankit Group is an error of expression.

Decision on Charge No. 3: Considering the submissions of the TPA, charges are not pressed.

**4. Charge No. 4:** Alankit TPA had undertaken and confirmed that;

*“None of the director(s) / promoter(s) / shareholder(s) / CAO / CEO/ Key management person(s) of the company is / are directly / indirectly engaged in any other insurance or insurance related activity(s).”*

However following was observed;

- a. **Mr. Alok Kumar Agarwal** CMD of Alankit Group is also director of Alankit Assignments Limited (AAL) and Alankit Imaginations Ltd(AIL). As per records and submission of your Company, AAL is flagship / holding Company of Alankit TPA and holding 4.74% shares of Alankit TPA. AIL is holding 31.58% shares of Alankit TPA.

Further, the directors of these companies (AAL & AIL) namely Mr. Harish Chandra Agarwal and Mr. Mukesh Chandra Agarwal, are also directors of two insurance broking companies, which are engaged in insurance or insurance related activities.

Thus, it is evident that Mr. Alok Kumar Agarwal, in capacity of CMD of Alankit Group, is directly and / or indirectly engaged in insurance or insurance related activities.

- b. **Mr. Harish Chandra Agarwal** is director of AAL and AIL. As per submissions of the TPA AAL is flagship / holding Company of Alankit TPA and holding 4.74% shares of Alankit TPA. AIL is holding 31.58% shares of Alankit TPA.

Further, Mr. Harish Chandra Agarwal, director of flagship / holding companies of Alankit TPA is also director of two insurance broking companies namely Alankit Insurance Brokers Ltd., and Euro Global Reinsurance Brokers Ltd., which are engaged in insurance or insurance related activities.

The Authority vide letter dated 11-02-015 had advised the TPA to submit point wise clarification in the matter of engagement of Mr. Harish Chandra Agarwal in capacity of Director in two insurance broking companies.

However, the TPA vide point no. 5 of letter dated 16-02-2015 had not commented upon directorship of Mr. Harish Chandra Agarwal in Alankit Insurance Brokers Ltd. This is in violation of Authority's advice.

Thus, it is evident from the above that flagship / holding / promoting and also shareholding company(s) of Alankit TPA is directly / indirectly engaged in insurance or insurance related activities.

- c. **Mr. Mukesh Chandra Agarwal** is director of AAL and AIL. As per submission of your Company, AAL is flagship / holding Company of Alankit TPA and holding 4.74% shares of Alankit TPA. AIL is holding 31.58% shares of Alankit TPA.

Further, Mr. Mukesh Chandra Agarwal, director of flagship / holding companies of Alankit TPA and is also director of one of insurance broking companies namely Euro Global Reinsurance Brokers Ltd., which is engaged in insurance or insurance related activities.

Thus, it is evident that flagship / holding / promoting and also shareholding company(s) of Alankit TPA is directly / indirectly engaged in insurance or insurance related activities.

- d. In the matter of engagement of Alankit TPA / AAL / AIL / Alankit Group Companies in Euro Global Reinsurance Brokers Ltd. (EGRBL), the TPA had submitted that;

*"..... no insurance or reinsurance business activity has / had ever been done under this Company, since the date of its incorporation in 2002. Further no insurance / Reinsurance license was / is ever issued to the said Company."*

The submission of the TPA Company cannot be accepted as the said Company is still active as per RoC records.

It was observed from the above that Director (s) and / or flagship / holding / promoting and also shareholding company(s) of Alankit TPA are directly / indirectly engaged in insurance or insurance related activities.

However, Alankit TPA vide undertaking and response letter had submitted wrong / misleading undertaking and confirmation to the Authority in this matter. **Violation** of Reg. 2 (d) to be read with Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

*Response of TPA: In response the TPA submitted that the directors (Mr Harish Chandra Agarwal and Mr Mukesh Chandra Agarwal) of two companies, namely Alankit Assignments Ltd (AAL) and Alankit Imaginations Ltd (AIL) are not directly engaged in insurance activities. The*

TPA also submitted that they sought the approval of IRDAI for transfer of stake held by AAL and AIL. As regards to M/s. Euro Global Reinsurance Brokers Ltd. it is submitted that no insurance or reinsurance related activity was done or licensed by IRDA. As such no question arise of engaging in two Insurance Broking Cos.

Decision on Charge No. 4: The submissions of the TPA with regard to the direct/indirect engagement in insurance or insurance related activities by the Directors referred in the charge are considered. The submissions of the Company that no insurance or reinsurance activities are carried out by M/s. Euro Global Reinsurance Brokers Ltd. and that it was not registered by IRDAI are also examined. However, it is to state that incorporating a Company with the name 'Reinsurance Brokers' without getting it registered and without carrying out any activities potentially may mislead the stakeholders and tantamount to keeping a shell company. This information is also ought to have been disclosed by the TPA to the Authority. The TPA is advised to ensure submitting complete information to the Authority hereafter.

- 5. Charge No. 5: Branches of Alankit TPA:** Alankit TPA through its web-site had published that Alankit TPA have 1275+ branches in about 623 cities. However, as per data submitted by the TPA Company, the details of financial year wise operating branches of Alankit TPA are as under;

Sl. No	Fin. Year	No. of Branches at the end of the year
1	2012-13	16
2	2013-14	10

It is evident that Alankit TPA had given wrong / misleading information to general public through their website.

This publishing of wrong / misleading information to general public is not a professional manner and in **Violation** of Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

Response of TPA: the TPA submitted that the number of branches 1275 in 623 cities was with reference to the Alankit Assignment Ltd.

Decision on Charges No. 5: The submissions of the TPA cannot be considered since, the TPA which is an independent and a separate company, being the regulated entity of the Authority, cannot claim the branches of one of its group companies as its branches in the website. Therefore, the TPA Company is warned for the wrong disclosure made in the website. The TPA is also directed to ensure that any information pertaining to the TPA, that is placed in the website be the correct information.

Place: Hyderabad  
Date: 1<sup>st</sup> July, 2016



CHAIRMAN