



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY OF INDIA

Ref: IRDA/HLT/MISC/ORD/009/01/2016

**FINAL ORDER**

**In the matter of M/s Anmol Medicare TPA Ltd.**

Based on the reply to Show Cause Notice dated 11-02-2015 and submissions made during Personal Hearing Chaired by Mr. T.S. Vijayan, Chairman, IRDAI, on 06-11-2015 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 dated 11<sup>th</sup> February, 2015, (SCN) on observed deficiencies in the functioning of registered TPA namely; M/s Anmol Medicare TPA Ltd. (Anmol TPA / the TPA) was issued and in deference to the entity's request a personal hearing was accorded on 06<sup>th</sup> November, 2015. The TPA company represented by Mr. Mukesh M Shah, Chairman, Mr P. S. Kshatriya, CEO, Mr Manoj N Shah, Sr. Claims Executive and CA Jindal, Auditor of the TPA Company. 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 in their written replies vide letter dated 19-02-2015 to the Show Cause Notice issued by the Authority and also those made during the course of personal hearing were taken into account.

The findings on explanation offered by Anmol TPA to the issues raised in the Show Cause Notice and the decisions are as follows;

**1. Charge no. 1:**

Non Availability of Qualified Medical Doctor and Director of Anmol TPA: Non availability of Medical Director on the Board of TPA company for more than nine years is in Violation of Reg. 3 (5) of IRDA (TPA – Health Services) Regulation, 2001.

**2. Charge no. 2:**

It is evident from the charge no. 1 above that there was no Medical director in the Board of TPA. This attracts provisions of Reg. 13 to be read with Reg. 14 (4) of IRDA (TPA – Health Services) Regulation, 2001.

**Reply of Anmol TPA for Charge No. 1 & 2:**

In response the TPA informed that Dr. RR Parikh was in their Company as Director since Inception i.e. 25-09-2004 but inadvertently they could not apply to RoC, form no. 32 could not be filed with RoC and have applied for DIN No. subsequently.

**Decision on charge No. 1 & 2:**

The submissions of the TPA that it did not file the details of the Director with the RoC and that it did not have in place a DIN No. to the said medical director are considered. However, as it is mandatory that every TPA has in place a director who is a valid individual in accordance to the applicable provisions of Companies Act, the TPA is warned for not complying with the applicable provisions of Companies Act. The TPA is directed to ensure fulfilling all such statutory norms that are required such as having DIN No. for all its Directors hereafter.

3. **Charge No. 3:**

**Shareholding pattern of Anmol TPA:** It was noted that, there is 123.86% change in shareholding by way of transfer of existing shares to the existing as well as new shareholders. Thus, the said change in shareholding pattern upto 123.86 percent without prior approval of the Authority and not informing the same to the Authority in specified form, is in Violation of Reg. 3 (7) of IRDA (TPA – Health Services) (First Amendment) Regulation, 2013 to be read with Authority circular no. 22/IRDA/F&A/Aug. 05, dated 25-08-2005.

**Reply of Anmol TPA:**

Anmol TPA apologised for not taking prior permission of the Authority and assured that they will comply all the Regulations in this regard in future in letter and spirit. However, the TPA stated that the transfer of shares involved 61.93% of the total paid up share capital of the company and not 123.86%.

**Decision on Charge No. 3:**

From the submissions of the TPA company as also those referred in the Charge, it is observed that the TPA carried out multiple changes in the shareholding pattern at various points of time from 15/12/2011 to 05/10/2012 by bringing in new shareholders. By not taking the prior approval, the Authority was not provided the opportunity of carrying out a due diligence on to the credentials of transferees. The approach of the company in violating the provisions of Circular dated 25/08/2005 is untenable. Therefore, in exercise of powers vested under Section 102 of the Insurance Act, 1938, the Authority imposes a penalty of Rs. 1,00,000/- (Rs. One lakh only) on M/s. Anmol TPA. Notwithstanding, the penalty levied herein the Authority reserves the right to examine the changes affected in the shareholding pattern by the TPA and the TPA is to be bound by the decision of the Authority in this regard.

4. **Charge No. 4:**

Mr. Manojkumar Natvarlal Shah, Chief Operating Officer (COO) of Anmol TPA w.e.f. 01-12-2005 is also an Individual agent of The New India Assurance Co. Ltd. (NIA) holding agency license no. 1691179. This individual agency license was last renewed for the period from 26-05-2013 to 25-05-2016. The said fact was not disclosed by Anmol TPA in their undertaking dated 07-01-2015.

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

**Reply of Anmol TPA:**

TPA admitted it as error and further submitted that they have relieved Mr. Manojkumar N. Shah from the post of COO with immediate effect.

**Decision on Charge No. 4:**

The submissions of the TPA are considered. A COO who is not a director of the Company, may be considered as in a Senior position. Therefore, in order to ensure that the TPA functions in the best professional manner the TPA is advised to ensure that none of the Directors and Senior Management personnel are undertaking any insurance related activity as specified in Regulation (2) (d) and comply with all Regulatory requirements in future.

5. **Charge No. 5:**

**Engagement in other activity than TPA Services:**

Anmol TPA had undertaken about non engagement in any other business. However, It was noted from accounting ledger that it has generated other income from;

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- a. Purchase and supply of card reader / and thumb impression machines to hospitals. It is pertinent to note that Anmol TPA had booked some profit (FY 2013-14) from the said activity and
- b. Software maintenance charges for RSBY.

**This is in violation** of Reg. 3 (2) to be read with **Violation** of Reg. 21 (1) of IRDA (TPA-Health Services) Regulations, 2001.

**Reply of Anmol TPA:**

The amount of profit shown in annual accounts is in respect of purchase and sale of card reader machine under RSBY scheme. The said profit is without considering administrative expenditure towards purchase and installation of said machines. The said expenditure are included in overall expenses debited in profit and loss account. Overall there will be no profit if we consider the said administrative expenditure of purchase and installation of card reader machine.

**Decision on Charge No. 5:**

The submission of the TPA that it supplies card readers and thumb impression machines for servicing RSBY policyholders to various hospitals cannot be accepted as such activities are in violation of Regulation 3 (2) that warrants the main and primary object of the TPA to render health services as TPA. On examining the submissions of the TPA that it is recovering MOU registration charges from hospitals to maintain their data for regular services regarding the claim settlements arranging thumb impression machines for RSBY Schemes, providing software for RSBY services and take the responsibility for up to date maintenance and full time working of the said software, it is considered that the activities that were carried out by the TPA do not fall within the ambit of primary objective for which a registration is accorded to the entity to function as TPA. Therefore, in exercise of powers vested under Section 102 of the Insurance Act, 1938, the Authority imposes a penalty of Rs. 3,00,000/- (Rs. Three lakhs only) on M/s. Anmol TPA. The TPA is directed to immediately discontinue these activities, limit itself in rendering health services as specified in the extant Regulations notified by the Authority and furnish the action taken report within 15 days from the date of this order.

**6. Charge No. 6:**

**Change in CEO of Anmol TPA:** Anmol TPA had informed the Authority that upon resignation of Mr. Madhusudan M. Shah, its earlier CEO, about the appointment of Mr. Pankaj Bhogilal Maniar as CEO of the Company. However, the said change in CEO was not informed to the Authority within stipulated time frame and using the specified formats.

**Violation** of Reg. 8 (1A) of IRDA (TPA – Health Services) (First Amendment) Regulation, 2013.

**Reply of Anmol TPA:**

In response the TPA regretted and submitted that it is due to oversight that it could not inform about the change in CEO..

**7. Charge No. 7:**

**Practical Training for new CEO Mr. PS Kshatriya:** As per data submitted it was noted that Mr. PS Kshatriya, CEO, has not completed practical training as per provisions of Reg. 8 (4) (3)

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of IRDA (TPA – Health Services) Regulation, 2001. However, as per point no. 10 (e) of Form TPA-3 dated 20-08-2014, it was declared by the TPA that “I possess the requisite qualifications and practical training as specified by Insurance Regulatory and Development Authority.”

**Violation** of Reg. 8 (4) (3) and 11 (1) of IRDA (TPA – Health Services) Regulation, 2001.

**Reply of Anmol TPA:**

The TPA submitted that it was inadvertent in declaring that CEO has completed practical training as per IRDA Rules.

**Decision under Charge No. 6 and 7:**

Considering the submissions made, the TPA is advised to ensure compliance to the Regulatory requirements hereafter.

8. **Charge No. 8:**

**Other Directorships:** It was noted from records that four Directors of Anmol TPA namely, Mrs. Meenaben Mukeshbahi Shah, Mr. Mukesh Manilal Shah, Mr. Bhavin Harsadbhai Shah and Mrs. Konty Bhavin Shah are also a directors of other companies.

The said facts were not disclosed in Form TPA 4 (1) of Anmol TPA Company Annual Reports for FYs 2012-13 and 2013-14.

Violation of Reg. 24 (2) of IRDA (TPA- Health Services) Regulation, 2001.

**Reply of Anmol TPA:**

In response the TPA admitted having failed in disclosing the same and regretted for the error.

**Decision for Charge No. 8:**

On considering the submissions of the TPA, it is clarified that it is essential for the TPA to disclose the stipulated details about all its directors to the Authority to enable further examination. The TPA is warned for not submitting the information to the Authority. The TPA is directed to put in place measures to ensure complete disclosures to the Authority and comply with the Regulations referred herein.

9. **Charge No. 9 & 10:**

There was delay in submission of TPA Company Annual Report for the year 2012-13 and 2013-14:

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

**Reply of Anmol TPA:**

The TPA admitted the delay in submission of Annual Report 2012-13 and 2013-14 and has violated Reg. 24 (2).

**Decision for Charges 9 & 10:** The TPA, for two consecutive years, violated the provisions of the Regulations. It is important that a regulated entity of IRDAI adheres to the Regulations, especially those regulations that are likely to be having a bearing on the financials of the TPA. Therefore, in exercise of powers vested under Section 102 of the Insurance Act, 1938, the Authority imposes a penalty of Rs. 1,00,000/- (Rs. One lakh only) on M/s. Anmol TPA.

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10. **Charge No. 11:**

Non submission and or partial submission of data, information, statement. The following various instances were noted wherein Anmol TPA had not submitted and or partially submitted the required data / information / statement to the Authority;

- a. copy of Form 32 as submitted with RoC for appointment of Dr. Parikh as Director of their Company.
- b. The Authority vide point no. 3 of letter dated 11-12-2014 had requested for point wise clarification in the matter of 123.86% change in shareholding pattern of Anmol TPA, along with supporting documents as mentioned in point no. 3 (e) (i), of Authority letter dated 11-12-2014.
- c. The Authority vide point no. 7 (d) of letter dated 01-01-2015 had requested TPA Company to submit details of fee received from insurers in prescribed format.

Violation of Reg. 25 (3) to be read with Reg. 21 (1) of IRDA (TPA – Health Services) Regulation, 2001.

**Reply of Anmol TPA:**

In response the TPA admitted the violations in not attending to the requirements in the prescribed format.

**Decision on Charge No. 11:**

The TPA did not submit any substantiating reasons for not submitting the required information. Mere admission does not absolve the TPA from the need for submitting the required information in time. It is clarified that it is very important for the TPA to ensure that the information called for is furnished in time to the Authority which is essential to monitor the activities of the TPA. Therefore, the TPA Company is warned and is also directed to strictly comply with all Regulatory requirements in future.

The penalty amount of Rs 5,00,000/- (Rupees Five Lakh only) levied under Charge No. 3, 5, 9 and 10 of this order, shall be remitted through NEFT/ RTGS (details for which will be communicated separately) within a period of 45 days from the date of receipt of this Order. An intimation of remittance shall be sent to Ms. Yegna Priya Bharath, Joint Director (Health) at the Insurance Regulatory and Development Authority of India, 3rd Floor, Parisrama Bhavanam, Basheerbagh, Hyderabad 500 004 or by e-mail to health@irda.gov.in.

Place : Hyderabad  
Date : 11<sup>th</sup> January, 2016

  
T.S. Vijayan  
Chairman