



Ref: IRDAI/HLT/MISC/ORD/029/01/2017

FINAL ORDER

In the matter of M/s. Dedicated Healthcare Services TPA (I) Pvt. Ltd.

Based on the reply to the Authority's letter dated 23-04-2015 and submissions made during Personal Hearing Chaired by Mr. P.J. Joseph, Member (Non-Life), IRDAI, on 20-10-2016 at 10.30 hrs. at the office of Insurance Regulatory and Development Authority of India, 3rd Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

The Authority vide letter dated 23-04-2015 had issued a Show Cause Notice on the observed deficiencies and regulatory violations in the functioning of registered TPA namely; Dedicated Healthcare Services (TPA) (I) Pvt. Ltd (DHS TPA / the TPA) and called for the reasons as to why, regulatory action shall not be taken for the referred violations. Further, in deference to the entity's request a personal hearing was accorded on 20-10-2016.

The TPA Company was represented by their CAO, Ms. Anahita Daver

On behalf of the Authority Mr. DVS Ramesh, Deputy General Manager (Health), Mr. K. Sreekanth, OSD, Ms. Manju Choudary, Assistant Manager were present in the personal hearing.

The findings on explanation submitted by DHS TPA to the issues raised in the Authority's Show Cause Notice and the decisions thereon are as follows;

Charge No 1: Non- disclosure of Joint Shareholding of the Company:

As per share certificates, register of Members and Share Register it is evident that right from inception there are joint shareholders in the Company. This information has not been given to the Authority.

Non-disclosure of joint shareholding is in violation of Reg. 4 (2) to be read with Reg. 11 (1) & Reg. 21 (1) to be read with Reg. 25 (3) of IRDA (TPA – Health Services) Regulation, 2001

Reply of DHS TPA:

The TPA submitted that since both the current shareholders were in turn joint holders of each other's shares, the nondisclosure is only unintentional. The TPA further submitted that there are only two shareholders and no other person is involved.

Decision on Charge No:1

The submissions of the TPA are considered. It is observed that information is made available with the Authority only about the first name of the joint owners of the stake. In the instant case it is noted that, the two shareholders are common with one of them as first shareholder. However, the TPA shall note that it is essential for the Authority to know the joint ownership details of the stakeholders to enable for

examining the issues involved, if any. Therefore, the TPA is cautioned for not disclosing the complete details of the joint ownerships of the shares.

The TPA company is also advised to ensure submission of the complete information hereafter, to the Authority.

Charge No. 2: Non-disclosure of other Directorships of Ms. Navaz Eric Dastur (Ms. NE Dastur), Director of DHS TPA:

It was noted from records that Ms NE Dastur is a Director of DHS TPA. She is also a Director in various other companies. These were not disclosed in Form TPA 4 (1) of TPA Company's Annual Report for FYs 2012-13 and 2013-14.

Non submission of other directorship details in Annual Report for Two Financial Years i.e .for 2012-13 and for 2013-14 is in violation of Regulation 24(2) of IRDA (TPA-Health Services) Regulation, 2001.

Reply of DHS TPA:

In response TPA submitted that none of these companies are doing Insurance or allied activities, all of them are in the process of being wound up and that non-submission is only inadvertent.

Decision on Charge No:2:

Considering the submissions of the TPA company that none of the companies are involved in insurance and insurance related activities and all of them are in the process of being wound up, the charges are not pressed. However, the TPA company is advised to comply with the applicable regulations notified by the Authority while submitting information / filing the returns.

Charge No. 3: Delay in submission of Annual Report for the Financial Year 2012-13:

It is noted from the records that there was delay in submission of Annual Report by TPA Company for FY 2012-13. The TPA Company vide letter dated 03-06-2013 had submitted partial / unaudited report with the Authority and had not submitted Auditors Report and Directors Report as required in Form TPA 4 (6). This partial submission of Annual Report cannot be considered as compliance with the regulations.

The delay in submission of Annual Reports is in violation of Regulation 24(2) of IRDA (TPA-Health Services) Regulation, 2001.

Reply of DHS TPA:

It is submitted by the TPA that there is a delay in Audit process and that the unaudited version was submitted with three days' delay. The TPA also submitted that there is no change between audited and unaudited versions of accounts.

Decision on Charge No:3

On examining the submissions, the TPA company is advised to adhere to the stipulated time lines hereafter and comply with the norms specified in IRDAI (TPA – Health Services) Regulations, 2016.

Charge No. 4: Submission of incorrect undertaking:

The Authority vide letter dated 01-04-2015 had requested DHS - TPA to submit the following undertaking:

"none of the director(s) / promoter(s) / shareholder(s) / CAO / CEO/ Key management person(s) of your company is / are directly / indirectly engaged in any other insurance or insurance related activity(s)"

In response the TPA vide letter dated 06-04-2015 had confirmed that, "*none of the directors / CAO / CEO / Key management persons of the company is / are directly / indirectly engaged in any other insurance or insurance related activity(s)*". Thus, the TPA has changed the specified format by omitting the words "Promoters" & "Shareholder(s)".

Changing the specified format is not considered as a professional way of dealing with regulatory matters. This is in violation of Regulation 21(1) to be read with Regulation 25 (3) of IRDA (TPA-Health Services) Regulations 2001.

Reply of DHS TPA:

In response the TPA submitted that as the Promoters and share –holders are involved in K.M Dastur Reinsurance Brokers Pvt. Limited, the words 'Promoters and Shareholders' have been omitted from the standard declaration.

Decision on Charge No:4

From the response it is observed, that the TPA has changed the format of the declaration by omitting the words "Promoters" & "Shareholders". TPA shall note that it is important to disclose complete information so as to enable the Authority to examine the matter. However, considering the submissions of the TPA about the engagement of promoters and shareholders in one of broking companies, the TPA is warned for not furnishing the complete information to the Authority. The TPA is also advised to exercise prudence and furnish all material information to the Authority hereafter.

Charge No.5: Engagement in other insurance or insurance related activity & submission of wrong undertaking to the Authority:

It is noted that Ms. NE Dastur, Director of TPA Company is also holding directorship position in Howden Dastur Reinsurance Brokers Pvt Ltd. (HDRBPL) w.e.f. 27.03.20108.

Reply of DHS TPA:

In response the TPA submitted, that Howden Dastur Reinsurance Brokers Pvt Limited was incorporated on 4.02.1993 and have stopped their insurance related activities in the year 2005. Ms. NE Dastur joined Howden Dastur in the year 2008.

Decision on Charge No:5

Considering the decision under Charge no. (2), no charges are pressed here again.

The TPA is advised to submit its compliance on the above referred directions within fifteen days from the date of this order.

Hyderabad,
Date: 31st January, 2017


Member (NL)