



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

**Title:** Tata AIG General Insurance Co. Ltd.

**Reference No.:** IRDA/F&I/ORD/F&A/114/07/2010

**Date:** 19/07/2010

Levy of Penalty under Section 105B of the Insurance Act, 1938

Shri Gaurav D. Garg  
Chief Executive Officer  
Tata AIG General Insurance Co. Ltd.  
Peninsula Corporate Park  
9<sup>th</sup> Floor, Nicholas Piramal Tower  
Ganpatrao Kadam Marg, Lower Parel  
Mumbai – 400 013

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 2006-07, it was observed that the insurer is short of its obligations in the said sector by 3049 lives i.e., against an obligation of 25000 lives, only 21951 lives have been covered.

In response to the Authority's show cause notice vide No. 430/4/F&A/RSSO-NL/34/Jun-10 dated 11<sup>th</sup> June, 2010 the insurer has indicated that the non-compliance was only in the financial year 2006-07 and happened by an oversight, the shortfall was covered up in the very next financial year 2007-08. In view of the shortfall being made good in the financial year 2007-08, the company has requested the Authority to condone the non-compliance. The Authority however, 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 2006-07 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.

sd/-  
**(R.K.Nair)**  
Member (F&I)