



Ref: 272/IRDA/Life/ /Inspection/ Sahara /2008-09

19 May 2010

Mr. N P Bali
CEO & Director
SAHARA INDIA LIFE INSURANCE COMPANY LIMITED
Sahara India Centre
2, Kapoorthala Complex
Lucknow - 226024.
Tel: 0522-2337777, 2373018
Fax No: 0522-2332683, 2378200

Dear Sir,

**Re: On-site inspection conducted to Sahara Life Insurance Co. Ltd. from
15/09/2008 to 26/09/2008**

This has reference to the on-site inspection conducted by the inspection team of the Authority in your company. After the perusal of your compliance to our final show cause notice, the competent authority has observed the following:

- Violation of Section 64VC of Insurance Act, 1938 by opening of 92 offices without prior approval of the Authority: The competent Authority has regularized the offices on ad hoc basis as being the first instance of violation and considering the interest of the policyholders associated with those offices as per your application dated 31/01/2009. You are advised to incorporate the information to the monthly statistics reported to the Authority.
- Violation of Section 64VB of Insurance Act, 1938: As per your compliance to these findings, it is observed that the delay in adjustment of premium was incidental and not a regular event. You have also confirmed that the present administrative system will prevent recurrence of this kind of happenings. The compliances are accepted by the competent Authority and lenient view is taken on this violation.
- Violation of File and Use procedure with respect to the Group Insurance Scheme: This was a serious violation, however, it was a single incidence of such violation and the scheme is no longer in existence. We have also observed that this has not harmed the financial interest of the policyholders of your company. Moreover you have confirmed to us that the handling of group portfolio is further strengthened. Hence, the competent Authority has taken a lenient view on this violation as a special case.

You are advised to scrupulously comply with the Acts, Regulations and orders or circulars issued by the Authority from time to time. Any recurrence of the violations will be viewed seriously in future.

Yours faithfully,


Kunnel Prem
Consultant & Special Officer