



बीमा विनियामक और विकास प्राधिकरण

INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

Ref: IRDA/LIFE/ORD/MISC/ 251 /11/2011

Order in the matter of M/s Future Generali Life Insurance Company Limited

**Insurance Regulatory & Development Authority, 3rd Floor, Parishram Bhavanam,
Basheer Bagh, Hyderabad**

In chair Sri J Hari Narayan, Chairman, IRDA

A personal hearing was given to M/s. Future Generali Life Insurance Company Limited (*hereafter referred as Life Insurer*) on August 29, 2011 with regard to the show cause notice issued based on the complaints lodged by (i) Mr. Nishanth Mutterja, (ii) Mr. Sanjeev Kumar and (iii) Mr. Rajesh Kumar Sharma. Sri Deepak Sood, CEO of the Life Insurer was present. On behalf of IRDA, Sri G. Prabhakara, Member (Life), Mr. V. Jayanth Kumar, Joint Director, Sri T.V. Rao, Deputy Director and Sri Sudipta Bhattacharya, Deputy Director were present.

The findings on the explanations offered by the Life Insurer to the issues raised in the Show Cause Notice dated June 9, 2011 are as follows.

Issues:

1. The Consumer Affairs Department had been receiving repeated complaint against the captioned company on non-receipt of policy bond and delay in cancellation of policies under Free Look Option. Out of them three complaints from Mr. Nishanth Mutterja, Mr. Sanjeev Kumar and Mr. Rajesh Kumar Sharma were sampled out for further investigation. An inspection was conducted on 15/06/2010 and on 29/07/2010 at the office of the Life Insurer at Mumbai.
2. The inspection revealed that the company is not making free look cancellation refunds to the policyholders as prescribed under provision 6(2) of IRDA (Protection of Policyholders' Interest) Regulations, 2002 inclusive of all the above three complaints.
3. It was also revealed that in the case of Mr. Nishant Mutterja, the company delayed in processing the proposal form and did not communicate the decision on the proposal to the policyholder within the time stipulated in provision 4(6) of IRDA (Protection of Policyholder's Interest) Regulations, 2002.

4. The insurer in their response to the show cause notice informed that the communication sent to the policyholder - Mr Nishant Mutterja, within 15 days from the receipt of the proposal form. However, the proposal could not be underwritten due to various requirements, which was communicated to the policyholder time to time. There was no delay, once all the documents were received from the policyholder. However, no complaint was received by the company directly from the policyholder, before the same received from IRDA. The company paid the premium back to the policyholder based on the complaint.
5. With respect to the complaint from Mr Sanjeev Kumar, the insurer states that the reason for cancellation stated by the policyholder in first application was not on specific condition, however, on further query by the insurer he stated that the reason as fluctuation in financial market. Since market fluctuation was not the terms and conditions of the policy and with a view to retain the policyholder the company did not cancel the policy. However, when the policyholder raised the issue to IRDA the reason for cancellation stated by him was "High Charges" and "Duplicate Signature". Hence, the company cancelled the policy and refunded the policyholder.
6. With respect to the complaint from Mr. Rajesh Kumar Sharma, the insurer stated that they tried to retain him by contacting over phone, however, failed to contact him. Eventually the insurer refunded the policyholder.
7. The insurer stated that in line with the provision of Regulation 6(2) of IRDA (Protection of Policyholders' Interest) Regulations, 2002 they do not cancel the policy under Free Look Cancellation unless the ground of cancellation stated as per the provision of this Regulation.

On the request of the insurance company, the Authority granted a personal hearing on August 29, 2011.

The submissions by the insurer in the personal hearing were in line with the above stand. However, further information was sought on the analysis of the complaints lodged against insurer on the IGMS portal. The insurer has submitted their analysis based on the complaints lodged during the period from April, 11 to August, 11.

On examination of the submission of the insurer it is observed that majority of the complaints against the Life Insurer were on delays/irregularities in proposal processing. Further breakdown of the proposal processing complaints reveals that 99% of the complaints pertain to non-receipt of the policy bonds. However, according to the

company's statistics in 92% of these complaint cases the policy was sent within 15 days and in case of remaining, after 15 days.

With reference to Free Look Cancellation the insurer states that their policy has been aligned to the spirit of the regulation and they maintain a dedicated team to expedite the process and TATs are monitored in regular intervals.

Decision: The submissions made by the insurer in their reply dated 1/7/2011 to the show cause notice and those of personal hearing dated 29/8/2011 along with the analysis of complaints submitted by insurer have been considered. The Authority advises the insurer to strictly adhere to the regulatory guidelines on expeditious completion of the proposal within the stipulated time and also adhere to the provisions under free look cancellation.

Dated: 14th November, 2011
Hyderabad


J. Hari Narayan
Chairman