



Ref. IRDA/ENF/MISC/ONS/195/11/2015

Final Order in the matter of M/s. IDBI Federal Life Insurance Company Limited

Based on reply to Show Cause Notice dated 16th June, 2015 and submissions made during Personal Hearing chaired by Mrs. V.R.Iyer, Member (F&I), Insurance Regulatory and Development Authority of India (IRDAI) on 9th September, 2015 at 11:30AM at the office of Insurance Regulatory and Development Authority of India, 3rd Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

The Insurance Regulatory and Development Authority of India (hereinafter referred to as "the Authority") carried out an onsite inspection of M/s. IDBI Federal Life Insurance Company Limited (hereinafter referred to as "the Life Insurer") from 05th September, 2012 to 14th September, 2012. The Authority forwarded the copy of the Inspection Report to the Life Insurer vide letter dated 24th December, 2012 seeking comments on the same. Upon examining the submissions made by the Life Insurer vide letters dated 17th January, 2013 and 20th March, 2013, the Authority issued Show Cause Notice on 16th June, 2015 which was responded to by the Life Insurer vide letter dated 20th July, 2015. As requested therein, a personal hearing was given to the Life Insurer on 9th September, 2015. Mr.Vighnesh Shahane, Whole Time Director & CEO, Mr. Kedar Patki, CFO, Mrs. Lalitha Bhatia, COO, Mr. Arvind Shahi, CRO, Mr. M.Karunanidhi, Appointed Actuary and Mr.Rajesh Ajgaonkar, Compliance Officer were present in the hearing on behalf of the Life Insurer. On behalf of the Authority, Mr.Lalit Kumar, FA & HoD(Enforcement), Mr.Prabhat Kumar Maiti, JD(Enforcement), Mr.K.Sridhar Rao, Sr.Assistant Director (Enforcement) and Mrs.B.Aruna, Assistant Director (Life-Regulatory Actions) were present in the personal hearing.

The submissions made by the Life Insurer in their written reply to Show Cause Notice as also those made during the course of the personal hearing were taken into account.

The findings on the explanations offered by the Life Insurer to the following issues and the decisions are as follows.

1. There is no module available in the systems for full surrender or partial withdrawal of funds from ULIP policies up to 27/04/2011. This has led to lot of delays in surrender of policies during the period preceding 27/04/2011. Hence, the TAT exceeded the permissible time schedule for settlement of surrenders as per the Policy Holder protection regulations of the Authority, 2002.

Violation of Regulation 8(3) and Regulation 8(5) of IRDA (Protection of Policyholders' Interests) Regulations, 2002.

Submission by the Life Insurer

The Life Insurer submitted that the average time lag in processing the said requests was not more than 11 days. However, the delay in processing of the customer's surrender requests was very minor in nature i.e., 0.9% (only in case of total 67 cases) of the total customer requests which has happened solely due to the fact that the company was handling its first ever volume of such requests and fine tuning its developed systems and processes to deal with such matter

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with all efficiency. Further the Life Insurer confirmed that the processes and controls were placed to adhere to the timelines during 2011-12 itself and these processes are further strengthened.

Decision

Although the delay in processing of the customers' surrender requests was very minor in nature, the Life Insurer should note that there shall be robust systems to ensure seamless provision of policy servicing. Hence the Life Insurer is **warned** for the same. The Life Insurer is directed to examine the delayed cases to ensure payment of applicable penal interest as prescribed in the IRDA (Protection of Policyholders' Interests) Regulations, 2002.

2. Even though date stamps were affixed denoting the receipt of the request for surrenders/partial withdrawals, the time of receipt was not noted in a number of cases to apply pertinent NAV as required under ULIP guidelines of the Authority

Violation of Para 10.6.1 of ULIP Guidelines IRDA/ACTL/Dec-2005, dated 21.12.2005

Submission by the Life Insurer

The Life Insurer submitted that the inadvertent discrepancy was happened in the initial stages of operations, particularly in Corporate Agents' branches. Further informed that all the Corporate Agents are Banks and as per usual practice, their branches are closed before 3:00PM and hence, where there is a miss out of time of receipt, the request was deemed before 3:00PM and all such requests were processed accordingly by providing applicable NAV. However, now the processing of affixing the stamps has been strengthened. Regular training to the Specified Persons and staff at Corporate Agents on the importance of such requirement has been continuously imparted. Further submitted the sample copy of acknowledgement and internal communications to their Corporate Agents mandating them to affix the time stamp, indicating that they have rectified the system.

Decision

The applicability of NAV depends on the time and date at which the request is received. In the absence of the recording of time, it cannot be established that correct NAV is applied. The method adopted as enumerated above, by the Life Insurer also arbitrary. Considering the submissions that now they have rectified the systems to ensure correct NAV application, the Life Insurer is hereby **warned** for the lapse and directed to be vigilant hereinafter.

3.

- Free look cancellations were allowed beyond the stipulated 15 days in more than 45% and 40% of the cases so settled in 2010-11 and 2011-12 respectively
- Under Free look cancellations in case of non-linked policies, proportionate mortality charges were not deducted.



- Mere generalization of situations and compulsions/recommendations of channel heads/corporate agents were the reasons for cancellations in most of the cases beyond the FLC period

Submissions by the Life Insurer

The Life Insurer submitted that all the aforesaid free look cancellations beyond prescribed time lines were allowed only in cases of mis-selling, post thorough examination of case, based on complete independent investigation. The requests were considered on inputs received from relevant stakeholders keeping customer interest on priority and as a customer centric approach. In situations where there was apparent mis-selling revealed, the requests are allowed to avoid litigations and save the relationship with the company and its corporate agents.

In addition to the foregoing, the company has emphasized on training of sales force and in sensitizing the sales force on need based sales and mis-selling aspects. The Life Insurer further submitted that they have initiated/taken appropriate disciplinary actions against the agents who are indulged in mis selling. Further to address mis-selling issues and better understanding of the customer about the products, the company had started a pre-issue verification process where the customers are called to confirm the proposal details before the issuance of the policy. The Life Insurer further confirmed that they had put in place an investigation process of complaints by their Grievance Reddressal Officer before execution of such exceptions. The Life Insurer has also submitted the copies of scripts for pre-issue calling and copies of letters issued to the agents against whom mis selling allegations are made.

Decision

Considerable number of free look cancellations beyond stipulated time lines indicates the casual approach of the Life Insurer towards compliance of the prescribed regulations. However, considering the submissions that the cancellations allowed beyond prescribed time lines were due to complaints of mis-selling and they were allowed in exceptional cases to safeguard the interests of the policy holders and further confirmation of having placed necessary systems to curb the mis-selling as enumerated, the life insurer is warned for the violations mentioned herein and directed to comply with regulation 6(2) of IRDA (PPI) Regulation, 2002.

4. Part I

In case of policies procured from the areas which were identified as suspicious and wherein there is difficulty in obtaining the material information to reject the claim, the Life Insurer proceeded to repudiate without procuring substantial documentary evidence.

4. Part II

Claims were repudiated on the grounds of age mis-representation without verifying alternate proof of age when the proofs of age verified are same but the age differs for arriving at a decision. For Example, in one of the sample cases, there was age mis match between Voter ID (submitted at the time of proposal) and Electoral List.



Violation of Regulation 8 of IRDA (Protection of Policyholders' interests) Regulations, 2002.

Submission of the Life Insurer

For Part I

The Life Insurer submitted that

- *The repudiation of claims was not based on locations but on the basis of investigation conducted. The claims from the area, which are genuine, were also approved.*
- *They had received several inputs including from the Collector of the said area about the gangs operating in these regions. The memorandum clearly states that the gang approaches the people with terminal illness and insures them with the help of certain doctors and subsequently manufactures the documentation to make the claim.*
- *The memo by the Collector was also forwarded to the Authority to do the needful.*
- *The trend was also experienced by other Life Insurers also.*
- *Each claim of these areas was investigated thoroughly but no blanket repudiations were done.*
- *Each claim has been decided on the basis of its merit.*
- *Under the case examined by the Authority, the Company has found the documentation submitted to be fraudulent hence considering the aforesaid several inputs received it was found prudent to make more detailed investigations in the claims which looked prima-facie suspicious.*

The Life Insurer also submitted details of the claims examined by the Authority where they tried to demonstrate that the cases are fraudulent. The Life Insurer also furnished some of the award copies of insurance ombudsman that upheld the decision of repudiations against the cases which were emanated from the suspicious areas. Out of these award copies submitted, one case refers one claim case examined by the Authority.

For Part II

The Life Insurer submitted that the claims referred by the Authority were also from the area identified as suspicious. Further submitted that the claims are early claims and the Lives Assured while taking out the policies understated the actual age.

Decision

On scrutiny of the claims' records of cases examined by the Authority, it is observed that though the Life Insurer through internal processing notes tried to establish that the claims cases seem to be fraudulent, the Life Insurer has repudiated the claims without procuring concrete conclusive evidence of material non-disclosure. The internal processing notes also reveal that in the cases referred herein the documentary evidence in support of repudiation decision is not conclusive.



The Life Insurer shall note that the basis for repudiation of claims shall be on the basis of conclusive evidence of having the Life assured/proposer made non-disclosure of material information before applying for the Life Insurance subject to the provisions of Section 45 of Insurance Act, 1938. Hence the procedure adopted by the Life Insurer is not acceptable.

However, considering the submissions that the Life Insurer adopted the practice on the back drop of doctored fraudulent claims emanated from the areas identified as suspicious, the Collector of the concerned area also indicated the same through a memorandum as enumerated in the submissions, that the Life Insurer indicated through their internal notes that the claims cases prima facie revealed fraud, and also the submission that the Life Insurer has approved genuine claims emanated from those areas, the Life Insurer is warned for the same. However, the Life Insurer is advised to review these cases to ensure that no genuine cases are repudiated and that the repudiations should be based on adequate evidence and justification keeping in view the provisions of Section 45 of Insurance Act, 1938.

5. The "Group Micro Insurance Plan" was offered to groups for a term of less than 5 years (Examples for "52 weeks", "12 months", "18 months", and "24 months" on reducing cover basis), though the minimum term specified under the product as per product F&U was "5 years".

Submission by the Life Insurer

Two policies were issued inadvertently for a term less than the minimum term and subsequently controls have been put in place to ensure that the same does not recur.

Decision

Considering the submissions of having placed controls to ensure non-recurrence of such lapses, the Life Insurer is warned for the same and directed to be vigilant hereinafter. Such instances if noticed hereinafter will be viewed seriously.

6. Death claims under Non-Employer-Employee Group policies were settled in favour of master policyholders. Consolidated death intimation from the master policyholder (MPH) is taken and the claim was settled in favour of master policyholder.

Violation of Clause C-7 of Group Insurance Guidelines Circular No.015/IRDA/Life/Circular/GI Guidelines/2005 dated 14/07/2005.

Submissions by the Life Insurer

The Life Insurer submitted that there are two primary reasons for settlement of death claims in favour of the master Policy holders viz., the majority of the members are not having Bank Accounts, and most of the cases are loan cases where the claim has been settled in favour of the MPH to clear the outstanding. The Life Insurer further submitted that they have obtained a due discharge from the Master Policy Holders (MPH) in all such cases. Further, informed that the MPH has confirmed that they have discharged the claim to respective members and records



of the same are maintained by MPH. Further confirmed that they have revised the process of settlement of the claims in respect of group claims in line with IRDA Circular 29.12.2014.

Decision

Payment of claims monies in favour of master policy holder is in violation of circular mentioned herein. The Life Insurer is relying on only confirmation from the MPH of having taken discharge from the respective beneficiary. Hence under the powers vested with the Authority vide Section 102(b) of Insurance Act, 1938, the Life Insurer is levied a penalty of **Rs.1, 00,000 (Rupees One Lakh only)** for the violation and also hereby directed to discontinue the practice of settlement of claims in favour of MPH hereinafter.

7. Various entities were appointed as "consultants" to provide marketing, training and allied services in the areas of rural business, specially engaged for soliciting insurance business of the product "IDBI Federal Termsurance Gramin Suraksha". The staffs of the entities are engaged in solicitation of insurance business and the entities were remunerated in the form of payment of professional fees for soliciting insurance business. It is also observed that the proposal deposits collected from the proposers was deposited in the Consultant's pool account and the same along with the physical proposal forms was sent to the insurer at a later date. After the proposals were processed and accepted for issuance, the policy documents were sent to the "consultants" in bulk for their delivery to the policyholders. Hence, the Life insurer has procured business from unlicensed entities/persons to solicit insurance business and remunerated them. No reporting of the outsourced activity mentioned in prescribed form for reporting of all the outsourcing activities. It is also understood that these consultants are also engaged in collection of premiums.

Violation of Section 40(1) of Insurance Act, 1938 and provisions of IRDA circular IRDA/CIR/010/2003 dated 27/03/2003. b) Clause 5, Clause 9.9 and Clause 11 of Outsourcing Guidelines, IRDA/LIFE/CIR/GLD/013/02/2011 dated 01/02/2011.

Submissions by the Life Insurer

The Life Insurer submitted that

- *Consultants were engaged to help in reaching out to the rural customer, whose nature of work includes wide range of activities under financial literacy for target segment that leads to insurance need assessment and delivery of insurance products meant for rural population. Consultants are the best people who have local knowledge and experience, to facilitate the sales process, since it was felt necessary to have some credible local presence like NGOs operating in rural areas. Hence it was for a very limited purpose, their services were used and as such they were not involved in solicitation of the products of the company.*
- *The copy of sample appointment letter of the consultants is submitted.*
- *The policies were solicited through the Life Insurer's employees only. The consultants were engaged to provide marketing, training and allied services to the Company. For this there have been paid fixed amount paid as professional fee. The total payments made*



were to the tune of Rs.85,000 as fees over a period of two financial years to the consultants and they were in the nature of training expenses and were very miniscule and no commission for solicitation was paid.

- The product "Termsurance Grameen Suraksha" is a very low cost single premium term insurance product with a premium ticket size of Rs.50, Rs. 100, Rs. 150 &Rs. 200 for a sum assured of Rs. 5,000, Rs. 10,000, Rs. 15,000 &Rs. 20,000 for a fixed term of 3 years.
- The low premium ticket size makes this product available only against cash considerations. In the process to collect such low premium from the unreachable locations in rural areas, it becomes necessary to have some credible intermediary who can collect such small amounts and aggregate the same on behalf of the insurer. It is to confirm that there has no case, till date, where the premium paid by any individual has not reached and subsequently no policy issued or the policy issued by the company has not reached the proposer. There is a tear off section in the proposal form that is handed over to the proposer as a temporary proof of cash receipt.
- Moreover, this product falls under non-micro insurance category, hence, could not have been sold by micro insurance agent as well.
- Outsourcing guidelines issued in 02/2011 which were relatively new, the Company had believed that the services obtained from the consultants did not form part of the outsourced activities as defined in the guidelines hence not reported to the authority.
- They regret this inadvertent error and have subsequently assessed all arrangements for compliance with outsourcing guidelines. Post assessment, these entities have stopped facilitating the collection of premium.
- As on date, all the arrangements with consultants stands terminated.

Decision

The internal process note of the Life Insurer, for sourcing and issuance of the said product give scope to understand that the consultants' staff was involved in the solicitation process. Hence the Life Insurer was charged for "solicitation of insurance through unlicensed entities" under this premise. However, considering the categorical submissions that –

- 1) The Consultants were engaged for providing the services of marketing, training and allied services to the company from time to time (sample appointment letter of the consultant was examined)
- 2) They were not involved in the solicitation of the said product but the same was done by the staff of the Life Insurer,

no charges are being pressed.

In reference to the premiums received by the consultants, considering the submissions as enumerated above and the confirmation that "there has been no case, till date, where the premium paid by any individual has not reached and subsequently no policy issued or the policy issued by the company has not reached the proposer" and further



confirmation of having discontinued the collection of premiums post issuance of outsourcing guidelines, 2011, no charges are being pressed. However, the Life Insurer shall be vigilant in entrusting premium collections to any third party vendor and all the premium collections shall be in accordance with the provisions of Section 64VB of Insurance Act, 1938 and IRDAI (Manner of Receipt of Premium) Regulations, 2002, Outsourcing Guidelines, 2011 and any relevant guidelines/circulars/Regulations issued by the Authority from time to time.

In regard to non-reporting of the arrangements with the consultants and payments made thereof to the Authority as prescribed under Outsourcing Guidelines, 2011, it shall be noted that as per Clause 13 of the said guidelines, Insurers are advised to refer to the Authority for further clarification in case of any ambiguity regarding the classification of the activities. Hence, the Life Insurer should have consulted the Authority before believing the services obtained from the consultants did not form part of outsourced activities. However, considering the confirmation that they have terminated all the said arrangements with Consultants, post observation by the Authority, the Life Insurer is warned for the violation and directed to be vigilant hereinafter.

8. Payouts were made in the name of "Selling expenses" besides the approved commission under respective products. The total remuneration paid to individual agents consisting of basic commission, bonus commission and selling expenses exceeded 40% of first year premium.

Violation of provisions of File and Use of respective products and Section 40A (1) of Insurance Act, 1938.

Submission by the Life Insurer

The Life Insurer submitted that the selling and distribution expenses paid to the individual agents cannot be attributed to individual policies. These expenses primarily are in the nature of marketing, training, skill development and motivational activities related expenses. Further submitted that even if the total selling expenses were to be compared with the new business premium of the Channel, the same work outs to less than 1%. Further contended that these expenses not being linked to the sourcing of the policies, the same are outside of the purview of Section 40 A of the Insurance Act, 1938 and considering the amount involved the same are not material and on an overall basis, those expenses are very well within the limit.

Decision

On verification relevant documents, it is found that the selling and distribution expenses are paid on procuring certain number of policies, premium of specific products. Hence, the expenses paid are over and above approved commissions' structure of the said products. The commission being paid to Insurance agents is for expenses including the selling and distribution of insurance products. Hence payment of the same in addition to commission is considered to be a violation. Hence the Life Insurer is hereby levied a penalty of Rs.5, 00,000 (Rupees Five Lakhs only) as per the powers vested on the Authority vide Section 102(b) of Insurance Act,



1938 for the same. The Life Insurer is also directed to discontinue such payments hereinafter.

9.

- The activity of recruiting and training agents was outsourced to various individuals, firms and companies (total 493 in number) designating them as “Business Mentors” (BM).
- There were no specific criteria for any person / entity to be appointed as “Business Mentor”, hence necessary due diligence, especially with regard to past experience, competence to implement and support the proposed activity, had not been carried out.
- The arrangement with Business Mentors was not reported in Outsourcing Returns mandated by the Authority.

Violation of Clause 10 and 10(1) and Clause 11 of the Outsourcing IRDA circular no. Life/CIR/GLD/013/02/2011 dated 1st February, 2011.

Submission by the Life Insurer

The Life Insurer pleaded that the Authority issued Outsourcing Guidelines in 02/2011 and the company was in the process of implementing the same during the financial year 2011-12. This particular activity is not mentioned in the list of non-core activity and therefore the same was not reported to the authority. The company regrets this inadvertent lapse due to interpretational issue. The Life Insurer further confirmed that while appointing the BMs, routine due diligence to check their credentials and experience based on the profile/documentation submitted to the company. Further confirmed that post Authority's observations, the company had stopped engaging business mentors as on date all BMs are terminated. The Life Insurer also has given an undertaking that they will consult the Authority for any clarifications on the guidelines with regard to activities outsourced.

Decision

As mentioned under decision part of the Point No.7 above, with regard to non-reporting of the arrangements it shall be noted that as per Clause 13 of the said guidelines, Insurers are advised to refer to the Authority for further clarification in case of any ambiguity regarding the classification of the activities. Hence, the Life Insurer should have consulted the Authority before perceiving that the said arrangements did not form part of outsourced activities. The Life Insurer is warned for the same. With regard to violation of Clause 10 and 10(1) of Outsourcing guidelines, 2011, the submissions of the Life Insurer are considered and hence no charges are being pressed.



10.

- Four contests in four different quarters in the financial year 2011-12 were floated for staff of the Federal Bank, Corporate Agent of the Life Insurer, the rewards of which were in "Kind" i.e., Gold coins, Gold Vouchers, Gift vouchers, Foreign Trips, Motor Bikes and RML points which could be redeemed for a reward with the specific vendor.
- It is observed that the contests were meant for Branch staff and 95% of the beneficiaries of these contests are not specified persons.
- An amount of Rs. 2.61 Crores to 816 employees of Federal Bank Ltd during the year 2011-12 under the head "selling expenses".
- During the year 2010-11, an amount of Rs. 5.22 Crore was paid to various employees of IDBI Bank Ltd. under the head "selling & Distribution expenses". However, it was informed that no such contests were launched for the employees of IDBI Bank during the financial year 2011-12.
- This clearly indicated that the insurer utilized the services of unlicensed persons to solicit insurance business and remunerated them
- All these proposals solicited by unlicensed individuals were logged in under the corporate agency code of M/s. Federal Bank and M/s. IDBI Bank, where the Agency Reports were signed by the "Specified Persons" of the Corporate Agent. In several instances, the name of "sourcing employee" was mentioned as "LG Code" on the proposal forms.

Violation of

- a) Section 40(1) of Insurance Act, 1938**
- b) Circular No. IRDA/CIR/010/2003 dated 27.03.2003 and**
- c) Regulation 9(2) (ii) (a), (l) and (m) of IRDA (Licensing of Corporate Agents) Regulations, 2002.**

Submission by the Life Insurer

The Life Insurer submitted that -

- *The (contests) marketing expense payments are not in the nature of commission but expenses incurred prior to sale. These payments are applicable only for a collective volume of business and can't be attributed to any single policy sold by individual Specified Person.*
- *The main objective of such payments is to enhance the reach of the company's products to prospects of the bank customers and also to reach large base of untapped Bank customers. This initiative also motivates the bank employees to identify the prospective customer and formally introduce the prospective customer to SPs.*
- *The selling and business promotion/distribution expenses paid in connection with business promotion initiatives to ensure greater penetration of life insurance business.*
- *They had not entered into any additional relationship with corporate agent for remunerating them.*



- The significant contributor to the company's generation of premium is through banc assurance.
- IDBI & Fed Bank jointly contributed 70% & 73% of the FY individual premium for 2010-11 and 11-12 respectively, hence the selling expenses made to the CAs resulted in generation of premium. Commission payment along with these expenses paid amounted to 28% and 31% for Fed Bank and IDBI Bank respectively. Without prejudice to the above, an Insurer during the first 10 years of business is permitted to pay 40% of FYP in terms of Section 40A(1) of the Act hence the payouts are within these permissible limit.

In addition the Life Insurer referred the order issued by the Authority with regard to payouts made to Federal Bank during the financial year 2012-13 (Order dated 17/03/2015). Further confirmed that they stopped all such payouts with effect from 01/04/2013. With regard to the LG code is being mentioned in the application form and in the system for MIS purpose which facilitates the bank viz., corporate agent to track the business performance.

Decision

The Life Insurer shall note that the commission is paid to Corporate Agent for solicitation of Insurance business including to meet expenses incurred prior to sale. It is the duty of the corporate agent to canvass the Insurance products with the help of specified persons and the corporate agent is to be remunerated by way of commission for this job. Besides, any contests floated, may be considered as marketing expenses only when the contest is made applicable to all the corporate agents/individual agents etc. The payouts shall be made directly to eligible corporate agent but not to its staff. A corporate agent shall not engage, encourage or have any sort of arrangement with any person other than a specified person, to refer, solicit, generate lead, advice, introduce, find or provide contact details of prospective policy holders in furtherance of the distribution of the insurance product. Payouts made in kind (gold coins etc) made to employees other than specified persons, are in violation.

The Regulatory action already taken by the Authority vide letter dated 17/03/2015 (as referred by the Life Insurer) dealt with the similar payouts made to Federal Bank during 2012-13 and no way related to the payments pertaining to Financial year 2011-12. Hence, the regulatory action taken for the payouts in 2012-13 does not ratify the payouts made in the year 2011-12. Further it is noticed that the Life Insurer has also made similar payouts of Rs.5.22 Crores to IDBI Bank Limited, another Corporate Agent during 2010-11 under the head "Selling and Distribution Expenses".

It shall be noted that as per Clause 21 of Guidelines on Licensing of Corporate Agents Circular No.017/IRDA/Circular/CA Guidelines/2005, dated 14/07/2005, the Life Insurer shall not pay any amount other than permitted agency commission, in any other form (except sharing of reasonable expenses of co-branded sales literature with the Corporate Agent) to the Corporate Agent. Hence the Authority imposes a penalty of Rs. 10, 00,000 (Rupees Ten Lakhs only) (2 X 5, 00,000) on the Life insurer as per the powers vested on it vide Section 102(b) of Insurance Act, 1938.

The Life Insurer has confirmed that they have discontinued all such payouts since 01/04/2013; hence no further directions to discontinue such payments are given now.

In regard to "LG Code" issue, the submissions of the Life Insurer are considered and hence no charges are being pressed.

Summary:

In conclusion, as directed under the respective charges, the penalty of **Rs.16,00,000 (Rupees Sixteen Lakhs only)** shall be remitted by the Life Insurer by debiting shareholders' account within a period of 15 days from the date of receipt of this Order through NEFT/ RTGS (details for which will be communicated separately). An intimation of remittance may be sent to Mr. Lalit Kumar, F.A. & HoD (Enforcement) at the Insurance Regulatory and Development Authority, 3rd Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad-500 004.

Further

- a) The Life Insurer shall confirm compliance in respect of all the directions referred to in this Order, within 21 days from the date of issuance of this order. Timelines, if any as applicable shall also be communicated to the Authority.
- b) The Order shall be placed before the Audit committee of the Life Insurer and also in the next immediate Board meeting and to provide a copy of the minutes of the discussion.
- c) If the Life Insurer feels aggrieved by any of the decisions in this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Laws (Amendment) Act, 2015.

Place: Hyderabad

Date: 4th November, 2015


(V R Iyer)

Member (F&I)

