# Functions and responsibilities of Enforcement Department

**Introduction**

Section 14(2)(h) of the IRDA Act, 1999, empowers the Authority to carry out inspection of the entities regulated by it. Accordingly, the Authority carries out the inspection of the regulated entities on an ongoing basis.

Inspections are carried out in the following two categories

1. Periodic Comprehensive on-site inspections to assess status of compliance with various provisions under the Insurance Act, 1938 and various regulations/circulars/guidelines/directions issued by IRDAI.
2. Targeted/Focused inspections to check compliance with specific aspect/to investigate a specific issue/consumer complaint.

# Processes involved in Enforcement Dept:

Upon completion of the onsite inspection the reports of such inspections along with the response of the entity thereto are submitted to the Enforcement Department for taking further action on them.

Review/Action on the inspection reports is done by Enforcement Department in consultation with line departments in order to bring the report to a logical end.

If clarifications are required on the observations contained in the inspection reports, then the same are obtained from the respective functional departments on a case to case basis.

Further, the proposed course of action in regard to the observations as finalized by the Enforcement dept. along with the executive summary are submitted to the concerned Whole Time Members(WTM) for their comments/inputs within 10 days’ time.

The entities are given opportunity of being heard before taking regulatory action. Inspected entities are given opportunity of being heard at various stages as under:

* 1. During inspections
  2. Submission of first compliance
  3. Submissions to further queries from the Authority
  4. Response to Show Cause Notice
  5. Personal Hearing
  6. Post personal Hearing (Submissions agreed to, during the hearing)

After considering all the facts, materials, comments etc. available on record, the Enforcement Department takes a view, depending upon the nature and content of the observation, as to whether there is non-compliance to the regulatory provision

which warrants issue of Show Cause Notice or Issue of Advisory or Dropping the observation. A note in this regard is placed before the Competent Authority - Chairman or Member depending upon the nature of the entity which has been inspected, for his approval.

On approval of the actions proposed, further action (as the case may be) is taken viz. Show Cause Notice is issued, Advisory is issued. Wherever Show Cause Notice is issued to the entity, an opportunity of personal hearing is granted to the entity (if the entity seeks for personal hearing). On the basis of the submissions in response to the Show Cause Notice and the submissions made during the personal hearing (and in cases where entity wishes to submit additional documents or evidence after the personal hearing, after receipt of those additional documents/evidence), a final order is issued. Wherever penalty or Warning is issued to the entity, the final orders of such cases are placed on the website of the Authority under “Warnings & Penalties”. With the issue of final order in any case, the report of inspection is brought to an end.

# Adjudication Process

Consequent to the amendment to the Insurance Act, 1938, carried out in the year 2015, w.e.f. the year 2015, a new process viz. Adjudication process has been brought into force. Under that, the violation of certain sections of the Insurance Act, 1938 viz. sub-section (2) of section 2CB, sub-section (4) of section 34B, sub-section

(3) of section 40, sub-section (2) of section 41, sub-sections (4) and (5) of section 42, sub-sections (8) and (9) of section 42D, section 52F and section 105B, requires reference under Section 105C of the Insurance Act to Adjudicating Officer for dealing with them by following the adjudication procedure as specified in Adjudication Rules 2016.