

Order No. IRDA/INT/ORD/MISC/44/02/2024

Date: 23.02.2024

**Order of Insurance Regulatory and Development Authority of India  
in the matter of Dealmoney Insurance Broking Private Limited  
under Regulation 12(1) of the IRDAI (Insurance Brokers) Regulations, 2018  
read with section 42E of the Insurance Act, 1938**

**Based on:**

- (i) Show Cause Notice (hereinafter referred to as "SCN") reference No. IRDA/DB 742/08/18 dated July 07, 2020.
- (ii) Order of Insurance Regulatory and Development Authority of India dated June 16, 2021.
- (iii) Order of Securities Appellate Tribunal dated October 20, 2022.
- (iv) The submissions made by Dealmoney Insurance Broking Private Limited during Personal hearing held on July 04, 2023 at IRDAI office, Hyderabad.

**Background:**

1. The Insurance Regulatory and Development Authority of India (hereinafter referred to as "the Authority") had received an application vide reference URN No. BR-NEW-2233-2018 dated June 22, 2018 from Dealmoney Insurance Broking Private Ltd. (hereinafter referred to as "the Applicant") having its registered office at Plot No. A356/357, Road No. 26, Wagle Industrial Estate, MIDC, Thane West, Thane – 400604, seeking grant of Certificate of Registration (CoR) to act as a Direct Insurance Broker in terms of Regulation 5 of IRDAI (Insurance Brokers) Regulations, 2018 (hereinafter referred to as "the Regulations").
2. While examining the application, it was observed from the submitted list of the associate companies of the Applicant that Dealmoney Securities Private Ltd. (herein referred as "the Corporate Agent" or "DSPL") having its registered office at Plot No. A356/357, Road No. 26, Wagle Industrial Estate, MIDC, Thane West, Thane – 400 604 was registered with the Authority as a Corporate Agent, having registration no. CA0081.
3. The Authority had received complaints against the Corporate Agent and based on the same, Authority conducted a Focused Onsite Inspection of the Corporate Agent from August 23, 2018 to August 27, 2018.
4. Further to the inspection, the Authority issued an order vide reference no. IRDA/ENF/ORD/ONS/239/12/2019 on December 31, 2019, cautioning and issuing directions to the Corporate Agent on the charges framed against them.
5. On December 24, 2019 a news article was published in "Times of India" newspaper reporting that the Bidhan Nagar Cyber Crime Police Station, Kolkata had conducted raids on

the office of the Corporate Agent, situated at Sugam Park, Salt Lake, Sector V, Kolkata. The news article reported that police received many complaints of misconduct and cheating from Kolkata, Tripura, Odisha and other states of North East against the Corporate Agent and there were more than 1000 victims. The article reported that the Police arrested Mr. Abhijeet Dey, Director of the Corporate Agent and Mr. Pradeep Kumar Roy and that the matter is under investigation with Bidhannagar Cyber Crime Police Station, Kolkata.

6. In view of the abovementioned instances, the conduct of the Corporate Agent was not found to be appropriate and not in the interest of the policyholder/prospects of insurance policies.

7. Further, it was observed that Mr. Pandoo Prabhakar Naig and Mr. Abhijeet Dey were the common directors of the Applicant and the Corporate Agent.

8. In terms of Regulation 8(2)(o), the Authority while considering an application for registration of an insurance broker, shall take into account, whether the issue of certificate of registration will be in the interest of policyholders. In the above case of Corporate Agent, the policyholder's money was involved. Therefore, considering the conduct of the Corporate Agent mentioned above, who was declared as an associate company of the Applicant and having common directors with the Applicant, the Authority found that the issue of certificate of registration to applicant will not be in the interest of policyholders.

9. Further, in terms of Regulation 7(5) of the Regulations, the Applicant shall bring to the notice of the Authority, on its own forthwith, such further information or clarification, which might have a bearing on consideration of their application. The Applicant never disclosed the information of the police raids on the office of the associate entity, and the case registered against it, which has common directors with the Applicant entity. This information is material for consideration of the application as it relates to the conduct of the regulated entity with the policyholder/prospects, which is of prime importance in Insurance distribution business. By not disclosing this material information on its own forthwith, the Applicant violated Regulation 7(5) of the Regulations.

10. Based on above facts, in terms of Regulation 12(1) of the Regulations, vide SCN reference no. IRDA/DB 742/08/18 dated July 7, 2020, the Applicant was show caused by the Authority seeking their explanation as to why their application, seeking registration as a direct Broker, shall not be rejected. It was mentioned in the SCN that their reply should reach the Authority within 21 days. It was also mentioned in the SCN that if the Applicant wishes to avail of the opportunity of personal hearing, they may indicate it in their reply.

11. The Applicant did not respond to the Authority's SCN within 21 days of time. The Applicant was given reminders on July 17, 2020 and July 29, 2020 to respond to the SCN. In spite of the reminders, the Applicant failed to furnish their reply within 21 days.

12. Accordingly, after considering the facts as available on records, the Authority, in terms of the powers vested with it under regulation 12(1) of the Regulations, rejected the application by Dealmoney Insurance Broking Private Limited on June 16, 2021.

**Appeal:**

13. The Applicant filed an appeal before the Hon'ble Securities Appellate Tribunal (SAT) challenging the order of the Authority.

14. Hon'ble SAT, vide order dated October 20, 2022, remitted the matter to the Authority with instructions to pass a fresh order after giving an opportunity of hearing to the Applicant.

**Personal Hearing and Response to SCN:**

15. In deference to the above Hon'ble SAT order, the Authority, as per the date convenient to the Applicant, provided a personal hearing to the Applicant on July 04, 2023. On behalf of the Applicant, Mr. Kumal Katariya (Council/Advocate), Mr. Pandoo Naig (Director) and Mr. Nasir Pathan (Authorized Representative) attended the hearing. On behalf of the Authority, Mrs. S.N. Rajeswari, Member (Distribution), Mr. K. Mahipal Reddy (GM), Mr. Mohammad Ayaz (DGM), Mr. Aleem Afaque (DGM) and Mr. Ameer Hassan (Manager) attended the personal hearing.

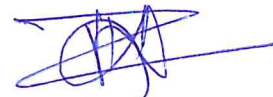
16. The Applicant made following submissions to the Authority in the personal hearing:
- a. Mr. Abhijeet Dey, against whom the case is filed is not a promoter/shareholder but is employed as a professional. His date of joining will be furnished to the Authority.
  - b. The charge is based on a news item in "Times of India" newspaper, dated December 24, 2019. The charge is on non-disclosure of information on the above case. The Applicant has admitted that there was a lapse on their part in not informing to the Authority about the above crime/case.
  - c. The Corporate Agent and the Applicant are not part of the FIR filed in the above case.
  - d. The Corporate Agent has around 4000 employees. The fraud was not at institutional level but by a few individual employees/outsideers were involved. The employees who were listed in the FIR were terminated.
  - e. The Corporate Agent has taken steps to refund the amount to the affected where fraud was committed. The Corporate Agent has also on its own filed FIR against Mr. Abhijeet Dey.
  - f. During COVID situation, the Applicant was not in a position to access BAP.
  - g. The Corporate Agent is merging into Dealmoney Commodities Limited. The same is under process. Onelife Capital Advisors Ltd. is a listed company and it is regulated by SEBI.
  - h. The Applicant has requested that the application for Insurance Broker License be considered favourably.

17. The Applicant made following written submissions to the Authority vide letter dated July 18, 2023, in response to the SCN and on further queries of the Authority in the personal hearing:

- a. The Applicant is yet to receive its registration and, therefore in any event, there can be no case of any allegations by any party against the Applicant.
- b. The crux of the SCN is that the Authority had learnt from the newspaper article that there were raids on the offices of Dealmoney Securities Private Limited in Kolkata, and the Applicant did not disclose the said fact at the relevant time.
- c. At the relevant time, DSPL and the Applicant were not associate companies. The shareholding pattern at the relevant time was as follows:

Name of the shareholder	DSPL	Applicant
Gautam Deshpande	Yes	No
Sowmya Deshpande	Yes	No
Anandhi P Naig	Yes	No
Dhanalakshmi Bank	Yes	No
Purple Finance Limited	Yes	No
Raghuvinder Kumar Kataria	Yes	No
One Life Capital Advisors Ltd.	No	Yes (100% subsidiary of OneLife Capital Advisors)

- d. Therefore, the Applicant and DSPL had no common shareholders as on the date of the Application. However, in the interest of fair disclosure it is stated that Mr. TKP Naig is the promoter of OneLife Capital Advisors Limited, which is a listed company and Mr. TKP Naig and Ms. Anandhi P Naig are related to each other. Mr. Pandoo Naig is a relative of Mr. TKP Naig and Ms. Anandhi P Naig.
- e. The reason for non-disclosure of the said complaint/investigation in Kolkata was that there was no proceeding initiated against DSPL or the promoters/shareholders of DSPL, but the same were initiated only against certain errand employees of DSPL.
- f. DSPL had more than a thousand employees across 40+ branches and is a SEBI Registered stock broker. There were complaints made that one Mr. Abhijit Dey and some other employees of DSPL were attempting to defraud the general public. The Police did a preliminary investigation and registered an FIR. Subsequently, after learning of the FIR and the fraud, DSPL itself filed an FIR against Mr. Dey and terminated his employment.



- g. At the time of the Application, Mr. Abhijit Dey was not a director of the Applicant, and he was appointed subsequently. The Applicant respectfully submits that the lapse on the Applicant's part to inform the Authority of the appointment and removal of Mr. Dey was not intentional and submits that the said lapse being one of venial nature, ought to be independent of the application of the Applicant. The Applicant submits that that Mr. Dey was an employee engaged by the Applicant/DSPL in a professional capacity and is not a shareholder of either DSPL or the Applicant.
- h. DSPL or DIBPL are run with the highest professional standards, and the fraud which Mr. Dey and some other employees were perpetrating was in their individual capacity and there is not a shred of allegation against the Applicant or DSPL that there were any issues at the institutional level at DSPL or the Applicant. In any event, the Applicant can never be held responsible for a fraud committed by some employees in another concern.
- i. DSPL has since undergone reorganization and subject to certain regulatory approvals, DSPL will now be a subsidiary of Onelife Capital Advisors Limited. Onelife Capital Advisors Limited is a publicly listed company with over 12,000 public shareholders. The said individuals who were with DSPL are no longer associated with them, and therefore there is no living apprehension that the grant of a certificate of registration to the Applicant can in any manner be detrimental to the interest of policyholders.
- j. The Applicant enquired with the local police in Kolkata and managed to get a copy of the First Information Report (FIR). The police have stated that DSPL is not an accused in the matter and the police is proceedings against the errant individuals who have committed the alleged fraud.
- k. With regard to the query of the Authority on the documentary proof of refund amount settlement with list of persons/entities from whom the amounts were fraudulently collected, Applicant has stated that the said amounts were paid back to protect the brand value and policyholders' interest. The monies were paid from the DSPL funds to protect the policyholders' interest. DSPL does not admit to any liability on account of the said payment.
- l. With regard to the query of Authority on any conflict of interest between the Corporate Agent and the Applicant, it is submitted by the Applicant that pursuant to the merger, DSPL will now be a subsidiary of Onelife Capital Advisors who is also the 100% shareholder of the Applicant. In view of the same, in the event the Applicant's application is processed, and the Applicant is granted the license to operate as an insurance broker, DSPL will not pursue the renewal of its license as a Corporate Agent, which is currently pending before the Authority. Therefore, there will be no case of conflict of interest.



18. The Applicant submitted some additional information vide its email dated November 09, 2023 which is as follows:

- a. Mr. Abhijit Dey was an employee engaged in a professional capacity (Not a part of shareholder / promoter). Further, he was appointed as a director of DIBPL on February 05, 2019 and removed from the same on March 13, 2020.
- b. The FIR filed in the Bidhan Nagar, Kolkata is only against those errant individuals and it is not against DSPL.
- c. After learning about misconduct of Mr. Abhijit Dey, DSPL has immediately filed FIR against him. The investigation of the said FIR was being stopped by the police officials under the pretext of non-follow up during the Covid times. However, after learning the same, the DSPL have approached the Police and Honourable Court and requested to investigate the matter appropriately and accordingly the said FIR is currently being Investigated by the police officials.

**Observations:**

19. The above submissions of the Applicant have been carefully examined. The contention that the Applicant can never be held responsible for a fraud committed by some employees in another concern is not tenable. The Corporate Agent shall be responsible for all the acts and omissions of its employees and it cannot absolve itself for the wrong doings of its employees. Further, the Applicant has admitted the non-disclosure of information on its part regarding the appointment and removal of Mr. Abhijit Dey as a Director in the Applicant and about the raids and investigations carried out by the police against the Corporate Agent and its employees including Mr. Abhijit Dey. The same is not in compliance with Reg. 7(5) of the Regulations which stipulates that the Applicant shall bring to the notice of the Authority, on its own forthwith, such further information/or clarification, which might have a bearing on consideration of their application.

20. An order bearing ref. IRDAI/INT/ORD/MISC/42/2/2024 dated February 22, 2024 has been issued against the Corporate Agent wherein it was observed that its operational conduct exhibited deficiencies in governance, lacked adequate controls, failed to inform the Authority of material changes and had failed to safeguard the interests of policyholders.

21. It has also been observed that Mr. Vikram Rathod, who is the Principal Officer of the Applicant, was also associated in the capacity of Director in the Corporate Agent. Mr. Vikram Rathod was engaged in fraudulent practices and an FIR was lodged against him by the Corporate Agent. The same was not disclosed by the Applicant in its application and was not brought to the notice of the Authority, on its own forthwith, by the Applicant and is therefore also not in compliance with Reg. 7(5) of the Regulations.

22. The Applicant has submitted that the proceedings were initiated only against certain employees of the Corporate Agent. However, Mr. Abhijit Dey was associated as a Director in the Corporate Agent as well as in the Applicant and is therefore part of the management.

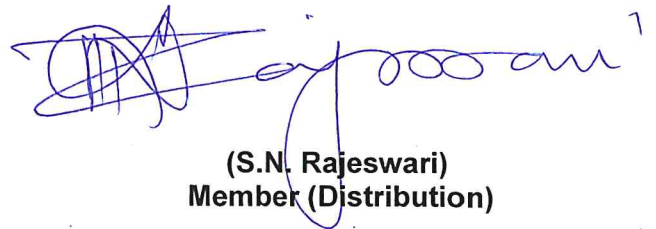
23. Earlier at the time of making application the Applicant has submitted that Dealmoney Securities Private Limited is its associate company. The Applicant vide letter dated July 18, 2023 has submitted that it is not associated with the Corporate Agent and that the Applicant can never be held responsible for a fraud committed by some employees in another concern. However, the Applicant and the Corporate Agent are observed to have the same address as their registered office. It is also noted that Onelife Capital Advisors Ltd. is the promoter company of the Corporate Agent and it is also the promoter company of the Applicant. Further, Mr. Pandoo Prabhakar Naig is a common director of the Corporate Agent and the Applicant.

**Decision:**

24. In view of the facts and circumstances surrounding Corporate Agents' case and for actions stated therein, the Authority finds no reason to consider the application of the Applicant for registration as an insurance broker. It is reiterated that as per clause (o) of sub regulation (2) of Regulation 8 of the Regulations, the Authority, while considering the application for registration as an insurance broker, shall take into account as to whether the issue of Certificate of Registration will be in the interest of the policyholders. Therefore, considering the conduct of the Corporate Agent in the matter and the fact that the Applicant and the Corporate Agent are having the common promoter company i.e. Onelife Capital Advisors Ltd. and common director i.e. Mr. Pandoo Prabhakar Naig, who by virtue of the actions taken against the Corporate Agent are found not to be "Fit and Proper", the Authority is of the view that the application submitted by the Applicant Company does not satisfy the conditions set out in the Regulations for grant of certificate of registration.

25. Accordingly, in exercise of the powers vested upon the Authority under sub regulation (1) of regulation 12 of the Regulations, the Authority hereby rejects the application dated June 22, 2018 filed by Dealmoney Insurance Broking Private Ltd.

**Place: Hyderabad**  
**Date: February 23, 2024**



(S.N. Rajeswari)  
Member (Distribution)