

Ref: IRDAI/E&C/ORD/ONS/81/05/2024

Final Order in the matter of M/S Future Generali Life Insurance Company Ltd.,

Based on the:

- 1.1 Show Cause Notice ("SCN") reference No. IRDA/Enforcement/2021/573/SCN dated 22nd February, 2024 in connection with the inspection conducted by the Insurance Regulatory and Development Authority of India ("the Authority") from 20th to 24th July, 2020.
- 1.2 Response of M/S Future Generali Life Insurance Company Ltd., ("the Insurer") dated 15th March, 2024 to the aforesaid SCN.
- 1.3 The submissions made by the Insurer during the personal hearing held online on 15th May, 2024 at 10:30 AM, by the panel of two Whole Time Members of the Authority- Shri Thomas Devasia (Member Non-Life) and Shri B C Patnaik (Member Life).

2. Background:

- 2.1 The Authority had conducted an inspection of M/S Future Generali Life Insurance Company Ltd., from 20th to 24th July, 2020. The inspection report, inter alia, revealed certain violations of provisions of the Insurance Act, 1938, Regulations and Guidelines issued thereunder.
- 2.2 A copy of the inspection report was forwarded to the insurer seeking their response and the response was received on 24th October, 2020. On examining the submissions made by the insurer, a show cause notice (SCN) was issued on 22nd February, 2024. The Insurer replied to the SCN vide letter dated 15th March, 2024. As requested for by the insurer, personal hearing was granted to them on 15th May, 2024.

- 2.3 On behalf of the insurer, Shri Alok Rungta, Managing Director & Chief Executive Officer; Shri Nilesh Parmar, Chief Operating Officer; Shri Ashish Ovalekar, Interim Compliance Officer and on behalf of the Authority, Shri Thomas Devasia (Member Non-Life) and Shri B C Patnaik (Member Life), Shri R K Sharma (Chief General Manager), Shri T Venkateswara Rao (General Manager), Shri Sanjay Kumar Verma (General Manager) and Shri Viswanath V (Manager) attended the hearing.
- 2.3 The written submissions made by the insurer vide its letter dated 15th March, 2024 and submissions during the personal hearing on 15th May, 2024 of the insurer have been carefully considered by the Authority.

3. Charge No. 1:

- 3.1 It has been observed that the Insurer has accepted the insurance premium in cash for more than Rs.50,000/- without obtaining PAN card/Form 60/61 in 246 cases. Thus, the Insurer had not laid down any proper mechanisms to check any kind of attempts to avoid disclosure of PAN details for the payment of the renewal Premium by the policyholders.
- 3.2 The insurer had collected renewal premium in cash beyond Rs.50,000/- without obtaining the PAN/Form 60/61. Further, the insurer had also not collected the PAN for those policyholders previously and details of the same were not maintained by the insurer in the Policy Administration System.

4. Summary of Insurer's submissions:

- 4.1 The company has taken number of measures to ensure PAN/Form 60/61 is collected from policyholders at new business, renewal and policy servicing stages. The details on action taken include confirmation of collection of PAN/Form 60/61, in all the cases observed in the report, control checks on collection of PAN/Form 60/61 at the time of benefit payment, policy servicing to the policy holders.



4.2 They further submitted that they have made necessary enhancements for validation of PAN submitted by the policyholders and communication to the policy holders for submission of PAN.


5. Decision on Charge No. 1:

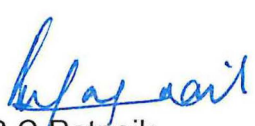
The insurer is warned for not having systems in place for ensuring Anti Money Laundering compliance and is directed to ensure compliance with the extant rules, regulations and guidelines on Anti Money Laundering/Counter Financing of Terrorism(AML/CFT). The insurer is also advised that any failure in compliance in future will be viewed seriously.

6. Summary of Decision:

Charge No.	Violation of Provision	Decision
1	Clause 3.1.13.ii (a) of the Master Circular on Anti Money Laundering/Counter Financing of Terrorism(AML/CFT) dated 28 th September 2015	Warning and Direction

7. Further, the Order shall be placed before upcoming meeting of Risk Management Committee and also the Board of the Insurer. The Insurer shall provide a copy of the minutes of the discussion. The Insurer shall submit an Action Taken Report to the Authority on direction given within 45 days from the date of this Order.
8. If the insurer feels aggrieved by this Order, an appeal may be preferred to the Securities Appellate Tribunal as per the provisions of Section 110 of the Insurance Act, 1938.


Thomas Devasia
Member (Non-Life)


B C Patnaik
Member (Life)

Place and date: Hyderabad, 22nd May 2024