



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY OF INDIA

180/08/2017  
No. IRDA/ENF/ORD/ONS/80/08/2017

**Final Order in the matter of**  
**M/s. Corporate Risks India Insurance Brokers Pvt Ltd**

Based on reply to the Show Cause Notice dated 24<sup>th</sup> March 2017 and submissions made during Personal Hearing held on 28<sup>th</sup> June, 2017 at 03:30 p.m. taken by Member (Non Life) at the office of Insurance Regulatory and Development Authority of India, 3<sup>rd</sup> Floor, Parishrama Bhavanam, Basheerbagh, Hyderabad.

**Background :-**

The Insurance Regulatory and Development Authority of India (hereinafter referred to as "the Authority") carried out an onsite inspection of M/s. Corporate Risks India Insurance Brokers Pvt Ltd (hereinafter referred to as "the broker") during 24-02-2016 to 26-02-2016. The Authority forwarded a copy of the Inspection Report to the broker seeking comments and the broker's comments were received vide their letter dated 10-08-16. Upon examining the submissions made by the broker, the Authority issued Show Cause Notice on 24-03-17 which was responded to by the broker vide letter dated 12-04-2017. As requested therein, a personal hearing was given to the Broker on 28<sup>th</sup> June 2017. Shri Ajay Dadwal, Principal Officer, Shri Amit Sinha, Director and Shri Sandeep Sagar Verma, CEO were present in the hearing on behalf of the Broker. On behalf of the Authority, Mr. PJ Joseph, Member (Non Life), Shri Randip Singh Jagpal, HOD (Intermediaries), Shri Prabhat Kumar Maiti, GM (Enforcement), Shri B.Raghavan, DGM (Enforcement), and Shri Udit Malhotra, Assistant (Enforcement) were present during the personal hearing.

The submissions made by the broker in their written reply to the Show Cause Notice and those made during the course of the personal hearing and the documents submitted by the Broker in reply to SCN and in evidence of their submissions in Personal Hearing have been considered by the Authority and accordingly the decision on the charge is detailed below.

**Charge:-**

Upon a perusal of a statement on the details of placement of reinsurance business as furnished by the Broker, it was observed that all the placements were made by it by utilizing the services of foreign reinsurance broker. Out of the same, the following were taken up on a sample basis and the documents as available with the Broker were obtained.

*Handwritten signature*

S.No	FY	Date of Receipt	Amount Received	Name of Insurer/Reinsurance Broker/Reinsurer	Date of Payment
1	2012-13	12.05.12	91,95,406	Bajaj Allianz /CRI/ Tata AIG	29.05.12
2	2012-13	19.07.12	9,67,948	Oriental/ Galaxy /Zurich	13.08.12
3	2012-13	16.07.13	12,44,415	ITGI/Gateway/Barants Re	22.03.13
4	2013-14	17.05.13	4,74,543	Oriental / Dublon /Navigator	12.06.13
5	2013-14	08.08.13	71,04,921	ITGI/Gateway/Barants Re	14.08.13
6	2014-15	12.01.15	12,14,784	ITGI/ Confiance/ Citadel	10.03.15
7	2015-16	20.08.15	3,65,34,935	ITGI/Malakut/Qatar Re	18.09.15

Upon a perusal of the documents so obtained, it was observed that the Broker did not maintain any record substantiating the monies sent by the foreign broker to the foreign reinsurer whereby the amount of brokerage shared between the broker and the foreign broker could be ascertained. In view of the same, the Broker violated Regulation 34 of the Brokers Regulations.

**Submissions of Broker:-**

The Broker has provided justification/explanation for all the sample cases mentioned in the observation, and has conveyed for all the cases, that it did not have any intention to share Brokerage more than 50% with the Foreign Broker . The explanations given by the broker are :

1. In the case of ITGI/ Confiance/Citadel, it agreed for one time transaction, due to change in Regulations, which necessitated the involvement of Indian Broker although it did not receive any Brokerage ;
2. In case of Oriental/ Galaxy/ Zurich, Initial agreement for commission of 25% was revised to 30% and additional 5% was negotiated between Foreign Broker and Foreign Reinsurer and that entire additional amount was consumed by Foreign Broker on which it had no control ;
3. In case of ITGI/ Gateway/Barants Re, the Facultative placement had a fixed USD TO INR Rate; it had to forego its Brokerage to compensate for currency loss etc.

**Decision:-**

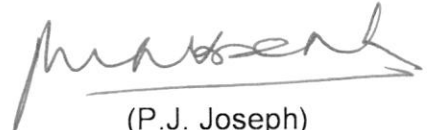
As a Reinsurance Broker licensed by the Authority, the Broker should function as a primary Broker and actively control all the re-insurance terms. From the submission, it is evident that the Broker is having little control over the reinsurance agreement. In at least three of seven reinsurance transactions cited in the charge, it is clear that the broker has shared more than 50% brokerage with the foreign broker and hence violated Regulation 34(3) of IRDA(Insurance Brokers) Regulations 2013. The Broker is warned for such violation.

The Broker is directed to ensure strict compliance to the aforesaid Regulation.

The Broker should also ensure that the promoters and Board are apprised of the current position and steps taken by Broker to comply with the Regulation. The minutes of meeting with Promoters and Board members for the aforesaid purpose should be communicated to the Authority.

The Broker shall confirm compliance in respect of the directions referred to in this order, within 21 days from the date of receipt of this order. Timelines, if any, as applicable shall also be communicated to the Authority.

Place: Hyderabad  
Date: 07-08-2017

  
(P.J. Joseph)  
Member (Non Life)  
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