

डॉ. आर. कण्णन
सदस्य (बीमांकक)

Dr. R.Kannan
Member (Actuary)



बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

ORDER

Ref: IRDA/F&I/ORD/RSS/003/01/2010

7th January 2010

Shri T. S. Vijayan
Chairman
Life Insurance Corporation of India
Yogakshema, Jeevan Bima Marg
Post Box No. 19953
Mumbai - 400 021

Dear Sir,

Levy of Penalty under Section 105B of the Insurance Act, 1938

The insurer was obliged under sections 32B and 32C of the Insurance Act, 1938 read with the IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002, as amended from time to time, to cover prescribed percentage of policies in the Rural Sector and prescribed number of lives covered in the Social Sector of its life insurance business.

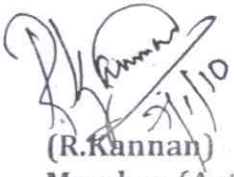
On review of the data submitted by the insurer, it was observed that the insurer was non compliant with the Rural Sector obligations for the financial year 2008-09. The Corporation has procured only 24.27 per cent as against an obligation of 25 per cent of total policies, which is short by 0.73 per cent, which in terms of number of policies comes to 2,63,505 policies.

The Authority's vide its letter Ref: 429/3/F&A/RSSO/2008-09/LR/01 dated 10th November 2009, advised the insurer to file a certificate of the statutory auditors regarding the compliance to Rural and Social Sector Obligations as on 30.09.2009 for the financial year 2009-10. As per the certificate submitted, the performance of the Corporation in the rural sector is 24.26 per cent as against the target of 25 per cent of the total policies for the financial year 2009-10.

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In view of the above, the Authority hereby, holds the insurer responsible for failure to comply with its obligations towards the rural sector in 2008-09 and levies a penalty of **Rs. 5 lakh** under section 105B of the Insurance Act 1938, for non-compliance with the provisions of Section 32B and the Regulations framed thereunder. The penalty shall be remitted to the Authority within 15 days of the receipt of this Order.

In addition to the above, the insurer is also required to meet the unfulfilled part of the rural sector obligations of the year 2008-09 in the financial years 2009-10 and 2010-11.



(R.Kannan)
Member (Actuary & F&I)