



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

Ref: IRDA/HLT/WRN/ORD/095/05/2015

FINAL ORDER

In the matter of M/s Bajaj Allianz General Insurance Co., Ltd.

This is based on the reply to Show Cause Notice dated 25, August / 01st September, 2014, submissions made on 24.10.2014 and during Personal Hearing Chaired by Mr. M. Ramaprasad, Member (Non-Life), IRDA, on 09th April, 2015 at 11.30 Hrs. at the office of Insurance Regulatory and Development Authority, 3rd Floor, Parishrama Bhavan, Basheerbagh, Hyderabad.

Notice to show cause on observed deficiencies in the functioning of the Insurer namely, Bajaj Allianz General Insurance Co. Ltd., was issued and in deference to the Insurer's request to hear them on the charges for which they had also filed written submissions, the undersigned during the course of the personal hearing heard the submissions of the Insurance company represented by Mr. Tapan Singhel, Managing Director & CEO, Mr. Milind Choudhuri, CFO, Mr. Suresh Sugathan, Mr. Onkar Kothari, and Mr. Sasi Kumar Adidamu of M/s Bajaj Allianz General Insurance Co Ltd., and on behalf of the Authority, Mr. M. Ramaprasad, Member (Non-Life), Mrs. Yegna Priya Bharath, Joint Director (Health), Mr. N.M. Behera, Deputy Director (Health) and Mr. K. Rajasimha OSD (Health Products-2) were present in the personal hearing.

The submissions made by the Insurer in their written replies to the Notice to Show Cause issued by the Authority and also those made during the course of personal hearing were taken into account.

The findings on explanation offered by the Insurer Bajaj Allianz General Insurance Co., Ltd., to the issues raised in Notice to Show Cause and the decisions are as follows;

Charge

The Products named, (1)"Comprehensive Trip Protection-Domestic", (2)"Comprehensive Trip Protection-International" (herein after called 'said products') were not approved by the Authority and declined vide letter dated 13-04-2010. Further, the Products were also filed on Certificate Basis which were declined by the IRDAI vide letter dated 26.02.2014.

However, the Company marketed the said products and has continued to sell the same products, in spite of the declinature letter of the Authority.

Violation of File & Procedure and 4(a) of the Insurance Regulatory and Development Authority (Health Insurance) Regulations 2013.

Reply of the Insurer

Insurer highlighted vide letter dated 24th October 2014, that it did not breach the provisions of the Insurance Regulatory and Development Authority guidelines on File & Use requirements for General Insurance Products.

The Insurer reiterated through different paragraphs vide its above referred letter that

The Company has filed the products on 11.11.2008 and the Company did not receive any queries in respect of the products from the Authority by 11.12.2008. Despite the provision 11 of F& U requirements dated 28.09.2006, the Company did not commence marketing of the products till 11.12.2008.

Though the Company has submitted responses twice to the queries of the Authority, the Company did not receive any communication for almost 20 months. The Insurer has highlighted the provision of paragraph 11 of the File & Use requirements.

With regard to the Authority's letter dated 13.04.2010, the Insurer had claimed that they did not receive the Authority's communication dated 13th April 2010 and come to know about the declining of the products through the Authority's letter 13th April 210 only through the Authority's letter of 23th May 2014.

The Company reiterated that they did not receive the letter dated 13th April 2014 and therefore proceeded on the basis of the genuine belief that the product had received the deemed approval status as per File & Use Procedures. The Company also stated that had it received the rejection letter of 13th April 2010, they would not have filed the compliance certificate on 25th September, 2013 under the IRDA (Health Insurance) Regulations 2013. The Insurer also requested the Authority to share a copy of the said letter dated 13th April 2010.

Observation on submissions made during personal hearing

The Insurer had informed that they have responded vide their letter dated 24th October 2014 against the charges made by the Authority. In the meantime, the insurer submitted that

- 1) They never received the relevant communication from the Authority which rejected the products filed.
- 2) Under exceptional circumstances and interpretation of the relevant regulations, the Insurer considered the products to be deemed approved.
- 3) The Insurer waited for considerable period of time before launching the products in the market. However, it is brought to the notice of the insurer that the Authority vide e-mail dated 06.12.2008 has specifically informed the insurer not to market the product until a specific clearance is received from the Authority.
- 4) The marketing of the products was stopped on receiving the relevant communication from the Authority dated 24th February 2014.
- 5) The Insurer has since strengthened the communication systems in respect of regulatory compliances and correspondence.
- 6) It was a one-off event, i.e., never in the past nor after the said date, any communication of the Authority remained without receipt.
- 7) The Insurer requested that it may be allowed to re-file the same under the HIR 2013.

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Considering the foregoing, it is our most humble & earnest request to the Authority to drop the proceedings against us and close the matter.

Decision

- The Insurer stated that they had not received Authority's letter dated 13.04.2010 on declining approval of the product. Based on past experience of the Insurer's compliance levels, the Authority gives benefit of doubt to the Insurer about non-receipt of the said letter.
- However, the Authority has noted that the Insurer had marketed the concerned products without obtaining specific approval which shows deficiency in the Insurer's professional approach.
- Therefore, the insurer is hereby cautioned severely to desist from such unprofessional way of approach in future, failing which the Authority will view seriously.
- The Authority may consider, if any application or re-filing of the product is made, on merits.

Place: Hyderabad
Date : 01-05-2015


M. Ramaprasad
Member (Non-Life)

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