



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

**Title:**General Insurance Corporation of India

**Reference No.:**IRDA/F&I/ORD/INV/015/02/2010

**Date:**01/02/2010

Penalty

Shri Yogesh Lohiya  
Chairman  
General Insurance Corporation of India  
"SURAKSHA", 170 J. Tata Road  
Churchgate  
Mumbai – 400 020  
Dear Sir,

**Levy of Penalty under Section 104 of Insurance Act, 1938 – reg.**

Please refer our letter INV/GIC/LR/004/2009-10 Dt. 15th Jan, 2010 and your reply dated 20th Jan, 2010.  
You may recall that the short fall in Central Government securities was continuing since Dec 2008. The Authority had given reasonable time for GIC to make good the shortfall in Central Government securities vide letter INV/GIC/LR/002/2009-10 Dt. 5th Aug, 2009.  
The Authority does not accept 'continuously falling yield and non-availability of good Government guaranteed papers' as reasons for non-fulfillment of statutory requirement.  
Hence, the Authority hereby, holds GIC responsible for failure to comply with her obligation of not fulfilling the mandatory minimum investment of 20% of investment assets in Central Government security upto the quarter ended Sep 2009 and levies a penalty of Rs. 5 lakhs under section 104 of the Insurance Act, 1938. 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 required to meet the minimum mandatory requirement of 20% of investment assets to be invested in Central Government securities and report the same in its Mar 2010 periodical returns.

Sd/-

**(R. Kannan)**  
Member (Actuary)