



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

Title:Penalty

Reference No.:IRDA/LIFE/ORD/MISC/159/07/2012

Date:26/07/2012

Order in the matter of M/S Bajaj Allianz Life Insurance Company Ltd

Personal Hearing held on 20th October, 2011 at IRDA, Parishram Bhavanam, Hyderabad

IRDA received a complaint against the above insurer that M/S Bajaj Allinaz Life Insurance Company Limited herein after called BALIC is enrolling new members into the existing group scheme issued to Yes Bank under membership number 0193090575. (Bajaj Allianz Life Group Unit Gain – 116L079V01- a ULIP Group Insurance Plan). A show cause notice was issued to M/S BALIC for enrolling new members into existing group schemes where master policy was issued prior to 1st September 2010 without revising the existing scheme as required under Circular IRDA/Act/ULIP/124(2)/10/2010 dated 27th October 2010.

Insurer has replied vide his letter dated 30/4/2011 and on his request an opportunity was provided to the insurer to present their case in a personal hearing and the same was held on 20th Oct, 2011.

Insurer submitted that the intention of the Authority has always been to implement the said circular (circular IRDA/ACT/CIR/ULIP/102/06/2010 dated 28/06/2010) on a prospective basis considering the text of preamble given in the said circular. Insurer further submits that by its actions (by keeping in mind the spirit of the circular), has complied with the directions as given in the aforesaid circular on a prospective basis and have not offered any product for sale in contravention of the circular from 1st September 2010.

Insurer's contention that in none of the regulatory guidelines/circulars, the enrollment of new members under existing group policies issued till 31st August 2010 were prohibited and therefore their action was always in accordance with the regulations is not tenable and acceptable in view of such requirements stated explicitly in Authority's circular dated 27th October, 2010 referred above.

Decision: By enrolling the new members into the existing group schemes BALIC has violated the provisions mentioned in the Circular IRDA/Act/ULIP/124(2)/10/2010 dated 27th October 2010. By taking it into account of the seriousness of the violation a penalty of rupees five lakhs is imposed on the insurer under section 102(b) of the Insurance Act, 1938. This penalty shall be debited to and drawn from the Shareholders' account only.

The penalty of rupees five lakhs shall be paid within a period of 15 days from the date of receipt of this order through a crossed demand draft drawn in favour of Insurance Regulatory and Development Authority and payable at Hyderabad which may be sent to Mr. V. Jayanth Kumar, JD (Life), Fifth Floor, IRDA, Parishram Bhavanam, Hyderabad, 500004.

Place: Hyderabad

J. Harinarayan

Date:12/7/2012

Chairman