



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Ref: IRDA/Life/Ord/Misc/016/01/2012

Order in the matter of M/s Future Generali Life Insurance Company Limited

Personal Hearing on October 10, 2011 at 03.00 PM

At the office of Insurance Regulatory & Development Authority, 3rd Floor, Parishram Bhavan, Basheer Bagh, Hyderabad

Chaired by Sri J Hari Narayan, Chairman, IRDA

An onsite inspection was conducted at the Hyderabad Branch Office of the captioned Insurer to investigate business by an unlicensed entity - M/s. Insurance For You (Future), hereinafter mentioned as the Unlicensed Entity. The inspection was conducted from 07/04/2011 to 08/04/2011 at the above branch office. The findings were conveyed to the Insurer vide letter dated 12.5.2011 and response of the Insurer was received vide their letter dated 24.5.2011.

After examining the response, a show-cause notice dated 25.7.2011 was issued to the Insurer. The Insurer while submitting its response vide letter dated 16.8.2011 requested for a personal hearing.

A personal hearing was given to M/s. Future Generali Life Insurance Company Limited (*hereafter referred as the Insurer*) on 10th October, 2011. Sri Deepak Sood, CEO of the Insurer along with Mr Madan Jalan, Compliance Officer was present. On behalf of IRDA, Sri G. Prabhakara, Member (Life), Mr. V. Jayanth Kumar, Joint Director (Life), Sri Rajeshwar Gangula, Assistant Director (Corporate Agent) and Sri Sudipta Bhattacharya, Deputy Director were present.

The show cause contained the following:

Issue 1 - The Insurer is not incorporating the agent's details on policy schedule violating the Authority's Circular No. IRDA/CAD/CIR/AGN/137/08/2010 dated 25/08/2010

Decision: While accepting the contention of the Insurer that the policies were being serviced directly by them, it is decided not to press charges against it. The Insurer is however advised to strictly abide by the orders under the above circular.

Issue 2 -The Insurer has allowed various persons to log in business under a licensed individual agent's code, thereby making provision for payment of commission on business not effected through the individual agent in violation of Section 40(2A) of Insurance Act, 1938

Decision: Taking the Insurer's submission that no commission was paid into consideration, it is decided not to press charges. The Insurer is however advised to strictly abide by the referred provisions of the Act while accepting business from agents.

Issue 3 – It is noticed that unlicensed individuals have solicited business for an entity "Insurance For You (Future)" that has not been approved by the Authority as Corporate Agent. This is in violation of Authority's Circular No. IRDA/CIR/010/2003 dated 27/03/2003.

Decision: The Insurer's contention that the business booked by the individual agent was inadvertently categorized under corporate agency is not acceptable. The Insurer has also not been able to explain to the satisfaction of the Authority, the reasons for signing of the Agents Confidential Report by persons other than the agent.

This is a substantive violation where the Insurer has permitted various unlicensed individuals to solicit and procure business through Insurance For You (Future) when the entity itself was not licensed. Taking into account the seriousness of the violation, a penalty of Rupees Twenty Lakhs is imposed on the Insurer under section 102(b) of the Insurance Act, 1938.

The penalty of Rupees Twenty 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 Shri Kunnel Prem, CSO(Life) at the office of Insurance Regulatory and Development Authority, 3rd Floor, Parishrama bhavan, Basheer Bagh, Hyderabad 500004.


(J Hanu Narayan)
Chairman

Dated 9th of January 2012
Hyderabad