



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

ORDER

Ref: IRDA/F&I/ORD/ 464.1/9/F&A/RDL-31B/2011-12/ | 80 11th December, 2013

The Director,
RDB Insurance Broking Services Pvt. Ltd.,
60A, Chowringhee Road, 2nd Floor,
Kolkata-700020.

Levy of Penalty under Section 102 of the Insurance Act, 1938

The Insurance Regulatory and Development Authority (herein after referred to as "the Authority") has granted license bearing No. DB-373/07 to RDB Insurance Broking Services Pvt. Ltd. (herein after referred to as "the Broker") to act as Broker from 16th September 2008. In terms thereof, the Broker was subject to the terms and conditions of the license issued to it and was also required to abide by the relevant provisions of the Insurance Act, 1938 (herein after referred to as "the Act"), the Insurance Regulatory and Development Authority Act, 1999 (herein after referred to as "the IRDA Act, 1999"), the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002 (herein after referred to as "the Regulations") and other directions issued by the Authority from time to time by way of circulars and/or Guidelines.

On review of the 31B return filed by ING Vysya Life Insurance Co. Ltd. (hereinafter referred to as "the insurer") with the Authority in accordance with IRDA circular no. IRDA/F&I/CIR/DATA/066/03/2012 dated 2nd March, 2012 w.r.to the financial year 2011-12, it was observed that the broker has received payouts from the insurer towards insurance awareness programs/ campaigns, surveys/customer feedbacks etc., for Rs. 3.26 Lakh, which were over and above the permissible limits under Regulation 19 of the Regulations by Rs. 2.96 Lakh.

The Authority communicated the findings to the insurer on 20th July, 2012 and sought explanation. The insurer submitted its response vide letter dated 14th August, 2012. The Authority examined the response of the insurer and issued

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Show Cause notice on 8th February 2013 to the insurer for paying excess payouts. Simultaneously, Show cause notice was also issued to the Broker for receiving excess payouts from the insurer. The Broker submitted reply in response to the Show Cause notice on 8th March 2013.


The Broker contended that the other payments received from the insurer were towards Brand & consumer awareness programs which were not the part of Broking activities undertaken.

Regulation 19 of the Regulations limits the payments to brokers by way of remuneration or otherwise to a defined sum. Even if it is presumed that payouts were towards brand/consumer awareness programs, it entails a Broker promoting a specific insurance company and acting defacto as an insurance agent which is in violation of clause 14 of Regulation 21 (on code of conduct) of the Regulations.

Having regard to the facts of the case and the gravity of the violations committed by the Broker, the Authority in exercise of powers vested in it under section 102 of the Act imposes a penalty of ₹25,000 (twenty five thousand) for the above violations. The Broker is further directed to strictly adhere to the Insurance Act, 1938, Regulations made there under, Guidelines and Circulars issued in this regard from time to time.

The penalty amount shall be paid within a period of 15 days from the date of receipt of this order through a Cross Demand Draft in favour of "Insurance Regulatory and Development Authority" payable at Hyderabad, which may be sent to Mr. R.K.Sharma, Deputy Director (F&A) at the Insurance Regulatory and Development Authority, 3rd Floor, Parishrama Bhavan, Basheer Bagh, Hyderabad - 500004.

Place: Hyderabad
Date: 11th December, 2013


(R.K.Nair)
Member (F&I)