



No. IRDA/ENF/ORD/ONS/ 101 /06/2019

**Final order in the matter of
M/s. S.B. Insurance Brokers Pvt Ltd.**

[Based on reply to the Show Cause Notice dated 23rd August, 2018]

Background:-

1. The Insurance Regulatory and Development Authority of India (hereinafter referred to as "Authority") had conducted during 11th to 13th April 2016, an onsite focused inspection of M/s S.B. Insurance Brokers Pvt Ltd. (hereinafter referred to as "Broker" or "Company") in order to examine the broker's overall regulatory compliance. The Authority forwarded a copy of the Inspection Report to the Broker on 14th March 2017 seeking comments and the Broker's comments were received vide their letter dated 15th April 2017. Upon examining the records on hand and submissions made by the Broker, the Authority issued Show Cause Notice (hereinafter referred to as "SCN") on 23rd August 2018.

Show-Cause Notice, Reply and Personal Hearing:

2. The broker submitted its reply to the SCN by its letter dated 10th October, 2018. The broker also requested the Authority for Personal Hearing. Accordingly, the personal hearing with the broker was scheduled on 5th November 2018. The intimation to this effect was sent to the broker vide Authority's email dated 29th October 2018. The broker confirmed that they would participate in the hearing on 5th November, 2018 and also conveyed the names of their officials who will be present at the personal hearing. But the Broker, vide its email dated 2nd November 2018, expressed its inability to attend Personal Hearing scheduled for 5th November, 2018 and also stated that "*the shareholders of the Company are of the opinion that under prevailing circumstances, it may be difficult for them to continue the Broking business in SB Insurance Brokers Pvt Ltd.*" In this connection, it is made clear that the SCN in this case has been issued to the broker based upon the violations prima facie noticed by the Authority. Further, opportunity in the form of personal hearing was also offered to the broker to enable them to adduce their submission and clarifications in regard to the charges mentioned in the SCN. But the broker has failed to avail the opportunity of personal hearing granted by the Authority. In this background, it becomes essential on the part of the Authority, as a measure of taking the process (involving issue of SCN to the Broker) to its logical conclusion, to issue final order

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on the charges levelled against the Broker. Hence, in the absence of any oral submissions, due to the broker's failure to attend the personal hearing, the final order in the case has to be issued based on the materials available on record including the broker's reply to the SCN. Accordingly, the Authority issues this final order.

The submissions made by the Broker in their written reply to the Show Cause Notice and vide its letter dated 2nd November 2018 and the documents submitted by the Broker in evidence of their submissions have been considered by the Authority and accordingly the decisions on the charges are detailed below.

Charges, Submissions in reply thereof and Decisions:

3. Charge No. 1:

Violation of - :

- Clause 1(f) of Schedule VII read with Regulation 39 of the IRDA (Insurance Brokers) Regulations, 2013.

The Broker did not share documents sought by the Inspection team to establish that they were indeed performing the functions of a Broker as listed in Schedule I under Regulation 4 of the IRDA (Insurance Brokers) Regulations, 2013. Some of the documents sought by the Inspection team related to:

- Assisting the client in selecting the suitable insurance product
- Maintenance of data pertaining to claims
- Implementation of grievance management system and other like activities
- Details of PGSV traders with which it has regular transaction of substantial amount

Apart from the above aspects of their functioning which Inspection team wanted to check (but for which the broker failed to present the documents) there are other documents also, sought by the inspection team with the help of which the level of Broker's compliance to many regulatory prescriptions would have come to surface. But the broker failed to share the documents with the Inspection team.

It is important to mention that even while failing to share the documents with the Inspection team, the Broker has attempted to put the blame on the Authority by submitting that the observations are drawn without any specific case in hand.

In the above manner, by failing to share the documents sought by the Inspection team, the Broker violated Clause 1(f) of Schedule VII read with Regulation 39 and Clause 1(f) of Regulation 41 of the IRDA (Insurance Brokers) Regulations, 2013.

Also, failure to submit the documents to the Inspection team (with respect to the financial transactions done with PGSV Traders), leads to suspicion of misconduct



on the part of the Broker which warrants action under Clause 1(i) of Regulation 41 of the IRDA (Insurance Brokers) Regulations, 2013.

Submission of the Broker:

We have provided the requisite details such as MIS, scripts, various flow charts, etc. to the Inspection team at the time of Inspection and the same has been confirmed by the Inspection team in their report. Secondly the Inspection team had seen the working of our telecalling employees during the Inspection and also verified the details with the sales and other staff. There may have been some communication gap or lack of our understanding to furnish/give more documents to Inspection team which would have further enabled the team to advise and direct on the points of concerns such as:

- *Maintaining records with more information of the policy holder at our end*
- *Rendering more advise to the customer for choosing the product a for seeking due claims from the insured.*
- *Performing our functions with more experience and application of Insurance principles*
- *Understanding sources of income of the insured for guiding him the product purchase*

We confirm and undertake to improve our business sourcing and servicing in a more proactive manner within the regulatory norms. We welcome your guidance and advice. We tender apology for the mistake of raising a query about the basis of raising query/concerns by the Inspection team. We await your direction which we undertake to comply with and request to take a very lenient view of dropping the charge.

Decision:

The purpose of inspection by the Authority is to check and verify the compliance of the Broker to the provisions of law, rules, regulations, Circulars etc. which the Broker is subject to. The grant of Registration to the Broker is premised on the condition that relevant statutory and regulatory provisions would be complied with. Hence for the purpose of enabling the Authority to carry out its duty of checking the Broker's compliance of Regulatory prescriptions in an uninhibited manner, it is essential for the Broker to provide to the Authority or the officers authorised by it all the documents and records etc. (as deemed necessary by the Inspection team) that they are obliged to maintain under the law. But the Broker has clearly failed to provide the documents etc. demanded by the Inspection team. In the absence of accessibility to many relevant documents, the Inspection team could not check and verify the Broker's compliance of important regulatory requirements which, as mentioned under the charge, directly relate to essential services to be rendered by a broker to its customers. It is noteworthy to mention in this context that the Broker himself has accepted



in their submission that due to lack of understanding, the documents were not provided to the Inspection team.

Further, the broker has also submitted that they maintain the documents. But when the Regulations cast a clear and inescapable responsibility on the broker to make available to the Inspection team any relevant document demanded by them, it is the bounden duty of the broker to provide those documents for Inspection. It is all the more true in view of the broker's claim that they maintain the documents which they are obliged to maintain. Failing to make available to Inspection team, the documents which the broker claims they maintain leads to the only conclusion that they deliberately avoided sharing relevant documents in an attempt to hide from the Authority's eyes the actual practices they are following.

For the grounds and reasoning given above in regard to Broker's failure to share documents, the Authority concludes that the Broker violated

- Clause 1(f) of Schedule VII under Regulation 39 of the IRDA (Insurance Brokers) Regulations, 2013.

The penal action towards the above violation is given in para 11 of this order under the heading "Consolidated Decision".

4. Charge No. 2

Violation of Clause 1 and 3(m) of Schedule VIA (Code of Conduct –Insurance Brokers) read with Regulation 28 of the IRDA (Insurance Brokers) Regulations, 2013.

As per the complaint against the employees of the Broker and the investigation report of Delhi Police, spurious calls were made by employees of the Broker. Making spurious calls by the broker is violation of Clause 3(m) of Schedule VI-A (Code of Conduct) read with Regulation 28 of the IRDA (Insurance Brokers) Regulations 2013.

Rather than taking corrective action in the above regard so as to discontinue the practice of spurious calls, the broker has given false declaration (Declaration dated 13th April 2016) in an attempt to refute the charges already established by the investigation of Delhi police. This way of functioning on the part of the Broker is a violation of Clause 1 of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.

Submission of Broker:

In this regard we submit that some Arti Duggal made a spurious call to Mr. Jagdish Prasad on 02.02.2015, claimed herself as a customer care representative of ICICI PruLife. We have clarified to Inspection team as well that we do not have any



agreement with ICICI Prulife for solicitation of Insurance business for them. It is evident there is no possibility of making of such call by any of our employee.

The call was made in Feb'15 and investigation report of Delhi Police was submitted in Feb'2016 to the Authority. In the time frame of one year there may be the chance that alleged two persons shifted their location. We further submit that there were multiple offices located in the premises where our office was situated i.e. D-2, Sector- 3, Noida- 201301, UP.

We would like to add that there was a possibility that these persons did not reveal their actual identity to the complainant. This might be the reason we did not find their name in our employment register and provided information to the authority that person having name of Vikash Singh and Arti duggal had not associated with our broking company at any point of time.

In addition to this we would bring to your kind notice that we are taking corrective actions as you have indicated in concern/violation and use to report such cases in Cyber Crime Cell, Noida, UP whenever comes to our notice.

We affirm that we do not entertain spurious calls or accept business sourced by any person other than our own employees and IRDAI approved system. The business sourcing shall be done as per IRDAI's definition of solicitation and the code of conduct. Kindly accept our submissions as we have not made any intentional false declaration.

In View of above, we request you to please drop the charges of violation of clause 3(m) and Clause 1 of Schedule VIA under Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.

Decision:

Clause 3(m) of Schedule VI-A (Code of Conduct) read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013, clearly prohibits a broker from soliciting business by making spurious calls. But the Broker has been found to have indulged in making spurious calls and such a finding was not made by the Authority but by the Delhi Police. In this connection, it is worthy to note that the complaint with the Delhi Police was lodged not by the Authority but by some individual and on the basis of the said complaint, the Delhi Police carried out investigation into the details of spurious calls made, to trace the identity of the individual who actually made those spurious calls. On the basis of the said investigation, the Delhi Police submitted their report clearly mentioning that the individuals who actually made the spurious calls were indeed the employees of the Broker. The said finding of the Delhi Police, arrived at on the basis of an investigation carried out by them to probe a complaint by an individual, is evidence enough that the Broker was indulging in making spurious calls

The conclusion as above arrived at, that the broker indulged in spurious calls, on the basis of solid proof and grounds has been contested by the



Broker through insubstantial grounds and therefore the arguments of the Broker are not acceptable. Hence the charge of the Broker having made spurious calls and thereby violated Clause 3(m) of Schedule VI-A (Code of Conduct) read with Regulation 28 of IRDA (Insurance brokers) Regulations 2013 is proved.

In the face of the solid grounds on which the charge of spurious calls stands, the Broker should have accepted the charge and taken remedial action in the form of refraining from indulging in spurious calls. Instead, the Broker attempted to refute the charge by a false declaration. Thereby the broker has exhibited unprofessional behaviour which is violation of *Clause 1 of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.*

In this connection, it is noteworthy that even as at October/November 2018, complaints have been received by the Authority against the broker's indulgence in activities including spurious calls. Hence the broker's assurance in reply to the Show Cause Notice that they will take corrective action has also not been fulfilled by the broker. In this background, it becomes inevitable to take punitive action against the broker as warranted by the Regulations.

The penal action towards the violation proved under this charge is given in para 11 of this order under the heading "Consolidated Decision".

5. Charge No. 3

Violation of

- Clause 2(c) and 2(j) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013
- Clause 3(c) and 3(m) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013

Upon perusal of a copy of scripts stated to be in use for different products of insurers, it was observed that the telecallers of the Broker were talking to the customer posing as a representative of a particular insurer and not as a Broker who ideally should act on behalf of a customer.

The scripts referred in the observation clearly indicate that the Broker is engaged in impersonating activities and thereby giving the customer a wrong impression that they are calling from the office of the Insurer. The tele callers engaged into calls without disclosing its identity is misleading in nature.

It is incumbent upon the Broker to act as a representative of the customer and provide the customer with different choices of Insurance products. Also the Broker has to first identify itself before the commencement of solicitation process and ensure that it does not indulge in solicitation by way of misleading calls.



But the Broker in its submission has indirectly put the blame upon the Inspection team for failure to acknowledge the practical difficulties rather than trying to address the issues pointed in the observation.

The script of the tele-callers clearly indicates that the Telecallers were introducing themselves as the representatives of the Insurer which is a violation of Clause 2(c) and 2(j) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.

Impersonation by the Broker without disclosing its identity thereby giving the customer a wrong impression that they are calling from the office of the Insurer is a violation of Clause 3(c) and 3(m) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.

Submission of Broker:

We are reproducing the para of our reply to the Inspection report for this observation, "It may be observed that when a tele-caller makes the call he cannot, word by word, remember every part of the distance marketing guideline in the process of solicitation. It may be because of this fact that the Authority may have recognized this limitation while defining the word solicitation in general form to mean that it is an approach to the client with a view to induce him i.e. to explain him as to how relevant is this to purchase an Insurance Protection. Since, this approach has to be further advocated and convinced by the tele-caller and further substantiated by the more qualified persons of the broking company and also that of the personnel of the Insurers, it would be difficult to mathematically work to the tune of the observation made by the Inspection team."

We had been working for the various Insurance companies and soliciting their multiple products. Thus our sales team provided the suitable choices to the customer according to their need.

As we explained to the Inspection team that the callers represented themselves as the employee of the broking company at many times during their call to customers but there may be the case where they were not following the script word by word as stated above. We further ensure that we don't indulge in solicitation by way of misleading calls. We had instructed to the team leaders and their seniors to be more careful while introduction to the customers after the Inspection. We have reprimanded the concerned tele-caller/s to remain more vigilant and disciplined in representing the wish and need of the customer and showing his own proper identity.

Our intention was never to blame, directly or indirectly, to the inspection team while we had expressed our practical difficulty to make understand all employees of different mindset and status the importance to follow the script. We have taken various corrective steps time to time for improvement in context to the observation 1of Inspection team. We request you to waive off this charge. Please accept our apology because we never ever attempted or intended to blame the Authority, we

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were only explaining our limitation in making the customer satisfied because some customers are very particular to interaction in the manner they like and do not appreciate our approach.

We are making sincere efforts to address all such issues and we want to remain into business. Please do not take our submissions as any aspersion on any one. We sincerely request to take on record our obedience to the Authority's advices. Kindly, do not proceed further against us for any punitive action and we remain committed to act more professional to conduct our business and to perform our functions.

Decision:

The tenor and rhyme of the reply of the broker suggests that the broker is attempting to question the regulatory prescription that every broker has to identify himself to the client. The reply further attempts to justify the action of their personnel claiming themselves to be speaking from the office of the insurer. But both the arguments of the broker are untenable and cannot stand the scrutiny of law and regulations because of the fact that the customer is misled and is placed at a disadvantageous position. In view of these facts, by acting in the manner like, not identifying themselves to the customer, claiming themselves to be speaking from the office of insurer, etc. the broker violated –

a) Clause 2(c) and 2(j) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013

b) Clause 3(c) and 3(m) of Schedule VIA read with Regulation 28 of IRDA (Insurance Brokers) Regulations, 2013.

The penal action for the violations proved under this charge is given in para 11 of this order under the heading “Consolidated Decision”.

6. Charge No. 4

Violation of Clause 7(i) of Guidelines on Distance Marketing of Insurance Products, dated 5th April, 2011

It was observed from the perusal of the scripts that, the telecallers of the Broker were beginning their calls by stating that they were calling from a particular Insurer and for a particular Insurance product instead of obtaining details of the client on the basis of which it may decide as to which product will be suitable for the customer. This shows that the Broker is promoting specific product of a specific Insurer. The initial submission of the Broker is vague and seems a mere cover up to the lapse committed by the Broker. No documentary evidence has been provided by the Broker to establish that proper rectification steps have been taken by the Broker in this regard.

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Promotion of a specific product of a specific Insurer is in violation of Provision 7(i) of Guidelines on Distance Marketing of Insurance Products, dated 5th April ,2011.

Submission of Broker:

As we stated in response of Charge No 3, we had instructed to the team leaders and their seniors to be more careful while introduction to the customers after the Inspection. We have conducted in-house training and floor monitoring by the seniors on regular basis to address this observation. We further request to the Authority not to press this as there was never an intention of the Tele caller to represent an insurance company and not the broking company. Moreover, by taking the name of one company does not mean that he denies the relationship of the broking company with other insurers.

We humbly submit that our submissions are true and actual. We have not created any false document to establish what our tele callers have acted upon. Please do not have an impression that we are covering the error of our tele caller, we are all open to the inspection system of IRDAI and whatever, evidence we have we shared with the Authority. We are not getting any special favor of the insurer in question for canvassing his product in question. Since, the customers have appreciated the said product; tele callers have tried to explain its features to enhance his sale. We do accept and shall continue to accept your advice on this observation but request that our statement was true and did not have any element of cover up. Kindly, therefore, we request you to drop this charge.

Decision:

The broker must note that it represents the customer and not any insurer. As such, the broker should engage themselves in giving an informed and transparent advice in regard to the policies available with different insurers which best suit the customer's needs and requirements and must not be biased in favour of any particular insurer. In this connection, the broker's submission that taking the name of one company does not mean that the broker denies relationship with other insurers is not tenable because (irrespective of whether or not broker's action of taking name of one insurer means denial of his relationship with other insurers) the law and regulations do not approve of such conduct. Still, knowing fully well about this position in law, the broker was in the habit of conducting their solicitation process in the above manner and, when pointed out that such type of action does not have the sanction of law, has come out with some justification and reasons.

In the above background, the submissions of the broker about the remedial action taken by them in the form of advice to the team leaders and their seniors to be careful in the process of solicitation, conduct of in house training, and floor monitoring etc. are taken on record.



7. Charge No. 5

Violation of 5(i), 5(ii), 5(iii) & 10(vii) of Guidelines on Distance Marketing of Insurance products.

The Broker was not maintaining records of calls made by the telecallers prior to the PLVC stage and the calls made by the representative of the Insurer, which has also been confirmed by the Broker.

This is in violation of Provisions 5(i), 5(ii) and 5(iii) of Guidelines on Distance Marketing of Insurance products.

Consequently the Broker is unable to provide the records to the Insurer which is in violation of Proviso 10 (vii) of Guidelines on Distance Marketing of Insurance products.

Submission of Broker:

We were partially maintaining the records of the calls made to the customers, in view of that we gave this statement to the Inspection team during Inspection. However subsequent to the Inspection, we started to maintain initial call records of all calls which resulted into successful issuance of policy and we made all out efforts to improve the system. We assure the Authority that we will continue to be fully complied in future as well.

We appeal to the enforcement department to kindly view our submissions under this charge submitted earlier and revisit the concerns. Our submissions were true only. We are ready to incorporate any advice, you wish to make and direct us, so that steps we have already taken shall be supplemented in our actual practice.

Since, we are definitely improving our record maintenance system and have already submitted what record we had at the point of time of inspection, we request the Authority to take positive consideration and not ignore our submissions. We understand that Authority shall clarify the manner of maintaining the records on its portal and that will also enhance our compliance.

We therefore request that the charge may please be dropped.

Decision:

In view of the categorical submission by the broker that they have improved the system and, post inspection, have started to maintain the records and their categorical assurance that they will make all out efforts to be in compliance with the regulatory requirements, the charge is not pressed.

8. Charge No. 6

Violation of Clauses 9.1(i) and 9.1(ii) of Guidelines on Distance Marketing of Insurance Products

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The scripts used for tele-marketing, were utterly wrong in its content as they were not elaborative with regard to the benefits, features and disclosures and thus were not in resonance with the required characteristics of the scripts.

The initial submission of the Broker is vague and also not supported by any documentary evidence. This indicates that the Broker did not get the telephonic scripts approved by the Compliance officer of the Insurer and also failed to file the same with the Authority . This is in violation of Provisions 9.1(i) and 9.1(ii) of Guidelines on Distance Marketing of Insurance Products.

Submission of Broker:

We wish to submit that the scripts used by the tele calling team at the time of Inspection conducted were taken from the product brochures supplied to us by the Insurers. It was presumed that the same must have been approved by the Authority while filing the product approval. In view of that we request the Authority this issue may not be pressed against us. However we assure the Authority, we shall be cautious in future.

We hereby undertake and affirm that after the inspection, we have enhanced our prudential approach to ascertain that insurer's prescription is only as per IRDAI approval. We get confirmation on this aspect from the office of the Insurer.

Decision:

The broker's submission is clearly untenable. In fact the provisions referred to in the observation mention that the scripts to be used by the telecaller must be approved by the Compliance officer of the insurer. But having failed to comply with that requirement which resulted in imperfections and lacunae in the telecalling scripts, the broker attempts to put the blame on the insurer. Hence the stand of the broker is unacceptable. The broker is cautioned for not complying with the requirement of the guidelines on Distance marketing of insurance products.

9. Charge No. 7

Violation of Clause 8(i) , 8(ii) & 8(v) of Guidelines on Distance Marketing of Insurance Products

The Broker has not maintained any Register which contains details of the telecallers employee wise training . By not maintaining proper records and for not ensuring training of all the telecallers engaged in Distance marketing , the Broker has violated Provision 8(v) of Guidelines on Distance Marketing of Insurance Products.

It is also evident from the observation that all the telecallers have not undergone the required training which is violation of Provision 8(i) and 8(ii) of Guidelines on Distance Marketing of Insurance Products.

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Submission of Broker:

We were having a well-trained HR department which is maintaining records of each of the employee. We also placed In-house training department to impart training and grooming of the employees with specific emphasis on the tele callers. Because of the high attrition pertaining to tele callers it was difficult to maintain the updated records all the time. However we assure to maintain the training records of such of the employee in future.

In view of this we request the Authority to take a lenient view on this observation.

Decision:

The Broker must note that when regulatory prescriptions mandate certain things to be complied with, the broker should make all efforts to comply with those prescriptions. It is subject to broker's undertaking to comply with all regulatory requirements that the licence/registration to function as a broker has been granted to them. The Broker is, therefore, advised to comply with the relevant provisions of the Regulations.

10. Charge No. 8

Violation of Regulation 29 of IRDA (Insurance Brokers) Regulations, 2013

On scrutiny of financials and Form 26AS of the broker for the year 2013-14, 2014-15 and 2015- 16, it was found that the broker has been receiving some regular incomes from Oriental insurance Co. Ltd even though there exists no agreement with them.

In the instant case there were no satisfactory explanations given by the broker relating to incomes that were appearing in the Form 26AS.

Failure of the Broker to disclose incomes received from Oriental Insurance in its books of accounts and thus submitting falsified financials to the Authority is a clear violation of Regulation 29 of IRDA (Insurance Brokers) Regulations, 2013.

Submission of Broker:

We still maintain our position on the said violation that we had not received the sum of amount which the Inspection team has referred in their observation. We further confirm that we had not solicited the said business for Oriental Insurance and it was an error on the part of Oriental Insurance Co. Limited. We further request your good self that the Oriental Insurance Company is a public sector insurer, the Authority being the regulator may verify this fact at their end.

In view of this we humbly submit that we have not submitted falsified financials to Authority and request you to drop this charge against us.



Decision:

The broker has maintained that they did not receive any sum from Oriental Insurance Company and claimed that they did not solicit any business on behalf of Insurer. Even while doing so, the Broker has not furnished any clarification or confirmation from the branches of the insurer to the effect that the said amounts had been erroneously credited to the account of the broker. Nor the broker has confirmed that the said erroneously credited amounts have been returned to the insurer. Thus the response of the broker leaves a lot of gap and is imperfect in many ways. The Broker is cautioned for that.

11. Consolidated Decision :

(a) Detailed reasons and justification for the conclusions in regard to the violations mentioned under Charges 1 to 3 are given under those charges. Since the charges proved against the broker relate to violation of Code of Conduct, violation of Guidelines, non-cooperation with the inspection team etc., the said violations warrant cancellation of the licence of the broker as per the provisions of Section 42D (5)(g) and Section 42D(6) of the Insurance Act, 1938 read with Regulation 41(1) of the IRDA (Insurance Brokers) Regulations, 2013. Further, the fact mentioned under Charge No.2 that the Broker continues to indulge in activities including making spurious calls even as at October/November 2018, strengthens the need for taking the action as prescribed in the Regulations viz. cancellation of the licence. On the basis of all these facts, the Authority has come to the conclusion that it is clearly not in the interest of either the policyholders or the insurer or any other stakeholder in the insurance market, to permit M/s. S.B. Insurance Brokers Pvt Ltd. to continue to function as a Broker. Therefore, the Authority by virtue of the powers vested in it under Section 42D(6) of the Insurance Act, 1938 read with Regulation 41(1) of the IRDA (Insurance Brokers) Regulations, 2013, cancels with immediate effect the licence granted to M/s. S.B. Insurance Brokers Pvt Ltd.

(b) The Authority's decision as at (a) above to cancel the licence of the Broker is without prejudice to and independent of the submission made by the Broker expressing their considered opinion (conveyed to the Authority vide Broker's e-mail dated 2nd November 2018) in response to SCN that the shareholders of the Company are of the opinion that under prevailing circumstances, it may be difficult for them to continue the Broking business in SB Insurance Brokers Pvt Ltd. It is made clear that the Authority's decision is based on the facts and circumstances as outlined in the preceding paras and is certainly not guided by the Broker's intention not to pursue their business.

(c) The attention of the broker is drawn to Regulation 43 (2) of the IRDA (Insurance Brokers) Regulations, 2013, which casts a responsibility on the Broker, whose licence has been cancelled, to continue to service the



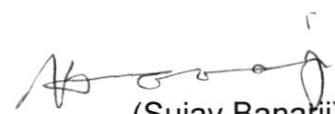
contracts already concluded through them for a period of six months within which he shall make suitable arrangements for having the contracts attended to by another licensed insurance broker. Accordingly, the Authority directs the Broker to comply with the said Regulation.

(d) This order is issued for the purpose of taking to logical end the regulatory action initiated against the broker in regard to the violations emerging out of the inspection conducted on the broker. While doing so, the Authority has taken note that the registration of the broker was valid upto Decemehr 2018 and the broker has not submitted any application for renewal of their licence beyond December 2018.

(e) The Authority's decision in regard to charges 4 to 8 are given under the respective charges.

12. If the Insurance Broker feels aggrieved by any of the decisions in this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place : Hyderabad
Date : 18th June, 2019


(Sujay Banarji)
Member (Distribution)
