

Mr.V.Philip,  
Chief Executive Officer,  
Bajaj Allianz Life Insurance Company Limited,  
GE Plaza, Airport road,  
Yerawada,  
PUNE - 411 006

Date: 31/07/2012

Dear Sir,

**Re: Violation of F&U Procedure by your company- Century Plus Plan**

This has reference to your letter dated 16<sup>th</sup> December, 2011 responding to the Show Cause Notice dated 17.11.2011 issued by the Authority.

It is found that original F&U of the product as approved did not provide for the alteration of reduction in annualized premium. It is further observed that while the Authority has approved the modification in the Century plus Plan (i.e., a. Reduction in annual premium to Rs.15000 and b.Option to decrease annualized premium) vide its decision dated 10/06/2008, it shall be applicable to all the policies issued thereafter. Hence the violation of F&U is clear. However, taking into account your submission that the reduction in annualized premium in the instant case was done to redress the grievance of the policy holder about misselling, the charges are not pressed.

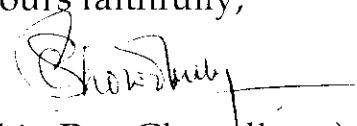
On further examination it is found that when the product was originally filed the sum assured under the contract was expected to be constant during the period of cover and therefore the policy administration charge were related to sum assured at inception.

Subsequently, when the revised F&U seeking reduction in minimum annualized premium was filed, due attention was not paid to modify the initial wording of the original F&U clearance related to policy administration charges, bringing about a disconnect between annual premium being collected and policy administration charges.

The approach of the Insurer in this whole matter is not consistent with the philosophy of insurance or in the policy holders' interests.

The Company is therefore warned for not scrupulously adhering in letter and spirit to the F&U procedure and guidelines in vogue in the best interests of the Policy holders.

Yours faithfully,



(Sudhin Roy Chowdhury)  
Member (Life)