

Slapping of fines by IRDA on insurers

*349. DR. T. SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory and Development Authority (IRDA) has slapped fines on well known insurers for violation of its regulations;

(b) if so, the details of violations and firms that have been fined and to what extent they have violated the norms set for them; and

(c) what action Government proposes to take to check such violation in future?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) and (b) The Insurance Act, 1938 (Sections 102 to 105C) empowers the Insurance Regulatory and Development Authority (IRDA) to impose penalties on insurance companies for violation of various provisions of the said Act. The details of the penalties imposed by IRDA on the insurance companies along with the violation committed by them for the financial year 2008-09 and 2009-10 are given in the Statement (*See below*).

(c) As informed by IRDA the following are the specific steps being taken by them to check violations of the statute by the insurance companies:

1. Before imposing a penalty on insurance companies, a specific confirmation is obtained from the companies about their taking corrective action and also to put in place, robust systems and controls to ensure that such violations do not recur.
2. Periodic information is obtained from all insurance companies, which help the Authority to analyze, review and conduct off-site scrutiny to ensure compliance of the provisions of the Insurance Act and various regulations issued by the Authority from time to time.
3. The Authority carries out regular inspections of insurers to monitor compliance of the guidelines of IRDA. Further off-site monitoring of financial/operational data is done on quarterly basis.
4. A detailed inspection manual has been devised for the guidance inspectors who conduct periodic on site inspections of insurance companies.

Statement

Details of the penalties imposed by IRDA on insurance companies along with the violation committed by them for the financial year 2008-09 and 2009-10

| Sl.No. | Name of Insurance Company | Brief particular of the violation committed |
|--------|--|--|
| 1 | 2 | 3 |
| 01. | Max New York Life Insurance Co. Ltd. | Penalty charged under section 102 (b) for violating directions issued by the Authority in respect of Unit Linked Insurance Policy (ULIP) |
| 02. | ICICI Lombard General Insurance Co. Ltd. | Violation of File & Use Guidelines in case of Pravasai Bhartiya Bima Yojana |
| 03. | National Insurance Co. Ltd. (NICT) | Penalty imposed on 2nd May, 2008 on NICT on account of Indian Oil Corporation Limited in respect of large risk policy. Variations of terms quoted to client were different from terms offered by the reinsurers. |
| 04. | United India Insurance Co. Ltd. (UIICL) | Penalty imposed on 2nd May, 2008 to UIICL on account of Indian Oil Corporation Limited in respect of large risk policy. The terms quoted to client were different from terms offered by the reinsurers. |
| 05. | New India Assurances Co. Ltd. (NIACL) | Penalty imposed on 2nd May, 2008 on NIACL on account of Indian Oil Corporation Limited in respect of large risk policy. The terms quoted to client were different from terms offered by the reinsurers. |
| 06. | New India Assurance Co. Ltd. | Due to not filling the quarterly financial and solvency statement in time. |

| 1 | 2 | 3 |
|-----|--|--|
| 07. | Apollo Munich Health Insurance Company Limited | Non achievement of targets under IRDA (Obligations of Insurers to Rural or Social Sectors) Regulation, 2002. |
| 08 | Life Insurance Corporation of India | Non achievement of targets under IRDA (Obligations of Insurers to Rural or Social Sectors) Regulation, 2002. |
| 09. | HDFC Standard Life Insurance Co. Ltd. | Non achievement of targets under IRDA (Obligations of Insurance to Rural or Social Sectors) Regulation, 2002. |
| 10. | Reliance General Insurance Co. Ltd. | Violation of File and use Guidelines in respect of Reliance Health Policy as the insurer carried out change in the product without filing the same with Authority. |
| 11. | General Insurance Corporation of India Limited | Shortfall in investment in Central Government Securities continuing since December, 2008 |

Lack of health services in rural areas

†*350. SHRI BHAGWATI SINGH : Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether it is a fact that 75 per cent population of the country resides in rural areas but only 10 per cent of health services are available for them;

(b) if so, whether Government is preparing any action plan for rural health; and

(c) if so, the details thereof?

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI GHULAM NABI AZAD) : (a) to (c) The primary health care facilities are provided in the rural areas through a network of Sub-Centres (SCs) Primary Health Centres (PHCs) and Community Health Centres (CHCs). As per the Bulletin

† Original notice of the question was received in Hindi.