

(d) and (e) The Kalu Dam Project in Thane district is a drinking water project and does not require Environmental Clearance under the Environment Impact Assessment Notification dated 15th May, 2006.

Losses incurred by insurance companies due to cheating

*569.DR. T. N. SEEMA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware of insurance companies including the General insurance Company (GIC) being cheated by certain companies/groups;

(b) if so, the details thereof along with the losses suffered by insurance companies during the last three years and the current year, company-wise;

(c) whether Government has ordered any probe on investigation in this regard;

(d) if so, the details and the outcome thereof;

(e) if not, the reasons therefor; and

(f) the steps taken and being taken by Government in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Any case of cheating of Insurance Companies by certain companies/groups is dealt by that Insurance Company directly. Insurance Regulatory and Development Authority (IRDA) has no information of any such cases. However, General Insurers' (Public Sector) Association of India (GIPSA) has informed that out of the four public sector general insurance companies, three companies viz: National Insurance Co. Ltd., United India Insurance Co. Ltd. and New India Assurance Co. Ltd. have not come across any instance of cheating by any company/group.

(b) to (e) Oriental Insurance Co. Ltd. (OICL) has reported 3 cases of cheating by Companies/groups. In the first case, M/s. Navjeevan Life Care Insurance Service Pvt. Ltd. charged from its Members, covered under Group Personal Accident Policies for the period from 2004-05 to 2010-11, an amount which is higher than the premium fixed by OICL and keeping the differential amount with them. The matter is under investigation and OICL has initiated action against its concerned employees. In the second case, M/s. Future Healthcare & Health Management Services Ltd. mis-utilised the Group Health Insurance Policy cover, which was meant for covering its Members, by extending the same to Non-Members. The

matter is under examination by the Vigilance Department of OICL and major penalty action has been initiated against the concerned OICL officers. In the third case, M/s. Sanguine Insurance Brokers Pvt. Ltd. has issued Family Floater Policies of OICL for M/s. Sputnik Medical and Research Foundation, for ineligible Members. OICL has taken up the matter with IRDA for cancellation of broker's licence for M/s. Sanguine Insurance Brokers Pvt. Ltd. OICL has also charge sheeted four of their officials under Conduct, Discipline and Appeal Rules.

In the case pertaining to General Insurance Corporation (GIC), an internal enquiry is being conducted by them to enquire the process of short-listing the brokers, the manner in which it was carried out and the cancellation of the cover within a short period for obtaining adequate protection cover towards pure retrocession business from international re-insurance companies.

(f) All the Insurance Companies have laid down Conduct, Discipline and Appeal Rules which regulate action against employees involved in frauds and taking major or minor penalty action. The matter is also taken up by the Insurance Companies against such companies/groups by referring such cases to enforcement agencies like CBI etc. for further investigation.

Guidelines for imposing penalties on banks

*570. SHRI ARVIND KUMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) the details of guidelines / norms issued by Government for imposing penalties on banks which are found involved in banking frauds and violations including failure to carry out due diligence with regard to suitability of products and selling derivative products to users not having risk management policies;

(b) whether these guidelines are insufficient and irrational and need to be revised and if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether Government would amend the norms/guidelines and if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Reserve Bank