

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4356
ANSWERED ON:08.08.2014
PENALTY ON INSURANCE COMPANIES
Raj Dr. Udit

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory Authority of India (IRDA) has imposed any penalty on the private insurance companies for issuance of policies without the prior approval of IRDA as stipulated in the IRDA Act in the year 2008-09;
- (b) if so, the details thereof, company-wise;
- (c) whether the IRDA has reduced the said penalty imposed on any private insurance company;
- (d) if so, the details thereof along with the amount reduced by the IRDA and reasons therefor; and
- (e) whether the Government has conducted any inquiry in this regard, if so, the outcome thereof and the steps taken/ being taken by the Government against the officials found guilty in the matter?

Answer

Minister of State (Finance) (Shrimati Nirmala Sitharaman)

(a) to (d) : The Insurance Regulatory and Development Authority (IRDA) has informed that there is one instance pertaining to Reliance General Insurance Company Limited (RGICL) in respect of the policy 'Reliance Health Wise' wherein the insurer increased the premium under the policy without the prior approval of the Authority. A penalty of Rs. 20 Lakh was imposed on RGICL vide Authority's order dated 23rd July 2009. The penalty imposed by the competent authority was not reduced. In view of no reduction in penalty imposed, question of reasons therefor does not arise.

(e) : The Government has not conducted any enquiry in this regard.