



बीमा विनियामक और विकास प्राधिकरण

**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

IRDA/DB 159/03

9th April, 2008

To
The Principal Officer
M/s. Bhooma Insurance Broking Services Pvt Ltd
2nd Floor, Old Oriental Building
65, MG Road, Fountain
Mumbai - 400 001

Dear Sir,

ORDER

Sub: CANCELLATION OF BROKER LICENSE NO 226.

WHEREAS, M/S. Bhooma Insurance Broking Services Pvt Ltd, (hereinafter referred to as the 'Broker') having its Registered Office at 2nd Floor, Old Oriental Building, 65, MG Road, Fountain, Mumbai - 400001 has been granted license by the Authority to act as a Direct Broker vide License No. 226 on 31st October, 2003, pursuant to the provisions of the IRDA (Insurance Brokers) Regulations, 2002.

WHEREAS, the Authority vide letter dated 12th December, 2006 appointed Mr. K. J. Prabhakar as Investigator in exercise of the powers conferred under Regulation 33 of the IRDA (Insurance Brokers) Regulations, 2002 to investigate into the books of accounts and the affairs of the Broker.

WHEREAS, the Investigator conducted investigation and submitted his Investigation Report vide letter dated 12th April, 2007 and has given his findings and whereas the Report of the Investigator was sent to the broker and its comments thereto are received.

WHEREAS, the findings of investigation report relating to the Broking Company's business conduct and various compliances with IRDA (Insurance Brokers) Regulations, 2002 are disputed by the Broker in their response dated 7th August, 2007. it has become necessary to enquire into the charges leveled against the Broker.

WHEREAS, in exercise of the powers vested in the Authority, an enquiry into the charges was ordered under Regulation 36 of the IRDA (Insurance Brokers) Regulations, 2002 and under Regulation 37, the Authority appointed Sri. G. Vasantharajan, Ex Manager, National Insurance Company Ltd as the Enquiry Officer to inquire into and report to the Authority in regard to the aforesaid charges.

WHEREAS, the notice of Institution of enquiry vide charge sheet dated 6th November, 2007 under Regulation 36, IRDA (Insurance Brokers) Regulations, 2002 with charges in detail was communicated to the Broker.



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**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

WHEREAS, the enquiry was conducted at IRDA office at Hyderabad and opportunities of hearing had been granted to the Broker on 22nd November, 2007, 13th December, 2007 and 3rd January, 2008 under Regulation 34 (1) of the IRDA (Insurance Brokers) Regulation 2002. The Broker failed to attend the enquiry on all the three dates and the proceedings were conducted with documents presented by the presenting officer and examination of management witness.

WHEREAS, the Enquiry Officer, Sri. G. Vasantharajan submitted his Enquiry Report dated 16th February, 2008 wherein he has held that the charges leveled against the Broker vide charge sheet dated 6th November, 2007 are clearly proved.

To summarize, it is stated that Broker has violated

- 1) the Regulation 9(3) of the IRDA (Insurance Brokers) Regulations, 2002 as to the requirements for soliciting and procuring the insurance.
- 2) the Regulation 11 of the IRDA (Insurance Brokers) Regulations, 2002 by not adhering to the conditions of License and code of conduct as prescribed by the Authority.
- 3) the directions of the Authority in terms of Circular No. 022/IRDA/F&A/Aug. 05 dated 25.08.2005 in respect of transfer of shares exceeding 5% of the paid-up capital that require previous approval of the Authority.
- 4) the requirements under Regulation 27 of the IRDA (Insurance Brokers) Regulations, 2002 as to the internal controls and systems
- 5) provisions under Regulation 9 (2) (F) of the IRDA (Insurance Brokers) Regulations, 2002.
- 6) the code of conduct as laid down under schedule III of the Regulation 21 of the IRDA (Insurance Brokers) Regulations, 2002 and section 41 of the Insurance Act, 1938.
- 7) clauses 1, 3(b) and 15 of Schedule III of Regulation 21 of the IRDA (Insurance Brokers) Regulations, 2002.
- 8) provisions of Regulation 33(1) of the IRDA (Insurance Brokers) Regulations, 2002 as to cooperating to the investigator.

WHEREAS, the Broker on serving of the show cause notice along with copy of enquiry report under Regulation 38 (1) of the IRDA (Insurance Brokers) Regulations, 2002 failed to furnish the reply within twenty one day's period and Broker vide its letter dated 27th February, 2008 conveyed its unilateral decision to surrender the broking license and vide its subsequent letter dated 4th March, 2008 reiterated that they have nothing new to add or explain to their letter dated 7th August, 2007.

NOW THEREFORE, the Authority after carefully examining the matter and pursuant to the request made by the Broker for surrender of the Direct Broker License hereby accepts



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the surrender of license and cancels the Direct Broker License No.226 granted to M/S. Bhooma Insurance Broking Services Pvt Ltd with immediate effect.

The Broker is advised, to comply with following.

- 1) Submit the Original License No 226 for cancellation.
- 2) Submit an undertaking to service the existing clients whose policies are in force for a period of six months from date of cancellation of license i.e. 9th April, 2008 as required under Regulation 40 of the IRDA (Insurance Brokers) Regulations, 2002, within which it has to make suitable arrangements with another licensed broker to service the contracts already concluded.
- 3) Confirm that no fresh business has been placed after 9th April, 2008.
- 4) Provide details of every event that has come to the company's notice where your company may become liable to pay damages or compensation to clients, whether covered by the professional indemnity policy or not, giving the following information.
 - i) Date of period of occurrence.
 - ii) Name of client concerned.
 - iii) Nature of event likely to give rise to a claim
 - iv) Brief description of basis of claim
 - v) Intimated or estimated amount of claim.
 - vi) Amount provided by the broker in its books for the claim.
 - vii) Present status of claim.
- 5) Submit half yearly and yearly accounts for 2007-08 as per Regulation 25 and 26 of IRDA (Insurance Brokers) Regulations, 2002.
- 6) Remit annual fee due in the year 2006-07.
- 7) Remit the annual fee payable for the year 2007-08 after finalization of accounts and as prescribed under Schedule II of IRDA (Insurance Brokers) Regulations, 2002 and as amended vide IRDA (Insurance Brokers)(Amendment) Regulations, 2007.


(Prabodh Chander)
Executive Director

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