



**बीमा विनियामक और विकास प्राधिकरण**  
**INSURANCE REGULATORY AND**  
**DEVELOPMENT AUTHORITY**

Ref. 56/IRDA/Legal/ULIP-MF

**Proceedings of the Chairman, Insurance Regulatory and Development**  
**Authority of India ( IRDA)**

The Securities and Exchange Board of India (SEBI) vide its Order No.WTM/PS/IMD/06/APR/2010 dated 9<sup>th</sup> April, 2010 issued by the Whole Time Member has issued a direction to 14 insurance companies, (listed in the annexure to these proceedings) "not to issue any offer document, advertisement, brochure soliciting money from investors or raise money from investors by way of new and/or additional subscription for any product (including ULIPs) having an investment component in the nature of mutual funds, till they obtain the requisite certificate of registration from SEBI. This order is without prejudice to any action that might be taken by SEBI in respect of offer documents or advertisements issued by these entities for products (including ULIPs) having an investment component in the nature of mutual funds launched so far."

The IRDA observes that in the year 2008-09, 7.03 crore ULIP policies involving a total premium of Rs.90645 crores were in force. Further, as on February, 2010, during the period 1-4-2009 to 28-2-2010, 16.7 lakhs policies have been sold with a premium of Rs.44611 crores. It is also observed that the 14 insurance companies have an equity capital of Rs.16281 crores as on 31<sup>st</sup> March, 2009.

The observance of the above referred SEBI order would cause the stoppage of all renewals of insurance policies already invested by the insuring public, may result in the forced premature surrender of insurance policies causing substantial loss to the policyholder and to the insurers. The effective stoppage of the sale of the said products will cause a complete drying up of the revenue flows to the insurance companies which could disrupt the payment of benefits on maturity, on death and on other admissible claims, putting the policyholder and the general public to irreparable financial loss. The financial position of the insurers will be seriously jeopardized thus destabilizing the market and upsetting financial stability.

The IRDA is constrained to observe that earlier the SEBI had issued a notice to these 14 insurance companies on the matter of non-registration. The notice of SEBI was responded to by the individual insurance companies. The IRDA had also intimated to SEBI that the ULIPs are insurance products marketed by the

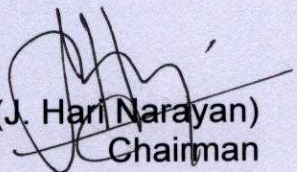
companies licensed by the IRDA and each of the ULIPs and the conditions thereto are specifically cleared by the IRDA having regard to the Insurance Act and the Regulations issued thereunder and that consequently, the action of SEBI is wholly misconceived and without jurisdiction.

The IRDA Act, 1999 is specifically enacted to provide for an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure the orderly growth of the insurance industry and for matters connected therewith or incidental thereto.

The mentioned direction of the SEBI to insurance companies not to raise money by way of new or additional subscription apart from other restrictions will seriously jeopardize and adversely the interests of the policyholders and the interests of the insurers.

The IRDA, in the light of the above, is satisfied that the order of the SEBI mentioned above will bring the insurance industry to a standstill which would not be in public interest and would be detrimental to the interests of the policyholders and prejudicial to the interests of the insurers.

Therefore, in exercise of the powers vested in the Authority under Section 34(1) (a) and (b) of the Insurance Act, 1938, and after due consultation with the members of the Consultative Committee, all the 14 insurance companies which are mentioned in the order of SEBI are directed to note that notwithstanding the said Order of the SEBI, they shall continue to carry out insurance business as usual including offering, marketing and servicing ULIPs in accordance with the Insurance Act, 1938, Rules, Regulations and Guidelines issued thereunder by the IRDA.

  
(J. Hari Narayan)  
Chairman

Place : Hyderabad

Date : 10.04.2010

## Annexure

- a. Aegon Religare Life Insurance Company Limited
- b. Aviva Life Insurance Company India Limited
- c. Bajaj Allianz Life Insurance Company Limited
- d. Bharti AXA Life Insurance Company Limited
- e. Birla Sun Life Insurance Company Limited
- f. HDFC Standard Life Insurance Company Limited
- g. ICICI Prudential Life Insurance Company Limited
- h. ING Vytasa Life Insurance Company Limited
- i. Kotak Mahindra Old Mutual Life Insurance Limited
- j. Max New York Life Insurance Co. Limited
- k. Metlife India Insurance Company Limited
- l. Reliance Life Insurance Company Limited
- m. SBI Life Insurance Company Limited
- n. TATA AIG Life Insurance Company Limited

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