



IRDA/F&A/ORD/MISC/176/06/2017

28<sup>th</sup> July 2017

**ORDER**

**In terms of Section 52 B (2) of the Insurance Act, 1938  
to M/s ICICI Prudential Life Insurance Co. Ltd. to take over the life insurance  
business portfolio of M/s Sahara India Life Insurance Co. Ltd.**

1. Reference is drawn to the IRDAI Order IRDAI / F&A / ORD / FA /134 / 06 / 2017 dated 12<sup>th</sup> June 2017 appointing an Administrator for managing the affairs of M/s. Sahara India Life Insurance Co. Ltd., Registered and Corporate Office : #1, Sahara India Bhawan, Kapoorthala Complex, Lucknow 226024; Registration No. 127 (herein after referred to as SILIC) under Section 52 A (1) of the Insurance Act, 1938
2. Based on the report of the Administrator submitted to the Authority vide letter dated 22<sup>nd</sup> June 2017 in terms of Section 52B of the Insurance Act, 1938, SILIC was directed not to procure/collect proposal deposits /underwrite new business, with effect from close of business on 23<sup>rd</sup> June 2017 vide IRDAI Order IRDA /F&A /ORD /FA /148/ 06 /2017 dated 23<sup>rd</sup> June 2017
3. The report of the Administrator indicated that there is total failure of the governance system of SILIC and the interests of the policyholders are at stake. The report inter alia states as under:
  - i. *The promoters of the company are no more "fit & proper";*
  - ii. *A sum of ₹ 78 crore has already been siphoned off in name of the security deposits;*
  - iii. *The shareholders and Board of Directors are not keen in recovery plan;*
  - iv. *The company is mainly surviving on the release of reserves. However, the situation may not continue for long as the new premium of the company has come down significantly;*
4. The Chairman and independent director of SILIC and the Chairman of Sahara Group had sought a meeting and presented a representation vide their letter dated 11<sup>th</sup> July 2017 and 21<sup>st</sup> July 2017. Accordingly, the meeting was conducted on 24<sup>th</sup> July 2017. In this regard, the Authority observed that SILIC has not brought any new

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facts or information warranting revisiting the Orders of the Authority issued on Appointment of Administrator for SILIC.

5. Based on the above facts reported by the Administrator in his report dated 22<sup>nd</sup> June 2017, the Authority has come to the conclusion that continuation of SILIC to transact life insurance business is not in the interests of the holders of life insurance policies in general and accordingly, consider it to be a fit case to transfer the life insurance portfolio of SILIC to some other insurer as envisaged under section 52B (1) of the Insurance Act, 1938.

6. In order to transfer the business as stated above, the Authority decided to transfer the aforesaid business of SILIC to a life insurer who fulfil the following criteria:

- a) The Insurer who is in profits;
- b) The Insurer without accumulated losses;
- c) The Insurer who is compliant with the prescribed limits on Expenses of Management; and
- d) The Insurer who is compliant with the Solvency Margin requirements

7. Six life insurers met the above criteria. The Authority sought to know their interest by 30<sup>th</sup> June 2017. Out of the six life insurers who qualified as per the above criteria, M/s ICICI Prudential Insurance Co. Ltd (herein after referred to IPRU) expressed interest in taking over the said portfolio within the given timelines subject to conducting necessary assessment and due diligence of the policyholders' assets and liabilities and other related and ancillary matters. The Authority had facilitated the required process.

8. IPRU has submitted their proposal for taking over insurance policies of SILIC (i.e., the liabilities) along with the corresponding investments (i.e., assets) vide their letter dated 28<sup>th</sup> July 2017.

9. In order to facilitate the takeover process, the Authority had appointed an Independent Actuary Shri G. N. Agarwal, to carry out the valuation of the insurance liabilities of SILIC that is to be transferred to IPRU as on the appointed date.

10. Now, in terms of Section 52 B (2) of the Insurance Act, 1938, in the interests of the holders of life insurance policies, the Authority comes to the conclusion that it will serve the interests of the policyholders if the life insurance portfolio of SILIC is transferred to IPRU. Accordingly, the Authority hereby, directs M/s ICICI Prudential Life Insurance Co. Ltd., with Registered Office at: ICICI Prulife Towers, 1089,





Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 (herein after referred to as IPRU) to take over the life insurance portfolio of SILIC on the appointed date

11. In terms of section 52 B (3) of the Insurance Act, 1938, this Order is binding on all persons concerned, and shall have effect notwithstanding anything in the memorandum or articles of association of SILIC.

12. On and from the appointed date:

- i. IPRU shall assume the insurance liabilities of SILIC as per the valuation of the Independent Actuary as on the appointed date;
- ii. SILIC shall transfer the following assets / investments to IPRU on irreversible basis:
  - i. The investment pertaining to the policyholders;
  - ii. Loans against policies;
  - iii. Current assets representing the current liabilities;
  - iv. Cash or Cash equivalent to the extent of non-par fund;
  - v. Any cash / cheque lying with the branches of the SILIC on account of premium on life insurance policies issued by SILIC;

Provided that the asset corresponding to the policyholder liabilities as per the statutory valuation report submitted by the Appointed Actuary of SILIC in respect of valuation conducted as on 31<sup>st</sup> March 2017 shall be transferred at the earliest.

Provided further that the asset corresponding to the change in the policyholder liabilities as on the appointed date shall be transferred based on the report of valuation of insurance liabilities of SILIC by the Independent Actuary appointed by the Authority (refer para 8 above).

13. SILIC and its promoters/shareholders shall:

- a. Transfer all records pertaining to the policyholders (both in physical and electronic format) to IPRU not later than 21 days after the appointed date;
- b. Finalize and submit the annual accounts for the year 2016-17 to the Authority within 21 days of the appointed date;
- c. Finalize and submit the result for the period ended 31<sup>st</sup> July 2017 to the Authority within 30 days of the appointed date;
- d. Reimburse the cost of salary, allowance and other expenses of the Administrator and other expenses incurred by the Authority in this matter at the earliest;





- e. Be liable to honour any commitments made to its policyholders, agents, and intermediaries, if any, which are beyond the scope of the product File and Use requirements within six months of the appointed date.
- f. Be responsible for all liabilities other than the policyholders' liabilities transferred to IPRU. The statutory liability such as income tax, service tax etc., entirely rest with SILIC
- g. Be liable for any non-compliance/pending compliance with any judicial order or award passed against it prior to the appointed date

14. Shareholders' investment will be under the control and supervision of Administrator till the para 13(a) to (d) are complied with by SILIC to the satisfaction of the Authority. A sum of ₹ 25 crore shall be transferred to a separate account under the custody of the IRDAI for a period of one year. The primary responsibility of honouring claims on policies beyond whatever has been informed/shared with IPRU and/or any other liabilities of SILIC pertaining to the transactions before the appointed date shall be that of the promoters/shareholders of SILIC. However, to meet any other contingencies the amount under the custody of the IRDAI will be utilized. The said amount shall be refunded to the SILIC after the said period of one year.

15. SILIC shall not carry on life insurance business after the appointed date. Accordingly, the Certificate of Registration no. 127 dated 6<sup>th</sup> February 2004 granted to SILIC shall be surrendered to the Authority within 15 days of the appointed date failing which the Certificate of Registration shall stand cancelled. SILIC shall also apply to RoC for 'change of name' and remove the words 'life insurance' from its name within 30 days of this Order and inform the Authority.

16. SILIC shall not use the name M/s Sahara India Life Insurance Co. Ltd. in the stationery or elsewhere after the appointed date.

17. IPRU shall ensure that to the extent of the life insurance portfolio taken over from SILIC (to be referred to the portfolio herein after) systems are integrated into the systems of IPRU within a period of one year from the appointed date.

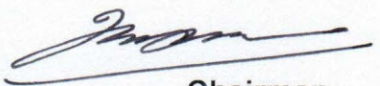
18. IPRU shall be liable for the liabilities on the books of SILIC after the appointed date. All the regulatory/legislative compliances as regards the said portfolio shall be ensured after the appointed date.

19. A moratorium period of fifteen days is allowed to policyholders to pay renewal premium and IPRU is given twenty one days for settlement of claims after which the servicing of policyholders of SILIC shall be carried on by IPRU unhindered. However, efforts shall be made to ensure that systems/processes are integrated at the earliest, in order to ensure smooth acquisition.





20. IPRU shall bring about compliance with the IRDAI (Investment) Regulations, 2016 as regards the life insurance portfolio of SILIC on a standalone basis or on overall basis by 31<sup>st</sup> March 2018.
21. IPRU shall take steps and set up systems to bring about compliance with KYC/AML guidelines as regards gaps, if any, that may have been observed in the said portfolio, going forward.
22. IPRU shall ensure the confidentiality of the policyholder data pertaining to the portfolio.
23. SILIC and IPRU shall arrange to host a copy of this Order on their website prominently and also arrange to paste a copy of the operative portion of this Order in a conspicuous place at each of its branches and offices.
24. IPRU shall give Public Notice confirming the takeover and also informing the policyholders of SILIC the manner in which policies after the appointed date will be serviced by them. Notice shall also be sent by IPRU to the policyholders of SILIC in the matter.
25. IPRU shall make available FAQs as regards servicing of policyholders of SILIC and also publish the same in their website. A dedicated call center/e-mail ID be created to handle the concerns/issues of policyholders of SILIC.
26. IPRU shall publish in two national level largely circulated newspapers (one in English and the other in Hindi) about takeover of life insurance portfolio of M/s Sahara India Life Insurance Co. Ltd.
27. The appointed date for the effecting the aforesaid transaction would be 31<sup>st</sup> July 2017.

  
Chairman