

## HIGHLIGHTS

There has been a steady growth in their premium income, however the market share of the four public sector insurance companies had been declining.

*(Para 1.3)*

The Miscellaneous segment of the insurance business, which includes the motor portfolio, registered poor or negative results. This was attributed to the high incidence of claims in the Motor Third Party business.

*(Para 1.4)*

There was no centralised database, either at company or industry level, to facilitate improved control on motor claims.

*(Para 2.4)*

There were delays in settling awards within the required thirty days in 1845 cases reviewed. This resulted in payment of interest amounting to Rs.2.20 crore.

*(Para 2.7)*

The amount to be recovered in respect of 457 pay and recover cases was Rs.8.87 crore.

*(Para 2.8)*

There was no formal system in place for empanelment and selection of reinsurance brokers.

*(Para 3.14)*

In some cases, business was placed with reinsurers who did not possess BBB ratings as stipulated by IRDA.

*(Para 3.16)*

Sums amounting to Rs.24.36 crore could not be recovered from reinsurers who had gone into liquidation. A sum of Rs.42.91 crore could not be recovered from reinsurers for over six years.

*(Para 3.18)*

A total 14.87 lakh claims, valued at Rs.16,158 crore were pending settlement as at 31 March 2007. Of these, 70.62 per cent of claims were pending for over six months.

*(Para 4.3)*

There were numerous cases of delay in appointment of surveyors, receipt of survey reports and in final settlement of cases.

*(Paras 4.4, 4.5 and 4.7)*

A number of claims, initially repudiated by the companies, were finally settled in favour of the insured leading to payment of interest/penalties.

*(Para 4.14)*

As many as 946 agents, validity of whose licenses had expired, procured business for the insurance companies in violation of IRDA Regulations.

*(Para 5.4)*

Commission amounting to Rs.54.35 lakh was transferred from 'Direct code' to 'Agency code' subsequent to the issue of policies, without appropriate authorisation.

*(Para 5.5)*

The companies had effected various payments, under different agreements, to automobile manufacturers, dealers, financiers, etc. These agreements lack clarity, and were not in compliance with statutory and regulatory requirements.

*(Paras 5.6 to 5.14)*