



ORDER of Insurance Regulatory and Development Authority of India under Section 102 of the Insurance Act, 1938 read with IRDA (Web Aggregators) Regulations, 2013, and IRDAI (Insurance Web Aggregators) Regulations, 2017 and IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 in the matter of M/s Policybazaar Insurance Web Aggregator Pvt. Ltd.

1. The Insurance Regulatory and Development Authority of India (hereinafter referred to as "the Authority") had received a complaint dt. 7th October, 2016 & 10th October, 2016, alleging that M/s Policybazaar Insurance Web Aggregator (hereinafter referred to as "PB") had floated an offer titled as "NAVRATRA OFFER" under which certain monetary incentives in the guise of complementary benefits were being offered to its prospective customers. The incentives included complementary Wellness benefits for all new eligible customers and included coverage of 5 OPD consultations, Unlimited Telemedicine Consultations, Unlimited Second Opinion Services, HYJIYA Digital Wellness Platform and Pharmacy Discounts.
2. An explanation was called from PB on 22nd October, 2016. PB submitted its reply on 28th October, 2016.
3. Since the explanations given by PB were not to the satisfaction of the Authority, a Show Cause Notice (in short "SCN") dated 3rd April, 2017 was issued to it.
4. PB vide its letter dated 2nd May 2017 submitted its reply to the SCN and requested for a personal hearing.
5. In the meantime, the Authority observed that PB had issued numerous advertisements offering insurance policies, in particular motor insurance policies, on several news channels.
6. The Authority, after scrutiny of the said advertisements, sought explanation from PB vide letter dated 6th November, 2017, as to how the advertisements issued by it complied with provisions of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000. PB was advised to submit its explanation within 3 days. PB did not reply.
7. Due to non-submission of reply by PB, a SCN dated 10th November, 2017 was issued to PB. PB vide its letter dated 22nd November, 2017 submitted its response and requested for a personal hearing.
8. In view of the request of PB, a consolidated personal hearing on the 2 SCN's was granted by Member (Non-Life). The personal hearing was held on 10th January, 2018 in the office of the Authority in Hyderabad. Subsequently, Shri. P J Joseph superannuated from his

services on 13th January, 2019 and Shri Sujay Banarji, Member (Distribution) took over the charge.

9. As the competent Authority changed, the present Competent Authority Shri. Sujay Banarji, Member (Distribution) provided an opportunity for Personal Hearing on 27th February, 2019. The following officials were present during the personal hearing:

On behalf of the Authority:

Shri. Sujay Banarji – Member (Distribution Development)
Shri. Randip Singh Jagpal –CGM (Intermediaries)
Shri. Sanjay Kumar Verma – DGM (Dist. Dev.)
Shri. Saravanakumar Rasappan – Manager (Dist. Dev.)

On behalf of Web Aggregator:

Shri. Yashish Dahiya – Co-Founder & CEO
Shri. Manoj Sharma - Principal Officer
Ms. Shivli Katyayan – Head, Legal & Compliance

10. Insurance Web Aggregator as an insurance intermediary shall maintain a website for providing interface to the insurance prospects for price comparison and information of products of different insurers and other related matters. The Insurance Web Aggregator is licensed/certified by the Authority. For the purpose of compliance/ implementation of regulations, the Insurance Web Aggregator shall own a Lead Management System (LMS) which is a Software implemented by the Insurance Web Aggregator for recording, filtering, validating, grading, distribution, follow up and closure of leads from the enquiries received on the website of the Insurance Web Aggregator. Also, the Insurance Web Aggregator shall undertake distance marketing for the leads generated in their website.

11. Based on the charges levied against PB in the 2 SCN's, response of PB in its replies dated 2nd May, 2017 & 22nd November, 2017 and the submissions made by PB during personal hearing on 27th February, 2019, the decision of the Authority is as follows:

I. Charges, Submissions in reply thereof and Decisions

i. Charge 1–

A. Violation of Regulation 3(a)(iii) of IRDA (Web Aggregators) Regulations, 2013

- i) PB had entered into an agreement with "Indian Health Organization by Aetna" (hereinafter referred to as "IHO") which is not an insurer. PB had therefore engaged in business other than the business of web aggregation of insurances products. By offering benefit schemes of IHO to the prospects or customers, PB

had engaged in business other than the main object of web aggregation of insurance products. Regulations 3(a)(iii) of IRDA (Web Aggregators) Regulations, 2013, states-

"a Web Aggregator cannot engage in any other business other than the main object (web aggregation of Insurance Products) of the applicant".

It was observed that PB entered into an agreement with the aforesaid unregistered third party entity named IHO and offered the prospects, incentives which included Complementary Wellness benefits for all new eligible customers and included coverage of 5 OPD consultations, Unlimited Telemedicine Consultations, Unlimited Second Opinion Services, HYJIYA Digital Wellness Platform and Pharmacy Discounts. It was also observed that PB did not disclose to the Authority of engaging the services of unregistered third party entity IHO. PB offered prospects incentives/ benefits offered by IHO, an unregistered third party entity and thereby violated Regulation 3(a)(iii) of IRDA (Web Aggregators) Regulations, 2013.

B. Submission of the web aggregator:

- i) PB in its response denied that it had engaged itself in business other than the business of web aggregation as permitted under the Web Aggregator Regulations. PB denied that it had offered any benefit schemes to its prospects or customers. PB submitted that it was never its intention to derive any monetary benefit or conduct business on this basis. According to PB it was "Customer Benefit Facilitation Letter" which was submitted to the Authority in January 2017. According to PB the logic of entering into and specifically recording the basis of the relationship as "non-pecuniary" and "customer benefit facilitation" in itself evidences the fact that there is no mala fide intent to conduct business for revenue and/ or conduct business other than web aggregation such as to harm or mislead the customer. PB also submitted that its intention was to prioritise "customer benefit" through all avenues available to it as a web aggregator which includes information dissemination and customer education.
- ii) PB submitted that collaboration was only initiated in August 2016 and on the receipt of the Notice in October 2016 from Authority, it took down the display of information on Wellness Benefits. According to PB it believed that it was within the insurance regulatory and statutory framework and therefore submitted that PB had not violated the Web Aggregator Regulations by information dissemination to prospects/ customer and there was no business as understood in common market parlance that was conducted under this relationship.



- iii) PB also stated that it had not offered any benefit or incentive to its prospects. PB only shared information about value added services available to public in the market place without any charge or benefit to it. According to PB it was not even mandatory to the customers to avail it even if they choose to buy insurance protection. PB stated that this access did not limit or misdirect the choice of the customer and cannot be treated as violation on its end. PB requested the Authority that the charge may be dropped.
- iv) During personal hearing PB -
- reiterated their earlier submissions made in response to SCN.
 - submitted that there was no hyperlink other than Terms and Conditions while explaining the modus operandi of the said offer. The customer has to visit IHO website to know the further details of Wellness Offer.

ii. Charge 2:

- A. Violation of Regulation 11(b)(ii) and clause (c) of the Schedule VII of IRDA (Web Aggregators) Regulations, 2013**
- As per Regulation 11 (b) (ii) of IRDA (Web Aggregators) Regulations, 2013, the *Web Aggregator shall not display any advertisement pertaining to any product or service including insurance product or service, other financial products or service/or any other product or service in the Web Aggregator Website*. It was observed that PB has displayed the services offered by IHO on its website and therefore violated Regulation 11(b)(ii) of IRDA (Web Aggregators) Regulations, 2013.
 - As per Clause (c) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013 which deals with Code of Conduct for a Web Aggregator, a *Web Aggregator shall ensure that the designated website contains no advertisements or any information that is prohibited under Regulation 11, which deals with Duties and Functions of Web Aggregators*. It is observed that PB was displaying the advertisement & services offered by IHO on its website and therefore violated Clause (c) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013.

B. Submission of the web aggregator:

- PB submitted that it understood that Regulation 11 (b)(ii) pertains to its mandated duties and functions which prohibits it from display of advertisement pertaining to: any product or service including insurance product or insurance services of financial products etc. According to PB because of this regulation, IHO committed not to display any advertisement of their services. PB's letter of 1st August, 2016

exchanged with IHO, committed to provide information to its customers and public at large about what the IHO provided towards Wellness Benefits and left it to the customer to avail them or not. According to PB, this cannot be called an advertisement contract executed by it to advertise the product/ services.

- ii) PB also submitted that no part of the communication exchanged with the IHO gave an impression or included those steps which forms an advertisement by PB because none of its efforts were used to induce the purchaser for any insurance solicitation or for solicitation of the services and products of the IHO. PB's efforts were solely to share educative information for the wellbeing of the customers/ prospect and the public at large. PB submitted that the material used in the Website about reference to the IHO did not relate to solicitation and was for educative information already available in the market and there had been no consideration exchanged or received by it. It did not attract the ingredients of any unfair or misleading communication. PB was of the view that the violation of Regulations 11 (b)(ii) had not been made out. PB also submitted that IHO was also not in the category of: insurance/ insurance products/ financial products etc. as was the import Regulation 11 (b) (ii) of the Web Aggregator Regulations.
- iii) Regarding the violation of clause (c) of Regulation pertaining to Code of Conduct, PB believed that it had not violated or disregarded the same because its designated website did not contain the advertisements intended for IHO as per the definition of advertisement per the Advertisement Regulations. According to PB, the information about the Wellness Programs was also not specifically prohibited under Regulation 11 pertaining to its duties and functions as a Web Aggregator.
- iv) During personal hearing PB reiterated its earlier submission.

iii. Charge 3:

A. Violation of Regulation 14(b) and Clause (a) (iii) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013

- i) As per Regulation 14(b) of the IRDA (Web Aggregators) Regulations, 2013, "*the Web Aggregator, shall share the data in the lead management system (LMS) with the insurance companies with whom they signed agreement for web aggregation of insurance products*". Sub clause (a) of clause iii of Schedule VII states that "*The web aggregator shall treat all the information provided by the prospects completely confidential to themselves and to the insurer to whom the business is being offered*". But, it is observed that PB by entering into an agreement with IHO, displayed benefit scheme offered by IHO as an inducement to the prospective customers. It was also established from the customer benefit facilitation letter

entered between PB and IHO that PB had shared the personal information of the customers with IHO. The aforesaid actions of PB violated Regulation 14(b) and Clause (a) (iii) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013.

B. Submission of the web aggregator:

- i) PB admitted that the very limited and very preliminary information of its customers obtained by IHO in a period of about 2 months was not material part of the "Lead" as defined in the Web Aggregator Regulations. According to PB, as per paragraph 3 of its letter dated 1st August 2016, it was information about value added services provided by IHO and it was not LMS data (as visualized by Web Aggregator Regulation 14(b)). According to PB, this does not amount to breach of its conduct in matters (Schedule VII (a) (iii)) relating to its relationship with the customer.
- ii) During personal hearing PB submitted the following-
 - a) There was no data shared with IHO.
 - b) The interested customers may visit IHO website and avail the benefits as displayed in PB website.
 - c) PB confirms the identity of their customers to IHO on monthly basis upon receiving the data from IHO.
- iii) In addition, the Authority advised PB during the personal hearing to furnish the communication, correspondence and documents exchanged with IHO in support of their submissions.

C. Decision of the Authority for Charge No. 1, 2 & 3

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.
- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
 - a) PB has admitted that it entered into a relationship with IHO by entering into an agreement through customer benefit facilitation letter dated 1.8.2016
 - b) PB was aware that IHO is not a registered entity with the Authority but an unregistered third party entity.
 - c) PB has admitted to displaying information of IHO, an unregulated third party entity on its web-site
 - d) PB removed the display of the above information on receipt of letter of explanation from the Authority.

- e) PB has used the IHO offers to induce the insurance prospects to purchase health Insurance Policy through its website.
- f) The prospects of the Wellness Offering from PB which was displayed in PB website under the heading '*Who are eligible to get these benefits?*' clearly stated that "*All our customers who have purchased a NEW health insurance policy from the Policybazaar portal from 10th August, 2016 onwards are eligible for all the above benefits. The entire set of OPD coupons and other materials will be dispatched to our esteemed customers after the end of the 'Free Look' period on the health insurance purchased by them. All the above offers are valid for one year from the date of issue*". Therefore, it clearly proves beyond doubt that PB submission, in response to SCN that they had not offered any benefit or incentive to its prospects is not true.
- g) Further, point (3) of Terms and Conditions reads as "Policybazaar reserves the ultimate right to offer the above benefits" and part of point (4) reads as "It is specifically agreed and understood by you, that enrolling for the Wellness Offering offered by Policybazaar through IHO, you are choosing to do so of your own discretion".
- h) From all the above admissions by PB, it is established that PB has violated Regulation 3(a)(iii) of IRDA (Web Aggregators) Regulations, 2013.
- i) PB has admitted that it has displayed information of products and services of IHO on its web-site. However, the regulations do not permit display of any information pertaining to products or services of other Financial institutions/ FMCG on their website.
- j) PB has admitted that some personal information that was furnished by the customer on PB's web-site was shared with IHO.
- k) PB removed the display of "Navratra Offer" on receipt of letter of explanation from the Authority.
- l) PB has admitted that it shared some information of its customers with IHO, an unregistered unlicensed third party entity. It is evident from the customer benefit facilitation letter that the information of customers who opted for becoming member of IHO shall be kept confidential which establishes the sharing of data by Policybazaar.
- m) PB has also admitted that the information shared with IHO was part of the lead but not material.
- n) PB removed the display of "Navratra Offer" on receipt of letter of explanation from the Authority.

- o) PB has not submitted the supporting documents as advised by the Authority during the personal hearing held on 27th February 2019. Hence, the Authority is constrained to presume that PB's submission in the personal hearing as stated above is not true.
- iii) Regulation 17 (d) of the IRDAI (Web Aggregators) Regulations, 2013 states that "if it is established that *the provisions of regulations are violated/ breached by the Web Aggregator and the Authority in the interest of policyholders may consider imposing financial penalty instead of cancellation/ suspension of license of the Web Aggregator for such violations/ breaches*".
- iv) All the above admissions by PB go on to prove that PB has violated Regulation 11 (b)(ii) and Clause (c) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013 along-with Regulation 14(b) and Clause (a) (iii) of Schedule VII of IRDA (Web Aggregators) Regulations, 2013.
- v) In exercise of the powers vested in the Authority as per the provisions of the section 102(b) of the Insurance Act, 1938 read with Regulations 17 (d) of the IRDAI (Web Aggregators) Regulations, 2013, the Authority is combining the Charge (1), (2) and (3) together because of the similar nature of violations arising from the same action and the Authority hereby imposes a penalty of Rs. 1 lakh per day for the violation period of 89 days which amounts to Rs. 89,00,000/- (Rupees Eighty Nine lakhs only) (Rs. One Lakh per day for Eighty- Nine days, from the date of collaboration i.e. 1st August, 2016 to date of withdrawal 28th October, 2016 as submitted in PB's letter dated 28th October, 2016 which is equal to Eighty-Nine days).

iv. Charge 4:

- A. Violation of Regulation 3(1)(ii), 3(1)(iii), 3(1)(iv), 3(1)(v) & 8(1)(i) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000.**
- i) As per Regulation 3(1)(ii) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000, the Web aggregator shall establish and maintain a system of control over the content, form and method of dissemination of all advertisement concerning its policies. PB has not maintained control over the content of this particular NAVARATRA OFFER advertisement.
 - ii) As per Regulation 3(1)(iii) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000, the Web aggregator shall maintain an advertisement register which must include a specimen of every advertisement disseminated or issued, a record of any broadcast or telecast. PB has not maintained a register or record of this particular NAVARATRA OFFER advertisement.

- iii) As per Regulation 3(1)(iv) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000, the Web aggregator shall maintain a specimen of all advertisements for a minimum period of three years. PB has not maintained the specimen copy of this particular, NAVARATRA OFFER, advertisement.
- iv) As per Regulations 3(1)(v) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000, the *Web Aggregator has to file a copy of each advertisement with the Authority as soon as it is first issued together with information of an identifying number for this advertisement, the form number, when the product/s were approved by the Authority, a description of the advertisement and how it is used and the method or media used for dissemination of the advertisement.* PB did not file copy of the advertisement issued by them relating to the aforesaid NAVARATRA OFFER with the Authority and was also unable to provide the copy of aforesaid advertisement in their submissions to the Authority while also having a tie-up with IHO.
- v) Regulations 8(1)(i) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 states that "*Every insurer or intermediary's web site or portal shall include disclosure statement which outline the site's specific policies vis-à-vis the privacy of personal information for the protection of both their own businesses and the consumers they serve and also display their registration/ license number on their websites.* On the other hand, the Privacy Policy of PB states that "*PB may share, sell and/ or transfer your personally identifiable information to an affiliate and/ or associate partner/ business partner*". Hence PB has not displayed the proper disclosure on their web site about the protection of privacy of personal information of the consumers.
- vi) Therefore, PB has violated Regulations 3(1)(ii), 3(1)(iii), 3(1)(iv), 3(1)(v) & 8(1)(i) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000.

B. Submission of the web aggregator:

- i) PB submitted that they are filing the advertisement within the prescribed timeline to the Authority and also maintaining system control over the content, form and the method of dissemination of all the advertisement concerning insurance.
- ii) PB submitted that it was never its intention to display information regarding value added services of IHO in the "Navaratra Offer".
- iii) PB admitted it was an inadvertent mistake by its marketing department which was remedied as soon as it was made aware of the same.
- iv) During personal hearing PB reiterated their earlier submissions made in the response to SCN.

C. Decision of the Authority

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.
- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
 - a) PB has submitted that they are maintaining system control over the content, form and the method of dissemination of all advertisements concerning insurance. PB has also submitted that they are maintaining register and maintaining specimen of all advertisement.
 - b) The Authority after considering the submission made by PB is of the view that, in general, the system control over the content, form, method of dissemination of advertisement and maintaining the register of PB are in place and is satisfied with the submission of PB and therefore charges under Regulations 3(1)(ii), 3(1)(iii), 3(1)(iv) are not pressed
 - c) However, PB admitted that the display of "Navratra Offer" was an inadvertent mistake and PB also did not file a copy of the advertisement as soon as it was first issued. PB by not filing the advertisement with the Authority as soon as it was first issued is in violation of the Regulation (3)(v) "Compliance and Control" of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 with respect to "Navaratra Offer".
 - d) PB removed the display on receipt of letter of explanation from the Authority.
 - e) PB has displayed the improper disclosure statement in Privacy Policy which does not provide the protection of privacy of personal information of the consumers.
- iii) All the above admissions by PB goes on to prove that PB has violated Regulations 3(1)(v) and 8(1)(i) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000.
- iv) In exercise of the powers vested in the Authority as per the provisions of section 102(b) of the Insurance Act, 1938 read with Regulations 17 (d) of the IRDAI (Web Aggregators) Regulations, 2013, the Authority hereby imposes a penalty of Rupee one lakh per day for the violation period of 22 days which amounts to Rs. 22,00,000/- (Rupees Twenty Two Lakhs only) at the rate of Rs. One Lakh per day for Twenty Two days, from the date of complaint received i.e. 7th October, 2016 to date of removing the advertisement in their website on 28th October, 2016 which is equal to Twenty Two days.

v. Charge 5:

A. Violation of Regulation 11(1)(iv) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000

- i) The Authority noticed that the Web Aggregator has been issuing advertisements on various TV channels offering upto 60% off on motor insurance for two & four wheelers. The said advertisement was found to be misleading because in the video part they were displaying/ advertising the text "**UP TO 60% OFF on two wheeler Insurance and UP TO 60% OFF on Car Insurance - Provided by Insurers**" but in the audio part they were stating "**60% OFF on two wheelers and 60% OFF on Car Insurance**" which was not in compliance with Regulations 11(1)(iv) of IRDA (Insurance Advertisements and Disclosure) Regulations, 2000.

B. Submission of the Web Aggregator:

- i) PB in its reply vide letter dt. 22.11.2017 submitted that the price displayed at the time of comparison was what they had received from insurers.
- ii) PB did not make any offer or promise on its own, in all advertisements, where a figure was quoted.
- iii) During personal hearing, PB stated that they were displaying only the information which was received from Insurers.

C. Decision of the Authority

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.
- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
- PB displayed the price and the information that was received from the insurers at the time of comparison
 - PB did not make any offer or promise on its own, in all advertisements, where a figure was quoted.
- iii) In view the submissions made by PB, the charges are not pressed. However, the Principal Officer of the company is warned to be careful in future and ensure that the same is not repeated.

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vi. Charge 6:

- A. Violation of clause (b) & (k) of Form Q of Schedule IV read with Regulations 26 under Chapter VI “Activities undertaken and functions performed by Insurance Web Aggregators” of IRDAI (Insurance Web Aggregators) Regulations, 2017.**
- i) As per the above clause (b) & (k) of Form Q, Schedule IV read with Regulations 26 of the IRDAI (Insurance Web Aggregators) Regulations, 2017, the product information displayed by the Insurance Web Aggregators shall be authentic and be based solely on information received/ furnished to them by Insurers. The Authority noticed that the web aggregator was advertising on TV 60% off on motor insurance (Two-Wheelers and CAR) which was a violation of clause (b) & (k) of Form Q read with Regulation 26 of IRDAI (Insurance Web Aggregators) Regulations, 2017.

B. Submission of the web aggregator:

- i) PB vide its letter dt. 22.11.2017 submitted that it only disseminated advertisements that were towards building its brand and not for any particular product or insurer.
- ii) During personal hearing, PB submitted the following:
- The advertisements were only towards brand building and not for any particular product or insurer.
 - Any information displayed in the advertisement was based on the information received from the insurers.
 - Any information published in the advertisement or displayed on its portal was verified with Insurers
 - Whenever PB received feedback from the Authority or ASCII, it had complied with it.

C. Decision of the Authority

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.
- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
- PB issued advertisements which were towards brand building and not for product or insurer.
 - PB displayed information on its portal or published in its advertisements that was received from the insurers and verified with them.
 - Whenever PB received feedback from the Authority or ASCII, PB complied with it.

- iii) In view the submissions made by PB, the charges are not pressed. However, the Principal Officer of the company is warned to be careful in future and ensure that the same is not repeated.

vii. Charge 7:

A. Violation of clause (e) of Form V (Obligations of Web Aggregators) of Schedule VIII read with Regulation 32 of IRDAI (Insurance Web Aggregators) Regulations, 2017.

- i) As per clause (e) of Form V read with Reg. 32 of IRDAI (Insurance Web Aggregators) Regulations, 2017, the Insurance Web Aggregator shall not promote the services or the products of any third party on their designated website, unless permitted by the Authority. The Authority noticed that PB was advertising on TV that 60% off on Motor Insurance policy which leads towards promoting the products of particular insurers.
- ii) Advertising 60% off on motor insurance policy violated clause (e) of Form V read with Reg. 32 of IRDAI (Insurance Web Aggregators) Regulations, 2017.

B. Submission of the web aggregator:

- i) PB vide its letter dt. 22.11.2017 submitted that it was displaying the list of products as shared by insurers.
- ii) PB also submitted that for any line of insurance which can be compared on the portal and advertised by them, it was ensured that the advertisement represented a true picture of the choices available to a customer and did not end up becoming an advertisement for an insurer or product.
- iii) PB also submitted that if an advertisement spoke of saving which can be made through comparisons, such savings were offered through multiple products and insurers and not through a single product/ insurer.
- iv) During personal hearing, PB submitted that they had removed the advertisement immediately on receipt of request for explanation from the Authority and ensured that no advertisement was displayed on the website and also will not be displayed in future.

C. Decision of the Authority

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.

- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
 - a) PB never displayed advertisement which showed only insurer or product
 - b) Whenever PB spoke of savings, it was done by showing comparison offered through multiple products of different insurers.
- iii) In view of the submissions made by PB, the charges are not pressed. However, the Principal Officer of the company is warned to be careful in future and ensure that the same is not repeated.

viii. Charge 8:

A. Violation of clause 1(v) of Form X of Schedule IX read with Regulation 33 of IRDAI (Insurance Web Aggregators) Regulations, 2017.

- i) As per clause 1(v) of Form X of Schedule IX read with Reg. 33 of IRDAI (Insurance Web Aggregators) Regulations, 2017, if the Web Aggregator fails to furnish any information relating to his activities as an Insurance Web Aggregator as required by Authority, it may lead to suspension or cancellation of the certificate of registration of Insurance Web Aggregator after due notice and grant of reasonable opportunity of hearing. PB did not acknowledge nor replied to the Authority's communication dated 6.11.2017. Therefore, PB has violated clause 1(v) of Form X of Schedule IX read with Regulations 33.

B. Submission of the web aggregator:

- i) PB apologized for the mistake. PB said that their Principal Officer was ill and they inadvertently missed responding to the compliance status request and it was never the intention to disregard any request from the Authority.
- ii) PB submitted that it will work within the statutory framework and follow the guidelines and instructions provided by the Authority.

C. Decision of the Authority

- i) The Authority examined the charges levied against PB in the Show Cause Notice issued to it. The Authority also perused the submission made by PB. It also took note of the submission furnished during the personal hearing.
- ii) After taking into consideration all the facts placed before it, the Authority takes note of the following submissions made by PB:
 - a) PB apologised for the mistake.
 - b) PB gave the reason for failing to respond

- c) PB submitted to work within the statutory framework and follow the guidelines and instructions provided by the Authority.
- iii) In view the submissions made by PB, the charges are not pressed.

II. Conclusion

- i. Policybazaar Insurance Web Aggregator Pvt Ltd is the largest web aggregator in the country. It carries a brand value which is easily recognisable across the country. Being the pioneer in online distribution space, it changed the way insurance was sold and has created a name for itself. Therefore, as the leader in the online web aggregation space, Policybazaar is a web aggregator which other web aggregators and online distributors seek to become. This places tremendous responsibility on Policybazaar. In light of such expectations, Policybazaar was expected to act diligently and with utmost care and responsibility. Unfortunately, Policybazaar failed in complying with the Regulations on Insurance Web Aggregator Regulations issued in 2013 and 2017 which had been created to protect the interest of the policyholders and regulate the business of web aggregation. This is evident from the penalties and the warning issued for violations of Insurance Web Aggregator Regulations.
- ii. Based on above decisions in charge no. 1, 2, 3 & 4 M/s Policybazaar Insurance Web Aggregator Pvt Ltd., is hereby directed to pay a penalty of Rs.1,11,00,000/- (Rupees One Crore and Eleven lakhs only)
- iii. In respect of charges 5,6 & 7 M/s Policybazaar Insurance Web Aggregator Pvt Ltd., the Principal Officer is warned to be careful in future and ensure that the same is not repeated.
- iv. The penalty of Rs 1,11,00,000/- (Rs. One Crore and eleven lakhs only) shall be remitted by PB through NEFT / RTGS (details of which will be communicated separately) within a period of 15 days from the date of receipt of this order. An intimation of remittance by PB may be sent to Shri. Randip Singh Jagpal, Chief General Manager (Intermediaries), IRDAI, Sy. No. 115/1, Financial District, Nanakramguda, Hyderabad, 500032.
- v. If the Web Aggregator feels aggrieved by the above decision in this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place: Hyderabad

Date : 23rd August, 2019



Sujay Banarji
Member (Distribution)