



**ORDER**

**OF THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)**

**AGAINST**

**M/s UNIVERSAL MEDIAID SERVICES LIMITED**

The Authority, after examining your application dt. 11.02.2008 for the renewal of your TPA licence no. 009, observes the following:

1. That your company was granted a licence by IRDA to act as Third Party Administrator (TPA) in March, 2002. The licence was further renewed up to March 2008.
2. That your company had made certain loans and advances during 2003-04 to companies not connected with the TPA business, which resulted in the blocking of the working capital required for the TPA business.
3. That your company was advised by the Authority vide letter dated 16<sup>th</sup> June 2005 and subsequent letters dated 17<sup>th</sup> August 2005 and 5<sup>th</sup> October 2005 in this regard, to withdraw the loans and advances and deposit the same in scheduled banks, to be available for the working capital requirements of the TPA business.
4. That you sought time limit and further extension thereof in order to comply with the directions of the Authority.
5. That you were advised to show cause, vide our letter dt. 19.08.2008 as to why your application for renewal of your TPA licence should not be declined. And that your reply dt. 22.08.2008 to the show cause denied that you had violated any provisions of the TPA Regulations or any directions issued by the Authority.
6. That your reply contained certain contradictory submissions about the status of loans and advances made by your TPA insofar as that while the letter indicated that the money (advanced) could be called back as and when required, it also said that the new date of renewal of the short term loans and advances fell on or before 31.03.2009, hence you may be granted extension of time up to that date.



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**7.** That the Authority had also conducted an inspection of your company in Aug, 2008 and findings of the same were communicated to you vide letter dt. 02.12.2008. Your company had responded vide letter dt. 04.12.2008 providing explanations for the queries and also admitted of having reinvested the amount recalled from Safal Constructions in to other companies, having made changes in the shareholding pattern without prior approval of the Authority, servicing corporate clients directly and not through any insurer and also requested for an opportunity for a personal hearing.

**8.** That you were given an opportunity for a personal hearing on three occasions, the last being on 02.01.2009 pursuant to your request vide letters dt. 22.08.2008 & 04.12.2008. The last hearing on 02.01.2009 was attended by your CEO Shri G P Sureka.

**9.** That during the personal hearing on 02.01.2009 your CEO had admitted that your company had indeed violated the directions of the Authority in respect of rescheduling of your loans and advances. The admission is recorded in the minutes of the proceedings held on 02.01.2009 signed by your CEO.

**10.** That, vide your letter dt. 04.12.2008 you had admitted that you had violated the circular no. 022/IRDA/INV/05 dt. 25.08.2005 in respect of change in shareholding of your company and have requested to condone the same.

**11.** Further that you had also admitted that you were processing claims of some corporates (MMTC & RITES) directly and not through any insurer, which is in violation of the TPA Regulations.

**12.** The Authority has perused the submissions made till date, about January, 2009 by you. Upon a consideration of the same as also the facts and circumstances of the case and the material on record, what stands out clearly, especially from the events that transpired and which have been briefly listed above, is the blatant disregard of your company, despite being a registered entity, to adhere to the instructions issued by the regulator in the interests of the policy holders.

**13.** In view of the above, the Authority has come to the conclusion that your application for renewal of your TPA licence (no. 009) should be declined.



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**14.** In exercise of the powers conferred by Regulations 13 & 14 of the IRDA (Third Party Administrators – Health Services) Regulations, 2001, therefore, the Authority hereby declines the application for renewal of TPA licence no 009 of M/s Universal Medi-Aid Services Pvt. Ltd.

Subsequent to the non-renewal of the TPA licence, M/s Universal Medi-Aid Services Pvt. Ltd. is hereby directed to comply with the following:

- a.** Submit immediately, the data collected and the books, records or documents, etc. relating to the business carried on by it in relation to different insurers, to the respective insurers.
- b.** Support insurance company(ies) in making suitable alternative arrangements to service the policyholders in respect of whom the policies are still in force.
- c.** Reconcile and close the accounts with the insurance companies and service providers.

Date: 6<sup>th</sup> March, 2009.

  
**Prabodh Chander**  
**(Executive Director)**