

26 August 2014

To,
The Chairman,
Insurance Regulatory and Development Authority
3rd Floor, Parishram Bhavan
Basheer Bagh
Hyderabad 500004.

Sub: Birla Sun Life insurance fraud sales

Dear Sir,

Greetings!

Moneylife Foundation's Insurance Helpline was started in 2013. I would like to inform you that we have been getting several emails related to fraud sales by Birla Sun Life. This is similar to the Reliance Life fraud selling by corporate agent AB Capital. It is no surprise since as per latest IRDA statistics, HDFC Life, Birla Sun Life and Reliance Life are top three in complaints as per IRDA compiled data. Last year, HDFC Life, Bajaj Allianz and Birla Sun Life were the top three. It shows that Birla Sun Life is responsible for increasing number of fraud sales, but IRDA has taken no action.

Please see the following cases and help to do justice in the interest of policyholders:

- 1. Brokers are routing fraudulently sold policies through multiple insurers.** We recently had a case of Radheshyam Tiwari from Guwahati. He cannot write in English, but has been fraudulently sold policies worth Rs9 lakh. He is facing abuses from the seller asking him not to surrender his policies. Reliance Life policies are sold by AB Capital, while HDFC Life and Birla Sun Life policies are sold by same broker called Uniwealth Insurance Brokers. Reliance Life and HDFC Life have refunded full premium, but Birla Sun Life refuses to give refund even after

Moneylife Foundation intervention. Does it make sense? HDFC Life refund proves that Uniwealth Insurance Brokers is involved in fraud sales. How can one insurer give refund while the other refuses even though the same broker is involved? Two insurers have accepted fault and hence given refund, then how can third insurer deny any wrongdoing? Can IRDA please intervene in this case? IRDA IGMS token number is 6-14-014761, 6-14-012562, 6-14-022202, 6-14-022200, 6-14-022188, 6-14-019481, 6-14-011794, 8-14-005540.

2. **Are banks also fraudulently selling?** Please check this case which we had referred to Citi Bank and Birla Sun Life. Citi Bank has given no reply even after stating that they will investigate. Birla Sun Life as usual does not think they have done anything wrong. Unlike Reliance Life, Birla Sun Life is in denial about fraud sales. Mr Manoj Kumar is fraudulently sold policy no. 006522493 by Birla Sun Life. Here are details: I got call from (+911148563100, Bhatiya (don't know his real name - 8467922074), saying they are from Citi bank and offered me loan. They told interest rate is 7.5% and minimum loan amount will be Rs5 lakh, but their condition is that I should buy Birla Sun Life insurance policy of premium of Rs30,000 and sum assured around Rs5 lakh. Earlier they told they disburse the loan within 30 days. But after 30 days were over they are not showing any interest. When I called them last time (15th July 2014), they told they will send the DD. After that I started recording their calls and even video recorded call with them. The fraudster is saying that he is from Citi bank, Kannigham road, Bangalore, whereas the call is coming from Delhi as per location of their number (which I searched in net). The policy shows Advisor Name as SB Insurance brokers Pvt Ltd.

3. **More of AB Capital and multiple insurer fraud** - Reliance Life has been selective in refunds related to AB Capital fraud of "interest free" loan offer. Unless there is voice recording with fraud seller or written proof, Reliance Life refuses to make amends. It means that Reliance Life AB Capital victims are not getting justice from the insurer. Surprisingly, IRDA has not initiated any action so far, forcing us to explore ways to escalate this issue. Check this case of Mr Nitin Jain for which Reliance Life and Birla Sun Life has not given refund: I was having several existing policies that were lapsed. In my welcome call I was told that I can get benefit of my lapsed policies. One person named Rohan Malhotra told me that he will do fund management of my policies and assured that by doing fund management the money that already stuck in the policies will give better returns. But for that I have to do some other policy, and on behalf of the new policy, they will do the fund management. After some time he told me that his company is giving an offer of an

LED TV, if I go for another policy. After some time they told me that there is some shortcomings in the existing policy and told me that I need to get ITR code so that fund can be released. To get ITR code he asked to do one more policy else I have to deposit some amount. Like that they convinced me to do several policies and every time they told that the amount will be received after some time. Birla Sun Life Policy - 006285777, premium is 65,000. Reliance Life premium is Rs1.70 lakh and the policy numbers are - 51093479, 51108997, 51108992, 51210051 and 51451099.

- 4. Birla Sun Life agent fraud:** Even ED of Air India was not spared. He was made to buy new policy from funds of existing policy assuring that transfer will be done every year from existing policy to new policy. The agent made commission from new policy. Future premiums were not paid assuming that the insurer will do transfer of funds to new policy. The transfer was not done for future premium as the agent was only interested in first year front loaded charges. Birla Sun Life made profits by giving a paltry auto-surrender value. Here is case of Mr Jitender Bhargava: I made three premium payments for an existing policy. I was told Birla Sun Life agent Jigna Shah that the policy has stiff charges and new policy had significantly lower charges. She suggested a phased transfer of funds from the original policy to a new policy # 004405430 (Freedom 58 und coverage) and accordingly transferred Rs 2 lakh. The future transfers were not done and I assumed that it would be done as promised. A series of SMSes were exchanged subsequently and she kept coming up with one excuse or the other. The SMSes are reproduced below, and the same were also sent to the Birla Sunlife help desk. The policy auto-surrendered and the insurer gave cheque of Rs15,000 against my premium payment of Rs2 lakhs. I have not deposited the cheque.

The above are just four examples we are giving at this time. There are numerous other examples of Birla Sun Life related fraud selling. Few customers have been taken for a ride with promise of getting insurance company IPO price at a massive discount. The customers ended up with policies from multiple insurers like Birla Sun Life, Reliance Life, HDFC Life, Bajaj Allianz and Bharti-AXA Life. No wonder these insurers are in the top-five complaints list prepared by IRDA.

Moneylife Foundation had written to you about fraud sales on 31st July 2013 and 15th January 2014. Today, intermediaries (brokers, corporate agents, distance marketing) are involved in fraud selling. Reliance Life has refunded cases involving sales by Sridhar Broker. Is that not admission of broker guilt? Do we need any more proof? The fact is that

the dubious sellers have to route the policies through valid intermediaries. So, the intermediaries and insurers know who has made the sale as commission is paid. The buck stops at the insurance company. We request IRDA to act against the culprit intermediaries and insurers so that the fraud calls and selling stops.

We request your URGENT attention in this matter and action to protect innocent customers who continue to be ensnared into dubious investments and justice done to possibly lakhs of policyholders who have been a victim.

Please let me know what we can do to help IRDA to curb menace of fraud selling of life insurance products.

We REQUEST you to help us get answers to the following:

1. Has IRDA taken any action against the insurers with high number of complaints as per IRDA statistics? If so, what action? If not, why is there no action?
2. According to IRDA RTI reply dated 28th March 2014, IRDA had written to Bharti-AXA Life on 14th August 2013 to enquire about fraud selling cases. But, there was no reply from Bharti-AXA Life. IRDA has sent a reminder to Bharti AXA on 24th October 2013 (date overwritten to 1st Nov 2013) to get response. Did Bharti-AXA given any response? If yes, please give us the details. If not, please tell us what IRDA has done to follow-up on the cases?
3. Reliance Life has refunded nearly Rs30 lakh to policyholders after Moneylife Foundation's intervention. Reliance Life was recently penalized by IRDA for different derelictions, but there is no penalty or warning related to massive AB Capital (corporate agent) fraud selling. Kindly tell us what action IRDA has taken against Reliance Life for massive fraud selling? If not, why no action even after conclusive proof?
4. We certainly hope IRDA takes action taken against Birla Sun Life based on the detailed data given in this mail.

We look forward to your response on Birla Sunlife fraud cases that we have presented.

With Best Regards,



Sucheta Dalal
Founder Trustee
MoneyLife Foundation

.cc

Dr. G. Mallikarjun

OSD (Grievances)

Consumer Affairs Department