

July 28, 2017

General Manager  
Listing Department  
**BSE Limited**  
Phiroze Jeejeebhoy Tower  
Dalal Street  
Mumbai 400 001

Vice President  
Listing Department  
**National Stock Exchange of India Limited**  
'Exchange Plaza'  
Bandra-Kurla Complex  
Bandra (East), Mumbai 400 051

Dear Sir/Madam,

**Sub: IRDAI's Order on taking over policyholders' liabilities and corresponding assets of Sahara Life Insurance Company Limited**

This is in continuation to the Company's letter dated July 4, 2017 submitted to the exchanges regarding the Company taking over Sahara Life's insurance business.

The Company had made a proposal to Insurance Regulatory and Development Authority of India (Authority) to take over the liabilities of the policyholders' along with the corresponding assets of Sahara Indian Life Insurance Company Limited. The Authority has on July 28, 2017 issued an order directing the Company to take over the life insurance portfolio. This is not a merger between the two companies and is only a transfer of the life insurance portfolio. The portfolio being transferred is less than 1% of the Balance sheet size of the Company.

The Company shall be taking necessary actions to give effect to the order. A copy of the order and press release in this regard is enclosed.

You are requested to kindly take the same on records.

Thanking you.

Yours sincerely,

**For ICICI Prudential Life Insurance Company Limited**



**Vyoma Manek**  
**Company Secretary**  
**ACS 20384**



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.

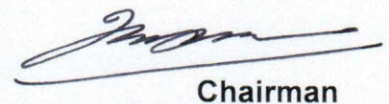
23. SILIC and IPRU shall arrange to host a copy of this Order on their website prominently and also arrange to paste a copy of the operative portion of this Order in a conspicuous place at each of its branches and offices.

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



## News Release

**Mumbai, July 28, 2017:** ICICI Prudential Life today received an order from IRDAI directing it to take over the assets and policyholder liabilities of Sahara Life Insurance. This is not a merger between the two companies but purely a transfer of customers to ICICI Prudential Life.

We are pleased to welcome the new customers to the ICICI Prudential Life family. We would like to assure them of high levels of service and commitment.

The Company will in due course intimate the new customers on various touch points and manner of servicing.

### **About ICICI Prudential life insurance**

ICICI Prudential Life Insurance Company Ltd. (ICICI Prudential Life) is a joint venture between ICICI Bank Ltd. and Prudential Corporation Holdings Limited which is a part of an international financial services group headquartered in United Kingdom.

ICICI Prudential Life was amongst the first private sector insurance companies to begin operations in December 2000. The Company has maintained its leadership position, on a Retail Weighted Received Premium basis (RWRP) among private sector life insurance companies. The Company offers products across the categories of Protection and Savings that fulfil the different life stage needs of customers.

ICICI Prudential Life is the first private life insurance company to cross the ₹1 trillion mark for assets under management (AUM) and as on June 30, 2017 had an AUM of ₹1,265.91 billion and in-force sum assured of over ₹3 trillion.

ICICI Prudential Life is listed on National Stock Exchange (NSE) and The Bombay Stock Exchange (BSE).



## **Disclaimer**

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for insurance and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology our exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in insurance regulations and other regulatory changes in India and other jurisdictions on us. ICICI Prudential Life Insurance undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. This release does not constitute an offer of securities