



Order No.IRDAI/INT/ORD/MISC/269/10/2021

Order of the Insurance Regulatory and Development Authority of India in the matter of M/s. 5Paisa Insurance Brokers Limited under Reg.6(1) read with Reg.37(1) of the IRDAI (Insurance Brokers) Regulations, 2018

The Insurance Regulatory and Development Authority of India (hereinafter referred to as “**the Authority**”) received an application vide URN No. BR-NEW-3666-2019 dated 14.11.2019 from M/s.5Paisa Insurance Brokers Limited, having its registered office at IIFL House, Sun Infotech Park, Road No.16V, Plot No.B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 (hereinafter referred to as “**the applicant**”), seeking grant of Certificate of Registration to act as a Direct Insurance Broker (Life & General) in terms of Reg.5 of IRDAI (Insurance Brokers) Regulations, 2018 (hereinafter referred to as “**the Regulations**”).

2. Upon examination of application form and its enclosures, in terms of Reg.7(1) of the Regulations, the Authority vide its letter no. IRDA/DB 800/02/19 dated 04.12.2019 advised the applicant to submit certain clarifications/documents/information to the Authority. Since, there was no response from the applicant, the Authority issued two reminders i.e. first reminder vide letter dated 03.01.2020 and second reminder vide letter dated 03.02.2020 and advised the applicant to submit its response at the earliest.

3. The applicant vide its letter dated 03.02.2020 submitted its response along with the documents on the Business Analytics Portal (BAP) of the Authority. The response of the applicant was examined and following were observed:-

- a) M/s. 5Paisa Capital Limited (hereinafter referred to as “5PCL”) is holding 99.99 per cent shares of the applicant entity.
- b) M/s. India Infoline Group has promoted a broking entity namely, IIFL Insurance Brokers Ltd. (Direct Broker) vide Licence No.DB-314/05 of 2009 (hereinafter referred to as “IIFLIBL”), granted by the Authority.

- c) The registered office of the applicant entity i.e. 5PIBL, 5PCL and IIFLIBL is same i.e. IIFL House, Sun Infotech Road No. 16V, Plot No. B-23, Thane – 400 604.
- d) The website <https://www.5paisa.com> is owned by 5PCL and the information of financial products including insurance is hosted on the said website. Further, on clicking the insurance link, the web page directs the prospective customers to <https://www.iiflinsurance.com>, which is owned by IIFLIBL.
- e) Note 11 regarding Related Parties Disclosure (AS 18) in the annual accounts for the FY 2018-19 of the applicant mentions that all the related parties of the applicant entity are India Infoline's group companies.
- f) In view of the above, it is understood that the applicant comes under the India Infoline Group, and IIFLIBL has already been granted registration by the Authority as a Direct Broker.

4. The Authority vide its letter dated 29.04.2020 sought explanation from the applicant whether they are part of India Infoline's Group or not. In terms of Reg.7(2) of the Regulations, the applicant had not submitted any response on the queries raised by the Authority within 30 days of the receipt of communication and the Authority vide letters dated 17.06.2020 (first reminder) and dated 29.06.2020 (second reminder) sent reminders to the applicant.

5. The applicant vide letter dated 08.07.2020 submitted its reply and following have been observed:-

- a) The ultimate promoter of IIFLIBL and the applicant i.e. 5PIBL are one and the same.
- b) 5PCL and the applicant belongs to the same Promoter Group. For meeting the needs of insurance, 5PCL is diverting its customers to IIFLIBL through the link in its website. Further, it has been submitted that there is no commercial arrangement or relationship with IIFLIBL for diverting their clients and their intent is to cater to all the financial needs of the customers under 5Paisa Group.
- c) The applicant entity reiterated that the promoter of the 5Paisa and India Infoline groups are same. They submitted that within the group, each of the entities