

Testwale Current Affairs PDF

Current Affairs search results for: " IRDA fines Axis Bank Rs 2 crore and Max Life Insurance company Rs 3 crore"

1. IRDAI allows foreigners to invest in the Insurance Company's preferential shares and subordinated debt (Dec. 9, 2022)

IRDAI allows foreigners to invest in the Insurance Company's

The insurance sector regulator [Insurance Regulatory and Development Authority of India \(IRDAI\)](#) has allowed foreign investors to invest in **preference shares** and **subordinated debt** issued by Indian insurance companies.

The regulator has also now allowed the subordinated debt issued by the Indian insurance companies to be **listed in Indian stock exchanges**. They cannot be listed in a foreign stock exchange.

The maturity period of the subordinated debt shall not be less **than 10 years** if it is issued by life insurance companies, general insurance companies or reinsurance insurance companies.

For **health Insurance** companies the maturity period should not be less than **seven years**.

What is Subordinated Debt?

Subordinated debt is an unsecured loan or bond that ranks below other loans or securities, also called as senior securities with respect to claims on assets or earnings. Subordinated debts are also called junior securities.

It means that if the borrower defaults on its borrowing then all the assets of the borrower which have been kept as security will be sold. The money which is earned by selling the assets will be first paid to the senior bond holders and only then the subordinated bondholders will be paid.

What is a Preference Share?

Shares are of mainly two types. **Equity shares or common shares** and **preference shares**. Unlike the equity shareholders the preference shareholders do not have the right to vote. However in case of payment of dividend then the preference shareholders are paid first then the equity shareholders are paid.

Dividend is the part of profit which a company distributes amongst its shareholders.

The foreign Investment limit in the Insurance sector is 74%.

Chairman of IRDAI: **Debashish Panda**

Headquarters of IRDAI: Hyderabad

2. IRDA fines Axis Bank Rs 2 crore and Max Life Insurance company Rs 3 crore (Oct. 15, 2022)

The Insurance Regulatory and Development Authority (IRDAI) has imposed a fine of **Rs 3 crore penalty on Max Life Insurance company** and **Rs 2 crore** on the **Axis Bank** on 14 October 2022, for violation of its rules in the Axis Bank-Max Life deal.

The insurance regulatory body stated that 2021 financial transactions between Axis Bank and Max Financial are in violation of IRDAI code.

What was the case?

According to the IRDAI" Axis Bank sold its stake of 0.998 per cent shares of Max Life in March 2021 to MFSL (Max Financial Service Ltd) and MSI (Mitsui Sumitomo International.) at Rs 166 per share.

Later, in March-April 2021, Axis Bank and its Group entities acquired 12.002 per cent shares from MFSL at a price range of Rs 31.51-Rs 32.12 per share. This is not in compliance with the directions issued by the Authority."

Hence IRDAI fined Axis Bank Rs 2 crore for making undue gains of substantial amounts by way of transactions in shares of Max Life Insurance and in violation of other norms.

Max Life Insurance Company was also fined Rs 3 crore in the same case for violating the IRDAI norms.

Currently, Axis Bank and its two subsidiaries -- Axis Capital Ltd and Axis Securities Ltd -- collectively **own 12.99 percent of Max Life Insurance** post approval of the deal in April last year.

Max Life Insurance Company is a joint venture between Max India limited and Axis Bank. The New Delhi based Insurance Company started its operation in 2001.

Prashant Tripathi is the CEO of the Max Life Insurance company.

Insurance Regulatory and Development Authority (IRDAI)

It is the regulator of the Insurance sector in India.

It was set up in 1999. It was made a statutory body in April 2000 under the Insurance Regulatory and Development Authority act 1999.

IRDAI was set up on the recommendation of the **RN Malhotra committee** on Insurance reform. The Malhotra committee was set up in 1993.

Headquarters: **Hyderabad**

Chairperson: **Debasish Panda**