

Item No. 19

TAC Properties

- 1. Proposal:** To authorise Chairman, IRDAI to take such steps as may be necessary for completion of all transactions (sale, registration, etc.) in connection with erstwhile TAC properties.

2. Brief details of Tariff Advisory Committee

Tariff Advisory Committee (TAC) was a statutory body established under the Insurance Act, 1938 to control and regulate the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business. However, with the complete de-tariffing of insurance business in India, the role of TAC was extinguished.

The Insurance (Laws) Amendment Bill, 2008 was introduced in the Rajya Sabha on 22.12.2008 for formal dissolution of Tariff Advisory Committee by proposing to omit Section 64U to 64UL which dealt with the TAC and control of tariff rates.

With the omission of Section 64U to 64UL in Insurance (Laws) Amendment Act, 2015, Tariff Advisory Committee stands dissolved.

3. Details about properties of Tariff Advisory Committee

The erstwhile TAC had 38 properties located at Ahmadabad, Bengaluru, Chennai, Delhi, Kolkata and Mumbai. The status of disposal of 38 properties is as under:

Total Number of Properties of TAC	38
Already sold for which payment is received by TAC	18
Yet to be sold	20

4. Constitution of Committee by the Ministry of Finance and decisions taken in respect of TAC properties

A Committee constituted by the Finance Ministry in 2011 at its meeting held on 22.03.2011 to look into various issues related to dissolution of TAC took the following decisions:

- In respect of already sold properties for which registration process had not completed, the Committee decided that the Board of TAC may take a view on

the matter as to whether they wish to complete the sale process of such properties for which valuation price has been deposited by insurance companies or the properties may again be put for revaluation.

- b. For other properties (unsold), it was decided that since the last valuation was done in 2009, revaluation may again be carried out for all the properties and thereafter the Committee will take a view about selling of these properties among non-life general insurance companies.

However, TAC Board has not been in existence since 2010. No meeting of the Committee was held after 22.03.2011.

5. Views of CMDs of GIPSA companies in respect of TAC Properties

The Committee constituted by the Ministry requested the CMDs of five GIPSA companies to furnish their views interalia, in respect of TAC properties, CMDs of five GIPSA companies, suggested as under:

1. **Occupied properties** - TAC properties occupied by TAC employees to be sold to the companies they were redeployed to. The companies shall pay to TAC the market value of the concerned property and transfer the ownership in that company's name.
2. **Vacant properties** - It was decided that the properties may be sold to the interested GIPSA companies and GIC whosoever makes the highest bid to purchase them. The money shall be deposited with the bank account meant for the purpose.

6. IRDAI's role in TAC Matters

Prior to the dissolution of Tariff Advisory Committee, IRDAI drew powers under the following sections:

1. **Chairman of the Authority to be the Chairman of Advisory Committee –**
Section 64UD sub section 1 of the Insurance Act, 1938 state "Chairperson of the Authority shall become the Chairman of the Advisory Committee with effect from the commencement of the Insurance Regulatory and Development Authority Act, 1999 and function as such, and any Chairman of the Tariff

Committee holding office immediately before such commencement shall cease to be the Chairman.”

2. **Supervising the functioning of Tariff Advisory Committee** - As per Section 14(2)(n) of the IRDAI Act, 1999, IRDAI supervises the functioning of the Tariff Advisory Committee.

With TAC Board ceasing since 2010 and with the powers conferred under Sections stated above and as per the directions of the Committee, IRDAI has been acting as administrator for pension liability of retired TAC employees and attending to all residual issues pertaining to TAC including matters related to TAC properties.

7. Steps taken by IRDAI

IRDAI has constituted an internal committee to attend to the issues related to TAC properties, furniture and fixtures. Unsold TAC properties have been re-valued in 2011 and 2013. However, the sale of properties could not be completed.

In its last meeting held on 14/11/2014, the internal Committee decided to revalue the unsold (both occupied as well as unoccupied) TAC properties by two different entities, i.e. HDFC Realty Ltd. and SUUTI (Specified Undertaking of Unit Trust of India). Both the entities have submitted their valuation reports in April 2015 and July 2015 and an average price in respect of 20 unsold TAC properties has been arrived at, which will be the market price for selling 09 occupied properties to GIPSA companies and base price for selling off remaining 11 unoccupied properties to highest bidder among GIPSA companies.

In addition to revaluation of the unsold TAC properties, SUUTI has been assigned the work of –

1. Assisting in obtention of certified copies of documents from local authorities, etc. for the TAC properties with missing documents.
2. Completing registration of the already sold but unregistered properties.

3. Facilitating sale of vacant 11 of 20 revalued TAC properties through bidding process among PSU insurance companies, to be informed in due course. The revalued price of the property will be the base price for bidding process.

Current Status – As informed by SUUTI, missing documents wherever these were not available have been obtained from the local authorities and they are now ready for completing the registration process of already sold but yet to be registered properties at Mumbai. Registration process for properties located at places other than Mumbai will be carried out after completion of selling and registration of Mumbai properties.

Requirement: SUUTI has requested for issuance of a Letter of Authority to officials for representing the two sides of the sale. With the dissolution of TAC and as per the directives of the Committee constituted by the Ministry to IRDAI to attend to all residual matters pertaining to TAC, IRDAI is already addressing all matters of erstwhile TAC including TAC properties.

In the above context, the Authority is requested to authorise Chairman to take all steps necessary for completion of disposal of TAC properties, as may be required from time to time.

Submitted for approval of the Authority