



MINUTES OF THE 92nd MEETING OF THE AUTHORITY

held on 11th March, 2016 at 11.00 a.m. at Hyderabad

Present:	Chairman	Shri T.S. Vijayan
	Whole-time Member	Shri D.D. Singh
	Whole-time Member	Ms Pournima Gupte
	Whole-time Member	Mrs. V.R. Iyer
	Whole-time Member	Shri Nilesh Sathe
	Part-time Member	Shri Alok Tandon
	Part-time Member	Shri S.B. Mathur
	Part-time Member	Shri M. Devaraja Reddy

Also present:

Designated Officer

Chairman welcomed the Members present. He specially welcomed Shri M.Devaraja Reddy, as it was his first meeting after his assuming charge as President, ICAI. The Authority also placed on record the appreciation of services of Prof. VK Gupta, Part-time Member of the Authority, whose term of office expired on 21/02/2016.

All the members were present and therefore the requirement for the quorum was fulfilled.

Item No. 9: IRDAI (Qualification of Actuary) (Repeal) Regulations, 2016

Joint Director (Actuary) informed the Members that the proposed Repeal Regulations were necessitated by the Insurance Laws (Amendment) Act, 2015.

The proposed repeal Regulations were approved by the Authority after due deliberations.

Item No. 10: IRDAI (Investment) Regulations, 2016

Joint Director (Investments) made a presentation on the proposed Regulations and highlighted the key amendments in the draft Regulations.

After deliberating on the issues relating to (a) Investment Property, (b) Composition of Investment Committee, (c) Exposure limits to Fixed Deposits, (d) Investment Pattern for ULIP Funds, the Authority approved the proposed Regulations.

Item No. 13: Publication of Public Disclosures on Insurers' website for third Quarter ending with 31st December, 2015 – Life Insurers

Noted

Item No. 14: IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016

Joint Director (Actuarial) made a presentation on the proposed Regulations.

Shri S B Mathur, Part-time Member, expressed that 150% control level of solvency may be stringent as the same was fixed 15 years back. The insurance industry was at nascent stage during that period. The Chairman observed that it may be needed to study empirical data to ascertain the correct position.

With the above observations, the Regulations were approved by the Authority.

Item No. 15: Inclusion of representatives of Life Insurance and General Insurance Councils in the Insurance Advisory Committee

Sr. JD (General) while introducing the agenda, informed the members that the present IAC had 23 members; whereas; as per Section 25 of the IRDA Act, 1999, the IAC could consist of 25 members and therefore there was scope for appointing two more members.

Shri D.D. Singh, Whole-time member observed that the IAC had representation from two life insurers, two non-life insurers, GIC, AIC, one health insurer, six intermediaries, two forums – Ombudsman and retired NCDRC member, two actuaries and others. The representatives of Life and General Insurance Councils frequently interact with IRDA officials, members and Chairman and hence their representation in IAC might not be necessary. Instead, the government nominee

from Health Ministry and Ministry of Road Transport and Highways might be considered as there were a few government sponsored schemes under Health Insurance and in view of the focus on Motor Vehicle Act and amendments thereof.

It was informed that the nominee from the Ministry of Road Transport and Highways in the earlier IAC had attended only one meeting in the entire term of the IAC.

The Authority after due deliberations, approved appointment of members as proposed.

Item No. 17: IRDAI (General Insurance – Reinsurance) Regulations, 2016.

Sr. JD (NL) and DD (NL-Coordination) made a presentation on the IRDAI (General Insurance – Reinsurance) Regulations, 2016. The need for revision in the regulations, the background and the key changes in the reinsurance regulations have been briefed in the presentation. The key changes included:

- a. Creation of Insurance ‘Segments’ in place of ‘Classes’ of business to align with IRDAI (Expenses of Management) Regulations and amended Act that recognized ‘Health’ as a separate class of business.
- b. Order of Preference: Order of Preference has been made in line with the IRDAI (Registration and Operation of Foreign Reinsurer Branches – other than Lloyds) Regulations, 2015.
- c. Defined essential constituents of R1 process.
- d. Modification in eligibility criteria of ‘Cross Border Reinsurers’ and limits of placements.
- e. Enabling provision empowering the Chairman to remove difficulties.

Shri Alok Tandon, Part-time Member, advised that the definition of ‘Indian Reinsurer’ be included in the proposed regulations. It was clarified by Sr. JD (NL) that the definition already exists in sub-section (8) (ii) of section 101A of the Insurance Act, 1938 and hence the same was not included in the proposed regulations.

It was also advised that the words, ‘as amended from time to time’ be appended to the definition of ‘Foreign Reinsurer Branch’.

The Sr. JD (NL) recommended proposed regulations for acceptance by the Authority. Further, a request was made that the regulations be made effective from 1st April, 2016.

Chairman mentioned that pending the notification of the regulations, the NL department may issue guidelines if necessary to make the provisions of the regulations effective from 1st April, 2016.

With these deliberations, the proposed regulations have been approved by the Authority.

Item No. 18: IRDAI (Appointment of Insurance Agents) Regulations, 2016

Joint Director (Agency Distribution) made a presentation on the proposed IRDAI (Appointment of Insurance Agents) Regulations, 2016. Chairman in his opening remarks mentioned that the extant exercise pertained to conversion of the guidelines earlier notified by the Authority on 26.03.2015 into regulations.

Shri Sriram Taranikanti, ED, overseeing new business initiatives in the Authority, presented an Additional Note for consideration of the board. It was proposed therein to insert the following enabling proviso under Regulation IV (2) to consider relaxation of the Agency norms to facilitate distribution of simple insurance policies such as Motor Third Party policies through agencies such as Pollution Check Centres.

“Provided that the Authority may exempt one or more of the above conditions for such applicants who are to be appointed to distribute specific insurance product (s) having fixed premium and/or benefits such as Motor Third Party Insurance.

Provided further that while making such exemptions, other conditions to be fulfilled, if any, may also be specified by the Authority”

The Authority concurred with the above proposal and acceded to insert the same into the proposed Regulations before notification.

With the above deliberations, the Authority approved the proposed Regulations.

Item No. 19: Status of Public Disclosures by Non - Life insurers for the Quarter ended with 31st December, 2015

Noted.

Item No. 21: IRDAI (Expenses of Management of insurers transacting the business of life insurance) Regulations, 2016

JD (F&A) made a presentation on the agenda item. It was clarified that the regulations provided for higher allowance of expenses on Pure Risk products as these products were not having any saving components.

The agenda item on IRDAI (Expenses of Management of Insurers transacting the business of life insurance) Regulations, 2016 was approved.

Item No. 22: IRDAI (Loans and temporary advances to the full-time employees of the Insurers) Regulations, 2016

JD (F&A) made a presentation on the agenda item. It was clarified that the aggregate of the loans and temporary advances should not exceed rupees one crore and such advances should not be counted for solvency purpose.

The agenda item on IRDAI (Loans or Temporary advances to the Full-time Employees of the Insurers) Regulations, 2016 was approved.

Item No. 23: Non Availability of Appointed Actuaries

Joint Director (Actuarial) made a presentation on the proposed guidelines on 'Panel of Actuaries' and need for 'Mentors' in Appointed Actuary system.

After due deliberations, the Authority approved the guidelines.

Item No. 24: IRDAI (Health Insurance) Regulations, 2016

Joint Director (Health) made a presentation on the proposed Regulations explaining the proposed provisions of the Regulations and the rationale for the same.

After due deliberations, the Authority approved the Regulations.

Item No. 27: IRDAI (Issuance of electronic insurance policy) Regulations, 2016

1. Sr. JD (Intermediaries) made a presentation giving the background of the proposed regulations referring to the provisions in the recently amended Act wherein promotion of e-insurance policies was brought in. He covered the salient features of the proposed regulations such as the concept of e-proposal, provisions relating to issuance of e-insurance policies, discounts in lieu of e-insurance policies, mandatory issuance of e-policies in disaster prone and vulnerable areas and threshold limits of sum insured and premium. The feedback on the exposure draft particularly on the issue relating to e-signature and digital signature was referred to Shri Sriram Taranikanti, ED, IRDAI

added that the regulations also address issuance of electronic policies below the threshold limits and that this would make low ticket policies viable.

2. Shri DD Singh, Member, IRDAI while welcoming the initiative, sought for confirmation on the provisions of e-signature, etc. in the IT Act as the same was specifically referred to in the proposed regulations. He suggested to take the opinion of an expert on the matter. He also suggested that a separate chapter could perhaps be inserted on the modalities for e-signature, methodology of verification, etc.
3. Shri Sriram Taranikanti, ED informed that while it had been internally verified that the IT Act, 2000, as amended in 2008, recognised electronic signature as a means of authentication of the documents, in view of the Member's observation, the specific issue would be relooked into once again. He also informed that operational details, being dynamic in nature were covered in guidelines rather than regulations.
4. The members of the Authority welcomed the initiative and the proposed regulations on issuance of e-insurance policies. Chairman, IRDAI was also authorised to make any changes, should any need for changes arise, in view of the expert advice, etc.

Table Item No. 1: Budget for the FY 2016-17

Sr. Joint Director (General) placed the Budget for the Financial Year 2016-17 for the consideration and approval of the Authority.

Shri DD Singh, Member (Distribution) invited the attention to the proceedings of 87th meeting of the Authority held on 27th March, 2015, in which, the budget allocation to IIBI and IIRM (in the budget for 2015-16) was approved on a tentative basis subject to resolution of pending issues with the government and sought to know whether the pending issues were resolved. He also stated that for the sake of information, the conditions of soft loan granted to IIRM might be apprised to the members of the Authority.

Sr. Joint Director (General) clarified that while approval for IIRM was given by the government, the issue relating to the IIBI matter was still pending. As regards the

conditions of soft loan to IIRM are concerned, the same would be placed in the next meeting of the Authority.

With the aforesaid discussions, the Budget for the FY 2016-17 was approved.

CHAIRMAN