



MINUTES OF THE 93rd MEETING OF THE AUTHORITY

held on 30th June, 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
	Whole-time Member	Shri PJ Joseph
	Part-time Member	Shri N. Srinivasa Rao
	Part-time Member	Shri S.B. Mathur

Also present:

Designated Officer	Shri M. Pulla Rao, Sr. J.D. (General)
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Chairman welcomed the Members present. He informed the Members that Shri N. Srinivasa Rao, Economic Advisor, DFS, MoF had been inducted to the Authority in the place of Shri Alok Tandon, Joint Secretary, DFS, MoF, who moved to Cabinet Secretariat. He put on record the invaluable contribution made by Shri Alok Tandon as a Part-time Member of the Authority. He welcomed Shri PJ Joseph, Whole-time Member and Shri N. Srinivasa Rao, Part-time Member, who were attending meeting of the Authority for the first time. Leave of absence was granted to Shri M. Devaraja Reddy, Part-time Member, who could not attend the meeting because of prior commitments. Since the quorum was present, the agenda was taken up.

Item No. 4: Details of soft loan granted to IIRM

Sr. Joint Director (General) appraised the members about the status of the soft loans granted to IIRM informing them that a total loan of Rs. 22,92,36,133/- was

sanctioned to IIRM in three tranches and the Authority received repayment of Rs. 1,42,15,293/-. He further informed that there was a moratorium of 5 years on each instalment of loan disbursed to IIRM.

The Authority noted the status.

Item No. 5: Status note on the fulfilment of legal obligations of Accounts wing

Sr. JD (General) submitted that Income Tax, PF and Gratuity Acts, Service Tax provisions had been complied with by the Authority for the quarter ended 31st March 2016. The same was noted.

Item No. 13: Nomination of CMD, National Insurance Co. Ltd., in the place of CMD, United India Insurance Co. Ltd., to the Insurance Advisory Committee

Sr. Joint Director (General) informed the members that the present strength of IAC was 25 members and CMD, United India Insurance Co. Ltd., was one of the members of IAC and there was no fulltime CMD in United India Insurance Co. Ltd., and an officiating CMD was heading the company. In view of this, it was proposed to appoint CMD, National Insurance Co. Ltd., in the place of CMD, United India Insurance Co. Ltd., to have sufficient representation from General Insurance Companies.

The Authority, after due deliberations, approved the proposal.

Item No. 14: Outsourcing of investment functions under IRDAI (Registration and Operations of Branch Office of Foreign Reinsurers other than Llyod's) Regulations, 2015

Joint Director (Investment) made a presentation on the agenda informing the members that investment as an operational function of the insurer, cannot be treated as a "non-core" function and in order to remove the inconsistency between various provisions of the Regulations, it is proposed that the "investment functions" cannot be outsourced and accordingly while approving the applications for registration submitted by various companies, a direction might be issued to them to fall in line with the IRDA (Investment) Regulations, within a period of 1 year from the date of issue of R3.

After due deliberations, the agenda was approved.

Item No. 15: Status of Public Disclosures by Non-life Insurers for the year ended 31st March, 2016

The agenda item was presented by Senior Joint Director (F&A).

The Authority was informed that Member (Actuary) had drawn the attention of the F&A Department to the fact that the IBNR reserves provided in Annexure NL-21 (Statement of Liabilities) as on 31st March, 2016 had not been prepared and certified by an appointed Actuary/Panel Actuary in the case of 5 companies, viz., National Insurance Company, General Insurance Corporation, Reliance General Insurance Corporation, Magma HDI General Insurance Company and Oriental Insurance Company. Further, in case of United India Insurance Company, the IBNR reserves had been prepared and certified by a consulting Actuary who did not fulfill the specified criteria prescribed by the Authority.

The Authority was informed that these Insurers shall be directed to qualify the Public Disclosures in NL – 21 Statement as at 31st March, 2016, accordingly.

The same was noted by the Authority.

Item No. 18: Status of Public Disclosures by Life Insurers for the year ended 31st March, 2016

The agenda item was presented by Senior Joint Director (F&A).

The Authority was informed that Member (Actuary) had drawn the attention of the F&A Department to the fact that Sahara Life Insurance Company did not have an appointed Actuary till recently. The new appointed Actuary has now joined the Insurer and shall prepare and certify the Actuarial valuation for the financial year ending 31st March, 2016.

The Authority noted that the Insurer had not yet uploaded the Public Disclosures for the financial year 2015-16.

Item No. 19: TAC Properties

Sr. JD (General) submitted the Agenda and informed the Members that the erstwhile Tariff Advisory Committee (TAC) had 38 properties in total and 18 were already sold for which payment was received by TAC and balance 20 properties were yet to be sold.

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 has been 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.

One of the Members pointed that the details of properties of TAC yet to be sold were not submitted along with the Agenda to examine if any of properties might be required for meeting expansion requirements of IRDAI.

After discussions, the Chairman was authorised to take all steps necessary for completion of disposal of TAC properties after examining the requirements of IRDAI.

Item No. 22: IRDAI (Registration of Indian Insurance Companies) (Eighth Amendment) Regulations, 2016

The Agenda Item was presented by Senior Joint Director (F&A).

The Authority was informed that the proposed amendment incorporating a proviso to Regulation 11 was intended only in respect of listed entities and that too, only in those cases where the promoter company of the applicant insurer was regulated by RBI, SEBI and / or NHB.

After due deliberations, the agenda was approved.

Item No. 24: Amendment to IRDAI (Investment) Regulations, 2016

Joint Director (Investment) made a presentation on the agenda informing the members that a few modifications were proposed in the Regulations which mainly comprise of adding clauses like Preamble, Repeal and Savings and Power to

remove difficulties and issue clarifications, etc., and correction of few syntax errors as per the annexure to the agenda.

One of the members suggested that at present there was differentiation between deposit taking and non-deposit taking Housing Financing Companies as regards ceiling on BFSI exposure. The member suggested that this may be removed as mere deposit taking function did not serve as any mitigator.

The members were also informed that the Secretary, Life Insurance Council made a submission in the IAC meeting held on 27th June, 2016 requesting the Authority to permit Insurance Companies to invest upto 25% in housing finance companies as allowed by IRDA Circular No. IRDA/F&I/INV/CIR/155/08/2013 dated 7th August, 2013. The members were also informed that the National Housing Bank also made a similar representation on this matter.

The Authority after due deliberations, approved modifications made to the Regulations for removal of differentiation between deposit taking and non-deposit taking Housing Financing Companies and also approved the modification to enable insurance companies to invest upto 25% of paid-up share capital, free reserves (excluding revaluation reserve) and debentures/bonds (incl. CPs) in debt of Housing Finance Companies, having a rating of AA+ and above.

Item No. 25: Status Report on balance work of construction of IRDA Building at Nanakramguda, Gachibowli, Hyderabad

Sr. JD (General) presented Status Report on progress of construction of IRDAI Building at Nanakramguda, Gachibowli, Hyderabad. It was informed that the building structure for office block, auditorium, transit quarters and guard block were ready with plastering and other civil works having been completed. The estimate for single dedicated feeder supply for the project was awaited from TSSPDL. It was informed that an amount of Rs. 61.50 crore was paid to CPWD at different intervals against preliminary estimate of Rs. 136.98 crore and tenders for the remaining work related to interiors and exteriors (other than civil and electrical work) would be floated by CPWD, shortly.

The same was noted by the Authority.

Item No. 26: Delegation of Powers on Finance and Accounts Department related functions

The Agenda item was presented by Senior Joint Director (F&A).

While seeking delegation of powers u/s 23(1) of the IRDA Act, 1999 to the Chairman, it was informed that the department would place a status note on all issues where powers had been exercised by the Chairperson, before the Authority at periodic intervals.

The Authority approved delegation of powers to the Chairman on the regulations mentioned in the Agenda note.

Item No. 27: Guidelines for Listed Indian Insurance Companies

The Agenda Item was presented by Senior Joint Director (F&A).

The Authority while noting that the proposed Guidelines were intended to remove operational difficulties in case of Listed Insurance Companies against the background of the provisions of Section 6A of the Insurance Act, 1938, sought clarifications on the caps proposed in case of institutional investors. The Authority directed that the said cap be reduced to 30%.

After due deliberations, the guidelines were approved.

Table Item: IRDAI Staff (Officers and Other Employees) Regulations, 2016

Sr. Joint Director (General) informed the members that the draft IRDAI Staff (Officers and other Employees) Regulations, 2016 were earlier placed in the 92nd meeting of the Authority and as directed by the Authority, legal opinion on the proposed Regulations was obtained from a Senior Counsel. As per the directions of the members in the 92nd Authority meeting, opinion given by the Sr. Counsel and suggestions forwarded by DFS, modifications were carried out and placed before the Authority for consideration.

The same were discussed and approved with the following changes:

1. Creation of supernumerary positions can be due to office exigencies and accordingly Reg. 15 (10) be modified.
2. All candidates fulfilling eligibility criteria like service, qualifications will be eligible to participate in selection process for promotion to higher grades.
3. Allotment of marks for qualifications, ACRs, and Interview in respect of promotion to grades to JD and above may be reallocated by increasing 5 marks each in qualifications, ACRs and reducing 10 marks in Interview.
4. While retaining the percentage quota of vacancies in direct recruitment to the grades of JO and AD, the Authority may decide the quota of vacancies as per need.
5. Terms and conditions of deputation in respect of Officers on deputation from Government shall be as per extant instructions of DOPT.
6. The eligibility period of service for promotion to the grades of JD and above be reduced from 4 years to 3 years.
7. Admissible period of Child care leave may be retained as 730 days.

CHAIRMAN