



MINUTES OF THE 118th MEETING OF THE AUTHORITY

held on 28th March, 2022 at 11:30 AM at Hyderabad

Present:

Chairperson	Shri. Debasish Panda
Whole-time Member	Smt. T L Alamelu
Whole-time Member	Shri. K Ganesh
Whole-time Member	Shri. Parmod Kumar Arora
Whole-time Member	Smt. S N Rajeswari
Whole-time Member	Shri. Rakesh Joshi
Part-time Member	Shri Amit Agrawal
Part-time Member	CA.(Dr.) Debashis Mitra

Also, present:

Designated Officer	Smt. J Meena Kumari
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The Chairperson extended a warm welcome to all the Members present. After ascertaining that the requisite quorum was available, Chairman started the deliberations.

The Chairperson briefed the Members on the performance of the insurance sector and various trends observed:

- The total premium collections during the current F.Y 2021-22 upto February, 2022 has been nearly Rs.7.8 lakh crore with a growth rate of 8.7 % over the previous year as against 5.6 % in the earlier period.
- The total Assets under Management of all the insurers is Rs.52.4 lakh crore with a growth rate of 3.5 % as compared to Rs. 49.1 lac crore as on 31.3.2021.
- The gross NPAs of all the insurers as on 31st December, 2021 is around Rs.33000 crores which is about 3.5% of the total corporate debt exposure.

The Chairperson observed that there is a need to move from a rule based approach to a principle based approach in regulation and supervision of the insurance industry. The

possible approach could be to move towards technology based supervision and defining the principles under which the insurers will operate.

The other big objective placed before the Authority is about creating appropriate drivers for stimulating increase in the insurance penetration and in particular, encompassing all those who belong to the lower income group and those who are at the last mile, whether it is the geographical regions or the hill regions.

The Chairperson emphasized need to evaluate performance of the distribution channels and to facilitate them to become more effective channels for solicitation of insurance business.

The Chairperson expressed urgent need to address complexities around products offered by the insurance companies and need to simplify them for better understanding of the population, at large. As part of the vision of the Authority, a platform needs to be established so that every Indian is able to insure themselves based on the risks he/she is exposed to like term insurance, property insurance, personal accident insurance and health insurance.

The other issue that the Chairperson listed as priority for Authority is about the update required in framework for consumer protection and consumer awareness. Today insurance being a push product, it is still sold rather than bought by public. There is a need to create appropriate mechanisms where people start buying insurance.

Technology adoption by insurance companies could be improved. With insurtechs and fintechs proliferating and coming up with new solutions, customized solutions, there is a need to on-board them quickly.

Summing up, Chairperson called upon the Authority to be at forefront in its developmental role and be a facilitator in the entire progress of Indian insurance industry.

Thereafter, the agenda items were then taken up for consideration.

4. Statement of Foreign Tours Undertaken by Members from 1st February, 2022 to 15th March, 2022

4.1 The statement was noted by the Authority.

8. Proposal for Delegation of Powers in the Authority

8.1 It was submitted that a circular agenda note on delegation of powers in the Authority was circulated seeking approval of the proposal made therein. All of the six Members of the Authority had consented to the said circular resolution.

8.2 The circular resolution dated 18.2.2022 is adopted, i.e., “Resolved that the proposals placed at para no. (4) and (5) of the circular agenda note with ref. no. 4 / 2022, dated: 16th February, 2022, on ‘Proposal for Delegation of Powers in the Authority’ is APPROVED by circulation”.

8.3 The Authority noted the circular agenda item and the resolution adopted thereon.

10. Forbearance for F.Y. 2020-21 under Regulations 11(ii) of IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016

10.1 It was submitted that for the year 2020-21, the following seven non-life companies have actual expenses more than allowable expenses and are non-complaint with the EoM limits, namely Raheja QBE, Care Health, Liberty, Oriental, Chola MS, National and United India insurance Co. Ltd.

10.2 The reasons for non-compliance with the Expenses of Management Limits (as submitted) may be noted as under: -

Insurer	Reasons
Raheja QBE	Lower premium base, Increase in expenses due to business expansion, increase in expense due to Digitalization.
Care Health	Nil premium under PMJAY Scheme during FY 2020-21, Mono-line nature of standalone health insurance, competitive intensity in the business, relatively lower premium size per health insurance policy,
Liberty General	De-growth in premium (mainly under Motor Segment), No decrease in fixed expenses, economic conditions and increase in expense due to Digitalization
Oriental	Amortization of expenses pertaining to One-time pension scheme
Chola MS	Absorption of advances to intermediaries and prepaid expenses as per Authority’s Directions, Decrease in premium of Motor

	business (mainly Commercial vehicles), increase in expense due to Digitalization.
National	Amortization of expenses pertaining to One-time pension scheme and de-growth
United India	Amortization of expenses pertaining to One-time pension scheme, Increase in Net commission due to reduced reinsurance cessions in 20-21.

10.3 GI Council's made a representation dated 09.04.2021 to the Authority for granting forbearance from Expenses of Management (EoM) limits to the aforesaid companies except United India. However, the reasons for non-compliance in case of United India are similar to other PSUs i.e. One-time pension scheme. Further, United India, also vide letter dated 01.09.2021 has submitted its representation.

10.4 The Authority approved the agenda item.

12. Status of Public Disclosures by insurers (Life, Non-Life and Health) for the third Quarter ending December, 2021

12.1 As per IRDAI circular IRDAI/F&A/CIR/MISC/256/09/2021, dated September 30, 2021, all insurers are required to publish disclosures mandated by the Authority in their respective company websites for 1st quarter, 1st half year, 3rd quarter and the year end results. In addition to this, publication of disclosures in Newspaper(s) is also mandated for the 1st half year results and the year end results. Further, all insurers are also required to file compliance certificate within a week's time from the date of such publication/ disclosure.

12.2 The status of public disclosure by insurers (Life, Non-Life and Health) for the third Quarter ending December, 2021 was noted by the Authority.

13.Repatriation of Surplus by SCOR SE India Branch under IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015.

13.1 It was submitted that SCOR SE India Branch (FRB) has submitted an application under the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015, seeking approval of the Authority for Repatriation

of Surplus of Rs. 16.5 crore from SCOR SE India Branch to parent company SCOR SE. The same has been approved by its Executive Committee on 24.09.21.

13.2 The Authority, after due deliberations, approved permission for repatriation of Rs. **16.50 crore** from SCOR SE India Branch to parent company SCOR SE.

14. Regulatory facilitations/relaxations announced regarding: Obtaining consent through mobile phone One Time Password(OTP) dispensing with wet signature of the proposer and physical proposal form

14.1 The onset of Covid-19 pandemic in March 2020, dispensation is granted under regulation 18, read together with regulation 8 (1) of IRDAI (Protection of Policyholders' Interests) Regulations, 2017, vide circulars mentioned in Annexure I, up to 31st March, 2022, in the context of restrictions on mobility and face to face canvassing. Dispensation is valid up to 31st March 2022.

14.2 The Authority, after deliberations, approved extension of the dispensation for a further period of six months, i.e., till 30th September, 2022.and accorded in principle approval for

(a) Offering this dispensation on a permanent basis

(b) To initiate work on necessary amendments to the extant regulatory framework in respect of digital solicitation by different channels harmoniously.

15. Compliance with Regulation 16 of the IRDAI (Expenses of Management of Insurer's transacting Life Insurance Business) Regulations, 2016 (EoM Regulations)

15.1 It was submitted that Life Insurance Corporation of India (the insurer) has been non-compliant with EoM limits in a few segments (Linked Life, Linked General Annuity and Pension, Non-Linked-Non-Par Health and Linked Health) though they are compliant at overall level, since FY 2016-17. They have been seeking exemption from compliance with Regulation 16 of the EoM Regulations, which stipulates that, the excess of expenses of management (EoM) is to be borne by shareholders.

15.2 The Authority granted forbearance to the insurer towards compliance with Regulation 16 of the EoM Regulations in its 112th meeting, as a special case, as the policyholder's interest had not been compromised on account of breach of the limits of EoM from FY 2017-18 to FY 2019-20.

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15.3 The insurer is compliant with expenses of management limits on overall basis. They have, however, exceeded the allowable limits under the following segments: **(Rs. Lakh)**

Segment	Allowable Limits	Actual Limits	Excess
Linked business (General Annuity & Pension and Health)	548.64	5788	5239.36
Linked business (Health)	1679.89	1903.69	223.80
Non-Linked business (Health (non-par))	12064.26	21522.54	9458.28
General Annuity & Pension (Par)	3287.42	7116.18	3828.76

15.4 The Authority considered the request and approved forbearance with respect to the compliance to the Regulation 16 of Expenses of Management for the financial year 2020-21.

16. Delegation of Powers of the Authority under IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021

16.1 It is submitted that various powers of the Authority under IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 were delegated vide the 96th meeting of the Authority dated 03.03.2017.

16.2 Consequent to notification of IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021, IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 was repealed. Hence, the agenda is placed for issuance of fresh delegation of powers under the IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021.

16.3 The Authority accorded approval of delegation of powers under sub section (1) of section 23 of the IRDA Act, 1999 as proposed.

17. Revision of Scales of pay and revision

17.1 An agenda item was placed before the Authority regarding the revision of scales of pay and allowances consequent to the revision of pay and allowances in SEBI, vide office circular no. 01/2022 dated 07.01. 2022.

17.2 The Authority approved the agenda item.

18. Revision of Perks and Perquisites

18.1 IRDAI, in its 96th Authority Meeting held on 3rd March, 2017, approved that the perks and other benefits be aligned as in SEBI w.e.f. 01.04.2017.

18.2 The Authority noted the agenda item.

19. Relaxation of Dividend criteria - Equity shares - Approved Investment

19.1 It was submitted that due to the Covid-19 pandemic and economic disruptions, requests for relaxation in dividend criteria have been received from insurers. As the relaxations already given by the Authority, vide Circular Dt. 27th Sep, 2021, was applicable up to 31/03/2022, it needs to be extended till 30th Sep, 2022 to ensure compliance with the requirement of dividend criteria prescribed vide IRDAI (Investment) Regulations, 2016.

19.2. The same was approved by Chairman and necessary circular was issued on 24th March, 2022.

19.3 The Authority noted the agenda and granted ex post facto approval.

24. Delegation of Powers of the Authority under IRDAI (Other Forms of Capital) Regulations, 2015 and IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015

24.1 It was submitted that for operational expediency of the matters, there is a need for delegation of powers of the Authority under certain provisions of IRDAI (Other Forms of Capital) Regulations, 2015 and IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015.

24.2 The Authority accorded approval of delegation of powers under sub section (1) of section 23 of the IRDA Act, 1999 as proposed.

The meeting ended with a vote of thanks to all Members.

CHAIRPERSON