

MINUTES OF THE 41st MEETING OF THE AUTHORITY

held on 18th August 2005 at 11.00 a.m

in the Office of the IRDA at 3rd Floor, Parishram Bhavan, Basheer Bagh,
Hyderabad.

Present:	Chairman	Mr. C. S. Rao
	Member	Mr. Mathew Verghese
	Member	Mr. C. R. Muralidharan
	Member	Mr. Vivek Mehrotra
	Member	Mr. Kamlesh Vikamsey
	Invitee	Dr. D V S Sastry
	Invitee	Mr. P.A. Balasubramanian
	Invitee	Mr. K. Subrahmanyam
	Invitee	Mr. P C James
	Also present	Mrs. V. Vedakumari

Meeting began with Chairman extending a warm welcome.

The services of Shri T K Banerjee, Member, who superannuated on August 1, 2005, were appreciated and placed on record.

Item # 1: Confirmation of the Minutes of the 40th Meeting of the Authority held on May 30, 2005.

The annotated format based on the points raised by Shri Vivek Mehrotra, Member (IRDA) was discussed and in particular the need for studying the international experience regarding the Regulation of specialized insurance companies like ECGC, Agricultural Insurance Corporation etc., as well as the action to be initiated regarding companies not achieving rural and social obligations consistently year after year.

Chairman indicated that a review of the Rural and Social obligations is called for as some of the companies have completed 5 years. This exercise would be taken up soon.

The list of points raised by Shri Vivek Mehrotra on the Minutes of the last meeting and remarks of the Authority was circulated at the meeting. The Authority noted the contents. It has been decided to append this note to the Minutes of the 41st Meeting of the Authority.

Resolution No: 41 : 1

Minutes of the 40th meeting of the Authority held on May 30, 2005 are confirmed. It was decided to append the note of Shri Vivek Mehrotra and the remarks of the Authority on that note to the Minutes of this meeting.

Item # 2: To take note of the Action Taken Report on the Minutes of 40th Meeting of the Authority held on May 30, 2005.

Resolution No: 41 : 2

The Authority took note of the Action Taken Report.

Item # 3: Adoption of Annual Statement of Accounts of the Authority for the year ended 31st March, 2005.

The Authority noted that as a gesture of goodwill PFRDA was provided with help on a reimbursable basis. On the issue of transfer of IRDA funds to the public account of Government of India, Chairman indicated that he has taken up the matter once again with the Ministry of Finance explaining IRDA's views.

Regarding Investment policy, it was suggested that the possibility of IRDA investing in long term government securities be explored.

Resolution No: 41 : 3

IRDA resolves that Annual Statements of Accounts of the Authority for the year ended on 31.03.2005 as presented to the meeting after scrutiny by the internal auditors and authenticated by Chief Accounts Officer, Chairman and two Members of the Authority be adopted and submitted to C & AG for their Audit report, comments and certification as required by the IRDA Act, 1999.

Item # 4: Delegations of Powers to Open, Operate and Close Accounts in Banks.

The Authority considered and approved the proposal to delegate the powers relating Opening, Operating and closure of accounts in any scheduled Bank to the Chairman

Authority also further declared Executive Director (Admn) and any one of the other three Executive Directors, to function jointly as Authorized Signatories for drawal of funds from the Banks.

Resolution No: 41:4

IRDA approved the proposal to delegate the powers relating Opening, Operating and closure of accounts in any scheduled Bank to the Chairman.

Authority also further declared Executive Director (Admn) and any one of the other three Executive Directors, to function jointly as Authorized Signatories for drawal of funds from the Banks.

Item # 5: Insurance Awareness Campaign

The nature of “Spirit of Unity” concerts sponsored by IRDA hitherto were appreciated. It was suggested that the features/slogans regarding IRDA be modified with the help of professional agencies. Regarding agencies, it was decided that panels drawn up by Directorate of Audio Visual Publicity, Government of India and/or Reserve Bank of India etc. be utilized for short-listing.

Resolution No: 41 : 5

IRDA resolves to approve the proposal from Bharat Cultural Integration Committee (BCIC) and Prasar Bharati for continuation of Telecast of IRDA sponsored “Spirit of Unity” concerts series for National Integration on DD Channel for a period of two years at a cost of Rs.3,09,40,000/- plus service tax and Rs.1,30,00,000/- payable to Prasar Bharati and BCIC respectively.

IRDA ratifies sponsorship of IRDA for the live commentary of Triangular Cricket Series, 2005 for four days at Sri Lanka on All India Radio at a total cost of Rs.8,81,697/-.

Item # 7: Movement towards a Tariff-free Regime

The Authority noted with appreciation the well drafted and incisive note regarding Movement Towards a Tariff Free Regime. It was decided after extensive discussions that the issue is of utmost importance and extremely sensitive. It was further decided that the Authority encourage insurers in taking the necessary steps to develop state of art underwriting skills. It was also decided that de-tariffing would need extensive data

creation and that in the next meeting DG (R & D), IRDA would make a presentation regarding efforts in data creation.

Keeping in view the international experience wherein de-tariffing lead to volatility in the market, it is essential that the safeguards suggested in the note are put in place before taking a final decision. Recent international experience with de-tariffing in certain areas should be shared with the Authority.

It was also decided that the impact of de-tariffing marine and hull insurance would be studied. In 'principle' the proposal was accepted and to expose the draft to the insurers and public and obtain the feedback.

Resolution No: 41 : 7

In principle IRDA resolves to accept the proposal and to expose the draft to the insurers and public and obtain the feedback
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Item # 8: Any other item with the permission of Chair

The Authority noted that Andhra Pradesh Industrial Infrastructure Corporation (APIIC) has allotted five acres of land to IRDA in the financial district at Nanakramguda, Rangareddy District, Andhra Pradesh.

(C S Rao)
Chairman