

MINUTES OF THE 49TH MEETING OF THE AUTHORITY

held on May 16, 2007 at 11.30 a.m.

in the Office of the IRDA Delhi Office, Jeevan Tara Bulding, New Delhi.

Present:	Chairman	Shri C. S. Rao
	Member	Shri C. R. Muralidharan
	Member	Shri K K Srinivasan
	Member	Shri G Prabhakara
	Member	Dr R Kannan
	Member	Shri Vijay Mahajan
	Member	Dr Sanjiv Misra
	Member	Shri Sunil Talati
	Invitee	Shri C N S Shastri
Also present:	Executive Director	Shri Prabodh Chander
	Executive Director	Shri K. Subrahmanyam
	Consultant & Special Officer	Shri Kunnel Prem

Chairman extended a warm welcome to all those who were present. Leave of absence was granted to Smt. Ela Bhatt, Part-time Member who was not able to attend owing to prior international commitments.

Item # 1: Confirmation of Minutes of the 48th Meeting of the Authority held on March 5, 2007.

The meeting then took up for consideration the confirmation of Minutes of the 48th Meeting of the Authority held on March 5, 2007.

Since the Minutes were in order it was decided to confirm the Minutes.

Resolution No: 49:1

Authority resolves to confirm the Minutes of the 48th meeting of the Authority held on March 5, 2007.

Item # 2: Action Taken Report on the Minutes of 48th Meeting of the Authority held on March 5, 2007.

While taking note of the action taken so far, it was decided that the following will be reviewed at the future meetings

- a) The progress of the working group on the accreditation of training institutes
- b) The suggestion made at the last meeting that IRDA could consider providing scholarship, chair professorship, etc in well known academic institutions.

While discussing the ATR Shri Mahajan referred to a large number of grievances received by him from policyholders by mail and desired to know the process of grievance redressal in IRDA. The current role of facilitation of IRDA and the access available to policy holders to other institutions like Ombudsman were clarified. It was decided after further discussions that an agenda on various aspects of grievance redressal machinery within and outside IRDA would be provided with other quantitative information. Chairman apprised, in this context, the recommendations of a Working group chaired by Shri Vepa Kamesam to improve the grievance redressing systems in the insurance companies and informed that the report of the group would be circulated to the Members shortly.

Item # 6 : Study Leave

The context of the proposal to provide for a scheme of study leave for the benefit of the staff of IRDA on the lines obtaining in SEBI was clarified by the Chairman. The proposal was approved.

Resolution No: 49:6

IRDA resolves to accord approval for the proposed scheme of Study Leave as indicated in the Agenda Item no.6.

Item # 7: Augmentation of Human Resources at the IRDA

Chairman explained the need for augmenting the staff strength of the Authority in the context of the growth of insurance sector and entry of new companies. The Authority was currently supplementing the resource requirements by drawing suitable staff from the insurance sector. However this needs to be phased out over a period of time through fresh recruitment and training them in the various regulatory activities. The proposal for increasing the sanctioned strength of AD's/ Sr AD.s/ DD's from 44 to 60 was made in this background. The proposal for requirements of actuarial assistants and statistical assistants would also help the Authority improve the skills sets in these fields and help IRDA compile useful statistics and research material on the insurance sector. The recruitment of general assistants to assist the sections would also relieve the Deputy Directors from their routine work and help them enhance their analysis. Shri Mahajan suggested that statistical/ research capabilities of IRDA have to be strengthened so that it can bring out qualitative publications like RBI. It may also be worthwhile to look at the recruitment of assistants with economic/finance/statistical background who can be termed as research assistants instead of limiting the choice to only statisticians. This suggestion was agreed to.

The Authority approved the proposal for augmentation of the staff strength of IRDA as mentioned in para 12 of the agenda note with the modification that there would be an appropriate mix of statisticians and economists in place of only statisticians.

Resolution No: 49 : 7

IRDA resolves to accord approval for the proposal for augmenting the staff strength as mentioned in the Agenda Item no.7 with the modification that there would be an appropriate mix of Statisticians and Economists in place of only Statisticians.

Item # 8: Performance of Indian Insurance industry for the financial year 2006-07

The report was taken on record. Shri Talati of ICAI desired to know the projections that IRDA would keep in mind for permitting entry of more insurers. In his view, changes in the tax incentive structure such as EET could prove to be a set back for the growth of the sector. While discussing the trend of growth of linked business it was noted that the sectoral growth was led by the potential for saving rather than the enhancement of protection. This would also be a factor to judge the future potential for the sectors growth and entry of new players. But on the whole it would appear that with continuing economic growth, and rising incomes there was still significant potential for improving the insurance density with entry of more players.

Shri.Mahajan pointed out the significant shortfall of the PSUs in meeting the targets set under Rural/ social sector obligations. It was explained that based on the information received from PSU on their performance during March, National and United India had made up their shortfall indicated in the agenda (It was also explained that the obligations for United India needed to be corrected based on the revised numbers submitted by the insurers for the year 2002-03 that was accepted by the Authority). Nevertheless the shortfall in performance viz-a-viz the target was still very significant in the case of New India Assurance Company and the position needs to be looked into and a report submitted in June, 2007.

Resolution No: 49 : 8

IRDA resolves that the agenda on the performance of Indian insurance industry be taken on record subject to the actions to be taken as indicated in the minutes.

(C S Rao)
Chairman