



**MINUTES OF THE 54TH MEETING OF THE AUTHORITY
held on April 29, 2008 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	Ms. Sushma Nath
Member	Shri Vijay Mahajan

Also present:

Executive Director	Shri Prabodh Chander
Executive Director	Shri K. Subrahmanyam

Chairman extended a warm welcome to Ms. Sushma Nath, Secretary, Department of Expenditure, Government of India, nominated as the Part-Time Member vice Shri Pradip Kumar, Secretary, Government of India. The role and functions of the IRDA were briefly explained to Ms. Nath. Leave of absence was granted to Ms. Ela Bhatt and Shri Ved Jain, who could not attend because of prior commitments.

Item # 1: Confirmation of Minutes of the 53rd Meeting of the Authority held on 25th March, 2008.

It was decided to confirm the Minutes as they were in order.

Resolution No: 54:1

Authority resolves to confirm the Minutes of the 53rd meeting of the Authority held on 25th March, 2008.

Item # 2: Action Taken Report on the Minutes of the 53rd Meeting of the Authority held on 25th March, 2008.

The Authority took note of the Action Taken Report (ATR). Chairman informed that the study proposed by Ms. Ela Bhatt on the 'Reach of Industry' would be taken up shortly and that he had received a note in this regard from Ms. Ela Bhatt.

Item # 6 : Amendment to IRDA (Investment) Regulations

Member (F&I) submitted the need for minor amendment to the proposals approved by the Authority for modification of the IRDA (Investment) Regulations at the last meeting of the Authority held on 25th March, 2008. The extension of exposure norms to ULIP investments was proposed in the interest of the policyholder, but extension of the group and sector exposures to ULIP investments on lines which are similar to that existing for traditional products would lead to constraints in deployment of funds by insurers. While the Regulations on mutual fund investments stipulate restrictions on their investments in a single company, there are no restrictions currently on the exposure to a given group of companies or to a given sector at present. Hence, the proposal to provide a higher ceiling of 20 per cent investment in group of companies (50 per cent thereof in case of companies belonging to the promoter groups) and also a similar ceiling of 20 per cent in a given sector (as per NIC definition) for ULIP investments with a flexibility to go upto 25 per cent in both cases with the approval of Investment Committee. While endorsing the proposed modification of the earlier amendments to Investment Regulations, it was suggested by Shri Mahajan that the ceiling may be straightaway raised to 25 per cent instead of empowering Investment Committee for a discretionary investment of 5 per cent, along with a general dispensation of 20 per cent. This was agreed to.

Resolution No: 54:6

IRDA resolves to approve the proposed Amendments to the IRDA (Investment) Regulations, 2000 and its official notification.

Item # 8: Any other item with the permission of Chair.

8.1 Acquisition of Property at Safdarjang Enclave, New Delhi by IRDA

Chairman briefly detailed the proposals made by the Authority to the Government of India, concerning Tariff Advisory Committee's (TAC) future role in the context of detariffing of the general insurance industry. It was expected that a decision on the proposals for absorption of the staff of TAC in other insurance companies would be taken shortly.

Presently, TAC was owning a residential property at Safdarjang Enclave, New Delhi with two floors and this has been rented out to IRDA. The ground floor of the building has been converted into a small guest house for the benefit of the staff of IRDA who visit Delhi frequently. Since, the property would be useful for IRDA's long-term requirements, it was proposed to acquire it outright after a due process of valuation etc., rather than using it as a rented property. A formal proposal would be submitted for the consideration of the Authority in due course after going through the other requirements.

The proposal was being submitted informally to ascertain the Board's concurrence. The proposal of the Chairman was approved.

8.2 Streamlining the Process of Consideration of Applications for Licensing of Insurers

Shri Mahajan referred to R2 being more or less in the nature of undertaking of the compliance requirements and follow the same issues discussed at R1 in greater detail. He suggested that instead of seeking a detailed plan of action, which are mostly indicative in nature and on which any judgemental analysis would not be desirable, we could follow another approach. He referred to the proposal he made earlier to seek a plan of action for fulfilment of rural and social sector obligations and a similar process be followed here also. In other words, the company has to follow the various regulations and hence, there is no point in asking for detailed submissions. It would be enough if they give a brief outline on how they would meet the regulatory requirements.

Chairman clarified that the whole process of registration of applications was required to be reviewed since, the two stage process presently followed was having its own problems. It was also informed that Insurance Advisory Committee (IAC) had approved the proposal for review of the regulations. A Committee would be set-up internally to examine this issue. That Committee can take into account the suggestions made by Shri Vijay Mahajan.

There was no other item for discussion and the meeting concluded with vote of thanks to the Chairman.

**Sd/-
(C S Rao)
Chairman**