

# MINUTES OF THE 55<sup>th</sup> MEETING OF THE AUTHORITY

held on July 16, 2008 at 11.30 a.m.  
in the Office of the IRDA at 3<sup>rd</sup> Floor, Parishram Bhavan, Basheer Bagh,  
Hyderabad.

<b>Present:</b>	<b>Chairman</b>	<b>Shri J Hari Narayan</b>
	<b>Member</b>	<b>Shri C. R. Muralidharan</b>
	<b>Member</b>	<b>Shri K K Srinivasan</b>
	<b>Member</b>	<b>Dr R Kannan</b>
	<b>Member</b>	<b>Shri Vijay Mahajan</b>
	<b>Invitee</b>	<b>Dr. D V S Sastry</b>
<b>Also present:</b>	<b>Executive Director</b>	<b>Shri Prabodh Chander</b>
	<b>Executive Director</b>	<b>Smt V. Vedakumari</b>

Shri J Hari Narayan, Chairman extended a warm welcome to all those who were present. Leave of absence was granted Shri Ved Jain, President, ICAI, Smt. Ela R Bhatt, SEWA and Ms. Sushma Nath, Secretary (Expenditure), Ministry of Finance who could not attend because of prior commitments.

The Authority resolved to place on record appreciation of the services of Shri C S Rao as Chairman, IRDA from 10.06.2003 to 14.05.2008.

## **Item # 1: Confirmation of Minutes of the 54th Meeting of the Authority held on 29th April, 2008.**

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

### ***Resolution No: 55:1***

*Authority resolves to confirm the Minutes of the 55<sup>th</sup> meeting of the Authority held on 29<sup>th</sup> April, 2008.*

## **Item # 2: Action Taken Report on the Minutes of the 54th Meeting of the Authority held on 29th April, 2008.**

Member (F&I) appraised regarding the action taken on the registration status of each of the agenda items at 3, 4, 5 and 7. Regarding the acquisition of property, it was noted that LIC is still in the process of valuation of the property. It was decided to examine legally, to whom the property of the TAC would devolve, on its dissolution. Regarding the Committee to examine the streamlining the issue of applications for licensing of insurers, Shri Vijay Mahajan requested that the issue be de-novo examined and an appropriate committee be appointed.

**Item # 3: Annual Statement of Accounts of the Authority for the year ended 31 March 2008.**

It was noted that the accounts of the Authority have been drawn up within the stipulated timeframe and that the internal audit did not bring out any major issues. Having noted that the deployment of cash periodically in term deposits with banks following a transparent bidding process, it was suggested by Shri Vijay Mahajan that IRDA explore other avenues including investments in market securities etc. It was decided that the investment policy for IRDA delineating the extant practices and other possibilities be brought to the Authority as an agenda note in the next meeting.

**Resolution No: 55: 3**

*IRDA resolves to adopt the audited Annual Statements of Accounts of the Authority for the year ended 31st March, 2008.*

**Item # 4: Note on Study on the “Reach of Industry”**

Shri Vijay Mahajan suggested that on each of four issues mentioned in the agenda note, an internal group in IRDA could work out the modalities and suggest preparation of a Request for Proposal (RFP) on its own or to entrust the task to Experts/Institutions offering such consultancy services like IIMs. Chairman suggested that a group of identified scholars may also by making use of National Sample Survey organization’s data come out with a report. IRDA could precede this by interacting first with the National Statistician regarding the availability of such data that would be useful for research on insurance related issues.

DG (R & D) while agreeing with the above two points suggested that with regard to Mass Policies and Data issues, interactions with those state governments having Mass Policy Programmes be organized first and that RFP could be first discussed with IIM, Ahmedabad and IIM, Bangalore. A policy paper can also be prepared internally in IRDA. Chairman at this juncture pondered on the data availability and felt that the information flow to IRDA on Mass Policies mooted by the various State Governments and the Central Government is inadequate. He opined that perhaps time is ripe for a study on the saving habits of the citizens in India in consultation with the National Survey Organization and that the details of data to be collected and within what timeframe have to be determined clearly so that a comprehensive report on the way forward for development of the insurance sector in India be enabled. Shri Vijay Mahajan mentioned that adopting an approach for research study, avoiding a stringent regulatory approach would elicit easy cooperation from insurance companies in sharing of data. He also suggested perhaps a group of scholars commissioned by IRDA for conducting specific studies. It was summed up by Chairman collating a list of all such schemes of Mass Insurance Policies including the essential features, exclusions etc., be taken up

immediately. He stressed the importance of a firmer database to enable meaningful analysis and that a status paper be brought out and as regards extending insurance to the poorer sections of the society a committee be formed to chart out the terms of reference and the conditions for undertaking a study by reputed academic/research institutions. Regarding the mass education programme mentioned in the agenda note, it was concluded by Chairman that a communications committee consisting of specialist in the field of communication and marketing be studied. The exercise of nominating the committees would be deliberated by the Members separately.

**Item # 5: Insurance Sector and its Appraisal – 2007-08 – For information**

The appraisal note evoked though provoking discussion. It was suggested by Chairman that the primary objectives of the liberalization of insurance sector be juxtaposed with the achievements after delineating the gaps and analysing the reasons therefor. It was decided that foremost specialists be requested to deliberate on the issue and a report be ready by the 31<sup>st</sup> March, 2009. Chairman also raised concerns about the need for enhancing capacity in IRDA and to be in readiness to deal with issues regarding valuation of insurance companies. He felt strongly that a policy be in place by the time the insurance companies are ready for getting listed on the stock exchanges. Draft guidelines on valuation may also have to be drawn up.

**(J Hari Narayan)**  
**Chairman**