

MINUTES OF THE 56th MEETING OF THE AUTHORITY

held on October 27, 2008 at 11.30 a.m.
in the Office of the IRDA at 3rd Floor, Parishram Bhavan, Basheer Bagh,
Hyderabad.

Present:	Chairman	Shri J Hari Narayan
	Member	Shri C. R. Muralidharan
	Member	Shri K K Srinivasan
	Member	Dr R Kannan
	Member	Shri G Prabhakara
	Part-time Member	Shri Vijay Mahajan
	Invitee	Dr. D V S Sastry
Also present:	Executive Director	Shri Prabodh Chander
	Executive Director	Shri K Subrahmanyam
	Executive Director	Shri Kunnel Prem

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.

On repatriation of Mrs. V Vedakumari to CAG Mr. K Subrahmanyam, Executive Director (Actuarial) has taken charge as Executive Director (Administration) and act as Designated Officer.

Item # 1: Confirmation of Minutes of the 55th Meeting of the Authority held on 16th July, 2008.

The Minutes of the 55th Meeting of the Authority were confirmed

Resolution No: 56:1

Authority resolves to confirm the Minutes of the 55th meeting of the Authority held on 16th July, 2008.

Item # 2: Action Taken Report on the Minutes of the 55th Meeting of the Authority held on 16th July, 2008.

There was a discussion on Action Taken Report.

a) The Authority noted that a Committee has been constituted and desired that the Committee should present a Report to the Authority on the processing of applications and related matters by January, 2009.

b) ATR on Study on the “Reach of Industry”

Chairman indicated that Dr Rangarajan would be contacted in this regard. There was a suggestion that we may approach Invest India Economic Foundation (IIEF) who were in the process of survey of consumers in response to various financial instruments in the market. It was desired that concerned Members might examine and get in touch with Mr. Gautam Bharadwaj in-charge of IIEF in this regard. No timeframe was decided on this.

c) ATR on Insurance Sector and its Appraisal

The Authority recalled that it will be necessary to examine the performance of the insurance sector in relation to the objectives of the liberalization of the sector. Member(Actuary) said that the preliminary report in this regard would be furnished by end of December 2008. While on the subject DG(R&D) mentioned that he is proposing a box item on the appraisal of the insurance sector in the current Annual Report. After deliberations, it was decided that this should not form part of the Annual Report as it will be premature and incorrect to submit a less than thoroughly prepared appraisal on this important issue.

With regard to the valuation of the insurance sector, the Authority pointed out that given the developments in the international financial sector, a consolidation in the industry can be expected in the near future and consequently the approach of the Institute of Actuaries and the IRDA on the question of Embedded Value, Economic Value should all be finalized soon. Member(Actuary) indicated that Institute of Actuaries is expected to come out with a draft in March 2009 and this would be shared with the industry and thereafter finalized.

Item # 3: Extension of Secondment of Arup Chatterjee to IAIS – for Ratification

Resolution No: 56: 3

IRDA resolves to ratify the extension of Secondment of Arup Chatterjee to IAIS till 23.02.2010.

Item # 4: Repatriation of Mrs. J Meena Kumari from Financial Service Commission, Mauritius

Members agreed to the proposal for repatriation of Mrs. J Meena Kumari and also to increase the sanctioned strength of Deputy Directors in Actuarial Department from 4 to 5.

Resolution No: 56: 4

IRDA resolves to approve the proposal for the repatriation of Mrs. J Meena Kumari from FSC, Mauritius and to increase the sanctioned strength of Deputy Directors in the Actuarial Department from 4 to 5.

Item # 5: Record Destruction Policy in IRDA

After due discussion the Authority decided that ED(Admn.) should obtain a policy on record destruction if any from SEBI and RBI also. Further, the ED(Admn.) was instructed that an entire policy with regard to management of files and paper should be brought out for the consideration of the Authority.

Item # 6: Induction of three new Insurance Advisory Committee Members

After discussion it was suggested that instead of General Secretary of Consumer Society, Phalgat the In-charge of SA-Dhan, a micro-insurance organization should be inducted into the Board of Insurance Advisory Committee.

Induction of the following Members was approved by the Board:1) President of Indian Institute of Insurance Surveyors and Loss Assessors 2) Secretary General of National Federation of Insurance Field Workers and 3) Director, SA-Dhan, New Delhi

Resolution No: 56: 6

IRDA resolved to recommend to the Government of India to induct 1,2,3 to the Insurance Advisory Committee.

Item # 7: IRDA Premises – Construction Of New Building, and Hire Premises – For Information

It was decided not to shift the IRDA Premises at the present moment in view of the time and other resources that are required to be spent in this regard. Instead IRDA should explore the possibility of constructing its own building. It was also suggested to have the following action plan:

- a) Send Reminder to LIC to depute an Engineer (Follow up on the letter sent to LIC on September 12, 2008)
- b) ED (Admn) to examine the following buildings:
 - i. SEBI at Bandra Kurla Complex, Mumbai
 - ii. Metro Building, New Delhi

It was also decided that the building must be environment friendly (green building) so that lot of power is saved. It was also desired that a small auditorium, canteen and library should be seen together in one block.

Supplementary Agenda Item No 12 (a): Summary of Actuarial Reports received from the life companies for the year ending March 31, 2008 & Solvency Ratios of non-life insurers

Noted.

Supplementary Agenda Item No 12 (b): Investment Policy for IRDA Fund

Members suggested the following changes in the investment policy:

- Authority may delegate its powers to Chairman to constitute an investment committee for investment of its funds.
- Authority while delegating powers may also specify exposure norms as under
 - o Funds may be invested in Fixed Deposits and Government Securities (as defined in Insurance Act, 1938) only.
 - o At least 50% of the funds shall be invested in the Government securities as defined in the Insurance Act, 1938.
 - o The funds may be invested in any banks having NPA < 1 % and CAR > 12 % as per their latest available audited accounts of the Bank.
 - o The maximum investment with one bank will be restricted to least of 10% of the funds or the 10% of the paid up capital of the bank.

Supplementary Agenda Item No 12 (c): Revision of Final Accounts for the year 2007-08

Members suggested that as far as possible the revision of final Accounts be avoided. However, if it is absolutely necessary because of instructions from CAG the accounts may be revised and the Authority has no objection for such changes in this regard.

Chairman wished all the Members a very happy diwali and the meeting ended with a vote of thanks to the Chair.

**(J Hari Narayan)
Chairman**