



**MINUTES OF THE 90<sup>th</sup> MEETING OF THE AUTHORITY**

held on 24<sup>th</sup> November, 2015 at 12.00 noon at Hyderabad.

<b>Present:</b>	Chairman	Shri T. S. Vijayan
	Whole-time Member	Shri D. D. Singh
	Whole-time Member	Mrs. V.R. Iyer
	Whole-time Member	Shri Nilesh Sathe
	Part-time Member	Shri Alok Tandon
	Part-time Member	Shri V.K. Gupta

Also present:

Designated Officer	Shri M. Pulla Rao, Sr. J.D. (General)
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Chairman extended a warm welcome to the Members present. Leave of absence was granted to Ms. Pournima Gupte, Whole-time member, Shri SB Mathur and Shri Manoj Fadnis, President, ICAI, part-time members, who could not attend the meeting because of prior commitments.

Since the quorum for the meeting was present, the agenda was taken up for discussion.

**Item No. 2: IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lyod's) Regulations, 2015**

Sr. Joint Director (Intermediaries) made a presentation on the proposed Regulations. One of the members was of the view that the Indian Insurers should not be kept on par with the Indian Reinsurers and Branch Offices of Foreign Reinsurers as Indian Insurers do very little re-insurance business. He also drew attention to Regulation

12 of IRDA (Reinsurance – General Insurance) Regulations, 2013 where Indian Insurers offer cessions only to Indian Reinsurers.

The Chairman clarified that there were no branches of Foreign Re-insurers operating in India then and further stated that the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lyods) Regulations, 2015 had been notified based on extensive consultations with various stake holders after issuance of two exposure drafts. Amendment to regulations, if necessary, will require release of fresh exposure draft.

The Chairman was also of the view that the issues raised could be seen as implementation issues which could be clarified by issuance of a circular.

The member however suggested that Regulation 28 (9) should be amended to read as under:

“Order of preference for cessions by Indian Insurers – Every Indian Insurer, in order of preference, shall offer for participation in its facultative and treaty surpluses;

- (a) To the Indian re-insurer and then to those granted certificate of registration as per regulation 4 (a) of these Regulations.
- (b) To those granted certificate of registration as per regulation 4 (b) of these regulations.
- (c) To the offices of foreign reinsurers set up in special economic zone, only after having offered to all entities in (a) and (b) above.
- (d) The balance, if any, may then be offered to Indian Insurers and foreign reinsurers.”

The member further suggested that the power for issuance of R2 under these Regulations should vest with the Authority instead of Chairman.

The Chairman clarified that since the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lyods) Regulations, 2015 had already been notified by the Authority it would be appropriate to follow procedure laid down for issuing an exposure draft once again for consultation with the stake holders including Insurance Advisory Committee before its submission to the Authority.

**Table Item No. 1: Compliance with KYC norms at the time of inception of Non-life policies:**

Sr. JD (Non-life) made a presentation on the agenda. The Chairman informed the members that the agenda was only a concept paper for circulation to the industry and the responses received would be appropriately considered.

One of the members observed that the cost of furnishing KYC to insurer is borne by the insured and citizens produce KYC for many transactions, particularly financial transactions and might not find it difficult to produce KYC for NL insurance. Further KYC was implemented as per the law of the land and Non-life Insurers should adhere the practice.

In principle approval was granted for placing the concept paper for industry comments.

CHAIRMAN