

**MINUTES OF THE 7<sup>th</sup> MEETING OF PROCUREMENT COMMITTEE OF IRDA HELD ON**

**On 21<sup>st</sup> November, 2011 IN IRDA, HYDERABAD**

**Present :**

- 1. Shri. A.Krishna Rao (Chairman)**
- 2. Shri R. K. Sharma (CAO) - Convener**
- 3. Shri. Randip Singh Jagpal (JD – Non-Life ) -Member**
- 4. Ms. Mamta Suri (JD – F& A) - Member**
- 5. Shri. Mahesh Agarwal (Sr. AD) - Secretary**

**User Depts Invited**

- 1. Shri. Deepak Khanna (DD- Information Technology)**
- 2. Ms. Yegnapriya Bharat (JD – Consumer Affairs)**
- 3. Mr. Krishnan (JD – Consumer Affairs)**
- 4. Mr. Srinivas (AD- Consumer Affairs)**
- 5. Mr. Sanjeev Jain (JD- Agency Dept)**

**It is noted that all the members of the Committee are present. The Items on the agenda are taken up for consideration.**

**Item No.1 : Insurance Grievance Call Centre (IGCC) - Approval for increase in number of logins - IGMS (Integrated Grievance Management System):**

to 20, stage ( 2 ) from 20 to 30 and stage ( 3 ) from 30 to 35 and later reduced from 35 to 30 in tune with reduced volumes. Every month there has been a review of IGCC. As advertisement campaign is not in progress, currently there are less number of calls in IGCC and hence the logins have been reduced from 35 to 30. Provision has been made for answering calls in 8 Indian languages. They have fixed the reporting service level parameters for periodical review and hence logins were revised accordingly. They also have mechanism of daily reporting and monthly reporting followed by a review which includes scrutiny of details of no. of calls, quality of calls and performance. As per the agreement with M/s. Sparsh, 30 days/60 days notice is required for increase/decrease of logins. It was also informed that per login charge quoted by vendor is fixed for 5 years. Also, there is a penalty clause of 2% in the agreement. Mr. Srinivasan, an External Consultant (from LIC Background) in Bangalore is responsible for quality monitoring and domain inputs. JT Director Mr. Krishnan is now handling independent incharge of call center from IRDA side.

The Procurement committee authorised setting up of a small team to negotiate per login cost to a reduced level to avail economies of placing a large size order. The Committee asked JD(CA) to report back the result of such negotiations. Further, the Committee authorised competent authority to sign the Agreement post negotiation and mutually agreeing on a fixed rate per log in applicable for five years from the date of launching the Call centre. The competent authority may proceed, subject to fulfilling of the conditions of the agreement, with payment of the remaining dues for the period up to 30-11-2011 as only 75% (from 01-07-2010 to 30-09-2010) and 50% (from 1-10-2010 to 30-06-2011) of invoicing amount has been released to the service provider and nothing has been paid



from 01-07-2011. The monthly bills on regular basis from 01-12-2011 onwards may be processed after a review of the functioning of the call centre subject to service levels agreed.

Committee approved the proposal.

**Item No.2 : Lost Agent Assessment (Reasons contributed to Insurance agents change profession - IMRB (Indian Market Research Bureau):**

JT Director (Agency) informed the committee members that as the attrition rate of Insurance Agent is very high a study was necessary in this regard and said proposal was approved by ED (Admin). Committee members questioned the basis of selection of IMRB. Committee was informed that IMRB was selected as it was a 100 year old professional body. Agency dept informed that 2-3 local companies were also contacted. ORG Marg refused to undertake such study. It was also informed that IMRB Bangalore office had accepted such work from HDFC life, ICICI and Bharati Axa. Committee members were of the opinion that such analysis is better undertaken by insurance companies instead of IRDA. Agency dept informed that such study was necessary as IRDA had recently imposed persistency ratio for agents and there are no exit interview for agent when he leaves the company. The department was of the opinion that there are a lot of reasons why the agents leave the company and this needs to be analyzed. The committee was informed that in the proposal given by IMRB, it was mentioned that there shall be 4 zones both urban and rural and 3 public and 3 private players will be analysed. They shall devote 25 minutes per person and it shall be confined to agents who have left within 1 to 3 years. They shall cover 40 life locations and 25 non-life locations. The



committee members decided that such contract should be awarded only after proper tendering process as this is not the work which cannot be done by others and hence the proposal was rejected.

**Item No.3 : Hiring of 2 Nos. of consultants from Deloitte during the Business**

**Analytics Project ( BAP ) Design Phase - Deloitte**

The proposal was deferred to next committee meeting.

**Item No.4 : Appointment of M/s CRISIL Risk and Infrastructure Solutions Limited:**

The committee was informed that in 1/11/11 board meeting of IRDA the said proposal was passed defining the scope of study which meant for increasing the limit of infrastructure investment by insurance company. The concern dept also informed that scope of said study has been approved by ED (Admin). Committee was informed that implementation of this study shall require insurance regulation amendments. Committee was informed that concerned department has taken this initiative on the advice of ministry of finance however the letter of Ministry of Finance was not produced to the committee. Committee was also informed that this proposal has been discussed in Committee of Infrastructure where member F & A is member of the committee. The user department certified the reasonableness of the fees quoted by the bidder.

**Scope of the project:**



**Activities:**

- 1. Compare the demand for investment grade securities and the aggregate supply to assess possible surplus or deficit over the next five years, including in the infrastructure and social sector.**
  
- 2. Analyse the implications of the above surplus/deficit for the Insurance Industry**
  - a. Possibility of the absence of sufficient investment opportunities**
  - b. Possibility of non-compliance with minimum investment in social and infrastructure sector.**
  
- 3. Analyse the implications for the IRDA (Investment) Regulations**
  - a. Need for modification or relaxation of regulations**

**Time Line : envisaged to be completed over a period of 5 (five) weeks.**

**Fee:**

- 1. The lump sum professional fees payable to CRISIL Risk & Infrastructure Solutions Limited for the scope of work shall be Rs. 16,50,000/- (Rupees Sixteen lakh fifty thousand only).**
- 2. Out of pocket expenses on account of air travel, lodging and boarding shall be paid / reimbursed at actuals by the Client on submission of air ticket jackets and bills / receipts for the expenses.**

**The fee mentioned above shall be payable as under**

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<b>Commencement fee</b>		<b>30%</b>
<b>Submission of Deliverable on Context Setting and Demand-Supply Assessment of Investment Grade Securities</b>	<b>Within 3 weeks</b>	<b>30%</b>
<b>Submission of Draft Deliverable on Implications of Demand-Supply of Investment Grade Securities on IRDA's Investment Strategy</b>	<b>Within 5 weeks</b>	<b>35%</b>
<b>Submission of Final Deliverable on Implications of Demand-Supply of Investment Grade Securities on IRDA's Investment Strategy</b>	<b>One week from receipt of comments on Draft Deliverable</b>	<b>5%</b>

Committee decided that travel by the vendor to IRDA for the said project should be maximum of 2 times during the entire project.

Committee approved the said proposal.

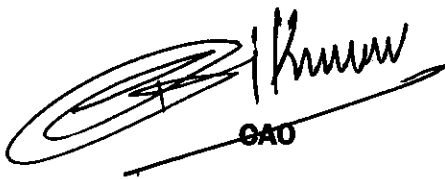
**Item No.5 : Management Audit of IRDA**

As the members of the Committee felt that this item was not part of the mandate to the procurement committee. However the Chairman suggested that the scope of the work may be finalized by eliciting the comments/views of the different departments in IRDA to ensure that no important items have been left out and keeping in view the guidelines of the World Bank on conducting of internal audit.

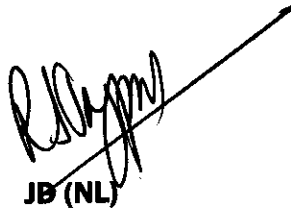


**Vote of thanks**

The meeting was concluded with a vote of thanks to the Chairman.

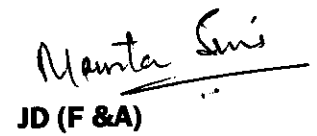
  
GAO

**Convener**

  
JB (NL)

**Member**

*shw 26/12/11*  
Secretary

  
JD (F & A)

**Member**

  
Chairman