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The Insurance Laws (Amendment) Act, 2015 A Game - Changer for the Insurance Industry

भारतीय बीमा विनियामक और विकास प्राधिकरण



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From the Publisher

The Insurance Laws (Amendment) Act 2015 is a keenly awaited piece of legislation by the financial markets nationally as well as internationally. While the provision relating to hike in foreign investment garnered most of the media attention, the Act contains many other provisions which greatly impact how the insurance industry operates in India.



Devolution of many critical aspects to the Regulator, which were hitherto hard-coded in the primary legislation, has brought in the much needed agility to respond to market dynamics. IRDAI has been framing Regulations from time to time aimed towards orderly growth of insurance sector all the while keeping the policyholders' interests at the core. The changes brought through the amendments to the Act put a higher level of responsibility on the Regulator and this devolution of powers need to be translated into framing new Regulations as well as amending existing Regulations in line with the provisions of the Act. While timely notification of all necessary changes is indeed a challenge, adopting an integrated approach in Regulation- making is all the more important. IRDAI has started this process in right earnest with release of various exposure drafts for public comments while a few others are in different stages of formulation. The recommendations of Financial Sector Legislative Reforms Commission on procedures for framing Rules/Regulations are being implemented in IRDAI and these procedures would make all stakeholders party to Regulation making thus making the process a collective effort.

It gives me immense pleasure to see that the articles being published in the current issue of the Journal cover various dimensions of the Amendments to the Act which I hope would be both educative and informative to readers. Keeping in view the importance of Disaster Management, both for the insurance industry and the Nation as a whole, the Next Issue of the Journal will focus on "Disaster Management & the Role of Insurance Industry".

A handwritten signature in black ink, which appears to be 'T.S. Vijayan', is written above the printed name.

T.S. Vijayan

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FDI in Insurance Industry in the context of universalization of social security.

BK Sahu

The recent announcement of finance minister in his budget speech 2015 has two notable features which ultimately going to decide quality of life for Indians by 2020 - 1. Subscribers of EPF will now have choice to opt for New Pension Scheme (NPS) of Govt. of India and 2. That ESI covered workers will have the option to choose Health insurance products recognized by IRDAI. It is said that “a country is known by its people” - rather quality of life of its citizens. In fact for a democratic socialistic country like ours, it is incumbent on the part of the federal government and that of the state governments to assure minimum standard of living in the form of affordable food grains, housing and livelihood to ensure socio-economic development in the context of human development index (HDI) devised by international agencies for ratings like UNO and ILO etc. It is in this background, universalization of social security as announced by the present government in budget 2015 coupled with recent promulgation of recent insurance laws (Amendment) Act 2015 are two sides of the same

coin which is the subject of this article.

Before going to the effects and challenges to the above two important occurrences, let us find out few facts regarding social protection/ Insurance Coverage as available to the citizens in the country---

1. In a country of 1 billion population, only 30% stands covered in some social security or insurance schemes, that too mainly in organized sector and in urban areas.
2. Private sector provides more than 70% of the health care with 10 to 20% population having access to public health care.
3. India's health budget is less than 1% of the GDP resulting in out-of-pocket expenses amounting to 60 to 70% income of general public.
4. Some 300 million Indians slip into poverty if they face health problems.

5. Some 10 million domestic workers, 20 million hawkers/ street vendors and 40 million construction workers have no access to social security in any form.

6. Insurance penetration is just 3.9% in India compared to 5.9% in Singapore, 7.5% in U.S. & world average of 6.3%.

There are some positive features in social security schemes like ESI and PF that in one contribution, the beneficiary gets multiple benefits and even without ceiling limit involving health care related benefits. Of course, recently the authorities of ESI/ Ministry of Labor as reported has imposed restriction of Rs. 10 lakh on super-specialty treatment and delegating power of such referral to state governments which of course will put the beneficiaries to inconvenience due to avoidable procedures and processes as available in state governments. Now that the government has opened choice for such workers to opt either for ESI which till date is a compulsory scheme for certain employers as per

the ESI act or insured in insurance scheme recognized by IRDAI as far as Healthcare benefit is concerned seem to be the best opportunity to ensure universalization of social security - what we can say a confluence of government controlled ESI/ Provident fund schemes with that of insurance schemes regulated by IRDAI which is provided through public and private insurance companies. Let me clarify one important misgiving in the minds of those who are opining that insurance schemes cannot match the benefits of ESI both in quality and quantity which doesn't seem to be correct. Insurance schemes offered by insurers have health care, accidents and death benefits taking in to risks to which human beings are exposed both in life and non-life areas. Moreover, the so called no ceiling in health care offered by ESI schemes is to be seen in the context of hardly 40% of the ESI beneficiaries availed such facilities and 1% super-specialty treatment all these years. I'm not going to the huge administrative costs (both visible and non-visible) and misuse of cash benefits besides pathetic conditions of ESI dispensaries and hospitals in the states. At least now a worker or a citizen will have a choice to pay as per his paying capacity with reference to his/her take home salary and in return assured of minimum social security in the form of health care, accident benefits and lump sum amount if death occurs. Of course with greater responsibility now cast upon insurance agencies and IRDAI, they

have to enhance quantity and quality of existing benefits besides adding new benefit like unemployment allowance and importantly keeping the low cost of premiums through use of IT.

The recent decision to hike FDI in Insurance business along with related changes would be a game changer for the insurance industry as a whole and to the policy holders in the following ways:

1. Availability of increased capital inflow will enable insurers to increase penetration of insurance/ social security, particularly to rural sector, informal workers and untapped population in urban areas.
2. With availability of improved technology through foreign companies, cost of insurance services would be minimal, besides making administration of policy serving easier for the agents and insurers etc.
3. The experience and expertise of foreign insurance companies could be utilized to set good practices as far as integration with other social security schemes of Govt. of India is concerned as well as for having a robust training and 24X7 grievance Redressal both for the service providers and beneficiaries.
4. Last but not the least is having Awareness about the recent initiatives of social security schemes/ insurance schemes -

so that benefits could reach the general public, policy holders and other players in the insurance industry in educating them. Here also the regulatory authority along with insurance agencies with the help of local bodies, institutions like Asha and Anganwadi workers could walk the talk for the benefits of all. This could also be adopted by Social Security Schemes which are mainly confined to urban areas by involving Resident Welfare Associations, Ex-Servicemen Associations & Corporators of Local Bodies of State Government for effective liaison between the Service providers & the beneficiaries.

At the end, let the social security schemes of Govt. of India including of state governments and the insurance schemes recognized by IRDAI come together through an appropriate mechanism to be evolved by Govt. of India to achieve the goal of "Universalization of Social Security" coupled with recent "Insurance Laws (Amendment) Act 2015". This synergy could translate the dream of "Make in India" and a "skilled secured work force" for better living conditions of the population while establishing India as focus for business both at national and international level.

BK Sahu, (Former Insurance Commissioner, ESIC, Govt. of India), Now with IRDAI Views expressed are personal

Deepening Economic Reform Process

The Insurance Laws (Amendment) Act is a major step forward

Dr. Ashish Barua

Abstract

The notification of Insurance Laws (Amendment) Act 2015 is a major step forward, which will possibly speed up the ongoing reform process in the Indian economy, and can take the Indian economic development scenario into new heights. Today, Indian economy is considered as one of the fastest growing economy in the world, hence the most favourable destination for investment by the foreign investors, thus the passing of this Act will play indispensable role in fulfilling the development objectives of the government, with which the Act is perceived and promulgated. Beyond any doubt I feel the increase in the FDI cap in insurance sector from 26% to 49% is a welcome step in the right direction for reforming and reenergising the Indian Economy, which needs immediate capital in many areas of economy and insurance is among them,

considered the most important key area of the economy on which the developmental backbone of any economic engine depends. Further, it can take Indian economy to high growth trajectory in the years to come which the present government is visualising. Although concerns were raised by many quarters about its impact, infact these concerns have some substance in it, but from macro economic development view point of the country they are of not any significance, seeing the benefits which the FDI will bring into Indian economy is enormous in the long run. It will integrate domestic economy with global economy closely, and the integration will lead to mutually beneficial transaction for both the sides.

Deep concerns have been raised by many quarters, that insurance sector will not get viable benefits from the increase in FDI. There are the industry leaders in the country, who are well established and are doing exceptionally well. They

reached the breakeven point and don't require further capital. They will not be effected by the FDI change, what so ever. However, there are companies that do have enough capital to diversify and have not been doing too well. They are the ones who are really excited about the FDI reforms. Moreover, there are the newcomers in the industry who have been there for the past four-to-five years but most of them are in the process of building up their product portfolios and are, in fact struggling hard to establish their credentials in the market. They also need more capital. But these opportunities don't really attract the foreign players, not because India is no longer attractive, but because they are facing a lot of pressure in their own domestic markets. These concerns are not of any significance seeing the benefit the FDI in insurance will bring into India and will contribute in the economic development of the country.

Understanding FDI

The Foreign Direct Investment generally means “cross border investment made by the resident of an economy in the enterprise of another economy, with the main objective of establishing a long run interest in the invested economy. In other terms FDI is also explained as, “an investment into the business concern of a country by a company in another country”. It is said that majority of the investment is into production segment , either buying a company in the target country or by expanding area of operations of an existing business in that country”. Economist says that such mode of investments can take place for many genuine reasons, such as taking advantage of cheaper wages rates, special investment privileges available (e.g. tax exemptions) offered by the country etc.

Reasons For Countries Seek FDI

- When the availability domestic capital is not adequate for purpose of the economic growth and development of that country.
- When the capital market is in the process of development. Foreign capital is indispensable, at least as a short term measure, during the period
- It brings it with other scarce productive factors crucial for economic development of a country like, technical knowhow, business expertise and knowledge

Benefits of FDI

- Brings and improves forex position of the country.
- The best way to generate Employment and increase production.
- A tool of capital formation by bringing fresh capital.
- Beneficial in transfer of new technologies, management skills, and intellectual property.
- Induce a sense of increases competition within the local market and this brings higher efficiencies. The Consumers will get commodities of daily use at reduced prices level.
- Helps in boosting the exports.
- The way to Increases tax revenues.
- Perhaps the best medium of improving rural infrastructure. It would help build the infrastructure and create a competitive market.
- Benefits’ of reducing wastage of agricultural produce. Helps our farmers to get better prices for their crops.
- Large scale benefit will accrue would be to small farmers, who would be able to improve productivity and realize higher remuneration by selling directly to the large organized players and thus shorten the chain from farm to the consumers.

- No doubt the Government too stands to gain by this move through more transparent and accountable standard of monitoring of goods and supply chain management systems. It can also expect to receive an additional amount of US\$ 25-30 billion by way of various taxes.
- FDI in retail would really help in building up much needed back end infrastructure the country requires. Further additionally, the investments in the cold storage chain infrastructure would be able to reduce the loss of agricultural produce and will provide more options to the farmers.

Reasons For Opposing FDI

- FDI is opposed because the domestic companies perceive and fear that they may lose their business segment to the overseas company.
- Similarly, the small enterprises anticipates that they may not be able to compete with the world class big companies having big brand name and may ultimately be thrown out of the business.
- The fear is that large giants of the world try to monopolize business and will take over the highly profitable sectors.
- Misconception is also that such foreign companies invest usually, more in the machinery and intellectual property than in wages of the local people.

- The Government will find difficult and has less control over the functioning of such big companies as they usually work as wholly owned subsidiary of an overseas company.
- Concern that our prevailing interest rates today are as high as 14 per cent to 16 per cent how do we under the circumstance compete with the economies which have a very low interest rates like 4 per cent interest rate.
- India is not a low cost economy. They say our infrastructure, our trade facilitation, our prevailing labour laws; all these factors together don't make India low cost. So do you want India to become a centre where we allow all foreign companies to come in and set up these large business chains which finally and eventually instead of selling domestic products out sourcing internationally the cheapest sources and selling those products.
- Concern is also that, even if big retail companies help the farmers in reviving their economy, what plan does the government has in advance for the millions of middlemen who are part of the countries business process chain that really ensures manufactured products reach the end users.
- We generally engage millions of uneducated and semi-educated

people at various stages of retail business spread across towns and cities in the country but we are afraid that Tesco and Wal-Mart will only engage smart and educated workforce in small strength, comparatively.

The notification of Insurance Laws (Amendment) Act is a major step forward;

The notification of Insurance Laws (Amendment) Act 2015 is a major step forward, which will possibly speed up the ongoing reform process in the Indian economy, and can take the Indian economic development scenario into new heights. Today, Indian economy is considered as one of the fastest growing economy in the world, hence the most favourable destination for investment by the foreign investors, Thus the passing of this Act will play indispensable role in fulfilling the development objectives of the government, with which the Act is perceived and promulgated. Beyond any doubt I feel the increase in the FDI cap in insurance sector from 26% to 49% is a welcome step in the right direction for reforming and reenergising the Indian Economy, which needs immediate capital in many areas of economy and insurance is among them, considered the most important key area of the economy on which the developmental backbone of any economic engine depends. Further, it can take Indian economy to high growth trajectory in the years to come which the present government is visualising. Although concerns

were raised by many quarters about its impact, infact these concerns have some substance in it, but from macro economic development view point of the country they are of not any significance, seeing the benefits which the FDI will bring into Indian economy is enormous in the long run. It will integrate domestic economy with global economy closely, and the integration will lead to mutually beneficial transaction for both the sides.

Why FDI is needed in insurance?

FDI is needed in the insurance as it will bring in the requisite growth capital from the foreign promoters, better insurance business practices not available in the country and of course the new type of international exposure from the foreign players and thus certainly will help in deepening the penetration of insurance products in the Indian rural markets also, where still insurance penetration level is abysmally low. Further, no doubt this would encourage foreign investment in a big way in to the country and will enhance free flow of knowledge and intellectual inter-exchange, benefiting the insurance sector as a whole; right from product innovation , distribution & in building an effective customer service mechanisms in the country.

Indian economy is growing fast. It is at a stage of development where it needs not just investments, but also technology-expertise, and effective management policies to sustain and enhance its graph of

economic growth which is surging high. If we see the Indian insurance industry it is, suffering with a phenomenon called as the silent growth and undergoing consolidation, needs a major push in the form higher investments immediately. One must understand that Insurance being a capital intensive industry, this provides enormous amount of opportunity for greater penetration as well as product innovation suiting the needs of a larger economy like India, only requirement is investment which is direly needed in this sector, which can push the economic development engine of the country. For an industry that has a enormous 'on ground' infrastructure facilities available, that combines with branches, employees as well as agents at the grass root level, this I think this could be the big 'shot in the arm' for the reform initiative that the government has been driving. It will inject the capital into the insurance industry and which will have a positive impact on Indian economic growth rate in the years to come creating innumerable opportunity for the people of the country.

Although it is belief that the benefit of this step will go to the private sector insurance companies to a large extent than government sector which require huge amount of capital. At the operational level, foreign joint-venture partners are already very involved in the industry and they bring the innovative product and the risk-related

expertise. Generally, such arrangements have worked well. Along with bringing capital for future growth, FDI will bring a degree of comfort and ease to the foreign partner. Another advantage of enhancing FDI limit will be to grow the industry by increasing customer penetration with a wide range of innovative products at a reasonable premium that are focused on today's uninsured population. If we see the life insurance industry, we will find that it is of long term in nature and requires years of capital infusion before it can sustain itself. The arrival of more foreign players in life insurance business will introduce more product and channel innovation with the increase in competition. Thus, the growth and development of life insurance sector will further give a huge boost to the tertiary sector in India.

Concerns

Concerns have been raised by many quarters, that insurance sector will not get viable benefits from the increase in FDI. There are the industry leaders in the country, who are well established and are doing exceptionally well. They reached the breakeven point and don't require further capital. They will not be effected by the FDI change, what so ever. However, there are companies that do have enough capital to diversify and have not been doing too well. They are the ones who are really excited about the FDI reforms. Moreover, there are the newcomers in the industry who

have been there for the past four-to-five years but most of them are in the process of building up their product portfolios and are, in fact struggling hard to establish their credentials in the market. They also need more capital. But these opportunities don't really attract the foreign players, not because India is no longer attractive, but because they are facing a lot of pressure in their own domestic markets. Other opponents argue that the hike would have an deep adverse impact on the economy and decision will enable the foreign companies to gain control over the domestic savings. Consequently, the disturbances in foreign finance market will have much larger deeper impact in the country's economy.

However, the arguments of proponents of the Act are more acceptable than that of opponents. RBI considered that as the economy integrates further with the global economy and domestic economic and political conditions permit, there may be a need to relook at the sectoral caps (especially in insurance) and restrictions on FDI flows (especially in multi-brand retail). RBI report on FDI stated that the demands for increasing the present FDI limits of 26 per cent in the insurance sector may be reviewed taking into account the changing demographic patterns as well as the role of insurance companies in supplying the required long term finance in the economy. And since insurance is having a high

period of gestation, capital intensive business and the sector needs fresh capital to fund its existing businesses and expansion. Growth of insurance sector will also help in developing other sectors and providing capital to the government for long-term infrastructure projects. If we see the Cross-country analysis, it also supports the increase in FDI limit as sectoral cap was higher than India even in China for insurance and a few other sectors, while countries like Brazil and Russia have also higher sectoral caps than compare to India across most of the sectors.

One must understand that the fundamentals of the Indian economy are very strong under new government. And the reforms initiative, if implemented will be the turning point for fast development of the Indian economy. The best part of Indian economy is that, we have strong domestic consumption pattern, rural health, education facilities, improved world class connectivity, high savings rates, low dependency of economy on exports, a burgeoning middle class population, positive demographics features, talent pool of people and intellectual capital are some of the key strengths of our economy, supported by a majority popular new government, headed by dynamic leadership.

Some concerns were also raised, somewhere down the line, that we did not pay enough attention to re-engineering in the country and

making our institutions contemporary with the growing needs and the changing environment globally. One of the indispensable underlying needs is the building of an institutional and financial infrastructure aligning with the global standards quickly and I think the latest move is a right step in the right direction.

With the new government's stress on speeding the reforms process, steps taken by IRDA to make insurance more consumer-friendly and India's favourable demographics, the future of India's insurance industry looks good. It is a fact that India being viewed as a land of contradictions is a fairly common refrain. From hustling-bustling metropolises to lightless remote villages, there is a huge variance in different aspects of our life. Nowhere is this amount of variance as amply clear as it is in the insurance sector in India. Consider this, with country having 52 insurance companies; India's insurance sector is considered as one of the largest in the world in terms of volumes of money involved. The irony is yet, insurance is not as pervasive in India as it should be, as only about 25 percent of the people have general insurance cover. I think this dichotomy of market-size and market cover is one of the biggest lacunae in the insurance sector, lacunae that the government hopes to fill through privatization. The ongoing reform process if implemented will change the development scenario of India.

Conclusion

Critics say that the Insurance is a long-term contract. An insurance company deploys funds in long-term investments in order to be able to pay claims that may arise in the future. Insurance funds are thus suitable for developing national infrastructure and the process of capital formation. In a developing country like India, the government is supposed to retain some control over domestic savings instead of allowing foreign investors to have control over Indian savings. They also say that the companies that have been in insurance business for 10 years can raise fresh capital as per regulation. If they really do need capital, why not go to the open market to raise resources? Why do they have to wait for foreign capital? Reason being that India is still an attractive and potential market for foreign capital in the medium to long term. The insurance markets in the advanced capitalist economies are in the stage of deep stagnation. They find the demographic features and composition of the Indian population very attractive – 65 per cent of Indians are under 35. Tremendous opportunity Indian market possess. They will exploit Indian financial market for their own advantage. What happens if FDI suddenly goes back from India, will it not create economic chaos.

Finally, I will conclude that despite concerns about the Insurance Amendment Act, which will increase

FDI in insurance sector, the fact which all will agree that the Government as well as the Private insurers will benefit immensely from the proposed hike of FDI; these companies will offer better and wide range of insurance products to customers at larger competitive prices. Thus, the market will find healthy competition among the various insurance players, jostling for providing the best product offerings and services connected with insurance selling and customer satisfaction. FDI will help smaller insurance companies to break-even faster and help monetize (convert into currency) the holdings of the promoters of the older life insurance companies. Immediate capital inflows of \$2 billion and long term inflows of about \$10 billion can be expected. The industry has been cautious in selling products which are capital intensive, it will be able to become more aggressive. Further, Insurers will not just get capital but also technology and product expertise of the foreign partner who is the domain expert. We can expect about 100 life and non-life insurance companies to serve a market of our size. Increasing FDI could see 25-30 new insurers entering the market.

With the population of more than 100 crores, India requires Insurance more than any other nation. Insurance is deeply connected with economic development of any country. However, the insurance penetration level in the country is only around 3 percent of our gross domestic product (GDP). Increased

FDI limit will definitely strengthen the existing companies and will also allow the new players to come in, thereby enabling more people to buy life cover. With more money coming in, the insurance companies will be able to create more jobs to meet their targets of venturing into under insured markets through the improved infrastructure, better operations and more manpower. Insurance penetration in India is abysmally low compared to the global average.

The insurance sector is in dire need of capital for expansion and has to ensure better access to insurance services, especially in rural areas and especially for economically weaker sections of our society. Increasing of the foreign equity cap from 26% to 49% with the protection of Indian Ownership and domination is a critical aspect of the Insurance Act, which will potentially increase capital availability and can contribute immensely in the ongoing reform process..

The Act is aimed also at allowing insurance companies to generate capital through new and innovative instruments, which would help capital intensive insurance industry to generate resources for business growth; The Act will also enable empowering IRDA to regulate key aspects of Insurance Company operations in areas like solvency, investments, expenses and commissions, which is in keeping with global best practices of regulation.. The Act will also

substantially enhance penalty provisions to ensure compliance with Insurance Laws by companies, which is essential to uphold the consumer interest. FDI in Insurance is a welcome step and will certainly see Indian economy marching ahead in the economic development scenario ahead of many economies of the world.

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Foreign Investments in Indian Insurance Industry: An Assessment

Tapas Kumar Parida

I. Introduction

To promote competition and efficiency in the Indian insurance industry, Government of India has liberalized the sector in 2000. In the post-reform period (2000-01 to 2013-14), the insurance sector has recorded an impressive growth, with life insurance business at a CAGR of 18% in total premium & 21% in new business premium collections and non-life segment grew by 16%. This impressive growth has been driven by the entry of new players with significant growth aspirations and capital commitments, which is noticeable in terms of products, policies and premium underwritten. However, at present the industry faces a sluggish period due to the declining economy growth rate, persistent higher inflation and slower rate of household savings, which brings to facade the big challenge of profitability. In this

period, a number of private insurers have accumulated huge loss, which may not due to inefficiency but due to the nature of this business and higher establishment costs. Further, certain regulatory actions by Insurance Regulatory and development Authority (IRDA) as well as various external events in the past few years, have questioned the future performance of the industry.

Despite continuous efforts made by Government and IRDA, the insurance penetration in India is staggering at a very low level (3.90% in 2013), compared to other countries like US 7.5%, UK 11.5% and South Africa 15.4%. So, there is a need for further expansion of insurance business in the country, which requires huge amount of capital. This is a challenging task for the domestic promoters to infuse more capital as they are not

able to raise capital from the capital market, due to tight regulations, unlisted in the exchanges, and weak business environment. This is the appropriate time when the Government should extend a helping hand and support the stressed insurance business in India.

II. Regulatory Reforms in Indian Insurance Industry

a) 1st Phase of Insurance Reform

In India, insurance regulation is an age old; however, the first major milestone in this journey was the passage of IRDA Bill in the Parliament. The key objective of IRDA includes promotion of competition, so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market. The IRDA opened up the market in August 2000 with the

invitation for application for registrations. Foreign companies were allowed ownership up to 26% in equity shareholding of private companies. The objective of deregulation was to expand the coverage and spread awareness about insurance, in a view that the interests of the policy holders would be better served. It was also felt that the country has a vast potential market to be tapped, which can be done only when the competition in the industry will intensify and the companies will spread their wings across the country by offering a variety of products catering to the demands of the people. It was also recognised that competition would generate a healthy attitude towards redressal of consumer grievances and improve the quality of service. So, the sector experience over a decade of public and private insurers are operating together and the industry has achieved a phenomenal growth in almost all areas.

b) 2nd Phase of Reform

The next phase of reform can be traced back to the introduction of *Insurance Laws (Amendment) Act, 2008* in the Parliament. The bill referred to the Standing Committee on Finance (under the Chairmanship of Shri Anant Kumar) for examination and suggestions. The committee submitted its report to Parliament on 13th December 2011. However, the Union Cabinet on 11 May 2012 deferred a decision on modifications to the insurance

amendment Act as it did not see great hurry in moving changes to the law if it could not increase the foreign direct investment in the sector. Again, the Government tried to introduce the bill in the Winter Session of Parliament in October 2013 but wasn't able to push the insurance sector reforms. However, the Modi led NDA Government came into power in 16 May 2014 and the finance Minister Mr. Arun Jaitly, announced in his first Union Budget 2014-15 speeches on July 10, 2014, to increase the FDI limit up to 49% from 26%, with full Indian management and control through the Foreign Investment Promotion Board (FIPB) route.

In the winter session of the Parliament in December 2014, the Cabinet cleared the parliamentary (Select) committee's recommendations for a composite cap of 49% on foreign investment in insurance, which includes both foreign direct investment and foreign portfolio investments. The select committee had in its report recommended 110 amendments to the Bill. In order to win Congress support, it had adopted 88 amendments proposed by the Congress earlier. However, the bill was stuck in the Rajya Sabha where the NDA is in minority. Finally, on 26 December 2014, Government has passed the **Insurance Laws (Amendment) Act 2015**, which is virtually the entire Insurance Bill as amended by the Select Committee. The main changes to the existing law includes, (i) foreign investment cap rose to 49%, management

'controlled' by Indians. The definition of "control" borrows from the Companies Act 2013, and is defined as the right to appoint a majority of the directors, to control management, and to control policy decisions. (ii) Foreign companies are allowed to open branches to undertake reinsurance business in India; (iii) Lloyd's is permitted to access the Indian market as the branch of a foreign Reinsurer; (iv) the Securities Appellate Tribunal (SAT) may now hear appeals against the orders or decisions of the IRDA and (v) fine may now be imposed for carrying on insurance business without registration. Fines for other breaches of the statutory and regulatory framework have also been significantly increased. Finally, after 6 years of ups and down, Government on 23 March 2015 notified the Insurance Laws (Amendment) Act 2015 in the parliament, which would become an act, when President signs it.

Further, in the **Union Budget 2015-16** on 28 February 2015, the finance minister has announced a number measures to increase insurance penetration in the country, especially in the health insurance segments. Some of these are:

- In line with Pradhan Mantri Jan Dhan Yojana (PMJDY), the Finance Minister launched Pradhan Mantri Suraksha Bima Yojana (PMSBY) that will cover accidental death risk of Rs 2 lakh for a premium of just Rs 12 per year i.e. Re 1 per month.

- A Social Security Scheme that was announced is the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), which covers both natural and accidental death risk of Rs 2 lakh. The premium will be Rs 330 per year, or less than one rupee per day, for the age group of 18-50 Years. Interestingly, all the contributions will be transferred from their Jan Dhan accounts directly. So, this move will give an additional boost to the banking industry in India.
- Government has proposed to increase the health insurance deduction limit under section 80D to Rs 25000 from Rs 15000. Increased tax sops are aimed at helping tax payers to buy enhanced covers for themselves. Senior citizens above 80 years of age with no health insurance cover are allowed a deduction of Rs 30,000 towards expenses incurred for health care. Deduction available under Section 80DDB for senior citizen has been hiked up to Rs 80,000 from extant Rs 60000. The

deduction now stands at Rs 80,000 or actual whichever is lower.

III. FDI Limit Hike and Its Impact on Equity Capital of the Insurers

The FDI cap hike would help the insurance industry in two ways; (i) may help the insurer to access capital more easily, and (ii) could act as a trigger for the listing of insurance players. However, it is not clear about how FIPB will consider the proposal for approval of the extra 23% (49% minus 26%) investment in the company. In our view, this may happen in two scenarios: first, dis-investment of the Indian promoter's stake to 51% from 74%; or Second, by keeping the Indian promoter's stake at present level (in amount), but increase the foreign investments, so that the new ratio of domestic and foreign insurer stake would be at 51:49.

In our view, However, we feel Government should favour the second scenario, i.e., to issue of fresh shares for extra foreign investments, rather than sale of shares by domestic promoters. In

this scenario, our estimates show that insurance companies may receive around ₹15187 crore (\$2.5 billion, assuming \$1 is ₹62) of additional foreign investment in the way of hike in FDI limit. But, if Government will allow to the domestic promoters to divest their stake (first scenario) in the insurance companies, it is estimated that a maximum of ₹8,727 crore additional investments may flow to the industry, through foreign investments. However, the objective of hike in FDI limit may not be achieved, as the capital base will remain same and the insurers will not be able to expand their footprint to achieve the national agenda of financial inclusion.

IV. Benefits to the Stakeholders

The efforts made by the Government and the regulator (IRDA) to revive the insurance sector are commendable and needs to be acknowledged. The impacts of these changes to different stake holders are outlined below:

- First, the insurance industry not only protects human life but is also a key resource for raising funds for the country's infrastructure. According to the 12th Plan, India needs to spend about \$1.2 trillion on infrastructure build-up and expansion, and there's almost a \$300 billion gap in funding. The increase in FDI limit in insurance is one way of meeting this requirement.

Table 1: Estimated Additional Capital Flows to the Sector due to FDI Limit Hike

Private Insurers	Equity Capital (Rs crore)		
	FY14	Scenario II	Scenario I
Life	25,839	11,627	6,537
Non-Life	6,226	2,802	1,718
Specialised Health	1,684	758	472
Total Equity Capital	33,749	15,187 (\$2.5 bn*)	8,727

Source: IRDA & Computed; * assuming \$1= Rs62

- Second, insurers need capital to maintain a healthy base, offer a wider bouquet of products, and protect consumer interests against insolvency. So, the increase in capital inflow will enable the insurers to offer products that are capital-guzzling, but work in the customer's interest without taking a toll on their bottom lines. It will also give domestic players access to the state of art technology to upgrade their distribution systems towards deeper product expertise and better underwriting skills. The increased capital inflow is also likely to give a fillip to relatively new private life insurance companies that have seen a decline in new business premium over last two years.
- Third, the FDI limits hike also opens up doors for two non-life insurers (namely L&T General Insurance and Reliance General Insurance), one health insurer (namely Religare health insurance) and three life insurers (namely Exide life, Sahara India Life and Shriram Life) to sell their stakes to overseas companies, which is owned 100% by the Indian promoters. Further, this will also incentivise insurance intermediaries such as brokers and web aggregators through higher commissions.
- Fourth, the insurance bill may help the banking fraternity in two ways; (i) the big banks like SBI, ICICI Bank, may reap higher

revenues (non-interest income) due to their wide distribution network, as international companies may pay a premium to exploit their franchise. (ii) if the first scenario of disinvestment (refer section III) is considered, then public sector banks (PSBs) may be benefited to sale their stake in insurance business to meet the capital requirement under Basel III. However, it is not advisable to PSBs to sale their stake in insurance, as banking business in the current scenario is under stress, with higher non-performing assets and low interest income.

- Fifth, the Union Budget moves will encourage people to take health insurance policy, given the fact that penetration of health insurance is quite low in India compared to other emerging economies. This may increase the health insurance penetration in India, as it is staggering at around 5% overall with about 13-15% in urban areas.
- Sixth, finance minister proposed to create a new cess called Swachh Bharat Cess, for which a cess of 2% will be levied as service tax on all or any of the taxable services for financing and promoting Swachh Bharat initiatives or for any other purpose relating thereto. In our view, this will have a cascading effect on the cost of services including insurance.

- Finally, the life insurance sector has been completely ignored in the budget. However, Government has increased limit from Rs 100,000 to Rs 150,000 Lakh in the New Pension Scheme (NPS), which is a positive move.

V. Concluding Remarks & Way forward

The Indian insurance industry has always been an attractive market for global insurers to expand their business in the country, mainly due to demography profile and untapped business opportunities. However, the FDI limit for insurance in India, is the lowest globally. China, Indonesia and Malaysia have an FDI limit of 50%, 80% and 51% respectively. Japan, South Korea, Vietnam, Hong Kong and Taiwan allow 100% FDI. In this context, the Government's move to increase the FDI limit in insurance is a welcome move, which aims at the global investors to bring in the much required foreign capital to meet the industry needs. This may help the insurers to expand their footprint to support Government's objective of financial inclusion, through insurance inclusion in the country.

However, there is a need that the Government should simplify the KYC norms and demat accounts to a single unit across all financial products, which will benefit the insurance inclusion in the country. It is also feasible to provide a separate cap of Rs 50,000 for life and health insurance, under 80C

deductions, which will help all the stakeholders.

With tax sops let's hope it's a beginning of 'acche din (better days)' for the insurance industry, as this may encourage people to invest in long term savings instruments like life insurance. Hope budget moves would be positive for all the stakeholders!!!

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ISSUE FOCUS

"The Insurance Laws (Amendment) Act 2015"

Good News for the customers also

- Nirjhar Majumdar

Most people think that Insurance Laws (Amendment) Act, 2015 is all about increasing FDI limit to 49% for private insurers. While increasing FDI limit from 26% to 49% is definitely an important provision of the Ordinance, there are more important provisions in the Act and we may discuss some of these here.

But, let us begin by discussing what can happen if the private players are allowed to bring 49% equity. According to one estimate, this can bring about Rs 50,000 crore in the industry. So, it is believed that the money will enable the insurers to set up offices in the rural areas which will enable people to buy more insurance policies and that will increase both insurance penetration and insurance density of the country.

The problem is, a lot of people consider insurance industry as a “capital intensive” industry. Unfortunately, it is not really so. In a capital intensive industry, it is possible to generate more output, income and employment by investing in plants and machineries. In insurance and specially life insurance, there is always a need to create insurance awareness. Most of the Indians need insurance and yet it is not very simple to sell insurance to them. In our country, even the most educated elites are not too appreciative about the value of insurance. They still buy policies for tax benefits and compare return from traditional insurance policies with that of other investment instruments.

In 2011, Max Life and NCAER conducted an Insurance Awareness

Survey sponsored by IRDA. Thousands of rural and urban households across the country were surveyed and their attitude towards insurance was assessed. It was found that 59.5% of uninsured households do not know that a life insurance policy can compensate a family financially for loss of life of the breadwinner. What is more baffling is that 48.7% of insured households do not know that the policy can compensate for loss of life of the assured! It is also unfortunate that 40% uninsured Indians still consider insurance as an irrelevant thing in their lives.

Who is the major supplier of information about insurance in India? 70% of insured households (rural and urban taken together) get all such information from the agents. Visual media comes at

distant second (39.4%) followed by friends/relatives (37.8%). So, Indians are heavily dependent on agents for purchase, servicing and claim settlement everywhere in the country. So, the insurers need to educate agents more and should make them real professionals. Otherwise, it will be difficult to sell insurance to uninsured Indians. At the same time, the insurers should spread more and more insurance awareness among all sections of the people. I believe money should be spent on generating more insurance awareness and making agents and other insurance intermediaries more professionalized. This will fetch returns in the foreseeable future. This job can be done by both public and private insurers acting together.

It is not the fact that private insurers could not go into rural India. In fact all insurers taken together always have more offices than LIC during 2007-14. However, the private insurers closed down many offices in the last few years. The table given below says it all.

In this industry, what matters is not the number of brick and mortar offices but insurance awareness, professionalism of the agents and customer centricity. LIC has a good number of professional agents and they know how to maintain customer relationship. LIC's brand image is that of an honest and transparent corporate citizen. That is why people consider LIC as a trusted brand and that is helping the organization to do business. Future business of any insurer will come on the basis of services rendered by them to the customers. Again, success of an insurance company depends on its Persistency Ratio, too. The Persistency Ratio of most of the insurers is below 50%. In life insurance industry, it is not enough to sell insurance, it is more important to keep them in force for a long period of time. For that, the employees and field officials have to be made more and more customer centric.

More Responsibilities for Insurers

While 49% equity is a great bonanza for the insurers, the Ordinance also

brought a lot of changes in which the activities of the insurers will be monitored by IRDA. So, while the insurers get a lot of money, their responsibility towards customers also increases a lot.

IRDA can investigate or inspect the documents of not only the insurer but also that of its intermediaries, service providers and contractors. That means, Ordinance gives huge power to the Authority in its investigation work. In fact, insurers can now be pulled up for any wrong practices of the agents and can be fined up to Rs. one crore for that.

Again, if any Director of an insurance company does something detrimental to the interests of the policyholders and proper action is not taken against him by the insurer, the penalty can be Rs one lakh for each day of delay in taking proper action, subject to a maximum of Rs. one crore. All such measures give customer a lot of protection against the wrong practices of the insurers/intermediaries. So, insurers will be prompted to sell policies properly and also resort to better

Table-1: Offices of the Life Insurers in India as on 31st March of 2007-2014

Insurer	2007	2008	2009	2010	2011	2012	2013	2014
Private	3072	6391	8785	8768	8175	7712	6759	6193
LIC	2301	2522	3030	3250	3371	3455	3526	4839
Industry	5373	8913	11815	12018	11546	11167	10285	11032

Source: IRDA Annual Report 2013-14

underwriting and customer servicing.

The Ordinance provides new Adjudication and Appellate Mechanism in respect of various kinds of penalties. IRDA can not levy just any penalty it chooses. The insurers have been given a right to contest the penalties imposed by the Authority at an independent appellate body known as Securities Appellate Tribunal.

The Ordinance has done something very special in the way the insurers can invest their funds. Now an insurer is able to invest in more than 10% of a particular company's shares. This can help the insurers in generating better returns on their investments. The maximum limit of investment into one company can however be decided by IRDA only.

Another change in the Act for the insurers and intermediaries is that the cap on management expenses and commission will be determined by the IRDA and not by the Act. That means, commission rate can vary according to the nature of a product. The insurers can not give excessive commission under any product as that will mean depletion of policyholder's funds which will ultimately reduce the return under the policies.

Insurance Agents have to be careful

In order to ensure selling of insurance policies in right way, the

Ordinance has proposed stringent penalty on the practice of offering rebates. If any agent is proved to have given rebate while selling a policy, a fine will be imposed which can be as high as Rs. ten lakh. Earlier this penalty was a meager Rs 500. That was surely not enough to prevent the rebating taking place in many situations.

The Ordinance allows the insurance companies to appoint their own agents. But, if any person is found to be acting as an agent without having the requisite qualifications, he may be fined for an amount up to Rs ten lakh. The insurance company which avails the services of such unscrupulous person may be fined for an amount up to Rs one crore.

More Protection for the Customers

I find that the new Ordinance is actually more beneficial to the customers than any others. In the above sections, I have mentioned how insurers and intermediaries can be in trouble if there is serious lapse in the way policies are sold and serviced. There are more provisions for the customers.

The ordinance has created a new class of nominees known as "beneficial nominees". Earlier, a nominee did not have any title. Now, the beneficial nominee who is either a parent or child or spouse can get the money under all circumstances and they don't have to share the claim money with any

other persons. If a life assured dies after maturity date but before receiving the policy money, the nominee will get the full claim amount. Again, if the life assured dies before the maturity date (resulting in a death claim) and the nominee also dies before receiving the money, the claim amount will be payable to the legal representatives of the nominee. It is a new privilege for the life assured and the nominee. It serves the purpose of taking a life policy by the customer in a better way.

But the most important change has been made in Section 45 of Insurance Act, 1938. The Ordinance says that no policy contract can be cancelled after three years from the date of acceptance of the risk. The important corollary of this provision is that no policy can be repudiated under the ground of mis-statement of facts after three years from the date of acceptance of the proposal. That means, insurers have to be very careful in selecting lives and they have to take appropriate premiums to cover high risks.

This is great news for the customers. Once three year period is over, they are sure that the insurer can not repudiate or partially repudiate a death claim under any pretext whatsoever. The claimant does not have to run from pillar to post for a fresh review of the insurers' repudiation decision. But, this also means that insurers have to be very cautious while accepting risks under

high risk cover plans like term insurance plans etc. Not only that, they have to classify the risks properly at the proposal stage and take appropriate premiums from each group of policyholders. Now, the people can take life insurance cover with much greater confidence.

Ordinance can bring qualitative change in insurance industry

This ordinance is not just about raising the FDI limit from 26% to 49%. But, it will surely help the insurers to do a lot of important things. They can bring a qualitative change in the way they operate in the market, with the money that they will acquire from foreign partners. But, legislation alone will not generate demand for insurance. The insurers have to understand

people's real needs. All insurers have to maintain better relationships with the customers so that half the policies do not lapse within five years. LIC is a trustworthy brand in India because people know since 1956 what the organization has done for the customers and also for the nation. The private insurers have also to do that in order to earn people's faith and confidence.

Technology, legislation etc are great enablers for doing business. But, in life insurance the insurers have to take care of the customers for a long term and therefore, innovative customer connect initiatives are required.

Customers have reasons to be happy. They will get a better deal from the insurers and intermediaries. Agents have to be more careful while doing

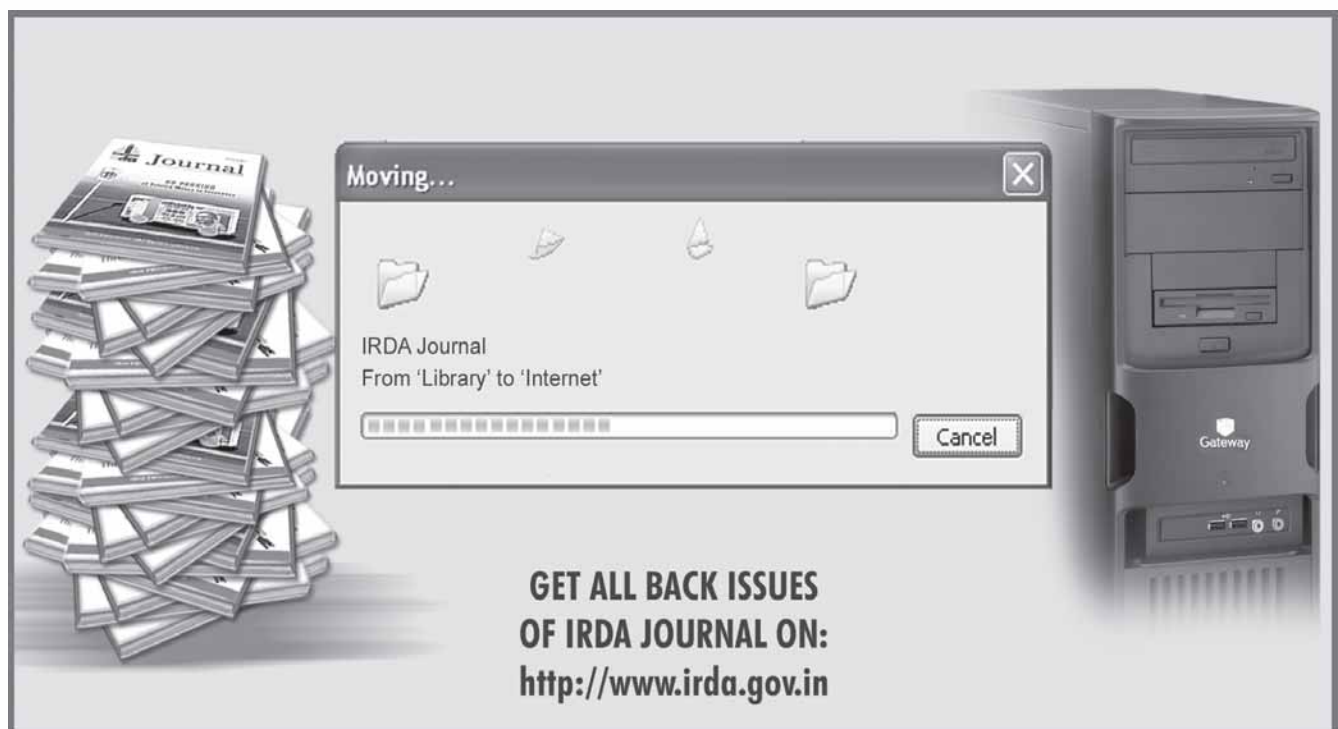
business. There is immense potential in the market to sell life insurance comfortably. If insurers spend more money in spreading insurance awareness and also professionalizing the insurance intermediaries, there can be real spurt in the life insurance business.

*** All views expressed here are personal.

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New Insurance Regulations are more Transparent & Customer-friendly

Jagendra Kumar

A Federation of Indian Chamber of Commerce and Industry (FICCI) and the Boston Consulting Group (BCG) report titled 'India Insurance - Turning 10, Going on 20' reveals that the insurance industry will continue to outpace the rapid economic growth to reach US\$ 350-400 billion in premium income by 2020, making India amongst the top three life insurance markets and top 15 non-life insurance markets by 2020. The report states that the total penetration of insurance (premium as percentage of GDP) has increased from 2.3 percent in 2001 to 5.2 percent in 2011. In addition there has been a vast increase in the coverage of insurance. The number of life policies in force has increased nearly 12-fold over the past decade and health insurance, nearly 25-fold. This progress has been aided

by the dramatic shift in the availability of products, for example: better term, ULIPs, whole life, maximum NAV guarantee, auto assistance, auto pay per km insurance, disease management, wellness, etc. The report estimates the total insurance premium at approximately INR 17 lakh crores to INR 22 lakh crores in 2020 (with life being INR 15 lakh crores to INR 20 lakh crores). This massive growth will have a significant impact on India's ranking in the global insurance industry and is based on strong fundamentals. The insurance sector is continuously evolving and requires continuous changes by the government and the regulator to be competitive. The year 2014 witnessed some landmark changes in the insurance sector. One of the most recent changes is the proposal to increase the foreign investment

cap to 49% from 26% for the sector. This has been a long pending reform which the newly elected government had taken up on a priority basis. Increase in FDI limit will not only give the insurance sector the much needed access to foreign funds, but will also make the sector more competitive and open for growth. Access to international best practices and entry of mature players in the industry will help in the strategic development of the sector.

The Insurance Regulatory and Development and Authority of India (IRDAI) plans to bring out a host of new regulations to support the Insurance Laws (Amendment) Act. As per IRDAI about 40 regulations would undergo changes or replaced with fresh regulations in the next few months. With the Bill notified,

global reinsurance companies are likely to open branches in India. Apart from the changes in the foreign direct investment, there are several changes in the Act. IRDAI is in the process of formulating appropriate regulations to support this framework. The Act had given more freedom to insurance companies to appoint agents and also put corporate agents into the intermediary space. The regulator would bring out regulations on expense management as well. Some insurance products were made complex, making them vulnerable to misunderstanding and mis-selling. Through technology, insurance products would be made more affordable. Common Service Centres, insurance repositories and use of Aadhaar card would be the game-changers for the insurance sector. There are unregulated entities operating in the insurance space with opaque compensation structures. There has to be early identification of these and information about such activities should be immediately passed on to the regulator. The control of expenses would become very important, especially now that newer investors would be coming into the country. The tendency to have premiums lower than burning costs (estimated cost of claims in the forthcoming insurance period) in some group businesses should also be curbed.

WIN-WIN SITUATION FOR CUSTOMERS:

Insurance laws and regulations in India takes care of all matters related to various insurance companies in the country. Much of the development and growth of the insurance sector in India is due to the government's decision to nationalize the insurance business and to allow private and foreign insurance companies to establish their businesses here. In India, there is one regulatory authority i.e. IRDAI which oversees different functioning of the life insurance companies and provide them with guidelines. The insurance Sector is one of the most competitive sectors in India today. With 28 players in the non life insurance business and 24 life insurance players, the industry has come a long way since the time when there was only one player in the market - Life Insurance Corporation. In 2000, the sector was liberalised by the Government. Over the past 14 years, the sector has not only witnessed increased competitiveness due to the presence of multiple players, but has also seen several product and operational innovations. The Insurance Regulatory and Development Authority of India is the sole authority which frames regulations for the sector, ranging from registration of insurance players to protection of policy holders' interest, thus aiming to regulate and promote the growth of the insurance sector. The

contentious Insurance Laws (Amendment) Act is expected to be a win-win for customers with provisions made to benefit policyholders' interest.

India's Insurance Regulatory and Development Authority have issued several new regulations which have a significant impact on the country's life insurance sector. Changes include new regulations for non-linked and linked insurance products, reinsurance of life insurance business, Appointed Actuaries, investments, scheme amalgamation and transfer of life insurance business, the standard proposal form for life insurance, and places of business, as well as amendments to existing rules for insurance brokers and the registration of insurance companies. The government's intention to get its reform agenda rolling with a nod to the insurance Bill looks within reach. The decks had been cleared on accepting the government's move to invite all types of institutional and portfolio investment as part of foreign investment in the insurance sector. The report, which was accepted without much opposition, only inserted the phrase "all types of institutional investments" within the clause on inclusion of foreign institutional investors. The issue of Indian ownership and control as recommended by the select committee has been defined in the Bill with "control" including the "right to appoint the majority of

directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholder agreements or voting. The select committee has accepted the unanimous view of all members to enhance the minimum capital for health insurance companies from Rs 50 crore to Rs 100 crore. This would mean that only serious companies would get into business. Earlier, several smaller companies had approached the insurance regulator, for setting up regional health insurance firms to operate in only some regions of India. With minimum capital at Rs 100 crore, smaller players with limited capacity may not enter. Listing of insurance companies in the near future after FDI cap is hiked may also promote higher degree of transparency and customer services. The role of the Insurance Ombudsman is expected to become stronger as also the regulator to deal with malpractices including huge bills and errant hospitals in health insurance.

CHANGES IN INSURANCE BILL:

The issuance of the regulations comes as something of a surprise to the industry, and is likely to lead to the re-pricing and re-launching of existing product ranges. There have been many developments in the sector in the recent past in the year 2014 - proposal of increasing

the Foreign Direct Investment (FDI) limit to 49%, introduction of the insurance repository, changes in ULIP regulations and availability of policies online. In 2015, the sector is expected to witness consolidation in addition to introduction of new distribution channels, innovations in products and a more stringent regulatory regime. The sector is expected to grow at a fast pace in the coming years, with increasing awareness and penetration levels. Forward looking policies and innovations by insurance players will help in taking the sector to the next level of growth. IRDAI has made suggestions to the Select Committee of the Parliament on modernising the Insurance Bill as many changes took place in the Indian insurance sector after it was drafted almost eight years ago. The Select Committee has incorporated the latest changes that had happened in the insurance sector in terms of technology usage among other things. This bill was envisaged in 2006 and lot of changes have happened in the environment, it is better that latest changes in technology are also coming in the bill so that it looks like the most-modern bill.

Emergence of health insurance as a prominent segment of the non-life sector, emergence of e-commerce, repositories and web aggregators that had come up after the bill was first drafted have to be taken into account in the bill. The industry

needs huge amount of capital; if foreign capital is increased it will ensure easier flow of capital than all put by Indian companies. All the companies have been asked to digitise minimum 5,000 life insurance policies to see if there are any procedural problems. The revised Section 45 in the new Bill says no claim can be repudiated after three years of the policy being in force, even if a fraud is detected. This would mean that customers who have been mis-sold a policy can get their claims passed even if some discrepancies are seen in the policy or claim. Section 45 of the Insurance Act, 1938 said that no life insurance policy can be called into question on grounds of mis-statement or wrong disclosure after two years of the policy coming into force. However, if the insurer is able to prove that the claim was fraudulent, they were rejected. This is completely customer friendly, though some criminals may tend to use it for wrong purposes. Further, agent commissions may also be spread out during the first three years of the policy, which will not only benefit agents but customers as well. A large portion of first year life insurance premiums goes into agent commissions. If it is spread out, a larger portion of premiums paid by policyholders in the first year will go into the savings, protection and investment kitty.

IMPACT OF IRDA REGULATIONS:

IRDAI is the controlling body, overseeing important aspects and functioning of various insurance companies in India. Established by the government, it safeguards the interest of the insurance policy holders of the country. On the regulatory front, IRDA has recently brought about several changes. In September 2013, the insurance repository was introduced which is a facility to maintain insurance policies online in the demat form. At present applicable only to life insurance policies, the system is expected to be available for other insurance types in the coming years. The insurance repository system helps in easier maintenance of policies and the risk of losing physical policy documents is also minimized. Another development in the sector is the introduction of new guidelines with respect to Unit Linked Insurance Policies (ULIPs). During the latter part of last decade, ULIPs were very popular as agents and insurance players promised high returns and attractive features. However, these plans were notorious for the exorbitant charges and fee structure. As a result, policy holders lost a considerable part of their premium towards such charges. Recently, the Regulator has made the product attractive for investors by reducing the charges further. Regulating a unit linked product was the need of the hour to protect policy holders' interest. Another innovation in the sector is

the advent and popularity of online term plans. A term plan bought online from the insurer's website works out to be much cheaper than that bought offline or from the agent. Portability of health insurance policies is another development brought about in the recent past in year 2014. The regulator has constantly worked on improving transparency and protecting policy holders, while at the same time bringing about forward looking policies to promote the growth of the sector. While ensuring growth of the insurance industry the IRDAI has set out new regulations pertaining to non-linked insurance policies (also known as traditional policies) to benefit policyholders. They were formulated with an aim to improve and standardize insurance processes and for protecting the interests of insurance customers. The regulatory changes encompass multiple areas including changes in structure for minimum death benefit, surrender value payment, use of latest mortality tables and commission structures. Earlier in the year 2010, the regulations applicable to the Unit-linked Insurance Policies (ULIP) were revised. These regulations changed the face of the ULIP insurance market and IRDA has now formulated a new set of regulations for NLIPs. The Regulator has been taking a number of technology initiatives to focus on streamlining the regulatory process and decrease the cost of regulatory compliance.

PATH BREAKING CHANGES:

Indian insurance industry has the potential to grow three to five times in size over the next decade. For this to happen, policy action by the regulator, collaboration between players, individual player's push to develop distribution and technical capabilities would be critical. Progress has been made on the channel front with the emergence of five distinct channels – bancassurance, broking, corporate agency, direct and auto dealers to complement the existing third party agency and in-house salaried sales force. Along with the emergence of multiple channels, the distribution reach has increased manifold, nearly 6-fold for life, and 1.5 times for non-life. During the same time, the Indian market has evolved from a monopoly to a truly competitive market. IRDA, in its Gazette notification on 16th February 2013, has stipulated a number of path-breaking changes in the guidelines for designing a traditional life insurance product. Hence, insurers have launched products that comply with the revised guidelines from 1st January 2014. IRDA's new guidelines will certainly impact the Indian insurance industry since NLIPs are the most popular insurance products sold in India. Most policies sold by the Life Insurance Corporation of India (LIC), a government-owned insurer, are NLIPs.

In India, the number of people who have insurance cover is meagre and

there is huge potential for growth in the industry. Considering the growth of India's population, one can safely assume that every citizen of the country may need to factor in at least one life insurance policy into their financial goals. Keeping all this in mind, IRDAI has created a set of new guidelines that may provide impetus for growth of insurance business in India and increase penetration of the life insurance business. Under the current mechanism the insurance regulator grants license to a person to become an agent of an insurance company. Now the appointment of agents is given to the insurance companies. So the whole licensing system will go for change. The new system pertaining to the appointment of insurance agents will come into effect from the next financial year i.e. from April 1, 2015. The regulator has also been planning to treat health insurance, which is a part of non-life insurance activity, as a stand-alone segment. Currently there are two lines of business--life and non-life. Health comes under non-life and there is a need to frame a separate regulation for health insurance. A move to allow the foreign reinsurance companies to do business in India by just opening a branch here without getting incorporated is also on the cards. A CII report has suggested steps to help Life Insurance industry to grow at 12% CAGR over the next decade to reach \$ 160 to \$175 billion while the Non-

Life to grow at 22% CAGR to reach a Gross Written Premium of \$ 80 billion.

FOREIGN EQUITY INVESTMENT CAP:

As per these rules, Foreign Direct Investment (FDI) proposals up to 26 per cent of the total paid-up equity of the Indian Insurance Company shall be allowed on the automatic route and FDI proposals which take the total Foreign Investment above 26 per cent and up to the cap of 49 per cent shall require FIPB approval. Further, Foreign Portfolio Investment in an Indian Insurance Company shall be governed by the provisions contained in the relevant sub-regulations/regulations under FEMA Regulations, 2000 and provisions of the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations. Any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA. The Indian Insurance Companies (Foreign Investment) Rules, 2015 have been notified by the Government of India under the powers conferred by Section 114 of the Insurance Act, 1938 read with clause (b) of sub-section (7A) of Section 2 of the Insurance Act, 1938 and Section 24 of the Insurance Regulatory and Development Authority Act, 1999. These Rules have been prepared based on extensive consultations with all the relevant Departments/Organisations. These Rules

incorporate the recent amendments in the law into the standing/prevalent practices being followed hitherto with respect to the treatment of foreign investment in Indian Insurance Companies under extant applicable regulations and the FDI policy of Government of India.

The government has added a new section – Section 10B – to the General Insurance (Business) Nationalisation Act (GIBNA) which says “General Insurance Corporation (GIC) and insurance companies may raise their capital for increasing their business in rural and social sectors to meet solvency margins and such other purposes as the Central government may empower in this behalf. However, the Bill has specified that the shareholding of the government should not fall below 51 per cent at any time. It has not indicated any privatisation plan for LIC though a section of India Inc was lobbying for the same. Thus partial privatisation of GIC, Oriental Insurance, National Insurance, New India Assurance and United India is enabled. If the equity is allowed to be raised from the open market, registered FII's who are permitted to trade in our stock markets may also perhaps be allowed to acquire stakes in PSU insurers. At present, these five PSU general insurers are fully owned by the government. The government has, however, virtually made it impossible for foreign partners to get management control

in insurance companies in India. Section 2.7A of the Ordinance defines an Indian insurance company as “which is Indian owned and controlled in such manner as may be prescribed”. Explanation under Section 2.7A.b further elaborates Indian control. Now IRDAI has to amend or bring in regulations to align the regulations to the Bill. That is a three tier process involving consulting the Insurance Advisory Council, making draft regulations, getting the regulation passed by the IRDAI board and the government notifying the regulations in the Gazette. Companies will have to wait till the process is completed which may take a few weeks to a few months.

Going forward in 2015, the insurance sector is expected to see changes in the operational as well as ownership levels. First, the sector is expected to witness consolidation, especially on the back of the proposed hike in the FDI limit. New players could enter the market, while existing smaller players can be taken over by the larger players. Next, the distribution infrastructure could also witness some changes. New channels could come into play in order to widen the reach of insurance products. Despite growing penetration levels over the past decade, India remains a largely under penetrated market as far as insurance is concerned. Many people continue to view insurance

as a tax saving instrument rather than a necessary financial instrument to protect risks. However, it is expected that with growing awareness and financial penetration, this view will change and people will begin to appreciate the importance of buying an insurance cover. Adopting distribution channels such as bancassurance has already gained momentum, and is expected to increase in the coming year. The range of product offerings is also expected to increase in 2015. Innovation in product offerings, which calls for differentiated products, could become popular, as new companies and international practices come into vogue in the sector. On the regulatory front, IRDA could get more stringent in terms of the due diligence to be undertaken by the players, and also on aspects such as mis-selling. According to IBEF, the insurance sector is expected to grow at a CAGR of 12%-15% over the next five years. With India having high savings rate in comparison to many other countries, this should not be a very difficult target to achieve. This shows the enormous potential of the sector. Proactive policies by the regulator and the government, increasing customer awareness, making operations efficient, innovative products and bringing about customer centric products and services will help in taking the sector to the next level of growth.

India’s insurance market is growing enormously but is yet to reach the majority of population. Privatisation is a good mechanism to increase this reach. In most of the sectors, private participation has weakened the incumbent players but in insurance segment, the traditional players still dominate it. Insurance sector is also witnessing growth in other segments like the health insurance, directors’ & officers’ liability insurance and re-insurance, but they are not explicitly covered in the existing Insurance Act, 1938. There is a need to strengthen the present regulatory body as well as the system for adjudication of disputes related to insurance. Though the Insurance (Amendment) Act, 2008 is bringing the much needed respite and the much needed changes. The bill also provides for permitting foreign reinsurers like Lloyds to open a reinsurance branch in the country. Such a branch is now defined as an ‘Indian Insurance Company’. The government has amended the definition of ‘Indian Insurance Company’ in Section 2 to include “a foreign company engaged in reinsurance business through a branch established in India”. The explanation clause states: “For the purpose of this sub-clause the expression ‘foreign company’ shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyds, established under the Lloyds Act 1871 (UK) or

any of its members.” Though Bill has been issued, foreign investment is unlikely to come any time soon as the process to implement the proposals will take many months. As per current norms of the Motor Vehicles Act, there is no limit on the liability of insurers in motor third party accidents. Due to this, a victim can claim any amount in these cases and if the insurer refuses to pay, they can approach the court. Insurance industry estimates suggest that on an average, there is a 15-20% increase in the quantum of compensation awarded by courts every year. The Road Transport and Safety Bill 2014 now states that the maximum liability for compensation to a victim by the insurer linked to the regulated minimum premium shall be a sum of Rs 15 lakh or such higher amount as may be prescribed by the Central Government from time to

time. With this latest draft putting a limit on the liability for road accidents, the onus will be on the respective owners of vehicles to take an unlimited liability cover that will be soon be available in the Indian market. In its revised draft, the Bill states that any policy of insurance issued before the commencement of this Act and does not conform to this Act shall be suitably amended to conform to this Act within a period of three months of the Act being notified. It is in the interest of industry as a whole that the regulations should be more customer-centric, and allow the flexibility of choosing products, product benefits and real-time returns to the policyholders. With a slew of such regulations, it is evident that the insurance regulator wants to make the industry more transparent and customer-friendly.

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INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA COMMUNICATION

SUB: Curtain Raiser for April 15 Issue of IRDAI Journal

Disaster strikes unannounced, unnoticed and it is only preparedness in the form of early warnings (in case of Natural disaster) and Timely intervention (after the occurrence) could save and minimize loss of life and destruction of property etc. The regular interval in which such calamities are occurring - latest being "Hudhud" cyclonic storm in Vishakapatnam of Andhra Pradesh in India has raised the role of Government and that of the Insurance Industry.

The need for Sensitising/ educating public, maintaining ecological balance / threat of Global warming, ensuring adequate financial protection involving life and assets, and the use of improved technology for disaster prevention/ preparedness are some of the key issues which are required to be articulated for which April 15 focus of the journal will be on "Disaster Management and the role of Insurance"

B.K Sahu
Consultant Communication

Open Sesame Insurance Sector

- R. Venugopal

At last the amendments to the Insurance Laws have been approved by both the Houses of Parliament on March 12, 2015 and is the Insurance Laws (Amendment) Act 2015 was finally notified by the Government. This has, inter alia, raised the Foreign Direct Investment- FDI limit in the insurance sector from 26% to 49%.

Implications of the new Bill

We always say that the policyholders are our pay masters. So let us see how the customers gain:

- In view of increased competition in the insurance sector, there will be more innovative products and cheaper & more affordable products.
- There may be more improved customer service standards and better services across the board.
- Better use of technology by the insurers to reach out to the clients.

- More new and new sectors of customers may be reached, especially the ladies, children, NRIs and other niche segments.
- Mis-selling of policies by the intermediaries may invite stricter punishments like for each such act, the penalty will be Rs 1 crore raised from the present Rs. 1 lac.
- The insurers will be responsible for the acts of omission and commission of their intermediaries, the penalty has been raised from Rs. 5 lacs to Rs 5 crores and it goes up to Rs 25 crores.
- Section 45 of the Insurance Act 1938 has been changed- no policy can be called in to question by the insurer after the lapse of 3 years from the date of the risk and no death claim can be repudiated by the insurer after 3 years of the policy, quoting the Principle of Utmost Good Faith. Earlier the insurer could reject a death claim within

2 years of taking the policy, if the insurer could prove that some material facts important for the assessment of the risk of the life to be assured were deliberately suppressed by the insured.

- However if any death claim within 3 years of taking the policy is repudiated by the insurer, it is incumbent on the part of the Nominee of the policy to prove the innocence of the assured.
- Some changes are expected to be made in the role of the Nominee as his/her role is now limited just to giving a valid discharge to the insurer for the insurance monies, as the Nominee may not be the sole legal heir to the deceased life assured.

The Role of the IRDAI

Insurance Regulatory and Development Authority of India has been empowered more under the

Insurance Act 2015.

IRDAI may fix a ceiling on the expenses of the Management of the insurance company.

IRDAI may suggest a minimum monthly income for the insurance agents/ advisors in order that the agents can survive, of course, subject to certain conditions. This will arrest the attrition rate among the agents- there has been a significant drop in the number of agents for the last 4/5 years and the trend is continuing. As per the statistics of the Regulator, the number of agents has come down to 2109718 as on January 2015, from the figure of 2189000 as on April 2014.

IRDAI may impose a minimum penalty of Rs 1 crore for any misdemeanor of any intermediary like the mis-selling of a policy, raised from Rs 1 lac.

IRDAI may hold the insurer too responsible for the wrong doings of its agents and impose a penalty ranging from Rs. 5 crores to Rs. 25 crores, raised from the earlier figure of Rs. 5 lacs.

The same penalty is applicable for any other act of misdemeanor of the insurance company.

For the Insurance companies

The Public Sector Insurance companies- both Life and General- have been permitted to float their own Initial Public Offerings- IPOs in the Market so the Investors get an opportunity of buying and selling them.

The Private Insurers are already allowed to do this subject to a few conditions like 10 years' standing in the Sector etc.

There are ample opportunities for the existing Foreign Partners increasing their FDI by purchasing Stakes from their Indian Partners based on their current valuation. The Indian companies are bound to benefit substantially by this measure.

The minimum capital requirement for the stand alone Health Insurance companies has been raised to Rs. 100 crores from the present Rs. 50 crores.

The foreign Re-insurance companies like the Swiss Re, Munich Re, Hannover Re and Hathways are now allowed to open their branches in India now- presently, they only operate as service companies- leading to a great boost in the market of Re-insurance.

This is subject to the condition that the Parent Re-insurance company should have a minimum net worth of Rs. 5000 crores.

Now the Health insurance can cover not only the health issues during the domestic travel, but also during International travel, subject to certain conditions. This will add a significant fillip to the Health insurance business.

For the Intermediaries

Agents have both good and bad news.

The good news is that the mandatory IRDAI training of 50 hours for both

Life and General Insurance agents and 75 hours for the Composite agents may be removed soon. But the mandatory IRDAI Test remains, but the recruitment and training have been left to the insurance companies, thus the whole Licensing System by the IRDAI goes.

The news of caution is regarding the penalty for any mis-selling of policies to the customers- the amount has been raised to Rs. 1 crore per act of omission.

The same level of strictness goes for the insurance companies also for the acts of omission and commission by agents.

Hence the good news is that the insurers will take a lot of care in recruiting and training new agents and also reinforcing the training for the existing agents.

Another news is that no policy death claim can be called in to question by the insurer after 3 years of taking the policy- however if any claim is rejected, the onus of proving the innocence of the policyholder lies with his/her Nominee and on the Agent too, as the agent is the primary Underwriter and the agent only collects and records all the information about the life assured.

Now the life insurance companies will take more care in underwriting the proposals as well as in processing all the early death claims.

Banc Assurance will get a lot of boost as the IRDAI plans to bring in an open architecture- allowing the bank to sell the products of more than one life insurance, one general

insurance and one health insurance Company.

Win- Win for All

The Insurance Act 2015 brings in a Win-Win situation for one and all and for each of the stakeholders of the insurance industry.

- Customers get more choices, more products, cheaper plans and better services.
- The insurance companies will get more FDI inflow from the foreign companies- the expectation is around Rs. 62000 crores.
- This matches approximately with our requirements for the next 5 years- Rs.45000 crores for the life insurance sector and Rs.10500 crores for the general insurance industry.
- This has paved the way for increasing the FDI limit for the Pension Sector too automatically.
- Both the Health Insurance and Pension Sectors will get tremendous boost, coupled with the increased incentives already announced in the Union Finance Budget 2015.
- The Public Sector insurance companies can retain talent by now allotting the ESOPs- by allotting shares to their employees.
- IRDAI has been given a lot of empowerment so that they can really both regulate and develop

insurance business in this country.

- More funds will flow in, more offices will be opened and more employment opportunities for the youth of this nation will be available.
- More funds will be earmarked for the Infra-structure Projects of the country leading to more development and growth.
- The insurers will have more access to the International Technology for better administration and prompt claim servicing.
- Brokers as an intermediary will get a boost as the International insurers would prefer the more professionalized Brokers for their services.
- There will be less mis-selling to the customers thanks to the increased penalties proposed in the new "Amended Insurance Act 1938"
- Penetration of insurance is bound to increase with more companies coming in. Presently the figure in India is 3.9% of the GDP- including the .8% of the General Insurance as against the world average of 6.3%. South Africa has 15.4, South Korea 11.9, UK 11.5, Japan 11.1, France 9, Italy 7.6, USA 7.5, Canada 6.9, Germany 6.7 and Australia 5%.
- With an increase in the insurance penetration, there is bound to be

quantum jump in the premium collections and improvement in the conservancy ratio of policies.

- There is an assurance from the Government of India that the control of the company management would be in the hands of Indians only, despite the increase in the FDI. This would be in the shape of Board composition, Business plan, appointment of CEO/CFO/CIO & changes in the Capital structure.
- After the first decade of growth in the insurance sector after the opening up of the sector in India in 1999, now it is the decade of consolidation and stabilization.
- Let us welcome this progressive measure of the Government of India by greeting "Open Sesame".

R.Venugopal is a Retired Executive Director LIC of India & Retired Professor National Insurance Academy Pune.

Grievances to Awareness.....

BEWARE OF FAKE TELEPHONE CALLS



IRDAI Kisi Bhi Tarah ki Telephone calls Nahi Karta, Aise Fraud Calls Se Raho Hoshiyar, Police Mein Karo F.I.R.

If your complaint is not addressed by your insurer, file your complaint at igms.gov.in

The Insurance Ombudsman

A harassed insurance policyholder can fight for his rights. Approach the Insurance Ombudsman within 12 months of your claim being rejected

Do you have a grievance against your Insurance Policy



IRDA of India Does Not Sell Insurance

Report the name, phone number and other details of such callers to your nearest Police Station



Grievance

Maximum Turn Around Time

- Acknowledge a grievance
- Resolve a grievance

DAYS
3

DAYS
15

Awareness Campaign against Misselling



Readers must be wondering what these statements are. These are the punch lines, which are hovering among the six Metro lines of Delhi. Insurance Regulatory and Development Authority of India (IRDAI) has been receiving number of complaints on Spurious and Fictitious Calls. The Grievance Wing

of IRDAI is taking various steps to prevent these Spurious or Fictitious Calls. The Spurious Callers are claiming to be the officers / employees of IRDA of India and offering insurance policies of different companies with various benefits. Keeping in mind the mis-selling of insurance products through Spurious or Fictitious Calls, the Communication Wing of IRDAI has started creating awareness among the general public through various media. During the course of action, it is observed that majority of the Spurious Calls are coming from in and around Delhi. To create awareness among general public of Delhi, IRDAI has started Insurance Awareness Campaign through Delhi Metro Trains, inside and outside Stations. There are around 6.40 lac people travel in Metro Trains of Delhi in a day.

The Awareness Campaign started with effect from 23rd March 2015 with a stretch of three months. Total 1576 panels/hoardings are placed in and around Metro Stations. Out of which 1426 panels are placed in Metro Trains in 1 - 4 lines and 36 panels with an average



size of 40 feet each are placed in Metro Stations in Line-1. The Awareness Campaign also covers the general public who travel by road. 114 hoardings of huge size are also placed outside stations, which covers outside Metro Stations, Kiosks in the Pillars of Metro Lines and crossing roads at Metro flyovers in 5 different Metro Lines.



Apart from the Awareness Campaign through Delhi Metro, the Communication Wing of IRDAI has also come up with TV Commercials in three different concepts. The 1st Concept of “policeman” on Spurious Calls is from the judicial point of view and threatening the caller by

Policeman “IRDA ke naam pe thag ne wale, lagaoon do dande aake wahaan....” and giving a message to the general public to lodge a complaint against such callers with details in the nearest police station. The concept is already on air with effect from 9th March 2015 in 46 Private News Channels and 12 Doordarshan Channels including regional languages. The 2nd Concept of “Cafeteria” cautions the general public with a punch line and song “Bachke Rehna” and the 3rd Concept on “Sharmaji”, which makes policyholder “Hoshiyaar...” are also ready for transmission.

Focused Insurance Awareness campaign in the Districts of Tripura

IRDAI has adopted Tripura State of North Eastern Region with a mission to achieve complete insurance awareness and total insurance inclusion. As a part of this campaign, seminars are being conducted in each district. So far, district seminars were organized in four districts viz. Sipahijala, Khowai, North Tripura and Gomati districts. There is overwhelming response from the local residents appreciating the initiative.



Venue of District Level Insurance Awareness Campaign in Tripura, held on 17th March 2015.



Participants of District Level Insurance Awareness Campaign in Tripura, held on 17th March 2015

प्रकाशक का संदेश

बीमा विधि (संशोधन) अधिनियम 2015 राष्ट्रीय एवं अंतरराष्ट्रीय तौर पर वित्तीय बाजारों के द्वारा उत्सुक्ता के साथ प्रतीक्षित विधि-निर्माण का अंश है। जहाँ एक ओर विदेशी निवेश में वृद्धि करने से संबंधित उपबंध ने अधिकांश मीडिया के ध्यान को आकर्षित किया है, वहीं दूसरी ओर इस अधिनियम के अंतर्गत ऐसे कई अन्य उपबंध हैं जिनका अत्यधिक प्रभाव इस बात पर है कि भारत में बीमा उद्योग का परिचालन कैसे किया जाता है।



अब तक प्राथमिक विधान में दुरुह रूप से कूटबद्ध अनेक महत्वपूर्ण पहलुओं के अंतरण ने बाजार गति-सिद्धांत के विषय में प्रतिक्रिया दर्शाने की कुशलता को अत्यंत आवश्यक बना दिया है। भारतीय बीमा विनियामक और विकास प्राधिकरण (आईआरडीएआई) पॉलिसीधारकों के हितों को केन्द्र में रखते हुए बीमा क्षेत्र की सुव्यवस्थित वृद्धि के लक्ष्य के साथ समय-समय पर विनियम बनाता रहा है। अधिनियम में संशोधनों के द्वारा किये गये परिवर्तन विनियमनकर्ता पर एक उच्चस्तरीय दायित्व रखते हैं तथा शक्तियों के इस अंतरण को अधिनियम के उपबंधों के अनुरूप नये विनियम बनाने एवं वर्तमान विनियमों में संशोधन करने के तौर पर कार्यन्वित करने की आवश्यकता है। जबकि सभी आवश्यक परिवर्तनों की समय पर अधिसूचना वास्तव में एक चुनौती है, विनियम-निर्माण में एक समन्वित दृष्टिकोण को अपनाना सर्वाधिक महत्वपूर्ण है।

आईआरडीएआई ने जनसाधारण के अभिमतों के लिए एक्सपोजर के विभिन्न प्रारूप जारी करने के साथ यह प्रक्रिया गंभीरतापूर्वक प्रारंभ की है जबकि कुछ अन्य प्रारूप प्रतिपादन के विभिन्न स्तरों पर हैं। नियम/विनियम बनाने की क्रियाविधियों संबंधी वित्तीय क्षेत्र विधायी सुधार आयोग की सिफारिशों का कार्यान्वयन आईआरडीएआई में किया जा रहा है तथा ये क्रियाविधियाँ सभी हितधारकों को विनियम-निर्माण में पक्षकार बनाएँगी और इस प्रकार इस प्रक्रिया को एक सामूहिक प्रयास का रूप देंगी।

मुझे यह देखकर अत्यंत प्रसन्नता हो रही है कि जर्नल के प्रस्तुत अंक में प्रकाशित आलेखों के अंतर्गत अधिनियम में किये गये संशोधनों के विभिन्न आयामों को समाविष्ट किया गया है जिनके विषय में मुझे आशा है कि ये पाठकों के लिए शिक्षाप्रद होंगे और सूचनात्मक भी। बीमा उद्योग एवं समग्र रूप में राष्ट्र, दोनों के लिए आपदा प्रबंधन के महत्व को ध्यान में रखते हुए जर्नल के अगले अंक का फोकस “आपदा प्रबंधन और बीमा उद्योग की भूमिका” पर रहेगा।

टी.एस. विजयन
टी.एस. विजयन
अध्यक्ष

प्रत्यक्ष विदेशी निवेश और भारतीय बीमा जगत का विकास

कमल चौला का कहना है कि यह विधेयक केवल जीवन बीमा से ही जुड़ा हुआ नहीं है इसके आने से हमारे देश में स्वास्थ्य, कृषि और फसल बीमा क्षेत्रों को भी लाभ पहुँचेगा।

12 मार्च, 2015 का दिन भारतीय बीमा जगत में एक नए सवेरे के रूप में उभर कर आया। इस दिन लंबे समय से चले आ रहे भारतीय बीमा बाजार में विदेशी प्रत्यक्ष निवेश (एफडीआई) विधेयक को राज्यसभा में ध्वनीमत से मंजूरी मिल गई जबकि लोक सभा इसे पहले ही पारित कर चुकी है। जिसके फलस्वरूप सभी प्रकार का भारतीय बीमा कंपनी में विदेशी प्रत्यक्ष निवेश की सीमा 26 प्रतिशत से बढ़ कर 49 प्रतिशत कर दी गई। बीमा क्षेत्र में विदेशी निवेश की सीमा 26 से 49 प्रतिशत बढ़ाने के लिये सरकार दिसंबर, 2014 अध्यादेश ले कर आई थी। इस नए बीमा विधेयक को बीमा से जुड़ी सभी ईकाईयों द्वारा सकारात्मक रूप से देखा जा रहा है। इस विधेयक के अंतर्गत कई अन्य प्रभावी निर्णय भी लिये गये हैं जैसे - बीमा अभिकर्ताओं व मध्यस्थों के पारिश्रमिक/परितोषिक बीमा प्राधिकरण द्वारा नियत किये जाएंगे, बीमा अधिनियम से अनुच्छेद 40 व 40 बी को निकाल दिया गया। इस

विधेयक के पारित होने से भारतीय बीमा विनियामक और विकास प्राधिकरण की शक्तियों में संवर्धन किया गया है।

यह विधेयक केवल जीवन बीमा से ही जुड़ा हुआ नहीं है। इसके आने से हमारे देश में स्वास्थ्य, कृषि और फसल बीमा क्षेत्रों को भी लाभ पहुँचेगा। ज्ञात रहे आज भी हमारे देश के 90 प्रतिशत लोग बीमा के किसी भी रूप से वंचित है। इस विधेयक से जन जीवन में जीवन बीमा व स्वास्थ्य बीमा के प्रसार में वृद्धि होगी। एक अनुमान के अनुसार इससे अगले तीन वर्ष में भारतीय बीमा उद्योग में लगभग रु. 25,000 करोड़ का अतिरिक्त निवेश होगा जिसका सीधा-सीधा लाभ जन साधारण को अधिक उन्नत तकनीक, विशिष्ट सुविधाएँ, शिकायत निवारण में गति से होगा। भारत सरकार का मदद से प्रत्येक आय वर्ग के व्यक्तियों को स्वास्थ्य बीमा की पहुँच प्राप्त कराने के यथा संभव प्रयास किये जाएँगे। **हमारे देश में हर साल**

लगभग रु. 3 लाख करोड़ स्वास्थ्य सुरक्षा पर खर्च होते हैं, जिसमें बीमा कंपनियों का लगभग रु. 20,000 करोड़ का होता है।

विपक्षी दलों की प्रतिक्रिया

इस विधेयक को पारित करने के लिये संसद में कुछ विपक्षी दलों के मत कुछ इस प्रकार थे - सभी बीमा कंपनियों द्वारा एलआईसी के नियमों का पालन किया जाना चाहिए, ग्रामीण क्षेत्रों में बीमा की पहुँच को सुगम बनाने के लिये विशेष प्रावधान किये जाने चाहिए फसल/कृषि बीमा में अंतर्गत लिये जाने वाले प्रीमियम में कटौती की जानी चाहिए, निजी व विदेशी बीमा कंपनियों का प्रीमियम राशि देश में बुनियाद, क्षेत्र में निवेश करने का प्रावधान होना चाहिए, गरीबी रेखा से नीचे रह रहे लोगों से कब प्रीमियम वसूला जाना चाहिए, इत्यादि।

भारत में बीमा उद्योग की स्थिति

अभी भी बीमा की पहुंच भारत में सीमित आबादी तक ही हो पाई है। इसके अनुसार भारत में बीमा बाजार के लिये अपने विभिन्न उत्पादों के लिये जोकि प्रस्तावित बीमा उपभोक्ताओं की आवश्यकतानुसार खरीदे जा सकते हैं, की अत्यधिक संभावना है। वर्ष 2013 में देश का बीमा बाजार 66.4 अरब डॉलर का था, जोकि वर्ष 2020 तक 350-400 अरब डॉलर तक पहुंचने का अनुमान है। एक अनुमान के अनुसार वर्ष 2020 तक देश के 75 करोड़ लोगों तक बीमा की सुविधा पहुंचाई जा सकेगी।

बीमा क्षेत्र में विदेशी निवेश की विधि

सरकार ने फरवरी, 2015 में बीमा क्षेत्र में 49 प्रतिशत विदेशी निवेश नियमों को अधिसूचित कर दिया था। जिसके साथ कुछ नियमों का पालन भी आवश्यक है जैसे - कोई कंपनी सीधे-सीधे 49 प्रतिशत विदेशी निवेश नहीं ला सकेगी, कंपनी को 26 प्रतिशत के बाद विदेशी निवेश लाने के लिए विदेशी निवेश संवर्धन बोर्ड (एफआईपीबी) की अनुमति लेनी होगी। जबकि 26 प्रतिशत तक प्रत्यक्ष विदेशी निवेश बिना किसी रुकावट के लाया जा सकेगा।

बीमा दलाल, टीपीए पर भी लागू होगा नियम

इस अधिनियम के अनुसार भारतीय बीमा कंपनियां, बीमा दलाल, टीपीए सहित वह भी मध्यस्थ भी आएंगे, जोकि आईआरडीए अधिनियम, 1999 के तहत आते हैं। इसके अनुसार बीमा कंपनियों में 49 फीसदी से अधिक

विदेशी निवेश की अनुमति नहीं होगी, अर्थात्, कंपनियों में एफडीआई, पोर्टफोलियो इनवेस्टर और किसी भी तरह का विदेशी निवेश 49 प्रतिशत से अधिक नहीं हो सकेगा।

मालिकाना हक और प्रबंधन भारतीयों के पास

नए नियमों में इस बाद को भी स्पष्ट कर दिया गया है कि भारतीय बीमा कंपनी जिसमें 49 फीसदी तक एफडीआई आएगा, उसका मालिकाना हक किसी भारतीय मूल के व्यक्ति के पास होगा। साथ ही उसका प्रबंधन भी भारतीयों द्वारा ही किया जाएगा। इस नियम से उन बीमा कंपनियों को निराशा अवश्य हुई जिनके विदेशी निवेशक बीमा कंपनी में अपना अंश निवेश करने के उपरांत प्रबंधन की बागडोर अपने हाथ में रखना चाहते थे।

बीमा कंपनियों को अच्छे प्रतिफल

एफडीआई 49 प्रतिशत होने के फलस्वरूप बीमा क्षेत्र का निश्चय ही संवर्धन होगा। ऐसा अनुमान लगाया जा रहा है कि 49 प्रतिशत एफडीआई से बीमा क्षेत्र में 7-8 अरब डॉलर का विदेशी निवेश आ सकता है। इसके माध्यम से भारत में बीमा क्षेत्र का तेजी से विस्तार हो सकेगा। देश में इस समय 24 जीवन बीमा और 28 साधारण बीमा कंपनियों हैं। जिनमें 5 स्वास्थ्य बीमा की स्टैंडअलोन कंपनियाँ हैं।

कंपनियों के लिए सरल होगी अभिकर्ताओं की नियुक्ति और रोजगार में होगी संवृद्धि

बीमा संशोधन बिल पास होने का बाद बीमा अभिकर्ताओं की नियुक्ति भारतीय बीमा

विनियामक और विकास प्राधिकरण के दिशा-निर्देश के बजाय अब बीमा कंपनियां अपने नियमों के आधार पर कर सकेंगी परंतु विनियामक उनकी योग्यता, शैक्षिक योग्यता, व अन्य पक्षों का विनियमन करेगा। इससे सभी कंपनियों में अभिकर्ताओं की संख्या में इजाफा देखने को मिलेगा। इस नए परिवर्तन के फलस्वरूप रोजगार के अत्यधिक अवसर बढ़ेंगे और बीमा विक्रय को बढ़ावा मिलेगा।

भारतीय बीमा विनियामक और विकास प्राधिकरण के अध्यक्ष के विचार

एक वक्तव्य में भारतीय बीमा और विकास प्राधिकरण के अध्यक्ष श्री टी.एस. विजयन ने सुझाव दिया कि बीमा अभिकर्ताओं के लिये कुछ न कुछ न्यूनतम मासिक वेदन नियत होना चाहिए जोकि लगभग रु. 10,000/- हो सकता है। श्री विजयन के अनुसार कुछ देश ऐसे हैं जहाँ बीमा अभिकर्ताओं को प्रथम वर्ष के प्रीमियम से 160 प्रतिशत तक की कमीशन दी जाती है, उनके अनुसार अभिकर्ताओं की कमीशन नियत करने का अधिकार भी बीमा कंपनी को ही होना चाहिए।

भारतीय बीमा बाजार में हलचल

इस विधेयक के पारित होने के साथ ही कई बीमा कंपनियों के विदेशी भागीदारों ने अपने अंश की वृद्धि के संकेत दे दिये हैं इस कतार में प्रमुख हैं यूके की स्टैंडर्ड लाईफ, प्रूडेंशियल, बूपा, निप्पोन लाईफ, मेटलाईफ जोकी 3-3.5 बिलियन अमरीकी डॉलर का अतिरिक्त निवेश करने वाले हैं। इसी बीच चूके की लॉयड्स आफ लंडन तथा उनके सदस्यों ने भी भा बीविविप्रा से

उनकी 49 प्रतिशत निवेश की सीमा के अंतर्गत पुनर्बीमा शाखाएँ भारत में खोलने पर वार्ता प्रारंभ कर दी है। लॉयड्स के बीमा अभिषदों व अन्य जोकि इन मानदण्डों को पूरा करेंगे उनके लिये भाबीविविप्रा पृथक रूप से विनियम बनाएगा।

भारतीय बीमा बाजार में अन्य विदेशी कंपनियों की रुची

विदेशी वित्तीय निवेशक इस तथ्य से भली-भाँती परिचित है कि भारत में जीवन बीमा बाजार तीव्र गति से प्रगति कर रहा है तथा आने वाले समय में यहाँ निवेश करने से इसके अच्छे प्रतिफल मिलेंगे अतः विभिन्न देशों के संपत्ति निधियाँ व विश्वव्यापी निजी इक्विटी कंपनियाँ भारत के बीमा बाजार में निवेश करने के इच्छुक है। इनमें से

प्रमुख है साँवरीन वेल्थ फंड्स ऑफ कतर, बहरीन व जापान तथा स्कॉटलैण्ड कि ओर से एक जीवन, पेंशन व निवेश कंपनी तथा भौगोलिक निजी इक्विटी फंड्स जैसे पोर्चेसटर इक्विटी, रॉकफेलर प्राईवेट इक्विटी तथा जनरल आटलांटिक।

भारतीय बीमा उद्योग में प्रत्यक्ष विदेशी निवेश के इस अभूतपूर्व बदलाव का लाभ निश्चय ही प्रत्यक्ष रूप से बीमा पॉलिसीधारक को मिलेगा व जिस ओर इससे भारत में विदेशी मुद्रा के आने से हमारे देश की अर्थव्यवस्था को मजबूती मिलेगी उसकी ओर निजी बीमा कंपनियाँ अपने वर्चस्व की रक्षा के लिये व प्रतिस्पर्धा की होड में उपभोक्ताओं को अधिक सुगम व श्रेष्ठतम तकनीक द्वारा सभी सुविधाएँ उपलब्ध कराएँगी। इस क्रांतिकारी बदलाव से संभव है कि बीमा की

सुविधा गरीबी रेखा के नीचे रहने वाले भारतीय नागरिकों तक भी पहुँचेगा जोकि भारत के चहुँमुखी विकास के लिये एक महत्वपूर्ण कदम होगा।

लेखक: - वरिष्ठ सहायक निदेशक, गैर-जीवन (विनियामक कार्यवाहियाँ), भारतीय बीमा विनियामक और विकास प्राधिकरण है। उपर्युक्त आलेख में अभिव्यक्ति विचार लेखक के निजी विचार हैं।



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बीमा क्षेत्र में सुधार के संतोषजनक रहे हैं लगातार प्रयास

- भावना दहिया,

उदारीकरण के एक दशक बाद भी बीमा उद्योग की पहुँच कम है। सकल घरेलू उत्पाद में जीवन बीमा की हिस्सेदारी 4 प्रतिशत और गैर-जीवन बीमा का हिस्सेदारी 0.70 प्रतिशत है। बीमा क्षेत्र को निजी क्षेत्रों के लिए खोलने के पीछे आभिप्रेय यह था कि ग्राहक को प्रतिस्पद्धर्ती माहौल से लाभ हो। कई ऐसी योजनाएं बाजार में आई जो पहले बीमा उद्योग में थी ही नहीं, ग्राहक सेवा में सुधार हुआ है और ग्राहक की शिकायतों पर जिस तरह ध्यान दिया जा रहा है उससे संकेत मिलता है कि प्रतिस्पद्धर्ती माहौल के लाभ ग्राहकों को मिल रहे हैं। बीमा कंपनियों जो जोखिम उठाती हैं उसके लिए उनके पास समुचित सुरक्षा है जो आवश्यक है और इसे सुनिश्चित करने के लिए पुनर्बीमा की उपलब्धता बहुत जरूरी है। जहां तक भारतीय बीमा कंपनियों अपने जोखिमों को कवर करने में बिना किसी कठिनाई और आसान शर्तों पर सक्षम है तब तक इस बात की चिंता नहीं होगी कि भारत में

पुनर्बीमाकर्ताओं की संख्या ठीक-ठीक है या नहीं। भारत में पुनर्बीमा कंपनियों द्वारा अपनी दुकान खालना सरकारी और नियामकीय अनुमति के अधीन है। इसके अलावा उनकी अपनी नीतिगत और कारोबारी तरजीह भी मायने रखती है।

साथ ही कारोबार में भी उदारीकरण की शुरुआत के मुकाबले कई गुना बढ़ोतरी हुई है। इसके अलावा, वास्तविकता यह भी है कि हाल के वित्तीय संकट से वैश्विक स्तर पर कई अर्थव्यवस्थाएं प्रभावित हुईं लेकिन भारतीय बीमा उद्योग पर इसका प्रत्यक्ष रूप से कोई खास प्रभाव नहीं पड़ा। इससे हमारा भरोसा बढ़ता है कि इस तरह के संकट से जूझने के मामले में भारतीय बीमा उद्योग मजबूत है। यद्यपि, कुछ मुद्दे हैं जिन्हें उच्च मानकों के मद्देनजर देखा जाना जरूरी है। निजी प्रतिभागिता के लिए जबसे बाजार खुला है, उस समय से अब तक की प्रगति संतोषजनक है।

राष्ट्रीय कृषि बीमा योजना:

केंद्र सरकार ने जीआईसी के सहयोग से वर्ष 1999-200 की रबी मौसम की फसल से राष्ट्रीय कृषि बीमा योजना शुरू की है। इसने 'व्यापक फसल बीमा कंपनी' की जगह ली है। यह योजना कृषि मंत्रालय की ओर से देश की नवगठित कृषि बीमा कंपनी लागू कर रही है। इस योजना का मुख्य उद्देश्य प्राकृतिक आपदाओं जैसे सूखा, बाढ़, ओलावृष्टि, तूफान, आग लगना, कीटों/ बीमारियों, आदि के कारण फसल नष्ट होने से किसानों को हुए नुक़ास की भरपाई करना है। इससे किसानों की अगले मौसम के लिए ऋण लेने की पात्रता प्राप्त करने में मदद मिलती है। यह योजना सभी किसानों के लिए खुली है चाहे वे ऋण लेने वाले हों या ऋण न लेने वाले हों और उनकी जीत का आकार चाहे कितना ही बड़ा या छोटा हो। इसके अंतर्गत अनाज की सभी फसलें, (खाद्यान, ज्वार और दाले) तिलहन और बागवानी फसलें शामिल हैं, बशर्ते समुचित

वर्षों के लिए पहले की पैदावार के आंकड़े उपलब्ध हों। वार्षिक नकदी/बागवानी फसलों में साथ फसलें - गन्ना, आलू, कपास, अदरक, प्याज, हल्दी और लाल मिर्च फिलहाल इस योजना के अंतर्गत आती है। अन्य वार्षिक बागवानी और नकदी फसलों भी इसके अंतर्गत आयेगी, बशर्ते उनके संबद्ध पिछले पैदावार आंकड़े उपलब्ध हों।

बाजार और तिलहन के लिए प्रीमियम की दरें बीमित धन या बीमांकित राशि, में से जो भी कम हो, का 3.5 प्रतिशत तय की गयी है, जबकि खाद्यान, अन्य मोटे अनाज और दलहन के लिए प्रीमियम की दरें बीमित धन या बीमांकित राशि, में से जो भी कम हो, का 2.5 प्रतिशत तय की गयी है। रबी मौसम के दौरान गेहूँ के लिए प्रीमियम की दरें बीमित धन या बीमांकित राशि, में से जो भी कम हो, का 1.5 प्रतिशत निर्धारित की गई है। इस प्रकार अन्य अनाज फसलों और तिलहन के लिए प्रीमियम की दर बीमित धन या बीमांकित राशि, में से जो भी कम हो, का 2 प्रतिशत निर्धारित की गई है। वार्षिक नकदी/बागवानी फसलों के मामले में बीमांकित दरें वसूल की जाती है। छोटे और सीमांत किसानों को प्रीमियम में 50 प्रतिशत सब्सिडी दी जाती है। सब्सिडी को राज्यों/संघशासित प्रदेशों/और कन्द्र सरकार द्वारा समान रूप से वहन किया जाता है। प्रीमियम में सब्सिडी को 5 वर्ष की अवधि में चरणबद्ध तरीके से समाप्त कर दिया जाएगा।

सामान्य बीमा क्षेत्र में लगातार हो रहे सुधार:

निजी क्षेत्र की सामान्य बीमा कंपनियों की नजर आला दर्जे की पॉलिसियों और सेवाओं को पेश करने पर है ताकि कंपनी विकास की राह पर आगे रह सके। चाहे स्वास्थ्य बीमा हो या मकान बीमा सामान्य बीमा कंपनियों बेहतरीन पॉलिसियों और सेवाओं को पेश करना चाहती है।

स्वास्थ्य बीमा:

हेल्थ इंश्योरेंस में दो प्रकार से बीमा किया जाता है। पहला व्यक्तिगत बीमा, जिसमें प्रत्येक व्यक्ति का बीमा होता है और दूसरा पूरे परिवार का बीमा, जिसमें परिवार के सदस्यों की कोई सीमा नहीं होती। यदि आप व्यक्तिगत बीमा कराते है और आपके परिवार में 4 लोग हैं और सभी की पालिसी 3 लाख रुपए है तो 12 लाख रुपए की पालिसी आपके पूरे परिवार की हुई। इस बीमा में व्यक्तिगत बीमा कवर 3 लाख रुपया हुआ, जबकि दूसरे केस में सदस्यों की कोई संख्या नहीं है। दूसरे हालात में प्रीमियम परिवार के सबसे बड़े सदस्य को देखते हुए तय किया जाता है। ज्यादातर मामलों में फैमिली फ्लोटर अच्छा होता है न्यूक्लियर फैमिली के मुकाबले, जब परिवार के सबसे बड़े सदस्य की आयु 30 से 40 साल हो। बड़े परिवार व्यक्तिगत पालिसी के मुकाबले फ्लोटर पालिसी अच्छी मानी जाती है। आज स्वास्थ्य बीमा या मकान बीमा लोगों की जरूरत बन गई है लेकिन लोग इस प्रकार की बीमा नहीं करा रहे हैं क्योंकि उन्हें इसके बारे में भलीभांति जानकारी नहीं है। लोगों की जरूरतें बदल रही है। व्यक्तिगत बीमा खंड में भी काफी संभावनाएं

मौजूद है। बीमाकर्ता अपने ग्राहकों के दरवाजे तक ग्राहक सेवा मुहैया कराने के लिए आभासी कार्यालय खोलना चाहते है। साथ ही छोटे और मझोली शहरों में वितरण नेटवर्क मजबूत बनाना चाहते है। देश में करीब 80,000 मेडिकल संस्थान है जिनमें से 30,000 सरकारी क्षेत्र में जुड़े है। इसके अलावा ग्राहकों के लिए कम लागत वाली सस्ती बीमा पॉलिसियों को उतारने की भी योजना है ताकि खर्च और वितरण लागत कम हो सके।

होम इंश्योरेंस व हाउसहोल्ड इंश्योरेंस:

होम इंश्योरेंस के साथ हाउसहोल्ड इंश्योरेंस कवर भी चाहिए, क्योंकि घर में ज्यादातर अच्छी, खूबसूरत व मंहगी चीजें रखते हैं, घर के साथ की घर की मंहगी वस्तुओं की सुरक्षा भी जरूरी है और हाउसहोल्ड पालिसी से वह सुरक्षा कवच मिल जाता है। हाउसहोल्ड कंटेंट इंश्योरेंस के तहत उन व्यक्तिगत संपत्तियों को कवर नहीं मिलता, जिन्हें अक्सर घर के बाहर ले जाया जाता है या घर के बाहर उपयोग किया जाता है। इनमें कैमरा, ज्वैलरी और स्पोर्ट्स के सामन शामिल है। हालांकि ज्यादा खर्च करके इन्हें भी बीमित वस्तुओं की सूची में रखा जा सकता है। इसे 'आल रिस्क कवर' के नाम से जाना जाता है, जिसमें इन वस्तुओं की उच्च कीमत तय होती है। इसके अलावा घर में मौजूद ज्यादा कीमती वस्तुओं के लिए एक्सट्रा कवर लिया जा सकता है। हाउसहोल्ड कंटेंट इंश्योरेंस के तहत कुछ शर्तों का भी पालन करना पड़ता है। जैसे घर में 'बर्गलर अलार्म' लगाना जरूरी है। अगर कोई वस्तु रेंट

पर ली हुई है तो उसे भी पालिसी में जोड़ना न भूलें क्योंकि उन वस्तुओं में होने वाली खराब या उनकी चोरी के लिए आप ही जिम्मेदार है। यदि रेंटल वस्तु पहले से ही बीमित है तो उसका कवल लेने की जरूरत नहीं है। यदि आप किसी मकान में किराए पर रहते हैं और उस घर में मकान मालिक की कोई कीमती वस्तु पड़ी है तो उनका भी बीमा कवर करा सकते हैं क्योंकि जब तक वे आपके घर में है उसकी सुरक्षा की जिम्मेदारी आपकी है।

बीमा उद्योग के लिए समस्याएं:

ग्राहक बीमा के तहत भी संबंध कर करार रखना चाहते हैं। फिलहाल लगातार हो रहे सुधार को लेकर काफी उत्साह है लेकिन अभी वह ग्राहकों के लिए प्रासंगिक नहीं है। सामान्य बीमा कंपनियों ने महिला ग्राहकों के लिए सेवाओं की पेशाकरी की है जैसे यात्रा के दौरान टायर बेस्ट हो जाने या राजमार्ग पर चलते समय वाहन का ईंधन खत्म हो जाने पर बीमाकर्ता उनकी मदद करते हैं। इसी प्रकार स्वास्थ्य क्षेत्र में बीमाकर्ता दवाओं पर छूट और अन्य लाभ मुहैया कराते हैं।

अनिवार्य तौर पर केवाईसी मुहैया कराने की प्रक्रिया अभी तक पूरी नहीं हो पाई है। ग्राहक जीवन बीमा और म्युचुअल फंड जैसे अन्य पॉलिसियों के लिए व्यक्तिगत सूचनाएं उपलब्ध कराते हैं लेकिन सामान्य बीमा के लिए वही ग्राहक ऐसा नहीं करते हैं। कम से कम पहचान के लिए कुछ बुनियादी प्रक्रिया होनी चाहिए ताकि बीमाकर्ता अपने ग्राहकों को पहचान सकें। इसके अलावा लाभप्रदता बढ़ाने के लिए मौजूदा ग्राहक

आधार को भुनाने की जरूरत है। उन्हीं ग्राहकों की और अधिक भुगतान करने की क्षमता होती है। इसलिए ऐसे हरेक ग्राहक को स्वास्थ्य जैसे अन्य क्षेत्रों की पॉलिसियां भी बेची जा सकती है।

मकान बीमा कर में छूट के लिए नहीं है बल्कि इसकी जरूरत है। बीमा पॉलिसी बीमा की ही तरह बेची जानी चाहिए। यदि किसी बीमा पॉलिसी को उसके अनुरूप नहीं बेच जा सकता तो इससे वितरण ढांचे में खामी झलकती है। जिस तरह से घर या फ्लैट्स खरीदने का 'ट्रेंड' बढ़ रहा है ठीक उसी तरह होम इंश्योरेंस की मांग भी बढ़ती जा रही है। लेकिन ऐसे लोग जो होम इंश्योरेंस पालिसी ले रहे हैं उन्हें हाउसहोल्ड इंश्योरेंस के बारे में भी सोचना चाहिए। जो किराएदार के रूप में रहते हैं उनके लिए भी हाउसहोल्ड इंश्योरेंस सुरक्षा कवच जैसा है।

यह दुर्भाग्य की बात है कि बीमा क्षेत्र में ग्राहकों की शिकायत अधिक देखी जाती है। ग्राहकों में जागरूकता की कमी होने से बीमा कंपनियों द्वारा गलत तरीके पॉलिसी बेचे जाने की कई मामले प्रकाश में आए हैं।

दावे के निपटान में देरी और कुछ मामलों में दावों को अस्वीकार करना निश्चित तौर पर ऐसे मामले हैं जिनसे पर्यवेक्षक परेशान रहे हैं। आईआरडीए पर्यवेक्षक खुद से आगे बढ़ कर ऐसी समस्याओं से निपटने का प्रयास कर रहे हैं और इसके लिए बीमा कंपनियों की मदद कर रहे हैं ताकि ग्राहकों को सोच-समझ कर निर्णय लेने में सक्षम हों। यह खुशी की बात है कि दावे जुड़े

विवादों में कमी आ रही है। देश के अंदर ज्यादा लागों के पास बीमा पालिसी नहीं है और जिनके पास है भी उनका सम एश्योर्ड बहुत ही कम है। जिससे उनके परिवार का गुजर-बस नहीं चल सकता है। बीमा की रकम कम होने से वे न तो अपने घर का लोन दे सकते हैं न ही कुछ और कर सकते हैं। इंश्योरेंस सेक्टर में काम कर रही कंपनियों को चाहिए कि वे लोगों को जागरूक करें और सम एश्योर्ड अमाउंड को बढ़ाएं। निवेश के जरिए बचत करना अच्छी बात है, पर इससे परिवार की जरूरत भी पूरी होनी चाहिए।

बैंकों का बीमा क्षेत्र में प्रवेश:

बीमा सेक्टर में बैंकों के प्रवेश को लेकर वित्त मंत्रालय और आईआरडीए द्वारा हरी झंडी मिलने के बावजूद अभी आरबीआई ने इस पर अपनी राय नहीं दी है। हलांकि इस विषय पर कुछ आशंका है। आरबीआई को लगता है कि इससे पहले से काम कर रही इंश्योरेंस कंपनियों और बैंकों के बीच टकराव होगा। बैंकों पर यह जिम्मेदारी तय करनी चाहिए की यदि वह ग्राहकों को गलत बीमा बेचते हैं तो इसकी जिम्मेदारी भी बैंक की होगी। आईआरडीए द्वारा बैंकों के बीमा क्षेत्र में प्रवेश की अनुमति के बाद आरबीआई की ओर से स्वीकृति का इंतजार है। बैंकों द्वारा बीमा क्षेत्र में काम करने से इस सेक्टर में बहुत बड़े परिवर्तन की उम्मीद नहीं की जा सकती। बैंक कर्मियों को बीमा बेचने की ट्रेनिंग देकर उनसे यह प्रोडक्ट सेल किया जाएगा। जो भी बैंक बीमा क्षेत्र में काम करेंगे वह अपने यहां एक जनलर मैनेजर पद पर किसी को अप्वाइंट करेंगे।

वे बैंक में काम कर रहे बीमा एजेंटों पर निगरानी रखेंगे और दिशा-निर्देश देंगे। बैंक स्टाफ और बीमा एजेंट कस्टम को बीमा पॉलिसी के विषय में जानकारी देंगे और उन्हें पॉलिसी बेचेंगे। पारिश्रमिक के रूप में बैंक और बीमा कंपनियों अपना हिस्सा लेगी। बीमा पॉलिसियां बीमा कंपनियों द्वारा संचालित और प्रशासित किया जाएगा। यदि बैंक बीमा बेचना शुरू करते हैं तो इसके लिए बीमा कंपनियों की पॉलिसी की ब्रिकी में अपने कर्मियों को प्रशिक्षण देना होगा। इस प्रशिक्षण में कंपनियों को समय व धन दोनों खर्च करने होंगे।

भारतीय बीमा कंपनियों की सॉल्वेंसी:

भारतीय बीमा कंपनियों की सॉल्वेंसी जरूरतों से जुड़ा कोई मुद्दा अभी तक सामने नहीं आया है। हालांकि यह अपेक्षा की जाती है कि आने वाले समय में हम वैश्विक तरीकों को अपनाने की दिशा में बढ़ें। सॉल्वेंसी की वर्तमान प्रथा सामान्य है और यह जोखिम भरे और कम जोखिम वाले पोर्टफोलियों में विभेद नहीं करता है। किसी कंपनी के जोखिम आधारित पूंजी के नियम में बीमा कंपनियों द्वारा उठाए जाने वाले विभिन्न जोखिमों के अनुसार पूंजी बढ़ाने को निश्चित तौर पर शामिल किया जाना चाहिए। यह सब डायनामिक और अच्छे आंकड़ों के अस्तित्व की पूर्व-कल्पना पर आधारित हैं। एक सूचना ब्यूरो विकसित करने से निर्णय लेने में मदद मिलेगी। हालांकि, जोखिम आधारित पूंजी प्रथा की तरफ बढ़ने से जुड़ी कठिनाईयों को देखते हुए, नए मानकों को लागू करने में थोड़ा वक्त लग सकता है।

नई कृषि बीमा योजना:

केंद्र नई कृषि बीमा योजना पर काम कर रहा है जिसे शीघ्र ही पूरे देश में लागू किया जाएगा। इसका उद्देश्य किसानों को बाढ़, सूखे और फसली बीमारियों से बचाव में सक्षम बनाना है। मौजूदा कृषि बीमा योजना किसानों के लिए हितकारी साबित नहीं हुई है और उनकी सरकार नई कृषि बीमा योजना पर काम कर रही है। नई कृषि बीमा योजना को लेकर केंद्र सभी राज्यों के मुख्यमंत्रियों और कृषि मंत्रियों से संपर्क साधेगी तथा उनके सुझावों को इस योजना में शामिल करने का प्रयास करेगी। नई कृषि बीमा योजना के बारे में विस्तृत जानकारी संसद में आम बजट पेश करने के समय दी जाएगी। किसानों के हित में फसल बीमा योजना में और सुधार के लिये लगातार प्रयास किया जा रहे हैं। देश में 1.25 अरब के लगभग आबादी निवासी करती है और देश की 70 प्रतिशत आबादी कृषि पर आधारित है। स्वतंत्र भारत से पूर्व और स्वतंत्र भारत के पश्चात एक लम्बी अवधि व्यतीत होने के बाद भी भारतीय किसानों की दशा में सिर्फ 19-20 का ही अंतर दिखाई देता है। जिन अच्छे किसानों की बात की जाती है, उनकी गिनती उंगलियों पर की जा सकती है। बढ़ती आबादी, औद्योगीकरण एवं नगरीकरण के कारण कृषि योग्य क्षेत्रफल में निरंतर गिरावट आई है। खेती में जो भी फसल बोई जाए, उस फसल को सहकारी समिति के माध्यम से बीमाकृत कराया जाए और सरकार की नीतियों में आवश्यकतानुसार परिवर्तन करके यह सुनिश्चित किया जाना चाहिए कि जिस किसान की फसल को जिस तरह से भी क्षति हुई जैसे अतिवृष्टि,

सूखा, ओलावृष्टि, आग, चोरी, बाढ़ या कोई अन्य कारण हो तो उस व्यक्ति को उसका क्लेम तत्काल दिया जाना चाहिए और क्लेम की राशि उसको दिए गए ऋण में मायोजित हो जिससे कि किसान अपनी 6 माह से पालन-पोषण करके तैयार की गई फसल की बर्बादी से गरीबी की ओर जाने से बच सके। वर्तमान व्यवस्था में न्याय पंचायत स्तर पर 50 प्रतिशत से अधिक क्षति होने पर उस न्याय पंचायत के किसान को बीमा का लाभ मिलता है। यह नितांत ही अन्यायपूर्ण है। बीमा कराना ही पर्याप्त नहीं है बल्कि बीमा कंपनी की यह समीक्षा भी होनी चाहिए कि क्षेत्र के कितने किसानों को इससे लाभ हुआ है अथवा क्लेम मिले है। अधिकांश बीमा कंपनी बीमा करने के बाद इसकी खबर नहीं लेती और यदि कोई किसान संपर्क भी करता है तो उसे कानूनी दांव-पेंच में फंसाकर परेशान कर देती है जिससे वह इसके लाभ से वंचित रह जाता है। कृषि उपज प्रबंधन के लिए बीमा अति महत्वपूर्ण और उपयोगी है जिससे किसानों को ऋणग्रस्तता से बचाया जा सकता है।

बीमा विनियामक और विकास प्राधिकरण के प्रयास:

आईआरडीआई ने बीमा कंपनियों के कार्यालयों का स्थल पर निरीक्षण करने के लिए एक निरीक्षण विभाग की अलग से स्थापना की है। स्थल पर निरीक्षणों के दौरान, आईआरडीआई, बीमा कंपनियों के मार्केट संचालन, परिचालन के तरीके और अभिशासन के मानदंडों सहित उनके सांविधिक प्रावधानों और विनियामक निर्देशों के अनुपालन की सीमा का निरीक्षण करता है।

आईआरडीए पर बीमा पॉलिसी धारकों के हितों की रक्षा करने की जिम्मेदारी है। इस उद्देश्य को हासिल करने के लिए, प्राधिकरण ने निम्नलिखित उपाय किए हैं:-

- आईआरडीएआई ने पॉलिसीधारक हित संरक्षण विनियम 2001 को अधिसूचित किया है ताकि इन बातों की व्यवस्था की जा सके: पॉलिसी प्रस्ताव दस्तावेज आसानी से समझी जाने वाली भाषा में हो जीवन और गैर जीवन दोनों से संबंधी दावा-प्रक्रिया: शिकायत निवारण तंत्र की स्थापना; दावों को शीघ्र निपटान; और पॉलिसीधारकों की सेवा अदि। इन विनियमों में दावों के निपटान में होने वाली देरी के लिए बीमाकर्ता द्वारा ब्याज की अदायगी का भी प्रावधान किया गया है।
- बीमाकर्ताओं से शोधन-क्षमता मार्जिन रखने की अपेक्षा की जाती है ताकि वे दावों के भुगतान के संबंध में पॉलिसीधारकों के प्रति अपने दायित्व को पूरा करने की स्थिति में हो।
- बीमा कंपनियों के लिए यह अनिवार्य है कि वे पॉलिसी के अंतर्गत लाभ, निबंधन एवं शर्तों का खुलासा करें। बीमाकर्ता द्वारा निकाले गए विज्ञापनों से बीमा कराने वाली जनता भ्रमित नहीं होनी चाहिए।
- सभी बीमाकर्ताओं को अपने मुख्य कार्यालयों में तथा अन्य कार्यालयों में उपयुक्त शिकायत निवारण तंत्र स्थापित करना चाहिए।

- प्राधिकरण बीमाकर्ताओं द्वारा बीमा संविदा के तहत प्रदान की गई सेवाओं के संबंध में पॉलिसीधारकों से प्राप्त किसी शिकायत का मामला बीमाकर्ता के समक्ष रखता है।

भारत में बीमा संघीय विषय है। देश में जीवन बीमा और साधारण बीमा से संबंधित समस्त नीतिगत मुद्दे, जिनमें बीमा विनियामक प्राधिकरण भी शामिल है, वित्त मंत्रालय में बीमा प्रभाग के कार्य-क्षेत्र की परिधि में आते हैं। इसके कार्यों में शामिल है - बीमा से संबंधित अधिनियमों को लागू करना, राष्ट्रीयकृत बीमा कंपनियों के निष्पादन की निगरानी करना, राष्ट्रीयकृत बीमा कंपनियों के कर्मचारियों की सेवा-शर्तों के संबंध में नियम और विनियम बनाना इत्यादि। लांग टर्म इंश्योरेंस कवर से बीमा कंपनियों के व्यवसाय में सुधार होगा, क्योंकि ज्यादातर पुरानी गाड़ियों का बीमा रिन्यू ही नहीं करवाया जाता है। इसके अलावा ग्रामीण क्षेत्रों में ट्रेक्टर या छोटी गाड़ियों के इंश्योरेंस का नवीनीकरण करवाने वालों की संख्या भी नाममात्र की है। अगर फिटनेस प्रमाणपत्र और अन्य चीजों के साथ पॉलिसी कवर को लिंक कर दिया जाएगा, तो यह इंश्योरेंस कवरेज का दायरा बढ़ने में मददगार साबित हो सकता है। हालांकि, लांग टर्म इंश्योरेंस कवर को लेकर निजी बीमा कंपनियों ज्यादा उत्साह नहीं दिखा रही हैं। वहीं, सरकारी बीमा कंपनियां अनुसार इससे निजी बीमा कंपनियों को अपनी पॉलिसी बेचने में मदद मिलेगी।

किसी भी उद्यमी को अपने व्यापार की प्रबंध व्यवस्था करते समय अपने संगठन के लिए बुनियादी विनियामक अपेक्षाओं का ध्यान रखना

होता है। ये विनियामक अपेक्षाएं यह सुनिश्चित करती हैं कि संगठन देश की सांविधिक संरचना के अनुसार कार्य करे। सबसे महत्वपूर्ण विनियम है भारतीय संविदा अधिनियम, 1872, जो कंपनियों के समस्त लेन देनों को विनियमित करता है। यह संविदाओं के निर्माण और प्रवर्तनीयता से संबंधित सामान्य सिद्धान्त: करार और पेशकश के उबन्धों को शासित करने वाले नियम: मुआवजे एवं गारंटी, जमानत और गरीबी तथा अभिरण वाली संविदाओं सहित विभिन्न प्रकार की संविदाओं, का निर्धारण करता है। बीमा का संविदा एक 'क्षतिपूर्ति' का संविदा है। इसका आशय यह कि हानि के मामले में बीमाकृत जिसके खिलाफ पॉलिसी जारी की गई है, हानि की वास्तविक धनराशि संदत्त की जाएगी न कि पॉलिसी से अधिक धनराशि, अर्थात् उसकी पूर्णतया क्षतिपूर्ति की जाएगी। बीमा की प्रत्येक संविदा का उद्देश्य बीमाकृत को जहां निकटतम संभव हो, हानि के बाद उसी वित्तीय स्थिति में रखना है मानो कि किसी प्रकार की हानि नहीं हुई हो। कुल गैर-जीवन बीमा कारोबार में स्वास्थ्य बीमा क्षेत्र की हिस्सेदारी 25 फीसदी है। करीब 4-5 साल पहले इसकी हिस्सेदारी 16 फीसदी थी। इस साल इसमें 32-33 फीसदी वृद्धि की उम्मीद है। पिछले कुछ सालों में इसमें 30-36 फीसदी वृद्धि हुई और यह गैर जीवन बीमा क्षेत्र में वाहन बीमा के बाद दूसरा सबसे अहम क्षेत्र बन गया है। बीमा क्षेत्र की वर्तमान प्रगति संतोषजनक है।

भावना दहिया, सी-301, एम्बिअन्स अपार्टमेंट्स, गाँव नाथुपुर, जिला: गुडगाँव, गुडगाँव-122 001. एन.सी.आर

भारतीय बीमा कानून (संशोधन) अधिनियम 2015 अवसर या बाध्यता?

डॉ. अजय कुमार मिश्रा

भूमिका: बीमा क्षेत्र के निजीकरण के पश्चात से ही बीमा क्षेत्र में समय-समय पर व्यापक परिवर्तन देखने को मिलते रहे हैं। इन परिवर्तनों के माध्यम से विनियामक ने यह पूर्णरूप से प्रयास किया है, कि आम जनता का हित सर्वोपरी रहे, साथ ही बीमा क्षेत्र का विकास भी तेजी से होता रहे। पर अब तक किये गए बदलाओं से यह प्रतीत हो रहा है कि, बीमा क्षेत्र अपनी बाल्य अवस्था में है, जिसे शिक्षित करने के लिए हर तरीके से प्रयास किया जा रहा है, यह कितना प्रभावशाली होगा इस क्षेत्र के विकास के लिये, यह आने वाला समय ही बयाँ करेगा। पिछले कई वर्षों से प्रतीक्षित कई मामले जो बीमा क्षेत्र के विकास के साथ-साथ भारतीय अर्थव्यवस्था को मजबूती प्रदान कर सकते हैं को भारत सरकार ने अमलीजामा पहनाने का पूरा प्रयास इस अध्यादेश को राष्ट्रपति महोदय के द्वारा जारी करवा कर दिया है। इस अध्यादेश में विदेशी होल्डिंग्स 26% से बढ़कर 49% कर दिया गया है जिसकी मांग उद्योग स्तर पर पिछले कई वर्षों से चली आ रही है। बीमा क्षेत्र में अध्यादेश का सफर निम्नांकित है।

- 1991: सरकार ने अपनी उदारीकरण नीति आरम्भ की।

- 1993-94: सरकार ने मल्होत्रा कमेटी का गठन, राष्ट्रीयकृत बीमा क्षेत्र में सुधार और सुझाव देने के लिये किया। कमेटी ने यह संस्तुति दी की, इस क्षेत्र में निजी प्रतियोगिता को विदेशी निवेश के साथ (विदेशी स्वामित्व की अधिकतम निश्चित सीमा) प्रवेश दिया जाय।

- 1999-2000: बीमा विनियामक और विकास प्राधिकरण का जन्म, बीमा क्षेत्र को विनियमित और विकसित करने के लिये हुआ। भारत में बीमा क्षेत्र में विदेशी निवेश की सीमा अधिकतम 26 प्रतिशत निर्धारित किया गया।

- 2004: कांग्रेस गठबंधन सरकार ने विदेशी निवेश की सीमा 26% से बढ़ाकर 49% करने का प्रस्ताव दिया, लेकिन विपक्ष पार्टी द्वारा इसका विरोध किया गया।

- 2008: कांग्रेस गठबंधन सरकार द्वारा बीमा कानून संशोधन विधेयक 2008 प्रस्तावित किया गया। इस अध्यादेश में कई तरह के सुधार प्रस्तावित थे, जिनमें एक विदेशी निवेश की सीमा में 26% से 49% तक सीमा बढ़ाना भी शामिल था।

- 2013: कांग्रेस गठबंधन सरकार विदेशी निवेश 49% की वृद्धि के लिए रुपरेखा बनाती है, लेकिन अंतिम बिल पारित नहीं हो पाता।

- 2014 (जुलाई-अगस्त): भाजपा पार्टी नेतृत्व वाली सरकार बीमा विधेयक पारित करवाना चाहती है, जबकि उसने इस बिल का विरोध कांग्रेस सरकार के कार्यकाल में किया था, जब वो सत्ता में नहीं थे।

- 2014 (दिसंबर): चयन समिति बीमा विधेयक में संशोधन का सुझाव देती है, लेकिन बीमा विधेयक संसद के शीत कालीन सत्र में पारित नहीं हो पाया, जो की 23 दिसंबर 2014 को समाप्त हो गया।

- उपरोक्त के अलावा भारतीय बीमा विनियामक ने समय-समय पर परिवर्तन, बीमा क्षेत्र को विस्तृत और नियंत्रित करने के लिए किये हैं। प्राधिकरण का उद्देश्य आम आदमी के हितों को सुरक्षित रखने का प्राथमिक रहा है।

भारतीय बीमा कानून (संशोधन) अधिनियम 2015: बीमा सुधारों को लागू करने की तत्कालिकता का हवाला देते हुए सरकार ने बीमा

विधेयक पारित करने के लिए बिल मार्ग का उपयोग करके संसदीय गतिरोध को बायपास करने का फैसला किया। भारतीय संविधान राष्ट्रपति महोदय को आपातकालनी अस्थायी कानून पारित करने का अधिकार दिया हुआ है, जब संसद सत्र में नहीं हो। कैबिनेट ने बिल के जरिये विधेयक पारित करने की सिफारिश राष्ट्रपति महोदय से की। 26 दिसंबर 2014 को राष्ट्रपति महोदय ने औपचारिक रूप से कैबिनेट की सिफारिश के आधार पर बीमा कानून संशोधित अधिनियम 2015 पारित के लिए अनुमति दी एवं उसके पश्चात् यह प्रभाव में आया।

बीमा कानून (संशोधन) अधिनियम 2015 की मुख्य विशेषताएँ: बीमा विधेयक अध्यादेश वस्तुतः चयन समिति द्वारा संशोधित रूप में है। इस अध्यादेश में छोटे बड़े पहलु को ध्यान में रखा गया है, जिससे देश में बीमा का विकास हो सके और भारतीय अर्थव्यवस्था को बल मिल सके। सभी बीमाकर्ता को समान तरीके से नियमित किया जा सकेगा। मौजूदा कानून में निम्न मुख्य परिवर्तन अब लागू है।

- बीमा विनियामक और विकास प्राधिकरण का नाम परिवर्तित कर अब भारतीय बीमा विनियामक और विकास प्राधिकरण हो गया है।
- विदेशी निवेश की सीमा 26% से 49% तक कर दिया गया है, हालांकि, एक भारतीय बीमा कंपनी अभी तक भारतीयों द्वारा “नियंत्रित” किया जाना चाहिए। “नियंत्रण” की परिभाषा कंपनियों अधिनियम 2013 से लिया गया है। इसका इंतजार बीमा उद्योग काफी समय से कर रहा था।

- विदेशी कंपनियों को भारत में पुनर्बीमा व्यापार करने के लिए और शाखाएं खोलने की अनुमति दी गयी है।
- लॉयड को विदेशी पुनर्बीमाकर्ता की शाखा के रूप में भारतीय बाजार का उपयोग करने की अनुमति है।
- प्रतिभूति अपील न्यायाधिकरण अब भारतीय बीमा विनियामक और विकास प्राधिकरण के आदेश/निर्णय के खिलाफ अपील की सुनवाई करेगा।
- अब पंजीकरण के बिना बीमा कारोबार करने पर जुर्माना लगाया जा सकता है।
- वैधानिक और नियामक ढांचे के अन्य उल्लंघनों के लिए जुर्माना पहले से काफी बढ़ाया गया है।
- यह जीवन बीमा परिषद और जनरल इंश्योरेंस काउंसिल की स्थापना के लिए कहता है। वे बीमा क्षेत्र के लिए आत्म विनियामक निकायों के रूप में कार्य करेंगे।
- यह पीएसयू सामान्य बीमा कंपनियों को पूंजी बाजार से धन जुटाने के लिए अनुमति देता है।
- यह, जीवन बीमा पॉलिसी की विक्री के तीन साल की अवधि के बाद किसी भी आधार पर जीवन बीमा पॉलिसी को चुनौती देने से एक बीमा कंपनी पर प्रतिबंध लगाता है।
- इस बिल के माध्यम से बहुत सारे पुराने नियमों को या तो पूर्णरूप से हटा लिया गया है या उनमें परिवर्तन कर दिया गया है, साथ ही बहुत सारे नए नियमों का भी उल्लेख है।

बिल का प्रभाव: आने वाले कुछ दिनों में बीमा व्यवसाय में इस अधिनियम की वजह से एक नयी गति मिलेगी जो न केवल पॉलिसी होल्डर, बीमा सलाहकार, बीमा कंपनियों के हित में होगी बल्कि देश के आर्थिक विकास में भी सहायक होगी। हमारे माननीय वित्त मंत्री जो को इस बारे में भी विचार करना चाहिए की आयकर की धरा 80 सी में जहाँ - जहाँ निवेश करने पर छुट मिलती है उन सारे विकल्प में सेवाकर की वसूली नहीं की जाती, जबकि बीमा क्षेत्र ही ऐसा है जो आयकर की धारा में छूट तो मिलती है, पर इसमें सेवाकर की वसूली भी की जाती है। यदि सेवाकर को इस उद्योग से हटा दिया जाय तो निश्चित ही बीमा क्षेत्र का आशातीत विकास हो सकता है।

4 मार्च 2015 को यह बिल लोकसभा में परित हो चुका है। अध्यादेश ने, बीमा अधिनियम 1938, सामान्य बीमा कारोबार (राष्ट्रीय करण) अधिनियम, 1972 और बीमा नियामक और विकास प्राधिकरण (आईआरडीए) अधिनियम, 1999 में संशोधन किया है। यह एक स्वागत योग्य रिफार्म है। यह देखना दिलचस्प होगा की इस अध्यादेश के माध्यम से उपलब्ध अवसर का लाभ कितने बीमाकर्ता ले पायेंगे, कितने, मौजूदा भारतीय बीमाकर्ता अपनी शेयरहोल्डिंग बढ़ाने के लिए आगे आते है, और कितने बीमाकर्ता और अधिक इंतजार करेंगे स्थायी व्यावसायिक पर्यावरण सामने आने का।

डॉ. अजय कुमार मिश्रा, सहारा इंडिया जीवन बीमा कंपनी लिमिटेड, लखनऊ।, व्यक्त किए गए विचार लेखक के व्यक्तिगत है।

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER DECEMBER 2014

INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(₹ in Crores)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014
1	Non linked* Life						
	with profit	11093.77	9782.32	1462550	1297278	16967.42	36861.91
	without profit	92.93	98.27	192140	130396	1820.91	1086.42
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	1185.57	1475.33	27737	35003	54.20	121.34
3	Pension						
	with profit	14.54	25.94	388	691	35.16	36.58
	without profit	22.86	135.84	130	227	0.30	0.30
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	1.38	0.80	495	255	25.53	14.80
A.	Sub total	12411.05	11518.50	1683440	1463850	18903.52	38121.35
1	Linked* Life						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	780.29	803.62	49311	36489	1296.14	1089.35
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	29.49	47.85	131	274	0.61	21.16
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.02	-0.01	6	-3	0.09	-0.06
B.	Sub total	809.80	851.46	49448	36760	1296.85	1110.45
C.	Total (A+B)	13220.85	12369.97	1732888	1500610	20200.36	39231.79
	Riders:						
	Non linked						
1	Health#	0.01	0.01	4	7	0.13	0.11
2	Accident##	0.18	0.25	429	1159	37.22	51.71
3	Term	0.010088	0.01	23	17	0.41	-0.05
4	Others	3.84	3.45	0	0	6.10	4.31
D.	Sub total	4.04	3.72	456	1183	43.86	56.08
	Linked						
1	Health#	0.01	0.00	6	-1	0.26	-0.02
2	Accident##	0.13	0.14	6082	3377	104.70	175.87
3	Term	0.00	0.00	0	0	0.10	0.00
4	Others	0.01	0.01	6	0	0.28	0.00
E.	Sub total	0.14	0.15	6094	3376	105.34	175.85
F.	Total (D+E)	4.19	3.87	6550	4559	149.20	231.94
G.	**Grand Total (C+F)	13225.04	12373.83	1732888	1500610	20349.56	39463.73

* Excluding rider figures.

** for policies Grand Total is C.

All riders related to critical illness benefit, hospitalisation benefit and medical treatment.

Disability related riders.

The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER 2014

INDIVIDUAL NON - SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(₹ in Crores)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014
1	Non linked*						
	Life						
	with profit	24495.89	16595.86	28779733	12081150	479678.30	230344.43
	without profit	2879.19	2369.97	2913807	1491142	163192.20	168307.91
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	84.73	109.31	15959	26203	1278.96	1582.11
	without profit	48.12	66.30	7654	7208	187.22	154.89
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	80.31	66.26	230775	126959	2092.38	2080.14
A.	Sub total	27588.24	19207.70	31947928	13732662	646429.06	402469.49
1	Linked*						
	Life						
	with profit	-0.37	0.09	0	0	0.00	0.00
	without profit	3622.13	5506.16	551648	745611	39383.50	59205.27
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	178.30	389.63	19395	28254	28.69	75.73
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	23.96	0.43	12054	-81	514.61	-0.82
B.	Sub total	3824.03	5896.30	583097	773784	39926.80	59280.18
C.	Total (A+B)	31412.27	25104.01	32531025	14506446	686355.86	461749.67
	Riders:						
	Non linked						
1	Health#	8.79	4.83	76750	53042	1138.23	833.83
2	Accident##	16.29	9.41	612514	557464	24990.38	24201.04
3	Term	13.73	4.66	39967	30815	2631.72	615.00
4	Others	7.48	1.30	11426	7301	2303.40	10.69
D.	Sub total	46.29	20.20	740657	648622	31063.73	25660.57
	Linked						
1	Health#	0.30	0.03	990	-8	29.53	-3.66
2	Accident##	0.82	1.06	42439	54197	2153.18	2547.39
3	Term	0.03	0.00	26	0	57.01	-1.93
4	Others	0.32	0.34	4767	10232	55.09	49.80
E.	Sub total	1.47	1.44	48222	64421	2294.81	2591.60
F.	Total (D+E)	47.76	21.64	788879	713043	33358.54	28252.17
G.	**Grand Total (C+F)	31460.03	25125.65	32531025	14506446	719714.39	490001.84

* Excluding rider figures.

** for policies Grand Total is C.

All riders related to critical illness benefit, hospitalisation benefit and medical treatment.

Disability related riders.

The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER 2014

GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(₹ in Crores)

Sl. No.	PARTICULARS	Premium		No. of Schemes		Lives Covered		Sum Assured	
		Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014
Non linked*									
1	Life								
a)	Group Gratuity Schemes with profit	32.33	144.66	18	16	0	0	0.00	0.00
	without profit	7744.24	7358.96	89	80	377758	130703	434.76	249.93
b)	Group Savings Linked Schemes with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	149.09	6.44	13	0	4606	247	28.72	1.38
c)	EDLI with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1.66	3.79	55	39	147962	138321	1962.84	6358.36
d)	Others with profit	3.00	7.63	2	3	0	0	0.00	0.00
	without profit	5022.91	3826.65	937	846	16268661	10221083	181188.77	200336.99
2	General Annuity with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	3154.74	3530.50	23	16	153698	76608	0.00	11.60
3	Pension with profit	261.85	486.02	15	2	10901	138	0.00	0.00
	without profit	18516.44	14601.91	12	15	29599	42853	164.81	187.35
4	Health with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	Sub total	34886.25	29966.57	1164	1017	16993185	10609953	183779.89	207145.62
Linked*									
1	Life								
a)	Group Gratuity Schemes with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	176.81	357.53	14	33	31715	64070	3.05	6.41
b)	Group Savings Linked Schemes with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	24.93	11.22	0	0	437	106	34.32	15.11
c)	EDLI with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	15.75	124.57	13	44	626	54322	8.11	278.36
2	General Annuity with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	Pension with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	45.92	234.37	12	18	1012	5869	0.00	0.00
4	Health with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	Sub total	263.40	727.69	39	95	33790	124367	45.48	299.88
C.	Total (A+B)	35149.66	30694.26	1203	1112	17026975	10734320	183825.37	207445.50
Riders:									
Non linked									
1	Health#	0.36	6.33	29	50	1778	10991	207.70	1071.40
2	Accident##	4.28	7.67	65	95	15539	70448	2524.36	4957.75
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
D.	Sub total	4.65	14.00	94	145	17317	81439	2732.06	6029.15
Linked									
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.02	0.02	0	0	0	0	0.00	0.00
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	Sub total	0.02	0.02	0	0	0	0	0.00	0.00
F.	Total (D+E)	4.67	14.02	94	145	17317	81439	2732.06	6029.15
G.	**Grand Total (C+F)	35154.33	30708.28	1203	1112	17026975	10734320	186557.42	213474.65

* Excluding rider figures.

** for no.of schemes & lives covered Grand Total is C.

All riders related to critical illness benefit, hospitalisation benefit and medical treatment.

Disability related riders.

The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER 2014

GROUP NEW BUSINESS-NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL) (₹ in Crores)

Sl. No.	PARTICULARS	Premium		No. of Schemes		Lives Covered		Sum Assured	
		Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014	Dec, 2013	Dec, 2014
1	Non linked*								
a)	Life								
	Group Gratuity Schemes with profit	0.50	0.00	0	0	-3	0	0.00	0.00
	without profit	1007.62	1182.65	2694	3089	2483177	1355506	14604.81	7352.51
b)	Group Savings Linked Schemes with profit	8.80	1.15	0	0	18322	-9	130.11	-0.13
	without profit	316.17	63.99	337	2	488661	94284	5301.11	3181.33
c)	EDLI with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	19.37	34.17	390	308	2429762	1598312	23200.60	46295.10
d)	Others with profit	2.15	0.00	1	0	22	0	0.00	0.00
	without profit	885.14	1377.71	19228	23480	39223507	63893301	326668.59	527754.83
2	General Annuity								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	Pension								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	2121.12	2394.91	269	323	106496	285561	2.36	66.69
4	Health								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.02	0.00	0	0	155	0	5.25	0.00
A.	Sub total	4360.90	5054.58	22919	27202	44750099	67226955	369912.84	584650.33
1	Linked*								
a)	Life								
	Group Gratuity Schemes with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	435.62	476.97	209	210	332492	207325	117.15	332.65
b)	Group Savings Linked Schemes with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	6.46	2.39	37	20	13536	3879	264.67	2.42
c)	EDLI with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	57.89	15.18	39	1	2031	8344	31.93	2.57
2	General Annuity								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	Pension								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	17.25	12.43	17	16	2960	2101	220.31	9.55
4	Health								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	Sub total	517.23	506.97	302	247	351019	221649	634.06	347.19
C.	Total (A+B)	4878.12	5561.54	23221	27449	45101118	67448604	370546.90	584997.51
	Riders:								
	Non linked								
1	Health#	4.30	5.32	119	138	238679	249438	23308.29	28177.56
2	Accident##	3.78	2.06	83	127	46644	34153	3850.24	1932.44
3	Term	0.13	0.66	2	0	4772	6130	325.69	389.35
4	Others	0.02	0.03	6	1	1063	-177	493.00	-87.49
D.	Sub total	8.22	8.07	210	266	291158	289544	27977.22	30411.86
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.00	0.00	0	0	0	0	0.00	0.00
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	Sub total	0.00	0.00	0	0	0	0	0.00	0.00
F.	Total (D+E)	8.22	8.07	210	266	291158	289544	27977.22	30411.86
G.	**Grand Total (C+F)	4886.35	5569.62	23221	27449	45101118	67448604	398524.12	615409.37

* Excluding rider figures.

** for no. of schemes & lives covered Grand Total is C.

All riders related to critical illness benefit, hospitalisation benefit and medical treatment.

Disability related riders.

The premium is actual amount received and not annualised premium.

STATISTICS NON-LIFE INSURANCE

Report Card : General

Gross Premium underwritten for and up to the month of January 2015

(₹ in Crores)

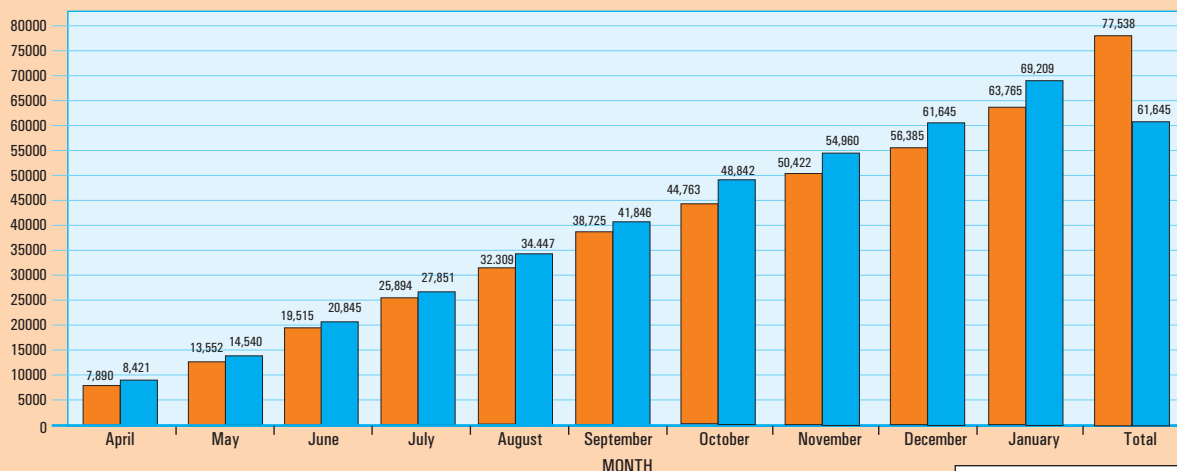
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INSURER	JANUARY		APRIL - JANUARY		GROWTH OVER THE CORRESPONDENCE PREVIOUS YEAR
	2014-15	2013-14*	2014-15	2013-14*	
Royal Sundaram	143.56	127.31	1,293.75	1,213.81	6.59
Tata-AIG	252.58	203.46	2,226.03	1,959.84	13.58
Reliance General	214.04	184.97	2,280.01	2,043.71	11.56
IFFCO-Tokio	307.89	262.58	2,677.69	2,387.72	12.14
ICICI-lombard	651.31	703.22	5,651.78	5,781.41	-2.24
Bajaj Allianz	491.39	427.64	4,272.06	3,694.02	15.65
HDFC ERGO General	241.19	231.21	2,570.02	2,309.80	11.27
Cholamandalam	146.47	152.44	1,524.27	1,468.96	3.77
Future Generali	142.03	128.08	1,268.33	1,056.70	20.03
Universal Sampo	58.64	41.17	525.84	426.94	23.16
Shriram General	128.71	127.80	1,198.99	1,235.09	-2.92
Bharti AXA General*	122.63	151.59	1,232.45	1,183.55	4.13
Raheja QBE	1.58	2.26	17.82	19.98	-10.84
SBI General	154.39	111.72	1,185.80	936.79	26.58
L&T General	30.22	21.59	255.35	199.61	27.93
Magma HDI	61.55	61.65	396.84	337.02	17.75
Liberty	36.84	17.45	238.34	92.51	157.64
Star Health & Allied Insurance	136.34	104.54	1,097.97	841.32	30.51
Apollo MUNICH	173.10	166.77	611.90	539.57	13.41
Max BUPA	33.03	32.53	282.15	238.95	18.08
Religare	35.80	14.53	208.50	124.68	67.22
Cigna TTK	2.41	NA	12.01	NA	NA
New India	1,155.00	1,002.27	10,813.07	9,399.56	15.04
National	1,087.36	1,423.37	9,257.71	8,509.05	8.80
United India	862.53	762.90	8,739.65	8,069.69	8.30
Oriental	624.25	610.25	6,154.00	5,908.00	4.16
ECGC*	109.68	113.04	1,074.20	1,029.61	4.33
AIC	161.61	193.79	2,142.01	2,756.83	-22.30
PRIVATE TOTAL	3,565.69	3,274.48	31,027.89	28,091.97	10.45
PUBLIC TOTAL	4,000.43	4,105.63	38,180.65	35,672.75	7.03
GRAND TOTAL	7,566.12	7,380.11	69,208.53	63,764.72	8.54

Note: Compiled on the basis of data submitted by the Insurance companies

* Figures revised by insurance companies

Premium underwritten by non-life insurers up to the month of January, 2015



* Compiled on the basis of data submitted by the Insurance companies
The total bar in the above chart represents the business figures of the entire financial year

The Insurance Laws (Amendment) Act, 2015

Guidelines on the Fee for granting written acknowledgement of the receipt of Notice of Assignment or Transfer of a policy of Insurance

IRDA/LIFE/CIR/GDL/057/03/2015

March 31, 2015

To
All the Insurers,

Section 38(7) of the Insurance Act mandates that every insurer shall grant a written acknowledgement of the receipt of Notice of Assignment or Transfer on payment of such fee as specified by the Regulations. The provisions of Section 38(7) of the Insurance Act also envisage that every insurer shall record the fact of the transfer or assignment together with the date thereof and the name of the transferee or the assignee. Therefore, pending notification of the Regulations, the Authority issues the following guidelines specifying the fee for granting a written acknowledgement as envisaged in these provisions. The fee that may be

collected shall be subject to these Guidelines.

Guidelines:

- 1) An Insurer is permitted to collect the following fee for granting a written acknowledgement of the receipt of notice of assignment or transfer.
 - a) In respect of those policies that are issued in electronic form as specified by the regulations under the provisions of Section 14 (2) of the Insurance Act as modified from time to time, the fee collected shall not exceed Rs 50 (Rupees fifty only) inclusive of all applicable taxes.

- b) In respect of policies issued other than those referred under Clause (1) (a) above the fee collected shall not exceed Rs 100 (Rupees Hundred Only) inclusive of all applicable taxes.
- 2) No other fee shall be collected for rendering any other services such as, recording the fact of the transfer or assignment or any other services connected to the assignment or transfer prescribed in Section 38 of the Insurance Act as modified from time to time.

These Guidelines are effective from 01st April, 2015 and are issued under Section 14 (2) of IRDA Act, 1999.

T S Vijayan
CHAIRMAN

Guidelines for charging the fee from the holder of a policy of life insurance for Registering Cancellation or Change of Nomination

IRDA/LIFE/CIR/GDL/058/03/2015

March 31, 2015

To
All the Life Insurers,

Section 39(1) of the Insurance Act allows that the holder of a policy of life insurance on his own life may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death. Section 39(2) allows such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement as prescribed therein. Section 39(3) mandates that every life insurer shall furnish a written acknowledgement of having registered a nomination or a cancellation or change thereof and may charge such fee as may be specified by Regulations for registering such cancellation or

change. Therefore, pending notification of the Regulations, the following guidelines are issued.

Guidelines:

1. Every Life Insurer is permitted to collect the following fee for registering the cancellation or change of the nomination by the holder of a policy of Life Insurance on his own life.
 - (a) In respect of those policies that are issued in electronic form as specified by the regulations under the provisions of Section 14 (2) of the Act, the fee collected shall not exceed Rs 50 (Rupees fifty only) inclusive of all applicable taxes.
 - (b) In respect of policies other than those referred under Clause (1) (a) above, the fee collected shall not

exceed Rs 100 (Rupees Hundred Only) inclusive of all applicable taxes.

2. No fee, other than what has been prescribed in Clause - 1 above, shall be collected for registering a nomination either at the time of effecting a policy of life insurance or at any time thereafter or towards any other services relating to nomination contained in Section 39 of the Act.
3. The nomination effected by a policyholder at the inception of the policy through the proposal form and recorded by the Insurer on the face of a policy document shall be considered as a valid acknowledgement by the Insurer.

These Guidelines are effective from 01st April, 2015 and are issued under Section 14 (2) of IRDA Act, 1999.

T S Vijayan
CHAIRMAN

GUIDELINES ON APPOINTMENT OF INSURANCE AGENTS, 2015

IRDA/AGTS/CIR/GLD/046/03/2015

16th March, 2015

In view of the promulgation of the Insurance Laws (Amendment) Ordinance, 2014 inter alia amending Section 42 of the insurance Act, 1938, relating to appointment of Insurance Agents, it has been decided to issue the following Guidelines in exercise of powers under section 42 of the Insurance Act, 1938 read with section 14 (2) (a) & (c) of the IRDA Act, 1999.

I. Short title and commencement.

- 1) These guidelines shall be called "Guidelines on Appointment of Insurance Agents, 2015.
- 2) These guidelines shall come into force with effect from 1st April, 2015 and valid till the Regulations in this regard are issued.

II. Definitions: In these Guidelines, unless the context otherwise requires:-

- 1) "Act" means the Insurance Act 1938 (4 of 1938) as amended from time to time
- 2) "Appointment Letter" means a letter of appointment issued by an insurer to any person to act as an insurance agent
- 3) "Appellate Officer" means an officer authorised by the Insurer to consider and dispose representations and appeals received from an Insurance Agent.
- 4) "Insurance Agent" means an individual appointed by an

insurer for the purpose of soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance;

5) "Authority" means the Insurance Regulatory and Development Authority of India established under the provisions of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);

6) "Composite Insurance Agent" means an individual who is appointed as an insurance agent by two or more insurers subject to the condition that he/she shall not act as insurance agent for more than one life insurer, one general insurer, one health insurer and one of each of the mono-line insurers.

7) "Centralised list of Agents" means a list of agents maintained by the Authority, which contains all details of agents appointed by all insurers.

8) "Centralised list of black listed agents" means list of agents maintained by the Authority whose appointment is cancelled/suspended by a designated official of insurer on grounds of violation of code of conduct and / or fraud.

9) "Designated Official" means an officer authorised by the Insurer to make Appointment of an individual as an Insurance Agent.

10) "Examination Body" means an Institution, which conducts pre-recruitment tests for insurance agents and which is duly recognised by the Authority;

11) "Multilevel Marketing Scheme" means any scheme as defined in explanation to Section 42 (A) of the Insurance Act 1938 as amended from time to time

III. All words and expressions used herein and not defined but defined in the Insurance Act 1938, or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or any other rules and regulations made there under shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

IV. Appointment of Insurance Agent by the Insurer:

- 1) An applicant seeking appointment as an Insurance Agent of an Insurer shall submit an application in Form I-A to the Designated Official of the Insurer
- 2) The Designated Official of the insurer, on receipt of the application, shall satisfy himself that the applicant:-
 - a) has furnished the Agency Application in Form I-A complete in all respects;
 - b) has submitted the PAN details along with the Agency Application Form;

- c) has passed the insurance examination as specified under Clause VI;
 - d) does not suffer from any of the disqualifications mentioned in Clause VII
 - e) has the requisite knowledge to solicit and procure insurance business; and capable of providing the necessary service to the policyholders;
- 3) The Designated Official shall exercise due diligence in verifying the agency application and ascertaining that the applicant does not hold agency appointment for more than one life insurer, one general insurer, one health insurer and one of each of the mono-line insurers and is not in the centralised list of blacklisted agents.
- 4) The Designated Official shall also verify
- a) The centralised list of agents maintained by the Authority with the PAN Number of the applicant to ascertain the information as in sub clause (3) above.
 - b) The centralised list of black listed agents maintained by the Authority to ascertain that the applicant is not black listed.
- 5) The Designated Official on satisfying himself that the applicant has complied with all the conditions mentioned in Clause IV (2) to IV (4) above, and also does not suffer from any of the disqualifications mentioned in sub-section (3) of Section 42 of the Act, may process the agency application and if found fit and proper, grant appointment to the applicant as an insurance agent by issuing an

appointment letter within 15 days of receipt of all documents from the applicant. The Designated Official shall allot an agency code number to the appointed agent and the agency code number shall be prefixed by the abbreviation of the insurer's name.

- 6) The agency appointment letter issued as mentioned in sub-clause (5) above shall lay down the terms of appointment covering all conditions governing appointment and functioning of the applicant as insurance agent and the code of conduct as outlined in Clause VIII. The letter of appointment shall be dispatched not later than 7 days after the appointment of the agent as mentioned in sub-clause (5) above.
- 7) The applicant so appointed as an insurance agent shall be provided an identity card, by the insurer which shall identify the agent with the insurer of which he/she is acting as an agent.
- 8) The Designated Official shall enter and update the Agency Data of the applicant appointed as an Insurance agent in the Agency Portal maintained by the Authority through online mode immediately after the appointment of the agent. The online up-dation of Agency database records by the insurer is to maintain the updated centralised list of agents maintained by the Authority. The Designated Official shall be responsible to ensure that the centralized list of agent's is up to date and accurate.
- 9) The Designated Official may refuse to grant Agency Appointment to any applicant if the applicant does not fulfil any

of the conditions mentioned in these Guidelines. The Designated Official shall communicate the reasons for refusal for appointment as agent to the application writing in, within 21 days of receipt of the application.

- 10) An applicant who is aggrieved by the decision of the Designated Official refusing to grant the agency appointment may submit a review application to the appellate officer of the insurer for review of the decision. The insurer shall designate an Appellate Officer to consider the review application of the applicant. The Appellate Officer shall consider the application and communicate the final decision in writing within 15 days of receipt of the review application.

V. Appointment of Composite Insurance Agent by the insurer:

- 1) An applicant seeking appointment as a 'Composite Insurance Agent' shall make separate application to the Designated Official of respective life, general, health insurer or mono line insurer as the case may be, in the 'Composite Agency Application Form I-B. The Designated Official of the respective insurers shall deal with the application in the manner and procedure outlined in Clause IV.

VI. Insurance Agency Examination.

- 1) An applicant shall pass in the Insurance Agency Examination conducted by the Examination Body in the subjects of Life,

General, Health Insurance as the case may be, as per the syllabus prescribed by the Authority to be eligible for appointment as an insurance agent. The insurer shall provide the necessary assistance and guidance to the candidates to equip them with adequate insurance knowledge required to qualify in the agency examination.

- 2) The applicant who has successfully passed the Insurance Agency Examination as mentioned in (1) above shall be issued a pass certificate by the Examination body. The pass certificate issued by the Examining body shall be in force for a period of twelve months, for the purpose of seeking appointment as an agent with any insurer for the first time.
- 3) Only candidates who have qualified in the Insurance Agency Examination as mentioned above and who hold a valid pass certificate issued by the Examination Body shall be eligible to be considered for appointment as agents.

VII. Disqualification to act as an Insurance Agent: The conditions for disqualification shall be as stipulated under Section 42 (3) of the Act.

VIII. Code of Conduct.

- 1) Every agent, shall adhere to the code of conduct specified below:-
 - a) **Every insurance agent shall,--**
 - i) identify himself and the insurer of whom he is an insurance agent;

- ii) show the agency identity card to the prospect, and also disclose the agency appointment letter to the prospect on demand;
- iii) disseminate the requisite information in respect of insurance products offered for sale by his insurer and take into account the needs of the prospect while recommending a specific insurance plan;
- iv) where the Insurance agent represents more than one insurer offering same line of products, he should dispassionately advise the policyholder on the products of all Insurers whom he is representing and the product best suited to the specific needs of the prospect.
- v) disclose the scales of commission in respect of the insurance product offered for sale, if asked by the prospect;
- v) indicate the premium to be charged by the insurer for the insurance product offered for sale;
- vi) explain to the prospect the nature of information required in the proposal form by the insurer, and also the importance of disclosure of material information in the purchase of an insurance contract;
- vii) bring to the notice of the insurer every fact about the prospect relevant to insurance underwriting, including any adverse habits or income inconsistency of the prospect, within the knowledge of the agent, in the form of a report called "Insurance Agent's Confidential Report" along with

every proposal submitted to the insurer wherever applicable, and any material fact that may adversely affect the underwriting decision of the insurer as regards acceptance of the proposal, by making all reasonable enquiries about the prospect;

- viii) obtain the requisite documents at the time of filing the proposal form with the insurer; and other documents subsequently asked for by the insurer for completion of the proposal;
- ix) advise every prospect to effect nomination under the policy
- x) inform promptly the prospect about the acceptance or rejection of the proposal by the insurer;
- xi) render necessary assistance and advice to every policyholder on all policy servicing matters including assignment of policy, change of address or exercise of options under the policy or any other policy service, wherever necessary;
- xii) render necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the insurer;

2) No insurance agent shall,----

- a) solicit or procure insurance business without being appointed to act as such by the insurer
- b) induce the prospect to omit any material information in the proposal form;

- c) induce the prospect to submit wrong information in the proposal form or documents submitted to the insurer for acceptance of the proposal;
 - d) resort to multilevel marketing for soliciting and procuring insurance policies and/or induct any prospect/policyholder to join a multilevel level marketing scheme.
 - e) behave in a discourteous manner with the prospect;
 - f) interfere with any proposal introduced by any other insurance agent;
 - g) offer different rates, advantages, terms and conditions other than those offered by his insurer;
 - h) demand or receive a share of proceeds from the beneficiary under an insurance contract;
 - i) force a policyholder to terminate the existing policy and to effect a new policy from him within three years from the date of such termination of the earlier policy;
 - j) apply for fresh agency appointment to act as an insurance agent, if his agency appointment was earlier cancelled by the designated official, and a period of five years has elapsed from the date of such cancellation;
 - k) become or remain a director of any insurer;
- 3) Every insurance agent shall, with a view to conserve the insurance business already procured through him, make every attempt to ensure

remittance of the premiums by the policyholders within the stipulated time, by giving notice to the policyholder orally and in writing;

- 4) Any person who acts as an insurance agent in contravention of the provisions of this Act shall be liable to a penalty which may extend to ten thousand rupees and any insurer or any person acting on behalf of an insurer, who appoints any person as an insurance agent not permitted to act as such or transact any insurance business in India through any such person shall be liable to penalty which may extend to one crore rupees.
- 5) The insurer shall be responsible for all acts and omissions of its agents including violation of code of conduct specified under these guidelines, and shall be liable to a penalty which may extend to one crore rupees.

IX. Authority's right to inspect:

- 1) The Authority may appoint one or more of its officers as an "Investigating Officer" to undertake inspection of affairs of an insurance Agent, to ascertain and see whether the business is carried on by him/her as per the Act, Regulations and the instructions issued by the Authority from time to time, and also to inspect the books of accounts, records and documents of the Agent.

Provided such inspection will be limited to the matters pertaining to insurance business undertaken by the Insurance Agent.

- 2) The Investigating Officer may, during the course of the

inspection, examine on oath the insurance agent or any person who is found to be in possession or control of any books, accounts or other documents, and any statement made by the insurance agent or such person during such examination may thereafter be used as evidence in any proceedings under these Guidelines.

- 3) The Authority may also call for any information from the insurance agent and he shall submit the same within the time lines referred therein by the Authority.
- 4) The purposes of inspection under this Clause may include but are not limited to ;-
 - a) Monitoring compliance with the provisions of the Act, rules, regulations etc.
 - b) Investigation of the complaints of serious nature received from any insured, any insurers, other stakeholders or any other individual on any matter having a bearing on the insurance related activities of the Agent; and
 - c) Investigating into the affairs of the Insurance Agent in the interest of proper development of insurance business or in protection of policyholder's interest.

X. Suspension of Appointment of an Agent:

- 1) The appointment of an agent may be cancelled or suspended after due notice and after giving him/her a reasonable opportunity of being heard if he/she:-

- a) violates the provisions of the Insurance Act, 1938 (4 of 1938), Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or rules or regulations, made there under as amended from time to time;
- b) attracts any of the disqualifications mentioned in Clause VII.
- c) Fails to comply with the code of conduct stipulated in Clause VIII and directions issued by the Authority from time to time.
- d) Violates terms of appointment.
- e) Fails to furnish any information relating to his/her activities as an agent as required by the Insurer or the Authority;
- f) Fails to comply with the directions issued by the Authority;
- g) Furnishes wrong or false information; or conceals or fails to disclose material facts in the application submitted for appointment of Agent or during the period of its validity.
- h) does not submit periodical returns as required by the Insurer/Authority;
- i) does not co-operate with any inspection or enquiry conducted by the Authority;
- j) fails to resolve the complaints give a satisfactory reply to the Authority in this behalf;

XI. Manner of holding enquiry before/after suspension of appointment of the insurance Agent:

1. The appointment of an insurance agent shall not be

cancelled unless an enquiry has been conducted in accordance with the procedure specified in this clause.

2. For the purpose of holding an enquiry under this clause, the insurer may appoint an Officer as an Enquiry Officer within 15 days of the issue of the suspension order;
3. The Enquiry Officer shall issue a show cause notice to the insurance agent at the registered address of the insurance agent calling for all information / data as deemed necessary to conduct the enquiry and grant the insurance agent a time of 21 days from date of receipt of the show cause notice, for submission of his/her reply and such information / data called for;
4. The insurance Agent may, within 21 days from the date of receipt of such notice, furnish to the enquiry officer a reply to the Show cause notice together with copies of documentary or other evidence relied on by him or sought by the Enquiry Officer;
5. The Enquiry Officer shall give a reasonable opportunity of hearing to the insurance agent to enable him to make submissions in support of his/her reply;
6. The insurance agent may either appear in person or through any person duly authorised by him to present his case, provided however that the prior approval of the Insurer is obtained for the appearance of the 'Authorised Person';

7. If it is considered necessary, the Enquiry Officer may require the

Insurer to present its case through one of its officers;

8. If it is considered necessary, the Enquiry Officer may call for feedback/information from any other related entity during the course of enquiry;
9. If it is considered necessary, the Enquiry Officer may call for additional papers from the insurance agent;
10. The Enquiry Officer shall make all necessary efforts to complete the proceeding at the earliest but in no case beyond 45 days of the commencement of the enquiry;

Provided that in case the enquiry cannot be completed within the prescribed time limit of 45 days as mentioned in (10) above; the enquiry officer may seek additional time from the Insurer stating the reason thereof;

- 11) The Enquiry Officer shall, after taking into account all relevant facts and submissions made by the insurance agent, shall furnish a report making his/her recommendations to the Designated Official. The Designated Official shall pass a final order in writing with reasons. The order of designated official shall be signed and dated and communicated to the agent.

XII. Procedure for Cancellation of Agency:

On the issue of the final order for cancellation of agency of the insurance agent, the agent shall cease to act as an insurance agent from the date of the final order.

XIII. Publication of order of suspension/ Cancellation.—

1. The order of suspension/ cancellation of appointment of the insurance Agent made under clause XI and XII shall be displayed on website of the Insurer and updated in centralised list of agents maintained by the Authority, so that registration of new business by the suspended/ Cancelled agent is stopped forthwith by the insurers.
2. On and from the date of suspension or cancellation of agency appointment, the insurance agent, shall cease to function as an insurance agent.

XIV. Effect of suspension/ cancellation of Agency appointment.—

- 1) On and from the date of suspension or cancellation of the agency, the insurance Agent, shall cease to act as an insurance agent.
- a) The insurer shall recover the Appointment letter and Identity card from the agent whose appointment has been cancelled under these Guidelines within 7 days of issuance of final order effecting cancellation of appointment.
- b) The insurer shall black list the agent and enter the details of the agent whose appointment is suspended/cancelled into the black listed agents database maintained by the Authority and the centralised list of agents database maintained by the Authority, in online mode, immediately after issuance of

the order effecting suspension/ cancellation.

- c) In case a suspension is revoked in respect of any agent on conclusion of disciplinary action by way of issuance of a speaking order by Designated Official, the details of such agent shall be removed from list of black listed Agents as soon as the Speaking Order revoking his/her suspension is issued.
- d) The insurer shall also inform other insurers, Life or General or Health Insurer or mono line insurer with whom he/she is acting as an agent, of the action taken against the Agent for their records and necessary action.

2. Nothing contained in the above regulation shall prevent the Authority to initiate penal action keeping in mind the extent of violation and level of violation as per the provisions of the Insurance Act, 1938, regulations and rules there under.

XV. Appeal Provision: An agent who is aggrieved by the order of cancellation can appeal to the insurer within 45 days of the order. The insurer shall appoint an Appellate Officer who shall examine the appeal and give his decision in the matter in writing within 30 days of the receipt of the appeal.

XVI. Procedure to be followed in respect of resignation/ surrender of appointment by an insurance agent:

- 1) In case an insurance agent appointed by an insurer wishes to surrender his agency with his/her insurer, he/she shall

surrender his appointment letter and identity card to the designated official of the insurer with whom he/she is currently holding agency.

- 2) The Insurer shall issue the cessation certificate as detailed in Form 1-C within a period of 15 days from the date of resignation or surrender of appointment.
- 3) An agent who has surrendered his appointment may seek fresh appointment with other insurer. In such a case, the agent has to furnish to the new insurer all the details of his/her previous agency and produce Cessation Certificate issued by the previous insurer issued in Form I-C, along with his agency application form.
- 4) The insurer will consider the agency application as outlined in Clause IV after a period of NINETY DAYS from the date of the issue of the cessation certificate by the previous insurer.

XVII. General conditions for appointment of Agents by the insurer:

- 1) The Insurer shall frame a 'Board Approved Policy' covering Agency Matters as listed in Annexure I and file the same with the Authority before 31st March every year. The guidelines for the 'Board Approved Policy' to be framed by the Insurer are mentioned in detail in Annexure - 1
- 2) No individual shall act as an insurance agent for more than one life insurer, one general insurer, one health insurer and

one of each of other mono-line insurers

- 3) Any individual, who acts as an insurance agent in contravention of the provisions of this Act, shall be liable to a penalty which may extend to ten thousand rupees.
- 4) Any insurer or any representative of the insurer acting on behalf of the insurer, who appoints an individual as an insurance agent not permitted to act as such or transact any insurance business in India shall be liable to penalty which may extend to one crore rupees.
- 5) No insurer shall, on or after the commencement of the Insurance Laws (Amendment) Ordinance 2014 appoint any Principal Agent, Chief Agent, and Special Agent and transact any insurance business in India through them.
- 6) No person shall allow or offer to allow, either directly or indirectly or an inducement to any person to take out or renew or continue an insurance policy through multilevel marketing scheme.
- 7) The Authority may through an officer authorized in this behalf, make a complaint to the appropriate police authorities relating to the entity or persons involved in the Multi-Level Marketing schemes
- 8) Every insurer and every Designated Official who is acting on behalf of an insurer in appointing insurance agents shall maintain a register showing the name and address

of every insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased.

- 9) The records as mentioned in (8) above shall be maintained by the insurer as long as the insurance agent is in service and for a period of five years from the cessation of the appointment.

XVIII. Existing Agents licensed by Authority---

1. Insurance agents holding a valid license issued by the Authority to act as insurance agents of different insurers and agents whose licenses are tagged to standalone health insurers / Agriculture Insurance Company Ltd under special permission granted by the Authority to Standalone Health Insurers /AIC of India shall be deemed to have been appointed by the respective insurers, and shall continue to operate as insurance agents of the respective Standalone Health insurers /AIC of India.
- 2) The Designated Official of insurer shall recover the agency license and identity cards issued on behalf of the Authority to the agent before commencement of these Guidelines, and issue the agents, appointment letters and fresh identity cards under these guidelines within 90 days of commencement of these Guidelines.
- 3) The agency license and identity card issued on behalf of the authority and recovered by the insurer and the fresh appointment letter issued by

the insurer should be carefully preserved by the insurer for submission to the Authority as and when called for.

XIX. Power to remove difficulties:

In order to remove any difficulties in respect of the application or interpretation of any of the provisions of these Guidelines, the Chairperson of the Authority may issue appropriate clarifications or guidelines, as and when required.

(T.S.Vijayan)
Chairman



FORM I-A
APPLICATION FOR APPOINTMENT TO ACT AS AN INSURANCE AGENT
 (With a Life Insurer OR General Insurer OR Health Insurer)

TO

(Name of the Insurer),
 -----,

 -----.

Paste self attested
 passport
 Size Photograph

DEAR SIRs,

I request that Appointment to act as an insurance agent of your organisation may be granted to me.

I hereby declare that particulars given below are true and that the APPOINTMENT for which I apply will be used only by myself for soliciting or procuring insurance business for your Insurance Organisation

(1) Name: [][][][][][][][][][][][][][][][]

(2) Title: State 1 if Mr., 2 Mrs., 3 Miss: []

(3) Father's/Husband's Name [][][][][][][][][][][][][][][][]

(4) Full Address: _____

House No _____

Street _____

Town _____

District _____

State _____

Pin Code _____

Mobile No _____ Email id _____

(5) Date of Birth: Day- Month-Year [][]-[][]-[][][][] Attach Age proof

(6) Educational Qualifications. (Tick the right Box) (Attach self-attested certificate)

Class X	Class XII	Graduate	Post Graduate	Others

(7) PAN CARD Number _____ (attach self-attested copy of the PAN CARD)

(8) Particulars of pass in pre-recruitment test conducted by the Insurance Institute of India or any Examination Body :

Name of Examination Body:		
Candidate's Name:		
Candidate's Number:		
Centre of Examination		
Name of the Exam passed		
Date of Passing		(Day- Month-Year)

(9) Furnish the details of any insurance agency in force or ever hold by the applicant:

Name of the Insurer	Agency code Number	Date of Appointment as agent	Date of cessation of Agency	Reason for cessation of agency

*Please attach Agency cessation letter issued by the insurer

10: Details of other insurance related activities undertaken, if any: _____

11. I declare that----

- I have not been found to be of unsound mind by a court of competent jurisdiction;
- I have not been found guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction;
- I have not been found guilty of or to have knowingly participated in or connived at any fraud, dishonestly or mis-representation against an insurer or an insured.

Place

Yours faithfully,

Date:

Signature of applicant

Notes and Instructions

- The application should be filled in Hindi or English language.
- Any correction or alteration made in any answer to the questions in the application should be initialled by the applicant.
- An applicant must be at least 18 years and above of age on the date of the application. The applicant shall furnish proof of age.
- An applicant shall furnish the proof of pass in the pre-recruitment exam conducted by an examination body duly recognised by the Insurance Regulatory and Development Authority of India.
- The following documents should be attached with the application
 - Age Proof
 - Educational Qualifications
 - Proof of pass in the agency examination as mentioned above
 - Copy of PAN Card
 - Address proof to the satisfaction of the insurer



FORM I-B

APPLICATION OF AN EXISTING INSURANCE AGENT FOR APPOINTMENT TO ACT AS COMPOSITE INSURANCE AGENT WITH ANOTHER INSURER (LIFE OR GENREAL OR HEALTH INSURANCE or MONO-LINE INSURANCE)

NAME OF INSURANCE AGENT _____

DETAILS OF THE INSURANCE AGENCY HELD (Past & Present)				
Name of the Insurer	Agency code Number	Date of Appointment as agent	Date of cessation of Agency	Reason for cessation of agency

Note If Agency is currently in-force with an insurer mention "INFORCE" in the column 'Date of cessation of Agency

COMPOSITE INSURANCE AGENCY APPOINTMENT now being sought with

Life Insurer	
General Insurer	
Health Insurer	
Other Mono-Line Insurer	

** Mention name of the Insurer in the Box above

Note:

- (i) No person shall act as an insurance agent for more than one life insurer, one general insurer, one health insurer and one of each of other mono-line insurers
- (ii) Any person who acts as an insurance agent in contravention of the provisions of this Act, shall be liable to a penalty which may extend to ten thousand rupees
- (iii) Attach Separate Application Form for each of the Insurance Organisation with whom you seek to obtain Appointment and submit all the Application Forms to your current insurer only.

- (8) Give particulars of pass in pre-recruitment test conducted by the Insurance Institute of India or any examination body:

Name of Examination Body:		
Candidate's Name:		
Candidate's Number:		
Centre of Examination		
Name of the Exam passed		
Date of Passing		(Day- Month-Year)

Note Attach certificate issued by the examining body

9. I declare that----

- I have not been found to be of unsound mind by a court of competent jurisdiction;
- I have not been found guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction;
- I have not been found guilty of or to have knowingly participated in or connived at any fraud, dishonestly or mis-representation against an insurer or an insured.
- I have not violated the Code of Conduct specified under Clause 7 of the IRDAI (Appointment of Insurance agents) Guidelines, 2015.

Place
Date:

Yours faithfully,
Signature of applicant

Notes and Instructions

- The application should be filled in, as far as possible, in Hindi language or English language.
- Any correction or alteration made in any answer to the questions in the application should be initialled by the applicant.
- An applicant must be at least 18 years of age on the date of the application. If required the applicant shall furnish proof of age.
- An applicant shall furnish the proof of pass in the Insurance examination conducted by the Insurance Institute of India, Mumbai or an examination body approved by the Insurance Regulatory and Development Authority of India, along with the application.
- The following documents should be attached with the application (a) Age Proof (b) Educational Qualifications (c) Proof of pass in the agency examination as mentioned above (d) Copy of PAN Card (e) Address proof to the satisfaction of the insurer (f) Cessation Certificate if any, that is held by the Agent

Note to the Insurer:

- The applicant should be provided with an acknowledgment for the receipt of the Agency Application form
- The details in the application form should be verified with the data available with the insurer and the application form with due authentication should be forwarded to the insurer with whom the applicant is seeking Agency within 15 days of the receipt of the application form from the applicant. A copy of the forwarding letter should be sent to the applicant for his records.
- The designated official of the Insurer should ensure that under no circumstances, there is a delay in forwarding the application form to the concerned insurer.
- The applicant shall ascertain from the Insurer to whom he has submitted the Agency Application form on the status of the Agency application submitted by him.



**Form I-C.
Certificate to be issued by the Insurer to
Agents on cessation of Insurance Appointment**

Certificate

We hereby declare that Shri / Smt..... (Name) Unique Agency Number was appointed as an Insurance Agent in our organization (Name of the present Insurer) and the details of the Agency held with us are as follows:

The details of the agency held with us are as follows:

Particulars of the Agent

Agents Name	
Agency Code Number (Allotted by the Insurer)	
Date of issue of appointment	
Category of appointment (Life / Non-Life/ Health Composite) In case composite furnish names of other insurers	
PAN NUMBER of the Agent Date of submitting resignation / surrender of insurance appointment if any	
Date of acceptance of resignation / surrender of insurance appointment if any	
Reasons for leaving the organization	
Remarks of the Insurer if any	

Sd/-
(Designated Official)
(Name)

(ID)
(Designation)
(Department)

Date

Place

Name of the Insurer

Instructions:

1. The above Certificate should be issued on the Insurer's official letterhead.
2. The above Certificate should be issued by the designated official of the organization / department
3. There should be clear signature & office seal of the issuing authority.
4. The Insurer should retain a copy of the certificate in the Agency file for records.
5. Data of agency resignation / cancellation should be intimated to IRDAI
6. The insurer shall take steps to recover all documents such as identity card, unused cover note, blank forms etc. before issuing of this certificate

ANNEXURE I.

GUIDELINES FOR BOARD APPROVED POLICY TO BE FRAMED BY INSURERS:

- (a) Insurers shall frame a 'Board Approved Policy' on the following Agency Matters and file the same with the Authority before 31st March every year.
- (b) The Board approved Policy shall encompass the following
 - (1) Eligibility conditions for appointment of Insurance Agents which inter alia shall include
 - i. Eligible Age for appointment
 - ii. Eligible Educational qualification, suggested minimum qualification to be prescribed by the insurer is a pass in 10th standard or equivalent examination from a recognised Board / Institution.
 - iii. Interview procedure if any for appointment.
 - (2) Pre-Recruitment Training on Insurance to applicants: Every insurer shall endeavor to impart insurance training to the applicants for agency, so as to equip them with the insurance knowledge to appear for insurance agency examination. It is suggested to prescribe a practical training in accordance with the syllabus prescribed by the Authority in Life / General / Health Insurance as the case may be for not less than 25 hours. The details thereof shall be mentioned in the Board Approved Policy.
 - (3) Skill Development Training Every insurer shall endeavor to utilize the 'Skill Development Training conducted by National Skill Development Council (NSDC), Government of India; BFSI SSC financial sector skill council in a phased manner.
 - (4) Agency Performance Review Policy: Every Insurer shall specify the following criteria:
 - a. The Minimum Business Guarantee norms to be achieved by agents during the agency year
 - b. The criteria for termination of agency for failure to achieve the Minimum Business Guarantee
 - c. The criteria for re-appointment/re-instatement of agents terminated for failure to achieve the Minimum Business Guarantee
 - (5) Agency Remuneration and Benefits: Every Insurer shall specify the following criteria and file the same with the Authority:
 - a. Criteria for payment of incentive (bonus) commission if any, to agents over and above the standard commission as prescribed in the product,
 - b. Criteria for considering eligibility for payment of renewal commission (ERC status) if any, to agents after termination of agency.
 - c. Criteria for payment of hereditary commission if any, to the heirs of agent in the event of unfortunate death of agent.
 - d. Criteria to offer group life insurance cover, group personal accident cover, group health insurance cover and any other such benefits, if any, to the agents.
 - e. Schedule of payments of commission and various other benefits to the agents

The Board of Directors of the Insurer shall review the Board Approved Policy every year; and file changes if any, in the Policy by 31st March of that year.



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 23rd March, 2015/Chaitra 2, 1937 (Saka)

The following Act of Parliament received the assent of the President on the 20th March, 2015, and is hereby published for general information:—

THE INSURANCE LAWS (AMENDMENT) ACT, 2015

NO. 5 OF 2015

[20th March, 2015.]

An Act further to amend the Insurance Act, 1938 and the General Insurance Business (Nationalisation) Act, 1972 and to amend the Insurance Regulatory and Development Authority Act, 1999.

BE it enacted by Parliament in the Sixty-sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Insurance Laws (Amendment) Act, 2015.
- (2) It shall be deemed to have come into force on the 26th day of December, 2014.

Short title
and
commencement.

CHAPTER II

AMENDMENTS TO THE INSURANCE ACT, 1938

4 of 1938.

2. In the Insurance Act, 1938 (hereafter in this Chapter referred to as the Insurance Act), throughout the Act,—

7 of 1913.
18 of 2013.

- (a) for the words and figures "the Indian Companies Act, 1913", wherever they occur, the words and figures "the Companies Act, 2013" shall be substituted;

Substitution
of references
to certain
expressions
by certain
other
expressions.

Amendment
of section 2.

(b) for the words and figures "the Companies Act, 1956", wherever they occur, the words and figures "the Companies Act, 2013" shall be substituted. 1 of 1956.
18 of 2013.

3. In section 2 of the Insurance Act,—

(i) for clauses (I) and (IA), the following clauses shall be substituted, namely:—

'(I) "actuary" means an actuary as defined in clause (a) of sub-section (I) of section 2 of the Actuaries Act, 2006; 35 of 2006.

(IA) "Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (I) of section 3 of the Insurance Regulatory and Development Authority Act, 1999;'; 41 of 1999.

(ii) clause (5A) shall be omitted;

(iii) after clause (6B), the following clause shall be inserted, namely:—

'(6C) "health insurance business" means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover;';

(iv) for clause (7A), the following clause shall be substituted, namely:—

'(7A) "Indian insurance company" means any insurer, being a company which is limited by shares, and,—

(a) which is formed and registered under the Companies Act, 2013 as a public company or is converted into such a company within one year of the commencement of the Insurance Laws (Amendment) Act, 2015; 18 of 2013.

(b) in which the aggregate holdings of equity shares by foreign investors, including portfolio investors, do not exceed forty-nine per cent. of the paid up equity capital of such Indian insurance company, which is Indian owned and controlled, in such manner as may be prescribed.

Explanation.—For the purposes of this sub-clause, the expression "control" shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business;';

(v) clause (8) shall be omitted;

(vi) in clause (8A),—

(I) for sub-clause (b), the following sub-clause shall be substituted, namely:—

"(b) having a minimum paid-up capital of rupees one hundred crore in case of life insurance business, general insurance business and health insurance business;";

(II) in sub-clause (d), after the words "general insurance business", the words "or health insurance business" shall be inserted;

(vii) for clause (9), the following clause shall be substituted, namely:—

'(9) "insurer" means—

(a) an Indian Insurance Company, or

(b) a statutory body established by an Act of Parliament to carry on insurance business, or

(c) an insurance co-operative society, or

(d) a foreign company engaged in re-insurance business through a branch established in India.

Explanation.—For the purposes of this sub-clause, the expression "foreign company" shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd's established under the Lloyd's Act, 1871 (United Kingdom) or any of its Members;';

(viii) in clause (10), the words and figures "licensed under section 42" shall be omitted;

(ix) in clause (11), in sub-clause (c), for the words "annuities payable out of any fund", the words "benefit payable out of any fund" shall be substituted;

(x) clauses (12), (13) and (15) shall be omitted;

7 of 1913.
18 of 2013.

(xi) in clause (16), for the words, brackets, figures and letter "clauses (13) and (13A) of section 2 of the Indian Companies Act, 1913", the words, brackets and figures "clause (68) and clause (72) of section 2 of the Companies Act, 2013" shall be substituted;

(xii) after clause (16), the following clauses shall be inserted, namely:—

41 of 1999.

(16A) "regulations" means the regulations framed by the Insurance Regulatory and Development Authority of India established under the Insurance Regulatory and Development Authority Act, 1999;

(16B) "re-insurance" means the insurance of part of one insurer's risk by another insurer who accepts the risk for a mutually acceptable premium;

15 of 1992.

(16C) "Securities Appellate Tribunal" means the Securities Appellate Tribunal established under section 15K of the Securities and Exchange Board of India Act, 1992;';

(xiii) clause (17) shall be omitted.

4. After section 2CA of the Insurance Act, the following section shall be inserted, namely:—

"2CB. (1) No person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Authority.

(2) If any person contravenes the provision of sub-section (1), he shall be liable to a penalty which may extend to five crore rupees."

5. Section 2E of the Insurance Act shall be omitted.

6. In section 3 of the Insurance Act,—

(i) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Every application for registration shall be made in such manner and shall be accompanied by such documents as may be specified by the regulations.";

(ii) in sub-section (2A), in clause (d), for the figures, letter and word "5, 31A and 32", the figures, word and letter "5 and 31A" shall be substituted;

Insertion of new section 2CB.

Properties in India not to be insured with foreign insurers except with the permission of Authority.

Omission of section 2E.

Amendment of section 3.

(iii) for sub-section (2C), the following sub-section shall be substituted, namely:—

"(2C) Any person aggrieved by the decision of the Authority refusing registration may, within thirty days from the date on which a copy of the decision is received by him, appeal to the Securities Appellate Tribunal.";

(iv) sub-section (2D) shall be omitted;

(v) for sub-sections (3), (4), (5) and (5A), the following sub-sections shall be substituted, namely:—

"(3) In the case of any insurer having joint venture with a person having its principal place of business domiciled outside India or any insurer as defined in sub-clause (d) of clause (9) of section 2, the Authority may withhold registration already made if it is satisfied that in the country in which such person has been debarred by law or practice of that country to carry on insurance business.

(4) The Authority may suspend or cancel the registration of an insurer either wholly or in so far as it relates to a particular class of insurance business, as the case may be,—

(a) if the insurer fails, at any time, to comply with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities, or

(b) if the insurer is in liquidation or is adjudged as an insolvent, or

(c) if the business or a class of the business of the insurer has been transferred to any person or has been transferred to or amalgamated with the business of any other insurer without the approval of the Authority, or

(d) if the insurer makes default in complying with, or acts in contravention of, any requirement of this Act or of any rule or any regulation or order made or, any direction issued thereunder, or

(e) if the Authority has reason to believe that any claim upon the insurer arising in India under any policy of insurance remains unpaid for three months after final judgment in regular court of law, or

(f) if the insurer carries on any business other than insurance business or any prescribed business, or

(g) if the insurer makes a default in complying with any direction issued or order made, as the case may be, by the Authority under the Insurance Regulatory and Development Authority Act, 1999, or

41 of 1999.

(h) if the insurer makes a default in complying with, or acts in contravention of, any requirement of the Companies Act, 2013 or the General Insurance Business (Nationalisation) Act, 1972 or the Foreign Exchange Management Act, 1999 or the Prevention of Money Laundering Act, 2002, or

18 of 2013.
57 of 1972.
42 of 1999.
15 of 2002.

(i) if the insurer fails to pay the annual fee required under section 3A, or

(j) if the insurer is convicted for an offence under any law for the time being in force, or

(k) if the insurer being a co-operative society set up under the relevant State laws or, as the case may be, the Multi-State Co-operative Societies Act, 2002, contravenes the provisions of law as may be applicable to the insurer.

39 of 2002.

(5) When the Authority suspends or cancels any registration under clause (a), clause (d), clause (e), clause (f), clause (g) or clause (i) of sub-section (4), it shall give notice in writing to the insurer of its decision, and the decision shall take effect on such date as it may specify in that behalf in the notice, such date not being less than one month not more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(5A) When the Authority suspends or cancels any registration under clause (b), (c), (j) or (k) of sub-section (4), the suspension or cancellation, as the case may be, shall take effect on the date on which notice of the order of suspension or cancellation is served on the insurer.":

(vi) for sub-section (5C), the following sub-section shall be substituted, namely:—

"(5C) Where a registration is suspended or cancelled under clause (a), clause (d), clause (e), clause (f), clause (g) or clause (i) of sub-section (4), the Authority may at its discretion revive the registration, if the insurer within six months from the date on which the suspension or cancellation took effect complies with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities or has had an application under sub-section (4) of section 3A accepted, or satisfies the Authority that no claim upon him such as is referred to in clause (e) of sub-section (4) remains unpaid or that he has complied with any requirement of this Act or the Insurance Regulatory and Development Authority Act, 1999, or of any rule or any regulation, or any order made thereunder or any direction issued under those Acts, or that he has ceased to carry on any business other than insurance business or any prescribed business, as the case may be, and complies with any directions which may be given to him by the Authority."

41 of 1999.

7. For section 3A of the Insurance Act, the following section shall be substituted, namely:—

"3A. (1) An insurer who has been granted a certificate of registration under section 3 shall pay such annual fee to the Authority in such manner as may be specified by the regulations.

(2) Any failure to deposit the annual fee shall render the certificate of registration liable to be cancelled."

8. For section 4 of the Insurance Act, the following section shall be substituted, namely:—

"4. The insurer shall pay or undertake to pay on any policy of life insurance or a group policy issued, a minimum annuity and other benefits as may be determined by regulations excluding any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid-up policy of any value or payment of surrender value of any amount."

9. In section 5 of the Insurance Act,—

(i) in sub-section (1), both the provisos shall be omitted;

(ii) sub-section (3) shall be omitted.

10. For section 6 of the Insurance Act, the following section shall be substituted, namely:—

"6. (1) No insurer not being an insurer as defined in sub-clause (d) of clause (9) of section 2, carrying on the business of life insurance, general insurance, health

Substitution of new section for section 3A.

Payment of annual fee by insurer.

Substitution of new section for section 4.

Minimum limits for annuities and other benefits secured by policies of life insurance.

Amendment of section 5.

Substitution of new section for section 6.

Requirement as to capital.

insurance or re-insurance in India or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall be registered unless he has,— 41 of 1999.

(i) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on the business of life insurance or general insurance; or

(ii) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on exclusively the business of health insurance; or

(iii) a paid-up equity capital of rupees two hundred crore, in case of a person carrying on exclusively the business as a re-insurer:

Provided that the insurer, may enhance the paid-up equity capital, as provided in this section in accordance with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 and the rules, regulations or directions issued thereunder or any other law for the time being in force: 18 of 2013.
15 of 1992.

Provided further that in determining the paid-up equity capital, any preliminary expenses incurred in the formation and registration of any insurer as may be specified by the regulations made under this Act, shall be excluded.

(2) No insurer, as defined in sub-clause (d) of clause (9) of section 2, shall be registered unless he has net owned funds of not less than rupees five thousand crore."

Amendment
of section
6A.

11. In section 6A of the Insurance Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) No public company limited by shares having its registered office in India, shall carry on life insurance business or general insurance business or health insurance business or re-insurance business, unless it satisfies the following conditions, namely:—

(i) that the capital of the company shall consist of equity shares each having a single face value and such other form of capital, as may be specified by the regulations;

(ii) that the voting rights of shareholders are restricted to equity shares;

(iii) that, except during any period not exceeding one year allowed by the company for payment of calls on shares, the paid-up amount is the same for all shares, whether existing or new:

Provided that the conditions specified in this sub-section shall not apply to a public company which has, before the commencement of the Insurance (Amendment) Act, 1950, issued any shares other than ordinary shares each of which has a single face value or any shares, the paid-up amount whereof is not the same for all of them for a period of three years from such commencement."; 47 of 1950.

(ii) in sub-section (2), after the words "paid-up amount of the", the word "equity" shall be inserted;

(iii) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) A public company as aforesaid which carries on life insurance business, general and health insurance business and re-insurance business—

(a) shall, in addition to the register of members maintained under the Companies Act, 2013, maintain a register of shares in which the name, occupation and address of the beneficial owner of each share shall be 18 of 2013.

entered including any change of beneficial owner declared to it within fourteen days from the receipt of such declaration;

(b) shall not register any transfer of its shares—

18 of 2013.

(i) unless, in addition to compliance being made with the provisions of section 56 of the Companies Act, 2013, the transferee furnishes a declaration in the prescribed form as to whether he proposes to hold the shares for his own benefit or as a nominee, whether jointly or severally, on behalf of others and in the latter case giving the name, occupation and address of the beneficial owner or owners, and the extent of the beneficial interest of each;

(ii) where, after the transfer, the total paid-up holding of the transferee in the shares of the company is likely to exceed five per cent. of its paid-up capital unless the previous approval of the Authority has been obtained to the transfer;

(iii) where, the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds one per cent. of the paid-up equity capital of the insurer, unless the previous approval of the Authority has been obtained for the transfer.

Explanation.—For the purposes of this sub-clause, the expressions "group" and "same management" shall have the meanings respectively assigned to them in the Competition Act, 2002.";

12 of 2003.

(iv) sub-sections (3), (6), (7), (8), (9) and (10) shall be omitted;

(v) in sub-section (11),—

(a) in the opening portion, the words, brackets and figures "except those of sub-sections (7), (8) and (9)" shall be omitted;

(b) in clause (i), the word "and" shall be omitted;

(c) clause (ii) shall be omitted;

(d) in the *Explanation* 1, in clause (ii), in sub-clause (c), the words "managing agent" shall be omitted.

12. Section 6AA of the Insurance Act shall be omitted.

13. In section 6B of the Insurance Act,—

(i) in sub-section (1),—

(a) for the words "life insurance business", the words "life or general or health insurance or re-insurance business" shall be substituted; and

(b) for the words "Central Government", the word "Authority" shall be substituted;

(ii) in sub-sections (2) and (3), for the words "High Court", the words "the Securities Appellate Tribunal" shall be substituted;"

(iii) sub-section (4) shall be omitted.

14. Sections 6C, 7, 8 and 9 of the Insurance Act shall be omitted.

15. In section 10 of the Insurance Act,—

(i) in sub-section (1), for the words "prescribed in this behalf", the words "specified by the regulations" shall be substituted;

Omission of section 6AA.
Amendment of section 6B.

Omission of sections 6C, 7, 8 and 9.

Amendment of section 10.

(ii) in sub-section (2),—

(a) the words, brackets and figures, "after the expiry of six months from the commencement of the Insurance (Amendment) Act, 1946", shall be omitted;

6 of 1946.

(b) the words "under the law of the insurer's country" occurring at the end, shall be omitted.

(iii) after sub-section (2A), the following sub-section shall be inserted, namely:—

"(2AA) Where the insurer carries on the business of insurance, all receipts due in respect of each sub-class of such insurance business shall be carried to and shall form a separate fund, the assets of which shall be kept separate and distinct from other assets of the insurer and every insurer shall submit to the Authority the necessary details of such funds as may be required by the Authority from time to time and such funds shall not be applied directly or indirectly, save as expressly permitted under this Act or regulations made thereunder."

Substitution
of new
section for
section 11.

16. For section 11 of the Insurance Act, the following section shall be substituted, namely:—

Accounts and
balance sheet.

"11. (1) Every insurer, on or after the date of the commencement of the Insurance Laws (Amendment) Act, 2015, in respect of insurance business transacted by him and in respect of his shareholders' funds, shall, at the expiration of each financial year, prepare with reference to that year, balance sheet, a profit and loss account, a separate account of receipts and payments, a revenue account in accordance with the regulations as may be specified.

(2) Every insurer shall keep separate accounts relating to funds of shareholders and policyholders.

(3) Unless the insurer is a company as defined in clause (20) of section 2 of the Companies Act, 2013, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company by the chairman, if any, and two directors and the principal officer of the company, or in case of an insurance cooperative society by the person in charge of the society and shall be accompanied by a statement containing the names, descriptions and occupations of, and the directorships held by, the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report on the affairs of the business during that period."

18 of 2013.

Substitution
of new
section for
section 12.

17. For section 12 of the Insurance Act, the following section shall be substituted, namely:—

Audit.

"12. The balance sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in respect of all insurance business transacted by him, shall, unless they are subject to audit under the Companies Act, 2013, be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 147 of the Companies Act, 2013."

18 of 2013.

Amendment
of section 13.

18. In section 13 of the Insurance Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Every insurer carrying on life insurance business shall, once at least every year cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the regulations:

Provided that the Authority may, having regard to the circumstances of any particular insurer, allow him to have the investigation made as at a date not later than two years from the date as at which the previous investigation was made:

41 of 1999.

Provided further that every insurer, on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall cause an abstract of the report of the actuary to be made in such manner as may be specified by the regulations.";

(ii) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) There shall be appended to every such abstract a statement prepared in such form and in such manner as may be specified by the regulations:

Provided that, if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every three years.";

(iii) for sub-section (6), the following sub-section shall be substituted, namely:—

'(6) The provisions of this section relating to the life insurance business shall apply also to any such sub-class of insurance business included in the class "Miscellaneous Insurance" and the Authority may authorise such modifications and variations of regulations as may be necessary to facilitate their application to any such sub-class of insurance business:

Provided that, if the Authority is satisfied that the number and amount of the transactions carried out by an insurer in any such sub-class of insurance business is so small as to render periodic investigation and valuation unnecessary, it may exempt that insurer from the operation of this sub-section in respect of that sub-class of insurance business.'

19. For section 14 of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 14.

"14. (1) Every insurer, in respect of all business transacted by him, shall maintain—

Record of policies and claims.

(a) a record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policyholder, the date when the policy was effected and a record of any transfer, assignment or nomination of which the insurer has notice;

(b) a record of claims, every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds thereof; and

(c) a record of policies and claims in accordance with clauses (a) and (b) may be maintained in any such form, including electronic mode, as may be specified by the regulations made under this Act.

(2) Every insurer shall, in respect of all business transacted by him, endeavour to issue policies above a specified threshold in terms of sum assured and premium in electronic form, in the manner and form to be specified by the regulations made under this Act."

Substitution of new section for section 15.

Submission of returns.

20. For section 15 of the Insurance Act, the following section shall be substituted, namely:—

"15. (1) The audited accounts and statements referred to in section 11 or sub-section (5) of section 13 and the abstract and statement referred to in section 13 shall be printed, and four copies thereof shall be furnished as returns to the Authority within six months from the end of the period to which they refer.

(2) Of the four copies so furnished, one shall be signed in the case of a company by the chairman and two directors and by the principal officer of the company and, if the company has a managing director by that managing director and one shall be signed by the auditor who made the audit or the actuary who made the valuation, as the case may be."

Omission of section 16.

Omission of sections 17 and 17A.

Amendment of section 20.

21. Section 16 of the Insurance Act shall be omitted.

22. Sections 17 and 17A of the Insurance Act shall be omitted.

23. In section 20 of the Insurance Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Every return furnished to the Authority or certified copy thereof shall be kept by the Authority and shall be open to inspection; and any person may procure a copy of any such return, or of any part thereof, on payment of such fee as may be specified by the regulations.";

(ii) in sub-section (2), the words and figures "or section 16" shall be omitted;

(iii) in sub-section (3), for the words "one rupee", the words "such fee as may be specified by the regulations" shall be substituted.

Amendment of section 21.

24. In section 21 of the Insurance Act,—

(i) in sub-section (1), in clause (d), the words and figures "or section 16" shall be omitted;

(ii) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) The Securities Appellate Tribunal may, on the application of an insurer and after hearing the Authority, cancel any order made by the Authority under clause (d) of sub-section (1) or may direct the acceptance of such a return which the Authority has declined to accept, if the insurer satisfies the Tribunal that the action of the Authority was in the circumstances unreasonable:

Provided that no application under this sub-section shall be entertained unless it is made before the expiration of four months from the date when the Authority made the order or declined to accept the return."

Amendment of section 22.

25. In section 22 of the Insurance Act,—

(i) in sub-section (1), the words, brackets, letter and figures "or an abstract of a valuation report furnished under clause (c) of sub-section (2) of section 16" shall be omitted;

(ii) in sub-section (2), the words, brackets and figures "or, as the case may be, of sub-section (2) of section 16" shall be omitted.

Substitution of new sections for sections 27, 27A, 27B, 27C and 27D.

Investment of assets.

26. For sections 27, 27A, 27B, 27C and 27D of the Insurance Act, the following sections shall be substituted, namely:—

'27. (1) Every insurer shall invest and at all times keep invested assets equivalent to not less than the sum of—

(a) the amount of his liabilities to holders of life insurance policies in India on account of matured claims, and

(b) the amount required to meet the liability on policies of life insurance maturing for payment in India,

less—

(i) the amount of premiums which have fallen due to the insurer on such policies but have not been paid and the days of grace for payment of which have not expired, and

(ii) any amount due to the insurer for loans granted on and within the surrender values of policies of life insurance maturing for payment in India issued by him or by an insurer whose business he has acquired and in respect of which he has assumed liability in the following manner, namely:—

(a) twenty-five per cent. of the said sum in Government securities, a further sum equal to not less than twenty-five per cent. of the said sum in Government securities or other approved securities; and

(b) the balance in any of the approved investments,

as may be specified by the regulations subject to the limitations, conditions and restrictions specified therein.

(2) In the case of an insurer carrying on general insurance business, twenty per cent. of the assets in Government Securities, a further sum equal to not less than ten per cent. of the assets in Government Securities or other approved securities and the balance in any other investment in accordance with the regulations of the Authority and subject to such limitations, conditions and restrictions as may be specified by the Authority in this regard.

Explanation.—In this section, the term "assets" means all the assets of insurer at their carrying value but does not include any assets specifically held against any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or miscellaneous expenditure or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section.

(3) For the purposes of sub-sections (1) and (2), any specified assets shall, subject to such conditions, if any, as may be specified, be deemed to be assets invested or kept invested in approved investments specified by regulations.

(4) In computing the assets referred to in sub-sections (1) and (2), any investment made with reference to any currency other than the Indian rupee which is in excess of the amount required to meet the liabilities of the insurers in India with reference to that currency, to the extent of such excess, shall not be taken into account:

Provided that nothing contained in this sub-section shall affect the operation of sub-section (2):

Provided further that the Authority may, either generally or in any particular case, direct that any investment shall, subject to such conditions as may be imposed, be taken into account, in such manner as may be specified in computing the assets referred to in sub-sections (1) and (2) and where any direction has been issued under this proviso, copies thereof shall be laid before each house of Parliament as soon as may be after it is issued.

(5) Where an insurer has accepted re-insurance in respect of any policies of life insurance issued by another insurer and maturing for payment in India or has ceded re-insurance to another insurer in respect of any such policies issued by himself, the sum referred to in sub-section (1) shall be increased by the amount of the liability involved in such acceptance and decreased by the amount of the liability involved in such cession.

(6) The Government securities and other approved securities in which assets are under sub-section (1) or sub-section (2) to be invested and kept invested shall be held by the insurer free of any encumbrance, charge, hypothecation or lien.

(7) The assets required by this section to be held invested by an insurer incorporated or domiciled outside India shall, except to the extent of any part thereof which consists of foreign assets held outside India, be held in India and all such assets shall be held in trust for the discharge of the liabilities of the nature referred to in sub-section (1) and shall be vested in trustees resident in India and approved by the Authority, and the instrument of trust under this sub-section shall be executed by the insurer with the approval of the Authority and shall define the manner in which alone the subject-matter of the trust shall be dealt with.

Explanation.—This sub-section shall apply to an insurer incorporated in India whose share capital to the extent of one-third is owned by, or the members of whose governing body to the extent of one-third consists of members domiciled elsewhere than in India.

Further provisions regarding investments.

27A. (1) No insurer carrying on life insurance business shall invest or keep invested any part of his controlled fund and no insurer carrying on general business shall invest or keep invested any part of his assets otherwise than in any of the approved investments as may be specified by the regulations subject to such limitations, conditions and restrictions therein.

(2) Notwithstanding anything contained in sub-section (1) or sub-section (2) of section 27, an insurer may, subject to the provisions contained in the next succeeding sub-sections, invest or keep invested any part of his controlled fund or assets otherwise than in an approved investment, if—

(i) after such investment, the total amounts of all such investments of the insurer do not exceed fifteen per cent. of the sum referred to in sub-section (1) of section 27 or fifteen per cent. of the assets referred to in sub-section (2) as the case may be;

(ii) the investment is made, or, in the case of any investment already made, the continuance of such investment is with the consent of all the directors present at a meeting and eligible to vote, special notice of which has been given to all the directors then in India, and all such investments, including investments in which any director is interested, are reported without delay to the Authority with full details of the investments and the extent of the director's interest in any such investment.

(3) An insurer shall not out of his controlled fund or assets as referred to in section 27,—

(a) invest in the shares of any one banking company; or

(b) invest in the shares or debentures of any one company,

more than the percentage specified by the regulations.

(4) An insurer shall not out of his controlled fund or assets as referred to in sub-section (2) of section 27 invest or keep invested in the shares or debentures of any private limited company.

(5) All assets forming the controlled fund or assets as referred to in sub-section (2) of section 27, not being Government securities or other approved securities in which assets are to be invested or held invested in accordance with this section, shall (except for a part thereof not exceeding one-tenth of the controlled fund or assets as referred to in sub-section (2) thereof in value which may, subject to such conditions and restrictions as may be prescribed, be offered as security for any loan

taken for purposes of any investment), be held free of any encumbrance, charge, hypothecation or lien.

(6) If at any time the Authority considers any one or more of the investments of an insurer to be unsuitable or undesirable, the Authority may, after giving the insurer an opportunity of being heard, direct him to realise the investment or investments, and the insurer shall comply with the direction within such time as may be specified in this behalf by the Authority.

(7) Nothing contained in this section shall be deemed to affect in any way the manner in which any moneys relating to the provident fund of any employee or to any security taken from any employee or other moneys of a like nature are required to be held by or under any Central Act, or Act of a State legislature.

Explanation.—In this section "controlled fund" means—

(a) in the case of any insurer carrying on life insurance business—

(i) all his funds, if he carries on no other class of insurance business;

(ii) all the funds in India appertaining to his life insurance business if he carries on some other class of insurance business also.

Explanation.—For the purposes of sub-clauses (i) and (ii), the fund does not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion, as the case may be, is regulated by the law in force of any country outside India or it would not be in the interest of the insurer to apply the provisions of this section;

(b) in the case of any other insurer carrying on life insurance business—

(i) all his funds in India, if he carries on no other class of insurance business;

(ii) all the funds in India appertaining to his life insurance business if he carries on some other class of insurance business also; but does not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section.

27B. (1) All assets of an insurer carrying on general insurance business shall, subject to such conditions, if any, as may be prescribed, be deemed to be assets invested or kept invested in approved investments specified in section 27.

(2) All assets shall (except for a part thereof not exceeding one-tenth of the total assets in value which may subject to such conditions and restrictions as may be prescribed, be offered as security for any loan taken for purposes of any investment or for payment of claims, or which may be kept as security deposit with the banks for acceptance of policies) be held free of any encumbrance, charge, hypothecation or lien.

(3) Without prejudice to the powers conferred on the Authority by sub-section (5) of section 27A nothing contained in this section shall be deemed to require any insurer to realise any investment made in conformity with the provisions of sub-section (1) of section 27 after the commencement of the Insurance (Amendment) Act, 1968, which, after the making thereof, has ceased to be an approved investment within the meaning of this section.

27C. An insurer may invest not more than five per cent. in aggregate of his controlled fund or assets as referred to in sub-section (2) of section 27 in the companies

Provisions regarding investments of assets of insurer carrying general insurance business.

Investment by insurer in certain cases.

belonging to the promoters, subject to such conditions as may be specified by the regulations.

Manner and condition of investment.

27D. (1) Without prejudice to anything contained in this section, the Authority may, in the interests of the policyholders, specify by the regulations, the time, manner and other conditions of investment of assets to be held by an insurer for the purposes of this Act.

(2) The Authority may give specific directions for the time, manner and other conditions subject to which the funds of policyholders shall be invested in the infrastructure and social sector as may be specified by the regulations and such regulations shall apply uniformly to all the insurers carrying on the business of life insurance, general insurance, or health insurance or re-insurance in India on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999.

41 of 1999.

(3) The Authority may, after taking into account the nature of business and to protect the interests of the policyholders, issue to an insurer the directions relating to the time, manner and other conditions of investment of assets to be held by him:

Provided that no direction under this sub-section shall be issued unless the insurer concerned has been given a reasonable opportunity of being heard.

Prohibition for investment of funds outside India.

27E. No insurer shall directly or indirectly invest outside India the funds of the policyholders.’.

Substitution of new section for section 28, section 28A and section 28B.

27. For section 28, section 28A and section 28B of the Insurance Act, the following section shall be substituted, namely:—

Statement and return of investment of assets.

"28. Every insurer shall submit to the Authority returns giving details of investments made, in such form, time and manner including its authentication as may be specified by the regulations."

Substitution of new section for section 29.

28. For section 29 of the Insurance Act, the following section shall be substituted, namely:—

Prohibition of loans.

"29. (1) No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security or otherwise, except loans on life insurance policies issued by him within their surrender value, to any director, manager, actuary, auditor or officer of the insurer, if a company or to any other company or firm in which any such director, manager, actuary or officer holds the position of a director, manager, actuary, officer or partner:

Provided that nothing contained in this sub-section shall apply to such loans, made by an insurer to a banking company, as may be specified by the Authority:

Provided further that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company if the previous approval of the Authority is obtained for such loan or advance.

(2) The provisions of section 185 of the Companies Act, 2013 shall not apply to a loan granted to a director of an insurer being a company, if the loan is one granted on the security of a policy on which the insurer bears the risk and the policy was issued to the director on his own life, and the loan is within the surrender value of the policy.

18 of 2013.

(3) Subject to the provisions of sub-section (1), no insurer shall grant—

(a) any loans or temporary advances either on hypothecation of property or on personal security or otherwise, except such loans as may be specified by the regulations including the loans sanctioned as part of their salary package to the full-time employees of the insurer as per the scheme duly approved by its Board of Directors;

(b) temporary advances to any insurance agent to facilitate the carrying out of his functions as such except in cases where such advances do not exceed in the aggregate the renewal commission earned by him during the immediately preceding year.

(4) Where any event occurs giving rise to circumstances, the existence of which at the time of grant of any subsisting loan or advance would have made such grant a contravention of this section, such loan or advance shall, notwithstanding anything in any contract to the contrary, be repaid within three months from the occurrence of such event.

(5) In case of default in complying with the provisions of sub-section (4), the director, manager, auditor, actuary, officer or insurance agent concerned shall, without prejudice to any other penalty which he may incur, cease to hold office under, or to act for, the insurer granting the loan on the expiry of three months."

29. For section 30 of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 30.

"30. If by reason of a contravention of any of the provisions of section 27, 27A, 27B, 27C, 27D or section 29, any loss is sustained by the insurer or by the policyholders, every director, manager or officer who is knowingly a party to such contravention shall, without prejudice to any other penalty to which he may be liable under this Act, be jointly and severally liable to make good the amount of such loss."

Liability of directors, etc., for loss due to contravention of section 27, 27A, 27B, 27C, 27D or section 29.

30. In section 31 of the Insurance Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of section 31.

"(1) None of the assets in India of any insurer shall, except in so far as assets are required to be vested in trustees under sub-section (7) of section 27, be kept otherwise than in the name of a public officer approved by the Authority, or in the corporate name of the undertaking, if a company or an insurance co-operative society, as the case may be."

31. In section 31A of the Insurance Act,—

Amendment of section 31A.

(a) in sub-section (1), in clause (c)—

(I) for sub-clauses (i) and (ii) to the proviso, the following sub-clause shall be substituted, namely:—

"(i) the payment of commission to an insurance agent, in respect of insurance business procured by or through him;"

(II) clause (iii) to the proviso shall be omitted;

(b) in sub-section (3), for the words, figures and letter "or in section 86B of the Indian Companies Act, 1913", the words "or in any other law for the time being in force" shall be substituted.

7 of 1913.

32. For section 31B of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 31B.

"31B. No insurer shall in respect of insurance business transacted by him, shall pay to any person by way of remuneration, whether by way of commission or otherwise in excess of such sum as may be specified by the regulations."

Power to restrict payment of excessive remuneration.

Omission of section 32.

33. Section 32 of the Insurance Act shall be omitted.

Amendment of section 32A.

34. In section 32A of the Insurance Act,—

(i) in sub-section (1), the words, brackets, letter and figures "specified in sub-clause (b) of clause (9) of section 2 and," shall be omitted;

(ii) sub-sections (2) and (3) shall be omitted.

Amendment of section 32B.

35. In section 32B of the Insurance Act, for the words "rural or social sector", the words "rural and social sectors" shall be substituted.

Insertion of new section 32D.

36. After section 32C of the Insurance Act, the following section shall be inserted, namely:—

Obligation of insurer in respect of insurance business in third party risks of motor vehicles.

"32D. Every insurer carrying on general insurance business shall, after the commencement of the Insurance Laws (Amendment) Act, 2015, underwrite such minimum percentage of insurance business in third party risks of motor vehicles as may be specified by the regulations:

Provided that the Authority may, by regulations, exempt any insurer who is primarily engaged in the business of health, re-insurance, agriculture, export credit guarantee, from the application of this section."

Substitution of new section for section 33.

37. For section 33 of the Insurance Act, the following section shall be substituted, namely:—

Power of investigation and inspection by Authority.

'33. (1) The Authority may, at any time, if it considers expedient to do so by order in writing, direct any person (herein referred to as "Investigating Officer") specified in the order to investigate the affairs of any insurer or intermediary or insurance intermediary, as the case may be, and to report to the Authority on any investigation made by such Investigating Officer:

Provided that the Investigating Officer may, wherever necessary, employ any auditor or actuary or both for the purpose of assisting him in any investigation under this section.

(2) Notwithstanding anything to the contrary contained in section 210 of the Companies Act, 2013, the Investigating Officer may, at any time, and shall, on being directed so to do by the Authority, cause an inspection to be made by one or more of his officers of the books of account of any insurer or intermediary or insurance intermediary, as the case may be, and the Investigating Officer shall supply to the insurer or intermediary or insurance intermediary, as the case may be, a copy of the report on such inspection.

(3) It shall be the duty of every manager, managing director or other officer of the insurer including a service provider, contractor of an insurer where services are outsourced by the insurer, or intermediary or insurance intermediary, as the case may be, to produce before the Investigating Officer directed to make the investigation under sub-section (1), or inspection under sub-section (2), all such books of account, registers, other documents and the database in his custody or power and to furnish him with any statement and information relating to the affairs of the insurer or intermediary or insurance intermediary, as the case may be, as the Investigating Officer may require of him within such time as the said Investigating Officer may specify.

(4) Any Investigating Officer, directed to make an investigation under sub-section (1), or inspection under sub-section (2), may examine on oath, any manager, managing director or other officer of the insurer including a service provider or contractor where the services are outsourced by the insurer or intermediary or insurance intermediary, as the case may be, in relation to his business.

(5) The Investigating Officer shall, if he has been directed by the Authority to cause an inspection to be made, make a report to the Authority on such inspection.

(6) On receipt of any report under sub-section (1) or sub-section (5), the Authority may, after giving such opportunity to the insurer or intermediary or insurance intermediary, as the case may be, to make a representation in connection with the report as, in the opinion of the Authority, seems reasonable, by order in writing, —

(a) require the insurer, to take such action in respect of any matter arising out of the report as the Authority may think fit; or

(b) cancel the registration of the insurer or intermediary or insurance intermediary, as the case may be; or

(c) direct any person to apply to the court for the winding up of the insurer or intermediary or insurance intermediary, as the case may be, if it is a company, whether the registration of the insurer or intermediary or insurance intermediary, as the case may be, has been cancelled under clause (b) or not.

(7) The Authority may by the regulations made by it specify the minimum information to be maintained by insurers or intermediary or insurance intermediary, as the case may be, in their books, the manner in which such information shall be maintained, the checks and other verifications to be adopted by insurers or intermediary or insurance intermediary, as the case may be, in that connection and all other matters incidental thereto as are, in its opinion, necessary to enable the Investigating Officer to discharge satisfactorily his functions under this section.

Explanation.—For the purposes of this section, the expression "insurer" shall include in the case of an insurer incorporated in India—

(a) all its subsidiaries formed for the purpose of carrying on the business of insurance exclusively outside India; and

(b) all its branches whether situated in India or outside India.

(8) Any insurer or intermediary or insurance intermediary aggrieved by any order made under this section may prefer an appeal to the Securities Appellate Tribunal.

(9) All expenses of, and incidental to, any investigation made under this section shall be defrayed by the insurer or intermediary or insurance intermediary, as the case may be, shall have priority over the debts due from the insurer and shall be recoverable as an arrear of land revenue.’.

38. In section 34B of the Insurance Act, for sub-section (4), the following sub-section shall be substituted, namely:—

“(4) If any person in respect of whom an order is made by the Authority under sub-section (1) or under the proviso to sub-section (2), contravenes the provisions of this section, he shall be liable to a penalty of one lakh rupees for each day during which such contravention continues or one crore rupees, whichever is less.”

Amendment
of section
34B.

39. In section 34C of the Insurance Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) If the Authority is of opinion that in the public interest or in the interest of an insurer or his policyholders it is necessary so to do, it may, from time to time, by order in writing, appoint, in consultation with the Central Government with effect from such date as may be specified in the order, one or more persons to hold office as additional directors of the insurer:

Amendment
of section
34C.

Provided that the number of additional directors so appointed shall not, at any time, exceed five or one-third of the maximum strength fixed for the Board by the articles of association of the insurer, whichever is less.”.

Omission of section 34G.

40. Section 34G of the Insurance Act shall be omitted.

Amendment of section 34H.

41. In section 34H of the Insurance Act,—

(i) in sub-section (1), for the words "an officer authorised by the Authority", the words "a Deputy Director or an equivalent officer" shall be substituted;

(ii) in sub-sections (7) and (8), for the words "Central Government", the words "Securities Appellate Tribunal" shall be substituted.

Amendment of section 35.

42. In section 35 of the Insurance Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Notwithstanding anything contained in any other law for the time being in force, no insurance business of an insurer shall be transferred to or amalgamated with the insurance business of any other insurer except in accordance with a scheme prepared under this section and approved by the Authority.";

(ii) in sub-section (3), for clauses (b) and (c), the following clauses shall be substituted, namely:—

"(b) balance sheets in respect of the insurance business of each of the insurers concerned in such amalgamation or transfer, prepared in such forms as may be specified by the regulations;

(c) actuarial reports and abstracts in respect of the life insurance business of each of the insurers so concerned, prepared in conformity with the regulations specified in this regard.".

Substitution of new section for section 36.
Sanction of amalgamation and transfer by Authority.

43. For section 36 of the Insurance Act, the following section shall be substituted, namely:—

"36. When any application under sub-section (3) of section 35 is made to the Authority, the Authority shall cause, a notice of the application to be given to the holders of any kind of policy of insurer concerned alongwith statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and, after hearing the directors and considering the objections of the policyholders and any other persons whom it considers entitled to be heard, may approve the arrangement, and shall make such consequential orders as are necessary to give effect to the arrangement.".

Amendment of section 37A.

44. In section 37A of the Insurance Act, for sub-section (4), the following sub-sections shall be substituted, namely:—

"(4) The scheme shall thereafter be placed before the Central Government for its sanction and the Central Government may sanction the scheme without any modification or with such modifications as it may consider necessary, and the scheme as sanctioned by the Central Government shall come into force on such date as the Central Government may notify in this behalf in the Official Gazette:

Provided that different dates may be specified for different provisions of the scheme.

(4A) Every policyholder or shareholder or member of each of the insurers, before amalgamation, shall have the same interest in, or rights against the insurer resulting from amalgamation as he had in the company of which he was originally a policyholder or shareholder or member:

Provided that where the interests or rights of any shareholder or member are less than his interest in, or rights against, the original insurer, he shall be entitled to compensation, which shall be assessed by the Authority in such manner as may be specified by the regulations.

(4B) The compensation so assessed shall be paid to the shareholder or member by the insurance company resulting from such amalgamation.

(4C) Any member or shareholder aggrieved by the assessment of compensation made by the Authority under sub-section (4A) may within thirty days from the publication of such assessment prefer an appeal to the Securities Appellate Tribunal."

45. For sections 38, 39 and 40 of the Insurance Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 38, 39 and 40.

"38. (1) A transfer or assignment of a policy of insurance, wholly or in part, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment and the reasons thereof, the antecedents of the assignee and the terms on which the assignment is made.

Assignment and transfer of insurance policies.

(2) An insurer may, accept the transfer or assignment, or decline to act upon any endorsement made under sub-section (1), where it has sufficient reason to believe that such transfer or assignment is not *bona fide* or is not in the interest of the policyholder or in public interest or is for the purpose of trading of insurance policy.

(3) The insurer shall, before refusing to act upon the endorsement, record in writing the reasons for such refusal and communicate the same to the policyholder not later than thirty days from the date of the policyholder giving notice of such transfer or assignment.

(4) Any person aggrieved by the decision of an insurer to decline to act upon such transfer or assignment may within a period of thirty days from the date of receipt of the communication from the insurer containing reasons for such refusal, prefer a claim to the Authority.

(5) Subject to the provisions in sub-section (2), the transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but except, where the transfer or assignment is in favour of the insurer, shall not be operative as against an insurer, and shall not confer upon the transferee or assignee, or his legal representative, any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment and either the said endorsement or instrument itself or a copy thereof certified to be correct by both transferor and transferee or their duly authorised agents have been delivered to the insurer:

Provided that where the insurer maintains one or more places of business in India, such notice shall be delivered only at the place where the policy is being serviced.

(6) The date on which the notice referred to in sub-section (5) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment as between persons interested in the policy; and where there is more than one instrument of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section (5) are delivered:

Provided that if any dispute as to priority of payment arises as between assignees, the dispute shall be referred to the Authority.

(7) Upon the receipt of the notice referred to in sub-section (5), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of such fee as may be specified by the regulations, grant a written acknowledgement of the receipt of such notice; and any such acknowledgement shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgement relates.

(8) Subject to the terms and conditions of the transfer or assignment, the insurer shall, from the date of the receipt of the notice referred to in sub-section (5), recognise the transferee or assignee named in the notice as the absolute transferee or assignee entitled to benefit under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy, obtain a loan under the policy or surrender the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

Explanation.—Except where the endorsement referred to in sub-section (1) expressly indicates that the assignment or transfer is conditional in terms of sub-section (10) hereunder, every assignment or transfer shall be deemed to be an absolute assignment or transfer and the assignee or transferee, as the case may be, shall be deemed to be the absolute assignee or transferee respectively.

(9) Any rights and remedies of an assignee or transferee of a policy of life insurance under an assignment or transfer effected prior to the commencement of the Insurance Laws (Amendment) Act, 2015 shall not be affected by the provisions of this section.

(10) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made upon the condition that—

(a) the proceeds under the policy shall become payable to the policyholder or the nominee or nominees in the event of either the assignee or transferee predeceasing the insured; or

(b) the insured surviving the term of the policy, shall be valid:

Provided that a conditional assignee shall not be entitled to obtain a loan on the policy or surrender a policy.

(11) In the case of the partial assignment or transfer of a policy of insurance under sub-section (1), the liability of the insurer shall be limited to the amount secured by partial assignment or transfer and such policyholder shall not be entitled to further assign or transfer the residual amount payable under the same policy.

Nomination by
policyholder.

39. (1) The holder of a policy of life insurance on his own life may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death:

Provided that, where any nominee is a minor, it shall be lawful for the policyholder to appoint any person in the manner laid down by the insurer, to receive the money secured by the policy in the event of his death during the minority of the nominee.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be, but unless notice in writing of any such cancellation or change has been delivered to the insurer, the insurer shall not be liable for any payment under the policy made *bona fide* by him to a nominee mentioned in the text of the policy or registered in records of the insurer.

(3) The insurer shall furnish to the policyholder a written acknowledgement of having registered a nomination or a cancellation or change thereof, and may charge such fee as may be specified by regulations for registering such cancellation or change.

(4) A transfer or assignment of a policy made in accordance with section 38 shall automatically cancel a nomination:

Provided that the assignment of a policy to the insurer who bears the risk on the policy at the time of the assignment, in consideration of a loan granted by that insurer on the security of the policy within its surrender value, or its reassignment on repayment of the loan shall not cancel a nomination, but shall affect the rights of the nominee only to the extent of the insurer's interest in the policy:

Provided further that the transfer or assignment of a policy, whether wholly or in part, in consideration of a loan advanced by the transferee or assignee to the policyholder, shall not cancel the nomination but shall affect the rights of the nominee only to the extent of the interest of the transferee or assignee, as the case may be, in the policy:

Provided also that the nomination, which has been automatically cancelled consequent upon the transfer or assignment, the same nomination shall stand automatically revived when the policy is reassigned by the assignee or retransferred by the transferee in favour of the policyholder on repayment of loan other than on a security of policy to the insurer.

(5) Where the policy matures for payment during the lifetime of the person whose life is insured or where the nominee or, if there are more nominees than one, all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policyholder or his heirs or legal representatives or the holder of a succession certificate, as the case may be.

(6) Where the nominee or if there are more nominees than one, a nominee or nominees survive the person whose life is insured, the amount secured by the policy shall be payable to such survivor or survivors.

(7) Subject to the other provisions of this section, where the holder of a policy of insurance on his own life nominates his parents, or his spouse, or his children, or his spouse and children, or any of them, the nominee or nominees shall be beneficially entitled to the amount payable by the insurer to him or them under sub-section (6) unless it is proved that the holder of the policy, having regard to the nature of his title to the policy, could not have conferred any such beneficial title on the nominee.

(8) Subject as aforesaid, where the nominee, or if there are more nominees than one, a nominee or nominees, to whom sub-section (7) applies, die after the person whose life is insured but before the amount secured by the policy is paid, the amount secured by the policy, or so much of the amount secured by the policy as represents the share of the nominee or nominees so dying (as the case may be), shall be payable to the heirs or legal representatives of the nominee or nominees or the holder of a succession certificate, as the case may be, and they shall be beneficially entitled to such amount.

(9) Nothing in sub-sections (7) and (8) shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of life insurance.

(10) The provisions of sub-sections (7) and (8) shall apply to all policies of life insurance maturing for payment after the commencement of the Insurance Laws (Amendment) Act, 2015.

(11) Where a policyholder dies after the maturity of the policy but the proceeds and benefit of his policy has not been made to him because of his death, in such a case, his nominee shall be entitled to the proceeds and benefit of his policy.

(12) The provisions of this section shall not apply to any policy of life insurance to which section 6 of the Married Women's Property Act, 1874, applies or has at any time applied:

Provided that where a nomination made whether before or after the commencement of the Insurance Laws (Amendment) Act, 2015, in favour of the wife of the person who has insured his life or of his wife and children or any of them is expressed, whether or not on the face of the policy, as being made under this section, the said section 6 shall be deemed not to apply or not to have applied to the policy.

Prohibition of payment by way of commission or otherwise for procuring business.

40. (1) No person shall, pay or contract to pay any remuneration or reward, whether by way of commission or otherwise for soliciting or procuring insurance business in India to any person except an insurance agent or an intermediary or insurance intermediary in such manner as may be specified by the regulations.

(2) No insurance agent or intermediary or insurance intermediary shall receive or contract to receive commission or remuneration in any form in respect of policies issued in India, by an insurer in any form in respect of policies issued in India, by an insurer except in accordance with the regulations specified in this regard:

Provided that the Authority, while making regulations under sub-sections (1) and (2), shall take into consideration the nature and tenure of the policy and in particular the interest of the agents and other intermediaries concerned.

(3) Without prejudice to the provisions of section 102 in respect of a contravention of any of the provisions of the preceding sub-sections or the regulations framed in this regard, by an insurer, any insurance agent or intermediary or insurance intermediary who contravenes the said provisions shall be liable to a penalty which may extend to one lakh rupees .".

Omission of section 40A.

46. Section 40A of the Insurance Act shall be omitted.

Substitution of new sections for sections 40B and 40C.

47. For sections 40B and 40C of the Insurance Act, the following sections shall be substituted, namely:—

Limitation of expenses of management in life insurance business.

"40B. No insurer shall, in respect of insurance business transacted by him in India, spend as expenses of management in any financial year any amount exceeding the amount as may be specified by the regulations made under this Act;

Limitation of expenses of management in general, health insurance and re-insurance business.

40C. Every insurer transacting insurance business in India shall furnish to the Authority, the details of expenses of management in such manner and form as may be specified by the regulations made under this Act."

Amendment of section 41.

48. In section 41 of the Insurance Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees."

Substitution of new section for section 42.

49. For section 42 of the Insurance Act, the following section shall be substituted, namely:—

Appointment of insurance agents.

"42. (1) An insurer may appoint any person to act as insurance agent for the purpose of soliciting and procuring insurance business:

Provided that such person does not suffer from any of the disqualifications mentioned in sub-section (3).

(2) No person shall act as an insurance agent for more than one life insurer, one general insurer, one health insurer and one of each of the other mono-line insurers:

Provided that the Authority shall, while framing regulations, ensure that no conflict of interest is allowed to arise for any agent in representing two or more insurers for whom he may be an agent.

(3) The disqualifications referred to in the proviso to sub-section (1) shall be the following:—

(a) that the person is a minor;

(b) that he is found to be of unsound mind by a court of competent jurisdiction;

(c) that he has been found guilty of criminal misappropriation or criminal breach of trust or cheating or forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction:

Provided that where at least five years have elapsed since the completion of the sentence imposed on any person in respect of any such offence, the Authority shall ordinarily declare in respect of such person that his conviction shall cease to operate as a disqualification under this clause;

(d) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurer or in the course of an investigation of the affairs of an insurer it has been found that he has been guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or insured;

(e) that in the case of an individual, who does not possess the requisite qualifications or practical training or passed the examination, as may be specified by the regulations;

(f) that in the case of a company or firm making, a director or a partner or one or more of its officers or other employees so designated by it and in the case of any other person the chief executive, by whatever name called, or one or more of his employees designated by him, do not possess the requisite qualifications or practical training and have not passed such an examination as required under clauses (e) and (g);

(g) that he has not passed such examination as may be specified by the regulations;

(h) that he has violated the code of conduct as may be specified by the regulations.

(4) Any person who acts as an insurance agent in contravention of the provision of this Act, shall be liable to a penalty which may extend to ten thousand rupees and any insurer or any person acting on behalf of an insurer, who appoints any person as an insurance agent not permitted to act as such or transacts any insurance business in India through any such person shall be liable to penalty which may extend to one crore rupees.

(5) The insurer shall be responsible for all the acts and omissions of its agents including violation of code of conduct specified under clause (h) of sub-section (3) and liable to a penalty which may extend to one crore rupees."

50. For sections 42A, 42B and 42C of the Insurance Act, the following section shall be substituted, namely:—

'42A. (1) No insurer shall, on or after the commencement of the Insurance Laws (Amendment) Act, 2015, appoint any principal agent, chief agent, and special agent and transact any insurance business in India through them.

(2) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance policy through multilevel marketing scheme.

(3) The Authority may, through an officer authorised in this behalf, make a complaint to the appropriate police authorities against the entity or persons involved in the multilevel marketing scheme.

Substitution of new section for sections 42A, 42B and 42C.

Prohibition of insurance business through principal agent, special agent and multilevel marketing.

Explanation.—For the purpose of this section "multilevel marketing scheme" means any scheme or programme or arrangement or plan (by whatever name called) for the purpose of soliciting and procuring insurance business through persons not authorised for the said purpose with or without consideration of whole or part of commission or remuneration earned through such solicitation and procurement and includes enrolment of persons into a multilevel chain for the said purpose either directly or indirectly.'

Amendment
of section
42D.

51. In section 42D of the Insurance Act,—

(i) for the words "licence" and "licence issued", wherever they occur, the words "registration" and "registration made", shall respectively be substituted;

(ii) in sub-section (1), in clause (a) of the proviso, for the word, brackets and figure "sub-section (4)", the word, brackets and figure "sub-section (3)" shall be substituted;

(iii) in sub-section (3),—

(a) after the words "directors or partners", the words "or one or more of its officers or other employees so designated by it and in the case of any other person, the chief executive by whatever name called, or one or more of his employees designated by him" shall be inserted;

(b) for the words, brackets, letters and figures "in clauses (b), (c), (d), (e) and (f) of sub-section (4) of section 42", the words, brackets, letters and figures "in clauses (b), (c), (d), (e) and (g) of sub-section (3) of section 42" shall be substituted;

(iv) for sub-sections (8) and (9), the following sub-sections, shall be substituted, namely:—

"(8) Any person who acts as an intermediary or an insurance intermediary without being registered under this section to act as such, shall be liable to a penalty which may extend to ten lakh rupees and any person who appoints as an intermediary or an insurance intermediary or any person not registered to act as such or transacts any insurance business in India through any such person, shall be liable to a penalty which may extend to one crore rupees.

(9) Where the person contravening sub-section (8) is a company or a firm, then, without prejudice to any other proceedings which may be taken against the company or firm, every director, manager, secretary or other officer of the company, and every partner of the firm who is knowingly a party to such contravention shall be liable to a penalty which may extend to ten lakh rupees."

Substitution
of new
section for
section 42E.
Condition for
intermediary
or insurance
intermediary.

52. For section 42E of the Insurance Act, the following section shall be substituted, namely:—

"42E. Without prejudice to the provisions contained in this Act, the Authority may, by regulations made in this behalf, specify the requirements of capital, form of business and other conditions, to act as an intermediary or an insurance intermediary."

Substitution
of new
section for
section 43.

53. For section 43 of the Insurance Act, the following section shall be substituted, namely:—

Record of
insurance
agents.

"43. (1) Every insurer and every person who, acting on behalf of an insurer employs insurance agents shall maintain a record showing the name and address of every insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased.

(2) The record prepared by the insurer under sub-section (1), shall be maintained as long as the insurance agent is in service and for a period of five years after the cessation of appointment."

54. Section 44 of the Insurance Act shall be omitted.

Omission of section 44.

55. For sections 44A and 45 of the Insurance Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 44A and 45.

'44A. For the purposes of ensuring compliance with the provisions of sections 40, 40B and 40C, the Authority may, by notice—

Power to call for information.

(a) require from an insurer such information, certified if so required by an auditor or actuary, as it may consider necessary;

(b) require an insurer to submit for its examination at the principal place of business of the insurer in India, any books of account, register or other document, or to supply any statement which may be specified in the notice;

(c) examine any officer of an insurer on oath, in relation to any such information, book, register, document or statement and the insurer, shall comply with any such requirement within such time as may be specified in the notice.

45. (1) No policy of life insurance shall be called in question on any ground whatsoever after the expiry of three years from the date of the policy, *i.e.*, from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.

Policy not be called in question on ground of misstatement after three years.

(2) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground of fraud:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision is based.

Explanation I.—For the purposes of this sub-section, the expression "fraud" means any of the following acts committed by the insured or by his agent, with intent to deceive the insurer or to induce the insurer to issue a life insurance policy:—

(a) the suggestion, as a fact of that which is not true and which the insured does not believe to be true;

(b) the active concealment of a fact by the insured having knowledge or belief of the fact;

(c) any other act fitted to deceive; and

(d) any such act or omission as the law specially declares to be fraudulent.

Explanation II.—Mere silence as to facts likely to affect the assessment of the risk by the insurer is not fraud, unless the circumstances of the case are such that regard being had to them, it is the duty of the insured or his agent keeping silence, to speak, or unless his silence is, in itself, equivalent to speak.

(3) Notwithstanding anything contained in sub-section (2), no insurer shall repudiate a life insurance policy on the ground of fraud if the insured can prove that the misstatement of or suppression of a material fact was true to the best of his knowledge and belief or that there was no deliberate intention to suppress the fact or that such misstatement of or suppression of a material fact are within the knowledge of the insurer:

Provided that in case of fraud, the onus of disproving lies upon the beneficiaries, in case the policyholder is not alive.

Explanation.—A person who solicits and negotiates a contract of insurance shall be deemed for the purpose of the formation of the contract, to be the agent of the insurer.

(4) A policy of life insurance may be called in question at any time within three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later, on the ground that any statement of or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived or rider issued:

Provided that the insurer shall have to communicate in writing to the insured or the legal representatives or nominees or assignees of the insured the grounds and materials on which such decision to repudiate the policy of life insurance is based:

Provided further that in case of repudiation of the policy on the ground of misstatement or suppression of a material fact, and not on the ground of fraud, the premiums collected on the policy till the date of repudiation shall be paid to the insured or the legal representatives or nominees or assignees of the insured within a period of ninety days from the date of such repudiation.

Explanation.—For the purposes of this sub-section, the misstatement of or suppression of fact shall not be considered material unless it has a direct bearing on the risk undertaken by the insurer, the onus is on the insurer to show that had the insurer been aware of the said fact no life insurance policy would have been issued to the insured.

(5) Nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal.!

Omission of sections 47A and 48.

56. Sections 47A and 48 of the Insurance Act shall be omitted.

Substitution of new section for section 48A.

57. For section 48A of the Insurance Act, the following section shall be substituted, namely:—

Insurance agent or intermediary or insurance intermediary not to be director in insurance company.

"48A. No insurance agent or intermediary or insurance intermediary shall be eligible to be or remain a director in insurance company:

Provided that any director holding office at the commencement of the Insurance Laws (Amendment) Act, 2015 shall not become ineligible to remain a director by reason of this section until the expiry of six months from the date of commencement of the said Act:

Provided further that the Authority may permit an agent or intermediary or insurance intermediary to be on the Board of an insurance company subject to such conditions or restrictions as it may impose to protect the interest of policyholders or to avoid conflict of interest."

Amendment of section 49.

58. In section 49 of the Insurance Act, in sub-section (1),—

(i) the words, brackets, letters and figures "being an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (9) of section 2" shall be omitted;

(ii) the words and figures "or to the Central Government under section 11 of the Indian Life Insurance Companies Act, 1912" shall be omitted.

59. For sections 52 and 52A of the Insurance Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 52 and 52A.

"52. No insurer shall commence any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the result of a distribution of certain sums amongst policies becoming claims within certain time-limits, or on the principle that the premiums payable by a policyholder depend wholly or partly on the number of policies becoming claims within certain time-limits:

Prohibition of business on dividing principle.

Provided that nothing in this section shall be deemed to prevent an insurer from allocating bonuses to holders of policies of life insurance as a result of a periodical actuarial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise.

52A. (1) If at any time the Authority has reason to believe that an insurer carrying on life insurance business is acting in a manner likely to be prejudicial to the interests of holders of life insurance policies, it may, after giving such opportunity to the insurer to be heard appoint an Administrator to manage the affairs of the insurer under the direction and control of the Authority.

When Administrator for management of insurance business may be appointed.

(2) The Administrator shall receive such remuneration as the Authority may direct and the Authority may at any time cancel the appointment and appoint some other person as Administrator."

60. In section 52BB of the Insurance Act,—

Amendment of section 52BB.

(a) in sub-section (2), for the words "the Central Government and the Central Government", the words "the Securities Appellate Tribunal and the Securities Appellate Tribunal" shall be substituted;

(b) in sub-section (3), for the words "Central Government", the words "Securities Appellate Tribunal" shall be substituted;

(c) in sub-section (10), in clause (a), the words "or the Central Government" shall be omitted.

61. For section 52D of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 52D.

"52D. If at any time, it appears to the Authority that the purpose of the order appointing the Administrator has been fulfilled or that, for any reason, it is undesirable that the order of appointment should remain in force, the Authority may cancel the order and thereupon the Administrator shall be divested of the management of the insurance business which shall, unless otherwise directed by the Authority, again vest in the person in whom it was vested immediately prior to the appointment of the Administrator or any other person appointed by the insurer in this behalf."

Termination of appointment of Administrator.

62. In section 52E of the Insurance Act, for the words "Central Government", the word "Authority" shall be substituted.

Amendment of section 52E.

63. In section 52F of the Insurance Act, for the words "punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both", the words "liable to penalty of rupees ten thousand each day during which such failure continues or rupees ten lakh, whichever is less" shall be substituted.

Amendment of section 52F.

64. In section 52G of the Insurance Act, in sub-section (2), the words "Central Government or" shall be omitted.

Amendment of section 52G.

Omission of sections 52H, 52-I, 52J, 52K, 52L, 52M and 52N.

65. Sections 52H, 52-I, 52J, 52K, 52L, 52M and 52N of the Insurance Act shall be omitted.

Amendment of section 53.

66. In section 53 of the Insurance Act,—

(a) in sub-section (1), the following *Explanation* shall be inserted at the end, namely:—

Explanation.—For the purpose of sections 53 to 61A, "Tribunal" means the National Company Law Tribunal constituted under sub-section (1) of section 408 of the Companies Act, 2013.';

18 of 2013.

(b) in sub-section (2), in clause (b), sub-clause (i), shall be omitted.

Amendment of section 58.

67. In section 58 of the Insurance Act, for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) An order of the Tribunal confirming a scheme under this section whereby the memorandum of a company is altered with respect to its objects shall as respects the alteration have effect as if it were an order confirmed under section 4 of the Companies Act, 2013, and the provisions of sections 7 and 17 of that Act shall apply accordingly."

18 of 2013.

Omission of section 59.

68. Section 59 of the Insurance Act shall be omitted.

Amendment of heading.

69. In PART II A of the Insurance Act, for the heading "Insurance Association of India, Councils of The Association and Committees Thereof" the following heading shall be substituted, namely:—

"Life Insurance Council and General Insurance Council and Committees Thereof."

Omission of sections 64A and 64B.

70. Sections 64A and 64B of the Insurance Act shall be omitted.

Substitution of new sections for sections 64C and 64D.

71. For sections 64C and 64D of the Insurance Act the following sections shall be substituted, namely:—

Councils of Life Insurance and General Insurance.

"64C. On and from the date of commencement of this Act,—

(a) the existing Life Insurance Council, a representative body of the insurers, who carry on the life insurance business in India; and

(b) the existing General Insurance Council, a representative body of insurers, who carry on general, health insurance business and re-insurance in India,

shall be deemed to have been constituted as the respective Councils under this Act.

Authorisation to represent in Councils.

64D. It shall be lawful for any member of the Life Insurance Council or the General Insurance Council to authorise any of its officer to act as the representative of such member at any meeting of the Council concerned."

72. For section 64F of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 64F.

"64F. (1) The Executive Committee of the Life Insurance Council shall consist of the following persons, namely:—

Executive Committees of the Life Insurance Council and the General Insurance Council.

(a) four representatives of members of the Life Insurance Council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council;

(b) an eminent person not connected with insurance business, nominated by the Authority;

(c) three persons to represent insurance agents, intermediaries and policyholders respectively as may be nominated by the Authority;

(d) one representative each from self-help groups and Insurance Co-operative Societies:

Provided that one of the representatives as mentioned in clause (a) shall be elected as the Chairperson of the Executive Committee of the Life Insurance Council.

(2) The Executive Committee of the General Insurance Council shall consist of the following persons, namely:—

(a) four representatives of members of the General Insurance Council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council;

(b) an eminent person not connected with insurance business, nominated by the Authority; and

(c) four persons to represent insurance agents, third party administrators, surveyors and loss assessors and policyholders respectively as may be nominated by the Authority:

Provided that one of the representatives as mentioned in clause (a) shall be elected as the Chairperson of the Executive Committee of the General Insurance Council.

(3) If anybody of persons specified in sub-sections (1) and (2) fails to elect any of the members of the Executive Committees of the Life Insurance Council or the General Insurance Council, the Authority may nominate any person to fill the vacancy, and any person so nominated shall be deemed to be a member of the Executive Committee of the Life Insurance Council or the General Insurance Council, as the case may be, as if he had been duly elected thereto.

(4) Each of the said Executive Committees may make bye-laws for the transaction of any business at any meeting of the said Committee.

(5) The Life Insurance Council or the General Insurance Council may form such other committees consisting of such persons as it may think fit to discharge such functions as may be delegated thereto.

(6) The Secretary of the Executive Committee of the Life Insurance Council and of the Executive Committee of the General Insurance Council shall in each case be appointed by the Executive Committee concerned:

Provided that each Secretary appointed by the Executive Committee concerned shall exercise all such powers and do all such acts as may be authorised in this behalf by the Executive Committee concerned."

73. In section 64G of the Insurance Act, in sub-section (2), for the words "by nomination by the Authority", the words "in such manner as may be laid down in the bye-laws of the Council concerned" shall be substituted.

Amendment of section 64G.

Omission of section 64-I.

74. Section 64-I of the Insurance Act shall be omitted.

Amendment of section 64J.

75. In section 64J of the Insurance Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) For the purpose of enabling it to effectively discharge its functions, the Executive Committee of the Life Insurance Council may collect such fees as may be laid down in the bye-laws made by the Council from the insurers carrying on life insurance business."

Amendment of section 64L.

76. In section 64L of the Insurance Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) For the purpose of enabling it to effectively discharge its functions, the Executive Committee of the General Insurance Council may collect such fees as may be laid down in the bye-laws made by the Council from the insurers carrying on general insurance business."

Amendment of section 64N.

77. In section 64N of the Insurance Act, for the words "the Central Government may prescribe", the words "the Authority may specify" shall be substituted.

Amendment of section 64R.

78. In section 64R of the Insurance Act, in sub-section (1),—

(a) for clause (c), the following clause shall be substituted, namely:—

"(c) keep and maintain up-to-date, a copy of list of all insurers who are members of the either Council;"

(b) in clause (d), for the words "with the previous approval of the Authority make regulations for", the words "make bye-laws for" shall be substituted.

Omission of sections 64S and 64T.

79. Sections 64S and 64T of the Insurance Act shall be omitted.

Omission of sections 64U, 64UA, 64UB, 64UC, 64UD, 64UE, 64UF, 64UG, 64UH, 64U-I, 64UJ, 64UK and 64UL.

80. Sections 64U, 64UA, 64UB, 64UC, 64UD, 64UE, 64UF, 64UG, 64UH, 64U-I, 64UJ, 64UK and 64UL of the Insurance Act shall be omitted.

Insertion of new section 64ULA.

81. After section 64UL of the Insurance Act, the following section shall be inserted, namely:—

Transitional provisions.

"64ULA. (1) Notwithstanding anything contained in this Part, until the rates, advantage and terms and conditions laid down by the Advisory Committee under section 64UC are de-notified by the Authority with effect from such date as the Authority may by notification in the Official Gazette determine, and the rates, advantages and terms and conditions are decided by the insurer concerned, the rates, advantages and terms and conditions notified by the Advisory Committee shall continue to be in force and shall always be deemed to have been in force and any such rates, advantages and terms and conditions shall be binding on all the insurers.

(2) The Authority shall, in consultation with the Central Government, prepare a scheme for the existing employees of the Tariff Advisory Committee on its dissolution, keeping in view the interests of such employees on such terms and conditions as it may, by order, determine."

82. For section 64UM of the Insurance Act, the following section shall be substituted, namely:—

Substitution
of new
section for
section
64UM.
Surveyors or
loss assessors.

‘64UM. (1) Save as otherwise provided in this section, no person shall act as a surveyor or loss assessor in respect of general insurance business after the expiry of a period of one year from the commencement of the Insurance Laws (Amendment) Act, 2015, unless he—

(a) possesses such academic qualifications as may be specified by the regulations made under this Act; and

(b) is a member of a professional body of surveyors and loss assessors, namely, the Indian Institute of Insurance Surveyors and Loss Assessors:

Provided that in the case of a firm or company, all the partners or directors or other persons, who may be called upon to make a survey or assess a loss reported, as the case may be, shall fulfil the requirements of clauses (a) and (b).

(2) Every surveyor and loss assessor shall comply with the code of conduct in respect of his duties, responsibilities and other professional requirements, as may be specified by the regulations made under the Act.

(3) Notwithstanding anything contained in the foregoing provisions, a class or class of persons acting as a licensed surveyor or loss assessor prior to the commencement of the Insurance Laws (Amendment) Act, 2015 shall continue to act as such for such period as may be specified by the regulations made under this Act:

Provided that the surveyor or loss assessor shall, within the period as may be notified by the Authority, satisfy the requirements of clause (a) and clause (b) of sub-section (1), failing which, the surveyor or loss assessor shall be automatically disqualified to act as a surveyor or loss assessor.

(4) No claim in respect of a loss which has occurred in India and requiring to be paid or settled in India equal to or exceeding an amount specified in the regulations by the Authority in value on any policy of insurance, arising or intimated to an insurer at any time after the expiry of a period of one year from the commencement of the Insurance Laws (Amendment) Act, 2015, shall, unless otherwise directed by the Authority, be admitted for payment or settled by the insurer unless he has obtained a report, on the loss that has occurred, from a person who holds a licence issued under this section to act as a surveyor or loss assessor (hereafter referred to as "approved surveyor or loss assessor"):

Provided that nothing in this sub-section shall be deemed to take away or abridge the right of the insurer to pay or settle any claim at any amount different from the amount assessed by the approved surveyor or loss assessor.

(5) The Authority may, at any time, in respect of any claim of the nature referred to in sub-section (4), call for an independent report from any other approved surveyor or loss assessor specified by him and such surveyor or loss assessor shall furnish such report to the Authority within such time as may be specified by the Authority or if no time limit has been specified by him within a reasonable time and the cost of, or incidental to, such report shall be borne by the insurer.

(6) The Authority may, on receipt of a report referred to in sub-section (5), issue such directions as it may consider necessary with regard to the settlement of the claim including any direction to settle a claim at a figure less than, or more than, that at which it is proposed to settle it or it was settled and the insurer shall be bound to comply with such directions:

Provided that where the Authority issues a direction for settling a claim at a figure lower than that at which it has already been settled, the insurer shall be deemed to comply with such direction if he satisfies the Authority that all reasonable steps, with due regard to the question whether the expenditure involved is not disproportionate to the amount required to be recovered, have been taken with due despatch by him:

Provided further that no direction for the payment of a lesser sum shall be made where the amount of the claim has already been paid and the Authority is of opinion that the recovery of the amount paid in excess would cause undue hardship to the insured:

Provided also that nothing in this section shall relieve the insurer from any liability, civil or criminal, to which he would have been subject but for the provisions of this sub-section.

(7) No insurer shall, after the expiry of a period of one year from the commencement of the Insurance Laws (Amendment) Act, 2015 pay to any person any fee or remuneration for surveying, verifying or reporting on a claim of loss under a policy of insurance unless the person making such survey, verification or report is an approved surveyor or loss assessor.

(8) Where, in the case of a claim of less than the amount specified in sub-section (4) in value on any policy of insurance it is not practicable for an insurer to employ an approved surveyor or loss assessor without incurring expenses disproportionate to the amount of the claim, the insurer may employ any other person (not being a person disqualified for the time being for being employed as a surveyor or loss assessor) for surveying such loss and may pay such reasonable fee or remuneration to the person so employed as he may think fit.

(9) The Authority may in respect of any claim of value of less than the amount specified in sub-section (4) on an insurance policy, if the claim has not been or is not proposed to be reported upon by a surveyor or loss assessor, direct that such claim shall be reported upon by an approved surveyor or loss assessor and where the Authority makes such direction, the provisions of sub-sections (5) and (6) shall apply in respect of such claim.

(10) Where, in relation to any class of claims, the Authority is satisfied that it is customary to entrust the work of survey or loss assessment to any person other than a licensed surveyor or loss assessor, or it is not practicable to make any survey or loss assessment, it may, by an order, exempt such class of claims from the operation of this section.

Substitution of new sections for sections 64V and 64VA.

Assets and liabilities how to be valued.

83. For sections 64V and 64VA of the Insurance Act, the following sections shall be substituted, namely:—

“64V. (1) For the purpose of ascertaining compliance with the provisions of section 64VA, assets shall be valued at value not exceeding their market or realisable value and certain assets may be excluded by the Authority in the manner as may be specified by the regulations made in this behalf.

(2) A proper value shall be placed on every item of liability of the insurer in the manner as may be specified by the regulations made in this behalf.

(3) Every insurer shall furnish to the Authority along with the returns required to be filed under this Act, a statement, certified by an Auditor, approved by the Authority, in respect of general insurance business or an actuary approved by the Authority in respect of life insurance business, as the case may be, of his assets and liabilities assessed in the manner required by this section as on the 31st day of March of each year within such time as may be specified by the regulations.

64VA. (1) Every insurer and re-insurer shall at all times maintain an excess of value of assets over the amount of liabilities of, not less than fifty per cent. of the amount of minimum capital as stated under section 6 and arrived at in the manner specified by the regulations.

Sufficiency of assets.

(2) An insurer or re-insurer, as the case may be, who does not comply with sub-section (1), shall be deemed to be insolvent and may be wound-up by the court on an application made by the Authority.

(3) The Authority shall by way of regulation made for the purpose, specify a level of solvency margin known as control level of solvency on the breach of which the Authority shall act in accordance with the provisions of sub-section (4) without prejudice to taking of any other remedial measures as deemed fit:

Provided that if in respect of any insurer the Authority is satisfied that either by reason of an unfavourable claim experience or because of a sharp increase in the volume of new business, or for any other reason, compliance with the provisions of this sub-section shall cause undue hardship to the insurer, it may direct that for such period and subject to such conditions as it may specify, the provisions of this sub-section shall apply to that insurer with such modifications provided that such modifications shall not result in the control level of solvency being less than what is stipulated under sub-section (1).

(4) If, at any time, an insurer or re-insurer does not maintain the required control level of solvency margin, he shall, in accordance with the directions issued by the Authority, submit a financial plan to the Authority, indicating a plan of action to correct the deficiency within a specified period not exceeding six months.

(5) An insurer who has submitted a plan, as required under sub-section (4), the Authority shall propose modifications to the plan, if the Authority considers the same inadequate, and in such an eventuality, the Authority shall give directions, as may be deemed necessary, including direction in regard to transacting any new business, or, appointment of an administrator or both.

(6) An insurer or re-insurer, as the case may be, who does not comply with the provisions of sub-section (4) shall be deemed to have made default in complying with the requirements of this section.

(7) The Authority shall be entitled at any time to take such steps as it may consider necessary for the inspection or verification of the assets and liabilities of any insurer or re-insurer, or for securing the particulars necessary to establish that the requirements of this section have been complied with as on any date, and the insurer or re-insurer, as the case may be, shall comply with any requisition made in this behalf by the Authority, and in the event of any failure to do so within two months from the receipt of the requisition, the insurer or re-insurer, as the case may be, shall be deemed to have made default in complying with the requirements of this section.

(8) In applying the provisions of sub-section (1) to any insurer or re-insurer, as the case may be, who is a member of a group, the relevant amount for that insurer shall be an amount equal to that proportion of the relevant amount which that group, if considered as a single insurer, would have been required to maintain as the proportion of his share of the risk on each policy issued by the group bears to the total risk on that policy:

Provided that when a group of insurers ceases to be a group, every insurer in that group who continues to carry on any class of insurance business in India shall comply with the requirements of sub-section (1) as if he had not been an insurer in a group at any time:

Provided further that it shall be sufficient compliance of the provisions of the foregoing proviso if the insurer brings up the excess of the value of his assets over the amount of his liabilities to the required amount within a period of six months from the date of cessation of the group:

Provided also that the Authority may, on sufficient cause being shown, extend the said period of six months by such further periods as it may think fit, so, however that the total period may not in any case exceed one year.

(9) Every insurer shall furnish to the Authority return giving details of solvency margin in such form, time, manner including its authentication as may be specified by the regulations.”.

Substitution of new section for section 64VC.

84. For section 64VC of the Insurance Act, the following section shall be substituted, namely:—

Restrictions on opening of new place of business.

“64VC. No insurer shall, after the commencement of the Insurance (Amendment) Act, 1968, open a new place of business or close a place in India or outside India or change otherwise than within the same city, town or village, the location of an existing place of business situated in India or outside India, except in the manner as may be specified by the regulations.”.

62 of 1968.

Omission of Part III and Part IIIA.

85. PART III and PART IIIA of the Insurance Act shall be omitted.

Omission of Part IV.

86. PART IV of the Insurance Act shall be omitted.

Amendment of section 102.

87. In section 102 of the Insurance Act, for the words "not exceeding five lakh rupees for each such failure and punishable with fine", the words "of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less" shall be substituted.

Substitution of new sections for sections 103 and 104.

88. For sections 103 and 104 of the Insurance Act, the following sections shall be substituted, namely:—

Penalty for carrying on insurance business in contravention of section 3.

“103. If a person carries on the business of insurance without obtaining a certificate of registration under section 3, he shall be liable to a penalty not exceeding rupees twenty-five crores and with imprisonment which may extend to ten years.

Penalty for contravention of sections 27, 27A, 27B, 27D and 27E.

104. If a person fails to comply with the provisions of section 27, section 27A, section 27B, section 27D and section 27E, he shall be liable to a penalty not exceeding twenty-five crore rupees.”.

Amendment of section 105.

89. In section 105 of the Insurance Act, for the words "not exceeding two lakh rupees for each such failure", the words "not exceeding one crore rupees" shall be substituted.

90. For sections 105B and 105C of the Insurance Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 105B and 105C.

“105B. If an insurer fails to comply with the provisions of section 32B, section 32C and section 32D, he shall be liable to a penalty not exceeding twenty-five crore rupees.

Penalty for failure to comply with sections 32B, 32C and 32D.

105C.(1) For the purpose of adjudication under sub-section (2) of section 2CB, sub-section (4) of section 34B, sub-section (3) of section 40, sub-section (2) of section 41, sub-sections (4) and (5) of section 42, sub-sections (8) and (9) of section 42D, section 52F and section 105B, the Authority, shall appoint any officer not below the rank of a Joint Director or an equivalent officer to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard.

Power to adjudicate.

(2) Upon receipt of the inquiry report from the officer so appointed, the Authority, after giving an opportunity of being heard to the person concerned, may impose any penalty provided in sections aforesaid.

(3) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which in the opinion of the adjudicating officer, may be useful for or relevant to the subject matter of the inquiry and if on such inquiry, is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), he may recommend such penalty as he thinks fit in accordance with the provisions of any of those sections.

105D. While recommending the quantum of penalty under section 105C, the adjudicating officer and while imposing such penalty, the Authority shall have due regard to the following factors, namely:—

Factors to be taken into account by the adjudicating officer.

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to the policyholders as a result of the default; and

(c) the repetitive nature of default.”.

91. In section 106A of the Insurance Act, in sub-section (12),—

Amendment of section 106A.

(i) clauses (a), (b) and (f) shall be omitted;

(ii) in clause (d), the words "or a provident society" shall be omitted.

92. Sections 107 and 107A of the Insurance Act shall be omitted.

Omission of section 107 and 107A.

93. For section 109 of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 109.

"109. No court shall take cognizance of any offence punishable under this Act or any rules or any regulations made thereunder, save on a complaint made by an officer of the Authority or by any person authorised by it".

Cognizance of offence.

Substitution of new section for section 110.

Appeal to Securities Appellate Tribunal.

94. For section 110 of the Insurance Act, the following section shall be substituted, namely:—

"110. (1) Any person aggrieved—

(a) by an order of the Authority made on and after the commencement of the Insurance Laws (Amendment) Act, 2015, or under this Act, the rules or regulations made thereunder; or

(b) by an order made by the Authority by way of adjudication under this Act,

may prefer an appeal to the Securities Appellate Tribunal having jurisdiction in the matter.

(2) Every appeal made under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order made by the Authority is received by him and it shall be in such a form and be accompanied by such fees as may be prescribed:

Provided that the Securities Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Securities Appellate Tribunal may, after giving parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, conforming, modifying or setting aside the order appealed against.

(4) The Securities Appellate Tribunal shall make available copy of order made by it to the Authority and parties.

(5) The appeal filed before the Securities Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within six months from the date of receipt of appeal.

(6) The procedure for filing and disposing of an appeal shall be such as may be prescribed.

(7) The provision contained in section 15U, section 15V, section 15W, section 15Y and section 15Z of the Securities and Exchange Board of India Act, 1992 shall apply to the appeals arising out of the provisions of this Act, as they apply to the appeals under the Securities and Exchange Board of India Act, 1992.”

15 of 1992.

Omission of section 110E.

Omission of sections 110G and 110H.

Insertion of new section 110HA.

Penalty to be recoverable as arrear of land revenue.

Amendment of section 111.

95. Section 110E of the Insurance Act shall be omitted.

96. Sections 110G and 110H of the Insurance Act shall be omitted.

97. After section 110H of the Insurance Act, the following section shall be inserted, namely:—

“110HA. Any penalty imposed by the Authority under this Act shall be recoverable as an arrear of land revenue.”

98. In section 111 of the Insurance Act,—

(a) in sub-section (1), the words “or provident society” occurring at both the places shall be omitted;

(b) in sub-section (2), in the proviso, the words “or to a provident society” shall be omitted.

99. For section 113 of the Insurance Act, the following section shall be substituted, namely:—

Substitution of new section for section 113.

"113. (1) A policy of life insurance shall acquire surrender value as per the norms specified by the regulations.

Acquisition of surrender value by policy.

(2) Every policy of life insurance shall contain the formula as approved by the Authority for calculation of guaranteed surrender value of the policy.

(3) Notwithstanding any contract to the contrary, a policy of life insurance under a non-linked plan which has acquired a surrender value shall not lapse by reason of non-payment of further premiums but shall be kept in force to the extent of paid-up sum insured, calculated by means of a formula as approved by the Authority and contained in the policy and the reversionary bonuses that have already been attached to the policy:

Provided that a policy of life insurance under a linked plan shall be kept in force in the manner as may be specified by the regulations.

(4) The provisions of sub-section (3) shall not apply—

(i) where the paid-up sum insured by a policy, inclusive of attached bonuses, is less than the amount specified by the Authority or takes the form of annuity of amount less than the amount specified by the Authority; or

(ii) when the parties, after the default has occurred in payment of the premium, agree in writing to other arrangement."

100. In section 114 of the Insurance Act,—

Amendment of section 114.

(a) in sub-section (2),—

(i) clause (aa) shall be omitted;

(ii) after clause (aa) as so omitted, the following clause shall be inserted, namely:—

"(aaa) the manner of ownership and control of Indian insurance company under sub-clause (b) of clause (7A) of section 2;";

(iii) clause (c) and clause (f) shall be omitted;

(iv) after clause (l), the following clauses shall be inserted, namely:—

"(la) the manner of inquiry under sub-section (l) of section 105C;

(lb) the form in which an appeal may be preferred under sub-section (2) and the fee payable in respect of such appeal and the procedure for filing and disposing of an appeal under sub-section (6) of section 110;";

(b) in sub-section (3), the words, brackets, figures and letters "or under sub-section (1) of section 64UB and every regulation made under sub-section (3) of section 64UB" shall be omitted.

101. In section 114A of the Insurance Act, in sub-section (2),—

Amendment of section 114A.

(i) for clauses (a) and (aa), the following clause shall be substituted, namely:—

"(a) manner of making application for registration and documents to be accompanied under sub-section (2) of section 3;";

(ii) for clause (d), the following clause shall be substituted, namely:—

"(d) such annual fee to the Authority and manner of payment under sub-section (1) of section 3A;";

(iii) after clause (d), the following clauses shall be inserted, namely:—

"(da) such minimum annuity and other benefits to be secured by the insurer under section 4;

(*daa*) determination of preliminary expenses that may be excluded for calculation of the stipulated paid-up equity capital for the insurers under sub-section (1) of section 6;

(*db*) such equity capital and such forms of capital including hybrid capital required under sub-section (1) of section 6A;";

(*iv*) clause (*e*) shall be omitted;

(*v*) after clause (*e*), as so omitted, the following clause shall be inserted, namely:—

"(*ea*) separation of account of all receipts and payments in respect of each classes and sub-classes of insurance business as required under sub-section (1) and sub-section (2AA) of section 10; and its waiver under the said section;";

(*vi*) in clause (*f*), for the words, brackets, figures and letter "under sub-section (1A) of section 11", the words, brackets and figures "under sub-section (1) of section 11" shall be substituted;

(*vii*) for clause (*g*), the following clause shall be substituted, namely:—

"(*g*) the manner in which an abstract of the report of the actuary to be specified and the form and manner in which the statement referred to in section 13 shall be appended;";

(*viii*) after clause (*g*), the following clauses shall be inserted, namely:—

"(*ga*) maintenance of records of policies and claims under clause (*c*) of sub-section (1) of section 14;

(*gb*) manner and form of issuance of policies in electronic form under sub-section (2) of section 14;";

(*ix*) for clause (*h*), the following clause shall be substituted, namely:—

"(*h*) the fee for procuring a copy of return or any part thereof under sub-section (1) of section 20;";

(*x*) for clause (*i*), the following clause shall be substituted, namely:—

"(*i*) investment of assets and further provisions regarding investments by an insurer and investment by insurers in certain cases under sections 27, 27A, 27B, 27C and time, manner and other conditions of investment of assets under section 27D;";

(*xi*) for clauses (*ia*), (*ib*), (*ic*), (*id*) and (*ie*), the following clauses shall be substituted, namely:—

"(*ia*) the form in which a return giving details of investments made, time and manner including its authentication under section 28;

(*ib*) the loans including the loans sanctioned to the full-time employees of the insurer under clause (*a*) of sub-section (3) of section 29;

(*ic*) the sum to be paid by the insurer to any person under section 31B;

(*id*) the obligation of insurer in respect of rural or social or unorganised sector and backward classes under sections 32B and 32C;

(*ie*) the minimum percentage of insurance business in third party risks of motor vehicles under section 32D;";

(*xii*) for clause (*j*), the following clause shall be substituted, namely:—

"(*j*) the minimum information to be maintained by insurers or intermediary or insurance intermediary, as the case may be, in their books, the manner in

which such information shall be maintained, the checks and other verifications in that connection and all other matters incidental thereto under sub-section (7) of section 33;"

(xiii) after clause (j), the following clauses shall be inserted, namely:—

"(ja) the form in which balance-sheets in respect of the insurance business of each of the insurers concerned and the manner in which actuarial reports and abstracts in respect of the life insurance business are to be prepared under clauses (b) and (c) of sub-section (3) of section 35;

(jb) the manner of assessment of compensation under the proviso to sub-section (4A) of section 37A;

(jc) the fee to be charged by the insurer under sub-section (3) of section 39;

(jd) the manner and amount of remuneration or reward to be paid or received by way of commission or otherwise to an insurance agent or an intermediary or insurance intermediary under section 40;

(je) the manner and form of expenses of management under sections 40B and 40C;"

(xiv) clauses (k) and (l) shall be omitted;

(xv) for clause (m), the following clause shall be substituted, namely:—

"(m) the requisite qualifications or practical training or examination to be passed for appointment as an insurance agent under clause (e) of sub-section (3) of section 42;"

(xvi) clause (n) shall be omitted;

(xvii) for clause (o), the following clause shall be substituted, namely:—

"(o) the code of conduct under clause (h) of sub-section (3) of section 42;"

(xviii) clause (p) shall be omitted;

(xix) clause (va) shall be omitted;

(xx) in clause (vb), the words, brackets and figure "sub-section (2) of" shall be omitted;

(xxi) clause (w) shall be omitted;

(xxii) for clause (x), the following clauses shall be substituted, namely:—

"(x) academic qualifications and code of conduct for surveyors and loss assessors under sub-sections (1) and (2) of section 64UM;

(xa) the period for which a person may act as a surveyor or loss assessor under sub-section (3) of section 64UM;"

(xxiii) for clause (y), the following clause shall be substituted, namely:—

"(y) the manner of exclusion of certain assets under sub-section (1), the manner of valuation of liabilities under sub-section (2) and time for furnishing statement under sub-section (3) of section 64V;"

(xxiv) for clause (za), the following clause shall be substituted, namely:—

"(za) the matters specified under sub-section (1) of section 64VA relating to sufficiency of assets;"

(xxv) after clause (zaa), the following clauses shall be inserted, namely:—

"(zab) the form, time, manner including authentication of the return giving details of solvency margin under sub-section (9) of section 64VA;

(zac) the manner of opening and closing places of business under section 64VC;"

(xxvi) after clause (zb), the following clause shall be inserted, namely:—

"(zba) the norms for surrender value of life insurance policy under sub-section (I) of section 113;"

Omission of Fifth, Sixth and Eighth Schedules.

102. In the Insurance Act, the Fifth Schedule, the Sixth Schedule and the Eighth Schedule shall be omitted.

CHAPTER III

AMENDMENTS TO THE GENERAL INSURANCE BUSINESS (NATIONALISATION) ACT, 1972

Insertion of a new section 10B.

103. In the General Insurance Business (Nationalisation) Act, 1972, after section 10A, the following section shall be inserted, namely:—

57 of 1972.

Enhancement of equity capital of General Insurance companies.

"10B. The General Insurance Corporation and the insurance companies specified in section 10A may, raise their capital for increasing their business in rural and social sectors, to meet solvency margin and such other purposes, as the Central Government may empower in this behalf:

Provided that the shareholding of the Central Government shall not be less than fifty one per cent. at any time."

Omission of section 25.

104. Section 25 of the General Insurance Business (Nationalisation) Act, 1972 shall be omitted.

57 of 1972.

CHAPTER IV

AMENDMENTS TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY Act, 1999

Amendment of section 2.

105. In section 2 of the Insurance Regulatory and Development Authority Act, 1999, in sub-section (I),—

41 of 1999.

(i) in clause (b), after the words "Development Authority", the words "of India", shall be inserted;

(ii) for clause (f), the following clause shall be substituted, namely:—

'(f) "Intermediary" or "insurance intermediary" includes insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, surveyors and loss assessors and such other entities, as may be notified by the Authority from time to time.'

Amendment of section 3.

106. In section 3 of the Insurance Regulatory and Development Authority Act, 1999, in sub-section (I), after the words "Development Authority" the words "of India" shall be inserted.

41 of 1999.

Amendment of section 16.

107. In section 16 of Insurance Regulatory and Development Authority Act, 1999, in sub-section (I), clause (c) shall be omitted.

41 of 1999.

Repeal and savings.

108. (1) The Insurance Laws (Amendment) Ordinance, 2014, is hereby repealed.

Ord. 8 of 2014.

(2) Notwithstanding such repeal, anything done or any action taken under the Insurance Act, 1938, the General Insurance Business (Nationalisation) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 as amended by the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of the said Acts, as amended by this Act.

4 of 1938.

57 of 1972.

41 of 1999.

DR. SANJAY SINGH,
Secretary to the Govt. of India.



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