



MINUTES OF THE 108th MEETING OF THE AUTHORITY

held on 12th June, 2020 at 11 AM at Hyderabad

Present:	Chairman	Dr. Subhash C. Khuntia
	Whole-time Member	Shri Pravin Kutumbe
	Whole-time Member	Smt. T L Alamelu
	Whole-time Member	Shri K Ganesh
	Part-time Member	Smt. Sushama Nath (through VC)
	Part-time Member	Shri Debasish Panda (through VC)
	Part-time Member	Shri Atul Kumar Gupta (through VC)

Also present:

Designated Officer	Shri M. Pulla Rao, ED (Gen)
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The Chairman extended a warm welcome to the Members present. He placed on record the valuable contributions made by Shri Sujay Banarji, former Member (Distribution), Ms. Pournima Gupte, former Member (Actuary) and Shri Prafulla P. Chhajed, former President, ICAI and Part-time Member who have since ceased to be Members of the Authority. The quorum was present.

The agenda items were then taken up for consideration.

4. Policy and supervisory measures taken by IRDAI in response to situation arising out of Covid-19 Pandemic in India

4.1 The Authority was apprised of the various directions and instructions issued to insurers and other regulated entities with a view to ensuring their business continuity and to protect the interests of policyholders during the on-going Covid-19 pandemic situation. These are classified as:

- (a) Improving operational resilience including protecting health of employees and associates, facilitating remote working, adoption of Business Continuity Plans, and creating Crisis Management Teams.
- (b) Providing operational relief including extension of time-lines for submission of returns, and for other programmes, replacement of on-site inspections with on-line inspections, conduct of Board meetings through VC;
- (c) Prudential measures aimed at capital conservation including dividend policy, expense management, liquidity management, solvency monitoring.

(d) Concessions and reliefs to customers including extension of grace period to pay premiums, one-time option for settlement of ULIP policies, continuity of cover under health and motor policies during lockdown, free cancellation or postponement of travel policies. (e) Market conduct measures including on-line policy servicing, expeditious disposal of Covid-related claims.

(f) Communication strategy to address needs of policyholders and other stakeholders including maintaining help-lines and display of FAQs.

4.2 The Chairman informed that video-based meetings have been conducted with all insurers and intermediaries to sensitise them on the need for quick and apt responses to Covid-19 crisis.

4.3 Shri Debasish Panda appreciated the proactive approach of the Authority to minimize the adverse impact of Covid-19 on the policyholders and insurance industry. He felt that credit insurance can be an excellent protection in these times. The Chairman mentioned that a committee set up by the Authority to suggest improvement to the credit insurance structure has furnished a report and public comments on the same have been called for. The Chairman further stated that creation of credit guarantee as a separate line of business for insurers and development of pandemic covers and pandemic pool and loss of job or income cover are areas for further working with insurers.

4.4 Smt. Sushama Nath complimented the Authority for the timely and proactive steps taken to combat the adverse impact of Covid-19. To her enquiry regarding coverage of crops affected due to locust attacks, Member (Non Life) clarified that standing crops would be covered against locust under Pradhan Mantri Fasal Bima Yojana.

4.5 Shri Atul Kumar Gupta also lauded the proactive steps taken by the Authority and suggested that the amount available with insurers due to high lapse rates could be utilised for provision of reliefs to consumers on the lines of Investor Protection Fund.

Member (Life) explained that lapse ratios and surrender rates of life insurers are monitored regularly and customers are encouraged to take loans against policies rather than surrendering policies.

5. Statement of foreign tours undertaken by the Chairman and Members for the period from 1st October, 2019 to 31st December, 2019

The statement was noted by the Authority.

6. Statement of Regulatory Actions taken by Nodal departments for the period from 1st October, 2019 to 31st December, 2019

The Authority noted the regulatory actions taken during the period.

7. List of Circulars/Guidelines issued from 12th December, 2019 to 19th March, 2020

The Authority noted the circulars/guidelines issued.

8. Budget for the Financial Year 2020-21

It was submitted that the budget for FY 2019-20 was scheduled to be presented for approval of the Authority in its March 2020 meeting, but due to postponement of the meeting on account of Covid-19 there has been some delay. The Authority considered the agenda item and accorded approval to the revised estimate for the year 2019-20 for Rs. 198.27 crore and the budget for the year 2020-21 with an estimated expenditure of Rs. 282.86 crore.

10. Status Note on Appointments through Direct Recruitment in the F.Y. 2019-20

The Authority was informed that no direct recruitment took place during the period.

12. Guidelines on Group Health Insurance Policies upon merger of Public Sector Banks (PSBs)

12.1 It was explained that in order to facilitate the acquiring banks to continue with the group health insurance policies of the merged bank customers, a relaxation from the applicability of the provisions of Regulation 3 of IRDAI (Registration of Corporate Agents) Regulations, 2015 (which limit the number of arrangements a corporate agent can have with insurers in each line of business to three) has been given to the acquiring banks for a period of twelve months from the date of merger.

12.2 The Authority ratified the action taken in giving the relaxation in the interest of policyholders.

13. Permitting Insurers to offer Short-Term Health Insurance Policies

13.1 It was submitted that as per provisions of Regulation 3 of IRDAI (Health Insurance) Regulations, 2016, the general and health insurers are permitted to (i) offer individual health insurance products for a term of one year to three years, (ii) to offer group health policies for a term of one year, and (iii) offer credit linked group health insurance policies for a term up to the loan period not exceeding five years. Life insurers are permitted to offer health insurance products with a term of 5 years or more. In the context of the ongoing Covid-19

pandemic, it would be desirable to have Covid-19 specific health insurance policies for less than one year under benefit and indemnity categories.

13.2 Such products would be cheaper than comprehensive policies and would fulfil the need for protection against Covid-19.

13.3 After deliberations, the Authority approved issue of short-term health insurance policies for less than one year and authorised the Chairman to issue suitable guidelines in public interest.

17. Revised Guidelines on Stewardship Code for Insurers

17.1 It was submitted that Stewardship Code for insurers that was made applicable from FY 2017-18 in terms of circular dated 20th March 2017, has since been reviewed after consultation with SEBI and a revised code for insurers in India was issued on 7th February, 2020 for compliance from the FY 2020-21.

17.2 The Authority noted the agenda item.

24. Status of Public Disclosures by Non-Life & Life Insurers for the quarter ending December-2019

The Authority noted that all Life and Non-Life Insurers have published and hosted on their website all forms including Revenue Account, P&L Account, Balance Sheet, Schedules to Accounts for the quarter ending December, 2019.

25. Delegation of powers of the Authority vested in it through various regulations to Chairman/Members and other Officers of the Authority

25.1 It was submitted that further delegation of powers is needed at various levels, as given in the Agenda for greater efficiency in decision-making and to take care of certain recent amendment of Regulations primarily in Health and TPA matters.

25.2 The Authority agreed to those delegations that are made one level below the current level.

26. IRDAI'S Notification of Motor Third Party Liability Insurance Rates for the Financial Year 2020-21

26.1 It was submitted that under Section 14(2)(i) of the IRDA Act, 1999, the Authority has been notifying the annual premium rates applicable for Motor Third Party (MTP) Liability since the year 2011. For FY 2020-21, the exposure draft proposing new rates was placed on IRDAI's website on 5th March 2020 seeking comments of the stakeholders. However,

due to COVID-19, and consequential lock-down, this process could not be completed and an order was issued on 27th March, 2020 continuing the prevalent premium rates beyond 31st March, 2020 until further orders.

26.2 The Authority ratified the issuance of the order, continuing the prevalent rate.

33. Any other matter with the permission of the Chairman

The Chairman stated that during the on-going Covid-19 pandemic, the insurers and other regulated entities were being engaged continuously. He placed on record his appreciation of all Members, officers and staff of IRDAI for their active involvement in taking proactive steps for the benefit of policyholders, insurance industry and its stakeholders and the general public.

The meeting ended with a vote of thanks to all Members.

CHAIRMAN