



MINUTES OF THE 67TH MEETING OF THE AUTHORITY

held on March 28, 2011 at 11.30 a.m.

in the Office of the IRDA at 3rd Floor, Parishram Bhavan, Basheer Bagh, Hyderabad.

Present:	Chairman	Shri J Hari Narayan
	Member	Shri G Prabhakara
	Member	Dr. R Kannan
	Member	Shri R.K. Nair
	Member	Mr M Ramaprasad
	Part-time Member	Shri G Ramaswamy
	Part-time Member	Smt. Ela R Bhatt
	Part-time Member	Prof V K Gupta
Also present:	Executive Director	Shri K Subrahmanyam
	CSO (Life)	Shri Kunnel Prem
	FA & CAO	Shri N Srinivasa Rao
	Designated Officer	Shri A Giridhar

Chairman extended a warm welcome to all those who were present especially the newly nominated Members viz., Shri G Ramaswamy, President, Institute of Chartered Accountants of India, and Prof. V K Gupta, Director, Management Development Institute who stands nominated in place of Shri Amarjit Chopara, President, ICAI and Shri Vijay Mahajan respectively.

Leave of absence was granted to Smt L M Vas, Addl Secretary, Ministry of Finance who could not attend because of prior commitments.

Item # 1: Confirmation of Minutes of the 66th Meeting of the Authority held on December 28, 2010.

Authority approved the Minutes of the 66th Meeting of the Authority held on December 28, 2010

Resolution No: 67:1

Authority resolves to confirm the Minutes of the 66th meeting held on December 28, 2010.

Item # 2: Action Taken Report on the Minutes of the 66th Meeting of the Authority held on December 28, 2010

Noted.

Item # 3: Schemes of Arrangement and Transfers of General Insurance Business

The Board Note on Schemes of Arrangement and Transfers of General Insurance Business was taken up for consideration. The Board was informed that while Section 35 of the Insurance Act, 1938 lays down the framework for amalgamation and transfer of life insurance companies, a similar provision is not available with respect to general insurance companies. While the anomaly is proposed to be addressed through the Insurance Amendment Bill 2008, pending such amendment, the gap needs to be bridged under the present circumstances, particularly since the Authority has received a request for amalgamation of two general insurance companies. Against this background, the proposed “Framework for Amalgamation and Transfer of General Insurance Companies” has been formulated to address the statutory/regulatory gap.

It was submitted to the Authority that wide ranging consultations had been carried out with the industry and the Councils. The draft of the framework was also placed on the IRDA website for public comments. The Draft Framework was also considered by the Insurance Advisory Committee at its meeting held on March 9, 2011 and was placed for the approval of the Board of the Authority.

It was further submitted to the Authority that the applications for amalgamation of general insurance companies would be examined by in the context of the policyholder protection and the overall interests of the insurance sector, where after would grant its in-principle approval. Thereafter, the applicants would comply with various regulatory/statutory requirements including approvals from the Reserve Bank of India, FEMA requirements, SEBI and the relevant court/tribunal etc., as applicable. It was envisaged that the courts would be guided by the fact that the scheme presented to

them had been examined by the sector regulator and had been granted in-principle approval by the Authority. Simultaneously, the applicants would initiate all steps to seek all requisite approvals from the respective regulatory/statutory bodies.

The Board noted that the Authority has adopted a three stage approach to consider the applications for amalgamation of general insurance companies and approved the proposal.

Resolution No: 67:3

IRDA resolved to accord approval to the “Framework for Amalgamation and Transfer of General Insurance Companies”.

Item # 4: Proposed Amendment to Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002

The Authority approved insertion of clause 9(2)(v) to the Code of Conduct under the IRDA (Licensing of Corporate Agents) Regulations, 2002 which allows a Corporate Agent to become a Director on the Board of the insurance company provided it has an equity holding of 10% or more in the said insurance company. The Authority approved exemption of this stipulation to those Directors who hold position on the Board of the insurance company by virtue of Government nomination.

The Authority also decided that it would not be necessary to delete the clause 9(2)(ii)(k) of Code of Conduct of the said Regulations but only reframe it as under:

“No corporate agent/corporate insurance executive/specified person shall become or remain a director of any insurance company” except as provided in clause 9(2)(v) of the said Regulations.

However, this amendment shall not come into effect till these minutes are confirmed in the next Board meeting.

Item # 7: Raising Life Agents' Standards

The Authority decided to approve the tie up of IRDA with CII for enhancing the pre-recruitment syllabus and revising the question bank relating to life insurance agents. It was also decided to approve the one-off development fee of 1,30,000 pounds to CII for the project as well as a fee of Rs. 25/- per candidate appearing in the pre-recruitment agents examination towards royalty.

The Authority, however, required IRDA to examine the issue of intellectual property rights with regard to the entire project.

Additional Agenda Item # 1: Publicity Strategy proposed for IRDA for the year 2011-12

The Publicity Strategy of IRDA for the year 2011-12 was presented as a tabled item. While agreeing to the strategy drawn up, the following suggestions were received from some of the members:

1. A film on IRDA should be produced (on the lines of a corporate film) so that it can be distributed to consumer bodies etc for creating awareness about IRDA and its role.
2. In addition to holding an essay competition for college students as proposed, some competitions for intermediaries should also be held, as it would help them scale up their knowledge about insurance.
3. It was suggested that details of expenditure (mentioned briefly during the presentation) for the different items for the publicity efforts last year be circulated for information of the members.

Additional Agenda Item # 2: Incorporation of Health Insurance Council

Chairman felt that the issue needs much more deliberations. It was therefore decided that the matter be placed in the next meeting of the Authority with further examination on the subject.

There was no other item for discussion and the meeting concluded with vote of thanks to the Chairman.

**Sd/-
(J Hari Narayan)
Chairman**