



MINUTES OF THE 84th MEETING OF THE AUTHORITY

held on 4th June, 2014 at 2:00 PM

at New Delhi Regional Office of the Authority, 3rd Floor, Jeevan Tara Building,
Parliament Street, New Delhi

Present:	Chairman	Shri T. S. Vijayan
	Whole-time Member	Shri R.K. Nair
	Whole-time Member	Shri M. Ramaprasad
	Whole-time Member	Shri D. D. Singh
	Part-time Member	Shri Anup Wadhawan
	Part-time Member	Shri S.B. Mathur
	Part-time Member	Shri V.K. Gupta

Also present:

Designated Officer	Shri M. Pulla Rao, Sr. J.D. (General)
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Chairman extended a warm welcome to all those who were present. Leave of absence was granted to Shri K. Raghu, Part-time Member, who could not attend the meeting because of prior commitments.

Thereafter, the agenda was taken up for discussion.

Item No. 1: Confirmation of Minutes of the 83rd Meeting of the Authority held on 27th May, 2014

The minutes were reviewed and one of the Members sought to know the brief outline of the proposed action regarding the National Skill Development Corporation (NSDC). It was explained that while the issue of capital contribution to the BFSI Sector Skill Council was left to the Insurance Councils, the standards and curriculum for examinations would be as per guidelines of the Authority by ensuring the presence of one Member of the Authority on the Board of the council.

With the above discussions, the minutes of the 83rd Meeting of the Authority held on 27th March, 2014 were confirmed.

Item No. 2: Note for consideration of the Authority on the procedure to be followed in respect of insurance brokers who have violated regulation 23 of IRDA (Insurance Brokers) Regulations, 2002.

The agenda on the procedure to be followed in respect of insurance brokers who had violated regulation 23 of IRDA (Insurance Brokers) Regulations, 2002 which stood deferred in the 83rd Meeting of the Authority held on 27th May, 2014, was again placed before the Authority. The issues pertaining to utilisation of monies kept in Insurance Bank Account by the reinsurance/ composite brokers in violation of Regulation 23, actions taken by the Authority, revision of insurance broker regulations, clarity in Regulation 23 by removing the word “interest” and explicit requirement of not to keep monies in FDs or invest in other financial instruments were resubmitted to the Members of the Authority.

It was also noted that while there were a few instances of delay in remittance of money by the broker to the reinsurer/ insurer, no case of embezzlement of funds by reinsurance broker has been made by any reinsurer/ insurer/ another broker.

Following the discussions, the Members of the Authority decided that there would not be automatic renewal of licenses of broking companies whose licenses had not been renewed or downgraded and appealed to the Chairman for reconsideration of the decision of the Authority. The Authority would not foreclose its option of taking action against broking companies who had violated Regulation 23. Instead, the Authority would undertake a financial audit of all those broking companies whose licenses have not been renewed or downgraded or have applied afresh after cancellation of their license after waiting for a period of one year as provided in the Regulations. The Chairman, based on the gravity of the violation, was authorised to decide on a case to case basis the action to be taken in such cases.

One of the Members suggested that the Authority should examine as to how to deal with broking companies whose licenses were cancelled/ not renewed and yet possess outstanding amounts belonging to reinsure/ insurer.

Based on the above, the Authority approved the procedure proposed in the agenda note in respect of insurance brokers who had violated Regulation 23 of IRDA (Insurance Brokers) Regulations, 2002.

Item No. 4: Status note on IIB

Shri Wadhawan enquired whether Government's permission was taken for formation of IIB or whether Government nominee was present in the Board meeting when the decision to form the society was taken.

Executive Director clarified that Shri Aravind Kumar was present in the meeting when the decision was taken and the then Finance Minister was present in the inaugural function of the Society. Shri Wadhawan requested that the extracts of the minutes relating to the aforesaid decision may be forwarded along with the details of the members present in the said meeting. He also stated that the matter was being processed in Government for a suitable resolution.

Accordingly, it was decided to defer the matter.

(T. S. Vijayan)
Chairman

