

**Minutes of the meeting of the General Procurement Committee held on 24<sup>th</sup>  
March, 2011 in the office of IRDA, Hyderabad**

The committee took for consideration the proposal of M/s Brickworks Rating Agency to undertake the work of financial analysis of insurance companies, peer group analysis and analysis of conglomerates based on the justification and needs of the departments of Life, General, Actuary and F& I. The representative of M/s Brickwork Rating Agency explained the work done by them so far which included developing templates and analysis sheets to review the performance. It was also informed that the models for credit ratings are largely based on publicly available information. However some part of the analysis is based on the information submitted by the companies to the regulatory authority.

Based on the interaction with BWR, the committee considered the following issues:

1. The proposal is to award the work on the basis of a single tender. It should satisfy the criteria laid down under clause 6.8 of the IRDA Procurement Manual, viz., proprietary nature of the product and emergency aspect as also the justification for arriving at this opinion. If this is satisfied, the following further points need to be considered.
2. The Procurement Committee was informed that the work of quarterly analysis of insurance companies and the peer group analysis covered by the present proposal will be needed until the BAP Project is implemented within about a year. Conglomerate analysis is not needed for the present. At the rates quoted by BWR the annual cost of the assignment is Rs.73.60 lakhs and for the period of three years considered by BWR it is Rs.220.80 lakhs. IRDA may consider whether for a limited period the benefit is commensurate with the cost.
3. The Committee was informed that during the period of engagement on this project, there is a condition barring sharing of information between the credit rating division and the consultancy division of M/s Brickwork Rating Agency,

virtually preventing BWR from taking up any work with any insurance company. It is felt that this condition has the effect of increasing the cost and, if there is no adverse effect on IRDA, this condition may be relaxed subject to the condition that the information supplied by the IRDA remains confidential

4. In light of the above relaxation and also keeping in view the work done by BWR so far and the number and qualifications of the resource persons to be deployed if the work is awarded to them, IRDA may negotiate the rate. It is felt that the work may initially be limited to 2 quarters beginning 1<sup>st</sup> April, 2011. with a provision to review the contract on its expiry

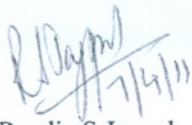
The User Department(s) may consider the proposal in the light of the above and accordingly, the revised proposal of BWR may be placed before the committee in its next meeting.



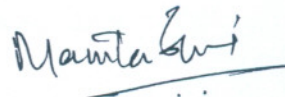
A. Krishna Rao  
Chairman



N. Sinivasa Rao  
FA&CAO



Randip S Jagpal  
JD(NL)



Mamta Suri  
JD (F&A)