



MINUTES OF THE 104th MEETING OF THE AUTHORITY

held on 28th March, 2019 at 11.00 AM in Hyderabad

Present:	Chairman	Dr. Subhash C. Khuntia
	Whole-time Member	Ms. Pournima Gupte
	Whole-time Member	Shri Nilesh Sathe
	Whole-time Member	Shri Sujay Banarji
	Whole-time Member	Shri Pravin Kutumbe
	Part-time Member	Smt. Sushama Nath
	Part-time Member	Shri Debasish Panda
	Part-time Member	Shri Prafulla P. Chhajed

Also present:

Designated Officer	Shri M. Pulla Rao, ED (Gen)
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The Chairman welcomed all the Members present. He extended special welcome to CA Prafulla P. Chhajed, President, Institute of Chartered Accountants of India who was attending the Authority meeting for the first time after his appointment. He also placed on record the valuable contributions made to the deliberations of the Authority by Shri P J Joseph, Whole-time Member (Non-life) and CA Naveen N D Gupta, former President, ICAI, who have since ceased to be Members of the Authority. As the quorum was available, the agenda were taken up for consideration.

2. Budget for the Financial Year 2019-20

The budget for the year 2019-20 with the estimated receipts of Rs. 287.51 crore and the estimated expenditure of Rs. 285.72 crore was approved. The revised budget estimate of expenditure for the year 2018-19 at Rs 191.21 crore (as against original estimate of Rs. 212.90 crore) was also approved.

Regarding the budget proposed for IIB, it was mentioned that the Audit report of the CAG of the year 2017-18 has sought the status of approval of Government of India. As IIB is a repository of insurance data and it is bringing out several research reports useful

to the insurance industry and IRDAI with data analysis, particularly for pricing motor third party insurance, support to IIB needs to continue.

With the above observations, the Authority approved the Budget for the Financial Year 2019-20 and revised budget estimate for the year 2018-19 as given in the Annexures.

8. Reconstitution of Re-insurance Advisory Committee (RAC)

The Authority noted that the RAC, the recommending body on Obligatory Cession to the Indian Re-insurers had been reconstituted on 31st December, 2018 with the prior approval of the Central Government, with five members, for a period of 3 years.

9. Obligatory Cession Notification

The Authority noted that with the prior approval of the Central Government, IRDAI has notified the percentage of obligatory cession for 2018-19 to the Indian Re-insurers and the terms and conditions vide official gazette of 16th January, 2019.

17. Status of Public Disclosures by Non Life & Life insurers for the half year ended September-2018

The status of hosting of all the forms including Revenue Account, Profit and Loss Account, Balance Sheet, Schedules to accounts and other forms on their website by all Life and Non Life insurers for the half year ended September 2018 was noted by the Authority.

21. Quarterly statement of foreign tours undertaken by Chairman and Members for the period from 1st October, 2018 to 31st December, 2018

The statement was noted by the Authority.

23. List of Circulars/Guidelines issued subsequent to 1st December, 2018 and till 19th February, 2019

The circulars / guidelines, etc. issued from 1st December, 2018 till 19th February, 2019 were noted by the Authority.

26. Amendment of the IRDAI (Appointed Actuary) Regulations, 2017

The background for the proposed amendment of the Appointed Actuary Regulations was presented. Considering the fact that some of the General Insurance companies, mainly PSU companies, were not able to find out eligible actuaries for the position of Appointed Actuary (AA) for a period of more than one year, “in principle” approval of the Authority was taken in its 102nd meeting for review of relevant clause of the captioned regulations.

It was informed that at present, 2 general insurance companies do not have Appointed Actuary for more than a year and one general insurance company does not have Appointed Actuary for more than 6 months. Out of these, two are PSUs.

The matter was discussed and it was felt that the concession should not be given for an indefinite period. Smt Sushama Nath suggested a cap and after discussion, it was agreed to put a maximum limit of 2 years beyond the current provision of 1 year.

Accordingly, the Authority approved the amendment to Regulation 6 of IRDAI (Appointed Actuary) Regulations, 2017, by addition of Regulation 6 (c) as follows:

“6 (c): For business continuance, the insurer may need exemption from Regulation 5 for a further period beyond one year. Upon request of the insurer and based on merits of the case, the Chairperson may grant extension for a further period not exceeding two years.”

30. Motor Third Party Pricing for the financial year 2019-20

The Authority was briefed on the process followed for determination of premium rates for Motor Third Party (MTP) Liability Insurance. For the 2019-20, a Committee approach has been adopted for the first time with representatives of Ministry of Finance, Ministry of Road Transport and Highways, motor associations, the insurance industry including professional actuaries and consumer representative. The Committee submitted its report on 15th February, 2019 and a review was done by an independent Actuary who submitted his report on 12th March, 2019. To examine the various aspects in depth, some more time would be required. Since the current rates are valid only till 31.03.2019, there is need for extension of the validity of 2018-19 Motor TP Liability rates until further notification.

The Authority considered the proposal and approved continuation of the current Motor TP Liability rates, as set out in Order ref no. IRDA/NL/NTFN/MOTP/053/03/2018 dated 28.03.2018 until further notification.

32. Incorporation of National Centre for Financial Education (NCFE) and its sources of finance

It was submitted that NCFE was setup in 2013 with support from all financial sector regulators, viz. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) to promote Financial Education across India for all sections of the population as per the National Strategy for Financial Education (NSFE) of Financial Stability and Development Council (FSDC) under the aegis of FSDC-Sub Committee and Technical Group on Financial Inclusion and Financial Literacy (TGFIFL). While reviewing the implementation of NSFE, the FSDC Sub-Committee chaired by the Governor, RBI in its 20th meeting held on November 23, 2017 decided for setting up of NCFE as a Section 8 company and also decided to continue with the current funding plan of 30% each by RBI, SEBI, IRDAI and 10% by PFRDA and that a corpus of Rs. 1000 million to be set up to fund annual expenditure of NCFE. IRDAI had expressed its view through letter dated 1st August, 2018 to RBI that it would be preferable to have a system of annual contributions by the various regulators after drawing up an annual budget, based on the projected plans and activities of NCFE rather than creating a corpus in the present interest rate regime. However, in the meeting of the FSDC - Sub Committee held on 14th March, 2019, it was noted that RBI and SEBI have already subscribed Rs. 30 crore each to the share capital, and IRDAI was requested to subscribe to the share capital. Hence, it is proposed that IRDAI may consider subscribing to share capital in the ratio of 30% of authorised capital of Rs. 100 crore as per the decisions of the FSDC-SC.

The Authority considered the agenda item and approved contribution by IRDAI of 30% of authorised capital of Rs. 100 crore of NCFE (i.e., Rs. 30 crore).

33. Nomination of IRDAI representative on the Board of National Centre for Financial Education (NCFE)

NCFE was incorporated on 5th September, 2018 and both RBI and SEBI have their representatives as the first directors of the company. It is proposed to nominate Mrs. Yegnapriya Bharat, CGM-NL to be a member of the Board of NCFE. The nominee may be authorised to sign any other necessary documents, as may be required in future, after seeking specific approval from the Chairman, IRDAI.

After deliberations, the Authority considered the agenda item and passed the following resolution:

“RESOLVED THAT Mrs. Yegnapriya Bharath, Chief General Manager, IRDAI is hereby authorized to be part of the Board of NCFE and to sign and submit on behalf of IRDAI

all the necessary documents required and such other papers, documents, declarations, affidavits, forms etc. and to take such other actions and steps as may be required for the functioning of the NCFE.

Resolved further that the Chairman, IRDAI is authorised to nominate any other official to be on the Board of NCFE, as may be required from time to time.”

34. Extension of term of office of Members of the Insurance Advisory Committee

It was submitted that the Insurance Advisory Committee with 25 members (excluding the Chairman and Members of the Authority) was constituted on 25th May, 2017 vide notifications F. No. IRDA/IAC/2/139/2017 dated 21st March, 2017 and F. No. IRDAI/IAC/10/147/2017 dated 5th December, 2017. The present term of office of the members of the IAC ceases on 24th May, 2019. Some more time is needed to identify suitable new members. In the meanwhile, it is proposed to extend the term of office of members of the IAC as detailed in the agenda by two months, except for those members who would complete two full terms by 24.05.2019.

The Authority considered the agenda item and approved extension of the term of office of the Members as proposed in the agenda note by two months from 25th May, 2019 to 24th July, 2019.

Chairman