



MINUTES OF THE 109th MEETING OF THE AUTHORITY

held on 13th August, 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)

Also present:

Designated Officer	Shri M. Pulla Rao, ED (General)
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The Chairman extended a warm welcome to the Members present. Leave of absence was granted to Shri Atul Kumar Gupta, Part-time Member. The quorum was present.

The agenda items were then taken up for consideration.

4. Statement of foreign tours undertaken by the Chairman and Members for the period from 1st January, 2020 to 31st March, 2020

The statement was noted by the Authority.

5. List of Circulars/Guidelines issued from 20th March, 2020 to 24th July, 2020

The Authority noted the circulars/guidelines issued.

6. Statement of regulatory actions initiated for the quarter ended 31st March, 2020

The Authority noted the regulatory actions taken during the quarter ending 31st March, 2020.

7. Reconstitution of Insurance Advisory Committee

The Authority agreed to the proposal to include MD & CEO, Central Bank of India as a Member of the IAC for the remaining term of the IAC, i.e., till 24th July, 2021 in place of MD & CEO, Syndicate Bank as Syndicate Bank has got merged with Canara Bank.

9. Relaxation of Dividend criteria - Equity shares - Approved Investment

9.1 As per IRDAI (Investment) Regulations, 2016, the investments of an insurer in preference shares / equity shares will qualify as "Approved Investment" for (i) preference shares of any company which has paid dividend on its equity shares for at least two consecutive years immediately preceding; (ii) equity shares of any listed company on which not less than ten percent dividend has been paid for at least two consecutive years

immediately preceding. Due to Covid-19 pandemic and economic disruptions, requests for relaxation in dividend criteria have been received from insurers.

9.2 In view of the directions of RBI to the banks and of IRDAI to the insurers in the wake of Covid-19 for conservation of capital and for restriction on payment of dividends for the year 2019-20, there would arise cases where companies with intrinsically sound fundamentals may not issue dividend for 2019-20. Since the definition of “Approved Investment” as per IRDAI (Investment) Regulations, 2016 requires payment of dividend in two consecutive years preceding, to take care of this abnormal situation, there is a need for a relook at the definition of “Approved Investment”.

9.3 The Authority considered the agenda item and approved substitution of the criteria of “*for at least 2 consecutive years immediately preceding*” required in Regulation 3 (a) (4) and 3 (a) (5) with “*for at least 2 years out of 3 consecutive years immediately preceding*” to classify Investments in Preference Shares and Equity Shares under “Approved Investment” with effect from 1st April, 2020 for a period of one year, i.e., till 31st March, 2021.

10. Issuance of Other Forms of Capital

The statement on issuance of other forms of capital by the insurers during the first quarter of 2020-21 was noted by the Authority.

11. Circular issued on transfer of shares of the insurance companies

11.1 It was explained that a circular was issued on 22nd July, 2020 under sub-section (1) of Section 14 of IRDA Act, 1999 read with Regulation 10 of IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015, clarifying on the issues relating to transfer of shares of insurance companies by promoters/shareholders highlighting the following: (A) In case of listed companies: (i) Transferor to inform insurer on sale of equity between 1% and 5% of paid up capital, (ii) IRDAI’s prior approval to be taken by the transferor for transfer beyond 5%, (iii) Submission of requests to be done through insurer for transfer beyond threshold limits; (B) Cumulative transfers in an FY to count for reckoning threshold limits; (C) Voting rights to be suspended if the transfer is not as per the statutory and regulatory provisions or without the prior approval of IRDAI.

11.2 The Authority ratified the issue of circular No. IRDA/F&A/CIR/TRSH/195/07/2020 dated 22nd July, 2020.

13. Delegation of powers of the Authority vested under IRDAI (Third Party Administrator - Health Services) Regulations, 2016

13.1 It was submitted that the power to grant Certificate of Registration (COR) to Third Party Administrators (TPAs) vests with the Member as per delegation approved in the 96th

meeting of the Authority and the current proposals were in the nature of operational functions related to TPAs, and should be vested with the Member.

13.2 The Authority considered the agenda item and approved the delegation as proposed.

18. Any other matter with the permission of the Chairman

Smt. Sushama Nath, part-time Member, complimented the proactive approach of IRDAI in bringing about effective measures to handle situations arising out of Covid-19 pandemic in the interest of the public, the policyholders and the Indian insurance sector.

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

CHAIRMAN