



MINUTES OF THE 117th MEETING OF THE AUTHORITY

held on 9th February, 2022 at 2:30 PM at Hyderabad

Present:

Whole-time Member	Smt. T L Alamelu
Whole-time Member	Shri K Ganesh
Whole-time Member	Shri Parmod Kumar Arora
Whole-time Member	Smt. S N Rajeswari
Part-time Member	Shri Amit Agrawal

Also, present:

Designated Officer	Smt. J Meena Kumari
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In absence of Chairperson, in accordance with Section 10 clause (2) of IRDA Act,1999, read with Regulation 3 clause (6) of the IRDAI (Meetings) Regulations 2000, Smt. T L Alamelu (Whole-time Member) was elected, to preside over the 117th meeting of the Authority, by all the Members present.

2. Smt. T L Alamelu extended a warm welcome to the Members present. A leave of absence was granted to Shri Nihar N Jambusaria, Part-time Member.

After ascertaining that the requisite quorum was available, Smt. T L Alamelu started the deliberations.

The agenda items were then taken up for consideration.

1. Confirmation of minutes and publication of items of the 116th meeting of the Authority

1.1 The minutes of 116th meeting of the Authority held on 22nd December, 2021, had been circulated to the Members on 28th December, 2021. As regards disclosure of agenda items, the following proposals were placed before the Authority:

(a) The specific details of the proposal may be omitted, and to publish the final resolution passed by the Authority with respect the decision on R1/R2, unless additional information was sought or other alternatives are being explored on the matter.

(b) The policy framework on regulatory matters be disclosed irrespective of stage of approval.

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(c) In case of other approvals granted by the Authority, specific details of the proposal involving third party information may be omitted, and to publish the final resolution passed by the Authority.

(d) All regular updates such as status of disclosures by insurers, quarterly solvency margin and similar items be disclosed.

(e) Matters involving sensitive information like Human Resources or involving third party confidential information not be not disclosed.

(f) Items/matters already in public domain be disclosed.

1.2 The Authority, after due deliberations, approved the proposed agenda items to be disclosed and minutes were confirmed and the publication of items of agenda items and related minutes, as proposed during discussion and in the agenda note, was approved.

4. Statement of Foreign Tours Undertaken by Members from 1st December to 31st January, 2022

4.1 The statement was noted by the Authority.

7. Allotment of Shares of Go Digit General Insurance Ltd. Under Section 6A of the Insurance Act, 1938

7.1 It was submitted that an agenda note on allotment of shares of Go Digit General Insurance Ltd. under section 6A of the Insurance Act, 1938 was circulated seeking approval of the proposal made therein. All the Members of the Authority had consented to the said proposal.

7.2 The Authority noted the agenda item.

8. Proposal for Delegation of Powers of the Authority to Notify the Obligatory Cession for the Financial Year 2022-23

8.1 It was submitted that an agenda note on delegation of powers of the Authority to notify the obligatory cession for the financial year 2022-23 was circulated seeking approval of the proposal made therein. Five out of six Members of the Authority had consented to the said proposal.

8.2 The Authority noted the agenda item.

10. Budget for the Financial Year 2022-23

10.1 The revised estimate of the budget for the financial year 2021-22 based on actuals up to 31st December, 2021 was presented to the Authority. The revised estimates of total receipts decreased from Rs.273.56 crore to Rs.271.25 crore, and the revised estimates of total expenditure decreased from Rs.272.84 crore to Rs.191.59 crore resulting in an expected increase in the overall surplus from Rs.72 lakh to Rs.79.66 crore.

10.2 Next, the budget for FY 2022-23 was presented with total receipts estimated at Rs. 288.34 crore, and the total expenditure estimated at Rs. 265.09 crore with an overall estimated surplus of 23.25 crore.

10.3 After due deliberations, the Authority approved (i) revised estimate of 2021-22 as given in Annexure: A-1 and (ii) budget estimate for the financial year 2022-23 as given in Annexure: A-2 of the agenda items.

11. Proposed Second Amendment to IRDAI (Health Insurance) Regulations, 2016

11.1 It was proposed to place the draft second amendment to IRDAI (Health Insurance) Regulations, 2016 on the IRDAI's website to seek comments of various stakeholders. The major modifications proposed in the regulations were briefed to the Authority.

11.2 The Authority approved to seek comments on the draft second amendment to IRDAI (Health Insurance) Regulations, 2016.

12. Proposed Second Amendments to IRDAI (Third Party Administrators – Health Services) Regulations, 2016

12.1. It was proposed to place the draft second amendments to IRDAI (Third Party Administrators – Health Services) Regulations, 2016 on the IRDAI's website to seek comments of various stakeholders. The major modifications proposed in the regulations were briefed to the Authority.

12.2. The Authority approved to seek comments on the draft second amendments to IRDAI (Third Party Administrators – Health Services) Regulations, 2016.

14. Delegation of Powers of the Authority under IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015

14.1 It was submitted that power of the Authority under sub regulation (7) of Regulation 14 of the IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015 with respect to 'issuance or grant of renewal of registration' was initially delegated to Member in the 96th meeting of the Authority held on 03.03.2017. This was subsequently modified and the power was delegated to Executive Director in the 108th meeting of the Authority held on 12.06.2020. The position of Executive Director being vacant at present and for smooth functioning, it was proposed that the power of the Authority under sub regulation (7) of Regulation 14 of the IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015 be delegated to 'Head of the Department' (HoD).

14.2 After due deliberations, the Authority approved the agenda item in continuation of the previous delegation drawing power from the sections approved in the 116th Authority meeting held on 22.12.2021.

Sl. No.	Power Relates to	Power Delegated to/conferred to	Delegation in case of Office of Delegated Person Referred at Column (c) is Vacant
(a)	(b)	(c)	(d)
23.	Issuance or grant of renewal of registration under Sub-Regulation (7) of Regulation 14 of the IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015	Executive Director	Head of the Department (HoD)

15. Master Circular on AML/CFT for all the Insurers (excluding Reinsurers and FRBs)

15.1 The revised Master Circular on AML/CFT for all the insurers but excluding re-insurers and foreign reinsurer branches was placed before the Authority for consideration.

15.2 After due deliberation on the subject, it was advised to further modify the circular as suggested below :

(a) avoid repeating verbatim the provisions of the said Act and the corresponding Rules, as this will require a change in the circular, whenever a change is made in the said Act/Rule, (b) instead direct reference to the provisions of the said Act and the Minutes of the 117th meeting of the Authority held on 09.02.2022

corresponding Rules, as appropriate, to be made in the circular, and (c) the same to be sent to Authority for circular resolution, after due modification.

16. Formation of Section 8 Company on Loss Prevention and Loss Minimization in General Insurance Industry

16.1 It was proposed that recommendation of the Working Group be accepted and the process of formation of Section 8 company under the Companies Act, 2013 be initiated so that the members of the proposed company become part of the proceedings of the Advisory Committee. It will help the Company to work smoothly after the expiry of tenure of the Advisory Committee and the members of the proposed company will be able take forward activities initiated by the Advisory Committee.

16.2 After due deliberations, the Authority granted in-principle approval and advised to place comprehensive blue print of the proposed section 8 company, within the next six months to Authority, providing for the following details: (i) legal framework under which it is proposed, (ii) approval requirements to start section 8 company, (iii) complete details of functions, activities and revenue generation models proposed, (iv) proposed Memorandum of Association and Articles of Association, (v) CEO, Key Management Personnel, staff and their qualifications, remuneration requirements, (vi) Governance and confidentiality requirements, (vii) Total budget requirements segregating into initial and subsequent capital requirements & regular revenue expenditure requirements, (viii) possible break-even period, (ix) Any other relevant subject relating to starting of the said company.

17. Exercise of Call option on Non-Convertible Debentures (NCDs) of Rs.178 crore by Tata AIG General Insurance Co Ltd under the IRDAI (Other Forms of Capital) Regulations, 2015

17.1 An agenda item was placed before the Authority for consideration and grant of approval for call option on Non-Convertible Debentures of Rs.178 crore by Tata AIG General Insurance Co. Ltd. under the IRDAI (Other Forms of Capital) Regulations, 2015, after expiry of 5 years i.e. on or after 21.3.2022.

17.2 The Authority considered the agenda item and granted its approval.

18. Transfer of shares of PNB Met Life India Ins. Co. Ltd. by Elpro International Ltd and IGE (India) Private Ltd to MetLife International Holdings, LLC

18.1 An agenda item was placed before the Authority for consideration and grant of approval for transfer of PNB Met Life's 213,402,479 equity shares held by Elpro and 77,633,357 equity shares held by IGE to PNB Met Life, in terms of section 6A of the Insurance Act, 1938, read with IRDAI (Transfer of Equity shares of Insurance companies) Regulations, 2015.

18.2 The Authority considered the agenda item and granted its approval.

19. Issuance of Non-Convertible Debentures of Rs.100 crore by Niva Bupa Health Insurance Co. Ltd under the IRDAI (Other Forms of Capital) Regulations, 2015

19.1 An agenda item was placed before the Authority for consideration and grant of approval for issuance of Non-Convertible Debentures of Rs.100 crore by NBHICL under IRDAI (Other Forms of Capital) Regulations, 2015.

19.2 The Authority considered the agenda item and granted its approval.

20. Issuance of Non-Convertible Debentures (NCDs) of Rs.125 crore by IndiaFirst Life Insurance company Limited under IRDAI (Other Forms of Capital) Regulations, 2015

20.1 An agenda item was placed before the Authority for grant of approval for issuance of Non-Convertible Debentures of Rs.125 crore by India First Life Insurance company Limited under IRDAI (Other Forms of Capital) Regulations, 2015.

20.2 The Authority considered the agenda item and granted its approval.

21. Issuance of Non-Convertible Debentures (NCDs) of Rs.50 crore by Royal Sundaram General Insurance Co. Ltd under IRDAI (Other Forms of Capital) Regulations, 2015

21.1 The agenda item was placed before the Authority for grant of approval for issuance of Non-Convertible Debentures (NCDs) of Rs.50 crore by Royal Sundaram General Insurance Co. Ltd under IRDAI (Other Forms of Capital) Regulations, 2015.

21.2 The Authority considered the agenda item and granted its approval.

23. Status note on Sahara India Life Insurance Co. Ltd. (SILIC)

23.1 The status of Sahara India Life Insurance Co. Ltd. was noted by the Authority. Further, the Authority directed to put up to the Authority after completing the following:

- (i) Embed consultation with Legal Department in processing the proposal received by SILIC,
- (ii) Seek explanation from the insurer and comments from the Administrator, SILIC on the application filed in response to the order of IRDAI dated 30.12.2020.
- (iii)_____.

25. Regulatory framework on Related Party Transactions (RPT)

25.1 An agenda item on the regulatory framework on related party transactions was placed before the Authority. The agenda items was placed in the 44th IAC meeting held on 10.12.2021. Most of the IAC Members welcomed the proposal of expanding the scope of RPT as it will enhance the disclosures and fairness, considering the need to increase the level of disclosures about related party transactions and group payments. Ind-As 24 covers all the aspects of related party disclosures in a comprehensive manner and aligns well. Disclosures could be consistent with the SEBI (LODR) Regulations. The draft circular laying down the above framework was placed for the approval of the Authority.

25.2 After due deliberations, the Authority advised to issue the guidelines after making necessary changes as per the suggestions made during the discussions.

26. Circular on Holding One Certificate of Registration under One Group

26.1 In 116th Authority's meeting held on 22.12.2021, it was submitted that IRDAI (Registration and operations of branch offices of foreign reinsurers other than Lloyd's) Regulations, 2015 is silent on holding more than one certificate of registration by one Group entity. Further, Section 2 (9) (d) of the Insurance Laws (Amendment) Act, 2015 provides that a foreign company engaged in reinsurance business can transact the business of reinsurance through a branch in India. Accordingly, a branch represents its applicant company and not the Group entity to which it belongs. However, there was no clarity on whether the same group through its companies can have presence through more than one Foreign Reinsurance Branch (FRB). Potential issues, which could arise, were also submitted such as, having more than one FRB by Group, net-owned fund compliances, overlapping business, complex structures.

26.2 Further, it was proposed that a circular may be issued clarifying the requirements, till such time as the regulations are amended. The Authority, in its 116th meeting, approved *“to make necessary changes in the regulations by way of making amendments.”*

26.3 After due deliberations, the Authority approved the agenda item.

27. Allotment of Shares of ACKO Technology and Services Private Limited (ATSPL), the parent company of Acko General Insurance Co. Ltd (AGICL).

27.3 After due deliberations, the Authority (i) approved to allow for investments directly made to the insurer, (ii) advised to inform the applicant that the raising of capital by SPV for other purposes is not within the purview of the Authority (iii) directed to issue show cause notice for non-complying with the applicable Regulations and Guidelines.

29. Exposure Draft on IRDAI Staff (officers and Other Employees) (First Amendment) Regulations, 2022

29.1 An in-principle approval was obtained from the Authority in its 105th Meeting held on 21.06.2019 to revise some of the provisions of the IRDAI Staff (Officers and Other Employees) Regulations, 2016. The exposure draft of IRDAI Staff (Officers and Other Employees) (First Amendment) Regulations, 2020 was uploaded on intranet on 23.10.2020 and comments were received from the staff. A discussion was also held in the Head of the Department meeting on the proposed changes. The internal comments received had been assessed and suitable modifications had been carried out in the exposure draft. The exposure draft was placed before the Authority for placing it in public domain for seeking public comments.

29.2 The Authority, after due deliberations, approved the agenda item and advised the department to review again the provisions proposed once again before placing the regulations for public consultation.

Presiding Member