

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA
HYDERABAD**

15th March 2021

Minutes of the 64th meeting of the Procurement Committee held on 15th March 2021

Present:

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| (i) Shri K. Ganesh, Member-Life | - Chairperson |
| (ii) Smt S.N.Rajeswari, Member-Distribution | -Co-opted Member |
| (iii) Shri Randip Singh Jagpal, CGM (Intermediaries) | - Member |
| (iv) Shri P.K. Maiti, GM-Enforcement | - Member |
| (v) Shri M.S.Jayakumar, CAO | - Member Convener |

User Department present:

- (vi) Smt. J.Meenakumari, CGM

Proposal to appoint M/s Toronto Centre on 'consultancy by nomination' basis.

Inspection Department CGM, submitted the agenda and apprised the Committee as follows:

- 1) The Authority in its 110th meeting held on 14th October, 2020 advised exploring the possibility of implementing Risk-based Supervision by constituting committees and using technical assistance of organizations like World Bank or Toronto Centre, after developing requisite MOU and cost structure.
- 2) IRDAI had interacted with organizations like Financial Sector Reforms and Strengthening Initiative (FIRST) of M/s World Bank, US treasury, IMF, A2ii and IAIS seeking their assistance in development and implementation of RBSF in India. In this regard:
 - a. The World Bank Group expressed their inability to provide support;
 - b. IMF did not respond;
 - c. TA department of US treasury was not willing to extend their support through the existing MoU with FIO, US treasury;
 - d. A2ii during the video conference indicated their inability to extend their support on this. However, suggested Toronto Centre as one of the

possible institution for taking support on development and implementation of RBSF;

- e. IAIS vide email dated 9th February 2021 have indicated A2ii, IMF, FIRST of World Bank and Toronto Centre as possible institutions who might provide support.

I. M/s Toronto Centre's cost proposal:

- 3) In response to an enquiry from IRDAI, M/s Toronto Centre vide their email communication dated 15th July, 2020 quoted USD 27,500 for each program (irrespective of whether the same is virtual or in person) for year 1 and a 2% increase on compounded basis for years 2 and 3.
- 4) There will be three programs per year for an initial period of three years. The total cost estimated per year is Rs. 62.27 lakhs (on an average) and the same for the three year program is approximately Rs. 1.87 crore (ignoring currency fluctuations).

	Per Program Cost in USD	Cost for three programs in USD	Cost in INR @ 74 per USD
Year 1	27,500	82,500	61,05,000
Year 2	28,050	84,150	62,27,100
Year 3	28,611	85,833	63,51,642
Total	84,161	2,52,483	1,86,83,742

- 5) The following will be the modalities of the arrangement:
- Each program is for a 5 day duration and could be either virtual or in-person. In case of a virtual program, the TC will be asked to adjust the savings in travel cost suitably.
 - IRDAI will be required to provide local logistics like meeting rooms, lunch, accommodation and local transport. It is estimated that such cost per program will be approximately Rs. 2.16 lakhs and around Rs. 19.5 lakhs for the project.
 - The following are the estimates for logistics that will have to be incurred by IRDAI:

S.No.	Particulars	Amount per program
1	Local Conveyance Rs. 3000/- per day for 6 days	18,000
2	Hotel Room – 5 star room @ appx Rs. 10000 per day plus taxes on single occupancy basis for 6 days = 10000*6*3	1,80,000

3	Lunch – Continental lunch @ appx Rs 1200 per meal = 1200*3*5	18,000
4	Total cost estimate per program	2,16,000
5	Total cost estimate per year	6,48,000
6	Total cost estimate for project duration of 3 years	19,44,000*

*The above costs are exclusive of taxes.

*It is assumed that meeting rooms/infrastructure of IRDAI office will be used.

- d. A partnership agreement (MoU) will have to be entered with the TC where each party agrees to maintain confidentiality of other party's confidential information.
- e. As part of the project, the TC will assist IRDAI by means of regular meetings, telephone conversations and electronic mail exchanges, conduct on-site workshops for IRDAI personnel, and working with IRDAI to make mid-course adjustments, based on implementation experience and ongoing events.
- f. The TC assistance includes working with IRDAI to improve professional capabilities, identifying gaps in existing staff skills and identifying organizational changes necessary for the implementation of the framework.
- g. Outcomes of the program include - IRDAI focusing resources on the risk exposures, quality of risk management oversight, allowing co-ordinated supervision, identifying early emerging and systemic risks, improving risk management and corporate governance of the insurers and providing mechanism for early risk identification and intervention.

II. Internal Committee's recommendation:

- 6) An internal committee was constituted for the purpose of discussing with the bidders of round 2 of the EOI. This committee was thereafter given an additional mandate to evaluate the cost effectiveness of M/s Toronto Centre's proposal.
- 7) The internal committee reviewed the cost quoted by M/s Toronto Centre as part of para 27 of their report submitted on 18th February, 2021. As part of para 29 of their report, the internal committee opined that the cost quoted by M/s Toronto Centre appeared 'reasonable'. They have as part of para 32 of their report also recommended considering M/s Toronto Centre's appointment as consultants for development and implementation of RBSF.

III. Appointment on 'consultancy by nomination':

- 8) Two rounds of EOI did not result in finding any entity with requisite skill set on RBSF. As per the recommendations of the internal committee, proposal for

appointing M/s Toronto Centre may be considered on 'consultancy by nomination' basis as per Rule 194 (iii) and 194(iv) of GFR Rules, 2017 and clause 3.10.1 of manual for procurement of consultancy & services 2017.

- 9) As per clause 3.10.1 of the manual for procurement of consultancy & services 2017, it has to be ensured that
- the cost is reasonable and consistent with market rates for tasks of similar nature and
 - the required consultancy work is not split into smaller sized components.
- 10) As stated in para (7), the internal committee has recommended the cost quoted by M/s Toronto Centre as 'reasonable'. As organizations offering similar services were not found, consistency with market rates could not be ascertained. The implementation committee in its interim report dated 25.06.2018 as per clause III (3) (e) (v), (vi) had defined the scope of work for the project and the same may therefore be considered as scope of work for the consultant and satisfying the 'need to refrain from splitting of work into smaller sized components' condition of clause 3.10.1 of the manual for procurement of consultancy & services 2017.
- 11) To comply with the requirements of Rule 194 (iv)/Clause 3.10.1, the proposal to appoint M/s Toronto Centre on 'consultancy by nomination' basis is placed before the 'General Procurement Committee' for consideration.

Committee Recommendations

The Committee agreed to the proposal recommended by the Inspection department appoint M/s Toronto Centre on 'consultancy by nomination' basis

The meeting concluded with vote of thanks to the Chair.



M.S. Jayakumar
Member-Convener



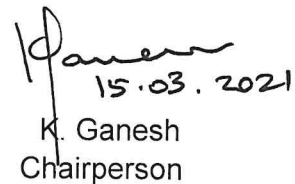
P.K. Maiti
Member



Randip Singh Jagpal
Member



Smt S.N. Rajeswari, 15/3/2021
Co-opted Member



K. Ganesh
Chairperson