

20. The Insurance Regulatory and development Authority Act, 1999

Objectives

- To protect the interests of the holders of insurance policies.
- To regulate, promote and ensure orderly growth of insurance industry.
- To provide for matters connected therewith or incidental thereto
- To amend the Insurance act, 1938, The life Insurance act, 1956 and the general insurance business act, 1972.

Definitions (Section 2)

- **Interim Insurance Regulatory Authority:** means the Insurance Regulatory Authority set up by the CG through Resolution.
- **Intermediary or Insurance intermediary:** includes insurance brokers, reinsurance brokers, insurance consultants, surveyors and loss assessors.

Establishment of authority (Section 3)

1. By whom?

- ✓ With effect from such date as the CG may, by notification, appoint

2. Characteristics

- ✓ Body corporate by the name aforesaid having perpetual succession and common seal with power, subject to the provisions of the act, to acquire, hold and dispose of the property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

3. Head office

- ✓ As such place which is decided by CG at time to time

4. Other office

- ✓ At any place in India

Composition of authority (Section 4)

1. Chairperson and members

- ✓ A chairperson;
 - ✓ Not more than 5 whole time directors;
 - ✓ Not more than 4 part-time members.
- Appointed by CG as per his ability which necessary be useful to the authority

2. Requirement as to specified areas

- ✓ For Chairperson and whole time members – at least one person each is a person having knowledge or experience in the Life Insurance, general Insurance or actuarial science, respectively.

Term of Office of Authority members (Section 5)

1. Term

- ✓ Hold office for a term of 5 years and eligible for reappointment
- ✓ No person shall hold office as such chairperson after he has attained age of 65 years.
- ✓ No person shall hold office as other members after he has attained age of 62 years.

2. Term for Part-time members

- ✓ Not exceeding 5 years

3. Removal and resignation

- ✓ Relinquish his office by giving in writing to the CG of not less than 3 months; or
- ✓ Be removed from office in accordance with the provision of section 6.

Removal from office of Chairperson and other members (Section 6)

- 1. Situation:** the CG may remove from any member who-
 - a. is, or at any time has been, adjudged as an insolvent; or
 - b. has become physically or mentally incapable of acting as member; or
 - c. has been convicted by any offence which in the opinion of CG, involves moral turpitude;
 - d. has acquired such financial or other interests as is likely to affect prejudicially his function as a member; or
 - e. has so abused his position as to render his continuation in office detrimental to the public interest.
- 2. Opportunity for being heard is given except in situation (d) and (e).**
 - The salary and remuneration of authority member is as per prescribed CG (Section 7)
 - Restriction on employment of authority in certain case (Section 8)
 - ✓ Any employment either under the CG or any under any statute government; or
 - ✓ Any appointment in any company in the insurance sector.
 - The procedural aspect of the meetings of the authority may be determined by regulations, resolutions are passed by simple majority and chairperson may use casting vote in case of a tie, in case chairperson unable to attend any meeting than members attending may appoint chairperson among themselves. (Section 10)
 - From time to time, authority may appoint employees and officer for efficiency in their work. (Section 11)

Transfer of Assets, liabilities etc. Of IIRA to IRDA (Section 13)

- On appointed day transfer made
- All assets and liabilities transfer
- All contractual obligation of IIRA transfer to IRDA.
- Similarly all debts also transferred to IRDA
- Legal proceedings, suits also transfer to IRDA.

Duties, powers and function of Authority (Section 14)

- The authority shall have the duty to regulate, control, promote and ensure healthy development of insurance business.
- Powers and functions
 - ✓ Issue, modify, cancel etc., of registration certificate of applicant
 - ✓ Safeguarding the interests of the policyholders like insurable interest, settlement of claim, surrender value of policy etc.,
 - ✓ Specifying code of conduct of the surveyors
 - ✓ Determining qualifications and training aspect of agents and intermediary
 - ✓ Levying fees and charges for their work.

- ✓ Conducting investigations and enquiries relating to issues concerning insurance business.
- ✓ Regulating and controlling insurance business not controlled by Tariff Advisory Committed under 64 of insurance act.
- ✓ Regulatory investment funds by the insurance companies.
- ✓ Regulating maintenance of margin of solvency
- ✓ Adjudicating and settling disputed between intermediaries and insurers.
- ✓ Supervising the functioning of Tariff Advisory Committee.

Funds (Section 16)

- Includes
 - ✓ Government grants, fees and charges
 - ✓ Money received by the authority from other sources specified by the CG.
 - ✓ Premium income received from the insurer
- Apply for
 - ✓ Meeting salaries and allowances of members and employees of the authority
 - ✓ Meeting other legitimate expenses of the authority

Accounts and Audit (Section 17)

- Accounts as per norms prescribed by CG with consultation of CAG
- Accounts audited by CAG
- Any other person appointed by CAG can enjoy same privilege and access to books, documents and other relevant papers as per authority of CAG.

Protection of action taken in good faith (Section 22)

- No suit, prosecution or other legal proceedings shall be lie against the CG or any other office of the CG or any member, office or other employees of authority for anything which is done in good faith or intended to be done in good faith.
- However nothing shall contain anything in this act shall exempt form any person from any suit or legal proceedings apart from this act, be brought against him.

Power to remove difficulties (Section 29)

- If any difficulty raised in giving effect to provisions of the act, the CG may by order published in official Gazetted make, such provisions not inconsistent with the provisions of this act, as may appear to ne necessary for removing difficulty,
- No provision shall be made after expiry of 2 years from appointed day.
- Every order made under this section shall be laid, as soon as may be after it is made, before such house of parliament.