

The Role of Insurance Regulatory and Development Authority of India

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Introduction:

IRDA- the Insurance Regulatory and Development Authority is autonomous and supreme body that governs and supervises the Insurance industry in India. After the formal declaration of Insurance Laws (amendment) ordinance 2014 by the president of India Shri Pranab Mukherjee it was constituted by parliament of India act called Insurance Regulatory and Development Authority of India (IRDA of India) on December 26 2014.¹

Establishment

IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (7 January 1994) headed by retired Governor of Reserve Bank of India Shri R.N Malhotra. The report recommended the establishment of an independent regulatory for insurance sector in India. It was incorporated as statutory body in April, 2000 with its headquarters at New Delhi.

The headquarters of the agency were shifted to Hyderabad, Telangana in 2001.

The Malhotra Committee report recommended far-reaching amendments to regulate the insurance sector to adjust with the economic policies of privatization. The most important recommendations are as follows:

- Recommendation of the entry of private entities into the insurance sector to introduce healthy competition between the new private insurers and

¹ IRDA annual-report 2015-16

the existing monopolistic entities including limited participation of foreign equity, banking and cooperative sector.

- Recommendation of gradual withdrawal of government capital in the existing public sector monopolistic entities, the Life Insurance corporation and the General Insurance Corporation and its subsidiaries and also de-linking of the subsidiaries making them independent entities.
- Recommendation that the General Insurance would exclusively deal with the reinsurance business.
- Recommendation to spread the insurance sector to rural areas by taking assistance of institutions like Panchayats, selected voluntary organizations, mahila mandals and cooperatives.
- Recommendation to delink the tariff advisory committee from the General Insurance Corporation and the committee should act as an independent statutory authority.
- In pursuance of the last but most important recommendation of the Malhotra Committee the government had taken a decision in 1996 to establish a Provisional Insurance Regulatory and Development Authority to replace the erstwhile authority called the Controller of Insurance, constituted under the Insurance Act 1938, which first worked under the Ministry of Commerce and was late transferred to the Ministry of Finance.

The IRDA Act, 1999 allows private players to enter the insurance sector in India besides a maximum foreign equity of 26 percent in a private insurance company having operations in India. It is considering some of the emerging requirements of the Indian insurance industry, IRDA was amended in 2002.

Objectives of IRDA (Insurance Regulatory and Development Authority of India)

- To aware and promote the policy holders
- To protect the right of policyholders
- To promote and ensure the growth of Insurance sector in India
- To settle out genuine insurance claims as early as possible and prevent malpractices and frauds.
- To provide transparency and orderly conduct of companies in financial markets dealing with insurance business.
- To stop the monopoly of public sector companies and provide healthy competition.

Self regulatory bodies:-

Life Insurance Council and General Insurance Council of association of Insurance in India envisaged in section 64C of the insurance act with participation of representatives who are registered insurer in India.²

Life Insurance Council a representative body of the insurers who are dealing in the business of life insurance in India General Insurance Council a representative body of insurers who are carrying on business of general, health and re-insurance in India. Executive Committees of the Life insurance Council:-³

The Executive Committee of Life insurance Council consists four representatives members of life insurance council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council.

² Section 64C of The Insurance Laws(Amendment) Act, 2015

³ Section 64F of The Insurance Laws (Amendment) Act, 2015

An eminent person not connected with insurance business, nominated by Authority Three person to represent insurance agents, intermediaries and policy-holders as may be nominated by the Authority

One representative from self –help groups and one member from Insurance co-operative societies.

Executive Committees of the General insurance Council:-

Four representative members of General Insurance Council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council

An eminent person not connected with insurance business nominated by the authority

Four persons to represent insurance, agents, third party administrators, surveyors and loss assessors and policyholders respectively as may be nominated by the authority.

One of the representative members shall be elected as Chairperson of the Executive committees.

If anybody of persons specified in sub-sections (1) and (2) fails to elect any of the members of the members of the Executive Committees of the Life insurance Council or the General Insurance Council the authority may nominate any person to fill the vacancy and any person so nominated shall be deemed to be a member of the Executive Committee of Life insurance Council or the General Insurance Council

Executive committees may make bye-laws for the transaction of any business at any meeting of committee

The life insurance council and General insurance Council may form such other committees consisting of such persons to discharge the functions as may be delegated thereto.

The Secretary of the Executive committee of Life insurance Council and General Insurance Council shall in each case may be appointed by the Executive Committee concerned. Appointed Secretary shall exercise all such powers and do all such acts as may be authorized in this behalf by the Executive Committee concerned.

IRDA other institutes offering courses:-⁴

1. University of Delhi, Delhi
2. The college of vocational studies(University of Delhi, sheikh sari
3. Academy of Insurance Management Asia pacific Institute of Management New Delhi
4. Birla Institute of Management Technology New Delhi
5. Goa university, Goa
6. Kurukshetra university kurukshetra
7. Department of Humanities and social Sciences Indian Institute of Technology (IIT), Mumbai
8. University of Bombay, Mumbai
9. University of Pune, Maharashtra

⁴ IRDA Sources



10. Manipur University, Imphal
11. Utkal University Bhubaneswar
12. Guru Nanak University, Amritsar
13. University of Chennai, Centenary Building, chepauk
Chennai
14. Aligarh Muslim university Aligarh
15. University of Kalyni Nadia district
16. National Insurance Academy Pune
17. Centre of Insurance studies and Research, National
Law University, Jodhpur
18. Amity School of Distance learning
19. Centre for Insurance and Risk Mangement
20. Indian Institute of Management Bangalore
21. Narsee Monjee Institute of Management studies

List of Institutes approved by IRDA:-

Eastern Zone

1. Assert Institute of Management studies
2. Insurance Training Centre
3. Jalpaiguri Insurance Institute
4. Learning Centre of insurance

5. Centre for insurance studies Calcutta
6. National Centre for Insurance Learning Narendarpur Calcutta

Southern Zone

1. Warrangal Insurance Institute
2. Shriram HRD Centre (A unit of Shriram Management services Ltd)
3. Integrated Business School
4. College of Insurance and Financial Planning
5. Indian Institute of sales Technology(A division of India Sales Marketing and research Technology Ltd)
6. United Indian Learning Centre, Chennai
7. Indian Institute of Sales Technology, Chennai
8. Integrated Business School, Chennai
9. SHRIRAM HRD Centre Chennai
10. Warangal Insurance Institute Warangal
11. College of Insurance and financial Planning Secuderabad
12. National School of Insurance Education and research Banglore
13. Barany Consultancy and Training (P) Ltd. Chennnai
14. Centre for research Education and sales training (CREST)
Thiruvanthapuram
15. ALERT Academy Thrissur

16. National School of Insurance Education and research, Bangalore
17. People First-Sobby's solutions Kochi
18. Institute of Career Excellence Trivandrum
19. Pasha Institute of Insurance Management Training, Hyderabad

Western Zone

1. Schoolnet India Limited, Worli Mumbai
2. New India Assurance Co. Ltd. Corporate Training College Mumbai
3. College of Insurance Gresham Assurance House Mumbai
4. Express Insurance Academy private Limited Mumbai
5. NIS Sparta Ltd. Mumbai
6. Institute of insurance and Financial Science Education Research and Training Pune
7. MAEER's Maharashtra Institute of Technology Pune
8. National Insurance Academy Pune
9. ICICI Training Centre Pune
10. Academy of Insurance Education and Training Jaipur

Northern Zone

1. Amity School of Insurance and Actuarial Science
2. NIS SPARTA Limited

3. UGCE-Insurance Institute for Education and Training, Panchkula
4. Insurance Research and Management Academy Lucknow
5. Knowledge Network India KNI corporate
6. Max New York Life Insurance Co. Ltd.
7. Ritu Nanda insurance services (P) Ltd, New Delhi
8. NIS Sparta Ltd, New Delhi
9. Bajaj Capital Business School, New Delhi
10. India Insurance Business School, Noida
11. Institute of Management Development and Research New Delhi
12. Oriental staff training College Mathura Road Faridabad

References

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Section 64C of The Insurance Laws(Amendment) Act, 2015

Section 64F of The Insurance Laws (Amendment) Act, 2015

Section19, IRDA Act 1999