

Insurance Regulatory And Development Authority Act, 1999

DR. MANMEET SINGH

ASSISTANT PROFESSOR (LAW)

MAHARAJA AGRASEN UNIVERSITY, BADDI

The IRDA (Insurance Regulatory and Development Authority) is the national regulatory body for Insurance industry (both Life and Non-Life Insurance Companies) under the auspices of Govt. of India, setup in 2000 as an autonomous body to regulate and develop the business of insurance and reinsurance in the country as per the insurance regulatory and development authority act, 1999 situated at Hyderabad

IRDA was established by an act enacted in Indian Parliament known as IRDA Act, 1999 and was amended in 2002 to incorporate some emerging requirements as well as to overcome some deficiencies in the entire process.

The main objective of setting up IRDA was to promote market efficiency and ensure consumer protection.

IRDA is the controlling and regulatory apex body in the country for insurance sector and its chairman and members are appointed by Government of India.



COMPOSITION OF AUTHORITY

As per the section 4 of IRDAI Act' 1999, Insurance Regulatory and Development Authority of India (IRDAI, which was constituted by an act of parliament) specify the composition of Authority

The Authority is a ten member team consisting of :-

- (a) a Chairman
 - (b) five whole-time members;
 - (c) four part-time members,
- (all appointed by the Government of India)

TENURE OF OFFICE OF CHAIRPERSON AND OTHER MEMBERS

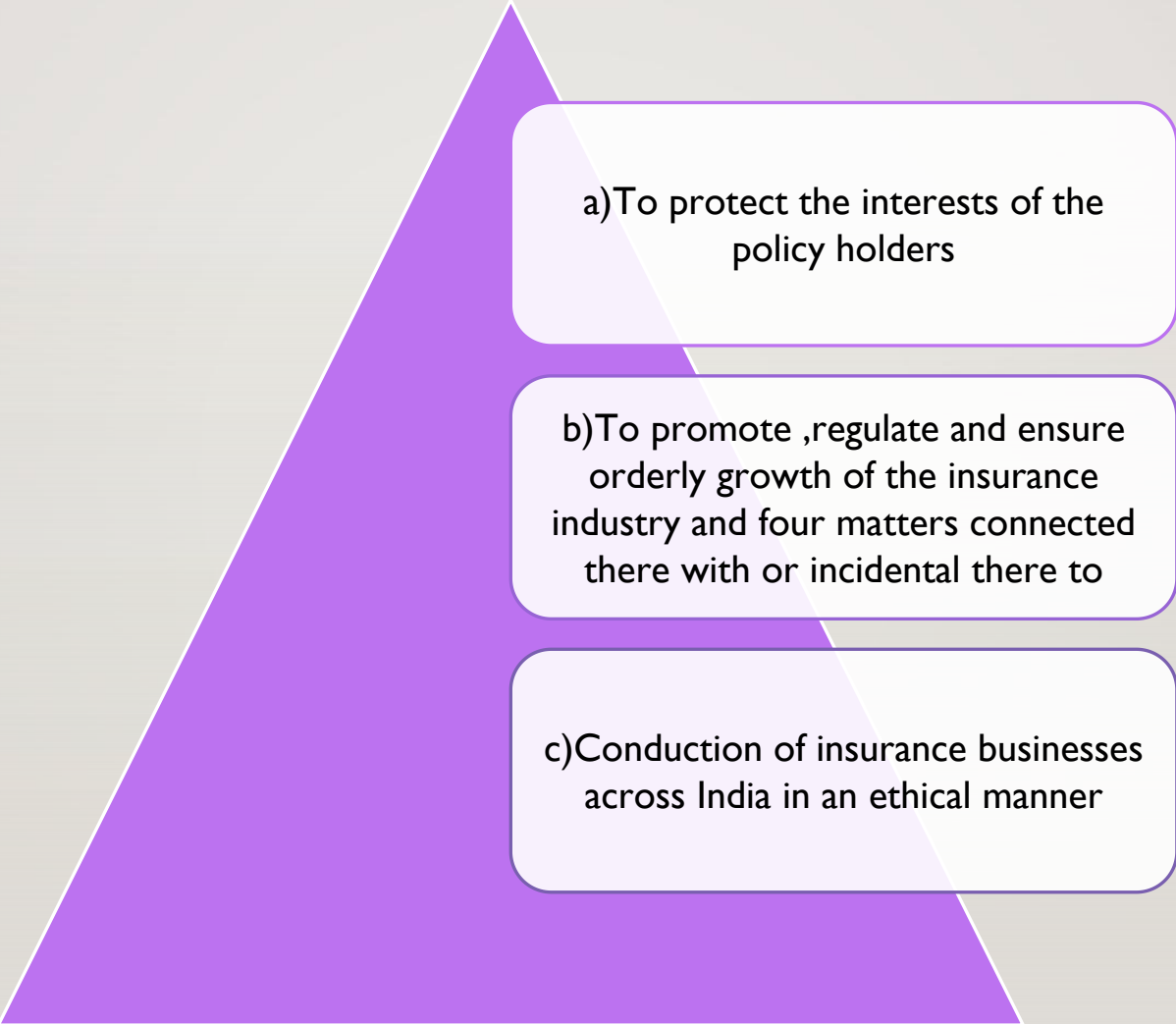
- Chairperson and every other whole-time member – 5YRS
- Maximum age of chairperson is 60yrs
- Maximum age of whole time member is 62yrs
- Part time members- not more than 5yrs

REMOVAL FROM THE OFFICE

The Central Government may remove from office any member who-

- is act as an insolvent.
- has become physically or mentally incapable of acting as a member.
- has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude.
- has acquired such financial or other interest as is likely to affect prejudicially his functions as a member.
- Has so abused his position as to render his continuation in office detrimental to the public interest.
- No such member shall be removed under clause (d) or clause (e) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

Mission



a) To protect the interests of the policy holders

b) To promote, regulate and ensure orderly growth of the insurance industry and four matters connected there with or incidental there to

c) Conduction of insurance businesses across India in an ethical manner

Functions of IRDA

- Registration (licensing) including renewal of registration of insurance companies.
- Licensing of insurance intermediaries such as agents, surveyors and loss assessors, third party administrators, brokers etc.
- Official approval of agent's training institutions.
- Monitoring all non-tariff products including pricing of products, terms and conditions thereof, etc.
- Supervision of the functioning of the companies and intermediaries including review of company annual statements.
- Formulation of regulations.
- Enforcement of discipline.
- Consumer education and assistance.

DUTIES, POWERS AND FUNCTIONS OF IRDAI

- Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration
- Protection of the interests of the policy holders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance
- Specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents
- Specifying the code of conduct for surveyors and loss assessors
- Promoting efficiency in the conduct of insurance business
- Promoting and regulating professional organisations connected with the insurance and re-insurance business
- Levying fees and other charges for carrying out the purposes of this Act
- Calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business

- Control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938)
- Specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries
- Regulating investment of funds by insurance companies
- Regulating maintenance of margin of solvency
- Adjudication of disputes between insurers and intermediaries or insurance intermediaries
- Supervising the functioning of the Tariff Advisory Committee
- Specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f)
- Specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector

OBLIGATIONS OF IRDAI UNDER THE RTI ACT 2005

- **The RTI ACT, 2005 :-**

The Government of India has enacted the Right to Information Act, 2005 which has come into effect from October 13, 2005. The Right to Information under this Act is meant to give to the citizens of India access to information under control of public authorities to promote transparency and accountability in these organizations.

- **Obligations of IRDAI :-**

The Insurance Regulatory and Development Authority of India (IRDAI) is a public authority as defined in the Right to Information Act, 2005. As such, the Insurance Regulatory and Development Authority of India is obliged to provide information to members of public in accordance with the provisions of the said Act.

The right to information includes access to the information which is held by or under the control of any public authority and includes the right to inspect the work, document, records, taking notes, extracts or certified copies of documents / records and certified samples of the materials and obtaining information which is also stored in electronic form.



OMBUDSMAN

- The institution of Insurance Ombudsman was created by Government of India Notification dated 11th November, 1998.
- Purpose is to quick disposal of the grievances of the insured.
- The institution helps to generate and sustain the faith and confidence amongst the consumers and insurers.

APPOINTMENT OF OMBUDSMAN

The appointment has to be done with the recommendations of the committee comprising of Chairman, IRDA, Chairman, LIC, Chairman, GIC and a representative of the Central Government.

POWER OF OMBUDSMAN

Insurance Ombudsman has two types of functions to perform

- 1.) Conciliation
- 2.) Award Making

The insurance ombudsman is empowered to receive and consider complaints in respect of personal lines of insurance from any person who has any grievance against an insurer i.e.,

- (a) Any partial or total repudiation of claims by the insurance companies,
- (b) Dispute with regard to premium paid or payable in terms of the policy,
- (c) Dispute on the legal construction of the policy wordings in case such dispute relates to claims
- (d) Delay in settlement of claims
- (e) Non-issuance of any insurance document to customers after receipt of premium

CAUTION

IRDA is not involved in any direct or indirect selling of insurance and strictly does not promote any company and its policy of Insurance selling. IRDA is a regulatory body to keep a check on the insurance issuing companies.

Thank You

By
Dr. Manmeet Singh