



MINUTES OF THE 66th MEETING OF THE AUTHORITY

held on December 28, 2010 at 11.30 a.m.

in the Office of the IRDA at 3rd Floor, Parishram Bhavan, Basheer Bagh, Hyderabad.

Present:	Chairman	Shri J Hari Narayan
	Member	Shri R.K. Nair
	Member	Shri G Prabhakara
	Member	Dr. R Kannan
	Member	Mr M Ramaprasad

Also present:	Executive Director	Shri K Subrahmanyam
	CSO (Life)	Shri Kunnel Prem
	FA & CAO	Shri N Srinivasa Rao
	Designated Officer	Shri A Giridhar

Chairman extended a warm welcome to all those who were present. Leave of absence was granted to Smt L M Vas, Addl Secretary, Ministry of Finance, Smt. Ela R Bhatt, SEWA, Mr. Amarjit Chopra, President, ICAI who could not attend because of prior commitments.

Item # 1: Confirmation of Minutes of the 65th Meeting of the Authority held on October 20, 2010

Authority approved the Minutes of the 65th Meeting of the Authority held on October 20, 2010

Resolution No: 66:1

Authority resolves to confirm the Minutes of the 65th meeting held on October 20, 2010.

Item # 2: Action Taken Report on the Minutes of the 65th Meeting of the Authority held on October 20, 2010

Noted.

Item # 3: R1 Application of Edelweiss Tokio Life Insurance Company Ltd

The R1 application of Edelweiss Tokio Life Insurance Company Limited was taken up for consideration. The Authority noted that Edelweiss Capital Limited, the Indian promoter, will hold 74% share in the joint venture life insurance company and Tokio Marine & Fire Nichido Insurance Company Limited, a 100% subsidiary of Tokio Marine Holdings Inc, Japan, as foreign promoter will hold 26%.

The Authority took note that the applicant company met the statutory requirement of being a public limited company and regulatory requirement of the Indian promoter not being a subsidiary. It took note that the foreign company has no direct or indirect holding in Indian promoter company and hence complies with legal and regulatory requirements. The applicant company proposed to commence operations with an initial paid-up capital of not less than Rs.150 crores and a total capital of Rs.550 crores. The additional capital infusion over and above Rs.550 crores in the 3rd, 4th and 5th year after grant of certificate of registration was noted to be Rs.200 crs, Rs.180 crs and Rs.380 crs respectively bringing the total capital infused in the company to Rs.750 crs, Rs.930 crs and Rs.1310 crs respectively.

The Authority took note of the financial strength of the promoter companies based on the financial statements of the promoter companies, the projections on their future prospects and their ability to fund the capital requirements of the applicant company. The meeting took note that Tokio Marine & Fire Nichido Insurance Company reported net premium income of 1,813 billion yen, underwriting profit of 73.8 billion yen and net income of 71.1 billion yen as on 31st March, 2010. On the other hand the total income of Edelweiss group as on 31st March, 2010 stood at Rs.977 crs, net profit of Rs.229 crs and a net-worth of Rs.2,257 crs. The assessment took into account the impact of the promoters' commitments to their other existing/ proposed ventures/ activities and concluded that both the domestic and foreign partners have adequate financial strength to meet the initial and additional capital requirements to meet the Authority's regulatory stipulations.

The Authority took note of the salient features of the shareholders' agreement and it was submitted that the due diligence reports on the Indian promoters and foreign promoter were obtained from RBI, SEBI and FSA, Japan.

The Authority noted that the Edelweiss Group has a direct broking license. The Group had three corporate licenses with the insurance companies viz., Birla Sun Life Insurance Company Ltd., New India Assurance Company Ltd., Tata AIG Life Insurance Company Ltd., which were cancelled. Further, it was noted that the Edelweiss Group's had a corporate agency license with Royal Sundaram Alliance Insurance Company Ltd., which expired on December 07, 2006. It was submitted that Tokio Marine has a joint venture in general insurance with IFFCO and a Representative Office in India.

The rural and social sector obligations of the company were explained. It was submitted that the strategy of the company to meet its rural and social sector obligations as stipulated in the Act/Regulations is in order. The Authority took note of the business plan, nature of insurance products, organizational structure etc., of the insurance joint venture.

The Authority noted that the applicant company prima facie satisfies the requirements of the regulations covering the R1 stage and resolved to grant approval to the R1 application of Edelweiss Tokio Life Insurance Company Limited.

Resolution No: 66:3

IRDA resolved to accord approval of R1 application of Edelweiss Tokio Life Insurance Company Limited and issue application for registration (Form R2) subject to changes in shareholders' agreement as specified in the Board Note.

Item # 4: R1 Application of Religare Health Insurance Company Ltd

The R1 application of Religare Health Insurance Company Limited was taken up for consideration and approval.

Whilst on this, the Authority noted that Religare Enterprises Limited (REL), the Indian promoter, will hold 90% share in the joint venture non-life health insurance company and Union Bank of India (UBIN) and Corporation Bank (CB), as other Indian promoters will hold 5% each in the insurance joint venture.

It was submitted that the applicant proposes to commence its operations with an initial paid-up capital of Rs.142 cr. with the contribution of Rs.128 cr. by Religare Enterprises Limited and Rs.7.1 cr. each by Union Bank of India and Corporation Bank. Thereafter, the additional capital infusion, in the insurance joint venture, during the 2nd, 3rd, 4th and 5th year would be Rs.37 cr., Rs.29 cr., Rs.59 cr. and Rs.13 cr. respectively. The overall capital infusion would be Rs.250.20 cr. by REL and Rs.13 cr. each by UBIN and CB.

It was further submitted that the promoters of the joint venture non-life health insurance company i.e. REL, UBIN and CB have sufficient financial strength to fund the operations of the insurance joint venture in future and will meet the solvency requirement at all times. Further, the financial strength of the promoter companies were explained in detail.

The Authority noted that satisfactory due diligence reports on the Indian promoters were obtained from RBI and SEBI.

The Authority further noted that the Religare Group has a composite insurance broking license and CB & UBIN have corporate agency tie-ups with one life and one non-life insurance companies.

The rural and social sector obligations of the company were explained. It was submitted that the strategy of the company to meet its rural and social sector obligations as stipulated in the Act/Regulations is in order.

The Authority took note of the business plan, nature of insurance products, organizational structure etc., of the insurance joint venture.

The Authority further noted that the applicant company prima facie satisfies the requirements of the Regulations/Act covering the R1 stage and resolves to grant approval of R1 application of Religare Health Insurance Company Ltd.

Resolution No: 66:4

IRDA resolved to accord approval of R1 application of Religare Health Insurance Company Limited and issue Application for Registration (Form R2) subject to changes in Shareholders' Agreement & MOA/AOA as specified in the Board Note.

Item # 5: Insurance Awareness Campaign by IRDA.

The Board approved the print campaign placed by the Authority through the Department of Information and Public Relations, (DIPR), Government of Andhra Pradesh.

The Board also noted that the Authority had carried out campaigns on Radio as well as Television. The Board noted that the Authority had sponsored seminars by various consumer bodies upto an amount of Rs. 1 lakh per seminar.

Member (F&I) suggested that we have a system of registering consumer bodies who carry out substantial work in the area of consumer protection and consider proposals received from such bodies.

Chairman advised that as the current publicity strategy would end in March, 2011, the Authority must work out the strategy for the next financial year and place it before the Board in its next meeting.

Item # 7: Creation of “Policyholder Protection and Education Fund”

The Board was informed about the concept of the proposal to create a Policyholder Protection and Education Fund for the purpose of consumer education. The sources of funding were also discussed. The following issues were raised by Chairman and other Members:

1. The legal issues involved in crediting “unclaimed claims” and “unclaimed premium refunds” including the definition of such unclaimed amounts.
2. Whether the fund can be used for purposes of policyholder protection other than consumer education.
3. Management of the Fund.
4. To examine Singapore model of the policyholder protection funds and its feasibility in Indian context.

Item # 8: Policy Guidelines for Sharing of Information

The Authority approved the Policy Guidelines for “Sharing of Information” with various agencies at both domestic and international levels.

Item # 10: Budget for the year 2011 – 2012

It was resolved to approve the budget proposals for the year 2011-12 and revised budget for the year 2010-11 as per Annexure.

Item # 11 Note on study of behaviour of Group Policies

Member (Life) clarified that the group products are typically for a term of one year or a fund based schemes like superannuation, gratuity, etc., hence there is no relevance for premium awaited data for such line of business. In view of the above study of premium awaited policies would be more appropriate to individual policies rather than group business.

There was no other item for discussion and the meeting concluded with vote of thanks to the Chairman.

**Sd/-
(J Hari Narayan)
Chairman**