CHAPTER – VI

LEGAL FRAMEWORK AND REGULATION OF INSURANCE
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Insurance is a long term agreement between insurer and insured. There is one public sector life insurance company and more than 20 private insurance companies are functioning in India. All these companies are controlled and regulated by certain acts and regulations. The very important regulatory body that regulates Indian insurance industry is Insurance Regulatory and Development Authority (IRDA). In this chapter an attempt is made to present the details of acts and regulatory bodies.

History of Insurance Legislation in India

Insurance is a long term agreement between insurer and insured. There is one public sector life insurance company and more than 20 private insurance companies are functioning in India. All these companies are controlled and regulated by certain acts and regulations. The very important regulatory body that regulates Indian insurance industry is Insurance Regulatory and Development Authority (IRDA). In this chapter an attempt is made to present the details of acts and regulatory bodies.
The insurance was in its inception stage in India up to the end of nineteenth century. Therefore, no legislation was required till that time. Usually the Indian Companies Act, 1883 was applicable in business concerns, banking and insurance companies. New Indian Insurance companies and Provident Societies started at the time of national movement; but most of them were financially unsound. It was asserted that the Indian Companies Act, 1883 was inadequate for the purpose. Therefore, two Acts were passed in 1912, namely, Provident Insurance Societies Act V of 1912 and Indian Life Insurance Companies Act VI of 1912. These two Acts were in pursuit of the English Insurance Companies Act of 1909 with the difference that the Indian Life Insurance Companies related to life insurance only and excluded the non-life business from its fold. The Act put the life insurance business in India on sounder footing and resulted in creating a healthier atmosphere than before. It was also instrumental in the dissolution of some unsound Indian as well as non-Indian life offices or in the merging of some of them with the others. The legislation in India was confining to life business because there were very few general insurance companies and did not call for any legislation. To prevent financial weaknesses the insurers introduce new sections. On this basis one amendment bill was made and was sent to different select committees and at last it was enacted on 18th April 1950 by the Parliament. According to this amended Act, there are provisions pertaining to administration. The total right of control is with the Central Government. The Central Government controls
the insurance business by appointing Controller of Insurance. The insurance companies must follow the rules and regulations; otherwise they will be penalized under this Act. The life insurance business was nationalized in 1956 and certain provisions of this Act apply to the Life Insurance Corporation of India act was passed in 1972 to govern the business of general insurance, which were nationalized in 1972.

Insurance Act, 1938

This Act was passed in 1938 and was brought into force from 1st July 1939. Afterwards, the Act has been amended a number of times including those in 1950 and 1968. Important provisions in the Act relate to:

(A) Conduct of Insurance Business (Part-II)

(1) Registration and licensing of insurance

(2) Accounts and Audit

(3) Licensing of agents and surveyors

(4) Submitting of returns

(5) Investment norms

(6) Amalgamation and transfer of insurance business

(7) Authority’s control over management

(B) Insurance Association of India Councils of the Association and Committees thereof (Part IIA)

(C) Tariff Advisory Committees and control of tariff rates (Part IIB)
(D) Solvency Margin, Advance Payment of premium and restrictions on the opening of a new place of business (Part IIC)

(E) Provident Societies (Part III) Registration, working, Investment norms, liquidation etc.

(F) Mutual Insurance companies and co-operative life insurance societies (Part IV) Working capital norms, loans, membership, deposits etc.

(G) Reinsurance (Part IVA)

(H) Penalties (Part V)

Section 2c of the Act prohibits persons to carry on insurance business until he is –

(a) A public company

(b) A registered society under

(c) A body corporate incorporated under the Law of any country outside India not being in the nature of a private company. However, the central government is empowered to exempt any insurer or any person for the purpose of carrying on the business of granting superannuation allowances and annuities as per Section 2(11(c) or for the purpose of carrying general insurance business. Exempted insurer after the promulgation of IRDA Act, 1999 only Indian Insurance Company can carry insurance business.
Life Insurance Corporation Act, 1956

Life Insurance Business in India was nationalized with effect from January 19, 1956. On the date, the Indian business of 16 non-Indian insurers operating in India and 75 Provident Societies were taken over by Government of India. Life Insurance Corporation of India, Act was passed by the Parliament on June 18, 1956 and came into effect from July 1, 1956. Life Insurance Corporation of India commenced its functioning as a corporate body from September 1, 1956. Its working is governed by the LIC Act. The LIC is a corporate having perpetual succession and a common seal with a power to acquire hold and dispose of property and can by its name sue and be sued. Certain important provisions of the Act (as amended by IRDA Act, 1999) are given here.

Important provisions of Life Insurance Corporation Act, 1956 are as follows:

1. Constitution
2. Capital
3. functions of the Corporation
4. Transfer of Services
5. Set-up of the Corporation
6. Committee of the Corporation
7. Authorities
8. Finance, Accounts and Audit
9. Miscellaneous

General Insurance Business (Nationalization) Act, 1972

General Insurance Business (Nationalization) Act provide for the acquisition and transfer of shares of Indian insurance companies and undertaking of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto.

This Act governs the general insurance in our country. The Act contains provisions relating to the constitution, management and winding up of insurance companies and the conduct of all types of insurance business. All insurance business in India has been nationalized. The General Insurance Corporation of India carries on the general insurance business in India, its four subsidiaries besides a host of multinationals joining in the fray.

Consumer Protection Act, 1986

A number of important changes such as checking of unfair trade practices, grant of interim injunction and grant of compensation were enacted in the 1984 Amendment of the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act) however, to make it more effective and useful, nothing of much importance and use could come out of this exercise. Absence
of time-bound disposal of cases, court-like proceedings of the MRTP commission's work, centralization of MRTP Commission in Delhi, etc., continued to act as limitations of MRTP Act. Consequently, it was felt necessary to enact a more comprehensive legislation to protect the consumers' rights and the speedy, simple and inexpensive redressal of consumer disputes.

In this background, the Consumer Protection Act, 1986\(^6\) was introduced aiming at protection of the interests of consumers as stated in the preamble of the Act. It provides for the establishment of consumer councils and other authorities for the settlement of consumers' disputes.

**A brief profile of IRDA\(^7\)**

The forms of controls and regulations exercised over insurance industry have differed from country to country. The nature and pattern of controls in a country are shaped by its political and economical philosophy, economic and social compulsions, pressure different countries have evolved their own regulatory mechanism being applicable on insurance industry. Some of the countries have and healthy competition amongst them, while other have encouraged self control mechanism through greater role being assigned to services grew as early as in 16\(^{th}\) century. The sector was practically without government control and intervention till 1870, when Life Insurance Act was passed. The act as such did not impose any companies to disclose their financial and other details to the public and get their financers evaluated by an actuary. The companies were required to be transparent in their dealings and
make their accounts and valuation report available to the Board of Trade. It may be pertinent to mention that to power were delegated to the board to political philosophy of UK, which believed in the policy of *laissez-faire*. In contrast, the controls exercised in USA, Continental Europe and Japan were more severe and widespread in nature.

The Indian insurance industry is governed by Insurance Act, 1938, General Insurance Business Act, 1972, Life Insurance Corporation Act, 1956 and Insurance Regulatory Development Authority Act, 1999. General Insurance Industry is guided by all the above acts except the Life Insurance Corporation Act, 1956, which is specifically meant for Life business. Indian insurance industry has recently been opened up for private companies, both domestic and foreign. The opening of the insurance sector has been facilitated through IRDA.

The Government of India realized the necessities of setting-up Insurance Regulatory and Development Authority (IRDA) in 1999. The IRDA was set-up to provide for the establishment of an Authority, for protecting the interests of holders of insurance policies, to regulate, promote and insurer orderly growth of the insurance industry and for matters connected therewith or incidental thereto. With the birth of IRDA, the Government amended the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalization) Act, 1972 for the sake of proper control at apex level.

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Insurance Development and Regulatory Authority (IRDA) exercise the supervisory control or insurance companies and these powers flow from Insurance Act, 1938 as well as from IRDA Act, 1999. IRDA Act, 1999 states:

“Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate promote and ensure orderly growth of insurance business and insurance business.”

Regulatory and supervisory powers of the authority are wide and pervasive.

Short Title, Extent, and Commencement

- This Act may be called the Insurance Regulatory and Development Authority Act, 1999.
- It extends to the whole of India.
- It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

  “Provided that different date a may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be constructed as a reference to the coming into force of that provision.”

Definitions: In this Act, unless the context otherwise requires:

(a) “Appointed day” means the date on which the Authority is established under sub-section (1) of section 3;
(b) "Authority" means the Insurance Regulatory and Development Authority established under sub-section (1) of section 3.

(c) "Chairperson" means the Chairperson of the Authority.

(d) "Fund" means the Insurance Regulatory and Development Authority Fund constituted under sub-section (1) of section 16.

(e) "Interim Insurance Regulatory Authority" means the Insurance Regulatory Authority set-up by the Central Government through Resolution No. 17(2)/94-Ins-V, dated the 23rd January, 1996.

(f) "Intermediary or insurance intermediary" includes insurance brokers, reinsurance brokers, insurance consultants, surveyors and loss assessors.

(g) "Member" means a whole time or a part time member of the Authority and includes the Chairperson.

(h) "Notification" means a notification published in the Official Gazette.

(i) "Prescribed" means prescribed by rules made under this Act.

(j) "Regulations" means the regulation made by the Authority.

Words and expressions used and not defined in this Act but defined in the Insurance Act, 1938 (4 of 1938) or the Life Insurance Corporation Act, 1956 (31 of 1956) or the General Insurance Business (Nationalization) Act, 1972 (57 of 1972) shall have the meanings respectively assigned to them in those Acts.
Brief profile of IRDA and its functioning

Establishment and Incorporation of Insurance Authority is:

(1) With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purpose of this Act, an Authority to be called "the Insurance Regulatory and Development Authority."

(2) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, buy the said name, sue or be sued.

(3) The head office of the Authority shall be at such place as the Central Government may decide from time to time.

(4) The Authority may establish offices at other places in India.

Composition of Authority

The Authority shall consist of the following members, namely:

(a) A Chairperson;

(b) Not more than five whole-time members;

(c) Not more than four part-time members.

To be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law,
accountancy, administration or any discipline which would, in the opinion of the Central Government, be useful to the Authority.

Provided that the Central Government shall, while appointing the Chairperson and the whole-time members, ensure that at least the person is having knowledge or experience in life insurance, general insurance or actuarial science, respectively.

Tenure of Office of Chairperson and other Members: in IRDA

(1) The Chairperson and every other whole-time member shall hold office for a term of five years from the date on which he enters upon his office and shall be eligible for re-appointment.

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years.

(2) A part-time member shall hold office for a term not exceeding five years from the date on which he enters upon his office.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), a member any:

a. Relinquish his office by giving in writing to the Central Government notice of not less than three months; or

b. Be removed from his office in accordance with the provisions of section.

Removal from Office: in IRDA

(1) The Central Government may remove from office 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 a member; or

c. Has been convicted of any offence which, in the opinion of the Central Government, involved moral turpitude; or

d. Has acquired such financial or other interest as is likely to affect periodically his functions as a member; or

e. Has so abused his position as to render his continuation in office detrimental to the public interest.

(2) No such member shall be removed under clause (d) or clause (e) of section (1) unless he has been given a reasonable opportunity of being heard in the matter.

Salary and allowances of Chairperson and Members

The salary and allowances payable to, and other terms and conditions of service of, the members other than part-time members shall be such as may be prescribed. The part-time members shall receive such allowances as may be prescribed. The salary, allowances, and other conditions of service of a Member shall not be varied to his disadvantage after appointment.

Bar on future employment of members

The Chairperson and the whole-time members shall not, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept:
(a) Any employment either under the Central Government or under any State Government; or

(b) Any appointment in any company in the insurance sector.

Administrative Powers of Chairperson: The Chairperson shall have the powers of general superintendence and direction in respect of all administrative matters of the Authority.

Meetings of Authority: in IRDA

(1) The Authority shall meet at such times and places and shall observe such rules and procedures in regard to transaction of business at its meetings (including quorum at such meetings) as may be determined by the regulations.

(2) The Chairperson, or if for any reason he is unable to attend a meeting of the Authority, any other members chosen by the members present from amongst themselves at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be decided by a majority of votes by the members present and voting, and in the event of an equality of votes, the Chairperson, or in his absence, the person presiding shall have a second or casting vote.

(4) The Authority may make regulations for the transaction of business as its meetings.
Vacancies, etc. not to invalidate proceedings of Authority

No act or proceeding of the Authority shall be invalid merely by reason of:

(a) Any vacancy in, or any defect in the constitution of, the Authority;

(b) Any defect in the appointment of a person acting as a member of the Authority; or

(c) Any irregularity in the procedure of the Authority not affecting the merits of the case.

Officers and Employees of Authority: in IRDA

(1) The Authority may appoint officers and such other employees as it consider necessary for the efficient discharge of its function under this Act.

(2) The terms and other conditions of service of officers and other employees of the Authority appointed under sub-section (1) shall be governed by regulations made under this Act.

Transfer of Assets, Liabilities, etc. of Interim Insurance Regulatory Authority: on the Appointed Day,

(a) All the assets and liabilities of the Interim Insurance Regulatory Authority shall stand transferred to, and vested in, the Authority.

Explanation: The assets of the Interim Insurance Regulatory Authority shall be deemed to include all rights and powers, and all properties, whether movable or immovable, including, in particular, cash balances, deposits and all other interests and rights in, or arising out of, such
properties as may be in the possession of the Interim Insurance Regulatory Authority and all books of account and other documents relating to the same; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind;

(b) Without prejudice to the provisions of clause (a), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Interim Insurance Regulatory Authority immediately before that day, for or in connection with the purpose of the said Regulatory Authority, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the Authority;

(c) All sums of money due to the Interim Insurance Regulatory Authority immediately before that day shall be deemed to be due to the Authority; and

(d) All suits and other legal proceedings instituted by or against the Interim Insurance Regulatory Authority immediately before that day may be continued or may be instituted by or against the Authority.

**Duties, Powers and Functions or Authority in IRDA**

(1) Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and re-insurance business.
(2) Without prejudice to the generality of the provisions contained in subsection (1), the powers and functions of the Authority shall include.

a. Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;

b. Protection of the interests of the policyholders in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;

c. Specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;

d. Specifying the code of conduct for surveyors and loss assessors;

e. Promoting efficiency in the conduct of insurance business;

f. Promoting and regulating professional organizations connected with the insurance and re-insurance business;

g. Levying fees and other charges for carrying out the purposes of this Act;

h. Calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business.

i. 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);

j. Specifying the form and manner in which books of account shall be maintained and insurers and other insurance intermediaries shall render statement of accounts.

k. Regulating investment of funds by insurance companies;

l. Regulating maintenance of margin of solvency;

m. Adjudication of disputes between insurers and intermediaries or insurance intermediaries;

n. Supervising the functioning of the Tariff Advisory Committee;

o. Specifying the percentage of premium income of the insurer to finance schemes for promoting and relegating professional organizations referred to in clause (f);

p. Specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector; and

q. Exercising such other powers as may be prescribed.

Grants by Central Government

The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of
money as the Government may think fit for being utilized for the purposes of this Act.

**Constitution of Funds**

(1) There shall be constituted a fund to be called “the Insurance Regulatory and Development Authority Fund” and there shall be credited thereto:

a. All Government grants, fees and charges received by the Authority;

b. All sums received by the Authority from such other source as may be decided upon by the Central Government;

c. The percentage of prescribed premium income received from the insurer.

(2) The fund shall be applied for meeting:

a. The salaries, allowances and other remuneration of the members, officers and other employees of the Authority;

b. The other expenses of the Authority in connection with the discharge of its functions and for the purpose of this Act.

**Accounts and Audit**

(1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consolation with the Comptroller and Auditor-General of India.
(2) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General.

(3) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books of account, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit-report thereof shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before cash House of Parliament.

Power of Central Government to issue Directions

The Central Government is empowered to take action without prejudice to the foregoing provisions of this Act, the Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such
directions on questions of policy, other than those relating to technical and administrative matters, as the Central Government may give in writing to it from time to time. Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section. The decision of the Central Government, whether a question is one of policy or not, shall be final.

**Power of Central Government to Supersede Authority**

(1) If at any time the Central Government is of the opinion:

a. That, on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act; or

b. That the Authority has persistently defaulted in complying with any direction given by the Central Government under this Act or in the discharge of the functions of performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the Authority or the administration of the Authority has suffered; or

c. That circumstances exist which render it necessary in the public interest so to do, the Central Government may, by notification and for reasons to be specified therein, supersede the Authority for such period, not exceeding a six months, as may be specified in the notification and appoint a person to be the Controller of Insurance
under section 2B of the Insurance Act, 1938 (4 of 1938), if not already done:

"Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the Authority to make representations, if any, of the Authority."

(2) Upon the publication of a notification under sub-section (1) superseding the Authority:

a. The Chairperson and other members shall, as from the date of suppression, vacate their offices as such;

b. All the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (3), be exercised and discharged by the Controller of Insurance; and

c. All properties owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (3), vest in the Central Government.

(3) On or before the expiration of the period of suppression specified in the notification issued under sub-section (1), the Central Government shall reconstitute the Authority by a fresh appointment of its Chairperson and other members and in such case any person who had vacated his
office under clause (1) of sub-section (2) shall not be deemed to be disqualified for reappointment.

(4) The Central Government shall cause a copy of the notification issued under sub-section (1) and a full report to any action to be laid before each House of Parliament at the earliest.

Furnishing of Returns, etc. to Central Government

(1) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed, or as the Central Government may direct to furnish such returns, statements, and other particulars in regard to any proposed or existing programme for the promotion and development of the insurance business during the previous financial year.

(2) Copies of the reports received under sub-section (2) shall be laid, as soon as may be after they are received, before and cash House of Parliament.

Chairperson, Members, Officers and Other employees of Authority to be Public Servants

The Chairperson, members, officers and other employees of Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

Protection of Action Taken in Good Faith
No suit, prosecution or other legal proceedings shall be against the Central Government or any officer of the Central Government or any member, officer or other employee of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made there under.

Provided that nothing in this Act shall exempt any person from any suit or other proceedings, which might, apart from this Act, be brought against him.

Delegation of Powers

(1) The Authority may, by general or special order in writing, delegate to the Chairperson or any other member or office of the Authority subject to such conditions, if any, as may be specified in the order such of its powers and functions under this Act as it may deem necessary.

(2) The Authority may, by a general or special order in writing, also form committees of the members and delegate to them the powers and functions of the Authority as may be specified by the regulations.

Power to make rules

(1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:
a. The salary and allowances payable to, and other terms and conditions of service of, the members other than part-time numbers under sub-section (1) of section 7;
b. The allowances to be paid to the part-time members under sub-section (2) of section 7;
c. Such other powers that may be exercised by the Authority under clause (q) of sub-section (2) of section 14;
d. The form of annual statement of accounts to be maintained by the Authority under sub-section (1) of section (17).
e. The form and the manner in which and the time within which returns and statements and particulars are to be furnished to the Central Government under sub-section (1) of section 20;
f. The matters under sub-section (5) of section 25 on which the Insurance Advisory Committee shall advise the Authority;
g. Any other matter which is required to be, or may be, prescribed, or in respect of which provision is to be or may be made by rules.

**Establishment of Insurance Advisory Committee**

(1) The Authority may, by notification, establish with effect from such date as it may specify in such notification, a Committee to be known as the Insurance Advisory Committee.

(2) The Insurance Advisory Committee shall consist of not more than twenty-five members excluding ex-officio members to represent the
interests of commerce, industry, transport, agriculture, consumer forum, surveyors, agents, intermediaries, organizations engaged in safety and loss prevention, research bodies and employee's association in the insurance sector.

(3) The Chairperson and the members of the Authority shall be the ex-officio Chairperson and ex-officio members of the Insurance Advisory Committee.

(4) The object of the Insurance Advisory Committee shall be to advise the Authority on matters relating to the making of the regulations under section 26.

(5) Without prejudice to the provisions of sub-section (4), the Insurance Advisory Committee may advise the Authority on such other matters as may be prescribed.

Power to make Regulations

(1) The Authority may, in consultation with the Insurance Advisory Committee, by notification, make regulations consistent with this Act and the rules make there under to carry out the purpose of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:

a. The time and palaces of meetings of the Authority and the procedure to be followed at such meetings including the quorum
necessary for the transaction of business under sub-section (1) of
section 10;

b. The transactions of business as its meetings under sub-section (4) of
section 10;

c. The terms and other conditions of service of officers and other
employees of the Authority under sub-section (2) of section 12;

d. The powers and functions which may be delegated to committees of
the members under sub-section (2) of section 23; and

e. Any other matter which is required to be, or may be, specified by
regulations or in respect of which provision is to be or may be made
by regulations.

Rules and Regulations to be laid before Parliament

Every rule and every regulation made under this Act shall be laid as son
as may be after it is made, before each House of Parliament, while it is in
session, for a total period of thirty days which may be comprised in one
session or in two or more successive sessions, and if, before the expiry of the
session immediately following the session or the successive session aforesaid,
both Houses agree in making any, modification in the rule or regulation or
both Houses agree that the rule or regulation should not be made, the rule or
regulation shall thereafter have effect only in such modified form or be of no
effect, as the case may be, so, however, that any such modification or
annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Application of Other Laws not Barred: The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

Power to Remove Difficulties

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty. Provided that no order shall be made under this section after the expiry of two years from the appointed day.

(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.

It is understandable from the above that Insurance Regulatory and Development Authority has come to stay for the smooth management and control of insurance business in India particularly for discharging the basic functions such as registration/licensing, product and its pricing, distribution and settlement of claims and other important aspects.
References:

1. Insurance Act, 1938.


3. Vivek Gupta, Management of Insurance Companies, ICFAI University Case Study Series, Hyderabad.


