

VIVEKANANDA COLLEGE
(Empowered Autonomous)

Dr. Mrs. Surekha Awate
Assistant professor
Dept. of commerce

INSURANCE

B.COM. PART 1
SEMESTER 1ST

TODAY'S AGENDA

About Insurance

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Mission of IRDA

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WHAT IS INSURANCE?

- In simple words it means it's a contract between two parties first party is insurer (insurance company) and other party is insured (policy holder).
- An insurer is a company selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy.
- The amount to be charged for a certain amount of insurance coverage is called the premium.





HISTORY OF IRDA

The IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (1994) which recommended establishment of an independent regulatory authority for insurance sector in India.

Later, it was incorporated as a statutory body in April, 2000.

The IRDA Act, 1999 also allows private players to enter the insurance sector in India besides a maximum foreign equity of 26 per cent in a private insurance company having operations in India.

Insurance Regulatory and Development Authority (IRDA)

Insurance Regulatory and Development Authority (IRDA) is an autonomous apex statutory body which regulates and develops the insurance industry both (Life and Non-Life Insurance Companies) in India.

It was constituted by a Parliament of India act called *Insurance Regulatory and Development Authority Act, 1999* and duly passed by the Government of India and was amended in 2002 to incorporate some emerging requirements as well as to overcome some deficiencies in the entire process.

The agency operates from its headquarters at Hyderabad, Telciipanki where it shifted from Delhi 2001

IRDA



Insurance
Agent



Customer



Conduction of insurance* business across India in an ethical manner

**To protect the insurance industry
and made rules and regulations**



**To promote, regulate and ensure
orderly growth of the insurance
industry and for matters
connected therewith or incidental
thereto**



Major Objectives Of The IRDA : I

To promote orderly growth of insurance industry in the country, including registration of the insurance companies

To administer the provisions of the insurance act

To protect interests of policy holders and investors

To device control activities needed for smooth functioning of the insurance companies including investment of fiinds and thc solvency requirements to be maintained by insurance companies

To adjudicate (act as an judge) on disputes

IRDA's Regulatory Framework



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 shall consist of followings :

a. *A Chiiii yer som* :

- having Knowledge in Life , general Insurance
- Shall hold an office for the term of 5 yrs.
- the age of retirement is 6s years.

b. *Not more than five whole time Members* :

- having Knowledge in Life , general Insurance
- Shall hold an office for the term of 5 yrs.
- the age of retirement is 62 yrs.

c. *Not iriore than four -part time members* :

These pemons shall be appointed by the Central Govt.



Functions of IRDA:



As defined by the IRDA act, 1999, IRDA performs the following broad functions:

- Ensure orderly growth of the insurance industry
- Protect interest of policy holder
- Issue consumer protection guidelines to insurance companies
- Grant modify, and suspend license for insurance companies
- Lay down procedures for accounting policies to be adopted by the insurance companies
- Inspect and audit of insurance companies and other related agencies
- Re-insurance limit monitoring

Function continues:

Screening of accounting standards, transparency requirements in reporting

Ensure the health of the industry by preventing sickness through appropriate action

Publish information about the industry

Prescribe qualification and training needs of agents

Monitor the charges for various services by insurance company

Monitor investment

Duties and Responsibilities of IRDA Section 14 of IRDA Act, 1999:

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, 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





Duties and Responsibilities of IRDA:

- specifying the code of conduct for surveyors and loss assessors;
- promoting efficiency in the conduct of insurance business;
- promoting and regulating professional organizations connected with the insurance and re-insurance business;
- levying fees and other charges for canying 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 organizations connected with the insurance business;

THANK
YOU

