

## 8.7 Penal Provisions

8.8.1 Section 102-105C prescribe penalties for contravention of or default in complying with the provisions of the Act; false statement in document; wrongfully withholding or obtaining any property; offences under the Act committed by companies and failure to comply with the provisions of section 2B and 32C.

8.8.2 section 105C prescribes a penalty for failure to comply with section 32C. **It has been suggested that this section be amended to indicate a minimum penalty to be imposed so as to make the provisions deterrent in nature. Further these penalties will be determined and levied after adjudication/inquiry by Adjudicating Officers as stated in para 8.7.10.**

## 8.8 Miscellaneous provisions.

### Investments

8.9.1.1 It requires consideration whether the details of investments provided in sections 27, 27A and 27B ought to be shifted to the Regulations framed by the IRDA even while retaining the essential guidelines in the substantial provisions of these sections. Alternatively, whether the existing provisions relating to investments under sections 27, 27A and 27B be retained with an additional safeguard that prior approval of RBI should be sought in drawing up the list of such investments by the IRDA.

8.9.1.2 **It requires to be consider whether the provisions pertaining to investments and maintenance of solvency margin should be equally applicable to the public sector insurance companies including Life Insurance Corporation of India and GIC and its subsidiaries.**

### Winding up under the Companies Act 1956 (section 53)

8.9.2 The Insurance Act provides for winding up by the court under section 53. The Act does not allow voluntary winding up by the insurance company except on the grounds mentioned in section 54. It also provides for partial winding up if the scheme for the same is confirmed by the court under section 58. The provisions of section 53 enables the court to pass orders for winding up of an insurance company not only as per the provisions of the Companies Act but also if a petition is filed under sub-section 2 of this section after obtaining the previous sanction of the court in this behalf by one tenth shareholders of the company or not less than fifty policy holders.

8.9.3 This section also enables the Authority under clause (b) of sub-section (2) to apply for winding up if (I) the company fails to deposit or keep deposited the amount required under section 7 or 98, or (ii) the company has continued failure to comply with the requirements of this Act or contravention of any provisions of this act for a period of three months after notice of such contravention or non-compliance has been conveyed to

it by the Authority, or (iii) returns furnished by the company or investigations made under this Act reveal that the company is or is deemed to be insolvent, or (iv) continuance of the company is prejudicial to the interest of policy holders or public interest generally.

8.9.4 These very grounds stated above in (I) - (iii) on which the authority has been empowered to apply for winding under this section are also some of the grounds for which it can cancel the registration of any insurance company under section 3(4). On cancellation of registration, the company cannot carry on insurance business. Hence provisions under clauses (i), (ii) and (iii) of sub-section (2) (b) may be omitted. However, clause (iv) may be retained.

8.9.5 In sub-section (1) of section 53, reference to Companies Act, 1913 be substituted by Companies Act 1956 (Act VII of 1956).

8.9.6 In sub-clause (i) of clause (a) of sub-section (2) of section 53, the words “or section 98” are to be omitted.

#### **Voluntary winding up (section 54)**

8.9.7 section 54 excludes voluntary winding up of insurance companies except for the purpose of amalgamation or reconstruction of the company or it cannot continue its business because of its liabilities. But amalgamation or reconstruction of the company does not presuppose winding up and interests of the shareholders are considered and protected under the scheme approved by the Authority. While in the case of winding up, the process is altogether different. Therefore, **section .54 may be amended to the effect that insurance companies should not be wound up except on the ground that by reason of its liabilities it cannot continue its business.**

#### **Scheme for partial winding up (section 58)**

8.9.8 Section 58 provides for partial winding up of insurance companies. In its sub-sections (3) and (4), reference to the Companies Act, 1913 may be substituted by the Companies Act 1956.

8.9.9 In sub-section (4), reference of section 12 of the Companies Act 1913 be substituted by ‘15’ and sections 15 and 16 be replaced by section 17 of the Companies Act 1956.

#### **Management by administrator (Sections 52A-52G)**

8.9.10 Section 52A to 52G deal with the management by an administrator. These sections were added in 1950 in order to protect the interest of policy holders of life insurance.

8.9.11 Section 52A provides that, if the Authority has reason to believe that an insurer is acting in a manner prejudicial to the interest of holders of life insurance policies, then the Authority may after giving the insurer an opportunity to be heard make a report to the Central Government and the central government may after considering the report, appoint an administrator to manage the affairs of the insurer.

8.9.12 IRDA is a high powered body and competent to decide and act in a given situation. Hence, **it is suggested that Authority after giving an opportunity to the insurer and after taking into consideration the interest of policy holders, is of the opinion that it is necessary and proper to appoint an administrator to manage the affairs of the insurer carrying on life insurance business, the Authority may, by an order, do so.** The administrator shall receive such remuneration as the Authority may direct. The Authority may appoint some other person as an administrator if the one appointed earlier is not able to manage the affairs of the insurer.

8.9.13 In the context of the proposed suggestions, sub-sections (1), (2) and (3) of section 52A may be amended to give effect to the aforesaid proposals.

8.9.14 At present, the provisions of section 52A do not mention the period for which an administrator will initially be appointed. It may be appropriate if the limit in this regard is provided in the statute subject to the proposed provisions of section 52 D.

#### **Powers of the administrator respecting property (section 52BB)**

8.9.15 section 52BB (9) vests in the administrator powers of the civil court. Sub-section (1) provides that an administrator may, pending the institution of proceedings against a person, who has rendered himself liable to be proceeded against under section 106, by order in writing, prohibit him or any other person from transferring or disposing of any property which, in his opinion, would be liable to attachment.

8.9.16 Sub section (2) provides for an appeal against such orders of the administrator to Central Government. It would be appropriate if the Authority is made the appellate authority under this sub-section. The words "Central Government" occurring in sub-sections (2) and (3) are to be replaced by the word "Authority".

8.9.17 As aforesaid, **the administrator would be exercising powers of a civil court. He should, therefore, be well qualified and competent to exercise such powers. A provision to this effect may be added to section 52 (A).**

#### **Termination of appointment of administrator (section 52 D)**

8.9.18 In consequence of aforementioned suggestions proposed in sections 52A and 52BB, **the provisions of section 52 D would have to be amended as follows:-**

"If at any time, it appears to the Authority that the purpose of the order appointing the Administrator has been fulfilled or that, for any reason, it is undesirable that

the order of appointment should remain in force, the Authority may cancel the order and thereupon the Administrator shall be divested of the management of the insurance business which shall, unless otherwise directed by the Authority, again vest in the person in whom it was vested immediately prior to the appointment of Administrator or any other person appointed by the insurer in this behalf”.

#### **Penalty for withholding documents of property from Administrator (section 52 F)**

8.9.19 Section 52 F provides punishment of six months imprisonment or fine extending of six months to Rs. 1000/- or with both for withholding documents of property of an administrator. It is **desirable that punishment of fine under this section may be enhanced to Rs. 5000/-**.

#### **Protection of Action (section 52G)**

8.9.20 Section 52 G provides for the protection of action taken by the central government in good faith under sections 52A, 52B or 52D and by the administrator under sections 52A, 52B or 52B or 52C.

8.9.21 **It is suggested that the protection extended to central government, at present should be extended to the Authority because, as proposed the action may be taken under the aforesaid sections by the Authority.** Therefore, amendments may be made in these sections.

#### **Finality of decision appointing Administrator (section 52E)**

8.9.22 In the backdrop of the amendments suggested in section 52A, the provisions of section 52 E need consequent changes, *viz.*, the words “Central Government” are to be replaced by the word “Authority”.

#### **Powers of the central government to acquire the undertaking of insurers in certain cases (Section 52H to 52N)**

8.9.23 Section 52 H provides that the central government may acquire the undertaking of any insurer if the Authority reports to it that the insurer has persistently failed in complying with the directions given to it by the Authority under sections 34, 34F or 34G or any order under section 34E or is managing its affairs in a manner detrimental to the public interest.

8.9.24 Section 52-I empowers the central government to prepare a scheme for acquisition of undertaking of any insurer and enumerates the powers for the same as also provides for the publication of such scheme if so made. Section 52J provides for the compensation to be paid to the acquired insurer by the Central Government and if the amount of compensation is not acceptable to the insurer, then it may request the central government to refer the matter to the tribunal, constituted under s.52K by the central government for this purpose, which shall have the powers of civil court (s.52L) and

regulate its own procedure (s.52M). Special provisions for dissolution of acquired insurers is set out in s.52N.

8.9.25 In view of the policy of permitting privatization and moving away from nationalization, these powers of acquisition are no longer relevant and it is suggested that ss.52H to 52N be deleted.

### **Return of Deposits (Section 59)**

8.9.26 section 59 provides for the return of deposits made under sections 7 or 98 in case of insolvency or winding up of insurance companies. The words and digits “or section .98” occurring in this section are to be omitted.

### **Special provisions relating to external companies (Sections 62-64)**

8.9.27 Sections 62 to 64 provide for non-Indian companies/insurers established outside India. These provisions had become redundant even before the enactment of IRDA Act 1999 and Insurance (Amendment) Act 2002. Now the IRDA Act 1999 which also amended the Insurance Act 1938, specifically provides that no insurer other than an Indian insurance company shall begin to carry on any class of insurance business in India after the commencement of IRDA Act (proviso to section 2C of the Act of 1938). In view of this provision, obviously, the aforesaid special provisions relating to non-Indian companies have become irrelevant and, therefore, require repeal.

### **Insurance councils and powers of the Executive Committee (section 64-I)**

8.9.28.1 The functioning of the Insurance councils constituted under section 64C acquires importance in view of the changed policy of permitting private players in the insurance field. A suggestion has been made that the representative of the IRDA in these councils should not also be the chairperson of such councils. This requires some discussion.

8.9.28.2 section 64 UI deals with the power of the executive committee of the Life Insurance Councils to hold examinations for insurance agents. The repeal of the section has been suggested in the context of accreditation to Insurance Institute of India.

### **Power to remove difficulties (section 64 UL)**

8.9.29 In this section, the words “Central Government” may be replaced by the word ‘Authority’.

### **Acquisition of surrender values by policy (section 113)**

8.9.30 This sub-section provides that the sub-sections (2) and (3) shall not apply in case of the paid up value or the reduced annuity falling below a minimum amount. **It is suggested that this minimum amount of paid up value and annuity may be allowed to be notified by the Authority from time to time.**

8.9.31 Sub-section (4) (c) provides that the subsections (2) and (3) are not applicable to policies in which the surrender value would be automatically applied under the terms of the contract to maintain the policy in force after its lapse because of non-payment of premium. It is suggested that a proviso be added to this sub-section to provide for this.

### **Exemptions (Section 118)**

8.9.32 It has been suggested that if insurance business is carried on by any trade union registered under the Indian Trade Unions Act 1926 the same shall be brought under the purview of regulations. **It is suggested that the scope and the manner of the regulation (may be linked to the size) – number and fund – of the Union) be incorporated in the insurance laws.**

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### **APPENDIX-I**

#### **Table of provisions to be amended (other than those concerning powers of the IRDA) [Paras 8.2.3 and 8.4.2]**

<p>section 2 (9)</p>	<p>Definition of ‘Insurer’. Has to be changed to include Insurance Co-operative Society as defined in section 2 (8A) and an Indian Insurance Company as defined in section 2 (7A).</p> <p>The inclusion of government organisations within this term may be considered under exceptions/ exemption</p>
<p>section 2C</p>	<p>Prohibition of transaction of Insurance business by certain persons:-</p> <p>With the introduction of the third proviso to section 2 C in 1999, the prohibition spelt out in section 2C has become redundant. The provision may be recast as under:</p> <p>“No insurer shall begin to carry on any class of insurance business in India under this Act unless it is –</p> <p>(a) an Indian insurance company as defined in clause (7A) of s.2, or</p> <p>(b) an insurance cooperative society as defined in clause (8A) of section 2 :</p>

	Provided that the Central Government .....” (first proviso may be retained)
section 4	It is proposed that minimum limits for annuities and other benefits secured by policies of the insurance require upward revision and this should be specified by the Regulations from time to time. The section may, therefore, be amended accordingly.
section 6A (1)	It is proposed that section 6A (1) be amended to permit insurers to issue preference shares. However, the prior permission of the IRDA should be obtained for every fresh issue of capital and in accordance with the Regulations issued by the IRDA in this behalf.
section 6A (10)	It is proposed that the power of the Central Government to issue directions in regard to capital structure and voting rights should be exercised by the IRDA.
section 6B	It is proposed that the power of the Central Government to issue directions for appointing an officer to examine any scheme to enable an insurer to bring its capital structure in line with the requirements of section 6A should be entrusted to the IRDA.
section 6B (4)	If section 6B (1) is amended by adding the words ‘General Insurance Business’ after the words ‘Life Insurance Business’ then there would be no need for section 6B (4) which may accordingly be omitted.
section 6C	At present a public company limited by shares can convert itself to a company limited by guarantee with the approval of the Central Government. It is proposed that the approval should instead be given by the IRDA and the provision amended accordingly.
section 6C (5)	The words ‘Indian Companies Act 1913 (7 of 1913)’ may be replaced by the words ‘Companies Act 1956’.
section 7 (1)	<p>Deposits:</p> <p>It is proposed that there should be an amendment to section 7 (1) to clarify that the deposits made by an insurer at the time of making the application for registration should be treated as deposits under section 7 (1).</p> <p>The formula regarding the amount to deposits, based on total gross premium, does not help insurers applying for registration for the first time. A provision has to be incorporated for such first time insurers.</p> <p>Under the IRDA Regulations first time insurers are required to deposit a sum of Rs.10 lakhs along with their application. This requires to be reflected in section 7 (1) itself.</p> <p>section 7 (1) empowers the Central Government to apply this requirement with modification in the event that an insurer does not have a Share Capital. It is proposed that this power should be exercised by the IRDA in consultation with the Central Government. Accordingly, the words ‘Central</p>

	Government' in the second proviso to section 7 (1) may be replaced by the word 'Authority' with a clarification that the authority will exercise the power in consultation with the Central Government.
section 7 (9A) & 7 (9B)	It is proposed that the power of Reserve Bank of India, in the matter of sale of securities/ investment of deposits held by the insurer, should be exercised in consultation with the IRDA. The provision may be amended accordingly.  Further, in clause (b) of section 7(9B), the words "Central Government" should be replaced by the word "Authority".
section 9	Refund of Deposits:-  It is proposed that IRDA may be empowered to pass orders for refund of deposits to the insurer upon the Insurer ceasing to carry on insurance business. Where the ceasing of business is pursuant to winding up proceedings in court, such order may be made by the court.
section 10 (1)	The proviso to this section which prohibits prescribing of certain sub-clauses of miscellaneous insurance business needs review and modification.
section 10 (2)	The requirement that all receipts due in respect of life insurance business "shall be carried to and shall form a separate fund to be called the life insurance fund..." is irrelevant as the life insurers cannot carry general insurance business. However, general insurers can be obligated to maintain separate accounts and funds in respect of sub-classes of general insurance business, hence amendments to be made.
section 11(2)	Preparation of accounts and balance sheet:  section 11(2) is required to be amended because of the legislative changes prohibiting partnership firms from carrying on insurance business and introducing cooperative societies as insurers. The part of the section referring about the signatory of a partnership firm should be dropped as it cannot transact insurance business. However, signatories in respect of insurance cooperative societies are to be inserted.
section 12	Liability of the auditor:  The words "s.145 of the Indian Companies Act 1913" may be substituted by the words " section 233 of the Companies Act 1956."
section 13(4)	The provision of sub-section (4) needs to be recast in view of the Regulations made by the Authority as follows:  "(4) There shall be appended to every such abstract a statement prepared in accordance with the regulations contained in Part I of the Fifth Schedule in respect of the accounts of the insurer, which are made up for the purposes of such abstract, in the form and in the manner specified by the regulations made by the Authority."

<p>section 15</p>	<p>Submission of returns:</p> <p>Since section 11 (2) also provides for the signing of the documents, sub-sections (1) and (2) of section 15 need to be recast in order to simplify them which may be as follows:</p> <p>“15(1) The audited accounts and statements referred to in section 11 or sub-section (5) of section 13 and the abstract and statements referred to in section 13 should be submitted in four copies within six months from the end of the financial year.”</p> <p>(2) The statements referred to in sub-section (1) shall be signed in the case of a company by the chairman and two directors and by the principal officer of the company, and if the company has a managing director by that director, in case of insurance cooperative society by _____:</p> <p>Provided that in addition to the persons mentioned in sub-section (2) above, the statements shall be signed by auditors and the actuary who made the valuation.”</p>
<p>section 16</p>	<p>Returns by Insurers outside India:</p> <p>The words in section 16 (2) (b) “Third Schedule applicable to that class or sub-class of insurance business.” may be deleted and replaced by the word “Regulations” in view of Insurance (Amendment) Act 2002.</p>
<p>section 27(1)</p>	<p>Investments:</p> <p>The provisions of sections 27(1), 27(3) and 27(4) refer to assets which are considered for the purpose of solvency margin too (section 64V A) (IA). Therefore, section 27(1) needs to be recast. For this purpose clauses (a) and (b) and sub-clauses (i) and (ii) may be deleted and the words “the amount of his liabilities to holders of insurance policies” may be substituted and then be followed by the words “ in the manner following....</p>
<p>section 27A</p>	<p>Investment of controlled fund:</p> <p>The issue is whether investment provisions of the Act are to be retained or not in the context of detailed regulations.</p> <p>The provisions of sub-section (8) empower the Authority to exempt any insurer from the application of certain provisions of this section if it is satisfied that special grounds exist warranting such exemption. This sub - section does not specify special grounds on the basis of which Authority would exercise power under this section which should have been. Therefore, it should be amended to provide the same.</p> <p>The term “controlled fund”, has been defined in the ‘Explanation’ to this section which covers all funds pertaining to life insurance business only. It has been suggested that funds for other classes of business, e.g., pension, general annuity, health etc. may also be defined in the Act. Obviously, provisions in respect of the investment pattern of such funds have to be provided in the Act and regulations thereof as well.</p>

	<p>In sub-section (2), reference to cooperative life insurance society may be replaced by the term insurance cooperative society. Thus, the words “cooperative life insurance society as defined in clause (b) of sub-section (1) of section 95” is to be deleted and the words, “Insurance cooperative society as defined in subsection (8A) of s.2” are to be substituted in view of the Insurance (Amendment) Act 2002.</p> <p>The provisions of sections 27A (3), (4), (6) and (7) may be reviewed and recast in view of the suggestion that a number of details therein should become a part of Regulations.</p>
section 27B	<p>Investments by Insurers carrying on general insurance business:</p> <p>The list of ‘Approved Investments’ under section 27 (B) be revised to include:</p> <ul style="list-style-type: none"> <li>(i) Investments in mutual Funds,</li> <li>(ii) Investments in Tier-II capital of the banks,</li> <li>(iii) Investments in floating rate debt instruments and</li> <li>(iv) Investment in financial derivatives for hedging financial risk.</li> </ul>
section 27 B (3)	<p>In view of the existing statutory provisions and regulations in this regard it is appropriate that section 27 (B) (3) of the Insurance Act, 1938 be suitably amended to empower the “Investment Committee” to approve “Unapproved Investments.”</p>
section 27 C	<p>Investments not to be made outside India:</p> <p>A suitable amendment may be made in section 27C allowing insurers, especially carrying on general insurance business to invest the funds generated by issuing policies outside India. To give effect to this proposal, the words “except the funds generated by issuing policies outside India” may be added to this section.</p>
section 28	<p>Submission of statement of investment of assets:</p> <p>section 28(1) and (2) may be recast as follows:</p> <p>“(1) Every insurer carrying the business of life insurance shall every year submit to the Authority a return showing as at the 31<sup>st</sup> day of March of the preceding year as to the assets held invested in accordance with section 27 within the time and in the manner as specified in the regulations in this regard.</p> <p>(2) Every such insurer shall also furnish quarterly return of the assets held invested showing at the end of June, September and December within the time and in the manner as specified in the Regulations.”</p>
section 28(3)	<p>Section. 28(3) needs to be recast. The words” August” and “June” are then to be replaced by the words ‘November’ and ‘September’ respectively.</p>

S.28 A & 28 B	<p>Submission of return of investments:</p> <p>In view of the detailed Investment Regulations, the provisions of sections. 28A and 28B providing for submission of return of investments by the life insurers and general insurers respectively to the Authority are not required to be provided in the principal Act, hence, may be amended so as to make just a reference of the manner specified in the regulations.</p>
S.29	<p>Prohibition on giving of loans:</p> <p>The provisions of section 29 restrict an insurer to the giving of loans or temporary advances to any director, manager, actuary, auditor or officer and partner. However, life insurers may advance loans or advances to insurance agents to facilitate carrying out their functions as such under clause (b) of sub-section (3) of this section. It would be appropriate if the provisions of section 29(3) are also made applicable to insurers carrying on general insurance business.</p> <p>The advancement of loans etc. to its employees being the internal matter of the insurance company, some relaxation in this regard would be appropriate. It is, therefore, suggested section 29(3)(a) may be amended so as to replace the words “except such loan as are specified in sub-section (1) of section 27A” with the words “except as per the scheme of the insurer duly approved by its Board of Directors.”</p> <p>A suggestion has been made that the temporary advances given to the employees may be exempted from the application of section 29.</p> <p>In section 29 (2), for the words “86D of the companies Act, 1913 (7 of 1913)”, words, “220 of the Companies Act 1956 should be substituted.</p>
S.31	<p>Maintenance of assets by insurers:</p> <p>The principal Act provides in section 31 as to in whose name the assets of company or firm or an individual are to be kept. As the partnership firm or an individual cannot carry on insurance business under this Act, their references in the section have become redundant. Hence the words “in the name of partners, if a firm, or in the name of proprietor, if an individual” may be deleted from this section and the words “in the name the society, if an insurance co-operative society” may be substituted because of the introduction of insurance co-operative societies as insurers by the Insurance (Amendment) Act, 2002.</p>
S.31B (3)	<p>Restriction on payment of excessive remuneration:</p> <p>The provisions of sub-section (3) empowers the Authority to issue notice to the insurer to submit certified copies of the agreement between the insurer and the agent in case remuneration exceeding Rs. 5000 has been received by persons other than chief agent, principal agent or special agent. The limit of Rs. 5000 as mentioned in sub-sections (2) and (3) may be enhanced appropriately.</p>

S.32A	<p>Prohibition of common officers:</p> <p>The Managing Director or other officer of a life insurer are prohibited to act as such for other insurer or banking company under sub section (1) of section 32A and the insurer are under an obligation to keep whole time managing director or an officer under sub-section (2) if the insurance funds exceeds 50 lakh or life insurance funds Rupees 25 lakh. Sub-section (2) needs review and revision as the requirement of whole time managing director is conditional under this sub-section. It would be appropriate if such employment is made unconditional, i.e., without depending on the amount of the funds of the insurers. It would be more appropriate if the provisions of this section are made part of regulations.</p>
S.32B & 32C	<p>Social and rural sector:</p> <p>The word “or” may be replaced with the word ‘and’ so as to eliminate the choice of rural or social sector by the insurer so that insurers are obligated to contribute to the development of both the sectors without having an option to choose either of them. In consequence, the marginal note to these sections would also be required to be amended accordingly.</p> <p>The third proviso to the said Regulation 3 empowers the Authority to revise the obligation stated in this regulation every five years. This power of the Authority should find place in the Act and may after necessary changes be made proviso to section 32C because Authority should derive its power to revise to the percentage from the statute otherwise exercise of such power would be <i>ultra vires</i> the principal Act.</p> <p>The provisions of section 32 C obligates every insurer to provide life insurance or general insurance policies including crop insurance in the social sector as may be specified by the regulations. However, Regulation 3 in clause (b) states about number of lives in respect of the obligation for the first five years. It is suggested that for the word “lives”, the word “policies” be substituted.</p> <p>The word “official gazette” in section 32 B(1) may be replaced by the word “Regulations”.</p>
S.35	<p>Amalgamation:</p> <p>The principal Act allows amalgamation of insurance business under a scheme to be sanctioned by the Central Government whether prepared by the Authority or not. Where such a scheme is sanctioned, then the insurers carrying on amalgamated business or the transferee insurers are required to furnish scheme, agreement, balance sheets etc. in respect of transfer and amalgamation to the Authority even where the amalgamation or transfer has not been made in accordance with the scheme approved by the Authority under clause (c). This part of the section appears to be inconsistent with the provisions of sections 35 and 36 whereby no amalgamation can take place without approval of the Authority. Therefore, this inconsistency may be removed by way of addition of an explanation in</p>

	<p>the provisions.</p> <p>With a view to avoiding any duplication or ambiguity about the operation of the Companies Act, 1956 and the Insurance Act, 1938, an express provision has to be made to the effect that no option should be amalgamate under the Companies Act should be given without compliance with the requirements of the Insurance Act, 1938.</p>
S.37A	<p>Power of IRDA to prepare scheme of amalgamation:</p> <p>The details of the scheme for amalgamation set out in section 37A may be shifted to the Regulations.</p>
S.38 (4)	<p>Assignment and transfer of policies:</p> <p>The words one rupee may be replaced by the words “not exceeding an amount prescribed by the Authority in the Regulations”.</p>
S.39 (3)	<p>Nomination:</p> <p>The words “amount as specified in the regulations by the Authority” be substituted for the words “one rupee”</p> <p>Regarding amendment to section 39, the recommendation by the Law Commission in its 137th Report is reiterated (see para 8.5.8.9)</p>
S.40 (2)	<p>Payment of commission to insurance agents:</p> <p>The following may be substituted in sub-section 2.</p> <p>“No insurance agents shall be paid or contracted to be paid by way of commission or as remuneration in any form an amount of not exceeding the amount as specified in the regulations in respect of policies, whether life or non-life and as also in respect of renewal of policies.”</p>
S.40 (2A)	<p>Payment of renewal commission:</p> <p>section 40 (2A) be amended to provide that subsequent renewal commission be paid to the agent other than the agent through whom the policy was effected.</p> <p>In consequence, the proviso to this sub-section may also be amended to provide that commission on renewal premium to be paid to only one agent who assisted in effecting revival of the policy which stood lapsed due to non-payment of the premium. Thus the agent who procured the policy will be prohibited from receiving the commission. In this regard the Authority may frame regulations.</p>
S.40A	<p>Limitation of expenditure on commission:</p> <p>section 40A may be recast as follows:</p> <p>“40A. No insurer whether carrying on life insurance business or general insurance business shall pay or contract to pay to an insurance agent and no insurance agent shall receive or contract to receive, by way of commission</p>

	<p>or remuneration in any form in respect of any kind of policy issued except as specified in the regulations made in this behalf by the Authority.”</p> <p>In consequence of the proposed section, sub-section (5) may be recast.</p> <p>Again, the punishment for contravention of sub-sections (1) and (3) of existing section 40A is provided in sub-section (5) as fine extending to Rs.100. This amount is inadequate and hence it may be enhanced appropriately.</p>
S.40B & C	<p>Limitation on expenses of management:</p> <p>Clause (b) of the Explanation of the Section 40B explains the term “expenses of management”. This term further needs inclusion of other expenses in the context of recent trends of business in this century. It would be appropriate if this term finds place in the regulations.</p> <p>Similarly, provisions of section 40C prohibits an insurer of carrying on general insurance business to spend as expenses of management in excess of the prescribed limits.</p> <p>In both the sections and the explanations attached to them, the reference of the word “calendar” may be replaced by the word “financial”.</p>
S.41	<p>Prohibition of rebates:</p> <p>For the contravention of the provisions of section 41, sub-section (2) of this section prescribes fine up to Rs.500. The amount of fine is inadequate and needs to be increased. A suggestion has come that section 41 may be amended to enhance the penalty to 100 per cent of the premium or Rs.10000 whichever is higher.</p>
S.43	<p>Register of insurance agents:</p> <p>For the word “register”, the word ‘record’ may be substituted which would encompass both the register and records in the electronic form as well. In consequence, the marginal note would be required to be amended accordingly, i.e., ‘Record of insurance agents’.</p> <p>The section does not indicate any time frame (maximum time-limit) for maintaining records. It has been suggested that maximum time limit in this regard may be specified in the section.</p>
S.44	<p>Heritable Commission:</p> <p>The amount of Rs.50,000 and percentage of renewal commission (4%) mentioned in clause (b) of the proviso to section 44 (1) need upward revision. However, it is appropriate that same be left to be determined by the Authority in the regulations.</p> <p>The condition of continuously serving for 10 years by an agent exclusively for one insurer under clause (c) also needs to be reviewed.</p> <p>The provisions of clause (c) absolutely prevents an agent to solicit or procure business for any other insurer even after he ceases to be an agent</p>

	<p>for the former insurer. This condition appears to be unreasonable in this age of liberalization. The provision may be amended to be effect that after the lapse of five years from the date he ceases to be an agent, he can solicit or procure business for another insurer.</p> <p>The word “and exclusively” in clauses (b) and (c) may be dropped in view of the development that an agent can act for one life insurer and one general insurer (see Regulation)</p> <p>The payment of renewal commission should be paid only if the agent continues to serve the policy. Section 44 should be amended accordingly.</p> <p>The word “person” occurring in section 44 (1) may be replaced by the word ‘insurer’.</p>
S.45	<p>Section 45 to be recast as follows</p> <p>Policy not to be called in question on the ground of misstatement after three years:</p> <p>:(1) No policy of life insurance shall be called in question after the expiry of three years from the date on which the policy is effected or where the policy is revived after it has lapsed for any reason, from the date on which it is so revived.</p> <p>(2) A policy of life insurance may be called in question at any time within three years from the date on which the policy is effected or, as the case may be, the date on which it is revived, on the ground that any statement being a statement material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived.”</p>
S.48A	<p>The words “or general insurance business” may be added after the words “life insurance business”. Consequently, marginal note to the section would also require amendment. The word “Life” occurring in the marginal note may be omitted.</p>
S.49	<p>Restriction on dividends and bonus:</p> <p>An enabling provision may be inserted for transfer from share holders funds to policyholders funds in case of an insurance company in the initial years of operation. This could be by way of a proviso to the following effect:</p> <p>“provided further that an amount not exceeding the aggregate amount, which was transferred from the shareholders funds, in the previous years, shall be transferred back to the shareholders funds, in case of surplus, prior to the declaration of bonus to the policy holders”.</p>

S.50	<p>Notice of options:</p> <p>The words “unless these are set forth in the policy” may be omitted.</p>
S.51	<p>Supply of copies of proposals etc.:</p> <p>The words ‘a fee not exceeding one rupee’ be substituted by the words ‘a fee as may be prescribed in the Regulations’.</p>
S.52BB	<p>Powers of administrator:</p> <p>The words “Central Government” occurring in sub-sections (2) and (3) are to be replaced by the word “Authority”.</p>
S.52D	<p>Termination of appointment of administrator:</p> <p>section 52 D would have to be amended as follows:-</p> <p>“If at any time, it appears to the Authority that the purpose of the order appointing the Administrator has been fulfilled or that, for any reason, it is undesirable that the order of appointment should remain in force, the Authority may cancel the order and thereupon the Administrator shall be divested of the management of the insurance business which shall, unless otherwise directed by the Authority, again vest in the person in whom it was vested immediately prior to the appointment of Administrator or any other person appointed by the insurer in this behalf”.</p>
S.52E	<p>Finality of decision appointing administrator:</p> <p>The words “Central Government” are to be replaced by the word “Authority”.</p>
S.53	<p>Winding up by the court:</p> <p>In sub-section (1) of section 53, reference to Companies Act, 1913 be substituted by Companies Act 1956 (Act VII of 1956).</p>
S.58	<p>Partial winding up:</p> <p>In sub-section (4), reference of section 12 of the Companies Act 1913 be substituted by ‘15’ and sections 15 and 16 be replaced by section 17 of the Companies Act 1956.</p>
S.64 UA	<p>Composition of TAC:</p> <p>The following provision may be substituted in clause (c) of section 64 UA (1):</p> <p>“not more than 10 representatives of Indian insurers and not more than 4 representatives from government departments, professional bodies, etc. nominated by the Authority and/or the Central Government”.</p>
S.64 UB	<p>Power of TAC to make Rules:</p> <p>Clause (b) of sub-section (2) may be amended so as to give effect to ‘nomination’ in place of election of its members.</p>

S.64 UE	<p>Power of TAC to require information:</p> <p>In sub-section (3), the word “Authority” may be substituted by words ‘committee on its own or as directed by the Authority.’</p>
S.64 UJ	<p>Power of TAC to constitute regional committees:</p> <p>Sub- section (1) may be recast as follows:</p> <p>“The Authority/ Advisory Committee may constitute such regional or other committees for the purpose as it deems fit.”</p>
S.64 UK	<p>Payment of annual fee to TAC:</p> <p>As the TAC fixes the rates, terms and advantages in respect of general insurance business, it can receive the annual fee only from general insurers hence, the provisions are required to be amended to qualify the insurer as “insurers carrying on general insurance business”.</p> <p>An insurer failing to make payment of fee under sub-section (1) is deemed to have failed to comply with the provisions of this section (sub-section 3). Consequently, the penalty provisions of section 102 would be invoked which would make him liable to a penalty not exceeding 5 lakh rupees and punishable with fine.</p> <p>The provision of sub-section (4) empowers the authority to revive registration if cancelled for non-payment of the fee to TAC. In view of sub-section (4) the provisions of sub-section (3) giving rise to application of section 102 seem to be inappropriate. Hence, provisions of sub-section (3) may be amended to provide only for cancellation. The proposed amendment will eliminate the ambiguity in respect of failure to comply with the provisions of sub-section 3.</p>
S.64 UL	<p>Power to remove difficulties:</p> <p>The words “Central Government” may be replaced by the word ‘Authority’.</p>
S.64 V	<p>Valuation of assets and liabilities:</p> <p>The subsection (1) of section 64V provides for the valuation of assets at values not exceeding their market value or realizable value. In practice, the realizable value of the assets may be different. It may not be equivalent to market value due to tax outgo and impact/disposal cost. Hence, it is appropriate if there are clear directions as to when or under what circumstances (nature of assets, etc) ‘market value’ is to be taken into account and when ‘realizable value’ is to be taken into account in the valuation of assets.</p> <p>There is no provision in the Act for motivation or encouragement the insurers to invest in “Research &amp; development” or “Technology up gradation” as regards valuation of assets for the purpose of solvency</p>

	<p>margin calculations. Hence it is appropriate if such provisions for taking a portion of the investment /expenditure in areas as directed by the IRDA are incorporated in the Act for the purpose of “Solvency margin” so as to encourage insurers to take up such investments, which may contribute towards the development process.</p>
S.64 VA	<p>Solvency margin:</p> <p>Provisions may be incorporated in the Act to empower the Authority to intervene whenever the solvency margin falls below the control level.</p> <p>Though, IRDA has framed regulations of the determination of the amount of the liabilities, solvency margin and evaluation of assets but these do not address the extent of appropriate matching of assets and liabilities. Therefore, amendments in the Act and regulations as well are required in this context.</p>
S.64 VC	<p>Restriction on opening new place of business:</p> <p>The insurers are required to obtain permission from the Authority before the insurer can open new branches/places of business (section 64 VC). It has been suggested that a clear explanation as to what constitutes a branch/place of business need to be made in the Act itself. This is in view of the situation in banking sector where an ATM installed by a bank may discharge most of the functions of a branch and hence may construed to be a branch by itself. Similarly, insurers may install such electronic extensions or collection mechanisms in place.</p>

**APPENDIX-II**

**Table of provisions that have become redundant and required to be deleted [Paras 8.2.3 and 8.4.2]**

<b>Provision of the Insurance Act, 1938</b>	<b>Details</b>
S.2 (12) and 2 (13)	Definition of Manager, Officer and Managing Agent. These posts are no longer in vogue and therefore not relevant.
S.2 (16) and 2 (17)	<p>The terms ‘Private Company’ and ‘Public Company’ are not relatable any longer to the Companies Act, 1913 as indicated in section 2 (16) of the Act. Therefore, it is proposed that this definition needs to be deleted.</p> <p>The concept of ‘Special Agent’ is no longer in vogue. It is therefore, proposed that section 2 (17) also be deleted.</p>
S.2B (1)	In view of the proposed merger of the provisions of the IRDA Act with the Insurance Act, section 2B (1) may be deleted even while sub-section (2) providing for appointment of a Controller of Insurance in the event of supersession of the IRDA may be retained.
S.2C	<p>In respect of persons who can carry on insurance business, by virtue of the third proviso to section 2C (1), inserted in 1999, only Indian Insurance Companies can carry on insurance business in India. Accordingly, this renders redundant section 2C (1) and the third and second provisos thereto.</p> <p>Accordingly, it is suggested that section 2C (1) and its first and second provisos be deleted and further that the third proviso to section 2C (1) be renumbered as section 2C. Further, section 2C (2) will also have to be repealed.</p>
S.3 (5)	The reference to section 3 (3) in sub section (5) may be deleted in view of the change proposed to section (3) repealed in view of the third proviso to section 2C (1).
S.3 (4) (a)	The mention of the words ‘or section 98’ occurring in section 3 (4) (a) may be deleted in view of the proposed repeal of part IV of the Act which contains section 98.
S.3 (4) (ee)	One of the grounds for cancellation of registration is where the central government so directs under section 33 (4). Since this provision is redundant, it requires to be omitted.
S.3 (5)	The mention of sub-section (3) of section 3 in section 3 (5) is no longer relevant and may be omitted.
S.4	References of co-operative life insurance society and mutual insurance company in section 4 may be omitted as being

	irrelevant.
S.5 (2) and 5 (3) First and second proviso	The first and second proviso to section 5(2) and section 5(3) have become redundant and may be omitted as they provide in respect of insurers who carried on business under the Act of 1912 or business carried on by provident societies.
S.6A (1) Proviso	The proviso to section 6A (1) may be omitted as being redundant.
S.7 (7)	This provision concerning deposits with the Controller of Currency in compliance with the Indian Life Assurance Companies Act, 1912 has become redundant and may be deleted.
S.7 (9B)	In clause (a) of section 7 (9B), the words “or were sold or where the securities matured or were sold before the 21 <sup>st</sup> day of March, 1940, within a period of four months from the commencement of the Insurance (Amendment) Act 1940” should be deleted as being redundant.
S. 10(1)	Maintaining separate accounts for each class of insurance business:  This obligation has become irrelevant as composite business is not allowed. Section 10 (1) can be deleted.
S. 10(2)	In section 10(2) the words “after the expiry of six months from the commencement of Insurance (Amendment) Act, 1946” and the words “under the law of the insurer’s country” should be deleted as being redundant.
S.10 (2A)	The provisions of section 10 (2A) stipulates a requirement to be fulfilled by an insurer carrying on life insurance business if he wants to obtain a registration certificate for any class of insurance business in addition to the life insurance business. The provisions of this sub-section need to be deleted as the composite insurance business is not allowed.
S.11	<b>Preparation of accounts and balance sheet</b>  Insurers are under an obligation to prepare the balance sheet, profit and loss account, separate account of receipts and payment and revenue account in accordance with the regulations contained in First, Second and Third Schedule of the Act as per the provisions of sub-section (1) of section 11. These schedules have been repealed by Insurance (Amendment) Act 2002. Hence, provisions are redundant and to be repealed.  The amendments of 1999 inserted sub-sections (1A) and (1B) in this section which independently take care of the matters

	relating to the preparation of such documents. Hence, no further insertion/addition is required. In consequence of the proposed repeal the words in sub-section (1A) “notwithstanding anything contained in sub-section (1)” would have to be deleted.
S.12	The words “in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (9) of section 2” and the words “and in the case of any other insurer in respect of the insurance business transacted by him in India” should be omitted.
S.13	<p>The words “contained in Part I of the Fourth Schedule and in conformity with the requirements of Part II of that Schedule” should be deleted as being redundant in view of the Insurance (Amendment) Act 2002 and Regulations made by the Authority in regard to Actuarial report and Abstract.</p> <p>The second, third and fourth proviso to section 13(1) should be repealed as being redundant. These provisos respectively provide for investigation to be made before the commencement of Insurance Amendment Act 1950 and IRDA Act 1999.</p>
S.13 (3)	The provisions requiring certificate of the insurer about the particulars of the policy holders to be appended to every abstract (section 3 (3)) are required to be omitted to avoid duplication as these provisions are in the regulations.
S.13 (4)	In view of the proposal for recast of sub-section (4), the second proviso to this sub-section would obviously have to become irrelevant and to be deleted.
S.13 (6)	The provisions of sub-section (6) refer to sub-class of insurance business falling under the class “miscellaneous insurance” as may be prescribed in section 10(1). However, section 10 (1) does not prescribe so. Hence, it is suggested that sub-classes of insurance business may either be specified in the definition of the term miscellaneous insurance or the words “as may be prescribed under sub-section (1) of section 10” may be deleted.
S.14	Every insurer is required under section 14 to maintain register or record of policies and claims. The word “register” in clauses (a) and (b) of this section may be omitted because now the records may be kept in the electronic form as well. The term “records” would cover both the register as well as e-record.
S.15	<p>Submission of returns:</p> <p>The proviso to section 15(1) is to be deleted as being</p>

	redundant.
S.15 (2)	Sub-section (2) talks of signatories to these documents if the insurer is company or a firm or an individual. The references to a partnership firm and an individual are to be deleted as being irrelevant in view of the recent legislative developments.
S.15 (3)	The provisions of sub-section (3) which provide for insurers who are domiciled outside India or whose principal place of business is outside India, has become redundant because now no such insurer is allowed to transact business in India. Hence, it is required to be repealed.
S.16	The provisions of prescribing the manner of furnishing of return by the insurers established outside India, have become obsolete hence is required to be repealed.
S.22 – Revaluation of affairs of insurer	The reference of section 16 (2) (c) should be deleted in sub sections (1) and (2) of section 22 should be deleted as section 16 (2) (c) requires submission of valuation report by an insurer domiciled outside India, hence such reference to be omitted.
S.27 (2) (a), (b) & (6)	The reference of section 98 in clause (a) of section 27 (2) may be omitted.  The provisions of section 27 (2) (b) including its proviso may be repealed as being irrelevant.  The provisions of section 27 (6) also have become irrelevant and need repeal because they deal with the insurers domiciled outside India.
S.27 A	Clause (b) of section 27A (1) should be deleted as being irrelevant as providing for securities by the Government of United Kingdom.  In section 27A (1) (n), the words “or in any other country” may be deleted as Schedule I and Schedule II of Investment Regulations exclude expressly immovable property situated in other countries for the purpose of approved investments. This would remove inconsistency between the Act and Regulations. Moreover, such a repeal would be in consonance with the tenor of section 27C.  The provisions of sub-section (12) should be repealed as it requires the insurer in existence at the commencement of Insurance Act 1950 to submit within 90 days from such commencement report about investments made in contravention of section 27A. Such insurers are no more in

	existence.
S. 27 B	<p>In sub-section (16), the meaning of the term “assets” has been described for different classes of business referring to assets shown in the forms prescribed in part II of the first schedule. The first schedule has been repealed by the Insurance (Amendment) Act, 2002. Hence provisions of this sub-section have become irrelevant. Moreover, this term has been defined in Para 2 (6a) of the Regulations relating to investments. Therefore, the sub-section is required to be repealed.</p> <p>In section 27B (1) (i), the reference of the words, “or in any other country” may be deleted in view of the provisions of Schedule II of the Investment Regulations which exclude expressly first mortgage on immovable property situated out of India.</p> <p>In clause (i) of sub-section (1), the reference of the words, “or in any other country where the insurer is carrying an insurance business” are to be deleted for the reasons assigned in respect of similar provision in section 27A.</p>
S.28 (4)	Sub-section (4), which provides for insurers domiciled outside India, is redundant, hence to be repealed.
S.29	<p>As the partnership firm cannot transact insurance business, the reference to a firm or partner in sub section (1) should be omitted.</p> <p>References to chief agent or special agent in sub-section (3)(b) and the ‘Explanation’ may be deleted, so also sub-clauses (i) and (ii) of clause (b) of sub-section (3) dealing exclusively with chief agent and special agent respectively. Similarly, in sub-section (6) reference to chief agent should be omitted.</p> <p>The provisions of sub-section (4) which imposes an obligation on the Authority to notify about the loan or advances at the commencement of the Act of 1950 has obviously become obsolete, hence to be repealed.</p> <p>The provisions of sub-section (4) which imposes an obligation on the Authority to notify about the loan or advances at the commencement of the Act of 1950 has obviously become obsolete, hence to be repealed.</p>
S.31B	The system of chief agent, principal agent and special is no more in existence. Hence the possibility of remuneration being paid to any person other than insurance agent or intermediary does not arise. Therefore, necessary deletions are required to be made.

S.32	The insurers are prohibited from employing the managing agents. Under the provisions of section 32 (1). Subsequent sub-sections (2) and (3) dealing with their employment and remuneration have, obviously, become redundant as also because of their transitional nature. Hence, sub-sections (2) and (3) need omission.
S.33 (7)	The publication of the report in sub-section (7) envisages a prior notice to the insurer. Since sub-section (6) contemplates the availability of the report to the insurer and a reasonable opportunity to respond to it, there is no need to give any further notice. Therefore sub-section (7) can be deleted.
S.35 (1)	The words “any person or transferred to” in section 35 (1) seem to be redundant and hence should be omitted.
S.35 (3)	In the proviso to section 35 (3), the reference of the words and figures “or s section 7 and 8 of the Indian Life Assurance Companies Act, 1912)” are required to be omitted as being redundant.
S.40	Reference to principal, chief or special agents in sub-section (1) needs deletion. The words “after the expiry of six months from the commencement of this Act.” are to be omitted as being irrelevant.  The provisions of Sub-section (2) provides the limit of the commission to be paid to an agent in respect of the life insurance policy effected through him before 31 <sup>st</sup> Day of December, 1950 in respect of life insurance policy and of general insurance policy before the commencement of Insurance Amendment Act, 1950. Obviously, the provisions of this sub section have become redundant especially in view of the second proviso with this sub-section, hence to be repealed.
S.40A	Provisions of sub-sections (2) and (4) providing for payment of commission to special agents of life insurance business and principal agents of general business respectively have become irrelevant and redundant in view of the legislative changes made during the last five decades or so. It is, therefore, suggested that these sub-sections may be deleted.
S.44 (1) – Explanation	“Explanation” to section 44 (1) has become irrelevant and redundant and may, therefore, be repealed.
S.48	Policyholders to elect Directors of Insurers.  In view of the changed scenario permitting privatisation, it is proposed that this section be deleted.
S.48A	The words “and no chief agent or special agent” are required to be omitted. Similarly, the words, “carrying on life insurance

	business” need deletion, so also the proviso to this section.
S.49	In sub-section (1) the words “or to the central government under section 11 of the Indian Life Assurance Companies Act, 1912 (6 of 1912)” require deletion.
S.52	The provisions of section 52 which prohibit an insurer to carry on its business on the dividing principle are no more relevant. Moreover, some of its provisions being of transitional nature have become redundant long back. Hence section 52 is required to be repealed.
S.52 H to 52 N	These pertain to acquisition of undertaking of insurers as contained in section 52 H to section 52 N.
S.53	Clauses (i) to (iii) of sub-section 2 (b) may be omitted. In sub-clause (i) of clause (a) of sub-section (2) of section 53, the words “or section 98” are to be omitted.
S.59	The words and digits “or section 98” occurring in this section are to be omitted.
S.62 to 64	The special provisions relating to External Companies as contained in section 62 to 64 are also no longer relevant. Since the present scheme is not to permit such External Companies.
S.64 UB (3) and (4)	Sub-section (3) empowers TAC to make regulations in respect of Regional Committees. As the Regional Committees are not functioning anymore, the provisions of this sub-section maybe deleted. The provisions of sub-section (4) need omission as they are transitional in nature and have become redundant long back.
S.64 UD	Except proviso to sub-section (1) (inserted by Act of 1999), being transitional in nature, section 64 UD needs to be repealed as it has become redundant long back. Proviso to sub-section (1) may also be repealed because its provisions have been taken care of under clause (a) of section 64 UA (1).
S.64 UF to UI	The provisions of section 64 UF providing for assets and liabilities of General Insurance Council to vest in the Advisory Committee after the commencement of the Amendment Act, 1968 need to be repealed as the assets and liabilities have already been vested in TAC. The provisions of section 64 UG also need to be repealed because its provisions have become irrelevant as all the contracts/ agreements made by the Tariff Committee before 1968 are dealt by the Advisory committee as also the suits or

	<p>legal proceedings filed by or against Tariff committee after 1968 Amendment are being dealt by TAC.</p> <p>Similarly, provisions of section 64UH protecting the interest of the employees of Tariff Committee who were in employment before the Amendment Act 1968 need to be repealed because all those employees are now the employees of the Advisory Committee and others, who could not, should have availed the benefits mentioned under this section.</p> <p>The provisions of section 64 UI obligates every person, who is in possession or custody of the property of the Tariff Committee or is in possession of documents relating to such property, to deliver those to the Advisory Committee has become redundant and requires to be repealed.</p>
S.64 UJ (2) to (6)	Since the regional committees constituted by the TAC are not functioning, sub-sections (2) to (6) may be deleted.
S.64 UM	<p>section 64 UM (1) needs to be recast. In sub-section (1) (A), the words “ after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968 “ are to be deleted as being irrelevant.</p> <p>Again, sub-section (1) (B) should be deleted as its provisions have become irrelevant in view of the provisions of sub-section (1) (BA) inserted by the IRDA Act which also takes care of the licenses issued to surveyor before the Act of 1999.</p> <p>Sub-section (5) needs deletion as being irrelevant</p>
S.64 VA	The provisions of sub-section (1) are now irrelevant as providing for the insurers before the commencement of the IRDA Act, 1999, hence may be deleted. In consequence, sub-sections (2), (5) and (6) would have to be deleted.
S.65 to 94	The whole of Part III pertaining to Provident Societies is no longer relevant and sections.65 to 94 contained in this Part require to be deleted.
S.95 to 101	The whole of Part IV relating to Mutual Insurance Companies and Co-operative Life Insurance Societies are also no longer relevant and sections 95 to 101 contained in this Part require to be deleted.
S.114 (f)	<p>In view of the proposed deletion of section 48 the corresponding rule making power of the central government in section 114 (f) is no longer relevant and accordingly may be deleted.</p> <p>Further, Rules 13, 14 and 15 of the Insurance Rules 1939 may also be deleted.</p>

*End of Consultation Paper*