

The Insurance Regulatory Authority Act, 1999

Role	Name	Affiliation
Principal Investigator	Dr.Gyanendra Kumar sahu	Asst.Professor Utkal University
Content Reviewer	Dr.Gyanendra Kumar sahu	Asst.Professor Utkal University

Description of Module

Items	Description of Module
Subject Name	Law
Paper Name	Law of Insurance
Module Name /Title	The Insurance Regulatory Authority Act,1999
Module No.	III

The Insurance Regulatory Authority Act, 1999

Objective: After reading this module, the learners will have a clear picture of:

The aim of establishment of an authority to protect the interests of insurance policy holders and to regulate promotes and ensures orderly growth of the insurance industry.

Learning Outcomes:

Under the Provision of the Insurance Act 1938, the controller of Insurance was set up to act as a strong and powerful supervisory and regulatory authority. In April 1993 the Government of India set up a high-powered Committee under the Chairmanship of Malhotra to examine the structure of the insurance industry and to recommend changes to make it more efficient and competitive.

The Insurance Regulatory Authority of India Act, 1999

Under the Provision of the Insurance Act 1938, the controller of Insurance was set up to act as a strong and powerful supervisory and regulatory authority. In April 1993 the Government of India set up a high-powered Committee under the Chairmanship of Malhotra to examine the structure of the insurance industry and to recommend changes to make it more efficient and competitive. The Malhotra committee submitted its Report on 7th January 1994 to the Government of India. On 20th December 1996 the Insurance Regulatory Authority Bill 1996 was introduced in the parliament for the establishments of an authority to protect the interests of insurance policy holders and to regulate promotes and ensure orderly growth of the insurance industry. The IRDA Bill 1999 was passed by the parliament.

Sec 3 Establishment and incorporation of Authority.

Sec.4 Composition of authority: The Authority shall consist of the following members

A chair person, not more than five whole-time members, 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, finance, economics, law, accountancy, administration or any other discipline.

Sec 5.Tenure of office of chairperson and other Members: 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 this office and shall be eligible for reappointment. Provided that no person shall hold office as a Chairperson after he has attained the age of sixty five years. For whole time members attained age of sixty two years. For part time member shall hold office for a term not exceeding five years.

Sec.6 Relinquish his office by giving writing to central government not less than 3 months.

Sec.7 Salary and allowances of Chairperson and members.

Sec.8 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.

Duties, Powers and functions of Authority:-

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

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

Iii specifying qualifications, training, agents.

Iv specifying the code of conduct.

V levying fees and other charges.

VI calling for information, Undertaking Inspection etc.

Vii supervising the functioning of the Tariff Advisory Committee.

Misrepresentation: Misrepresentation means and includes:

(i) The positive, assertion in a manner not warranted by the information of the person making it, of that **which is not true, though he believes it to be true;**

(ii) Any breach of duty which, without an intent to deceive gains an advantage to the person committing it, or anyone claiming under him by **misleading another to his prejudice** or to the prejudice of anyone claiming under him;

(iii) Causing, however, innocently, a party to an agreement to **make a mistake** as to the substance of the thing which is the subject of agreement. The agreement caused by misrepresentation is voidable at the option of the party whose consent was so caused.

