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REPORT ON

Know Your Regulator (KYR) Series Insurance Regulatory and Development Authority of India (IRDAI)

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Organised by:

Forum of Indian Regulators (FOIR) Centre, Indian Institute of Corporate Affairs (IICA) in collaboration with The State Capacity Initiative at the Centre for Policy Research (CPR)

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Speaker



Shri Debasish Panda

*Chairperson,
Insurance Regulatory and Development Authority of India (IRDAI)*

Mr Debasish Panda is an officer of the Indian Administrative Service of the 1987 batch of the Uttar Pradesh cadre. His home State is Odisha. He joined as Chairman, Insurance Regulatory and Development Authority of India on 14th March 2022. Prior to joining IRDAI, Mr Panda served as Secretary, Department of Financial Services, Ministry of Finance, Government of India where he superannuated on 31.1.2022. Shri Panda also served as Joint Secretary (Health & Family Welfare), Additional Secretary and Special Secretary (Financial Services) in the Government of India.

In the State Government of Uttar Pradesh, he served as District Magistrate in Deoria, Tehri, Uttarkashi & Ghaziabad Districts and as Principal Secretary (Home & Vigilance). He also held the dual charge of Resident Commissioner of Uttar Pradesh and as the Chief Executive Officer, Greater Noida Development Authority. Mr Panda is a Post Graduate in Physics and has also done Masters in Developmental Management. He also has an M.Phil degree in Environmental Sciences. He has undergone foreign training in Public Administration from USA & Philippines

Convenor & Moderators



Shri Praveen Kumar
Director General & CEO
Indian Institute of Corporate Affairs

Shri Praveen Kumar assumed the charge of Director General and CEO of the Indian Institute of Corporate Affairs in December 2021. He is a 1987 batch retired IAS Officer of Tamil Nadu cadre and has headed various responsibilities in the Government of Tamil Nadu and Government of India in multiple Departments such as Finance, Elections, Industries, Education, Corporate Affairs, New & Renewable Energy, etc.

He has also headed a number of State and Central Public Enterprises including TANMAG & TNSL (as MD), TNPFC (as CMD), SECI (as Chairperson) and IREDA (as CMD), apart from acting as Nominee Director in a number of State PSUs, and public-private partnership companies. He has also held Memberships in Boards/ Councils/ BOG of various education-related institutions such as AICTE, IIMs, IIT, IISERs and UGC Committees. Apart from getting various awards from media and civil society organizations for his work as Chief Electoral Officer, TN, in the period 2010-2014, he was also awarded the Prime Minister's Award for Excellence in Public Administration for the year 2019, for his role in acting as Prabhari Officer of the Aspirational District Virudhunagar in TN, which saw the district attain the number one position amongst all aspirational districts. He retired from the Government of India as Secretary, Ministry of Skill Development & Entrepreneurship in June 2021.



Dr K P Krishnan
Honorary Research Professor, CPR & former Civil Servant

Dr Krishnan was educated in Economics at St. Stephens College and Law at the Campus Law Centre University of Delhi & obtained his PhD in Economics from IIM Bangalore. He joined the Indian Administrative Service (IAS) in 1983 & superannuated from the service on 31/12/2019.

Before retiring as Secretary, Ministry of Skill Development and Entrepreneurship, he served in various positions in GOK, GOI and the World Bank primarily in the areas of Economic Affairs and Macro Policy and Rural & Urban Development. He has authored several reports and published many academic papers. In the year 2012, Dr Krishnan held the BoK Visiting Professorship in Regulation at the University of Pennsylvania Law School. On 28/12/2017, Dr Krishnan was conferred with the Distinguished Alumni Award of IIM Bangalore. From August 2020 to December 2021 he served as the IEPF Chair Professor at the National Council of Applied Economic Research (NCAER). Currently, he is Honorary Professor at the Centre for Policy Research (CPR), New Delhi.



Dr Abha Yadav

*Associate Professor, School of Competition Law & Market Regulation
and Director Forum of Indian Regulators (FOIR) Centre,
Indian Institute of Corporate Affairs (IICA)*

Dr Abha Yadav (PhD) is a faculty at IICA who leads research and capacity-building initiatives at the School of Competition Law & Market Regulation. She is also the Director of the Forum of Indian Regulators (FOIR) Centre at IICA which is the knowledge and capacity-building hub for the Central and State government regulators of the country. She steers policy discussions, thematic discourses and enhancement of capacity-building initiatives that are an integral and vibrant part of this unique Centre. She serves as Course Director of the prestigious Certificate Course in Competition Law and Advanced Professional Course in Competition Law and Market Regulation.

She is faculty for Competition Law, Law and Public Policy, Freedom of Information, Regulatory Affairs, Laws for Women, Regulatory Impact Assessment, Labour laws etc. She is a recipient of the prestigious Fox International Fellowship at Yale University, U.S.A. and the Lok Sabha of India Fellowship. She is an eminent scholar who has lectured widely on various legal issues in India and internationally.



Dr. Rohit Chandra

Associate Professor, Indian Institute of Technology, Delhi

Rohit Chandra is a political scientist and economic historian working primarily on energy, infrastructure and state capitalism in India. His recent work has covered the coal and power industries. Over the last decade, he has worked in the policy space on coal sector reforms, the politics of state DISCOMs (particularly in Jharkhand), and public finance decisions behind large infrastructure projects. His PhD covered the evolution of India's coal industry from 1960-present, considering financial, political and technical aspects of the evolution.

He is currently a Visiting Fellow at the Centre for Policy Research. In addition to energy policy, he has recently started looking at the political economy of finance and banking in India and is currently starting multiple projects in this direction. Of particular interest are infrastructure finance, the future of Indian PSUs, and how to enable a just transition as India's energy system undergoes historic changes.

Education: PhD in Public Policy (Harvard Kennedy School)

Research Interests: Energy Policy, Political Economy of Infrastructure and Finance, Industrial History, State Capitalism



Ms Arkaja Singh

Fellow, State Capacity Initiative, Centre for Policy Research

Arkaja Singh is a Fellow at the State Capacity Initiative at the Centre for Policy Research (CPR). Her areas of interest include municipal government, informal settlements, land, water and sanitation (and especially the issues around sanitation labour and manual scavenging), and the interface of law and the Indian administrative state. The comparative project, 'Elevating Water Rights to Human Rights' in collaboration with the Chr. Michelsen Institute, Bergen considers varying and multiple mobilisations of the 'right to water' in an international context. Recently completed a study of state response to India's 'crisis of hunger' brought about by the COVID-19 pandemic, considering issues of state capacity in the organisation and delivery of the response.

Other recent work includes a study of federal relations in the context of water resources and environmental governance in India. Previously managed SCI-FI II (sanitation), in which she was responsible for managing research on institutions and finance, the social interface of technology and engineering and social and gender dynamics of sanitation. Her work included the development of laws and institutional frameworks for the management of wastewater and faecal sludge, various laws and legal responsibilities relating to sanitation work and the elimination of manual scavenging. Before that, she worked in the development sector consulting and research. Arkaja studied law at the National Law School of India University, Bangalore and has an LL.M. from the School of Oriental and African Studies, London.

Participants Profile

FOIR Regulatory officials from regulatory bodies across India, Researchers, industry experts in the power sector & FOIR Member Organizations facilitated the session with their kind presence.

54 participants attended the webinar.



Program Outline

The Forum of Indian Regulators (FOIR) Centre at IICA, along with the State Capacity Initiative at the Centre for Policy Research (CPR) conducted the 'Know Your Regulator' talk series.

'Know Your Regulator' with Mr Debasish Panda, Chairperson, Insurance Regulatory and Development Authority of India (IRDAI)

Shri Debasish Panda in conversation with Dr Abha Yadav, Associate Professor, Indian Institute of Corporate Affairs and Director of the Forum of Indian Regulators (FOIR) Centre at IICA, Ms Arkaja Singh, Fellow, State Capacity Initiative, Centre for Policy Research and Dr KP Krishnan Honorary Research Professor, CPR, Dr Rohit Chandra Assistant Professor, School of Public Policy, IIT Delhi and Visiting Fellow, CPR

Welcome note by Shri Praveen Kumar, Director General & CEO, Indian Institute of Corporate Affairs.



'Know Your Regulator' Talks

MR DEBASISH PANDA,
CHAIRPERSON,
INSURANCE
REGULATORY AND
DEVELOPMENT
AUTHORITY OF INDIA

June 22 2022,
10.30 am To 12 pm
on Zoom

IN CONVERSATION


MR DEBASISH PANDA
 Chairperson, Insurance
Regulatory and
Development Authority
of India


DR KP KRISHNAN
 Honorary Research
Professor, Centre for
Policy Research


DR ABHA YADAV
 Associate Professor, Indian
Institute of Corporate
Affairs (IICA) and Director,
Forum of Indian Regulators
Centre at IICA


DR ROHIT CHANDRA
 Assistant Professor,
School of Public Policy,
IIT Delhi and Visiting
Fellow, Centre for
Policy Research

WELCOME AND INTRODUCTORY REMARKS


MR PRAVEEN KUMAR
 Director General and
CEO, Indian Institute of
Corporate Affairs


MS ARKAJA SINGH
 Fellow, State Capacity
Initiative, Centre for Policy
Research

About IRDAI

The Insurance Regulatory and Development Authority of India (IRDAI) is a regulatory body under the jurisdiction of the Ministry of Finance, Government of India and is tasked with regulating and licensing the insurance and re-insurance industries in India. It was constituted by the Insurance Regulatory and Development Authority Act, 1999, an Act of Parliament passed by the Government of India. The agency's headquarters are in Hyderabad, Telangana, where it moved from Delhi in 2001.

IRDAI is a 10-member body including the chairperson, five full-time and four part-time members appointed by the Government of India.

About 'Know Your Regulator' Series

This talk series is jointly organized by the State Capacity Initiative at the Centre for Policy Research (CPR), the Forum of Indian Regulators (FOIR) and the Indian Institute of Corporate Affairs (IICA). The series consists of conversations with the people entrusted with the task of regulating Indian markets and various parts and aspects of the economy. These are the chairpersons and members of India's regulatory agencies.

In the conversations, the organizers seek to explore the public nature of the regulatory activity through questions like, why should the work of regulatory agencies be of interest to people, producers, consumers, professionals, service providers, and citizens? What are the public goals of regulation? In what ways does the work of regulation involve having to make a balance, or make trade-offs, or amicably resolve competing or even conflicting claims of public and private interest? Regulatory agencies are a relatively recent innovation of the Indian state, set up to address the evolving needs of the Indian economy in the decades since the 1990s (although with some notable older instances). The series is directed at exploring the institutional form of the regulatory agencies, their features, norms and values, and their frameworks of decision-making and rationality.

In addition, the series is intended to understand the functional domain and the everyday administration of the regulatory agencies, their staffing, procedures, information systems and operational modalities. Regulatory agencies are envisaged as state agencies that can respond to complex and changing situations, both at the level of policy recommendation and in the case-specific ruling. In the conception of regulatory agencies, this was thought of as a challenge that would be addressed through specialization, expertise and the design of their power and functions. However, each regulatory agency is also unique, in terms of how its regulatory mandate is designed and the nature of the challenges that it is set up to address. In this talk series, we will seek to explore the regulatory debates (both broad and sectoral) that animate the world of regulation, and how it relates to the rest of us.

Welcome Note by Shri Praveen Kumar, DG & CEO (IICA)

The conference began with a welcome note by Shri Praveen Kumar, wherein he briefly introduced the concept behind the “Know Your Regulator Series” and threw light on the previously executed series. He opined that IRDAI is one of the oldest regulators which came in the 90s after the economy demanded the need for regulation to correct the market distortion.

He highlighted that this KYR aims at a better understanding of IRDAI because many times it is noted that there are certain misconceptions about the insurance policies or correct things are not conveyed to the policy buyer. Therefore, it is a good opportunity to understand how IRDAI works and how one can access the benefits of such policies.

Then, the discussion was taken forward by Dr K P Krishnan. He also welcomed the speaker and gave a brief introduction about the object behind the KYR series.

The Discourse

Mr Panda began the discussion with the evolution of the Insurance Sector in India and stated that it can probably be divided into three distinct phases, the first one being the pre-nationalization era, which was from 1938 to 1956 when they saw a large number of small & medium-sized insurance companies operating in the ecosystem with the controller of insurance in the health sector, and this period witnessed a lot of dissatisfaction amongst the policyholders because of the uncleared dues. Therefore, a large number of liquidations and mergers took place, and the demand for a specific regulation to protect the interest of policyholders was raised.

Therefore, the period from 1956 to 2000 can be termed the nationalisation era, as the LIC got nationalised. Although the policyholder interests were protected the growth was slow, and there were fewer options available for the consumers, the reason being the monopoly of only 4 to 5 public sector companies which were operating within the country. With the emergence of liberalisation in around 2000, the Malhotra committee was set up which clearly recommended a series of reforms for the Insurance Sector, they assigned the development mandates for IRDAI and that's how it became the Insurance Regulatory Development Authority of India (IRDAI). With the coming of the IRDAI, there was a clear mandate that it would ensure the protection of the policyholders and orderly growth of the insurance industry, therefore this era of liberalisation witnessed the re-entry of the private sector along with the public sector.

Dr Abha Yadav moving the discourse further asked “Whether IRDAI has all three elements of the democratic process and how they are working?” In response, Mr Panda stated that IRDAI derives its powers and duties from the statutes, whereas Section 14 IRDA Act, 1999 lays down the duty on the authority to regulate, promote and ensure ordering growth of the insurance and reinsurance business. To comply with the given procedure they generally issue master circulars and guidelines. Therefore, implementation of the above mandates results in the regulation of the industry in an orderly manner, ensuring the fulfilment of the commitment towards the citizens or policyholders.

Answering the question, “How do they regulate the insurance industry?” Mr Panda responded that there is a supervision mechanism, which looks at the risk profile of the companies and analyses whether they have been able to maintain the requisite solvency at all points in time or not. And all these factors are continuously monitored either through an off-site mechanism or an on-site examination, which helps in ensuring the financial soundness and market conduct of the company. Secondly, the act empowers the adjudication of disputes between the insurers and the intermediaries with the imposition of penalties. As far as the legislative powers are concerned the rules are framed by the government and the regulations are framed by the authority. Therefore, all three i.e. the executive, adjudicatory and legislative powers have been delegated to the authority to regulate the sector in an orderly manner.

Dr Abha steered the conversation and asked Mr Panda about the organisational structure of IRDAI, replying to the question, Mr Panda stated that in the organisational structure, they have a chairman, 5 full-time members and 4 part-time members. Hyderabad is the headquarters of the IRDAI and they have two regional offices, i.e. in Mumbai and Delhi. Whereas the number of officers is close to around 250, and they are from the level of assistant managers to the level of executive directors. Therefore, in this manner, they have a set of people with a wide range of experience and qualifications in different fields.

Mr Rahul posed the next question, asking Mr Panda, “How does IRDAI fulfil the objective of consumer protection and what are the tools for achieving the same?”

Mr Panda responded that they have taken the following measures, firstly by ensuring adequate access, affordability and fair value of the insurance products to the policyholders. Secondly, insurance awareness, guidance and seamless services to the policyholder’s claims. And third, is the 360-degree framework which includes multiple distribution channels to serve the people and they also have service providers, academic institutions, data repositories and a network of the ombudsman to deliver speedy rewards for grievances redressal. Therefore, all these measures are available to ensure the protection of consumer interest. He also mentioned that IRDAI has formulated a regulation called the Protection of PolicyHolders Regulation, which was framed in 2017 and is applicable to all insurers, policyholders, distribution channels, intermediaries and other regulatory entities. The objective of this regulation is:

1. Policyholder-centric governance
2. Fulfilment of the obligation towards the policyholders i.e. what you have promised that has to be fulfilled and
3. Ensure the best practices in sales and service of the insurance policies.

Giving examples of the nature of complaints, Mr Panda mentioned that they have set up a portal which is known as the “Integrated Advanced Management System”. This portal is an interface between the policyholders and the other entities largely the insurance companies and intermediaries, where, the IRDAI acts as a mediator. All the complaints are registered and then transferred to the insurance companies to settle the matter. Secondly, they are also trying to revamp the “Integrated Grievance Management System” (IGMS) known as “Bima Bharosa” which ensures the fulfilment of the customer’s need in a time-bound manner and enhances their faith and trust in the insurance sector.

Dr Abha’s next question was about the exercise of regulatory scrutiny and focus of IRDAI in the present scenario to which Mr Panda responded that they have 2 roles to play, firstly, the development role and secondly, ensuring the financial soundness of the company and the market conduct. He mentioned that currently, they have started embarking upon a project of going towards a risk-faced supervision framework, which will be enabled by supervision technology.

Dr Abha moving the discourse further asked Mr Panda to throw light on the challenges faced by IRDAI. In response, Mr Panda stated that enforcement is a problem that can be tackled by a risk-based supervisory framework. Another challenge is in the processing of claims and designing of products, to deal with such issues they have established a repository or transactional data bureau which is called the “Insurance Information Bureau” (IIB).

On the structural aspect of IRDAI, the speaker mentioned that they are associated with the Institute of Actuaries in India, ICAI, ICSI and other self-regulatory bodies. As far as the councils are concerned the Life Insurance Council and General Insurance Council are two critical pillars, one relates to the life sector and the other to the non-life sector, and this body is supposed to take up the various issues relating to the industries, stakeholders and policy owners.

Dr Krishnan steered the conversation and asked Mr Panda about the IRDAI’s capacity-building initiatives. In reply to the question, Mr Panda stated that they have a good amount of expertise in finance, actuarial science, management technology etc.

For capacity building, they have 4 pillars.

1. Risk-based supervisory framework
2. Risk-based capital regime
3. Insurance Fraud Register (IFR) to prevent and detect fraudsters and
4. Insured technology available

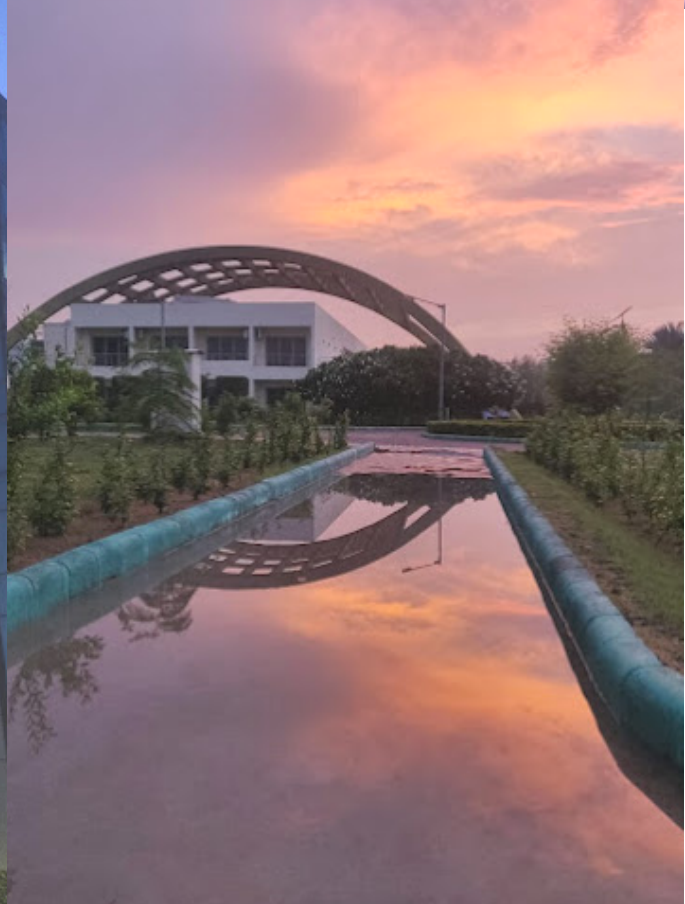
Lastly, Mr Panda pointed out that the future of insurance sales majorly depends on technology as it is the enabler which helps in reaching thousands of people and the traditional agency networks. Highlighting, the key focus area of IRDAI, he stated that every life in the country should be insured and that is the prime resolution of the authority.

Vote of Thanks

The discussion ended with a vote of thanks by Ms Arkaja Singh thanking the esteemed speaker and summarising the discussion.

For Queries and Feedback:

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