



IRDA- Regulator of Insurance Sector in India

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ABSTRACT

The Insurance Regulatory and Development Authority of India (IRDAI) is an independent, legal and professional body that regulates the insurance industry in India. It is based on the recommendations of the Malhotra Committee report of 1994. It was created by the Insurance Regulation and Development Authority Act, 1999, an Act of Parliament passed by the Government of India. In 2000 he won a parliamentary seat. The organization is headquartered in Hyderabad, Telangana, and relocated to Delhi in 2001. IRDA is 10-member body that consists of: One Chairman; Five full-time members; four part-time members. The paper highlights the structure, powers and functions, and awareness of IRDA among the people. The data for the study has been taken by means of questionnaires. The paper points out that the Indian economy is growing, which in turn, creates a greater market for insurance companies. The insurance sector would bloom in the foreseeable future, and to ensure the smooth flow, IRDA as a body should work by abiding its limit without favouring any single insurance companies.

KEYWORDS: Insurance, IRDA, Regulatory body, Insurance Awareness, Regulations.

INTRODUCTION

Insurance is listed as the title of the Union in India's Seventh Constitution. The IRDA is the governing body responsible for regulating the insurance industry in India. It is based on the recommendations of the 1994 Malhotra Committee report. The report recommended that it should be an independent authority to regulate the insurance sector in India.

The IRDA Act of 1999 was passed in response to a proposal by the Malhotra Committee (1994). In April 2000, it was merged to form a legal corporation. The IRDA was revised in 2002 to address the growing demand for the Indian insurance market. As stated in the law the IRDA's policy is to "protect the interests of policyholders, to regulate, develop, and ensure the systematic growth of the insurance industry, and related or related matters." The following actions govern the policy framework of the Insurance Industry in India: Insurance Act, 1938; Contract Act, 1872; Life Insurance Corporation Act, 1956; Maritime Insurance Act, 1963; General Insurance Business Act, 1972; IRDA Act, 1999; The

Traffic Act, amended in 1988; Public Liability Act, 1991. The IRDA was enacted by an Act of India of India called Insurance and Regulatory Development of India following the official announcement of the Insurance Ordinance Act 2014, by the President of India Pranab Mukherjee on 26 December 2014.

The composition authority shall consist of following members:

- A) Chairperson;
- B) Not more than five whole-time members;
- C) Not more than four part-time members.

The choice of the Central Government among the people with the ability, integrity, and knowledgeable experience or experience of life insurance, general insurance, actuary science, finance, economics, law, accounting, administration, or any other sector of the Central Government believes it may be to the advantage of the Authority. The IRDA must be responsible for ensuring the rapid and orderly growth of insurance businesses. It must manage and apply the quality of the business insurance industry and co-operation effectively. The IRDA must ensure that insurers provide accurate and precise information to insurance customers about the products they offer. The IRDA should also ensure that the claims of the real policy holders are resolved promptly and that wrongdoing in the claim process is avoided. IRDA owns the entire insurance industry. They establish a structure and boundaries that insurance companies must adhere to. The world moves away from paper records and goes to electronic records, especially financial records.

We can now monitor and access insurance policies electronically. IRDAI has issued guidelines relating to insurance reserves and the issuance of insurance policies electronically.

We can:

- Maintain, maintain and retrieve our policies and the information contained therein easily.
- Change or update our insurance policies promptly and accurately.
- Reduce the cost of issuing and maintaining insurance policies by increasing our efficiency and transparency.

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The recently launched Final Individual Policy Owners Policy is the first step of the IRDA, improving services to policyholders and increasing insurance coverage.

LITERATURE REVIEW

Dr Madhavi, N.R., in the research paper titled “Insurance Sector in India : Challenges and Opportunities” (January, 2014) highlights that insurance sector in India is one of the growing sector and the Indian insurance business has experienced remarkable expansion since the founding of IRDA and the opening up of this sector to private firms in 2000.

Dr. Kar, B.R., and Soni, S., in their research article “The impact of Regulatory and Development Authority (IRDA)” (August, 2013) write that IRDA is an autonomous and statutory body that regulates and directs the insurance market in India.

Parwat, A., Mukandam, Dr. Dev, P., in their research paper “IRDA: Regulator of insurance sector in India” (June, 2016) discuss the main goal of the IRDA which is to regulate, monitor, direct, and control various operations in the insurance business in the country.

Yadav, R.K., and Mohania, S., in their research paper “The Role of the Insurance Mediator and Complaints Management in Health Insurance Systems from an Indian perspective” (June, 2014) explained that a complaint is defined as a misconduct or misconduct that forms the basis of a complaint. The study concluded that in the handling of grievances, the role of the insurance ombudsman is very important and policymakers gain the confidence and trust of the Insurance Ombudsman’s institution.

Prakash, P.J., in his article “IRDA’s Role in the Indian Insurance Sector” (April-June, 2015) points out that IRDA is an independent regulatory body that regulates and develops the Indian insurance business. He writes that the authority protects the interests of policyholders, regulates the investment of insurance companies, and regulates the safety of security. He also writes that since the inception of the IRDA, the insurance industry has grown steadily and the IRDA has played a key role in the Indian insurance industry.

Goodman, J., and Delahunty in their article “Promoting Consumer Complaints in the Financial Sector”, (November, 2001) write about how to encourage customers to voice their concerns by building a site and structure that encourages them to do so. Internal communication lines should be of the highest quality.

Booklet Printed by IRDA “promotes insurance while protecting the insured” (April, 2000). A brief history of IRDA is described in this brochure, as well as economic reforms since 1991. The pamphlet includes an overview of the Amphora committee.

RESEARCH OBJECTIVES

The main objectives of the present research are:

- To study the structure of IRDA.
- To create awareness of the IRDA’s powers and functions.
- To understand measures undertaken by authority during the COVID-19 pandemic.
- To study the awareness among people about IRDA.

RESEARCH METHODOLOGY

The present work entitled “Role of IRDA in Indian Insurance sector” is based on primary data. The primary data has been collected with the help of Google forms. The researchers prepared and delivered the questionnaire themselves.

A total of 100 persons were studied and their data was gathered and Simple Random Sampling technique is utilized to examine the Project. Questionnaires were used to acquire primary data.



ANALYSIS AND INTERPRETATION

OBJECTIVE 1: STRUCTURE OF IRDA

The Authority of IRDA is a ten-member team consisting of:

- (a) Chairman;
 - (b) five whole-time members;
 - (c) four part-time members,
- (all appointed by the Government of India)

The chairman and the members of IRDA are appointed by the Government of India. Mr. Subhash Chandra Khuntia is the current Chairman of the IRDA.

ORGANIZATIONAL STRUCTURE OF IRDAI:

The IRDAI is made up of the following members, as stated in Section 4 of the IRDAI Act of 1999:

- a) Chairman;
 - b) Five whole-time members;
 - c) Four part-time members,
- (Appointed by the Government of India)

IRDAI’S HEAD OFFICE IS AT HYDERABAD

IRDAI’s core functions include the following: ensuring financial stability for insurance brokers and monitoring the market conduct of the various regulated entities operated at Head Office.

IRDAI'S REGIONAL OFFICES ARE AT NEW DELHI & MUMBAI

The Regional Office in New Delhi is responsible for raising consumer awareness and resolving insurance complaints, as well as providing necessary support for inspections of insurance companies and other regulated businesses in the Northern Region. The licencing of surveyors and loss assessors is the responsibility of this office. Similar activities relevant to the Western Region are handled by the Regional Office in Mumbai, as they are by the Regional Office in Delhi.

SUPERVISORY ROLE:

1. The purpose of the directive as set out in the introduction to the IRDAI Act is to "protect the interests of the Insurers' policies, to regulate, promote and ensure the systematic growth of the Insurance industry", both the Insurance and Insurance business. The powers and functions of the Authority are set out in the IRDAI Act, 1999 and the Insurance Act, 1938 so that the Authority can achieve its objectives.
2. Representatives of trade, industry, transport, agriculture, consumer forums, inspectors, consultants, organizations involved in safety and loss prevention, research organizations, and insurance unions are represented under Section 25 of the IRDAI Act 1999. All applicable Industry rules, regulations, and guidelines posted on the administrator's website and is available free of charge to the public.

IRDA PORTAL

Customers and agents can access the agency's web site. On its website, the IRDA publishes its regulations, exam information, and other vital information. On the IRDA portal, there are a few things to keep in mind: No such thing as IRDA insurance exists. The agency is a regulatory entity, not a seller of insurance. The URL to view the agency's information online is www.irdaonline.org. In order to take the online exam, you must first register on the IRDA agent site.

OBJECTIVE 2: DUTIES, POWER AND FUNCTIONS OF IRDA

Regulatory Framework



The functions of the IRDAI are defined in Section 14 of the IRDAI Act, 1999, and include:

- To promote the interests and rights of policy holders in matters relating to policy allocation, policy appointments, uninsured interest, payment of insurance claim, payment policy amount and other terms and conditions of insurance contracts.;
- To promote and ensure the growth of the Insurance industry;
- Ensuring the immediate termination of actual claims and the prevention of fraudulent activities;
- Bringing transparency and orderly conduct to the financial markets facing insurance;
- Protecting the interests of policyholders;
- Clarify the conduct of inspectors and inspectors of losses;
- Control and regulate premium levels and conditions of insurance covers;
- To promote and regulate professional organizations linked to insurance and the insurance business to improve efficiency in the insurance industry;
- To charge fees and other charges for the purposes of this Act;
- Provide licensing to insurance consultants as agents and dealers after specifying the required qualifications and setting the code / code of conduct;
- Controlling and controlling the prices, benefits, terms, and conditions that insurance providers may provide to a common insurance business that is not controlled and regulated by the Expenditure Advisory Committee under section 64U of the Insurance Act, 1938. (4 of 1938);
- Clarify the form and manner in which insurance companies and other intermediaries should make their financial statements;
- Controlling the maintenance of the margin of solvency insurance companies;
- To adjudicate disputes between insurers and mediators or insurance mediators;
- Overseeing the functioning of the Expenditure Advisory Committee;
- Specify the percentage of the life insurance business and general insurance business that will be insured in a rural or social area; and
- Use other powers as may be prescribed.

OBJECTIVE 3: MEASURES UNDERTAKEN BY AUTHORITY DURING THE COVID 19 PANDEMIC

COVID 19 pandemic has thrown unexpected challenges to all stakeholders of health insurance industry. Since the onset of pandemic, the Authority continuously monitored its effect on the health-care industry and had taken wide range of proactive measures giving relief to policyholders as well as insurance industry.

The following are some of the key steps initiated by IRDAI:

1. To protect policy interests, the circular dated 04 March 2020, advised all insurers to expedite the processing of COVID-19 claims and to ensure that COVID-related claims are not rejected without further investigation.
2. Regulations for renewal of health insurance policies to be renewed during the closing date of March 25, 2020 to May 03, 2020 were issued to provide insurance and benefits to continue during the grace period as long as the renewal premium is paid on or before 15th May, 2020.
3. In order to facilitate the payment of premiums by policyholders, renewable premiums in respect of all existing health products that must be renewed by 31 March 2021 are allowed to be collected in installments at the discretion of the insurance companies.
4. It is specified that all general and health insurance firms' indemnity-based health insurance policies that cover hospitalization treatment expenses pay the costs of inpatient treatment due to COVID -19.
5. All insurers have been advised to publish FAQs on COVID-19 claims in their respective websites.
6. Insurance brokers have been advised to make available comprehensive health coverage at affordable cost to various organizations / employers / institutions in accordance with procedures set by the Department of Home Affairs (MHA), GoI.
7. In order to expedite the payment of the claim, the Authority has established a two-hour conversion period (TAT) to issue both prior authorized prior authorization and final release of the cover-up patient on the April 18, 2020 circular.
8. All insurance providers are instructed to make certain efforts to deliver electronic mail to pay for their claims during the closing period to ensure that the applications are properly resolved.
9. On June 11, 2020, the Telemedicine Guidelines were published. As part of the claim process, insurers have been instructed to provide telemedicine services in accordance with the Telemedicine Practice Guidelines issued by the Medical Council of India (MCI) on March 25, 2020.
10. Until March 31, 2021, all insurance companies (Health, General, and Health) are allowed to sell COVID 19 special health insurance policies (for a minimum period of 3 to 11 months). Life insurance is permitted to provide short-term benefit-based policies.
11. Conventional COVID generic products and short term policy terms (3 12 months, 6 12 months, 9 12 months) are designed to meet the basic requirements of general public health insurance by providing financial protection to COVID 19.
12. Authorities have advised insurance companies to ensure that cashless services are available to all network providers (hospitals), and a press release was issued informing the public that if the hospital refuses to

- provide financial assistance, the relevant insurance company will be contacted to rectify the problem.
13. The rules for the payment of COVID claims for treatment in temporary or temporary hospitals as approved by the government are set out in the July 16, 2020 circular.

OBJECTIVE 4: AWARENESS AMONG PEOPLE ABOUT IRDA

Do you know about IRDA?

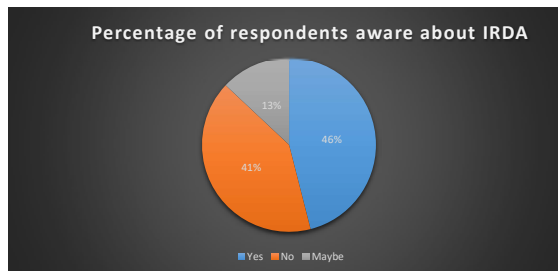


Figure: This pie chart shows that the 46% of respondents are aware about IRDA, whereas, 41% of respondents are not aware about IRDA and 13% respondents are not sure.

DO YOU KNOW ABOUT YOUR RIGHTS OF BUYING AN INSURANCE POLICY?

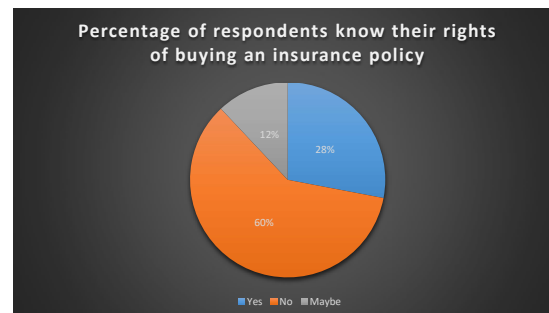


Figure: This pie chart shows that 28% of respondents are aware about their rights of buying an insurance policy, whereas, 60% of respondents are not aware about their rights of buying an insurance policy and 12% are not sure.

Which regulations of IRDA benefits customers?

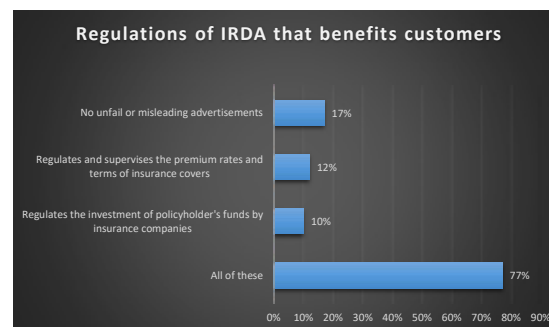
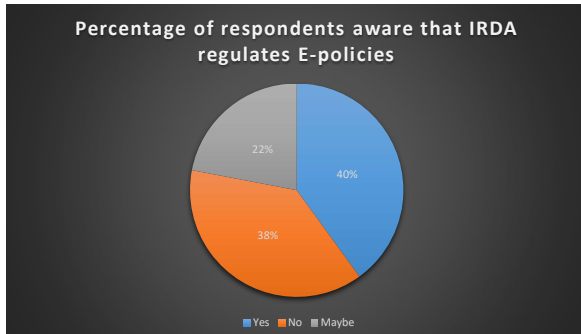


Figure: This graph shows that according to respondents which regulations of IRDA that benefits customers and only 77% of the respondents could tell it right.

Are you aware that IRDA regulates e-policies?

Figure: This pie chart shows that 40% of responders are aware that IRDA regulates e-policies, whereas, 38% of responders are not aware that IRDA regulates e-policies.



Are regulations framed by IRDA effective enough to safeguard you from fraudulent activities?

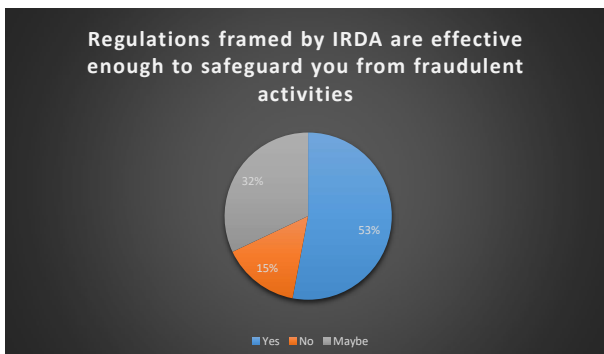


Figure: This pie chart shows that 53% respondents think that regulations framed by IRDA are effective enough to safeguard them from fraudulent activities, whereas, 15% of respondents think that regulations framed by IRDA are not effective enough to safeguard them. And 32% of respondents are unsure.

FINDINGS

- From all the research we have conducted, it was found that only 46% respondents are aware about IRDA, whereas, 41% of respondents are not aware about IRDA and 13% respondents are not sure.
- Our research work shows that only 28% of respondents know about their rights, whereas, 60% of respondents are not aware about their rights of buying an insurance policy and 12% are not sure.
- Our research work also shows that only 77% of the respondents could tell it right that which regulations of IRDA benefits customers.
- Our survey also shows that only 40% of responders are aware that IRDA regulates e-policies, whereas, 38% of responders are not aware that IRDA regulates e-policies.
- Our research work also shows that 53% respondents think that regulations framed by IRDA are effective

enough to safeguard them from fraudulent activities, whereas, 15% of respondents think that regulations framed by IRDA are not effective enough to safeguard them.

CONCLUSION

All said it is quite clear that IRDAI is like the principal of the school called the insurance sector. It is in charge of ensuring that the sector runs smoothly and without hiccups. Moreover, through amendments and IRDAI regulations, IRDAI makes modifications to insurance rules on a regular basis to ensure that the insurance business can keep up with the changing needs of individuals. So, if you're scared about putting your trust in an insurance business, don't be! The insurance companies are legitimate and are governed by IRDAI standards. We can also file any complaints which we have, with our insurance with IRDAI, which will assist you in resolving your issues. India's insurance population is anticipated to touch 850 million in future. This is due to the growing interest towards insurance among Indians, innovative product designs and easy to access distribution channels. Over the next 30 years, some 600 million people are expected to move to cities, and world's population would also increase. Hence it would reshape the marketplace for insurers and other financial services businesses.

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