

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:554
ANSWERED ON:03.12.2004
INVESTMENT MANAGEMENT TEAMS
Mishra Dr. Rajesh Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory Development Authority (IRDA) has directed all the insurance companies to constitute their in-house Investment Management Teams (IMTs) by December 31, 2004 to ensure proper control over the policy holders;
- (b) if so, the details of the regulatory works to be done by the proposed IMTs;
- (c) the time by which the full time actuarial professionals are proposed to be appointed to replace proposed IMTs in all the insurance companies; and
- (d) the other measures proposed to be introduced to ensure better accountability of the insurance companies in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c) The Insurance Regulatory & Development Authority (IRDA) under the powers vested in it under section 34 of Insurance Act, 1938 has directed all insurers to manage their investment portfolios in-house through an Investment Committee of the respective Board and not out-source the same. As per Section 9(1) of IRDA (Investment) Regulation, 2000, the Investment Committee, shall consist of minimum of two non-executive directors of the Insurer, the Principal Officer, Chiefs of Finance, and Investment divisions, and wherever appointed actuary is employed, the Appointed Actuary. The insurers have also been advised to terminate the out-sourcing agreements and transfer the functions `in-house` latest by 31st December, 2004.

(d) So far as life and non-life public sector insurance companies are concerned ,they are governed by the Insurance Act 1938 and IRDA (Investment) Regulations, 2000 as amended from time to time.