

CIRCULAR

24th May, 2004

Re.:GEN/CIR/018/MAY-04

ALL INSURERS

Attention is drawn to the queries raised /communications addressed by insurers on the interpretation of the various provisions of the Insurance Act, 1938 and the various regulations framed by the Authority. It has been frequently noticed that:

1. Insurers give a particular interpretation to the various provisions of the legislative framework, and thereafter file documents with the Authority, assuming that the said interpretation would be acceptable to the Authority or would be concurred to by the Authority. It has been noticed that at times insurers have regarded filing of communications with the Authority as implicit concurrence of the Authority on the interpretation / information furnished.
2. On many occasions, insurers have approached the Authority seeking clarifications a few days before the stipulated time for filing of returns or near the deadline to meet their other requirements for filing of papers within their own organization. This results in very little time left to the Authority to deliberate on issues raised by the insurance companies and provide necessary clarifications.

Insurers would appreciate that particularly in instances where a policy decision has to be taken or where there is a need to interpret the law in a given context, the Authority cannot be expected to issue instructions/clarifications without allowing time to undertake due consultative process to examine the various issues involved.

Insurers are therefore advised that:

1. The approval of the Authority should not be taken as implicit with the intimation of a particular approach adopted by them. The Authority hereby clarifies that unless a formal approval is conveyed, the insurers shall not act on the issues raised for clarification; and
2. Appropriate planning should go into ensuring compliance with the timeframes indicated for various regulatory requirements. Any queries / issues which need to be addressed, or which require clarification from the Authority should be referred well in advance, say a month, and await reply from the Authority.

(C.S.RAO)
CHAIRMAN