

IC-14 - Regulations of Insurance Business

Original Text in book

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 26% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. In April 2015 the Reserve Bank of India notified government's decision to raise foreign direct investment (FDI) lone in the insurance sector to 49%.

Revised text as per revised FDI limit as below

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 49% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. The Parliament passed the Insurance (Amendment) Act, 2021 to increase foreign direct investment (FDI) lone in the insurance sector to 74%.

Chapter 1

Page no.6 - Test Yourself 1

Test Yourself 1

Question 1

As per current FDI norms how much is the FDI limit for insurance sector?

- A. 49%
- B. 74%
- C. 100%
- D. There is no FDI allowed in insurance sector in India.

Answer of the above question as per text book

Chapter 1 Page no.10 - Test Yourself 1

Answers to Test Yourself

Answer to TY 1

The correct option is A.

As per current FDI norms the current FDI limit for insurance sector is 49%.

Answer as per revised FDI limit as below

Chapter 1 Page no.10 - Test Yourself 1

Revised answers to Test Yourself

Answer to TY 1

The correct option is B.

As per current FDI norms the current FDI limit for insurance sector is 74%.

Original Text in book

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 49% is allowed in the insurance sector.

Revised text as per revised FDI limits

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 74% is allowed in the insurance sector.

Original Text in book

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2015 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 26% to an Explicitly Composite Limit of 49% with the safeguard of Indian Ownership and Control.

Revised text as per revised FDI limits

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2021 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 49% to an Explicitly Composite Limit of 74% with the safeguard of Indian Ownership and Control.

Chapter 3
Page no.124 - Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least _____ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 100
- C. 200
- D. 500

Answer of the above question

Chapter 3 Page no.126 - Answers to Self-Examination Question

Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is B.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 100 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

Chapter 3
Page no.124 - Revised Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least _____ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 50/25
- C. 200
- D. 500

Revised Page no.126 - Answers to Self-Examination Questions

Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is **B**.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 50/25 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

Chapter 3
Page no.125 - Self-Examination Questions

Self-Examination Questions

Question 3

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is _____, a reinsurance broker is _____ and composite broker is _____.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. 50 lakhs, 200 lakhs, 250 lakhs
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

Answer of the above question

Chapter 3 Page no.127 - Answers to Self-Examination Question

Answers to Self-Examination Questions

Answer to SEQ 3

The correct option is B.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 50 lakhs, for a reinsurance broker it is 200 lakhs and for a composite broker the minimum amount of capital prescribed is 250 lakhs.

Chapter 3

Page no.125 - Revised Self-Examination Questions

Self-Examination Questions

Question 3

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is _____, a reinsurance broker is _____ and composite broker is _____.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. 75 lakhs, 400 lakhs, 500 lakhs
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

Revised Page no.127 - Answers to Self-Examination Questions

Answer to SEQ 3

The correct option is **B**.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 75 lakhs, for a reinsurance broker it is 400 lakhs and for a composite broker the minimum amount of capital prescribed is 500 lakhs.

Original Text in book

Chapter 8 Page no.386 - Point.1.3 last bullet point.

1.3 Structure of Consumer Protection Act, 1986

The Act envisages three-tier quasi-judicial machinery at the National, State and District levels in the following manner:

1. District Forum

Composition: President -One District Judge and two other members (1 lady member).

Jurisdiction: Value of services and compensation claimed does not exceed Rs. 20 Lakhs.

2. State Commission

Composition: President - High Court Judge, Members not less than 2 (1 lady member)

Jurisdiction: Complaints of value claimed if exceeds Rs 20 lakhs but does not exceed Rs 1 crore.

3. National Commission

Composition: President - Supreme Court Judge, Members not less than 4, 1 lady member.

Jurisdiction: Original complaint where the value of services and compensation exceeds Rs 1 crore.

Revised text as per revised District Forum as below

Chapter 8 Page no.386 - Point.1.3 last bullet point.

1.3 Structure of Consumer Protection Act, 1986

The Act envisages three-tier quasi-judicial machinery at the National, State and District levels in the following manner:

1. District Commission

Composition: President -One District Judge and two other members (1 lady member).

Jurisdiction: Value of services and compensation claimed does not exceed **Rs. 1 Crore.**

2. State Commission

Composition: President - High Court Judge, Members not less than 2 (1 lady member)

Jurisdiction: Complaints of value claimed if exceeds **Rs 1 Crore but does not exceed Rs 10 crore.**

3. National Commission

Composition: President - Supreme Court Judge, Members not less than 4, 1 lady member.

Jurisdiction: Original complaint where the value of services and compensation exceeds **Rs 10 crore.**

Original Text in book
Chapter 8 Page no.392 - Summary.

- Consumer is a person who buys goods / services for a consideration.
- The Consumer Protection Act, 1986 for the redressal of consumer complaints provides three-tier quasi-judicial machinery at the National, State and District levels.
- Jurisdiction: District forum where the value of services and compensation claimed does not exceed Rs 20 lakhs. State commission above Rs 20 lakhs to Rs 1 crore. National commission: excess of Rs 1 crore.
- The Redressal of Public Grievances Rules, 1998 have been formulated to resolve all complaints relating to the settlement of claims on the part of the insurance companies in a cost effective, efficient and impartial manner
- The Insurance Ombudsman has been established to quickly dispose the grievances of the insurance consumers and lessen the problems involved in redressing complaints.

Revised text as per revised District Commission as below
Chapter 8 Page no.392 - Summary.

- Consumer is a person who buys goods / services for a consideration.
- The Consumer Protection Act, 1986 for the redressal of consumer complaints provides three-tier quasi-judicial machinery at the National, State and District levels.
- **Jurisdiction: District Commission where the value of services and compensation claimed does not exceed Rs 1 crore. State commission above Rs 1 crores to Rs 10 crore. National commission: excess of Rs 10 crore.**
- The Redressal of Public Grievances Rules, 1998 have been formulated to resolve all complaints relating to the settlement of claims on the part of the insurance companies in a cost effective, efficient and impartial manner
- The Insurance Ombudsman has been established to quickly dispose the grievances of the insurance consumers and lessen the problems involved in redressing complaints.

Chapter 8
Page no.393 - Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option
As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to value of services and compensation not exceeding _____.

- A. Rs 10 lakhs
- B. Rs 20 lakhs
- C. Rs 50 lakhs
- D. Rs 1 crore

Answer of the above question

Chapter 8 Page no.394 - Answers to Self-Examination Question

Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is B.

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to the value of services and compensation not exceeding Rs. 20 lakhs.

Chapter 8

Page no.393 - Revised Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to value of services and compensation not exceeding _____.

- A. Rs 10 lakhs
- B. Rs 20 lakhs
- C. Rs 50 lakhs
- D. Rs 1 crore

Revised Page no.394 - Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is D.

As per the Consumer Protection Act, 1986 the jurisdiction of a District Commission extends up to the value of services and compensation not exceeding Rs. 1 Crore.