

THE GENERAL INSURANCE BUSINESS (NATIONALISATION)

AMENDMENT BILL, 2021

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further to amend the General Insurance Business (Nationalisation) Act, 1972.

BE it enacted by Parliament in the Seventy-second Year of the Republic of India as follows:— 1. (1) This Act may be called the General Insurance Business (Nationalisation) Amendment Act, 2021.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint. Short title and commencement.

AS PASSED BY LOK SABHA ON 2.8.2021 Bill No. 115-C of 2021 5 2

Amendment of section 3. 57 of 1972. 1 of 1956. 18 of 2013. 4 of 1938.

Amendment of section 9. 2. In section 3 of the General Insurance Business (Nationalisation) Act, 1972 (hereinafter referred to as the principal Act),—

(i) after clause

(b), the following clause shall be inserted, namely:—

'(ba) "board of directors" or "board", in relation to a specified insurer, shall have the same meaning as assigned to it in clause (10) of section 2 of the Companies Act, 2013;'

(ii) in clause (c), for the words and figures "the Companies Act, 1956", the words and figures "the Companies Act, 2013" shall be substituted;

(iii) for clause (g), the following clause shall be substituted, namely:— '(g) "general insurance business" shall have the same meaning as assigned to it in the Insurance Act, 1938;'; (iv) in clause (h), for the word and figures "section 617", the words, brackets and figures "clause (45) of section 2" shall be substituted; (v) after clause (o), the following clause shall be inserted, namely:— '(oa) "specified insurer" means the Corporation as defined in clause (d) or any of the insurance companies specified in section 10A;'. 3. In section 9 of the principal Act, for the words and figures "the Companies Act, 1956", the words and figures "the Companies Act, 2013" shall be substituted. 4. In section 10B of the principal Act, the proviso shall be omitted. 5. After section 24A of the principal Act, the following section shall be inserted, namely:— '24B.(1) On and from the date on which the Central Government ceases to control any specified insurer, after the commencement of the General Insurance Business (Nationalisation) Amendment Act, 2021, the provisions of this Act shall cease to apply in respect of that specified insurer. (2) Notwithstanding anything contained in sub-section (1), on the date of cessation of applicability referred to in sub-section (1),— (a) any scheme framed by the Central Government under sub-section (1) of section 17A in respect of the specified insurer referred to in sub-section (1) shall be deemed to have been adopted by the board of directors of such specified insurer: Provided that the board of directors may make such additions, amendments or variations thereto, or frame new policy in place of such scheme, as it may deem appropriate; (b) without prejudice to the generality of the power of the board of directors of the specified insurer under clause (a), all powers exercisable by the Central Government under a scheme framed by it in sub-section (1) of section 17A shall be exercisable by that board of directors. Explanation 1.—For the purposes of this section, the expression "control" means the right of the Central Government, in relation to a specified insurer,— (i) to appoint a majority of its directors; or (ii) to have power over its management or policy decisions, by virtue of its shareholding rights or management rights under its articles of association or shareholders agreements or voting agreements or any other agreements executed with the specified insurer or any other person in relation to the specified insurer. 18 of 2013. Amendment of section 10B. Insertion of new section 24B. 1 of 1956. 18 of 2013. Cessation of application of Act. 5 10 15 20 25 30 35 40 45 3 Explanation 2.—For the removal of doubts, it is hereby clarified that— (i) the provisions of this section shall also apply to any rule, scheme, direction or notification made under this Act before the cessation of applicability; (ii) the cessation of applicability shall not revive anything that was not already in force or in existence under this Act or affect anything previously done or suffered under this Act; (iii) the board of directors of the specified insurer shall exercise the powers referred to in sub-section (2), subject to any requirement under any law for the time being in force.'. 6. After section 31 of the principal Act, the following section shall be inserted, namely:— '31A. A director of a specified insurer who is not its whole-time director shall be held liable only in respect of such acts of omission or commission of the specified insurer which had been committed with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently. Explanation.—For the purposes of this section, the reference to "board" shall include committees of the board.'