



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(TS)

e-mail : iiisla.ad2013@gmail.com, admin@iiisla.co.in, Web-site : www.iiisla.co.in,

Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Dear IIISLA Members,

A few members have mentioned that there is 'No Provision of Benevolent Fund in our MOA & AOA'.

Friends, before concluding any matter, it is important to note that 'Memorandum of Association' describes the objective of the institute for which it is formed. It has to be filed with the Registrar of Companies during the process of incorporation of a Company. It contains the fundamental conditions upon which the company is allowed to operate and rules governing to achieve the objectives for which company is incorporated. Similarly, 'Articles of Association' is a set of rules and regulations/Bye Laws under the Companies Act within which the council/Directors as also its members are expected to act.

From above it is apparent that these documents do not and cannot define each and every action which may be taken by the Board from time to time as long as such actions are not in conflict with its cardinal objective &/or internal governance rules as set out in these documents &/or under the Companies Act. On the contrary, a general rule is that any action taken by the Board for the benefit and welfare of its shareholder (members in our case) and the Institute in general cannot be termed as *ultra vires* to its MoA and AoA. In fact such an action is *intra vires*.

In the given case , the members within their rights as conferred in the article 23(2) of AoA had called for the Extra Ordinary General Meeting (EGM) demanding constitution of the Members Benevolent Fund of IIISLA with a set of rules governing such Fund. EGM was validly called within the purview of AoA and the Companies Act, 2013. Considering the fact that the proposal was related to welfare of the members, the Council in its meeting held after the EGM decided to accept and adopt the resolution passed by the members. Nothing contrary has come to its notice to not accept such collective decision of the members and to constitute a committee thereafter.



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(TS)

e-mail : iiisla.ad2013@gmail.com, admin@iiisla.co.in, Web-site : www.iiisla.co.in.,

Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Our reading of Article 18 of AoA, confirms that Council/Board of Directors are well within their powers to constitute any Committee for dedicated governance of the Institute and considering the fact that it is a welfare measure and the fact that no restriction is placed either by the MoA or AoA, for formation of Benevolent Fund and its committee is not ultra vires the AoA of IIISLA.

Furthermore, rights for collection of subscription for this fund were also examined by us. We note that in terms of Article 4 of AOA & clause (B-10) of MOA, Council of the Institute is well within its right to determine the amount and collect Annual Subscription from the members. Accordingly, collection of annual subscription and appropriation thereof to the fund may be considered as valid more so in the light of the fact that accretion to this fund would be utilized for the benefit of the members in distress.

It is not out of place to mention that institute is paying premium for "Group Personal Accident policy" for its member since its inception out of the annual subscription collected from members as a welfare activity to its member. IIISLA Benevolent Fund is an extension of member welfare from the common pool.

I humbly request all the members to support this noble effort of IIISLA. However, the council is open for constructive suggestions to make this fund more effective and transparent.

With warm regards

Nirmal Tripathi
(Secretary)