



दिनांक / Date: 09 December 2025

By Electronic Mail

महोदय / Dear Sir,

Subject: Request for Informal Guidance by way of Interpretative Letter under the IFSCA (Informal Guidance) Scheme, 2024 by [REDACTED] in relation to regulatory framework for International Financial Services Centre Insurance Offices (“IIO”) through Managing General Agent (“MGA”) in International Financial Services Centre (“IFSC”)

1. This has reference to request letter dated [REDACTED] (applicant) on the captioned subject.
2. The applicant *inter-alia*, represented as under:

[REDACTED] intends to enter in Indian reinsurance industry through an MGA in GIFT City IFSC and seeks to understand certain key issues relating to the regulatory framework for capacity providers of MGAs. Accordingly, informal guidance by way of Interpretative Letter is sought from the International Financial Services Centres Authority (“Authority”) on the same.
3. In view of the above, point wise response on guidance sought by [REDACTED] is as follows -

(A) Query 1: Reporting obligations under applicable IFSCA regulations:

Primary obligation with respect to ongoing compliances and reporting will be on the MGA and not the Foreign Reinsurer. Filing with respect to solvency, assigned capital, maintenance of Net Owned Funds (NOF) will have to be done by the Foreign Reinsurer. However, such compliances will be undertaken through the MGA and the Foreign Reinsurer will only be directed to furnish these reports if MGA is unable to submit such reports in a timely/prescribed manner.

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INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

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Gandhinagar-382 355, Gujarat, India. P: +91 79 6180 9800

Response –

The provisions of clause (5)(e) of 3rd Schedule of IFSCA (Registration of Insurance Business) Regulations, 2021 (hereinafter referred as IIO Regulations) reproduced below may be referred to –

“The MGA shall undertake the following –

(e) compliance of Act, rules, Regulations, guidelines, circulars issued by the Authority from time to time;”

(B) Query 2: Retrocession of reinsurance business or repatriation of premium

- (a) As per international practice, MGAs do not retain premiums as they are not the risk carriers. Since MGAs underwrite business on behalf of its capacity providers, premiums are transferred to respective capacity providers/ reinsurers without any retention other than the agreed overriding commission or fee. There would be no limitation on MGAs to transfer the full premium to the risk carrier/capacity provider, as the latter could have existing retrocession arrangements that need to be honoured.

Response -

- (i) In terms of Third Schedule read with Reg. 4 of IIO Regulations, a MGA and relevant Foreign (Re)insurer would be issued joint certificate of registration (CoR) as an IFSC Insurance Office (IIO),
- (ii) Thus, unlike international practice, MGA in IFSC is not registered as *intermediaries*.
- (iii) Hence, an IIO set up as MGA is subject to provisions of Reg. 17(9) of IIO regulations read with Chapter 3 of IFSCA (Operations of IIO) Guidelines, 2021 (“IIO Guidelines”) on the matter of re-insurance and retrocession requirements.
- (iv) It will be joint responsibility of the MGA and relevant (re)insurer to comply with retention / retrocession requirements and also investment requirements.
- (b) In case of premium that is transferred to the home office of IIO, is there any specific requirement of the regulator that the Foreign Reinsurer should deal with such

premiums in a particular manner. For example, does the Authority require the premium to be invested in a particular way?

Response -

- (i) As discussed in para B (a) above, MGA registered as an IIO shall comply with retention / retrocession requirements,
 - (ii) The IIO at the time of registration shall be required to clearly indicate the choice of investment regulation regime preferred by it, in terms of Reg. 2 (2) read with Reg. 2 (3) of the IFSCA (Investment by IIOs) Regulations, 2022.
 - (iii) Based on the choice indicated, the IIO shall adhere to the investment norms i.e. either regulations as specified by IFSCA or as specified by its home country regulatory or supervisory authority.
- (c) Any specific restrictions or conditions on the use of CBR or foreign reinsurer for retrocession?

Response -

Provisions of Reg. 17(9) of IIO regulations read with Chapter 3 of IFSCA (Operations of IIO) Guidelines, 2021 (“IIO Guidelines”) on the matter of re-insurance and retrocession requirements reproduced below may be referred to –

Reg. 17(9) of IIO regulations:

“The IIOs shall comply with such re-insurance and retrocession related requirements as may be specified by the Authority from time to time.”

Chapter 3 of IIO Guidelines:

“The IIO permitted to transact re-insurance business, shall not retrocede more than fifty (50) per cent. of its reinsurance business”

(C) Query 3: Investment requirements

- (a) Can the Foreign Reinsurer invest premiums in home country as per home country regulations? When can such investments be withdrawn?

Response –

- (i) The applicant MGA / relevant foreign (re)insurer at the time of registration shall be required to clearly indicate the choice of investment regulation regime preferred by it, in terms of Reg. 2 (2) read with Reg. 2 (3) of the IFSCA (Investment by IIOs) Regulations, 2022.
- (ii) Based on the choice indicated, the IIO shall adhere to the investment norms i.e. either regulations as specified by IFSCA or as specified by its home country regulatory or supervisory authority of the relevant foreign (re)insurer.
- (b) In case the investments are required to be domiciled in India, how will it be invested as the Foreign Reinsurer does not have a legal presence in India?

Response -

Reg. 9B of IFSCA (Investments by IIO) Regulations, 2022 reproduced below may be referred to –

“The investments by an IIO in DTA as per category specified in sub-regulation (2), clause (A) of Regulation 5 of the Insurance Regulatory and Development Authority of India (Reinsurance) Regulations, 2018 shall be in accordance with the following matrix:

Matrix 1B: Investment Asset Exposure Pattern Matrix for certain IIOs		
Sr. No.	Type of Investment Asset	Maximum Exposure Limits (per cent.)
1	Securities of Central Government of India	10
2	Corporate Bonds	15
3	SEBI approved Alternative Investment Funds (AIF) - Category 1 and 2	10
4	Immovable Property including Real Estate Investment Trusts (REITs)	5
5	Infrastructure including Infrastructure Investment Trusts (InvIT) and instruments for financing Infrastructure Assets	5
6	Money markets instruments for short period	90
7	Investment in 'Equity', Preference Shares, Convertible Debentures	25
8	Investment in Debt (incl. Commercial Papers)	90
Note 1: 'Invested' would mean 'Invested and kept invested'. Note 2: Notwithstanding the maximum exposure limits mentioned herein above, the extant limits as specified by the Reserve Bank of India or the Securities and Exchange Board India, as the case may be, shall prevail.” ⁷		

(D) Query 4: International Business -

The proposed regulations on retrocession / investment are applicable to premiums generating out of Indian accounts/business only and not on international business (i.e. business emanating from outside India) written by the MGA.

Response -

The provisions of Reg. 17(9) of IIO regulations read with Chapter 3 of IFSCA (Operations of IIO) Guidelines, 2021 (“IIO Guidelines”) on the matter of re-insurance and retrocession requirements are applicable on entire gross re-insurance premium booked by an IIO, respective of emanating from mainland India, IFSC(s) / SEZs or from foreign jurisdiction(s).

(E) Query 5: Delegated Authority Arrangements or Binders:

Foreign Reinsurer and the MGA have the liberty to determine the terms of the delegated authority arrangements or binders. So long as the terms of the binding arrangement do not violate the provisions of the IFSCA regulations, the parties are free to determine the extent of authority being delegated to the MGA by the Foreign Reinsurer. There is no mandatory requirement of delegating certain minimum authority to the MGA. In this regard, may we seek guidance of the Authority on the following:

- (a) Can the binder or delegated authority agreement provide a mechanism whereby the Foreign Reinsurer plays an active role in underwriting process of the MGA?

Response –

Clause 2 (3) and 2(4) of Third Schedule read with Reg. 4 of IIO Regulations may be referred to, on the matter of binding agreement.

- (b) Can the binder or delegated authority agreement provide a mechanism whereby the Foreign Reinsurer plays an active role in claim settlement process of the MGA?

Response –

Clause 2 (3) and 2(4) of Third Schedule read with Reg. 4 of IIO Regulations may be referred to, on the matter of binding agreement.

(F) Query 6: Monitoring of Limits

Under the IFSCA Regulatory Framework, there are some restrictions on investment and retrocession

- (a) The restrictions will be calculated based on annual GWP on written basis (not on earned basis) and there will be no monthly or quarterly assessment in this regard.

Response –

- (i) The retrocession / retention stipulations will be supervised based on GWP basis.
- (ii) Reg. 11 and 17 of IIO Regulations read with Chapter 8 of IFSCA (Operations of IIO) Guidelines, 2021, specifies reporting formats, periodicity of which is Quarterly.
- (b) Are there specific forms, disclosures, or reports that need to be submitted by the MGA or Foreign Reinsurer in this regard?

Response –

Reg. 11 and 17 of IIO Regulations read with Chapter 8 of IFSCA (Operations of IIO) Guidelines, 2021, specifies reporting formats, periodicity of which is Quarterly.

(G) Query 7: Tax treatment of Foreign Reinsurer

Foreign Reinsurer will not be a "unit" under the SEZ and IFSCA regulations and therefore the Foreign Reinsurer is not subject to taxation in India, similar to a CBR. If the Foreign Reinsurer does not have a presence in GIFT IFSC, will the income of the Foreign Reinsurer be taxed in India? However, the MGA is eligible for tax benefits given that MGA is incorporated/registered as a unit in GIFT IFSC.

Response –

It is suggested that clarification w.r.t. taxation may be obtained from tax authorities in India.

(H) Query 8: Repatriation of Surplus –

The IFSCA Regulatory Framework does not The IIO Regulations is self-explanatory on the matter. Stipulate any restriction on repatriation of funds by the IIO/MGA to the Foreign Reinsurer. There is no regulatory approval required before repatriation of funds by the IIO/MGA to the Foreign Reinsurer or Capacity Provider

Response –

The IIO Regulations is self-explanatory on the matter.

(I) Query 9: Closure of IIO and withdrawal of capacity

In the unanticipated event of a change in external factors or other reasons outside its control, if the Foreign Reinsurer decides to withdraw capacity or close the IIO/MGA, prior regulatory approval is necessary. Apart from seeking confirmation (evidence) that the Foreign Reinsurer has met all its valid and subsisting liabilities (towards cedants and statutory/regulatory authorities), will there be anything specific that the Authority may require from a foreign Reinsurer as a Capacity Provider. Further, the MGA will have to be wound up as per company law provisions after the Authority allows the closure of MGA.

Response –

Reg. 21 of IIO Regulations reproduced below may be referred to –

“Surrender of Certificate of Registration: An Applicant may be allowed to close its IIO and surrender its Certificate of registration only with the prior approval of the Authority and subject to such conditions as may be specified by the Authority.”

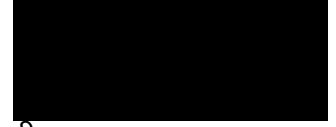
4. It is to be noted that provisions of the extant regulatory framework, as cited above, are self-explanatory.
5. This above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. This letter does not express the decision of the IFSCA (herein after referred as ‘Authority’) on the question referred through your letter.



6. The applicant is advised to note that the above views are expressed only with respect to the clarification sought in the letter under reference on the various regulatory framework on (re)insurance of the IFSCA and do not affect the applicability of any law and any other regulations, guidelines and circulars framed or administered by the Authority or laws administered by any other authority.
7. Kindly acknowledge receipt.

धन्यवाद / Thanking You,

आपका विश्वासी / Yours Faithfully,



(भास्कर खड़कभावी / Bhaskar Khadakbhavi)

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