



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY OF INDIA

## Guidelines

Insurance Regulatory and Development Authority of India  
{Registration and Operations of International Financial Service  
Centre Insurance Offices (IIO)} Guidelines, 2017

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## CHAPTER – I

1. In exercise of the powers conferred by Rule 3 of the IRDAI (Regulation of Insurance Business in Special Economic Zone) Rules, 2015, read with Section 18(2) of the Special Economic Zones Act, 2005 and Section 14 of IRDA Act, 1999 the Authority hereby makes the following Guidelines;

2. **Objective:**

These Guidelines aim to put in place the process of registration and operations of insurers, reinsurers in IFSC Special Economic Zones in alignment with the objectives of IFSC-SEZ.

3. **Short Title and Commencement:**

- i. These Guidelines may be called the “Insurance Regulatory and Development Authority of India {Registration and Operations of International Financial Service Centre Insurance Offices (IIO)} Guidelines, 2017”.
- ii. These Guidelines shall come into force from the date of notification.

4. **Definitions:**

In these Guidelines, unless the context otherwise requires;

- a. **‘Act’** means the Insurance Act, 1938;
- b. **‘Applicant’** means an Insurer (Indian or foreign) or a Reinsurer (Indian or Foreign) as the case may be.
- c. **‘Authority’** means the Insurance Regulatory and Development Authority of India established under Section 3(1) of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
- d. **‘Certificate’** means a Certificate of Registration (CoR) granted by the Authority.
- e. **Domestic Tariff Area (DTA)** means the area as defined under Section 2 (i) of the Special Economic Zones Act, 2005.
- f. **‘Foreign insurer or reinsurer’** means a body corporate incorporated under the law of any country outside India and duly registered with its home country regulatory or supervisory Authority for transacting insurance or reinsurance business.
- g. **‘Indian insurer’** for the purpose of these guidelines means an “Insurer” as defined under Section 2(9) (a) and (c) of the Act.
- h. **‘International Financial Service Centre’ (IFSC)** means an International Financial Services Center which has been approved by the Central Government under Section 18(1) of the Special Economic Zones Act, 2005.



- i. **'International Financial Service Centre Insurance Office' (IIO)** means a branch office (of an applicant) to transact direct insurance business or reinsurance business as permitted by the Authority.
- j. **'Net Owned Fund' (NOF)** shall consist of (i) paid up equity capital, (ii) free reserves, (iii) Securities Premium Account, sum of which is reduced by (i) Accumulated Losses, (ii) book value of intangible assets, which shall be computed on the basis of last audited Balance Sheet and any capital raised after the Balance Sheet date shall not be accounted for.
- k. **'Special Economic Zone' (SEZ)** means a special economic zone as defined under Section 2(z) of the Special Economic Zones Act, 2005.
- l. All Words and expressions used herein but not defined in these Guidelines, but defined in the Insurance Act, 1938 (4 of 1938) or Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or Special Economic Zones Act, 2005, shall have the meanings respectively assigned to them in those Acts, Rules, Regulations issued under those Acts, as the case may be.

**5. Applicability:** These guidelines are applicable for;

- a. The applicants who are willing to apply for registration of IIO.
- b. The Indian insurer or reinsurer registered as IIO with the Authority under these Guidelines to transact Direct Insurance Business or Reinsurance Business or both.
- c. The foreign insurer or reinsurer registered as IIO with the Authority under these Guidelines to transact Direct Insurance Business or Reinsurance Business or both.

## CHAPTER – II

**6. Registration of IIO:**

- a. No person or entity shall commence or undertake insurance or reinsurance business from an IFSC without obtaining prior registration as an IIO from the Authority.
- b. The sole object of the IIO, on being registered with the Authority, shall be to exclusively carry on insurance or reinsurance business from an IFSC. An IIO shall not engage itself in any business other than those permitted by the Authority.
- c. The registered IIO may be permitted to transact direct insurance business within the IFSC, from other SEZs and from outside India.
- d. The IIO registered to transact direct insurance business, shall not write direct insurance business from the DTA except in accordance with Section 2CB of the Act.



- e. In case of reinsurance business, the IIO;
- i. May accept reinsurance business from within the IFSC, from other SEZs and from outside India.
  - ii. May accept reinsurance business from the insurers operating in the DTA in accordance with the order of preference for cession, as per extant Regulations notified by the Authority.

No IIO shall be permitted to transact a class of business, which is not permitted to applicant company by its home country regulatory or supervisory Authority.

**7. Classes or Subclasses of Insurance Business for which IIO may be registered with the Authority;**

- i. Life Insurance Business
- ii. General Insurance Business
- iii. Health Insurance Business
- iv. Reinsurance Business

**Provided that**, the IIO may be permitted to transact direct Life insurance business or Direct General insurance business but not both or Reinsurance Business. However, the IIO may be allowed to transact health insurance business as provided under extant Health Insurance Regulations notified by the Authority.

**8. Capital Requirement:**

**a. Assigned Capital**

- i. The applicant shall demonstrate a minimum assigned capital of Indian Rupees Ten Crore (Rs. 10 Crore).

**Provided that**, in case the applicant is Foreign Direct Insurer, then such applicant Company shall possess paid-up equity capital as per provisions of Sec. 6 (1) of the Act.

- ii. Such Assigned Capital, may be held in the form of Government Securities issued by the Government of India or held as deposits with Scheduled Banks in India and shall be maintained by the IIO at all times during the subsistence and validity of its registration under these guidelines.

**b. Net Owned Fund (NOF):**

- i. The Applicant shall maintain net owned funds (NOF) as applicable to the Branches of Foreign Reinsurers under Section 6 (2) of the Insurance Act, 1938 or as may be prescribed by the Government of India.

**Provided that**, maintaining of NOF requirement is not applicable for Foreign Direct Insurer.

- ii. Such NOF shall be maintained by the applicant at all times during the subsistence and validity of its registration.



**Provided that,** the requirements of such assigned capital and NOF, as the case may be, are applicable for foreign insurers, reinsurers who make an application for registration of IIO to the Authority.

**Further provided that,** the applicant shall inform the Authority about change in shareholding pattern or ownership of applicant Company, if any, within thirty days of effecting such change.

#### **9. Application Processing fees;**

An applicant shall, along with the application, pay a non-refundable processing fee of Indian Rupees 50,000/- (Indian Rupees Fifty Thousand only) and applicable taxes, if any, in favour of the Authority, by way of NEFT/RTGS payable at Hyderabad or through such other payment mode as may be stipulated by the Authority from time to time.

#### **10. Annual Fee;**

- a. The IIO shall pay annual fee of Indian Rupees One Lakh (Rs. 1 Lakh) and applicable taxes, if any, for every financial year to the Authority before 31<sup>st</sup> day of January of the preceding financial year.

Explanation: For the Financial year 2018-2019 the annual fees shall be paid by 31<sup>st</sup> January 2018.

- b. If the IIO fails to deposit the annual fee before the date specified in Clause 10 (a), the Authority may accept the payment of annual fee along with late fee of ten percent of the annual fee, if paid before the end of financial year in which the annual fee was required to be paid.
- c. Where the IIO has failed to pay the annual fee before the end of the financial year then, its certificate of registration shall be liable to be cancelled.
- d. Manner of payment of Annual Fees: The Annual Fee, Late fee and applicable taxes, if any, shall be remitted in favour of the Authority, by way of NEFT/RTGS payable at Hyderabad or through such other payment mode as may be stipulated by the Authority from time to time.

#### **11. Eligibility Criteria for Registration of IIO;**

##### **a. Indian Insurer or Indian Reinsurer:**

The Chairperson of the Authority may consider requests for registration from an Indian insurer or Indian reinsurer to set-up IIO on being satisfied that:

- i. The applicant is an Indian insurer or Indian reinsurer registered with the Authority;
- ii. The applicant has been in continuous operation during the preceding 5 years from the year in which the application is made; and

- iii. The applicant has satisfactory track record in respect of regulatory compliance.

**b. Foreign Insurer or Foreign Reinsurer;**

The Chairperson of the Authority may consider requests for registration from a foreign insurer or foreign reinsurer to set-up IIO on being satisfied that:

- i. The applicant is registered or licensed for transacting insurance or reinsurance business in the country of incorporation,
- ii. The applicant has been duly authorized by the regulatory or supervisory authority of its home country to set up an IIO in India;
- iii. The applicant has been in continuous operation during the preceding 5 years from the year in which the application is made;
- iv. The applicant is complying with the provisions of Assigned Capital, Paid-Up Equity Capital and NOF as mentioned in Clause Nos. 8 of these guidelines.
- v. The applicant has satisfactory track record in respect of regulatory or supervisory compliance in its country of incorporation and also in any other country in which it is functioning.
- vi. The applicant shall be registered or certified in a National Regulatory Environment and with whom the Government of India has signed Double Taxation Avoidance Agreement.
- vii. The applicant shall have a solvency margin as stipulated by its home country regulatory or supervisory Authority.
- viii. The applicant shall have a minimum credit rating which is having at least good financial security characteristics from any of the internationally renowned credit rating agencies for the last three years.

**c. The applicant shall not be eligible to make an application if its;**

- i. Application for registration as IIO has been rejected by the Authority at any time during the preceding two financial years as on the date of requisition for registration application; or
- ii. The Certificate of Registration as IIO, has been cancelled or withdrawn by the Authority in the preceding two financial years as on the date of application for registration as IIO.

**12. Application for Registration of IIO;**

- a. An applicant desirous of obtaining a Certificate of Registration as IIO from the Authority shall submit an application as specified by the Authority.

Indian Insurer or Indian Reinsurer shall submit an application in Form – A and Foreign Insurer or Reinsurer shall submit an application in Form - B, seeking registration as IIO.

- b. Every application for registration of IIO by the applicant shall be accompanied by;



- i. A certificate of approval from the appropriate authority as prescribed in the Special Economic Zones Act, 2005 for conducting insurance business in the IFSC.
- ii. A certified copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of the applicant or a corresponding document which details the manner of formation of Company and conduct of its business;
- iii. Certified copies of the published annual report of applicant for the last five years preceding the year of filing of application for registration of IIO.
- iv. Certified copy of approval from the board of directors of the applicant through a resolution, in support of the commitment to set up such IIO.
- v. the name, address, occupation and contact details of the Directors, Chief Executive Officer of the applicant and the person proposed to be in-charge of the operations in proposed IIO.
- vi. A copy of the registration certificate issued by the Authority (in case of Indian insurers or Indian reinsurers).
- vii. Business Projections of the IIO for the next 5 years;

**In addition to the above, applicant from a Foreign Country shall submit the following;**

- viii. A copy of the Certificate of Registration issued by its home country Regulatory or Supervisory Authority to transact insurance or reinsurance business, as the case may be.
- ix. A statement indicating infusion of the assigned capital of Indian Rupees Ten Crore (Rs. 10 Crore) or more.
- x. A copy of the certificate from its home country regulatory or supervisory Authority that, the applicant has necessary permission to open an IIO in SEZ, India.
- xi. A note on the regulatory architecture of the country where the applicant is incorporated and licensed along with its reporting and compliance structure;
- xii. a certificate from a practising chartered accountant or a practising company secretary certifying that all the requirements relating to processing fees, assigned capital, NOF and other requirements have been complied with by the applicant.

Nothing in sub-clause 12 (b) above, shall prevent the Authority from seeking further or additional information as may be needed for processing of the application for registration of IIO.

**Provided that,** in case, if any of the required documents to be filed with the Authority along with application for registration of IIO is in a language other than English, then true and correct translation of all such documents in English language duly certified shall be enclosed along with the certified copies of original documents.

**Further Provided that,** such translated documents pertaining to Audited and other Financial reports shall have monetary values in Indian Rupees only. While furnishing such financial documents with the Authority, the applicant shall ensure that, true and correct currency conversion rate is made applicable for



the period for which such audited and other financial report is submitted with the Authority.

**Explanation:** Translated documents pertaining to Audited Financial Reports shall be certified by Practicing Chartered Accountant. All other translated documents as mentioned are to be certified by Practicing Company Secretary.

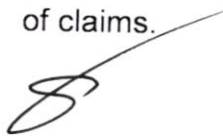
- c. The Authority may require an applicant to furnish relevant documents or any further information or data or clarifications or may direct the applicant to comply with additional requirements within such time, as may be given, for the purpose of consideration of the application. Non-submission of such requirements within the given time, may lead to rejection of the application for registration as IIO.
- d. Subsequent to submission of the application, the applicant shall not carry out any change in the structure, composition and other aspects such as Assigned Capital. of the applicant Company which may have a bearing on decision for grant of IIO registration, without prior approval of the Authority.
- e. The applicant shall bring to the notice of the Authority, on its own and forthwith, any such further information, which might have a bearing on the consideration of their application in terms of these guidelines.

**Provided** that, where the registration has already been granted before receipt of such information on changes incorporated, the Authority reserves the right to review the registration already granted.

### CHAPTER – III

#### 13. Consideration for grant of Certificate of Registration of IIO;

- a. The Chairperson of the Authority shall take into account, all matters relating to carrying on the business of insurance or reinsurance as the case may be, by the applicant.
- b. Inter alia, the Chairperson of the Authority shall also consider the following matters for grant of certificate of registration as IIO, namely –
  - i. The record of performance of Insurance or Re-insurance business carried on by the applicant;
  - ii. The record of performance of the directors and Key Managerial Persons in the management of the applicant;
  - iii. The proposed infrastructure of the IIO such as adequate office space, equipment, IT infrastructure and trained manpower to effectively carry out the insurance business from IFSC;
  - iv. The organisation structure consisting of Key Managerial Persons of the applicant Company and also of proposed IIO;
  - v. The proposed IIO shall be capable of underwriting risks of specified insurance or reinsurance business and settling claims.
  - vi. The commitment to appoint in the proposed IIO, sufficiently skilled staff to underwrite the classes of insurance or reinsurance business and settlement of claims.



- vii. any other requirements that the Authority may consider necessary for grant of Certificate of Registration.

**In addition to the above the following may be considered in the matter of applicants from foreign countries:**

- viii. documentary proof of having Indian Rupees ten crore or more as assigned capital;
  - ix. an affidavit by the person authorised by the Board of Directors or the executive committee of Management, of the applicant, as the case maybe, certifying that the requirements of the assigned capital have been satisfied.
  - x. an affidavit by the applicant certifying the Net Owned Fund of the company.
  - xi. certificate from a practising Chartered Accountant or a practising Company Secretary certifying that all the requirements relating to processing fees, assigned capital, NOF and other requirements of the Act have been complied with by the applicant.
- c. The application is complete in all respects and is accompanied by all required documents.
  - d. The applicant is a bonafide applicant for registration;
  - e. The financial condition and the general character of management of the applicant are sound; and
  - f. The applicant is eligible, and in its opinion, is likely to meet effectively its obligations as specified under the Act as well as the Special Economic Zones Act, 2005;

**14. Grant of Certificate of Registration;**

The Chairperson of the Authority, on being satisfied that the applicant fulfils the requirements and conditions of these guidelines, may register the applicant as an IIO for the Class or Classes of Insurance business or reinsurance business for which the applicant is found suitable and grant him a Certificate of Registration in specified Form No. A1 or B1 as the case may be.

**Provided** that the Authority may grant certificate of registration with such terms and conditions as it may deem fit.

**15. Refusal for grant of Certificate of Registration**

- a. The Chairperson of the Authority may refuse grant of Certificate of Registration to an applicant if it finds that:
  - i. the applicant has misrepresented the facts or failed to fulfil the requirements as stipulated in the Act, IRDA Act, 1999, Special Economic Zones Act, 2005 and rules, regulations, guidelines under these Acts.



- ii. the application is not complete in all respects or not conforming to the instructions mentioned in the form for application or not complying with the requirements of these guidelines or directions of the Authority.

**Provided** that before refusing grant of Certificate of Registration, the Authority shall offer reasonable opportunity to the applicant of being heard or to complete the application or conform to the instructions mentioned in the form or comply with the requirements within thirty days of receipt of communication from the Authority.

- b. Any order of refusal to grant Certificate of Registration shall be communicated to the applicant by the Authority in writing through a speaking order.
- c. An applicant, against whom an order refusing to grant Certificate of Registration has been passed by the Authority, shall not, for a period of two years from the date of such refusal, submit a fresh application to the Authority for grant of Certificate of Registration as an IIO.
- d. An applicant aggrieved by the decision of the Authority under these guidelines, may file an appeal before Securities Appellate Tribunal (SAT) as per provisions of Sec. 110 of Act.

#### **CHAPTER – IV**

##### **16. Issue of a duplicate Certificate of Registration:**

- a. In case a Certificate of Registration is lost or destroyed or mutilated, the IIO shall submit to the Authority an application for issue of duplicate Certificate of Registration in in Form – C.
- b. Such IIO shall pay a processing fee of Indian Rupees five thousand and applicable taxes, if any, to the Authority in the manner mentioned in Clause No. 10 (d) of these Guidelines.
- c. The Chairperson of the Authority, on being satisfied that the original Certificate of Registration has been lost, destroyed or mutilated, shall issue a duplicate Certificate of Registration in the Form C-1.

##### **17. Voluntary Surrender of Certificate of Registration:**

- a. An IIO, who has been granted Certificate of Registration, may choose to voluntarily surrender its Certificate of Registration by making an application to the Authority stating the reasons for surrender and the application shall be accompanied by such documents as may be specified by the Authority from time to time.
- b. On being satisfied with the reason for surrender, the Authority may pass an order agreeing to the surrender of Certificate of Registration by an IIO.



## 18. Revocation, Suspension, Cancellation of Certificate of Registration;

- a. The Authority may by order, revoke, suspend or cancel the Certificate of Registration granted to an IIO or may initiate any other regulatory action if it is satisfied that, an IIO:
- i. is functioning in a manner detrimental to the interests of the insured, policyholder, ceding insurer or reinsurer, as the case may be.
  - ii. has experienced deterioration in financial conditions, because of which the IIO cannot function effectively;
  - iii. has furnished wrong or false information or undertaking or wilfully concealed or failed to disclose material facts in the application for obtaining a Certificate of Registration;
  - iv. or applicant Company is under liquidation or is adjudged as being insolvent.
  - v. has violated or failed to comply with these guidelines or any other provisions of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, SEZ Act, 2005 or any of the rules, regulations, guidelines or circulars issued under these Acts.
  - vi. has failed to furnish information relating to its business as a IIO or failed to submit periodical returns as required by the Authority;
  - vii. did not co-operate with any inspection, audit or enquiry conducted by the Authority or caused by the Authority;
  - viii. has failed to resolve the complaints of the policyholders, ceding insurer or reinsurer or failed to give a satisfactory reply to the Authority in this regard.
  - ix. or applicant Company has failed to maintain specified equity paid-up capital, Assigned Capital or failed to infuse additional capital as advised by the Authority or failed to meet the NOF requirements.
  - x. has failed to pay to the Authority the Annual fees, penalties imposed or the reimbursement of expenses, if any, under these guidelines;
  - xi. has violated the conditions, if any, imposed at the time of issuance of Certificate of Registration.
  - xii. did not carry out its obligations or did not adhere with provisions as mentioned in these guidelines.
  - xiii. has a Principle Officer, who does not fulfil the applicable norms.
  - xiv. has been set up only to divert or siphon off the funds within a group of companies or their associates.
  - xv. indulges in manipulating the specified insurance or reinsurance business, as the case may be;
  - xvi. indulges in unfair trade practices;
  - xvii. has failed, at any time, to comply with the provisions of Section 64VA of the Act as to maintain the excess of the value of assets over the amount of liabilities,
  - xviii. has transferred all or part of the business to any person or has amalgamated with the business of any other insurer without the approval of the Authority,
  - xix. makes default in complying with, or acts in contravention of, any requirement of the Act or of any rule or any regulation or order made or any direction issued there under,



- xx. carries on any business other than specified insurance or reinsurance business, as permitted by the Authority.
  - xxi. fails in complying with any direction issued or order made by the Authority under the Insurance Regulatory and Development Authority Act, 1999,
  - xxii. fails in complying with, or acts in contravention of, any requirement of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, the Prevention of Money Laundering Act, 2002 or the Special Economic Zones Act, 2005,
  - xxiii. is convicted of an offence under any law for the time being in force,
- b. Notwithstanding the above, where the Authority is of the opinion that the operations of the IIO are not in the interests of the Indian insurance market or public interest, the Authority reserves the right to take appropriate steps including the right to direct the applicant to close the IIO after giving an opportunity of being heard.
- c. The Authority may revoke or cancel registration already made under these Guidelines, if it is satisfied that, in case of an IIO or its applicant Company i.e. such a foreign insurer or reinsurer has been debarred by law or practice by the home country supervisor or regulator to carry on insurance or reinsurance business.
- d. Before taking action under Clause No. 18 (a) of these Guidelines, the Authority shall grant a reasonable opportunity of being heard, to the IIO.
- e. However, the Authority may issue an order revoking or suspending the Certificate of Registration without notice if the IIO;
- i. is found to be guilty of fraud or is convicted of a criminal offence;
  - ii. commits such defaults which require immediate action in the opinion of the Authority;
  - iii. has not commenced business within specified time lines from the date of Certificate of Registration, as mentioned in these guidelines.

**Provided** that the Certificate of Registration so revoked or suspended shall not be cancelled by the Authority unless an enquiry is conducted and the IIO has been given a reasonable opportunity of being heard.

- f. Every order made by the Authority under Clause No. 18 of these guidelines shall be in writing stating clearly the reasons for revocation, suspension or cancellation of the Certificate of Registration and shall be served on the IIO.

**19. Effect of Revocation, Suspension, Cancellation, voluntary surrender of Certificate of Registration:**

On and from the date of the order issued by the Authority, of revocation, cancellation, suspension or voluntary surrender of the certificate of registration, the IIO shall cease to transact new insurance/reinsurance business unless mentioned otherwise in the order.

