

## **INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

**21st Authority Meeting held on 27.09.2024**

### **Gist of Agenda Item: IFSCA (Registration of Insurance Business) (Amendment) Regulations, 2024**

#### **1. Objective:**

This memorandum seeks approval of the Authority to notify the International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations, 2024 (hereinafter referred as IIO Regulations).

#### **2. Background:**

- (a) IFSCA (Registration of Insurance Business) Regulations, 2021 were notified in the Gazette of India Extraordinary vide notification No. IFSCA/2021-22/GN/REG016 on 18<sup>th</sup> October, 2021 and FIRST AMENDMENT to these regulations were published in the Gazette of India Extraordinary vide notification No. IFSCA/2021-22/GN/REG019 on 05th January 2022.
- (b) Subsequently, the IRDAI on 22-Aug-2023, notified amendments to IRDAI (Re-insurance) Regulations, 2018 (herein after referred as RI Regulations). While defining term “IFSC Insurance Offices or IIO,” these regulations provided categories of Order of Preference (OoP) for placement of re-insurance business by Indian cedants.
- (c) These amendments to the RI Regulations, placed IIOs at Category – 2 and 3 of the Order of Preference (OoP), for placement of re-insurance business by Indian cedant. IIOs willing to opt for category 2 are placed at par with Foreign Reinsurer Branches (FRBs) registered by IRDAI, subject to certain conditions on investments in Domestic Tariff Area (DTA). The IIOs may also opt for Category 3 of OoP.

- (d) These changes in RI Regulations have necessitated the necessary amendments in IIO Regulations, whereby an applicant willing to establish IIO, shall be required to choose /opt and declare the Category of OoP under which it proposes to operate at the time of seeking registration [whether Category 2 or Category 3 of the OoP under the RI Regulations]. Based on the Category opted upon, the IIO shall be eligible to seek re-insurance business placement from Indian cedants, only with such conditions as assigned for such category.
- (e) The IFSCA being a unified regulator has recently enabled Single Window IT (SWIT) System which contains a common application form (CAF), which will be made applicable for all the entities who wish to apply for registration in the IFSC, including IIO. Similarly, a system generated Certificate of Registration (CoR) is proposed to be issued through said SWIT System. Considering, systemization of various application Forms and CoR formats, it is proposed to omit specified templates of such Forms and CoR formats from these regulations.
- (f) In view of the above, the IFSCA proposes to amend IFSCA (Registration of Insurance Business) Regulations, 2021 to effect these changes.

### **3. Public Consultation –**

- (a) In terms of Reg. 4 of the IFSCA (Procedure for making regulations) Regulations, 2021, public consultation paper was placed on website of the IFSCA on 10<sup>th</sup> July, 2024 seeking comments of public / stakeholder against the proposed amendment by 30<sup>th</sup> July, 2024,
- (b) It is submitted that no comments were received from the stakeholders on the proposed amendment, probably due to the fact that the proposed changes are only administrative in nature without there being any substantial change in the regulations.
- (c) It is felt that as the changes proposed are largely administrative nature i.e. exercising of option for category under OoP and aim to promote ease of doing

business via SWITS, thus there may not be any inputs / comments from the stakeholders.

4. **Proposed Amendments:** Copy of the proposed amendments to the IIO Regulations is placed at **Annexure – 1**.

5. **Proposal:**

Approval of the Authority is sought for notifying the International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations, 2024 (**Annexure - 1**) in the Official Gazette, after carrying out changes, if any, of drafting and consequential nature. The Authority is further requested to authorize the Chairperson to take such necessary, consequential and incidental steps to operationalize the proposed Regulations.

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