

## **CONSULTATION PAPER ON PROPOSED IFSCA (REGISTRATION OF INSURANCE BUSINESS) REGULATIONS, 2021**

### **Objective:**

The objective of this consultation paper is to seek comments / views/ suggestions from public on the proposed International Financial Services Authority (Registration of Insurance Business) Regulations, 2021.

### **Background:**

1. The International Financial Services Centres Authority (IFSCA) is the unified regulator for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centres (IFSCs) in India.
2. The Insurance and Reinsurance companies in IFSCs are currently regulated under Insurance Regulatory and Development Authority of India {Registration and Operations of International Financial Service Centre Insurance Offices (IIO)} Guidelines, 2017.

IFSCA recognizes that the Insurers and Reinsurers are one of the most important segment of an International Financial Services Centre, providing insurance solutions to global clientele. Keeping this in mind IFSCA proposes to enact a comprehensive regulatory framework for the insurers and reinsurers in IFSCs, focusing on ease of doing business and by adopting international best practices being followed by regulators globally.

3. The proposed IFSCA (Registration of Insurance Business) Regulations, 2021 *inter alia* specify:

- a. Who can set-up IFSC Insurance Office (IIO) in IFSC:

Besides Indian / Foreign insurers or re-insurers who can set up their branch office as IIOs in an IFSC, these regulations enable following entities also to seek registration in an IFSC:

- (i) a Public Company,
- (ii) a Wholly Owned Subsidiary of an insurer or a re-insurer,
- (iii) insurance co-operative society; or
- (iv) a body corporate incorporated under the law of any country outside India.

- b. Permissible Activities:

- (i) An IIO can be permitted to transact Life Insurance Business or General Insurance Business or Health Insurance Business or Reinsurance Business within the IFSC, from other SEZs and also from outside India;

- (ii) An IIO registered to transact direct insurance business may transact such business from mainland India subject to extant provisions the Insurance Act, 1938;
  - (iii) An IIO may accept re-insurance business from the cedents based in an IFSC in relation to risk emanating from other SEZs, from outside India and also from mainland India in accordance with extant regulatory provisions;
- c. Conditions of registration including requirement of Net Owned Funds, Assigned Capital, Paid-up Equity Capital and Solvency.
2. The draft regulations and format to forward comments are placed hereunder. General public and stakeholders are requested to forward their comments / suggestions through e-mail to Mr. Bhaskar Khadakbhavi at [bhaskar.khadakbhavi@ifsc.gov.in](mailto:bhaskar.khadakbhavi@ifsc.gov.in) with a copy to Mr. Rishi Kale at [rishi.kale@ifsc.gov.in](mailto:rishi.kale@ifsc.gov.in) by 20<sup>th</sup> August, 2021. It is further requested to provide comments in MS Word or MS Excel format.

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**DRAFT - INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY  
(REGISTRATION OF INSURANCE BUSINESS) REGULATIONS, 2021**

In exercise of the powers conferred by sub-section (1) of Section 28 read with sub-section (1) of Section 12 and sub-section (1) of Section 13 of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority hereby makes the following regulations namely: -

**CHAPTER I**

**PRELIMINARY**

**1. Short title and commencement**

- (1) These regulations may be called the International Financial Services Centres Authority (Registration of Insurance Business) Regulations, 2021.
- (2) They shall come into force from the date of their publication in the Official Gazette.

**2. Objective:** These regulations aim to put in place the process of registration and operations of insurer and reinsurer in an International Financial Services Centre under The International Financial Services Centres Authority Act, 2019 (50 of 2019) read with The Special Economic Zones Act, 2005 (28 of 2005).

**3. Definitions –**

- (1) In these regulations, unless the context otherwise requires-
  - (a) ‘**Act**’ means the International Financial Services Centres Authority Act, 2019 (50 of 2019);
  - (b) ‘**Applicant**’ means -
    - (i) an ‘*insurer*’ registered with the Insurance Regulatory and Development Authority of India, under section 3 of the Insurance Act, 1938 (4 of 1938), or
    - (ii) 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 or both, or
    - (iii) the Society of Lloyd’s on behalf of Members of Lloyd’s (hereafter referred to as “Lloyd’s”), or
    - (iv) a public company or a wholly owned subsidiary, of an insurer or a reinsurer, registered under the Companies Act, 2013, or
    - (v) an insurance co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time

- being in force in any State relating to co-operative societies or under the Multi-State Cooperative Societies Act, 1984 (51 of 1984);
- (vi) a body corporate incorporated under the law of any country outside India not being of the nature of a private company.
- (c) **‘Authority’** means the International Financial Services Centres Authority established under sub-section (1) of Section 4 of the Act;
- (d) **‘Certificate’** means a Certificate of Registration (CoR) granted by the Authority under these regulations;
- (e) **‘Domestic Tariff Area’ (DTA)** means the whole of India (including the territorial waters and continental shelf) but does not include the areas of the Special Economic Zones;
- (f) **‘Foreign Insurer or Foreign 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 or both;
- (g) **‘Indian Insurer’** for the purpose of these regulations means an insurer defined under section 2 (9) (a), (b) and (c) of the Insurance Act, 1938;
- (h) **‘International Financial Services Centre’ (IFSC)** shall have the same meaning as assigned to it under section clause(g) of sub-section (1) of section 3 of the Act;
- (i) **‘International Financial Service Centre Insurance Office’ (IIO)** means a financial institution under clause (c) of sub-section (1) of Section 3 of the Act that is registered with the Authority to undertake permissible activities under these regulations;
- (j) **‘INR’** means the Indian currency called Indian Rupee;
- (k) **‘Lloyd’s’** means the society of underwriters known in the United Kingdom as Lloyd’s and incorporated by the Lloyd’s Act 1871 of the United Kingdom;
- (l) **‘Lloyd’s IFSC’** means the branch office of the Lloyd’s granted certificate of registration by the Authority under these regulations to transact insurance or reinsurance business;
- (m) **‘Parent Entity’ or ‘Home Office’** means the Applicant as defined under sub-regulation (b) or such other affiliate of the Applicant that has been so designated as Home Office, with the approval of the Authority;

(n) **‘Private company’** and **‘public company’** have the meanings respectively assigned to them in clause (68) and clause (72) of Sec. 2 of the Companies Act, 2013 (18 of 2013);

(o) **‘Net Owned Fund’ (NOF)** means the sum of paid-up equity capital, free reserves and securities premium account reduced by accumulated losses and book value of intangible assets.

*Explanation: NOF should be computed based on last audited Balance Sheet. Any capital raised after date of the Balance Sheet, should not be accounted for calculating NOF;*

(p) **‘regulations’** means these regulations; and

(q) **‘USD’** means United States Dollar.

(2) Words and expressions used and not defined in these regulations but defined in the Act or Acts mentioned in the First Schedule to the Act or any rules, regulations made thereunder, shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

## CHAPTER II

### SETTING UP OF A IFSC INSURANCE OFFICE

#### 4. **Registration -**

(1) No person shall commence the business of insurance or reinsurance in an IFSC without obtaining registration with the Authority in accordance with these regulations;

(2) An Applicant seeking registration shall make application for registration in the forms as specified in FIRST SCHEDULE of these regulations and in the manner as specified by the Authority.

*Provided that, applicant wise separate forms are specified.*

#### 5. **Eligibility Conditions for Registration:**

(1) **An Indian insurer or re-insurer, as the case may be, willing to set up a place of business in an IFSC, shall meet with the following requirements -**

- (a) the Applicant is duly registered with IRDAI for undertaking the business of insurance or reinsurance in India;
  - (b) the Applicant has been in continuous operations during the preceding 5 years from the year in which the application is made;
  - (c) The Applicant has been granted a No Objection Certificate by the IRDAI to set up place of business in an IFSC.
  - (d) The Applicant has satisfactory track record in respect of regulatory compliance;
  - (e) the Board of the Applicant undertakes to meet all liabilities arising out of IIOs insurance or reinsurance business, as the case may be;
  - (f) The Board of the Applicant undertakes to comply with the requirements relating to assigned capital, solvency and other requirements as may be specified by the Authority from time to time.
- (2) A foreign insurer or foreign re-insurer or Lloyd's, as the case may be, willing to set up branch in an IFSC, shall meet with the following requirements -**
- (a) the applicant is registered or licensed for transacting insurance or reinsurance business, or both, in the country of its incorporation or domicile;
  - (b) the applicant has been granted No Objection Certificate by the regulatory or supervisory authority of its home country or country of incorporation or domicile, to set up an IIO in India;
  - (c) the applicant has been in continuous operation during the preceding 5 years from the year in which the application is made;
  - (d) the applicant willing to transact re-insurance business, shall comply with Net Owned Fund requirement specified under sub-section (3) of section 6 of the Insurance Act, 1938;
  - (e) the Board applicant undertakes to comply with the requirements relating to assigned capital, solvency and other requirements as may be specified by the Authority from time to time;
  - (f) the Board of the applicant undertakes to meet all liabilities arising out of IIO insurance or reinsurance business, as the case may be;

- the applicant has satisfactory track record in respect of regulatory or supervisory compliance in its home country or country of incorporation and also in any other country in which it is functioning;
- (g) the Applicant is registered or certified in a National Regulatory Environment with whom the Government of India has signed Double Taxation Avoidance Agreement;
  - (h) the Applicant complies with the solvency margin as stipulated by its home country regulatory or supervisory authority;
  - (i) the Applicant has a minimum credit rating having at least good financial security characteristics from any of the internationally renowned credit rating agencies for the last three years.
- (3) A public company or a wholly owned subsidiary of an insurer or a re-insurer, willing to set up an IIO in an IFSC, shall be a company limited by shares, which is formed and registered under the Companies Act, 2013;
  - (4) An insurance co-operative society willing to set up an IIO in an IFSC shall be a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State relating to co-operative societies or under the Multi-State Cooperative Societies Act, 1984 (51 of 1984);
  - (5) A Body corporate incorporated under the law of any country outside India, not being of the nature of a private company, willing to setup its place of business in an IFSC shall meet with the following requirements:
    - (a) it establishes its place of business in an IFSC, under the provisions of the Companies Act, 2013; and
    - (b) it is registered or certified in a National Regulatory Environment with whom the Government of India has signed Double Taxation Avoidance Agreement.
  - (6) The Authority, before granting registration may satisfy itself that the Applicant, its Promoters, Key Managerial Personnel (KMPs) are fit and proper persons;
  - (7) The applicant entity and its promoters shall be from a FATF compliant jurisdiction and comply with international standards set by the Financial Action Task Force to combat money laundering and terrorist financing.
  - (8) Notwithstanding anything to contrary stated herein, the Authority may, specify such additional eligibility conditions as it deems fit or may relax any of these eligibility conditions stated in these regulations, for reasons recorded in writing.

## CHAPTER – III

### PROCEDURE FOR REGISTRATION

6. An Applicant seeking registration as an IIO may make an application in the form and manner as specified by the Authority.  
*Provided that*, the provisions related to Lloyd's, Lloyd's IFSC and registration of Service Company of Lloyd's IFSC are specified at SECOND SCHEDULE of these regulations.
7. After considering application, the Authority, if satisfied, may grant certificate of registration in form as specified at THIRD SCHEDULE of these regulations, to the applicant subject to the conditions as specified under these regulations or such other additional conditions as it may deem fit.
8. If, after considering the application, the Authority is of the opinion that registration cannot be granted, it shall communicate the deficiencies to the applicant giving it thirty days' time to rectify them.
9. If the applicant fails to rectify such deficiencies to the satisfaction of the Authority within the specified time, the Authority may refuse to grant registration and shall communicate the same to the applicant, giving reasons for such refusal.  
*Provided that* no such refusal shall be made by the Authority without giving the applicant an opportunity to make written submissions on the grounds on which the registration is proposed to be refused.

## CHAPTER - IV

### PERMISSIBLE ACTIVITIES

10. Subject to the conditions specified under regulation 12, an IIO registered with the Authority may carry out following Insurance Businesses:
  - (a) Life Insurance Business;
  - (b) General Insurance Business;
  - (c) Health Insurance Business; or
  - (d) Reinsurance Business.
11. An IIO may conduct its business in any freely convertible foreign currencies, with such persons, whether resident in India or otherwise, as may be permitted by the Authority.
12. An IIO authorized to undertake direct insurance business shall only be permitted to undertake either class of business mentioned at regulation 10(a) or 10(b) or 10(b) & 10(c) or 10(c).

13. No IIO shall be permitted to transact a class of business which is not permitted to the applicant by its home country regulatory or supervisory authority, unless otherwise approved by the Authority.
14. An IIO shall not engage itself in any business other than for which the registration has been granted by the Authority.
15. An IIO registered to transact direct insurance business may be permitted to do so within the IFSC, from other SEZs and also from outside India.
16. 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 Insurance Act, 1938.
17. In case of reinsurance business, the IIO -
  - (1) may accept reinsurance business from the cedents based in the IFSC, in relation to risk emanating from other SEZs and reinsurance business from outside India;
  - (2) may accept reinsurance business from the insurers operating in DTA in accordance with the order of preference for cession specified in applicable regulations.

## **CHAPTER – V**

### **BASIC REGULATORY AND GOVERNANCE REQUIREMENTS**

18. An IIO shall follow following basic regulatory requirements or such other requirements as may be specified by the Authority -
  - (1) **Net Owned Funds (NOF):**
    - (i) an applicant, being a foreign company engaged in re-insurance business through a branch established in an IFSC shall comply with Net Owned Funds requirement prescribed under sub-section (3) of section 6 of the Insurance Act, 1938;
    - (ii) an applicant may demonstrate compliance with NOF requirement in any freely convertible foreign currency;
    - (iii) The NOF shall be maintained by the applicant during the subsistence and validity of certificate.

(2) **Assigned Capital:**

- (i) An Indian Insurer willing to set up place of business, a Foreign Insurer, a Foreign Re-insurer or Lloyd's willing to set up branch office in an IFSC shall infuse a minimum assigned capital in any freely convertible foreign currency equivalent to USD 1.5 million;
  - (a) The assigned capital shall be held by the applicant of the IIO as deposits with Scheduled Banks in an IFSC or in such form and manner as may be notified by the Authority;
  - (b) The assigned capital including additional assigned capital, if any, as mandated by the Authority, shall be maintained by the applicant at all times during the subsistence and validity of registration of IIO.

(3) **Paid-up Equity Capital:**

A Public Company, a Wholly Owned Subsidiary of an insurer or a re-insurer, an insurance co-operative society or a Body Corporate seeking registration from the Authority shall comply with paid-up equity capital requirements as prescribed under sub-section (1) of section 6 of the Insurance Act, 1938.

(4) **Solvency Margin Requirement:**

- (i) An applicant registering an IIO as 'place of business' of Indian Insurer, 'branch office' of the foreign insurer, foreign re-insurance or Lloyd's shall maintain such solvency margin for its IIO, as stipulated by its home country regulatory or supervisory authority;

*Provided that -*

- (a) The assets backing such solvency margin should be invested in government bonds;
- (b) The assets backing such solvency margin are unencumbered at all times;
- (c) The IIO shall furnish a quarterly certificate signed by the appointed Actuary of its applicant, to the effect that assets, liabilities and solvency margin are being maintained at Head Office of the applicant on its behalf.

- (ii) A public company, a wholly owned subsidiary of an insurer or a re-insurer, an insurance co-operative society or a body corporate registering an IIO in an IFSC shall maintain such solvency margin as may be notified by the Authority from time to time;

(5) An IIO shall comply with provisions of the Act rules, regulations, circulars and guidelines issued thereunder.

(6) **Commencement of Business Operations -**

- (i) An IIO shall commence business, for which it has been authorised, within twelve months from the date of grant of Certificate of Registration by the Authority;

*Provided*, however, that if an IIO is not able to commence business within the specified period of twelve months, it can, before the time limit expires, but at least thirty days in advance, seek an extension of time in writing to Chairperson of the Authority for commencing business operations;

- (ii) The Chairperson of the Authority, on receipt of the request, shall examine it and communicate the decision in writing;
- (iii) No extension of time shall be granted by the Chairperson of the Authority beyond eighteen months from the date of grant of certificate of registration under these regulations.

- (7) An applicant including applicant of Service Company of Lloyd's IFSC shall, with prior permission of the Authority, appoint a Principal Officer or Chief Executive Officer for the IIO or Service Company of Lloyd's IFSC, as the case may be, who shall be responsible for the day to day administration of the IIO as well as for its regulatory compliance -

- (i) An applicant other than Lloyd's for its IIO shall appoint –
  - (a) Chief Executive Officer, and
  - (b) Chief Underwriting Officer; and
  - (c) Chief Financial Officer.
- (ii) An applicant of Lloyd's IFSC shall appoint –
  - (a) Chief Executive Officer, and
  - (b) Chief Financial Officer.

*Provided* that, the Chief Finance Officer of Lloyd's IFSC shall be responsible for financial matters of Service Companies of Lloyd's IFSC;

- (iii) An applicant of Service Company of Lloyd's IFSC shall appoint –
  - (a) Chief Executive Officer, and
  - (b) Chief Underwriting Officer.
- (iv) The above-mentioned officers shall:
  - (a) be in direct employment of the IIO or Service Company of Lloyd's IFSC and shall be resident in India and
  - (b) satisfy the 'fit and proper' criteria as specified by the Authority.

- (8) The IIOs shall comply with such reinsurance and retrocession related requirements as may be specified by the Authority from time to time.
- (9) An IIO shall maintain its books of accounts, records and documents in such form and manner as may be specified by the Authority;
- (10) An IIO shall comply with the Know Your Customer (KYC) and Anti-Money Laundering (AML) guidelines as issued by the Authority from time to time.
- (11) **Reporting requirements:**
  - (i) Every IIO shall furnish information relating to its operations to the Authority, in such manner, interval and form, as may be specified by the Authority;
  - (ii) Every financial reporting by a IIO to the Authority shall be in USD, unless otherwise specified by the Authority.
- (12) **Operational Requirements:**
  - (i) An IIO shall pay such fees and charges, as may be specified by the Authority;
  - (ii) An IIO may be permitted to have an INR account out of the freely convertible foreign currency to defray its administrative, statutory expenses and for such other purposes as may be specified by the Authority.

## **Chapter VI**

### **MISCELLANEOUS**

19. **Power to specify procedures and issue clarification:** For the purpose of implementation of these regulations and matter incidental thereto, or in order to facilitate and regulate financial services related to insurance and reinsurance business activities in an IFSC, the Authority may specify norms, procedures, processes, manners or provide relaxations, by way of guidelines or circulars in accordance with the provisions of the Act.
20. **Inspection, Investigation and Information:** The Authority shall have the power to inspect or investigate the affairs of the IIO including calling for the information from the IIO or the applicant, so far as it relates to its activities as an IIO.
21. **Action in case of Default:**
  - (1) If pursuant to an inspection or investigation or otherwise, the Authority is of the opinion that the operations of an IIO are not being conducted in accordance with the provisions of the Act, rules or regulations made or circulars and guidelines

issued thereunder or its activities are not in the interests of the International Financial Services Centres, the Authority may take appropriate disciplinary action against it including but not limited to suspension or cancellation of certificate or registration after giving an opportunity to the IIO, of making its submissions.

- (2) Without prejudice to the above, the Authority may take any other action as it deems fit, under the Act
22. **Surrender of Certificate of Registration:** An Applicant shall be allowed to close its IIO and surrender its Certificate of registration only with the prior approval of the Authority.
23. **Repeals and saving:**
- (1) On and from the commencement of these regulations, the provisions of the Insurance Regulatory and Development Authority of India Guideline No. IRDA/RI/GDL/SEZ/269/12/2017 dated 21<sup>st</sup> December, 2017, shall stand repealed;
- (2) Notwithstanding the above, anything done or any action taken or purported to have been done or taken in respect of the guidelines mentioned in sub-regulation (1) shall be deemed to have been done or taken under the corresponding provisions of these regulations;
- (3) An IIO operating in the IFSC prior to the notification of these regulations, shall comply with additional requirements, if any, introduced by these regulations, within a period of three months from the date of notification of these regulations or within such extended time as may be specified by the Authority.

## FIRST SCHEDULE

[Refer Regulations 4 (2)]

Annexure - 1

### FORM – A

#### **APPLICATION BY AN INDIAN INSURER OR INDIAN REINSURER FOR GRANT OF CERTIFICATE OF REGISTRATION AS IIO**

Sr. No.	Particulars	Applicant's Response	Remarks
<b>Section A : Company Profile</b>			
1	Name of the applicant		

2	Address of its registered office		
3	Date of incorporation: [DD/MM/YYYY]		
4	Registration No. and date of first registration [DD/MM/YYYY]		Copy of the registration certificate
5	Line of business currently handled a. Lines of Insurance or Reinsurance Business as the case may be b. Countries of operation		
6	Amount of Authorised capital, Subscribed capital, Issued capital & Face value of shares and their numbers		
7	<b>Board Resolution</b> Provide a copy of the resolution by the applicant's board in support of the commitment to set up an IIO.		Annexure -
8	Name, Address and contact details of the person responsible for the affairs of the proposed IIO		Provide a certified copy of the board resolution appointing the person responsible for affairs of IIO
9	<b>Regulatory approvals</b> Provide copies of regulatory approvals for opening of an office in SEZ for conducting insurance business in the SEZ.		Annexure -
10	<b>Annual Reports</b> Annual reports for the past 5 years.		Annexure -
11	Details of the Office proposed to be opened:	<ul style="list-style-type: none"> <li>a. Name of the office:</li> <li>b. office Address:</li> <li>c. Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such other details:</li> <li>d. Principle Officer for IIO &amp; Key Management Personnel and allocation of responsibilities.(Proposed):</li> <li>e. Organizational structure. Reporting relationships of the IIO to the insurer:</li> </ul>	

		f. Planned infrastructure at proposed office	
12	Details of payment of fee		
13	Solvency margin of the Indian insurer for five years preceding the date of application		
<b>Section B: IIO Business Strategy</b>			
14	<b><i>Types of Insurance or Reinsurance arrangements to be offered, as the case may be</i></b> The applicant may give detail of the types of insurance or reinsurance arrangements that it will offer to the Indian and other markets.		Annexure -
15	<b><i>Underwriting</i></b> This section should describe the approach used for underwriting of proposals, etc. Please also state the nature of support to be provided in underwriting and in training of underwriters and upgradation of skills of the local persons by the head office.		Annexure -
16	<b><i>Recruitment and Training</i></b> Different areas of the company require personnel with different skill sets. Some of the special technical skills would require special focus. The company may submit a detailed write-up on its plans to impart technical skills and knowledge locally.		Annexure -
17	<b><i>Internal Controls</i></b> The company will need to establish a set of procedures and norms for various activities. The manner in which these will be monitored should be described.		Annexure -
18	<b><i>Expenses of Administration</i></b> The proposed expenses as a per cent of premium.		Annexure -
19	<b><i>Technical skills</i></b> The technical skills of the people who will work in the IIO and plan for imparting knowledge for skill upgradation at local level.		Annexure -

20	<p><b>Financial Projections</b></p> <p>A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be in USD )</p>	<ul style="list-style-type: none"> <li>a. Amount of business.</li> <li>b. Size of support and administrative staff.</li> <li>c. Premium income.</li> <li>d. Investment income.</li> <li>e. Commissions and other sales related expenses.</li> <li>f. Expenses of administration.</li> <li>g. Statutory reserves.</li> <li>h. Required solvency margins.</li> <li>i. Profit and loss accounts and balance sheets.</li> <li>j. First year and renewal expense ratios.</li> <li>k. Capital needs</li> <li>l. Break-even periods and the Return on Capital.</li> <li>m. Retrocession with group companies</li> <li>n. Retrocession with others</li> </ul> <p>This section should also discuss the manner in which the future capital needs will be met.</p>	Annexure -
21	<p><b>Conclusion</b></p> <p>In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated</p>		

**Certification**

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the applicant company, are true and that the projections and estimations are based on reasonable assumptions.

Place

Date:

Signature of the Authorised Person (with Designation and Seal)

- **English Translation:** If any of the document which is not in English, a certified English translation is required. The English translation to be certified “true copy” by the insurance supervisory authority in country of the applicant or an external legal counsel.

Annexure - 2

**FORM – B**

**APPLICATION BY A FOREIGN INSURER OR FOREIGN REINSURER FOR  
GRANT OF CERTIFICATE OF REGISTRATION AS AN IIO**

S.No.	Particulars	Applicant’s Response	Remarks
<b>Section A : Company Profile</b>			
1	Name of the applicant		
2	Address of its registered office		
3	Date of incorporation as a Reinsurer: [DD/MM/YYYY]		Certificate of incorporation/Deed of Covenant/Other valid proof
4	Registration No. (issued by the regulatory Authority in the country of the applicant’s domicile) and date of first registration [DD/MM/YYYY]		Copy of the registration certificate
5	Current lines of insurance business a. Lines of Insurance or Reinsurance Business b. Countries of operation		
6	Amount of Authorised capital, Subscribed capital and Issued Capital & Face value of shares and their numbers		
7	Name, Address and contact details of the person responsible for the affairs of the proposed IIO		Provide a certified copy of board resolution appointing the person responsible for affairs of IIO
8	Net Owned Funds of the applicant as at close of immediately preceding financial year (Amount to be specified as Rs. In crore. Currency conversion shall be as per rate prevailing at the time of application)		
9	Credit rating for the last 3 years from internationally renowned credit rating agencies (minimum of ‘BBB’ or its equivalent)	Preceding year 1: Rating Agency: Preceding year 2: Rating Agency: Preceding year 3: Rating Agency:	Communication from the rating agency

10	<p><b>Board Resolution</b></p> <p>Provide a copy of the resolution by the applicant's board in support of the commitment to set up an IIO.</p>		Annexure -
11	<p><b>Regulatory approvals in India</b></p> <p>a. Provide certificates of approval from the appropriate authority for opening of an office/conducting of business in the SEZ.</p> <p>b. Permanent Account number (if allotted by IT authorities)</p> <p>c. Service Tax Registration details (if allotted)</p>		Annexure -
12	<p><b>Certificate from CA</b></p> <p>Provide a certificate from a practicing Chartered Accountant in India or a practising Company Secretary of India certifying that all the requirements of the Act read with IFSCA(Registration of Insurance Business) Registration 2021 and notifications issued under section 2CA of the Act have been complied with by the applicant</p>		Annexure -
13	<p><b>Annual Reports</b></p> <p>Annual reports for the past 5 years.</p>		Annexure -
14	<p>Details of the office proposed to be opened:</p>	<p>(a) Name of the Office:</p> <p>(b) Office Address (representative address or company address if the IIO office address is not available):</p> <p>(c) Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such other details:</p>	

		(d) Principle Officer & Key Management Personnel and allocation of responsibilities.(Proposed): (e) Organizational structure. Reporting relationships of the IIO to the holding company (f) Planned infrastructure at the proposed office	
<b>15</b>	Details of payment of fee		
<b>16</b>	Amount of Assigned Capital and the form in which it is maintained. Please indicate the sources of funds to meet the “Assigned Capital” requirement.		
<b>17</b>	<b>Particulars of Previous Application:</b> Has the applicant ever applied for license in International Financial Services Centre to carry out insurance business? If so, give particulars.		

18. Details of shareholders of foreign (re)insurer: [Please give full name, address, percentage of holding in the paid up capital of the insurer, Occupation, Qualifications and Experience, Number of shares held and Percentage of share capital in the company] Please attach separate sheets if necessary. Details of persons holding more than 1% of the issued capital of the applicant and promoters are to be given in separate statements.

Full Name [first, middle, surname]/Name of the Corporate	Date of Birth/Date of incorporation	Address with Telephone Nos., Fax Nos., E-mail	Qualifications*	Experience*	Present occupation*	No. of equity (voting rights) shares and percentage of total holding	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mr./Ms.							

\*Columns 4 to 6 may be left blank for corporate shareholders.

### Section B: Regulatory Compliance in the home country

<b>19</b>	Name, Address and contact details of the Regulatory Authority in the country of domicile where the applicant is registered		
<b>20</b>	<b>Regulatory Architecture</b> Provide a note on the regulatory architecture of the Regulatory or Supervisory Authority where the applicant		Provide an Annexure with brief of the regulatory architecture in the areas of accounting, solvency

	<p>is registered/licensed giving provisions related to</p> <ol style="list-style-type: none"> <li>1. Products</li> <li>2. Market conduct</li> <li>3. Accounting</li> <li>4. Asset Valuation</li> <li>5. Liability Valuation</li> <li>6. Solvency</li> <li>7. ERM</li> <li>8. Fit &amp; Proper criteria</li> <li>9. Framework with regard to supervision of subsidiary and foreign branches established in other jurisdictions.</li> </ol>		and other reporting requirements-
<b>21</b>	<p><b><i>Certificate of Authorization</i></b> Provide a certificate of authorization granted by the Regulatory or Supervisory Authority of the country of incorporation to set up an IIO.</p>		Annexure -
<b>22</b>	Minimum Solvency Margin prescribed by the regulator in the country of domicile		
<b>23</b>	Solvency margin of the applicant for five years preceding the date of application		
<b>Section C: IIO Business Strategy</b>			
<b>24</b>	<p><b><i>Types of Reinsurance arrangements to be offered</i></b> The applicant may give detail of the types of reinsurance arrangements that it will offer to the Indian and other markets. Also, please include a note on the lines of business proposed to be underwritten at the IIO and stamp of the parent company being used at the IIO.</p>		Annexure -
<b>25</b>	<p><b><i>Underwriting</i></b> This section should describe the approach used for underwriting of proposals, etc. Please also state the nature of support to be provided in underwriting and in training of underwriters and upgradation of skills of the local persons by the head office.</p>		Annexure -
<b>26</b>	<p><b><i>Retention Limits and Reinsurance</i></b> The nature of reinsurance arrangements should be described fully, giving the following details:</p>		Annexure -

	<ul style="list-style-type: none"> <li>• The basis of reinsurance.</li> <li>• Terms of reinsurance.</li> <li>• Manner of reinsurance support from head office</li> <li>• Retention limits – in India</li> <li>• Retrocession within India</li> <li>• Retention limits – outside India</li> </ul>		
27	<p><b>Internal Controls</b></p> <p>The company will need to establish a set of procedures and norms for various activities. The manner in which these will be monitored should be described.</p>		Annexure -
28	<p><b>Expenses of Administration</b></p> <p>The proposed expenses as a per cent of premium.</p>		Annexure -
29	<p><b>Financial Projections</b></p> <p>A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be in USD)</p>	<ul style="list-style-type: none"> <li>(a) Amount of business.</li> <li>(b) Size of support and administrative staff.</li> <li>(c) Premium income.</li> <li>(d) Investment income.</li> <li>(e) Commissions and other sales related expenses.</li> <li>(f) Expenses of administration.</li> <li>(g) Statutory reserves.</li> <li>(h) Required solvency margins.</li> <li>(i) Profit and loss accounts and balance sheets.</li> <li>(j) First year and renewal expense ratios.</li> <li>(k) Capital needs</li> <li>(l) Break-even periods and the Return on Capital.</li> <li>(m) Retrocession to group companies</li> <li>(n) Retrocession to others</li> </ul> <p>This section should also discuss the manner in which the future capital needs will be met.</p>	Annexure -
30	<p><b>Conclusion</b></p>		

	In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated		
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***Certification***

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the Applicant Company, are true and that the projections and estimations are based on reasonable assumptions.

Place :

Date :

Signature of the Authorised Person (his/her designation with Seal)

- **English Translation:** If any of the document which is not in English, a certified English translation is required. The English translation to be certified “true copy” by the insurance supervisory authority in country of the applicant or an external legal counsel.

**SECOND SCHEDULE**

**[Refer Regulations 6]**

**Provisions applicable for Lloyd’s and Lloyd’s IFSC:**

1. Definitions applicable for Lloyd’s and Lloyd’s IFSC:
  - (a) “administrator”, for the purposes of these Regulations other than the definition of “member of Lloyd’s” in this regulation, means Lloyd’s IFSC;
  - (b) “binding authority” means an agreement between a Service Company and a coverholder under which the Service Company authorises the coverholder to enter into a contract of insurance on behalf of the members of a syndicate for whom the Service Company acts as an agent;
  - (c) “Chain of Security”, in relation to a member of Lloyd’s, means the member’s premiums trust fund, funds at Lloyd’s as defined in paragraph 17 of the Lloyd’s Membership Byelaw (No. 5 of 2005), other personal wealth of the member and the New Central Fund;
  - (d) “Council of Lloyd’s” means the Council of Lloyd’s established by the Lloyd’s Act 1982 of the United Kingdom;

- (e) “coverholder”, in relation to a Service Company, means a person authorised by the Service Company under a binding authority to enter into a contract of insurance on behalf of the members of a syndicate —
  - (i) for whom the Service Company acts as an agent; and
  - (ii) who have authorised the Service Company to enter into such binding authority with the person;
  
- (f) “chief executive officer”, in relation to the administrator or a Service Company, means any person, by whatever name described,
  - (i) who —
    - a) is in the direct employment of the administrator or the Service Company, as the case may be;
    - b) is acting for the administrator or the Service Company, as the case may be; or
    - c) has an arrangement with the administrator or the Service Company, as the case may be, to act for the administrator or the Service Company; and
  - (ii) who is concerned with or takes part in the management of the administrator or the Service Company, as the case may be, on a day-to-day basis;
  
- (g) ‘Managing Agent’ means:
  - (i) a person listed as a managing agent on the register of underwriting agents maintained under the Lloyd’s Underwriting Byelaw (No. 2 of 2003); or
  - (ii) a person appointed to perform the functions of a managing agent under Part K of the Lloyd’s Underwriting Byelaw (No. 2 of 2003);
  
- (h) ‘Members of Lloyd’s’ means a person admitted to membership of Lloyd’s as an underwriting member who wish to participate in Lloyd’s at the IFSC;
  
- (i) ‘Service Companies of Lloyd’s IFSC’ or “Service Companies” means:
  - i) Service Companies promoted by Managing Agents of Lloyd’s
  - ii) Service Companies promoted by Companies registered in India under Companies Act, 2013 and meets the specified criteria;
  
- (j) ‘Syndicate’ means a *member* or group of *members* underwriting insurance business at Lloyd’s through the agency of a *managing agent* or a *substitute agent* to which a syndicate number is assigned by the *Council of Lloyd’s*.
  
- (k) ‘Syndicates of Lloyd’s IFSC’ means Syndicates of Lloyd’s who wish to participate in Lloyd’s IFSC through a service company or coverholder delegated authority arrangement.

2. Constituents of Lloyd’s IFSC include:

- (a) Members of Lloyd's,
  - (b) Syndicates
  - (c) Service companies who wish to underwrite re-insurance business on behalf of Syndicates,
3. Lloyd's IFSC being a market shall ensure that the market and the constituents are housed within an office location of Lloyd's IFSC for the conduct of insurance or reinsurance business.
- 4. Conditions on transacting insurance or reinsurance business:**
- (1) A member of Lloyd's may transact insurance business from Lloyd's IFSC if -
    - (a) the member registers with the administrator in accordance with regulation 5 of second schedule;
    - (b) the member carries on insurance business, and enters into contracts of insurance, in Lloyd's IFSC through a Service Company;
    - (c) the member authorises Service Company acting on behalf of it for the purposes of these Regulations to accept service of notices and legal processes in respect of or connected to the carrying on of insurance business in Singapore, including any notice or direction of the Authority to the member; and
    - (d) Lloyd's has given an undertaking to the Authority that the holder of any insurance policy issued by the member under these Regulations shall have recourse to the Chain of Security, in accordance with and subject to the terms of the relevant Lloyd's trust deeds and Lloyd's byelaws, conditions and requirements governing the trust deeds, to the same extent as the holder of a general business policy issued by the same member of Lloyd's in London.

**5. Members of Lloyd's:**

- (1) A member of Lloyd's who wish to transact insurance business in an IFSC under these Regulations shall apply for registration with the administrator;
- (2) An application for registration under sub-regulation (1) shall be in such form and contain such particulars as the administrator may determine;
- (3) the administrator shall not register the applicant unless it is satisfied that the
  - (a) applicant is a member of Lloyd's; and
  - (b) applicant has appointed one or more Service Companies through which it intends to transact insurance or reinsurance business in an IFSC.
- (4) Lloyd's IFSC in specified format shall inform the Authority the details of Members of Lloyd's who wish to participate in an IFSC;
- (5) The list of Members of Lloyd's underwriting through Service Companies of Lloyd's IFSC shall be furnished to the Authority on an annual basis.

**6. Norms for establishing Service Companies of Lloyd's IFSC:** Managing Agents of Lloyd's and companies registered under Companies Act, 2013 wishes to participate in Lloyd's IFSC shall set up a service company with the following norms:

- (1) The service company / coverholder may be a private or a public company registered with Registrar of Companies in India, with a minimum paid up capital of INR five lakh;
- (2) The main objects of Memorandum of Association and Article of Association shall be to provide all technical, underwriting, binding risks, settling claims, administrative, accounting, investment, regulatory and other assistance to the syndicate(s) whom they represent;
- (3) The service company shall be responsible for all statutory & regulatory filings and compliances on behalf of the syndicate it represents;
- (4) Any other requirement that may be specified by the Authority from time to time.

**7. Registration of service company at Lloyd's IFSC:**

- (1) The Managing Agents of Lloyd's who wish to set-up a service company on behalf of members of Lloyd's under these regulations, shall make an application for registration with administrator;
- (2) An application for registration under sub-regulation (1) shall be in such form and contain such particulars as the administrator may determine;
- (3) Upon receiving an application under sub-regulation (1), the administrator shall —
  - (i) inform the Authority in writing about receipt of such application and furnish the particulars of the applicant specified by the Authority and such other information as the Authority may require; and
  - (ii) register the applicant unless the Authority objects to the registration.
- (4) The service company shall indicate the syndicate(s) that it represents at Lloyd's IFSC;

**8. Undertakings to be submitted by service company to Lloyd's IFSC:**

- (1) The service company shall submit the Lloyd's Service Company Coverholder Undertaking through which the Service Company agrees to comply with all relevant rules and requirements of Lloyd's and the local legal, fiscal, taxation and regulatory authorities;

- (2) The service company shall also submit the Lloyd's Coverholder Decision Paper which provides detailed information on the proposed Service Company, including:
  - (a) the level of underwriting and claims authority granted to the Service Company,
  - (b) the business strategy for the Service Company,
  - (c) details relating to principal staff operating in the Service Company,
  - (d) financial information,
  - (e) professional indemnity details,
  - (f) classes of business to be underwritten by the Service Company,
  - (g) the approach the Service Company will take to ensure compliance with registration requirements
  - (h) other requirements as specified by Lloyd's subject to approval of the Authority.
- (3) Subsequent to submitting the decision paper, the service company shall perform Lloyd's Service Company Self- Assessment against the Lloyd's Minimum Standards which includes information such as any internal audit carried out on the Service Company;
- (4) Any other requirement that may be specified by the Authority from time to time.

**9. Conditions governing service companies of Lloyd's IFSC:**

- (1) The service companies of Lloyd's IFSC shall be subject to compliance of the conditions laid down by Lloyd's or Lloyd's IFSC as the case may be;
- (2) The service companies shall enter into Service Company Underwriting Agreement, a contract that delegates authority to the service company from the Members of the relevant syndicates;
- (3) The service company of Lloyd's IFSC under the Service Company Underwriting Agreement shall be responsible for the following -
  - (a) Binding insurances and amendments thereto on behalf of Members of Lloyd's;
  - (b) Acting on behalf of Members of Lloyd's for the purpose of receiving premiums from insured, reinsured's and settling refunds and to receive claims money prior to onward transmission to insured, reinsured's;
  - (c) management and control of expenses;
  - (d) employment of underwriting staff;
  - (e) Any other task that may be entrusted to it by Managing Agent to carry out the business of reinsurance in an efficient manner.
- (4) The service company shall undertake the following -

- (a) issuance of documents evidencing the contracts of insurance, endorsements and other such documents evidencing cover as may be agreed in writing by the underwriters;
  - (b) collect and process premiums and return premiums on behalf of the underwriters;
  - (c) handle claims and/or settle claims, if authorised;
  - (d) shall use prominently the name of the Syndicates which they represent and that they are merely writing on Syndicates capacity and not acting as insurers themselves;
  - (e) compliance to the conditions laid down by Lloyd's IFSC;
  - (f) compliance of Act, Regulations, guidelines, circulars issued by the Authority;
  - (g) compliance to any other requirement that may be specified by the Authority from time to time;
- (5) A Service Company shall be responsible for accepting and responding to notices and legal processes to concerned members of Lloyd's transacting insurance business in an IFSC under these Regulations.

**10. Cancellation of registration of Service Company:**

- (1) The Authority may, on any of the grounds set out in sub-regulation (2) direct the administrator to cancel the registration of any Service Company;
- (2) The grounds referred to in sub-regulation (1) are –
  - (a) that the Service Company has not commenced business within 12 months after being registered under regulation 7 of second schedule;
  - (b) that the Service Company has ceased to act as an agent in an IFSC for any member of Lloyd's;
  - (c) that it appears to the Authority that the Service Company has failed to satisfy an obligation to which it is subject by virtue of these Regulations;
  - (d) that the Service Company is carrying on its business in a manner likely to be detrimental to the interest of the policy owners of insurance policies issued by any member of Lloyd's or syndicate;
  - (e) that the Service Company has contravened any of the provisions of the Insurance Act, 1938, any of the regulations made thereunder or any direction given by the Authority under the Act or the regulations made thereunder;
  - (f) that any of the officers of the Service Company holding a managerial or executive position has been convicted of any offence under the Insurance Act, 1938, Act or the regulations made thereunder;

- (g) that the Service Company has, in its application for registration under regulation 7 (1) of second schedule, furnished false, misleading or inaccurate information, or concealed or failed to disclose material facts.

**THIRD SCHEDULE**

**[Refer Regulations 7]**

**FORM - A**

*INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY*

**(Seal of the Authority)**

***CERTIFICATE OF REGISTRATION***

Registration Number. \_\_\_\_\_

This is to certify that (Name of Insurer / Reinsurer and his address) has this day been registered in accordance with the IFSCA (Registration of Insurance Business) Regulations, 2021 as IFSC Insurance Office (IIO) to transact the classes of business specified in the Schedule below.

Given under the seal of the Authority at this \_\_\_\_\_ day of \_\_\_\_\_ two thousand and \_\_\_\_\_

**Authorized Signatory**  
**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

Schedule

Classes of business which may be transacted:--

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

INJETI SRINIVAS, Chairperson  
[ADVT. xxx/x/Exty./xxx/2021]

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**Format for providing comments / suggestions**

**Proposed IFSCA (Registration of Insurance Business) Regulations, 2021**

Inputs / Comments suggested by:

<b>Page No. of Draft Regu.</b>	<b>Reg. No.</b>	<b>Sub-Regu No. /Para No.</b>	<b>Comments / Suggestions / Suggested modifications</b>	<b>Rationale</b>