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# भारतीय बीमा विनियामक और विकास प्राधिकरण

# अधिसूचना

हैदराबाद, 22 अगस्त, 2023

# भारतीय बीमा विनियामक और विकास प्राधिकरण (पुनर्बीमा) (संशोधन) विनियम, 2023

**फा.सं. भाबीविविप्रा/ विनियम/5/193/2023.**—बीमा विनियामक और विकास प्राधिकरण अधिनियम, 1999 की धाराओं 14 और 26 के साथ पठित बीमा अधिनियम, 1938 की धारा 114ए द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, प्राधिकरण बीमा सलाहकार समिति के साथ परामर्श करने के बाद, इसके द्वारा निम्नलिखित विनियमों का संशोधन करता है।

- क. भारतीय बीमा विनियामक और विकास प्राधिकरण (पुनर्बीमा) विनियम, 2018
- ख. भारतीय बीमा विनियामक और विकास प्राधिकरण (लायड्स को छोड़कर अन्य विदेशी पुनर्बीमाकर्ताओं के शाखा कार्यालयों का पंजीकरण और परिचालन) विनियम, 2015
- ग. भारतीय बीमा विनियामक और विकास प्राधिकरण (लायड्स इंडिया)विनियम,2016

# 1. संक्षिप्त नाम और प्रारंभः

- i. ये विनियम भारतीय बीमा विनियामक और विकास प्राधिकरण (पुनर्बीमा) (संशोधन) विनियम, 2023 कहलाएँगे।
- ii. ये विनियम सरकारी राजपत्र में इनके प्रकाशन की तारीख से प्रवृत्त होंगे।

5400 GI/2023 (1)

34. विनियम 50 के उप-विनियम (4) में, शब्द "निवेश" को छोड़ दिया जाएगा।

देबाशीष पण्डा, अध्यक्ष

[विज्ञापन III/4/असा./371/2023-24]

# INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA NOTIFICATION

HYDERABAD, the 22nd August, 2023

# Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023

- **F. No. IRDAI/ Reg/5/193/2023.**—In exercise of the powers conferred by Section 114A of the Insurance Act, 1938, read with Sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999, the Authority, in consultation with the Insurance Advisory Committee, hereby makes amendment to the following Regulations.
  - a. Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018.
  - b. Insurance Regulatory and Development Authority of India (Registration and Operations of Branch Offices of Foreign Re-insurers other than Lloyd's) Regulations, 2015.
  - c. Insurance Regulatory and Development Authority of India (Lloyd's India) Regulations, 2016.

#### 1. Short Title and commencement:

- i. These Regulations may be called the Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023.
- ii. These Regulations shall come into force from the date of their publication in the official gazette.
- 2. Objective: The objective of these amendments is to harmonize the provisions of various regulations applicable to Indian Insurers and Indian Re-insurers including Foreign Re-insurance Branches (FRBs) and IFSC Insurance Offices (IIOs), encourage more reinsurers to set up business in India and to enhance ease of doing business.

## **CHAPTER - I**

# AMENDMENT TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (RE-INSURANCE) REGULATIONS, 2018

3. In Regulation 1, sub-regulation (3), shall be substituted namely:-

These Regulations shall be applicable to Insurers as defined under Section2 (9) of the Act, and exempted insurers as envisaged under Section118(c) of the Act.

- 4. In Regulation 1, after sub-regulation (3), following sub regulation shall be inserted, namely:
  - "(4) These Regulations shall be reviewed once every three years from the date of notification of the Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023 unless a review, repeal or amendment is warranted earlier."
- 5. In Regulation 2, in sub clause (A) of clause (4), the words "other than IIOs" shall be substituted with words "other than FRBs".
- 6. In Regulation 2, in sub clause (B) of clause (4), the words "and International Financial Service Centre Insurance Offices (IIOs)" shall be omitted.
- 7. In Regulation 2, clause (14) shall be substituted, namely:-
  - "14. 'Indian Insurer', for the purpose of these regulations, means an 'insurer' as defined under section 2(9) of the Act, which has been granted certificate of registration by the Authority, and shall also include Exempted Insurers."

[भाग III—खण्ड 4] भारत का राजपत्र : असाधारण 7

## 8. In Regulation 2, clause (17) shall be substituted, namely:-

"17. International Financial Services Centres Authority, also referred to by the acronym IFSCA, means the International Financial Services Centres Authority established under sub-section (1) of Section 4 of the International Financial Services Centres Authority Act, 2019.

# 9. In Regulation 2, after clause (17), the following clause shall be inserted, namely:-

"17A. 'International Financial Services Centre (IFSC) Insurance Office', hereinafter called by acronym 'IIO', shall have the same meaning as assigned to it under IFSCA (Registration of Insurance Business) Regulations, 2021."

## 10. In Regulation 2, clause (21) shall be substituted, namely:-

"21. 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or an IIO or a CBR."

# 11. In Regulation 2, after clause (22) the following shall be inserted, namely:

23. 'Domestic Tariff Area' also denoted by the acronym 'DTA' shall have the same meaning assigned to it under sub-section (i) of section 2 of the Special Economic Zones Act, 2005.

# 12. In Regulation 2, the existing clause (23) shall be re-numbered as clause (24).

# 13. In Regulation 3, clause (C) of sub-regulation (2) shall be substituted, namely:-

"C. Every Indian Re-insurer including Foreign Re-insurance Branches (FRBs) shall maintain a minimum retention within India of 50% of Indian re-insurance business underwritten. Any retrocession to an IIO up to 20% of Indian re-insurance business underwritten shall be reckoned towards the required minimum retention of 50%."

# 14. In Regulation 3, sub Clause (b) of clause (A) of sub-regulation (3) shall be substituted, namely:-

"b. submit to the Authority, its proposed Re-insurance programme, for the forthcoming financial year in the specified summary format, at least 45 days before the commencement of the financial year"

15. In Regulation 3, in sub clause (c) of clause (A) of sub-regulation 3, for words and figures; 'within 30 days of the commencement of the financial year', the words and figures 'within 45 days of the commencement of the financial year' shall be substituted.

# 16. In Regulation 3, serial no. (i) of sub clause (c) of clause (A) of sub-regulation (3) shall be substituted, namely:-

"i. its Board approved Final Re-insurance Programme specifically highlighting improvements in net retention per insurance segment together with the variation, if any, from the Re-insurance Programme of the preceding year as well as from the proposed Re-insurance Programme submitted under sub clause (b) of clause (A) of sub Regulation (3) of Regulation 3."

# 17. In Regulation 3, after sub clause (d) of clause (A) of sub-regulation (3), following sub clause shall be inserted, namely:-

"e. submit to the Authority, within 90 days of the commencement of financial year, a certification from the CEO confirming that all Treaties associated with the Re-insurance Programme for the financial year have been received in original, duly stamped and signed (or digitally signed), from all parties to the treaty."

# 18. In Regulation 3, clause (D) of sub-regulation (3) shall be substituted, namely:-

"D. In addition to the requirements as per regulation 3(3)(C) above, every Indian Reinsurer and FRB writing re-insurance business, shall file the Board approved underwriting policy. Any subsequent change, in the underwriting policy, shall be duly approved by the Board and filed with the Authority within 15 days of Board's approval."

## 19. In Regulation 3, after clause (D) of sub-regulation (3), following clause shall be inserted, namely:-

"E. Every Indian insurer shall submit soft copies of list of Re-insurers with their credit rating, their shares in the proportional and non-proportional Re-insurance arrangements along with final Re-insurance programme."

# 20. In Regulation 3, sub-regulation (5) shall be substituted, namely:-

## "5. Maintenance of Records

The record of list of Re-insurers with their credit rating, their shares in the proportional and non-proportional Re-insurance arrangements, each and every re-insurance contract shall be maintained by every Indian insurer for the period specified in the relevant extant regulations and shall be made available to the Authority for inspection."

# 21. In Regulation 4, under sub-regulation (2), the following shall be inserted, namely:

"Reinsurance placements with any International Pool or Risk sharing arrangement having CBRs as members, participants or administrators shall also require prior approval of the Authority."

## 22. In Regulation 4, after sub-regulation (3), following sub regulation shall be inserted, namely:-

"4. To maximize retention in India and to increase domestic capacity, the Authority may undertake review of the business underwritten, claims experience and lines of support given by a CBR, and based on the review, the Authority may stipulate such conditions as may be considered necessary to achieve the stated objectives."

# 23. In Regulation 5, sub-regulation (1) shall be substituted, namely:-

"1. Seeking lead re-insurance support:

Every Cedant shall abide by the following provisions whilst seeking best re-insurance terms:

- A. Every Cedant shall firstly seek lead terms (other than emanating from obligatory cession) from all Indian Re-insurers which have been without interruption transacting re-insurance business during immediate previous complete three financial years and at least 4 other "Category 2" (as per clause (b) of sub-regulation (2)(A) of Regulation 5) reinsurers.
- B. No Cedant shall seek lead terms from CBRs/IIOs having credit rating below 'A-'from Standard & Poor's or an equivalent credit rating from any other International Rating Agency.
  - *Provided that* such requirement of minimum credit rating shall not be applicable if an IIO is a subsidiary/ branch of an Indian insurer.
- C. Except for facultative re-insurance protection, no cedant shall seek terms from any Indian Insurer, which is not registered with the Authority exclusively to transact re-insurance business or from an IIO which is not permitted to undertake re-insurance business by IFSCA.
- D. The cedant shall be responsible and accountable to comply with these regulations, irrespective of whether the terms are obtained directly or through any Re-insurance Broker.

**Explanation:** A cedant may not seek terms from a Reinsurer or an IIO which is a group/associate company of other Indian Insurer."

## 24. In Regulation 5, Clause (A) sub-regulation (2) shall be substituted, namely:-

"A. Every cedant shall secure maximum participation by 'Category 1' and 'Category 2' reinsurers in order to maximise retention within Indian market while fulfilling the minimum necessary placement with the lead reinsurers quoting the best terms (other than emanating from obligatory cession). Every cedant shall abide by the following Order of Preference whilst seeking placement:

- a) Category 1: Indian Reinsurers
- b) Category 2: IIOs (which invest 100 % of retained premiums, emanating from insurers in India, in the DTA) and FRBs.
- c) Category 3: Other IIOs;
- d) Category 4: Other Indian Insurers (only in respect of per-risk facultative placements in the insurance segment for which the Insurer is registered to transact business) and CBRs.

**Explanation 1:** Except for facultative re-insurance protection, no cedant shall seek participation from any Indian Insurer, which is not registered with the Authority exclusively to transact re-insurance business and an IIO, which is not permitted to undertake re-insurance business by IFSCA. Further such Indian Insurer and IIO shall not be offered to lead on any reinsurance protection.

**Explanation 2:** A cedant may opt not to offer participation to FRB or an IIO who declined to quote or did not quote the terms.

**Explanation 3:** A cedant may not offer for participation to an Indian Reinsurer, FRB or an IIO which is a group/associate company of other Indian Insurer.

# 25. In Regulation 6, after sub-regulation (2) a proviso shall be inserted namely:-

"Provided that the cession limits as above shall not be applicable to cedants which place total reinsurance premiums outside India up to rupees seventy-five crore during a financial year and the placements are with CBRs having a rating of BBB+ and above."

# 26. In Regulation 12, after clause C in sub-regulation (2), the following clauses shall be inserted namely:-

- "D. exposure limits of a CBR, with all cedants taken together;
- E. framework for domestic and international Insurance Pools."

#### 27. After Regulation 12, a new regulation 13 shall be inserted namely:

## 13. Transition Provision

All reinsurance placements under any arrangements/ treaties for financial year 2023-24 entered into by insurers prior to the date of notification of the Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023 shall continue for the remaining period of the year as per the terms therein. Insurers shall ensure that any new treaties/ arrangements entered into on or after the date of notification of Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023 shall be compliant with provisions of these regulations.

#### **CHAPTER - II**

# AMENDMENT TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (REGISTRATION AND OPERATIONS OF BRANCH OFFICES OF FOREIGN REINSURERS OTHER THAN LLOYD'S) REGULATIONS, 2015.

## 28. After Regulation 4, the following explanation shall be inserted, namely:-

"Explanation: Any retrocession to IIO up to 20% of Indian re-insurance business underwritten shall be reckoned towards the required minimum retention of 50%."

# 29. In Regulation 5, sub-regulation (g) shall be substituted, namely:-

"(g) The applicant shall infuse a minimum assigned capital of Rupees Fifty crore into the branch office"

# 30. In Regulation 11, clause (a) of sub-regulation (2) shall be substituted, namely:-

"(a) Documentary proof of evidence of having Rupees Fifty crore or more assigned capital"

## 31. In Regulation 18, clause (a) of sub-regulation (2) shall be substituted, namely:-

"(a)Ten lakh rupees, or"

#### **CHAPTER - III**

# AMENDMENT TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (LLOYD'S INDIA) REGULATIONS, 2016.

# 32. After Regulation 8, the following explanation shall be inserted, namely:

"Explanation: Any retrocession to an IIO up to 20% of Indian re-insurance business underwritten shall be reckoned towards the required minimum retention of 50%."

33. In Regulation 37, clause (a) of sub-regulation (2) shall be substituted, namely:-

"(a)Ten lakh rupees, or"

**34.** In sub-regulation (4) of Regulation 50, the word "investment" shall be omitted.

DEBASISH PANDA, Chairperson [ADVT.-III/4/Exty./371/2023-24]