

**EXPOSURE DRAFT IRDAI (Registration and Operations of Foreign Reinsurers
Branches & Lloyd's India) Regulations, 2024**

1. To meet the objective of the Authority to promote ease of doing business, the Regulation Review Committee (RRC) was formed with an intent of streamlining various regulations issued by the Authority.
2. The RRC has recommended unification of regulations, meant for Reinsurers/FRB's/Lloyd's in their draft report submitted to the Authority.
3. The Internal Committee of the Authority has reviewed the draft suggested by RRC and has developed a modified draft of Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024 which combines the two regulations IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 and IRDAI (Lloyd's India) Regulations, 2016.
4. In order to re-engage with the stakeholders to seek their comments on the revised proposed Regulations, the exposure draft of Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024 is attached as Annexure – A.
5. Some of the salient features of the draft Regulations are as under: -
 - a. Unification of Common Provisions applicable for both Lloyd's and other than Lloyd's in a single set of regulations.
 - b. Provisions for merger and Acquisition of parent entities of FRB's have been introduced.
 - c. Substantive provisions have been retained in the draft/ regulations. Master Circular will be issued by specifying other ancillary provisions and Forms/Annexures.
6. All the stakeholders are requested to forward their comments / suggestions, if any, on the proposed regulations in the attached format (Annexure- B) on or before 5:00 PM on 03rd January, 2024 to Reinsurance@irdai.gov.in with a copy to annapurna.mv@irdai.gov.in.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

NOTIFICATION

Hyderabad, [the date]

Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024

In exercise of the powers conferred by Sections 3, 3A, 6, sub section (2) of Sections 101B and 114A of the Insurance Act, 1938, read with Sections 14, 25 and 26 of the Insurance Regulatory and Development Authority Act, 1999, the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations—

CHAPTER I

1. Short title, commencement and applicability:

1. These regulations shall be called the “Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 20XX”.
2. These regulations shall come into effect from [●].
3. These regulations shall be reviewed once every three years from the date of publication, unless a review, repeal or amendment is warranted earlier.

2. Objective:

To promote orderly growth of the reinsurance sector in India, to promote and harmonize the current legal and regulatory framework in relation to the various aspects governing entities engaged in reinsurance operations in India.

3. Definitions:

In these regulations, unless the context otherwise requires:

1. “Act” means the Insurance Act, 1938 (4 of 1938);
2. “Applicant” means:
 - (a) a foreign entity engaged in reinsurance business other than Lloyd's;
 - (b) The Society of Lloyd's on behalf of Members of Lloyd's, hereafter referred to as “Lloyd's”;
 - (c) Lloyd's India on behalf of service companies and syndicates

Provided that where the 'applicant' is part of a 'group' which already has an entity registered to undertake reinsurance business in India, shall not be eligible to apply for Certificate of Registration under these regulations.

3. "Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (1) of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
4. "Branch Office of foreign reinsurer" or "Foreign Reinsurer's Branch", hereinafter called by the acronym FRB means branch of an applicant including Lloyds India which has been granted a certificate of registration by the Authority under these regulations to transact reinsurance business;
5. "Board" for the purpose of these regulations means-

The Board of Directors of FRB or the Executive Committee of FRB duly authorised by the Board of Directors of its applicant;
6. "Coverholder" means an entity authorised by a Lloyd's Managing Agent or syndicate to enter into contracts of reinsurance and underwrite risks in accordance with the terms of a Binding Authority Agreement.
7. "Lloyd's India" means the branch office of the applicant granted certificate of registration by the Authority under these regulations to transact reinsurance business.

Constituents of Lloyd's India include:

- (a) Members of Lloyd's, formed collectively as
 - (b) Syndicates who delegate authority to
 - (c) Service companies, located within Lloyd's India
8. "Managing Agent" means a corporate entity which has permission from Lloyd's to manage a syndicate and carry on underwriting and other functions on behalf of members of Lloyd's;
 9. "Members of Lloyd's India" means those Members of Lloyd's who wish to participate in Lloyd's India;
 10. "Net Owned Fund" or "NOF" shall consist of
 - (a) Paid up equity capital
 - (b) Free reserves

- (c) Securities premium account sum of which is reduced by:
 - (i) accumulated losses,
 - (ii) and book value of intangible assets

The Net Owned Fund should be computed on the basis of last audited Balance Sheet not more than twelve (12) months prior to the date of application and any capital raised after the Balance Sheet date should not be accounted for while computing NOF;

- 11. "Service Companies of Lloyd's India" means:
 - (a) Service Companies promoted by Managing Agents of Lloyd's or Members of Lloyd's; or
 - (b) Service Companies promoted by Indian Companies which meets the specified criteria;
- 12. "Syndicates of Lloyd's India" means Syndicates of Lloyd's who wish to participate in Lloyd's India through a service company delegated authority arrangement.
- 13. Words and expressions, used and not defined in these regulations but defined in the Act or Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), rules or regulations made thereunder shall have the meanings respectively assigned to them in those Acts or rules or regulations.

CHAPTER II

Registration of Foreign Reinsurer Branches, Syndicates and Service Companies of Lloyds India

4. Applicants' Eligibility:

- 1. An Applicant desirous of obtaining a certificate of registration from the Authority under these regulations, shall comply with eligibility criteria, as specified below:
 - (a) The applicant has obtained the prior approval or an in-principle clearance from the home country regulator at the time of filing the application with the Authority.
 - (b) 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.

- (c) The Net Owned Fund of the applicant shall not be less than the prescribed amount of rupees five thousand crore at any time.
- (d) The applicant shall have a minimum credit rating indicating good financial security characteristics from any international credit rating agency for at least 3 years preceding the date of application.
- (e) The applicant shall have been in reinsurance business for at least 10 years.
- (f) The applicant shall have a solvency margin as stipulated by the home regulator.
- (g) The applicant shall infuse a minimum assigned capital of rupees one hundred crore into Lloyd's India and rupees fifty crore in other cases.
- (h) Any other requirement that may be specified by the Authority from time to time.

2. An applicant shall be eligible to apply for requisition of registration application,

Provided that the applicant whose:

- i. requisition for registration application has been rejected by the Authority or withdrawn by the applicant at any time during the three financial years preceding the date of requisition for registration application; or
- ii. application for registration has been rejected by the Authority or withdrawn by the applicant at any time during the three financial years preceding the date of requisition for registration application; or
- iii. certificate of registration has been cancelled or withdrawn by the Authority in the preceding three years;

shall not be eligible to make a requisition for registration application under these regulations.

- 3. An applicant which is granted registration under these regulations will be an insurer as defined in section 2(9)(d) of the Act.
- 4. Lloyd's shall set up Lloyd's India, that will be granted certificate of registration to establish a market and associated structures for conduct of reinsurance business in India and outside India in the manner set out in the regulations.
- 5. The syndicates and service companies of Lloyd's India will also be issued certificate of registration by the Authority in accordance with these regulations.

5. Procedure for Registration of FRBs and Lloyds India:

1. Permissible Classes of Re-Insurance Business:

The classes of business of reinsurance for which requisition for registration application may be made are:

- (a) Life and/or Health reinsurance business;
- (b) General and/or Health reinsurance business;
- (c) Life and/or General and/or Health reinsurance business; or

any other classes as may be specified by the Authority;

2. R1 Application

(a) An applicant desirous of carrying on reinsurance business in India through Lloyd's India or through its branch office shall make a requisition for registration application in Form IRDAI/Reins/R1 as per specified format and shall be accompanied by such documents, affidavits, undertakings and declarations, as may be specified from time to time. (*Master Circular*).

(b) The Authority, after examining the matters considered relevant as specified under Schedule I and on being satisfied that:

- i. the requisition in Form IRDAI/ Reins/R1 is complete and correct in all respects and is accompanied by all documents required therein;
- ii. the branch office of the applicant or Lloyd's India, as the case may be, will carry on all functions in respect of the reinsurance business;
- iii. the certified copy of the Memorandum of Association and Articles of Association or a corresponding document which details the manner of formation and conduct of its business is submitted.
- iv. the name, position, address and the occupation of the person proposed to be in-charge of the operations in India is included.
- v. an undertaking indicating infusion of the assigned capital as may be specified by the Authority from time-to-time is submitted.
- vi. a certified copy of the annual report of applicant for the last five years preceding the year of filing of requisition for registration application is submitted.
- vii. A copy of the certificate from the home country regulator that the

reinsurer has the necessary permissions to open a branch office in India is submitted.

- viii. a letter of comfort from the applicant supported by the resolution from its Board of Directors or the executive committee of Management, as applicable, that it shall meet all the liabilities of the branch office at all times, is submitted.
- ix. Proof in support of payment of non-refundable fee of rupees five lakh along with applicable taxes towards processing the form IRDAI/R1 through any of the recognised modes of electronic fund transfer is submitted.
- x. any other requirement that may be specified by the Authority from time-to-time shall be fulfilled.

may accept the request for the requisition for registration (Form R1), subject to the conditions as may be specified in the said approval letter.

Provided that the Authority may reject the requisition for registration in accordance with Chapter III of these regulations.

The applicant shall be issued the application for registration Form IRDAI/R2 in such format as may be specified from time to time along with the said approval letter. (*Master Circular*)

- (c) The R1 approval shall be valid for a period of three months, within which the Applicant shall submit duly filled form IRDAI/R2 for consideration of the Authority.

Provided that the Authority, on being satisfied, may extend the validity of the R1 approval by such period as the Authority may deem fit.

3. **R2 Application**

- (a) An applicant, whose requisition for registration application has been accepted by the Authority, shall make an application in Form IRDAI/Resin/R2 for grant of a certificate of registration for carrying on reinsurance business in India.
- (b) Every application shall be accompanied by:
 - i. documentary proof of evidence of having rupees fifty crore or more assigned capital;

Provided that in case of Lloyd's India, the assigned capital shall be

as specified by the Authority under these regulations.

- ii. an affidavit by the person authorised by the Board of Directors or the executive committee of Management, of the applicant, as the case may be, certifying that the requirements of the assigned capital have been satisfied;
 - iii. an affidavit by the applicant certifying that the requirements of section 6(2) of the Act to the effect that Net Owned Fund of the company is above rupees five thousand crore, have been satisfied
 - iv. the receipt showing payment of non-refundable fee of rupees five lakhs along with applicable taxes;
 - v. a certificate from a practicing chartered accountant or a practicing company secretary certifying that all the requirements relating to assigned capital and other requirements of the Act have been complied with by the applicant;
 - vi. Proof in support of payment of non-refundable fee of rupees five lakh along with applicable taxes towards processing the Form IRDAI/R2 through any of the recognised modes of electronic fund transfer.
 - vii. any other information required by the Authority during the processing of the application for registration.
- (c) The Authority shall take into account for considering the grant of certificate of registration, all matters relating to carrying on the business of reinsurance by the applicant through FRB or Lloyd's India and the matters specified under Schedule I. The Authority on being satisfied that—
- i. the application in Form IRDAI/Reins/ R2 is complete in all respects and is accompanied by all documents required therein;
 - ii. the applicant shall carry on the reinsurance business as may be specified;

may accept the application for registration to the applicant and at its discretion, issue the “R2” Approval subject to the conditions as may be specified in the said approval letter.

Provided that the Authority may reject the application for registration in accordance with provisions contained in Chapter III of these regulations.

4. Grant of certificate of registration (R3):

- (a) The Authority, shall make such inquiry as it deems fit and consider the following while processing the application:
- i. the applicant is eligible, and is likely to meet effectively its obligations imposed under the Act;
 - ii. the financial condition and the general character of management of the applicant are sound;
 - iii. the volume of business likely to be available to and earning prospects of, the applicant will be adequate;
 - iv. the interests of the general public will be served if the certificate is granted to the applicant in respect of the class of reinsurance business specified in the application.
- (b) On being satisfied with the above and matters considered relevant as specified under Schedule I, the Authority shall, at its discretion, register the applicant as a branch office of a foreign reinsurer or Lloyd's India, as the case may be, for which the applicant is found suitable and grant the applicant a certificate in Form IRDAI/Reins/R3 as may be specified by the Authority from time to time. (*Master Circular*)
- (c) The applicant shall be compliant with "Fit & Proper" criteria on a continuous basis.

6. Conditions governing approval:

While considering the grant of certificate of registration for branch offices of applicants, the Authority shall stipulate the following conditions:

1. The applicant shall furnish a duly certified copy of the resolution of the Board of Directors or the executive committee of Management of the applicant, as the case may be, in support of the commitment given in the letter of comfort as specified by the Authority;
2. The branch office shall be capable of underwriting risks and settling claims.

Provided that in case of Lloyd's India, Lloyd's India shall be capable of underwriting risks and settling claims on behalf of members of Lloyd's;

3. The minimum assigned capital shall be invested in accordance with the IRDAI Investment Regulations, 2016(Unified Finance and Actuarial) Regulations, 20XX.
4. The applicant shall make a commitment to organise training of Indian underwriters in handling various classes of business;
5. The branch office of the applicant shall comply with the requirements of Foreign Exchange Management Act, 1999 and any other law in force governing the operations of such office;
6. The branch office shall follow the Insurance Act, 1938, IRDA Act, 1999, Rules, Regulations, circulars, guidelines, etc in its operations.

7. Registration of service company of Lloyd's India

1. Norms for establishing Service Companies of Lloyd's India

Managing Agents of Lloyd's or Indian companies who wish to participate in Lloyd's India shall set up a service company with the following norms:

- (a) The service company may be a private or a public limited company with a Paid up capital of rupees five lakh and is registered under the Indian Companies Act, 2013.
- (b) The main objects in the Memorandum 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.

Provided that the Authority may specify such other main objects that may be specified in the MOA/AOA of the service company.

- (c) The service company shall be responsible for all statutory & regulatory filing and compliances on behalf of the syndicate it represents.
- (d) The Chief Executive Officer (CEO) of a service company shall be subject to fit & proper criteria and shall be appointed with prior approval of the Authority.
- (e) Any other requirement that may be specified by the Authority from time to time.

2. Procedure for registration

- (a) The Managing Agents of Lloyd's or Indian companies who wish to set-up a service company to underwrite reinsurance at Lloyd's India shall make an

application to the Authority in the manner and form as specified from time to time (*Master Circular*)

- (b) The service company in its application for registration shall indicate the names of syndicate(s) that it may or may not represent in Lloyd's India.
- (c) The application for registration of a service company for Lloyd's India shall be accompanied with fee of rupees one lakh along with applicable taxes.

3. **Undertakings to be completed by service company for Lloyd's India**

- (a) The service company along with its application for registration shall also complete the Lloyd's Service Company 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.
- (b) The service company along with its application for registration shall also complete the Lloyd's Coverholder Decision Paper which provides detailed information on the proposed Service Company, including the following.
 - i. the level of underwriting and claims authority granted to the Service Company,
 - ii. the business strategy for the Service Company,
 - iii. details relating to principal staff operating in the Service Company,
 - iv. financial information,
 - v. professional indemnity details,
 - vi. classes of business to be underwritten by the Service Company,
 - vii. the approach the Service Company will take to ensure compliance with registration requirements
 - viii. other requirements as specified by Lloyd's subject to approval of the Authority.
- (c) Subsequent to completing 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.
- (d) Any other requirement that may be specified by the Authority from time to time.

4. **Conditions governing service companies of Lloyd's India**

- (a) The service companies of Lloyd's India shall be subject to compliance of the conditions laid down by Lloyd's India.
- (b) 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.
- (c) The service company of Lloyd's India under the Service Company Underwriting Agreement shall be responsible for the following:
 - i. Binding insurances and amendments thereto on behalf of Members of Lloyd's;
 - ii. Acting on behalf of Members of Lloyd's for the purpose of receiving premiums from reinsured and settling refunds and to receive claims money prior to onward transmission to reinsured;
 - iii. management and control of expenses;
 - iv. employment of underwriting staff;
 - v. Any other task that may be entrusted to it by Lloyd's India to carry out the business of reinsurance in an efficient manner.
- (d) The service company shall undertake the following:
 - i. issuance of documents evidencing the contracts of insurance, endorsements and other such documents evidencing cover as may be agreed in writing by the underwriters;
 - ii. collect and process premiums and return premiums on the underwriters' behalf;
 - iii. handle claims and/or settle claims, if authorised;
 - iv. 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;
 - v. skill development and capacity building of local talent;
 - vi. strive to make India as a reinsurance hub;
 - vii. compliance with FEMA and other local laws;

- viii. compliance to the conditions laid down by Lloyd's India;
- ix. compliance of Act, Regulations, guidelines, circulars issued by the Authority;
- x. compliance to any other requirement that may be specified by the Authority from time to time.

8. Registration of Syndicates of Lloyd's India:

1. Procedure for registration

Syndicates of Lloyd's who wish to underwrite reinsurance through a Service Company in Lloyd's India shall apply along-with the service company to the Authority through Lloyd's India in the specified format (*Master Circular*).

2. Conditions governing approval to operate as a syndicate in Lloyd's India

- (a) Every syndicate shall through the service company maintain an assigned capital of rupees five crore at all times.
- (b) The syndicates shall enter into Service Company Underwriting Agreement, a contract that delegates authority to the service company from the Members of Lloyd's of the relevant syndicates.
- (c) Syndicates of Lloyd's India shall ensure that:
 - i. the reinsurance business is managed on behalf of the members of Lloyd's India through the service company;
 - ii. the members of the syndicates contract with the reinsured;
 - iii. premiums are collected at syndicate level and carried to a premium trust funds held for that syndicate;
 - iv. outward reinsurance is placed and recoveries are collected at syndicate level;
 - v. expenses associated with the conduct of the business are incurred and paid at syndicate level;
 - vi. liabilities are paid at syndicate level;
 - vii. surpluses are determined at syndicate level;
 - viii. cash calls are made at syndicate level; and

- ix. any other requirement that may be specified by the Authority from time to time.

9. Consideration of application for registration of a service company or syndicate of Lloyd's India:

1. The Chairperson of the Authority after taking into account all submissions including the recommendation of Lloyd's India shall issue a certificate of registration jointly to the service company of Lloyd's India and the syndicate (s) it represents in such form as may be specified (Master Circular).
2. The certificate for registration shall be valid for a period of three years.

10. Renewal of certificate of registration to underwrite in Lloyd's India

1. The syndicates of Lloyd's India shall apply along-with the service companies to the Authority through Lloyd's India in the format specified from time to time (Master Circular).
2. The procedure for renewal of certificate of registration of a syndicate and/or service company of Lloyd's India, consideration of the application and conditions governing their conduct shall be as specified in Regulation 7 and 8 of these Regulations.

11. Members of Lloyd's India:

1. Lloyd's India shall inform the Authority about the Members of Lloyd's who wish to participate in Lloyd's India in the specified format (Master Circular).
2. The list of Members of Lloyd's underwriting through Service Companies of Lloyd's India shall be furnished to the Authority on an annual basis.

CHAPTER III

REJECTION OF REQUISITION AND APPLICATION FOR REGISTRATION

12. Rejection of requisition for registration application (R1)

1. Where the Authority is of the view that the requirements as specified in these regulations are not fulfilled by the applicant, the Authority may, after giving the

applicant an opportunity of being heard, reject the requisition for registration application.

2. The order rejecting the application under sub-regulation (1) shall be communicated by the Authority within thirty days of such rejection to the applicant stating therein the grounds on which the requisition for registration application has been rejected.

13. Rejection of application (R2) for registration

1. Where the Authority is of the view that an application for registration is not complete in all respects and does not conform to the regulations or instructions as specified, and on being satisfied that it is not desirable to grant a certificate of registration to the applicant, the Authority may, by an order, reject the application.

Provided that before rejecting the application the applicant shall be given an opportunity of being heard by the Authority.

2. The order rejecting the application under sub-regulation (1) shall be communicated by the Authority within thirty days of such rejection to the applicant in writing stating therein the ground on which the application has been rejected.

14. Rejection of application or revocation of certificate of registration for a service company of Lloyd's India:

1. Where an application of an Indian company for setting up a service company is rejected by Lloyd's India, the Indian company may appeal to the Authority.
2. The Authority may consider the appeal and taking into account all facts of the case may pass necessary orders. In case the application of a service company of Lloyd's India is rejected by the Authority, such an order shall be communicated by the Authority within thirty days of such rejection in writing stating therein the ground on which the application has been rejected.
3. Where the certificate of registration issued by the Authority is sought to be revoked by Lloyd's India, request for the same shall be sent to the Authority along with the recommendation of Lloyd's India giving the reasons for revocation.
4. The Authority may consider the request and considering all facts, may pass necessary orders.
5. In case the certificate of registration of a service company of Lloyd's India is revoked by the Authority, such an order shall be communicated by the Authority within thirty days of such revocation in writing stating therein the grounds on which the application has been revoked.

CHAPTER IV

OTHER MATTERS RELATING TO REGISTRATION

15. **Furnishing of further information and clarifications:**

The Authority may require the applicant to furnish further information or clarifications regarding the matters relevant to consider the request for registration application.

16. **Time Limit for commencement of operations:**

1. An applicant which has been granted the Certificate of Registration under these Regulations shall commence reinsurance business, for which it has been authorised, within twelve months from the date of approval by the Authority. In case the applicant fails to commence business within the specified time, the Certificate of Registration shall become invalid.

Provided that in case the applicant is not in a position to commence the insurance business within twelve months, it can before the time limit expires, seek an extension from the Authority through a written application, explaining the reasons for not being able to commence business within the period specified by the Authority.

2. The Chairperson of the Authority on receipt of the request for extension of time limit for commencement of business by the applicant, shall examine the same and communicate the decision in writing either rejecting the request or granting it;
3. 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.

17. **Issue of duplicate certificate of registration:**

The Authority may, on receipt of fee of Rupees Fifty Thousand along with applicable taxes, issue a duplicate certificate of registration to an entity that makes an application to the Authority in such form as may be specified by the Authority as per Section 3(7) of the Act.

18. **Surrender or cancellation of certificate of registration**

1. The parent or branch of foreign reinsurer or Lloyds/Lloyds India may apply for surrender of certificate of registration to the Authority.
2. A service company and/or syndicate may apply for surrender of certificate of registration to the Authority through Lloyd's India.

3. The Authority may consider the request for surrender after taking into account all facts of the case including servicing of the existing contracts and may pass necessary orders.
4. An entity may surrender the Certificate of Registration granted to it and may request the Authority to cancel the same in the following cases:
 - (a) An entity is not in the position to commence its operations, subsequent to grant of Certificate of Registration, within the stipulated time;
 - (b) The business or a class of the business of the entity has been transferred to or amalgamated with the business of any other entity after obtaining approval of the Authority;
 - (c) The business or a class of the business of the entity has been transferred to any person pursuant to the Order of the Authority to this effect;
 - (d) An entity which voluntarily decides to discontinue its operations in India.
5. An entity shall furnish the following documents and information with the request:
 - (a) Surrender Application: A formal application for surrendering the registration certificate, including the reason for surrender.
 - (b) Corporate Resolutions: Copies of board resolutions or other corporate documents authorizing the surrender.
 - (c) Financial Statements: Audited financial statements, including balance sheet and income statement not older than nine months from the date of application.
 - (d) Outstanding Obligations of cedants: A report of outstanding obligations such as outstanding claims or other financial commitments towards cedants.
 - (e) Reinsurance Agreements: Copies of all reinsurance agreements in force, including details on the reinsured policies and terms.
 - (f) Claims Records: Information related to outstanding or pending claims, and how they will be managed.
 - (g) Investments: Detailed information about investments held by the reinsurer.
 - (h) Statutory Filings: Copies of any statutory filings that are required to be made for surrender of certificate and closure of operations.

- (i) Compliance Records: Status of the regulatory compliance with regulatory requirements as on date of the application.
- (j) Contact Information: Updated contact information of key personnel who shall be responsible to monitor compliances up to completion of surrender.
- (k) Runoff Plan: A plan outlining how the entity will handle any remaining un-expired obligations and manage run-off business after surrender.
- (l) Communication Plan: Details about how the entity plans to inform its clients and stakeholders about the surrender.
- (m) Such other information which the Authority may require from time to time till the grant of final approval

6. Consideration of application for surrender of certificate of registration:

On receipt of an application for surrender of certificate of registration from an entity, the Authority may direct the applicant to discontinue acceptance of new business and may stipulate such other conditions as deemed necessary.

19. Amalgamation, Merger and Acquisition

- 1. A request shall be submitted by the parent of the applicant entities containing related information as indicated below:
 - (a) Structure of the parent transacting parties.
 - (b) Board Resolution of the parent transacting parties approving the steps to undertake transactions which would result in change of structure of the respective transacting parties.
 - (c) Details as to protection of interests of stakeholders of the transacting parties.
 - (d) Compliance with the Guidelines on Corporate Governance issued by the Authority.
 - (e) Details of other regulatory approvals in respect of the proposal
 - i. applications submitted to the other Indian/foreign Regulators as and when they are filed with other Regulators
 - ii. approvals granted by the other Regulators in this regard

- (f) Actuarial Report(s) on valuation of the Re-insurance businesses of operations in India of the transacting parties encompassing the assets, liabilities and solvency position.
- (g) Details of Reinsurance Strategies and Protection & Maintenance of Reinsurance Assets.
- (h) Implication of the Merger and acquisition on the Key Contracts.
- (i) Such other information which the Authority may require from time to time till the grant of final approval.

2. Notice of Intention

Entities whose parent companies have decided to merge or amalgamate shall furnish notice of such intention within fifteen days of submission of the same to the home country regulator of the parent

3. Amalgamation, Merger & Acquisition shall be implemented only after final approval of the Authority.

Provided that no such proposal shall be approved if in the opinion of the Authority

- (i) the available solvency margin of the merged entity will be lower than the required minimum regulatory level or
- (ii) the activity is not compliant with any other applicable laws and regulations or
- (iii) the activity is not in the best interests of the Stakeholders or
- (iv) is not conducive to the orderly growth of the insurance sector.

CHAPTER V

PAYMENT OF FEES

20. Application processing fee

Every application for registration shall be accompanied by proof of payment of the application processing fee as specified in these regulations.

21. Annual Fee

- 1. Branch office of Foreign reinsurer granted registration under these regulations shall pay such annual fee as may be specified, along with applicable taxes to the Authority by 31st day of December of each financial year.

2. The annual fee shall be higher of
 - (a) Ten lakhs rupees, or
 - (b) one twentieth of one percent of the total premium in respect of facultative reinsurance accepted in India during the financial year preceding the year in which the annual fees are required to be paid subject to a maximum of rupees ten crore.
3. If a Branch of foreign reinsurer fails to deposit the annual fee before the date specified in these regulations, the Authority may accept the payment of annual fee along with an additional fee by way of penalty of:
 - (a) Two percent of the annual fee if paid within 30 days from the specified date;
 - (b) Ten percent of the annual fee if paid before the end of financial year
4. Where a Branch of foreign reinsurer has failed to pay the annual fees in accordance with these regulations before the end of the financial year, then the certificate of registration of such entity shall be liable to be cancelled

22. Manner of payment of fee

Every applicant/ Branch of Foreign Reinsurer shall pay the requisite fee into the account of Insurance Regulatory and Development Authority of India. The fee shall be remitted through electronic mode and the Authority shall be provided with a UTR number to such transaction.

CHAPTER VI

Procedure for action in case of default

23. Manner of making order of suspension or cancellation of certificate of registration

No order of suspension or cancellation of the certificate of registration of the branch of a foreign reinsurer shall be issued except after holding an enquiry in accordance with the procedure as specified hereunder.

24. Manner of holding enquiry before suspension or cancellation

1. For the purpose of holding an enquiry under regulation 23, the Authority may appoint an enquiry officer.
2. The enquiry officer shall issue a notice of enquiry at the principal place of business of the concerned branch office of foreign reinsurer(entity).

3. The entity may, within thirty days from the date of receipt of such notice, furnish to the enquiry officer a reply, together with copies of documentary or other evidence relied upon by it or sought by the Authority.
4. The enquiry officer shall give a reasonable opportunity of being heard to the entity to enable it to make submissions in support of its reply made under sub-regulation (3) above.
5. If it is considered necessary, the enquiry officer may ask the Authority to appoint a presenting officer to present its case.
6. The entity may either appear through an authorised employee or through any other person duly authorised by it before the enquiry officer,

Provided that no advocate shall be permitted to represent the entity at the enquiry;

Provided further that where an advocate has been appointed by the Authority as the presenting officer under sub-regulation 5, it shall be lawful for the entity to present its case through an advocate.

The enquiry officer shall, after taking into account all relevant facts and submissions made by the entity, submit a report to the Authority and recommend the regulatory action to be initiated as also the justification for the same.

25. Show-cause notice and order:

1. On receipt of the report from the enquiry officer, the Authority shall consider the same and if deemed necessary by it, issue a show-cause notice as to why action as it considers appropriate should not be initiated.
2. The concerned entity shall, within twenty-one days of the date of receipt of the show-cause notice, send a reply to the Authority.
3. The Authority after considering the reply to the show-cause notice, shall as soon as possible from the receipt of the reply, pass such orders as it deems fit. If no reply is furnished to the Authority by the concerned entity within 90 days of the service of the notice, the Authority shall proceed to decide the issue ex-parte.
4. An order passed under sub-regulation 3 hereinabove shall give reasons therefor including justification for the penalty imposed or any other action taken by that order.
5. The Authority shall send a copy of the order made under sub-regulation 4 hereinabove to the concerned entity.

26. Suspension or cancellation of certificate of registration:

1. Without prejudice to any penalty which may be imposed or any action taken under the provisions of the Act, the registration of FRB including Lloyds India or the syndicate and/or service company granted certification of registration which -
 - (a) conducts its business in a manner prejudicial to the interests of the policyholders or ceding insurers;
 - (b) fails to furnish any information as required by the Authority relating to its reinsurance business;
 - (c) does not submit periodical returns as required under the Act or by the Authority;
 - (d) does not cooperate in any inquiry conducted by the Authority;
 - (e) indulges in manipulating the reinsurance business;
 - (f) indulges in unfair trade practices;
 - (g) fails, at any time, to comply with the provisions of Section 64VA of the Act, as to the excess of the value of his asset over the amount of his liabilities,
 - (h) is in liquidation or is adjudged as an insolvent,
 - (i) has transferred the business or a class of business to any person or has been transferred to or amalgamated with the business of any other insurer without the approval of the Authority,
 - (j) 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 thereunder,
 - (k) carries on any business other than insurance business or any business specified by the Authority,
 - (l) makes a default in complying with any direction issued or order made, by the Authority under the Insurance Regulatory and Development Authority Act, 1999,
 - (m) is banned/debarred/suspended in its home country.
 - (n) makes a default in complying with, or acts in contravention of, any requirement of the General Insurance Business (Nationalisation) Act, 1972 or the Foreign Exchange Management Act, 1999 or the Prevention of Money Laundering Act, 2002

- (o) fails to pay the annual fee,
- (p) is convicted of an offence under any law for the time being in force,

may be suspended or cancelled for the category of reinsurance business for such period as may be specified by the Authority by an order;

Provided that the Authority for reasons to be recorded in writing may, in case of repeated defaults of the type mentioned above, cancel the certificate of registration.

- 2. The Authority may suspend the Certificate of Registration in accordance with the process as specified in these regulations. No order of suspension of Registration shall be issued without granting an opportunity of being heard to the concerned entity.

Provided that the Authority may direct the concerned entity to continue to service the existing reinsurance arrangements for such period as may be specified in the order made under these Regulations.

27. Effect of suspension or cancellation of certificate of registration:

- 1. On and from the date of suspension of the certificate, the concerned entity shall cease to transact new reinsurance business. However, the entity shall continue to service and meet its obligations under all existing reinsurance arrangements.
- 2. On and from the date of cancellation of the certificate, the concerned entity shall cease to transact reinsurance business. Cancellation of the certificate of registration of an entity shall indicate that all its reinsurance operations have ceased.

- 28. Restoration of certificate of registration:** If the Authority is satisfied that the entity has further complied with all the conditions for efficient conduct of reinsurance business, it may revoke the suspension and restore its certificate of registration.

- 29. Publication of order:** The order of the Authority passed under regulation 26, shall be published by the entity in at least two daily newspapers in the area where the concerned entity has its principal place of business.

CHAPTER VII

OPERATIONAL MATTERS

- 30. Operational issues:** The Branch of foreign reinsurer granted the certificate of registration by the Authority to transact reinsurance business as a branch office shall ensure that the following minimum requirements are complied with at all times and shall

submit to the Authority the necessary approval of their Board or the executive committee of their Management (duly delegated by the board), as the case maybe.

1. Geographical Scope: The branch office of foreign reinsurers shall transact reinsurance business with Indian insurers, as well as reinsurance business outside India in accordance with their laid down underwriting policy.

In case of a service company, the Syndicate of Lloyd's India through their service company shall transact reinsurance business with Indian insurers, as well as reinsurance business outside India in accordance with their laid down underwriting policy.

2. Assigned Capital: The assigned capital of the Branch of foreign reinsurer shall not be less than the amount specified at the time of grant of certificate of registration.

3. Appointment of Chief Executive Officer and other Key Management Personnel: The foreign reinsurer shall obtain prior approval of the Authority on the appointment, reappointment, removal and managerial remuneration payable to Chief Executive Officer of the Branch of foreign reinsurer. The Authority may specify further provisions with respect to such approval. The person so appointed shall satisfy the 'fit and proper' criteria stipulated by the Authority. The details of the Key Management Personnel (KMP) of the Branch of foreign reinsurer along-with their bio-data shall be submitted as part of the registration process and any change subsequently shall be intimated to the Authority. For the purposes of these regulations, Key Management Personnel shall include Chief Executive Officer, Chief Financial Officer, Chief Underwriter, Chief compliance officer of the Branch of foreign reinsurer and any other KMP as may be appointed or designated by it.

4. Opening of additional offices: The Branch of foreign reinsurer may open offices in different parts of the country with prior approval of the Authority giving the reasons, organization resources, reporting, supervision and control by the main administrative office. The Authority may grant or refuse permission depending on the merits of the case.

Provided that, in case of Lloyd's India and its constituents, Lloyd's India being a market shall ensure that the market and the constituents of Lloyd's India are housed within an office location of Lloyd's India for the conduct of reinsurance business.

Provided further that, the Authority may specify provisions with respect to opening of additional offices by service companies.

5. Outsourcing: The branch office of foreign reinsurers shall retain the core activities such as underwriting, investment, claims settlement and regulatory compliances; and may outsource functions such as back-office servicing, IT, accounts,

marketing, human resources, administration and publicity. No other function shall be outsourced without the prior approval of the Authority. The Authority may specify provisions with respect to outsourcing of activities by Branch of foreign reinsurer.

6. Accounting: The Branch of foreign reinsurer shall submit financial returns including statement of accounts in the manner as may be specified in the IRDAI (Unified Finance and Actuarial) Regulations, 20XX as amended from time to time.

In case of a service company, the service company shall prepare and submit financial returns including statement of accounts of the syndicates through Lloyd's India in the manner as may be specified by the Authority through IRDAI (Unified Finance and Actuarial) Regulations, 20XX as amended from time to time.

7. Solvency Margin: Every Branch of foreign reinsurer shall prepare and submit statement of assets, liabilities and solvency margin requirements in the manner as may be specified in the IRDAI (Unified Finance and Actuarial) Regulations, 20XX.

In case of a service company, the service company of Lloyd's India shall prepare and submit statement of assets, liabilities and solvency margin requirements of the syndicates through Lloyd's India in the manner as may be specified by the Authority through IRDAI (Unified Finance and Actuarial) Regulations, 20XX as amended from time to time.

8. Repatriation of funds: – Any repatriation of the fund of the branch offices of foreign reinsurers shall be only with prior approval of the Authority. The Authority before granting an approval shall obtain all relevant information and satisfy itself that the assets of the Branch office are adequate to meet their liabilities. In addition, the repatriation of funds shall comply with the other requirement of RBI/ FEMA, as applicable.

The Authority may issue directions with regard to the repatriation of funds by the Branch of foreign reinsurer. (Master Circular)

9. 'Delegated authorities': Branch of foreign reinsurers shall introduce systems and checks to ensure that delegated powers are exercised prudently and judiciously by the authorised officials and has no adverse effect on its operations in india. The applicant shall also review the delegated powers of functionaries at the Branch of foreign reinsurer as regards adequacy of such powers to meet local operational requirements and the delegated authority. In case of reduction in delegation of the authority provided to the local functionaries, the Branch of foreign reinsurer has to specify the reason for the same. A copy of such review shall be filed with the Authority annually along with the parameters in prior year and current year.

In case of service company, the service company shall introduce systems and checks to ensure that delegated powers, in respect of syndicates they represent,

are exercised prudently and judiciously by the authorised officials and has no adverse fallout on the operation of the service company in India. Lloyd's and Lloyd's India shall also review the delegated powers of functionaries at every service company and syndicate level as regards adequacy of such powers to meet local operational requirements and the delegated authority. A copy of such review shall be filed with the Authority annually along with the parameters in prior year and current year.

10. Governance and oversight: The applicant and/or the Branch of foreign reinsurer shall review all control returns including the system of periodical reviews submitted by the Branch of foreign reinsurer to ensure effective governance and oversight and to monitor their continued viability. A copy of synopsis of the findings of the inspection / audit / scrutiny and compliance submitted by the branch and put up to the Audit Committee of the Board, shall also be made available to the Authority, if required.

Explanation: For the purpose of removal of doubt, for the Branch of foreign reinsurer other than Service Companies, reference to Audit Committee of the Board herein shall mean reference to the Executive Committee. Further, for Service Companies, reference to Audit Committee of the Board shall mean reference to the Board of the Service Company itself.

11. Reporting Requirements:

- (a) Every Branch of foreign reinsurer shall immediately report to the Authority more than 5% erosion in the Net Owned Fund of the parent entity.
- (b) Every Branch of foreign reinsurer and in case of syndicates and/ or service companies, Lloyd's India shall comply with such reporting requirements, as may be specified by the Authority.
- (c) Every Branch of foreign reinsurer shall submit to the Authority the following reports as stipulated.
 - i. Financial reporting
 - ii. Actuarial reporting
 - iii. Business Reporting
 - iv. Downgrading Reporting: The Branch of foreign reinsurer shall immediately report along-with relevant documents to the Authority any downgrade in rating by any internationally renowned credit rating agency.

12. Every Branch of foreign reinsurer shall put in place appropriate policy, approved by their Executive Committee of the Management, on maintenance of records and destruction of old records, both physical and electronic form, considering the nature, importance, business needs and other applicable legal requirements for a minimum period of 8 years or as per the extant legal requirements, if any.
13. In addition to the provisions specified under these regulations, the Authority may specify separate corporate governance requirements for Branches of foreign reinsurers.
14. Investments:
 - (a) Every Branch of foreign reinsurer shall invest and keep invested its assets in accordance with IRDAI(investment) Regulations, 2016 as amended from time to time.
 - (b) The Authority shall specify provisions with respect to investment to be made by Lloyd's India and its syndicates basis the business structure of Lloyd's India and its Syndicates.
15. Other issues: The Branch of foreign reinsurer shall, with respect to its applicant, immediately report to the Authority any regulatory or supervisory action taken by the home country regulator with full details and the penalty or administrative action, if any imposed and the remedial steps taken by the foreign reinsurer to prevent its recurrence.

Provided that in case of Lloyd's India, it shall immediately report to the Authority any regulatory or supervisory action taken by the home country regulator against Lloyds or its Syndicate, Managing Agent or Service Company with full details and the penalty, any administrative action, if any imposed and the remedial steps taken by Lloyd's to prevent its recurrence.

CHAPTER VIII

MISCELLANEOUS

31. Appeal to SAT:

An applicant aggrieved by the decision of the Authority may appeal before the Securities Appellate Tribunal in accordance with the extant applicable provisions of Section 110 of the Insurance Act, 1938. However, any fee paid by an entity shall not be refunded pursuant to such appeal before the SAT.

32. Powers of the Authority:

1. The Authority shall have the right to call, inspect or investigate any document, record or communication from Branch of foreign reinsurer.
2. Notwithstanding the above, where the Authority is of the opinion that the operations of the Branch of foreign reinsurer India are not in the interests of the Indian market, the Authority reserves the right to take appropriate steps including suspension or cancellation of certificate of registration after giving an opportunity of being heard. Branch of foreign reinsurer opened with the approval of the Authority shall be closed only with the prior approval of the Authority.
3. The Authority may call for further information or explanation, as may be necessary, on all matters related to reinsurance business and may direct the Indian insurer to carry out necessary changes in the Reinsurance Programme filed with the Authority.

33. Power to remove difficulties and issue clarifications:

In order to remove any difficulties that may arise in the application or interpretation of any of the provisions of these Regulations, the Authority may issue appropriate clarifications or guidelines as deemed necessary.

34. Repeal and Savings:

1. These Regulations shall repeal the following Regulations from the date these Regulations come into force:
 - (a) IRDAI (Lloyd's India) Regulations, 2016
 - (b) IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015
2. Unless otherwise provided by these Regulations, nothing in these Regulations shall deem to invalidate the contracts entered into prior to these Regulations coming into force.

Schedule I: Assessment of Fit & Proper Criteria

The Authority shall take into account such matters as may be considered relevant while considering the application for registration of Applicant, including:

- i. the general track record of conduct and performance of the applicant in the fields of business or profession they are engaged in;
- ii. the record of conduct and performance of the directors and persons in management of the applicant;
- iii. the proposed infrastructure of the Branch of foreign reinsurer, as the case may be, to effectively carry out the reinsurance business;
- iv. the capital structure of the promoters, shareholders and the Applicant;
- v. the proposed business plan for the five succeeding years;
- vi. the proposed underwriting skills that will be transferred to the Branch of foreign reinsurer, as the case may be; and
- vii. Any other relevant matters for carrying out the provisions of the Act.

