

Public Comments

The consultation paper seeking comments/views from public on the draft IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022 was issued by IFSCA on 23.11.2022.

The following comments have been received:

Sr. No.	DRAFT Reg. No.	Sub-Regu No. /Para No.	Comments / Suggestions / Suggested modifications	Rationale
1	4	2	<p>This states that record of such policies and claims shall be maintained in electronic form with necessary security features, irrespective of maintenance in any other form. as the regulations states that the records should be maintained in electronic form.</p> <p>However, this appears to be internally inconsistent with Regulation 9 which states that the records may be maintained either in physical form or electronic form and access shall be given to the persons authorised by the Authority.</p> <p>The provisions as regards document retention/record maintenance should be aligned</p>	
2	4	Insert sub regulation (7)	It is suggested to clarify that the clause is not applicable to reinsurance branches set up as unincorporated IIOs.	Reinsurance entities receive quarterly coverage data from the insurer. This may not include details of all the policies issues by the insurer and the claims paid. Hence is it not possible for the reinsurance entity to comply with the requirement of maintaining record of policies and claims. The Authority is therefore requested to clarify that the provision is not applicable to reinsurance branches

3	4	3	Authority is requested to consider including a provision to mention that in case the Parent policy is more stringent than as prescribed by the proposed regulations, then the reinsurance entity may have an option to follow the parents stringent policy	The branch as an extension of the parent will be subject to all policies of the Parent Board. Hence the Authority is requested to consider permitting reinsurance branches established as unincorporated IIOs to adapt their Parent policy for records management in case the same is in adherence to the local regulatory requirement.
4	4	3	It is suggested that the requirement of having a separate Board approved policy may be revisited for unincorporated IIOs operating as branch office. Such IIOs may be allowed to incorporate the necessary provisions in the existing record maintenance policy adopted by the Parent entity.	Separate policy for Parent entity and branch may create ambiguity/confusion.
5	4	5	An enabling provision needs to be incorporated in the proposed regulation whereby an unincorporated IIO i.e. a branch office may be permitted to store and maintain the records pertaining to all the policies issued and all claims made in India at the data center located and maintained in India, by the Parent entity. The Parent entity may clearly demarcate the data relating to IIO while maintaining the same at its data center.	It will not be feasible for insurers to maintain separate data center for the Parent entity and branch offices.
6	5 & 6	-	These details and all other details, maybe permitted to be maintained by Head office in consolidate manner for each and every branch office. Maintaining the said records at IIO will be duplication. The regulation should also stipulate a run off period for submission of documents/records.	IIO's should be allowed to maintain the said details at HO office and can be submitted to authorities whenever the said details are called for.

7	6 & 7	-	<p>We suggest that for IIO unincorporate in IFSC, the requirement for maintaining of records should be limited to insurance policies and claims. For employee records, the mentioned requirement should be limited only to IIO incorporated in IFSC. For IIO unincorporated in IFSC, they should be allowed to maintain employee records as per the requirement specified under the Regulations issued by their parent regulator. Hence, the proposed clauses may be modified/ amended accordingly.</p>	<p>Considering the lean structure of employees that is proposed, there arise no necessity to maintain the employee details in such expansion.</p>
8	8	-	<p>We recommend that the reference of outsourced service provide need not be mentioned herein and can be removed considering that there is a specific provision on the “regulatory Access” under clause 4 of Chapter 6 of International Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021.</p>	<p>In order to avoid the duplicity of the provisions, the deletion is recommended.</p>
9	10	-	<p>There is a different record retention period specified under the IRDAI (Minimum Information Required for Investigation and Inspection) Regulations, 2020. Further, clause (8) of rule 39 of Insurance Rules, as referred in the section deals only with the records of claims, and that too different record retention period is specified depending upon the cover amount under the policy.</p> <p>We recommend that the record retention period proposed under the draft Regulations be aligned to the one stated in the IRDAI Regulations</p>	<p>This will ensure consistency under the Regulations.</p>
10	10	-	<p>This regulation appears to be contrary to regulations stated in Preparation of Financial Statements which requires electronic records to be retained for 20 years and records in physical form for 7 years.</p> <p>We suggest that record/documentation maintenance regulations be aligned across IFSCA regulations</p>	

11	-	-	We request the Authority to consider whether separate regulation is required on the proposed objective	The Authority has previously issued the IFSCA (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021 which covers in detail the requirements proposed via the present draft regulations. The guidelines put in place a framework to address operational issues for the IIO in the International Financial Services Centre (IFSC) which is applicable to the applicant of the IIO and / or the IIOs registered under the IFSCA (Registration of Insurance Business) Regulations, 2021.
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The above comments were considered suitably and the revised draft of the IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022 was placed before the Authority in its meeting held on December 23, 2022.