

**CONSULTATION PAPER ON PROPOSED  
IFSCA (Investment by IFSC Insurance Office) (Amendment) REGULATIONS, 2024**

**Objective:**

The objective of this consultation paper is to seek comments / views/ suggestions from public on the proposed amendments to International Financial Services Authority (Investment by International Financial Service Centre Insurance Office) Regulations, 2022.

**Background:**

1. The International Financial Services Centres Authority (IFSCA) considering the significance of investment income for insurers and reinsurers, IFSCA in accordance with Section 27 of the Insurance Act, 1938, had notified International Financial Service Centre Insurance Office) Regulations, 2022 on 12<sup>th</sup> January 2023.
2. The IFSCA was in receipt certain requests concerning Investment of premium received against offering of Unit Linked Insurance Policies (ULIP) products. Considering the requests and for better clarity in the regulatory framework, it is proposed to insert a separate provision for investment of assets against offering of ULIP products.
3. The Insurance Regulatory and Development Authority of India notified Insurance Regulatory and Development Authority of India (Re-insurance) (Amendment) Regulations, 2023 on 22<sup>nd</sup> August 2023. These regulations *inter-alia* enables IFSC Insurance Offices (IIOs), which invest 100% of retained premiums, emanating from insurers in India, in the Domestic Tariff Area (DTA) to participate in Category 2 at par with the Foreign Reinsurance Branches, under the Reg. 5, Clause (A) sub-regulation (2), Procedure for Re-insurance placement. In view of the said amendments, it is proposed to provide separate Investment Asset Exposure limits for the IIOs who will be investing the retained premium in DTA. This provision for separate exposure limits will give better clarity to the IIOs in investing their assets in DTA.
4. In view of the aforesaid draft of amendment to the regulations are placed on the website of the IFSCA at <https://ifsc.gov.in/PublicConsultation>. General public and stakeholders are requested to forward their comments / suggestions through e-mail to Insurance Dept. at [insurance-dept@ifsc.gov.in](mailto:insurance-dept@ifsc.gov.in) with copy to Mr. Bhaskar Khadakhbavi at [bhaskar.khadakhbavi@ifsc.gov.in](mailto:bhaskar.khadakhbavi@ifsc.gov.in) and Rishi Kale at [rishi.kale@ifsc.gov.in](mailto:rishi.kale@ifsc.gov.in) by 23-Sept-2024 in the attached format. It is further requested to provide comments in MS Word or MS Excel format only.

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INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

NOTIFICATION

Gandhinagar, the xx Aug, 2024

**DRAFT - International Financial Services Centres Authority (Investment by International Financial Services Centre Insurance Office) (Amendment) Regulations, 2024**

IFSCA/2023-24/GN/REGxxx — In exercise of the powers conferred by sub-section (1) of Section 28 read with Section 12 and 13 of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority hereby makes the following Regulations to amend the International Financial Services Centres Authority (Investment by International Financial Services Centre Insurance Office) Regulations, 2022 namely:-

1. Short title and commencement:-

(1) These Regulations may be called the International Financial Services Centres Authority (Investment by International Financial Services Centre Insurance Office) (Amendment) Regulations, 2024;

(2) They shall come into force from the date of their publication in the Official Gazette.

2. Sub-regulation (9) of regulation 5 shall be substituted as follows –

*“An IIO investing its retained premium in DTA in adherence with the condition specified under sub-clause (b) of clause (A) of sub-regulation (2) of regulation 5 of the IRDAI (Re-insurance) Regulation, 2018, shall invest only in accordance with regulation 9B of these regulations.”*

3. Note:6 of Matrix-1 under regulation 9 shall be substitute by the following – *“For Unit Linked Insurance Products (ULIP), the pattern of investments as specified in regulation 9A of these regulations shall be followed”*.

4. After regulation 9, following shall be inserted –

*“9A Unit Linked Insurance Products –*

*(1) Without prejudice to sections 10 (2AA) and 27 of the Insurance Act, 1938 and any provisions of these regulations, every IIO shall invest and at all times keep invested its funds of unit linked business as per pattern of investment subscribed by the policy-holders, where the units are linked to categories of assets which are both marketable and readily realizable.*

- (2) *All limits of exposure for investment assets in entities, group and industry as mentioned in regulations 14 shall be applicable at the level of individual segregated fund.”*

5. After regulation 9A, following shall be inserted –

“9B Admissible pattern of investment –

The investments by an IIOs in DTA as per category specified in sub-regulation (2), clause (A) of Regulation 5 of the Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018 shall be in accordance with the following matrix:

<b>Matrix 1A: Investment Asset Exposure Pattern Matrix for certain IIOs</b>		
<b>Sr. No.</b>	<b>Type of Investment Asset</b>	<b>Maximum Exposure Limits (per cent.)</b>
1	Securities of Central Government of India	10
2	Corporate Bonds	15
3	SEBI approved Alternative Investment Funds (AIF) - Category 1 and 2	10
4	Immovable Property including Real Estate Investment Trusts (REITs)	5
5	Infrastructure including Infrastructure Investment Trusts (InvIT) and instruments for financing Infrastructure Assets	5
6	Money markets instruments for short period	90
7	Investment in ‘Equity’, Preference Shares, Convertible Debentures	25
8	Investment in Debt (incl. Commercial Papers)	90
Note 1: ‘Invested’ would mean ‘Invested and kept invested’.		
Note 2: Notwithstanding the maximum exposure limits mentioned herein above, the extant limits as specified by the Reserve Bank of India or the Securities and Exchange Board India, as the case may be, shall prevail.”		

K. Rajaraman, Chairperson

[ADVT.-III/4/Exty./xxx/2024-25]

**Note:** The International Financial Services Centres Authority (Investment by International Financial Services Centre Insurance Office) Regulations, 2022 were published in the Gazette of India Extraordinary vide notification No. IFSCA/2022-23/GN/REG030 on 13<sup>th</sup> January, 2023 and first amendment to these regulations were published in the Gazette of India Extraordinary vide notification No. IFSCA/2023-24/GN/REG042 on 27<sup>th</sup> October 2023.

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**Format for providing comments / suggestions**

**Proposed –  
International Financial Services Centres Authority (Investment by International  
Financial Services Centre Insurance Office) (Amendment) Regulations, 2024**

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>