

Public Comments

The consultation paper seeking comments/views from public on the draft IFSCA (Registration of Insurance Business) Regulations, 2021 were issued by IFSCA on July 30, 2021.

The following comments have been received:

Sr. No.	Draft Reg. No.	Sub-Reg. No. /Para No.	Comments / Suggestions / Suggested modifications	Rationale
1	3	1(b)(ii)	The term 'Authority' should be replaced with 'authority' in the definition of 'Applicant' in sub-regulation 1(b)(ii). Accordingly, the amended definition of Applicant will be as follows: <i>"Applicant means – (i)..... (ii)..... (iii) 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....."</i>	The term 'Authority' has been defined in the proposed Regulations as referring to IFSCA. In this sub- regulation, body corporate refers to body corporate incorporated outside India and registered with its <u>home country regulatory or supervisory authority</u> . It does not refer to the <u>body corporate registered with IFSCA</u> . Accordingly, the term 'Authority' should be replaced with ' authority'.
2	3	1(d)	'CoR' within parenthesis can be deleted from definition of 'Certificate' as its not used anywhere in the proposed Regulations. Accordingly, revised definition of 'Certificate' can be ' <i>Certificate means a Certificate of Registration granted by the Authority under these Regulations.</i> '	For consistency and clarity in the proposed Regulations.
3	3	1(e)	'Domestic Tariff Area' (DTA) can be amended as 'Domestic Tariff Area' or 'DTA'	For consistency and clarity in the proposed Regulations.
4	3	1(h)	'International Financial Services Centre' (IFSC) can be amended as 'International Financial Services Centre' or 'IFSC'	For consistency and clarity in the proposed Regulations.
5	3	1(i)	'International Financial Service Centre Insurance Office' (IIO) can be amended as 'International Financial Services Centre Insurance Office' or 'IIO'	For consistency and clarity in the proposed Regulations.
6	3	1(n)	Clause (72) should be replaced with clause (71).	Clause (71) of Section 2 of Companies Act, 2013 defines public company, however the proposed Regulations incorrectly state clause (72).

7	3	1(o)	'Net Owned Fund' (NOF) can be amended as 'Net Owned Fund' or 'NOF'	For consistency and clarity in the proposed Regulations.
8	3	1(p)	The proposed Regulations define 'regulations' as ' <i>regulations</i> ' means these regulations. Definition of 'regulation' can be amended as follows: <i>'Regulations' means International Financial Services Centres Authority (Registration of Insurance Business) Regulations, 2021, as may be amended from time to time.</i> Also, term 'regulations' should be capitalised throughout the document as 'Regulations'.	Including the suggested definition will provide clarity as to the name of the proposed Regulations.
9	3	(1) (b) Definitions	May also add Any other person as may be recognized by the Authority	To keep the option open in future to such applicants who may not fall under the given eligibility criteria
10	3	3(1)(b)	Clause 3(c) of the IFSC Act does not define the phrase "Unit". The regulation should be clear on whether the financial institution covers a branch office of an insurer or reinsurer in the IFSC or establishment of an insurance or reinsurance company. From the remaining contents of the draft regulations, it appears that the purpose is to set up a branch office of an established insurer or reinsurer or Lloyds both from Indian and foreign jurisdiction. Regulation 3(1)(b)(ii)/(iv)/(vi) implies that entities other than insurer or reinsurer can also open a unit in IFSC. This needs more detailed re-examination by IFSC. In light of the above, the entire regulations may be reviewed by the IFSC and also with reference to overlap/conflict, if any, with role of IRDAI and other sector regulators in India.	
11	3	3(m)	Whether this means that a parent company may nominate any other office as Home Office. If yes, this may lead to related issues for ex., responsibility/accountability (in case of any regulatory breach/default), rests with whom - 'Parent Entity' or 'Home Office'. More clarity required.	

12	3	(b)(vi)	Clarity on “private companies” in the context of “body corporates”	<p>Currently, the definition of “Applicant” in Regulation 3(b)(vi) is as follows: “a body corporate incorporated under the law of any country outside India not being of the nature of a private company” In our view, for the sake of clarity, this should be amended in the following manner: “a body corporate incorporated under the law of any country outside India not being of the nature of a private company <i>in its jurisdiction of incorporation</i>” Consequent changes to Regulation 5(5) of the regulations may also be carried out in order to avoid any inconsistencies.</p>
13	3	(b)(iv)	Removal of “wholly owned subsidiary of an Indian insurer...” from the list of eligible Applicants.	<p>As it stands today, an Indian insurer cannot ordinarily own 100% shares of any other company owing to restrictions imposed on insurers pursuant to the Insurance Act, 1938 and the IRDAI (Investment) Regulations, 2016.</p>
14	3	(1) (b) (ii)	The definition of Applicant should include body corporates that have a binding authority from the Foreign Insurer or Foreign Reinsurer. Consequent changes in the other parts of the regulation	<p>We need to recognize entities like service companies and managing general agents or cover holder equivalent to attract more players. The service company would be the joint applicant along with the Foreign Insurer and Foreign Reinsurer and will undertake all underwriting activity in IFSC. The solvency, ratings, net owned funds and other eligibility criterion will be that of the Foreign Insurer or Foreign Reinsurer.</p>
15	3	(1)	Sub-branches or other similar arrangements for FRBs.	<p>FRBs registered in India may find it difficult to get an additional set up in India and are therefore seeking the possibility of a branch/place of business of the FRB (insurer registered under section 3 of the Insurance Act, 1938.) Considering the same, the existing licensed FRBs in India may be permitted to operate as sub-branch based on the Confirmation letter from the Parent entity.</p>
16	3	3b(ii)	It is suggested that clarity may be provided on the term Mainland India and in case IIO writes direct business from DTA, then the currency may be INR.	<p>Our understanding is that Direct Business can be written only from SEZ, IFSC and foreign locations. Whereas in the draft consultation paper it is mentioned mainland for Direct Business</p>

17	3	3b(iii)	It is suggested that clarity may be provided in respect of reinsurance transactions from DTA, wherein premium will be in INR. Since the draft IFSCA exposure says that business need to be transacted in forex.	As per the Reinsurance regulations (order of preference) an IIO can provide reinsurance for DTA risk. In these transactions the business is carried in INR.
18	3	additional definition	<p>Definition of Satellite Office of a Foreign Reinsurer Branch be included as follows " Satellite Office of a Foreign Reinsurer Branch is a special sub Office of a Foreign Reinsurer Branch. Satellite Offices of FRBs (FRBs which are Solvency II compliant in-Home Office {Global Head Office}) may be allowed to keep risk-based capital in IFSC Insurance office (IIO) as per Home Office (Global Head Office) Solvency Norms.</p> <p>This can be further supported by a comfort letter from the Executive Committee/ Board of the Home Office (Global Head Office). Additionally, below qualifying criteria to be added for a Foreign Reinsurer Branch to open satellite offices in the GIFT City</p> <ol style="list-style-type: none"> 1) A reinsurer having a Foreign Reinsurance Branch for more than 5 years in India and is Solvency II Compliant 2) A Reinsurer having a Foreign Reinsurance Branch with more than INR 1000 crores business from the branch 	<p>Most of the top global reinsurers operate in India through their Branch offices in India operating under the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015. having two Branches in the same country is operationable not feasible</p> <p>Satellite Offices of FRBs (FRBs which are Solvency II compliant in-Home Office {Global Head Office}) may be allowed to keep risk-based capital in IFSC Insurance office (IIO) as per Home Office (Global Head Office) Solvency Norms.</p> <p>This can be further supported by a comfort letter from the Executive Committee/ Board of the Home Office (Global Head Office). Also, qualifying criteria to be added for a Foreign Reinsurer Branch to open satellite offices in the GIFT City as mentioned in the comments section which will allow only large reinsurers to open satellite offices in the GIFT City</p>

19	3	(1) (b) (ii)	<p>Recognition of certain entities, in the nature of Cover-holders, Managing General Underwriters, Managing General Agents or Service Companies</p> <p>The definition of Applicant in the Draft IIO Regulations may be modified to expressly include the aforesaid categories that could register as an IIO in IFSC and undertake business of insurance/reinsurance.</p> <p>The definition of Applicant may be amended to include "Service Companies" that may apply to seek registration as IIO.</p> <p>"Service Companies" to be defined to include a) body corporate incorporated outside India that undertakes insurance or reinsurance or both pursuant to a binding agreement with a Foreign Insurer or Foreign Reinsurer.</p> <p>b) a company incorporated under the Companies Act, 2013 that undertakes business of insurance or reinsurance or both pursuant to a binding agreement with a Foreign Insurer or Foreign Reinsurer.</p> <p>Other consequential changes to be made in the Draft Regulations, especially Regulation 4(Registration) and 5 (Eligibility).</p> <p>Please note that the Service Company will make a joint application with the Foreign Insurer or Foreign Reinsurer and the conditions such as (Net Owned Funds, Ratings, Solvency Margin and other commitments) of the Foreign Insurer or Reinsurer will be considered for the application. However, the IIO will be registered under the name of the Service Company.</p>	<p>Internationally, entities like MGA, MGUs, Cover-holders and Service Companies play a significant role in insurance markets. While the nomenclature or the definitions may vary across jurisdictions, the underlying principle is that - the service company/MGA or MUA under a binding authority/agreement from the insurer or reinsurer undertakes insurance/reinsurance business (underwriting, pricing, settlement of claims etc). The risk would typically sit on the balance sheet of the insurer/reinsurer but the entire business activity would be "managed" by the service company.</p> <p>Conceptually, this is recognized under the Lloyd's framework in India. However, this needs to be extended beyond Lloyd's and with necessary safeguards in the form of suitably worded binding agreement and express confirmation from the insurer/reinsurer on liability commitments, this model can be implemented in IFSC.</p> <p>If this model is allowed there is a possibility of several MGAs/MGUs and other service companies coming to IFSC to unlock the opportunity.</p> <p>The service company model can also be a stepping stone for many Indian insurtech entities in world of insurance (underwriting). These insurtech entities with global ambitions who having the right technical know-how and offering but something lack the depth of capacity to back their models.</p> <p>Such entities typically do business internationally. There may be more than 600 such entities globally and with right framework, IFSC could also become the jurisdiction where many of such entities could be</p>
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20	3	(f) Foreign Insurer or Foreign Reinsurer	<ul style="list-style-type: none"> · Suitable clarification be issued that 'Foreign Insurer or Foreign Reinsurer also includes those that have already set up a branch office in India, as per the IRDA regulations. 	<ul style="list-style-type: none"> · The Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018, implicitly provides that a foreign reinsurer is permitted to set up only one branch office in India as per IRDA regulations. · 'Foreign Insurer or Foreign Reinsurer' is defined to mean 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; Whereas, insurer as per the Insurance Act 1938 is defined to specifically include therein: <i>"(d) a foreign company engaged in re-insurance business through a branch established in India."</i> · Hence, a suitable clarification may be issued such that the regulations also specifically include a foreign insurer or reinsurer, which has already set up a branch office in India, as per the IRDA regulations.
21	3	3(1)(b) Applicant	<ul style="list-style-type: none"> (iv) a public company or a wholly owned subsidiary, of an insurer or a reinsurer, registered under the Companies Act, 2013 (vi) a body corporate incorporated under the law of any country outside India not being of the nature of a private company 	<ul style="list-style-type: none"> · It is presently unclear as to which companies are covered within these 2 sub- regulations. · Hence, it may be amended suitably as to whether Under (iv), the public company should be in insurance/ reinsurance business or any public company which registered under the Companies Act 2013 can be an applicant. For e.g. can a listed manufacturing company in India set-up a captive insurance company in IFSC or public company in financial services group registered under the companies Act could set up a captive insurance company in IFSC · Also, under (vi) can a foreign manufacturing/ financial services company (not being a private company) of a group set-up a captive insurance company in IFSC. · Whether a rent-a-captive will be allowed to be set-up in IFSC.

22	4	(1)&(2)	<p>The proposed Regulations are silent on whether there is any fee payable for processing of application for registration of an IIO with IFSCA. In case, any fee is payable, then following regulation can be included after Regulation No. 4(2):</p> <p><i>“(3) Every application under sub-regulation (2) for registration of an IIO shall be accompanied with such fee payable in such manner as may be specified by the Authority from time to time.”</i></p> <p>Further, with respect to the documents to be attached along with the application, following regulation can also be included after regulation No. 4(3):</p> <p><i>“(4) Every application under sub-regulation (2) shall contain such particulars as may be specified, and shall be accompanied by such documents, as may be specified by the Authority from time to time.”</i></p> <p>The proposed Regulations should state the list of documents to be attached alongwith the application and also make it clear whether the application has to be made online or physically or both. Also, the term ‘applicant’ in Regulation No. 4(2) and at other places in the proposed Regulation should be capitalised as ‘Applicant’ as it is a defined term.</p>	<p>To avoid any ambiguity and delay in processing of application, fee, if any and list of documents to be attached alongwith the application should be clearly specified in the proposed Regulations.</p>
23	18	4(i)(c)	<p>It is suggested that (if) IIO happens to be branch of Indian Insurer, then solvency margin shall be allowed to be maintained only at company level (ie parent company).</p> <p>It is also suggested that solvency margin of IIO may not be seen separately. It may be maintained together with parent company on combined basis.</p> <p>Further to the above, It is also suggested Appointed Actuary certificate required should be to the extent that assets and liabilities are being maintained at the head office and solvency margin is being maintained at overall company level.</p>	<p>This is important as IIO has small premium base and in the initial periods due to few possible large losses, the solvency margin may change. In five years period, we believe that IIO may be able to grow their book to take care of such volatilities.</p>

24	4	(2) First Schedule, Form B – Point 12	<p>The following modification suggested:</p> <p>Certificate from CA/CS</p> <p>Provide a certificate from a practicing Chartered Accountant in India or a practising Company Secretary of in 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>	<p>Since the certificate of compliance is to be provided by either a practicing Chartered Accountant in India or a practicing Company Secretary in India, the heading of the clause should be certificate from CA/CS. Hence modification suggested.</p>
25	5	(2)	<p>The regulation “<i>the applicant has satisfactory track record in respect of regulatory or supervisory compliance in its home country.....</i>” is unnumbered. Accordingly, it should be numbered as (g) and the regulations appearing after this Regulation will have to be renumbered.</p> <p>Also, the term ‘applicant’ appearing in Regulation No. 5(2) and at several places in the proposed Regulation should be capitalised as ‘Applicant’ as it is a defined term.</p>	<p>Identification of the sub-regulation.</p>
26	5	(1)	<p>As an Indian insurer/reinsurer opening unit in IFSC has to be registered with the IRDAI, the following para may be inserted for consistency with foreign insurer/reinsurer (Please refer Regulation 5(2)(h)):</p> <p><i>“the Applicant complies with the solvency margin as stipulated by the IRDAI”</i></p>	
27	5	5(1) & 5(2) Read with Regulation 15	<p>Clarity is required as to the scope of operation of Units: For the purpose of removing any overlap or conflict with the sector regulator (IRDAI), the units established in IFSC should not be permitted to transact business in main land India.</p> <p>The IRDAI has established regulatory framework on registration of insurance/reinsurance companies to transact insurance business in India and also for setting up foreign reinsurers branches (FRB) in India. The IRDAI has procedure in place for granting permission to registered insurers/reinsurers to set up branches in foreign jurisdiction.</p>	

28	5	5(2)(d)	Reference may be changed to sub-regulation (2) of Regulation 6 of the Insurance Act, 1938.	
29	5	5(2)(f)	Not Numbered.	
30	5	5(5)	Not clear whether or not Net owned fund, capital and other requirements apply here.	
31	5	5(8)	Not all conditions shall be eligible for relaxation for ex., solvency margin/ratio, capital requirement shall not be relaxed. This may be reviewed by IFSC.	
32	5	(1) (c)	The term for Indian insurer or re-insurer used is “setting up of business” whereas that for a foreign insurer or re-insurer, the term used is “setting up a branch in IFSC”. A clarification is sought on whether these terms have different implications.	A clarification is required to avoid any misinterpretation or confusion.
33	5	(2) (a) to (i)	The term “Applicant” has been defined in the proposed Regulations, however, the same has not been uniformly used. A clarification is sought whether the term “Applicant” and “applicant” have the same meaning.	A clarification is required to avoid any misinterpretation or confusion.
34	5	(3)	Addition of eligibility conditions for Indian public companies.	<p>While we have noted the non-obstante clause in Regulation 5(9), for the sake of completeness, we would recommend that the additional eligibility criteria for public limited companies incorporated under the Companies Act, 2013 is also specified in these Regulations.</p> <p>In our view, these additional conditions should help the Authority ascertain the bona fide credentials of such Applicants and their ability to meet all responsibilities associated with operating an IIO at the IFSC.</p> <p>Clarification is also required on disclosures and information to be provided by such Applicants, since there are no forms provided for them in Schedule I to these regulations (as has been done in the cases of Indian and foreign insurers and reinsurers).</p>

35	5	(4)	Addition of eligibility conditions for Indian co-operative societies.	<p>While we have noted the non-obstante clause in Regulation 5(9), for the sake of completeness, we would recommend that the additional eligibility criteria for Indian co- operative societies registered under the Co- operative Societies Act, 1912, is also specified in these Regulations.</p> <p>In our view, these additional conditions should help the Authority ascertain the bona fide credentials of such Applicants and their ability to meet all responsibilities associated with operating an IIO at the IFSC.</p> <p>Clarification is also required on disclosures and information to be provided by such Applicants, since there are no forms provided for them in Schedule I to these regulations (as has been done in the cases of Indian and foreign insurers and reinsurers).</p>
36	5	(5)	Addition of eligibility conditions for foreign “body corporates”.	<p>Regulation 5(5)(a) and Regulation 5(5)(b) of these regulations stipulate the conditions subject to which a “body corporate” incorporated outside India may become an “Applicant” under these regulations. While we have noted the non-obstante clause in Regulation 5(9), for the sake of completeness, we would recommend that these conditions would need to be supplemented with additional eligibility conditions, which should also be specified in these Regulations.</p> <p>In our view, these additional conditions should help the Authority ascertain the bona fide credentials of such Applicants and their ability to meet all responsibilities associated with operating an IIO at the IFSC.</p> <p>Clarification is also required on disclosures and information to be provided by such Applicants, since there are no forms provided for them in Schedule I to these regulations (as has been done in the cases of Indian and foreign insurers and reinsurers).</p>
37	5	(1) (b) (2) (c)	The eligibility condition of continuous operation of 5 years should be waived or reduced to 3 years.	<p>There may be new insurers or reinsurers or insurers that may want to consider the IFSC opportunity.</p> <p>Considering the recent technology advancement, many new Insuretech companies may like to set up in GIFT IFSC.</p>
38	5	(1) (c)	The requirement of NOC from IRDA should be done away with.	<p>Requirement of NOC from IRDAI for Indian Insurance Companies will lead to duplication of process. There should be a mechanism through which the application processes smoothly without the need for interaction with multiple regulators.</p>

39	5	5 (1 & 2) Eligibility Conditions for Registration (e) & (f)	Board of the applicant should be replaced by the phrase Board of the Applicant or the Executive Committee of the Foreign Reinsurer Branch	The Executive Committee of the Foreign Reinsurer Branches have delegated authorities of the Board of the Foreign Reinsurer to take key decisions and are empowered to provide conformations on behalf of Board.
40	5	(1) (b)	Minimum years of operation: The eligibility condition of continuous operation of 5 years may be done away with.	There will be entities that are not undertaking insurance business (Indian as well as foreign) that may wish to explore the opportunity at IFSC for insurance and therefore, the Draft Regulations should not nip such opportunity in the bud for such new entities. We are witnessing considerable entrepreneurial activity in the financial services space and there is a possibility that entities may decide being their journey with IFSC rather than DTA or other jurisdictions. So long as they are otherwise eligible they may be permitted to set up shop as IIOs.

41	5		<p>The Authority may authorise a Company Secretary in Practice (PCS) to certify the Form for processing an application for registration as an insurer or reinsurer.</p> <p>PCS will certify that an applicant seeking registration under regulation 5 has complied with the conditions laid down in regulations and is eligible for operating as an insurer or reinsurer, governed by the provisions of these regulations and any other regulations that have been formulated by the Authority.</p> <p>This certification in form of a 'Certificate of Compliance' will provide assurance to the Authority about the fulfilment of conditions mentioned in the Form and will assist in faster disposal of applications for registration as an insurer or reinsurer.</p> <p>The ICSI may provide the draft format of the Certificate of Compliance upon hearing from your good office.</p>	<p>A Company Secretary is well versed with memorandum of association, articles of association, byelaws, and ownership and governance structure of a company or LLP or body corporate or partnership firm or proprietorship firm or any other form and can ascertain requirements relating to the structure, shareholding, net worth, etc. required for the formation of an insurer or reinsurer.</p> <p>The certification by a PCS will give necessary assurance to the Authority while registering an insurer or reinsurer as the Authority will not be required to review each aspect threadbare which will speed up the process of approval.</p> <p>Company Secretary is widely acclaimed for the understanding of laws not only from a legal perspective but also from a management and technical perspective.</p> <p>Company Secretary is provided with exhaustive exposure by the ICSI through coaching, examination, rigorous training and continuing professional development programmes and is governed by the Code of Conduct as prescribed in the Company Secretaries Act, 1980.</p> <p>A Company Secretary in Practice (PCS) renders various services viz. certification/ attestation, compliance, advisory, representation and arbitration, conciliation services and the other services as prescribed under Section 2(2) of the Company Secretaries Act, 1980 to the corporations, body corporates, societies, trusts, associations, enterprises, undertakings, etc.</p> <p>A PCS is authorised to undertake the following certification and audit services:</p> <ul style="list-style-type: none"> • to certify Registration along with Article of Association, Memorandum of Understanding, Details of Promoters/ Partner/ Shareholder, Net worth, Paid up Capital, Foreign Direct Investment in the company for the purpose of Application for Grant of Unified License (Virtual Network Operators)/ Authorisation for Additional Services {Department of Telecommunications (Access Service Cell) [Notification No. 800- 23/2011-VAS (Vol. II)]} • to certify that the applicant has complied with all the requirements
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				<ul style="list-style-type: none">• to issue No Objection/Tax Clearance Certificate regarding transfer of capital contribution/ profit shares of a Limited Liability Partnership from resident to non- resident / non-resident to resident. [Form Foreign Direct Investment-LLP-(II) of RBI/FED/2015-16/13 FED Master Direction No. 18/2015-16]
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42	6	<p>Words “as specified in First Schedule of these Regulations” and “together with such fees as may be prescribed from time to time” can be inserted in Regulation 6 as follows: <i>“An Applicant seeking registration as an IIO may make an application in the form <u>as specified in First Schedule of these Regulations</u> and manner as specified by the Authority <u>together with such fees as may be prescribed from time to time</u></i>”</p>	For clarity in the proposed Regulations.
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43	6	Second Schedule	Lloyd's and the related framework in IFSC should be dealt with under a separate regulation.	Lloyd's has a unique structure which is differently from the other insurers and reinsurers. Lloyd's and its syndicates should have a proper enabling framework keeping in mind their distinct structure and therefore a separate framework for Lloyd's would be beneficial.
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44	6	Second Schedule	Lloyd's and the related framework in IFSC should be dealt with under a separate regulation.	<p>Lloyd's is a marketplace or a platform unlike other entities and therefore it is completely different as a structure from other insurers and reinsurers.</p> <p>Given the distinct nature of Lloyd's, its structure, its operation and the scope of its activities it will be ideal that a separate regulatory framework is created in IFSC for Lloyd's.</p> <p>Such platform is ideally suited for IFSC as the other defects/inefficiencies of the DTA model can be ironed out here.</p> <p>Having Lloyd's framework here will be beneficial from a reputational as well as business point of view as it will instill confidence among other players. Currently more than 60 syndicates from Lloyd's get business from India and there is an inherent potential in IFSC to make the IFSC as a gateway for reinsurance business from India for Lloyd's syndicates.</p> <p>Lloyd's platform can also be used to create a market/framework for P&I clubs in IFSC in future.</p>
45	7	Chapter III regulation 7	The registration format may mention the jurisdiction into which those units can do business.	
46	7		<p>It is suggested that clarity may be provided on the applicability of provisions pertaining to appointment of following officer's for IIOs operating in IFSC prior to the notification of Draft - IFSCA (Registration of Insurance Business) Regulations, 2021.</p> <p>(a) Chief Executive Officer, and (b) Chief Underwriting Officer; and (c) Chief Financial Officer</p>	<p>The existing guidelines i.e. IRDAI (Registration and operation of International Financial Service Centre Insurance Office (IIO), 2017 states only about appointment of Principal Officer or Chief Executive Officer and hence the existing IIO branches may not be able to be appoint new officers.</p>

47	18	(7) (i) & (ii)	There should not be separate requirements for (a) Chief Executive Officer, and (b) Chief Underwriting Officer; & (c) Chief Financial Officer for the Office	Having separate Key Management Persons for the Satellite Offices will create operational challenges and feasible for the Foreign Reinsurers. The same Key Management Persons of the FRB i.e. the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Underwriting Officer (CUO) can oversee the operations at the Satellite Office thus ensuring Lean governance. Additionally, A) A Principal Officer (reporting to the Chief Executive Officer) B) Financial Manager (reporting to the Chief Financial Officer) C) Underwriting Manager (reporting to the Chief Underwriting Officer) could be appointed dedicatedly at the Satellite Branch.
48	8		The proposed Regulation provide for 30 day time period for rectifying any deficiencies in the application and if the deficiencies are not removed within that period, the applicant will be refused registration. In our view, if the applicant is not able to rectify the deficiencies within the 30 day period, he should have the right to apply for extension of time period (say for another 30 days) and only if the deficiencies are not removed within the 30 day period or extended time period, the applicant should be refused registration as IIO.	30 days is too short period for rectification of deficiencies.
49	9		Refusal to grant registration may have appeal mechanism given in the regulation	Applicants shall have the right to appeal.
50	10	10	Need to re-word this as "Class of businesses" for consistency in lieu of "Insurance business".	

51	10	10, 11, 12 and 13	<p>In Permissible Activities,</p> <p>1) Indian Insurers should be permitted to undertake direct and reinsurance business under the same license.</p> <p>2) Applicants (whether Indian Insurers or Foreign Insurers/Reinsurers) should be permitted to undertake activities over and beyond what their home regulators permit</p> <p>3) In case of reinsurance business, it needs to be clarified that an IIO will be permitted to reinsure all lines of insurance business i.e. life, general and health.</p>	<p>Indian insurance companies (direct) can only take advantage of the IFSC opportunity if they are allowed to also undertake reinsurance business. They will not be able to undertake direct business in admitted jurisdictions and therefore the opportunity size will be primarily restricted to IFSC itself and SEZs in India.</p> <p>Further, at a more fundamental level IFSCA may make independent assessment of whether it can permit a particular line/class of business.</p>
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52	10	10 (additional definition)	<p>sub clause (e) on permissible activities to include services/activities as defined in the regulations set out for service offices as mentioned in IFSCA GLOBAL IN-HOUSE CENTRES) REGULATIONS, 2020).</p> <p>No separate registration or set-up is necessary, services will be within the ambit of the satellite office.</p>	<p>India has Multitude of factors favouring it to be regional reinsurance hub for South East Asia both geographically and economically. Geographically, India is in the core of South Asia and has amicable relationships with the Chinese and Middle Eastern markets. Economically, India is forging ahead as an emerging economy with increasing growth rate. Environmentally, the frequency and severity of natural catastrophes call for proactive and innovative reinsurance mechanisms to mitigate the impact of disasters.</p> <p>Also, insurance penetration and increase in awareness will help in growth of direct business, which will enhance the insurance/reinsurance need and further aid India in becoming a regional reinsurance hub.</p> <p>This will further lead to</p> <ul style="list-style-type: none"> A) Job Creation B) Capability Building C) Create International reinsurance exposure for Indian talented professionals <p>The Government paved way in making India the Reinsurance Hub by liberalizing the insurance sector and allowing the foreign Reinsurance branches (FRBs) to be setup in India vide the Insurance Laws (Amendment) Act.</p> <p>Having said the above, the aim of the Government and the regulatory bodies to make India a regional Reinsurance Hub can be achieved only if the reinsurance sector of India is allowed to go beyond working only as a reinsurer and allowed to develop and provide technical capaCity and financial capaCity. Allowing Risk based services will give the necessary impetus to the development of the Insurance sector in the country.</p> <p>Permission to carry out services could be allowed while ensuring that the Service Fees always remains less than the Reinsurance Premium.</p>
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53	10	10, 11, 12 and 13	<p>Reinsurance Business by Indian Insurance Companies</p> <ol style="list-style-type: none"> 1. Indian Insurers should be permitted to undertake direct and reinsurance business under the same license. 2. Applicants (whether Indian Insurers or Foreign Insurers/Reinsurers) should be permitted to undertake activities over and beyond what their home regulators permit 3. In case of reinsurance business it needs to be clarified that an IIO will be permitted to reinsure all lines of insurance business i.e. life, general and health. 	<p>There are two types of markets/jurisdictions in insurance, namely admitted jurisdiction and non-admitted jurisdictions.</p> <p>Non-admitted jurisdictions are the markets where the insurer need not be registered/licensed locally in order to undertake the direct insurance business.</p> <p>Most advanced/sophisticated insurance markets are admitted jurisdictions i.e. direct insurance business can only be undertaken by licensed/registered players.</p> <p>In admitted markets, however, non-licensed entities can undertake insurance</p> <p>Indian insurance companies (direct) can only take advantage of the IFSC opportunity if they are allowed to also undertake reinsurance business. They will not be able to undertake direct business in admitted jurisdictions and therefore the opportunity size will be primarily restricted to IFSC itself and SEZs in India.</p> <p>It may also be pertinent to point out that Indian Insurance companies have the capability to offer reinsurance support to other Indian insurers. To a certain extent such Indian Insurance Companies already offer such reinsurance support other insurers within DTA. Also, a significant portion of reinsurance premium is ceded out of India today. In alignment of the larger objective of IFSC (to onshore the offshore), the IIOs (that are direct players) may also be permitted to seek reinsurance placements from India subject to other applicable Indian regulation. This will make the business case for direct insurers stronger and encourage them to consider IFSC – in absence of the above the size of the opportunity may not be appetizing enough.</p>
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54	10	10 to 17 (Chapter IV) Permissible activities	<ul style="list-style-type: none"> IIO should be allowed to carry out all types of insurance business in one entity set-up including life, general, health and reinsurance Flexibility maybe provided on the type of products that can be offered by IIO. 	<ul style="list-style-type: none"> Generally, we understand that globally more than one type of insurance business is allowed to insurance companies and so IIO in IFSC should be allowed to do any type of risk to be insured, subject to adequate safeguards, as may be required. Further, the regulations at present do not provide the type of products that can be introduced by the IIO in the IFSC. In order to attract more insurers into the IFSC, especially foreign insurers, a flexibility may be provided for IIO to come up with different innovative products/ increase the type of products that can be offered as compared to those permitted presently by the IRDA regulations.
55	11		It is suggested that clarity may be provided on conduct of business by IIO in any freely convertible foreign currency, does it include INR also, since the regulations state that - An IIO registered to transact direct insurance business may transact such business from mainland India subject to extant provisions of the Insurance Act, 1938. It is also requested to define the term Mainland India.	Defining the term freely convertible foreign currency and Mainland India in the IFSCA current draft will help to remove any ambiguity.
56	11		It is suggested that formats/forms for preparation and submission of various financial and non-financial returns may be specified. Further, frequency of submission of these returns should be provided.	Standardization of formats / Forms and frequency of submission will help to ensure timely compliance.
57	11	--	Proposed provision: <i>"11. An IIO may conduct its business in any freely convertible foreign currencies, with such persons, whether resident in India or otherwise, through intermediaries registered in a country outside India as may be permitted by the Authority."</i>	<ol style="list-style-type: none"> The provisions may specifically permit engaging foreign intermediaries which are duly registered in the countries outside India. The provisions may clarify the approach as to the products which can be sourced through IIO, any boundary conditions for creating new products or the product approval process.
58	12		Regulation 12 should state the correct regulation no. as follows: <i>".....mentioned at regulation 10(a) or 10(b) or 10(c) or 10(d)."</i>	Regulation no. have been stated incorrectly.

59	12	--	Proposed provision: <i>"12. An IIO authorized to undertake direct insurance business shall be permitted to undertake any class of business mentioned at Regulation 10, either jointly or severally."</i>	Considering the global exposure and opportunities which may be available to an IIO, the insurers may be allowed explore other lines of insurance business, jointly or severally. This will allow more flexibility to the insurers to enhance insurance penetration and create awareness, across different lines of business. This is an important aspect especially in view of the global insurance framework where few countries allow sourcing of business even by non-admitted insurers. Allowing the requested flexibility as stated shall be necessary to enable the insurers face the competitive challenges. Few global geographies allow composite line of insurance business which will enable creating comprehensive insurance solutions.
60	13	--	The below provision may be removed: <i>"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."</i>	Considering the global exposure and opportunities which may be available to an IIO, the insurers may be allowed explore other lines of insurance business, jointly or severally. This will allow more flexibility to the insurers to enhance insurance penetration and create awareness, across different lines of business. This is an important aspect especially in view of the global insurance framework where few countries allow sourcing of business even by non-admitted insurers. Allowing the requested flexibility as stated shall be necessary to enable the insurers face the competitive challenges. Few global geographies allow composite line of insurance business which will enable creating comprehensive insurance solutions.
61	15	--	Proposed provision: <i>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. IIO shall be allowed to be transact business through intermediaries registered in a country outside India</i>	Since the insurers are being allowed to transact business from outside India, an enabling provision may be included allowing insurers to engage foreign intermediaries which are duly registered in the home country. This shall provide more opportunities to the insurers available in the global market.

62	16	Transact direct insurance business from DTA	<ul style="list-style-type: none"> · The term direct Insurance be defined · For Direct Insurance business from the DTA approval is required from IRDA. Approval should be given by the IFSCA only and multiple approvals should not be required for IIO to seek. · Suitable clarifications may be issued such that a life insurance policy/ Keyman insurance policy / annuity / pension policies taken on the life of an employee working in IFSC/ SEZ but domiciled in the DTA may be considered as direct insurance business in IFSC and hence permissible 	<ul style="list-style-type: none"> · The regulations provide that 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. · Section 2CB reads as under: <i>“Properties in India not to be insured with foreign insurers except with the permission of Authority —</i> <i>(1) No person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Authority.</i> <i>(2) If any person contravenes the provision of sub-section (1), he shall be liable to a penalty which may extend to five crore rupees.</i> · Therefore, IIOs registered to transact direct insurance business shall not be permitted to transact business in DTA without the approval of the IRDA. Approval from multiple regulators should not be required. Further exceptions should be provided for customer base in DTA that could take policies from IIO in IFSC. · It may thus be clarified that a life insurance policy issued by an IIO of a life insurance company to a person working in IFSC/ SEZ but domiciled in the DTA may be considered as direct insurance business in IFSC. · Similarly, Life insurance/ Keyman insurance policy taken on the life of an employee by an employer based in IFSC/ SEZ, may also be considered as direct insurance business from IFSC and hence permissible. · On a related note, the regulations do not specifically define the term “Direct insurance”, hence, it may be advisable to define the term to avoid any confusion and/ or for the sake of clarity.
63	17	17(2)	To elaborate the phrase “ <i>applicable Regulations</i> ”.	
64	18	(7)	It is suggested that ‘fit and proper’ criteria may be specified for appointment of above-mentioned officers.	This will enable a clear understanding on the criteria.
65	18	(9)	The period may be included from the date of refusal to submit a fresh application	To make it clear on the gap period to submit fresh application

66	18	(9)	It is suggested that Books of Accounts, Records and Financial Statements of an IIO may be allowed to be maintained in electronic mode at the registered office Head Office.	In the era of moving towards ease of doing business, digitalization has a significant contribution by ensuring speed, time saving and efficiency.
67	18	(9) Records maintained	· Customer data should not be covered or required to be stored in IFSC India and the Information technology Act should not apply to such customer data	· For seamless services to foreign customers by the foreign insurance companies setting up IIO in IFSC, there should not be a requirement to store data exclusively in India.
68	18	(12)	It is suggested that periodicity/due date for payment of fees and other charges may be specified.	The existing guidelines i.e. IRDAI (Registration and operation of International Financial Service Centre Insurance Office (IIO), 2017 prescribes annual fees to be paid every year before 31st January.
69	18	(6)	After Regulation No. 18(6)(iii), following regulation can be inserted: <i>“(iv) The Authority may revoke or suspend the Certificate of Registration if the IIO has not commenced business within the specified period of twelve months, or if extension is allowed then within an extended period of eighteen months, from the date of grant of Certificate of Registration.”</i>	For clarity in the proposed Regulations.
70	18	7(i)(a)	Word 'and' after Chief Executive Officer should be deleted	To remove any confusion and ambiguity in the proposed Regulations.
71	18	12(i)	<i>“An IIO shall pay such fees and charges, as may be specified by the Authority”</i> The above sub-regulation is quite vague and ambiguous. The proposed Regulation should specify clearly the items in respect of which fees and charges are to be paid by the IIO. For instance, any fee to be paid alongwith the application for registration, any annual fee to be paid by IIO to the Authority, any fee to be paid for issuance of duplicate Certificate of Registration etc.	To provide clarity and consistency in the proposed Regulation.
72	18	2(i) (b)	Validity period of registration of IIO	Since the Validity period of registration of IIO is proposed, the validity period may be given in CoR. In such a case, the provision on Renewal of Certificate of Registration is also required.
73	18	18(2)(1)	Requirements for an Indian reinsurer is not mentioned.	

74	18	18(3)	Reference currency, if applicable may be specified. The currency as per Insurance Act, 1938 is INR and not USD. To review this section for consistency.	
75	18	18(4)	The phrase “home country” may include India also. In that case, investment norms are governed by the respective regulators. The IFSC may examine this issue with reference to retention of funds in IFSC, if any.	
76	18	18(4)(c)	Unlike India, every jurisdiction may not have Appointed Actuary System. Rather, an Actuarial certificate from the parent insurer may be required regarding compliance with solvency norms.	
77	18	18(4)(c)	For better control, ideally each unit should have an Actuary as KMP who can certify the financial/actuarial position of the unit. The IFSC should have sufficient expertise particularly Actuarial to oversee the operations, including registration and subsequent monitoring of units (IIO) set up in IFSC.	
78	18	(2) (i) (a)	The assigned capital is to be held by Scheduled Banks in an IFSC.	The term “Scheduled Banks” is undefined and does the same is to be intended to read as an IBU in IFSC.
79	18	(3)	The terms “public company”, “wholly owned subsidiary” and “body corporate” are not used uniformly in the Regulations.	A clarification is required to avoid any misinterpretation or confusion.
80	18	(4) (i) (a)	The assets backing solvency margin are required to be backed by government bonds. A clarification is required whether such bonds can be of home country government or do these have to be Indian government bonds?	A clarification is required to avoid any misinterpretation or confusion.
81	18	(4) (i) (c)	Actuary is not defined in these Regulations, but it is defined under the Insurance Act 1938 to mean an actuary defined under the Actuaries Act, 2006. A clarification is required if such requirement is intended to mean that an Indian registered actuary will evaluate if the solvency margin requirements, in the case of foreign insurers, is maintained in accordance with the requirements of their home country regulator, at the head office of such foreign insurer?	A clarification is required to avoid any misinterpretation or confusion.

82	18	4(ii)	Will the terms “public company”, “wholly owned subsidiary”, and “body corporate” used herein be different from the applicant referred to in sub-clause (i) above?	A clarification is required to avoid any misinterpretation or confusion.
83	18	(4) (ii)	The clause provides that solvency margin has to maintained as notified by the Authority. Will such requirement be in addition to Reg.18 (4) (i)?	A clarification is required to avoid any misinterpretation or confusion.
84	18	(7)(b)(iv)	Fit and proper criteria for officers specified in sub-regulation (7) of Regulation 18.	Clarification is required on whether the fit and proper criteria will include specific training requirements or will be limited to general disqualifications. In our view, while it may not possible to set out an exhaustive list in relation to “fit and proper” criteria for such individuals, the Authority may consider providing an indicative “fit and proper” criteria so that the Applicants have clarity on the factors which they must consider prior to appointing officers specified in sub-regulation (7) of Regulation 18.
85	18	(2) and (3)	For a body corporate i.e. a foreign insurer and reinsurer it may not be possible to have paid up equity capital as per Insurance Act, 1938.	It is not amply clear under the current regulation whether assigned capital would be applicable for a body corporate or whether they will be required to infuse paid up capital.
86	18	18(2)(i)	It is suggested that the requirement to infuse the minimum assigned capital may be either in convertible foreign currency equivalent to USD 1.5 million, or INR 10 crores.	The requirement of USD 1.5 million will lead to foreign exchange fluctuations for Indian insurers if the capital is invested in convertible foreign currency due to change in the exchange rate fluctuations. Additionally, as per the extant investment regulations applicable, Indian insurers are not allowed to invest in foreign currency.
87	18	18(2)(i)(a)	It is suggested that the assigned capital requirement may be modified as suggested below: Such Assigned Capital, may be held in the form of Government Securities issued by the Government of India or held as deposits with Scheduled Banks in India or in such form and manner as may be notified by the Authority and shall be maintained by the IIO at all times during the subsistence and validity of its registration.	The existing regulations may include Government Securities. - Such Assigned Capital, may be held in the form of Government Securities issued by the Government of India, which may be notified by the Authority. This will increase the investment opportunities.

88	18	(7)	<p>De-Minimus criterion for KMPs</p> <p>The stipulation for elaborate KMPs like CEO, CFO and CUO for IIOs should be modified and be made subject to years of operation or GWP/scale of business. In the initial years, it will be helpful if some relaxation is accorded for this.</p>	<p>This is a common ask from many stakeholders.</p> <p>The requirement for senior management/KMPs should be done on a graduating scale/staggard basis. It may be linked to gross written premium or the number of years etc. Mandating the IIOs to have elaborate KMPs from the beginning may discourage some entities from considering the option.</p>
89	18	(1) Net owned Funds [NOF]	<ul style="list-style-type: none"> Consider reducing the NOF requirements for foreign insurers and reinsurers already having joint venture or Branch office in India which is considering IIO to conduct insurance or reinsurance business in IFSC 	<ul style="list-style-type: none"> The regulations provide that the NOF requirements for an applicant, being a foreign company engaged in re-insurance business through a branch established in an IFSC shall comply with NOF requirement prescribed under sub-section (3) of section 6 of the Insurance Act, 1938 (i.e. INR 100 crore at present); Foreign reinsurance companies have recently setup (from 2017) their branch office in India. They would have already incurred huge expenses for setting up branch office in India and are still in expansion stage. Further, such Foreign reinsurers already having set up a branch office in India would also already have fulfilled the NOF criteria, while setting up the branch in India. Hence, satisfying this additional NOF requirement for the IFSC branch may be burdensome and could be a dampener for such foreign reinsurers to set up an office in IFSC. Hence, it may be considered to dilute such requirements further, to ensure parity/ level playing field with Indian insurers/ reinsurers. <p>Further Foreign Insurance Companies that have joint venture in India have already infused capital in the Indian JV. They should be allowed to set-up IIO in IFSC with reduced NOF requirements as compared to other foreign insurance companies who donot have JV or branch in India.</p>
90	18	18 (4) Solvency Margin Requirement	<ul style="list-style-type: none"> The Solvency margin requirements may be relaxed and made a little more flexible compared to the existing solvency margin requirements for insures as prescribed by the IRDA regulations 	<ul style="list-style-type: none"> The solvency margin requirements prescribed presently (i.e. 150%) for registered insurers as per the IRDA regulations is stringent, and majority insurers try to maintain an adequate buffer of approx. 20% over this to ensure that they do not breach the condition. As these existing insures would have some buffer and reserves created over the years, <i>plus</i> assigned capital for the IIO, the solvency requirement conditions may be considered to be relaxed for such applicants to attract more investments into the IFSC.

91	18	7(iv) – requirements related to the officer	<ul style="list-style-type: none"> Permit 'Foreign Insurer or Foreign Reinsurer already having a branch office in India to have common officers 	<ul style="list-style-type: none"> The regulations provide that mentioned officers shall: <ul style="list-style-type: none"> (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 Foreign Insurers or Foreign Reinsurers already having a branch office in India would have already appointed suitable officers for managing the operations in India. Hence, they may be permitted to have common senior officers to supervise the overall operations on an all India basis, to ensure consistency in operations and efficiency in costs and efforts
92	18	(9) Books of accounts, records and documents	<ul style="list-style-type: none"> Requirements for books of accounts, records and documents may be kept similar to those presently applicable to insurance companies outside the IFSC 	<ul style="list-style-type: none"> The regulations provide that an IIO shall maintain its books of accounts, records and documents in such form and manner as may be specified by the Authority To ensure that there is no duplication, and to maintain consistency, the said requirements may be kept similar to those presently applicable to such insurance companies outside the IFSC
93	21	1	not in the interests of the International Financial Services Centres, instead it may be not in the interests of insurance market or public interest	The interests of the insurance market or public interest are primary than that of IFSC.
94	21	(1) and (2)	Action in case of default does not expressly include monetary penalties.	While the Authority has wide powers under Regulations 21(1) and (2), clarification is required on whether the Authority intends to enforce monetary penalties in case of default by IIOs. If so, the Authority may consider setting out details thereof.
95	21	Action in case of default	<ul style="list-style-type: none"> Penalties that could be attracted should be specified. 	<ul style="list-style-type: none"> Generally, the entities would like to know the maximum quantum of penalties that could be levied in case of inadvertent defaults, etc. Hence, it may be considered to add the details of penalties for non-compliances.

96	22		Following regulations can be added in Regulation No. 18: “An IIO, who has been granted Certificate of Registration, may choose to voluntarily surrender its Certificate of Registration by making an application to the Authority stating the reasons for surrender and the application shall be accompanied by such documents as may be specified by the Authority from time to time. On being satisfied with the reason for surrender, the Authority may pass an order agreeing to the surrender of Certificate of Registration by an IIO and the surrender shall be effective from the date of order of the Authority.”	Including the said regulation will provide clarity as to the procedure for voluntary surrender of Certificate of Registration.
97	22	23	It may be appropriate if basic procedure is prescribed. ex., any lock-in period (minimum years after which surrender is allowed) etc., Also, it may be made clear whether any registration can be canceled/revoked/suspended etc.,	
98	23	23(1)	IFSC Act may not have indicated any authority to repeal another regulator’s guidelines. The IRDAI guidelines dated 21.12.2017 were designed for the insurers/reinsurers regulated by the IRDAI who wants to open units in IFSC. Hence it is valid from IRDAI’s point of view. However, it is observed that there are certain areas where it overlapped with IFSC draft regulations. Those areas will be relooked by the IRDAI and may amend the guidelines once the IFSC Regulations are notified.	
99	--	--	The Regulations may provide necessary provisions/clarity in respect of the below aspects: 1. Whether the insurer can source products/services to Non Resident of Indians through NRE/NRO Account. 2. Specific provisions in respect of investments by IIO. 3. List of countries for IFSC tie ups. 4. Reg 18(2) prescribes insurers to maintain Assigned Capital as deposits with scheduled banks in an IFSC or in such form as may be notified by the Authority. Whereas, Reg 18(4) requires asset backing the solvency margin should be invested in government bonds.	The rationale on the respective suggestions are as below: 1. It is necessary to provide clarity in respect of handling of business sourced to Non- resident Indians or claims servicing through NRE/NRO account in view of their denomination/restrictions. 2. The regulations prescribe parameters for solvency and assigned capital, however more clarity may be provided in respect of investments allowed by an IIO. 3. The regulations may also provide a list of countries which facilitate tie-up with IFSCs so as to enable insurers explore competitive jurisdictions. 4. As the assigned capital may also be an eminent of consideration under solvency margin, a consistent approach may be provided by amending the regulations suitably.

100			<p>The proposed Regulations do not cover provisions in respect of issuance of a duplicate Certificate of Registration in case the original has been lost or destroyed or mutilated. Accordingly, following regulations can be included after Regulation No. 22.</p> <p><i>“23 Issue of a Duplicate Certificate of Registration</i></p> <p><i>(1) In case a Certificate of Registration is lost or destroyed or mutilated, the IIO shall submit to the Authority an application for issue of a duplicate Certificate of Registration in such form and manner as may be specified by the Authority.</i></p> <p><i>(2) Every application under sub-regulation (1) for issuance of a duplicate Certificate of Registration shall be accompanied with such fee payable in such manner as may be specified by the Authority.</i></p> <p><i>(3) The Authority, on being satisfied that the original Certificate of Registration has been lost, destroyed or mutilated, shall issue a duplicate Certificate of Registration in such form and manner as may be specified by Authority.”</i></p>	<p>Including the said regulation will provide clarity as to the procedure for issuance of duplicate Certificate of Registration.</p>
101			<p>If the above Regulation is included, then Regulation No. 23 will have to be re-numbered.</p>	
102			<p>ensure to resolve the grievances of policyholders</p>	<p>Resolution mechanism for grievances of policyholders may be provided. Alternatively, this may also form part of conditions of CoR separately in the form of covering letter issuing CoR.</p>
103			<p>Outsourcing of activities of IIOs</p>	<p>It can either be covered in conditions of CoR or in regulations. If additional guidelines are contemplated, this may be covered in guidelines.</p>
104	18	(12)	<p>Provision for application processing fees may be specified</p>	<p>Actual fee may be included in separate guidelines or in other common document</p>

105			The following provision may include; The powers exercisable by IRDAI under this IRDA Act, 1999 shall be exercisable by the International Financial Services Centres Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019,	Any provision not covered herein the regulations can be included by this general provision.
106			Regarding Actuarial and other Reporting requirements, if any, an enabling condition may be mentioned in the regulations.	
107			The draft Regulations also combine a shareholding company structure, and a Lloyd's structure, thereby causing confusion is interpretation. As a result, we are unable to provide section wise comments, given that some of the sections of the Regulations don't seem to flow,	
108			We are not clear on the need for minimum assigned capital of USD 1.5 million, if the parent entity is providing an undertaking to meet all underwriting liabilities of the IIO, and also given that the solvency is being calculated and maintained at the parent level. Will the Regulatory Authority be prepared to allow Letter of Credit or Bank Guarantees as suitable capital instruments?	
109			The draft Regulations make reference to coverholders, but there does not appear to be a provision of setting up of coverholders in the IFSC. Will the IFSC allow for 100% foreign owned coverholders to be set up in the IFSC, with a view to offering specialist insurance products in India, from Gift City?	
110			The Order of Preference Regulations remains an issue for Lloyd's, and setting up in GIFT City will put Lloyd's underwriters at GIFT City behind GIC Re, Lloyd's India and FRBs.	

111			The draft Regulations require a CEO, CUO and a CFO for Lloyd's, and a CEO plus CUO for a service company. We consider that these requirements are onerous on Lloyd's and its service companies. Most international jurisdictions only require a CEO or Principal Officer to be appointed and resident in the Country.	
112			It is essential that Lloyd's be consulted formally by the IFSC, to ensure that the regulatory framework being considered and applied is fit for purpose. We would be happy to engage with the IFSC and help develop the appropriate Regulatory framework.	
113			Also, to avoid confusion and challenges to interpretation, we would suggest that the IFSC draft a separate set of rules for Lloyd's, as is done in other jurisdictions, including the IRDAI.	
114			Operational Matters 1. Investment conditions in IFSC as well as in domestic area. 2. Reporting requirements. 3. Substance requirements 4. Regulatory frameworks for Insurance / Reinsurance products approval. 5 Ring fencing of operations between India and IFSC unit.	The operational matters may be clearly defined in the regulations.
115			It is suggested that the guidelines should mention that the earlier regulatory framework on IIOs as prescribed by IRDAI for insurers/intermediaries as provided hereunder are superseded: <ul style="list-style-type: none"> · Corporate Governance · Protection of Policy Holder's Interest · Outsourcing of activities · Advertisement regulation etc. 	This will help IIOs to understand the applicability of regulations/circulars etc. issued by IRDAI.

116			Whilst we understand the IFSCA's aim of ensuring that all entities have the same treatment, we would suggest that the IFSCA draft a separate section for Lloyd's, to reflect the Lloyd's structure.	Unlike most insurance and reinsurance companies, which are shareholding companies or body corporates, Lloyd's is a marketplace, incorporated by a standalone Act of Parliament in the UK. Most regulatory bodies around the world(including the IRDAI) draft a separate set of regulations for Lloyd's, taking into account the unique structure of Lloyd's.
117			The Regulations place reinsurers in IFSC as Tier 3, and therefore will only be offered business after the onshore reinsurers have accepted their share of the risk.	At the outset, the IRDAI Order of Preference Regulations continues to remain an issue for Lloyd's, and we have been requesting the IRDAI to remove the Order of Preference Regulations, given the nature of reinsurance business, and the need for diversification of risk.
118	18	(2)	we are not clear on the need for assigned capital of USD 1.5 million, when the draft Regulations allow for the Solvency to be met and maintained by the Home Country regulations.	
119	18	(4)	As the solvency margin is being prescribed by the Home Supervisor, can we suggest that the Regulations recognise the investments to be maintained in accordance with the home supervisor's guidelines.	
120	7		IFSCA to keep only the requirement for a Principal Officer or CEO, and remove the need for a CUO and CFO.	This would be in line with the requirements across most jurisdictions, where only the CEO or Principal Officer needs to be appointed and resident in the Country.
121			the IFSCA would allow the same Principal Officer/CEO, to act on behalf of the branch in the IFSC, and also for the branch in India (under IRDAI purview).	
122			Also, if the Regulatory capital and solvency is being maintained at the parent entity, then there is no need for a local CFO to be appointed. It could be left to the discretion of individual entities to appoint the relevant senior management, as they deem appropriate for their businesses.	

123			The Second Schedule in the Draft Regulations make reference to a Coverholder. However, there appears to be no provision for coverholders to be set up in the IFSC.	Lloyd's sources over 30% of its business through delegated underwriting, mostly through its extensive Coverholder network around the World. We would therefore request the IFSCA to kindly consider the establishment of coverholders in the IFSC, to offer specialist insurance products from the IFSC into the Indian market. A coverholdey may hold a binding authority from one or more Lloyd's syndicates. A Coverholder may either be a 100% foreign owned entity or a joint venture with an Indian partner or a 100% Indian owned entity.
124		4(1)(c)	please remove reference to Singapore. Instead, the Regulation should read "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 the IFSC, including any notice or direction of the Authority to the member..."	
125			Regulations 6, 7, 8, 9 and 10 should also include Coverholders (along with service companies)	

The above comments were considered suitably and the revised draft of the IFSCA (Registration of Insurance Business) Regulations, 2021 was placed before the Authority in its meeting held on [September 24, 2021](#).