



Title:Exposure Draft

Reference No.:

Date:02/12/2015

Amendment to Regulation 28(9)-Order of preference of cessions by Indian insurers - IRDAI's (Registration and Operations of Branch offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015

Attention is drawn of all stakeholders regarding the IRDAI's (Registration and Operations of Branch offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015. As is known the Authority had issued the first exposure draft and based on the feedback from stakeholders issued the second exposure draft. Based on the observations of the members of the Insurance Advisory Committee, the Authority approved the draft regulations and notified Regulation 28(9) of IRDAI's (Registration and Operations of Branch offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 which reads as under:

Order of preference for cessions by Indian insurers – Every Indian insurer, in order of preference, shall offer for participation in its facultative and treaty surpluses:

- (a) to the Indian Reinsurer or to those granted certificate of registration as per Regulation 4(a) of these regulations or to other Indian insurers.
- (b) to those granted certificate of registration as per Regulation 4(b) of these regulations, only after having offered to atleastthree entities in (a) above.
- (c) to the offices of insurers set-up in Special Economic Zone, only after having offered to atleastthree entities in each of (a) and (b) above.
- (d) the balance may then be offered to overseas reinsurers, only after having offered to atleast three entities in each of (a), (b) and (c) above.

2. In the Authority's meeting held on 24th November, 2015 which included nominee of the Government of India it was viewed that the Indian Insurers should not be kept on par with the Indian Reinsurers and Branch Offices of Foreign Reinsurers as they undertake direct insurance business and do very little re-insurance business. Further GIC being an Indian reinsurer should enjoy preference in the order of cessions by Indian insurers.

3. The Authority based on the advice received from the Government of India in the Authority meeting proposes the following amendment to Regulation 28(9) which shall read as under:

Order of preference for cessions by Indian Insurers – Every Indian Insurer, in order of preference, shall offer for participation in its facultative and treaty surpluses;

- (a) To the Indian re-insurer and then to those granted certificate of registration as per regulation 4 (a) of these Regulations.
- (b) To those granted certificate of registration as per regulation 4 (b) of these regulations,
- (c) To the offices of foreign reinsurers set up in special economic zone, only after having offered to all entities in (a) and (b) above
- (d) The balance, if any, may then be offered to Indian Insurers and foreign reinsurers.

All stakeholders are requested to offer their comments/ suggestions on the proposed regulations for consideration of the same by the department. The comments/suggestions should reach the Authority by 15th December, 2015 in the format

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