

## Exposure Draft

Ref. No:

Date: 23.11.2022

### INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (EXPENSES OF MANAGEMENT OF INSURERS TRANSACTING GENERAL OR HEALTH INSURANCE BUSINESS) REGULATIONS, 2022

1. The Authority is in receipt of requests to review the Regulations from the stakeholders. Therefore, the current regulations have accordingly been reviewed.
2. The exposure draft of the EoM Regulations 2022 was placed on the website of the Authority for the comments of all stakeholders **on 01.08.2022**.
3. Detailed deliberations /consultations were also held with the stakeholders in various forums.
4. The comments/ suggestions received from the stakeholders have been examined and incorporated suitably in the proposed regulations.
5. We are in receipt of the comments / suggestions from the stakeholders on the proposed regulations even on date.
6. In order to re-engage with the stakeholders and to consolidate their comments on the revised proposed Regulations, the exposure draft of revised IRDAI (Expenses of Management of Insurers Transacting General or Health Insurance Business) Regulations, 2022, is attached as **Annexure – A** for their comments/suggestions.
7. Some of the salient features of the draft Regulations are as under: -
  - (i) The Regulations supersede the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016;
  - (ii) Applicability of the Regulations **w.e.f. 01.04.2023**;
  - (iii) Insertion of single limit of Expenses of Management as against existing segmental /sub-segmental limits;
  - (iv) Revision of limits on expenses to: -
    - a. 30 percent in case General Insurers,
    - b. 35 percent in case of Standalone Health Insurers,  
of gross premium written in India in that financial year.
  - (v) Insertion of additional allowances towards Rural Sector & Govt. Welfare oriented schemes;
  - (vi) Insertion of additional allowances for expenses towards 'Insurtech' and 'Insurance Awareness';
  - (vii) Manner of transfer of benefits, arising from reduction of expenses to the policyholders by way of reduction in the premium;
  - (viii) Submission of Board approved business plan on the projected capital requirements, projected solvency requirements and projected expenses of management in terms of allowable limits;
  - (ix) Authority may grant forbearance to new insurers in case of excess expenditure up to first 5 years of 'duration of business';
  - (x) Glide path of three years up to FY 2025-26 for insurers which are not compliant with the expense limits laid down in the Regulations;

(xi) No variable pay to Managing Director (MD) / Chief Executive Officer (CEO) / Whole-Time Directors (WTD) and Key Management Persons (KMPs) for the said financial year in which the actual expenses exceeds the projected expenses by more than 10 percent.

8. All the stakeholders are requested to forward their comments / suggestions, if any, on the proposed regulations (**Annexure-A**) in the attached format (**Annexure- B**) on or before 5:00 PM on 15<sup>th</sup> December, 2022 to [finance-nonlife@irdai.gov.in](mailto:finance-nonlife@irdai.gov.in).