



Guidelines on repatriation of dividends by insurance intermediaries having majority by foreign investors

Background

Authority has notified IRDAI (Insurance Intermediaries) (Amendment) Regulations, 2019 for allowing 100% Foreign Direct Investment in insurance intermediaries. One of the conditions specified in the said regulation is that the insurance intermediary that has majority shareholding of foreign investors shall take prior permission of the Authority for repatriating dividend. Now in exercise of power under the following provisions:

- i) Regulation 59(3) of IRDAI (Insurance Brokers) Regulations, 2018,
- ii) Regulation 42(b) of IRDAI (Insurance Web Aggregators) Regulations, 2017,
- iii) Regulation 28 of IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015,
- iv) Regulation 32 of IRDAI (Registration of Corporate Agents) Regulations, 2015,
- v) Regulation 26 of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015,
- vi) Regulation 27 of the IRDAI (Third Party Administrators – Health Services) Regulations, 2016

the Authority issues Guidelines on repatriation of dividends by the respective insurance intermediaries that has majority shareholding of foreign investors.

1) Application for grant of permission for repatriation of dividends by insurance intermediaries that has majority shareholding of foreign investors

An insurance intermediary that has majority shareholding of foreign investors seeking permission for repatriation of dividends, shall make an application to the Authority in Form RD-1.

2) Consideration by the Authority for granting permission – The Authority shall take into consideration the following points while considering the request made by the insurance intermediary:

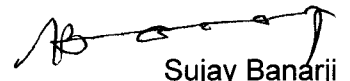
- a. The insurance intermediary has a net-worth of 1.5 times of the statutorily required minimum paid-up capital as specified in the respective insurance intermediary regulations after the proposed dividend payout.

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- b. The insurance intermediary has not made any payments (other than dividends) beyond 10% of the total expenses of the company in the financial year to related parties taken as a whole.
- c. Latest technological, managerial and other skills brought by the insurance intermediary
- d. The proposed dividend shall be payable out of the current year's profit.
- e. The Authority has not placed any restrictions on the insurance intermediary for declaration of dividends
- f. The insurance intermediary has complied with the provisions of the Insurance Act, 1938, IRDA Act, 1999, Rules, Regulations, guidelines, circulars, directions issued by the Authority
- g. Any other point which the Authority may consider relevant.

3) Quantum of dividend payable

- i. The dividend payout ratio shall not exceed 75%. Dividend payout ratio shall be calculated as a percentage of "dividend payable in a year" (excluding dividend tax) to "profit after tax during the year"
 - ii. In case the profit for the relevant period includes any extra-ordinary profits/ income, the payout ratio shall be computed after excluding such extra-ordinary items for reckoning compliance with prudential payout ratio
 - iii. The financial statements pertaining to the financial year for which the insurance intermediary is declaring a dividend should be free of any qualifications by the statutory auditors, which have an adverse bearing on the profit during that year. In case of any qualification to that effect, the net profit should be suitably adjusted while computing the dividend payout ratio.
- 4) Time period for disposal of application** – If an application is not cleared/ approved without any query raised or clarification sought within 30 days of receipt of the application, it would be deemed as approved. Further if a query is raised or clarification sought, then on receipt of satisfactory reply to the query or satisfactory clarification from the applicant, the application shall be disposed off within 30 days of receipt, failing which the application shall be deemed to have been approved.
- 5) Power of the Chairman to issue clarifications:** In order to remove any difficulties in respect of the application or interpretation of any of the provisions of these Guidelines, the Chairperson of the Authority may issue appropriate clarifications from time to time.


Sujay Banarji
Member, IRDAI

Form RD – 1 (Clause 1)

Application for grant of permission for repatriation of dividends by insurance intermediary that has majority shareholding by foreign investors

S. No.	Particulars	
1	Name of the Insurance Intermediary Registration No.	
2	Category of the Insurance Intermediary – (Insurance broker/ Insurance web aggregator/ Insurance marketing firm/ Corporate Agent/ Insurance Surveyor and Loss Assessors/ Third Party Administrators – Health Services)	
3	Accounting Period	
4	Minimum Paid-up Capital (Rs.)	
5	Net-worth as on 31.3.20__ (Rs.)	
6	Total Expenses of the insurance intermediary in the financial year 1.4.20__ to 31.3.20__	
7	Payments (other than dividends) made by insurance intermediary to related parties taken as a whole during the FY 20__ - 20__	
8	Latest technological, managerial and other skills brought by the insurance intermediary	
9	Profit After Tax for the FY 20__ - 20__ (Rs)	
10	Rate of Dividend	
11	Amount of proposed dividend (excluding dividend tax) (Rs)	
12	Payout Ratio (11/9)	
13	Extraordinary profits/ income	

- Please attach Audited Financial Statement for the financial year 20__ to 20__

THIS DECLARATION IS TO BE SIGNED BY THE PRINCIPAL OFFICER/ CEO

- 1) I hereby apply for seeking permission for repatriation of dividends in respect of FY 20__ - 20__
- 2) I have read the IRDAI Guidelines on repatriation of dividends by insurance intermediaries and confirm that:
 - a. I am eligible to apply for grant of permission for repatriation of dividends.
 - b. I state that we have provided correct and complete information to the above particulars which might reasonably be considered relevant for the purposes of grant of permission.
 - c. I confirm that
 - i. We have complied with the provisions of the Insurance Act, 1938, IRDA Act, 1999, Rules, Regulations, guidelines, circulars, directions, etc issued by the Authority
 - ii. the proposed dividend shall be payable out of the FY 20__ - 20__.
 - iii. the Authority has not placed any explicit restrictions on us for declaration of dividends
 - iv. the dividend payout ratio does not exceed 75%
 - v. the financial statements pertaining to the financial year for which we are declaring the dividend is free of any qualifications by the statutory auditors, which have an adverse bearing on the profit during that year
 - vi. the networth is 1.5 times the paid-up capital after proposed dividend payout
 - d. I declare that the information supplied in the application form is complete and correct.

(Signature of the Principal officer/ CEO)

Place:

Date: