



बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY

Circular No. IRDA/ 34/ For Office/ 08-09

21<sup>st</sup> January, 2009

To  
CEO's of all Insurers

Dear Sir / Madam

**Revised Guidelines for opening of representative/ liaison offices overseas by an Indian insurance company registered with the IRDA**

We advise having reviewed the IRDA guidelines for opening of representative/ liaison office overseas by an Indian insurance company registered with the IRDA, (vide Authority supercedes Circular No. IRDA/ 042/ For Office/ 06-07 8<sup>th</sup> January, 2007) in the light of views expressed by the insurers. The following revised guidelines are accordingly issued in supercession thereof:

1. A "Representative/ Liaison Office" would mean a place of business to act as a channel of communication between the Principal place of business or Head Office by whatever name called and entities in India but which does not undertake any commercial/ trading/ industrial activity, directly or indirectly, and maintains itself out of inward remittances received from abroad through normal banking channel.

**Eligibility:-**

2. All Indian insurance companies registered with IRDA shall seek prior approval of the Authority for opening representative/ liaison offices abroad.
3. The Indian insurance company should have obtained approval or an in-principle clearance from the host country regulator.
4. IRDA may consider permitting Indian insurance companies to set-up representative/ liaison offices overseas so long as
  - a. Insurer has a good financial strength (as exhibited in the accounts) and maintains the prescribed solvency requirement of 1.5.



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- b. Track record on market conduct, regulatory compliances, redressal of complaints, etc. indicates that there are no serious adverse features on the functioning of the company on the record of IRDA.
5. Eligible Indian insurance companies desirous of opening representative/ liaison offices overseas shall apply to the Insurance Regulatory and Development Authority in Form IRDA-FO-1 attached as Annexure "1".

**Conditions to be complied with:-**

6. The opening of representative/ liaison offices would be approved subject to the following conditions:
- The representative office would function as an extended arm of Indian insurance company and hence should not contract any liability outside India.
  - The companies can undertake development and promotional activities such as gather financial, economic and commercial information, educate prospects about advantage of insurance, carry out promotional activities and promote company's products amongst the people, customer service activities, identify prospects living in the host country, act as a channel of communication, conduct seminars, educate prospects of the various insurance avenues, etc. The companies can arrange to identify the prospects among non-resident Indians through the representative/ liaison offices but, the acceptance of the proposal and underwriting of risks shall be done only in India. Consequently the policies to be issued will be designated only in Indian rupees.
  - No agent would be permitted to be engaged and therefore no commission in whatever form shall be paid.
  - Payment of fees by whatever name called would not be permitted outside the country for lead generation, etc notwithstanding any relaxation from the FEMA angle. This entire activity would invariably be the responsibility of Indian staff of the insurers placed in the liaison office or at Headquarters in India.
  - The policies issued should be fully compliant with Know your Customer (KYC) and Anti-Money Laundering (AML) guidelines.




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- f. The Indian insurance company would continue to comply with the Foreign Exchange Management Act, 1999 and any other law in force governing the operations of such offices.
- g. The permission for opening of representative/ liaison office overseas by an Indian insurance company registered with IRDA shall be subject to the terms and conditions as may be stipulated by the Authority from time to time.

**Reporting requirements:-**

- 7. The insurance companies would be required to furnish information to IRDA on the business mobilized through the representative/ liaison office, expenditure incurred, details of complaints received and redressed. The reports shall be submitted on a quarterly basis. At the close of financial year an annual report giving full details of the activities undertaken, expenditure incurred, etc. should be submitted to the Authority. The annual report should also certify that the expenditure incurred at the overseas centre together with the Indian operation is well within the limits specified.

The above guidelines are issued by the Insurance Regulatory and Development Authority (IRDA) under the powers granted to it under Section 114 (zd) of the Insurance Act, 1938. It is advised that companies who had applied earlier for the Authority's permission to open offices abroad and which are pending, may resubmit fresh applications in the light of the above guidelines.

  
C.R. Muralidharan  
Member



**IRDA-FO-1**

**The Chairman**  
**Insurance Regulatory and Development Authority,**  
**3<sup>rd</sup> Floor, Parisrama Bhavan,**  
**Basheer Bagh,**  
**Hyderabad 500 004**

Sir,

**Re: Application for opening of a representative/ liaison office overseas by an Indian insurance company registered with IRDA**

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
<b>A</b>	<b>General Information</b>	
1	Full Name of the Insurance Company	
2	Place and Date of Incorporation	
3	Address of Head Office	
4	Registration No.	
<b>B</b>	<b>Ownership &amp; Management</b>	
1	List of names and addresses of directors and their qualifications and principal business	
i)	Name & Address	
ii)	Qualifications	
iii)	Principal Business	
2	Name, Address and contact details of Chief Executive Officer of the proposed representative/ liaison office	
3	Name, designation, address and contact details of senior official at Head Quarters who will be responsible for overseeing the company's representative/ liaison office overseas	
<b>C</b>	<b>Details of proposed representative/ liaison office overseas</b>	
1	Location	
2	Purpose of opening the representative/ liaison office overseas	
3	Activities proposed to be undertaken.	
4	Estimated annual expenses and sources and manner of meeting these expenses	
5	Whether approval of the Government of India (in respect of LIC/ PSU's only) and Board of Directors has been taken. If so, please submit certified copies of necessary approvals.	
6	Copies of Government/ Regulatory approval or in-principle clearance from host country	

<b>D</b>	<b>Financial Position of the Insurance Company</b>	
1	Details of capital: i) Paid-up capital: ii) Free Reserves as per last audited Balance Sheet	
4	Highlights of financial position of the company based on last three years financial statements	
5	Solvency Margin Ratio	
7	Management Expense Ratio for last 3 years	
8	Combined Ratio for last 3 years	
9	Has Government of India or any Regulatory body taken any action or imposed any penalty, fine, etc on the Indian insurance company. If so, the details thereof.	
<b>E</b>	<b>Supervisory Arrangements</b>	
1	Details of supervisory arrangements to which the company is subject to in the jurisdiction where it is proposing to open a representative/ liaison office.	
<b>F</b>	<b>Documents to be enclosed</b>	
1	Copies of Memorandum and Articles of Association	
2	Last 3 years financial statements	
3	Certified copies of approval of the Government of India (in respect of LIC/ PSU's only) and Board of Directors	
4	Copies of Government/ Regulatory approval from host country or in-principle clearance received from them	
5	Copy of research undertaken, if any, to arrive at a decision of opening of representative/ liaison office in a the host country	

We hereby declare that:

- i) The particulars given above are true and correct to the best of our knowledge and belief;
- ii) We shall confine our activities outside India to the fields indicated in column C.3 above;
- iii) We will abide by the terms and conditions that may be stipulated by Insurance Regulatory and Development Authority, if approval is given.

**Place:**

(Signature of Authorised Official of the Applicant Company)

**Date:**

**Name:**

**Designation:**