



Ref: IRDA/NL/CIR/MISC/019/01/2016

Date: 28<sup>th</sup> January, 2016

CIRCULAR

To All the General Insurers, Reinsurers, Brokers

Re: Issues pertaining to opening of offices in IFSC, GIFT City, Gujarat.

**1. Background:**

The Authority had vide Circular ref: IRDA/NL/GDL/MISC/065/04/2015 dated 6<sup>th</sup> April, 2015 issued Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 that enable Insurers/Reinsurers to open offices in the IFSC, GIFT City, Gujarat.

The Authority, in terms of the powers vested under Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015 read with Section 18 (2) of the SEZ Act, 2005 AND Section 14 of the Insurance Regulatory and Development Authority Act, 1999 hereby issues the following clarifications:

**2. Applications from Indian Insurers/Reinsurers:**

Every application for registration from an Insurer/Reinsurer registered with the Authority shall include the following:

- i) an application in the prescribed format (Form: IRDAI/SEZ/Application – Indian Insurer)
- ii) certificate of approval from the appropriate authority as prescribed in SEZ Act
- iii) approval from the Board of Directors of the Applicant through a resolution in support of the commitment to set up such IIO.
- iv) projected business for next 5 years;
- v) evidence of payment of non-refundable fee of Rs. 50,000/-

### **3. Applications from Brokers:**

In order to facilitate conduct of Insurance/Reinsurance business, Brokers registered with the Authority are permitted to open IFSC Insurance Broking Office (IIBO) in the IFSC. Every such application shall include by the following:

- i) an application in the prescribed format (Form: IRDAI/SEZ/Application – Broker)
- ii) certificate of approval from the appropriate authority as prescribed in SEZ Act
- iii) approval from the Board of Directors of the Applicant through a resolution in support of the commitment to set up such IIBO.
- iv) projected business for next 5 years;
- v) evidence of payment of non-refundable fee of Rs. 50,000/-

### **4. Annual fee payable by entities registered with the Authority:**

The Insurers, Reinsurers and Brokers registered with the Authority and having a registered IIO, IIBO at IFSC shall be required to pay Annual Fee as stipulated in clause 14 of the guidelines mentioned above.

### **5. Direct DTA business from an IIO, IIBO:**

While the clause 11 (1) of the guidelines mentioned above permits Indian Insurers to transact specified Direct Insurance business within the IFSC, such Insurers and Brokers shall refrain from transacting any Direct Insurance business from the Domestic Tariff Area (DTA) from an office being set up in the IFSC.

  
(Suresh Mathur)  
Sr. Joint Director.

**FORM IRDAI/SEZ/ Application**

**APPLICATION BY AN INDIAN BROKER FOR GRANT OF REGISTRATION AS  
INTERNATIONAL FINANCIAL SERVICE CENTRE INSURANCE BROKING OFFICE  
(IIBO)**

S.No.	Particulars	Applicant's Response	Remarks
<b>Section A : Company Profile</b>			
1	Name of the applicant		
2	Address of its registered office		
3	Date of incorporation: [DD/MM/YYYY]		
4	Registration No. and date of first registration [DD/MM/YYYY]		Copy of the registration certificate/licence
5	Line of reinsurance business currently handled a. Life b. General c. Life and General d. Composite		
6	Amount of Authorised capital, Subscribed capital, Issued capital & Face value of shares and their numbers		
7	<b>Board Resolution</b> Provide a copy of the resolution by the applicant's board in support of the commitment to set		Annexure -

	up an IIBO.		
8	Name, Address and contact details of the person responsible for the affairs of the proposed IIBO		Provide a certified copy of the board resolution appointing the person responsible for affairs of IIBO
9	<b>Regulatory approvals</b> Provide a copy of regulatory approvals for opening of an office in SEZ for conducting insurance business in the SEZ.		Annexure -
10	<b>Annual Reports</b> Annual reports for the past 3 years.		Annexure -
11	Details of the Office proposed to be opened:	<p>(a) Name of the office:</p> <p>(b) office Address:</p> <p>(c) Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such other details:</p> <p>(d) Principle Officer for IIBO &amp; Key Management Personnel and allocation of</p>	



		responsibilities.(Proposed): (e) Organizational structure. Reporting relationships of the IIBO to the insurer: (f) Planned infrastructure at proposed office	
12	Details of payment of fee prescribed under the IFSC guidelines		
<b>Section C: IIBO Business Strategy</b>			
14	<b>Market Research and Analysis</b> The applicant may have undertaken some form of market analysis to ascertain the market potential. The applicant may furnish full description of the research, along with the conclusions reached		Annexure -
15	<b>Types of Reinsurance arrangements to be offered</b> The applicant may give detail of the types of reinsurance arrangements that it will offer to the Indian and other markets from the IIBO.		Annexure -
17	<b>Information Technology</b> Insurance industry is very much dependent on computer technology. Full description		Annexure -

	<p>should be provided for the following:</p> <ul style="list-style-type: none"> <li>• The different areas where computer systems will be employed.</li> <li>• The degree to which the systems will be used for policyholder servicing.</li> <li>• The degree of interconnectivity of the systems.</li> <li>• A description of how the IT systems will be used to develop the required Management Information Systems.</li> <li>• Extent of procedures and operations which will remain manual.</li> </ul>	
19	<p><b><i>Recruitment and Training</i></b></p> <p>Different areas of the company require personnel with different skill sets. Some of the special technical skills would require special focus. The company may submit a detailed write-up on its plans to impart technical skills and knowledge locally.</p>	Annexure -
20	<p><b><i>Internal Controls</i></b></p> <p>The company will need to establish a set of procedures and norms for various activities. The</p>	Annexure -

	manner in which these will be monitored should be described.		
21	<b>Expenses of Administration</b> The proposed expenses as a per cent of commission earned.		Annexure -
22	<b>Technical skills</b> The technical skills of the people who will work in the branch and plan for imparting knowledge for skill upgradation at local level.		Annexure -
23	<b>Financial Projections</b> A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be Rs in crores)	<p>(a) Amount of business.</p> <p>(b) Size of support and administrative staff.</p> <p>(c) Commissions</p> <p>(d) Sales and related expenses.</p> <p>(e) Expenses of administration.</p> <p>(f) Statutory reserves (if any).</p> <p>(g) Profit and loss accounts and balance sheets.</p> <p>(h) Capital needs</p> <p>(i) Break-even periods and the Return on Capital.</p> <p>This section should also discuss the</p>	Annexure -

		manner in which the future capital needs will be met.	
24	<p><b>Conclusion</b></p> <p>In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated</p>		

***Certification***

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the applicant company, are true and that the projections and estimations are based on reasonable assumptions.

Place

Date:

Signature of the Authorised Person  
(with Designation and Seal)