



ORDER

Re: Working Group to study the suitability of offering of Surety Bond by Indian Insurance Industry

Currently, Surety Bond for contractors is not being offered by insurance companies in the Indian Market to guarantee satisfactory completion of a project by a contractor and providing performance security to various government agencies. The insurance legal/ regulatory framework does not permit underwriting of Bonds that guarantee performance and bid securities as they are financial instruments and not conventional insurance products. Hitherto, the Banks have been issuing Bank Guarantees to contractors for fulfilling contract security and performance pledges.

2. Due to the COVID 19 pandemic and consequent economic impact on liquidity and cash flow issues in the Indian Banking sector, the Ministry of Road Transport and Highways (MORTH), Government of India, has requested to examine possible offering of Surety Bond by the general insurance companies.

3. To examine the matter in detail, it has been decided to constitute the following Working Group.

- i. Shri. G. Srinivasan, Director, National Insurance Academy, Chair
- ii. Smt. D. Nagalakshmi, General Manager, United India Insurance Co. Ltd, Member
- iii. Shri. Roopam Asthana, CEO, Liberty General Insurance Ltd, Member
- iv. Shri. Neelesh Garg, CEO, Tata AIG General Insurance Co. Ltd, Member
- v. Shri. Hitesh Kotak, CEO, Munich Re, India, Member
- vi. Shri. Shankar Garigiparthi, CEO, Lloyd's India, Member
- vii. Shri. S. N. Jayasimhan, General Manager, Investment Department, IRDAI, Member
- viii. Shri. C. Srinivasa Kumar, Deputy General Manager, Actuarial Department, IRDAI, Member
- ix. Shri. K. Mahipal Reddy, General Manager, Non-Life Department, IRDAI, Member-Convener

4. The Terms of Reference of the Working Group are as follows.

- a) To study the current Indian legal and regulatory framework with reference to Surety Bonds.
- b) To assess the suitability of the Indian Insurance Industry or any other sector to offer Surety Bonds.

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c) To provide justification for the recommendations being made by the group, with special reference to the legal and regulatory perspective.

d) Any other matter relevant to the subject.

5. The Working Group may have its meetings through online mode in view of COVID-19 pandemic and make its recommendations within three months of the date of this Order.



(Yegnapriya Bharath)
Chief General Manager (NL)