

Item No.38**Other Forms of Capital****A. Issuance of Other Forms of Capital**

Regulation 6 of the IRDAI (Other Forms of Capital) Regulations, 2016 stipulates that the Authority may approve issuance of “Other Forms of Capital” on being satisfied of the fulfilment of the following conditions: -

- I. All instruments shall be fully paid up and unsecured;
- II. Investment in such instruments by foreign investors including Foreign Institutional Investors (FIIs) or Foreign Portfolio Investors (FPIs) shall be subject to FEMA Regulations;
- III. The Insurer shall comply with the terms and conditions, if any, stipulated by SEBI/other regulatory authorities in regard to issue of the said instruments;
- IV. Such other conditions as may be deemed appropriate by the Authority.

The applications of following insurers for issuance of Subordinated Debt in the form of Non-Convertible Debentures (NCDs) in terms of the above said provisions have been processed and approved by IRDAI during the period 1st September, 2021 to 15th December, 2021:-

Sl. No.	Insurer	Date of Application	Value (upto Rs. in Crore)	Date of Approval
Life Insurers				
1	Star Union Dai-ichi Life Insurance Co. Ltd.	24.08.2021	125.00	29.09.2021
2	Tata AIA Life Insurance Co. Ltd.	03.09.2021	488.00	02.11.2021
3	PNB MetLife Insurance Co. Ltd.	28.10.2021	400.00	14.12.2021
Non - Life Insurers				
1	Niva Bupa Health Insurance Co. Ltd.	26.04.2021	150.00	17.09.2021
2	ManipalCigna Health Insurance Co. Ltd.	30.07.2021	68.35	17.09.2021
3	Star Health and Allied Insurance Co. Ltd.	20.09.2021	700	21.09.2021
4	HDFC Ergo General Insurance Co. Ltd.	07.09.2021	375	11.10.2021

B. Payment of Interest on Other Forms of Capital

Regulation 3(vii) of IRDAI (Other Forms of Capital) Regulations, 2015 stipulates that the interest on Subordinated Debt shall be charged to the Profit & Loss Account and shall be paid out of the distributable profit of the shareholders, provided:

- I. The solvency of the insurer remains as per the regulatory stipulations; and
- II. Where the impact of such payment may result in net loss or increase the net loss, prior approval of the Authority on such payment shall be obtained.

The applications of following insurers for payment of interest on the “Other Forms of Capital” in terms of the above provisions has been processed and approved by IRDAI during the period 1st September, 2021 to 15th December, 2021: -

Sl. No.	Insurer	Approval for Issuance of OFC		Request for Interest Payment		Interest (Rs. Cr.)	Date of approval
		Date	Value (Rs. Cr.)	Date	Interest for the Period		
Life Insurers							
1	ICICI Prudential Life Insurance Co. Ltd.	16.10.2020	1200.00	07.09.2021	November, 2020 to November, 2021	82.20	08.10.2021
Non – Life Insurers							
1	ManipalCigna Health Insurance Co. Ltd.	13.01.2017	43.00	18.05.2021	April, 2020 to March, 2021	3.87	17.11.2021

C. Redemption of Debentures

Regulation 10 of IRDAI (Other Forms of Capital) Regulations, 2015 stipulates that an Insurer shall not issue any instrument under these Regulations with “put option”. However, an Insurer may issue the instruments with a “call option” subject to the following:

- I. Call option may be exercised after the instrument has run for at least a period of five completed years;
- II. No Insurer shall exercise the call option without the prior approval of the Authority;
- III. While considering the proposals received from the Insurer for exercising the call option, the Authority shall, amongst other things, take into consideration the

Insurer's solvency position both at the time of exercise of the call option and after exercise of the call option

Provided that the Authority may allow an Insurer to replace the called instrument with the equal or better quality instrument.

The application of following insurers for redemption of the "Other Forms of Capital" in terms of the above provisions has been processed and approved by IRDAI during the period 1st September, 2021 to 15th December, 2021: -

Sl. No.	Insurer	Date of Application	Value (Rs. in Crore)	Date of Approval
Life Insurers				
	Nil			
Non - Life Insurers				
1	HDFC Ergo General Insurance Co. Ltd.	07.09.2021	350.00	11.10.2021
2	Royal Sundaram General Insurance Co. Ltd.	10.08.2021	50.00	27.09.2021

The above items are placed for ratification by the Authority.