

**Exposure Draft of Insurance Regulatory and Development Authority of India  
(Registration of Indian Insurance Companies) Regulations, 2022**

**F. No. IRDAI/Reg/10/\_\_\_\_/2022:** In exercise of the powers conferred by Section 114A of the Insurance Act, 1938 read with section 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following Regulations, namely:-

**1. Short title and commencement.**

- (1) These Regulations may be called Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) Regulations, 2022.
- (2) These Regulations shall come into force on the date of their publication in the Official Gazette.

**2. Definitions**

(1) In these Regulations, unless the context otherwise requires, -

- (a) **“Act”** means the Insurance Act, 1938 (4 of 1938);
- (b) **“Authority”** means the Insurance Regulatory and Development Authority of India established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
- (c) **“Applicant”** means a company as defined in sub-section (20) of section 2 of the Companies Act, 2013 (18 of 2013) or a statutory body established by an Act of Parliament or co-operative society to carry on insurance business;
- (d) **“Foreign Investors”** means “foreign investors” as defined in rule 2 (g) of Indian Insurance Companies (Foreign Investment) Rules, 2015.
- (e) **“Foreign Promoter”** means the “foreign investors” which meets one or more of the following conditions.
  - (i) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92 of the Companies Act, 2013.
  - (ii) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise
  - (iii) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act

**Provided that** nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity.

- (f) **“Indian Investors”** means “Investors” other than foreign investors.

**(g) “Indian promoter”** means

- (i) a company as defined in the Companies Act, 2013 (18 of 2013).
- (ii) a banking company as defined in sub section(c) of section 5 of the Banking Regulations Act, 1949 but does not include a foreign bank or branch thereof functioning in India.
- (iii) a core investment company (CIC) as defined under Core Investment Companies (Reserve Bank of India) Directions, 2011 as amended from time to time.
- (iv) a public financial institution as defined in section 2(72) of the Companies Act, 2013 (18 of 2013).
- (v) a co-operative society registered under any relevant law for the time being in force.
- (vi) a limited liability partnership formed under the Limited Liability Partnership Act, 2008 (6 of 2009).
- (vii) Non-Operative Financial Holding Company registered with Reserve Bank of India.
- (viii) Any other person or entity as may be allowed by the Authority from time to time. which meets one or more conditions in Section 2(69) of Companies Act, 2013 and the eligibility criteria prescribed in these Regulations.

**(h) “Investors”** mean a person who is otherwise eligible to invest in the equity shares of insurance companies.

**(i) “Key Management Person”** will include members of the core management team of an insurer / applicant including all whole-time directors/ Managing Directors/ Chief Executive Officer and the functional heads one level below the Managing Director/Chief Executive Officer, including the Chief Financial Officer, Appointed Actuary, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary.

**(j) “Preliminary Expenses”** means expenses relating to the formation of an applicant. These include legal, accounting and share issue expenses incurred for the formation of the applicant and expenses incurred prior to grant of Certificate of Registration.

**(k) “Private Equity Fund” or “PE Fund”** includes an Alternative Investment Fund registered with SEBI (Alternative Investment Fund) Regulations, 2012 and/or funds

specifically formed for investment in one or more entities by one or more persons, registered with International Financial Services Centre Authority or a regulatory body of any other country.

(l) **“Promoter”** means Indian Promoter or Foreign Promoter or both.

(m) **“Special Purpose Vehicle” or “SPV”** means a company registered under the provisions of Companies Act, 2013 or a Limited Liability Partnership formed under the Limited Liability Partnership Act, 2008 for the purpose of making investment in an insurer.

(2) All words and expressions used herein and not defined in these Regulations but defined in the Insurance Act, 1938(4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or Rules or Regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, Rules or Regulations.

### **3. Permissible Classes of Insurance Business**

(1) The classes of business of insurance for which requisition for registration application may be made are:

- (i) Life insurance business.
- (ii) General insurance business.
- (iii) Health insurance business exclusively.
- (iv) Reinsurance business.
- (v) Any other class(es) as may be specified by the Authority.

(2) An applicant shall make a requisition for registration application only for any one of the classes of the business as specified by the Regulation 3(1).

### **4. Disqualifications for Applicant / Promoter:**

(1) An applicant shall not be eligible to apply for the requisition in the following circumstances:

- i. Where the requisition for registration application has been rejected by the Authority or withdrawn by the applicants at any time during 5 financial years preceding the date of application; or
- ii. Where Certificate of Registration has been cancelled by the Authority; or
- iii. Where the investors or promoter of the existing venture have exit for any reason at any time during the preceding two financial years from the date of requisition for registration application; or

- iv. Where the name of the applicant does not contain the words 'insurance' or 'assurance' or 'reinsurance'.

(2) The following shall not be eligible to be a promoter of the applicant:

- i. A company which is a subsidiary as defined in section 2(87) of that Act.

**Provided that** a company which is a subsidiary may be allowed to be a promoter of the applicant if it meets the following conditions:

- a. The said company is listed on the stock exchange(s) in India.
  - b. The said company has its own source of funds, independent from its holding company.
  - c. The said company has a net worth of atleast Rs.500 crore as at the end of the financial year preceding the date of application.
  - d. The holding company of said company is not subsidiary of any other company.
- ii. An Individual or Body of Individuals or Association of Persons.
  - iii. A Partnership firm other than a limited liability partnership formed under the Limited Liability Partnership Act, 2008 (6 of 2009).
  - iv. A Hindu Undivided Family
  - v. A Trust set up under any act for the time being in force.
  - vi. An entity which is already acting as promoter of any existing insurer or proposed to act as a promoter of any other applicant in same class of insurance business.
  - vii. An entity that does not meet the "Fit and Proper" criteria as per schedule 1 of these Regulations.
  - viii. Where Certificate of Registration of an entity, promoted by the said person, has been cancelled by the Authority during 5 years preceding the date of application.
  - ix. Where the requisition for registration application or the registration application by an applicant, promoted by the said person, has been rejected by the Authority or withdrawn by the applicants at any time during 5 years preceding the date of application.
  - x. Where Certificate of Registration has been surrendered by insurer, the promoter / entity(ies) within the promoter group during the five years preceding the date of the application.

## **5. Procedure for registration**

### **(1) Issuance of No-objection Certificate by the Authority**

- i. No company or co-operative society shall be incorporated in India with a name that contains words 'insurance' or 'assurance' or 'reinsurance' without obtaining a No-

objection Certificate from the Authority.

- ii. The request to issue the No-objection Certificate shall be made to Authority in the prescribed format.
- iii. On being satisfied with the financial strength and general track record of the promoter, the chairperson of the Authority shall issue No-objection Certificate to the Applicant.
- iv. The No-objection Certificate issued to the applicant shall be valid for a period of 6 months within which the applicant shall file application for issuance of registration application Form IRDAI/R1.

**Provided that** the chairperson, by recording the reasons in writing, may extend the validity of the No-objection Certificate by another 3 months.

## **(2) R1 Approval**

- i. The Authority, after examining the matters considered relevant and upon its satisfaction, shall issue the registration application Form IRDAI/R1 which shall be valid for a period of 3 months within which the applicant shall submit the duly filled registration application form IRDAI/R1 to the Authority for its consideration.

**Provided that** the Authority, by recording the reasons in writing, may reject the application for issuance of registration application Form IRDAI/R1.

**Provided further that** the Authority, by recording the reasons in writing, may extend the validity of the IRDAI/R1 form by another 3 months.

- ii. Every application for issuance of registration of insurer shall be made in the prescribed format (i.e. IRDAI/R1) and shall be accompanied by:
  - a. The certificate of incorporation issued by Registrar of Companies in case of a company or Registration certificate in case of co-operative society.
  - b. a certified copy of the Memorandum of Association and Articles of Association, where the applicant is a company and incorporated under the Companies Act, 2013 (18 of 2013); or a certified copy of the Act of Parliament setting up the statutory body to carry on insurance business;
  - c. In case of co-operative society, certified copy of bye-laws.
  - d. the name, address and the occupation of the directors of the promoter and the

- applicant;
- e. a certified copy of the annual report of promoters for up to the last five years, as applicable, preceding the year of filing of requisition of registration application;
  - f. a certified copy of the shareholders' agreement, as applicable, between promoter(s) and investor(s) of the applicant;
  - g. Projection of Business for 5 years duly approved by the Board of Directors of the applicant along with a certificate from a fellow actuary that the projections are reasonable and workable.
  - h. Proof in support of payment of the non-refundable fee of rupees ten lakh to the Authority vide demand draft or any recognized mode of electronic fund transfer.
- iii. The Authority shall take into account such matters as may be considered relevant while considering the application for registration of insurer, **including but not limited to** the following:
- a. the general track record of conduct and performance of each of the promoters and investors in the fields of business/profession they are engaged in;
  - b. the record of conduct and performance of the directors and persons in management of the promoters, investors and the applicant;
  - c. the financial strength of the promoters, investors and the applicant.
  - d. the capital structure of the promoters, investors and the applicant;
  - e. the sources of meeting the capital requirements of the applicant;
  - f. Shareholding pattern of the applicant and its promoter(s)
  - g. the ability of the applicant and its promoters to meet the obligation to provide life insurance or general insurance or health insurance to the persons residing in the rural sector, workers in the unorganized sector or informal sector or for economically vulnerable or backward classes of the society and other categories of persons specified by the Authority;
  - h. the ability to meet the obligation to underwrite insurance business in third party risks of motor vehicles as specified by the Authority in respect of general insurance companies;
  - i. the planned infrastructure of the applicant;
  - j. the proposed business expansion plan for five succeeding years, including establishment of place of business in rural areas, to effectively carry out the insurance business; and
  - k. other relevant matters for carrying out the provisions of the Act.
- iv. The chairperson of the Authority, after examining the matters considered relevant and

upon its satisfaction, shall issue the "R1" Approval subject to the conditions as may specified in the said approval letter. Along with the said approval letter, the applicant shall be issued the registration application Form IRDAI/R2.

- v. The "R1" approval shall be valid for a period of 3 months from the date of the said approval within which the applicant shall submit duly filled registration application form IRDAI/R2 for consideration of the Authority.

**Provided that** the chairperson, by recording the reasons in writing, may extend the validity of the "R1" approval by a period of another 3 months.

### **(3) R2 Approval**

- i. Every application in the Form IRDAI/R2 shall be accompanied by---
  - a. An affidavit by the applicant and its promoters that such paid-up share capital, after deducting the preliminary expenses, shall be adequate to comply with the requirements of the second proviso to section 6(1) of the Act.
  - b. A statement indicating the shareholding pattern of the applicant including the distinctive numbers of shares proposed to be issued to each of the promoter(s) and investor(s) in respect of equity share capital of the applicant;
  - c. An affidavit by the managing director, chief executive officer or whole-time director of the promoters and the investors of the applicant certifying that the holding of foreign paid up equity capital, referred to in sub-clause (b) of clause (7A) of Section 2 of the Act, is calculated in accordance with Indian Insurance Companies (Foreign Investment) Rules, 2015 read with these Regulation and does not exceed seventy four percent of the total paid-up capital of the applicant company, directly or indirectly;

**Provided that** in case of the Indian promoter being a Limited Liability Partnership, such affidavit shall be signed by the Designated Partner.

- d. In case the applicant has foreign investment, an affidavit by the managing director, chief executive officer or whole-time director and the promoters of the applicant certifying that the requirement of regulation 8 shall be complied with.
- e. In case the applicant has foreign investment exceeding forty nine percent, an

affidavit by the managing director, chief executive officer or whole-time director and the promoters of the applicant certifying that the requirement of regulation 9 shall be complied with.

- f. A certified copy of the standard forms of the insurer and statements of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate by an actuary in case of life insurance business that such rates, advantages, terms and conditions are workable and sound;
  - g. A certified copy of the Memorandum of Understanding or Management Agreement or Shareholders Agreement or Voting Rights Agreements or any other agreements in whatsoever form entered into between the promoters and the investors, if any, or amongst the promoters as a whole including details of the support / comfort letters exchanged between the parties;
  - h. A certificate from a practicing chartered accountant or a practicing company secretary certifying that all the requirements relating to registration fees, equity share capital, foreign investment limits and other requirements of laws being in force including the Act have been complied with by the applicant.
- ii. Upon completion of the processing of the R2 application but prior to its approval by the Authority, the applicant shall submit:
- a. Evidence of applicant having received equity share application money in accordance with section 6 of the Insurance Act, 1938 and the conditions as per R1 approval granted by the Authority.
  - b. An affidavit by the applicant, promoters and the investors that upon grant of Certificate of Registration, the said share application money shall be converted into paid-up equity share capital of the applicant.
- iii. The Authority shall take into account the matters, as may be considered relevant while considering the application for grant of "R2 Approval", including but not limited to the following:
- a. the nature of insurance products;
  - b. the level of actuarial, accounting and other professional expertise within the management of the applicant company;



- c. the organisation structure of the applicant to carry on all functions in respect of the insurance business including management of the investments within its own organisation;
- d. the applicant is eligible, and in its opinion, is likely to meet effectively its obligations imposed under the Act;
- e. the financial condition of the promoters, investors and the general character of the management of the applicant are sound;
- f. the volume of business likely to be available to, and the capital structure and earning prospects of the applicant will be adequate;
- g. the interests of the general public will be served if the certificate is granted to the applicant in respect of the class of insurance business specified in the application; and
- h. the applicant has complied with the provisions of sections 2C, 5, 31A and 32A of the Act and has fulfilled all the requirements of these sections applicable to it.
- i. all other relevant matters for carrying out the provisions of the Act.

**(4) Grant of Certificate of Registration:** After examining the matters considered relevant and upon its satisfaction, the applicant may be registered as an insurer for the class of business for which the applicant is found suitable and the chairperson of the Authority may grant the applicant the Certificate of Registration in Form IRDAI/R3 subject to the following conditions:

- i. The applicant and its promoter(s) and investor(s) shall be “Fit & Proper” on a continuous basis;
- ii. The promoter(s) and investor(s) shall comply with the lock in period, as may be specified, on their shareholding from the date of grant of Certificate of Registration.
- iii. The shareholders of the applicant shall not create any encumbrance on the equity shares of the applicant during the lock in period as may be specified.
- iv. the shareholders of the applicant shall not create any encumbrance on the equity shares of the insurer without the previous written approval of the Authority in accordance with section 6A (4) of the Insurance Act, 1938.

**Explanation:** The term “encumbrance” shall include, -

- a. pledge, lien, charge by whatever name called;
- b. any covenant, transaction, condition or arrangement in the nature of encumbrance, by whatever name called, whether executed directly or indirectly.
- v. The applicant and promoter(s) shall be continuously bound by all the conditions

and the investor(s) by such conditions as may be applicable subject to which the certificate in Form IRDAI/R3 has been issued.

- vi. such other conditions as may be deemed fit at the time of grant of Certificate of Registration.

**(5) Commencement of Insurance Business:** An applicant granted the Certificate of Registration under these Regulations shall commence insurance business, for which it has been authorized, within 12 months from the grant of Certificate of Registration. In case, the applicant fails to commence business within the stipulated time, the certificate of registration shall not be valid after expiry of stipulated time.

**Provided that** in case the applicant is not in a position to commence the insurance business within the specified period of 12 months, it can before the time limit expires, seek an extension from the Authority through a written application. The said application shall highlight the reasons for not being able to commence business within the specified period of 12 months.

**Provided further that** no extension of time shall be granted by the Authority beyond 24 months from the date of grant of Certificate of Registration.

#### **(6) Rejection of Application**

- i. The requisition for registration application or the application for grant of Certificate of Registration may be rejected by the Authority, after giving the applicant a reasonable opportunity of being heard, in following cases:
  - a. Where an application for registration is not complete in all respects.
  - b. Where the requirements under the provisions of the Act or the Regulations framed thereunder are not met at any stage of the process.
  - c. For any other reasons to be recorded in writing.
- ii. The order rejecting the application shall be communicated by the Authority to the applicant, in writing, within a period of thirty days of such rejection stating therein the grounds on which the application has been rejected.
- iii. An applicant, whose application for registration has been rejected at any stage, shall not be entitled to a certificate of registration.

**(7) Further Information and Clarification:** The Authority may require the applicant, which makes an application under these regulations, to furnish further information or clarifications regarding the matters relevant for the consideration of the application at any stage of the

process.

- (8) The Authority may impose such conditions as may be deemed fit at the time of grant of No-objection Certificate, R1 approval, R2 approval or the Certificate of Registration. The applicant shall be bound by the conditions subject to which the approvals and/or certificate of registration has been issued.
- (9) **Appeal to SAT:** An applicant aggrieved by the decision of the Authority, at any stage under these regulations, may within a period of thirty days from the date of communication of the decision, appeal before the Securities Appellate Tribunal.

#### 6. Consideration for processing the application:

- (1) **Lock-in period:** The equity shares of the company on the date of grant of Certificate of Registration shall be locked-in for the period as under:

Particulars	Investment in the capacity of	Lock-in Period
At the time of or before grant of R3 (i.e. Certificate of Registration)	Promoter or Investor	5 years
Investment during 5 years post grant of R3 (i.e. Certificate of Registration): In case of change in shareholding pattern	Promoter or Investor	Earlier of the following: a) 5 years or b) 8 years from the grant of R3 (i.e. Certificate of Registration)
Investment after 5 years but before 10 years post grant of R3 (i.e. Certificate of Registration): In case of change in shareholding pattern	Promoter	Earlier of the following: a) 3 years or b) 12 years from the grant of R3 (i.e. Certificate of Registration)
	Investor	Earlier of the following: a) 2 years or b) 11 years from the grant of R3 (i.e. Certificate of Registration)
Investment after 10 years post grant of R3 (i.e. Certificate of Registration): In case of change in shareholding pattern	Promoter	2 years
	Investor	1 year

**Provided that** the Authority may relax the lock-in period to enable the insurer to list its

shares on the stock exchange(s) in India.

**(2) Fit and Proper Criteria:**

- i. The Authority shall assess the applicant, its promoters and investors on the fit and proper criteria on the basis of factors as may be considered relevant including but not limited to as specified in schedule 1 of these Regulations.
- ii. The applicant, promoter and investors shall be fit and proper on a continuous basis i.e. even after the grant of Certificate of Registration.
- iii. In case, the applicant, its promoters and/or investors are not found to be fit and proper at any stage, the Authority may take such action as may be deemed appropriate.

**(3) Non-operative Financial Holding Company:** In case the applicant is promoted by an Special Purpose Vehicle or an Non-operative Financial Holding Company (NOFHC), the following conditions shall be complied with:

- i. The SPV/NOFHC shall not issue convertible instruments of any kind.
- ii. No stock options / sweat equity shares shall be issued to the employees/directors of SPV/NOFHC;
- iii. The equity capital of the SPV/NOFHC shall be in accordance under section 6 of the Insurance Act, 1938;
- iv. Prior approval of the Authority shall be obtained for transfer of shares of the SPV/NOFHC as per the limits specified under Section 6A of the Insurance Act, 1938 read with IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015.
- v. The investment limits, lock-in period and other requirements as per these Regulations shall also be applicable at SPV/NOFHC level.
- vi. The criteria as specified in Regulation 5(2)(iii) shall also be applicable for the promoter and investor of the SPV/NOFHC.
- vii. The infusion of capital in the SPV/NOFHC, by its promoters/investors, shall be commensurate with the percentage of their equity stake in the SPV/NOFHC.

**(4) Investment as “Investor”:** Investment in the capacity of investor, directly or indirectly, in an Indian insurer shall be in compliance with the following:

- i. The investment shall be less than twenty five (25) percent of the paid-up equity share capital of insurer.
- ii. Investment in the capacity of investor shall be restricted to not more than two life, two general, two health and two reinsures.

**Provided that** the said clause shall not be applicable in case of investment up to 10 percent of the paid up equity capital of the insurer.

**Provided further that** the said clause shall not be applicable in case of investment where the investor shall not appoint/nominate director on the board of the insurer(s).

- iii. In case of a one-time investment by an investor in an unlisted insurer, the investor shall make an upfront disclosure to this effect to the insurer. In such a case, the promoter(s) shall submit an undertaking to the Authority to infuse capital in the insurer to meet its solvency/business requirements, if any, in future.

(5) **Investment as “Promoter”:** Investment in the capacity of promoter, directly or indirectly, in an Indian insurer shall be in compliance with the following:

- i. The person shall not be a promoter of more than one life insurer, one general insurer, one health insurer and one reinsurer;
- ii. The person shall submit an undertaking to infuse capital in the insurer to meet its solvency/business requirements, if any, in future.
- iii. The person is otherwise eligible to be the promoter of the insurer under these Regulations.

(6) **Promoter(s) Holding:** The minimum shareholding of promoter(s) shall be maintained at above fifty (50) per cent of the paid up equity capital of the insurer.

**Provided that** promoter(s) may dilute their stake in the insurer below fifty (50) percent but not below twenty-six (26) percent of the paid up equity capital of the insurer in case the following conditions are complied with:

- a. The insurer has track record of solvency ratio above control level during 5 years immediately preceding the dilution of stake by promoter(s).
- b. The shares of the insurer are listed on the stock exchange in India.

(7) Investment by promoter/investor in the insurer shall also be in compliance with the following:

- i. Investment shall be made entirely out of own funds and not from borrowed funds.
- ii. In case any of the group/associated entities or any of the related party(ies) of the person are also invested in the insurer, the limits under these Regulations shall apply at the group level.
- iii. The provisions relating to transfer of shares as contained in Section 6A(4)(b) of the Insurance Act, 1938 shall apply mutatis-mutandis to the creation of pledge or any other kind of encumbrance over shares of an insurer.
- iv. In case of investment by an entity in more than one insurer, directly or indirectly:

- a. The person shall disclose the facts related to common holding to all the investee companies;
- b. The person along with the insurer shall put in place mechanism to avoid any conflict of interest that may arise due to the said common equity holding.
- c. The director nominated by the said person shall recuse from the discussion on any matter pertaining to other investee company(ies), where the conflict of interest may arise.

**(8) Criteria for Investment by the Private Equity Funds:**

- i. The private equity funds may invest in the applicant in the capacity of promoter or investor in the manner as specified under these Regulations.
- ii. Investment in the insurer, including proposed limit in respect of future capital requirement of the insurer, shall be as per the PE Fund's strategy reflected in its placement memorandum to its investors or its charter documents.
- iii. A Private Equity Fund may invest in any insurer in the capacity of "promoter", only if it meets the following criteria:
  - a. The PE Fund or its Parent Fund has completed 10 years of operation;
  - b. The funds raised by the PE Fund including its group entity(ies) is USD 500 million or more (or its equivalent in INR);
  - c. The investible funds available with the PE Fund is not less than USD 100 million;
  - d. The PE Fund has invested in financial sector in India or the other jurisdictions.

**7. Manner of calculation of equity capital held by foreign promoter and foreign investor.**

(1) For the purposes of the Act and these Regulations, the calculation of the holding of equity shares by one or more Foreign Investors in the applicant company, shall be made as under and shall be aggregate of:-

- (i) the quantum of paid up equity share capital held by the Foreign Investor(s) and Foreign Promoter(s) including foreign venture capital investors, in the applicant company; and
- (ii) the proportion of the paid up equity share capital held or controlled by such foreign investor(s) either by itself or through its subsidiary companies in the Indian promoter(s) or Indian Investor(s) as mentioned in sub-clause (i) of this Regulation.

**Provided that** clause (ii) shall not be applicable to an Indian promoter or Indian investors referred in clause (ii) and (iv) of clause (g) of sub-regulation (1) of Regulation 2.

**Provided further that** the clause (ii) shall not be applicable to any Indian promoter or Indian investor of a listed Indian insurer where such Indian promoter and /or Indian investor are

regulated by Reserve Bank of India, Security Exchange Board of India and /or National Housing Bank.

- (2) Every insurer who has been granted registration under the Act shall, within 45 days of the end of every quarter, furnish to the Authority a statement indicating changes exceeding 1% of the paid up capital of the promoter. However, any change in excess of 5% of the paid up capital of the promoters shall be reported to the Authority immediately.

#### **8. Requirement of Resident Indian citizenship for Directors, Key Management Persons, etc.**

In an Indian Insurer having foreign investment, —

- (a) a majority of its directors,
- (b) a majority of its Key Management Persons, and
- (c) at least one among the chairperson of its Board, its managing director and its Chief Executive Officer, shall be Resident Indian Citizens.

Explanation: For the purpose of this regulation, the expression “Resident Indian Citizen” shall have the same meaning as assigned to it in clause (o) of sub-rule (1) of rule 2 of Indian Insurance Companies (Foreign Investment) Rules, 2015.

#### **9. Requirements for foreign investment exceeding forty-nine percent**

In an Indian Insurer having foreign investment exceeding forty-nine per cent. ,—

- (a) for a financial year for which dividend is paid on equity shares and for which at any time the solvency margin is less than 1.2 times the control level of solvency, not less than fifty percent of the net profit for the financial year shall be retained in general reserve; and

- (b) not less than fifty per cent of its directors shall be independent directors, unless the chairperson of its Board is an independent director, in which case at least one-third of its Board shall comprise of independent directors.

#### **10. Annual Fee**

- (1) An insurer who has been granted a Certificate of Registration under Section 3 of the Act shall pay, an annual fee for every financial year to the Authority before 31<sup>st</sup> day of January of the preceding financial year.

- (2) The annual fee shall be higher of

- i. Ten lakh rupees, and
- ii. One-twentieth of one per cent of total gross premium written direct by an insurer in

India during the financial year preceding the year in which the annual fee is required to be paid, or rupees ten crore whichever is less;

**Provided that** in the case of an insurer carrying on solely re-insurance business, instead of the total gross premium written direct in India, the total premium in respect of facultative reinsurance accepted by it in India shall be taken into account.

- (3) The annual fee shall be paid into the account of Insurance Regulatory and Development Authority of India. The annual fee shall be remitted by a bank draft issued by any scheduled bank payable at Hyderabad or by any recognized electronic funds transfer mode.
- (4) If the insurer fails to deposit the annual fee before the date specified in sub-regulation (1), the Authority may accept the payment of annual fee along with an additional fee by way of penalty of
  - i. Two percent of the annual fee if the fee is paid within 30 days after the expiry of the last date of payment of annual fee; or
  - ii. Ten percent of the annual fee if the fee is paid after expiry of the last date of payment stipulated in this Regulation but before the end of financial year in which the annual fee was required to be paid.
- (5) Where the insurer has failed to pay the fee before the end of the financial year, certificate of registration is liable to be cancelled in terms of provisions of Section 3 read with Section 3A (2) of the Act.

**11. Issue of duplicate certificate:** The Authority may, on receipt of fee of rupees one lakh, issue a duplicate certificate to an insurer, if the insurer makes an application to the Authority in Form IRDAI/R4.

## **12. Suspension / Cancellation of Certificate of Registration**

- (1) **Cancellation of registration pursuant to voluntary surrender of Certificate of Registration by Insurer:**
  - i. The insurer may surrender the Certificate of Registration granted to it and may request the Authority to cancel the same in the following cases:
    - a. The business or a class of the business of the insurer has been transferred to any person pursuant to the Order of the Authority to this effect.



- b. The business or a class of the business of the insurer has been transferred to or amalgamated with the business of any other insurer after obtaining approval of the Authority.
  - c. The insurer is not in the position to commence its operations, subsequent to grant of Certificate of Registration, within the stipulated time.
- ii. The Authority, after examining the request, may cancel the Certificate of Registration subject to such conditions as may be necessary to protect the interest of the policyholders of the insurer.

(2) **Suspension or Cancellation of registration:** Without prejudice to any penalty which may be imposed or any action taken under the provisions of the Act, the registration of an Indian insurer or insurer may be suspended and/or cancelled for a class or classes of insurance business for such period as may be specified by the Authority by an order under the following circumstances ---

- i. the insurer fails, at any time, to comply with any provisions of the Act in general and provision of Section 64V and Section 64VA of the Act in particular.
- ii. the insurer is in liquidation or is adjudged as an insolvent,
- iii. the business or a class of the business of the insurer has been transferred to any person or has been transferred to or amalgamated with the business of any other insurer without the approval of the Authority,
- iv. defaults in complying with, or acts in contravention of, any requirement of the Act or of any Rule or any Regulation, direction or Order issued by the Authority, particularly if the insurer,
  - (a) conducts its business in a manner prejudicial to the interest of the policyholders;
  - (b) fails to furnish any information as required by the Authority relating to its insurance business;
  - (c) does not submit periodical returns as required under the Act or as directed by the Authority;
  - (d) does not cooperate in any inquiry conducted by the Authority;
  - (e) indulges in manipulative practices;
  - (f) indulges in unfair trade practices;
  - (g) fails to make investment in the infrastructure or social sector specified in the regulations.
- v. the Authority has reasons to believe that any claim upon the insurer arising in India under any policy of insurance remains unpaid for three months after final judgment

- inregular court of law,
- vi. the insurer carries on any business other than the class of insurance business for which registration has been granted by the Authority or any prescribed business,
  - vii. the insurer defaults in complying with any direction issued or order made, as the casemay be, by the Authority under the Insurance Regulatory and Development Authority Act, 1999,
  - viii. the insurer defaults in complying with, or acts in contravention of, any requirement of the Companies Act, 2013, or the General Insurance Business (Nationalisation) Act, 1972 or the Foreign Exchange Management Act, 1999 or the Prevention of MoneyLaundering Act, 2002;
  - ix. the insurer fails to pay the annual fee required under section 3A of the Act, or
  - x. Insurer or promoter of the insurer are no more “Fit & Proper”;
  - xi. the insurer is convicted for an offence under any law for the time being in force,

**Provided** that the Authority for reasons to be recorded in writing may, in case of repeateddefaults of the type mentioned above, may impose a penalty of cancellation of Certificate ofRegistration.

### (3) Procedure for Suspension of Certificate of Registration

- i. No order of suspension of Registration under sub-clause (2) shall be imposed without granting an opportunity of being heard to the insurer.
- ii. The Authority shall serve a show-cause notice to the insurer seeking explanation from the insurer as to why action against the insurer should not be taken. The show-cause notice shall include the charges/reasons for which the action is proposed to be taken.
- iii. The Authority shall allow a time period of twenty-one days for the insurer to respond to the show-cause notice.

**Provided that** in cases where it is considered appropriate to take immediate action to protect the interest of the policyholders, the insurer may be asked to submit its response within a period of as may be deemed appropriate to the Authority.

- iv. The Authority after considering the reply to the show-cause notice, shall as soon as possible but not later than thirty days from the receipt of the reply, pass such orders as it deems fit. If no reply is furnished to the Authority by the insurer within the time period as per the show cause notice, the Authority can proceed to decide the issue ex-parte.

- v. An Order passed by the Authority shall give reasons therefore including justification of the penalty imposed by that Order.
- vi. The Authority shall send a copy of the Order made to the insurer within 7 days of passing the Order.

**(4) Procedure for Cancellation of Certificate of Registration**

- i. No order of cancellation of Registration under sub-clause (2) shall be imposed except after holding an enquiry in accordance with the procedure specified in these Regulations.
- ii. For the purpose of holding an enquiry under this regulation, the Authority may appoint an enquiry officer.
- iii. The enquiry officer shall issue a notice to the insurer at the registered office or the principal place of business of the insurer.
- iv. The insurer may, within twenty one days from the date of receipt of such notice, furnish to the enquiry officer a reply, together with copies of documentary or other evidence relied upon by it or sought by the Authority from the insurer.
- v. The enquiry officer shall give a reasonable opportunity of being heard to the insurer to enable it to make submissions in support of its reply.
- vi. If it is considered necessary, the enquiry officer may ask the Authority to appoint a presenting officer to present its case.
- vii. The insurer may appear before the enquiry officer, either in person or through any person duly authorized by the insurer:

**Provided that** no advocate shall be permitted to represent the insurer at the enquiry:

**Provided further** that where an advocate has been appointed by the Authority as the presenting officer, it shall be lawful for the insurer to present its case through an advocate.

- viii. The enquiry officer shall, after taking into account all relevant facts and submissions made by the insurer, submit a report to the Authority and recommend the penalty to be awarded as also the justification of the penalty proposed.
- ix. On receipt of the report from the enquiry officer, the Authority shall consider the same and if considered necessary by it, issue a show-cause notice as to why an action, as it considers appropriate, should not be taken against the insurer.
- x. The insurer shall, within twenty-one days of the date of receipt of the show-cause notice, send a reply to the Authority.
- xi. The Authority after considering the reply to the show-cause notice, shall as soon as

possible but not later than thirty days from the receipt of the reply, pass such orders as it deems fit. If no reply is furnished to the Authority by the insurer within 90 days of the servicing of the notice, the Authority can proceed to decide the issue ex-parte.

- xii. The Order passed by the Authority shall give reasons therefore including justification of the penalty imposed by that Order.
- xiii. The Authority shall send a copy of the Order made to the insurer within 7 days of passing the Order.

- (5) **Effect of suspension or cancellation of Certificate:** On and from the date of suspension or cancellation of the Certificate, the insurer shall cease to transact new insurance business:

**Provided that** the Authority may direct the insurer to continue to service the existing policyholders for such period as may be specified in the Order made under these Regulations.

- (6) **Publication of order:** The Order of the Authority passed under these of regulations shall be published in atleast two daily newspapers in the area where the insurer has its principal place of business.

- (7) **Appeal to SAT:** An insurer aggrieved by the Order of the Authority, under these regulations, may within a period of thirty days from the date of communication of the Order, appeal before the Securities Appellate Tribunal.

- 13. Interpretation:** The Chairperson shall have powers for interpretation of these Regulations. The interpretation of the Chairperson shall be final and binding on the applicant and insurers.

#### **14. Repeal and Savings**

- (1) Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000, as amended from time to time, shall be repealed from the date these Regulations come into force.
- (2) Unless otherwise provided by these Regulations, anything done or any action taken or purported to have been done or taken in respect of the Regulations mentioned in sub-regulation (1) shall be deemed to have been done or taken under the corresponding provisions of these regulations.

## Schedule 1: Fit & Proper Criteria

### Determination of “Fit and Proper” Status - Illustrative criteria for determining “fit and proper” status of applicants, promoters and/or Investors

In determining whether an entity is “fit and proper” to be a promoter / investor of Indian insurance companies, the Authority may take into account all relevant factors, as appropriate, **including, but not limited to the following:**

- i. The applicant’s integrity, reputation, track record:
  1. The financial strength of the promoter/investor.
  2. Ability to infuse capital to meet business, solvency and regulatory requirements.
  3. Compliance with laws in India including FEMA and taxation law.
  4. Ability to access capital or financial markets to source funds that may be needed for any future capital infusion.
  5. Business record and experience of the applicant.
- ii. Due-diligence
  1. Approval/NOC by other regulatory bodies in India and/or outside India, as applicable;
  2. Insider trading, fraudulent or unfair trade practices or market manipulation by the Fund or any of its promoters/group entities.
  3. Proceedings including conviction against the entity or any of its promoter/group entities or any of its KMPs, by any regulatory/statutory/judicial bodies in India or outside India.
- iii. Interest of policyholders and general public at large.
- iv. Impact on the management and governance structure of the insurer.
- v. Agreement between shareholders and impact on control / management of insurer.
- vi. Capital structure of the promoter/investor.
- vii. Source of funds for investment.

## FORM IRDAI/R1

### REQUISITION FOR REGISTRATION APPLICATION [Please refer Regulation 5(1)(iv)]

(This form is supplied free of cost to the applicants by the Insurance Regulatory and Development Authority of India. Please fill in the application carefully. Should the applicant require any clarifications, please write to the Authority specifically mentioning the query or call on us personally subject to prior appointment)

1. Name of the applicant:
2. Address:
3. Date of incorporation as a Company: [DD/MM/YYYY]
4. Registration No. (issued by the Registrar of the Companies)
5. State the classes of insurance business for which registration is sought:
6. Details of shareholders:

a) **Promoters/Investors**

[Please give full name, address, percentage of holding in the paid up capital of the insurer, Occupation, Qualifications and Experience, Number of shares held and Percentage of share capital in the company] **Please attach separate sheets if necessary.**

Full Name [first, middle, surname]	Category (Pl. state whether Foreign or Indian)	No. of Equity (voting rights) shares	Share Capital (Rs. in crores)	Percentag e of total holding	Securities Premium, if any (Rs. In crore)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mr./Ms.	Promoter / Investor					
	Promoter / Investor					
	Promoter / Investor					

- b) Provide details of promoters / investors in the following format:

Sr. No.	Particulars	Remarks
1.	Name of the Promoter / Investors: (Name and Full address giving the details of the promoter / investor)	
2.	Legal Form / Status:	Individual / LLP/ Partnership Firm /

		Corporate Entity / Cooperative Society / Bank / Financial Institution / Any other (pl specify)
3.	No. and date of Incorporation: (Date of Birth in case of Individual)	
4.	Permanent Account Number under the Income Tax and name and address of Income Tax Circle	
5.	Present Occupation	
6.	Years in business of investors' / Promoters' companies	
7.	a) Whether the investor and / or promoter or its group company are also shareholder in an insurance intermediary. (If yes, then please give complete details)	
	b) Whether the investor and / or its promoter or its group company is having shareholding in any other insurer. (If yes, then please give complete details)	
8.	Copies of requisite approvals by the relevant jurisdiction / sector regulator as applicable	
9.	Copies of requisite approvals under Foreign Exchange Management Act, 2000 (FEMA)	
10.	Copies of requisite approvals, if any under the provisions of Competition Commission of India	
11.	Letter of Consent of the promoter / investor confirming compliance with all stipulations as may be laid down by the Authority.	
12.	Board Resolution of the promoter company to enter into the insurance business	
13.	Details of any Agreement in place / proposed to be entered into with the insurance business	
14.	Declaration for the Beneficial ownership: A declaration by the promoter/s and investors as to whether he proposes to hold the shares for his own benefit or as nominee, whether jointly or severally, on behalf of others and in the	

	latter case giving the name, occupation and address of the beneficial owner or owners, and the extent of the beneficial interest of each	
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**Note:**

- i. Details of persons holding more than 1% of the paid up capital of the promoters / investors are to be given in separate statements;
- ii. If there are more than one promoter / investors, the information may be furnished in such a manner as to indicate clearly the inter-relationship, if any, of parties;
- iii. Adequate care may be taken to furnish full and complete information truthfully;
- iv. Any misrepresentation found later will lead to disqualification of the applicant, its promoters / investors and others connected thereto.

**7. Applicant:** This section should set out the background information. Following information should be included:

- i. Particulars of the partners in the joint venture (e.g. company name, address, names of directors, etc.).
- ii. Constitution of the promoter companies – details of shareholders holding in excess of 1% of the paid up capital.
- iii. Nature of business, years in business of promoter companies.
- iv. Constitution of the Investors – details of shareholders holding in excess of 1% of the paid up capital.
- v. Nature of business, years in business of investors' companies.
- vi. Past record of regulatory interventions/restrictive directions in respect of promoter / investor companies.
- vii. The applicant's reasons for entering the insurance market;
- viii. Financial statements for the last five years.
- ix. Strengths of the partners;
- x. Indication of the degree of commitment to the Indian market place displayed by the applicant;
- xi. The Agreement among the shareholders promoting the company;
- xii. The obligations undertaken by the Investors;
- xiii. The obligations of the applicant company to the Investors;
- xiv. Sources for meeting the initial and future capital needs;
- xv. In cases of non-corporate promoters / investors, information on the above lines, suitably modified, may be given.

**8. The Applicant Company**

This section should provide the key aspects of the Company. This will cover the following:

- i. Name of the applicant company;
- ii. Date of Registration: [DD/MM/YYYY] (As per Companies Act, 2013)



- iii. Registration Number:
- iv. Registered Office Address:
- v. Head Office Address:
- vi. Address for Communication (state the name of the Company Secretary, telephone numbers, fax numbers, mobile number, e-mail address and such other details):
- vii. Key aspects of the Promoters and Investors (e.g. respective shareholdings, roles and responsibilities, directorships, inter-relationships, etc.)
- viii. Particulars of the Board of Directors:
- ix. States of operation across India:
- x. Branch locations (Proposed):
- xi. Company's Mission Statement:
- xii. Senior management (key persons) and allocation of responsibilities (Proposed):
- xiii. Organizational structure. Reporting relationships:
- xiv. Allocation of responsibilities between the head office and the operational units:

**[Enclose four certified copies of Memorandum and Articles of Association of the registered company]**

## **9. Capital structure**

- i. Amount of Authorised capital & No. of Shares:
- ii. Classification of Shares
- iii. Amount of Issued Capital & No. of Shares:
- iv. Amount of Paid up Capital & No. of Shares:
- v. Voting Rights attached to each class of Shares
- vi. Nominal/Face value of each Equity Share/ Other Shares:

## **10. Directors and Key Management Persons:**

(The following information has to be submitted for the CEO & Directors of the proposed insurer in Form IRDAI/R1. For other Key Management Persons, if not finalised at R1 stage, the following information has to be submitted in Form IRDAI/R2.)

For each director and key management persons, furnish the particulars in the proforma given below: -

- i. Name (and any previous names) of KMP:
- ii. Present Residential Address:
- iii. Current Telephone, Fax and E-mail Addresses:
- iv. Date and Place of Birth:
- v. Nationality (and any previous Nationality):
- vi. Passport / Identity Card:

- a. Number:
  - b. Date and Place of Issue:
  - c. Date of expiry:
  - d. Issuing Authority:
- vii. Name and Address of Bank:
- viii. Details and Dates of Academic Qualification:
- ix. Details and Dates of Professional Qualification:
- x. Description of the position (including responsibilities) and proposed date of commencement:
- xi. Experience: (covering preceding 5 years)
- xii. (a) Details of previous employment (in the last 5 years):
  - (b) If previous employer was regulated by a regulatory body, then:
    - a) Name of the Previous Employer:
    - b) Nature of Employer's business:
    - c) Name of the Regulatory body supervising the Employer:
    - d) Last Designation (including duties & responsibilities):
    - e) Date of Appointment:
    - f) Date of Resignation:
- xiii. Details of other business interests of the Key Management Person during the preceding 5 years in the form of holding equity shares in excess of 2% or Directorships in any other entity:
- xiv. Relationship of KMP with the Insurer and related parties of insurer, if any: -
  - a. Details of shareholdings or voting powers in excess of 2% in the Insurer and related parties of insurer:
  - b. Details of any Business relationships with the Insurer or related parties of insurer:
  - c. Details of any Business relationships between the Directors' and key management persons' former employers and the insurer or related parties of insurer:
- xv. Full details on the Key Management Persons' reputation and character: -
  - a. whether the KMP has ever been declared bankrupt;
  - b. details of convictions for any offence involving fraud or other dishonesty;
  - c. any disqualification from acting as a Director/ Key Management Person in any company;
  - d. whether the Director or key management person has ever been refused (or had been revoked) a licence or authorization to carry on any regulated financial business during the past five years.
- xvi. Details of any censure or disciplinary action initiated by any Government, regulatory or professional body:

- xvii. Details of any dismissal from office or employment, subjection to disciplinary proceedings by the previous employer or refusal of entry into any profession or occupation:
- xviii. Details of conviction, if any, of the Key Management Person for any offence involving moral turpitude:
- xix. Whether any governmental, regulatory or professional body has ever investigated any employer, company or organization with which the Key Management Person has been associated as a director, officer, manager or shareholder?
- xx. Whether any company or organization with which the Key Management Person was associated as a director, officer, manager, has ever been wound up, gone into receivership or ceased trading either whilst the Key Management Person was associated with it; or within one year after the Key Management Person so ceased to be associated?
- xxi. Please mention whether the Key Management Person is also an Insurance Corporate Agent, employee of Insurance Broker, Director or Employee of any other insurance intermediaries or Insurer or reinsurer in India or in any foreign country or director of any other company in India or in any foreign country.
- xxii. Whether the Key Management Person is in the full time employment of the insurer? If not, then please give the full details of other employment/ engagement:
- xxiii. Whether the Key Management Person is on deputation / secondment from any other organization? If yes,
  - (a) furnish the full particulars of the Parent Organization:
  - (b) whether any remuneration etc., is paid by the Parent Organization, if so complete details of the remuneration:
- xxiv. Whether the Key Management Person is into the full time / part time employment of any group company / associated company or the promoting partner of the insurer?

In the Remarks column, please mention whether any director or key management person is an agent, broker, intermediary, director or employee of any other insurer (or reinsurer) in India or in any foreign country or director of any other company in India or in any foreign country.

#### 11. External Auditors\*: (Proposed)

Full Name [first, middle, surname]	Date of Birth	Address with Telephone Nos., Fax Nos., E-mail	Date of Appointme nt	Experience in auditing insurance companies	Period of appointme nt	Remark s
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(1)	(2)	(3)	(4)	(5)	(6)	(7)

If auditors are a firm, state the name of the firm in Col (1), its date of registration in Col (2)

\*No auditor can be appointed unless the auditor satisfies the criteria stated in Section 143 of the Companies Act, 2013

Note: In choosing external statutory auditors, the applicant may be guided by the IRDA (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002, and more particularly those dealing with appointment of auditors.

**12. Business to be transacted:**

Describe the insurance business to be transacted:

**13. Where in the country do you wish to carry on insurance business? (tick the boxes)**

a) Regions:       :  North        South        East  West        Central

b) Metropolitan cities:  Mumbai        Chennai        Delhi         
Kolkata

c) Concentration::  Rural  Urban  Both Rural & Urban

14. **Distribution Channels:**  Direct        Tied Agents        Brokers        Corporate Agents  Online Sale  Others (PI specify)

**15. Financial Projections (Life Insurance, General insurance, Health and Reinsurance – depending on the class applied for registration)**

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. These should set out the following:

- i. Size of sales force.
- ii. Volume of sales.
- iii. Size of sales support and administrative staff.
- iv. Premium income (ticket size and segment)
- v. Investment income.
- vi. Commissions and other sales related expenses.
- vii. Expenses of administration.
- viii. Income tax and other taxes.
- ix. Statutory reserves.
- x. Required solvency margins.
- xi. Revenue Account, Profit and loss accounts and Balance sheet.
- xii. First year and renewal expense ratios.
- xiii. Capital needs: Indian and Foreign

- xiv. Break-even periods and the Return on Capital.
- xv. Shareholder dividends: Indian and Foreign.
- xvi. Policyholder surpluses and bonus declarations
- xvii. Number of lives
- xviii. Number of Policies
- xix. Number of Agents
- xx. Number of Insurance Intermediaries
- xxi. Gross Direct Premium

This section should also discuss the manner in which the future capital needs will be met.

#### **16. Sensitivity Analysis**

The analysis set out in **para 15** above will be based on a base scenario and a few alternate scenarios. Sensitivity analysis based on “Optimistic” and “Pessimistic” assumptions should also be included. These will relate to assumptions such as:

- i. Size of sales force.
- ii. Volume of sales.
- iii. Average size of sale.
- iv. Levels of mortality/morbidity, policy terminations **(Life)**
- v. Administrative expenses (including inflation). **(Life)**
- vi. Future investment conditions. **(Life)**

A discussion on the manner in which the outcome of the pessimistic scenarios will be handled should be included.

#### **17. Rural Business (for life insurance, general insurance and health insurance)**

Legislation requires that a specified percentage of the new business should be undertaken in the rural sector. The manner in which this requirement will be fulfilled should be described along with the projections, based on assumptions, for a period of 5 years, for each year from the start. For the purpose of this section, please see the relevant regulations covering this area.

#### **18. Social Sector Obligations in unorganized sector and backward classes (for life insurance, general insurance and health insurance)**

In addition, insurers shall discharge social sector obligations to cover risks of economically vulnerable sections of the society and backward classes. The manner in which this requirement will be fulfilled should be described along with the projections, based on assumptions, for a period of 5 years, for each year from the start. For the purpose of this section, please see the relevant regulations covering this area.

**19. Obligations of Motor Third Party Business:** General Insurance companies are also under obligation to underwrite business of Motor Third Party. For this purpose, please see the relevant regulations.

The manner in which these requirements are proposed to be met should be described in detail along with the projections, based on assumptions for a period of 5 years.

20. **Particulars of Previous Application:** Has the applicant ever applied for grant of Certificate of Registration in India or outside India? If so, give particulars.

21. **Conclusion:** in conclusion, discuss the viability of the operations. Any special issues or concerns should also be indicated.

**Certification**

I, the undersigned, solemnly declare that the facts given in this Application Form on behalf of the Applicant are true and that the projections and estimations are based on reasonable assumptions.

**Date:**

**Signature of the Authorised person (with seal)**

Place:

## FORM IRDAI/R2

### APPLICATION FOR REGISTRATION [Please refer Regulation 5(2)(v)]

(This form is supplied free of cost to the applicants by the Insurance Regulatory and Development Authority of India. Please fill in the application carefully. Should the applicant require any clarifications, please write to the Authority specifically mentioning the query or call on us personally subject to prior appointment)

#### 1. Geographic Spread

Give the addresses of the administrative offices in each State and Union Territory in India, overseas, and also in Rural Areas with the name of person in charge of the office. [if the applicant has not decided, it may give the proposed number and locations of administrative offices in each State and Union Territory in India, overseas, and also in Rural Areas]

#### 2. Market Research and Analysis

The company may have undertaken some form of market analysis to ascertain the market potential, consumer needs, target market, product potential, etc. (in particular health insurance segment). Full description of the research, along with the conclusions reached.

#### 3. Products to be Sold

Based on the market research and analyses undertaken, the applicant would have decided upon the products to be marketed -- individual or group insurance. The description should include the following:

- i. Description of the product features,
- ii. The target markets where the products will be sold
- iii. Specification of the names of the products in life/general/ health insurance, and their sub-segments, if any.

#### 4. Distribution

This section should describe how the products will be or are proposed to be distributed.

This should cover the following:

- i. The channels of distribution to be used, with an indication on the relative degrees of importance placed on each of the channels.
- ii. The distribution network that will be set up in the market place.
- iii. Any limitations on the products to be sold by any of the channels.
- iv. Remuneration to be paid to each channel of distribution.

#### 5. Sales Promotion

The approach to be used for advertisement and sales promotion, e.g. the media to be used, frequency, etc. Copies of sales material, literature advertising the product, if any, should be provided.

## **6. Underwriting**

This section should describe the approach used for underwriting of proposals; the arrangements made for medical and other reports, etc.

Please also state the nature of any support to be provided in underwriting and in training of underwriters by the investors.

## **7. Investments**

Each company will have established its investment philosophy that will be appropriate for the products it intends to market. This should be described. Other information should include the investment personnel, location of the investment operations, investment brokers to be used, etc. Regulations regarding Investment, Valuation, Exposure – Prudential – Provisioning Norms applicable to Life, General, Health and Reinsurer issued by the Authority may be taken into account.

## **8. Information Technology**

Insurance industry is very much dependent on information technology. Full description should be provided for the following:

- i. The different areas where IT systems will be employed.
- ii. Whether the systems will be bought off the shelf (with some customization), developed locally or imported into India (with some customization).
- iii. The degree to which the systems will be used for policyholder servicing.
- iv. The degree of interconnectivity of the systems.
- v. A description of how the IT systems will be used to develop the required Management Information Systems.
- vi. Extent of procedures and operations which will remain manual;
- vii. Cyber security policy of the company.

## **9. Customer Service**

Customer service could be provided either centrally through the head office or decentralized to the branch offices/operational units. The degree to which customer service is planned to be decentralized to the branch offices should be described. The service standards planned to be introduced for the various aspects of customer service should be described. Any plan to introduce “call-centres” or customized grievance settlement machinery may be indicated.

Mention the time schedule for various types of services proposed to be offered by the Company.

## **10. Retention Limits and Reinsurance**

The nature of reinsurance arrangements should be described fully, giving the following details:

- i. The name(s) of reinsurer(s).
- ii. The basis of reinsurance.



- iii. Terms of reinsurance.

The manner in which the retention limit(s) have been established should be discussed.

## **11. Recruitment and Training**

Different areas of the company require personnel with different skill sets. These personnel will include agents, sales supervisors, branch managers, administrative staff for various departments. Some of the departments will require special technical skills (e.g. underwriting, actuarial, accounting, sales, information technology, etc.). This section should set out the following information for each of the categories:

- i. Desirable skill sets.
- ii. Sources for recruitment.
- iii. Approach to be used for training - in house /outsource.

## **12. Internal Controls**

The company will need to establish a set of Standard Operating Procedures (SOPs) and norms for various activities. The manner in which these will be monitored should be described. These activities will relate to underwriting and policy issue, customer service, investments, accounting, new product pricing, computation of reserves and Required Solvency Margins, regulatory compliance, claims processing and settlement procedures, etc.

## **13. Expenses of Administration**

- a) **Life:** In arriving at the premium rates, the Appointed Actuary will need to build the estimated expense levels into the premium calculations. The manner in which the expenses of administration have been estimated and converted into average factors should be described. These expenses will have to be distinguished between first year and renewal, fixed and variable. All overhead expenses will also have to be covered.
- b) **General, Health and Reinsurer:** The proposed expenses as a per cent of premium at levels of operational offices and each level of supervisory offices and head office. The manner in which the expenses of administration have been estimated should be described.

## **14. New Product Pricing**

- a) **Life:** The financial projections will incorporate the sale of planned products. A description of these products to the extent possible should be provided. This should include the following:
  - i. The product features, such as coverage periods, premium levels, non-forfeiture values, loan provisions, etc.
  - ii. Distribution channels to be used.
  - iii. Commission scales.
  - iv. Average policy size.

- v. Reserving method used.
  - vi. The levels of the various parameters built into the computations. These will relate to mortality, policy terminations, expenses, interest and any other parameters that may be relevant for the product. The values of these parameters will have to be specified at two levels - at the Expected level and at a level inclusive of the Margins for Adverse Deviations. The justifications for both levels should be provided.
  - vii. Profitability criteria used in product pricing.
- b) **General Insurance and Health:** In respect of products not governed by tariffs, indicate how the products will be priced, the data base which will be used to determine premium bases and the terms and conditions, the statistical system which will be established to review adequacy of rates.
  - c) **Reinsurance:** indicate how the products will be priced, the data base which will be used to determine premium bases and the terms and conditions, the statistical system which will be established to review adequacy of rates.

**15. Information Policy:** Mention the Company's policy regarding insurance awareness amongst the public.

**16. Premium Rates:** Enclose the Company's Premium Tables for the products along with rebates, if any, offered.

**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.

Date:

Place:

**Signature of the Authorised Person (with Seal)**

**FORM IRDAI/R3**

*INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA*

**(Seal of the Authority)**

**CERTIFICATE OF REGISTRATION**

Registration Number. \_\_\_\_\_

This is to certify that (Name of Insurer and address) \_\_\_\_\_

has this day \_\_\_\_\_ been registered in accordance with the provisions of subsection (2A) of section 3 of the Insurance Act, 1938 (4 of 1938) to transact the \_\_\_\_\_ class of business.

Given under the seal of the Authority at Hyderabad this \_\_\_\_\_ day of \_\_\_\_\_ two thousand and \_\_\_\_\_.

Signature  
(Competent Authority) **INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA**

## FORM IRDAI/R4 ISSUE OF DUPLICATE CERTIFICATE OF REGISTRATION

An insurer shall apply in the following format with the documents specified herein:

To  
Insurance Regulatory and Development Authority of India  
Hyderabad

Application for issue of duplicate certificate of registration.

We request you to issue a duplicate certificate of registration for which we give below the following details:

1. Name of Insurer:
2. Registration Number:
3. Date of Certificate of Registration:
4. How original certificate has been lost, destroyed or mutilated?
5. Particulars of remittance of fee.

Place:

Yours truly,

Date:

Signature of the Managing Director  
(Name of the Managing Director)  
(Seal)

Notes:

1. Enclose the original copy of the resolution of the board seeking issue of duplicate certificate, in lieu of the original Certificate of Registration issued.
2. Enclose the evidence / receipt for transfer of funds to the account of the Authority towards the fees.