

---

## FAQs for IFSC insurance sector business

---

## **1. Which are the entities eligible for setting up IFSC Insurance Office (IIO) in IFSC?**

IRDAI had issued IRDAI (IFSC) Guidelines, 2015 in April 2015 allowing the following category of participants to set up IIO in IFSC:

- a. Indian insurer
- b. Indian reinsurer
- c. Foreign insurer
- d. Foreign reinsurer

With the initial set of regulations, eight insurance entities started their operations in the GIFT IFSC.

This covers GIC RE, New India Assurance, Export Credit Guarantee Corporation (ECGC), J B Boda Insurance Brokers, Pioneer Insurance Brokers, Xperitus Insurance Brokers, Risk Care Insurance Brokers, Trinity Insurance Brokers.

In order to provide more clarity on the operating framework of IIO, IRDAI came out with IRDAI (Registration and Operations of IIO Guidelines, 2017 (IRDAI IIO Guidelines)<sup>1</sup> that replaced the earlier guidelines.

## **2. Who can apply for registration as an IIO under the IRDAI IIO Guidelines?**

The following persons can apply for registration as an IIO:

- a. Indian Insurer or reinsurer - an Indian Insurance Company or insurance co-operative society
- b. Foreign insurer or reinsurer - a body corporate incorporated under the law of any country outside India and duly registered with its home country regulatory or supervisory authority for transacting insurance or reinsurance business.

## **3. How to apply for registration of an IIO under the Guidelines?**

### **Eligibility Criterion:**

#### **(i) Indian insurer/ reinsurer:**

- Indian insurer/ reinsurer is registered with IRDAI
- Insurer/ reinsurer is in continuous operations for the preceding five years
- Satisfactory track record of regulatory compliance

#### **(ii) Foreign insurer/ reinsurer**

- Foreign insurer/ reinsurer is registered or licensed for transacting insurance or reinsurance business in country of incorporation
- Due authorisation by home country authority to set up an IIO in India
- Insurer/ reinsurer is in continuous operation for the preceding five years
- Compliance with applicable provisions on assigned capital, paid-up equity capital, solvency margin and net-owned funds
- Satisfactory track record of compliance in country of incorporation and any other country in which it is functioning
- Applicant is registered or certified in a National Regulatory Environment with whom the Government of India has signed a Double Taxation Avoidance Agreement.

---

<sup>1</sup> IRDA/RI/GDL/SEZ/269/12/2017

- Applicant has minimum credit rating that is having at least good financial security characteristics in the manner prescribed from any internationally renowned credit rating agencies for the last three years.

#### **Application to IRDAI:**

Indian Insurer or Indian Reinsurer shall submit an application in Form – A and Foreign Insurer or Reinsurer shall submit an application in Form - B, seeking registration as IIO from IRDAI.

#### **4. What is the Application Processing fees?**

An applicant shall, along with the application, pay a non-refundable processing fee of INR 50,000 and applicable taxes if any, in favour of the Authority, by way of NEFT/ RTGS payable at Hyderabad or through such other payment mode as may be stipulated by the IRDAI from time to time.

#### **5. What business can be conducted by an IIO in the IFSC?**

- Registered IIO can transact direct insurance business within the GIFT City, from other SEZs and outside India. The registered IIO shall not write direct insurance business from the DTA, except in accordance with section 2CB of the Insurance Act, 1938.
- Registered IIO can accept reinsurance business within GIFT City, from other SEZs and outside India. Registered IIO can accept reinsurance business from DTA, subject to applicable regulations, in accordance with order of preference.
- An IIO is not permitted to transact a class of business, which is not permitted by its home country regulatory or supervisory Authority.
- Registered IIOs shall conduct insurance and reinsurance business only in foreign currency.

#### **6. Which type of Insurance Business can be carried out by an IIO in the IFSC?**

The following insurance Business can be carried out from the IFSC:

- Life Insurance Business
- General Insurance Business
- Health Insurance Business
- Reinsurance Business

#### **7. What is the time limit for the commencement of operations?**

An applicant granted a certificate of registration under these Guidelines shall commence operations within 12 months of the date of grant of certificate of registration.

Provided, however, that if the IIO is unable to commence the insurance business within the specified period of 12 months, it can before the time limit expires, but at least 30 days in advance, seek an extension of time in writing to Chairperson of the IFSCA for commencing business operations.

No extension of time shall be granted by the IFSCA beyond 18 months from the date of grant of certificate of registration.

## **8. How much Capital should be assigned for Reinsurance Business in IFSC?**

- i. The Applicant, being a foreign reinsurer, shall demonstrate a minimum assigned capital of INR 10 crores or more. Provided that, in case the applicant is a Foreign Direct Insurer, then such applicant shall possess paid-up equity capital as per provisions of section 6(1) of the Insurance Act, 1938.
- ii. Such capital may be held in the form of Government Securities issued by the Government of India or held as deposits with Scheduled Banks in India and shall be maintained by the IIO at all times during the subsistence and validity of its registration under these guidelines.

## **9. How much is the annual fee and in which manner it should pay?**

The IIO shall be liable to pay annual fee of INR 1,00,000 and applicable taxes, if any, for every financial year to IRDAI before January 31 of the preceding financial year.

The fee shall be remitted by NEFT/ RTGS payable at Hyderabad or through payment mode as may be stipulated by IRDAI.

## **10. Do companies need to maintain separate books of accounts for IFSC Business?**

Yes, IIOs should maintain separate books of accounts for their business as IIOs.

## **11. Can an Insurance Intermediary be set up in the IFSC?**

Yes, an IFSC Insurance Intermediary Office (IIIO) can be set up in the IFSC. The IRDAI has issued IRDAI (IFSC Insurance Intermediary Office) Guidelines, 2019 to grant permission to Intermediaries or Insurance Intermediaries to set up and undertake operations in IFSC.

## **12. How can an IIIO be set up?**

An Intermediary or Insurance intermediary registered with IRDAI under section 42D of the Insurance Act, 1938 holding a valid certificate of registration issued by IRDAI, can seek authorisation from IRDAI and set up a branch in IFSC to act as an IIIO.

## **13. What are permitted categories of Insurance Intermediaries in IFSC?**

The permitted categories of Insurance Intermediaries are as follows:

- Insurance broker
- Corporate agent
- Surveyor and loss assessor
- Third Party Administrator - health services
- Any other category as may be recognised by the IRDAI

The applicant can apply for authorisation to act as an IIIO in the same category for which it has been granted a certificate of registration by the IRDAI in India.

## **14. What business can be undertaken by an IIIO in IFSC?**

- An IIIO can undertake insurance intermediary business that:
  - a. is permitted under the Special Economic Zones Act, 2005, and Rules framed thereunder;
  - b. emanates outside the country.

- An IIO cannot undertake any insurance intermediary business that is otherwise not permitted by the IRDAI.

**15. Who is the Nodal officer from IRDAI for IFSC-related matters?**

Shri N.M. Behera, Deputy General Manager (Non-Life), IRDAI has been appointed as the Nodal Officer at IRDAI for IFSC matters. You may reach him at [nmbehera@irda.gov.in](mailto:nmbehera@irda.gov.in).