

Circular

Ref: IRDAI/REIN/CIR/MISC/224/10/2022

Date: 26-10-2022

To
CEOs of all FRBs (including Lloyd's India)

Subject: Repatriation of Assigned Capital by FRBs/Lloyd's India

- A. The Authority has been taking various steps towards the ease of doing business so that insurance penetration can be increased. Various working groups represented by industry officials were constituted to suggest the changes in the existing regulatory framework and the compliance requirements. The Committees on Reinsurance Regulations, Ease of Doing Business and Developmental topics and the Committee on Finance and Tax Recommendations for Reinsurance Industry gave their recommendations, inter alia, on the matters pertaining to repatriation of excess assigned capital by Foreign Reinsurance Branches (FRB) and Lloyd's India.
- B. After careful examination of the recommendations of the working groups, it is noted that to ensure sufficient reinsurance capacity in India and to attract more reinsurance players for offering reinsurance at a competitive price, the free movement of assigned capital for foreign reinsurance branches is required.
- C. Accordingly, it is decided that FRBs and Lloyd's India are permitted to repatriate excess assigned capital with prior approval of the Authority subject to the following:
- i. The request to repatriate the assigned capital shall be submitted by the Foreign Reinsurer, who is engaged in reinsurance business through a branch established in India, justifying the reasons for such request;
 - ii. A certificate from the Foreign Reinsurer stating that the Reinsurer has Net Owned Funds of INR five thousand crores (Rs. 5000crs) or such amount as prescribed under Sec 6 (2) of the Insurance Act, 1938, as per the last audited balance sheet;
 - iii. Minimum Assigned Capital of Rs. 100 Crore or such higher sum as specified by the Authority at the time of grant of certificate of registration net of provisions as per regulations shall always be ensured;
 - iv. Solvency ratio after the repatriation is at least 50 bps higher than the control level of solvency i.e. 200% as specified by the Authority;
 - v. Such withdrawal shall not exceed 20% of assigned capital of such FRB/Lloyd's India as at the end of last financial year;
 - vi. One request in a Financial year can be made by the Foreign Reinsurer;

- vii. A certificate from certifying Actuary to the effect that sufficient reserves are made to meet the reinsurance liabilities;
- viii. A certificate from practicing Chartered Accountant/Cost Accountant that the request does not include the repatriation of surplus as per sub regulation 11 of Reg. 28 of IRDAI (Registration and operations of branch offices of FRB other than Lloyd's) Regulations, 2015 and sub regulation 10 of Reg. 50 of IRDAI (Lloyd's India) Regulations, 2016;
- ix. A certificate from practicing Chartered Accountant/Company Secretary on compliance with the FEMA requirements, RBI circulars, tax laws and applicable regulatory framework.

D. This circular shall come into force with immediate effect.

This circular is issued under section 14(2)(e) of the Insurance Regulatory and Development Authority Act, 1999.

ADDANKI
RAMANA
RAO

Digitally signed by
ADDANKI RAMANA
RAO
Date: 2022.10.26
13:08:48 +05'30'

A. Ramana Rao
Chief General Manager (Reinsurance)