

International Financial Services Centres Authority (Manner of Payment and Receipt of Premium) Regulations, 2022

UNION OF INDIA

India

International Financial Services Centres Authority Act, 2019

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Regulation IFSCA-2022-23-GN-REG032- of 2023

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INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY NOTIFICATION Gandhinagar, the 20 January, 2023 International Financial Services Centres Authority (Manner of Payment and Receipt of Premium) Regulations, 2022 IFSCA/2022-23/GN/REG032.—In exercise of the powers conferred by Section 28 read with Sections 2 and 3 of the International Financial Services Centres Authority Act, 2019, and clause (zaa) of sub-section (2) of Section 114A of the Insurance Act, 1938, read with Ministry of Finance, Department of Financial Services, notification number 5.0. 3035(E) dated 04 July, 2022, the International Financial Services Centres Authority hereby makes the following regulations namely: -

Chapter 1

PRELIMINARY

1. Short title, commencement and applicability: -

(1) These regulations may be called the International Financial Services Centres Authority (Manner of Payment and Receipt of Premium) Regulations, 2022. (2) They shall come into force from the date of their publication in the official Gazette. (3) These regulations shall be applicable to all Os.

2. Objective: The objective of these regulations is to put in place the manner of payment of premium for

insurance policy, assumption of risk, receipt or refund of premium and other terms and conditions, in accordance with Section 64 VB of the Insurance Act, 1938, for carrying on the insurance business

in the International Financial Services Centres.

3. Definitions -

(1)— In these regulations, unless the context otherwise requires —(a)‘Act’ means the International Financial Services Centres Authority Act, 2009 (50 of 2009);(b)‘Authority’ or ‘IFSCA’ means the International Financial Services Centres Authority established under sub-section (1) of Section 4 of the Act;(c)‘cash deposit’ means deposit of cash by the insured, policy holder or proposer to the ITO in advance towards adjustment of premium;(d)‘grace period’ means the specified period of time immediately following the premium due date within which the policy is considered to be in force, and payment can be made without any penalty or late fee for renewal or continuation of an existing policy, without the policy getting lapsed;(e)‘International Financial Services Centre Insurance Office’ or ‘ITO’ shall have the meaning as assigned to it under clause (k) of sub-regulation (1) of regulation 3 of the International Financial Services Centres Authority (Registration of Insurance Business) Regulations 2022];(f)‘premium’ refers to the consideration paid or payable under a contract of insurance to cover the risk;(g)‘premium payment warranty clause’ refers to a clause incorporated in the contract of insurance, relating to the time and manner of payment of premium.(2) Words and expressions used and not defined in these Regulations but defined in the Act or Acts mentioned in the First Schedule to the Act or any rules, regulations made thereunder, shall have the same Meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Chapter 2

Manner of Payment, Receipt of Premium and Assumption of Risk

4. The premium to be paid by a person proposing to take an insurance policy (hereinafter referred to as the proposer’) or by a policyholder to an ITO may be made through any of the following manner(s), namely: -

(1) recognised instrument of payment using banking channels including payment made through electronic mode;(2) bank guarantee or equivalent instrument issued by any bank in favour of the IO for payment of premium, in case the insured fails to make such payment;(3) cash deposit; or(4)— any other method or manner of payment as may be specified by the Authority. Assumption of risk with or without receipt of premium in advance -For the purposes of these regulations, an ITO may assume the risk, continue to assume the risk or terminate any assumption of risk, subject to satisfaction of the following -(a) the premium payable is received by it;(b) the premium payable is guaranteed in terms of sub-regulation (2) of regulations 4 of these regulations;(c) the deposit of such amount, as the Authority may specify, is made in advance for adjustment towards premium; or(d) the premium payable to it is in accordance with the terms and conditions of the contract of insurance entered into in this behalf or in such manner as may be specified by the Authority from time to time. An ITO and prospect or insured, as the case may be, may mutually agree for payment of

premium in instalments, time schedule and manner of payment of such instalments by incorporating a premium payment warranty clause in the contract of insurance. The contract of insurance shall, inter-alia, specify the following: (1) the manner and time schedule of payment of premium in full or in instalments; (2) grace period, if any and consequence of non-payment of premium within such grace period; (3) conditions for the revival of lapsed policy, if any; (4) date of commencement of risk; (5) — date of termination of risk upon non-payment or non-realization of premium taking into account the line of business, duration of the insurance policy; (6) Premium Payment Warranty clause, if any, as agreed upon by the IO and the Insured; and (7) — any other information as may be specified by the Authority from time to time. Payment of Premium for contracts of Reinsurance — (8) the risk may be assumed without payment of premium in advance on insurances accepted under automatic reinsurance contracts; (2) In the case of facultative reinsurance, risk may be assumed without payment of premium in advance in accordance with the terms of the Premium Payment Warranty clause, if incorporated in the contract of insurance; (3) Reinsurers shall have systems in place to ensure that all premiums receivable are duly received and accounted for.

Chapter 3

Refund of Premium to the Insured

Any refund of premium, which may become due to an insured on account of cancellation of a policy or alteration of any term and condition or otherwise, shall be paid by the HO directly to the insured in any manner specified in sub-regulation (), (3) and (4) of regulation 4 of these regulations and shall in no case be credited to the account of the agent.

Chapter 4

MISCELLANEOUS

Board Approved Credit Risk Policy: Every IO at all times shall have a Board approved policy on mitigation of credit risk, inter-alia, indicating therein the downsides of non-payment of premium by the insured. Power to specify procedures and issue clarification: For the purpose of implementation of these regulations and matter incidental thereto, or in order to facilitate and regulate financial services related to insurance and re-insurance in an International Financial Services Centre (IFSC), the Authority may specify norms, procedures, processes, manners including relaxations therefrom, if any, by way of guidelines or circulars. Power to remove difficulties and relax strict enforcement of the regulations: (1) In order to remove any difficulty in the application or interpretations of the provisions of these regulations, the Authority may issue clarifications through guidance notes or circulars. (2) The Authority, for reasons to be recorded in writing, may in the interest of development of financial market, relax the strict enforcement of any requirement of these regulations, upon payment of fee, if any, as may be specified by the Authority. Repeals and saving: (1) On and from the commencement of these regulations: (a) The provisions of the Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations, 2002, shall cease to apply in an International Financial Services Centre; and (b) Clause (2) under Chapter - 2 of International

Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Offices) Guidelines, 202, shall stand omitted.(2)An IIO operating in an IFSC prior to the commencement of these regulations, shall comply with the additional requirements specified in these regulations, within a period of six months from the commencement of these regulations or within such extended period as may be permitted by the Authority.INJETI SRINIVAS, Chairperson[ADVT.IN/4/Exty./556/2022-23]Uploaded by Dte. of Printing at Government of India Press, Ring Road, Mayapuri, New Delhi-0064and Published by the Controller of Publications, Delhi-|0054. A LO K KU MAR Dastialy signed by ALK kurtaDate: 2023.0.4 7:22:9 +05'30'