

and/or tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels; and (iii) HFCs and other regulated entities shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, as amended (“Master Direction on Transfer of Loan Exposures”)

The Master Direction on Transfer of Loan Exposures are applicable to *inter alia* NBFCs including HFCs. The Master Direction on Transfer of Loan Exposures lay down the conditions for transfer of loans, including allowing transfer of loans by lenders to only certain permitted transferees. Pursuant to the Master Direction on Transfer of Loan Exposures, the board must approve a policy for transfer and acquisition of loan exposures which lay down the minimum quantitative and qualitative standards relating to due diligence, valuation, requisite IT systems for capture, storage and management of data, risk management, periodic board level oversight, etc. Further, the policy must also ensure independence of functioning and reporting responsibilities of the units and personnel involved in transfer or acquisition of loans from that of personnel involved in originating the loans. Further, the Master Direction on Transfer of Loan Exposures also state that loan transfers should result in transfer of economic interest without being accompanied by any change in underlying terms and conditions of the loan contract usually.

IRDAI (Registration of Corporate Agents) Regulations, 2015 (“CA Regulations”)

Corporate agents are granted a certificate of registration by the IRDAI in accordance with the CA Regulations for solicitation and servicing of insurance business for any of the specified category of life, general and health. A corporate agency registration is valid for a period of three years from the date of issuance, unless the same is suspended or cancelled by the IRDAI. The grant and renewal of a corporate agency registration is subject to the applicant meeting the eligibility criteria prescribed in the CA Regulations. The criteria includes matters *inter alia* (a) whether the applicant has the necessary infrastructure such as, adequate office space, equipment and trained manpower on their rolls to effectively discharge its activities; (b) whether the principal officer, directors and other employees of the applicant have violated the code of conduct set out under the CA Regulations in the last three years; (c) whether any person, directly or indirectly connected with the applicant, has been refused in the past the grant of a licence/registration by the IRDAI; and (d) whether the applicant, in case the principal business of the applicant is other than insurance, maintain an arms-length relationship in financial matters between its activities as corporate agent and other activities.

Further, pursuant to the IRDAI (Insurance Intermediaries) (Amendment) Regulations, 2022, a corporate agent, depending on the type of registration (i.e., general, life or health) a corporate agent is permitted to act as a corporate agent for a maximum of nine general, life or health insurers, as applicable. In the case of corporate agent (composite) the total number of arrangements with life, general and health insurers, shall not exceed twenty-seven at any point of time.

IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024 (“EOM Regulations”)

The EOM Regulations, which will come into force on April 1, 2024, prescribe *inter alia* the limit and scope of the expenses of management in general insurance and health insurance business. The EOM Regulations include all operating expenses of general or health insurance business, commission to insurance agents, intermediaries or insurance intermediaries and the commission and expenses on reinsurance inward, which are charged to revenue account, under the ambit of ‘expenses of management’. In terms of the EOM Regulations, no insurer carrying on general insurance business in India shall incur expenses of management in excess of 30% of gross premium written in India in a fiscal year. Further, no insurer exclusively carrying on health insurance business in India, shall incur expenses of management exceeding 35% of gross premium written in India in a fiscal year as expenses of management. The EOM Regulations require every insurer to have a well-documented policy for allocation and apportionment of expenses of management amongst various business segments. The said policy shall be approved by the board of directors of the company.

Further, the EOM Regulations, prescribe *inter alia* the limits for payment of commission under life insurance and general insurance products offered by the insurers. The EOM Regulations define ‘commission’ as any compensation including remuneration, or reward, by whatever name called, paid by an insurer to insurance agent, intermediary or insurance intermediary, as applicable, for soliciting or procuring or transacting insurance business. In terms of the EOM Regulations, every insurer is required to adopt a board approved policy with respect to payment of commission and the objectives of the said policy shall *inter alia* take into consideration (i) the interest of the policyholders; (ii) nature and tenure of insurance policy; and (iii) the interest of the insurance agent, intermediary or insurance intermediary.

IRDAI Information and Cyber Security Guidelines, 2023 (“Cyber Security Guidelines”)

In terms of the Cyber Security Guidelines, all regulated entities are mandated to establish and maintain an organisation structure for governance, implementation and monitoring of information security, comprising the board of directors, risk management committee and information security risk management committee. The ultimate responsibility for information security of an organisation vests with the board of directors of the regulated entity, in addition to receiving quarterly inputs on matters related to information security and approving its information and cyber security policy.