

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Press Note No. 2(2014 Series)

Subject: Policy on foreign investment in the Insurance Sector- amendment of paragraph 6.2.17.7 of 'Circular 1 of 2013-Consolidated FDI Policy'

1.0 Present Position:

1.1 As per paragraph 6.2.17.7 of the '*Consolidated FDI Policy*, effective from 5 April, 2013', FDI, up to 26%, under the automatic route, is permitted in the insurance sector subject to the following conditions:

- (1) FDI in the Insurance sector, as prescribed in the Insurance Act, 1938, is allowed under the automatic route.
- (2) This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities.

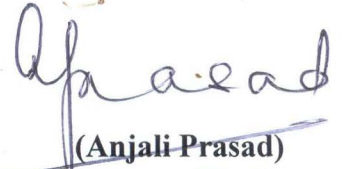
2.0 Revised Position:

2.1 Paragraph 6.2.17.7 of the '*Consolidated FDI Policy*, effective from 5 April, 2013', is replaced by the following:

S. No.	Sector/ Activity	% of FDI Cap/ Equity	Entry route
6.2.17.7	Insurance		
6.2.17.7.1	(i) Insurance Company (ii) Insurance Brokers (iii) Third party Administrators (iv) Surveyors and Loss Assessors	26% (FDI+FII+NRI)	Automatic
6.2.17.7.2	Other conditions		
	(1) FDI in the Insurance sector, as prescribed in the Insurance Act, 1938, is allowed under the automatic route. (2) This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities. (3) The provisions of paragraphs 6.2.17.2.2(4)(i) (c) & (e), relating to 'Banking – Private Sector', shall be applicable in respect of bank promoted insurance companies. (4) Indian Insurance Company is defined as a company: (a) which is formed and registered under the Companies Act, 1956; (b) in which the aggregate holdings of equity shares by a foreign company		

	<p>either by itself or through its subsidiary companies or its nominees, do not exceed 26% paid-up equity capital of such Indian insurance company;</p> <p>(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business.</p> <p>(5) As per IRDA (Insurance Brokers) Regulations, 2002, "insurance broker" means a person for the time-being licensed by the Authority under regulation 11, who for remuneration arranges insurance contracts with insurance companies and/or reinsurance companies on behalf of his clients.</p> <p>(6) As per IRDA (TPA - Health Services) Regulations, 2001, "TPA" means a Third Party Administrator who, for the time being, is licensed by the Authority, and is engaged, for a fee or remuneration, by whatever name called as may be specified in the agreement with an insurance company, for the provision of health services.</p> <p>(7) Surveyors and Loss Assessors will be governed by the IRDA Insurance Surveyors and Loss Assessors (Licencing, Professional Requirements and Code of Conduct) Regulations, 2000.</p>
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3.0 The above decision will take immediate effect.


(Anjali Prasad)

Additional Secretary to the Government of India

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