



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

CIRCULAR

To

All CEOs/CMDs of all Insurance Companies / Reinsurance Companies / FRBs

Ref: IRDAI/RI/CIR/061/04/2018

Date: 11-04-2018

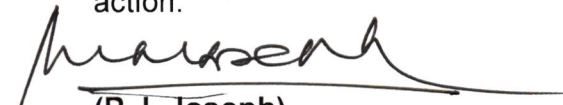
Re: Compliance of Order of Preference.

This is to bring your kind attention to the **Regulation 5 of IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) (First Amendment) Regulations, 2016 dated 28.01.2016** on Order of Preference, which reads as:-

“Every Indian Insurer shall obtain best terms for their facultative and treaty surpluses from Indian reinsurer(s) having a minimum credit rating which is having atleast good financial security characteristics from any of the internationally renowned credit rating agencies for the previous three years and also from atleast three entities which have been granted certificate of registration under Regulation 4(a) of these regulations. The Indian insurer shall then offer the best terms for participation in the following order of preference;

- (a) *To the Indian re-insurer(s) having a minimum credit rating as given above and thereafter to those granted certificate of registration under regulation 4(a) of these regulations.*
- (b) *To other Indian re-insurer(s) or to those granted certificate of registration as per regulation 4(b) of these regulations.*
- (c) *To the branch offices of foreign reinsurers set up in Special Economic Zone, only after having offered to all entities in (a) and (b) above.*
- (d) *The balance, if any, may thereafter be offered to Indian Insurers and overseas reinsurers.”*

We are informed that some of the insurers are not complying with the above. Insurers are advised to strictly adhere to the said regulation in order to avoid any regulatory action.


(P.J. Joseph)
Member (NL)
