

Ref: IRDAI/REIN/GDL/MISC/2/1/2023

January 3, 2023

To

The CEOs of All Insurers

Subject: Guidelines on issuance of File Reference Numbers (FRN) to Cross Border Re-insurers

1. Background:

- A. The Indian Insurance Industry is poised for growth and the Authority has been taking various steps to reduce the protection gap and develop the Insurance industry. These steps are towards ease of doing business and would also facilitate further development of the insurance industry.
- B. The availability of well-developed reinsurance market ensures that insurance products are available at reasonable prices to the policyholders. The Cross Border Re-insurers (CBRs) play a significant role in reinsurance market in providing reinsurance support/capacity to the Insurers. The insurer has to ensure that CBRs meet, *interalia*, rating requirements as per IRDAI (Reinsurance) Regulations, 2018 and shall have File Reference Number (FRN), before placing any business with them. At present, such FRNs are allotted on annual basis by the Authority.
- C. After considering the feedback and also inputs from the Task Force on Non-life Insurers and Reinsurers and the Working group on ease of doing business, it has been decided to consider Auto-renewal of FRNs by the Insurer itself, provided such CBRs meet the required criteria as specified hereafter.
- D. The Authority in exercise of the powers conferred under Sec. 34 (1) of the Insurance Act, 1938 read with Reg. 4 (3) and 12 (3) of the IRDAI (Re-insurance) Regulations, 2018, makes the following Guidelines.

- E. These Guidelines aim to streamline the regulatory process with respect to cross border reinsurers and will supersede existing Guidelines No. IRDA/R1/GDL/MISC/015/01/2021 dated 22th January, 2021, on CBRs.

2. Allotment of FRN to CBRs

A) Application for New FRN:

- i. The CBRs, who meet the eligibility criteria as per the extant regulations, will qualify as 'Eligible CBRs'. The CBRs, who do not meet the eligibility criteria, are regarded as 'Non-Eligible CBR';
- ii. The insurers, who wish to place re-insurance business with CBR, shall file an online application with the Authority at <https://cbr.irdai.gov.in/login.aspx> (CBR Portal) in the form as specified at Annexure – 1, for allotment of FRN to CBRs under the category of either 'Eligible CBR' or 'Non-Eligible CBR', as the case may be;
- iii. The Authority may raise any other requirements, if necessary, for processing of such application while allotting FRN to CBR. After examination of submissions made by the insurer, the Authority allots system generated FRN to the CBR;
- iv. Filing of application for allotment of FRN to CBR shall commensurate with Re-insurance programme of the insurer, as per extant regulations.

B) Application for Renewal of FRN:

The Insurer can generate FRNs on their own for the CBRs who qualify for Auto-renewal. The CBRs, who do not qualify for Auto-renewal, shall have to obtain FRN on annual basis. The detailed procedure is as under:

- i. Process for 'Auto – Renewal' of FRN:
 - a) To qualify for Auto-renewal of a CBR, the Insurer shall ensure that -
 - (i) Credit rating of the CBR shall not be less than 'Standard & Poor's A- or equivalent. The latest credit rating of the CBR shall not be prior to 12 months from the date of application for Auto-renewal;
 - (ii) CBR has been allotted FRN under 'Eligible CBR' by the Authority in the financial year preceding to the financial year for which application is made;

- (iii) necessary and latest information is filed and
 - (iv) Such CBR meets the other requirements as per Reg. 4 (1) of IRDAI (Reinsurance) Regulations, 2018 to qualify as 'Eligible CBR'
- b) While doing Auto-renewal process, if the applicant Insurer notices that CBR does not meet the requirements as per (a) above, it shall file the application for renewal as per the process stated in para B(ii) below.
 - c) The portal would be available for Auto-renewal for the current financial year and would also be available three months in advance for the next financial year.
 - d) The auto-renewal facility is available for three consecutive financial years for a CBR. After three financial years, fresh application has to be submitted by the insurer through CBR portal.
- ii. Process for Renewal of FRN for the CBR, who does not qualify for Auto-renewal:
- a) On completion of every financial year, any insurer may make an application for Renewal of FRN through the CBR portal.
 - b) The Authority, on examination of submissions made by the insurer, may allot system generated FRN.
 - c) The validity of renewed FRN allotted to such CBRs shall be for one financial year.

3. General Provisions:

- i. No insurer shall place re-insurance business with any CBR without valid FRN.
- ii. The Authority may allot country wise separate FRN to the CBR.
- iii. The facility for Auto-renewal would be available for FY 2023-24 and thereafter.
- iv. Once FRN is allotted for a particular CBR, the same shall be used by other insurer for placement of reinsurance business with such CBRs.
- v. The Insurer, while placing reinsurance business with CBR (who has valid FRN), shall satisfy itself and is solely responsible to ensure that the CBR meets the eligible conditions as per the extant regulations.
- vi. The Insurer shall place all the re-insurance business placements made with the 'Non-Eligible' CBRs before its Board of Directors for their approval / ratification,

and shall file within fifteen days the certified copy of such resolution with the Authority.

- vii. The insurer, within thirty days of commencement of the financial year, shall submit a certificate of compliance (Annexure-2) to the Authority confirming that all the re-insurance placements are made with the CBRs who comply with the eligibility criteria or with those CBRs prescribed in these guidelines. This certificate is to be filed with the Authority along with submissions required to be made under Reg. 3 (3) (A) (c) of the IRDAI (Re-insurance) Regulations, 2018.
- viii. Notwithstanding anything contained in these guidelines, the insurer shall comply with the Insurance Act, 1938 and other applicable regulations issued by the Authority from time to time.

These Guidelines shall come into force from the date of the issue.

A Ramana Rao
Chief General Manager (Re-insurance)

APPLICATION FOR ALLOTMENT OF FILING REFERENCE NUMBER FOR CBR

This application shall be signed by Authorised Signatory of CBR and Chief Compliance Officer of the insurer.

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|---|----------------------------------|
| Application for allotment of FRN for FY | (e.g. 2022-23 and 2023-24) |
| Application for allotment of FRN for Eligible CBR or Non-Eligible CBR | Eligible CBR or Non-Eligible CBR |

| Particulars | Details |
|---|--|
| A. General Information | |
| Name of the CBR (as per Certificate of Registration) | |
| Place of Incorporation | |
| Date of Incorporation | (dd/mmm/yyyy) |
| Address of Registered office of the CBR | |
| Name and address of Supervisory Authority with whom the Reinsurance Company is registered | |
| Certificate of Registration (COR) validity with home regulator | _____ valid up to (dd/mmm/yyyy) |
| As per registration certificate granted by Home Country Regulator or Supervisory Authority the CBR is Authorised to transact; | Direct Life Insurance; Direct General Insurance; Composite Direct Insurance (i.e. Life & General both) or Re-Insurance Business (Life & General) or Direct and Re-insurance Business both. |
| Home Country Regulator or Supervisory Authority has authorised to transact Re-insurance business from foreign jurisdiction. | Yes / No. |
| Place of office of the CBR applying for allotment of FRN | |
| Name of the Country in which the above CBR is domiciled | |
| Country of tax residency for the applicant CBR | |
| Name of ultimate parent Company of CBR (complete name to be given as per certificate of registration) | |
| Names of Group Companies of CBR (complete names to be given as per certificate of registration) | |
| B. Details of the person responsible for providing requisite information of CBR | |
| Name | |
| Designation | |
| Business phone number | |
| Address | |

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|--|--|--|--|
| Email Id | | | |
| C. Details of the department person responsible for providing confirmation on receipt of premium by CBR | | | |
| Name | | | |
| Designation | | | |
| Business phone number | | | |
| Address | | | |
| Email Id | | | |
| D. Financial Position of the CBR | | | |
| Details of Capital: | | | |
| Amount of Paid-Up Capital: | | | in INR _____ |
| Free Reserves as per last audited Balance Sheet | | | in INR _____ |
| Name of Currency in which re-insurance business will be transacted | | | Conversion to INR _____ |
| Net owned funds | | | in INR _____ |
| Solvency Ratio as per home country regulator for last 3 years | Regulatory prescription | Actual Solvency Margin of the CBR | |
| Immediately preceding FY | | | |
| Immediately preceding FY -1 | | | |
| Immediately preceding FY -2 | | | |
| | | | |
| Incurred Claims Ratio (ICR) for last 3 years | Last Year (e.g. year 2021) | Last Year (-) 1 (e.g. year 2020) | Last Year (-) 2 (e.g. year 2019) |
| Details of ICR | | | |
| Combined Ratio for last 3 years | Last Year (e.g. year 2021) | Last Year (-) 1 (e.g. year 2020) | Last Year (-) 2 (e.g. year 2019) |
| Details of Combined Ratio | | | |
| | | | |
| Details of previous CBR FRN as per IRDAI Portal (if any) | Last FY (e.g. FY 2021-22) | Last FY (-) 1 (e.g. FY 2020-21) | Last FY (-) 2 (e.g. FY 2019-20) |
| CBR FRN No. | | | |
| | | | |
| | | | |
| Details of re-insurance business placed with the CBR | Amount (INR in Lakh) of re-insurance business placed | | |
| | Facultative | Treaty | |
| Last Year (e.g. 2021-22) [Year (2018-19 onwards) may be given as drop down] | | | Lines of business which the CBR participated |
| Last Year (e.g. 2020-21) | | | |

| | | | |
|---|--------------------------------|-------------------------------------|--|
| [Year (2018-19 onwards) may be given as drop down] | | | |
| Last Year (e.g. 2019-20) [Year (2018-19 onwards) may be given as drop down] | | | |
| | | | |
| Name(s) of Indian insurer for whom CBR is participating in re-insurance business for last FY (e.g. 2021-22) | Names of Indian insurer | | |
| Re-insurance premium receipt confirmation from the applicant CBR | Last FY (e.g. 2021-22) | Last FY (-) 1 (e.g. 2020-21) | Last FY (-) 2 (e.g. FY 2019-20) |
| The applicant CBR has provided premium confirmation receipts to all Indian insurer | Yes / No | Yes / No | Yes / No |
| Please attach file / email duly certified by authorized signatory of the CBR | | | |
| If the reply is 'No' , Please furnish reasons for the same along with duly certified authorized signatory of the CBR. | | | |
| E. Credit rating from international credit rating agencies | | | |
| Name of Rating Agency | | | |
| Year of Rating | | | |
| Credit Rating | | | |
| Whether the CBR has over a period of the past three years counting from the year preceding for which the business has to be placed, enjoyed a credit rating of at least BBB (with Standard & Poor) or equivalent rating of any other international rating agency? If no, the credit ratings for past three years be submitted | | (Yes/No) | |
| Whether the CBR complies with the solvency margin/ capital adequacy prescribed by the respective home regulator | | (Yes/No) | |
| Whether the country of domicile has signed a Double Taxation Avoidance Agreement with the Government of India | | (Yes/No) | |
| DECLARATION CUM UNDERTAKING: I / we solemnly declare that the information supplied in this application form is true and correct. | | | |
| Place: | | Signature | |
| Date: | <u>Seal</u> | Name: | |
| | | Designation: | |
| | | [Authorised Signatory of CBR] | |
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| Specific recommendation of the (re)insurer justifying as to why they would like to make Reinsurance placements with the referred CBR even though it does not comply with prescribed eligibility criteria. (for 'Non Eligible CBR' only | |
| The filing of this application is in compliance with Reg. 5 (2) (B) of the IRDAI (Re-insurance) Regulations, 2018 | (Yes / No) |
| If No, the insurer has to submit clarification on the matter | Free text |
| The following are the documentary Requirements in case of Application for Non-Eligible CBR | |
| Copy of registration Certificate issued to CBR by home country regulatory / Supervisory Authority | |
| Signed copy of specific recommendation of the insurer, justifying as to why they would like to make Reinsurance placements with the referred CBR. Such recommendation shall necessarily be made by the Head of Reinsurance Department of the Insurer. | |
| DECLARATION CUM UNDERTAKING BY CHIEF COMPLIANCE OFFICER OF INDIAN (RE)INSURER: | |
| <p>a. I / We solemnly confirm that the required due diligence of the CBR has been done and the relevant documents have been scrutinized scrupulously.</p> <p>b. I/We ensure strict compliance with the eligibility criteria for CBRs, as prescribed by the Authority.</p> <p>c. I / We undertake that all information furnished above is correct in my/our knowledge and belief.</p> <p>d. I / We understand that after submitting this application, if it is proved that the information submitted is wrong or incorrect at any point of time, I / We shall be subjected to the provisions of the extant Acts, Regulations, Guidelines and circulars notified by the Authority from time to time.</p> | |
| Place: | Signature |
| Date: | Seal |
| | Name: |
| | Designation: Chief Compliance Officer |

Certificate of Compliance

Name of Insurer:

Financial Year:

Certified that the Insurer has placed all its reinsurance placements for the Financial year _____ to CBRs

1. Complying with all eligibility conditions as laid down in the extant regulations / Guidelines / Circular etc.
2. Holding a valid Filing Reference Number (FRN) as per norms laid down by the Authority or
3. Specifically approved by the Authority.

All placements made with Cross Border Reinsurers, have been approved by the Board of the Insurer.

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| Place: | Seal | Signature |
| Date: | | Name: |
| | | Designation: Chief Compliance Officer |