



To: Dr. Parshant Kumar Goyal
Joint Secretary
Department of Financial Services
Ministry of Finance, Jeevan Deep Building
New Delhi, India

Date: April 16, 2025

Subject:
Payment of reinsurance premiums abroad: Restrictions and delays

Dr. Goyal,

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 42 member associations and 3 observer associations the interests of insurers and reinsurers in 68 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than \$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.

The global insurance industry acknowledges and welcomes the Insurance Regulatory and Development Authority of India's (IRDAI) recent and ongoing attempts to modernise its insurance regulatory framework. These changes are important and will create a forward-thinking insurance marketplace in India. This will allow the insurance sector to thrive and be competitive on the global stage. We appreciate and support the IRDAI's objectives of promoting the ease of doing business and the orderly growth of India's reinsurance sector while protecting the interests of insurance policyholders.

However, GFIA notes with concern that the IRDAI currently applies a cap on dividends and a cap on related-party payments for insurance intermediaries with more than 50% foreign direct investment (FDI). We believe that these caps create an uneven playing field since these restrictions do not apply to insurance companies and domestic insurance intermediaries.

Moreover, we believe these restrictions risk harming the interests of policyholders as they reduce future investments by foreign intermediaries, thus preventing these intermediaries from providing their clients with innovative risk management solutions.

For many years, GFIA and its member associations have strongly promoted liberalisation of insurance markets and a level playing field for all market players. Insurance is essentially an international market; the current sophisticated level of risks, and the size and increase of climate-related disasters, require not only an international reach but also major investments in innovative risk solutions. GFIA is convinced that open, competitive markets ultimately generate better conditions for both policyholders and market operators.

GFIA and its members strongly encourage IRDAI to reconsider the current limitations on dividends and related-party payments for insurance intermediaries with more than 50% FDI. We also urge the IRDAI to delete any barrier to fair competition in the Indian insurance market.

More generally, the IRDAI approval requirements should be simplified and streamlined. Multiple approvals at every stage of formation, operations, appointments etc., make setting up insurance and related businesses difficult. Simplification and streamlining of approval requirements can enhance the ease of doing business in the

Indian insurance sector. The IRDAI can actively work on rationalising the number of regulations and streamlining the approval process for setting up and operating insurance related businesses.

Reducing the number of required approvals can create a more efficient regulatory environment that is poised to attract increased foreign investment. This initiative shall facilitate quicker operationalisation of insurance related entities, thereby benefiting the overall sector.

GFIA remains committed to an ongoing, open dialogue with the IRDAI on all issues. We also continue to applaud the IRDAI for its forward-thinking improvements to insurance regulation, which will help ensure India has a thriving insurance marketplace. We look forward to continuing our constructive and collaborative relationship.

Sincerely,



Brad Smith
Chair of the GFIA Trade Working Group

Contacts

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About GFIA

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