

7 June 2019

(19-3976)

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Council for Trade in Services

Original: English

**NOTIFICATION PURSUANT TO ARTICLE III:3 OF THE GENERAL
AGREEMENT ON TRADE IN SERVICES**

The following notification from the delegation of India, dated 7 June 2019, is being circulated to the Members of the Council for Trade in Services.

1 MEMBER NOTIFYING:

India

2 NOTIFICATION PURSUANT TO:

Article III:3 of the General Agreement on Trade in Services

3 DATE OF ENTRY INTO FORCE:

1 January 2019

4 AGENCY RESPONSIBLE FOR ENFORCEMENT OF THE MEASURE:

Insurance Regulatory and Development Authority of India (IRDAI)

5 DESCRIPTION OF THE MEASURE:Reinsurance and retrocession

Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or statutory placements with Indian reinsurers domestically, and thereafter making placements in compliance with the order of preference.

Up to 26 December 2014, the FDI was allowed only up to 26%. This was raised to 49% through an amendment to Section 2(7A) of Insurance Act. Further, the Indian Insurance Companies (Foreign Investment) Rules, 2015 have been notified by the Government of India. The amended Act and the rules framed thereunder provided for 49% cap in foreign investment and also envisages Indian ownership and control. Accordingly, IRDAI has issued guidelines on "Indian owned and controlled" on 19 October 2015.

Foreign reinsurers can set up branch offices for reinsurance business subject to economic needs test, fulfilment of minimum capitalization norms and fulfilment of criteria relating to minimum retention of the Indian reinsurance business.

The order of preference for cessions by insurers shall be as specified under law, with preference to Indian reinsurers, and only then to branch offices of foreign reinsurers.

6 MEMBERS SPECIFICALLY AFFECTED, IF ANY:

None

7 TEXT AVAILABLE FROM:

https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3685&flag=1
