Comments received on the proposed amendment to IFSCA (Manner of Payment and Receipt of Premium) Regulations, 2022

The consultation paper on captioned regulations seeking comments/ suggestions from the public was issued by IFSCA on May 12, 2026. The following comments / suggestions were received:

Sr. No.	Reg. No.	Sub-Regu No. /Para No.	Comments / Suggestions / Suggested modifications	Rationale
1	4	Para 1	The premium to be paid by a person proposing to take an insurance policy (hereinafter referred to as the 'proposer') or by a policyholder or by a lending institution on behalf of the policyholder to an IIO may be made through any of the following manner(s), namely:- (1) recognised instrument of payment using banking channels including payment made through electronic mode; (2) bank guarantee or equivalent instrument issued by any bank in favour of the IIO for payment of premium, in case the insured fails to make such payment; (3) cash deposit (not applicable for premium paid by lending institution on behalf of policyholder); or (4) any other method or manner of payment as may be specified by the Authority. Explanation – For premium payment by lending institution on behalf of a policyholder shall be governed through the arrangement between the policyholder and the lending institution	The IIO has come across instances whereby customers, especially High Networth Individuals "HNI", request for facilitating premium payment through 'premium financing'. Premium financing is an established practice in several international financial centres, whereby a customer obtains financing from a regulated banking institution to pay premiums on a life insurance policy. This arrangement is generally availed by HNIs and Non-Resident Indians (NRIs) seeking long-term financial protection solutions without liquidating existing investments. How Premium Financing Works 1. A customer purchases a life insurance policy from an insurer. 2. A regulated bank or lending institution provides financing for the policy premiums. 3. Premiums are paid directly by the lender to the insurer. 4. The customer services the financing facility as per agreed terms. 5. The lender may obtain collateral, such as cash deposits, marketable securities, or other eligible assets, depending on the customer's profile and the financing structure. This arrangement facilitates access to higher insurance coverage without requiring immediate deployment of large amounts of capital thus preserving their existing

				investment portfolios and business assets. In order to implement the premium finance approach for premium payment, following risk controls may be evaluated: • Premium financing to be provided only by regulated banking/lending institutions operating within approved regulatory frameworks. • Eligibility shall be restricted to qualified customers meeting prescribed financial criteria. • Adequate collateral requirements to be maintained by financing institutions. • Clear suitability assessment and documentation requirements • Policy assignment to the bank/lending institution to the extent of outstanding loan We believe that enabling premium payment through premium financing may create a level playing field for IFSC Insurance offices vis-à-vis foreign insurers accepting premium payments through premium financing. It may also help in improving premium collection efficiency while reducing operational challenges considering the premium will directly be paid by banks/financial institutions. In view of the above, we request the Authority's guidance on enabling premium financing for payment of insurance premium.
2	2		For the purposes of the substituted definition, references to "contract of insurance", "policyholder" and "insurer" are intended to apply equally in the context of reinsurance business	The existing Regulations expressly apply to reinsurance and include specific provisions governing reinsurance contracts.

			carried on by an IIO, including that "policyholder" should be understood to include a cedant.	A clarification would ensure that the substituted definition, drafted primarily in a direct insurance context, operates consistently within the IFSC reinsurance framework and avoids any ambiguity in interpretation.
3	4		For the purposes of the substituted definition, where premium is received by an authorised intermediary or other authorised entity acting on behalf of the insurer or reinsurer (including, where relevant, service companies, coverholders, MGAs or reinsurance brokers), and is appropriately accounted for, such receipt may be treated as receipt by the insurer or reinsurer for regulatory purposes	The IFSC framework permits the use of intermediaries and delegated arrangements for underwriting and premium handling.
4	4		For the purposes of the substituted definition, the treatment of reinstatement premium, including that amounts payable to reinstate cover under an existing contract are treated as premium payable under the contract, and that their timing and payment are determined in accordance with the contract and the existing provisions of the Regulations.	In certain reinsurance arrangements, additional amounts may become payable following a loss to restore cover under an existing contract. These amounts would arise after inception of the contract and are calculated in line with the terms of the contract.

IFSCA Response: The inputs / comments received from the public consultation were suitably considered. The said inputs / comments along with draft notification towards amendment of IFSCA (Manner of Payment and Receipt of Premium) Regulations, 2022, were placed before the Authority in the meeting held on July 24, 2026.

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