

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (SCHEME OF AMALGAMATION AND TRANSFER OF GENERAL INSURANCE BUSINESS) REGUL

REGI). NO. D. L -330009 Che Gazette of •tidia 1181 No. 1181 FN'RAOR1)INARh PART ill—section PUBLISHED BY At K)RITY 31, 10, 1933 NEW DELHI, TUESDAY, MAY 2011/,JYAISTHA 10, 1933 () fr#-zrq, 201 1 20 1. ii) 2) v-r. 1/55/2001.—\$11 1999 (1999 41) 14 26 1938 (1938 4) qfr€ü< 1 " Q) Uu qft€âu (2) *ft) 45 fuf*uoq 2, 201 1972 qffü 1938 (1938 t, 'VlfaQNUi' 1999 3 å5 1993Gi/2011 3. i) l) u) 71) N) €5) IF, GAZF.•rrF, INDIA EXTRAORDINARY 1956 f (A' 391—30 1938 37R Ft)HT 193B 7b' maf oil xriafeta ? fry- (1) tâfr#i (3) ufäul' 3-12m 3tpfd 31Y 3--TäRU1 geTH ra, (+11 ftqié) 2002 åuTR 13 2010 31N/ 1 / 05/2010 RqYf, i , füs t-ft, fib@i 2002 2) 5) 6. o) 7, 2. 4. 45) u) (41) (RO) («fi) fchfQ(ftfdd; ftxffri (2) Q-aif&F Q)A-fi viÄ {iuftRiT t) Qå fib 1 956 tä) fi ifrl tZFTii 3iätÄH 310fÅ t}, 193B fZ?T1-födQil å5 t. 05 q-€-«j-ra.-ql Vf å5 fäg 31fåf&a t Fett - - 1956 39 1 394 å5 Eft 1959 , fh tvs, faü?ft (Ridi) 4 8. 9 1 2 3 4 5. 6 10. 11

2. GAZETTE OF INDIA : EXTRAORDINARY I PART III— SFC. (tpk,def) fts fib 7 (4) Qtl fäi atHFö?Tf 3ffftdui qrqhfi) ufä -t t FTTrå (giåfi#r) Üfä fäq å5 50 Qftudl f&fkT 3 4 5 7 8. 9 10 12 13. 14. 15 16 17. åöq; (lit&Nt) å5 i) åj ua-GTN 11 fäq \$1 37k INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (Scheme of Amalgamation and Transfer of General Insurance Business) Regulations, 2011 NOTIFICATION Hyderabad, the 20th May, 201 1 In exercise of the powers conferred by clause (zc) of sub-section (2) of Section 114 A F. No. IRDA/Reg/1/55t2011 OJ the InSüFance AEt_1938 (4 of 1938) read with sections 6A, 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) in consultation with the Insurance Advisory Committee, hereby makes ihejoilewing regulations namely; 1. Short title and commencement I. These regulations may be catted the Insurance Regulatory and Development Authority (Scheme of Amalgamation and Transfer of General Insurance Business) Regulations, 201 1. They shall come into force on the uae 0K their pubkication in the official Gazette

3. These Regulations shall apply to all general insurance companies other than wholly owned Governnnent convanies which tail within the purview ot- General Insurance Business (Nationalization) Act, 1972 6 2.3. 4. GA'ZL"TY'E OF INDIA : EX'TRAORDINARY Definitions In these regulations, un'ess the ('therxvise requires [PART SIV. a. b. c. d, c. g. h. OAct' Incans the Insurance Act. 19.38 (4 of 1938): Authority' liltans Insurance Rek'lllatory and Developntent A hority established under Section 3 ot the Insurance Regulatory and Developrncnt Authorily ACI 1 999: 'application' Incans application subtnitted to (he Authority along with proposed as defined here under: appointed date' Incans the date appointed purposes ot' giving elléct to the schetne of and Irans of general Insurance business: entity' Inean.s the resultant Indian Insurance C0lnpany consequent upon the i:nplcrnerrtation ot the Schetne. 'Scherne' tneans scherne or agnalgaua(ion and transfer jortnu}ated under Sections 39 1-394 of •rhe C0lnpanies Act, 1956 and not governed by Section 37 A ot the Insurance Act 1938: 'transact ine parties' the transferor cotnpany atld the transferee convany iVh ich arc 'Indian Insurance Cornpany' as defined in Section 2(7)A the Insurance Act 1938; transferor insurer' rneans the cotnpany or cornparues. which would trans tur the undertaking of general insurance business under the Schenle of atnalganlation and transfer, transferee insurer' Rteans the connpany, would acquire (he undertaking general insurance business undec the Schetnc of zunalgarnation and trans fer. ippfication to bc sub rn it ted to the Authority livery proposal ror implementation of the Scherne under these Regulations shall be submitted by the transacting parties to the Authority along with the draft proposed Schetnc containing related information as indicated in the Annexure to these Regulations Every Scheme under these regulations shall be i:nplemented only after final approval of the Authority: Provided that no Scheme under these regulations shall be approved if in the opinion of the Authority (i) the available solvency margin of the merged entity wtl be tower than the required minimum regulatory level or (ii) the Scheme is not compliant with any other applicable laws and regulations or (iii) the Scheme is not in the best interests of the policyholders or (iv) is not conducive to the orderly growth of the insurance sector. Notice of Intention 1. Every application for implementation of the Scheme shall be preceded by a notice of the intention to make the application at least one noonth before the date of application, together with a staternent of the nature of the amalgamation and transfer, along with the reasons therefor to the Authority and certified copies, four in

number, of each of the following documents shall be furnished to the Authority: (a) a draft of the agreement or deed under which it is proposed to the amalgamation and transfer; (b) balance-sheets in respect of the insurance business of each of the insurers concerned in such amalgamation and transfer, prepared in the form as indicated in the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002; (c) Financial Condition Report; IDNR Report; and Solvency Statement prepared in conformity with the requirements of relevant regulations and Circulars issued by the Authority, including Assets, Liabilities and Solvency Margin Regulations, Circular No. IRDA/ACTL/CIWM/SC/081/05/20 IO dated 13th May, 2010; and Circular on furnishing of IBNR Reports; (d) a report on the proposed amalgamation and transfer, prepared by an independent actuary who has not been connected with any of the parties concerned in the amalgamation and transfer at any time in the three years preceding the date on which he signs his report; (e) a synopsis / executive summary of the proposed transaction, and the terms on which such transaction has been contemplated; (f) a report on the manner in which the interest of the policyholders will be protected; and a report on compliance with the applicable laws, including but not restricted to, the Competition Act, 2002 and the employment laws. 7. The balance sheets, reports and abstracts referred to in clauses (b), (c) and (d) shall be prepared as at these shall be (i) audited financial statements as at the appointed date, on a pro-portion basis, proximate to the appointed date and (ii) latest available unaudited financial statements. K

7. Consideration of proposed Scheme by the Authority and grant of 'in-principle' approval. Any time prior to granting final approval to the proposed Scheme, the Authority may cause an independent actuarial valuation of the insurance business (encompassing the assets, liabilities and solvency position) of the transacting parties. In principle approval by the Authority 2. 3. the proposed Scheme is (i) in the interests of the orderly growth on being satisfied that the Authority and (ii) on condition of alliance with it have requirements as the Authority of the Insurance sector, its statutory mandate. may grant in-principle approval to the proposed transaction if it deems fit in the context of Scheme subject to such conditions as it may consider appropriate. In principle approval and during the period prior to the transacting parties while grant of such scheme of arrangement under the Companies Act 1956, the receiving the Court approval Authority may, if so required, impose such requirements on the transacting parties as it may consider necessary and appropriate (a) to ensure protection of the interests of the policyholders; and (b) to ring fence the assets of the transacting entities including stipulations for filing of information/reports at such periodicities as it may deem fit. During the interim period, the parties to the Scheme shall ensure that the insurance operations are carried out in compliance with all requirements of the Insurance Act, 1938, the regulations framed thereunder and the directions issued by the Authority. Effect of grant of 'In-Principle' approval 2. 3

4. Upon grant of 'in-principle' approval, the transacting parties shall cause copies of the proposed Scheme to be kept open for inspection by policyholders at the registered office and the main corporate uploaded or; s, Office of the Registrar. The same respective insurers. Such inspection and access to the documents referred to above shall be kept open until the complete implementation of the Scheme. Upon grant of 'in-principle' approval to the Scheme and prior to the said Scheme being presented to the relevant Court / Tribunal for approval, the Authority shall cause a statement of the nature and terms of the Scheme to be published in at least one National Daily and one vernacular newspaper, copies of which shall be filed with the Authority. Further, the Authority, if it deems necessary, may direct that notice of the application, in such form as it may direct, be sent to every person resident in India who is the holder of a general insurance policy of any of the insurer concerned in the proposed transaction. Upon receipt of the 'in-principle' approval of the Authority, the transacting parties to the Scheme would initiate steps to seek such other regulatory approvals as may be required including but not restricted to — a, b, c. Filing the scheme of arrangement (along with the 'in-principle' approval of the Authority) with the relevant High Courts/ Tribunal, for confirmation of the scheme of arrangement in terms of sections 391 to 394 of the Companies Act, 1956 and compliance with all requirements under the Companies (Court) Rules, 1959. Filing applications with the Investment Promotion Board (FIPB) and the Reserve Bank of India (RBI) seeking requisite approvals, if any; In cases where a foreign joint venture partner is also associated with the transaction, approval from the regulator in the relevant jurisdiction, if such approval is required; and 8. THE GOVERNMENT OF INDIA : EXTRAORDINARY Part II. Seek such other approvals as may be necessary, including those from the Securities and Exchange Board of India (SEBI), Stock Exchange(s)

and Commission of India final approval from the Authority before the Regulations and completion of the various processes and receipt of all approvals from various applicable regulatory authorities and the relevant Court, Tribunal, as applicable. The Authority would ensure that the Scheme as finally approved is consistent with such requirements or stipulations as might have been imposed by the other competent authorities according to their regulatory approval as in para 7 (4) above. 9. IO

11. Effect of final approval 1.2. 3. 4. 5. 6. the amalgamation and transfer of the general insurance business, as envisaged in the Scheme, shall be effective from such date as shall be specified by the Authority while granting its final approval to the Scheme. On and from the date of the coming into operation of the Scheme or any provision (hereof, the Scheme the hereinafter, or such provision shall be binding on the transacting insurers and also on all policyholders and other creditors and employees of each of the transacting insurers, and on any other person having any right or liability in relation to any of the transacting insurers. On and from the date of the coming into operation of the Scheme, the properties and assets of the transferor insurer shall, by virtue of and to the extent provided in the Scheme, stand transferred to and vest in, and the liabilities of the transferor insurer shall, by virtue of and to the extent provided in the Scheme, stand transferred to and become the liabilities of the transferee insurer. Publication of Notice in the process (at least one national Daily and one vernacular, copies of which shall be filed with the Authority). If any difficulty arises in giving effect to the provisions of the Scheme, the Authority may by order issue such directions which appear to it necessary or expedient for the purpose of removing the difficulty it deems fit, taking into account the facts and circumstances of each case, its regulatory objectives, the interests of policyholders and orderly growth of the insurance sector. in relation to any sequencing of measures involved in the Scheme being approved by it Payment of fees for processing of the application The fees for the processing of the application for an 'in-principle' approval shall be jointly entitled by the parties to the transaction by a demand draft issued by a scheduled bank in favour of the Insurance Regulator and Development Authority payable at Hyderabad. The fees shall be one-tenth of one per cent of the total gross premium written direct in India by the transacting entities during the financial year preceding the financial year in which the application is filed with the Authority which shall be subject to a minimum of fifty lakh rupees, but shall not be higher than five crore rupees. Timing The Authority shall process and pass appropriate order on the application (or amalgamation and transfer as expeditiously as possible, and the transacting parties shall ensure prompt response to the queries and requests for information from the Authority for processing the application. J. NARAYAN, Chairman 8 9. THE GAZETTE OF INDIA : EXTRAORDINARY PART III— d. Seek such other approvals as may be necessary, including those of the Securities and Exchange Board of India (SEBI), Stock Exchange(s) and Competition of India (CCI)

8. Final approval from the Authority On completion of the various processes indicated in the foregoing Regulations and upon receipt of all approvals from various applicable regulatory authorities and the relevant Court/Tribunal as the transacting parties shall approach the Authority for the final approval of the Scheme. The Authority shall ensure that the Scheme as finally approved is consistent with such requirements or stipulations as might have been imposed by the other competent authorities according to their regulatory approval as in para 7 (4) above. Effect of final approval 1.2, 3

6. The amalgamation and transfer of the general insurance business, as envisaged in the Scheme, shall be effective from such date as shall be specified by Authority while granting its final approval to the Scheme. On and from the date of the coming into operation of the Scheme or any provision thereof, the Scheme or such provision shall be binding on the transacting insurers and also on all the shareholders, policyholders and other creditors and employees of each of the transacting insurers, and on any other person having any right or liability in relation to any of the transacting insurers. On and from the date of the coming into operation of the Scheme, the properties and assets of the transferor insurer shall, by virtue of and to the extent provided in the Scheme, stand transferred to and vest in, and the liabilities of the transferor insurer shall, by virtue of and to the extent provided in the Scheme, stand transferred to and become the liabilities of the transferee insurer. . about completion of the process (at least one national Daily and one vernacular, copies of which shall be filed with the Authority). If any difficulty arises in giving effect to the provisions of the Scheme, the Authority may by order issue such directions which appear to it necessary or expedient for the purpose of removing the difficulty. The Authority may issue

such directions as it deems fit, taking into account the facts and of each case, its regulatory objectives, the interests of policyholders and orderly growth of the Insurance sector, in relation to any sequencing of measures involved in the Scheme being approved by it. IO. Payment of fees for processing of the application The fees for the processing of the application for an 'in-principle' approval shall be jointly remitted by the parties to the transaction by a demand draft issued by a scheduled bank in favour of the Insurance Regulatory and Development Authority payable at Hyderabad. The fees shall be one-tenth of one per cent of the total gross premium written direct in India by the transacting entities during the financial year preceding the financial year in which the application is filed with the Authority which shall be subject to a minimum of fifty lakh rupees, but shall not be higher than five crore rupees

11. Timing The Authority shall process and pass appropriate order on the application for amalgamation and transfer as expeditiously as possible, and the transacting parties shall ensure prompt response to the queries and requests for information from the Authority for processing the application.

J. i IARI NARAYAN, Chairman III 9 Annexure I. 3. 4 6. 8 9 IO. 11 12. 13 14 17. Scheme of Amalgamation and Transfer Information to form part of the Proposal Structure of the transacting parties. Board Resolution of the transacting parties approving the steps to undertake transactions which would result in change of control of the transacting parties. Submission of confirmations by shareholders through a special resolution at a general meeting of the transacting parties about their intent to pursue the transfer contemplated in the Scheme. Details as to protection of interests of policyholders, creditors and or shareholders of the transacting parties. (on) position of Board of directors of the resultant entity alone (viii) the role of senior management Compliance with the Guidelines on the Corporate Governance Issued by the Authority Details of other regulatory approvals in respect of the proposed scheme (i) applications submitted to the other Regulators in respect of the and when they are filed with other Regulators (ii) approvals granted by the other Regulators this Share Purchase/Subscription Agreement in respect of the general insurance business by the transacting parties. Shareholders' Agreement with respect to the management and governance arrangements, if any, for the transferred business. Actuarial Report(s) on valuation of the insurance businesses of the transacting parties encompassing the assets, liabilities and solvency position. Rationalization of existing range of products in accordance with the File & Use Guidelines. Assessment of impact on Distribution Channels/Intermediaries and Branch Network. Details of Reinsurance Strategies and Protection & Maintenance of Reinsurance Assets. Implication of the Scheme on the Key Contracts. Issues pertaining to the Information Technology. projected Financial Statements of entities. as at the appointed date of the Scheme. Such other information which the Authority may require from time to time till the grant (If final approval to the Scheme. Printed by the or India Press, Ring Road, Mayapuri, NCW Delhi-110064 by the Controller of Publications, Delhi-111 0054,