

# Services for investments in insurance sector

Assistance in regulatory and advisory services for investments in India in insurance sector



## Background



- Foreign Direct Investment ('FDI') in insurance companies which was initially capped at 26 percent in 2000 was gradually increased to 49 percent in 2015
- With an aim to provide continued flow of long-term resources, FDI limit in insurance companies has been increased to 74 percent with certain safeguards.

## Prescribed conditions



- Following safeguards are prescribed for foreign investment upto 74 percent in insurance companies under automatic route:
  - In an Indian Insurance Company having foreign investment:

**a** a majority of its directors,

**b** a majority of its Key Management Persons (as defined in guidelines made by Insurance Regulatory and Development Authority of India on corporate governance for insurers in India), and

**c** at least one among the chairperson of its Board, its managing director and its Chief Executive Officer,

shall be Resident Indian Citizens.

- Every existing Indian Insurance Company having foreign investment will need to comply with the above requirements within one year

- In an Indian Insurance Company having foreign investment exceeding 49 percent:

**a**

for a financial year for which dividend is paid on equity shares and for which at any time the solvency margin is less than 1.2 times the control level of solvency, not less than 50 percent of the net profit for the financial year shall be retained in general reserve; and

**b**

not less than 50 percent of its directors shall be independent directors, unless the chairperson of its Board is an independent director, in which case at least one-third of its Board shall comprise of independent directors.

## How can we help?



Identifying appropriate entry strategy and investment options

Tax and regulatory due diligence

Assistance in obtaining regulatory approvals

Tax and regulatory implications, including withholding tax, for sale of existing investments

Advising from tax and regulatory perspective for greenfield investment

Any assistance in filing a representation before Central Board of Direct Taxes.

## You need this service, if:

Proposing to invest in insurance companies



Evaluating investment options (including AIF, FPI, etc.)



Increasing existing stake by foreign partners



Restructuring existing shareholding



Existing investor looking for exit option.



## The KPMG in India advantage



- Wide business presence comprising of over 1900 tax professionals
- Empanelled team of senior advisors (ex-revenue officials) with extensive domain knowledge and experience
- In depth technical knowledge and experience delivered through a competent and dedicated client service team having relevant experience of more than 10 years
- Industry focused specialisation garnered by serving wide range of insurance clients.



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