

IC-14 - Regulations of Insurance Business

Original Text in book

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 26% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. In April 2015 the Reserve Bank of India notified government's decision to raise foreign direct investment (FDI) lone in the insurance sector to 49%.

Revised text as per revised FDI limit as below

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 49% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. The Parliament passed the Insurance (Amendment) Act, 2021 to increase foreign direct investment (FDI) lone in the insurance sector to 74%.

Chapter 1

Page no.6 - Test Yourself 1

Test Yourself 1

Question 1

As per current FDI norms how much is the FDI limit for insurance sector?

- A. 49%
- B. 74%
- C. 100%
- D. There is no FDI allowed in insurance sector in India.

Answer of the above question as per text book

Chapter 1 Page no.10 - Test Yourself 1

Answers to Test Yourself

Answer to TY 1

The correct option is A.

As per current FDI norms the current FDI limit for insurance sector is 49%.

Answer as per revised FDI limit as below

Chapter 1 Page no.10 - Test Yourself 1

Revised answers to Test Yourself

Answer to TY 1

The correct option is B.

As per current FDI norms the current FDI limit for insurance sector is 74%.

Original Text in book

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 49% is allowed in the insurance sector.

Revised text as per revised FDI limits

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 74% is allowed in the insurance sector.

Original Text in book

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2015 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 26% to an Explicitly Composite Limit of 49% with the safeguard of Indian Ownership and Control.

Revised text as per revised FDI limits

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2021 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 49% to an Explicitly Composite Limit of 74% with the safeguard of Indian Ownership and Control.

Chapter 3
Page no.124 - Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least _____ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 100
- C. 200
- D. 500

Answer of the above question

Chapter 3 Page no.126 - Answers to Self-Examination Question

Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is B.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 100 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

Chapter 3
Page no.124 - Revised Self-Examination Questions

Self-Examination Questions

Question 2

Fill in the blank by choosing the correct option:

In the case of an insurance brokers, the Principal Officer and persons soliciting and procuring business are required to undergo at least _____ hours of theoretical and practical training from an institution recognized by the Authority.

- A. 10
- B. 50/25
- C. 200
- D. 500

Revised Page no.126 - Answers to Self-Examination Questions

Answers to Self-Examination Questions

Answer to SEQ 2

The correct option is **B**.

In the case of insurance broker, the Principal Officer and persons soliciting and procuring business required to receive at least 50/25 hours of theoretical and practical training from an institution recognized by the IRDAI and pass an examination, at the end of the period of training conducted by the National Insurance Academy, Pune.

Chapter 3
Page no.125 - Self-Examination Questions

Self-Examination Questions

Question 3

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is _____, a reinsurance broker is _____ and composite broker is _____.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. 50 lakhs, 200 lakhs, 250 lakhs
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

Answer of the above question

Chapter 3 Page no.127 - Answers to Self-Examination Question

Answers to Self-Examination Questions

Answer to SEQ 3

The correct option is B.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 50 lakhs, for a reinsurance broker it is 200 lakhs and for a composite broker the minimum amount of capital prescribed is 250 lakhs.

Chapter 3

Page no.125 - Revised Self-Examination Questions

Self-Examination Questions

Question 3

Fill in the blank by choosing the correct option:

The minimum capital required for a direct broker is _____, a reinsurance broker is _____ and composite broker is _____.

- A. 50 lakhs, 100 lakhs, 200 lakhs
- B. **75 lakhs, 400 lakhs, 500 lakhs**
- C. 200 lakhs, 100 lakhs, 50 lakhs
- D. 250 lakhs, 200 lakhs, 50 lakhs

Revised Page no.127 - Answers to Self-Examination Questions

Answer to SEQ 3

The correct option is **B**.

The minimum amount of capital required by an insurance broker depends upon the type of insurance broker the applicant wishes to become. For a direct broker the amount is 75 lakhs, for a reinsurance broker it is 400 lakhs and for a composite broker the minimum amount of capital prescribed is 500 lakhs.