

## **Foreign Exchange Management (Insurance) Regulations, 2000**

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## **Foreign Exchange Management (Insurance) Regulations, 2000**

In exercise of the powers conferred by sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following regulations with respect to the holding by a person resident in India of a general or life insurance policy issued by an insurer outside India, namely

### **1. Short title and commencement :-**

- (i) These Regulations may be called the Foreign Exchange Management (Insurance) Regulations, 2000.
- (ii) They shall come into force on 1st day of June, 2000.

### **2. Definitions :-**

In these Regulations, unless the context otherwise requires,

- (i) 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999);
- (ii) the words and expressions used but not defined in these Regulations shall have the same meaning respectively assigned to them in the Act.

### **3. Prohibition on taking general or life insurance policy issued by an insurer outside India :-**

Save as otherwise provided in the Act, rules or regulations made or orders or directions issued under the Act, no person resident in India shall take any general or life insurance policy issued by an insurer outside India:

Provided that the Reserve Bank may, for sufficient reasons, permit a person resident in India to take any life insurance policy issued by an insurer outside India.

**1** "Provided further that the prohibition against taking general insurance policy issued by an insurer outside India shall not apply to unit located in Special Economic Zone."

1. In Regulation 3, Proviso shall be inserted by Foreign Exchange Management (Insurance) (Amendment) Regulations, 2002., Noti. No. G.S.R. 477(E), dated May 2, 2002, published in the Gazette of India, Part II, Section 3(i), dated 8th July, 2002, p. 6, No. 306

#### **4. Permission to continue to hold a policy taken :-**

(1) A person resident in India but not permanently resident therein may continue to hold any insurance policy issued to him by an insurer outside India, if the premium on such policy is paid out of foreign currency resources outside India.

Explanation. For the purpose of this clause, 'not permanently resident' means a person resident in India for employment of a specified duration (irrespective of length thereof) or for a specific job or assignment, the duration of which does not exceed three years.

(2) A person resident in India may take or continue to hold a general insurance policy issued by an insurer outside India, provided that, before taking the policy in either case, he had obtained a no objection certificate from the Central Government.

(3)

(i) A person resident in India may continue to hold any insurance policy issued by an insurer outside India when such person was resident outside India:

Provided that the premium on the policy is paid out of his foreign currency account maintained with a bank outside India or out of funds held in his Resident Foreign Currency Account maintained with an authorised dealer:

Provided further that where the policy is a life insurance policy in force for a period of not less than three years prior to the policyholder's return to India, the premium due on the policy may also be paid by making remittance from India.

(ii) The maturity proceeds/amount of claim received in respect of the policy referred to in sub-clause (i), may be credited to the policy-holder's foreign currency account maintained with a bank outside India or, as the case may be, to his Resident Foreign Currency Account maintained with an authorised dealer in India:

Provided that where the premium due on a life insurance policy has been paid by making remittance from India, the policy holder shall repatriate to India through normal banking channels, the maturity proceeds or amount of any claim due on the policy, within a period of seven days from the receipt thereof.