

CABINET APPROVES MEMORANDUM OF UNDERSTANDING BETWEEN INDIA AND USA IN INSURANCE REGULATORY SECTOR

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Cabinet

Cabinet approves Memorandum of Understanding between India and USA in insurance regulatory sector

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The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the signing of a Memorandum of Understanding (MoU) between Insurance Regulatory and Development Authority of India (IRDAI) and the Federal Insurance Office, USA.

Impact:

The MoU provides a framework for cooperation and coordination, including for the exchange of information and research assistance with respect to each Authority's overview and other lawful responsibilities. Under the agreement, both the countries intend to share their experiences on various regulatory functions and to provide mutual assistance including training activities. India and USA have also agreed to continue to facilitate cooperation on international standard-setting activities, financial stability and the development and implementation of consumer protection through sound prudential regulation of the insurance sector.

Background:

IRDAI is a body set up under the Insurance Regulatory and Development Authority Act, 1999 to regulate, promote and ensure orderly growth of the insurance and re-insurance business in India. Similarly, in USA, Federal Insurance Office (FIO) is vested with the authority to monitor all aspects of the insurance sector and to represent the USA on prudential aspects of international insurance.

India and USA have strong business relations with each other and both the countries

have been in regular discussions at various political and official levels. Various institutional mechanisms have also been put in place over time to strengthen bilateral cooperation on wide ranging multi-sectoral issues between the two countries.

USA is one of the major contributors of foreign direct investment in India and many insurance companies have set up joint venture with USA based insurance companies. With increase in foreign investment cap to 49%, there is further scope for foreign investments in Indian insurance sector particularly from USA based companies. Hence the bilateral MoU between IRDAI and FIO, USA holds lot of potential for the two countries.

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