

**Settlement of insurance claims in foreign currency  
A.P.(DIR Series) Circular No.8 (October 13, 2001)**

**RESERVE BANK OF INDIA  
EXCHANGE CONTROL DEPARTMENT  
CENTRAL OFFICE  
MUMBAI - 400 001**

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**October 13, 2001**

To

All Authorised Dealers in Foreign Exchange

Dear Sirs/Madam,

**Settlement of insurance claims in foreign currency**

In terms of paragraph B.3 of GIM requests for issue of general insurance policies in foreign currency other than those covered by the provisions of GIM are required to be referred to RBI. Approvals are granted by RBI on merits of the case and insurance companies are permitted to issue policies denominated in foreign currency and receive premium in foreign currency. Settlement of claims in foreign currency in respect of such policies can now be permitted by insurance companies subject to the following conditions:-

- i) the policy has been issued in foreign currency with specific approval of RBI;
- ii) the claim has been made for the loss occurred during the policy period;
- iii) the claim has been admitted by the competent authority of the insurance company;
- iv) the claim has been settled as per the surveyors report and other substantiating documents;
- v) claims on account of reinsurance are being lodged with the reinsureres and will be received as per reinsurance agreement;

- vi) the remittances is being made to the non-resident beneficiary under the policy. For resident beneficiaries the claim may be settled in Rupee equivalent of foreign currency due. Under no circumstances payment in foreign currency be made to a resident beneficiary; and
  - vii) while reporting the transaction in R>Returns RBI approval for issue of policy may be quoted.
2. Authorised Dealers may accordingly allow remittances towards settlement of claims subject to compliance of the conditions stipulated in paragraph 1 above by the Indian insurance companies. Authorised Dealers may also bring the contents of this circular to the notice of their constituents concerned.
3. The directions contained in this circular have been issued under Section 10(4) & Section 11( I ) of Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,

**Grace Koshie**  
Chief General Manager