

**Issue of General Insurance Policies in foreign currency
AP (DIR Series) Circular No. 36 (April 2, 2002)**

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai-400 001

April 2, 2002

AP (DIR Series) Circular No. 36

To,
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Issue of General Insurance Policies in foreign currency

In terms of paragraph B.2 of GIM requests for issue of general insurance policies in foreign currency other than those covered by the provisions of GIM require prior approval from the Reserve Bank. Approvals are granted by RBI on merits of the case and insurance companies are permitted to issue policies denominated in foreign currency and to receive premium in foreign currency. On a review it has now been decided that insurance companies registered with IRDA may issue general insurance policies denominated in foreign currency and receive premium in foreign currency without prior approval of the Reserve Bank, in the following type of cases.

- i) Marine insurance for vessels owned by foreign shipping companies and chartered by Indian parties.
- ii) Marine insurance policies in respect of vessels owned by foreign shipping companies but managed by Indian companies as technical operators for the vessels.
- iii) Marine insurance policies in respect of vessels mortgaged to foreign financiers/bank as per the loan agreement and assignment of the same in favour of the foreign financiers/bank.
- iv) Aviation insurance for aircrafts imported from outside India on lease/hire basis for the purpose of air taxi operations.
- v) Marine-cum-erection all risks insurance policies to Indian companies in connection with a project to be set up in India with collaboration of foreign companies for supply of the equipment.

vi) Marine-cum-erection all risks policies favouring Indian companies for execution of projects in India being financed by External Commercial Borrowings (ECB) or awarded to local companies under global tender requiring insurance in foreign currency.

2. Authorised Dealers may allow remittances towards settlement of claims in the above cases subject to compliance of the conditions stipulated in AP(DIR Series) Circular No. 8 dated 13th October 2001.

3. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager