

Insurance Act, 1938

Section 101A - Re-insurance with Indian re-insurers

1) Every insurer shall reinsure with Indian re-insurers such percentage of the sum assured on each policy as may be specified 683[a] Inserted by the Insurance (Amendment) Act, 1968 (62 of 1968), S. 33 (1-6-1969). by the Central Government under sub-section (2). (2) For the purposes of sub-section (1), the Central Government may, by notification in the Official Gazette,- (a) specify the percentage of sum assured on each policy to be re-insured and different percentages may be specified for different classes of insurance: Provided that no percentage so specified shall exceed thirty per cent. of the sum assured on such policy; and (b) also specify the proportions in which the said percentage shall be allocated among the Indian re-insurers. (3) Notwithstanding anything contained in sub-section (1), an insurer carrying on fire insurance business in India may, in lieu of re-insuring the percentage specified under sub- section (2) of the sum assured on each policy in respect of such business, re-insure with Indian re-insurers such amount out of the first surplus in respect of that business as he thinks fit, so however, that, the aggregate amount of the premiums payable by him on such re-insurance in any year is not less than the said percentage of the premium income (without taking into account premiums on re-insurance ceded or accepted) in respect of such business during that year. (4) A notification under sub-section (2) may also specify the terms and conditions in respect of any business of re-insurance required to be transacted under this section and such terms and conditions shall be binding on Indian re-insurers and other insurers. (5) No notification under sub-section (2) shall be issued except after consultation with the Advisory Committee constituted under