

Ref: IRDAI/F&I/CIR/MISC/26/01/2023

Date: 30th January, 2023

CIRCULAR

To: The Chairman/CEOs of all insurance companies;

Profit Related Commission to Non-Executive Director(s)

The Authority, vide Circular IRDAI/F&I/CIR/MISC/183/9/2022 dated 2nd September, 2022, has simplified the process for appointment/continuation of common director(s) u/s 48A of Insurance Act, 1938.

2. Clause 3(a)(iii) of the said Circular provides that “*Insurer shall not pay any remuneration to non-executive directors without prior approval of the Authority. However, insurers are permitted to pay sitting fees, as per applicable norms.*”
3. As a step towards further simplifying the processes, the Insurers are hereby permitted to pay profit related commission to non-executive director(s) including the non-executive director(s) appointed under section 48A of the Insurance Act, 1938, under the deemed approval mechanism, subject to the following conditions:
 - a. The insurer has reported positive profit after tax for the period for which the said commission is proposed to be paid.
 - b. The Board of the insurer has passed the resolution approving such payment.
 - c. The amount of payment of remuneration in the form of profit related commission to each of the Non-Executive Director shall not exceed the limits specified in the Guidelines on Remuneration of Non-Executive Directors and Managing Director /Chief Executive Officer / Whole-time Directors of Insurers, as amended from time to time.
 - d. Disclosures with regard to said payment shall be made in the financial statements for the respective financial year.
 - e. The insurer shall comply with all other applicable laws in this regard.
4. The provisions of this Circular are applicable with immediate effect.

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by MAMTA SURI
Date: 2023.01.30
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(Mamta Suri)
Executive Director