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Note : The Glossary Page is integral part of this Super Summary Note which contains 158 abbreviations/ short forms.

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Link : <https://bit.ly/insact79>

GLOSSARY

A&L : Assets & Liabilities	CE : Chief Executive
A&R : Authorities & Responsibilities	CGD2075 : Corporate Governance Directives, 2075 (issued by then Beema Samiti)
AC : Audit Committee	CL : Compulsory Liquidation
AcR : Actuary's Report	CO : Compliance Officer
addnl : additional	CoC : Code of Conduct
afap : as far as possible	CoI : Conflict of Interest
AG : Auditor General	CP : Chairperson
AML/CFTD2075 : Anti-Money Laundering & Combatting Financing of Terrorism related Directives, 2075 (issued by then Beema Samiti)	CPF : Claim Payment Fund
amt : amount	CR : Catastrophe Reserve
AMTS : Agreement of Management or Technical Service	CRF : Compulsory Reserve Fund
AOA : Articles Of Association	CS : Company Secretary
appl : as per prevailing laws	dih : directives issued hereunder
appln : application	docs : documents
apta : as per this act	env : environment
apts : as per this section	FDPs : Functions, Duties & Powers
AR : Audit Report	FG : Foreign Government
BAFIA73 : Banks & Financial Institutions Act, 2073	FIC : Foreign Insurance Company
bfh : By-laws formed hereunder	FIn : Financial Interest
BG : Bachelors Graduate	Federal Reserve Fund (सङ्घीय सञ्चित कोष), [There are
BO : Branch Office	FRF : Provincial Reserve Fund and Local Reserve Fund too where all government revenue are deposited into single fund/ account]
BP : Nepal Beema Pradhikaran	FS : Financial Statements
BS : Beema Samiti	FSR : Feasibility Study Report
CA63 : Companies Act, 2063	FT : Financing of Terrorism
CB : Corporate Body	GM : General Meeting
	GON : Government Of Nepal (The Federal Government)

GLOSSARY

HC : High Court	JS : Joint Secretary
HO : Head Office	JV : Joint Venture
HOD : Head Of Department	LI : Life Insurer
HR : Human Resource	LL : Local Level (All Metro, Sub-Metro, Municipalities & Rural Municipalities, Total 753)
HT : Human Trafficking	LO : Liaison Office
I&E : Income & Expenditure	LP : Liquidation Process
IA : Insurance Agent	M&A : Merger & Acquisition
IA49 : Insurance Act, 2079	M&IA : Movable & Immovable Assets
IA79 : Insurance Act, 2049	MG : Masters Graduate
IAD79 : Internal Audit Directives for Insurers, 2079 (issued by then Beema Samiti)	Mgmt : Management
IAS : Internal Audit System	Min : Minimum
IB : Insurance Broker	ML : Money Laundering
IBNER : Incurred But Not Effectively Reported	MLPA63 : Money Laundering Prevention Act, 2063
IBNR : Incurred But Not Reported	MOA : Memorandum Of Association
ICS : Internal Control System	MOF : Ministry Of Finance (of GON)
IDF : Insurance Development Fund	MOLJPA : Ministry Of Law, Justice & Parliamentary Affairs (of GON)
IF : Insurance Fund	MT : Moral Turpitude
II : Insurance Institute	NA : Net Assets
IIC : Insurance Information Center	NCA 2053 : Nepal Chartered Accountants Act, 2053
IIPF : Insured Interest Protection Fund	NDNP : National Daily Newspaper
IM : Insurance Intermediary	NLI : Non-Life Insurer
Ins Bus : Insurance Business	NPC : National Planning Commission
int'l : international	NR : Nepal Rajpatra
IP : Insolvency Proceeding	O&M : Operation & Management
IRA : Insurance Regulatory Authority	Obj : Objective
irt : in relation to	OC : Organized Crime
IS : Insurance Surveyor	OCR : Office of the Companies Registrar
IS : Information System	Orgn : Organization
ISP : Insurance Service Provider	P,O,F,C : Person, Organization, Firm, Company
ITA58 : Income Tax Act, 2058	PCM : Person Chairing the Meeting
ITS : Information Technology System	PF : Provident Fund

GLOSSARY

PG : Province Government	trf : transfer
PI : Problematic Insurer	Txn : Transaction
PIC : Proposed Insurance Company	u/s : Under Section
POV : Point Of View	U/W : Underwriting
PR : Permanent Residence	URR : Unexpired Risk Reserve
prscb : prescribed	utc : under this chapter
PUC : Paid-Up Capital	uts : under this section
Q : Qualification	VL : Voluntary Liquidation
R&R : Rights & Responsibilities	VR : Valuation Report
RC : Recommendation Committee	VS : Valuation Statement
regd : registered	w.e.f. : with effect from
RegFee : Regulation Fee (नियमन शुल्क)	w/o : without
RF : Reserve Fund	WBP : Whistle Blowing Policy
rfh : rules formed hereunder	XP : Experience
RI : Reinsurer	वि.स्वा. : वित्तीय स्वार्थ
RIS : Regulation, Inspection and Supervision/ Monitoring	स.सं. : सङ्गठित संस्था
rltd : related	
RM : Risk Minimization	
ROoBH : Reasonable Opportunity of Being Heard	
SCN : Show Cause Notice	
SEBON : Securities Board Of Nepal	
Sholders : Shareholders	
SM : Special Management	
SMG : Special Management Group	
SMR : Solvency Margin	
Sp Res : Special Resolution	
SR : Survey Report	
SSH : Substantial Shareholder	
T/C : Terms & Conditions	
TA : Theoretical Approval	
TCC : Tax Clearance Certificate	
TPF : Third Party Facilitator	

Chapter	2
Heading	Estb, FDPs of BP

Section	Heading	Elaboration	Comments/ Remarks
3	Establishment of Nepal Beema Pradhikaran (नेपाल बीमा प्राधिकरण) ~ [BP]		
		English name is not given by the act. Previously too BS's Nepali name was only given by the IA49, so BS avoided using the name "Insurance Board" which was used by various authors across their literatures and even ICAN used the english name too ~ result of mere Nep to Eng Translation. Remember Name of ICAN is given in english by the NCA 2053 itself hence such eng name is used by it and others.	
3(2)	Office of BP	Central Office @ KTM valley Office can be opened anywhere @ Nepal or abroad as per necessity	

4	BP autonomous & corporate body		
4(1)		- Autonomous Body - Perpetual succession - Legal Person - BP will use it's rights, fulfill it's responsibilities & duties as per prev laws	Points regarding: - sue & be sued, - separate stamp for it's business - acquire (in)/tangible assets, sell them & manage them in other ways are not found here which were in IA49.

6	Constitution of BP		
6(1)	Composition	A BOD as follows: 1 Chairperson appnted by GON 2 JS of MOF 3 JS of MOLJPA 4 Person with Life insurance bus special knowledge 5 Person with Non-Life Ins bus special knowledge	Previously: 1) chairperson was either appointed or cited by GON, 2) representatives of MOF and MOLJPA 3) A person from amongst insured was also a member (now removed)
6(2)	At least one female member	while appointing member as per 4 & 5	compulsory female participation required by statute
6(3)	Secretary of BOD	Officer-level employee as prscb by BP	- Previously, GON had power to change the members of BS by publishing in NR but now no such power.

Section	Heading	Elaboration	Comments/ Remarks
5	FDPs of BP	<i>(These FDPs in addition to others as mentioned elsewhere in this act:)</i>	
		These FDPs in addition to others as mentioned elsewhere in this act:	
5(A)	Act as Advisor to GON	for Insurance	
5(B)	Recommend GON to	formulate National Insurance Policy	
5(C)	Insurance Company	- Pre-Approval for Est of Ins Co. - Provide Licence - Cancellation of Licence	
5(D)	Issue necessary	- Bylaws, - Directives, - Guidelines, - Orders	For insurance business
5[E]	Insurance Intermediaries (IM)	- Provide Licence - Renew - Cancel	IM includes: - Insurance Agent, Surveyor, Broker (IA, IS, IB) - Third Party Facilitator - other IM as prescribed
5(F)	Prescribe & Set	Capital & Capital Fund For Insurance Business	
5(G)	Formulate & Implement Programs for	- Regularizing, - Regulating, & - making Ins Bus <i>Competitive & trustworthy</i>	
5(H)	For Development & Expansion of Ins Bus	- Study, - Research, - Trainings, - Orientation, - Awareness	conduct or cause to conduct such activities
5(I)	Decide upon complaint	filed by : Insured Against : Insurer For : Insurance Claim Ascertainment	
5(J)	Settle Disputes	Amongst ? : various parties of insurance	
5(K)	Necessary Acts for	Risk Minimization of Ins Bus	
5(L)	Formulate & Implement Programs for	i) Producing Competent HR, ii) Insurance Education Promotion To develop Ins Bus	

Section	Heading	Elaboration	Comments/ Remarks
5(M)	Formulate & Implement Programs	of Ins Bus Promotion, For : Outreachment of Insurance to all of public	
5(N)	Promote Micro Ins Bus	For outreaching Insurance to Low-Income sector public	
5(O)	Co-ordinate, Co-operate, Disseminate info	with : Other Governmental & Non-Governmental Bodies/ Entities For : Regulation, Inspection, Supervision & Development of Ins Bus	
5(P)	Cooperate with	- IRAs of Foreign countries - Int'l Associations and Organization - Organization which conduct & casue to conduct: study, research & trainings rlted to Ins Bus	
5(Q)	Acquire Membership of & Represent	on behalf of : GON or BP in : Int'l Organizations rlted to Insurance Regulation	
5[R]	i) Operate : --> ii) Conduct & cause to conduct : -->	i) Insured Interest Protection Fund ii) other necessary acts	बीमित हित संरक्षण कोष
5(S)	Coordinate	with : Provinces For : Ins related matters	
5(T)	Conduct other necessary activities	in the capacity of IRA	

7	Appointment of CP or Member		
7(1)	CP & Recommendation Committee	recommend name to GON Committee members: 1 Coordinator - Member of NPC looking after concerned sector 1 Member - Secretary of MOF 1 Member - Expert of Insurance	
7(2)	Number of Names to Recommend	3	having qualifications u/s 8
7(3)	GON appoints 1 among 3		
7(4)	CP to be appointed	1 month prior to vacancy of the post	

Section	Heading	Elaboration	Comments/ Remarks
7(5)	Appointment of Members (Expert Members)	By : GON Amongst : People having Qs u/s 8	
7(5)	At least 1 female	while making appointment for such expert members	

8 Qualifications & Disqualifications of Chairperson & Members			
8(1)	Qualifications	i) Minimum Masters or Equivalent in Insurance Banking Monetary, Finance, Commerce, Management, Public Administration, Statistics, Mathematics, Economics, Law ii) High Moral Character iii) Not disq under subsec 3	Post Qualif. XP: Time : Min 5 yrs Post : Top Mgmt Sector : Related Again, Qualification of CA not incorporated. ~ Pity !
8(2)	Qualifications not required to be met	for JS of Ministries	मन्त्रालयबाट प्रतिनिधित्व गरेर आउने सहसचिवहरूका लागि छुट दिएको, (शंका : सरकारी कर्मचारी चाही यहि क्षेत्रमा विज्ञ नभए पनि हुने?)

Section	Heading	Elaboration	Comments/ Remarks
8(3)	Disqualifications	<p>i) Non-Nepali citizen,</p> <p>ii) Employee, Director, Consultant, or incumbant employee of Insurer</p> <p>iii) That person or his/her family member is SSH of an insurer or has Fin in it, or is SSH of any CB on which Insurer has Fin</p> <p>iv) Insolvent as per prev law</p> <p>v) Not able to serve in committee (BOD) due to bodily/physical or mental unhealthiness</p> <p>vi) Declared Offender by court of an offense related to:</p> <ul style="list-style-type: none"> - Corruption - banking - insurance - fraud - human trafficking - ML - OC - any other criminal offense involving moral turpitude 	iii) त्यहि बीमक वा त्यसको वि.स्वा. भएको स.सं. को आधारभूत शेयरधनी भएको
8(3)	Disqualifications	<p>vii) 3 yrs not elapsed after removal of name from blacklist as per prev law</p> <p>viii) Obtained any penalty, punishment from a court or regulatory authority estd under prev law</p> <p>ix) Obtained PR Permit</p> <p>x) Not elapsed 2 yrs from resigning from post of</p> <ul style="list-style-type: none"> - Chairperson or member of BOD, - CE, - Top Managerial Personnel 	

9	Tenure of Position of CP & Members		
9(1)	4 yrs	from date of appointment for CP & expert members only	

Section	Heading	Elaboration	Comments/ Remarks
9(2)	GON can re-appoint for 1 more tenure	if it deems reasonable, CP or members	Previously, expert members could be re-appointed for upto twice but now only once & previously ,there was no restriction for re-appointment of CP

11	Oath		
11	Oath from Finance Minister	By CP & two expert members	

12	Vacancy of office of CP or Members		
12(1)	Not incumbent if (पदमा बहाल नरहने अवस्थाहरू)	i) Tendered written resignation ii) Disqualified u/s 8 iii) GON removed from post due to: - immoral behavior - Lack of working capacity - inability to fulfill responsibilities of post	
12(2)	If above point (iii) is to be used, then GON can do it on the basis of rec of a RC	RC members: Chairperson - 1 person among Retired Justices from HC Members - 2 persons from different sectors with Qs : -- Masters degree -- 10 yrs XP in Insurance or Financial Sector	Again, Qualification of CA not incorporated. Pity !
12(3)	CP or any member's automatic suspension	Period : From date of constitution of RC until completiton of investigation	
12(4)	Age of RC	Max. 3 months from date of constitution	
12(5)	Fulfillment of vacancy in post of CP or member of RC	CP or member appointed again in the same procedure as previous one had been appointed	

13	FDPs of CP		
13(1)	FDPs:		
13(1)(A)	Work as CA & CE of BP	CA - Chief of Administration	

Section	Heading	Elaboration	Comments/ Remarks
13(1)(B)	Formulate & present in BOD for approval :	BP's: - Insurance Policy & Other Policies - Regulations - Bylaws - Directives	
13(1)(C)	Implement or cause to :	- Guidelines, - Periodic Plans - Annual Programs	
13(1)(D)	Operate & Manage BP		
13(1)(E)	Regularize & Manage	Activities to be done by BP	
13(1)(F)	Mediate	Dispute between : Insured & Insurer	
13(1)(G)	Regulate, Inspect, Monitor } or cause to	Ins Bus	
13(1)(H)	Give Order for:	- Giving Permission for Opening & closing: Branch Sub-branch Other Offices } of Insurer	
13(1)(I)	Use power conferred to as per : & conduct regulatory actions	Clauses A, B, C, D & E Sec of 134(1) & Clauses B & C of Sec 134(2)	
13(1)(J)	Conducting necessary act or causing to by Delegation of Authority	To : Employees under CP Which Authority : Obtained by CP	
13(1)(K)	Represent or cause to	in : Int'l Organizations on behalf of : BP	

16	Meeting of BOD of BP		
16(1)	At least	1 per month, and, as per necessity	
16(2)	Date, Place & Time of Meeting	As prscb by CP	

Section	Heading	Elaboration	Comments/ Remarks
Proviso		Min. 3 members of BOD write to call meeting Call meet by : - CP , - if CP is not present , senior-most member Within : 7 days of such written request	
16(3)	Agendas of meet to be provided to members	When : Min. 24 hrs before the meeting By : Secretary of BOD	
16(4)	Quorum of meet	more than 50% of total no. of members	
16(5)	PCM (Person Chairing the Meeting)	Not mandatory that it shall be BP's CP, Normally, BP's CP will be chair, but if absent/ unavailable then, the senior-most person will chair	बैठकको अध्यक्षता BP कै अध्यक्षले गर्नुपर्ने, उनको अनुपस्थिति हुँदा पनि देशको एउटा नियामक निकायको बैठक बस्न सक्ने भयो र आवश्यक निर्णय लिन सक्ने भयो
16(6)	Decision Making : Majority	If tie: Use of casting vote by PCM	
16(7)	Inviting Experts in the meeting	If BOD deems necessary, Invite : Any expert or official Of : Insurance or related sector	
16(8)	Separate Minute Book to be maintained	Must be signed by : - Person chairing the meeting, - Members present in it	
16(9)	Decisions to be certified by secretary	BOD का निर्णयहरू सचिवले प्रमाणित गरेर राख्नु पर्ने	Duty of the secretary
16(10)	Other matters rlt'd to Meetings of BOD	as prescribed	
17	Not to make decisions in caise of CoI		

Section	Heading	Elaboration	Comments/ Remarks
17(1)	Any agenda being discussed in which:	i) CP, ii) Member, or iii) family member of (i) or (ii) Has following interests: - Fin , - Personal Interest , or - Commercial Interest What to be done ? Inform to BOD before meeting starts	Subsec has not mentioned Meeting's chair. It has mentioned only CP & as per section 2, CP means CP of BP, not of that particular meeting. (You may find Meeting's chair being written in some Nep to Eng translations) - Min 24 hours prior time given to know the agendas and if conflicts then plenty time to inform BOD
17(2)	Such member shall not participate in that meeting		
17(3)	Decision made in cotrary to this section	will not apply to that member	उपदफा (१) वा (२) प्रतिकुल हुने गरी भएको निर्णय त्यस्तो सदस्यको हकमा लागु हुने छैन ।

Chapter	3
Heading	Fund, Accounts and Audit of BP

20	Fund of BP		
20(1)	Separate Fund		
20(2)	Contents of the fund:	Amounts	
20(2)(A)	Received from	GON	
20(2)(B)	Received from	Insurance Company's - Establishment/ Incorporation , - Pre-Approval - Licensing / Permit Issuance	
20(2)(C)	Received from	IM's: - Licensing / Permit Issuance - License Renewal	
20(2)(D)	Received from	RegFee of Ins Bus	- 0.75% for LI, NLI & RI. - 0.5% for Micro-Insurers, - Prescb rate for IM's
20(2)(E)	Received from	- FG, - Int'l Associations & Org ⁿ s	
20(2)(F)	Received from	Other sources	

Section	Heading	Elaboration	Comments/ Remarks
20(3)	MOF's approval needed	For receiving amt from foreign source as in [E] above	
20(4)	Amt to be deposited in	any BFI licensed appl	
20(5)	Expenses to be charged to the fund	made up with amounts as per subsec 1	
20(6)	Amt to be trf to FRF	<p>Interval : Annually</p> <p>Amt : 50% of amt deposited into BP's fund</p> <p>Other than amt : set aside annually for</p> <ul style="list-style-type: none"> - O&M of BP, & - Insurance Development 	<p>Eg. Total amt credited to fund = 100</p> <p>Amt needed for O&M of BP = 40</p> <p>Amt set aside for Insurance Development = 10</p> <p>Then Amt to trf into FRF = 50% of (100-50) = 25</p>
20(7)	Other matters rlt'd to operation of fund	as prescribed	

21	Accounting of I&E		
21(1)	Maintain accounts as per	prevailing NAS, maintain records, accounts and FS clearly showing financial status	
21(2)	BP shall maintain	ICS as prscb	

22	Audit		
22(1)	Audit of BP by	AG	
22(2)	BP shall conducts	Internal Audit regularly	Does not mention anything about outsourcing Internal Audit Function or in-house internal audit department.

23	AC of BP		
23(1)	BP shall form	AC being accountable to BOD	BP shall compulsorily form an AC.
23(1)	Composition:	All following are prscb/ cited by BP itself	
23(1)(A)	Coordinator :	one Director of BOD of BP	
23(1)(B)	Member :	Expert in concerned subject	
23(2)	Secretary of AC	HOD of Internal Audit	From this subsec, it can be understood that law wants in-house Internal Audit Function.
23(3)	FDPs of AC	as prscb	

Section	Heading	Elaboration	Comments/ Remarks
Chapter		4	
Heading		License (Permit)	
25	Incorporation of Insurance Company		
25(1)	Person wanting to operate Ins Bus apta	Shall incorporate a Public Company appl (i.e. Companies Act)	
25(2)	Insurance Company already in operation	No need to incorporate again those insurers who were already established before this act commenced & obtained license.	
25(3)	Investment limit for a single family/ group	Max : 15% of PUC By : (i) Person, (ii) Member of (i), (iii) Company, or CB where (i) or (ii) are SSH Not applicable to shares subscribed by - GON, - PG, or - LL	
25(4)	Existing Insurers exceeding investment restriction at the time of commencement of this Act.	Should be brought in the limit within 2 yrs of commencement of this act.	
25(5)	Investment limit for another insurer of same category	By: (i) Any person, (ii) family member, (iii) Firm, (iv) Company, (v) CB investing in one insurer. Max 1% in another insurer of same category. - Invest in shares, or - Acquire share ownership in any way	Family of A, B, C combinedly can own max 15% of PUC of ABC Life Insurance Co. Now, A, B, C combined or singly can invest max 1% in DEF Life Insurance Co.

26	Prior Approval of BP to incorporate Insurance Company		
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Section	Heading	Elaboration	Comments/ Remarks
26(1)	Docs to submit to BP to obtain Prior Approval	Before applying to incorporate company appl, apply to BP for prior approval Fees : as prscb Docs : As below	
26(1)(A)	MOA & AOA of	Proposed Insurance Company	
26(1)(B)	FSR & details of infrastructure	of the proposed by BP	
26(1)(C)	Personal details of promoters	in the form prscb by BP.	
26(1)(D)	Certified Copy & summary of agreement between promoters (if any)	entered prior to incorporating the Company.	
26(1)(E)	Evidence of TCC of promoters	Upto immediate previous FY of making appln	
26(1)(F)	If, applicant is a CB.		
26(1)(F)(i)	Decision of BOD	to incorporate Insurance Co.	
26(1)(F)(ii)	MOA & AOA of that CB		If that CB is not a Company, then it won't have MOA & AOA. Co-operatives, Proprietorship Firms, Partnership Firms and Org ⁿ s estd under <i>Orgⁿ Registration Act, 2034</i> {संस्था दर्ता ऐन, २०३४} cannot invest in a company [<i>Companies Directives</i>], so no question there. Other forms of entity like Corporations [via <i>Corporations Act, 2021</i> & other specific acts], Development Committees [Eg. Radio Nepal] [via <i>Development Committee Act, 2013</i>], Statutory Orgns [like ICAN, SEBON, BP] also exist in the country, so lawmaker should have considered that too.
26(1)(F)(iii)	Docs as prscb	to prove CB is capable for investment .	
26(1)(F)(iv)	If the CB has a regulator appl,	permission of that regulator for investment	
26(1)(G)	Other details, & docs	as prscb by BP	

Section	Heading	Elaboration	Comments/ Remarks
26(2/3)	FIC can a) incorporate an insurance co. in Joint Investment with : i) CB estd in Nepal, ii) Nepali Citizen , or b) Open it's BO in Nepal	Such can be done with prior approval of BP. For such, FIC needs to apply to BP with prscb fees seeking prior approval	
26(4)	Docs to be submitted by FIC	Following docs in addition to above mentioned	
26(4)(A)	Copy of License from regulator	of concerned country to carry Ins Bus .	तिम्रो देशमा तिमीले बीमा व्यवसाय गर्ने इजाजत पाएको छौ भन्ने प्रमाण देऊ ।
26(4)(B)	Evidence of License renewal	upto date	र त्यो इजाजत नविकरण पनि गरेका छौ भन्ने प्रमाण देऊ ।
26(4)(C)	Permission of regulator	of it's country to open BO in Nepal	तिम्रो नियामक निकायले तिमीलाई नेपालमा शाखा खोल्न अनुमति / स्वीकृति दिएको छ भन्ने प्रमाण देऊ ।
26(4)(D)	BOD decision to incorporate	i) Insurance Co. in joint investment, or ii) Open branch office	BOD बाट निर्णय गरेको प्रमाण देऊ ।
26(4)(E)	AR of last 5 Fys	showing it's financial capability	
26(4)(F)	- Name list of directors , - Share composition / share ownership ratio, - Org ⁿ in which that FIC has Fln		- क-कसले सेयर स्वामित्व ग्रहण गरेका छन्, - तिम्रा सञ्चालकहरूको नाम देऊ, - तिम्रो वि. स्वा. भएका संस्थाहरूको विवरण देऊ
26(4)(G)	Other details, & docs	as prscb by BP	
26(5)	If BP deems appropriate	on examining the appln, BP shall issue prior approval Format : as prscb Within : 60 days of appln	यति धेरै दिनमा त अरु कुनै देशमा शाखा वा कम्पनी नै सञ्चालन गरिसकेर व्यवसाय एक स्तरमा पुगिसक्छ, नेपालमा कानूनीस्तरबाटै ढिलासुस्ती ।
26(6)	Prior Approval of BP needed to amend MOA or AOA	By : Insurers	Does not say prospective insurer. Says insurer, so already licensed and operating insurer may be understood. MOA, AOA needs to be changed when PUC increases due to Bonus Shares, and other factors too which leads to amendments in them.

Section	Heading	Elaboration	Comments/ Remarks
27	Power of BP to refuse to grant prior approval		
27(1)	In following circumstances, BP	can refuse to provide prior approval	Proviso to sec 26
27(1)(A)	Name of PIC is identical	with name of Insurer already regd	
27(1)(B)	i) Name of PIC, or ii) Ins Bus to be done by it	Appears to be: i) Undesirable in view of : - Public Interest, - Virtue, (सदाचार) - Etiquette, (शिष्टाचार) - Religion, - castes, ethnicities, - communities, - public system	सार्वजनिक व्यवस्था is translated here to Public System. You can find Social System in some translations too.
27(1)(C)	Study of: - FSR, - details, - docs, & - other infrastructures	Submitted by PIC. Doesn't give ground to believe that it can carry out Ins Bus in : Healthy & Competitive manner	तिमीले व्यवसाय गर्न सक्छौ भनेर पत्याउन सकिएन । It can be judgmental, person to person. One person can see opportunities & positivity in everything whereas, other can see threats, risk & negativity, criticalism in everything. If BP & it's employees lack integrity, then point for corruption. Plenty examples in Nepal where regulators & law enforcement agencies reject applns without any valid base.
27(1)(D)	Objs of PIC are	contrary to prevailing laws.	
27(1)(E)	Docs & Details as prscb by BP	u/s 26 are not submitted.	Other docs details as prscb by BP भनेर भनेको छ नि ! त्यहीलाई भनेको ।
27(1)(F)	Each promoter does not agree/undertake to subscribe	Min 10,000 shares of PIC, or He/she doesn't mention clearly the no. of shares s/he will be subscribing.	i) कम्तिमा १०,००० कित्ता सेयर लिएन, ii) कति कित्ता सेयर लिन्छु/ किन्छु भनेर नै भनेन
27(1)(G)	PIC does not propose to	maintain PUC u/s 36	चुक्ता पुँजी पुराउँछु भनेर प्रस्ताव गरेन

Section	Heading	Elaboration	Comments/ Remarks
27(1)(H)	Any promoter of PIC is convicted with offences involving moral turpitude >> And, punished by court, 5 yrs not elapsed after completion of punishment	<ul style="list-style-type: none"> - Insurance Offence, - Banking offence, - cheating, - fraud, - forgery, - ML, - corruption, - HT, - kidnapping, - taking into hostage - other similar offences involving MT 	सजाय भुक्तान गरेर सकेको मितिबाट ५ वर्ष पुरा नभएको । सजाय नै हुनुपर्यो, केवल आरोप मात्र, मुद्दा चल्दै मात्र नहुने ।
27(1)(I)	PIC's obj includes other Business	along with Ins Bus	बीमा व्यवसाय मात्र गर्नुपर्छ, त्यो पनि एक किसिमको मात्र । अरु व्यवसाय पनि गर्ने भनेर उद्देश्य छ भने भएन ।
27(1)(J)	Prior Approval is	prohibited u/s 31	
27(1)(K)	Any promoter or family member is blacklisted appl	3 yrs has not completed after removal from blacklist	
27(1)(L)	Shares which promoters have undertaken to subscribe	15% or more of the PUC will be retained by a single <ul style="list-style-type: none"> - person, - family, - Orgn, or - group 	
Proviso	Not applicable for	share subscribed by: <ul style="list-style-type: none"> - GON, - PG, - Foreign Investor 	
27(1)(M)	Same person or his/her family is SSH in	any insurer of same category	Already operating insurer (same category as PIC) मा आधारभूत सेयरधनी छ भने । तिम्रो/ तिमीहरूको पहिल्यै ठूलै लगानी रहेछ त, अनि फेरी त्यही किसिमको नयाँमा लगानी गरेर आफ्नै कम्पनीको प्रतिस्पर्धी किन खडा गर्न चाहन्छौ ? आफ्नै खुद्रामा बन्चरो हाने जसरी ।
27(2)	BP shall not give prior approval	such that same PIC will operate more than 1 type of Ins Bus. But : Not applicable for RI	ABC Insurance Co. cannot operate both LI & NLI. It can operate either LI or NLI Business only. But ABC RI Co. can accept both risks from LI & NLI, so allowed RI for such.

Section	Heading	Elaboration	Comments/ Remarks
27(3)	If rejected, then inform	within 60 days of appln By : BP IN : written form	

- First** : Obtain Prior Approval
Second : Incorporate a Public Company as per CA63, or set up BO of FIC.
Third : Apply for License
Fourth : After obtaining License, operate Ins Bus

28	Appln to be submitted to obtain License		
		To : BP	
		By : Company newly incorporated with prior approval, or BO of FIC setup as per prior approval	
28(1)	Any Co. incorporated appl after receiving prior approval desiring to carry Ins Bus	Appl submission to BP. Following details & docs:	
28(1)(A)	Prior Approval as obtained before		
28(1)(B)	Copy of	Registration Certification	
28(1)(C)	Copy of	MOA & AOA	
28(1)(D)	FS with AR + TCC of last 3 yrs	If promoter is: - company, or - CB	
28(1)(E)	Name of SSHs & details of their family members of	Promotor - company, or - CB	
28(1)(F)	Type of Ins Bus PIC wants to	carry out	
28(1)(G)	Portfolio of Ins Bus	to be carried out	
28(1)(H)	Details of	i) Infrastructure needed for operation Ins Bus, ii) If building is to be rented , copy of rent agreement	भाडा सम्बन्धी सम्झौता is mentioned by law, पट्टाको सम्झौता is not said hence rent agreement is used here instead of lease. Some translations have mentioned lease agreement.

Section	Heading	Elaboration	Comments/ Remarks
28(1)(I)	Personal details of	- CE , & - other managerial level officials	
28(1)(J)	Matter rlt'd to	Insurance Risk Retention	
28(1)(K)	Matter rlt'd to	i) Investment Policy, ii) U/W iii) Claims, iv) RI, v) IT	CGD2075 requires an insurer to prepare policies/ guidelines/ bylaws for each of these matters which are crucial to an insurance company
28(1)(L)	In case of others >>>> In case of RI >>>>	i) Proposed Insurance Policies ii) Draft of Proposed RI Contracts	
28(1)(M)	Docs proving that amt of shares undertaken	have been paid by promoters	
28(1)(N)	Details of	Orgⁿ al structure of Co.	
28(1)(O)	By-laws rlt'd to	HR (Service, conditions & facilities of employees)	
28(1)(P)	By-laws rlt'd to	Financial Admin & Procurement	
28(1)(Q)	Other docs & details	as prs'cd by BP	
28(2)	Docs & Details to be submitted by	BO of FIC to obtain license Docs & details in addition to above	License to commence Ins Bus
28(2)(A)	Permission	From : Regulator of concerned country For : Operating Ins Bus in Nepal	
28(2)(B)	Receipt/ Slip (निस्सा) of	BO of FIC has been registered in Nepal	
28(2)(C)	Details	If particulars submitted by FIC while obtaining prior approval is different with docs submitted for registering BO after obtaining the prior approval	Prior approval u/s 26 लिने बेला दिएको कागजात र अहिले पछि Prior approval लिसकेर शाखा दर्ता गर्ने बेला दिएको कागजात फरक पऱ्यो भने
28(2)(D)	Other docs & details	as prs'cd by BP	

29	Issuance of License by BP to carry on Ins Bus		
29(1)	If appropriate to issue license	issue within 60 days of receipt of appln	
29(2)	Type & category to be clearly mentioned in the License		
29(3)	Date of effectiveness of License		
	If License gives a specific date	Then from that date.	

Section	Heading	Elaboration	Comments/ Remarks
	If License does not give a specific date	Then from the date of issuance of License	
29(4)	BP can specify T/C to be abided by insurer	while granting license considering: - prevailing laws , - financial status , - Orgnl structure of insurer, & - Rights & interests of insured	
29(5)	BP can specify T/C to be abided by insurer	by issuing directives	
29(6)	It is duty of concerned insurer	to comply the T/C prscb by BP	
29(7)	License is not transferable		
29(8)	Not to issue License if:	a) Lack of docs, b) Lack of infrastructure, c) Protection of rights & interests	
	Rejection Info by BP	Within : 60 days of appln IN : written form	

30	Commencement of Ins Bus		
30(1)	Commence within	6 months of receiving license	
30(2)	Insurer can apply for extending that time	If it fails to do within 6 months as above. Apply to BP,	
30(3)	BP can extend	6 months	
30(4)	Insurer shall commence	Ins Bus within such added time	गर्नु पर्ने
30(5)	BP can cancel the License	if Ins Bus not started within such added time also	नगरे BP ले इजाजत खारेज गर्न सक्छ

31	Restriction on issuing Prior Approval or Licensing		
	BP can impose restriction	on - Prior Approval, or - New licenses for new insurers or BO of FIC	

Section	Heading	Elaboration	Comments/ Remarks
	On the basis of:	i) Study , ii) Research , & iii) Valuation/ Assessment/ Analysis of the Ins Bus market By : citing a time period	निश्चित समयको लागि बन्द गर्ने

32	BO can be opened by Insurer		
	After obtaining	BP's prior approval	
	Open BO in	i) Nepal, or ii) Foreign Country	

33	LO can be opened by FIC in Nepal		
	After obtaining	BP's prior approval	
	Open LO	appl	
	LO cannot do	i) Ins Bus, or ii) Txn	Is physical liaison office even needed in such era of IT advancement ?
33(2)	Other matters rlt'd to LO of FIC	as prscb	

34	License Cancellation on request of Insurer		
34(1)	If it wishes, insurer can apply to BP to cancel License	for any one or more portfolio it is currently operating.	
Proviso	Insurer cannot apply to cancel	License for all portfolios it is operating	
34(2)	BP can cancel license for any portfolio	if it deems appropriate after studying the appln	
34(3)	Other matters rlt'd to Cancelling License of Ins Bus Portfolio	as prscb	

35	List of insurers to be published by BP		
	Interval	<i>Every 3 months</i>	
	Medium :	i) Min 2 NDNP ii) BP's website	
	Updated list of	Licensed Insurers	

Section	Heading	Elaboration	Comments/ Remarks
	Chapter	5	
	Heading	Insurer's Capital Fund & Share Allotment	
	List of Funds:		Sec
		i) Insurance Fund (IF)	38
		ii) Compulsory Reserve Fund (CRF)	39
		iii) Catastrophe Reserve (CR)	40
		iv) Claim Payment Fund (CPF) & Reserve Fund (RF)	41
36	Maintain Capital Fund		
36(1)	Insurer's Minimum Paid-Up Capital (PUC)	as mentioned by BP from time to time	Currently, it is i) Rs. 5 Arba for LI ii) Rs. 2.5 Arba for NLI iii) Rs. 10 Arba for RI [as prscb by then BS]
36(2)	BP can order to increase PUC by citing time frame	on the basis of : i) Financial & Capital Market condition of the country, ii) Liability to be fulfilled by the insurer, iii) Financial Condition of the insurer	
36(3)	Insurer shall increase PUC	as mentioned by BP within the given time	For such increment in PUC for LI & NLI, then BS had provided time upto 2079 Chaitra due to which many insurers got merged & many are opting rights issuance
36(4)	BP can suspend the insurer who	fails to increase PUC as per order	
36(5)	Other matters rlt'd to capital	as prescribed	
37	BP can order to decrease PUC		
37(1)	Situation where BP can order:	i) If any one portfolio licence of the insurer is cancelled ii) Seems problematic u/s 101	
37(2)	PUC not to be decreased	less than the Minimum PUC u/s 36(1)	
38	Insurance Fund (IF)		

Section	Heading	Elaboration	Comments/ Remarks
38(1)	Maintain IF by Insurer	Amount & As mentioned by BP Proportion	
38(2)	Maintain separate IF per portfolio	As prescribed.	
38(3)	Restriction to deposit & utilise money	of IF of one portfolio for other portfolio	Same as previous. (Eg. Motor IF मा Marine IF को रकम जम्मा गर्न पनि पाइँदैन र Motor IF बाट Marine insurance को liability meet गर्न पनि पाइँदैन and vice versa)

39 Compulsory Reserve Fund (CRF)			
39(1)	Maintain a separate CRF	to : meet liabilities rlt'd to Ins Bus	
39(2)	Deposit/ Transfer these amounts to the CRF	i) Amount not less than 100% of liability of LI of it's business inside Nepal as provided by Actuary ii) Certain portion (set by BP) of the Net Premium of NLI as shown in SOPL iii) 50% of Profit until it doubles the PUC of NLI	Same as Rule 15 previously, now incorporated in the Act itself
39(3)	Insurer can set up other Reserve Funds too	as per it's need to operate it's Ins Bus	
39(4)	CRF of a RI	as set by BP	
39(5)	Other matters rlt'd to CRF & other RFs	as set by BP	

40 Catastrophe Reserve (CR)			
40(1)	Insurer setup a separate CR	to : meet liabilities in future from catastrophe (महाविपत्ति)	Previously provided via a circular, now incorporated in the Act itself
40(2)	Other matters rlt'd to CR	as set by BP	

41 Claim Payment Fund (CPF) & Reserve Fund (RF)			
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Section	Heading	Elaboration	Comments/ Remarks
41(1)	Insurer setup CPF & RF & deposit following amounts in it:	i) Amounts that could not be paid out against claims within prescribed time (O/s Claim) ii) Amount of IBNR & IBNER , iii) URR - Unexpired Risk Reserve	New Provision - Amounts, provisions and reserves which were related with claim payments are now incorporated in the CPF & RF. IBNR - Incident/ accident has already occurred but the same has not been informed by the insured to the insurer as on a cut-off date (eg. FY End) IBNER - Incident occurred and insured has also informed but not adequately/ effectively.
41(2)	Other matters rlt'd to CPF & RF & amounts to be deposited into it	as set by BP	Power to BP to edit, amend the list and further explain as per necessity, future developments, crisis, emergencies, etc.

42	Assets > Liabilities (Must Be) of the Insurer		
42(1)	Total Assets > Total Liabilities		Statutory Requirement for the insurer to be solvent.
42(2)	Solvency Margin (SM)	as set by BP	Previously it was 1.5 as mentioned in Non-Life and Re-Insurance Business Actuarial Valuation Directive, 2076
42(3)	Insurers & Branch Offices of Foreign Insurance Co. shall maintain SM as above within	time frame provided by BP	
42(4)	Valuation of Total Assets & Total Liabilities for this section	as prescribed	

43	Restriction on Dividend Distribution
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Section	Heading	Elaboration	Comments/ Remarks
43(1)	Notwithstanding anything written in prev laws	<p>Insurer cannot declare & distribute dividend until it has:</p> <p>i) Not :</p> <p style="padding-left: 40px;">i.i) Written off Preliminary Expenses i.ii) Written off Losses upto previous FY i.iii) Maintained Funds & Reserves as required by this act & BP</p> <p>ii) Not maintained Minimum PUC u/s 36 iii) Not met Solvency Margin Ratio u/s 42 iv) Not distributed shares to public shareholders & been completely paid-up</p>	
43(2)	Insurer shall obtain Approval from BP as prscb	before declaring dividend	लाभांश घोषणा गर्नु अघि तोकिए बमोजिम स्वीकृति लिनु पर्ने

44	Allotment of Shares		
44(1)	For Public	Minimum 30% of the Issued Capital	Provision of Insurer Reg & Bus Operation Directives, 2073 now incorporated in the Act itself
44(1)	Branch Office of Foreign Insurance Co. cannot issue & sell shares		
44(2)	Shares for Employees	Insurer CAN Max 5% of the portion set aside for public	Provision of Insurer Reg & Bus Operation Directives, 2073 now incorporated in the Act itself
44(3)	Conversion of Promoter Shares to Public	on : approval of BP condition : Promoter Holding remains Minimum 51%	Provision of Promoter Shares Transaction Directives, 2077 now incorporated in the Act itself. In the directive, it mentions only after 5 years of operation such conversion can be done.
44(4)	Provision rlt'd to shares of Insurer owned by GON or PG	as set by GON	
44(5)	Other matters rlt'd to share allotment & sales	as per prev laws on Securities	

Section	Heading	Elaboration	Comments/ Remarks
45	Prospectus & Issuance of Shares		
45(1)	Prior to public issuance	Present : What ? ⇒ Prospectus approved by SEBON To ? ⇒ BP As per ? ⇒ Prevailing Laws	
45(2)	Prospectus cannot be published	By ? ⇒ Insurer or anybody on it's behalf Until ? ⇒ It's not submitted to BP as per above	
45(3)	BP will not register the prospectus	Until ? ⇒ It does not get info of it being approved by SEBON IN ? ⇒ Written	
45(4)	Insurer can issue shares to public after 1 yr of operation	Audit of previous year shall have to be completed	Now, New insurers can issue shares in 100% of Face Value after 1 yr of operation is completed.
45(5)	Share Public Issuance Price	100% of FV (insurer shall) irrespective of any matter contained in prevailing laws	This now overrides <u>CA63</u> 's provision regarding share issuance price cannot be more than 50% of face value before completing 3 yrs of operation.

46	Restriction on Share Sales, Pledging & Transfer		
46(1)	Promoter shares cannot be sold/ pledged/ transferred	within : 5 years of establishment of the company	
46(1)	To be sold off within 2 years	Shares held in more number than as mentioned in this act then such excess number of shares to be sold off	
46(2)	Promoter shares can be sold among promoters in case of special situation - with BP's approval	1) Special Circumstances arose due to obstacle / hindrance/ disturbance in operation of insurer 2) Director got blacklisted appl	"Special Circumstances" means the situation where the decision could not be made : 1) due to BOD meeting not being able to be held for 3 consecutive times due to quorum not being met, or 2) Dispute among the directors
46(3)	Matters rld to conditions & restrictions on Sales, Pledge of Promoter shares after 5 yrs	as set by BP	Prevailing: Promoter Shares Transaction Directives, 2077

Section	Heading	Elaboration	Comments/ Remarks
46(4)	Restriction on involving in transaction of shares of insurer or its subsidiary	<p>By Insurer's :</p> <ul style="list-style-type: none"> - CE - Auditor - Employees - CS, - Person directly involved in Insurer's Mgmt & Accounts <p>Position currently holding or within 1 yr of resigning the position</p> <p>Shares of : - concerned Insurer, or - its subsidiary</p> <p>Txns :</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Do or cause to :</p> <p>* Purchase/ Sale * Pledge * Donate * Transfer * Give/Take (लेनदेन)</p> <p>In the name of :</p> <p>* Own * Family Member * Any person with his/her Fln * Firm, Co. or Orgⁿ controlled by such person or * any other person</p> </div>	
46(4)	This subsection not deemed to create hindrance for	<ul style="list-style-type: none"> - Bonus share, - Right shares, - shares set aside for employees, - new shares issuance, - M&A under Chapter-14, - Transfer of Ins Bus - Sales/ Purchase od transfer of shares in connection with complying BP's direction 	
46(5)	Matters rlt'd to sales, purchase & others provisions of Insurer's Share	appl	

Chapter	6
Heading	BOD & CE

47	Formation of BOD		

Section	Heading	Elaboration	Comments/ Remarks
48	Term of Director (Tenure)	4 yrs Re-appointment : 1) Yes (no restriction for other than IDs) 2) No (For ID)	Previously provided in Corporate Governance Directives, 2075 with following comparative provisions: 1) Can be reappointed for extra one term only, 2) same provision as besides So reappointment cap / limit for other than IDs have been removed

49 Qualifications of Director			
49(A)	Work XP only	XP : Min 5 yrs Position : Director or Position-bearer/ Office-bearer / Official (पदाधिकारी) or Officer Level in a CB or Govt Service Work in : Foreign or Domestic Insurer, BFIs or related sector CBs or Government Service	
49(B)	Bachelors + XP	Education : Bachelors in any subject XP : Min 3 yrs Position : Director or Position-bearer/ Office-bearer / Official (पदाधिकारी) Level or Officer Level in a CB or Govt Service Work in : Foreign or Domestic Insurer, BFIs or related sector CBs or Government Service	
49(C)	CA or Masters (no XP)	Education : CA or Masters in <ul style="list-style-type: none"> - Insurance - Monetary - Banking - Finance - Commerce - Management - Public Administration - Statistics - Mathematics - Economics or - Corporate Laws 	Previously, Corporate Governance Directives, 2075 had not recognized CA qualification but not incorporated here in the act itself. So now, a CA is qualified to be a director of an Insurer without any work experience requirement. Also, engineering, accounting have been removed and "laws" have been changed to "corporate laws".

Section	Heading	Elaboration	Comments/ Remarks
49(2)	Qualifications for ID	<p>Education : Masters or equivalent / similar in</p> <ul style="list-style-type: none"> - Insurance - Monetary - Banking - Finance - Commerce - Management - Public Administration - Statistics - Mathematics - Economics or - Corporate Laws <p>XP : Min 5 Yrs Work IN : Foriegn or domestic Insurer or related sector CB Position : Director or Managerial Level</p>	<p>Again, a CA with only CA qualification can't be an ID ! Work XP in second class of Govt removed.</p>
49(2)	Cannot be appointed as ID	<p>Insurer's :</p> <ul style="list-style-type: none"> - Director - Family member of Director - Auditor - Consultant - SSH of Insurer - Person with Fln in insurer 	

50	Disqualifications of Director	
	Disqualified to be <i>elected or appointed</i>	
50(A)	Age	<i>not completed 25 years</i>

Section	Heading	Elaboration	Comments/ Remarks
50(B)	Mental or physical inability	Not able to serve as a director due to bodily/physical or mental unhealthiness	<p>Specially abled (disabled) is not a disqualification if the person is able to work as a director.</p> <p>Here, only disqualified if he/she is not able to perform work in the capacity of a director. If the person is willing and capable to serve, then s/he should not be stopped / barred/ restricted.</p> <p>Remember President Franklin D. Roosevelt (1933-1945) [remember this is the time when World War Second happened] of the U.S.A was also specially abled, but he is the only President in U.S. history to serve more than two terms, he served 4 terms.</p>
50(C)	Insolvent status	appl	
50(D)	3 yrs not elapsed after removal from	blacklisting appl	
50(E)	Existing Director or Employee is	<p>Director Of :</p> <ul style="list-style-type: none"> - Insurance - BFIs - CB collecting deposits <p>OR</p> <p>is a promoter SSH of any other Insurer</p>	
50(F)	Existing :	<ul style="list-style-type: none"> - Auditor, - Consultant, - Party to contract with insurer, - P,O,F,C having personal interest in any contract with insurer 	A Firm or company or organization can't be a director ! Is lawmaker confused that a legal entity can also be a director and hence disqualifying them ? Or they wanted to cover the owners of such firms, organizations or companies ? Who Knows
50(G)	Securities market participant :	<p>Securities Businessperson having obtained membership of Securities Market or Merchant Banker</p>	<p>Really ? Lawmaker forgot that these can only be a company ? How come a company be a director ? And how disqualification? Wonders in Nepalese laws.</p> <p>The Directives rlt'd to bases for choosing External Auditor, 2066 issued by BS has mentioned that: [Insurer should not appoint these as auditor:</p>

Section	Heading	Elaboration	Comments/ Remarks
50(H)	Disqualified to be director as per Insurer's AOA	due to shareholding	d) The auditor/ audit firm or it's partners are who not members of securities market] - If we denegitify this provision it reads that a person can be auditor of insurer only if s/he is member of securities market (broker, market, market maker, etc.) ~ Wonders right ? It's Nepal & it's common here
50(I)	Not subscribed	Minimum no. of shares to be a director	
50(J)	Person in Public Position,	<p>Position : Public Position or current employee IN :</p> <ul style="list-style-type: none"> - GON - Entity owned by GON - BP - Board - BFIs <p>Not applied in case director appointed by GON, PG, Entity owned by GON or insurer (shares in insurer of another type)</p>	<p>- The word "Board" not defined by the act. May refer to SEBON ?</p> <p>- Insurers are not allowed to own shares of other insurers within the same category. Eg. A Life Insurance can't hold shares of B Life Insurance but cross-category share holding is allowed and it is what is being referred to here.</p> <p>- And, proviso is created since such shareholding entities generally appoint their own higher level employees as directors as per their shareholding)</p> <p>- CGD2075 had written constitutional position, office-bearers of Rural Municipalities, Municipalities, Province Assemblies, Federal Parliament, Government Office-bearer, but now the word public position is used instead of all these</p>
50(K)	Not paid/ cleared taxes	appl	

Section	Heading	Elaboration	Comments/ Remarks
50(L)	Charged & punished by court	<p>Court of : Nepal or Foreign</p> <p>Charges of :</p> <ul style="list-style-type: none"> - Fraud - Theft - Deceit, cheating - Corruption - Forgery - any offenses involving moral turpitude <p>Other Offenses of :</p> <ul style="list-style-type: none"> - insurance - banking - ML <p>a period of 5 years after completion of punishment not completed</p>	
50(M)	Received punishment from Regulatory Authority	Punishment done or 5 yrs not completed after such punishment	
50(N)	Remained to	1) Serve Prison time or penalty as per court decision, 2) Pay / clear Government due	
50(O)	Punished by BP	For : not complied BP's directions Cooling period : 3 yrs since the punishment	

51	Situations where director is not incumbent in his position		
51(1)(A)	Disqualified u/s 50		
51(1)(B)	Agenda to remove the director passed by same group shareholders by giving min 51% vote in favour of the agenda in the GM	Group means promoter or public	Promoter director लाई Promoter shareholders ले नै हटाउन र नियुक्त गर्न पाउने भएर
51(1)(C)	Resignation tendered by director is accepted		
51(1)(D)	Removal direction provided by BP by citing that he/she is not capable to work as a director	Due to : Conducted activity against interest of insurer or insured	

Section	Heading	Elaboration	Comments/ Remarks
51(2)	Insurer to inform BP if it thinks that a director may be disqualified to bear the office	Within : 15 days IN : Written info What ? : Insurer thinks that any director is disqualified due to acting in contrary to this act, rfh , BP's directions	New provision
51(3)	BP may direct the insurer to remove the director	on receipt of such written information that the incumbent director is not qualified to bear the position of directorship	

52	BOD Meeting		
52(1)	No. of meetings per year	Min. 6 times	
52(1)	Gap between 2 BOD meetings	Max 2 months	2 months as contained in CGD2075 .
52(2)	Request to call Meeting	Written request by : Min. 1/4th (25%) of the directors Call meeting by : CP of BOD	Same as contained in CGD2075
52(3)	Place, Date & Time of meeting	set by CP	
52(4)	Chairing of the meeting	Normally : By the CP Absence of CP : Eldest director amongst themselves	
52(5)	Quorum for meeting	Min 51% of total no. of directors	
52(6)	Decision Making	By : <i>Majority</i> In case of tie : Chair of meeting exercise casting vote	
52(7)	Minute Book to be prepared	Content : - Names of present directors - Agendas discussed - Decisions made To be signed by all present directors. Dissents if any can be recorded accompanied by such dissenting director's signature	Dissent meaning: i) Dissenting Opinion , or ii) Differing Opinion , or iii) Minority Opinion
52(8)	Interest in the matter to be discussed	IN : BOD or any other Sub-committee What shall he/she do ? Inform to the meeting & not participate in it	
52(9)	Expert opinion, advice can be taken	From : Related subject matter's expert Regarding : Agenda being discussed	

Section	Heading	Elaboration	Comments/ Remarks
52(10)	Meeting Allowance & other facilities to be received	as set by the AGM, but being under/ within the directions issued by BP	
53	FDPs of BOD of Insurer		
53(1)	All FDPs of insurer to be exercised by (except that of GM)	BOD , Subject to: - this act, - rfh, - bfh, - Directives, orders issued - laws in force, - MOA, - AOA.	
53(2)	Duty of BOD to operate Ins Bus	in the interest of: i) Insured, ii) Public Shareholders	It's "public" and not "ordinary". Ordinary would indicate equity shareholders which is not intent of the subsection. Some translation include "ordinary" wording but law says "सर्वसाधारण", which means public. If it had been "साधारण" then ordinary would be okay.
53(3)	Other FDPs of BOD are:		
53(3)(A)	Formulate, & Implement necessary - <i>Bylaws, (विनियम)</i> - <i>Directives, (निर्देशिका)&</i> - <i>Procedures (कार्यविधि)</i>	Subject to: - This Act, - rfh, - bfh, - Directives, - Orders, - MOA, - AOA, - Prevailing laws	Eg. BOD is obliged to formulate and implement : "Code of Ethics for Directors and Employees" as required by <i>Corporate Governance Directives for Listed CB, 2074</i> issued by SEBON.

Section	Heading	Elaboration	Comments/ Remarks
53(3)(B)	Formulate , & Implement , or cause to necessary - <i>Plans</i> , & - <i>Policies</i>	For insurer's: - <i>U/w</i> - <i>Mgmt</i> , - <i>Claims Payment</i> , - <i>A&L Mgmt</i> , - <i>Budget</i> , - <i>Plans</i> , & - <i>Other necessary matters</i>	
53(3)(C)	Approve & Implement , or cause to: - <i>Policies</i> , & - <i>Standards</i>	rltd to : Ins Bus operation As per : BP's directions	
53(3)(D)	Cause to (लगाउने) maintain as determined by BP	i) <i>PUC</i> , ii) <i>IF</i> , & iii) <i>Other M&IA</i>	
53(3)[E]	Monitor & Analyze , (regularly) >>> & provide needy directions to Mgmt	Policies adpoted by Insurer	
53(3)(F)	Submit to GM	AR including Insurer's Annual Report	
53(3)(G)	Carry out or cause to	Functions, tasks as prscb by BP , time to time	

54	Formation of Committees or Sub-Committees		
54(1)	Can be formed as per necessity	Staying : under/ within BP's directions For : Any special purpose Except : Matters that are to be done by any entity or office-bearer explicitly mentioned in this act	
54(2)	FDPs, Procedures of such Committes or Sub-Committees	as set by BOD	

55	Authority Delegation		
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Section	Heading	Elaboration	Comments/ Remarks
	Delegation	By : BOD To : - Any Director - Committee or Sub-committee u/s 54 - CE - Person working as the CE Authority received As per : - Act - rfh - MOA & AOA	CGD2075 has mentioned " <u>Final Answerability</u> of the work done remains with the BOD even if it had been delegated to others ."
	Managerial Authority can't be delegated	To : the directors	

56	Management of Insurer		
56(1)	Insurer shall appoint necessary employees to	operate/ run the Ins Bus	
56(2)	Not to appoint	Person with Fin as an employee	
56(3)	Spend in Mgmt Operations	Condition : No adverse effects in insured's interest	
56(4)	Limit of Mgmt Expenses & other provisions	as set by BP	

57	Appointment of CE		
57(1)	Appoint By :	BOD	कसले गर्ने ?
57(1)	Subject to :	- This Act, - rfh, - MOA, - AOA	यिनीहरुको अधिनमा रहेर
57(1)	For :	carrying out O&M of Insurer's activities	किन नियुक्ति गर्नु त ?
57(2)	Tenure	4 yrs	
57(2)	Re-appointment	Once only	एक पटक मात्र पुनः नियुक्ति हुन पाउने ।
57(3)	Removing the CE		
57(3)	By :	BOD	
57(3)	When :	at any time	
57(3)	Why :	work performance is unsatisfactory	
57(3)	ROoBH to be provided		Law of natural justice.

Section	Heading	Elaboration	Comments/ Remarks
57(4)	<u>Qs of the CE</u>		
57(4)(A)	MG+XP	<p><u>MG or equivalent in:</u></p> <ul style="list-style-type: none"> - Insurance, - Monetary, - Banking - Finance - Commerce - Management - Public Administration - Statistics - Mathematics - Economics or - Law <p><u>XP :</u> (i) Min 5 Yrs (if Ins sector), or (ii) Min 8 Yrs (if Baking or Financial sector), or (iii) Min 7 Yrs (including Min 1 yr insurance sector if Ins+BF sector)</p> <p><u>Position :</u> Managerial Level</p>	
57(4)(B)	Passed CA, or Min BG or equivalent	<p><u>BG or equivalent in:</u></p> <ul style="list-style-type: none"> - Insurance, - Monetary, - Banking - Finance - Commerce - Management - Public Administration - Statistics - Mathematics - Economics - Engineering, or - Law <p><u>XP :</u> (i) Min 10 Yrs (if Ins sector), or (ii) Min 15 Yrs (if Baking or Financial sector), or (iii) Min 12 Yrs (including Min 1 yr insurance sector if Ins+BF sector)</p> <p><u>Position :</u> Managerial Level</p>	
57(5)	Disqualifications for CE:		

Section	Heading	Elaboration	Comments/ Remarks
57(5)(A)	Mental or physical inability	Not able to serve as a director due to bodily/ physical or mental unhealthiness	Yes, the bare act says that a person who is unable to serve as director due to physical or mental unhealthiness cannot be CE. Maybe error in law ?
57(5)(B)	i) Currently in blacklist, ii) 3 yrs not elapsed after removal from	blacklisting appl	
57(5)(C)	Working as Insurer's >>>	i) Director, ii) Employee iii) Close relative of (i), iv) IM, v) Consultant	
57(5)(D)	Served as auditor of that insurer	during last 3 yrs	
57(5)(E)	i) Working as > ii) Member of >	i) Securities Businessperson ii) Securities Market	i) धितोपत्र व्यवसायी ii) धितोपत्र बजारको सदस्य
57(5)(F)	Having Fln in the insurer		
57(5)(G)	Already been Director or CP of BOD of insurer	But, GON can appoint CP or director irrespective of this restriction as a CE	
57(5)(H)	Already been CE	Cannot again be CE until 6 months completes after leaving the post of CE	CE बाट छोडेको ६ महिना नभएसम्म नपाई
57(5)(I)	Sentenced to prison appl & 3 yrs not complete	after serving such imprisonment	कैद सजाय भुक्तान भएको मितिले ३ वर्ष पूरा नभएको
57(5)(J)	Obtained PR Permit	of Foreign country Not applicable for Foreign Insurer & CE of insurer estd in JV	
57(5)(K)	Punished by court for criminal offences involving >>	- forgery, - fraud, - corruption, - ML, - HT - Insurance and other fraud, - Banking offence, - kidnapping, - taking into hostage - other criminal offences	

Section	Heading	Elaboration	Comments/ Remarks
57(5)(L)	Currently incumbent in	Public Position	
57(6)	Employee can be appointed CE	Employee of : i) Insurer With majority shareholding of Foreign Insurer , ii) FIC (to appoint as CE of BO of FIC)	As above, employee can't be appointed CE, so allowed here only for FIC or Insurer with majority holding of Foreign Insurer.
57(7)	Qs & XP of CE for BO of FIC in Nepal	to be apts	
57(8)	Remuneration, T/C of services, facilities, etc.	As determined by BOD, to be as per Directives issued by BP time to time When to fix it ? : At the time of appointment	BOD ले गर्ने तर BP को निर्देशनको अधीनमा रहेर । Currently, "Guidelines related to CE's Salary, Allowance & Other Services, 2074" issued by then BS is in place. नियुक्ती गर्ने बेलामा नै निर्धारण गर्नुपर्ने

58	FDPs of CE		
58(1)	Duty of CE to perform: - Daily , - Professional , - Administrative Activities / tasks / functions of the insurer	Subject to / being under : - Policies approved by BOD , - Directions of BP , - Prevailing laws	To complete such FDPs, CE then delegates authorities to Staffs after recruiting them. First, BOD is responsible for everything, but delegates authorities to CE. Second, CE delegates some authorities to staffs.
58(2)	Following are FDPs of CE	Subject to / being under the authority delegated by BOD.	
58(2)(A)	- Exercise powers conferred by BOD To : i) Implement BOD decisions , ii) Monitor/ Supervise & Control : - Activities of insurer, - Txns of insurer	subject to : - MOA, - AOA	
58(2)(B)	- Formulate & - Present to BOD for approval	1) Annual Budget, & 2) Annual Action Plans	
58(2)(C)	Arrange , or Manage needy HR for insurer	Subject to / staying under the HR Bylaws of insurer	आवश्यक जनशक्ति व्यवस्थापन गर्ने

Section	Heading	Elaboration	Comments/ Remarks
58(2)(D)	Implement or cause to	Decisions made by: - GM, & - BOD.	
58(2)(E)	1) Operate the orgn, & 2) Effectively manage ICS & Risk Mgmt	As per: - This Act, - BP's directions	
58(2)(F)	Submit : - Reports, - Partculars, - Docs, - Decisions	To : - BP, or - Other Entities/ Bodies Subject to: - This Act, - rfh, - bfh, - Directions or Orders, - MOA, & - AOA	
58(3)	CE to be accountable to For : his/her work	BOD	

59	Agreement of Management or Technical Service (AMTS)		
59(1)	Enter into Agreement with pre-approval of BP	With : Domestic Person or Foreign CB	The word "Person" has not been defined.
59(2)	Send to BP for approval	Before : Entering into the agreement Send what ? : Draft Agreement	
59(3)	Other matters rlt'd to AMTS or Expert Service	as prescribed	

60	Whistle Blowing Policy (WBP) can be formulated
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Section	Heading	Elaboration	Comments/ Remarks
60(1)	Insurer can formulate & implement	<p>WBP Regarding non-compliances of</p> <ul style="list-style-type: none"> - This Act - rfh - Bylaws under this act - Directives under this act <p>Irregularly : Done Acts or might-be done (अनियमित तवरले भए गरेका वा हुने सक्ने काम कारवाही)</p> <p>By : Insurer's Mgmt or Office-bearers or Employees TO : Provide info rlted to such irregularities secretly</p>	Praiseworthy to incorporate WBP in this act.
60(2)	BOD shall provide occupational protection / security to the person giving info secretly	<p>Info rlted to : Irregularities, irregular work, activity</p> <p>Done By :</p> <ul style="list-style-type: none"> - CE - Office-bearer/ Officials - Auditor - Consultant - Employee - IMs 	<p>भए गरेका अनियमित काम कारवाही ।</p> <p>- पेशागत सुरक्षाको संरक्षण गर्ने जिम्मा BOD को ।</p> <p>किनकी भित्र भएको गलत कुरालाई, बेथितिलाई बाहिर लेराउने व्यक्ति यसै असुरक्षित हुन्छ</p>

Chapter	7
Heading	Operation of Ins Bus

61	Types of Ins Bus	
61(1)	Types: (Categories of Ins Bus)	
61(1)(A)	LI	<i>Life Ins Bus</i>
61(1)(B)	NLI	<i>Non-Life Ins Bus</i>
61(1)(C)	RI	<i>RI Bus</i>
61(2)	Types of LI Bus	Subject to License Portfolios as prsch,

Section	Heading	Elaboration	Comments/ Remarks
61(3)	Types of NLI Bus	Subject to License Portfolios as prscb ,	Rules will provide for Portfolios like Property, Marine, Motor, Aviation, Miscellaneous, Engineering & Contractor's Risk, etc. (Remember previously, Fire Insurance was replaced by Property Insurance w.e.f. 2075-10-01 via <i>Property Insurance Directives, 2075</i>)
61(4)	Types of RI Bus	As prscb by BP	

62 Insurance Contract			
62(1)	Insurance Contract must be	written	
62(2)	These shall be integral part of Insurance Contract:	1) Proposal done by insured, [प्रस्ताव] 2) Insurance Policy , [बीमालेख] 3) Schedule/ Annexures of (2), 4) Endorsements to (2) & (3) [सम्पुष्टी]	1) First proposed insured fills proposal form and gives to insurer, 2) After insurer accepts proposal, it issues policy 3) Schedule contains list of properties, people, staffs, etc. which have been insured 4) Endorsements meaning any amendment (addition, deletion, editing, etc.) to the policy or schedule
62(3)	[Principle of Utmost Good Faith] Utmost Good Faith must exist between both <u>insured & insurer</u>	while entering into Insurance Contract, & i) Clearly inform facts rlt'd to proposed risk	Existence of Utmost Good faith (Latin - uberrima fides) has now been incorporated in the act itself. ~ सद्धिश्वास
62(4)	[Principle of Insurable Interest] Proposed Insured must have (Person proposing insurance) (बीमा प्रस्तावक)	Insurable Interest in the subject matter of the insurance.	Existence of insurable interest has now been incorporated in the act itself. ~ बीमायोग्य हीत
62(5)	Other matters rlt'd to Insurance Contract	as prscb	

63 Insurance Policy			
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Section	Heading	Elaboration	Comments/ Remarks
63(1)	Insurance Policy approved by BP	shall be issued	All policy format of insurer is first approved by BP. Then, it can issue to insurers. Insurer cannot by itself new policy and issue without approval.
63(2)	Insurance Contract is deemed to be entered once Policy is issued	T/C of that policy will be binding to both parties .	
63(3)	Insurer cannot raise question	After : 1 yr of issuance For : Any matter not disclosed by insured	बेलैमा हेरेर U/W गर्नुप्यो
63(4)	Insurer can at anytime : i) Instruct insured to correct the details, or ii) Withhold any service to be received by insured	If : It is proved after issuing policy That : Insured has 1) Maliciously concealed material fact rlt'd to risk, 2) Submitted false particulars rlt'd to risk	Proviso to (3) गलत, झुठ्टा कुरा, जानकारी, विवरण दिएर जानी-जानी बदनियत बोकेर बीमा गरेको भए त छुट दिनु हुँदैन त्यसैले यो प्रावधान राखियो
63(5)	Insured can trf rights of LI policy	to other persons as prs'cb.	
63(6)	Other matters rlt'd to Insurance Policy	as prs'cb by BP	

64	Insurance Premium		
64(1)	Insurer shall compute Insurane Premium	as determined by BP	
64(2)	Shall not issue policy	without receiving full amt of premium .	
64(3)	Policy can be issued with Bank or GON guarantee by specifying the period of paying	If full payment can't be received due to any reason But, policy cannot be issued against Bank Guarantee of more than 30 days	- Max 30 days with bank guarantee. - No limit specified for GON's guarantee
64(4)	Partial Payment or instalments of premiums	Instalments : For LI Partial Payment : For specified NLI	Proviso to full premium shouldbe issued before issuing policy
64(5)	Insurer to inform the insured	If premium is not received in time From : Person or Orgⁿ responsible to collect & pay premium	
64(6)	Other matters rlt'd to Insurance Tariffs (Rates) & Insurance Premium	as prs'cb by BP	

Section	Heading	Elaboration	Comments/ Remarks
65	Insurance Pool (Collective IF)		
	Who will create or cause to create?	Insurer	Examples of Insurance Pools: i) Motor Third Party Insurance ii) Corona Insurance (now phased out) iii) Oil Tanker Insurance iv) Micro-Insurance Pool Risk is/ can turn out massive hence pooled and the risk is shared with all the insurers in the country.
	BP will cause the Insurer for it		BP ले बीमकलाई स्थापना गर्न वा गराउन लगाउछ
	Why needed Pool ? >>	To bear liability of any special risk group/class in the Ins Bus	
66	Restriction on doing Insurance		
66(1)	Assets or Liabilities of these	not to be insured:	Yes, liability can also be insured. Eg. Professional Liability, Product Liability Insurance, Fidelity Guarantee Insurances, where liability that can arise due to mistake or error of employees or due to the product can be insured. Some countries with high rates of kidnapping even have kidnap and ransom insurance.
66(1)(A)	Liability to be borne by itself		
66(1)(B)	Insurer's	- SSHs, - Directors, - Consultants, - Auditors, - Employees, or - Joint family members of above	
66(1)(C)	SSHs or their joint family members		
66(1)(D)	Firm, Company or Orgn	which can - nominate , or - appoint director	A firm (both proprietorship & partnership) cannot be a shareholder of a company. [as per <i>Companies Directives</i>]

Section	Heading	Elaboration	Comments/ Remarks
66(1)(E)	Firm, Company or Orgn, Their SSHs, or Joint family members of them	Where: i) Director of insurer has Fln , ii) Director is : - Managing Agent - Partner, or - Director	
Proviso	LI policy can be issued to above mentioned people	under T/C & Sum Insured as prscb by BP	
66(2)	All these restrictions not applied	for insuring A&L of GON.	

69 Acts not to be performed by Insurer / Acts restricted for Insurer			
69(1)	Insurer shall not do or cause to	the following acts	
69(1)(A)	Purchase , or Sell M&IA	of amt exceeding limit set by BP	Previously, BS had set such limit on purchase on assets via a circular
69(1)(B)	SSH shall not provide: - Loan, - Guarantee of any type, or - Security of any type	Any Firm, Company or Orgn, where i) Directors, ii) Joint family of (i), or iii) Insurer, are : - SSH, - Managing Agent, - Shareholder	Yes, law has restricted the SSH rather than the insurer itself.
69(1)(C)	Provide any type of credit / loan to insured	Except, loan against LI policy (this is allowed) But, loans to employees as per HR Bylaws can be given	Policy loan amounting to surrender value is provided as loan by LI Companies.
69(1)(D)	<i>Issue any policy</i>	In any other format than approved by BP	BP ले स्वीकृत गरेको बाहेक अन्य कुनै पनि policy
69(1)(E)	<i>Issue any policy</i>	which is not approved by BP	BP ले स्वीकृत नगरेको policy
69(1)(F)	Calculate / compute Insurance premiums	which are adverse to as determined by BP	

Section	Heading	Elaboration	Comments/ Remarks
69(1)(G)	Invest in shares or securities of	i) Insurer of same category (LI in LI, NLI in NLI, RI in RI), ii) IB But, investment can be done in securities of insurer of different category	i) Why do you want to invest in your competitor? ii) Don't invest in the broker which gives you business and also passes your risks to other insurers and reinsurers
69(1)(H)	Invest in any way/ manner in	Company, firm or Orgn in which any of it's Director has : i) Personal Interest , ii) Fln , iii) Professional / Commercial Interest	A company cannot invest in partnership and proprietorship firm (Sec 10, CA63, Terms to be abided by Company)
69(1)(I)	Acts to	i) Create/ maintain a monopoly of any type, ii) Control Ins Bus in any way	
69(1)(J)	Acts to	i) Obstruct competitive env of Ins Bus, ii) Perform or cause to Controlled practices	
69(1)(K)	Do or cause to do any act	in contravention to: - This Act, - rfh, - bfh, - dih	
69(2)	Insurer shall not do these acts in relation to person doing insurance i) From amt earned from illegal way , ii) By committing offense rlttd to ML	1) Conceal such matter, 2) Protect that person from legal action by: 2.1) Hiding / concealing insurance, 2.2) Amending / changing insurance, 2.3) Paying against such insurance, 2.4) Hiding or falsifying : 2.4.1) Source , or 2.4.1) Origin of it 3) Assist in any of above	
69(3)	Insurer shall immediately provide info to: i) BP, & ii) FIU estd appl	When : i) Insurer knows by itself or gets info that: i.i) Any person has committed , or i.ii) Assisted to commit ii) Doubt that such act has been done , or iii) Reasonable Base exists to do such doubt . Rltd to such acts as above (2)	FIU is estd under MLPA63 which is a unit functioning under NRB. It's Financial Information Unit. Not Financial Intelligence Unit i.i) कुनै व्यक्तिले गरे i.ii) कार्य गर्न सहयोग गरे ii) कार्य भए गरेको शङ्का लागे iii) शङ्का गर्ने मनासिब कारण भए

Section	Heading	Elaboration	Comments/ Remarks
70	Compliance Officer (CO) shall be appointed		
70(1)	Appoint, or Assign a CO	<p>Within : 1 yr of obtaining License</p> <p>Education : Masters in</p> <ul style="list-style-type: none"> - Insurance, - Mgmt, - Commerce, - Law <p>Officer level employee</p> <p>From : Managerial Level</p>	नियुक्त गर्ने वा तोक्ने
70(2)	Insurers that already have Licenses before this act commences	Must appoint or assign CO within : 6 months of commencing of this act And info to BP	
70(3)	Compliance Report to be submitted	To : BP Whether matters specified in subsection 3 have been complied or not	Subsection 3 itself is this and has not provided any subject matters rld to it. Maybe linkage mistake in lawmaking.
70(4)	BP can demand updated details of compliance	at any time regarding compliance status of insurer	Proviso to (3)
70(5)	CO shall submit such details as above (4)	within time prscb by BP	
70(6)	CO is responsible for	i) Truthfulness, & ii) Authenticity of such details submitted	झुटो लेखे CO जिम्मेवार
70(7)	Nothing mentioned in this section relieves i) Insurer, ii) BOD, or iii) CE	to maintain updated compliance details	

71	Savings to be Allocated		
	By	LI	
71(1)	Allocation from LI Business savings to & provisions to be made as per Valuation Report by Actuary.	For the LI policy which have profit participations i.e. bonus	
71(2)	Min 90% of savings to be trf to LI Fund along with approval of BP	TO i) Allocate the Savings ii) Make Provisioning	

Section	Heading	Elaboration	Comments/ Remarks
71(3)	Other matters rld to LI : i) Allocation of Savings ii) Provisionings	as prscb	

72	Risk to be accepted on the basis of Net Assets		
72(1)	Insurer shall accept risks	on the basis of it's Net Assets	
72(2)	Other matters rld to risk acceptance by insurer	as prscb	

73	Investments in Subsidiary Co.		
73(1)	Insurer can with BP's approval :	i) Establish it's own Subsidiary Co. ii) Invest in such a co.	
73(2)	BP can specify T/C while granting approval	It's duty of insurer to abide by such T/C	
73(3)	Insurer shall not invest	subsidiary which will operate same category of Ins Bus	Again here too a restriction on investing in it's own competitor
73(4)	Other matters rld to investments of insurer	as prscb by BP time to time	

74	Approval needed to sell assets by FIC		
	Assets of FIC situated in Nepal:	i) Immovable Assets, ii) Movable Assets exceeding the prscb limit	
	Activities:	i) Selling such assets as above, ii) Mortgaging them, iii) Taking back to it's own country	i) बेच्ने, ii) धितोबन्धक गर्ने, iii) विदेशमा फिर्ता लग्ने
	Approval of:	i) Entity/ Body whose approval is needed appl ii) BP	

Chapter	8
Heading	Micro-Ins Bus

75	Micro-Insurance to be done
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Section	Heading	Elaboration	Comments/ Remarks
	Every Insurer	- targetting low income class people - backward areas	

76	Company can be incorporated for doing only Micro-Ins Bus		
76(1)	Co. can be incorporated with objective of carrying:	i) Either, Micro LI , or ii) Micro NLI	Few companies have already received pre-approval from BP to open up such companies. Will come into operation soon. To note that the central offices of all such Micro Insurers are Province Capitals of each province. ~ Out of Kathmandu valley based operating micro insurers set-up !
76(2)	Capital of such insurers	as prsch	
76(3)	Matters rlt'd to Incorporation & Licensing of such insurers	as per this act	

77	Contract to be entered		
77(1)	Insurer to do written agreement with	IA who will do such Micro-Ins Bus	
77(2)	If the IA is a corporate body estd appl, then	Insurer can delegate some authorities as prsch to it .	

78	Micro-Insurance Claim		
78(1)	Claim payment to be made within 21 days	If claim made as per policy for life or property or liability related claims	
78(2)	Other matters rlt'd to Micro-Insurance Claim	as prescribed	

79	Micro-Insurance RegFee		
	0.5% of	Total Premium Pay to : BP	

Chapter	9
Heading	RI Business

Section	Heading	Elaboration	Comments/ Remarks
80	RI should be done by Insurer		
	Which portion of risk to Reinsure?	Such portion in excess of risk beared by itself	
81	RI Business		
81(1)	Following matters rlt'd to RI:		
81(1)(A)	RI can accept RI of both	LI & NLI	Removed RI from restriction of " <i>a single insurer cannot do both LI & NLI business</i> " to allow it to accept both the businesses' risks
81(1)(B)	RI can accept or cede/provide risks from or to	Foreign Insurers or Reinsurers	Removed RI from restriction of: "Nepal sourced risk should be insured only by insurer registered apta " to allow it to cede/ provide/ transfer risks to foreign insurers or reinsurers
81(1)(C)	Insurers working in the country shall Compulsorily cede/ provide/ transfer risks to Nepali Reinsurers	% as prscb by BP.	The rate of 20% was cited out by the MOF to secure business to the one and only RI of the country back then in 2075, i.e. NRIC. After Himalayan Re came into operation, 10%, 10% DC is being done by insurers to both the Reinsurers. Now, law provides authority to BP itself to set that rate to be reinsured with local reinsurers. Until now there are only 2 reinsurers in Nepal.
81(2)	RI can operate	By themselves or via Insurance brokers	Majority of international RI businesses are handled by Insurance & RI Brokers. The broking industry is massive. To name, J. B. Boda, a member of The Llyod's Insurance Syndicate, London. In Nepal, about half dozen Brokers are in the process of establishment.
81(3)	Other matters rlt'd to RI Business	as prescribed	

82	Provisions rlt'd to RI Contract (also known as Treaty)		
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Section	Heading	Elaboration	Comments/ Remarks
82(1)	RI Contract format to be approved from	BP , while conducting RI business	
82(2)	BP can instruct/ direct to reassess/ revisit the T/C of RI Contract	If BP is of the view that the contract : i) Does not protect insured's interests, or ii) Does not cover risks sufficiently	
82(3)	Other matters rlt'd to RI Contract	as prescribed	

Chapter	10
Heading	Accounts and Audit of Insurer

83	Maintain Books and Accounts as it is (दुरुस्त)		
83(1)	Insurer shall maintain	- हिसाब किताब, ~ Books and accounts - बही खाता, ~ Ledgers - श्रेस्ता, ~ Statements/ Details/ Records, etc. - लेखाको अभिलेख, ~ Accounting Records यथार्थ र दुरुस्त ~ Actual/ Real/ True and Correct	
83(2)	Maintain records and accounts as per GAAP based on Double Accounting System	Maintain records of it's assets, liabilities, income and expenses as per prevailing laws showing true picture of it's txns	Reminder : सायद अझै पनि कानून निर्मातालाई देशमा लेखाव्यवसायको नियामक निकाय छ भन्ने थाहा नभएको होला (यसको ज्वलन्त उदाहरण मदन भण्डारी विज्ञान तथा प्रविधि विश्वविद्यालय ऐन, २०७९ को लेखापरीक्षण सम्बन्धी दफामा भेटिन्छ - [अन्तरिक लेखापरीक्षण दर्तावाला लेखापरीक्षकहरूमध्येबाट नियुक्त गरिएको लेखापरीक्षकले गर्नेछ])
83(3)	Such accounts and other records as per (1) to be maintained in HO	unless otherwise approved by BP to maintain somewhere else	
83(4)	Other matters rlt'd to books and accounts	as prescribed	

84	Financial Statements to be prepared
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Section	Heading	Elaboration	Comments/ Remarks
84(1)	Send Quarterly Financial Statements	<p>To : BP</p> <p>Within : 30 days of expiry of that quarter</p> <p>Contents:</p> <ul style="list-style-type: none"> - Revenue Account / Income-Expense Statement/ Details - Net Assets and changes in it - Insurance, RI, Claims, Investments 	Various provisions spread over in various directives now incorporated in the act itself.
84(2)	Submit Audited FS to BP	<p>within : 6 months of another FY</p> <p>Audited Balance Sheet and SOPL</p>	<p>IA49 had given 10 months times for submission of audited FS but now insurer should conduct audit within 3 months (Sec 87) & submit to BP within 6 months of end of FY.</p> <p>Language been changed from "within 6 months of end of FY" to "6 months of new/ next/ superceding FY"</p> <p>Why the act says only balance sheet and SOPL, again here seems lack of accountancy and audit related knowledge in lawmakers. They could have quoted FS as per prevailing accounting standards. This type of lawmaker's knowledge brings contradictions in audit related matters (Eg. companies act and this act) ~ Pity</p>
84(3)	Public the Financial Situation and Risk Status	in every 3 months	
84(4)	Other matters rlt'd to FS	as prescribed	

85	Insurer's AC
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Section	Heading	Elaboration	Comments/ Remarks
85(1)	Formation of the AC	<p>Members : 3 For new insurers: within 30 days of commencing Ins Bus For Existing insurers who haven't formed AC : Form AC within 30 days of commencing of this act Who is Coordinator? : A director from amongst public Shareholders</p>	<p>Formation of AC was done only due to enforcement of CGD2075 and CA63 since IA49 and it's rules lacked provisions rlt'd to it, but now separate section incorporated for it. All existing insurers already had ACs so such relieving provision was unnecessary as all insurers are tightly following CGD2075 and other directives of BP due to strictness in regulatory actions by BP recently. CGD2075 also lacked and the same is copied here hence lacked here too : At least one member should have been a professional accountant. But to remember that the IAD79 [Clause 5(2)] mandates at least one member of Insurer's AC to be a <i>CA(>5yr XP)</i> or <i>BG(>10yrs XP)</i></p>
85(2)	These cannot be members of the AC:	<ul style="list-style-type: none"> - Insurer's CP - CE - Accounts Head - or close relative of the above mentioned 	<p>Law seems to have made clear distinction between the finance and accounting functions in an insurer. Hereby only the accounts head is restrctied, not the finance head. It would be better if insurers practice such distinction too but a single Finance Head position is being used by insurers functioning both accounts and finance tasks.</p>
85(3)	FDPs of the AC:		All points same from the CGD2075
85(3)(A)	Review FS, Ascertain validity, integrity & accuracy of info in it		
85(3)(B)	Regulate, Monitor & Ascertain	<p>Whether or not the</p> <ul style="list-style-type: none"> - accounts, - budget and - ICS of insurer are appropriate, 	<p>Correlate with the function of TCWG in audit. The same function been awarded by the law to the AC as it forms the top level Mgmt.</p>

Section	Heading	Elaboration	Comments/ Remarks
85(3)(C)	Inspect & Monitor	Whether or not the Procurement System of the insurer is Appropriate and Efficient.	
85(3)(D)	Ascertain	whether or not insurer's i) books of records, ii) the records and documents of IAS or iii) electronic records are maintained in appropriate way	iii) data theft, intrusion, cyber security, BCP/DRP, etc. to be overlooked by the AC
85(3)(E)	Ascertain	Whether or not the functions regarding : i) U/W, ii) Claims, iii) Investment and iv) RI are carried in proper way and the related records and documents are kept appropriately.	There are separate directives from BP for (ii), (iii) & (iv) whereas for (i) various tariff directives and AML/CFTD2075 needs to be jointly referred.
85(3)(F)	Ascertain	Whether the insurer's: - accounts, - audit, - balance sheet or FS are in accordance with : i) prevailing law , ii) rfh iii) directives of BP iv) AOA of insurer	iv) ICAN's study material of Advanced Auditing (2020 edition, Pg. 210) has translated " बीमकको नियमावली " into rules of Insurer while listing out the points contained in CGD2075 irt FDPs of AC. It's AOA of the Insurer
85(3)(G)	Provide Opinions	To : BOD On : the subjects as required by BOD	Since it is assumed that AC consists of members who are a bit more knowledgeable and experienced in field of accountancy, auditing, finance, economics and allied subjects. So, assumed that BOD consults and asks for opinions on various above mentioned and additional matters.
85(3)(G)	Ascertain	Whether or not the directions given by BP has been complied.	There are plenty of circulars & directives which need to be complied and they are not published as unified circulars or directives like of NRB. Majority of such circulars are not found in BP's website and can only be found in the insurer's file containing letters from BP.

Section	Heading	Elaboration	Comments/ Remarks
85(4)	AC will submit report of it's work to	BOD	Provision contained in CGD2075 now incorporated in the act itself

86 Appointment of Insurer's Auditor			
86(1)	Insurer shall Appoint Auditor	appl	
86(2)	Not to be appointed as auditor		
86(2)(A)	Insurer's :	- SSH, - Director, or - Close Relative of Director	
86(2)(B)	Insurer's :	- CE, or - his/her close relative	
86(2)(C)	Insurer's :	- IM, - Employees, or - their family member	
86(2)(D)	Former Employee of Insurer	whose 3 years has not lapsed since terminating the employment	
86(2)(E)	Person who is partner of :	the Insurer's : - Director, - CE, or - Employee	
86(2)(F)	Person having FIn or	his/her Family member	
86(2)(G)	Insured	who has done insurance with the insurer above the amount as prsch	
86(2)(H)	Already been auditor	for 3 consecutive years	
86(2)(I)		i) Member of BOD of BP, ii) Employee of BP, iii) or their family member or partners	
86(2)(J)	Person disqualified to be Auditor	appl	

87 Audit of Insurer			
87(1)	Audit to be conducted within :	3 months of FY end	Previously, IA49 mentioned to conduct audit appl and then submit to BP within 10 months of expiry of FY.

Section	Heading	Elaboration	Comments/ Remarks
87(2)	Time extension by BP	if insurer applies to BP mentioning reasonable basis for not being able to meet up above time Can Add : upto 2 months	
87(3)	To mention in AR	i) If any remarks and irregularity observed ii) and related to (i) whether or not any response obtained from the Mgmt in relation to it	
87(4)	LFAR	BP can prescribe LFAR Format Auditor needs to prepare it & submit to BP	
87(5)	Submit FS to BP for approval	Submit what ? Audited FS Within ? 30 days of audit completion For ? Approval by BP	Auditor ले sign गरेको FS फेरी approve गराउनु पर्ने हो भने audit केवल औपचारिकता खेलौना रुपमा गर्नुपर्ने भनेको हो ऐनले? Reality - This has been happening even before this act's draft was made.
87(6)	BP may call to discuss upon the FS	When ? -- It feels necessary Call whom ? -- - Director - CE - Employee - Auditor - Any other related person or Orgn It shall be duty of such person to attend when called	
87(7)	Insurer cannot do following without first submitting to BP as per (5)	- Submit AR to other than Govt Body appl , - Publish it , or - Call GM of Insurer	Prev law अनुसार बुझाउनु पर्ने सरकारी निकायमा चाही BP मा नबुझाई स्वीकृत नगराई बुझाउन पाई ?
87(8)	Every Year, i) Insurer to publish the audited FS ii) Upload in :	i) Twice in national level communication media ii) It's website	राष्ट्रिय स्तरका सञ्चार माध्यम
87(9)	BP can appoint auditor	in case insurers can't conduct audit even in such added time due to : not appointed the auditor	Alongside OCR, now BP also has the statutory authority to appoint auditor for insurers in case they fail to appoint themselves

Section	Heading	Elaboration	Comments/ Remarks
87(10)	Insurer to bear the Auditor's Remuneration & other audit rlt'd expenses	appointed as per (9) above	
87(11)	Other matters rlt'd to i) audit of insurer & ii) Matters to mention in AR by Auditor	as prescribed	

88 BP can issue order irt Audit			
88(1)	Proviso-type section:	BP can instruct/ give order to auditor to do following tasks, if it deems necessary:	यस ऐनमा वा अन्य कुनै प्रचलित कानूनमा जेसुकै लेखिएको भएतापनि
88(1)(A)	Furnish addnl info irt audit	as BP thinks necessary	In exam, replace "thinks" with "deems", word think only good for understanding not for writing in exams ☺☺☺
88(1)(B)	Perform addnl examination irt audit	as prs'cb or recommended to insurer by BP	
88(2)	All expenses incurred while conducting re-audit as per subsec (1)	to be borne by the concerned insurer.	

89 Recommend for Punishment to the auditor			
	BP recommend to rlt'd Regulatory Authority to remove from auditor's list such that s/he is barred from doing audit of insurer from 1 to 3 yrs	Auditor who does not fulfill responsibilities as per this act	newbie

Chapter	11
Heading	Provisions rlt'd to IMs or other Insurance Service Providers

90 Not to work without licence	
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Section	Heading	Elaboration	Comments/ Remarks
	Nobody shall work without licence	and work as: - IMs, or - Other Insurance Service Provider (ISP)	
91	IM's Licence		
91(1)	Apply to BP with prscb docs & prscb fees	By : Person or Organization wanting to work as an IM or ISP	
91(2)	BP may provide licence in prscb format	If BP finds it reasonable on studying the appln	
91(3)	Tenure of the licence of IMs or ISPs	3 yrs	
91(4)	IS can be of only one type (portfolio) of Insurance of NLI	But this restriction is not applicable for a company estd with objective of working as an IS.	Restricted Insurance Surveyors to work in any one of the portfolios (specialization seeked) Eg. CAs can also be IS but they can't survey losses of mechanical, electrical devices, they can't assess the condition, state of the equipment, spare parts, devices, hence limiting only to the core area of specialization. So, a Mechanical Engineer will oversee motor insurance & mechanical equipments under engineering insurance, civil engineer will oversee property insurance (house), since property insurance consists of inventory/ stock insurance too, it may be overseen by CA
91(5)	Existing IS to shift to only one portfolio	within 1 year from enforcement of the act	
91(6)	Licence cannot be - Lent to others to use - transfer - नामसारी or cause to be done	Licence of IMs or ISPs	आफ्नो licence अरु कसैलाई - प्रयोग गर्न दिन - हस्तान्तरण गर्न - नामसारी गर्न वा गराउन नहुने

Section	Heading	Elaboration	Comments/ Remarks
91(7)	Licence will be given to IA to work as agent of only one insurer of similar nature		एउटा मात्र जीवन बीमक वा निर्जीवन बीमकको अभिकर्ता बन्न दिने
91(8)	Other matters rlt'd to licensing of IMs & ISPs	as prescribed	

92	Qualifications of an IM or Other ISP		
92(1)	Qualifications of IA or other ISP	as prescribed	To be prs'cd in the rules in similar way as previous.
92(2)	IA to pass exam as prs'cd	before obtaining Licence	
92(3)	Only corporate bodies est'd appl fulfilling following qualifications	To be permitted to work Insurance Broker & TPF	Previously too, only corporate body could be an IB, and now TPF also added to the same category condition.
92(3)(A)	Has Authorized Capital	as prs'cd by BP	
92(3)(B)	Person to work as Manager of corporate body	shall have 4 yrs of XP in Insurance rlt'd work	
92(3)(C)	Fulfilled other conditions	prs'cd by BP	
92(4)	Other matters rlt'd to IMs & other ISPs	as prescribed	

93	Responsibilities of IM		
93(1)	Xerox copy/ photocopy of Licence to be in office in clearly visible manner	by IA or other ISP	
93(1)	But if IA or IS is working without setting-up an office ,	then Licence must be presented as and when concerned person wants to view it during their work	
93(2)	IA or other ISP shall abide to:	CoC issued by BP	
93(3)	IS shall not or cause to assess loss of	i) any person or Orgn upon which his/her close relative or family has FIn, or ii) close relative of such person	Law itself restricting such survey to avoid possible conflict of interest.
93(4)	IS shall submit SR within	prs'cd time period	

Section	Heading	Elaboration	Comments/ Remarks
95	License to be cancelled		
95(1)	Automatic Cancellation	After the validity period lapses. License is automatically cancelled when it expires.	(1) आफै खारेज हुने
95(2)	BP can cancel license on appropriate examination	when any IM or other ISP applies in written to cancel their license	(2) मेरो इजाजत खारेज गरिदिनु भन्ने
95(3)	BP can cancel license	in following cases:	(3) BP आफैले खारेज गर्न सक्ने अवस्थाहरू
95(3)(A)	Acted in contrary to	- This Act, - rfh, - Bylaws apta, - Directives apta, - BP's Directions/ Directives/ Instructions	
95(3)(B)	Conducted any act in contravention	to insured's interests	
95(4)	ROoBH to be provided		The law of natural justice.

96	License Shall not be renewed		
	If it is deemed that IM or ISP cannot work in it's capacity due to not fulfillment of it's responsibilities u/s 93	or, proved that it caused serious loss to insured, then License will not be renewed	

97	Not to employ		
97(1)	Nobody shall employ Orgns working as IM or other ISP	Who have not: - Obtained license apta - Renewed license apta	Here, orgn working as IM or other ISP has been said by the subsection, can individual persons use it as a legal loophole?
97(2)	Insurer itself shall bear all liabilities & consequences	for employing IM or other ISP in contrary to above	
97(3)	Insurer itself shall bear all liabilities	for employing IM or other ISP whose license has been cancelled when it's license was valid	पहिले इजाजत सक्रिय हुदाको बेला गरेको कामको जिम्मेवारी बीमककै हुने
97(4)	IM cannot work as:	An insurer's: - Director, - CE, - Employee, or - Consultant	कुनैपनि बीमकमा यसरी काम गर्न नपाउने

Section	Heading	Elaboration	Comments/ Remarks
	Chapter	12	The chapter which has made BP powerful in real sense as a regulator. Every section in this chapter is new provision.
	Heading	Regulation, Inspection and Supervision/ Monitoring (RIS)	
98	To Regulate, Inspect & Supervise/ Monitor (RIS)		
98(1)	BP can at anytime : - regulate , - inspect , - supervise/ monitor	Working, activities of: (i) Insurers, (ii) IM, (iii) Other ISP, (iv) any person or orgn rltd to (i), (ii) & (iii)	Regulatory, Supervisory, Monitoring power granted to BP
98(2)	BP can regulate, inspect & Supervise/ monitor Activities of : - Insurer , - IM , - Other ISP by an Expert or it's own Employee	Upon : i) Doubt to BP, or ii) Complaint AT ANYTIME A) Onsite Inspection (By going to office or transaction place) B) Offsite Inspection of Insurer (Insurer's related - Documents, - Accounts & Financial Details, - Insurance Policy, - Related reports & details/ records/ statements) C) Any other way	- Outside experts can also be used by BP (experienced Professional Accountants in insurance field may be employed for this purpose ~ Benefit to the insurance industry itself) - Offsite inspection is only said by subsection for insurer. IM and other ISP are omitted.
98(3)	For the purpose of (1), BP will take basis of:	Internationally established: i) Standards, Criteria ii) Principles, iii) Credibility/ Validity iv) Best Practices rltd to RIS of Ins Bus	

Section	Heading	Elaboration	Comments/ Remarks
98(4)	Expert or employee deputed as per (2) can:	i) Demand, ii) Look, iii) Examine, iv) Inspect, v) Investigate, vi) Demand original or photocopy, vii) Inquire in relation to them	WHAT: - Records, - Statistics, - Details, Statements, - Report - Electronically generated details
98(5)	Duty of concerned: - Insurer, - IM, - Other ISP, - Insured, - Other person rlt'd with Ins Bus	To: Provide such details as mentioned above within : prescribed time Allow to : observe, examine, inspect any docs, Reply : Truthfully & Faithfully of : questioned inquired	
98(6)	Any faults, weakness or doubts in operation of Insurer or any records/ docs found by: - Employee, or - Expert	Found to have no complied : - this act, - rfh, - BP's directives Then, such expert or employee can obtain concerned officer's explanations .	बयान गराउन सक्नेछ । गर्नुपर्नेछ भनेर बाध्यात्मकताको सिर्जना गरिएको छैन । Inspecting Expert or Employee को judgement मा depend गर्ने भयो गर्ने कि नाई भनेर ।
98(7)	If it seems to issue any directions or order during RIS uts	Employee or Expert issue directions by informing to : BP Duty of Insurer or stakeholder to : Follow such directions	RIS मा खटिएको विशेषज्ञ वा कर्मचारीले त्यतिबेला नै आवश्यक निर्देशन दिनसक्ने, BP को स्वीकृती वा समर्थनलाई कुरेर बस्नु नपर्ने (कर्मचारीतन्त्रलाई गुहार्नु नपर्ने) एक किसिमको निर्णायक वा तत्काल निर्देशनात्मक अधिकार प्रदान गरेको, जुन एकदम महत्वपूर्ण प्रमाणित हुनसक्छ ।
98(8)	Inspection report submission to BP	Within : Time prscb by BP Report of : RIS	
98(9)	BP can ask for assistance and it shall be duty of such entity to provide/ render the seeked assistance	Assistance rlt'd to : RIS done or to be done apta From : - GON , - Any entity/ body of GON , - Any entity/ body of PG or LL , - Other Regulatory Bodies , or - Any CB	

Section	Heading	Elaboration	Comments/ Remarks
98(10)	Other Matters rlt'd to RIS	as determined by BP itself	Power granted to BP to prescribe, determine, manage, add, amend, edit, remove it's powers rlt'd to RIS as and when it is necessary (which is very crucial in such an industry involving large number of public as stakeholders). Remember Everest Insurance & Mayos case?

99	FIC shall inform BP		
99(1)	FIC inform in writing to BP	Before: Inspecting or Monitoring/ Supervising it's branch office in Nepal	Currently, such Branch Offices include: i) MetLife by American Life Insurance Company (ALICO) [Registered as Branch Office of Foreign Company with OCR], ii) The Oriental Insurance Company Limited [HO: India], iii) National Insurance Company Limited [HO: India]
99(2)	Prepare report after completion and submit one copy to BP		

100	Regulation Fee (RegFee)		
100(1)	RegFee for Insurers	0.75% of Total Premium earned each year	
100(2)	RegFee for - IM, & - Other ISP	as prscb	
100(3)	Matters of : - Time period for payment, - Procedure of payment, - Late Fee - Other Matters	as prscb	

Chapter	13
Heading	Problematic Insurer

Section	Heading	Elaboration	Comments/ Remarks
101	Deemed to be Problematic Insurer (PI)		
	Who ?	Insurer (Only)	IM, other ISP, TPF, IIC, II, etc. who come under the ambit of regulation by BP are not covered
101(1)	BP declares a PI	For : Sake of Insured's Interests	
101(1)(A)	Insurer fails to maintain	Min. PUC & CF	
101(1)(I)	Insurer fails to maintain	Solvency Margin	
101(1)(C)	Proved that promoters of insurer established the co. from	Earnings from: - Fraud or embezzlement, - ML, - Corruption, - FT, - HT.	
101(1)(D)	Proved that: i) Insurer was estd, or ii) Licencse was received	By: - Deceiving, - Forgery, - Providing false statements, details, - Preparing or submitting fake docs	- जालसाजी, - कित्ते, - झुठ्टा विवरण दिई, - गलत लिखत तयार गरी वा पेश गरी
101(1)(E)	Performs acts repeatedly >>	Against interest of: - Insured, - Shareholders, - Insurer's Creditors, - General Public	
101(1)(F)	Did not follow direction	Of: BP To : Get merged/ acquired into/by another insurer	
101(1)(G)	Violated repeatedly	- this act, - rfh, - bfb, - Prevailing laws, - T/C @ license issuance - Directions or orders by BP	
101(1)(H)	Insurer has conducted	Insurance Fraud	बीमा जालसाजी

Section	Heading	Elaboration	Comments/ Remarks
101(1)(I)	i) RIS done by BP, ii) AR, iii) AcR	Discloses: i) Inability to fulfill it's liabilities, or ii) Possible that it may be unable to fulfill	i) बहन गर्न नसक्रे देखिएमा, or ii) नसक्रे सम्भावना भएमा - You may find some Nep to Eng translations mentioning "Being impossible to..." for the (ii) point but law says as said above. Law has provided for situation already existed or may exist in future if actions not taken instantly
101(1)(J)	Info provided >>>	Of : situation u/s 105(3)	105(3) says that SMG can remove the director or CE employed by it under 105(2) from his/her position who does not perform work assigned to him/her by the SMG.
101(1)(K)	Seems that Ins Bus cannot be operated smoothly	Due to : Dispute bet ⁿ Directors Matter : O&M of Insurer	
101(1)(L)	Insurer fails to submit	1) What? : Proof of Improvement 2) Within? : Prscb time 3) Improvement as per? : Instructions/ Directions 3.1) From? : BP 3.2) When? : BP imposed FULL or PARTIAL ban to Ins Bus on it	
101(1)(M)	Insurer fails to fulfill it's	responsibilities, duties repeatedly	
101(2)	Before declaring an insurer as a PI, BP shall provide	Notice of 15 days Allow insurer for clarification with evidence Evidence > that it should not be declared problematic	"तिमीलाई किन समस्याग्रस्त घोषणा नगर्नु ?" भनेर "कारण देखाऊ सूचना" जारी गर्ने
101(3)	i) Insurer does not submit clarification, ii) Clarification provided is not satisfactory & reliable	Then, declare that insurer as PI, Publish that info in : 1) Min 2 NDNP 2) BP's website	
101(4)	Insurer to inform immediately to BP	i) Insurer is insolvent or possibility that it can be insolvent appl ii) Unable to pay liability to insured, iii) NA <= ½ of PUC	Since these all are critical situations and BP should know about it in order to take actions irt survival of the insurer afap

Section	Heading	Elaboration	Comments/ Remarks
		<p>Second Issues order for reformations/ improvements u/s 102 giving max 6 months time</p> <p>Third If improvements not observed in such (max 6 months) time, then BP takes control of insurer via a SMG</p>	
102	Reformative Measures/ Improvement Options		
102(1)	BP can give orders as following	No matter whatever contained in prevailing laws.	These powers of BP can be exercised by overriding any restricting or contradicting provisions (if any) contained in prevailing laws
102(1)(A)	Cause to:	<ul style="list-style-type: none"> - Increase Capital, - Issue new shares, or - Make payment in lieu of shares within time given by BP (शेयर बापत भुक्तानी हुन बाँकी रकम) 	
102(1)(B)	<ul style="list-style-type: none"> i) Prohibit >>> ii) Cause to issue >>> 	<ul style="list-style-type: none"> i) Distributing dividends for a set time period ii) Bonus Shares instead of such dividends including the prohibited dividends too. 	<ul style="list-style-type: none"> i) Restricting particularly cash dividends since it is cash outflow and in such a problematic situation, cash outflowing is not a good thing ii) Bonus share is capitalization of profits, cash does not go out of the company (except for the TDS on dividends @ 5% u/s 88 of ITA58), cash is retained and PUC is increased, making the company more strong financially
102(1)(C)	Set limits for	<ul style="list-style-type: none"> i) Remuneration, ii) Facilities, or iii) Any other payments <p>To : Directors & CE For : A set time period</p>	धेरै धेरै तलब, भत्ता, सेवा, सुविधा अब नदे है भनेर रोकेको ।
102(1)(D)	Impose new limit on	Mgmt Expenses of insurer	बढी खर्च नगर
102(1)(E)	Fulfill the liability of insurer	By : Selling any property of it	जायजेथा, सम्पति बेचेर दायित्व पूरा गर्ने
102(1)(F)	<ul style="list-style-type: none"> i) Restrict to open >>>>> ii) Cause to >>>>> 	<ul style="list-style-type: none"> i) New branches ii) Merge or close <u>any or all existing branches</u> 	<ul style="list-style-type: none"> i) नयाँ शाखा विस्तार गर्न रोक, or ii) भएका मध्ये कुनै वा सबै शाखा गाभ्न वा बन्द गर्न लगाउने

Section	Heading	Elaboration	Comments/ Remarks
102(1)(G)	Cause to :	Decrease PUC	चुक्ता पुजी घटाऊ
102(1)(H)	Prohibit	What : Operation of: Any or all types of Ins Bus For : Some set time	बीमा व्यवसाय गर्न रोक (सबसे घातक ! त्यही बीमा व्यवसाय समेत गर्न नपाए के गरेर कमाउने र खर्च निकाल्ने र सुधेर सबल हुने ?)
102(1)(I)	Cause to within prscb time :	1) Reduce number of directors, managers or employees (कटौती) 2) Change BOD, (हेरफेर) 3) Reconstitute BOD (पुनर्गठन)	कटौती गर्ने, BOD मा हेरफेर वा फेरी गठन गर्ने
102(1)(J)	Cause to: (गराउने/ गर्न लगाउने)	1) Suspend rights & authorities of Sholders , or 2) Prohibit Sholders to trf shares , or 3) Such shares to be bought by other Sholders , or 4) Insurer itself to buy-back such shares, or 5) Sell such shares to any other person or Orgⁿ	- शेयरधनीको अधिकार निलम्बन गर्ने, - शेयर हस्तान्तरण गर्न रोक्रे, - शेयरधनीलाई नै अर्को शेयरधनीको शेयर किन्न लगाउने, - Buy-back गर्न लगाउने, - अरु कसैलाई शेयर किन्न लगाउने
102(1)(K)	Write to remove insurer from Securities market	If : insurer is listed Why ? : To prevent any act against public interest	Except Branch offices of foreign insurers, all other insurers issue shares to public and get listed too. Until now, they used to wait for 3 yrs of operations to complete in order to issue shares @ 100% of face value but IA79 has allowed to issue 100% of FV after just 1 yr of operations so many number of insurer's shares are going to be issued & listed very soon. It's not clear wether to delist or suspend the scrip, it just says to remove from securities market.
102(1)(L)	Perform or cause to	Other appropriate actions as deemed reasonable By : BP To make insurer capable / competent from: - Financial , & } POV - Managerial }	

Section	Heading	Elaboration	Comments/ Remarks
102(2)	BP can itself remove as prsrb: - Directors, - Managers, - Employees	When : Insurer does not reduce aforementioned people	This subsection is a proviso to prevailing laws. "No matter anything contained elsewhere in prevailing laws." Labour Act is overridden by this subsection to revive the insurer by means of "सञ्चालक, व्यवस्थापक वा कर्मचारी कटौती"
102(3)	Show Cause Notice (SCN) with 30 days time for why not to take control over you?	When : - Financial or managerial condition doesn't improve within time provided by BP; to adopt the remedial measures	
102(4)	If clarification is satisfactory , BP may provide	Max 6 months For : Improvement	
102(5)	Insurer fails to make expected improvements in given time as above	Then, BP takes control by forming SMG By : - Dismissing or not the BOD , - Any other way	

103	SMG (Special Management Group)		
103(1)	SMG	Can be said Special Administration Group/ Team also. Law does not prescribe any english name for it so any nearabout translation would be okay for it.	SMG - Not Small Machine Gun ☺☺☺ But, it will be easy to remember with the help of SMG. Eg. BP takes over insurer with the help of SMG ☺☺
103(1)	SMG to be formed for	O&M of such taken over insurer	
103(1)	No. of members :	3	
103(1)	Qualification of members :	as prsrb	
103(1)	BP may form		It is not a compulsive provision, it says BP may/ can form SMG for O&M of the insurer.
103(2)	Tenure of SMG :	1 year	
103(2)	Time can be added by BP	Max 1 yr on the basis of propriety/reasonability (औचित्य)	
103(3)	BP can remove	Any or all members of SMG. When : Performance is not satisfactory	

Section	Heading	Elaboration	Comments/ Remarks
103(4)	BP will appoint	Another person meeting the qualifications When : Such member was removed before finishing the tenure	
103(5)	i) Procedures of Member appointing, ii) Remuneration, iii) Facilities, iv) Other matters	As prscb by BP	

104	FDPs of SMG		
104(1)	SMG exercises the powers of:	- GM, - BOD, - CE, or - Any other official of the insurer	All the powers of all the positions/ designations/ authorities are vested upon the SMG - the sole purpose being to restore/ revive/ reinstate the insurer
104(2)	SMG has following powers irt :	- mgmt of M&IA, - Settle any assets or liabilities, and - Protect and look after the insurer's assets	
104(2)(A)	Trf any or all shares issued by insurer	To : Any other person or Org ⁿ as prscb	
104(2)(B)	Acquire any or all assets	Of : Insurer or it's subsidiary Co. Then : - Sell, - Access, or - Control over: i) Office ii) Ledgers, iii) Records, iv) IS	
104(2)(C)	Acquire or sell	- Assets or Rights of Insurer, or - Such insurer's assets or rights situated with Any other person or Org ⁿ	
104(2)(D)	Trf certain R&R of insurer to	any other person	
104(2)(E)	Sell the unsold shares		
104(2)(F)	Cancel any or all i) Shares, & ii) Other Financial Instruments	issued by the insurer	

Section	Heading	Elaboration	Comments/ Remarks
104(2)(G)	Issue other <i>instruments</i>	rltd to <i>shares or capital</i>	
104(2)(H)	<i>Trf of portfolio</i>	Any or all To : Another Insurer	Any or all types (portfolio) of Ins Bus which was being carried out by that PI can be trf to another insurer
104(2)(I)	Cause to	Submit : Documents deemed necessary for conducting activities of SMG From : Concerned Person or Org ⁿ To : SMG	
104(2)(J)	Perform or cause to	Necessary activities To : Protect insured's interests	
104(3)	SMG does not need consent / approval of >>>>> And, no need to inform to any P,O,F,C expect as required by this chapter	Any person or Orgⁿ from Public or Private sector including: i) Promoters, ii) Sholders, iii) Insured, iv) IM of the insurer, While managing/ administering apts	
104(4)	Functions that SMG can do or cause to do	on behalf of the insurer	
104(4)(A)	Continue the activities of insurer	& all necessary activities to continue them	
104(4)(B)	Postpone , or Stop	Any or all activities being performed by insurer	
104(4)(C)	Withhold	i) Underwriting , or ii) Insurance Liability Payments Or, set limits on them	Some Nep to Eng translations have mistranslated "बीमा जोखिमाङ्कन रोक्का" to "Withholding Payment of Insurance Risk Assessment". Underwriting & Risk Assessment are synonymous but payment word is not necessary
104(4)(D)	Appoint necessary	- Employees , - Officials , or - Consultants	

Section	Heading	Elaboration	Comments/ Remarks
104(4)(E)	Call /Summon meetings of:	<ul style="list-style-type: none"> - Sholders, - Insureds, - IM, - Employees, - Officials To : Discuss & decide on matters deemed necessary	
104(4)(F)	Defend against or enter into litigations	on behalf of the insurer	
104(4)(G)	Perform or cause to	Other activities rlted to Insurer's activities	
104(5)	SMG can propose to BP along with reason to merge the insurer or get it acquired	When : it deems it appropriate	SMG needs to present valid reasonings and benefits of such M&A to the PI as per it's understanding of the insurer
104(6)	SMG can adopt one or more ways while selling off assets:	By : Determining Basic Min Price as prscb Ways : <ul style="list-style-type: none"> - Auction, - Sealed Bid, - Negotiation, & - Others Condition : The selling method shall be Transparent & Professional	No matter anything contained in prevailing laws.
104(7)	SMG submit various details	To : BP When : Time to time as prscb Details including: <ul style="list-style-type: none"> - FS, - Assets sales plan & SMG's viewpoint on it, - Liability Forecasts, or it's payment mode, - Actual Trf of Assets, & - Liability Estimates 	
104(8)	SMG can trf some tasks to other entity or Company which it deems are capable to do them	Tasks such as: i) Sale of assets, ii) Collection of assets, (सम्पत्ति एकत्रीत गर्ने) iii) Forecast of liabilities	

Section	Heading	Elaboration	Comments/ Remarks
104(9)	All expenses of SMG to fulfill it's FDPs uts to be borne by insurer	Limit of such expenses : As prscb by BP	

105	Officials will be Suspended		
105(1)	Director & CE will be automatically (ispo facto) suspended	during the period of takeover by SMG	स्वतः निलम्बन हुन्छन्
105(2)	IF SMG deems necessary, it can lift the suspension and employ	Directors and CE	आवश्यक परे निलम्बन फुकाएर काममा खटाउन सक्छ
105(3)	SMG can remove Director or CE as above at any time	from his/her position who does not perform work assigned to him/her by the SMG.	काम गराउन लगाएको तर काम नगरे जुनसुकै बेला पदमुक्त गर्नसक्छ

106	Notice to be given		
106(1)		By : SMG	
106(1)		TO : All offices of the insurer	
106(1)		Within : 3 days from the date of starting it's work by taking control of insurer	
106(1)(A)	Date, & Time	Of : Start of work, after taking insurer into control	
106(1)(B)	Info regarding revocation of A&R of	- Person handling Main Mgmt - Concerned authorized person	
106(1)(C)	Procedure, Time, & Place	For : Insurance claims By : insured	
106(1)(D)	Procedure, Time, & Place	For : various claims By : other various partes	
106(2)	Publishing that info	Medium : i) Min 2 NDNP, & ii) Own website How many times ? : Every week, for 4 weeks	

Section	Heading	Elaboration	Comments/ Remarks
106(3)	Provide info rlt'd to controlled PI: 1) Status/ condition of PI, 2) Changes in : 2.1) Authorized Persons , 2.2) Authorities of (2.1)	To : i) BP, ii) SEBON, & iii) OCR IN : written form	

107	New FS to be prepared		
107(1)		Prepared By : SMG As prscb New FS that shows actual situation of insurer	
107(2)	That new FS & detailed description to be submitted to	BP	

108	Provision For Situation of Insurer Improved		
		If it is seen that situation of insurer has improved, SMG can do following:	
108(A)	Lift the suspension of BOD		
108(B)	Handover Mgmt to BOD		
108(C)	Form an interim BOD from amongst the Sholders	Instruct that BOD to Call GM within 6 months	
108(D)	Call GM & form new BOD		

109	Provisions For Situation of Insurer Not Improved		
		If it is seen that situation of insurer has NOT improved, SMG can do following:	
109(A)	Trf the forfeited shares	Within : prscb time Through : Auction	
109(B)	Recommend to BP	Get merged with another insurer within a set time	
109(C)	Recommend to BP	Cancel the license of insurer by trfing its Ins Bus to another insurer	
109(D)	Recommend to BP	To improve financial condition of that PI u/s 110	
109(E)	Recommend to BP	To initiate/ start Insolvency proceedings	

Section	Heading	Elaboration	Comments/ Remarks
110	SMG can recommend for Improving Financial Condition of Insurer		
110(1)	SMG shall submit a report to BP to prevent adverse effect in insurance sector	in case it's possible that adverse effect can be caused in overall insurance sector while exercising actions as per clauses (a), (b), (c) or (d) of sec 109. SMG shall mention such matter in the report and also include the assets & liabilities position	
110(2)	BP Recommends to MOF to invest if : i) -ve effect is seen to occur , & ii) Condition can improve if GON invests in it	After receiving report, BP studies it & if it's evident that -ve effect is seen to occur & if it is seen that financial condition can be improved if GON invests in that PI. BP recommends to MOF along with it's opinion and description of the matter.	
110(3)	MOF can invest in shares of PI	to improve financial position of the insurer	
110(4)	MOF can sell such investment	Within : 5 yrs after achieving improvement in financial condition Through : Bidding method	
111	Other provision rlt'd to SM of Insurer		
111(1)	Not to - obstruct, - interrupt, or - interfere work of SMG	Nobody shall	
111(2)	If anybody tries to do such hindrances,	SMG can request: i) Concerned Administration, or ii) Police For : Necessary Assistance	
111(3)	Duty of such entity to manage necessary security	Allowing SMG to maintain: access & control Upon : - Office, - Property, - Records, - Account Books, & - ITS of the insurer	

Section	Heading	Elaboration	Comments/ Remarks
111(4)	Appeal to : HC Within : 60 days of submitting report by SMG to BP, or, if SMG is dissolved, within 60 days of dissolution	Any person who sustained loss by activities of SMG etc,	
111(5)	Conditions when HC may order for financial compensation to aggrieved party	Reasonable Financial Compensation	
111(5)(A)	If any Actions done beyond authority	during Mgmt of PI taken into control	
111(5)(B)	Not completed settlement process apta		
111(5)(C)	Performed managerial action of controlled PI	without sufficient basis & reason	
111(6)	SMG shall exercise it's authorities	IN : Transparent & justical way So as to : safeguard interests of concerned insured & other concerned parties	
111(7)	- Insured, - Sholders, or - Creditors not allowed to file case against	Work performed by: - Directors & - Officials To : facilitate/ assist Mgmt process of Controlled Insurer during the course of implementing decision of of BP or SMG	No matter anything being contained in prevailing laws

112	Submission of Final Report of SMG to BP		
	Report irt Insurer taken into control	with prscb details	
	If work has been completed	Within 30 days of Completion of works to be done apta	
	If SMG's tenure finished or is dissolved by any reason	Within 30 days of dissolution.	

Chapter	14
Heading	Trf of Ins Bus & M&A of Insurers

Section	Heading	Elaboration	Comments/ Remarks
113	Ins Bus can be trfd		
113(1)	All or any portfolio (type) of Ins Bus may be trf to another insurer	To another insurer performing the Ins Bus of same portfolio By : Approval of BP	
113(2)	If, any insurer wants to handover or take over such Ins Bus of another one	Enter into : Agreement by both insurers Pass : Sp Res from GMs (by both) Submit to : BP What ? : Joint Appln Other Docs : As prscb	
113(3)	BP can grant approval as prscb	After studying the Appln as above, If addnl matters need to be studied into, then do so, If seems reasonable, then grant the trf as per their agreement	
113(4)	BP will not grant approval	If : It may be possible that such trf may : - cause Harm or Loss to insured, - Increase unhealthy competition , - Creation of any insurer's monopoly , - Controlled commercial practice	In Proviso to subsec 3
113(5)	A&L to be trf to another insurer	On : trf of Ins Bus, after BP's approval, Trf to : Insurer taking over the Ins Bus	
113(6)	Other matters rlt'd to Trf of Ins Bus	as prescribed	
114	Merger of Insurers		
114(1)	Can merge or get merged (बीमकहरु एक आपसमा गाभन वा गाभिन सक्ने)	To another insurer of same category By : Approval of BP M&A appl	Means, only LI+LI, NLI+NLI, RI+RI, etc.
114(2)	If Insurer want to merger or get merged	Submit to : BP What ? : Joint Appln Other Docs : As prscb	
114(3)	BP can grant Theoretical Approval (TA)	After studying the Appln as above, If seems reasonable, then grant TA	सैद्धान्तिक स्वीकृति

Section	Heading	Elaboration	Comments/ Remarks
114(4)	After TA, insurers appoint valuator, makes valuation, apply to BP	Valuator's qualification : qualified to be insurer's auditor Valuate : A&L and Insurer's Business Submit : Appln + VS To : BP By : Those insurers	
114(5)	BP can grant approval	After studying the Appln as above, If addnl matters need to be studied into, then do so, If seems reasonable, then grant approval (Final Approval)	
Proviso	Not to grant approval	If : It may be possible that such M&A may : - cause Harm or Loss to insured, - Increase unhealthy competition , - Creation of any insurer's monopoly , - Controlled commercial practice	
114(6)	Other matters rlt'd to Trf of Ins Bus	as prescribed	

115 BP can direct/ instruct for Merger			
115(1)	BP can direct/ instruct to merge or get merged	prescribing time period for the same in following cases:	
115(1)(A)	SMG recommends BP	for Merger of any PI	
115(1)(B)	Direct or indirect: i) Fl'n, ii) Commercial interest, iii) Personal Interest	Of : Directors or Promoters In : Another insurer	
115(2)	After receiving such instruction, insurer to submit merger proposal to BP for approval within given time	After approval, insurer can merge with another insurer	

116 Insurer can Acquire another insurer			
116(1)	Condition :	Same category Insurer	(i.e. LI+LI, NLI+NLI, RI+RI)

Section	Heading	Elaboration	Comments/ Remarks
116(2)	If Insurer wants to acquire another	Approve from GM : with Sp Res (by both insurers) Submit to : BP What ? : Joint Appln To obtain : TA	
116(3)			
116(3)(A)	Acquisition seems appropriate, since Target insurer fails	To : fulfill it's short & long term liabilities	
116(3)(B)	Acquisition seems appropriate, since Target insurer fails	To : i) Maintain PUC u/s 36 ii) Maintain CF apta	
116(3)(C)	Target Insurer is unable	To : issue shares to general public within : specified time	
116(4)	Not to grant approval	If : It may be possible that such acquisition may : - cause Harm or Loss to insured, - Increase unhealthy competition , - Creation of any insurer's monopoly , - Controlled commercial practice	
116(5)	Appoint Valuator	By : Acquirer insurer Qs : of being an auditor Valuator assess these matters:	
116(5)(A)	i) Overall financial position of > ii) Valuation of >	i) Acquirer insurer & target insurer, ii) Assets, Liabilities & Business	
116(5)(B)	i) General Projection >> ii) Business Plan >>	i) of possible effect on Insurance System due to acquisition, ii) of acquirer	
116(5)(C)	Mgmt of	Employees of Target Insurer	
116(5)(D)	Mgmt of	Short & Long Term Liabilities of Target Insurer	
116(5)(E)	Other details/ particulars	as prscb	
116(6)	Valuator's Study Report	Submit to: i) BP, & ii) Acquiring Insurer	
116(7)	BP can grant Final approval	After studying the report as above, If seems reasonable, then grant approval (Final Approval)	

Section	Heading	Elaboration	Comments/ Remarks
116(8)	After final approval,	i) Both insurers enter mutual agreement rlt'd to - Mgmt of A&L of target insurer ii) Acquirer insurer shall purchase prs'cb no. of Promoter shares or other shares	
116(9)	Other matters rlt'd to Acquisition of insurer	as prescribed	

Chapter	15
Heading	Liquidation of Insurance Co.

117	Liquidation of Insurance Co. (VL)		
117(1)	No insurer shall be liquidated	no matter whatever contained in prevailing laws	IA79 does not allow any insurers to be liquidated
117(2)	Any insurer wishes to be liquidated	Apply to BP with action plan of voluntary liquidation after decision approval from it's GM	म आफै बन्द हुन चाहन्छु भन्नेलाई चाँही गर्न सकिने
117(3)	BP can approve VL	by citing T/C only if : insurer is able to pay it's entire liabilities . Upon studying the appln as above	आफ्नो दायित्व पूर्ण रुपमा भुक्तानी गर्न सक्छ भने मात्र

118	Liquidation of Insurance Co. (CL)		
118(1)	LP os deemed to start from date of receipt approval	If BP approves such VL,	
118(2)	Following to be done	while liquidating the insurer	
118(2)(A)	Publish Notice of Insurer undergoing Liquidation	Medium : i) Min 2 times in 2 NDNP, & ii) BP's website Within : 35 days of receipt of approval	
118(2)(B)	Provide Notice of Insurer undergoing Liquidation	Medium : i) All insured, ii) Creditors, or iii) Stakeholders, & iv) OCR Within : 35 days	
118(2)(C)	Payments to be made by insurer to be done within time prs'cb by BP	i) Amount under policy to > insured , ii) Amount of credit to > creditors , iii) Other liabilities to be fulfilled	

Section	Heading	Elaboration	Comments/ Remarks
118(2)(D)	Amount to pay to insured for unmatured policy	Policy is deemed to be matured automatically at the end of the time period prscb by BP	
118(2)(E)	Insurer to deposit unclaimed/ unreceived liabilities into Bank A/c prscb by BP	Any : i) insured, ii) Creditors, or iii) Stakeholders, & - Does not come to receive payment, or - Insurer is not able to pay due to any reason Amount : Amt of liability to be fulfilled subject to T/C determined by BP	
118(2)(F)	Insurer not to : 1) Perform any act , 2) Use any authority / power	That will create any kind of liability to it. Except : Those which are needy for liquidation	
118(3)	Insurer's License	automatically cancelled once BP completes the LP	
118(4)	BP can formulate & implement	Liquidation rlt'd directives	

119	BP can initiate / start / commence IP [Compulsory Liquidation]		
	BP can in following conditions / grounds:	initiate / start / commence IP	No matter whatever contained in this act or prevailing laws.
119(A)	Liabilities > Assets of insurer	for consecutive 3 yrs	
119(B)	Insurer fails to fulfill >	i) Matured Liabilities , ii) Liabilities to be fulfilled immediately not fulfilled within prscb time	
119(C)	Decided to start IP	u/s 109[e] ~ recommended by SMG to liquidate	
119(D)	It's found that: - Director(s) , - CE	have worked / acted : i) Against interest of insured, ii) Violating repeatedly directions of BP for it's reform	
119(E)	CF of insurer has been	-ve for consecutive 3 yrs	
119(F)	License of insurer cancelled	u/s 137	
119(G)	Insurer applies for VL	u/s 117	

120	Appointment of Liquidator
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Section	Heading	Elaboration	Comments/ Remarks
120(1)	BP shall appoint liquidator	to proceed to IP publish this info: - Min 2 times in 2 NDNP , - Own website	
120(2)	Entire Ins Bus of insurer to be automatically postponed / adjourned / deferred	after appointment of liquidator	

121	Order of Settlement of Liabilities During Liquidation of Insurer		
	Order of settling liabilities	during: i) Liquidation (VL), or ii) Insolvency (CL)	
121(A)	Expenses	incurred during Liquidation or insolvency	Liquidation Expenses
121(B)	Amt to be paid or remaining to be paid to	insured	भुक्तानी गर्नु पर्ने वा भुक्तानी गर्न बाँकी
121(C)	- Taxes , - Duties, & - Fees	to be paid to GON appl	Amt to pay to GON only, not to PG or LL or Govt owned entities. They are treated as normal creditors as others.
121(D)	Amt of RegFee to be paid to	BP	
121(E)	i) Remuneration , or ii) Commision	to be obtained by IM	
121(F)	Amt due to other insurer	in lieu of insurance	
121(G)	Amt due to employees	- Salary, - Allowances, - PF, - Gratuity, & - Other Amt	
121(H)	Other liabilities to be borne	by the insurer	
121(I)	Any other liabilities i) to be paid , or ii) to be fulfilled	by the insurer	
121(J)	Amt to be received by	Sholders	Shareholders are paid at last at the time of liquidation

122	Insolvency of BO of FIC in Nepal		
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Section	Heading	Elaboration	Comments/ Remarks
122(1)	Txns of BO of FIC automatically closed in Nepal once	IP of FIC commences in it's own country as per laws of the country.	Proviso to all prevailing laws
122(1)(2)	BO of FIC in Nepal shall info BP	If it's liability is affected due to commencement of IP of FIC in it's country. Inform : Immediately Along with : Details of A&L created from Ins Bus operated in Nepal	Proviso to all prevailing laws
122(1)(3)	Appointment of Valuator if info as per 2 above is obtained	By : BP To value : Liabilities from Ins Bus operated & assets owned in Nepal	
122(1)(4)	Submit VR to BP with valuation of : >>	i) Amounts as below: i.i) IF (u/s 38) i.ii) CRF (u/s 39) i.iii) CR (u/s 40) i.v) CPF & RF (u/s 41) ii) Other M&IA of BO, iii) Immediate (current) liabilities & liabilities that will arise on maturity iv) Amt to be paid to GON, v) Other amts & liabilities to be paid out	
122(1)(5)	After receiving report, BP shall withhold as prscb, amount	equivalent to liabilities to be fulfilled by that office in Nepal in a way that it can't spend that amt	
122(1)(6)	Liabilities of that BO to be fulfilled from this withheld amt	as prscb	
122(1)(7)	Amt remained after fulfilling the liabilities	may be repatriated to concerned country appl.	
122(1)(8)	Report shows that BO may not be able to meet the liabilities i) of insured ii) other liabilities	BP shall direct it to manage required amt	दायित्व वहन गर्न सक्दैन जस्तो देखिए रकम व्यवस्था गर्न निर्देश गर्ने
122(1)(9)	If such direction received, it's duty of BO	to manage that amt	त्यस्तो निर्देश पालना गर्नु उसको दायित्व

Section	Heading	Elaboration	Comments/ Remarks
122(1)(10)	If BO is not able to manage, BP shall request GON	To : Manage to acquire required amt From : Regulatory body of concerned country Through : Diplomatic Channel	सकेन वा पुगेन भने नेपाल सरकारलाई आग्रह गर्ने कुटनीतिक माध्यमबाट त्यो देशको नियामक निकायबाट रकम प्राप्त गर्ने व्यवस्था मिलाउने
122(1)(11)	If above 10 fails to manage the amt,	BP shall manage needy amt borne from IIPF .	भएन वा पुगेन भने कोषबाट व्यहोर्ने
122(1)(12)	BP can request GON	to fulfill the liability, if it could not be fulfilled as per 11 above	अझै नपुगे नेपाल सरकारलाई व्यहोर्न आग्रह गर्ने । Now it's upto GON to decide whether to utilise it's budget on bearing liabilities of BO of a FIC which got insolvent in foreign or utilise in education, health, infrastructures, etc. which are already in critical situation itself.

Chapter	16
Heading	Insurance Claim

123	Insurance claims to be settled	
123(1)	Claim once presented as per policy, needs to be paid off within prscb time	i) If loss needs to be assessed, then after doing or causing to do that ii) If loss need not be assessed, then from the date of claim request
123(2)	If insured is not found , deposit amount into " Unclaimed Fund "	Insured or his/her beneficiary appl not found. Deposit such that to be paid later when claim is made.
123(3)	If insured is not found , insurer needs to maintain	evidences that it had done utmost search to fund the insured or beneficiary by any means, it had tried to contact them, or attempted adequately to make payment
123(4)	Submit to BP	Details of unsettled claims within : prscb time
123(5)	BP can form & implement separate procedures rltd with claims	For : a certain period Within : Area/ place which has suffered catastrophe or crisis In case any area or place of the country faces crises like catastrophe & others

Section	Heading	Elaboration	Comments/ Remarks
123(6)	Other matters rlt'd to i) Settlement of Claims, ii) Unclaimed Fund	as prs'cb	

127	Person entitled to get payment		
127(1)	Insured died before the payment of LI policy	Amt to be received by nominee mentioned in LI policy.	
127(2)	Received by beneficiary appl	Nominee died even before death of insured or no nominee was mentioned	प्रचलित कानून अनुसारको हकवालाले पाउँछ
127(3)	Right to receive Claim amt upto limit granted to anybody	whom the insured had delegated authority rlt'd to insurance policy such right will be secured with such party	

Chapter	17
Heading	Provisions rlt'd to Complaints

128	Complaints rlt'd to Claim Payments		
128(1)	Concerned Insured can complain to BP	- Claim not paid by insurer within the period mentioned in policy, - Insurer doesn't assess liability, - Insurer assessed liability by causing loss to insured	
128(2)	BP shall provide 15 days time for reply from Insurer	after doing necessary investigation on the complain	
128(3)	BP can do following	i) If reply is received from Insurer within time above, receive it, and ii) If insurer does not provide reply within that time	
128(3)(A)	Reconcile Insurer and complainer		मिलापत्र गराउने
128(3)(B)	Issue order to provide reasonable compensation	if it seems insured has beared loss due to non-payment by insurer	
128(3)(C)	Issue order to re-assess liability	if it seems the liability assess is not reasonable	
128(3)(D)	Issue order to pay claim	if it seems that insurer shall pay claim	
128(3)(E)	Issue Other necessary order.		

Section	Heading	Elaboration	Comments/ Remarks
128(4)	Additional interest also to pay @ 10%	<p>From : Date of complaint</p> <p>Also : The amount incurred in getting legal remedy on actual basis</p> <p>When : Complaint had been lodged due to non-payment of claim by insurer as per the policy & it is decided by BP to order to pay it out</p>	
128(5)	Appeal againts BP's decision	<p>To : High Court</p> <p>Within : 35 days</p> <p>By : Following not satisfied by decision:</p> <ul style="list-style-type: none"> - Insurer - Insured - Any other person 	
128(6)	Other matters rlted to actions on complaints	as prescribed	

129	Complaints rlted to Loss		
129(1)	Act againts interest of any insured & caused loss to him/her	<p>By :</p> <ul style="list-style-type: none"> - Insurer, or it's: - Directors, - Officials, - Employees, - IM, - Other ISP <p>Insurer to be liable</p>	
129(2)	Complain to BP	Within : Prscb time from date of knowing loss been incurred	
129(3)	BP shall provide 7 days time for reply from Insurer, director, official, employee or IM	after doing necessary examination & investigation on the complaint	
129(4)	BP can order to i) Pay reasonable compensation by party causing the loss ii) Reconcile complainer & insurer	<ul style="list-style-type: none"> - after receiving reply/ response, or - when reply as such is not obtained within such given time 	

Section	Heading	Elaboration	Comments/ Remarks
129(5)	Appeal to	To : High Court Within : 35 days By : Party not satisfied by decision	
129(6)	Other matters rlt'd to actions on complaints as per this section	as prescribed	

130	Insurance Mediation		
	Mediation By :	BP	
	Mediate whom ? :	- Insurers amongst themselves, - Amongst IMs, - Amongst Insurer, IM or other parties of Insurance,	
	When ?	dispute occurred and solution could not be reached	
	Upon :	i) Request by any one party involved in dispute, or ii) On BP's own Precedence (अग्रसरता)	

Chapter	18
Heading	Operation & Mgmt of Insurance in Provinces

131	Operation & Mgmt of Insurance in Provinces		
131(1)	Provinces can prepare law regarding following matters		
131(1)(A)	Reachment of Insurance	पहुँच पुऱ्याउने	
131(1)(B)	IA Licence issue & renewal	as prscb	
131(1)(C)	Conduct Trainings rlt'd to Ins Bus :	as prscb	
131(1)(D)	Complaint Hearing in :	prscb matters	
131(2)	Above mentioned tasks shall be done under the standards	prscb by BP	
131(3)	Until Provinces prepare laws and conducts activities as per it	activities as per this section will be done by BP	

Section	Heading	Elaboration	Comments/ Remarks
132	Details/ Information to be provided		
132(1)	BP shall provide	Info of : Insurers & IMs licenced as per this act To : Concerned body of Province	
132(2)	Insurer shall provide	Info of : Offices in each Provinces & IMs rlt'd to them To : Concerned body of Province	

133	Report to be presented		
	Report of activities done during the year in concerned province, prepare annual report	By : Insurers operated & managed u/s 131 To : Concerned body of Province CC To : BP	All insurers to provide report of their activities conducted within the concerned province during the year to the provinces, which may help the provinces and local levels inside it to take decision rlt'd to insurance premium subsidies (Eg. Agro Premium Subsidies are being provided by various local levels)

Chapter	20
Heading	Misc

150	Insured Interest Protection Fund (IIPF) ~ बीमित हित संरक्षण कोष		
150(1)	An IIPF shall be there	within BP	A new fund for protection of the insured's interests.
150(2)	These amounts to be in the fund:		
150(2)(A)	Such amount for this fund	separated/ allocated by BP	
150(2)(B)	Amount received from LI	amount prscr'd by BP	
150(2)(C)	Amount deposited in Unclaimed Fund u/s 125	of Life Insurance whose claim should have been paid but claim not presented upon it	
150(3)	Other matters rlt'd to IIPF	as prescribed	

151	Insurance Development Fund (IDF) ~ बीमा विकास कोष		
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Section	Heading	Elaboration	Comments/ Remarks
151(1)	IDF will be there in BP	For : reaching insurance to Economically Backward Class Citizens & protect their interests through insurance	Nice objective but lets see it's implementation aspect (which is always poor in Nepal)
151(2)	Following Amounts in the fund:		
151(2)(A)	Amount received from	GON	
151(2)(B)	Regulatory Fee	From Micro Insurers u/s 79 - 50% of Reg. Fee From Insurers u/s 100 - Min. 33% of Reg. Fee	
151(2)(C)	Other sources		
151(3)	Deposit once in a year	By BP	
151(4)	Utilisation of IDF	IN : prscb sector as prscb	
151(5)	Matters rlt'd to operation & mgmt of IDF & other matters rlt'd to it	as prescribed	Suggestion ~ Such amount deposited in the fund could be utilized to pay off Health Insurance premium of such economically backward citizens. This would relieve GON from allocating and providing budget for the sae purpose separately.

152	Complaint Hearing		
152(1)	Submit Complaint to BP	Regarding any action done by: - Insurer, - Insured, - IM, - Directors, - Officials (Office-bearers), - Employees, - Other stakeholders	
152(2)	Other matters rlt'd to Complaint hearing & hearing official	as prescribed	

153	Not to conduct Ins Bus rlt'd txn with other than Insurer		
153(1)	Not to conduct Ins Bus	By : any person or Orgn With : anyone other than Licenced Insurers	

Section	Heading	Elaboration	Comments/ Remarks
153(2)	Insurance of Assets situated in Nepal or Liability created within Nepal	to be done only with Insurers licenced as per this act	People/ Orgns who used to insure the risks having source in Nepal with foreign insurers now will be barred due to enforcement of this subsection. It's good

155	Insurance Information Center (IIC) ~ बीमा सूचना केन्द्र		
155(1)	BP can establish an IIC	For collecting information of Insurance sector, & managing it	
155(2)	BP shall regulate such IIC		
155(3)	Other matters rlt'd to IIC	as prescribed	

156	Insurance Institute (II)~ बीमा प्रतिष्ठान (इन्स्टिट्यूट)		
156(1)	BP can establish II to :	<ul style="list-style-type: none"> - Produce Competent Human Resource - Promote Insurance Education, - Insurance related: <ul style="list-style-type: none"> - Training, - Study, - Research 	<p>Insurance Institute of Nepal (IIN), established with investment of the insurers was already existing before enactment of this act.</p> <p>Law says that BP can establish an II, but what happens to the regulation of existing IIN in such a case where there is no transitional provision related to the existing IIN</p>
156(2)	Other matters rlt'd to II	as prescribed	

Section	Heading	Elaboration	Comments/ Remarks
171	Measurement of Implementation of Act		
	Measurement shall be done	<p>By : Ministry</p> <p>Within :</p> <ul style="list-style-type: none"> - 5 yrs of enactment of this act - every 5 yrs thereafter <p>Report To : Related Committee of both the Houses of the Federal Parliament</p>	<p>This section is seen in all the new acts that have been passed by the parliament in 2079. Upper House (National Assembly) and Lower House (House of Representatives)</p>

