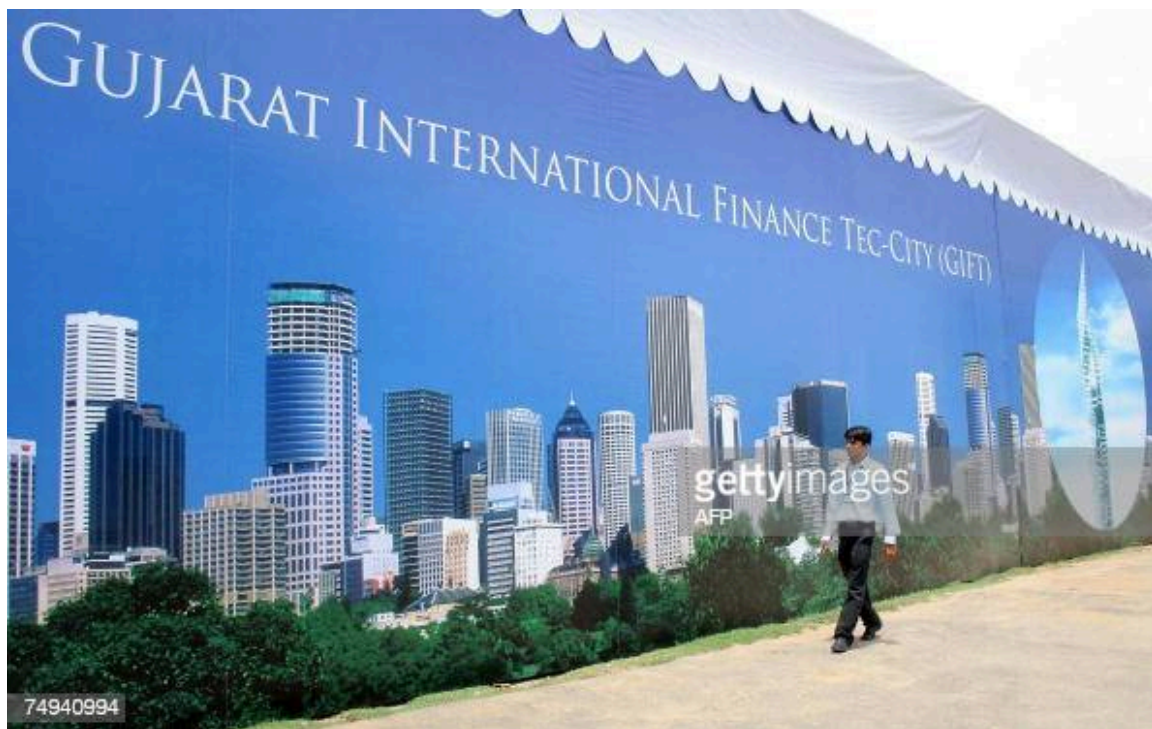


MGA Framework: A new building block for GIFT City's global insurance ambition

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The notification of the IFSCA (Managing General Agents) Regulations, 2026 (“MGA Regulations”) is a consequential development for the IFSC insurance ecosystem.

At its core, the MGA Regulations recognise managing general agents (“MGAs”) as a distinct class of insurance intermediary within the International Financial Services Centre (“IFSC”) at GIFT City and permit them to underwrite direct business — with the possibility of settling claims on behalf of foreign insurers where specifically authorised.

The functions an MGA can perform are broad: selecting and pricing risks, binding cover, issuing policy documents, developing products, administering claims, and in exceptional cases, settling claims within delegated financial and operational limits.

The backdrop to all of this is the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (“the 2025 Act”), which came into force in February 2026. The 2025 Act was widely reported through the lens of liberalisation — composite licensing, revised capital norms, 100% foreign investment — but one of its more structurally significant changes was the formal recognition of MGAs as an insurance intermediary class under Indian insurance law. The MGA Regulations are, in a sense, the first concrete expression of that recognition within the IFSC.

The concept itself is not new.

An MGA operates on a delegated authority basis for an insurer — selecting and pricing risks, issuing insurance documents, and in more developed arrangements, administering and settling claims within agreed limits.

The insurer remains on risk; the MGA binds it. The legal architecture for this relationship is the binding authority agreement (“BAA”), which defines the scope, limits and conditions of the delegation.

The Strategic Rationale

The IFSC insurance ecosystem is developing rapidly and is host to a diversified range of entities in Gift City that range from foreign and domestic insurers to foreign and domestic intermediary enterprises including a multitude of reputed reinsurers.

The insurance office ecosystem consists of well-known Indian life insurers including Axis Max Life, Canara HSBC Life, ICICI Prudential Life, TATA AIG General Insurance, The New India Assurance Star Health etc. In the intermediary ecosystem too, there exist global and local players like Alliance Insurance Brokers, Aon Risk Insurance Brokers, Tata Motors Insurance Broking & Advisory and Policybazaar.

Even with a high-speed development, MGA, being a segment that performs underwriting duties under a delegate authority, was till now missing in the financial services ecosystem in GIFT City which could underwrite business as delegates, thereby bringing a layer of more sophisticated expertise.

The MGA Regulations attempts to bridge this gap, by providing a complete and comprehensive regulatory framework for an MGA to be set-up in the IFSC, to register itself with the regulator, i.e., IFSCA and to transact businesses of insurance under the scope of its delegated underwriting authority.

Global Benchmarks

Lloyd's of London

Under the Intermediaries Byelaw, any such underwriting(s), arrangement(s) for documentation and settlements, if executed by a Member(s) delegate, the said delegate (often known as 'Coverholder') must obtain appropriate authority from the managing agent to bind cover, facilitate the issue of policies, effect reinsurance and handle claims.

The delegation for underwriting or otherwise, the Member must obtain the authority from the Managing Agent and issue 'Binding Authority'. The extent of further delegation is significantly restricted and prohibited as part of a practice.

In practice, it is expected to first be licensed or approved under appropriate category in Lloyd's system. The member must also ensure such delegate 'Coverholder' is able to secure and maintains appropriate capacity from time-to-time, be professionally conducted, and adheres strictly to

delegated limits, controls, compliance and, financial strength of a managing agent to issue bound cover.

United States

In the United States, MGAs are regulated primarily under the National Association of Insurance Commissioners' Managing General Agents Act, which serves as the model law for state-level regulation.

An MGA is defined as an insurance producer licensed by an insurer to manage all or part of its business in a particular territory or line. The functions available to an MGA are wide-ranging — marketing, underwriting, issuing policies, collecting premiums, appointing and supervising other agents, paying claims, and negotiating reinsurance.

Notably, the NAIC model framework also captures adjusting or paying claims in excess of USD 10,000 per claim, and negotiating reinsurance contracts on behalf of the insurer, as activities that trigger MGA-level regulatory oversight.

The Commercial Perspective: Gaps that will need addressing

The MGA Regulations are a welcome development, but several gaps stand out — gaps that may constrain their practical impact, particularly for foreign market participants considering a GIFT City presence.

Absence of the Reinsurance MGA Model

As currently drafted, the MGA Regulations only permit MGAs to write direct business. This excludes the reinsurance coverholder and delegated reinsurance underwriter constituency entirely — the single largest segment of MGA activity in mature markets such as London and Bermuda. There is no reinsurance MGA model within the framework, which means reinsurers have no regulated pathway to write delegated reinsurance business in India through the IFSC.

The practical consequence is significant: Lloyd's syndicates, Bermuda carriers, and specialist reinsurers cannot use the GIFT City construct to write delegated reinsurance business into or out of India. The GIFT City framework, as currently

structured, cannot serve as a hub for delegated reinsurance underwriting — a function that sits at the core of the London and Bermuda market architecture.

Foreign-Insurer Eligibility Thresholds

The MGA Regulations require a foreign carrier to have a minimum net worth of USD 100 million, with a credit rating of at least 'A' for three consecutive years. In practice, this threshold may exclude foreign insurers that operate at a smaller scale but bring significant underwriting expertise in niche or emerging lines — precisely the type of participants the IFSC market would benefit from attracting.

No Pathway from IFSCA refusal to IRDAI consideration

Section 42D(5) of the Insurance Act, 1938 ("Insurance Act") creates a structural dead-end for an applicant refused registration by IFSCA — there is no express alternative pathway to seek recognition under the IRDAI framework. In this regard, it is worth considering whether a one-year reapplication window could be introduced, permitting such applicants to apply afresh to IFSCA, or alternatively, to approach IRDAI for domestic registration.

Undefined Fit-and-Proper Standard

Regulation 6(2)(a) requires IFSCA to assess the fit-and-proper standing of the principal officer, promoters, directors, and key managerial personnel of the applicant.

The MGA Regulations do not, however, articulate the standard against which that assessment is to be made. For foreign insurers accustomed to well-defined fit-and-proper frameworks — such as those prescribed by the FCA in the UK or IRDAI's own framework on Fit and Proper Criteria — this absence of guidance introduces meaningful interpretive uncertainty and may complicate the onboarding process for international applicants.

Conclusion

The MGA Regulations mark a genuine step forward in India's efforts to build an international insurance market. By recognising MGAs as a distinct intermediary class and

establishing a regulatory framework for their operations within the IFSC, they create the conditions for more specialised, efficient insurance services to take root at GIFT City. The gaps, however, are real — the restriction to direct business, the absence of a reinsurance MGA model, and the eligibility thresholds for foreign insurers are all points that will need to be addressed if the framework is to fulfil its potential.

Going forward, the IFSCA should consider developing a separate regulatory framework for reinsurance MGAs, with distinct eligibility, capital adequacy, and business arrangement norms. More detailed guidance on fit-and-proper standards — particularly for principal officers, promoters, directors, and key managerial personnel would also go a long way toward reducing uncertainty for incoming participants. The one-year reapplication window under Section 42D(5) of the Insurance Act is another area that warrants attention.

What is clear is that the MGA Regulations, in their current form, are a beginning, not an endpoint. The real test of the framework's ambition will be whether the IFSCA and the IRDAI move quickly enough to expand it — whether by permitting reinsurance-related MGA activity, developing a parallel domestic regime, or both — to attract the international underwriting talent and capital that GIFT City is positioned to host.

Such enhancements will be critical for unlocking the full potential of the IFSC and attracting a wider spectrum of global market participants.