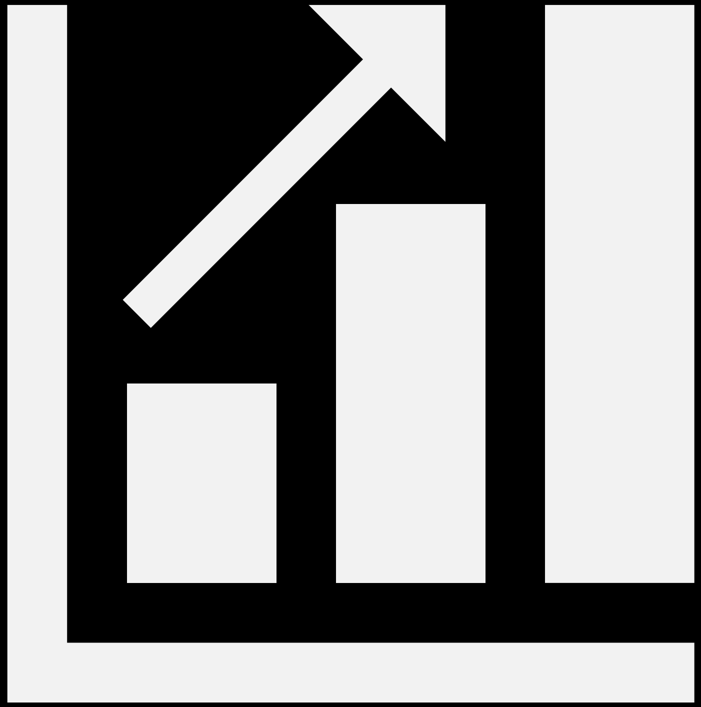
*A Summary Comparison between the* ***"Master Circular on Corporate Governance for Insurers, 2024"*** *issued on 22.05.2024* ***&*** ***"Guidelines on Remuneration of Directors and KMPs of Insurers"*** *issued on 30.06.2023* ***issued by*** *IRDAI*



# Non-Executive Directors

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.1** | **(c)** | A Comprehensive Remuneration Policy formed by the board, in consultation with NRCs, for the NEDs shall comply with the provision of the Companies Act, 2013 as amended from time to time. | **Annex-A, Clause 3** | **(i)** | A Comprehensive Remuneration Policy formed by the board, in consultation with NRCs, for the NEDs shall comply with the provision of the Companies Act, 2013 as amended from time to time. |
| | **(d)** | Total remuneration shall not exceed **₹30,00,000** per annum for each NED. If the Chairperson of the company is a NED, the remuneration may be proposed by the board and the remuneration policy shall specify the details of the remuneration and incentives to be paid to him/her. The remuneration of the chairperson shall be subject to prior approval by the authority. | | **(ii)** | The board shall ensure and document that in structuring, implementing & reviewing the remuneration policy, the decision-making process identifies and manages conflicts of interests. Members of the board shall not be placed in a position of actual or perceived conflicts of interests in respect of remuneration decisions. |
| | **(e)** | NEDs shall not be eligible for any share-linked benefits. **Further, no share-linked benefits shall be offered to NEDs even by virtue of their position in any of the group entities.** | | **(iii)** | Total Remuneration shall not exceed **₹20,00,000** per annum for each NED. If the chairperson of the company is a NED, the remuneration may be decided by the board and the remuneration policy shall specify the details of the remuneration and incentives to be paid to him/her. |
| | | | | **(iv)** | NEDs shall not be eligible for any equity-linked benefits. |
| | **(f)** | The insurer may pay sitting fees to the NED and reimburse their expenses for participation in the board and other meetings, subject to compliance with the provisions of the Companies Act, 2013. | **Annex-A, Clause 4** | | The insurer may pay sitting fees to the NEDs and reimburse their expenses for participation in the board and other meetings, subject to compliance with the provisions of the Companies Act, 2013. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
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| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 2.4** | **(a)** | The maximum age limit for Non-Executive Directors, including the Chairperson of the board, shall be 75 years.<br>*Note: If the NED/Chair has already attained the age of 75 years as on the date of issue of this circular, such insurers shall appoint new incumbent in place of such Chairperson/ Non-Executive Director by 30th June, 2024.* | **Annex-A, Clause 5** | **(i)** | The Maximum Age limit for NEDs, including the Chairperson of the board, shall be 75 Years.<br>*Note: If the NED/Chair has already attained the age of 75 years as on the date of issue of these guidelines, such insurers shall appoint new incumbent in place of such NED/Chair within a period of 1 year.* |
| | **(b)** | An Independent Director may be appointed for a term of up to five consecutive years on the Board of an insurer, and shall be eligible for re-appointment for the second term on passing of a special resolution by the insurer. No independent Director shall hold office for more than two consecutive terms. Such independent director shall be eligible for re-appointment only after a cooling-off period of at least three years.<br>*Explanation: If a director has already completed two consecutive terms on the date of issue of this circular, such insurers shall appoint new incumbent in place of such director(s) by 30th June, 2024.* | | **(ii)** | An Independent Director (ID) may be appointed for a term of up to five consecutive years and shall be eligible for re-appointment for the second term on passing of a special resolution by the insurer. After the completion of two whole consecutive terms (or 10 consecutive years) such ID shall be eligible for re-appointment only after a cooling-off period of at least three years.<br>*Explanation: The tenure of the ID on the board of insurers as on the date of these guidelines shall be taken into account. If a director has already completed a period of ten years on the date of issue of these guidelines, such insurers shall appoint new incumbent in place of such director(s) within a period of one year.* |
| **Clause 9.1** | **(g)** | Insurers shall disclose the amount of remuneration paid to each Non-Executive/ Independent directors, in the Notes to the Accounts forming part of Annual Financial Statements. In case no remuneration is paid during a year, the same shall be specifically disclosed. | **Annex-A Clause 6** | | Insurers shall disclose the amount of remuneration paid to each NEDs/IDs, in the Notes to the accounts forming part of Annual Financial Statements. In case no remuneration is paid during a year, the same shall be specifically disclosed. |

# Key Managerial Personnel

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.2** | **(a)** | Insurers shall formulate and adopt a comprehensive Board approved remuneration policy covering all the KMPs. The policy shall not encourage KMPs to take inappropriate or excessive risks for their performance based variable remuneration. The policy shall cover all aspects of the remuneration structure including Fixed Pay including allowances, perquisites, retirement Benefits, Variable Pay including incentives, bonus, share linked instruments, Joining / Sign on bonus, etc. All the details of the remuneration policy shall be incorporated in a single document. The remuneration policy shall be reviewed annually by the NRC. | **Annex-B Clause-3** | **(i)** | Insurers shall formulate and adopt a comprehensive board approved remuneration policy covering all the KMPs. The policy shall not encourage KMPs to take inappropriate or excessive risks for their performance based variable remuneration. The board shall ensure and document that in structuring, implementing and reviewing the remuneration policy, the decision making process identifies and manages conflicts of interests. Members of the board shall not be placed in a position of actual or perceived conflict of interests with respect of remuneration decisions. |
| | | | | **(ii)** | The policy shall cover all aspects of the remuneration structure including fixed pay including allowances, perquisites, retirement benefits, variable pay including incentives, bonus, share-linked instruments, joining / sign on bonus, etc. All the details of the remuneration policy shall be incorporated in a single document. The remuneration policy shall be reviewed annually by the NRC. |
| | **(b)** | The NRC of the insurer in consultation with the RMC shall make a coordinated effort to have an integrated approach to the formulation of the remuneration policy. It shall ensure that,<br>i. Remuneration is adjusted for all types of risk,<br>ii. Remuneration outcomes are symmetric with risk outcomes,<br>iii. Remuneration pay-outs are sensitive to the time horizon of the risk, and<br>iv. The mix of cash, equity and other forms of remuneration are consistent with risk alignment. | | **(iii)** | The NRC of the insurer in consultation with the RMC shall make a coordinated effort to have an integrated approach to the formulation of remuneration policy. It shall ensure that:<br>a. Remuneration is adjusted for all types of risks,<br>b. Remuneration outcomes are symmetric with risk outcomes,<br>c. Remuneration payouts are sensitive to the time horizon of the risk, and<br>d. The mix of cash, equity and other forms of remuneration are consistent with risk Alignment. |
| | **(c)** | A wide variety of measures of credit, market and liquidity risks may be used by the insurers in implementation of risk adjustment. The risk adjusted methods shall preferably have both quantitative and qualitative elements. | | **(iv)** | A wide variety of measures of credit, market and liquidity risks may be used by the insurers in implementation of risk adjustment. The risk adjusted methods shall preferably have both quantitative and qualitative elements. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

<table>
<tr><th colspan="3">Master Circular, 2024</th><th colspan="3">Guidelines, 2023</th></tr>
<tr><th colspan="2">Section</th><th>Description</th><th colspan="2">Section</th><th>Description</th></tr>
<tr><td>Clause 9.2</td><td>(d)</td><td>The minimum parameters which shall be taken into account for determination of performance assessment of all KMPs for payment of variable pay or incentives are:<br>i. Overall financial soundness such as Net-Worth position, solvency, growth in Assets Under Management, Operating Profit/Net Profit, Embedded Value, Value of New Business including any other indicator that reflects the overall financial soundness;<br>ii. Compliance with Expenses of Management Regulations;<br>iii. Claim efficiency in terms of settlement and outstanding;<br>iv. Improvement in grievance redressal status;<br>v. Reduction in Unclaimed Amounts of policyholders;<br>vi. Persistency- 37th Month to 61st Month (in case of life insurers); Renewal Rate in case of General insurers and Stand Alone Health insurers; and<br>vii. Overall Compliance status with respect to all applicable laws.<br><br>The above parameters from (i) to (vii) shall constitute at least 60% of the total weightage in the performance assessment matrix of MD/CEO/WTDs; and at least 30% of the total weightage in the performance assessment matrix of other KMPs individually. The weightage for each of the parameters may be configured suitably for MD/CEO/WTDs and other KMPs depending on their respective roles. Insurers may define additional parameters also which shall be in line with the business plan of the Insurer. These parameters shall be spelt out in the remuneration policy.</td><td>Annex-B Clause-3</td><td>(v)</td><td>The minimum parameters which shall be taken into account for determination of performance assessment of all KMPs for payment of variable pay or incentives are:<br>a. Overall financial soundness such as Net-worth position, solvency, growth in AUM, Net profit, etc.<br>b. Compliance with expenses of Management Regulations<br>c. Claim efficiency in terms of settlement and outstanding.<br>d. Improvement in grievance redressal status.<br>e. Reduction in Unclaimed Amounts of Policyholders.<br>f. Persistency- 37th Month to 61st Month (in case of life insurers); Renewal Rate in case of Non-Life insurers and Stand Alone Health Insurers, and<br>g. Overall Compliance status with respect to all applicable laws.<br><br>The above parameters shall constitute at least 60% of the total weightage in the performance assessment matrix of MD/CEO/WTDs, and at least 30% of the total weightage in the performance assessment matrix of the KMPs individually. The weight for each of the parameters may be configured suitably for MD/CEO/WTDs and other KMPs depending on their respective roles. Insurers may define additional parameters also which shall be in line with the business plan of the insurer. These parameters shall be spelt out in the remuneration policy.</td></tr>
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# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| **Master Circular, 2024** | | | **Guidelines, 2023** | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.2** | **(e)** | Apart from the performance assessment for payment of incentives and variable pay, these parameters shall also form the basis for revision of the Fixed Pay. | **Annex-B Clause-3** | **(vi)** | Apart from the performance assessment for payment of incentives and variable pay, these parameters shall also form the basis for revision of the Fixed Pay. |
| **Clause 9.2 (f)** | | Annual Remuneration shall be the aggregate of Fixed Pay (including monetary and non-monetary perquisites) and Variable Pay, for a particular financial year. | **Annex-B Clause-4** | | Annual Remuneration shall be the aggregate of Fixed (including monetary and non-monetary perquisites) and Variable Pay, for a particular financial year. |
| | **(i)** | Fixed pay: Insurers are required to ensure that the fixed portion of remuneration is reasonable taking into account all the relevant factors including adherence to statutory requirements. Fixed Pay shall include Basic pay, allowances, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation. | **Annex-B Clause-5** | | Insurers are required to ensure that the fixed portion of remuneration is reasonable taking into account all the relevant factors including adherence to statutory requirements. Fixed pay shall include basic pay, allowance, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation. |
| | **(ii)A** | Variable pay shall be in the form of share linked instruments or a mix of cash and share linked instruments. **Cash linked stock appreciation rights (CSARs) are also to be treated as share linked instruments.** | **Annex-B Clause-6** | **(i)** | Variable pay shall be in the form of cash and/or share linked instruments. **All share linked benefits where the ultimate payout is in the form of cash such as Cash-linked Stock Appreciation Rights (CSARs), Phantom Stocks, etc, shall be treated as cash benefit.** |
| | **(ii)B** | Variable pay includes incentives, bonus, share linked instruments etc. The Variable pay shall be performance-based using measures of individual, unit or group performance that do not create incentives for inappropriate risk taking. Performance based incentives shall be aligned with long term value creation and the time horizon of risks to which the insurer may be exposed. Any variable pay or performance incentive shall be paid/ granted to any KMP only once during a financial year. | | **(ii)** | Variable pay includes incentives, bonus, share-linked instruments, etc. The Variable pay shall be performance-based using measures of individual, unit or group performance that do not create incentives for inappropriate risk taking. Performance based incentives shall be aligned with long term value creation and the time horizon of risks to which the insurer may be exposed. Any variable pay or performance incentive shall be paid/ granted to any KMP only once during a financial year. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
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| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.2 (f)** | **(ii)C** | Variable Pay shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. Where variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay shall be via **share-linked instruments**. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay. | **Annex-B Clause-6** | **(iii)** | Variable Pay shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. Where variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay shall be via **non-cash instruments**. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay. |
| | **(ii)D** | A minimum of 50% of the total variable pay must invariably be under deferral arrangements and the deferral period shall be a minimum of three years. The first such vesting shall accrue after one year from the commencement of the deferral period. Vesting shall be no faster than on a pro rata basis and shall not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex-post adjustments. **Where variable pay is mix of cash and share linked instruments and such cash component of variable pay is Twenty-Five lakhs or under, no deferral requirement for the cash component would be necessary.** | | **(iv)** | A minimum of 50% of the total variable pay must invariably be under deferral arrangements and the deferral period shall be a minimum of three years. The first such vesting shall accrue after one year from the commencement of the deferral period. Vesting shall be no faster than on a pro rata basis and shall not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex-post adjustments**. No deferment of variable pay shall be required for an amount for up to ₹25,00,000 for a particular year.** |
| **Clause 9.2** | **(i)** | In case of an insurer which is not listed, the fair value of the equity shares certified by a Category 1 merchant banker registered with SEBI shall be considered for the purpose of benefit calculations. | | **(v)** | In case of an insurer which is not listed, the fair value of the equity shares certified by a Category 1 merchant banker registered with SEBI shall be considered for the purpose of benefit calculation. **The insurer which is not listed may issue the ESOPs of their listed promoter company provided that such cost shall be borne by the respective insurer only.** |
| | **(j)** | **The insurer which is not listed may issue the ESOPs of their Indian promoter (whether listed or unlisted) company provided that such cost shall be borne by the respective insurer only.** | | | |
| | **(k)** | In case of an insurer which is not listed and issues its shares towards ESOP, the total number of ESOPs granted by the insurer in a year shall not exceed 1% of the paid-up equity shares of the insurer and the total number of shares held by employees, including KMPs, shall not exceed 5% of the paid-up equity shares at any point of time. | | **(vi)** | In case of an insurer which is not listed, the total number of ESOPs granted in a year shall not exceed 1% of the paid-up capital of the insurer. The total number of ESOPs issued, granted, vested or outstanding at any point of time shall not exceed 5% of the paid-up capital of any insurer. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
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| **Section** | | **Description** | **Section** | | **Description** |
| Clause 9.2 | (l) | For a listed insurer, Share-Linked Instruments shall be reckoned at the fair value as on the date of grant. The norms for grant, valuation and disclosure of share-linked instruments shall be framed by the insurers in conformity with the relevant statutory provisions and applicable guidelines and shall form part of the insurers' remuneration policy. | Annex-B Clause-6 | (vii) | For a listed insurer, Share-Linked Instruments shall be reckoned at the fair value as on the date of grant. The norms for grant, valuation and disclosure of share-linked instruments shall be framed by the insurers in conformity with the relevant statutory provisions and applicable guidelines and shall form part of the insurers' remuneration policy. |
| | (m) | KMPs of insurers shall not be issued/granted any sweat equity shares. | | (viii) | KMPs of insurers shall not be issued/granted any sweat equity shares. |
| | (n) | The deterioration in the financial performance of the Insurer and the other defined parameters as per the remuneration policy shall lead to a contraction in the total amount of variable pay which may even be reduced to zero. | | (ix) | The deterioration in the financial performance of the insurer and the other defined parameters as per the remuneration policy shall lead to a contraction in the total amount of variable pay which may even be reduced to zero. |
| | (o) | In case of retirement / resignation / death of a KMP(s) prior to the deferral period, the deferred pay may be paid as per the employment contract agreed between the insurer and the KMPs. In case of reappointment on retirement, the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it is originally deferred. | | (x) | In Case of retirement/resignation/death of a KMP(s) prior to the deferral period, the deferred pay may be paid as per the employment contract agreed between the insurer and the KMPs. In case of reappointment on retirement, the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it is originally deferred. |
| | (p) | In case of termination from the services as per the directives of court / tribunal / other competent Authorities, or termination by the insurer in case of fraud/criminal offences etc., the deferred pay shall be forfeited. | | (xi) | In case of termination from the services as per the directives of court/tribunal/other competent authorities, or termination by the insurer in case of fraud/criminal offences, etc., the deferred pay shall be forfeited. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| Clause 9.3 | (a) | Variable Pay shall be subject to Malus and Claw-back provisions and these provisions shall also form part of the Board approved remuneration policy. In case of deferred remuneration, in the event of any negative trend in the defined parameters and/or the relevant line of business in any year during the vesting period, unvested / unpaid portions of deferred variable pay shall be reduced or cancelled as per the assessment. However, while exercising such provisions, due consideration may be given to the actual / realized performance of the insurer. | Annex-B Clause 7 | (i) | Variable Pay shall be subject to Malus and Claw-back provisions and these provisions shall also form part of the board approved remuneration policy. In case of deferred remuneration, in the event of any negative trend in the defined parameters and/or the relevant line of business in any year during the vesting period, unvested/unpaid portions of deferred variable pay shall be reduced or cancelled as per the assessment. However, while exercising such provisions, due consideration may be given to the actual/realized performance of the insurer. |
| | (b) | A malus arrangement permits the insurer to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred. A claw-back, on the other hand, is a contractual agreement between the KMP and the insurer in which the KMP agrees to return previously paid or vested remuneration to the insurer under certain circumstances. | | (ii) | A malus arrangement permits the insurer to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred. A claw-back, on the other hand, is a contractual agreement between the KMP and the insurer in which the KMP and the insurer in which the KMP agrees to return previously paid or vested remuneration to the insurer under certain circumstances. |
| | (c) | Insurers are required to put in place appropriate modalities to incorporate malus / claw-back mechanism in respect of Variable Pay, taking into account relevant statutory and regulatory stipulations as applicable. The remuneration policy of the insurer shall confirm existence of Malus and Claw-back clauses in the employment contract and it shall identify a representative set of situations, which require insurers to invoke the malus and claw-back clauses which may be applicable to the entire Variable Pay. When setting criteria for the application of malus and claw-back, insurers shall also set a period during which malus or claw-back can be applied, covering at least the deferral period. Gross negligence, integrity breach, materially inaccurate financial statements due to the result of misconduct including fraud, poor compliance in respect of corporate governance and regulatory matters, etc., by the KMPs shall invite immediate and prompt action of the board and the management. | | (iii) | Insurers are required to put in place appropriate modalities to incorporate malus/claw-back mechanism in respect of variable pay, taking into account relevant statutory and regulatory stipulations as applicable. The remuneration policy of the insurer shall confirm existence of Malus and Claw-back clauses in the employment contract and it shall identify a representative set of situations, which require insurers to invoke the malus and claw-back clauses which may be applicable to the entire Variable Pay. When setting criteria for the application of malus and claw-back, insurers shall also set a period during which malus or claw-back can be applied, covering at least the deferral period. Gross negligence, integrity breach, materially inaccurate financial statements due to the result of misconduct including fraud, poor compliance in respect of corporate governance and regulatory matters, etc., by the KMPs shall invite immediate and prompt action of the board and the management. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.3** | **(d)** | For legal enforceability, the malus and claw-back system shall be driven by observable and verifiable measures of risk outcomes. Insurers shall put appropriate mechanism in place to incorporate malus and claw-back provisions in respect of variable pay linked to the defined parameters, in the employment contracts of all KMPs. | **Annex-B Clause 7** | **(iv)** | For legal enforceability, the malus and claw-back system shall be driven by observable and verifiable measures of risk outcomes. Insurers shall put appropriate mechanism in place to incorporate malus and claw-back provisions in respect of variable pay linked to the defined parameters, in the employment contracts of all KMPs. |
| **Clause 9.4** | **(a)** | Guaranteed bonuses are inconsistent with sound risk management or the pay-for performance principles and hence shall not be part of remuneration plan. | **Annex-B Clause 8** | **(i)** | Guaranteed bonuses are inconsistent with sound risk management or the pay-for-performance principles and hence shall not be part of remuneration plan. |
| | **(b)** | Joining / sign on bonus shall only occur in the context of hiring new personnel and be limited to the first year of employment. Such bonus will neither be considered as a part of fixed pay nor as a part of variable pay. | | **(ii)** | Joining/sing on bonus shall only occur in the context of hiring new personnel and be limited to the first year of employment. Such bonus will neither be considered as a part of fixed pay nor as a part of variable pay. |
| | **(c)** | Insurers shall not grant Severance Pay other than accrued benefits like gratuity pension, etc., to Key Managerial Persons except in cases where it is mandatory under any applicable provision of the statute. It is clarified that Severance Pay does not include notice period pay. | | **(iii)** | Insurers shall not grant severance pay other than accrued benefits like gratuity pension, etc., to KMPs except in cases where it is mandatory under any applicable provision of the statute. It is clarified that severance pay does not include notice period pay. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs



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<tr><td rowspan="3">Clause 9.5</td><td>(a)</td><td>Qualitative disclosure<br>i. Information relating to the composition and mandate of the NRC.<br>ii. Information relating to the design and structure of remuneration processes and the key features and objective of remuneration policy<br>iii. Description of the ways in which current and future risks are taken into account in the remuneration processes.<br>iv. Description of the ways in which the insurer seeks to link performance during a performance measurement period with levels of remuneration.</td><td rowspan="3">Annex-B Clause 10</td><td>(i)</td><td>Qualitative Disclosures<br>a. Information relating to the composition and mandate of the NRC.<br>b. Information relating to the design and structure of remuneration policy and the key features and objective of remuneration policy.<br>c. Description of the ways in which current and future risks are taken into account in the remuneration policy. It shall include the nature and type of the key measures used to take account of these risks.<br>d. Description of the ways in which the insurer seeks to link performance, during a performance measurement period, with levels of remuneration.</td></tr>
<tr><td rowspan="2">(b)</td><td rowspan="2">Quantitative disclosure<br>i. Complete details of remuneration awarded for financial year to MD/CEO/WTD to be disclosed in the note to accounts as per the format provided (Annexure 7).<br>ii. The insurers shall ensure compliances as specified in the Companies Act, 2013 and SEBI regulations/guidelines, as applicable.</td><td>(ii)</td><td>Quantitative Disclosures<br>a. Complete details of remuneration awarded for the financial year to MD/CEO/WTD mentioning Pay, Allowances & Perquisites, Variable Pay including share-linked benefits, Joining/Sing on bonus, accrued benefits like gratuity, pension, if any, etc., classifying the same under fixed and variable, deferred and non-deferred as applicable, the remuneration debited to revenue account (Policyholders' Account) and P & L Account (Shareholders Account). The disclosure in the note to accounts shall be made as per the format provided (Annexure I)<br>b. Details of outstanding deferred remuneration of MD/CEO/WTD at the end of the financial year mentioning name, designation, financial year (remuneration pertaining to), nature of remuneration and the amount outstanding. The disclosure has to be made as per the format provided (Annexure II)</td></tr>
<tr><td colspan="2">The insurers shall ensure compliances as specified in the Companies Act and SEBI regulations/guidelines, as applicable.</td></tr>
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# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| **Master Circular, 2024** | | | **Guidelines, 2023** | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.5 (c)** | **(i)** | **The cost of remuneration paid to MD/CEO/WTD/KMPs shall be borne by the respective insurer only. However, in case of deputations from PSU/Foreign Promoters, the cost may be borne by their respective promoters according to their remuneration rules/guidelines.** | **Annex-B Clause 11** | **(i)** | In case the Annual Remuneration of MD/CEO/WTD and other KMPs individually exceeds Rupees Four Crore, such expenses shall be borne by the shareholders and debited to Profit & Loss Account. |
| | **(ii)** | In case the Annual Remuneration of MD/CEO/WTD and other KMPs individually exceeds Rupees Four Crore, such excess shall be borne by the shareholders and debited to Profit and Loss Account. | | | |
| | **(iii)** | Liability in the respective books of accounts shall be created in respect of deferred remuneration of the reporting financial year. | | **(ii)** | Liability in the respective books of accounts shall be created in respect of deferred remuneration of the reporting financial year. |
| | **(iv)** | Deferred remuneration pertaining to previous financial years and paid in the reporting financial year shall not be debited to Revenue Account / Profit and Loss Account as the same shall be adjusted against the liability outstanding in the books of accounts at the beginning of the year. | | **(iii)** | Deferred remuneration pertaining to previous financial years and paid in the reporting financial year shall not be debited to Revenue Account / P&L account as the same shall be adjusted against the liability outstanding in the books of accounts at the beginning of the year. |
| | **(v)** | In case of forfeiture of deferred pay, the corresponding liability outstanding shall be reduced accordingly. | | **(iv)** | In case of forfeiture of deferred pay, the corresponding liability outstanding shall be reduced accordingly. |
| | **(vi)** | In case of recovery of earlier paid remuneration, if any, the same shall be credited to Revenue Account / Profit and Loss Account, as the case may be. | | **(v)** | In case of recovery of earlier paid remuneration, if any, the same shall be credited to Revenue Account / Profit and Loss Account, as the case may be. |

# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

<table>
<tr><th colspan="3">Master Circular, 2024</th><th colspan="3">Guidelines, 2023</th></tr>
<tr><th colspan="2">Section</th><th>Description</th><th colspan="2">Section</th><th>Description</th></tr>
<tr><td rowspan="5">Clause 9.5</td><td rowspan="5">(d)</td><td rowspan="5">Following additional information has to be provided to the Authority on annual basis by 30th June of the next financial year. The formats for submission of the information shall be as specified in the Master Circular on Submission of Returns:<br><br>i. Complete details of remuneration awarded for financial year to all KMPs.<br>ii. Details of outstanding deferred remuneration of all KMPs at the end of the financial year mentioning name, designation, financial year (remuneration pertaining to), nature of remuneration and the amount outstanding.<br>iii. Complete details of reduced / cancelled / recovered remuneration of all KMPs during the year.</td><td rowspan="5">Annex-B Clause 12</td><td colspan="2">Following additional information has to be provided to the IRDAI on annual basis by 30th June of the next financial year in the prescribed formats.</td></tr>
<tr><td>(i)</td><td>Complete details of remuneration awarded for the financial year to each KMP mentioning Pay, Allowances & Perquisites, Variable Pay including share-linked benefits, Joining / Sign on Bonus, accrued benefits like gratuity, pension, if any, etc., classifying the same under fixed and variable, deferred and non-deferred as applicable, the remuneration debited to Revenue Account (Policyholders' Account) and P&L Account (Shareholders Account) in Annexure I.</td></tr>
<tr><td>(ii)</td><td>Details of outstanding deferred remuneration of KMPs at the end of the financial year mentioning name, designation, financial year (remuneration pertaining to), nature of remuneration and the amount outstanding in Annexure II.</td></tr>
<tr><td>(iii)</td><td>Complete details of reduced/cancelled/recovered remuneration of MD/CEO/WTD/KMPs during the year as per the malus and claw-back provisions of employment, mentioning name, designation, nature of original pay, amount reduced/cancelled/recovered and reason for the same. The disclosure shall be made as per the format provided in Annexure III.</td></tr>
<tr><td>(iv)</td><td>The formats (Annexure I and Annexure III) shall be certified by the CFO of the insurer.</td></tr>
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# IRDAI- Master Circular on Governance, 2024 Vs. Guidelines on Remuneration to NEDs & KMPs

| Master Circular, 2024 | | | Guidelines, 2023 | | |
|---|---|---|---|---|---|
| **Section** | | **Description** | **Section** | | **Description** |
| **Clause 9.6** | **(i)** | Appointment/Re-appointment or modification in the remuneration, if any, of MD/CEO/WTDs requires prior approval of the Authority in terms of Section 34 A of the Insurance Act, 1938. | **Annex-B Clause-13** | **(i)** | Appointment/Re-appointment or modification in the remuneration, if any, of MD/CEO/WTDs requires prior approval of the Authority in terms of Section 34 A of the Insurance Act, 1938. |
| | **(ii)** | The applications relating to appointment, reappointment of MD/CEO/WTD may be submitted to the Authority at least six months in advance from the expected date of taking over by new incumbent or the last day of the present incumbent's tenure. The remuneration proposals are to be submitted to the Authority within first three months of the performance year. | | **(ii)** | In Respect of remuneration of the MD/CEO/WTDs, no revision shall be permitted by the IRDAI before the expiry of one year from the date of earlier approval. |
| | | In respect of remuneration of the MD/CEO/WTDs, no revision shall be permitted by the Authority before the expiry of one year from the date of earlier approval. | | **(iii)** | **The cost of remuneration paid to MD/CEO/WTD/KMPs shall be borne by the respective insurer only.** |

# Thank You