

Ref. 559/F&A(NL)/IPO/GoDigit/23-24/74

10th October, 2023

Ms. Jasleen Kohli,
MD and CEO,
Go Digit General Insurance Limited,
1 to 6 Floor, Ananta One (AR One),
Pride Hotel Lane, Narveer Tanaji Wadi,
City Survey No.1579, Shivajinagar,
Pune - 411005 Maharashtra.

Madam,

Subject: Disclosures in the DRHP Filed by Go Digit General Insurance Ltd. (the insurer) towards IPO

This has reference to the correspondence exchanged on above cited subject, resting with your letter dated 10th September, 2023.

2. Observations on revised DRHP:

- a. Point No 29 of Page 81 of revised DRHP: The proportion of liquid assets as percentage of current liabilities has significantly decreased as on 31-Dec-2022. Insurer to incorporate reasons for the decreasing ratio of liquid assets as proportion of current liabilities and ALM position, as liquidity aspect is critical to Non-Life business. The associated risks/factors shall also be incorporated appropriately.
- b. Page 73 In the line "Insurance Act does not permit Indian insurance companies to invest the policyholder's funds outside India" is written. It has to be changed to "Insurance Act does not permit Indian Insurance companies to invest directly or indirectly the policyholders' funds outside India". The applicable section may also be quoted.
- c. Page 64: The comparison of average premium and average claims is shown in millions. As a result, the data is appearing as 0.00. The comparison may be shown either in Rs. or such other denomination as results in clarity of data presented.
- d. It is observed that DRHP contains references to the Regulations which have since been repealed. It is advised to review the same and provide reference in the DRHP to the correct Regulations including the Regulations notified recently.
- e. It is observed that in the definitions, interpretation has also been given. For example, in the definition of "Loss Ratio", interpretation of loss ratio as "Lower loss ratio or claims ratio denotes better claim experience for the Company". The insurer may review all the definitions included in the DRHP to ensure that the same does not include the interpretation of the same.
- f. Page No. 206 - It is stated that Broking started in 2018 which may not be factually correct. The same may be reviewed and amended accordingly.

- g. Page No. 94 - GST Rs. 103.67 million— It is felt that the disclosures may not be sufficient for the readers to understand the issue and its implications. The insurer may review the same and provide disclosures on the same.
- h. Page No. 224 - It refers to research done on children aged between 8 to 15 years which may be misleading since in the same para the DRHP also refers to their legal age for entering into valid Contracts under the Indian Contract Act, 1872. Suitable amendment may be made in light of the same.
- i. Page 48: It has been specified that minimum solvency ratio is computed as the ratio of assets to liabilities. The said interpretation is not correct. The insurer may suitably modify the same.
- j. Page 366: It is mentioned that in case of long-term motor insurance policies, the commission is expensed at the applicable rates only on the premium allocated for the year/period. However, in your letter dated 10.09.2023, it has been clarified that the “it was felt that the language of the reply submitted by the Company earlier in this regard is not clear. We confirm that the commission on long term policies has not been amortized by the Company. Acquisition costs are expensed in the year in which they are incurred”. The insurer may, accordingly, suitably modify the said disclosure.

3. Additional Disclosures required in the DRHP: The insurer shall incorporate the following aspects in the DRHP:

- a. As on 31st March, 2023, Total Health Insurance Premium (excluding PA and Travel) is 719.78 crore. Around 93.2% of the total Health Insurance premium (excluding PA & Travel) is generated through Group health insurance. Contribution of Individual Health Insurance Business premium (excluding PA & Travel) is 6.8% only. Insurer may suitably highlight the specific risks that may emanate from the same under “Risk Factors” in the DRHP.
- b. With regard to pre-IPO placement, it may be explicitly written that the same shall be subject to necessary approvals, as may be required, including the approval of IRDAI under section 6A of the Insurance Act 1938 read with IRDAI (Registration of Indian Insurance Companies) Regulations 2022.
- c. IRDAI granted Certificate of Registration to Go Digit Life Insurance Ltd. The said life insurer and the insurer have common promoter. Further, Fairfax Asia Ltd also holds 51% of M/s. Paramount Health Services and Insurance TPA Pvt Ltd and M/s. Fairfax Asia Ltd owns 45.3% of Go Digit info works, which is parent company of Insurer. The insurer shall include suitable risks emanating from the same including the risk of sourcing the capital that may be required in future to meet solvency/business requirements of the two insurance companies and disclosure regarding common promoter in Insurer and TPA.
- d. With regard to allotment of shares to insurance intermediaries and/or their relatives/related parties, the insurer shall disclose the following details, at the minimum, in the DRHP:

S. No.	Name of Shareholder	Average allotment price per share	Date of allotment	Whether Insurance Intermediary or its relative/related party (Yes/No)	Relationship with insurer or insurance intermediary

- e. With regard to grant of ESAR to employees/directors of promoter company, the insurer shall disclose the following details, at the minimum, in the DRHP

S. N o.	Name of employee/director	Designation	Date of grant	Average grant price	Total number of ESAR granted	Total number of shares allotted	Total number of pending ESAR/ESOP yet to be exercised

- f. With regard to grant of ESAR retrospectively, the insurer shall disclose the following details, at the minimum, in the DRHP

S. N o.	Name of employee/director	Designation	Date of grant	Average grant price	Total number of ESAR granted	Total number of shares allotted	Total number of pending ESAR/ESOP yet to be exercised

- g. With regard to allotment of shares to relatives of employee, the insurer shall disclose the following details, at the minimum, in the DRHP:

S. No.	Name of shareholder	Name of employee that the shareholder is related to	Relationship	Average grant price	Total number of shares allotted

- h. With regard to allotment of shares to director of the insurer, the insurer shall disclose the following details, at the minimum, in the DRHP:

S.No.	Name of Director	Average allotment price	Total number of shares allotted

- i. The insurer shall ensure that all the advisory, warning, Show-Cause Notice, Caution Letter etc. issued by the IRDAI, if any, and the penalty levied by the IRDAI, if any, till the date of filing of RHP are suitably incorporated in the RHP.
4. The approval/correspondence of the IRDAI shall not be construed as approval to circumvent/violate any Regulations, procedures, directions or stipulations that may be applicable for such a process at any point of time. The insurer is hereby, advised to exercise utmost diligence in complying with all applicable Rules/Regulations, directions in this regard. The Board of the insurer shall stand responsible towards such compliance.
5. This correspondence shall not be construed as approval of IRDAI pertaining to anything stated in the DRHP if the approval of the IRDAI is specifically required to be obtained for the same pursuant to provision of Insurance Act 1938 or Regulations/Guidelines/Circular etc. formed by the IRDAI. Similarly, nothing written in DRHP shall be construed to have been acknowledged by the IRDAI in case there is any specific requirement of disclosure or intimation to IRDAI under the provision of Insurance Act 1938 or Regulations/Guidelines/Circular etc. notified/issued by the IRDAI. The Authority reserves the right to take suitable action pertaining to the disclosures made in the DRHP in case, violation of the regulatory framework is observed at point of time in future.
6. Any approval/correspondence by the IRDAI under the IRDAI (Issuance of Capital by Indian Insurance Companies transacting other than Life Insurance Business) Regulations, 2015 shall not in any manner be deemed to be or serve as a validation of the representations by the insurer in the Draft Red Herring Prospectus or Red Herring Prospectus. Further, it may be noted that the IRDAI does not acknowledge/undertake any responsibility on the financial soundness of the insurer or for the correctness of any of the statements made or opinions expressed in this connection.
7. The Insurer shall:
- a. ensure compliance with all other laws, as may be applicable, in connection with the proposed IPO.

- b. keep the Authority informed of any development in the said matter.
 - c. ensure compliance of conditions as per letter dated 19.10.2022 and 29.12.2021.
8. Please acknowledge the receipt of this communication and ensure compliance of the above.

Yours faithfully,

(Mahesh Agarwal)
General Manager