

Cholamandalam MS General Insurance Company Limited
Remuneration Policy
June 2024

Approving Authority: Board of Directors
Version 2024.0

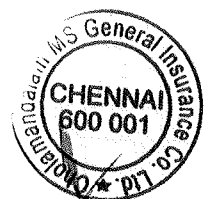
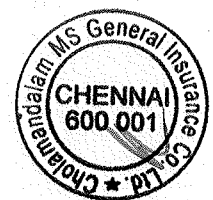


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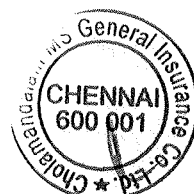
1. **Preamble:**

- 1.1 This Remuneration Policy provides the framework for remuneration of members of the Board, Non-Executive Directors, Key Managerial Personnel, and other employees of Cholamandalam MS General Insurance Company Limited.
- 1.2 This Policy is guided by the principles and objectives as enumerated in:
 - a. Section 178 of the Companies Act, 2013,
 - b. Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 (CG Regulations),
 - c. Master Circular on Corporate Governance for Insurers, 2024,
 - d. The philosophy and principles of the Murugappa Group.
- 1.3 The objective of the policy is to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, establish a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.
- 1.4 The Policy shall establish an effective governance of compensation and sound Remuneration structure for the Officers and Employees of the Company, in a manner that it:
 - a. disincentivises excessive or inappropriate risk taking by such officers;
 - b. is harmonious to the long-term interests of the Company;
 - c. propagates an environment of healthy corporate culture, organizational objectives, contemporary strategies and identified risk appetite in the Company.
- 1.5 For the purpose of this policy, ESOP scheme shall mean any Employee Stock Option Scheme or Employee Stock Purchase Scheme, either of the Company or of its Holding Company, as the case may be.

2. **Definitions:**

The following terms for the purpose of this policy shall carry the meaning:

- 2.1. **'Board'** Board shall mean the 'Board of Directors', which is the collective body of the directors of the Company, as defined under Section 2 (10) of the Companies Act, 2013.
- 2.2 **'Clawback'** Clawback shall mean the contractual right of the Company, by virtue of which the Company can demand and receive back, the whole or part of any previously paid or vested remuneration to any KMP under circumstances stated under this Policy.



2.3 'Commission on Profit'

The Commission or Profit shall mean, a commission payable to the Non-executive Directors as a part of their remuneration in accordance with the Companies Act, 2013 and Rules made thereunder, read with appropriate Prescriptions of the IRDAI. However, such commission on profit for any financial year shall be payable to the Directors subject to the following:

- a. The Company has reported positive profit after tax for the period for which the said commission is proposed to be paid.
- b. The Board has passed the resolution approving such payment.
- c. The amount of payment of remuneration in the form of Commission on profit to each of the Non-Executive Director shall not exceed the limits fixed by IRDAI from time to time.
- d. Appropriate disclosures with regard to payment of such Commission on Profit is made in the financial statements of the Company for the respective financial year.
- e. Company adheres to the prescriptions in this regard under any other law for the time being in force.

2.4 'Company'

Company shall mean Cholamandalam MS General Insurance Company Limited.

2.5 'Fixed Pay'

Fixed Pay shall mean fixed part of any KMP Remuneration, which is reasonable and arrived at taking into account all the relevant factors including responsibilities of the KMP and applicable law for the time being in force. Fixed Pay shall include Basic pay, allowances, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation of such KMP.

2.6 'Fixed Remuneration'

Fixed Remuneration shall mean, a fixed remuneration payable to the Non-Executive Directors irrespective of the profit or loss of the Company during any financial year as prescribed under Part II of Schedule V of the Companies Act, 2013.

2.7 'Independent Director'

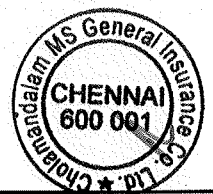
Independent director shall mean a Non-Executive Director of the Board of the Company appointed under section 150 of the Companies Act, 2013 and the Rules made thereunder.

2.8 'IRDAI'

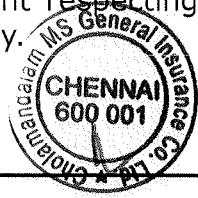
IRDAI shall mean, Insurance Regulatory Development Authority of India, constituted under Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999) for overall supervision and development of the Insurance sector in India.

2.9 'IRDAI Prescriptions'

IRDAI Prescriptions shall mean the Regulations, Guidelines, Circulars, Notifications and directions issued by IRDAI from time to time with specific applicability on the Company or otherwise.



- 2.10 'Malus'** Malus shall mean the right of the Company, by virtue of which the Company can forfeit, the whole or part of any unpaid or accrued Variable Pay due to any KMP under circumstances stated under this Policy.
- 2.11 'Key Management Person'** Key Management Person shall mean the 'Key Managerial Person' as defined in the IRDAI (Registration of Indian Insurance Companies) Regulations, 2022, and will include:
- the members of the core management team of the Company including all Whole-time Directors or Managing Directors or Chief Executive Officer and
 - the Functional Heads, one level below the Managing Director or Chief Executive Officer, including the Chief Financial Officer, Appointed Actuary, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary.
- 2.12 'KMP Remuneration'** KMP Remuneration shall mean any money or its equivalent given or passed on to a KMP for the services rendered by him/her as the case may be; and shall include Perquisites.
- 2.13 'Managing Director' or 'Chief Executive Officer'** Managing Director or Chief Executive Officer of the Company shall mean a Director of the Board of the Company as defined under Section 2(54) and is appointed by operation of section 196 of the Companies Act, 2013, by virtue of the articles of the Company or an agreement with the Board or a resolution passed in its General Meeting, and is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- 2.14 'NRC'** NRC shall mean the Nomination and Remuneration Committee constituted under operation of section 178(3) of the Companies Act, 2013, IRDAI (Corporate Governance for Insurers) Regulations 2024, and IRDAI Master Circular for Insurers, 2024.
- 2.15 'Non-Executive Director':** Non-executive director shall mean a Director of the Board of the Company, who is not an Executive Director and includes an Independent Director.
- 2.16 'Officer of the Company'** Officer of the Company shall mean Officer as defined under section 2(59) of the Companies Act, 2013 and shall include any Director, Managing Director or Key Managerial Person of the Company.
- 2.17 'Perquisite'** Perquisite shall mean Perquisite as defined under the Income-tax Act, 1961 and will include:
- Value of rent-free/accommodation provided by the Company.
 - Value of any concession in the matter of rent respecting any accommodation provided by the Company.



- c. Any sum paid by the Company in respect of an obligation which was actually payable by the KMP.
- d. Value of any benefit/amenity granted free or at concessional rate to the KMP etc.
- e. The value of any specified security or shares allotted or transferred, directly or indirectly, by the Company, free of cost or at concessional rate to the KMP.
- f. Any sum payable by the Company, whether directly or through a fund other than a recognized provident fund or an approved superannuation fund to effect an assurance on the life of the KMP or to effect a contract for an annuity.
- g. The amount of any contribution to an approved superannuation fund by the Company in respect of the KMP, to the extent it exceeds one lakh rupees; and
- h. The value of any other fringe benefit or amenity provided to the Employee.

2.18 'Share Linked Instruments' Share Linked Instruments for the purpose of this Policy shall mean:

- a. Employee Stock Options,
- b. Stock Appreciation Rights (SARs) including Cash Stock Appreciation Rights

2.19 'Sitting Fee' A fixed sum of remuneration payable by the Company to its Non-Executive Directors against every meeting they attend in the Company in accordance with the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.

2.20 'Variable Pay' Variable Pay shall mean the variable part any KMP Remuneration, which shall be either in the form of Cash Benefits and/or in the form of Share Linked Instruments.

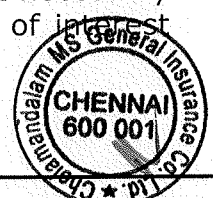
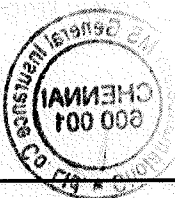
Cash Benefits for this purpose shall include incentives, bonus, all share linked benefits, where the ultimate payout is in the form of cash such as CSARs, Phantom Stocks etc..

2.21 'Whole-time Director'
Or
'Executive Director'

'Whole-time Director' or 'Executive Director' shall mean a director in the Board, appointed under section 196 read with schedule V of the Companies Act, 2013, and who is in employment of the Company on a fulltime basis with entitlement to receive Remuneration.

3. Conflict of Interest:

- 3.1 The Company recognizes conflict of Interest as one of the significant risks in structuring, implementing and reviewing this Policy. Therefore, the Nomination and Remuneration Committee (NRC) shall carry out necessary examination to identify and prevent circumstances of conflict of interest



(that might compromise the integrity and objectivity of Directors and KMPs), while recommending appointment of any member of the Board or KMP of the Company or designing their remuneration under this Policy.

- 3.2 In order to ensure that the members of the Board or KMP of the Company are not placed in a position of actual or perceived conflicts of interests, the Board, while structuring, implementing or reviewing this policy or taking any decision under this Policy, shall also examine on the circumstances of conflict of interest before taking any decision or further recommending to the shareholders on appointment of any member of the Board or KMP of the Company or structuring their remuneration, as the case may be, within the ambit of this Policy.

4. Remuneration of Non-Executive Directors:

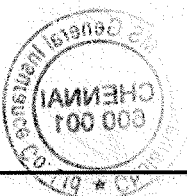
- 4.1 Non-executive directors of the Company objectively act in the interest of the Company and the stakeholders by overseeing and constructively challenging the management and the Company in its implementation of strategy within the system of governance of the Company and the risk appetite set by the Board. Besides, the Non-Executive Directors of the Company contribute towards ensuring that the Board members achieve their objectives; providing leadership and strategic guidance, while maintaining objective judgment; filling the expertise gap in the management; providing independent view on the running of the business, governance and boardroom best practices. The experiences of non-executive directors from different fields bring in wider perspective and outside experience contributing to the strategic developments of the Company. In view of the increasing demands on participation of non-executive directors coupled with higher responsibilities, non-executive directors are expected to bear in the interest of higher level of excellence in corporate governance and in order to enable Insurance companies to attract and retain professional non-executive directors, it is essential that such directors are appropriately compensated.
- 4.2 The Board and the shareholders shall consider appointment or re-appointment of the Non-Executive Directors of the Company through recommendations of NRC in accordance with Policy on Board Nominations and as per the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI prescriptions in this regard.
- 4.3 Non-Executive Directors ("NEDs") will be paid remuneration by way of Sitting Fees and Commission. The remuneration/ commission/ compensation to the NEDs will be decided by the Board in accordance with this policy. Total remuneration, however, shall not exceed Rupees Thirty lakh per annum for each Non-Executive director.
- 4.4 As approved by the shareholders at their general meeting, commission will be paid to Non-Executive Directors at a rate computed in accordance with Section 198 of the Companies Act, 2013 and relevant IRDAI prescriptions. The commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenure in office during the financial year.



- 4.5 Commission payable to non-executive directors including the Chairman of the Board, shall not exceed the maximum limit stipulated in the IRDAI prescriptions.
- 4.6 The payment of the Commission to the NEDs, including Chairman, will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 4.7 Keeping with evolving trends in the industry and considering the time and efforts spent by specific NEDs, the practice of paying differential commission may be considered by the Board.
- 4.8 Non-Executive Directors of the Company shall be entitled for reimbursement of actual expenses incurred by them to participate in the Board and Committee meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI prescriptions in this regard.
- 4.9 Non-Executive Directors shall not be eligible to receive share-linked benefits and stock options under Cash-settled Stock Appreciation Rights (CSARs), Phantom Stock Options, ESOP or any other scheme of similar nature.
- 4.10 All pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the insurance company shall be disclosed in the Annual Report.

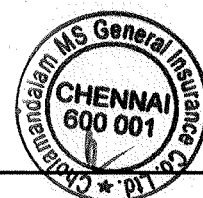
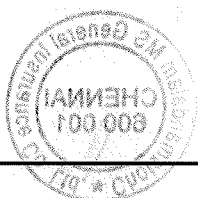
5. Remuneration of Managing Directors (MD) / Wholetime Directors (WTD) /Chief Executive Officers (CEO)/Key Managerial Persons (KMPs):

- 5.1 Key Managerial Persons or KMPs play significant roles in the conduct of affairs of the Company and serve the Company as its primary drivers of business and strategy in adherence to all applicable law to meet the expectations of the Board, shareholders, policyholders and all other stakeholders including the Government.
- 5.2 The Company has been committed to the adoption of fair employment, equal opportunity and prudent compensation practices. The approach of the Company to compensation has always been to drive meritocracy within the framework of prudent risk management. Further, the Company upholds the principle of advancement, through talent and performance, while ensuring diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse resource pool. This Policy is intended to establish a framework and guiding principles for appointment and compensation of the KMPs of the Company that is in harmony with the stated commitments of the Company and confirms to the requirements of law for the time being in force.
- 5.3 The compensation payable to MD/WTD/CEO will be within the scale approved by the shareholders and will be within the overall limits specified under the Companies Act, 2013 in this regard. While determining the total remuneration, the NRC shall consider the parameters and various risks as specified in the IRDAI prescriptions (as applicable from time to time) and

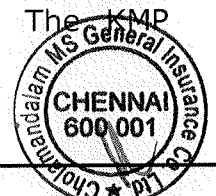


recommend to the Board for approval. The remuneration of MD/ WTD/ CEO shall be subject to the approval of IRDAI.

- 5.4 The compensation payable to KMPs (other than MD/ WTD/ CEO) shall be in accordance with the IRDAI prescriptions, as amended from time to time.
- 5.5 NRC, in consultation with the Risk Management Committee (RMC) of the Board, shall, in addition to other parameters, from time to time ensure that:
 - 5.5.1 The KMP Remuneration is adjusted for all types of risk.
 - 5.5.2 KMP Remuneration outcomes are symmetric with risk outcomes
 - 5.5.3 Payment of KMP Remuneration are sensitive to the time horizon of the risk, and.
 - 5.5.4 The mix of cash, equity and other forms of remuneration are consistent with risk alignment.
- 5.6 Apart from the above, the NRC and the RMC of the Board shall from time to time ensure that every KMP Remuneration is risk adjusted through quantitative and qualitative measures of credit, market and liquidity risks.
- 5.7 The following aspects will be considered while framing the remuneration structure of KMPs viz:
 - 5.7.1 Fixed Pay including allowances,
 - 5.7.2 Perquisites,
 - 5.7.3 Retirement benefits,
 - 5.7.4 Variable Pay including deferred and non-deferred pay, incentives,
 - 5.7.5 Bonus,
 - 5.7.6 Cash-settled Stock Appreciation Rights, Phantom Stock Options or any other similar instrument wherein the final settlement is made in cash.
 - 5.7.7 Share Linked Instruments, including annual and deferred variable pay.
- 5.8 A joining bonus may be paid to KMPs at the time of initial joining in the Company on a case-to-case basis at the discretion of the management. No KMP shall be eligible for guaranteed bonuses or severance pay (which does not include pay during the notice period).
- 5.9 The NRC will determine the annual increment and the annual variable pay in the form of the annual incentive for the MD/WTD/CEO based on the Company's and individual's performance as against the pre-agreed objectives for the year. The business plan as approved by the Board and the various qualitative parameters as specified in the IRDAI prescriptions would form the basis of determination of variable pay compensation.
- 5.10 The parameters for determination of performance assessment of all KMPs for payment of variable pay or incentive shall include the minimum parameters prescribed under IRDAI prescriptions. The parameters for assessing the performance of KMPs including MD/ WTD/ CEO shall include:



- a. Overall financial soundness such Net-Worth position, Solvency, Growth in AUM, Net Profit etc.,
 - b. Compliance with Expenses of Management Regulations in accordance with the convergence plan approved by the Board,
 - c. Claim efficiency in terms of settlement and outstanding,
 - d. Improvement in grievance redressal status,
 - e. Reduction in unclaimed amounts of policyholders,
 - f. Renewal Rate;
 - g. Overall Compliance status with respect to applicable laws,
 - h. Achievement of Target NEP
 - i. Achievement of Target PBT
 - j. Achievement of Target Return on Equity
 - k. Percentage share of non-motor business
 - l. GWP growth rate to be higher than GI industry growth rate (PSU) and Private players excluding SAHI/ specialized lines players)
 - m. Such other parameters as may be approved and in place from time to time
- 5.11 The minimum parameters as specified in the IRDAI prescriptions (points (a) to (g) above) shall amount for at least 60% of the weightage in the performance assessment matrix for MD/ WTD/ CEO and at least 30% of the weightage in the performance assessment matrix for other KMPs. The remaining parameters shall amount for the remaining 40% and 70% of the weightage in the performance matrix for MD/ WTD/ CEO and other KMPs respectively. The weightage for each parameter for each KMP (including MD/ WTD/ CEO) shall be determined by the Company from time to time. The above parameters shall also form basis for revision of fixed pay of all KMPs.
- 5.12 Grants under ESOP Scheme/ CSAR Scheme/ Phantom Stock Options Scheme or any other similar scheme shall be governed by the norms prescribed in the IRDAI prescriptions, SEBI Regulations, and such other applicable provisions, as may be applicable.
- 5.13 Grants under CSAR scheme/ Phantom Stock Options Scheme or any other similar scheme shall be governed by the terms and conditions as laid down by the Board, based on the recommendations of the NRC.
- 5.14 The Annual Remuneration shall be the aggregate of Fixed Pay (including monetary and non-monetary perquisites) and Variable Pay, for a particular financial year.
- 5.14.1 The Fixed Pay shall include Basic pay, allowances, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation. To ensure effective alignment of compensation with prudent risk taking, the NRC will take into account adherence to the risk framework in conjunction with which the financial plan/ targets have been formulated. The KMP



Remuneration budget of the Company will be based on projected levels of business and staffing requirements, revenue generation and the other relevant parameters.

5.14.2 The Variable Pay to any KMP 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 Company may be exposed. Any variable pay or performance incentive shall be paid/ granted to any KMP only once during a financial year. The structure of Variable Pay shall be as under:

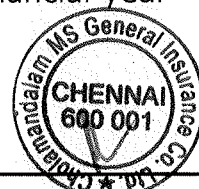
- a. Variable Pay of any KMP shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. Where variable pay is up to 200% of the Fixed Pay, a minimum of 50% of the variable pay shall be in the form of Share Linked Instruments. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay.
- b. A minimum of 50% of the total Variable Pay must invariably be under deferral arrangements (subject to such exemptions as may be accorded from time to time) 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.
- c. 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.

5.15 The remuneration of the KMPs who are on deputation from the foreign promoters are allowed to be governed by their respective remuneration rules/ guidelines of the foreign promoters.

5.16 In case of retirement / resignation / death of any KMP prior to the deferral period, the deferred pay may be paid as per the employment contract of the KMP. 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.

5.17 In case of termination of any KMP from the services consequent to a directive or order of any Judicial Authority or any other competent Authorities, or termination by the Company in case of fraud/criminal offences etc., the balance deferred pay yet to be granted/ paid shall be forfeited.

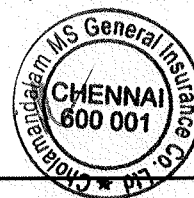
5.18 In the event of date of superannuation of any KMP preceding the date of determination of any grant for the financial year, the variable pay shall be on a pro-rata basis commencing from the beginning of the financial year upto the date of superannuation.



- 5.19 In case of inadequacy of profit in any financial year, the remuneration payable to MD/WTD/CEO shall be further subject to the relevant provisions of the Companies Act, Insurance Act, and IRDAI Regulations and Guidelines as applicable.
- 5.20 KMPs of the Company shall not be issued/granted any sweat equity shares.
- 5.21 MD/WTD/CEO will not be paid sitting fees for any Board/Committee meetings attended by them.

6. Remuneration to Other Employees

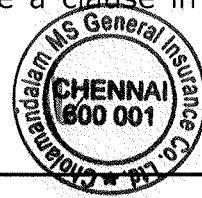
- 6.1 The Company's total compensation for other employees will consist of:
- 6.1.1 fixed compensation
 - 6.1.2 variable compensation in the form of annual incentive
 - 6.1.3 benefits
 - 6.1.4 work related facilities and, perquisites
- 6.2 In addition, select senior executives will be eligible for long-term incentive plan which, among others, may include stock options as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme will be approved by the NRC.
- 6.3 Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance, cash allowance or any other similar allowances.
- 6.4 The Annual and long term Incentive (variable pay) of executives will be linked directly to the performance of the relevant business/ functional unit and the Company in accordance with the Employees Incentive Scheme of the Company as formulated from time to time.
- 6.5 Based on the grade and seniority of employees, benefits for employees include:
- 6.5.1 Health-Related
 - 6.5.2 Health (hospitalization) insurance
 - 6.5.3 Accident and Life insurance
 - 6.5.4 Retirement-Related
 - 6.5.5 Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity, etc.)
- 6.6 Employees will also be eligible for work-related facilities and perquisites as may be determined through human resources policies issued from time to time based on the Grade of the employee.
- 6.7 A formal annual performance management process will be applicable to all employees, including senior executives and KMPs. Annual increment in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.



- 6.8 Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- 6.9 Employees may be eligible for stock options as per the ESOP scheme in force from time to time. The objective of the ESOP scheme will be to reward employees for their contribution to the long term growth and profitability of the Company by providing a platform to share the value they create for the Company.

7. Malus and Claw-back:

- 7.1 Variable pay shall be subject to Malus and Claw-back provisions.
- 7.2 A Malus arrangement permits the Company to prevent vesting of all or part of the amount of deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred. 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 portion of the deferred variable pay shall be reduced or cancelled as per the assessment. While exercising such option, due consideration will be given to actual/ realized performance of the Company.
- 7.3 Malus may be triggered in the event of occurrence of one or more of the following:
- 7.3.1 Variation in Actual Financial performance vis-à-vis the board approved business plan is more than 50%.
- 7.3.2 Adverse report by the Fraud Control Unit with regard to any employee arising out of integrity breach.
- 7.4 In the event of Malus, the variable pay which is due for the relevant financial year which is yet to be vested, will be reduced or cancelled, as the case may be.
- 7.5 In the circumstances where events of claw-back provisions are triggered, the KMP shall return the previously paid or vested remuneration to the Company.
- 7.6 Claw-back may be triggered in the event of occurrence of one or more of the following:
- 7.6.1 Gross negligence resulting in financial loss or effecting the reputation of the Company.
- 7.6.2 Integrity breach.
- 7.6.3 Misconduct including fraud.
- 7.7 In the event of Claw-back, the variable pay which has been vested/ paid to the employees including KMPs anytime during the deferral period will be subject to claw-back.
- 7.8 The employment contract between the Company and the employees will have a clause in relation to malus and claw-back. The employment contract with any person going to be associated as a KMP shall have a clause in relation to malus and claw-back.



8. Adoption, Changes and Disclosure of Information:

- 8.1 This Remuneration Policy and any changes thereof will be approved by the Board of Directors based on the recommendations(s) of the NRC and Risk Management Committee.
- 8.2 Norms as prescribed by IRDAI, changes arising out of implementation of labour code, or any other applicable statutory authority, as applicable, from time to time with regard to remuneration of non-executive directors and KMPs including MD/WTD/CEO shall be complied with.
- 8.3 Disclosures of this Remuneration Policy would be made at such places as may be required under any applicable Statute.
- 8.4 The following disclosures are mandated in the notes to the accounts forming part of the Annual Report:

8.4.1 Qualitative disclosure:

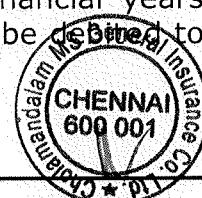
- a. Information relating to the composition and mandate of the NRC.
- b. Information relating to the design and structure of remuneration processes and the key features and objective of remuneration policy.
- c. Description of the ways in which current and future risks are taken into account in the remuneration processes.
- d. Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration.

8.4.2 Quantitative disclosure:

- a. Complete details of remuneration awarded for financial year to MD/CEO/WTD to be disclosed in the note to accounts
- b. Compliances as specified in the Companies Act, 2013 and SEBI regulations/guidelines shall be ensured.

8.4.3 Accounting, renewal and disclosure of remuneration:

- a. The cost of remuneration paid to MD/CEO/WTD/KMPs shall be borne by the Company only. However, in case of depositions from PSU/Foreign Promoters, the cost may be borne by the Company's respective promoters according to their remuneration rules/guidelines.
- b. 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.
- c. Liability in the respective books of accounts shall be created in respect of deferred remuneration of the reporting financial year. 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.

- d. In case of forfeiture of deferred pay, the corresponding liability outstanding shall be reduced accordingly.
- e. 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.

8.4.4 Additional information required:

Following additional information has to be provided to the Authority on annual basis. The formats for submission of the information shall be as specified in the Master Circular on Submission of Returns:

- (i) Complete details of remuneration awarded for financial year to all KMPs.
- (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.
- (iii) Complete details of reduced / cancelled / recovered remuneration of all KMPs during the year.

9. Approval and Renewal of Remuneration:

- 9.1 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.
- 9.2 The applications relating to appointment, reappointment of MD/CEO/WTDS 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.
- 9.3 The remuneration proposals are to be submitted to the Authority within first three months of the performance year. 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.

10. Review of the Policy:

The NRC and the Board shall review the Policy:

- a. at least once in every financial year, or
- b. as and when the NRC and/or the Board considers it appropriate, or
- c. as and when the underlying laws governing the Policy undergoes any change including any relevant change in the Insurance Act, 1938, IRDAI Prescriptions, Companies Act, 2013 and relevant provisions of the Companies Act including applicable rules thereunder.

