

Flash Alert

22 March 2024



*Compliance Notice:
Insurance Act, 2079*

Nepal Insurance Authority (NIA) has issued a notice to all the concerned parties relating to the provision of Section 24 of the Insurance Act 2079, which states that engaging in any insurance-related transaction, business, or trade without a license from the regulatory authority is strictly prohibited. This encompasses the use of terms such as insurance, reinsurance, or insurance fund. Only licensed insurers are exempt from this provision, as specified in Section 153. Any unauthorized transactions related to insurance conducted by entities other than licensed insurers are deemed insurance offenses under Section 140(1 (ka)) of the Insurance Act 2079, with corresponding penalties outlined in Section 141(1).

In response to complaints concerning unauthorized insurance-related activities, the regulatory authority has issued a notice prohibiting transactions or business dealings related to insurance with any company, firm, or organization lacking a valid insurer license. Violations of this notice will result in appropriate actions in accordance with the provisions of the Insurance Act 2079.

PKF Comment

The provisions in Section 24 of the Insurance Act 2079 are evidently pivotal in upholding the integrity and reliability of the insurance sector. It is understandable that partaking in insurance-related transactions without appropriate licensing could present considerable risks to both consumers and the broader market. Through the requirement of licenses and stringent regulation of participants in insurance endeavors, it is probable that authorities seek to safeguard consumers against potential fraud, uphold financial stability within the industry, and foster fair competition among insurers.

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