भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

Ref: IRDAI/ACTL/CIR/MISC/80/05/2024 **Date:** 17th May, 2024

To all insurers

Subject: Master Circular on Actuarial, Finance and Investment Functions of Insurers

1. This Master Circular is issued under the provisions of Section 34 of the Insurance Act, 1938 and Section 14 of the IRDA Act, 1999 read with Regulation 7 of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

2. This Master Circular provides necessary guidance on aspects pertaining to various provisions of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations,2024 and applicable to all insurers including those engaged exclusively in reinsurance business, unless otherwise specified.

3. This Master Circular shall be reviewed every year unless review or repeal is warranted earlier.

4. The Returns and Reports referred under this circular shall be submitted as per the provisions herein and the master circular on submission of returns.

5. All words and expressions used herein and not defined in this Master Circular but defined in the Insurance Act, 1938 (4 of 1938), or the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or Rules or Regulations made thereunder shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

6. In order to remove any doubts or difficulties that may arise in the application or interpretation of any of the provisions of this Master Circular, the Competent Authority may issue appropriate clarifications as and when deemed necessary.

Sd/-

(S P Chakraborty)

Chief General Manager (Actuarial)

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Chapter 1 – Actuarial Function

Section - I: Appointed Actuary(AA)/Mentor Actuary/Consulting Actuary/Certifying Actuary

1. **Insurers other than FRBs**

(1) **Application for appointment of an Appointed Actuary:** As required under the clause 2(3) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024, the insurer shall submit an application for appointment of Appointed Actuary in the format provided in Annuexure-ACTL-AA-1 to this Master Circular along with extract of Board Resolution recommending appointment of the applicant as Appointed Actuary and a copy of Appointment/Offer letter issued by insurer.

(2) The insurer seeking relaxation under clause 2(5) of Part II of Schedule – I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024, shall make a separate application in writing for relaxation of eligibility conditions along with application for appointment of Appointed Actuary.

(3) Provisions applicable for relaxation of conditions specified under clause 2(1)(iii), 2(1)(iv), 2(1)(v) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024:

(i) In case the applicant Actuary is falling short of experience requirement under clause 2(1)(iii) or (iv) or (v) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024 by not more than one year, the insurer shall apply for relaxation of criteria with the support of a Mentor Actuary.

(ii) Mentor Actuary is an actuary who satisfies the eligibility criteria as mentioned in Clause 1(3)(v) of Section-I of Chapter I of this Master Circular and approved by the Competent Authority for position of the Mentor Actuary.

(iii) The AA will be supported by the Mentor Actuary till the AA gets the required experience.

(iv) Responsibility of a Mentor Actuary:
  - (a) The Mentor Actuary shall carryout his/her responsibilities in individual capacity.
  - (b) The Mentor Actuary along with the Appointed Actuary shall be jointly responsible for all the actuarial activities of the insurer.
  - (c) The duties and responsibilities as specified in the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and other regulations, circulars, guidelines issued by the Authority as well as Actuarial Practice Standards/ Guidance Notes issued by the Institute of Actuaries of India shall also be applicable to the Mentor Actuary. The activities include but not limited to:
    - i. New product filing
    - ii. Submission of all actuarial returns/reports as required by the Authority
    - iii. Maintaining solvency and ensuring adequacy of reserves as stipulated in the various norms from time to time

(v) Eligibility Criteria for Mentor Actuary:
  - (a) The applicant for the position of Mentor Actuary, in Individual capacity, in a life insurer or general insurer or health insurer shall satisfy all the eligibility criteria applicable for Appointed Actuary for respective insurer as stipulated under clause 2(1) of Part II of

Schedule – I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024 with the following conditions:

i. the eligibility criterion as mentioned under clause 2(1)(vi) viz. “an employee of the insurer on full time basis” is not applicable for the applicant Mentor Actuary.
ii. Experience criteria for the applicant Mentor Actuary:

Type of business	Clause reference as per Part II of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024	No. of years of Experience required in addition to that specified in the clause under column (2)
(1)	**(2)**	**(3)**
Life Insurance/ Reinsurance	2(1)(iii)(a)	5
	2(1)(iii)(b)	3
	2(1)(iii)(c)	2
General Insurance/ Reinsurance	2(1)(iv)(a)	3
	2(1)(iv)(b)	2
	2(1)(iv)(c)	2
Health Insurance/ Reinsurance	2(1)(v)(a)	3
	2(1)(v)(b)	2
	2(1)(v)(c)	2

(vi) All the eligibility criteria for appointment of the Mentor Actuary shall continue to be satisfied during entire tenure of the Mentor Actuary.

(vii) The provisions under clause 5(1) of Part-II of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 shall be applicable for the Mentor Actuary.

(viii) The Mentor Actuary shall not simultaneously work as a Mentor Actuary for AA of any other insurer/ reinsurer or as a consulting actuary in the role of AA of any other insurer/reinsurer and shall not hold any other role within the insurer/reinsurer.

(ix) There should not be any conflict of interest with respect to the duties of Mentor and duties of any other position held by him / her.

(x) An insurer shall seek the approval of the Competent Authority for the appointment of Mentor, submitting the application in the format provided in Annexure-ACTL-AA-1 of this Master circular.

(4) **Carrying on business without an Appointed Actuary (AA):**

(i) In reference to the clause 4(1) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, an insurer can engage an Actuary to perform the role of AA in individual capacity on consultancy basis up to 180 days with prior approval of the Competent Authority on submission of an application in Annexure-ACTL-AA-1 of this Master Circular.

(ii) The consulting actuary shall fulfil all the criteria specified for the respective Appointed Actuary except the clause 2(1)(vi) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

(iii) The consulting actuary shall be responsible for all the actuarial activities of the insurer. The duties and responsibilities as specified in the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and other regulations, circulars, guidelines issued by the Authority as well as Actuarial Practice Standards/ Guidance Notes issued by the Institute of Actuaries of India shall also be applicable to the consulting actuary.

(iv) The consulting Actuary shall not simultaneously work in the same capacity or as a Mentor Actuary or as AA for any other insurers/ reinsurers. There shall not be any conflict of interest with respect to the duties of consulting actuary and duties of any other position held by him / her either within the same insurer or with any other insurer.

(5) Obligations of the insurer for providing adequate resources:

(i) For the purpose of the clause 9(2) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024, Life Insurers shall have at least two actuaries, in addition to Appointed Actuary, for pricing and valuation purposes.

(ii) Similarly, every General, Stand-alone Health Insurer and Reinsurer shall have at least one actuary, in addition to Appointed Actuary, for pricing and valuation purposes on or before 31st December, 2024.

(iii) New insurers/reinsurers are exempted from the conditions under Provision 5(i) and (ii) above for a period of two years from the date of issuance of certificate of registration by the Authority.

2. Provisions applicable in respect of Foreign Reinsurance Branches (FRBs):

In reference to clause 10 of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the following provisions shall be applicable:

(1) The solvency statement and other regulatory actuarial reports for general and life reinsurance business shall be certified separately by an Actuary known as ‘Certifying Actuary’ along with other signatories as specified in the referred Regulations.

(2) The Actuary(s) certifying the reports, shall comply with the following conditions:
- (i) Fellow member of the Institute of Actuaries of India;
- (ii) shall have valid COP in General Insurance and life insurance business in order to certify the General and Life reinsurance businesses respectively. COP shall mean 'Certificate of Practice' issued by the Institute of Actuaries of India to work as Appointed Actuary;
- (iii) age not more than 70 years as at the date of certification of such reports;
- (iv) at least 5 years post qualification relevant experience in respective field;
- (v) not an employee of any other insurer/reinsurer of India;
- (vi) no disciplinary action has been taken or initiated by any professional body or any insurance regulator against the applicant actuary; and
- (vii) not adjudicated bankrupt during the last ten years

3. Other provisions:

(1) The Competent Authority may, if considered necessary and expedient, ask the Appointed Actuary/Mentor Actuary/Consulting Actuary to make a personal visit to the office of the Authority to get any information in relation to the insurer/reinsurer.

(2) In reference to the clause 5(3) and 5(4) of Part II of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024, the Appointed Actuary/ Mentor Actuary shall give a notice period of three months to the insurer to cease to be an Appointed Actuary/Mentor Actuary. Further, the date of cessation shall not fall between 1st January to 30th June in any year to avoid delay in finalisation of annual accounts and submission of annual statutory actuarial valuation reports.

Section – II: Valuation of life insurance business:

1. The following additional principles shall be followed while making aggregate provisions as per the clause 9 of Part III (A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024:

   (1) Reserve for lapsed/reduced paid-up policies as referred under clause 9(2) and clause 9(3):

   (i) Reserve for a non-linked insurance policy discontinued during inter-valuation period may raise to a very high value in case of revival in future, which could be a concern for the policyholders' fund. AA shall consider this situation and adopt an appropriate method of reserving for revival under non-linked business.

   (ii) In case of linked policies discontinued during the lock-in period, the AA shall consider the strain that may arise on likely revival of discontinued policies and shall provide for the same under Form LB-1 explicitly. The discontinuance charge deducted from the remaining discontinued policies, shall be held as a separate item under the head “Funds for Future Appropriations” in Balance Sheet until the exit of the policy from books due to expiry of revival period or due to death of the life assured or expiry of the lock-in period as applicable. This amount will also be shown as a footnote in Form LB-1.

   (iii) In case of reduced paid-up linked policies, the AA shall make a provision for the strain that may arise on revival of such policies.

   (2) Provision for Policy Options and Guarantees as per clause 9(4) and 9(5):
   The AA shall arrive the cost of options and guarantees based on various methods. However, it shall be ensured that such cost provided shall be a non-zero positive percentage of premium.

   (3) Additional provision in respect of policies issued in foreign currencies as per clause 9(6):
   As per clause 2(4)(vi)(f) of Part III (B) of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions) Regulations, 2024 the AA shall describe the method of arriving at possible increase of mathematical reserves arising from future variations in the rates of exchange. In this connection, AA is advised to state the details like exchange rate as on the valuation date, the highest/lowest rate during the inter-valuation period, etc.

   (4) The general fund reserve as specified under clause 6(4) and 8(4) of Part III (A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 shall be

subject to a floor of mortality charge to cover 15 days of coverage applicable as on the date of valuation.

(5) Treatment of Additional provisions/Global Reserves in the computation of Required Solvency Margin (RSM):
The insurer need to provide additional provisions as required under clause 9 of Part III (A) of Schedule –I of IRDAI (Actuarial, Finance and Investment Functions of insurers) Regulations, 2024. The RSM factors to be applied in respect of these additional provisions/global provisions shall correspond to their respective categorisations made in NLB1/LB1 forms.

(6) RSM Factors for Investment Guarantee:
If investment/capital guarantee is available under any fund offered under a linked product, then RSM factors for "with guarantees" should be made applicable for those funds only. This difference in treatment for various funds under a single product should be reflected by way of a note in respective LB-1 (with product wise break-up) and by way of separate adjustment shown in Form KT-1.

(7) In reference to clause 1(9) of Part III (A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the outstanding period in respect of Reinsurer's balances shall be reckoned from the earlier of {date of rising invoice with the Reinsurer by the ceding insurer, 46th day after receipt of intimation of claim from the claimant to the ceding insurer}. The outstanding balances due from the reinsurer shall be before netting off with the premiums payable by the cedant.

Example for measuring the outstanding period of Reinsurance balances:

Scenario-1: When the gap between **date of direct claim** and **date of raising invoice with the reinsurer** is not exceeding 45 days

Date of intimation of claim **to the direct insurer from the policyholder/claimant**: 01.01.2023

Date of intimation of the claim by the direct insurer **to the reinsurer**: 10.01.2023

As the date of intimation by **the direct insurer to the reinsurer** falls within 45 days of direct claim date i.e. 01.01.2023, the outstanding period of reinsurer's balances will be measured from **the actual date of raise of invoice to the reinsurer i.e. 10.01.2023**

Scenario-2: When the gap between **date of direct claim** and **date of raising invoice with the reinsurer** is exceeding 45 days

Date of intimation of claim **to the direct insurer from the policyholder**/claimant: 01.01.2023

If the date of intimation of claim by the direct insurer to the reinsurer is 20.02.2023 (i.e. after 50 days from the direct claim intimation (01.01.2023):
The outstanding period shall be measured from 16.02.2023 (i.e. 46th day after direct intimation date i.e. 01.01.2023 + 45 days = 16.02.2023)

(8) In reference to the clause 1 (Valuation of Assets) of Part III(A) of Section-I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the debt securities shall be valued in accordance with Schedule- II of the referred regulations.

2. **Other Returns and Reports to be Submitted:**

(1) As per clause 2(3)(i) of Part III (B) of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024 the insurer shall submit the "With Profit Committee (WPC) Report". The details of constitution of "With profit committee" and the contents to be covered under the WPC are provided in Annexure ACTL-LI-1.

(2) As per clause 2(3)(ii) and 2(3)(iii) of Part III (B) of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024 life insurers shall submit additional Returns/Reports as specified from Sr. No. 1 to Sr. No. 13 of Table-LI of this circular as per the applicability given**:**

Table-LI

Sr. No.	Report/Return	Reference in 'Master Circular on Submission of Returns'	Form/ Mode of submission	Frequency	Due date for submission
1	Actuarial Report and Abstract (ARA) for Life Insurance Business as per Part III (B) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions insurers) Regulations, 2024	-	Digitally signed (including the forms) Tables, Forms of the ARA shall be both in digitally signed and in MS Excel	Annual	Within thirty days from the date of adoption of accounts by the Board or within three months from the end of the financial year whichever is earlier.
2	(i) Form DD (ii) Form DDD (iii) Form NLB- 1 (iv) Form VIPNLB -1 (v) Form VIPLB -1 (vi) Form VIPLB -2 (vii) Form LB -1 (viii) Form LB -2 (ix) Form- ST (x) Form-NBEB (xi) Table – 'Changes in valuation method / model/assumptions from previous year' (xii) Table - IRR in respect of Par policies (xiii) Statement for Annual Report (a) Business in-force (Number of Policies)	Return-ACTL-1	MS-Excel (in addition to the digitally signed)	Annual	Within thirty days from the date of adoption of accounts by the Board or within three months from the end of the financial year whichever is earlier.

	(b) Business in-force (Sum Assured) (c) Details of Forfeiture/Lapsed policies in respect of Individual Non-Linked business (d) Persistency of life insurance policies (based on number of policies)				
3	Appointed Actuary's Annual Report (AAAR)	Annexure ACTL-LI-2	Digitally signed (including the forms) Tables, Forms of the AAAR shall be both in digitally signed and in MS Excel	Annual	Along with ARA
4	Reconciliation & Checklist (Life Insurance)	Return-ACTL-2	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
5	With Profit Committee (WPC) Report	Annexure ACTL-LI-1 of this Master Circular	Digitally signed	Annual	Along with ARA
6	Asset Liability Management (ALM)	Annexure ACTL-LI-3 and Return-ACTL-3	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
7	Economic Capital	Annexure ACTL-LI-4 & Return-ACTL-4	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
8	Persistency Report	Annexure ACTL-LI-5	Digitally signed and in addition, tables in MS-Excel	Annual	30th June every year
9	Financial Condition Report (FCR)	As set out in Actuarial Practice Standards	Digitally signed	Annual	Within one week's time from the date of presentation to Board of the insurer
10	Peer reviewer's report (Applicable only for Domestic Systemically Important Insurers (D-SIIs))	As set out in Actuarial Practice Standards	Digitally signed	Annual	Along with ARA
11	Audited Financial Statements	-	MS-Excel	Annual	Along with ARA
12	Solvency statements in the format of Form KT-3 as specified in the IRDAI	-	Digitally signed	Quarterly	Within 45 days from the end of the quarter

	(Actuarial, Finance and Investment functions of insurers) Regulations, 2024				except for the last quarter which is to be submitted as part of annual submissions
13	ALM-Table-Quarterly (Applicable only for Domestic Systemically Important Insurers (D-SIIs))	Annexure ACTL-LI-3	Digitally signed and in addition, tables in MS-Excel	Quarterly	Within 45 days from the end of each quarter

(3) Insurers are not required to submit hard copies of any reports, returns or other documents related to actuarial valuation or reinsurance. PDF and MS-Word/Excel copies of the documents shall be sent to the email ID: **actuarial-valuation-l@irdai.gov.in** with a copy to Nodal Officer in the Actuarial department of IRDAI.

(i) The PDF copies of all such documents shall be digitally signed by the required signatories. Each page need not be digitally signed.

(ii) The submission of returns through BAP shall, however, continue as per the current practice until further advice.

Section III-Valuation of General and Standalone Health Insurance Business

1. **Preparation of Solvency Statements:**

(1) As per the clause 2(1) of Part IV of Schedule-I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the norms for treatment of assets, IT/Computer Software, Hypothecated / Encumbered Assets, intangible assets like Trademark / Trade Logo, Co-Insurance Balances for the purpose of solvency computation are as specified below. These shall be applicable for both the quarterly and annual submissions.

(i) IT/Computer Software: The IT/Computer software shall be depreciated at the rate of not less than 1/12 in each quarter on straight line basis, starting from the quarter in which the IT/ Computer software were added to the Gross Block. The written Down Value shall be considered for the purpose of computation of Available Solvency Margin.

An illustration of the same is as follows:
If an IT/Computer software worth Rs. 120 has been added in the gross block in Q2 of FY 2015-16, the admissible value of IT/Computer software for the purpose of computation of Available Solvency Margin at the end of each quarter, shall be the written down value at the end of each quarter, as per the below table:

Computation of Solvency at the end of	Opening Written Down Value	Depreciation	Written Down Value at the end of the quarter
Q2 of FY 2015-16	120	10	110
Q3 of FY 2015-16	110	10	100
Q4 of FY 2015-16	100	10	90
Q1 of FY 2016-17	90	10	80

Q2 of FY 2016-17	80	10	70
Q3 of FY 2016-17	70	10	60
Q4 of FY 2016-17	60	10	50
Q1 of FY 2017-18	50	10	40
Q2 of FY 2017-18	40	10	30
Q3 of FY 2017-18	30	10	20
Q4 of FY 2017-18	20	10	10
Q1 of FY 2018-19	10	10	Nil

(ii) Hypothecated / Encumbered Assets:

(a) Where the obligation(s)/contingency(ies), for which the assets have been hypothecated /encumbered, have been recognized as liability in the books of accounts, the entire book value of the assets and liabilities shall be considered for the purpose of computation of solvency margin;

(b) Where the obligation(s)/contingency(ies), for which the assets have been hypothecated /encumbered, have not been recognized as liability in the books of accounts, the entire book value of such hypothecated /encumbered assets shall not be considered for the purpose of computation of solvency margin.

(iii) Trademark / Trade Logo: Intangible assets, such as trademark or trade logo, shall be considered as inadmissible for the purpose of computation of available solvency margin.

(2) Co-Insurance Balances: The unreconciled and uncertified coinsurance receivable balance shall not be considered as admissible assets for the purpose of computation of solvency margin

(3) For the purpose of computation of Required Solvency Margin, it is hereby clarified that Personal Accident and Travel (including domestic as well as overseas) shall be clubbed with Health segment and RSM-1 and RSM-2 shall be considered accordingly;

(4) The reserve for Incurred but not reported (IBNR) claims shall be estimated on the basis of sound actuarial principles and shall be treated as part of Claims Liability.

(5) In reference to clause 2(1)(x), 2(1)(xi), 2(1)(xii) of Part IV of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the outstanding period in respect of Reinsurer’s balances/ Co-insurer’s balances shall be reckoned from the earlier of {date of rising invoice with the reinsurer/co-insurer by the ceding insurer/lead insurer, 46th day after receipt of intimation of claim from the claimant to the ceding insurer/follower}. The outstanding balances due from the reinsurer/co-insurer shall be before netting off with the premiums payable by the cedant/lead insurer.

Example for measuring the outstanding period of Reinsurance balances:

Scenario-1: When the gap between **date of direct claim** and **date of raising invoice with the reinsurer** is not exceeding 45 days

Date of intimation of claim **to the direct insurer from the policyholder/claimant**: 01.01.2023

Date of intimation of the claim by the direct insurer **to the reinsurer**: 10.01.2023

As the date of intimation **by the direct insurer to the reinsurer** falls within 45 days of direct claim date i.e. 01.01.2023, the outstanding period of reinsurer's balances will be measured from **the actual date of raise of invoice to the reinsurer i.e. 10.01.2023**

Scenario-2: When the gap between **date of direct claim** and **date of raising invoice with the reinsurer** is exceeding 45 days

Date of intimation of claim **to the direct insurer from the policyholder**/claimant: 01.01.2023

If the date of intimation of claim by the direct insurer to the reinsurer is 20.02.2023 (i.e. after 50 days from the direct claim intimation (01.01.2023):

The outstanding period shall be measured from 16.02.2023 (i.e. 46th day after direct intimation date i.e. 01.01.2023 + 45 days = 16.02.2023)

(6) In reference to the clause 2(1) (Valuation of Assets) of Part IV of Section-I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the debt securities shall be valued in accordance with Schedule- II of the referred regulations.

2. **Other Returns and Reports to be submitted**:

(1) The statements as specified under clause 2(4) and 2(5) of Part IV of Schedule-I of the IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations,2024 shall be submitted on annual basis for each financial year within one month from the date of adoption of accounts by the Board or 30th June, whichever is earlier.

(2) As per clause 2(5)(iv) of Part IV of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024, insurers shall submit additional Returns/Reports as specified from Sr. No 1 to Sr. No 10 of Table-GI of this circular as per the applicability given:

Table – GI

Sr. No.	Report/Return	Reference in 'Master Circular on Submission of Returns'	Form/ Mode of submission	Frequency	Due date for submission
1	IBNR Report	Annexure ACTL–GI-1	Digitally signed	Annual	Within one month from the date of adoption of accounts by the Board or 30th June, whichever is earlier.
2	IBNR Forms and Tables	Return-ACTL-5	Digitally signed and MS Excel	Annual	Along with IBNR Report
3	Financial Condition Report (FCR)	Annexure ACTL–GI–2	Digitally signed	Annual	Along with IBNR Report

4	FCR Tables	Return-ACTL-6	Digitally signed and MS-Excel	Annual	Along with IBNR Report
5	Asset – Liability Management and Stress Testing report	Annexure ACTL – GI – 3 and Return-ACTL-7	Digitally signed and MS-Excel of the ALM tables	Annual	Along with IBNR Report
6	Economic Capital Report	Annexure ACTL– GI– 4 and Return-ACTL-8	Digitally signed MS-Excel of the EC Tables	Annual	Along with IBNR Report
7	Peer reviewer's report (Applicable only for Domestic Systemically Important Insurers (D-SIIs)	As set out in Actuarial Practice Standards	Digitally signed.	Annual	Along with IBNR Report
8	Reporting of Maintenance of Solvency Margin Ratio (Quarterly Solvency Report in the formats as specified under clause 2(4) and 2(5) of Part IV of Schedule-I of the IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations,2024)	Clause 2(4) and 2(5) of Part IV of Schedule–I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and Provisions 1 of Section – III of this Master Circular	Digitally signed and MS-Excel of the forms	Quarterly	For the Quarters ending on 30th June, 30th September and 31st December: Within 45 days from the end of each quarter For the Quarter ending on 31st March: Within one month from the date of adoption of accounts by the Board or 30th June, whichever is earlier.
9	Asset – Liability Management Returns (Applicable only for Domestic Systemically Important Insurers (D-SIIs)	Annexure ACTL–GI–3, and Return-ACTL-7 of 'Master Circular on Submission of Returns'	Digitally signed and MS-Excel of the ALM tables	Quarterly	Within 45 days from the end of each quarter
10	Audited Annual Financial statements (MS-Excel Format)	-	MS-Excel	Annual	Along with IBNR report

(3) Submission of Reports:

(i) Insurers are not required to submit hard copies of any reports, returns or other documents related to actuarial valuation or reinsurance. PDF and MS-Word/Excel copies of the above listed documents are to be sent to the following email ID: actuarial-valuation-nl@irdai.gov.in with a copy to the Nodal Officer of Actuarial Department of IRDAI.

(ii) The PDF copies of all such documents shall be digitally signed by the required signatories. Each page of the above mentioned documents need not be digitally signed.

3. Uploading Motor Third Party data in IIBI's portal:

The Appointed Actuary and Chief Compliance Officer shall ensure completeness, reasonableness and correctness of the Motor Third party data before submission to IIBI while the Chief Compliance Officer shall ensure adherence to the applicable timelines.

Section IV-Valuation of Reinsurance Business:

1. In reference to the clause 3(1) (Valuation of Assets) of Part V of Section-I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the debt securities shall be valued in accordance with Schedule- II of the referred regulations.

2. Other Reports and Reports to be submitted:

(1) The forms specified in the clause 5(1) to 5(3) of Part V of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations shall be submitted on annual basis for each financial year within one month from the date of adoption of accounts by the Board/Executive Committee of Management or by 30th June, whichever is earlier.

(2) The periodicity and due dates of applicable submissions for Indian Reinsurers are as mentioned below under 'Table-RI-Indian Reinsurers'.

Table-RI-Indian Reinsurers

Sr. No.	Life Reinsurance / General Reinsurance/ Entity Level	Report/Return	Reference in 'Master Circular on Submission of Returns'	Form/ Mode of submission	Frequency	Due date for submission
1	Life Reinsurance / General Reinsurance/ Entity Level as per the Regulations	The forms specified in the clause 5(1) to 5(3) of Part V of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations,2024	-	Digitally signed (including the forms) Tables, Forms shall be both in digitally signed and in MS Excel	Annual	Within thirty days from the date of adoption of accounts by the Board or within three months from the end of the financial year whichever is earlier.

2	Life Reinsurance	Actuarial Report and Abstract (ARA) for Life Insurance Business as per Part III (B) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions insurers) Regulations, 2024	-	Digitally signed (including the forms) Tables, Forms of the ARA shall be both in digitally signed and in MS Excel	Annual	Within thirty days from the date of adoption of accounts by the Board or within three months from the end of the financial year whichever is earlier.
3	Life Reinsurance	Form DDD Form NLB- 1	Return-ACTL-1	MS-Excel (in addition to the digitally signed)	Annual	Within thirty days from the date of adoption of accounts by the Board or within three months from the end of the financial year whichever is earlier.
4	Life Reinsurance	Reconciliation & Checklist (Life Insurance)	Return-ACTL-2	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
5	At entity level	Asset Liability Management (ALM)	Annexure ACTL-GI-3 and Return-ACTL-7	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
6	At entity level	Economic Capital	Annexure ACTL-GI-4	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
7	At entity level	Peer reviewer's report (Only by Domestic Systemically Important insurers)	As set out in Actuarial Practice Standards	Digitally signed	Annual	Along with ARA
8	At entity level	Audited Financial Statements	-	MS-Excel	Annual	Along with ARA
9	At entity level	Reporting of Maintenance of Solvency Margin Ratio	5(3) of Part V of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations	Digitally signed and MS-Excel of the forms	Quarterly	For the Quarters ending on 30th June, 30th September and 31st December: Within 45 days from the end of each quarter For the Quarter ending on 31st March: Within one month from the date of adoption of accounts by the Board or 30th June, whichever is earlier.

10	General Reinsurance	IBNR Report	Annexure ACTL– GI-1	Digitally signed	Annual	Within one month from the date of adoption of accounts by the Board or 30th June, whichever is earlier.
11	General Reinsurance	IBNR Forms and Tables	Return-ACTL-5	Digitally signed and MS Excel	Annual	Along with IBNR Report
12	At entity level	Financial Condition Report (FCR)	Annexure ACTL–GI–2	Digitally signed	Annual	Along with IBNR Report
13	At entity level	FCR Tables	Return-ACTL-6	Digitally signed and MS-Excel	Annual	Along with IBNR Report
14	At entity level	Asset Liability Management (ALM) (Only by Domestic Systemically Important insurers)	Annexure ACTL-GI-3 and Return-ACTL-7	Digitally signed and in addition, tables in MS-Excel	Quarterly	Within 45 days from the end of each quarter

(3) The periodicity and due dates of applicable submissions for Foreign Reinsurer's Branches (FRBs) are as mentioned below under 'Table-RI-FRBs'.

Table-RI-FRBs:

Sr. No.	Life Reinsurance / General Reinsurance/ Entity Level	Report/Return	Reference in 'Master Circular on Submission of Returns'	Form/ Mode of submission	Frequency	Due date for submission
1	Life Reinsurance / General Reinsurance/ Entity Level as per the Regulations	The forms specified in the clause 5(1) to 5(3) of Part V of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations	-	Digitally signed (including the forms) Tables, Forms shall be both in digitally signed and in MS Excel	Annual	Within thirty days from the date of adoption of accounts by the Board/Executive Committee of Management or within three months from the end of the financial year whichever is earlier.
2	Life Reinsurance	Actuarial Report and Abstract (ARA) for Life Insurance Business as per Part III (B) of Schedule I of IRDAI (Actuarial,	-	Digitally signed (including the forms) Tables, Forms of the ARA shall be both in	Annual	Within thirty days from the date of adoption of accounts by the Board/ Executive Committee of Management or within three months from the end of the financial year whichever is earlier.

		Finance and Investment Functions insurers) Regulations, 2024		digitally signed and in MS Excel		
3	Life Reinsurance	Form DDD Form NLB- 1	Return-ACTL-1	MS-Excel (in addition to the digitally signed)	Annual	Within thirty days from the date of adoption of accounts by the Board/ Executive Committee of Management or within three months from the end of the financial year whichever is earlier.
4	Life Reinsurance	Reconciliation & Checklist (Life Insurance)	Return-ACTL-2	Digitally signed and in addition, tables in MS-Excel	Annual	Along with ARA
5	General Reinsurance	IBNR Report	Annexure ACTL– GI-1	Digitally signed	Annual	Within one month from the date of adoption of accounts by the Board/ Executive Committee of Management or 30th June, whichever is earlier.
6	General Reinsurance	IBNR Forms and Tables	Return-ACTL-5	Digitally signed and MS Excel	Annual	Along with IBNR Report
7	At entity level	Audited Financial Statements	-	MS-Excel	Annual	Along with ARA
8	At entity level	Reporting of Maintenance of Solvency Margin Ratio	5(3) of Part V of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations	Digitally signed and MS-Excel of the forms	Quarterly	For the Quarters ending on 30th June, 30th September and 31st December: Within 45 days from the end of each quarter For the Quarter ending on 31st March: Within one month from the date of adoption of accounts by the Board/ Executive Committee of Management or 30th June, whichever is earlier.

(4) Every FRB shall submit an additional actuarial certification from the parent reinsurance company on solvency and financial soundness of the foreign reinsurance company as a whole along with the regulatory returns filed with the Authority. The certification shall be based on the extant solvency norms as applicable to the parent foreign reinsurance company.

(5) The combined asset and solvency statement at the entity level in case of Indian Reinsurers as per FORM IRDAI-RI-TA and FORM IRDAI-RI-SM as specified under Part V of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 shall be certified by both the Appointed Actuaries of life reinsurance business and general reinsurance businesses along with other signatories as mandated by the Regulations.

(6) The combined asset and solvency statement at the overall branch level in case of FRBs as per FORM IRDAI-RI-TA and FORM IRDAI-RI-SM as specified under Part V of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 shall be certified by both the Actuaries certifying life reinsurance business and general reinsurance business along with other signatories as mandated by the Regulations.

3. Submission of Reports:

(1) Insurers are not required to submit hard copies of any reports, returns or other documents related to actuarial valuation or reinsurance. PDF and MS-Word/Excel copies of the above listed documents are to be sent to the following email ID: actuarial-valuation-nl@irdai.gov.in with a copy to the Nodal Officer of Actuarial Department of IRDAI.

(2) The PDF copies of all such documents shall be digitally signed by the required signatories. Each page of the above mentioned documents need not be digitally signed.

Section V-Repeal of Circulars:

This Master Circular supersedes the following circulars:

S. No.	Circular/Guidelines Reference	Date of issue	Subject
1	IRDA/ACT/CIR/MIS/111/05/2011	25/May/2011	Economic Capital for Non-life industry
2	IRDA/ACTL/CIR/ALM/006/01/2012	3/Jan/2012	Asset-Liability Management and Stress Testing
3	IRDAI/ACT/CIR/GEN/075/03/2017	31/Mar/2017	Financial Condition Report for General Insurance
4	IRDAI/ACT/CIR/GEN/070/03/2017	31/Mar/2017	Information to be submitted as a part of the Annual Actuarial Valuation
5	IRDA/Actl/BAP/Cir/066/2015-16	24/Apr/2015	Submission of ARA, AAAR and Reinsurance Returns through BAP
6	IRDA/ACT/CIR/MISC/035/01/2014	23/Jan/2014	Persistency of Life Insurance policies(based on number of policies) Annexure III (e)
7	IRDA/ACTL/CIR/ALM/005/01/2012 dated 04.01.2012	4/Jan/2022	Asset-Liability Management & Stress testing of Life Insurance Business
8	IRDA/M(A)/ACTL/EC/12/2010-11	27/Dec/2010	Economic Capital in Life insurance companies
9	11/IRDA/ACTL/IBNR/2005-06	8/Jun/2005	Guidelines on estimation of IBNR Claims provision under General Insurance Business
10	IRDAI/ACT/CIR/GEN/075/03/2017	31/Mar/2017	Information to be submitted as part of Annual Actuarial valuation and related submissions

11	IRDA/ACT/CIR/GEN/88/5/2022	11/May/2022	Actuarial & reinsurance returns – Dispensing with hard copy submission
12	IRDAI/ACTL/CIR/MISC/4/1/2023	10/Jan/2023	Circular on IRDAI(Appointed Actuary)Reg. 2022
13	IRDA/ACT/CIR/MISC/001/01/2020	1/Jan/2021	Clarification on the IRDAI (Assets, Liabilities and Solvency Margin of Life Insurers) Reg, 2016
14	IRDA/ACT/CIR/MISC/147/06/2017 and Related email dated 19.01.2021	21/Jun/2017 19/Jan/2021	Submission of Actuarial reports by Branch Offices of foreign reinsurers other than Lloyds
15	IRDA/ACTL/CIR/GEN/045	7/Mar/2011	Note for the use of Appointed Actuaries for the preparation of "actuarial report and abstract" for the year ended march 31, 2011
16	056/IRDA/ACTL/Solvency Margin/February-07	23/Feb/2007	Reporting of Maintenance of Solvency Ratio-Quarterly basis
17	041/IRDA/ACTL/Mar-2006	29/Mar/2006	A note on method of determination and provisions of reserves for lapsed policies under Linked business
18	Cir No. IRDAI/ACTL/CIR/MISC/234/12/2022	5/Dec/2022	Upload of Motor Third Party data in IIBI's portal
19	IRDA/ACTL/GDL/MISC/194/08/2017	17/Aug/2017	Guidelines on Transitional provisions Under IRDAI(Appointed Actuary)Reg. 2017
20	IRDAI/ACT/CIR/ARA/073/03/2016-17	31/Mar/2017	Circular No. IRDA/ACT/CIR/MISC/035/01/2014 dated 23.01.2014 - Report on Persistency rate and Renewal rate
21	IRDA/ACT/CIR/MISC/229/08/2020	01/Sep/2020	Panel of Actuaries-List
22	IRDA/ACT/CIR/MISC/228/08/2020	01/Sep/2020	Panel of Actuaries
23	IRDA/ACT/CIR/MISC/283/11/2020	18/Nov/2020	Panel of Actuaries
24	IRDA/ACT/CIR/MISC/300/12/2020	28/Dec/2020	Panel of Actuaries
25	IRDA/ACT/CIR/SLM/066/03/2017	28/Mar/2017	Solvency margin
26	IRDA/ACT/CIR/SLM/090/05/2018	30/May/2018	Solvency margin for Crop business
27	IRDA/ACT/CIR/SLM/119/07/2019	25/Jul/2019	Solvency margin for Crop business
28	IRDA/ACT/CIR/SLM/220/08/2020	26/Aug/2020	Solvency margin for Crop business

29	IRDA/ACT/CIR/SLM/217/08/2021	03/Aug/2021	Solvency margin for Crop business
30	IRDA/ACT/CIR/SLM/122/06/2022	13/Jun/2022	Solvency margin for Crop business
31	IRDA/F&A/CIR/MISC/082/05/2019	20/May/2019	Preparation of Solvency statement
32	045/IRDA/F&A/Mar-06	31/Mar/2006	IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000 - Clarification
33	008/IRDA/F&A/May-06	17/May/2006	IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000
34	002/IRDA/F&A/Apr-06	21/Apr/2006	IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000
35	051/IRDA/F&A/Feb/07	08/Feb/2007	IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000
36	IRDA/F&A/060/Mar-08	11/Mar/2008	IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000
37	009/IRDA/F&A/Aug-08	13/Aug/2008	Valuation of assets under IRDA(Assets, Liabilities and Solvency Margin of Insurers) Regulations,2000

Note: *All the provisions of the circulars mentioned under **S. No. 1** to **S.No.10** of the above listed repealed circulars/guidelines shall continue to be applicable till the 'Master Circular on Submission of Returns' is notified.*

Annuexure-ACTL-AA-1

<u>Form IRDAI-Appointed Actuary / Mentor Actuary/ Consulting Actuary</u>

(Please Refer Schedule-I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024)

Particulars of applicant Actuary:

1. Name of the Insurer:
2. Name of the Actuary:
3. Residential Address with telephone number: [Residential addresses during the last five years have to be furnished]

3.1. Whether ordinarily resident in India?
(Refer clauses 1(3) of Part I and 2(1)(i) of Part II of the referred Regulations)

4. Official Address with telephone number:
5. Please confirm the Appointed Actuary will be on full time employment:
(Refer clause 2(1)(vi) of Part II of the Regulations)
6. Date of Birth (DD/MM/YYYY):
(Refer clause 2(1)(x) of Part II of the Regulations)
7. Mobile No.:
8. E-mail address:
9. Annual Remuneration & Fringe Benefits:
10. Percentage of Shareholding in the Insurer (for which the applicant is proposed as Appointed Actuary) and also in the promoters' companies, if any: (Refer clause 8 of Part II of the Regulations)
11. Professional Qualifications:
(Refer clause 2(1)(ii) and 2(1)(iii) or 2(1)(iv) or 2(1)(v) of Part II of the Regulations, as applicable)
12. Working Experience:

    12.1. Demonstration of relevant experience as per clause 2(1)(iii) or 2(1)(iv) or 2(1)(v) of Part II of the Regulations, as applicable):

(a)Total Relevant Experience

Sl. No.	Details of the Organization	Designation	From (DD/MM/YYYY)	To (DD/MM/YYYY)	Duration (in months)	Details of Experience*
1						
…						
Total						

(*Clearly indicate the experience in the respective area of Life/Health/General/ Indian Re-insurer/ Foreign Reinsurer's Branch)

(b) Post Fellowship Experience (out of (a) above)

Sl. No.	Details of the Organization	Designation	From (DD/MM/YYYY)	To (DD/MM/YYYY)	Duration (in months)	Details of Experience*
1						
…						
Total						

(*For the purpose of sub clause 2(1)(iii)(b) or 2(1)(iv)(b) or 2(1)(v)(b) of Part II of the Regulations, as applicable: clearly indicate the experience: Annual statutory valuation/Product pricing / Peer Reviewer/Independent Actuary / Panel Actuary /Certifying Actuary /Actuarial consultancy/relevant experience with the Authority in the respective area of Life/Health/General/ Indian Re-insurer/ Foreign Reinsurer's Branch)

(c) Middle/Senior level Management Experience

Sl. No.	Details of the Organization	Designation	From (DD/MM/YYYY)	To (DD/MM/YYYY)	Duration (in months)	Details of Experience
1						
…						
Total						

13. Achievements and special positions held presently or previously:

14. Names, countries of incorporation, addresses and principal activities of any other firms or companies in which the applicant currently is or previously was a Director, Partner, Proprietor, Employee, Consultant, Peer Reviewer, Independent Actuary on with profit committee, Mentor to Appointed Actuary, Panel Actuary or Certifying Actuary of Reinsurance returns

Sl. No.	Details of the Organization (Name, country of incorporation etc...)	Designation	From	To	Duration (in months)	Work Profile
1						
…						
Total						

15. CoP details and Period of Validity (Refer clause 2(1)(ix) of Part II of the Regulations):

16. Particulars of any criminal conviction for offences in India or elsewhere:

17. Has the applicant been adjudicated bankrupt during the last ten years? If so, give details:

18. Has any disciplinary action been taken or initiated by any professional body or any insurance regulator or any other entity? If so give details (Refer clause 2(1)(vii) of Part II of the Regulations):

19. Declaration regarding conflict of interest as per clause 8 and 9(4) of Part II of the Regulations:

    I shall function in accordance with Part II of Schedule I of Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and I shall not function in any other capacity which could result in conflict of interest in performing my role as Appointed Actuary in accordance with these Regulations.

Certification by the Applicant Actuary:

I ……. (Name of the Actuary), hereby certify that the information & declaration given in this form is complete, true and correct. I am also enclosing self-attested copies of the following documents:

1. Fellowship certificate issued by the Institute of Actuaries of India;
2. Latest Certificate of Practice issued by the Institute of Actuaries of India;
3. Documentary evidence for pass in subject specialization, if applicable.
4. Any other relevant document (list the documents)

Place:
Date: Signature of Actuary

Certification by the Principal Officer/CEO of the insurer:

Based on the information provided by the proposed applicant Actuary, I……(Name), the Principal Officer/CEO of the ……… (Name of the Insurer), hereby certify that *

1. the proposed Actuary ………………………(Name) complies with all the requirements of Part II of Schedule I of Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

2. The proposed Actuary ……………………(Name) does not comply with the following requirements of Part II of Schedule-I of Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024. (Please mention the requirements not being complied along with appropriate reference of the regulatory provisions for which a separate request is made under clause 2(5) of the above mentioned Regulations)

   (*Please strike off whichever is not applicable)

Place:
Date: Signature of the Principal Officer/CEO

Certification by the applicant Actuary for Mentorship: (Please Strike whichever is not applicable)

I, … (Name of the Actuary) ………………………. hereby certify that

1. I shall function in accordance with provision 1(3) of Section-I of Chapter-1-Actuarial Function of Master Circular on Actuarial, Finance and Investment Functions of Insurers and I shall not function in any other capacity which could result in conflict of interest in performing my role as Mentor Actuary.

2. The information given in this form is complete, true and correct.

I am also enclosing self-attested copies of following documents:

1. Fellowship certificate issued by the Institute of Actuaries of India or any other institute or body (Name of the institute or body) with which IAI has mutual recognition agreement.

2. Latest Certificate of Practice (COP) issued by the Institute of Actuaries of India

Place:

Date: Signature of the Actuary

Undertaking by the applicant Actuary for Mentorship (Please Strike if not applicable):

I do hereby undertake that in the case of any additional work is accepted by me from any entity other than the Mentorship of the Appointed Actuary of the above insurer, the same will be informed to the Authority within 7 days from the date of such acceptance.

Place:

Date: Signature of the Actuary.

Certification by the Principal Officer/CEO of the insurer: (Applicable in case of Mentor Actuary)

Based on the information provided by the proposed Mentor Actuary, I …(Name)………………., the Principal Officer/CEO of the …… (Name of the insurer) ………………………. hereby certify that the proposed Mentor Actuary -------- (Name of the Actuary) ------------- complies with all the requirements of provision 1(3) of Section-I of Chapter-1-Actuarial Function of Master Circular on Actuarial, Finance and Investment Functions of Insurers.

Place:

Date: Signature of the Principal Officer/CEO/Office Seal

Note: All the provisions/particulars of the form as applicable shall be submitted with sufficient details with striking off those not applicable.

Annexure-ACTL-LI-1

Provisions related to "With Profit Fund Management"

1. A life insurer is required to submit "With Profit Committee Report" as per clause 2(3)(i) of Part III (B)-Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024. The details on constitution of "With Profits Committee (WPC)" and the minimum required content of the report are provided below.

2. Constitution of "With Profit Committee":

(1) The With-Profits committee shall be constituted with at least the following members:

One Independent Director of the Board, the CEO, the CFO, the Appointed Actuary and an Independent Actuary.

(2) The Independent Actuary on the "With Profit Committee":

(i) shall be a Fellow member of Institute of Actuaries of India
(ii) shall possess a valid Certificate of Practice in the area of Life insurance issued by the Institute of Actuaries of India
(iii) shall have relevant post qualification experience of at least ten years in life insurance business and
(iv) shall not exceed 75 years of age
(v) The Independent Actuary shall not continue in the WPC of the same insurer for more than three consecutive years.

(vi) For any financial year, the independent actuary shall not be part of more than three with profit committees.

(3) The insurer may add more experts in the WPC in the areas of Actuarial, Finance, Investment or any other domain. Such additional experts need not satisfy the criteria stipulated for Independent Actuary.

3. Asset Share:

(1) The insurer shall ensure maintenance of the Assets Share.

(2) The detailed working of the asset share, the expenses allowed for in the asset share, the investment income earned on the fund and other associated elements which are represented in the asset share shall be determined by the Appointed Actuary.

4. With-Profit Committee Report

(i) The With-Profit committee report shall cover at least the following:

(a) Appropriateness of the Methodology and basis used in calculation of asset shares as mentioned under Para – 3 of this Annexure and justification for any change
(b) Bonus earning capacity including its calculation
(c) Sensitivity analysis of bonus rates and basis as appropriate
(d) A brief note on how Policyholders' reasonable expectations (PRE) is met
(e) Any change in special surrender value with justification
(f) Treatment of Fund for Future Appropriation (FFA) along with details on reconciliation of opening FFA to closing FFA.
(g) The expenses debited to the with-profit fund and its appropriateness

(ii) The report of the With-Profit committee should be shared with the Board of the insurer before finalization of year-end financial statements. The With-Profit committee report shall also be shared with the regulator along with Actuarial Report and Abstract. The With-Profit committee may be called upon by the regulator to explain the rationale of the With-Profit committee report. It is expected that differences if any, between the view-point of the Appointed Actuary and other members of the With-Profits committee should be resolved before the Appointed Actuary makes his or her final recommendation on with profit business. However, to the extent that any material difference remains unresolved, the same should be mentioned in the With-Profit committee report.

(iii) The Appointed Actuary retains entire responsibility for his or her work in compliance with the Part-II of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024 and in conformity with the provisions of the Actuarial Practice Standards/ Guidance Notes and Professional Conduct Standards of the IAI. The Appointed Actuary must therefore retain the final say on whether or not any element of his or her work needs to be changed as a result of the With-Profit committee report. The Appointed Actuary is therefore advised to use his or her discretion in this area with care.

Chapter 2- Finance Function

Section I: Introduction

An insurer carrying on life insurance business shall comply with requirement of Schedule II (Part I) of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024. An insurer carrying on the business of general insurance, health insurance, reinsurance shall comply with the requirements of Schedule II (Part II) of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

Section 11(1) of the Insurance Act, 1938 requires all insurers to prepare at the expiration of each financial year, with reference to that year, a balance sheet, a profit and loss account, a separate account of receipts and payments, a revenue account in accordance with the regulations made by the Authority.

1. **Furnishing of Annual Financial Statements and other filings and publishing of the annual report on website:**

All insurers shall furnish to IRDAI its audited accounts and statements referred to in section 11 or sub-section (5) of the section 13 with the Authority within three months from end of the financial year or within thirty days from the date of adoption of accounts by the Board, whichever is earlier.

All insurers are required to publish their Annual Report, as required under Section 15 of the Insurance Act, 1938 on their respective website.

2. **The following disclosures, at the minimum, shall also form part of Financial Statements as specified: -**
   - **a. Disclosures Forming Part of Financial Statements**
     - **i)** An insurer shall prepare separate Receipts and Payments Account in accordance with the Direct Method specified in AS 3 - "Cash Flow Statement" as per Annexure-I
     - **ii)** A summary of financial statements for the last five years, as per Annexure-II(a) / Annexure-II(b);
     - **iii)** Accounting Ratios as per Annexure-III(a) / Annexure-III(b)
     - **iv)** Information on penalties imposed on the Insurer by various government/regulatory bodies as per Annexure-IV.
     - **v)** Disclosure of expenses related to outsourcing activities as per Annexure-V
     - **vi)** Details of regrouping or reclassification of previous year's figures as per Annexure-VI
   - **b. Disclosures Forming Part of Management Report**
     - **(i)** Ageing of claims indicating the trends in average claim settlement time during the preceding five years as per Annexure-VII(a) / Annexure-VII(b) ;
     - **(ii)** A schedule of payments, which have been made to individuals, firms, companies and organizations in which Directors of the insurer are interested as per Annexure-VIII.

Section II: Accounting and Disclosure Requirements

1. **Corporate Social Responsibility (CSR) Expenditure:**
   The expenses incurred on CSR activities should not be charged to the Policyholders' Account. In order to bring consistency, uniformity and fair presentation, expenditure towards Corporate Social Responsibility shall be shown in Profit and Loss Account. The insurer shall make disclosures as required under Companies Act 2013 read with rules / notification/circulars issued thereunder.

Section III: Accounting and Disclosures specific to Life Insurers

1. **Accounting of policies 'in force':**
   As per the terms under which life insurance policies are issued, the policyholder has a grace period within which the premium is to be deposited as per the terms of the policy. This policy is followed throughout the accounting period, as also at the year end. Thus, premium on any policy which is in force as on 31st March, would be accrued if due and also within the specified grace period. For linked business, the due date for payment may be taken as the date when the associated units are created.

   Further, Section 13 of the Insurance Act, 1938 lays down the requirement for preparation of Actuarial Report and Abstract. The Regulations further provide for valuation of liabilities as on the valuation date, i.e., 31st March, every year.

   In view of the above, and as matter of regulatory prudence, it is reiterated that all insurers should finalize the financial statements for the year to which they pertain, taking into account the policies which are in force as on 31st March to ensure compliance with the requirements of the Act and the Regulations framed there under.

2. **Recognition of Surplus arising in non-participating funds as profit in the Profit & Loss Account:**
   It is clarified that the surplus arising in non-participating funds may be recognized as profit in the Profit and Loss account on quarterly basis provided that:
   a. Financial statements are audited/ limited review by statutory auditor on quarterly basis, as applicable.
   b. The surplus to be transferred to Profit and Loss account must be certified and recommended by the Appointed Actuary of the company.
   c. A disclosure to this effect should be made in the financial statements.
   d. In any case, the amount transferred must not exceed the yearly profit. The difference, if any must be adjusted in the 4th quarter. In case the variation in the surplus is in excess of 10% or Rs.5 crores, whichever is higher, then the life Insurer shall submit to the Authority an explanation stating reasons for variation along with the annual financial statements. The explanation of variations so submitted shall be approved by the Board of Directors of life Insurers.

3. **Declaration of Bonus:**

Section 49 of the Insurance Act, 1938 inter alia, provides that no life insurer shall declare bonus to the policyholders except out of a surplus shown in the valuation Balance Sheet which may arise as a result of actuarial valuation of the assets and liabilities of the insurer; nor shall he increase such surplus by contributions out of any reserve fund or otherwise unless such contributions have been brought in as revenue through the Revenue account on or before the valuation date.

3.1. Conditions to be met for declaration of bonus to the policyholders:

An insurer intending to declare bonus, where the Participating Life Fund is in deficit, or when there is inadequate surplus, should strictly satisfy the conditions, as laid down by the Authority, hereunder:

i) The Insurer shall make good the accumulated deficit in the Policyholders' A/c and also transfer adequate assets to cover the cost of bonus, prior to declaration of bonus to the participating policyholders. Such transfer from the Shareholders' A/c can be out of the Profit & Loss A/c balance or reserves in the Shareholders A/c, and/or by drawing upon the paid-up capital of the Insurer. By implication, there shall be no deficit in the Policyholders' A/c in case of the insurer opting for declaration of bonus under these circumstances.
ii) Any transfer as aforesaid, shall be by a debit to the Profit & Loss (Shareholders') Account and a credit to the Revenue (Policyholders') Account.
iii) The funds so transferred to the Policyholders' A/c shall be irreversible in nature, i.e., at no point of time can they be recouped to the Shareholders' Account/ Fund.
iv) The transfer to the Policyholders' A/c must be fully backed by transfer of assets/investments to the Policyholder' Funds, and should be adequate to meet the policyholders' liabilities, including the cost of bonus.
v) The proposed rates of bonus should be capable of being sustained over the future.
vi) The transfer of funds to the Policyholders' A/c shall be supported by a special resolution of the shareholders at the general meeting of the insurer. Further, the Insurer shall appropriately increase the paid-up equity capital, within a period of six months from the date of transfer of funds, or such longer period as may be approved by the Authority, with a view to aligning the paid-up equity capital, such as to make up the deficiency (including the cost of bonus) in the life fund as aforesaid, and is backed up and represented by Policyholders' assets/investments.

The above provisions, for the purposes of meeting the requirement of declaration of bonus, are available to the insurers only during the first twelve financial years commencing from the year in which the life insurance business operations were started. Thereafter, it is expected that declaration of bonus will be supported by surplus within the life fund without recourse to contribution from the shareholders.

4. **Disclosures relating to Discontinued Policies:**

4.1. The Funds relating to the discontinued policies shall be shown under a separate head in the Balance Sheet under "Policyholder's Fund", alongside Policy Liabilities in the following manner:

Funds for discontinued Policies:

(i) Discontinued on account of non-payment of premiums
(ii) Others

4.2. The Amount refunded to the policyholders and amount transferred to the “Funds for Discontinued Policies” during the financial year shall be shown in the specified format.

4.3. The following disclosures shall be made in the notes to accounts:
(i) Number of policies discontinued during the financial year;
(ii) Percentage of discontinued policies to total policies (product-wise) during the year;
(iii) Number and Percentage of policies revived during the year (w.r.t. discontinued policies)
(iv) Charges imposed on account of discontinued policies.
(v) Charges readjusted on account of revival of discontinued policies

The disclosures shall be made in the format as specified in **Annexure – IX.**

5. Additional Disclosures in financial statements:

5.1. Controlled Fund:

The details of the Controlled Fund shall be furnished as part of the annual financial statements of life insurers in the enclosed format (**Annexure X**).

5.2. Disclosures for ULIP business:

(i) To ensure transparency and consistency in the disclosures across the industry, the format of reporting under the Regulations, has been modified to include the following - Segregation of the Unit Linked Revenue A/c into two components, viz., (a) Non –Unit Funds and (b) Unit Fund;

(ii) Format of reporting of the Segregated funds – Revenue A/c, Balance Sheet and the underlying Schedules including additional disclosures **(Annexure XI)** to form part ULIP disclosures on website of the Insurer.

5.3. Clarifications on the ULIP disclosures:

i. The Investment portion of premium shall be disclosed in the Unit segment and the non-investment portion in the non-unit segment;
ii. Income on investment shall be disclosed under unit and non-unit portion in consonance with (i) above;
iii. Fees and charges shall be shown as “Income” in the non-unit segment and as “Expenses” in the unit segment.
iv. All operating expenses and Commission shall be disclosed in non-unit segment.
v. Claims arising from cancellation of units alone shall be shown against linked segment and other items like mortality, morbidity and value of guaranteed benefits shall be disclosed under non-unit segment

5.4. Disclosure of amount representing the unclaimed amount of Policyholders:

All the insurers are advised to ensure compliance with stipulations on Unclaimed Amounts of Policyholders as specified from time to time. It is also advised that the unclaimed amounts will not be appropriated / written back, in any circumstances, by the insurers.

5.5. Guidelines for recognition of claims:

The date for recognition of claims shall be the date of intimation of death or date of intimation of surrender by the policyholder. The date of recognition of claims in case of maturity, survival benefits, annuity, etc. shall be as per the terms and conditions of the policies.

Section IV: Accounting and Disclosures specific to General Insurance, Health insurance and Reinsurance companies (including branches of foreign reinsurers)

1. Actuarial valuation of claims where claims period exceeds four years

The Regulations require all insurers to furnish the particulars of the claims made in respect of contracts where the claims payment period exceeds four years. Such claims are required to be recognized on actuarial basis, for example payment arising out of long-term disability. In such cases, a certificate from an Appointed Actuary as to fairness of liability assessment must be obtained and the actuarial assumptions are required to be disclosed by way of Notes to the Accounts. It is further clarified that the provisioning under this regulation has no relation to the time lag between the occurrence and settlement of a claim.

2. Alternate Risk Transfer Agreements (ART)

Some of the non-life insurers are entering into Alternate Risk Transfer (ART) agreements as a substitute to/form of re-insurance. A broad assessment of the types of agreements being entered into by the insurers indicates that while at best these arrangements may be a combination of reinsurance and financing arrangements, in other instances ART may be purely in the nature of a financing agreement.

Any ART arrangement has to be accounted for based on the principle of "Substance over Form". If the agreement is in the nature of re-insurance coupled with financing arrangement, and the components are capable of separation, each element should be accounted for as per the Generally Accepted Accounting Principles (GAAP). However, in cases where the aforesaid components are not separable, the entire arrangement should be treated as a financial transaction and should be accounted for accordingly. All non-life insurers are required to account for the ART arrangements by looking into the "Substance over Form", and account for the same as per the GAAP.

3. Segregation of Policyholders' and Shareholders' Funds:

3.1 Section 11(2) of the Insurance Act, 1938 mandates that every Insurer shall keep separate funds of shareholders and policyholders. In view of the said provision, general insurers including reinsurers, branch offices of foreign reinsurers, standalone health insurers and specialized insurers are advised as under:

i. Bifurcate the policyholders' and shareholders' fund at the end of each quarter at the minimum at the "fund level" on notional basis.

ii. Policyholders' funds shall be the sum of:

a) Estimated Liability for Outstanding claims including incurred but not reported (IBNR) and incurred but not enough reported (IBNER);
b) Reserve for unearned premium reserve;
c) Premium Deficiency, if any;
d) Catastrophe Reserve, if any; and
e) Other Liabilities net of Other Assets.

   Other Liabilities above, comprise of premium received in advance, unallocated premium, Balance due to other insurance companies, Due to other Members of a Pool such as Terrorism Pool, Sundry creditors (due to policyholders), etc.

   Other assets above, comprise of outstanding premium, due from other entities carrying on insurance business including Reinsurers, Balance with terrorism pool, if applicable, etc.

iii. Investments made out of the policyholders' funds and shareholders' funds shall be shown separately in the formats as specified.

iv. As a result of the above, the Fair Value Change Account as it appears in the Balance Sheet shall accordingly stand bifurcated under the Shareholders' fund and Policyholders' fund.

v. There shall not be any transfer from Policyholders' Account to Shareholders' Account on account of income/losses on investments

vi. The income/ losses accrued / capital gains/losses on the investments are to be credited / debited to the respective Revenue Account and Profit & Loss Account, as the case may be.

vii. All insurers shall ensure that the investments allocated to policyholders shall not be less than value of the policyholders' fund.

3.2 Recoupment of the Deficit - Every Insurer shall ensure that the policyholders' fund as defined above, are fully supported by the policyholders' investments shown in Schedule-8A. Therefore, any deficit / shortfall in policyholders' investments arising out of the loss in the Revenue Account or otherwise shall be recouped by transfer of securities from the shareholders' investments to the policyholders' investments on a half yearly basis. The valuation of such securities shall be in accordance with the valuation norms as specified in the regulations.

4. Transfer of securities to Policyholders' Account from the Shareholder's account or other wise

Where securities are transferred to the policy holders Account, this should be at market price or amortized cost, whichever is lower.

5. Accounting treatment for Long Term products:

A. Premium Recognition:

Premium for a Long-Term policy if collected at the time of sale of the policy, for the entire Policy Duration or for any duration exceeding 12 months, shall be recognized on a yearly basis. In other words, the Gross Written Premium reported for any Financial Year shall be the total Gross Written Premium due for the Long-Term Policy multiplied by ‘1/n’, where ‘n’ is the Policy Duration. Any excess amount collected shall be treated as “Premium Deposit” or “Advance Premium”.

B. Payment of Commission:

Payment of commission in a year shall be only on the gross written premium recognised for the year.

Section V: Accounting and Disclosures specific to Reinsurers, FRBs & Lloyds

1. Applicable to the branch office of foreign reinsurers and Lloyd’s India

a. In case of a foreign reinsurer carrying on the business of reinsurance, through a branch office established in India, a Head Office account shall be maintained;

b. The Head Office Account shall be maintained in two parts as under:

   i. The irreversible fixed amount of assigned capital provided to the branch by the foreign reinsurer to carry on the business of reinsurance in India as mandated by the Authority from to time;

   ii. The Current account representing the transactions between the branch office and its head office including transfer of branch profit or loss with the prior approval of the Authority from time to time:

   Provided that, at any time, the net balance of (i) and ii) shall not be less than the Assigned Capital specified by the Authority.

   iii. Accordingly, the schedule 5 i.e. Share Capital shall not be applicable to foreign reinsurer carrying on the business of reinsurance, through a branch office established in India.

   iv. The irreversible fixed amount representing the Assigned Capital shall be shown as a separate line item in the Balance Sheet after "Reserve & Surplus”. The details of the same shall be furnished in Schedule 6A - “Head Office Account”.

   v. The Current Account of Head Office shall be shown as a separate line item to be presented in the Schedule 12- Advance and Other Assets or Schedule-13 Current Liabilities as the case may be.

   vi. It is to be noted that all other provisions of Schedule II (Part II) of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, to the extent applicable to Indian reinsurers shall be applicable mutatis mutandis to the branch of foreign reinsurers.

2. **Applicable to reinsurers and the branch office of foreign reinsurers and Lloyd's India**
Accounting of Premium, claims and related expenses on estimation basis:

The Authority has carried out an analysis of the premium recognized by the FRBs and GIC Re and observed that while some of the FRBs are accounting for the premium on "actual" basis, some others are doing so on "estimation" basis.

It is further observed that no uniform method / procedure has been followed by the reinsurers on accounting of the premium on estimation basis. The premium is accounted on estimation basis by the Reinsurer due to the following reasons: (i) lag or delay in receiving the statement of accounts from the Insurer(s); and/or (ii) alignment of accounting practices with parent organization.

Given that a significant part of the premium is being accounted on estimation basis, a need is felt to lay down guidelines to govern the accounting and disclosures of premium recognized on estimation basis in the annual report. Accordingly, the Authority lays down the following framework whereunder the FRBs/Reinsurers shall ensure that in annual financial statements no premium is accrued / accounted on estimate basis at least upto 3rd quarter of each financial year. However, for the fourth quarter ending on 31st March, where the statement of accounts has not been received in time, the premium, losses and related expenses may be accounted on estimation basis. However, in estimation of the said income and expenses, the reinsurers shall ensure that:

a) a consistent methodology is followed across the entire portfolio;
b) the estimates shall be trued up as actual values emerge;
c) a statement shall be included in the annual report stating total premium, claims and expenses accounted for during the financial year and premium, claims and expenses accounted on estimation basis;
d) complete disclosure shall be made for three years (including the current Financial Year) giving the segment wise break up of premium, claims and expenses accounted on estimation basis and its actual experience as per the attached formats – **Annexure XII** and Management's comments on variation, if any, beyond 10% on a yearly basis under Notes to Accounts if the actual figures are available at the time of closing of books of accounts for the said financial year. In case of the information not being available, the above referred submissions shall be made in the annual report for the next financial year; and
e) If the actual figures are not available at the time of closure of books of accounts for the financial year, any deviation beyond ± 10% shall be reported to the Authority in the format referred in above para 4 within 15 days from the end of first quarter of the next financial year.

Section VI: General

1) All insurers are advised to furnish the returns to the Authority as per the Regulations notified in this regard. In case there is no information applicable for a particular point the insurer should indicate ‘Not Applicable’ or ‘Nil’, as the case may be, rather than deleting the said point from the Returns filed with the Authority.

2) The Regulations specify that certain points are required to be certified by a specified professional. The Insurer shall ensure that the Regulations are followed both in letter and spirit in the said context. It should be ensured that exceptions, if any, are brought out in the relevant certificate.

Section VII: Deviation from specified Formats

All insurers are hereby advised to strictly adhere to the formats (including schedules) specified by the Regulations and the directions issued thereunder by the Authority. Any new line item, if so warranted to be disclosed separately, may be shown under “Others” in Revenue Account, P&L Account and/or the relevant schedule of the financial statements, by giving the details of particulars of each item.

Schedule– I : List of Repealed Circulars of Life Insurers

Sl. No.	Circular Reference	Subject
1	IRDA/F&A/Cir/232/12/2013 dt. 11.12.2013	Master Circular on Preparation of Financial Statements and Filing Returns of Life Insurance Business
2	IRDA/F&A/Cir/ACTS /118/ 04 /2014 dt. 28.04.2014	Premium Recognition for Variable Insurance Products
3	IRDA/F&A/CIR/MISC/184/10/2019 dt. 04/10/2019	Preparation of Financial Statements by Life Insurers

Schedule–II- List of Repealed Circulars of Non- Life Insurers, Reinsurer & FRB

No	Circular Reference	Subject
1	Master Circular dated October, 2012	Preparation of Financial statements
2	IRDA/F&A/CIR/FA/126/07/2013 dated 03.07.2013	Corrigendum on Master Circular dated October, 2012
3	IRDA/F&A/CIR/CPM/056/03/2016 dated 04.04.2016	Preparation of financial statements
4	IRDA/F&A/CIR/CPM/010/01/2017 dated 12.01.2017	Preparation of financial statements
5	IRDAI/F&A/CIR/MISC/081/05/2019 dated 20.05.2019	Preparation of Financial statements
6	IRDA/F&A/CIR/MISC/123/6/2022 dated 15.06.2022	Accounting of Premium, claims and related expenses on estimation basis-FRBs and Indian Reinsurers

Annexure I- Cash Flow Statement (For all insurers)

To be prepared in accordance with Accounting Standard 3 (AS 3)- Cash Flow Statements

Cash Flow Statement shall be prepared only under the Direct Method.

(Amount in Rs. Lakh)

Particulars	**Current Year**	**Previous Year**
Cash Flows from the operating activities:		
Premium received from policyholders, including advance receipts		
Other receipts (give Break-up)		
Payments to the re-insurers, net of commissions and claims		
Payments to co-insurers, net of claims recovery		
Payments of claims		
Payments of commission and brokerage		
Payments of other operating expenses		
Preliminary and pre-operative expenses		
Deposits, advances and staff loans		
Income taxes paid (Net)		
Good & Service tax paid		
Other payments		
Cash flows before extraordinary items		
Cash flow from extraordinary operations		
Net cash flow from operating activities		
Cash flows from investing activities:		
Purchase of fixed assets		
Proceeds from sale of fixed assets		
Purchases of investments		
Loans disbursed		
Sales of investments		
Repayments received		
Rents/Interests/ Dividends received		
Investments in money market instruments and in liquid mutual funds (Net)[a]		
Expenses related to investments		
Net cash flow from investing activities		
Cash flows from financing activities:		
Proceeds from issuance of share capital		
Proceeds from borrowing		
Repayments of borrowing		
Interest/dividends paid		
Net cash flow from financing activities		

Effect of foreign exchange rates on cash and cash equivalents, net		
Net increase in cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year		
Cash and cash equivalents at the end of the year		

Notes: -

a) Investments in mutual funds where these are used as parking vehicles pending investment are to be indicated (net).
b) The above items are minimum which are to be reported. Insurers may include any other items which they deem fit.
c) Loans granted against policies should be disclosed as part of “investing activities”

Annexure II(a) - Summary of the financial statements (For life insurers)

(Amount in Rs. Lakh)

Sr. No.	Particulars	1st year*	2nd year	3rd year	4th year	5th year
	Policyholders' Account					
1	Gross premium income					
2	Net premium income [1]					
3	Income from investments (net)[2]					
4	Other income					
5	Contribution from the Shareholders a/c					
	-Towards excess EOM					
	-Towards meeting deficit in Policyholders' Account					
6	Income on unclaimed amount of policyholders					
7	**Total income**					
8	Commissions (net) [3]					
9	Operating expenses related to insurance business [4]					
10	Provisions for tax					
11	Total Expenses					
12	Payment to policy holders [5]					
13	Increase in actuarial liability					
14	Provision for Linked Liabilities					
15	Surplus/(Deficit) from operations					
	Shareholders' Account					
16	Total income under Shareholders Account [6]					
17	Total expenses under Shareholder's Account					
18	Profit /(loss) before tax					
19	Provisions for tax					
20	Profit/ (loss) after tax					
21	Profit /(loss) carried to Balance sheet					
22	**MISCELLANEOUS**					
	(A) Policyholders account:					
	Total funds					
	Total Investments					
	Yield on investments (%)[7]					
	(B) Shareholders account :					
	Total funds					
	Total Investments					
	Yield on investments (%)[7]					

23	Yield on total investments					
24	Paid up equity capital					
25	Net worth					
26	Total Assets					
27	Earnings per share					
28	Basic earnings per share					
29	Diluted earnings per share					
30	Book value per share					
31	Total Dividend declared / Paid					
32	Dividend per Share					
33	Solvency Ratio					

*1st year means the most recent concluded financial year.

Notes:
1. Net of reinsurance
2. Net of losses (includes diminution in the value of investments)
3. Includes any compensation paid by an insurer to Insurance agent, Intermediary or Insurance intermediary
4. Includes unit fund expenses
5. Inclusive of interim bonuses, if any
6. Includes other income of profit and loss account
7. Investment income/((Opening investments + Closing investments)/2)

Annexure II(b)- Summary of the financial statements (For insurers other than Life insurers) (Rs. in Lakh)

Sr. No.	Particulars	1st year*	2nd year	3rd year	4th year	5th year
	OPERATING RESULTS					
1	Gross direct premium					
2	Gross Written Premium					
3	Net Premium Income [(1)]					
4	Income from Investments (net) [(2)]					
5	Other Income (to be specified)					
6	Contribution from the Shareholders a/c					
	-Towards excess EOM					
	-Others to be specified					
	Total Income					
7	Commission (net) [(3)]					
8	Operating Expenses					
9	Premium Deficiency					
10	Net Incurred Claims					
11	Change in Unearned premium reserve					
12	**Operating Profit / (Loss)**					
	NON-OPERATING RESULTS					
13	Total Income under shareholder's account					
14	Total expenses under Shareholder's Account					
15	Profit / (Loss) before tax					
16	Provision for tax					
19	Profit / (Loss) after tax					
	MISCELLANEOUS					
20	Policyholders' Account :					
	Total Funds					
	Total Investments					
	Yield on Investments					
21	Shareholders' Account :					
	Total Funds					
	Total Investments					
	Yield on Investments					
22	Paid up equity capital					
23	Net worth					
24	Total Assets					
25	Yield on Total Investments					
26	Earnings per Share (Basic)					

27	Book Value per Share					
28	Total Dividend declared/paid for the year					
29	Dividend per Share					
30	Solvency Ratio					

*1st year means the most recent concluded financial year.

Notes

1. Net of reinsurance
2. Net of losses (includes diminution in the value of investments)
3. includes any compensation paid by an insurer to Insurance agent, Intermediary or Insurance intermediary

Annexure III(a)- Analytical Ratios* (For life insurers)

SN	Particular	Current Year	Previous Year
1	New Business Premium Growth Rate (Segment wise)		
	(i) Linked Business:		
	a) Life		
	b) Pension		
	c) Health		
	d) Others		
	(ii) Non-Linked Business:		
	Participating:		
	a) Life		
	b) Annuity		
	c) Pension		
	d) Health		
	e) Others		
	Non Participating:		
	a) Life		
	b) Annuity		
	c) Pension		
	d) Health		
	e) Others		
2	Percentage of Single Premium (Individual Business) to Total New Business Premium (Individual Business)		
3	Percentage of Linked New Business Premium (Individual Business) to Total New Business Premium (Individual Business)		
4	Net Retention Ratio		
5	Conservation Ratio (Segment wise)		
	(i) Linked Business:		
	a) Life		
	b) Pension		
	c) Health		
	d) Others		
	(ii) Non-Linked Business:		
	Participating:		
	a) Life		
	b) Annuity		
	c) Pension		
	d) Health		
	e) Others		
	Non Participating:		

	a) Life		
	b) Annuity		
	c) Pension		
	d) Health		
	e) Others		
6	Expense of Management to Gross Direct Premium Ratio		
7	Commission Ratio (Gross commission and Rewards paid to Gross Premium)		
8	Business Development and Sales Promotion Expenses to New Business Premium		
9	Brand/Trade Mark usage fee/charges to New Business Premium		
10	Ratio of Policyholders' Fund to Shareholders' funds		
11	Change in net worth (Amount in Rs. Lakh)		
12	Growth in Net worth		
13	Ratio of Surplus to Policyholders' Fund		
14	Profit after tax / Total Income		
15	(Total Real Estate + Loans)/(Cash & Invested Assets)		
16	Total Investments/(Capital + Reserves and Surplus)		
17	Total Affiliated Investments/(Capital+ Reserves and Surplus)		
18	Investment Yield - (Gross and Net) -Fund wise and With/Without realised gain		
19	Persistency Ratio - Premium Basis (Regular Premium/Limited Premium Payment under Individual category)		
	For 13th month		
	For 25th month		
	For 37th month		
	For 49th Month		
	For 61st month		
	Persistency Ratio - Premium Basis (Single Premium/Fully paid-up under Individual category)		
	For 13th month		
	For 25th month		
	For 37th month		
	For 49th Month		
	For 61st month		
	Persistency Ratio - Number of Policy Basis (Regular Premium/Limited Premium Payment under Individual category)		
	For 13th month		
	For 25th month		
	For 37th month		
	For 49th Month		
	For 61st month		

	Persistency Ratio - Number of Policy Basis (Single Premium/Fully paid-up under Individual category)		
	For 13th month		
	For 25th month		
	For 37th month		
	For 49th Month		
	For 61st month		
20	NPA Ratio		
	Policyholders' Funds		
	Gross NPA Ratio		
	Net NPA Ratio		
	Shareholders' Funds		
	Gross NPA Ratio		
	Net NPA Ratio		
21	Solvency Ratio		
22	Debt Equity Ratio		
23	Debt Service Coverage Ratio		
24	Interest Service Coverage Ratio		
25	Average ticket size in Rs. - Individual premium (Non-Single)		
26	Equity Holding Pattern for Life Insurers and information on earnings:		
	No. of shares		
	Percentage of shareholding		
	Indian		
	Foreign		
	Percentage of Government holding (in case of public sector insurance companies)		
	Basic EPS before extraordinary items (net of tax expense) for the period (not to be annualized)		
	Diluted EPS before extraordinary items (net of tax expense) for the period (not to be annualized)		
	Basic EPS after extraordinary items (net of tax expense) for the period (not to be annualized)		
	Diluted EPS after extraordinary items (net of tax expense) for the period (not to be annualized)		
	Book value per share (Rs)		

Annexure III(b)- Analytical ratios(For insurers other than Life insurers) *			
S.No.	Particular	CY	PY
1	Gross Direct Premium Growth Rate**		
2	Gross Direct Premium to Net worth Ratio		
3	Growth rate of Net Worth		
4	Net Retention Ratio**		
5	Net Commission Ratio**		
6	Expense of Management to Gross Direct Premium Ratio**		
7	Expense of Management to Net Written Premium Ratio**		
8	Net Incurred Claims to Net Earned Premium**		
9	Claims paid to claims provisions**		
10	Combined Ratio**		
11	Investment income ratio		
12	Technical Reserves to net premium ratio **		
13	Underwriting balance ratio		
14	Operating Profit Ratio		
15	Liquid Assets to liabilities ratio		
16	Net earning ratio		
17	Return on net worth ratio		
18	Solvency Margin Ratio		
19	**NPA Ratio**		
	Policyholders' Funds		
	Gross NPA Ratio		
	Net NPA Ratio		
	Shareholders' Funds		
	Gross NPA Ratio		
	Net NPA Ratio		
20	Debt Equity Ratio		
21	Debt Service Coverage Ratio		
22	Interest Service Coverage Ratio		
23	Equity Holding Pattern for other than life Insurers and information on earnings:		
	No. of shares		
	Percentage of shareholding		
	Indian		
	Foreign		
	Percentage of Government holding (in case of public sector insurance companies)		
	Basic EPS before extraordinary items (net of tax expense) for the period (not to be annualized)		

	Diluted EPS before extraordinary items (net of tax expense) for the period (not to be annualized)		
	Basic EPS after extraordinary items (net of tax expense) for the period (not to be annualized)		
	Diluted EPS after extraordinary items (net of tax expense) for the period (not to be annualized)		
	Book value per share (Rs)		

Net worth definition to include Head office capital for Reinsurance branch

** Segmental reporting has to be done for CY and PY

*The ratios must be calculated in accordance with instructions provided by the Authority under circular on public disclosures by the insurers as specified from time to time

Annexure IV- Penalty imposed by various government authorities (For all Insurers)

			(Amount in Rs. Lakh)		
Sr No	**Authority**	**Non-Compliance/ Violation**	**Penalty Awarded**	**Penalty Paid**	**Penalty Waived/ Reduced**
1	Insurance Regulatory and Development Authority of India (IRDAI)				
2	Income Tax Authorities				
3	GST Authorities				
4	Any other Tax Authorities				
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA				
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013				
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation				
8	Securities and Exchange Board of India				
9	Competition Commission of India				
10	Any other Central/State/Local Government / Statutory Authority (**give break-up**)				

*Penalty includes compounding charges levied by any Government Authority(ies).

Annexure V- Disclosure of expenses related to outsourcing activities (For all insurers) (Rs. in Lakh)

Particulars	Current year	Previous Year
Total Outsourcing Expenses		
Break up of Outsourcing Expenses (Please specify the expenses head under which the expenses booked/reported/charged) 1.____________ 2.____________		

Annexure VI- Regrouping Statement (For all insurers)

Sr No.	Particulars (schedule and head of account)		Regrouped / Restated Amount (Rs. In lakh)	Amount as per financials of previous year (Rs. In lakh)	Difference (Rs. In lakh)	Reason for regrouping / restatement
	Regrouped From	Regrouped To				

Annexure VII(a) – Ageing of claims indicating the trends in average claim settlement time during the preceding 5 years

Average claims settlement time (For Life insurers)

Year	Average time taken for claim settlement (in days)
1st year*	
2nd year	
3rd year	
4th year	
5th year	

I. CLAIMS REGISTERED AND SETTLED:

Linked Business (Amount in Rs. Lakh)

Year	Up to 30 days		31 days to 6 months		Above 6 months to 1 year		Above 1 year to 5 years		Above 5 years	
	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled
1st year*										
2nd year										
3rd year										
4th year										
5th year										

Non-Linked Business (Amount in Rs. Lakh)

Year	Up to 30 days		31 days to 6 months		Above 6 months to 1 year		Above 1 year to 5 years		Above 5 years	
	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled	No of claims	Amount settled
1st year*										
2nd year										
3rd year										
4th year										
5th year										

II. CLAIMS REGISTERED AND NOT SETTLED:

Linked Business (Amount in Rs. Lakh)

Year	Up to 30 days		31 days to 6 months		Above 6 months to 1 year		Above 1 year to 5 years		Above 5 years	
	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved
1st year*										
2nd year										
3rd year										
4th year										
5th year										

Non-Linked Business (Amount in Rs. Lakh)

Year	Up to 30 days		31 days to 6 months		Above 6 months to 1 year		Above 1 year to 5 years		Above 5 years	
	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved	No of claims	Amount involved
1st year*										
2nd year										
3rd year										
4th year										
5th year										

*1st year means the most recent concluded financial year.

Annexure VII(b) – Ageing of claims indicating the trends in average claim settlement time during the preceding 5 years (For insurers other then Life insurers)

I. Ageing analysis of Gross Claims outstanding

Period	Product/Segment (1)	
	No of Claims	Amount involved
0-30 days		
31 days to 6 months		
6 months to 1 year		
1 year to 5 years		
5 years and above		

II. Details of Average Claim settlement time for the preceding five years

(Amount in Rs. Lakh)

Product/Segment (1)	1st year*			2nd year			3rd year		
	Average Settlement time (Days)	No of claims settled	Amount settled	Average Settlement time (Days)	No of claims settled	Amount settled	Average Settlement time (Days)	No of claims settled	Amount settled

*1st year means the most recent concluded financial year.

Notes: -(1) Product/ Segments : - As prescribed under Regulations

Product/Segment [1]	4th year			5th year			
	Average Settlement time (Days)	No of claims settled	Amount settled	Average Settlement time (Days)	No of claims settled	Amount settled	Average Settlement time (Days)

Annexure VIII – Schedule of payments which have been made to individuals, firms, companies and organisations in which directors of the insurers are interested (For all insurers)

(Amount in Rs. Lakh)

Sr.No	Name of the director with Designation	Entity in which Director is interested	Interested as	Description of Transactions / Payment made for	During the Year	During the previous Year

Annexure – IX Disclosures relating to Fund for discontinued policies (Applicable to Life insurers)

(Amount in Rs. Lakh)

	Particulars	**Current Year**		**Previous Year**	
		Sub-total	**Total**	**Sub-total**	**Total**
	Fund for Discontinues Policies				
	Opening Balance of Funds for Discontinued Policies				
Add:	Fund of policies discontinued during the year				
Less:	Fund of policies revived during the year				
Add:	Net Income/ Gains on investment of the Fund				
Less:	Fund Management Charges levied				
Less:	Amount refunded to policyholders during the year				
	Closing Balance of Fund for Discontinued Policies				
	Other disclosures				
	No. of policies discontinued during the year				
	Percentage of discontinued policies to total policies (product-wise) during the year				
	No. of policies revived during the year				
	Percentage of policies revived (to discontinued policies) during the year				
	Charges imposed on account of discontinued policies				
	Charges readjusted on account of revival of policies				

Annexure X -Statement showing the Controlled Fund of (Insurer) (Applicable to Life insurers)

(Amount in Rs. Lakh)

		C.Y.	P. Y.
1	**Computation of Controlled fund as per the Balance Sheet**		
	Policyholders' Fund (Life Fund)		
	Participating		
	Individual Assurance		
	Individual Pension		
	Any other (Pl. Specify)		
	Non-participating		
	Individual Assurance		
	Group Assurance		
	Individual Annuity		
	Any other (Pl. Specify)		
	Linked		
	Individual Assurance		
	Group Assurance		
	Individual Pension		
	Group Superannuation		
	Group Gratuity		
	Any other (Pl. Specify)		
	Funds for Future Appropriations		
	Total (A)		
	Shareholders' Fund		
	Paid up Capital		
	Reserves & Surpluses		
	Fair Value Change		
	Total (B)		
	Misc. expenses not written off		
	Credit / (Debit) from P&L A/c.		
	Total (C)		
	Total shareholders' funds (B+C)		
	Borrowings (D)		
	Controlled Fund (Total (A+B+C+D))		
2	**Reconciliation of the Controlled Fund from Revenue and Profit & Loss Account**		
	Opening Balance of Controlled Fund		
	Add: Inflow		

	Income		
	Premium Income		
	Less: Reinsurance ceded		
	Net Premium		
	Investment Income		
	Other Income		
	Funds transferred from Shareholders' Accounts		
	Total Income		
	Less: Outgo		
	(i) Benefits paid (Net)		
	(ii) Interim Bonus Paid		
	(iii) Change in Valuation of Liability		
	(iv) Commission		
	(v) Operating Expenses		
	(vi) Provision for Taxation		
	Total Outgo		
	Surplus of the Policyholders' Fund		
	Less: transferred to Shareholders' Account		
	Net Flow in Policyholders' account		
	Add: Net income in Shareholders' Fund		
	Net In Flow / Outflow		
	Add: change in valuation Liabilities		
	Add: Increase in Paid up Capital		
	Add/Less:- Increase/Decrease in Borrowings		
	Add/Less:- Increase /Decrease in Reserves & Surplus (Other than P&L movement)		
	Closing Balance of Controlled Fund as per cash flow		
	Add/Less: Credit/[Debit] Fair Value Change Account & revaluation reserve account		
	Closing Balance of Controlled Fund		
	As Per Balance Sheet		
	Difference, if any		
3	**Reconciliation with Shareholders' and Policyholders' Fund**		
	Policyholders' Funds		
3.1	**Policyholders' Funds - Traditional-PAR and NON-PAR**		
	Opening Balance of the Policyholders' Fund		
	Add: Surplus of the Revenue Account		
	Add/Less: Amount transferred from/ (to) Shareholders' account		
	Add: change in valuation Liabilities		
	Total		
	Add/Less: Credit/[Debit] Fair Value Change Account & revaluation reserve account		

	Total		
	As per Balance Sheet		
	Difference, if any		
3.2	**Policyholders' Funds – Linked**		
	Opening Balance of the Policyholders' Fund		
	Add: Surplus of the Revenue Account		
	Add/Less: Amount transferred from/ (to) Shareholders' account		
	Add: change in valuation Liabilities		
	Total		
	As per Balance Sheet		
	Difference, if any		
3.3	Borrowings		
	Opening Balance of Borrowings		
	Add/Less:- Increase/Decrease in Borrowings		
	Total		
	As per Balance Sheet		
	Difference, if any		
3.4	**Shareholders' Funds**		
	Opening Balance of Shareholders' Fund		
	Add: net income of Shareholders' account (P&L)		
	Add: Infusion of Capital		
	Add: Increase in Reserves & Surplus (Other than P&L movement)		
	Add/Less: Amount transferred from/ (to) Policyholders' account		
	Closing Balance of the Shareholders'' fund		
	Add/Less: Credit/[Debit] Fair Value Change Account & revaluation reserve account		
	Closing Balance of the Shareholders'' fund		
	As per Balance Sheet		
	Difference, if any		

Annexure XI Disclosures for ULIP business (Applicable to Life insurers)

Performance of the Fund (Absolute Growth %)

Fund Name	Year of Inception	Year			
		Current Year (X)	(X – 1)	(X – 2)	Since inception

Notes:

1. Investment Management
   a) Activities outsourced
   b) Fee paid for various activities charged to Policyholders Account
   c) Basis of payment of fees

2. Related party transactions – Details to be furnished Fund-wise
   a) Brokerage, custodial fee or any other payments and receipts made to/from related parties (as defined in AS 18)
   b) Company-wise details of investments held in the Promoter Group along with its percentage to funds under management. This information is required to be given fund-wise and also for total funds under ULIPs.

3. Industry wise disclosure of investments (with exposure of 10 % and above) segregated at scrip level. Investments in Industries where exposure is below 10 %, should be grouped under the head "Others". Such disclosures are required to be made in (i) Amount in Rs. lakh and (ii) Percentage of respective Funds.
4. Unclaimed redemptions of units
5. NAV: Highest, Lowest and Closing at the end of the year
6. Expenses charged to Fund (%)
   a) Annualized expense ratio to average daily assets of the Fund
7. Ratio of gross income (including unrealized gains) to average daily net assets
8. Provision for doubtful debts on assets of the respective Fund
9. Fund-wise disclosure of appreciation and/or depreciation in value of investments segregated class-wise

Instructions on Preparation of Accounts:

1. Treatment of both Investment and risk premium in financials
   a) Risk premium and Investment premium shall form part of income and should be disclosed in revenue account
2. Treatment of Benefits paid in financials
   a) All the benefits paid should be shown under the head "Benefits Paid" in Revenue account. No part of benefits shall be reduced from the fund directly

3. Treatment of Unrealized Gains: Both in Revenue A/c. and Balance Sheet
   a) Unrealized gains in respect of unit linked business shall be credited in revenue account
   b) In the Balance Sheet the disclosure should be as under

      Linked liabilities XXX
      Fair value change XXX

      Total Linked Liability XXX

      Current Assets and Liabilities in respect of unit linked business shall form part of Schedule 8B, i.e., Assets held to cover linked liabilities

Form A-BS(UL)			
Name of the Insurer **Registration No.** **Date of Registration with IRDAI**			
Fund Balance Sheet as at 31st March ____________			
			(Rs. In Lakh)
Particulars	**Schedule**	**Current year**	**Previous Year**
Sources of Funds			
Policyholders' Funds:			
Policyholder contribution	F-1		
Revenue Account			
Total			
Application of Funds			
Investments	F-2		
Current Assets	F-3		
Less: Current Liabilities and Provisions	F-4		
Net current assets			
Total			

Net Asset Value (NAV) per Unit:

(a) Net Asset as per Balance Sheet (Total Assets less Current Liabilities and Provisions)

(b) Number of Units outstanding

(c) NAV per Unit (a)/(b) (Rs.)

Form A-RA(UL)			
Name of the Insurer **Registration No.** **Date of Registration with IRDAI**			
Fund Revenue Account for the year ended 31st March___________			
			(Rs. In Lakh)
Particulars	**Schedule**	**Current Year**	**Previous Year**
Income from investments			
Interest income			
Dividend income			
Profit/loss on sale of investment			
Profit/loss on inter fund transfer/ sale of investment			
Miscellaneous Income			
Unrealised Gain/loss*			
Total (A)			
Fund management expenses			
Fund administration expenses			
Other charges:	F-5		
Total (B)			
Net Income for the year (A-B)			
Add: Fund revenue account at the beginning of the year			
Fund revenue account at the end of the year			

* Net change in mark to market value of investments

Schedules to Fund Revenue Account		
Name of the Insurer		
Registration No.		
Date of Registration with IRDAI		
Schedule: F-1		
POLICYHOLDERS' CONTRIBUTION		
		(Rs. In Lakh)
Particulars	**Current Year**	**Previous Year**
Opening balance		
Add: Additions during the year*		
Less: Deductions during the year*		
Closing balance		
* Additions represents units creation and deductions represent unit cancellations		

Schedules to Fund Revenue Account		
Name of the Insurer		
Registration No.		
Date of Registration with IRDAI		
Schedule: F-2		
INVESTMENTS		
		(Rs. In Lakh)
Particulars	**Current Year**	**Previous Year**
Approved Investments		
Government Bonds		
Corporate Bonds		
Infrastructure Bonds		
Equity		
Money Market		
Mutual Funds		
Total		
Other Investments		
Corporate Bonds		
Infrastructure Bonds		
Equity		
Money Market		
Mutual Funds		
Total		
GRAND TOTAL		
% of Approved Investments to Total		
% of Other Investments to Total		

Schedule: F - 3		
CURRENT ASSETS		
		(Rs. In Lakh)
Particulars	**Current Year**	**Previous Year**
Accrued Interest		
Cash &Bank Balance		
Dividend Receivable		
Receivable for Sale of Investments		
Unit Collection A/c#		
Other Current Assets (for Investments)		
Total		

Schedule: F - 4		
CURRENT LIABILITIES		
		(Rs. In Lakh)
Particulars	**Current Year**	**Previous Year**
Payable for Purchase of Investments		
Other Current Liabilities		
Unit Payable a/c#		
Total		

BREAK UP OF OTHER EXPENSES UNDER ULIP		
Schedule: F- 5		
OTHER EXPENSES*		
		(Rs. In Lakh)
Particulars	**Current Year**	**Previous Year**
Policy Administration charge		
Surrender charge		
Switching charge		
Mortality charge		
Rider Premium charge		
Partial withdrawal charge		
Miscellaneous charge		
Total		

*Any expense which is 1% of the total expenses incurred should be disclosed as a separate line item.

Represents inter fund receivables or payables, if any

Annexure XII-Estimation

S. No.	Segment	(Rs. In lakh)								
		Estimation								
		FY	FY	FY	FY	FY	FY	FY	FY	FY
		Premium			Claims			Expenses		
1	Fire									
2	Marine									
3	Motor									
4	Health									
5	Personal Accident									
6	Engineering									
7	Aviation									
8	Workmen's Compensation/ Employer's liability									
9	Public/ Product Liability									
10	Others									
11	Life Insurance									

S. No.	Segment	Actuals								
		FY	FY	FY	FY	FY	FY	FY	FY	FY
		Premium			Claims			Expenses		
1	Fire									
2	Marine									
3	Motor									
4	Health									
5	Personal Accident									
6	Engineering									
7	Aviation									
8	Workmen's Compensation/ Employer's liability									
9	Public/ Product Liability									
10	Others									
11	Life Insurance									

S. No.	Segment	Variation(%)								
		FY	FY	FY	FY	FY	FY	FY	FY	FY
		Premium			Claims			Expenses		
1	Fire									
2	Marine									
3	Motor									
4	Health									
5	Personal Accident									
6	Engineering									
7	Aviation									
8	Workmen's Compensation/ Employer's liability									
9	Public/ Product Liability									
10	Others									
11	Life Insurance									

Note:

1. Three years data will be provided, for current year and preceding two years
2. Premium refers to 'Premium on reinsurance accepted'
3. Expenses refers to 'Commission' and 'Operating Expenses'
4. Any other sub-segment contributing more than 10% of the total premium shall be shown separately.
5. Additional lines may be added under the segment 'Others', if required.

Annexure XIII- Definitions applicable to all Insurers other than Life insurers

1. **Gross Direct Premium -** Gross Direct Premium is the premium booked directly from the insured /policyholders pertaining to the accounting year *excluding* the goods and service tax element thereon and premium received in advance.

2. **Premium received in advance** – Premium received in advance is the premium where the period of inception of the risk is outside the accounting period and is to be shown under current liabilities.

3. **Gross Written Premium** - Gross written premium is the Gross Direct Premium and inward reinsurance premium accepted during the accounting period (Premium on reinsurances accepted).

4. **Net Premium (Also referred to as Net Written Premium/Net Retained Premium)** – This term refers to the Gross written premium less Premium on Reinsurance Ceded during the accounting period (Retention of the Insurer after considering all types of reinsurances).

5. **Net Earned Premium** - Net premium after adjustment for movement in Unearned premium reserve (UPR) in any given accounting period.

6. **Reserves for Unexpired Risks (URR)**- Reserves for Unexpired Risks means the reserves in respect of the liabilities for unexpired risks and determined as the aggregate of Unearned Premium Reserve (UPR) and Premium Deficiency Reserve (PDR).

7. **Gross Incurred Claims** - Gross Claims Paid plus Gross movement in claims outstanding including gross IBNR/IBNER (Incurred but not reported/Incurred but not enough reported). This includes claims relating to both direct and reinsurance accepted.

   Gross Incurred Claims = Gross claims paid (both direct and reinsurance accepted) + Gross claims outstanding at the end of the period (both direct and reinsurance accepted) – Gross claims outstanding at the beginning of the period (both direct and reinsurance accepted). Gross claims outstanding include gross IBNR/IBNER.

8. **Net Incurred Claims** - Net claims after accounting for recovery of claims from reinsurers. This also includes both net claims relating to both direct and reinsurance accepted.
   Net Incurred Claims= Net claims paid+ Net claims outstanding at the end of the period - Net claims outstanding at the beginning of the period. Net outstanding claims include Net IBNR/IBNER.
   Net claims= Gross claims less reinsurance recoveries of claims.

Chapter 3 – Investment Function

General Guidelines

Insurers shall carry out their investment functions in line with the Schedule III of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations,2024, provisions of Insurance Act,1938, and the Guidelines/Circulars issued thereon.

Reference to the word "Clause" in this circular means clauses mentioned under Schedule III of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations,2024, (hereinafter called "Regulations") unless otherwise specified.

i. Insurers shall have in place investment policy in line with clause 12(2) of Regulations.
ii. There shall be proper risk management systems with respect to investment.
iii. Insurers shall build an adequate expertise in equity research by establishing a dedicated equity research department, commensurate with the scale of their operations.
iv. Insurers shall ensure robust internal credit rating systems which shall also include building up of a system of regular (quarterly or half-yearly) tracking of the financial position of the issuer to ensure continuous monitoring of the rating migration of the issuers/issues.
v. Insurers shall settle the transactions in securities and derivatives as per procedure prescribed by the concerned regulator.
vi. When a security is rated by two rating agencies, lowest rating of the two is to be considered for treating security as "approved" or "other investment". When a security is rated by three rating agencies the second least rating is to be considered for treating security as "approved" "other investment".
vii. Principal Officer for filing the returns shall be CEO of the insurer.

viii. Investment Category Codes and Valuation Methodology
   i. Exhaustive list of Category Codes are provided in **Annexure – 1**
   ii. Valuation methodology for Investment Categories are provided in **Annexure - 2**

Section - I: Conditions applicable for Specific Categories of Investments

1.1 Equity

a. Investment in Equity Shares through Initial Public Offering (IPO)

Equity shares offered through IPO, including Offer for Sale, which satisfy **ALL** of the following criteria shall be part of *"Approved Investments"*

1. Equity Shares are being "listed" through IPO
2. The company issuing shares through IPO shall belong to a financially sound Group with good performance record, for which the Insurer's Board shall lay down the criteria.
3. Performance track record of the company including Earnings and Dividend record, Dividend Criteria as specified in the Regulations is satisfied as "unlisted" company, in the case of Investee Companies, formed out of 'de-merger' of a parent company, issuing shares through IPO, the performance track record would apply with reference to the parent company.
4. The Investment in Equity Shares should comply with prudential and exposure norms as prescribed in Regulations and, "actively traded" and "liquid instrument" conditions should be satisfied within 3 months from the date of listing. (Actively traded securities are those securities which are not classified as thinly traded as specified by SEBI)
5. Any investment made in IPOs, which do not satisfy the above conditions, shall fall under 'Other Investments'

b. Limit for Investment in IPO

The maximum bid amount (and not Margin Money) to be invested in IPO shall be the least of the following:

1. 10% of Subscribed Capital (Face Value) of the Investee Company (including the proposed Equity issue through IPO) or
2. 10% of the 'Fund' (Fund shall refer to all Investments under management taken together) of a Life Insurer or 10% of the Investment Assets of a General Insurer as the case may be.

c. Classification of Investments of Investee Company formed out of Demerger.

Dividend criteria as stipulated in the Regulations applicable to the Demerged Company shall be reckoned for the purpose of classification of investment, in equity shares and preference shares in "Resulting Investee Company(s) as "Approved" or "Other Investment" for initial three financial years.

d. Securities Lending and Borrowing (SLB) framework

Insurers are permitted to participate in Securities Lending and Borrowing (SLB) scheme subject to the following:

1. The SLB Framework should be governed by the SEBI cir no. MRD/DoP/SE/Dep/Cir – 14/2007 Dt. 20th Dec, 2007 as amended from time to time. Insurers are permitted to lend through SLB Framework in Equities **ONLY.**
2. The Insurer has to adhere to the Client level and Participant level position limits prescribed by SEBI and stock exchange while undertaking SLB. Insurer can only lend securities to the

extent of not more than 10% quantity of those “scrips” of that particular fund(s). These prescribed limits shall be adhered at the time of lending.

3. Securities lent in SLB would not be treated as creating encumbrance, charge, hypothecation or lien on such securities.

1.2 Repo, Reverse Repo in Government Securities and Corporate Debt Securities

Insurers can undertake Repo transactions in Government Securities and Corporate Debt Securities subject to the provisions of Insurance Act, 1938 and the following conditions:

1. In case of Life Insurers, the exposure to **reverse repo** transactions in Corporate Debt Securities at any point of time shall not exceed 10% of all funds taken together. Further, at individual Segregated Fund level [SFIN], the exposure should not exceed 10% of such fund size [SFIN]. Life Insurers **cannot** participate in repo transactions.
2. In case of General Insurers, the exposure to Reverse Repo and Repo transactions in both Government Securities as well as Corporate Bond Securities (taken together) shall not exceed 10% of Investment Assets of the Insurer.
3. Reverse Repo transaction in Govt. Securities will be treated at par with TREPS transactions and the 10% Investment limit, mentioned in points 1 and 2 above, shall not apply to Reverse Repo transaction in Govt. Securities.
4. The tenor of Repo transactions shall not exceed a period of six months. While entering into such repo transaction, **prior** approval of the Investment Committee is mandatory.
5. The underlying corporate debt security shall be listed and have a rating of not less than AA or equivalent.
6. **NO** Reverse Repo/Repo transactions in Corporate Debt Securities shall be made between the Insurer and entities belonging to its promoter group.
7. The Securities held as collateral in a Reverse Repo, shall not form part of exposure calculations specified under Regulations. In Reverse Repo transaction, the exposure shall be on the counterparty.
8. At any point of time these transactions shall be in compliance with pattern specified in the Regulations, as amended from time to time and comply with other Guidelines, Circulars issued there under.

1.3 Mutual funds (incl. Exchange Traded Funds - ETFs)

a. Investment in Equity Exchange traded funds

Insurers can invest in Equity ETFs, as a part of Mutual Fund exposure, subject to the following conditions:

1. Only passively managed schemes of the Mutual Funds which are registered with SEBI and governed by SEBI (Mutual Funds) Regulations, 1996, as amended from time to time are eligible. These schemes should be benchmarked and be tracked based on a publicly available Index.
2. The total expense ratio shall not exceed 0.50%.

3. At least 85% securities in the equity basket shall be compliant with respect to dividend distribution norms as per Regulations to qualify as a part of "Approved Investment*".*
4. Insurers are required to ensure compliance with the provisions of Sec. 27E of the Insurance Act, 1938 and shall invest only in ETFs which invest in domestic equities.
5. These instruments shall be listed on at least one Stock Exchange which has nationwide connectivity terminals.
6. In case, the dividend criteria mentioned under point no. 3 is not met by the ETF, such investment shall be automatically re-classified as 'Other Investment' category.
7. These Investments shall be governed by the exposure norms applicable for Investment in Mutual Funds by Insurers.
8. Exposure to stocks through ETF shall not be reckoned for the overall exposure norms prescribed for Individual stocks specified in the Regulations as amended from time to time.

b. Investment in GILT exchange traded funds (GILT-ETF)

Insurers can invest GILT-ETFs as part of "Approved Investments" which fulfil all the conditions prescribed for investment in Mutual Funds under Gilt/G Sec./Liquid categories and as a part of Mutual Fund exposure.

1. The GILT-ETFs shall be issued and managed by the Mutual Funds registered under SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
2. The object of the GILT-ETFs shall be to invest in a **basket of Govt. Securities Actively Traded** in the market or constituents of a publicly available index.
3. The minimum investment by the Insurer shall not be less than Creation Unit Size and shall not be reduced, at any time below Creation Unit Size and value of Creation Unit Size. Such investment at the time of investment, shall not be more than Rs.50 lakh.
4. The Overall Expense Ratio shall not exceed 0.50%.
5. Insurers are required to ensure compliance with the provisions of Sec. 27E of the Insurance Act, 1938 and shall ensure that the GILT-ETFs invest only in Domestic Govt. Securities.
6. The GILT-ETFs shall be treated at par with GILT/G-SEC Mutual funds and shall adhere to exposure norms applicable to "Investment in Mutual Funds (MFs) by Insurers".

c. Investment in Mutual fund

1. Investment in Gilt, G Sec and Liquid Mutual Funds would form part of 'Approved Investments' as per guidelines listed below. Hence any Investment made in Debt and Income Mutual Funds, including those which partly invest in Government Securities and Money Market instruments, will fall under 'Other Investments', which in turn shall be subject to the limits prescribed in the guidelines issued under Regulations as amended from time to time, along with the norms mentioned below.
2. The investment shall be restricted to schemes of Mutual Funds comprising of Liquid Funds, Gilt, G Sec or Debt and the same shall be governed by the following norms:
   a) The Mutual Fund should be registered with SEBI and be governed by SEBI (Mutual Funds) Regulations, 1996.
   b) Gilt / G Sec / Liquid MFs shall have the same meaning as under SEBI Regulations.

c) The insurer shall, as a part of Investment Policy, cover the required diversification among various Mutual Funds to minimize risk.

3. Where, the schemes of mutual funds in which investment is made, is managed by an Investment Manager who is under the direct or indirect management or control of the Insurer or its promoter, the same shall not exceed, in the case of Life Insurer, 3% of Life Fund, Pension, Annuity & Group Funds and 5% of Unit Linked Fund and in the case of General Insurers, not more than 5% of Investment Assets.
4. The investment in Gilt / G Sec / Liquid /Debt/ Income Mutual Funds (all taken together) **at any point of time**, shall be as under:

Investment Assets as per clause 8 of the Schedule III of Regulations	***Percentage to Investment Assets***
Less than Rs.50,000 Cr	10%
More than Rs. 50000 Crores and Less than Rs.250000 Crores	7%
More than Rs. 250000 Crores	5%

5. The above limits in the case of Life Insures will apply to the overall level and at SFIN Level the maximum exposure shall not exceed 15%.
6. At any point of time, investment in any single Mutual Fund shall not exceed 20% of the total investments in Mutual Funds (all taken together). The threshold limit of 20% for each fund shall include investments in Exchange Traded Funds(ETFs) also. Passive breaches in the threshold limit of 20% in any single Mutual Fund shall be corrected within 30 days of breach.

d. Investment in Debt ETFs with CPSE Bonds as underlying

Debt ETFs with underlying Debt Securities of Central Public Sector Enterprises (CPSEs) [herein after referred to as Debt ETFs] are eligible class of Investment, and as a part of "Mutual Fund" exposure.

All Exposure and Prudential Norms applicable for investments in Mutual Funds covered under this Para 1.3 shall apply for investment made in Debt ETFs, in addition to the following conditions:

1. The Debt ETFs shall be issued by Mutual Funds registered with SEBI and governed by SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
2. The Debt ETF shall invest in a basket of Securities issued by CPSEs which are part of constituents' of a publicly available index.
3. The minimum investment by the Insurer shall not be less than Creation Unit size and it shall not be reduced to below Creation Unit Size.
4. "All" Securities in the Index shall be complied with rating criteria as per clause 2 of Schedule III of Regulations, for it to be treated as part of "Approved Investment". If any of the underlying securities gets downgraded below "AA", the Debt ETF shall be automatically reclassified under "Other Investment".

1.4 Investment in Asset backed securities, Pass Through Certificates (PTCs) and Security Receipts (SRs)

1. Insurers are permitted to invest in Asset Backed Securities **(ABS) /** Pass Through Certificates **(PTCs)** with underlying Housing and / or Infrastructure assets [as defined under Regulations].
2. Investment in Asset Backed Securities (ABS) / Pass Through Certificates (PTCs) / Security Receipts (SRs) with underlying Housing and / or Infrastructure Assets, shall form part of "Approved Investments", subject to following exposure and prudential norms:
   a) ABS / PTC /SR must be rated not less than AAA or equivalent by a Credit Rating Agency, registered under SEBI (Credit Rating Agencies) Regulations, 1999
   b) The investment in ABS / PTC / SR with underlying Housing and / or Infrastructure assets shall at 'all times' not exceed 10% of respective fund(s) in the case of Life Insurers and not more than 5% of Investment Assets in the case of General Insurers
3. If the ABS / PTC / SR with underlying Housing and / or Infrastructure assets are downgraded below AAA such investment shall be automatically be re-classified as "Other Investments".
4. In case the cash-flows from such instrument are not received on due dates, the investment in such assets shall be automatically be re-classified as "Other Investments" from such date for reporting in FORM 3A (Part A) / FORM 3B of Regulations.
5. The investments in securitized assets, both under Approved and Other Investments, taken together shall not exceed 10% of respective fund size in the case of Life Insurers and not more than 5% of Investment Assets in the case of General Insurers.
6. The Insurer, as a part of risk management, shall split the investment in ABS, PTCs and SRs over different issuers and tenures.
7. All guidelines of Classification, Income Recognition and Valuation of Assets issued by the Authority shall be applicable to these investments.

1.5 Investment in Alternative Investment Fund (AIF)

1. Investments in Category I and II AIF (within SEBI Regulations) are permitted as a part of "Other Investments". Insurers are permitted to invest in Category I AIFs which is an Infrastructure Fund, SME Fund, Venture Capital Fund and Social Venture Fund as defined in SEBI AIF Regulations. Insurers are permitted to invest in a Category II AIFs which invests a minimum of 51% of the funds in the Infrastructure entities or SME entities or Venture Capital undertakings or Social Venture entities in aggregate.
2. All restrictions under Insurance Act, 1938 and Regulations regarding investing of funds outside India, promoter group, combined exposure limits in venture capital funds and AIFs under the Other Investments category will continue to apply.
3. Insurers are not permitted to invest in any scheme of AIFs that have a priority distribution model wherein such AIFs have adopted a distribution waterfall in such a way that may lead to share of losses more than pro-rata to their holding, compared to other investors belonging to the same.

4. (a) No investment is permitted into AIFs which undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted under SEBI (Alternative Investment Funds) Regulations, 2012.
   (b) Insurer shall invest only into Fund of Funds (FoF) which comply requirement of Section 27E of the Insurance Act, 1938.
   (c) Insurer shall ensure compliance with Section 27E by a clause in the Fund Offer Documents executed by FoF to restrain such FoF investing into AIFs which invest in overseas companies/funds.
   (d) No Insurer shall invest in an AIF, which in turn has exposure to a FoF, in which the Insurer has taken an exposure.
   (e) The Insurer on a quarterly basis, obtain a certificate issued by the Concurrent Auditor on the compliance of the above conditions and file the same along with quarterly periodical returns.
5. Insurers should ensure that AIFs do not invest in securities of companies incorporated outside India to comply with the provisions of Section 27E of the Insurance Act, 1938.
6. The sponsor of such Alternative Investment Fund should not be from the promoter group of the Insurer. The Fund shall not be managed by an Investment Manager who is either directly or indirectly controlled or managed by the Insurer or its promoters.
7. Investment in the AIF and investments in Venture Funds shall be subject to the following exposure norms:

Type of Insurer	**Overall Exposure to VFs &AIFs (all taken together)**	**Exposure to single AIF/Venture Fund**
(a)	(b)	(c)
Life Insurer	3% of respective Fund	10% of AIF /VF size or 20% of Overall Exposure as per (b), whichever is lower. The above ‘10%’Limit shall be read as ‘20%’ in case of Infrastructure Fund
General Insurer	5% of Investment Assets	10% of AIF /VF size or 20% of Overall Exposure as per (b), whichever is lower. The above ‘10%’ Limit shall be read as ‘20%’ in case of Infrastructure Fund

1.6 Debt Securities issued by Banks

a. Investment in Perpetual Debt Instruments of Bank’s Tier-I Capital and Debt instruments of Upper Tier-II capital

The Reserve Bank of India [vide Master Circular DBOD.No.BP.BC.57/21.01.002/2005-2006 Dt. 25th Jan, 2006] has allowed banks to raise Capital through issue of Hybrid Instruments as under for augmenting Capital Adequacy Norms:

i. Innovative Perpetual Debt Instruments for inclusion as Tier 1 Capital
ii. Debt Capital Instruments eligible for inclusion as Upper Tier 2 Capital
iii. Perpetual Non-Cumulative Preference Shares for inclusion as Tier 1 Capital; and
iv. Redeemable Cumulative Preference Shares eligible for inclusion as Tier 2 Capital

The above Instruments shall be part of 'Approved Investments', subject to the following conditions:

1. The Debt Instrument issued by Banks in Private Sector shall be rated not less than 'AAA' and those issued by Banks in Public Sector shall have rating not less than 'AA' by an independent Rating Agency, registered under SEBI.
2. Preference shares issued by the Banks shall satisfy the conditions specified under clause 2(1) of Regulations.
3. All Exposure norms as specified in Clause 8 Regulations shall apply to these Hybrid Debt Instruments / Preference Shares Issued by the Banks.
4. Where the Hybrid Debt Instrument is downgraded below 'AAA', in the case of Private Sector banks and (below AA in the case of Public Sector Banks) such investments shall be re-classified as 'Other Investments' and reported in FORM 2 of Regulations.
5. In case the Interest on the Instrument is not serviced on due dates, the Investment in such Hybrid instruments shall be automatically re-classified as 'Other Investments' from such date and reported in FORM 3A (Part A) or FORM 3B (Part A) of Regulations in respect of Life and General Insurers respectively.
6. All guidelines for Classification, Income Recognition and Valuation of Assets issued by RBI shall be applicable for these Investments.

b. Bank's Capital Instruments under Basel III – Investment by Insurers

Insurers can invest in the following instruments, issued by Domestic Banks as Tier II Capital, prescribed under Basel III framework, as part of 'Approved Investments' under Regulations, subject to conditions mentioned below:

i. Debt Capital Instruments (DCI)
ii. Redeemable Non-Cumulative Preference Shares (RNCPS)
iii. Redeemable Cumulative Preference Shares (RCPS)

1. The Debt Instruments issued by Banks shall be rated not less than 'AA' by an independent Rating Agency, registered under SEBI.
2. Where the Instruments are downgraded below 'AA', such investments shall be automatically re-classified as 'Other Investments'
3. Preference shares issued by the Banks shall satisfy the conditions prescribed in Clause 2(1) Regulations.

4. In case the Interest on the Instrument is not serviced on due date, the Investment in such instruments shall be automatically re-classified as 'Other Investments' from such date of reporting to the Authority.
5. All Exposure norms prescribed in Clause 8 of Regulations shall apply to these Instruments/Preference Shares Issued by Banks.
6. Investments in these instruments shall be classified under 'Financial and Insurance Activities' sector (BFSI).

c. Long term Bonds by Banks – Financing of Infrastructure and Affordable Housing

Investment in Long Term Bonds issued by Banks, for financing "Infrastructure and Affordable Housing" shall be reckoned for Insurers mandatory investment in 'Infrastructure & Housing sector' subject to the following conditions:

1. All Exposure norms i.e. Single Investee, Group and Industry exposures etc. as specified in Clause 8 of Regulations shall continue to apply.
2. Minimum rating requirements to qualify as 'Approved Investment' shall be as per extant Investment Regulations.

d. Investment in "Additional Tier 1 (Basel III Compliant) Perpetual Bonds" [AT1 Bonds]

Insurers can invest in Additional Tier 1 (Basel III Compliant) Perpetual Bonds [AT1 Bonds], which confirm to the following:

1. The rating of AT1 Bonds shall be not less than "AA", at the time of investment.
2. The Offer document, in the case of IPOs of AT1 Bonds, shall have a provision for listing in at least one of the Exchanges.
3. The AT1 Bonds shall be forming part of "Equity". The aggregate value of AT1 Bonds held in a particular Bank, at any point of time, shall not exceed 10% of the total outstanding AT1 Bonds, of that particular Bank.
4. The Common Equity Tier I Capital (CET) including Capital Conservation Buffer, of the issuer Bank shall be more than 9.0% at the time of investment in AT1 Bonds of such Bank.
5. a. The issuer bank should not have cancelled/deferred any coupon payment on its debt instruments including AT1 bonds in the preceding three financial years.
   b. The issuer bank shall have reported net profit after tax for the preceding two years and having a positive accumulated profit as per the latest audited balance sheet.
   c. The issuer bank has not reported any divergence in the asset classification and provisioning, identified by RBI, in its latest audited balance sheet.
6. No investment shall be done in AT1 Bonds, where the issuer Bank is either under the Promoter Group of Insurer or Corporate Agent of the Insurer.

1.7 Sovereign Green Bonds (SGrBs) — Categorisation

With the objective of de-concentration and diversification of the infrastructure investment portfolio of the insurers and from the perspective of participation in Environmental, Social and Governance (ESG) initiatives and for proactive participation in sustainable development and in preventing environment degradation, insurers are encouraged to consider investing in Sovereign Green Bonds. Investment in Sovereign Green Bonds shall be treated as "Investment in Infrastructure".

1.8 Derivatives

a. Exposure to Interest Rate Derivatives

Financial Derivatives are permitted to "hedge" Interest Rate Risk of Forecasted Transactions; in accordance with the guidelines issued by the Authority under Clause 13 of Regulations. Accordingly, Insurers can enter Forward Rate Agreements (FRAs), Interest Rate Swaps (IRS), Exchange Traded Interest Rate Futures (IRF) to "hedge" Interest Rate risk on forecasted transactions, for Life, Pension & General Annuity Business and General Insurance Business.

Interest Rate Derivatives are not permitted for ULIP Business

A. Insurers are allowed as user with following types of Rupee Interest Rate Derivatives to the extent permitted, and in accordance with these guidelines.

i. Forward Rate Agreements (FRAs);
ii. Interest Rate Swaps (IRS); and
iii. Exchange Traded Interest Rate Futures (IRF)

Participants can undertake different types of plain vanilla FRAs/IRS. IRS having explicit/implicit **options** features are **prohibited**. It is to be noted that FRAs and IRS are Over-the-counter (OTC) contracts.

B. RBI Circulars & Guidelines on Rupee Interest Rate Derivatives

Insurers are required to adhere to the following RBI Circular / Guidelines, as amended from time to time, on Rupee Interest Rate Derivatives:

iv. IDMC:MSRD.4801/06.01.03/2002-03 Dt 3rd Jun, 2003
v. RBI/FMRD/2021-22/84 FMRD.FMD.07/02.03.247/2021-22 September 16, 2021

Also, Insurers shall comply with circulars issued and amended from time to time, by Securities and Exchange Board of India (SEBI) on Rupee Interest Rate Derivatives

C. Permitted Purpose for Exposure to Interest Rate Derivatives
Hedging for forecasted transactions

i. Reinvestment of maturity proceeds of existing fixed income investments;
ii. Investment of interest income receivable;
iii. Expected policy premium income receivable on the Insurance Contracts which are already underwritten in Life and Pension & Annuity business in case of Life Insurers and General Insurance business in case of General Insurers.

The overriding principle of any use of the above listed derivatives is that they must be used only for **hedging** to reduce interest rate risk. The Insurer should have a system to clearly track the Interest rate risk.

To consider expected policy premium income for hedging, Insurers shall document and justify **persistency assumptions** as part of the hedge program development process. Assumption documentation and justification shall indicate the joint review and approval of both Appointed Actuary and CRO under the oversight of the Insurer's Board (for example, via the Risk Management Committee/Asset Liability Management (ALM)Committee).

D. Regulatory Exposure and Prudential Limits

i. Counter parties shall necessarily be Commercial Banks and Primary Dealers (PDs) as permitted by RBI for FRAs and IRS.
ii. Insurers dealing in FRAs and IRS have to arrive at the credit equivalent amount for the purposes of reckoning exposure to counter-party.

For the purpose of exposure norms, Insurers shall compute their credit exposures, arising on account of Interest rate derivative transactions using the Current Exposure Method (CEM) as detailed below:

- The Credit Equivalent Amount of a market related off-balance sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts.
- Current credit exposure is defined as the sum of the gross positive mark-to-market value of these contracts. The Current Exposure Method requires periodical (at agreed periodicity) calculation of the current credit exposure by marking these contracts to market, thus capturing the current credit exposure.
- Potential future credit exposure is determined by multiplying the notional principal amount of each of these contracts irrespective of whether the contract has a zero, positive or negative mark-to-market value by the relevant add-on factor indicated below according to the nature and residual maturity of the instrument.

Credit Conversion Factors

Notional principal amount of each FRA/IRS shall be multiplied with the following conversion factor:

Residual Maturity	Conversion Factor per year
One year or less	0.5 per cent
Over One year to five year	1.0 per cent
Over five years	3.0 per cent

[**Eg:** If IRS of Rs. 10 crores with maturity of 4 years is entered into by the Insurance company with the counter party A, then the potential future credit exposure = 10 x 3.5% = Rs.

0.35crore *(i.e. 3.5% = 0.5% for First year + 1% for next each year for 3 years as the duration is 4 years)*]

i. The Credit Equivalent Amount of the FRA/IRS shall be used for reckoning counter party credit exposure for the purposes of the Regulations as amended from time to time.
ii. For exchange traded IRFs, the industry exposure limit is calculated against the Central Counter Party i.e. Clearing Corporation on the basis of above Credit Equivalent Amount.
iii. Exposure limits pertaining to single Issuer, Group, Promoter Group and Industry will be applicable for the exposure through FRA and IRS contracts. Counter party rating shall be considered for calculating pattern of investments. The limits shall be reported in the remarks column of the respective quarterly returns.
iv. A Participant's dealing in Interest Rate derivatives under these guidelines shall in aggregate not exceed an outstanding notional principal amount equivalent to 100% of the book value of the fixed income investments of the Participant under the Policyholders' Fund and the Shareholders' Funds taken together. Life Insurers shall normally adhere to the 100% limits based on respective funds i.e. Life and P&A Fund. But where, in the case of Funds, the book value of the existing investments is lower than the expected premiums on the underwritten insurance contracts, the Insurer can utilize the exposure limit available in other funds within the overall 100% limit, provided the Board of the Insurer specifically approves, prior to entering into such derivative contract. The MTM gain/loss arising out of the effective hedge shall be borne by the respective fund only.
v. If reinvestment of maturity proceeds of the existing investments/ interest income receivable on investments is hedged, such investments shall be held till maturity. If unavoidable need arises to liquidate instrument to meet the ALM, the hedge on such instrument has to be unwound simultaneously after obtaining specific approval from Investment Committee (IC). IC shall grant such approval after due recording of the reasons, provided the charges for unwinding the derivative contract is borne by the Shareholder.

E. Insurers shall ensure all documentation requirements are completed in all aspects as per RBI guidelines and documentation prescribed by ISDA (International Swaps and Derivative Association). Further, to settle the mark to market profits/losses and maintenance of collateral, two-way CSA (Credit Support Annex - an agreement between counterparties on the types of collateral and posting mechanism) agreements shall be **mandatory** to mitigate counterparty risk. **All derivative contracts shall be subject to conditions mentioned in Indian laws & Jurisdiction of Indian courts and shall be consistent with Regulations / Circulars / Guidelines issued in this regard.** Suitable clauses shall be incorporated to comply with the Insurance Act, 1938, Regulations, SEBI Regulations, RBI Guidelines applicable. Insurers shall necessarily have power to terminate the contract as and when desired.

F. Accounting of Interest Rate Derivatives shall be as per applicable Accounting Standards as amended from time to time. The presentation in the financial statements and disclosures shall be governed by applicable Accounting Standards. Further, the Insurer shall disclose the following in the Financial statements:

1. Description of Participant's financial risk management objective and policies, in particular its policy for hedging forecasted transactions.
2. Hedging strategy.
3. Accounting Policy for Derivatives.
4. Nature and terms of outstanding Interest Rate derivative contracts.
5. Quantification of the losses which would be incurred if counter-parties failed to fulfil their obligation under the outstanding Interest Rate derivative contracts.

G. Internal Risk Management Policy & Processes, Exposure & Prudential Limits

Each participant should, before taking exposure to Interest Rate derivatives, frame detailed pre-approved risk management policy by the Board of Insurer, which shall cover the following minimum:

i. Insurer's overall appetite for taking risk and ensure that it is consistent with its strategic objectives, capital strength etc.
ii. Define the approved derivatives products and the authorized derivatives activities.
iii. provide for sufficient staff resources and other resources to enable the approved derivatives activities to be conducted in a prudent manner;
iv. ensure appropriate structure and staffing for the key risk control functions;
v. establish management responsibilities;
vi. identify the various types of risk faced by the Insurer and establish a clear and comprehensive set of limits to control these;
vii. establish risk measurement methodologies which are consistent with the nature and scale of the derivatives activities;
viii. require stress testing of risk positions;
ix. detail the type and frequency of reports which are to be made to the board (or committees of the board);
x. Applicable VAR limits.
xi. Circumstances for termination and closure of the contract.
xii. accounting treatment of the proposed derivatives in the company, and
xiii. Solvency / capital impact due to the use of derivatives.

The implementation of the policy shall be the responsibility of the Investment committee (IC) under the oversight of Insurer's Board. The Insurer shall intimate the Authority, prior to taking any derivative exposure, as per the Guidelines issued.

H. Suitability and Appropriateness Policy

The Board shall ensure that the Rupee Interest Rate Derivatives address the need of the portfolio handled by the Insurer and are clearly mapped to Products of the Insurer. The Board shall confirm the suitability and appropriateness as evaluated in terms of clause 5.1.3 of RBI/FMRD/2021-22/84 FMRD.FMD.07/02.03.247/2021-22 Dt.16th September,2021 Master Direction- Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021 as amended from time to time.

I. Corporate Governance

In taking exposure to potentially complex products the Board and the senior management of insurer should take note of the nature of the risk undertaken, complexities involved, stress levels etc. Insurers shall at least once in a Quarter, report their Derivative Positions / Transactions and Policy / Limits compliance to Risk Management Committees under the Board of the Insurer. At periodical intervals (at least once in an year), the Board of Directors shall review the contracts undertaken and satisfy themselves that adequate risk measurement, management policy and procedures for interest rate risk with fixed income derivative contracts permitted in these guidelines, have been established and are functional.

J. Chief Risk Officer (CRO) Role & Responsibilities

The CRO, shall be responsible for monitoring / reporting of all aspects of "each" derivative program and shall report compliance to the Asset Liability Management Committee / Risk Management Committee of the Board and also to the Board of the Insurer. Where any particular hedging program is not in compliance with the Circular / Guidelines issued in this regard, the CRO shall identify the same and shall be responsible to bring the program to compliance.

b. Exposure to Credit Default Swaps

1. The Reserve Bank of India, vide notification No. RBI/2021-22/88 FMRD.DIRD. 10/14.03.004/2021-22 dated February 10, 2022 has issued the **'Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022'** effective from 10th February, 2022. The said guidelines inter alia, provide for insurer's participation as protection buyer and seller for Credit Default Swaps in OTC market.
2. Insurers are allowed only as "Users" (protection buyers) of CDS subject to the following:
   a. The CDS are permitted as a "hedge" to manage the Credit Risk covering the credit event. The category of the investment will not change pursuant to buying CDS on such underlying.
   b. CDS will be allowed only on listed corporate bonds as reference obligations. CDS can also be bought on unlisted but rated bonds of Infrastructure companies. Besides, unlisted / unrated bonds issued by the SPVs set up by the infrastructure companies are also eligible as reference obligation as permitted in the RBI Master Direction Dt. 10th February, 2022.
   c. On purchase of protection, the exposure with respect to reference entity shall shift to "Protection Seller" to the extent of "Protection Purchased" within Clause 8 of the Regulations, and such exposure shall form part of BFSI Sector, under Industry Sector Exposure.
   d. CDS shall not be purchased:
      i. On Reference Asset belonging to the promoter group and **NO** CDS transaction shall be made between entities belonging to Promoter Group.
      ii. On The obligations such as asset-backed securities/mortgage-backed securities, convertible bonds and bonds with call/put options, CLOs, CDOs or any other pool of assets/loans.

3. Insurers shall comply with all other norms pertaining to the eligibility norms for the counter party to the User, reference obligation, requirement of underlying, conditions while exiting the CDS transactions by Users, Credit events, settlement methodologies, documentation, pricing/valuation methodologies, other requirements and accounting norms etc. as prescribed by RBI vide Master Direction Dt. 10th February,2022.

1.9 Real Estate Investment Trusts (REIT) and Infrastructure Investment Trusts (InvIT):

a) Investment in Units of "Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT)"

Insurers can invest in Units of Listed REITs / Listed InvITs which conform to the following:

1. The REIT / InvIT rated not less than "AA" shall form part of Approved Investments. REIT / InvIT rated less than AA shall form part of Other Investments.
2. The Investments in units of InvITs and REITs shall not exceed 3% of total fund size of the Insurer at any point of time.
3. No Insurer shall invest more than 5% of the Units issued by a single REIT / InvIT (including the current issue).
4. No investment shall be made in REIT /InvIT where the Sponsor is under the Promoter Group of the Insurer.
5. Investment in Units of InvIT will form part of "Infrastructure Investments", for the purpose of Pattern of Investments under Regulations
6. Investment in Units of REIT will form part of Investment Property as per Note VI to the Clause 8 of Regulations.
7. The Investment in Units of REIT / InvITs shall be valued at Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for the last 30 days, the Units shall be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.

b) Investments in Debt Securities of "Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT)

Insurers can invest in "Debt Securities" issued by listed InvITs / REITs which conform to the following:

1. The debt Instruments shall be issued by listed InvITs / REITs and rated "AAA" at the time of Investment.
2. The public holding in the InvIT / REIT shall not be less 30% of the total outstanding units of the InvIT / REIT at the time of Investment.
3. The Debt Instruments of InvIT / REIT shall be rated and not less than "AA" as a part of Approved Investments.
4. Debt Instruments of InvIT / REITs rated and downgraded below "AA" shall form part of Other Investments.
5. No Insurer shall invest more than 20% of the outstanding debt instruments (including the current issue) in a single InvIT / REIT.

6. The investment in Debt Instruments of REITs shall not exceed 3% of total fund size of the insurer at any point of time.
7. No investment shall be made in Debt instruments of an InvIT / REIT where the Sponsor is under the Promoter Group of the Insurer.
8. Group shall have the meaning as defined under Clause 1(4) of Regulations.
9. Investment in Debt Instruments of InvIT will form part "Infrastructure Investments".
10. Investment in Debt Instruments of REIT will form part of industry group "Real Estate Activities" under NIC Industry Classification.
11. The Investment in Debt Securities of InvITs / REITs shall be valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding Company of any Rating Agency registered with SEBI.

1.10 Credit Rating- Applicable for Infrastructure Investments

Insurers to classify Infrastructure investments, issued by Infrastructure Companies, rated not less than "A" along with an Expected Loss Rating of "EL1" as part of "Approved Investment" and should be listed under Category Code "IELB". Further, any downgrade of Infrastructure Investment, below "A" or "EL1", needs to be re-classified as part of "Other Investments" and reported under Category Code "IOEL". The valuation of the above investments, shall be valued "either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding Company of any Rating Agency registered with SEBI.

1.11 Investments in HDFC Ltd.

The bonds/debentures held by the insurers in the HDFC Ltd on the date of announcement of the merger of HDFC Ltd. with HDFC Bank i.e.4th April,2022 under the category "Housing and Infrastructure" shall be treated as investments in the said category till the maturity of respective bonds of HDFC Ltd.

1.12 Investments in National Bank for Financing Infrastructure and Development (NaBFID).

As the NaBFID is established as Development Financial Institution to support the development of long-term infrastructure financing, the exposure limit for the investments in this entity will be considered in line with the limits prescribed for Public Limited Infrastructure Investee Company under note III of clause 8 of the Regulations.

Section-II: Risk Management and Concurrent Audit

2.1 Investment Risk Management Systems and Process

a. General

1. Front, Mid & Back Office Operations

i. Insurer with Assets under Management (AUM) in excess of Rs.500 Crore shall ensure separate personnel acting as fund manager and dealer.

ii. The Investment System (Application Software) should have separate modules for Front, Mid and Back Office with separate login.

iii. Data transfer from Front Office to Back Office should be through the System, on Real time basis.

iv. The Insurer may have multiple Data Entry Systems, but all such Systems should be seamlessly integrated without manual intervention.

v. The Front Office shall report through the Chief Investment Officer (CIO) to the Chief Executive Officer (CEO). With effect from 1st October,2024, the Mid Office shall report to a Key Management Person (who shall not be CIO or CFO) who reports to CEO. Back Office shall report to CFO who shall independently report to the CEO. CIO and Head of Mid Office and CFO shall be independent personnel with separate login.

vi. CRO shall be responsible for framing the Risk policy and through CEO shall report to the Risk Management Committee of the Insurer's Board.

vii. The Investment Application should have clear segregation (at database level) between Front, Mid and Back Office.

2. Employee Dealing Guidelines

The Standard Operating Procedure (SOP) followed by the Insurer shall clearly specify the Guidelines to be adhered by employees in the Front, Mid and Back Office for personal investments. The Internal / Concurrent Auditor shall report on compliance to adherence to this requirement.

3. Maker Checker Process

Insurer should have the procedure of Maker / Checker mapped in their Standard Operating Procedure / Operations Manual of Investment Operations. The Internal / Concurrent Auditor shall comment on such practice in his report.

4. Audit Trail at Data Entry Points

The Audit trail should be available at all data entry points including the Checker / Authorizer level.

5. Business Continuity Process (BCP)

To ensure Business continuity, the Insurer should have an Off-site Back-up of Data in a City falling under a different Seismic Zone, either on his own or through a Service Provider. Further, the Insurer / service provider (if outsourced) is required to have the necessary infrastructure for Mission Critical Systems to address at least the following:

1. Calculation of daily NAV (Fund wise)
2. Redemption processing.

b. Front Office

1. Segregation of Fund Manager / Dealer

i. Investment Department should have documented the segregation of Fund Managers and Dealers through Authority Matrix as a part of its 'Standard Operating Procedure'.

ii. The Insurer should have documented the Access Controls and Authorization process for Orders and Deal execution.

iii. The Dealing Room should have a Voice Recorder and procedure for maintaining the recorded conversation and their disposal including procedure like no mobile phone usage in dealing rooms and other best practices.

2. Investment in Investee / Group Company / Industry Sector

System based checks should be in place for investments in an Investee Company, Group, Promoter Group and Industry Sector. The system should signal when the Internal / Regulatory limits are nearly reached **PRIOR** to taking such exposure and making actual investment.

3. Intra Fund Transfer

i. There can be no transfer of securities:

a. **Between** Life fund, Pension Fund and ULIP fund(s).

b. **Within** Life Fund and Pension fund, systems should not allow any transfer between Par and Non-Par funds.

c. **Within** Pension funds, the system should not permit any transfer between Individual and Group funds.

ii. The Cut Off time shall be clearly specified in the SOP. Such cut off time shall remain consistent and cannot be changed without the prior approval of the Board of the Insurer.

iii. The intra fund transfer should be like any other Market deal and the same needs to be carried out at the Market rate at the cut off time.

c. Mid Office

1. Market Risk

i. The system should be capable of computing various portfolio returns.

ii. Exposure limits monitoring and Exception Reporting shall be done by the Mid Office

2. Credit Risk

i. The Investment System should capture Instrument Ratings to auto generate FORM 2 (Statement of Downgraded Investments)

ii. System should automatically monitor various Regulatory limits of Instrument level, Group level, Promoter Group level and Industry Sector level exposure.
iii. The System should have the ability to track changes in ratings over a period & generate appropriate alerts, along with ability to classify investment between Approved and Other Investments.
iv. The Insurer should conduct periodic credit reviews for all companies in the portfolio. The periodicity should be clearly mentioned in the Investment Policy which shall not be more than a year.
v. The Insurer is required to keep a track of movement of Securities between Approved and Other Investments Status, as a part of Audit trail, at individual security level.

3. Tracking of Regulatory Limits

i. The System should have key limits pre-set to ensure compliance for all Regulatory requirements and should be supported by workflow through the System, (Real time basis) for such approval, if Regulatory limit is close to be breached.
ii. The System should have capability of generating Exception reports for Audit by Internal / Concurrent Auditor.

4. Settlement Risk

The System should be validated to restrict Short Sales at the time of placing the order.

5. Review, Monitoring and Reporting

i. System should automatically track and report all internal limits breaches. All such breaches should be audited by Internal / Concurrent Auditor.
ii. Implementation and Review of & Liability Matching and other Investment Policy Guidelines.

d. Back Office

1. Data Input Error

The system should be specifically validated such that, Deal can be REJECTED ONLY by Back Office and can NEVER BE EDITED. The System should generate a list of Deals that have not been settled / rejected as a part of Audit trail.

2. Liquidity Risk

i. The Insurer should have a Cash Management System to provide the funds available for Investment considering the settlement obligations and subscription and redemption of units etc., to prevent any leveraged position or liquidity risk.
ii. The System should be validated not to accept any commitment beyond availability of funds.

3. Computation of 'NAV'

i. The Insurer should maintain NAV history (Fund wise) in his Public Domain from the Start of the Fund to Current Date. Also, the NAV should be uploaded in the Life Council Website on a day to day basis.
ii. 'NAV' error – Computation & Compensation

1. All expenses and incomes accrued up to the Valuation date shall be considered for computation of NAV. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income can be accrued on a weekly basis, **provided the non-accrual does not affect the NAV calculations by more than 1%**.
2. Any changes in Securities and in the number of Units should be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible, the recording may be delayed up to a period of seven days following the date of the transaction. Provided, **the non-recording does not affect the NAV calculations by more than 1%**.
3. In case the NAV of a Plan differs by more than 1% due to non - recording of the transactions or any other errors / mistakes, the investors or fund(s) as the case may be, shall be paid the difference in amount as follows: -

    (i) If the investors are allotted units at a price higher than NAV or are given a price lower than NAV at the time of sale of their Units, they shall be paid the difference in amount by the plan.

    (ii) If the investors are charged lower NAV at the time of purchase of their units or are given higher NAV at the time of sale of their units, the Insurer shall pay the difference in amount to the Plan and shall be compensated from Shareholders portfolio that does not support Solvency Margin.

    (iii) The Internal / Concurrent Auditor shall look into the above issues and specifically report to the Board's Audit Committee on it and comment on the Systems in place to take care of such issues on an ongoing basis.

    (iv) A log of NAV errors shall be maintained in the System and be forwarded to Internal / Concurrent Auditors.

4. Equity Deals to be put through STP gateway

All Equity deals shall be through STP gateway for all broker transactions.

5. Uploading of Valuation Price Files

The System shall have the provision to take uploads of Corporate Actions such as Stock Splits, Dividend, Rights Issue, Buy Back, Bonus issues etc., for computing NAV / Portfolio valuation.

6. Reconciliation

i. Fund wise, in the case of Life Insurers, reconciliation with Investment Accounts, Bank, and Custodian records should be done on day-to-day basis for all types of products. In the case of ULIP products, Units reconciliation with Policy Admin Systems should be ensured on a **day to day** basis.

ii. In the case of General Insurer / Re-insurer reconciliation with Investment Accounts, Bank and Custodian records should be done on a **day-to-day** basis.

7. **Broker Limits Transactions:**

i. A limit of five per cent (5%) of total transactions for debt and equity through brokers (both purchase and sales) entered into by an insurer during Half-Year under review shall be treated as the aggregate upper contract limit for each of the empanelled brokers.

ii. If for any exceptional reasons it becomes necessary to exceed the aggregate limit for any empanelled broker, insurers shall record in writing the specific reasons for such breach and the Board shall be informed, post-facto.

iii. Concurrent/Internal Auditor of the insurer shall also report such breaches in their report.

2.2 Audit of Investment Risk Management Systems & Process, Internal / Concurrent Audit

1. Clause 12 (4)(i) of Regulations mandates certification by a Chartered Accountant firm, for implementing Investment Risk Management Systems and Process, as per the procedure laid down in the “Guidance note on Review and Certification of Investment Risk Management Systems and Process of Insurance Companies”. Further, Clause 12 (5)(ii) of Regulations requires all investment transactions covering both Shareholders and Policyholders funds be audited through Internal or Concurrent Auditor.
2. Insurers having Assets under Management (AUM) not more than Rs.1000 Crores shall have its Investment functions audited on a Quarterly basis through Internal Audit (either through internal resources or through firms of Chartered Accountants) and Insurer with AUM of over Rs.1000 Crores (for the first time) shall appoint a firm of Chartered Accountants as Concurrent Auditor to have its Investment transactions and related Systems audited on a concurrent basis.

a. Audit of “Investment Risk Management Systems and Process”

1. The Insurer, shall through a Chartered Accountants firm, who is not the Statutory or Internal or Concurrent Auditor of the concerned Insurer shall get certified the Investment Risk Management Systems and Processes as per the ‘Guidance Note on Review and Certification of Investment Risk Management Systems and Process of Insurance Companies’ issued by the Institute of Chartered Accountants of India (ICAI), in consultation with IRDAI.

2. The Investment Risk Management Systems and Process shall be reviewed once in two financial years or such shorter frequency as decided by the Board of the Insurer (the gap

between two such audits should not be more than two years), by a Chartered Accountant firm and file the certificate issued by such Chartered Accountant, with the Authority along with the first quarter returns.

b. Internal / Concurrent Audit of Transactions

1. All Insurers, having Assets under Management (Shareholders and Policyholders funds taken together) of not more than Rs.1000 Crores shall have its transactions and related systems audited through its internal Audit Department, headed by a Chartered Accountant, at least on a on Quarterly basis and where the AUM is equal or over Rs. 1000 Crores (for the first time) shall have the Investment transaction concurrently audited, by a Chartered Accountant firm, appointed as per the procedure listed below.

2. The 'minimum' Scope for both Internal Audit and Concurrent Audit shall be as per the "Guidance Note on Internal / Concurrent Audit of Investment Functions of Insurance Companies" issued by ICAI (in consultation with IRDAI) for both Life and Non-Life Insurers. The Insurer could include additional scope to suit their specific needs based on their control systems. The Internal / Concurrent Audit shall cover 100% of transactions of all fund(s) as per the periodicity prescribed.

c. Appointment of Audit Firms for "Investment Risk Management Systems & Process"

1. The Chartered Accountant firm shall be a firm, registered with the Institute of Chartered Accountants of India.
2. The Audit firm should have experience, for at least four years, in conducting reviews of Risk Management Systems and Process of either Banks or Mutual Funds or Insurance Companies or have, on behalf of IRDAI conducted Investment Inspection of Insurance Companies.
3. On the date of appointment as an Auditor for certifying Investment Risk Management Systems and Process, the Auditor must not hold more than two audits of Internal, Concurrent and Risk Management Systems Audit, all taken together. Hence, the Audit firm, can at the maximum hold not more than three Audits (i.e., Investment Risk Management Systems and Process Audit, Internal Audit, Concurrent Audit – all taken together), apart from Statutory Audits at any point of time. For this purpose, at the time of appointment, the insurer shall obtain a declaration to this effect from the firm of Chartered Accountants. The Insurer shall, file with IRDAI, the confirmation obtained from the Chartered Accountant firm, within 7 days of such appointment.
4. The Auditor should not have been prohibited/debarred by any regulating agency including IRDAI, RBI, SEBI, ICAI, NFRA etc.,
5. The Auditor appointed for certifying the Investment Risk Management Systems and Process, should not have conducted the following assignments for the same Insurer proposing to be appointed as Systems Auditor, for a period of two years immediately preceding his appointment.

a. Statutory Audit
b. Any Internal Audit
c. Any Concurrent Audit
d. Any consulting assignment, whether or not related to Audit functions

d. Appointment of Audit Firm for Internal / Concurrent Audit of Transactions

1. The Chartered Accountant firm complies with points c (1), (2), (3) and (4) above.
2. The Internal/Concurrent audit term shall be for the financial year and where the appointment is made during the course of the financial year, it shall be up to the end of that financial year.
3. The Internal / Concurrent Auditor shall be appointed by the Audit Committee of the Insurer's Board and the Auditor shall directly report to the Audit Committee of the Insurer's Board. Any change in Auditor during the middle of the term, shall be communicated to IRDAI with the reasons for such change. The new Auditor, only for the remaining term, shall be appointed only with the prior approval of IRDAI.
4. The Internal / Concurrent Auditor shall not be eligible for re-appointment, with the same Insurer after serving three consecutive years or three years during the preceding five years.
5. The Internal / Concurrent Auditor appointed for the first time should NOT have conducted the following assignments for the same Insurer proposing to be appointed as Internal or Concurrent Auditor for Investment functions during a period of two years immediately preceding his appointment as Internal or Concurrent auditor.
    a. Statutory Audit
    b. Any Internal Audit
    c. Any Concurrent Audit
    d. Any consulting assignment, whether or not related to Audit functions
    e. Reviews or Certification of Investment Risk Management Systems and Process

6. Every Insurer, upon appointing the firm of Chartered Accountants as Internal or Concurrent or Risk Management Systems Auditor shall send a communication to IRDAI, within seven days of such appointment, confirming such appointment with the details as under:

e. Information of Audit Firm for Internal / Concurrent Audit to be filed with IRDAI

1. Name of the Chartered Accountant firm
2. Year of establishing the firm, Partners with contact details
3. Address of Head Office of the Audit Firm
4. Experience Details, (relevant for Insurer's Risk Management Systems Audit / Statutory Audit / Internal Audit / Concurrent Audit) as provided by the Firm
5. Name of the Partner along with contact details, responsible for signing Risk Management Audit Report / Internal Audit Report/ Concurrent Audit Report
6. All the above information shall be filed with IRDAI, within 7 days from the date of appointment.

2.3 Repo, Reverse Repo in Government securities and Corporate bonds

All Insurers shall file a quarterly certificate issued by the Concurrent Auditor specifically on Repo/Reverse transactions (borrowing) and the same shall form part of the certificate issued as per the Technical Guide on Internal / Concurrent Audit of Insurance Companies issued by ICAI.

2.4 Investment in Equity Exchange traded funds

Concurrent Auditor shall comment on the compliance of the requirements prescribed for investments in ETFs during the audit period.

2.5 Exposure to Credit Default Swaps

1. The concurrent Auditor shall confirm that the requirements prescribed for undertaking CDS transaction have been incorporated in the investment policy, before taking any exposure to CDS. Such Certificate of the Concurrent Auditor, shall be filed with the Authority.
2. The Concurrent Auditor shall in his Quarterly certification confirm that all CDS transactions, complies with the norms prescribed by RBI and IRDAI.

2.6 Exposure to Interest Rate Derivatives

1. Before taking any exposure to Interest Rate Derivatives, the Insurer shall file a Certificate issued by the Concurrent Auditor, and the Concurrent Auditor shall certify that the Insurer had implemented the minimum integrated automated Systems and Process, as required under the guidelines on Interest Rate Derivatives.

2. Systems Audit

   Any Insurer to hedge the portfolio, within the Circulars / Guidelines issued by the Authority, shall carryout the Systems Audit, through the Auditor engaged as per the Guidance Note on "Investment Risk Management Systems and Process of Insurance Companies" of the Institute of Chartered Accountant of India, for Systems and Process to in place, as specifically listed for Derivatives in the Guidance Note on Investment Risk Management Systems and Process of Insurance Companies, before taking such exposure. **All insurers who have taken derivative positions, shall unwind the positions, where the Systems and Process mandated are yet to be implemented.**

2.7 Investment in "Additional Tier 1 (Basel III Compliant) Perpetual Bonds" [AT1 Bonds]

The Concurrent Auditor in his Quarterly Report to the Audit Committee / Board of the Insurer shall confirm that all norms as per para 1.6 above are complied with by the insurer.

2.8 Investment in Units and Debt Securities of "Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT)

The Concurrent Auditor in his Quarterly Report to the Audit Committee/Board of the Insurer shall specifically confirm compliance to the provisions of this circular applicable to Investment in Units and Debt Securities of REITs / InvITs.

2.9 Control & Monitoring Mechanism of Investment Operations – Work from Remote Location

1. Insurers shall ensure that Concurrent Auditors shall check the deals entered/investments done while working from remote location and report any deficiencies observed.
2. The Concurrent Auditor shall comment on the systems and controls as per the extant guidelines of ICAI and also as per the internal/Board Approved controls/guidelines of the Insurer. The Insurers shall ensure to submit the comments of Concurrent Auditors to the Authority as a part of Quarterly Concurrent Audit Report.

Section – III- Valuation Guidelines

3.1 Investment in Equity Exchange Traded Funds

The valuation of ETFs shall be in line with Annexure 2.

3.2 Securities Lending and Borrowing (SLB) Framework

1. Securities lent in SLB would be treated as if the Insurer owns such securities and all benefits arising on such securities shall be available to the Insurer i.e. the beneficial rights of the Insurer shall continue as per the SLB Frame work.
2. The lending fee shall be accounted for on accrual basis in view of the risk of early repay/recall of securities.

3.3 Investment in Mutual fund

1. The purchase and sale of Mutual Fund Units shall be calculated at Weighted Average Cost. Also, the insurer shall report the aggregate Market Value of such Mutual Funds in FORM 5 of Regulations.
2. A separate Fair Value Change Account for Mutual Fund Investments shall be maintained.
3. The unrealized gains / losses arising due to changes in fair value of the Mutual Funds shall be taken to ‘Fair Value Change – Mutual Fund’ account. The Profit / Loss on sale of Mutual Fund units, shall include accumulated changes in the Fair value previously recognized in Mutual Funds under the heading “Fair Value Change – Mutual Fund” in respect of a particular Mutual Fund and being recycled to Revenue / Profit and Loss Account on actual sale of Mutual Fund units.
4. The Insurer shall assess, on each Balance Sheet date, whether any diminution in the value has occurred to the Investment. A diminution in the value of investments shall be recognized as an expense in Revenue / Profit and Loss Account to the extent of the difference between the re-measured fair value of the Investment and its Cost as reduced by any previous diminution in value of investments is recognized as expenses in Revenue / Profit and Loss

Account. Any reversal of diminution in value of investments earlier recognized in Revenue / Profit and Loss Account shall be recognized in Revenue / Profit and Loss Account.

5. In the case of Unit Linked Business, Mutual Fund units shall be valued at NAV.

3.4 Investment in Perpetual debt instruments of Bank's Tier-I Capital and Debt Capital Instruments of upper Tier-II Capital

The valuation of AT1 Bonds and Tier II Bonds shall be as per the directions issued by SEBI for Mutual Funds from time to time.

3.5 Investment in Onshore Rupee Bonds issued by Asian Development Bank (ADB) and International Finance Corporation (IFC)

The valuation of onshore rupee bonds shall be in line with the Corporate Bonds and Debentures.

3.6 Exposure to Interest Rate Derivatives

Accounting of Interest Rate Derivatives shall be as per applicable Accounting Standard and amended from time to time. Initial Margin and Mark to Market Margin shall be accounted as part of Current Assets.

3.7 Income Recognition, Asset Classification, Provisioning and Other related matters

a. Assets classifications:

1. Every insurer shall make adequate provision for estimated loss arising on account of under recovery of loans and advances (other than loans and advances granted against insurance policies issued by the insurer) outstanding at the balance sheet date. These guidelines are intended to provide the basis for determination of minimum provisions of loss on account of loans and advances.

2. Insurers shall classify their loans/advances into four categories, viz., (i) Standard Assets, (ii) Sub-Standard Assets, (iii) Doubtful Assets and (iv) Loss Assets. Classification of assets into these categories shall be done taking into account ability of the borrower to repay and the extent of value and realizability of security.

3. **Standard Assets**: Standard Asset is one which does not disclose any problem and which does not carry more than normal risk attached to the Business. Such an asset is not an NPA. The insurer should make a general provision on Standard Assets of a minimum of 0.40 per cent of the value of the asset. In respect of loans extended directly by insurers to sick units taken over by borrowers falling under the "Standard" classification, the facilities of the transferee and merged units may continue to be classified separately, for a period not exceeding 24 months from the date of the takeover of the sick unit, after which the performance of the loans sanctioned to the borrower as a whole should determine their classification. In cases of reverse merger (i.e., take-over of a healthy unit by a sick unit) as

well, the facilities of both the units may continue to be classified separately for a period of 24 months after which the combined performance may be taken for asset classification.

4. **Sub-Standard Asset**: Sub-standard asset is one which has been classified as NPA for a period not exceeding 12 months, e.g., an asset which has been treated as a NPA on 1st April, 2021, would be treated as a sub-standard asset only up to 31st March 2022. In case of time overrun for completion of project directly financed by insurers, the Boards of Insurers should decide based on valid grounds, whether the advance should be treated as standard asset. An asset where the terms of the loan agreement regarding interest and principal have been renegotiated or rescheduled after commencement of production, should be classified as sub-standard and should remain in this category for at least two years of continually satisfactory performance under the revised terms. The classification of an asset should not be upgraded merely as a result of rescheduling, unless there is satisfactory compliance of the above condition.

5. **Doubtful Assets:** A doubtful asset is one which has remained as NPA for a period exceeding 12 months, e.g., a loan facility to a borrower which is treated as NPA on 1st April 2021, would be treated as 'doubtful' from 1st April, 2022. A loan classified as doubtful has besides the weakness inherent in that classified as sub-standard, with the continuing default makes the recovery in full, to be improbable. Here too, as in the case of sub-standard assets, rescheduling does not lead to upgradation of the category of the asset automatically. Similarly, a doubtful asset which is subject to rehabilitation and where the asset has been subsequently continually satisfactorily serviced for one year shall be graduated to a standard asset.

6. **Loss Assets**: A loss asset is one where loss has been identified by the insurer or its internal or statutory auditors or by IRDAI, but the amount has not been written off wholly. In other words, such an asset is considered un-collectible and as such its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

7. **Overdue Amounts Interest/Principal**: An amount, whether interest or principal is said to be overdue if it is not paid to the insurer on the specified date. An asset is classified as an NPA if the interest and/ or installment of principal remain overdue for more than 90 days (i.e., one quarter).

b. Provisioning for Loans and Advances:

Taking into account the time lag between an account becoming doubtful of recovery, its recognition as such, the realization of the security and the erosion in the value of security charged to the insurers, it is necessary that insurers make adequate provisions against sub-standard assets, doubtful assets and loss assets, as per the procedure outlined below:

i. **Loss Assets:** The entire asset should be written off. If the assets are to remain in the books for any reason, 100 per cent of the outstanding should be provided for.

ii. **Doubtful Assets:** a) 100 percent provision of the extent to which the asset is not covered by the realizable value of the security to which the insurer has a valid recourse and the realizable value is estimated on a realistic basis. b) Over and above item (a) above, depending upon the period for which the asset has remained doubtful, 20% to 100% provision of the secured portion (i.e., estimated realizable value of the outstanding) should be made on the following basis:

Period for which the Asset has been considered as Doubtful	% of Provision
Up to one year	20%
One to three years	30%
More than three years	100%

iii. **Sub-Standard Assets:** A general provision of 10% of total value outstanding remaining substandard is required to be made including loans granted by the Central/State Government. In case of nursing finance granted by an insurer, the additional loan facilities sanctioned under the rehabilitation programme may be treated as a separate account and the performance assessed separately. Asset classification and provisioning in respect of such loan facilities as per the prescribed guidelines may be made only if the interest /principal payments remain due beyond 90 days.

iv. **Default in Repayment of Principal:** On account of various reasons, such as delays in project implementation, getting adequate working capital facilities, etc., repayment of principal may be delayed beyond the stipulated one quarter. The asset may continue to be considered as standard if the installments of the principal amount are rescheduled with the approval of the Board of the concerned insurer. This is subject to the condition that the rescheduling can be done only once while the interest continues to be paid regularly.

v. **Time Overrun:** In case of time overrun for completion of project directly financed by insurers, the Board of Insurer should decide based on valid grounds, whether the advance should be treated as standard asset.

vi. **One Time Settlement:** Sometimes insurers enter into one time settlement (OTS) of their dues with a new owner. In cases where a sick unit has been merged with a healthy and strong unit and where payments are being made as per the OTS scheme, the asset in respect of the merged unit may be considered as standard without waiting for a period of 2 years for upgradation from sub-standard to standard asset. However, such cases should be approved by the Board of the concerned insurer. It is clarified that the said relaxation is allowed only in OTS cases.

8. In respect of loan facilities extended to sick units (under nursing programmes or otherwise) taken over by borrowers falling under the "standard" classification, the facilities of the transferee and the merged units may continue to be classified separately for a period not exceeding 2 years from the date of takeover of the sick unit, after which the performance of the loan facility sanctioned to the borrower as a whole should determine their classification.

9. Units enjoying more than one loan facility: In case of borrowers who have been granted more than one loan facility by the insurer, all the dues from them will have to be treated as NPAs if 50 per cent of its total interest and/or principal dues from all loans extended to it remain overdue for more than one quarter.

10. **Government Guaranteed Loans:** Loans or other credit facilities backed by Central/State Government guarantees should be treated on par with other assets for income recognition and provisioning. However, in respect of loans backed by Central Government guarantee, such loans shall be treated as NPA only when the Government repudiates its guarantee when invoked.

11. **Income Recognition:** Income in respect of any asset classified as NPA shall not be recognized unless realized. However, any adjustment towards overdue interest against any fresh/additional loan shall not be considered as realized.

12. Insurers are permitted to participate in Joint Lenders Forum (JLF), formed within RBI Guidelines for loan accounts which could turn into potential NPAs, and take up need based exposure with the **prior approval** of the Insurers Board, which could exceed exposure permitted under applicable Regulations.

13. The Insurer shall follow the latest RBI Circular / Guidelines issued on the above points, where the provisions of Master Circular, are inconsistent with respect to Point 3.7 of this Master Circular on "Income Recognition, Asset Classification, Provisioning and Other related items".

Section – IV: Operational Procedure

4.1 Repo, Reverse Repo in Government Securities and Corporate Debt Securities

1. All Repo transaction shall also be reported to the Investment Committee and Board at least on a Quarterly periodicity.
2. Insurer shall enter into bilateral Reverse Repo/ Repo agreement as per the documentation finalized by FIMMDA. Such additional clauses may also be inserted in the standard agreement to suit the specific needs of the Insurance regulatory framework provided such clauses should be more stringent than the standard clauses provided by FIMMDA.

3. In all other matters such as Accounting Methodology, reporting of trades, settlement of trades, prohibition on sale of repo security, haircut, valuation etc. related to such Repo and Reverse Repo transactions, Insurers shall follow the Directions given in notification IDMD.DOD.05/11.08.38/2009-10 Dt. January 8, 2010, issued by RBI and as updated from time-to-time.
4. The Board of the Insurer shall issue necessary Guidelines in the Investment Policy covering the following:
   i. Category of Counterparty
   ii. Credit rating of the instruments issued by the Counterparty
   iii. Exposure on the Counter party subject to the maximum limits prescribed in this circular
   iv. Maximum exposure on the specific Corporate Debt Instrument and the Issuer of such Debt Instrument
   v. Tenor of Collateral
   vi. Applicable Haircuts
   vii. The treatment of 'downgrading of rating' during the tenure of repo transaction

4.2 Securities Lending and Borrowing Framework

1. Lending securities through SLB in the Funds shall be made only after approval of the Investment Committee. While considering approval, the Investment Committee shall satisfy that lending securities through SLB will be in the interest of the Policyholders.
2. The Board of Insurer shall amend its Investment Policy and put in place adequate Risk Management framework on SLBs covering circumstances for an early recall & rollover, treatment of corporate actions such as dividend, split, bonus, rights, merger, demerger etc.

4.3 Investment in Equity Shares through IPO

1. The Board of the Insurers shall empower its Investment Committee to approve Investment in equities through IPOs, satisfying the dividend criteria.
2. Investment Policy of the insurer shall have a detailed policy in respect of investment in IPOs and the investment team can take decision on day-to-day basis subject to compliance with the Policy.
3. Such investments shall be subject to periodical review, particularly as to 'Approved' status.

4.4 Investment in Mutual fund

The Investment Committee of the Insurer shall lay down proper Guidelines for selection of Mutual Funds and schemes permissible including exposure Norms to a Single Mutual Fund and to each Scheme of Mutual Fund to avoid concentration.

4.5 Investment in Alternative Investment Fund

The Investment Policy of the insurer shall lay down the policy to invest in Venture funds or alternative Investment Fund, and the internal norms for such investments shall be decided by the investment committee (IC) of the Insurer.

4.6 Exposure to Credit Default Swaps (CDS)

1. The Board of the Insurer shall include in its Investment Policy and put in place necessary Risk Management Framework covering, *inter alia*, the following:
    i. Types of Assets on which Protection can be bought
    ii. Counterparties from whom CDS can be bought and limits on the counter parties
    iii. Valuation norms
    iv. Reporting and monitoring norms
    v. Stress testing on the capability of the counterparty to meet the obligation at periodic intervals
    vi. Margins applicable (Margins should be in cash or Govt. securities). Such margins collected should be not part of Investment Assets and Insurer should act as 'trustee' of such margins.
    vii. Settlement of MTM obligations
    viii. MIS, exception reporting
    ix. Necessary systems and controls prescribed for User in line with risk management architecture provided in the aforesaid RBI circular
    x. Review of the policy at periodic intervals in line with the Investment policy

2. Insurers shall enter into Master Agreement for CDS with counterparties as issued by FIMMDA. Such agreements may have additional clauses to suit the specific requirements of the Insurer provided such clauses are more stringent than the clauses prescribed by FIMMDA. The Investment Committee should review such additional clauses on continuous basis.

3. All CDS transactions shall be reported to the Investment Committee, Audit Committee on a quarterly periodicity.

4.7 Outsourcing of Investment function

1. Clause 12(3)(ii) of Regulations makes it mandatory that **NO** part of Investment Function can be outsourced, as the same is a core function of the Insurance Business.

2. Engaging a specialist (not an entity falling under the Insurer's Promoter Group) to provide reports on any class of investment or a specific investment in a purely advisory capacity will not be considered as outsourcing of a function of the Insurer, provided the Assets under Management (both Shareholders and Policyholders funds taken together) of the Insurer is not more than Rs.500 Crores or had not completed one year of operations from the date of Registration by issue of R3, whichever is earlier, subject to the following conditions:
    i. The Investment decisions are made within the Company with proper documentation within the delegated power as provided in the Investment Policy
    ii. Deal placement and execution are done by the Front Office personnel
    iii. Periodic reports to Management and Authority are drawn by the Company (in-house)

iv. The Advisory fee to be paid to the Service provider is on a case-to-case basis and not on Net Asset Value

3. The Advisory fee shall:
   i. Not form part of NAV calculations in the case of ULIP business
   ii. Be paid out of Shareholders funds beyond Solvency Margin

   However, any such arrangement may only be made with the prior approval of the Authority, giving full details of the same including any Agreement to be entered into, in this connection.

4.8 Transfer of Investment

1. **Transfer from Shareholders' Account to Policyholders' Account:** Transfer of funds from the Shareholders' account to the policyholders' account to meet the Deficit in the Policyholders' account in a given financial year, made with the objective of meeting the deficit in the policyholders' account, as and when made, should be as per the conservative approach, i.e., at the cost price or market price, whichever is lower. In case of Debt securities, all transfers are to be carried out at the lower of the market price and the net amortized cost.
2. **Transfer between Policyholders' Funds:** No transfer of assets (investments) between different policyholders' funds (between Participating and Non-Participating funds) shall be allowed. Also, no funds can be transferred between (1) Life Fund excluding Shareholders Funds (2) Pension & General Annuity Fund and (3) Unit Linked Funds.
3. **Purchase/sale transactions between Unit linked funds:** Insurers may like to consider sale/purchase transactions between unit linked funds as part of investment management strategy, to limit transactions cost and also arising out of options exercised by the policyholders to shift between different unit linked funds. The sale/purchase of investments under such circumstances would be based on the market price of the investments, which are being shifted between unit-linked schemes. **ALL** such transactions should be made at a price as specified below.
   a. In case of equity, preference shares, ETFs and Government Securities market price of the latest trade. Deal should be entered into the system within one hour of taking such quote or price.
   b. In case of securities mentioned in (a) if the trade has not taken place on the day of transfer and for all other securities not part of (a) previous day valuation price.
4. The Concurrent Auditor shall confirm that all transaction as said in point 3 above, have been done as per the time lines specified in point 3 above.
5. Funds of Non-linked business: It is reiterated that no sale/purchase is permitted between the various policyholders' funds under the non-linked business.
6. **<u>Small sized fund:</u>**

In the initial stages of the new insurers, funds are likely to build up gradually, and insurers may face problems with regard to purchase of securities because of stipulations of minimum market lot. To tide over such difficulties, in the initial years, security sale at market price shall be permitted from the shareholders' assets, that too only in the 'approved category', to meet the needs of investments of policyholders' funds.

Such transactions shall be permitted only where a policyholders' fund size is small, i.e., up to Rs. 50 crore.

Life Insurer's funds shall be categorized under the following heads:

a) Life Fund
b) Pension, Annuity and Group Fund
c) Unit Linked Funds

and the ceiling of Rs. 50 crore as mentioned above would apply to each of the Fund as listed above and not to individual funds within each of the above funds.

With a view to ensuring an audit trail on such transaction, it is mandatory that such transactions be subject to compliance of the following:

a) Authorization of the Investment Committee giving the reason for such sale transaction to the policyholders' funds
b) Disclosure in the financial statements/returns
c) Audit by the statutory auditors
d) The limit of Rs.50 crore shall be subject to the review by the Authority.

4.9 Other Investments in Pension and Group Fund

Where a security, being part of 'Approved Investment', at the time of acquisition, subsequently, due to non-fulfilment of regulatory criteria for Approved Investments, becomes a part of 'Other Investments', the insurer, shall ensure such security is not continued to be part of the Pension and Group fund, within a period of 180 days. If the security continues to be 'Other Investments', after expiry of 180 days, the value of such security shall be made good by transfer to Shareholders funds, at amortized cost.

4.10 Transactions on Stock Markets to be on Cash Basis

1. The Authority stipulates that all transactions entered into by insurers on the stock markets shall result in delivery.
2. Further, all insurers are required to file a certificate of compliance to this effect on a quarterly basis. The Certificate is required to form part of FORM 5 of the Return on "Statement of Investment Reconciliation" filed by the insurers under the Regulations. The Certificate of Compliance to be filed with the said Return shall read as under:

   "**Certified that** all cash market transactions executed on the stock exchanges are only on delivery basis. **Further certified that** all information given herein is correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed."

4.11 Negotiated dealing system – Order Matching (NDS – OM)

1. The Insurance Act, 1938 requires a Life Insurer to invest his Controlled funds as per Section 27A and a General Insurer to invest his Total Assets as per Section 27B in 'Approved Investments'. The Act further requires a Life Insurer to hold not less than 50% and a General Insurer to hold a minimum of 30% in Approved Securities, which includes investment in Government of India Securities.

2. Reserve Bank of India, has operationalised Negotiated Dealing System – Order Matching (NDS-OM) Module from Aug, 2005 with the following broad features:
   i. The system is purely order driven with all orders being matched based on strict price / time priority.
   ii. The system is an anonymous order matching system wherein identify of parties are not revealed. The Clearing Corporation of India Limited (CCIL) will become the central counterparty to each trade done on the system.
   iii. The system allows straight- through processing (STP) and trades executed will flow straight to CCIL in a ready for settlement stage.
   iv. The system provides functionalities for order management (placing, modifying or cancelling orders), trade related queries, activity log, market information and analytics (YTM computation etc.)
   v. The system, presently, supports dealing in all Central Government and State Government securities for T+1 settlement.
3. All secondary market trading in Government Securities shall be placed in NDS-OM or reported in NDS-OM.

4.12 Reporting of OTC transactions in Certificates of Deposits (CDs) and Commercial Papers (CPs)

1. In order to ensure transparency in secondary market transactions and obtain information on actual trades in CDs and CPs, which are money market instruments, all insurers are advised to report their OTC trades in CDs and CPs on the FIMMDA reporting platform.
2. Accordingly, all IRDAI regulated entities shall report their OTC transactions in CDs and CPs on the FIMMDA reporting platform within 15 minutes of the trade for online dissemination of market information. Detailed procedure in this regard would be advised by FIMMDA.

4.13 Issue of Long Term Bonds by Banks – Financing of Infrastructure and Affordable Housing

Investment Committee shall ensure to have robust mechanism on classification of such investment to qualify as Infrastructure or Housing Sector exposure considering predominant objectives of the offer.

4.14 Reporting of transactions in Corporate Bonds, Commercial Papers, Certificate of Deposits & Securitised Debt

1. All Insurers to report their secondary market OTC trades in Corporate Bonds and Securitized Debt Instruments as per the reporting requirements on any of the stock exchanges (NSE, BSE and MCX-SX). These trades are to be cleared and settled through any of the clearing corporations (NSCCL, ICCL and MCX-SX CCL).
2. All Insurers to report their secondary market OTC trades in Commercial Papers and Certificate of Deposits as per the reporting requirements on FIMMDA (CBRICS).

4.15 Segregated Fund creation and NAV Process.

a. Segregated Fund Creation

The Insurers shall follow the following procedure for Segregated Fund Creation.

i. SFIN shall be derived following the procedure mentioned below:

No	Fund Category	Procedure for 'SFIN'
1	Unit **L**inked **I**ndividual **F**unds	<ULIF>+<001>+<ddmmyy>+<FundName>+<Reg.No>
2	Unit **L**inked **G**roup **F**unds	<ULGF>+<001>+<ddmmyy>+<Fund Name>+<Reg.No>

Note: Explanation to 'Procedure for SFIN'

a. The 1st four Character of SFIN denote the Category to which the Fund belongs
b. 001 denote the 1st fund in the particular Category
c. ddmmyy refers to the date of launch of fund
d. Fund Name denotes the Name of the fund, which shall be abbreviated to 10 Characters

ii. The insurer shall confirm that the SFIN is unique and has not been allotted to any other segregated fund.

iii. Reg. No is the Registration Number.

iv. The 'Segregated Fund', by whatever name called, would invest only in the **'exhaustive'** Categories of Investments permitted under guidelines issued under Regulations at Annexure 1.

v. The Investments to be made as per the Investment Policy, would be covered in the Standard Operating Procedure (SOP), approved by the Investment Committee of the Insurer and followed by the Investment Department of the Insurer, **before the launch of the fund**, <u>if existing SOP does not cover the new asset class</u>, if any. The 'Segregated fund' would have identifiable, individual 'Scrips', grouped as per guidelines issued by IRDAI and the same would be <u>identifiable at custodian level</u>, by a separate <u>sub code</u>, for such 'Segregated Fund.

vi. Other conditions:

a. No individual security is earmarked between two or more 'segregated fund'.
b. The New Fund offered by the Insurer shall **NOT** be a minor modification of any of its existing Fund.
c. The name of the Fund shall not be misleading and shall not contain word(s) that can convey an impression incongruous to the objective of the Fund.
d. Each 'Segregated Fund' would have a 'single' NAV, declared on a 'day-to-day' basis and uploaded in the Insurer's Public Domain and in the Life Insurance Council Website.
e. The insurer, through a portal, would enable the policyholder to know, through a secured login (i) the value of policy wise units held by him, as per FORM D02 and (ii)

fund wise NAV (SFIN wise) on both the Insurer's website and life council website on the same day.

f. The Insurer, **as a part of product brochure**, had included the disclosure mandated under FORM D02 and <u>would provide the secured login details to Policyholders along with the Policy document.</u>
g. The 'Units' would be created on a **'day-to-day'** basis and would be backed by Investment assets, for the 'segregated fund'.
h. The Investment Trial Balance, in respect of each 'Segregated Fund' [with clear link to SFIN] shall be generated **<u>through the system.</u>**
i. All prudential and Exposure norms as per clause 8 of Regulations as amended from time to time shall be complied at each 'segregated' fund, **<u>as well as</u>** at Assets under Management (AUM) of ULIP.
j. Fund Management Charges (FMC) is identified with respect to each 'segregate fund' and **NOT** otherwise.
k. Transfer of funds between ULIP funds shall be done as per the norms laid in point 4.8 (3) above. The Concurrent Auditor shall certify that the Insurer has the required automated System in place to ensure compliance of this requirement.
l. The **SFIN** would be quoted in all 'Fund' related filing / disclosure. Also, SFIN would be mentioned in all documents and all fund-wise information provided to policyholders, other users (public, distribution channels and others) and on all returns or fund related correspondence with the Authority.

The Insurer shall file a certificate issued by the Concurrent Auditor for the above Segregated Fund Creation process on creation of new SFIN. All records in this regard shall be made available for the inspection by IRDAI at any point of time.

b. NAV Process

1. The NAV Process to be followed for new and existing funds and Systems and Process should be in place for calculation of NAV for 'each' Segregated Fund.
2. The objective of defining the '**N**et **A**sset **V**alue (NAV) Process' for the ULIP Funds, is to standardise the process to be followed by all Life Insurers in arriving at the NAV per Unit. Every Insurer in computing and declaring the NAV shall follow the below mention procedure consistently. In this regard the Investment Committee of the insurer shall ensure the Standard Operating Procedure (SOP) to include clear internal guidelines, process flow charts, procedures and responsibilities to be followed by the insurer.
   A. Methodology of operating 'Segregated Fund'
   B. 'Units' creation / Redemption
   C. Preparation of Daily cash flow statement
   D. Security Master Creation
   E. Primary Market deals / IPO
   F. Secondary Market Debt / Equity deal authorization
   G. Settlement Process
   H. Banking Transaction

I. Corporate Actions
J. Valuation Process
K. Charges
L. NAV Computation

A. Methodology of Operating 'Segregated Fund'

1. Defines 'Segregated Funds' as 'Funds earmarked in respect of Linked Business'.
2. To comply with the above requirements of 'Segregated Fund', the Insurer shall adopt the following procedure to ensure strict segregation of funds and computation of NAV:
   a. The Insurer shall, shall open separate bank account and account with the Custodian for **each** "segregated fund".
   b. The Bank shall be directed to allot an Account Number/Account Name with specific reference to the particular "Segregated Fund" so as to match the 10 digit fund name of the **SFIN**.
   c. Every Purchase, Sale of Investment, Income on Investment (including Corporate Action) shall be identified with reference to the particular 'Segregated Fund' and accounted for.
   d. Every 'Deal Slip' shall be identified with reference to the 'segregated fund' along with '**S**egregated **F**und **I**dentification **N**umber "**SFIN**" for such Segregated Fund(s) and the **respective** 'sub-code' of Custodian and the respective Bank Account.
3. Passive breach of regulatory limits, under any fund [SFIN] on any day, if corrected within three business days, **ALL** such corrective actions taken shall be reported by the Concurrent Auditor/Internal Auditor to the Audit Committee.

B. Units Creation / Redemption

Unit capital movement tracks the capital movement (subscription and redemption) in the funds and requires reconciliation with Policy Admin System (PAS), which requires

a. Daily Report of 'Subscription & Redemptions' received from the Policy Admin System (PAS) to be uploaded [without manual intervention through process integration] in the Investment Accounting System
b. Unit Report shall be reconciled with the Investment Accounting System's Creation / Redemption Report, after booking of unit capital entries
c. Units created on a 'day-to-day' basis (including switches), shall be backed by 'segregated fund wise' Investment assets. In other words, the value / amount for which Units are created for the particular day (at the prevailing NAV, applicable for the day, of the respective fund), should be equivalent to the premium receipt (net of switches) less applicable charges and other outflows such as benefits paid, surrenders and foreclosures in excluding applicable charges of the 'respective segregated fund'.

C. Preparation of Daily Cash Flow Statement

The insurer shall prepare a cash flow statement for <u>each</u> 'Segregated Fund' <u>on a day-to-day</u> basis to ascertain the 'investible funds'. The preparation of the cash flow statement shall take into account the following:

1. Opening Bank balance at the Start of the Day (Closing Balance of the Previous Day)
2. Receipt on account of Sale of Investments
3. Receipt on account of Redemption of investment or Maturity of investments (Gross)
4. Receipt of Interest or Dividend etc.,
5. Payments on account of purchase of Security
6. Payments on account of Application Money
7. Premiums received net of charges and redemptions
8. Any other receipts or payments pertaining to investments

D. Security Master Creation

1. Equity Investments

Based on the inputs from treasury the investment back-office shall create Security Masters in the system (linked via NSE/BSE codes) and the same shall be validated by the Mid-Office. The procedure includes documentation of supporting and supervisory sign off.

2. Debt Investments

Security masters for debt Instruments are prepared on the basis of Information memorandum in case of primary and secondary market deals by the Back Office. The procedure includes documentation of supporting and supervisory sign off.

E. Primary Market Deals/IPO

1. Booking of Primary Market Deals - Debt

Primary Market Deals shall be booked on the date of application and on the date of allotment of the Securities will be reflected in the Investment Accounts.

2. Booking of Equity IPO

Equity Investments shall be accounted on the date of application for IPO Issue as 'Application Money' at the segregate Fund Level and on the date of allotment the allotted Shares shall be reflected in the Investment accounts in the same proportion of application money.

F. Secondary Market Debt / Equity Deal Authorization

1. Debt Deals

All Debt securities as categorised in Guidelines on Categories of Investments, as amended from time to time, shall be executed with counterparties and reported on NSE / BSE / FIMMDA reporting platform and the same shall be confirmed with counterparties. The deals shall be authorised in the investment system and the trade files / information shall be sent to custodian / other online settlement systems as recognised by any financial regulator for settlement.

2. Equity Deals

a. STP (Straight Through Process) Reconciliation

All Secondary Market equity deals shall be put through the STP module in the investment system. The dealer shall put through the deal in the investment system after concluding the transaction. The deal would then flow to the back office which would be compared with the input details and the STP file received from broker. If all details match, the transaction would be authorised in the system for settlement.

b. Custodian /Broker settlement

After STP reconciliation the equity trade files/ISO files shall be sent to custodian and broker houses through STP.

All deals shall be recorded on trade date accounting basis.

G. Settlement Process

As specified by SEBI / Clearing Houses.

H. Banking Transactions

1. Coupon Payments for Debt Investments

   Interest receipt entries shall be passed in Bank (Reconciled with Custodian Corporate Actions Report / other online settlement systems as recognised by any financial regulator)

2. Redemptions/Maturities for Debt Investments

   Redemptions/Maturity receipt entries shall be passed in bank account (Reconciled with Custody Corporate Actions report).

3. Dividend Receipts for Equity Investments

   Dividend receivables shall be received in bank on the receipt date (Reconciled with Corporate Action Report received from the Custodian or other online settlement systems as recognised by any financial regulator)

4. Management Fees

   Payment entries pertaining to Management fee transfer to Non-Linked Funds shall be passed in Bank accounts on respective payment dates.

5. Booking of Application Money

   Application Money shall be booked in current asset account on the date of payment of application money towards prospective investments.

I. Corporate Actions

1. **Equity**

   The insurer shall obtain details of corporate action from exchange(s) on which the stock is listed or custodian or any service provider who disseminates such information. While the information pertaining to corporate actions may be obtained from any service provider, it may be noted that it is duty of the insurer to have adequate internal controls in place to ensure that all corporate actions are duly acted upon.

2. **Debt**

   The insurer shall configure their Investment System for details of interest receivable and redemption dates. Further, details of interest receivable and redemption can also be obtained from the custodian / other online settlement systems as recognised by any financial regulator.

3. Accounting of coupon payments, redemption / maturities for debt investments shall be automatically triggered by the system, based on the interest payment dates and maturity dates defined in the security masters created for ‘each’ security.

J. Valuation Process

1. Valuation of securities shall be in line with Annexure 2 of Master Circular – Investments.
2. The Insurer shall close the Investment Front Office system for transactions at 6.00 PM. The Concurrent Auditor shall confirm the compliance of this requirement in their quarterly report to the Board of Directors.

K. Charges

1. Fund Management Charges

   Fund Management Charges (FMC) including GST shall be ‘accounted’ for on a day-to-day basis in the investment accounting system. The actual transfer to “UL-Non-Unit Reserve or Non-Linked Funds” account of accumulated FMC shall be done at least monthly or at lesser frequency

2. FMC charged on the segregated fund [SFIN], where investment is made in Mutual funds and Exchange Traded Fund, permitted by IRDAI, shall be subject to:
   a. The FMC levied shall be the FMC as per the F&U of the segregated fund (SFIN) reduced by FMC charged by the Mutual Fund / Exchange Traded Fund
   b. Point (a) above, shall be permitted **provided**; the insurer has a fully Automated System to compute the differential FMC as detailed in point (a) above.
   c. The Concurrent Auditor shall certify the Systems in place, to comply with the requirement of this provision, **before** the Insurer could avail this provision
3. Dealing costs

   Dealing costs securities transaction tax and service tax shall be adjusted in the cost of investments.

L. NAV Computation

1. NAV: The NAV of the Segregated FUND [SFIN] shall be computed as:

$$\frac{\text{Market Value of investment held by the fund } \mathbf{+} \text{ Value of Current Assets } \mathbf{-} \text{ Value of Current Liabilities \& Provisions, if any}}{\text{Number of Units existing on Valuation Date (before creation / redemption of Units)}}$$

2. The NAV computed as above, in respect of 'each' Segregated Fund, shall be Audited by the Concurrent Auditor on a day-to-day basis.

3. The NAV calculated as above, in respect of 'each' Segregated fund, shall be declared on the Insurer's Website and at the **Life Insurers Council** Website, as and when the same is ready. The following notes shall be considered for the computation of NAV

a. Market value of investment, held by the fund shall be as explained above in the valuation of investments section and the same netted off for FMC

b. Value of Current Assets represents Accrued interest, Dividend Receivable, Bank Balance, Receivable for Sale of Investments and Other Current Assets (for Investments)

c. Value of current liabilities represents Payable for Investments

d. Number of units derived from the investment accounting system shall be reconciled on a day to day basis with the policy admin system.

e. Provisions shall include expenses for brokerage and transaction cost, NPA, Fund Management Charges (FMC) and any other charges approved by the Authority.

4. Specifying SFIN in short message services (SMS), tele-callings, radio messages and ATM display

It is clarified that, SFIN need not be displayed in fund related communication through SMS, tele-calling, radio messages and ATM display due to technology limitations. It would be full compliance of IRDAI's direction, if Insurers specify SFIN in all documents and all fund-wise information provided to policyholders and other users.

5. Segregated funds having multiple plans, with different FMCs attached to it or running 'funds of funds' structure

As each 'Segregated Fund' is required to have a 'single' NAV, declared on a 'day-to-day' basis and FMC is required to be identified to each segregated fund, all Insurers are required to convert various plans offered below a fund or funds of funds structure, as individual segregated fund with a SFIN with identified 'scrips' representing the investments of such segregated funds. In doing so, the net asset value (NAV) of each plan shall be segregated from the underlying fund. The Internal / Concurrent Auditor shall certify that such segregation had not resulted in enrichment of one set of policyholders from others due to change in the units or the NAV. The implication, to the policyholder of such change, if any, shall be put on the insurer’s website, along with the rationale of making such change. The concurrent Auditor shall confirm the Insurer’s adherence to these requirements.

6. **Operating CSGL / TREPS Account**

As RBI do not permit Banks to open multiple CSGL / SGL accounts against single entity the Insurers are permitted to operate with a single CSGL /SGL Account and allocate the holdings in their books to each Segregated Fund [SFIN]. All insurers are required to reconcile their Government Securities holding across all segregated funds on a day to day basis.

Similarly, as CCIL permits opening only one Triparty Repo Account for every company, the Insurers are hereby permitted to have a common Triparty Repo Account at company level, and reconcile their holdings in Triparty Repo Account, segregated fund wise, on a day to day basis.

The Internal / Concurrent Auditor, in his Audit Report to the Audit Committee of the Insurer’s Board shall confirm that the Insurer had done the reconciliation of G Sec and Triparty Repo holding, segregated fund wise [SFIN] on a day-to-day basis.

7. **Usage of valuation matrix published by FIMMDA**

The guiding principle shall be to follow, for all instruments, the day-to-day valuation matrix published by FIMMDA and where ever FIMMDA does not provide such valuation matrix on a day to day basis, the Insurer may adopt valuation matrix provided by Subsidiary/Holding company of any SEBI registered Rating Agency, till such time FIMMDA comes out with such valuation matrix and provides the same in the technology platform, as mandated by the Authority in eliminating manual intervention. The Concurrent Auditor shall certify in his Audit Report to the Board that the Insurer had consistently adopted the methodology prescribed above during the audit period.

4.16 Implementing RFQ platform for Investments in Corporate Bonds / Commercial Papers

1. With a view to enhance and coalescing the fragmented liquidity in Corporate Bonds, SEBI has implemented Request for Quote (RFQ) Platform through Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The RFQ platform seeks to replicate the OTC market albeit on an electronic platform in a move to bring more transparency, centralization in protecting investor interest apart from having enough liquidity in Secondary Market.
2. To achieve the above, SEBI, vide Circular: SEBI/HO/IMD/DF3/CIR/P/2020/130 Dated 22nd July, 2020 has mandated all Mutual Funds (MFs) to undertake 10% of their total Secondary Market trades of Corporates Bonds through RFQ to start with. As this is likely to bring transparency and liquidity in the Corporate Bond segment, the Authority, directs all Insurers as follows:
   a. On monthly basis, the Insurers shall undertake at least 10% of their total Secondary Market trades in the Corporate Bonds in Value place / seek Quotes through one-to-many

mode on RFQ platform available on BSE/NSE. The 10% limit shall be reckoned on the average of Secondary Market Trades by Value, in the immediately preceding 3 months on rolling basis.

b. Concurrent Auditor of the Insurer in his Quarterly Audit Report shall confirm that the Insurer has complied with these directions.

4.17 Control & Monitoring Mechanism of Investment Operations – Work from Remote Location

1. Insurers shall have in place prudent cyber security norms, proper systems and controls while allowing/continuing conduct of Investment Operations from remote location.

2. These systems and controls should take care of Data Privacy, Security and Confidentiality, possibility of Cyber-Attacks, Hackings, Malware Infections, Disruption Risks, Recording of Deals and Supervisory Controls of the dealing activities.

Section – V: Disclosure Norms

5.1 Repo, Reverse Repo in Government securities and Corporate Debt Securities

The following disclosures should be made by the Insurers in the Notes on Annual Accounts to the balance sheet:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31
Securities Sold under repo 1. Government Securities 2. Corporate Debt Securities				
Securities purchased under reverse repo 1. Government Securities 2. Corporate Debt Securities				

5.2 Securities lending and borrowing framework

1. The securities lent shall continue to be shown in Form 5 as they were shown prior to SLB transaction. Income earned on lending securities shall be shown in the CAT Code that is applicable as it appears in Form 1. The Securities which are lent through SLB and are not held in custody shall be shown in Form 6 under the column ‘others’ along with a

reconciliation statement with the following details (to be part of FORM 6 and filed as a part of periodical returns):

a. Name of the scrip
b. No. of securities lent
c. Name of the fund
d. Maximum limit permissible in such fund based on the total quantity held
e. Stock Exchange
f. Date of expiry of the contract
g. Value of the securities lent as on the date

5.3 Exposure to Interest Rate derivatives

The presentation in the financial statements and disclosures are governed by AS 31 and 32. In specific, the Insurer have to make the following disclosures in the Financial statements:

i. Description of Participant's financial risk management objective and policies, in particular its policy for hedging forecasted transactions.
ii. Hedging strategy.
iii. Accounting Policy for Derivatives.
iv. Nature and terms of outstanding Interest Rate derivative contracts.
v. Quantification of the losses which would be incurred if counter-parties failed to fulfil their obligation under the outstanding Interest Rate derivative contracts.

5.4 Issue of long term bonds by banks – Financing of Infrastructure and affordable housing

While preparing Exposure to Industry sector i.e. Form 4A- Part D, the Investments under ILBI and IOLB shall be classified under' Infrastructure - Long Term Bonds –BFSI' and HLBH and HOLB shall be classified under 'Housing – Long Term Bonds- BFSI'

5.5 ULIP Periodical Disclosure

1. Every life Insurer shall at least on a **monthly periodicity**, on or before the 5th of the succeeding month, make the following portfolio disclosures [SFIN wise]in the Insurers website:
    a. Name of the fund
    b. SFIN Number
    c. Investment Objective of the Fund
    d. NAV as on the last business day of the month
    e. All NAV shall be upto 4 decimals
    f. AUM of Equity and Debt as on the last business day of the month
    g. Benchmark as approved by the Investment Committee
    h. Name of the Fund Manager

i. Number of Funds managed by Fund Manager (in point ‘g’ above) along with details of Equity, Debt and Balanced Funds
j. Asset Allocation provided in Product document (as per file & use procedure) and percentage of Actual Asset Allocation at the end of the respective month
k. Rating Profile of Debt Instruments
l. Modified Duration of the Debt and Money Market Instruments
m. Exposure of SFIN (debt and equity) to top 10 industrial sectors as defined under National Industrial Classification 2008 and balance exposure to be shown under “others”
n. Performance of the fund over different period over 1 month, 6 months, 1 year, 2 year,3 year and since inception along with the performance against the Benchmark index for the corresponding period. Returns less than or upto 1 year, shall be based on absolute returns
o. The TOP 10 holdings under each Asset Category of G .Sec, Corporate Debt and Equity shall be disclosed. The exposure to the Money Market instruments to be disclosed as a consolidated amount and as percentage to AUM of the SFIN
p. The Debt and Equity holdings shall be disclosed as a percentage to the AUM of the SFIN in the statement of portfolio. The total percentage of holdings shall be totalled to 100% of the AUM of the SFIN

2. The Concurrent Auditor shall, in his Audit Report, confirm compliance to the above points.

Section – VI: Reporting Norms and Certificates

Various periodical returns and certifications on investment related matters to be submitted by insurers shall be as per the Formats and Periodicity as specified in the Master Circular on Submission of Returns.

Section VII: List of circulars repealed

Sr. No.	Date	Circular Reference	Short Description
1	27-10-2022	IRDAI/F&I/CIR/INV/226/10/2022	Master circular Version 03
2	01-12-2022	IRDAI/F&I/CIR/INV/233/12/2022	Clarification with respect to NDS-OM
3	26-12-2022	IRDAI/F&I/CIR/INV/248/12/2022	Declaration of NAV on quarter ending day
4	13-01-2023	IRDAI/INV/CIR/16/01/2023	Sovereign Green Bonds Classification
5	19-01-2023	IRDAI/INV/CIR/20/01/2023	Classification of shares issued by way of demerger.
6	31-01-2023	IRDAI/F&I/CIR/INV/027/01/2023	Clarification with respect to AIF and Mutual Funds
7	05-06-2023	IRDAI/F&I/CIR/INV/121/6/2023	Investments in NaBFID
8	28-06-2023	IRDAI/F&I/CIR/INV/139/06/2023	Monitoring investment in AIF.
9	04-08-2023	IRDAI/F&I/CIR/INV/155/08/2023	Relaxation for Investments in HDFC Ltd.
10	05-01-2024	IRDAI/F&I/CIR/INV/003/01/2024	Investments in Infrastructure Debt Funds-NBFC

Section VIII: Investment Category and Valuation Methodology

ANNEXURE – 1
CATEGORY OF INVESTMENTS (COI)

The following are the exhaustive Category of Investments **(COI)** that are permissible under Life, Pension and General Annuity, Linked Insurance Business, General Insurance (including Re Insurance) and Health Insurance Business, as per the Insurance Regulatory and Development Authority of India.

No	INVESTMENT CATEGORY HEADS	CAT CODE
A	***CENTRAL GOVT. SECURITIES***	
A01	*Central Government Bonds*	*CGSB*
A02	*Treasury Bills*	*CTRB*
A03	*Sovereign Green Bonds*	*CSGB*
B	***CENTRAL GOVT. SEC, STATE GOVT OR OTHER APPROVED SECURITIES***	
B01	*Central Government Guaranteed Loans / Bonds*	*CGSL*
B02	*State Government Bonds*	*SGGB*
B03	*State Government Guaranteed Loans*	*SGGL*
B04	*Other Approved Securities (excluding Infrastructure Investments)*	*SGOA*
B05	*Guaranteed Equity*	*SGGE*
C	***(a) HOUSING & LOANS TO STATE GOVT FOR HOUSING / FFE***	
C01	*Loans to State Government for Housing*	*HLSH*
C02	*Loans to State Government for Fire Fighting Equipment*	*HLSF*
C03	*Term Loan - HUDCO / NHB / Institutions accredited by NHB*	*HTLH*
C04	*Commercial Papers - NHB / Institutions accredited by NHB*	*HTLN*
C05	*Housing - Securitised Assets*	*HMBS*
C06	*Debentures/Bonds/CPs/Loans - Promoter Group*	*HDPG*
C07	*Long Term Bank Bonds Approved Investment - Affordable Housing*	*HLBH*
C07A	*Equity Shares in Housing Finance Companies*	*HAEQ*
	TAXABLE BONDS	
C08	*Bonds / Debentures issued by HUDCO*	*HTHD*
C09	*Bonds / Debentures issued by NHB / Institutions accredited by NHB*	*HTDN*
C10	*Bonds / Debentures issued by Authority constituted under any Housing / Building Scheme approved by Central / State / any Authority or Body constituted by Central / State Act*	*HTDA*
	TAX FREE BONDS	
C11	*Bonds / Debentures issued by HUDCO*	*HFHD*
C12	*Bonds / Debentures issued by NHB / Institutions accredited by NHB*	*HFDN*
C13	*Bonds / Debentures issued by Authority constituted under any Housing / Building Scheme approved by Central / State / any Authority or Body constituted by Central / State Act*	*HFDA*
	(b) OTHER INVESTMENTS (HOUSING)	
C14	*Debentures / Bonds / CPs / Loans*	*HODS*
C15	*Housing - Securitised Assets*	*HOMB*
C16	*Debentures / Bonds / CPs / Loans - (Promoter Group)*	*HOPG*
C17	*Long Term Bank Bonds Other Investment– Affordable Housing*	*HOLB*
C18	*Reclassified Approved Investments - Debt (Point 6 under Note for Regulation 36 to 41)*	*HORD*

No	INVESTMENT CATEGORY HEADS	CAT CODE
C18A	*Equity Shares in Housing Finance Companies*	*HOEQ*
	(c) INFRASTRUCTURE INVESTMENTS	
C19	*Infrastructure - Other Approved Securities*	*ISAS*
C20	*Infrastructure - PSU - Equity shares - Quoted*	*ITPE*
C21	*Infrastructure - Corporate Securities - Equity shares-Quoted*	*ITCE*
C22	*Infrastructure - Equity (Promoter Group)*	*IEPG*
C23	*Infrastructure - Securitised Assets*	*IESA*
C24	*Infrastructure - Debentures / Bonds / CPs / loans - (Promoter Group)*	*IDPG*
C25	*Infrastructure - Infrastructure Development Fund (IDF)*	*IDDF*
C26	*Onshore Rupee Bonds issued by ADB and IFC (Infrastructure-approved)*	*IORB*
C27	*Long Term Bank Bonds Approved Investment– Infrastructure*	*ILBI*
C28	*Infrastructure Investments rated not less than "A" along with Rating of "EL1"*	*IELB*
C29	*Debt Instruments of InvITs - Approved Investments*	*IDIT*
C30	*Units of Infrastructure Investment Trust*	*EIIT*
	TAXABLE BONDS	
C31	*Infrastructure - PSU - Debentures / Bonds*	*IPTD*
C32	*Infrastructure - PSU – CPs*	*IPCP*
C33	*Infrastructure - Other Corporate Securities - Debentures/ Bonds*	*ICTD*
C34	*Infrastructure - Other Corporate Securities - CPs*	*ICCP*
C35	*Infrastructure - Term Loans (with Charge)*	*ILWC*
	TAX FREE BONDS	
C36	*Infrastructure - PSU - Debentures / Bonds*	*IPFD*
C37	*Infrastructure - Other Corporate Securities - Debentures/ Bonds*	*ICFD*
	(d) INFRASTRUCTURE - OTHER INVESTMENTS	
C38	*Infrastructure - Equity (including unlisted)*	*IOEQ*
C39	*Infrastructure - Debentures / Bonds / CPs / loans*	*IODS*
C40	*Infrastructure - Securitised Assets*	*IOSA*
C41	*Infrastructure - Equity (Promoter Group)*	*IOPE*
C42	*Infrastructure - Debentures / Bonds / CPs / loans - (Promoter Group)*	*IOPD*
C43	*Onshore Rupee Bonds issued by ADB and IFC (Infrastructure-others)*	*IOOB*
C44	*Long Term Bank Bonds Other Investment– Infrastructure*	*IOLB*
C45	*Reclassified Approved Investments - Debt (Point 6 under Note for Regulation 36 to 41)*	*IORD*
C46	*Reclassified Approved Investments - Equity (Point 6 under Note for Regulation 36 to 41)*	*IORE*
C47	*Infrastructure Investment below "A" or "EL1"*	*IOEL*
C48	*Debt Instruments of InvITs - Other Investments*	*IOIT*
C49	*Units of Infrastructure Investment Trust*	*OIIT*
D	***APPROVED INVESTMENT SUBJECT TO EXPOSURE NORMS***	
D01	*PSU - Equity shares - Quoted*	*EAEQ*
D02	*Corporate Securities - Equity shares (Ordinary)- Quoted*	*EACE*
D03	*Equity Shares - Companies incorporated outside India (invested prior to IRDA Regulations)*	*EFES*
D04	*Equity Shares - Promoter Group*	*EEPG*
D05	*Corporate Securities - Bonds - (Taxable)*	*EPBT*

No	INVESTMENT CATEGORY HEADS	CAT CODE
D06	*Corporate Securities - Bonds - (Tax Free)*	*EPBF*
D07	*Corporate Securities - Preference Shares*	*EPNQ*
D08	*Corporate Securities - Investment in Subsidiaries*	*ECIS*
D09	*Corporate Securities - Debentures*	*ECOS*
D10	*Corporate Securities - Debentures / Bonds/ CPs /Loan - (Promoter Group)*	*EDPG*
D11	*Municipal Bonds – Rated*	*EMUN*
D12	*Investment properties - Immovable*	*EINP*
D13	*Loans - Policy Loans*	*ELPL*
D14	*Loans - Secured Loans - Mortgage of Property in India (Term Loan)*	*ELMI*
D15	*Loans - Secured Loans - Mortgage of Property outside India (Term Loan)*	*ELMO*
D16	*Deposits - Deposit with Scheduled Banks, FIs (incl. Bank Balance awaiting Investment), CCIL, RBI*	*ECDB*
D17	*Deposits - CDs with Scheduled Banks*	*EDCD*
D18	*Deposits - Repo / Reverse Repo - Govt Securities*	*ECMR*
D19	*Deposits - Repo / Reverse Repo - Corporate Securities*	*ECCR*
D20	*Deposit with Primary Dealers duly recognised by Reserve Bank of India*	*EDPD*
D21	*CCIL – CBLO*	*ECBO*
D22	*Commercial Papers*	*ECCP*
D23	*Application Money*	*ECAM*
D24	*Perpetual Debt Instruments of Tier I & II Capital issued by PSU Banks*	*EUPD*
D25	*Perpetual Debt Instruments of Tier I & II Capital issued by Non-PSU Banks*	*EPPD*
D26	*Perpetual Non-Cum. P.Shares & Redeemable Cumulative P.Shares of Tier 1 & 2 Capital issued by PSU Banks*	*EUPS*
D27	*Perpetual Non-Cum. P.Shares & Redeemable Cumulative P.Shares of Tier 1 & 2 Capital issued by Non-PSU Banks*	*EPPS*
D28	*Foreign Debt Securities (invested prior to IRDA Regulations)*	*EFDS*
D29	*Mutual Funds - Gilt / G Sec / Liquid Schemes/overnight/ultra-short term*	*EGMF*
D30	*Mutual Funds - (under Insurer's Promoter Group)*	*EMPG*
D31	*Net Current Assets (Only in respect of ULIP Fund Business)*	*ENCA*
D32	*Passively Managed Equity ETF (Non Promoter Group)*	*EETF*
D33	*Passively Managed Equity ETF (Promoter Group)*	*EETP*
D34	*Onshore Rupee Bonds issued by ADB and IFC*	*EORB*
D35	*Debt Capital Instruments (DCI-Basel III)*	*EDCI*
D36	*Redeemable Non-cumulative Preference Shares (RNCPS- Basel III)*	*ERNP*
D37	*Redeemable Cumulative Preference Shares (RCPS- Basel III)*	*ERCP*
D38	*Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [PSU Banks]*	*EAPS*
D39	*Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [Private Banks]*	*EAPB*
D40	*Units of Real Estate Investment Trust (REITs)*	*ERIT*
D41	*Debt ETFs - "Approved Investments"*	*EDTF*
D42	*Debt Instruments of REITs - Approved Investments*	*EDRT*

No	INVESTMENT CATEGORY HEADS	CAT CODE
E	***OTHER INVESTMENTS***	
E01	*Bonds - PSU – Taxable*	*OBPT*
E02	*Bonds - PSU - Tax Free*	*OBPF*
E03	*Equity Shares (incl Co-op Societies)*	*OESH*
E04	*Equity Shares (PSUs & Unlisted)*	*OEPU*
E05	*Equity Shares - Promoter Group*	*OEPG*
E06	*Debentures*	*OLDB*
E07	*Debentures / Bonds/ CPs / Loans etc. - (Promoter Group)*	*ODPG*
E08	*Municipal Bonds*	*OMUN*
E09	*Commercial Papers*	*OACP*
E10	*Preference Shares*	*OPSH*
E11	*SEBI approved Alternate Investment Fund (Category I)*	*OAFA*
E12	*SEBI approved Alternate Investment Fund (Category II)*	*OAFB*
E13	*Short term Loans (Unsecured Deposits)*	*OSLU*
E14	*Term Loans (without Charge)*	*OTLW*
E15	*Mutual Funds - Debt / Income / Serial Plans / Liquid Schemes*	*OMGS*
E16	*Mutual Funds - (under Insurer's Promoter Group)*	*OMPG*
E17	*Securitised Assets*	*OPSA*
E18	*Investment properties - Immovable*	*OIPI*
E19	*Passively Managed Equity ETF (Non Promoter Group)*	*OETF*
E20	*Passively Managed Equity ETF (Promoter Group)*	*OETP*
E21	*Onshore Rupee Bonds issued by ADB and IFC*	*OORB*
E22	*Debt Capital Instruments (DCI-Basel III)*	*ODCI*
E23	*Redeemable Non-cumulative Preference Shares (RNCPS - Basel III)*	*ORNP*
E24	*Redeemable Cumulative Preference Shares (RCPS - Basel III)*	*ORCP*
E25	*Reclassified Approved Investments - Debt (Point 6 under Note for Regulation 36 to 41)*	*ORAD*
E26	*Reclassified Approved Investments - Equity (Point 6 under Note for Regulation 36 to 41)*	*ORAE*
E27	*Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [PSU Banks]*	*OAPS*
E28	*Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [Private Banks]*	*OAPB*
E29	*Units of Real Estate Investment Trust (REITs)*	*ORIT*
E31	*Debt ETFs - "Other Investments"*	*ODTF*
E32	*Debt Instruments of REITs - Other Investments*	*ODRT*

Valuation methodology for Investment Categories

ANNEXURE – 2

MARKET VALUE - BASIS FOR FORM-3A / FORM-3B

Method for determining the Market Value of Investments to report in FORM 3A, FORM 3B of the investment returns.

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
A	**GOVERNMENT SECURITIES**		
A01	Central Government Bonds	CGSB	Investments valued either as per prices provided by FIMMDA or Subsidiary/Holding company of other rating agency registered with SEBI.
A02	Treasury Bills	CTRB	At cost subject to amortisation of discount
A03	Sovereign Green Bonds	CSGB	Investments valued either as per prices provided by FIMMDA or Subsidiary/Holding company of any rating agency registered with SEBI.
B	**GOVERNMENT SECURITIES / OTHER APPROVED SECURITIES**		
B01	Central Government Guaranteed Loans / Bonds	CGSL	Investments valued either as per prices / Yield Matrix provided by FIMMDA or Subsidiary/Holding company of any rating agency registered with SEBI.
B02	State Government Bonds	SGGB	Investments valued either as per prices provided by FIMMDA or Subsidiary/Holding company of any other rating agency registered with SEBI.
B03	State Government Guaranteed Loans	SGGL	Investments valued either as per prices provided by FIMMDA or Subsidiary/Holding company of any other rating agency registered with SEBI.
B04	Other Approved Securities (excluding Infrastructure Investments)	SGOA	Investments valued either as per prices / Yield Matrix provided by FIMMDA or Subsidiary/Holding company of any other rating agency registered with SEBI.
B05	Guaranteed Equity	SGGE	Book Value.
C	**(a) HOUSING & LOANS TO STATE GOVT. FOR HOUSING AND FFE**		
C01	Loans to State Government for Housing	HLSH	At Cost Less Provisions
C02	Loans to State Government for Fire Fighting Equipment	HLSF	At Cost Less Provisions
C03	Term Loan - HUDCO / NHB / Institutions accredited by NHB	HTLH	At Cost Less Provisions

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
C04	Commercial Papers - NHB / Institutions accredited by NHB	HTLN	Valued at amortised cost based on straight line method of amortisation over the remaining maturity period of the instrument or using IRR/ YTM basis of amortisation.
C05	Housing - Securitised Assets	HMBS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C06	Bonds/Debentures/CPs/Loans - Promoter Group	HDPG	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortised cost.
C07	Long Term Bank Bonds Approved Investment – Affordable Housing	HLBH	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C07A	Equity Shares in Housing Finance Companies	HAEQ	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
	TAXABLE BONDS OF		
C08	Bonds / Debentures issued by HUDCO	HTHD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any SEBI approved Rating Agency
C09	Bonds / Debentures issued by NHB / Institution accredited by NHB	HTDN	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C10	Bonds / Debentures issued by Authority constituted under any Housing / Building Scheme approved by Central / State / any Authority or Body constituted by Central / State Act	HTDA	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
	TAX FREE BONDS		
C11	Bonds / Debentures issued by HUDCO	HFHD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C12	Bonds / Debentures issued by NHB / Institution accredited by NHB	HFDN	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any SEBI

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
			approved Rating Agency
C13	Bonds / Debentures issued by Authority constituted under any Housing / Building Scheme approved by Central / State / any Authority or Body constituted by Central / State Act	HFDA	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
	(b) OTHER INVESTMENTS (HOUSING)		
C14	Debentures / Bonds / CPs / Loans	HODS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI. Commercial paper at amortised cost.
C15	Housing - Securitised Assets	HOMB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C16	Debentures / Bonds / CPs / Loans - (Promoter Group)	HOPG	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortized cost.
C17	Long Term Bank Bonds Other Investment– Affordable Housing	HOLB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C18	Reclassified Approved Investments - Debt (Point VI under Note for Clause 3 to 7 of the Schedule III of the Regulations)	HORD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C18A	Equity Shares in Housing Finance Companies	HOEQ	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
	(c) INFRASTRUCTURE INVESTMENTS		
C19	Infrastructure - Other Approved Securities	ISAS	Investments valued either as per prices provided by FIMMDA or Subsidiary/Holding company of any rating agency registered with SEBI.
C20	Infrastructure - PSU - Equity shares – Quoted	ITPE	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
			unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C21	Infrastructure - Corporate Securities - Equity shares-Quoted	ITCE	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). If unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C22	Infrastructure - Equity (Promoter Group)	IEPG	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). If unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C23	Infrastructure - Securitised Assets	IESA	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C24	Infrastructure - Debentures / Bonds / CPs / loans - Promoter Group	IDPG	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortized cost.
C25	Infrastructure - Infrastructure Development Fund (IDF)	IDDF	At NAV (if available) or at cost less Provision for diminution
C26	Onshore Rupee Bonds issued by ADB and IFC (Infrastructure- approved)	IORB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C27	Long Term Bank Bonds Approved Investment–Infrastructure	ILBI	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C28	Infrastructure Investments rated not less than "A" along with Rating of "EL1"	IELB	Investments valued either as per FIMMDA or at applicable market yield rates published by any Rating Agency registered with SEBI
C29	Debt Instruments of InvITs - Approved Investments	IDIT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C30	Units of Infrastructure	EIIT	Market Value (last Quoted price should not be

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
	Investment Trust		later than 30 days). Where Market Quote is not available for last 30 days , the Units shall be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.
	TAXABLE BONDS		
C31	Infrastructure - PSU - Debentures / Bonds	IPTD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C32	Infrastructure - PSU - CPs	IPCP	Valued at amortised cost based on straight line method of amortisation over the remaining maturity period of the instrument or using IRR/ YTM basis of amortisation.
C33	Infrastructure - Other Corporate Securities - Debentures/ Bonds	ICTD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C34	Infrastructure - Other Corporate Securities – CPs	ICCP	Valued at amortised cost based on straight line method of amortization over the remaining maturity period of the instrument or using IRR/ YTM basis of amortisation.
C35	Infrastructure - Term Loans (with Charge)	ILWC	At Cost less opening Provisions
	TAX FREE BONDS		
C36	Infrastructure - PSU - Debentures / Bonds	IPFD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C37	Infrastructure - Other Corporate Securities - Debentures/ Bonds	ICFD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
	(d) INFRASTRUCTURE - OTHER INVESTMENTS		
C38	Infrastructure - Equity (including unlisted)	IOEQ	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C39	Infrastructure - Debentures / Bonds / CPs / loans	IODS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortised cost.
C40	Infrastructure - Securitised	IOSA	Investments valued either as per FIMMDA or

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
	Assets		at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C41	Infrastructure - Equity (Promoter Group)	IOPE	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C42	Infrastructure - Debentures / Bonds / CPs / loans - (Promoter Group)	IOPD	Investments valued either as per FIMMDA or at applicable market yield rates published by any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortised cost.
C43	Onshore Rupee Bonds issued by ADB and IFC (Infra - others)	IOOB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C44	Long Term Bank Bonds Other Investment– Infrastructure	IOLB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C45	Reclassified Approved Investments - Debt (Point VI under Note for Clause 3 to 7 of the Schedule III of the Regulations)	IORD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C46	Reclassified Approved Investments - Equity (Point VI under Note for Clause 3 to 7 of the Schedule III of the Regulations)	IORE	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
C47	Infrastructure Investment below “A” or “EL1”	IOEL	Investments valued either as per FIMMDA or at applicable market yield
			Rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C48	Debt Instruments of InvITs - Other Investments	IOIT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
C49	Units of Infrastructure Investment Trust	OIIT	Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for last 30 days, the Units shall

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
			be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.
D	**APPROVED INVESTMENT SUBJECT TO EXPOSURE NORMS**		
D01	PSU - Equity shares – quoted	EAEQ	Market Value
D02	Corporate Securities - Equity shares (Ordinary)-quoted	EACE	Market Value
D03	Equity Share - Companies incorporated outside India (invested prior to IRDA Regulations)	EFES	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
D04	Equity Shares - Promoter Group	EEPG	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
D05	Corporate Securities - Bonds - (Taxable)	EPBT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D06	Corporate Securities - Bonds - (Tax Free)	EPBF	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D07	Corporate Securities - Preference Shares	EPNQ	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
D08	Corporate Securities - Investment in Subsidiaries	ECIS	At Cost less Provision for diminution
D09	Corporate Securities - Debentures	ECOS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D10	Corporate Securities - Debentures / Bonds/ CPs	EDPG	Investments valued either as per FIMMDA or at applicable market yield rates published by

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
	/Loan - Promoter Group		Subsidiary/Holding company of any Rating Agency registered with SEBI and loans at cost. Commercial paper at amortised cost.
D11	Municipal Bonds – Rated	EMUN	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D12	Investment properties - Immovable	EINP	At Cost as per Balance Sheet
D13	Loans - Policy Loans	ELPL	At Cost
D14	Loans - Secured Loans - Mortgage of Property in India (Term Loan)	ELMI	At Cost Less Provisions
D15	Loans - Secured Loans - Mortgage of Property outside India (Term Loan)	ELMO	At Cost Less Provisions
D16	Deposits - Deposit with Scheduled Banks, FIs (incl. Bank Balance awaiting Investment), CCIL, RBI	ECDB	At Carrying Cost
D17	Deposits - CDs with Scheduled Banks	EDCD	At Carrying Cost
D18	Deposits - Repo / Reverse Repo – Govt. Securities	ECMR	At Cost
D19	Deposits - Repo / Reverse Repo - Corporate Securities	ECCR	At Cost
D20	Deposit with Primary Dealers duly recognized by Reserve Bank of India	EDPD	At Cost
D21	CCIL – CBLO	ECBO	At Carrying Cost
D22	Commercial Papers	ECCP	Valued at amortized cost based on straight line method of amortization over the remaining maturity period of the instrument or using IRR/ YTM basis of amortization.
D23	Application Money	ECAM	At Cost
D24	Perpetual Debt Instruments of Tier I & II Capital issued by PSU Banks	EUPD	Investments valued either as per FIMMDA or at applicable Subsidiary/Holding company of market yield rates published by any Rating Agency registered with SEBI
D25	Perpetual Debt Instruments of Tier I & II Capital issued by Non-PSU Banks	EPPD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D26	Perpetual Non-Cum. P.Shares & Redeemable	EUPS	Investments valued either as per FIMMDA or at applicable market yield rates published by

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
	Cumulative P.Shares of Tier 1 & 2 Capital issued by PSU Banks		Subsidiary/Holding company of any Rating Agency registered with SEBI
D27	Perpetual Non-Cum. P.Shares & Redeemable Cumulative P.Shares of Tier 1 & 2 Capital issued by Non-PSU Banks	EPPS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D28	Foreign Debt Securities (invested prior to IRDA Regulations)	EFDS	At Carrying Cost
D29	Mutual Funds - Gilt / G Sec / Liquid Schemes	EGMF	At NAV as on the reporting date
D30	Mutual Funds - (under Insurer's Promoter Group)	EMPG	At NAV as on the reporting date
D31	Net Current Assets (only in the case of ULIP Fund Business)	EMCA	At Book Value
D32	Passively Managed Equity ETF (Non Promoter Group)	EETF	Traded Price or at NAV as on the reporting date
D33	Passively Managed Equity ETF (Promoter Group)	EETP	Traded Price or at NAV as on the reporting date
D34	Onshore Rupee Bonds issued by ADB and IFC	EORB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D35	Debt Capital Instruments (DCI-Basel III)	EDCI	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D36	Redeemable Non-cumulative Preference Shares (RNCPS-Basel III)	ERNP	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D37	Redeemable Cumulative Preference Shares (RCPS-Basel III)	ERCP	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D38	Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [PSU Banks]	EAPS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D39	Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [Private Banks]	EAPB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
D40	Units of Real Estate Investment Trust (REITs)	ERIT	Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for last 30 days , the Units shall

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
			be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.
D42	Debt ETFs - "Approved Investments"	EDTF	Traded Price or at NAV as on the reporting date
D43	Debt Instruments of REITs - Approved Investments	EDRT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E	**OTHER INVESTMENTS**		
E01	Bonds - PSU - Taxable	OBPT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E02	Bonds - PSU - Tax Free	OBPF	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E03	Equity Shares (incl Co-op Societies)	OESH	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
E04	Equity Shares (PSUs & Unlisted)	OEPU	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
E05	Equity Shares - Promoter Group	OEPG	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
E06	Debentures	OLDB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E07	Debentures / Bonds/ CPs / Loans etc. - Promoter Group	ODPG	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
			Agency registered with SEBI and loans at cost. Commercial paper at amortized cost.
E08	Municipal Bonds	OMUN	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E09	Commercial Papers	OACP	Valued at amortized cost based on straight line method of amortization over the remaining maturity period of the instrument or using IRR/ YTM basis of amortization.
E10	Preference Shares	OPSH	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
E11	SEBI approved Alternate Investment Fund (Category I)	OAFA	At NAV (if available) or at cost less Provision for diminution
E12	SEBI approved Alternate Investment Fund (Category II)	OAFB	At NAV (if available) or at cost less Provision for diminution
E13	Short term Loans (Unsecured Deposits)	OSLU	At Cost Less Provisions
E14	Term Loans (without Charge)	OTLW	At Cost Less Provisions
E15	Mutual Funds - Debt / Income / Serial Plans	OMGS	At NAV as on the reporting date
E16	Mutual Funds (under Insurer's Promoter Group)	OMPG	At NAV as on the reporting date
E17	Securitised Assets	OPSA	Investments valued either as per FIMMDA or at applicable market yield rates published by any Rating Agency registered with SEBI
E18	Investment properties - Immovable	OIPI	At Cost
E19	Passively Managed Equity ETF (Non Promoter Group)	OETF	Traded Price or at NAV as on the reporting date
E20	Passively Managed Equity ETF (Promoter Group)	OETP	Traded Price or at NAV as on the reporting date
E21	Onshore Rupee Bonds issued by ADB and IFC	OORB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E22	Debt Capital Instruments (DCI-Basel III)	ODCI	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E23	Redeemable Non-cumulative Preference Shares (RNCPS-	ORNP	Investments valued either as per FIMMDA or at applicable market yield rates published by

NO	PARTICULARS	CAT CODE	MARKET VALUE – BASIS FOR FORM-3A, FORM-3B
	Basel III)		Subsidiary/Holding company of any Rating Agency registered with SEBI
E24	Redeemable Cumulative Preference Shares (RCPS-Basel III)	ORCP	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E25	Reclassified Approved Investments - Debt (Point 6 under Note for Regulation 36 to 41)	ORAD	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E26	Reclassified Approved Investments - Equity (Point VI under Note for Clause 3 to 7 of the Schedule III of the Regulations)	ORAE	If quoted, valued at Market Value (last Quoted price should not be later than 30 days). In unquoted, Book Value Less Provisions (Provisions shall be made at the end of the Year. For the purpose of Quarterly Returns, if there exist any Provision for any Equity Share at the beginning of the year, the same shall be reduced from the Book Value)
E27	Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [PSU Banks]	OAPS	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E28	Additional Tier 1 (Basel III Compliant) Perpetual Bonds – [Private Banks]	OAPB	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI
E29	Units of Real Estate Investment Trust (REITs)	ORIT	Market Value (last Quoted price should not be later than 30 days). Where Market Quote is not available for last 30 days, the Units shall be valued as per the latest NAV (not more than 6 months old) of the Units published by the trust.
E31	Debt ETFs - "Other Investments"	ODTF	Traded Price or at NAV as on the reporting date
E32	Debt Instruments of REITs - Other Investments	ODRT	Investments valued either as per FIMMDA or at applicable market yield rates published by Subsidiary/Holding company of any Rating Agency registered with SEBI