**CHAPTER – IV**

**Submission of returns as specified under Master Circular on Actuarial, Finance and Investment Functions of Insurers**

**Chapter IV-Part-1-Actuarial Returns:**

**Notes: The Annexures (ACTL-LI-1 to ACTL-GI-4) provide the detailed instructions and guidelines to prepare the reports and the ‘Returns’ (**Return-ACTL-1 to Return-ACTL-8) **referred in Chapter 1 of the Master Circular on Actuarial, Finance and Investment Functions of Insurers.**

|  |  |
| --- | --- |
| **Annexures** | |
| ACTL-LI-1 | With Profits Committee Report |
| ACTL-LI-2 | Appointed Actuary’s Annual Report (AAAR) |
| ACTL-LI-3 | Asset Liability Management Report – Life Insurance |
| ACTL-LI-4 | Economic Capital – Life Insurance |
| ACTL-LI-5 | Persistency Report |
| ACTL-GI-1 | Incurred But Not Reported (IBNR) Claim Report  Part -A: Guidelines on mathematical estimation of IBNR claims provision  Part- B: IBNR report  Part- C: Instructions for filling up the Statement of Claims Development |
| ACTL-GI-2 | Financial Condition Report(FCR) – General Insurance |
| ACTL-GI-3 | Asset Liability Management Report – General Insurance |
| ACTL-GI-4 | Economic Capital – General Insurance |
| **Returns-Life Insurance Business** | |
| Return-ACTL-1 | Additional Forms to be submitted along with Actuarial Report and Abstract (Life Insurance) |
| Return-ACTL-2 | Reconciliation & Checklist (Life Insurance |
| Return-ACTL-3 | Table-ALM- Quarterly’ and Table-ALM - Yearly |
| Return-ACTL-4 | Economic Capital Report |
| Return-ACTL-9 | Persistency and Renewal Rate |
| **Returns-General Insurance Business** | |
| Return-ACTL-5 | IBNR Forms and IBNR tables |
| Return-ACTL-6 | FCR Tables – General Insurance |
| Return-ACTL-7 | Table-ALM- Quarterly’ and Table-ALM - Yearly |
| Return-ACTL-8 | Economic Capital Report |

**Form No. IRDAI\_RET\_7**

**Annexure ACTL-LI-1:**

The constitution of ‘With Profit Committee (WPC)’ and contents of the WPC Report are covered as part of the ‘*Master Circular On Actuarial, Finance and Investment Functions of Insurers*’

**Form No. IRDAI\_RET\_8**

**Annexure ACTL-LI-2**

**Provisions related to “APPOINTED ACTUARY’S ANNUAL REPORT” (AAAR):**

As per clause 2(3)(iii) of Part III (B)-Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024, a life insurer is required to provide a detailed information covering various aspects of actuarial valuation. The Appointed Actuary (AA) need to submit a report including description of the business of the insurer during the financial year under review. The structure of the report, the minimum contents to be covered under each chapter and a certification to be provided by AA shall be as follows.

|  |  |  |
| --- | --- | --- |
| Chapter | Description | Page No. |
| 1 | Executive Summary |  |
| 2 | Analysis of Business Written and Distribution Channels |  |
| 3 | Analysis of experience (Insurance and Economic) |  |
| 4 | Analysis and Distribution of Surplus |  |
| 5 | Risk Management |  |
| 6 | Current Financial Condition |  |
| 7 | Future Financial Condition - Estimate |  |
| 8 | Conclusions |  |
| Appendix A | Action Taken Report of previous AAAR |  |
| Appendix B | Details of Investments |  |
| Appendix C | Risk Management |  |
| Appendix D | Analysis of Surplus |  |
| Appendix E | Review of Product performance |  |

Certification by the Appointed Actuary

“I, (name of AA), the Appointed Actuary and (name of the Mentor), Mentor for Appointed Actuary, where applicable, of (name of insurer), hereby certify, with regard to the liabilities under the policies held by the insurer at the (Report Date), to the best of my knowledge:

1. that I have complied with the guidance notes issued by the Institute of Actuaries of India (hereinafter referred as IAI) along with other guidance notes viz., …….;
2. that I have complied with the provisions of the Insurance Act, 1938, Regulations, Rules and Directions of the Insurance Regulatory and Development Authority of India (hereinafter referred as IRDAI);
3. that I have taken into account all contingencies appropriate to the business that is valued and that the assumptions employed in the valuation are appropriate;
4. that the mathematical reserves have been based on accurate data and have been calculated and reported accurately, subject to the following qualifications (list the qualifications, if any and the additional provisions made in this connection, if any);
5. that I have calculated the Required Solvency Margin accurately; and
6. that the mathematical reserves make good and sufficient provision for all the pre-matured obligations under the terms of the policies on the books of the insurer.

**Place:**

**Signature of the Appointed Actuary**

**(Name of the Appointed Actuary)**

**Signature of Mentor (where applicable)**

**(Name of the Mentor, where applicable)**

**Date:**

**Chapter 1 – EXECUTIVE SUMMARY**

This Chapter should be a succinct and sharp highlight of key points and main messages in relation to impacts on the financial condition of the insurer. The context is to help the IRDAI by providing meaningful insights and recommendations. The AA could share this document with his/her Board and / or CEO and hence the document is seen to be useful to the business and management and not viewed as just a regulatory filing.

In addition to the above qualitative summary, the AA should also provide quantitative information. The template for the same is as given below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **S.No** | **Description** | **Note** | **Current year (year ending 31 March X)** | **Year ending 31 March X - 1** | **Year ending 31 March X - 2** | **Year ending 31 March X – 3** | **Year ending 31 March X - 4** |
| 1 | New Business Annualized Premium |  |  |  |  |  |  |
| 2 | First Year Premium | A |  |  |  |  |  |
| 3 | Renewal Premium | A |  |  |  |  |  |
| 4 | Top-ups | A |  |  |  |  |  |
| 5 | Single Premium | A |  |  |  |  |  |
| 6 | Total Premium | A |  |  |  |  |  |
| 7 | Reinsurance Premium Paid |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 8a | Total policyholder benefits paid | B |  |  |  |  |  |
| 8b | Total benefits paid by the reinsurers |  |  |  |  |  |  |
| 8c | Death Strain – Actual to Expected |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 9 | Total Operating Expenses related to insurance business and Commission |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 10 | Surplus/Deficit in Revenue Account |  |  |  |  |  |  |
| 11 | Profit/Loss in P&L Account |  |  |  |  |  |  |
| 12 | Total liabilities in respect of policyholders funds |  |  |  |  |  |  |
| 12a | Investment yield (TWRR) on policyholders’ fund – with unrealised gains |  |  |  |  |  |  |
| 13 | Total liabilities in respect of shareholders’ Funds |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 14 | Capital injected during the year (including share premium and application money) |  |  |  |  |  |  |
| 15 | New Business Cost Ratio | C |  |  |  |  |  |
| 16 | Renewal Cost Ratio | D |  |  |  |  |  |
| 17 | Overall Expense Ratio | E |  |  |  |  |  |
| 18 | 13 month persistency ratio (for individual non single premium business) | F |  |  |  |  |  |
| 19 | 37 month persistency ratio (for individual non single premium business) | F |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 20 | Solvency Ratio |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 21 | Individual Inforce Policies |  |  |  |  |  |  |
| 22 | Group Inforce Schemes |  |  |  |  |  |  |
| 23 | Group Inforce Lives |  |  |  |  |  |  |

Note A – gross of reinsurance

Note B – net of reinsurance

Note C – New Business Cost Ratio is the ratio of expenses attributable to new business (including commission) expressed as a percentage of First Year Premium

Note D – Renewal Cost Ratio is the ratio of expenses attributable to maintenance and renewal of business (including commission) expressed as a percentage of Renewal Premium

Note E – Overall Expense Ratio is the ratio of total operating expenses related to insurance business and commission expressed as a percentage of total premium income

Note F –Refer to Annexure ACTL-LI-5 on persistency calculation

Annualized Premium (for the purpose of the above Table), means modal premium multiplied by premium frequency for non-single premium policies plus 10% of single premium for single premium policies

The data furnished in the table above should be consistent with financial statements, wherever applicable.

**Chapter 2 – ANALYSIS OF BUSINESS WRITTEN AND DISTRIBUTION CHANNELS**

This chapter should contain an analysis of new business written during the year with comparison with previous four years

* New business (annualized premium, sum assured, annuity, policies, new business strain) by product line and distribution channel. AA can customize for specific company’s distribution channels and product lines.
* Any developments in sales channels – expansion, closures (channels; branches; channel partners)
* Products – new products added, products withdrawn, products modified (state product name, UIN and nature of product – individual linked life, individual linked pension, individual with profits life, individual with profits pension etc.)
* The table for new business analysis

**Distribution Channel -**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **S. No** | **Description** | **Note** | **Current year (year ending 31 March X)** | **Year ending 31 March X – 1** | **Year ending 31 March X - 2** | **Year ending 31 March X – 3** | **Year ending 31 March X - 4** |
|  | **Product Line Name** | A |  |  |  |  |  |
| 1 | New Business Annualized Premium |  |  |  |  |  |  |
| 2 | First Year Premium | B |  |  |  |  |  |
| 3 | Renewal Premium | B |  |  |  |  |  |
| 4 | Top-ups | B |  |  |  |  |  |
| 5 | Single Premium | B |  |  |  |  |  |
| 6 | Total Premium | B |  |  |  |  |  |
| 7 | Reinsurance Premium Paid |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 8 | Sum Assured (or annuity p.a.) | B |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 9 | Number of Policies (or Schemes) |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 10 | Average New Business Annualized Premium per policy | 1 / 9 |  |  |  |  |  |
| 11 | Average SA (annuity) per policy | 8 / 9 |  |  |  |  |  |
| 12 | Average age at entry |  |  |  |  |  |  |
| 13 | Average policy term |  |  |  |  |  |  |
| 14 | Average premium payment term |  |  |  |  |  |  |
| 15 | Renewal Premium / Total Premium | 3 / 6 |  |  |  |  |  |
| 16 | Reinsurance Premium / Total Premium | 7 / 6 |  |  |  |  |  |

**Note A** – The above information to be provided by consolidating across all distribution channels and all Lines of business i.e., at the company level. In addition to this, the information shall be provided for each of the distribution channels under the product lines: Individual Unit Linked Life, Individual Unit Linked Pensions, Individual Unit Linked Health, Individual With Profits Life, Individual With Profits Pensions, Individual With Profits Health, Individual Without Profits Life, Individual Without Profits Pensions, Individual Without Profits Health, Individual Annuities, Group Unit Linked Funds, Group With Profits Funds, Group Without Profits Funds, Group Life.

**Note B** – gross of reinsurance

Provide analysis of new business (individual only) by premium payment frequency (percentage by number of policies)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Product Line** | **Current year ending 31 March X** | | | | | | **Year ending 31 March**  **X – 1** | | | | | | **Year ending 31 March**  **X – 2** | | | | | |
| **SP** | **Yly** | **Hly** | **Qly** | **Mly** | **Others if any** | **SP** | **Yly** | **Hly** | **Qly** | **Mly** | **Others if any** | **SP** | **Yly** | **Hly** | **Qly** | **Mly** | **Others if any** |
| Unit Linked Life |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unit Linked Pensions |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non Linked Life |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non Linked Pensions |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non Linked Health |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unit Linked Health |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Individual - Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Chapter 3 – ANALYSIS OF EXPERIENCE**

This chapter should contain the following:

**Persistency:**

Persistency as %, have to be shown by number of policies and by annualized premium in the format given below, on aggregate at company level.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Persistency Month | Issue Year 01-April-(X-2)to 31-March-(X-1) | Issue Year 01-April-(X-3)to 31-March-(X-2) | Issue Year 01-April-(X-4)to 31-March-(X-3) | Issue Year 01-April-(X-5)to 31-March-(X-4) |
| 13 |  |  |  |  |
| 25 |  |  |  |  |
| 37 |  |  |  |  |
| 49 |  |  |  |  |
| 61 |  |  |  |  |

1. The results of the above analysis should be shown at least for the following lines of business:

* at overall Company level
* for Non-Linked Par, Non-linked Non-Par & Linked at overall level
* for Non-linked Non-Par savings, Non-linked Non-Par protection, Linked Life, Linked Pension
* for those Distribution Channels whose contribution is more than 5% of the total premium income of the insurer for that financial year. This analysis should be made at an overall level. In other words, Line of business and segment –wise analysis is not required for this purpose.

1. Depending upon the complexity and nature of the business, the AA may report above analysis for further line/s of business based on sound judgement.
2. The results should also be shown separately for Individual and Group businesses.
3. Where a company holds a revival reserve, it would also be important for the analysis of revival behaviour to be disclosed. This may be analysed by line of business, policy size, lapse duration etc.
4. The guidance on persistency methodology is provided as Annexure-Persistency.
5. The template indicated above should be used.
6. The AA should discuss any trends or observations noticed from this analysis.

**Surrenders:**

Surrenders will be measured and reported separately.

The monitoring will be done by class of business on the basis of both number and annualized premium.

Surrender Ratio in policy year t = Surrenders in policy year t / Exposure in policy year t

Where:

Surrenders = Annualized premium/number of policies surrendered in the exposure block.

Exposure = Annualized premium/number of policies (inforce) at start of policy year t which have a right to surrender in policy year t and/or where surrender value is acquired.

The policies excluded from the calculation are:

* + Maturities and expiries, if any
  + Deaths

**Partial Withdrawals:**

The partial withdrawal ratio can be used to measure the funds under management (FUM) that get partially withdrawn. Partial Withdrawal means the act of policyholder taking money out of his unit linked policy (life and pensions), whether voluntarily or as per product design (e.g. systematic withdrawal, periodic survival benefits). The ratio applies only to unit linked policies (both single and regular premium).

The partial withdrawal ratio can be calculated as:

Partial withdrawal ratio = Partial withdrawals in policy year t / Exposure in year t

where

Partial withdrawal in year t = number of units cancelled for partial withdrawal in the exposure block.

Exposure in year t = 0.5\*(number of units at start of year t + number of units at end of year t + units cancelled for partial withdrawal) in year t. The units here should be only of those policies which have the right to take a partial withdrawal in year t.

The policies excluded from the calculation are:

* + Maturities and expiries, if any
  + Deaths

**Analysis of surrenders and partial withdrawals:**

* The AA should provide an analysis of these exits similar to the analysis of persistency.

**Free Looks**

* 1. Percentage of Free Looks should be provided as per table below. The definition of % of free looks during a period is A / B, where B is the new business written during the period and where the option to exercise free look ended during the period, and A is the free looks exercised out of B. For example, consider the financial year 2021-22 with free look period of 15 days. Let us say the report on free look experience is being generated on 30 April 2022. The denominator (B) will be all new business issued during the financial year 2021-22. The numerator (A) will be all free looks exercised till 30 April 2022 out of new business issued during the financial year 2021-22.
  2. The information, expressed separately as % of policies and as % of new business annualized premium, should be provided for individual business as per table below:

|  |  |  |
| --- | --- | --- |
| **Product Line** | **Issue Year 01-April-(X-1) to 31-March-X** | **Issue Year 01-April-(X-2) to 31-March-(X-1)** |
| Unit Linked Life |  |  |
| Unit Linked Pensions |  |  |
| Non Linked Life |  |  |
| Non Linked Pensions |  |  |
| Non Linked Health |  |  |
| Unit Linked Health |  |  |
| Individual - Others |  |  |

**Cheque dishonours:**

The information on cheque dishonours (in respect of first premium), expressed separately as % of number of new business policies and as % of new business annualized premium, should be provided at company level. The major reasons for the experience should be duly analysed.

**Claims:**

Actual to Expected analysis, at company level, by number of policies (or lives) and sum assured

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Policy Duration (Year) | Issue Year 01-April-(X-1)to 31-March-X | Issue Year 01-April-(X-2)to 31-March-(X-1) | Issue Year 01-April-(X-3) to 31-March-(X-2) | Issue Year 01-April-(X-4) to 31-March-(X-3) | Issue Year 01-April-(X-5) to 31-March-(X-4) |
| 0 |  |  |  |  |  |
| 1 |  |  |  |  |  |
| 2 |  |  |  |  |  |
| 3 and higher |  |  |  |  |  |

* 1. Analysis of death and other insurance claims by duration (policy year), gender, product line (including micro insurance) and any other relevant parameter. The results, expressed as Actual to Expected, have to be shown by number of policies (or lives) and sum assured (or annuity amount or risk amount, as appropriate to the product line).
  2. The AA can, if found appropriate, provide the information by medically underwritten / non-medical / simplified issue (e.g. ‘over the counter’) / zero sum assured categories rather than by product lines.
  3. ‘Actual’ would include settled claims as well as any allowance made for IBNR.
  4. ‘Expected’ means the best estimate assumption as at the beginning of valuation period. It has to be noted that the best estimate should not include any margin for adverse deviation.
  5. The analysis should also highlight any variation in experience between rural, semi-urban and urban segments.
  6. Product line here refers to grouping of products of similar characteristics from the perspective of claims experience. It is expected that the Appointed Actuary would use sound judgement in arriving at the groupings, the rationale for which should be explained in the report.
  7. The AA should comment on appropriateness of underwriting standards in the context of emerging claims experience.
  8. Repudiated and rejected claims during the year by duration; express the same as a % of total claims received during the year. ‘Rejected claims’ include claims that are received at the company but do not fall within the definitions of claims as per policy contract or claims received on un-concluded contracts.
  9. The table, for claims analysis, is provided below.

Actual / Expected % death claims, Individual Linked Life sold through Agency Channel

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Policy Duration (Year) | Issue Year 01-April-(X-1)to 31-March-X | Issue Year 01-April-(X-2)to 31-March-(X-1) | Issue Year 01-April-(X-3)to 31-March-(X-2) | Issue Year 01-April-(X-4)to 31-March-(X-3) | Issue Year 01-April-(X-5)to 31-March-(X-4) |
| 0 |  |  |  |  |  |
| 1 |  |  |  |  |  |
| 2 |  |  |  |  |  |
| 3 and higher |  |  |  |  |  |

Table, for repudiated and rejected claims, is provided below:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Description | Current year ended 31 March X | | | | | Previous year ended 31 March X - 1 | | | | |
| (A) | (B) | (B) / (A) % | (C) | (C) / (A)% | (A) | (B) | (B) / (A) % | (C) | (C) / (A)% |
| Death |  |  |  |  |  |  |  |  |  |  |
| Health insurance |  |  |  |  |  |  |  |  |  |  |
| Critical Illness |  |  |  |  |  |  |  |  |  |  |
| Other Insurance Claims |  |  |  |  |  |  |  |  |  |  |

(A)- is the number of claims received within two years from commencement date of coverage

(B)- is the number of claims repudiated out of (A)

(C)- is the number of claims rejected out of (A)

**Expenses:**

* 1. Analysis of expenses by product line and split into new business, renewal/maintenance and claims with further split into per premium, per sum assured, per fund and per policy. This breakdown of expenses should ideally be based on an analysis of various activities. If such a breakdown is not based on analysis of actual activities, the same should be based on the judgement of the AA or the company.
  2. The total expenses used for this exercise should reconcile with the expenses shown in the financial statements.
  3. Where a company’s business has not, in the AA’s judgement, reached a level of maturity or, as in health insurance, where living benefits are a feature and so claims are an ongoing function, expenses can be grouped under broader categories. For example, claims expenses can be combined with renewal / maintenance expenses.
  4. The expense analysis should be for the expenses during the year under review with commentary on emerging trends based on similar analysis of previous years.
  5. The AA must explain the methodology (details as to identification, allocation and further analysis) adopted in this work.
  6. AA must comment on any changes in expense allocation methodology
  7. AA to state proportion of expenses allocated between acquisition and renewal/ maintenance expenses
  8. The results of the analysis should be provided
* at overall Company level
* for Non-Linked Par, Non-linked Non-Par & Linked at overall level
* for Non-linked Non-Par savings, Non-linked Non-Par protection, Linked Life, Linked Pension
  1. for those Distribution Channels whose contribution is more than 5% of the total premium income of the insurer for that financial year. This analysis should be made at an overall level. In other words, Line of business and segment –wise analysis is not required for this purpose The table, for expense analysis, is provided below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | | | |
| **Description** | **Current Year ending 31 March X** | **Previous Year ending 31 March X – 1** | **Previous Year ending 31 March X – 2** | **Previous Year ending 31 March X – 3** | **Previous Year ending 31 March X - 4** |
| **Acquisition** |  |  |  |  |  |
| commission (% of premium) |  |  |  |  |  |
| fixed per policy |  |  |  |  |  |
| % of premium (other than commission) |  |  |  |  |  |
| % of sum assured/annuity |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Renewal/maintenance** |  |  |  |  |  |
| Commission (% of renewal premium) |  |  |  |  |  |
| Fixed per policy |  |  |  |  |  |
| % of premium (other than commission) |  |  |  |  |  |
| % of sum assured/annuity |  |  |  |  |  |
| % of fund |  |  |  |  |  |
| Claims related expenses, if any |  |  |  |  |  |

**Analysis of investment Performance:**

This analysis would cover investment return during the year calculated on an appropriate basis.

1. AA must provide a commentary on investment returns earned during the period under review and quality of assets separately for participating, non-participating and Linked businesses. ALM will be covered in the chapter on Risk Management.
2. Information to be completed as per Appendix B

The AA must provide a commentary on the actual experience as per the “analysis of experience” done above. The AA should further explain how the actual experience was utilized to set his or her basis of best estimate assumptions as well as valuation assumptions. The AA should justify his/her assumptions (best estimate and valuation) and, where these are different from actual experience, explain how the gap would be narrowed over a period of time. For example, the AA must comment on credibility of experience and alternatives considered and/or utilised.

**Chapter 4 – ANALYSIS AND DISTRIBUTION OF SURPLUS**

This chapter should give a break-up of the surplus (or deficit) by various sources as per format provided in Appendix D. The AA should also explain the methodology used and assumptions made in arriving at such break-up.

The AA should also explain the following

* the manner in which the surplus is shared between shareholders and policyholders
* the company’s policy towards distribution of surplus, including meeting policyholders’ reasonable expectations and definition of PRE, and whether the same is approved by its Board
* the order of the source of surplus used in arriving at the results

**Chapter 5 – RISK MANAGEMENT**

Proper assessment of risk and management of the risks is critical to sound well-being of a life insurance company. IRDAI’s extant norms on ‘Corporate Governance for Insurance Companies’ places stress on this aspect and also places responsibility on the Appointed Actuary to provide professional advice or certification to the Company’s Board with regard to “identification and estimation of material risks and appropriate management of the risks”.

This chapter should provide

* views on appropriateness of company’s risk management strategy and framework
* how various risks are identified in the company
* how risks are classified into various categories (high, medium, low)
* actions planned to manage the risks
* actions taken during the year in managing risks
* commentary on significant new risk exposures (e.g. a new form of investment guarantee) and significant changes in risk management practices (e.g. new underwriting or claims management standards) and implications

The risks mentioned here include investment risk (market risk, credit risk, liquidity risk, counterparty), asset liability mismatch risk (interest rate, duration), operational (fraud, tax, systems, people, legal, compliance, process, regulatory, unit pricing risk, sales conduct, PRE, control on data etc), investment guarantees risk, insurance risk (persistency, mortality, morbidity, reinsurance counterparty risk).

The AA should use the format provided in Appendix C to prepare the risk management report and results of Economic Capital.

**Chapter 6 – CURRENT FINANCIAL CONDITION**

This chapter should provide a view of the AA on the current financial condition of the Company. This view should be based on the analysis and information in chapters 1 to 5 of this report, the AA’s own understanding of the business and the AA’s view on adequacy of reserves. The AA should also provide insights into profitability (i.e surplus / deficit) of the company including trends based on previous years and the company’s future plans.

The AA should also

1. Mention the quarterly solvency ratios during the current financial year along with solvency ratios for current and previous financial years and offer comments on the solvency ratios in case of declining trend and whether suitable advices have been rendered to management.
2. Comment on adequacy of premium rates and charges on products being sold by the company
3. List any changes in valuation method / assumptions from previous year, and explain reasons for the changes. Also, the effect of each of such changes should be furnished.

**Chapter 7 – FUTURE FINANCIAL CONDITION - ESTIMATE**

The objective of this chapter is to capture the company’s assessment of its future financial condition and a ‘time zero’ stress test. This chapter should cover:

1. Present the company’s projected financial statements and solvency position for following three years, allowing for expected future new business. This should also be stress tested for two plausible adverse scenarios (i.e. events that could have a negative impact on solvency position) with a description of possible management actions to ensure maintenance of regulatory solvency. This report should be based on the latest work done by the company on or after 01 October of the financial year under review.

Whilst a three-year forecast is recommended, the AA must submit, at the minimum, the forecast for one year.

The two adverse scenarios must be selected by the company as felt appropriate for the company’s business.

Results of this should be presented in the following template:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Year Plan | | | | |
|  | Current year ended 31 March X | Next year ending 31 March X+1 | Next year ending 31 March X+2 | Next year ending 31 March X+3 |
| **Revenue A/C** |  |  |  |  |
| First year premium |  |  |  |  |
| Total Premium |  |  |  |  |
| Investment Income |  |  |  |  |
|  |  |  |  |  |
| Commission |  |  |  |  |
| Operating Expenses |  |  |  |  |
| Claims (net) |  |  |  |  |
| Increase in Reserves (net) |  |  |  |  |
|  |  |  |  |  |
| Surplus/ (Deficit) |  |  |  |  |
|  |  |  |  |  |
| **P&L A/C** |  |  |  |  |
| Investment Income |  |  |  |  |
|  |  |  |  |  |
| Profit /( Loss) |  |  |  |  |
|  |  |  |  |  |
| **Balance Sheet** |  |  |  |  |
| Accumulated share capital\* |  |  |  |  |
| Solvency Ratio |  |  |  |  |
| Free Surplus |  |  |  |  |
| Free Surplus (excluding FFA) |  |  |  |  |

Note \* - including share premium and other share reserves

Free surplus is excess of assets over liabilities and RSM.

The above table is to be provided for the base scenario and each adverse scenario. The AA should provide a description of each adverse scenario and explain how it varies from the base scenario. Any management action, as a response to adverse scenario, must be explained.

1. Resilience test of the solvency position as at the end of the current year under review. The AA should describe the resilience test and state the resulting solvency ratio. Also, AA should submit the Form-KT-III (of Actuarial Report and Abstract) under the resilience test scenarios. In this regard, valuation assumptions need to be specified, which need to be consistent with the values of assets under each of resilience test scenarios.

Prescribed resilience test scenarios from the year 2021-22 onwards are:

Investments

* 1. Equity - 20% fall in market values, as at valuation date.
  2. Fixed interest securities - 100 basis points fall in yields, as at valuation date.

**Chapter 8 – CONCLUSIONS**

Based on the outputs of Chapters 6 and 7, the AA should present conclusions on overall financial condition of the company. If the company has not reached break-even yet, the same should be commented upon.

**Appendix A –**

**ACTION TAKEN REPORT OF PREVIOUS YEAR’S APPOINTED ACTUARY’S ANNUAL REPORT**

After submission of previous year’s AAAR, it is likely that the IRDAI would have asked the AA to act on a few points. This section should list the points formally raised by the IRDAI and explain, against each, the action taken by the AA.

**Appendix B**

**Investment Details**

1. **Details of Investments Held** – Provide the details of the investments held, as at the Report Date, in respect of Non-linked policyholders’ fund, Linked policyholders’ fund and the Shareholders’ fund in format given below.

**(Rs. Crores)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Current Year (X) | | Year (X-1) | | Year (X-2) | | Year (X-3) | | Year (X-4) | |
| Book Value | Market Value | Book Value | Market Value | Book Value | Market Value | Book Value | Market Value | Book Value | Market Value |
| 1. Bonds, Securities and Debts 2. Central Govt. 3. State Govt. 4. Public Sector 5. Private Sector 6. Total Bonds, etc. 7. Mortgages 8. Commercial 9. Residential 10. Total Mortgages   3. Equities   1. Listed 2. Unlisted 3. Total Equities   4. Real Estate   1. Commercial 2. Residential 3. Total Real Estate   5. Others (specify)  6. Total Investments |  |  |  |  |  |  |  |  |  |  |

Notes: The market values should be determined as per the provisions of the Insurance Act, 1938

1. **Mean Yield on the Funds** – Provide in Table below the mean yield on the policyholders’ and shareholders’ funds for the year. The yield should be calculated after deducting the investment expenses.

**Mean Yield on Funds**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fund:** | **Current Year** | | **Previous Year** | |
| **A: with**  **realized gains** | **B: with unrealized gains** | **A: with realized gains** | **B: with unrealized gains** |
| 1. Policyholders’ Fund(Non-Linked) par |  |  |  |  |
| 2. Policyholders’ Fund (Non-Linked) Non-par |  |  |  |  |
| 3. Shareholders’ Fund |  |  |  |  |

**Investment Yield:**

Provide TWRR (Time weighted rate of return), as per table below: -

(Insurer should use the procedure/method in arriving at TWRR applicable, as explained in the note below)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S.No/Item** | **Current Year** | | **Previous Year** | |
| **C1** | **C2: With**  **realized gains** | **C3: With unrealized gains** | **C4: With realized gains** | **C5: With**  **unrealized gains** |
| **Policyholders’ Funds:** |  |  |  |  |
| Non-Linked:  R1. Par |  |  |  |  |
| R2. Non-Par |  |  |  |  |
| R3.Sub-Total |  |  |  |  |
| Linked:  R4. Par |  |  |  |  |
| R5. Non-Par |  |  |  |  |
| R6. Sub-Total |  |  |  |  |
| R7.Grand Total |  |  |  |  |
| **Shareholders’ Funds** |  |  |  |  |

**Asset Defaults** – Show in Table below the details of losses caused during the year due to asset defaults. Also, show the comparative figures for the previous year. Please furnish, in all tables under this sub-section, the information separately for par and non-par funds, and also any other fund specifically maintained under policyholders’ funds.

**Details of Asset Defaults (Rs. Lakhs)**

|  |  |  |
| --- | --- | --- |
| **Description of Asset** | **Carrying Value before Written down** | **Amount of Written down** |
| 1. Policyholders’ Fund  (List the assets individually)  Total  2. Shareholders’ Fund  (List the assets individually)  Total |  |  |

Total Asset Defaults

|  |  |  |
| --- | --- | --- |
|  | Current Year | Previous Year |
| 1. Policyholders’ Fund   1. Total Amount of Written downs (Rs. Lakhs) 2. % of Mean Assets over the year 3. Shareholders’ Fund 4. Total Amount of Written downs (Rs. Lakhs) 5. % of Mean Assets over the year |  |  |

1. **Non-Performing Assets** – Show in Table below the level of non-performing assets. Comment on any unusual events that may have happened during the year. Please furnish, in all tables under this sub-section, the information separately for par and non-par funds, and also any other fund specifically maintained under policyholders; funds.

**Non-Performing Assets (NPA)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Policyholders’ Fund** | | **Shareholders’ Fund** | |
| **Current Year** | **Previous Year** | **Current Year** | **Previous Year** |
| 1. Amount of NPA (Rs. Lakhs) 2. % of Total Fund 3. Provision for NPA in the financial statement (Rs. Lakhs) |  |  |  |  |

**METHODOLOTY FOR TIME WEIGHTED RATE OF RETURN**

**Modified Dietz method**

The modified Dietz method is a method of evaluating a portfolio’s return based upon a time weighted analysis.

***Formula:***

**r(T) = MV(T) – MV(0) – SUM [C(t)]**

**MV (0) + SUM [W(t)\*C(t)]**

Where:

r(t) -- Modified Dietz return, MV(T) – Ending market value

MV (0) – Beginning market value, C(t) – Net contribution occurring on day t

W(t) – weight of the net contribution on day t.

W(t) = {T – t} /T, where:

T – Total number of days, and t – day the net contribution occurs

The modified Dietz method assumes that net contributions are invested at the end of the respective day they occur.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **An example of the Modified Dietz method** | | | |  |
| 01-Mar-09 | MV(0) | 1,358,927 | (Market Value at Beginning) | |
| 31-Mar-09 | MV(T) | 2,164,501 | (Market Value at Ending) | |
|  |  |  |  |  |
| **Date** | **Net Cash flow - C(t)** | **At Day t** | **Weights W(t)** | **Weighted Cash Flow W(t) \* C(t)** |
| 03-Mar-09 | 29,718 | 3 | 0.90 | 26,842 |
| 06-Mar-09 | -25,714 | 6 | 0.81 | -20,737 |
| 08-Mar-09 | 260,000 | 8 | 0.74 | 192,903 |
| 10-Mar-09 | 300,000 | 10 | 0.68 | 203,226 |
| 17-Mar-09 | 60,244 | 17 | 0.45 | 27,207 |
| 17-Mar-09 | 75,000 | 17 | 0.45 | 33,871 |
| 22-Mar-09 | 34,244 | 22 | 0.29 | 9,942 |
| 23-Mar-09 | -34,244 | 23 | 0.26 | -8,837 |
| 28-Mar-09 | 28,830 | 28 | 0.10 | 2,790 |
| 28-Mar-09 | 42,000 | 28 | 0.10 | 4,065 |
|  | **770,078** |  |  | **471,271** |

**Performance for Month of March 2009 using Modified Dietz method:**

**r(T) = MV(T) – MV(0) – SUM [C(t)] = (2164501-1358927-770078) = 1.94%**

**MV(0) + SUM [W(t)\*C(t)] (1358927+471271)**

Where: W(t) = (T-t)/t

e.g: W(t) for 06-03-2008 = (31-6)/31 = 0.81

**Appendix C**

**Risk management**

**Company overview**

The purpose of this section is to provide an overview of the company’s business and the environment it exists in, covering:

* Company strategy
* The material lines of business written
* Key risk exposures
* Risk mitigation in place
* Significant business or external events that have had a material effect on the business
* Key trends or factors that have or may have an impact on the business

The information provided should include details of any changes in the above since the previous report.

**Risk management system**

The Appointed Actuary should provide an overview of the company’s risk management system. This should include a description of:

* Risk strategy
* Risk management roles and responsibilities
* Written policies and procedures the company has in place
* Approaches/tools used to identify and assess risks, including details of key risk indicators and metrics used
* Approach to identifying emerging risks
* Risk monitoring procedures
* The internal controls framework
* Risk reporting, including scope and frequency
* Risk mitigation methodologies used
* The review process and feedback loop

Any changes implemented in the risk management system since the previous report must be clearly highlighted, and proposed changes documented, along with the proposed implementation timeline. Any risks that are not considered within the company’s risk management system should also be clearly highlighted, along with an explanation of why they are not included.

The Appointed Actuary should provide his/her view on the appropriateness of the risk management system, given the nature, scale and complexity of the business.

Risk management

Commentary should be provided on exposure, concentration, mitigation and sensitivity to each material risk, in each of the listed risk categories, where relevant. This section should include details of any risk management processes or mitigation tools the company plans to put in place, and the proposed timeline for implementation.

**Risk categories**

1. Insurance risk (persistency, mortality, morbidity, reinsurance counterparty risk)
2. Investment risk (market, credit, liquidity, counterparty, embedded financial options risk)
3. Asset liability mismatch risk (duration, interest rate)
4. Operational risk (people, processes, systems, controls risk)
5. Other material risks

**Risk exposure**

**Details of:**

* Nature and extent of the risk exposure, and how this has developed
* Products and investments that give rise to the risk, including for investment risk, details of the investment strategy
* Qualitative and quantitative measures used to assess the risk
* The level of risk the company is prepared to take, or the company’s tolerance for the risk
* Controls in place to manage the level of risk
* View on whether the current level of risk is acceptable or not
* Other risk categories affected by this risk, for example, embedded financial options have an impact on the level of insurance risk as well as investment risk

For example, for a product with little or no underwriting:

* Details of the product structure
* Number/size of policies in force, split down by key risk indicators, e.g. age, duration
* Description of how experience compares with pricing assumptions Description of how experience has developed over time
* Details of the company’s tolerance for this risk, say in terms of sum assured by policy and in aggregate, along with procedure for changing these limits depending on experience
* Description of the controls in place to prevent these limits being breached
* View on whether the current level of risk is acceptable

**Concentration**

Details of concentrations of risk, by risk category, for example across the financial sector, by insurance risk type, by reinsurer, etc.

For example, provide details of any concentration of risk by entity/sector across different asset classes.

**Mitigation**

An explanation of appropriateness of reinsurance and other risk mitigation tools to reduce risk exposures.

Details of any risk mitigation tools currently in place and the processes for monitoring their effectiveness.

The Appointed Actuary is required to give his/her view of the appropriateness of any risk mitigation tools in place.

**Sensitivity**

Information on the sensitivity of the business to the key risk exposures, including a sensitivity analysis for each of the key risks, for example, interest rate risk, to which the company is currently exposed.

The report should include details of the methods and assumptions used to assess the sensitivities and any changes in these since the previous report.

**Investments**

The AA should also provide specific details pertaining to investments as below:

* Detail of investment strategy
* Views on whether assets and liabilities are well matched and if not, why not and implications.
* Details of what financial options there are in the liabilities and how they are mitigated.
* Views on non-standard asset holdings.

**Appendix D**

**Analysis of Surplus**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Conventional business\*** | | | | | |
|  | **Variances on account of** | **Variation of actual from best estimate**  **(A)** | **Contribution from PAD**  **(B)** | **Total**  **(C) = (A) + (B)** |
| 1 | Investment Return |  |  |  |
| 2 | Expenses |  |  |  |
| 3 | Mortality |  |  |  |
| 4 | Lapses/Surrenders |  |  |  |
| 5 | Cost of Bonus[[1]](#footnote-1) |  |  |  |
| 6 | Release of Zeroisation |  |  |  |
| 7 | Method/Basis Change |  |  |  |
| 8 | New Business Strain |  |  |  |
| 9 | Others |  |  |  |
|  | Total |  |  |  |

\* This shall be submitted for overall company level, Par, Non-Par (Other than annuity) and Annuity businesses separately.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Linked business** | | | | |
|  | Variances on account of | Variation of actual from best estimate (A) | Contribution from PAD (B) | Total  (C) = (A)+(B) |
| 1 | Investment Return on non-unit fund |  |  |  |
| 2 | Expenses |  |  |  |
| 3 | Mortality |  |  |  |
| 4 | Lapses/Surrenders |  |  |  |
| 5 | Release of Zeroisation |  |  |  |
| 6 | Method/Basis Change |  |  |  |
| 7 | New Business Strain |  |  |  |
| 8 | Actual vs Expected Charges |  |  |  |
| 9 | Others |  |  |  |
|  | Total |  |  |  |

The order in which the above parameters are analysed is left to the AA to decide after giving due consideration to the nature of the company’s business.

This surplus should tally with the “surplus emerged during the year” from the revenue account. If the 'Miscellaneous Surplus' is more than 5% of the total surplus being analysed, explanation shall be provided in this regard.

**Appendix E:**

**Statement - I: Review of Product Performance**:

As per the provision 6(3) of Chapter-II of IRDAI (Insurance Products) Regulations, 2024, the AA has to review all the products on sale and shall present the results to PMC. The review report shall be appended here along with the following details pertaining to the financial year for which the review has been made.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Sl. No. | Name of product / UIN | Date of launch | Projected in F&U/ U&F | | Actual | | Remarks |
| Number of new Policies/lives\*\* sold | Premium Written\* in Cr | Number of Policies/lives \*\* sold | Premium Written\* in Cr |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

\* The premium written shall be sum of the Single premium, first year premium.

\*\* In case of group products, number of lives shall be provided.

**Statement – II: Summary of Products/Riders launched/modified under U&F procedure**

The Appointed Actuary shall submit the summary of products launched/modified during the year under U&F procedure including experience under such products in the following format.

**TABLE I:** New products launched under U&F procedure

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| S. No. | Product / rider name | UIN | Date of launch | Product / Rider | Type | Category | Division | Sub-Class |
| [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|  |  |  |  |  |  |  |  |  |

     (In columns [6] onwards, the data shall be filled in as per clause 8(1) of Part III (B) of IRDAI (Actuarial, Finance and Investment Functions of Insurers), Regulations, 2024)

**TABLE II:** Products modified under U&F procedure with UIN change

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S. No. | Product / rider name | UIN of previous version | UIN of modified version | Date of launch of modified version | Date of withdrawal of previous version | Para numbers (of the master circular on Life Insurance Products)  of modification carried out |
| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|  |  |  |  |  |  |  |

**TABLE III:** Products modified under U&F procedure without UIN change

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S. No. | Product / rider name | UIN | Date of launch of modified version | Date of withdrawal of previous version | Para numbers (of the master circular on Life Insurance Products)  of modification carried out |
| [1] | [2] | [3] | [4] | [5] | [6] |
|  |  |  |  |  |  |

**Statement – III: Statement of changes to withdrawn Life Insurance Products**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| S. No | Date of Approval of change by PMC | Name of the product | UIN of the product | Option introduced | Brief description of Changes\* | Any other Information/Remarks | Number of policies as on date of change | Number of policies opting the change as on date of submission |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

*\*For Revival and Policy loans, please indicate existing interest rate vis a vis revised interest rate.*

Signature and name of Signature, name & designation of   
Appointed Actuary Chairperson of PMC   
Date: Date:

Signature and name of CEO

Date:

**Form No. IRDAI\_RET\_9**

**Annexure ACTL-LI-3**

**Asset Liability Management**

* 1. Asset-liability management (ALM) is the practice of managing a business so that decisions and actions taken with respect to assets and liabilities are coordinated. ALM is relevant to, and critical for, the sound management of the finances of the insurers that invests to meet its future cash flow needs and capital requirements.

As per Regulation 5 of IRDAI (Actuarial, Finance and Investment Functions of insurers) Regulations, 2024, the Board shall approve the insurer’s ALM policy, considering the asset-liability relationships, the insurer’s overall risk tolerance, risk and return requirements, solvency position and liquidity requirements. The Board shall regularly review such policy at the end of each year or at more frequent intervals, if required, and submit to the Competent Authority any changes in the ALM policy along with the AAAR as referred under Annexure ACTL-LI-2of this circular.

Insurers shall have in place an effective procedure for monitoring and managing their asset-liability positions to ensure that their investment activities and asset positions are appropriate to their liability, risk profiles and their solvency positions.

The ALM policy should, at the minimum, enable the insurer to:

understand the risks they are exposed to;

develop ALM policies to manage them effectively;

apply techniques appropriate for the nature of their business, the risks they undertake and specific /local market conditions; and

measure the interest rate risk, in particular, faced by the insurers and thereby improving the assessment of the asset liability management strategies of the insurers.

The insurer shall examine all risks requiring the coordination of its assets and liabilities. The ALM framework shall cover all the areas significant in terms of their potential impact on economic value. The economic value of asset or liability cash flows, derived in such a way as to be consistent with current market prices where they are available, or using market-consistent principles, methodologies or parameters. These may include risks like:

Market Risk

* interest rate risk (including variations in market credit spreads)
* equity, real estate and other asset value risks
* currency risk
* related credit risk

Underwriting Risk

Liquidity Risk

The insurer shall develop and implement controls and reporting procedures for its ALM policies that are appropriate for its business and the risks to which it is exposed. These shall be monitored closely and reviewed regularly.

All insurers shall submit the data relating to assets and liabilities management in the ‘Table-ALM-Yearly. The template of the ‘Table-ALM-Yearly’ is provided in Return-ACTL-3 of this Master Circular. It shall contain the details on value of assets, liabilities and Macaulay duration under base scenario. It shall also provide details about the impact on duration due to changes in the following:

fall of 30% in Equity values, 100 basis points fall in yield available on various fixed interest securities, adverse deviation of 10% in mortality/morbidity, expenses, withdrawal/lapse rates and 25% (increase and decreasing) in new business volumes independently.

fall of 30% p.a. in Equity values, 100 basis points p.a. fall in yield available on various fixed interest securities, annual adverse deviation of 10% p.a. in mortality/morbidity, expenses, withdrawal/lapse rates and 25% (increase and decreasing) in new business, during three years from the report date independently.

‘Table-ALM’ data shall be furnished separately for ‘Life, ‘Pension’, 'General Annuity’ and ‘Health’ businesses and also for the Par and Non par classification separately. If mathematical reserves of any line of business as per latest annual valuation results is less than 5% of the mathematical reserves of the total business, such line of business need not be considered for ALM framework. Under all the classes of businesses non-linked and linked (non-unit part) business shall be furnished separately.

All Domestic Systemically Important life insurers shall submit the data with respect to the assets and liabilities on quarterly basis as per **Table-ALM- Quarterly** within 45 days from the end of each quarter. However, all other insurers shall review the ALM position regularly and at least on quarterly basis. The template of the ‘Table-ALM- Quarterly’ is provided Return-ACTL-3 of this Master Circular.

All life insurers shall submit Form-ST (as per the format and the risk factors described in Return-ACTL-1 of this Master Circular). The amount of deviation in the risk factors may be considered as per the risk profile of the insurer. However, the insurer shall submit the results of stress testing with respect to the scenarios based on the following specific risk factors as stated below in addition to the insurer specific risk factors.

Fall of 30% in Equity values, 100 basis points fall in yield available on various fixed interest securities, adverse deviation of 10% in mortality/morbidity, expenses, withdrawal/lapse rates and 25% (increase and decrease) in new business volumes independently.

Fall of 30% p.a. in Equity values, 100 basis points p.a. fall in yield available on various fixed interest securities Annual adverse deviation of 10% p.a. in mortality/morbidity, expenses, withdrawal/lapse rates and 25% (increase and decrease) in new business, during three years from the report date independently.

Insurer's Board shall ensure timely review of the issues emanating from **‘Table-ALM’** data and **Form-ST** and take such corrective action as may be necessary under intimation to the Authority.

The Appointed Actuaries may follow Actuarial Practice Standards issued by Institute of Actuaries of India in this regard if any.

**Form No. IRDAI\_RET\_10**

**Annexure ACTL-LI-4**

* + - 1. **Economic capital (EC)**

1. *In calculating EC there are some key decisions as mentioned below to be made and the approach taken should reflect the nature of the company’s risks as well as management’s risk tolerance and objectives.*

|  |  |  |
| --- | --- | --- |
| Decision 1 | Time Horizon: | One Year |
| Decision 2 | Measure of Risk: | Value at Risk |
| Decision 3 | Type of risks to be Considered: | * Insurance * Operational * Market * Credit * Liquidity |
| Decision 4 | Quantification Methodology / Approaches to implementation: | Stochastic simulation / Stress Testing |
| Decision 5 | Statistical Correlation: | Aggregation/Diversification |
| Decision 6 | Target level of security: | Eg 99.5% or 99.9% |

1. *The Appointed Actuary shall calculate Economic Capital and provide details of:*
2. *Risks analysed*
3. *Methodology and process used to calculate Economic Capital, including rationale for the methodologies adopted for each risk*
4. *Any management actions allowed for, including justification for these*
5. *Key assumptions covering both assets and liabilities, including background to the derivation of key assumptions*
6. *Method used to derive the economic basis used, including the calibration process*
7. *Stress and scenario analysis applied*
8. *Quantitative results of the stress and scenario tests applied*
9. *Any allowance made for diversification*
10. *The required Economic Capital should be broken down by its various components (e.g. for each risk). This should be compared with available Economic Capital.*
    * + 1. ***Details of calculations and guidelines***
11. *The statutory solvency balance sheet items are self-explanatory and in total should be same as reported as part of filing annual return submissions to the authority. All amounts to be filled in thousands.*
12. *Insurers should mention the quantification method e.g. stress testing/Stochastic simulation/Factor based method used to quantify individual components. Insurers should parameterize and (quantify individual risk based on their own assessments and views about particular risks. If required, insurers may add additional rows to the table to incorporate further details.*
13. ***Liabilities***
    1. *Policyholder liabilities: Policyholder liabilities should reflect market consistent values on a realistic basis. Life insurers shall use best estimates of mortality / morbidity in EC calculations with reference to policyholders' liability (PHL)*
    2. *Regarding the best estimates of interest rates in PHL, while stochastic simulation could be used, the use of other methods in arriving at yield rates is also encouraged. But the Appointed Actuary must explicitly specify the exact method used in arriving at the interest rates.*
    3. *With reference to best estimate on expenses, the Appointed Actuary (AA) must clearly demonstrate the method used in arriving at the best estimate of expense used in EC calculation. Wherever the AA notices a clear expense overrun then provision should be made for the capitalization of expense overrun*
    4. *Other liabilities (if any) not classified in (i) above.*
    5. *Other policyholder liability' shall be provided towards allowance for non hedgeable risk or a charge for frictional cost of holding regulatory solvency capital.*
    6. *Policyholder liability must also contain additional capital allowance for time value of financial options and guarantees. The AA should include the various options and guarantees that are allowed together with a note on methodology. Also, any unmodelled business is to be included as part of this Other PH Liability.*
    7. *Other economic adjustments depend upon the methodology adopted*
    8. *For statutory valuation, while valuing the liabilities, the technical rate is taken as the sum of risk-free rate and a risk margin. This risk margin varies from insurer to insurer based on their own experience viz., portfolio performance, variability in the yield, claims experience, surrender, lapses etc.*
14. ***Capital requirements***

*The relevant sections contain example parameters and example quantification methodologies for illustrative purposes only. Insurers should parameterize and quantify risks based on their own risk assessments*

Total capital requirement comprises of insurance risk, market risk, operational risk and credit risk. This is based on a one-year time horizon and using VaR as measure of risk with 99.5% confidence interval. In estimating these risk factors Appointed Actuary can use either stress testing or factor based method. But, he / she must mention clearly which one is used for each item mentioned below:

* The insurance risk will be the sum total of mortality / morbidity risk, surrender risk, expense risk including inflation risk and longevity risk. The Appointed Actuary must clearly indicate component wise EC for each risks mentioned here
* Market risk consists of interest rate risk, equity risk, property risk and currency risk. The other market risks such as ALM risk and Forex risk are not included here and could be added at a later point of time.
* Operational risk could also cover inadequate tax provisioning
* Regarding credit risk, the Appointed Actuary has to consider both credit spread risk and default risk. While credit spread risk could be duration based, the default risk could be based the probability of default.
  1. ***Insurance risk.***

*Insurance risk includes components like mortality, morbidity, longevity, persistency, catastrophe, expenses, inflation etc.*

* + 1. *Mortality/Morbidity risk:*

*The total economic required capital (ERC) for Mortality/Morbidity should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual risks should be clearly mentioned and the relevant parameters stated.*

*Table 4(i)(a)*

| **Risk components** | **Risk Capital** | **Quantification method (Decision 4)** | **Quantification** |
| --- | --- | --- | --- |
| Mortality |  | Refer Appendix of economic capital and MCEV report by IAI | Refer Appendix of economic capital and MCEV report by IAI |
| Longevity |  |  | e.g. +10% improvement in mortality rates for annuity business |
| Morbidity |  | e.g. Stress testing | e.g. +10% increase in morbidity |
| Catastrophe |  | e.g. factor based | e g. 1.5 per thousand applied on death sum at risk |
| Total | Same as 4(i)(a) from the main table |  |  |

* + 1. *Lapse/Surrender etc risk:*

*The Lapse/Surrender/Withdrawals/Top-ups ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example.*

*Table 4(i)(b)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification parameters** |
| --- | --- | --- | --- |
| Lapse trend |  | e.g. Stress testing | e.g. +20% increase or-20% decrease in lapse rates whichever is onerous |
| Surrender shock |  | e.g. Factor Based | e.g. +50% of surrender strain (Surrender Value in force less economic provisions |
| Withdrawal, Top-up |  |  |  |
| Total | Same as 4(i)(b) from the main table |  |  |

* + 1. *Expense/Inflation risk:*

*The total Expense/Inflation ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example.*

*Table 4(i)(c)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification parameters** |
| --- | --- | --- | --- |
| Expense and inflation |  | e.g. Stress testing or e g. Factor based | e.g. +10% increase in expenses and 1% increase in inflation rate or  e.g. .75% of liabilities |
| Expense/Inflation  ECR | Same as 4(i)(c) from the main table |  |  |

* + 1. *Insurance other risk components:*

*The Insurance other risk ECR should be input in the risk based capital column. This total amount should be further detailed in the following table. The format is provided here as an example.*

*Table 4(i)(d)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification parameters** |
| --- | --- | --- | --- |
| xxxx |  |  |  |
| Insurance other risk  ECR | Same as 4(i)(d) from the main table |  |  |

* + 1. *A simple arithmetic aggregation of all insurance risk components without accounting for diversification.*
  1. ***Market risk:***

*Market risk includes components like interest rates, equity returns etc.*

1. *Interest rate risk:*

*Regarding the best estimates of interest rates in policyholders’ liabilities, while stochastic simulation could be used, the use of other methods in arriving at yield rates is also encouraged. The Appointed Actuary must explicitly specify the exact method used in arriving at the interest rates.*

*The Interest ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual risks should be clearly mentioned and the relevant parameters stated.*

*Table 4(ii)(a)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification parameters** |
| --- | --- | --- | --- |
| Interest rate risk |  | e.g. Stochastic simulations | e.g. 1000 simulations using short rate mean reverting interest model with a mean reversion level of 7% and a volatility of 15 % |
| Interest ECR | Same as 4(ii)(a) from the main table |  |  |

1. *Equity risk:*

*The Equity ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual risks should be clearly mentioned and the relevant parameters stated.*

*Table 4(ii)(b)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification** **Parameters** |
| --- | --- | --- | --- |
| Equity risk |  | e.g. Stress testing | e.g. 60% fall in equities |
| Equity ECR | Same as 4(ii)(b) from the main table |  |  |

1. *Foreign Currency Exchange risk:*

*The Forex ECR should be input in the risk based capital column. This total amount should be further detailed in the following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual risks should be clearly mentioned and the relevant parameters stated. It is recognized that, presently, this item may not be relevant or may be immaterial for most of the insurance companies in India.*

*Table 4(ii)(c)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification Parameters** |
| --- | --- | --- | --- |
| Forex risk |  | e.g. Stress testing | e.g. 10% fluctuation in domestic currency |
| Forex ECR | Same as 4(ii)(c) from the main table |  |  |

1. *Property risk:*

*The Property (i.e. real estate) ECR should be input in the economic capital column. This total amount should be further detailed in the: following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual risks should be clearly mentioned and the relevant parameters stated.*

*Table 4(ii)(d)*

| **Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification Parameters** |
| --- | --- | --- | --- |
| Property risk |  | e.g. Stress testing | e.g. change in rental yields; e.g. change in market values |
| Property ECR | Same as 4(ii)(d) from the main table |  |  |

1. *Other Market risk components:*

*The Other Market risk ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example.*

*Table 4(ii)(e)*

| **Table 2.1.4 Risk components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification parameters** |
| --- | --- | --- | --- |
| xxxx |  |  |  |
| Market other risk ECR | Same as 4(ii)(e) from the main table |  |  |

1. *A simple arithmetic aggregation of all insurance risk components without accounting for diversification.*
   1. ***Operational risk.***

*Operational Risk is the risk of loss resulting from inadequate or failed internal process, controls, controls, people, and systems or from external events*

*The Operational ECR should be input in the economic capital column. This total amount should be further detailed in the following table. The format is provided here as an example. For example, the quantification method (Decision 4) for individual: risks should be clearly mentioned and the relevant parameters stated.*

*Table 4(iii)*

| **Risk**  **components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification** |
| --- | --- | --- | --- |
| Operational risk |  | e.g. factor based | e.g. factor applied on head count or expenses or economic capital |
| Operation ECR | Same as 4(iii) from the main table |  |  |

* 1. ***Credit risk.***

*Risk of default and change in the credit quality of issuers of securities, risk of counterparty default*

*The credit risk ECR should be input in the risk-based capital column. This total amount should be further detailed in the following table. The format is provided here as art example. For example, the quantification method (Decision 4) for individual frisks should be clearly mentioned and the relevant parameters stated.*

*Table 4(iv)*

| **Section** | **Description** | **Statutory solvency March 31** | **Economic Capital March 31** | **Brief Remarks**  (to be filled in by the insurers as per ECR provided) |
| --- | --- | --- | --- | --- |
| **1** | **Total Liabilities** | **=Row(l.l)+ Row(1.2)+ Row(1.3)** | **=Row(l.l)+ Row(1.2)+ Row(1.3)** |  |

| **Risk**  **components** | **Risk capital** | **Quantification method (Decision 4)** | **Quantification** | **Table I.J. 1 Risk**  **components** |
| --- | --- | --- | --- | --- |
| Spread risk |  |  | e.g. stress testing | e.g. 2% widening of bond spreads |
| Default risk |  |  | e g. factor based | e.g. probability of default applied on counterparties |
| Credit risk ECR |  | Same as 4(iv) from the main table |  |  |

* 1. ***Simple arithmetic aggregation*** *of all risk components viz. insurance, market, operational and credit risk ECR without accounting for diversification.*
  2. ***Impact of Aggregation/Diversification of above risks:*** *An aggregation/diversification of all risk components has to be quantified. The statistical; correlation methodology (Decision 5) along with the relevant parameters and matrices should be mentioned here.*

Diversification effect shall not exceed 30% of EC, before diversification effect. As the diversification effect is not neutralized with concentration effect, there should be a cap on diversification effect credits.

1. Results of the Economic valuation of the assets, liabilities and the solvency margin shall be submitted in the ‘Return-ACTL-4’

**Form No. IRDAI\_RET\_11**

**Annexure ACTL-LI-5**

**Report on Persistency rate and Renewal Rate**

1. The persistency rate shall be computed in terms of premium amounts and number of policies. The “nth Month” Persistency rate = In-force divided by Exposure.
2. For the purpose of computation of persistency rate, the number of premiums payable for the policy to be nth month persistent is given below:

| **Payment mode** | **13th month** | **25th month** | **37th month** | **49th month** | **61st month** |
| --- | --- | --- | --- | --- | --- |
| Annual | 2 | 3 | 4 | 5 | 6 |
| Semi-Annual | 3 | 5 | 7 | 9 | 11 |
| Quarterly | 5 | 9 | 13 | 17 | 21 |
| Monthly | 13 | 25 | 37 | 49 | 61 |

1. The policies with respect to the below mentioned exits shall be excluded from the calculation of persistency rate, both in the numerator and the denominator:
2. Maturities and expiry by term, if any;
3. Deaths, if any;
4. Cancelled policies in view of cheque dishonours, if any;
5. Free look policies, if any,
6. Fully paid-up policies with premium payment term more than 5 years.
7. The calculation of persistency rate in respect of Limited Premium Payment Term (herein after referred as LPPT) policies before becoming fully paid-up shall be same as applicable to Regular Premium policies.
8. For the purpose of computing persistency rate as defined in paragraph (1) above, the definition for “in-force” and “exposure” shall be as below
9. **For persistency rate in terms of premium amount: Persistency rate for Regular Premium/LPPT /Single Premium policies:**
10. **Regular Premium/ LPPT Policies: “In-force”** shall be taken as total annualised premium in respect of policies issued in the relevant exposure block that has paid the no. of instalments **equal to** INT[(n-1)/x)] +1 where INT stands for integer, n stands for the month for which the persistency rate is calculated ie. for ex: 13 for 13th month persistency and x stands for premium payment frequency i.e. for ex: 12 for annual mode, 6 for half-yearly mode and so on and annualised premium shall mean the premium amount payable in a year.
11. **Single premium policies/Fully paid-up policies (for all existing policies with premium paying term less than five years /policies with premium paying term equal to five years): “In-force”** shall be taken as total single premiums/ total annualised premium in respect of policies issued in the exposure block such that the policy would have completed at least n months at the date of calculation i.e. Total single premiums/ total annualised premium in respect of policies issued in the exposure block less total single premiums/total annualised premium in respect of policies issued exposure block which are surrendered before completing nth month
12. **Regular Premium/ LPPT Policies/single premium: "Exposure** shall be in respect of policies issued in the relevant exposure block, **equal to** total annualised premium/single premium such that a policy would have completed a least n months at the date of calculation, where annualised premium shall mean the premium amount payable in a year.

**Note: Example for single premium policies: Let us suppose 3 single premium policies are issued in a particular year with premiums 100 200 & 300 respectively. If the policy with premium 200 is surrendered in the 11 month, then the 13th month persistency shall be ((100+200+300J-200) (100+200+300). Further, if the policy with premium 300 is surrendered in the 18th month, then the 25th month persistency shall be ((100+200+300)- (200+300))/ (100+200+300) and so on.**

1. **For persistency rate in terms of number of policies: Persistency rate shall be computed separately for Regular premium policies, Fully paid-up policies and Single Premium policies.**
2. **"in-force”** shall be taken as number of policies in the exposure block that has paid the no. of instalments **equal to** INT[(n-1)/x)] +1 where INT stands for integer n stands for the month for which the persistency rate is calculated i.e for ex: 13 for 13th month persistency and x stands for premium payment frequency i e for ex- 12 for annual mode, 6 for half-yearly mode and so on
3. **“Exposure”** shall be, in respect of polices issued during the relevant exposure block, equal to:
4. number of polices with effective date in that exposure block such that the policy would have completed at least n months at the date of calculation, or
5. policy count of the policies in the exposure block that could have been nth month persistent had all the due premiums been paid. Due premiums are considered to be those as per the Original terms and conditions of the contract.
6. All the policies which have due date from 01/04 to 31/03 each year shall be considered for the persistency calculation and the same shall be calculated as at 30/04 re. taking into account the effect of the grace period. The above procedure shall be adopted for a the issue years and each such issue year shall be considered as an “exposure block”.
7. Table-1 and Table-2 of Return-ACTL-9 shall be appended to the Report on Persistency.
8. A life insurer shall submit to the Competent Authority, the Board approved "Report on Persistency" by 30th June every year in respect of all types of products offered by the life insurer.
9. “Report on Persistency” means a detailed report approved by the Board with respect to both individual and group long term business. The report shall provide detailed analysis with respect to the following along with the corresponding details in Table-1 and Table-2 of Return-ACTL-9:
10. The total business i.e. at the company level (Individual and group separately);
11. Unit Linked Portfolio, Variable Insurance Portfolio, Non-Linked Portfolio (other than VIP) and Health Insurance (ULIP, Linked VIP, Non-Linked VIP, Non-Linked (other than VIP)) separately for.
12. The Company level (Individual (Participating and non-participating) and group separately).
13. Life Business, Pension and Health Insurance business (Participating and non-participating) separately.
14. Premium payment frequencies;
15. Premium bands, Sum assured bands,
16. Policy term-band wise;
17. Each distribution channel.
18. Rural and Urban
19. Separately for each of the three products which have highest persistency rates for 13th & 25th months respectively.
20. Separately for each of the three products which have lowest persistency rates for 13,h & 25,h months respectively.
21. In addition, the Appointed Actuary shall in the report
22. Comment on the key findings of the analysis along with any trends or observations noticed;
23. Highlight the areas of concerns emerged from this analysis;
24. Discuss the immediate impact of persistency on the actual experience with respect to expenses, investment, mortality, capital requirement, surplus/loss and any other relevant parameter across various portfolios offered and also comment on the possible impact on the expected future experience with respect to expenses, investment, mortality, capital requirement, surplus/loss and any other relevant parameter across various portfolios offered/intend to offer. The AA shall explain how the specific issues in this regard would be addressed.
25. Outline the proposed course of action to address the areas of concern, if any, including the implications of such action in the short term and long term.
26. Submit renewal rate, where renewal rate shall reflect the total amount of premium/number of policies renewed during the exposure block out of the in force at the beginning of the exposure block under review. The renewal rate shall be submitted in Table-2 of Return-ACTL-9 for
    * 1. The total business i.e. at the company level (Individual and group separately);
      2. Unit Linked Portfolio, Variable Insurance Portfolio, Non-Linked Portfolio (other than VIP) and Health Insurance (ULIP, Linked VIP, Non-Linked VIP, Non-Linked (other than VIP) separately for:
         1. The Company level (Individual (Participating and non-participating) and group separately).
         2. Life Business, Pension and Health Insurance business (Participating and non-participating) separately.
27. The Appointed Actuary shall monitor the results of the above analysis at least on a yearly basis and the same shall be reported to the Board of the Company.
28. The Appointed Actuary and CEO shall certify that information provided is accurate and complete.
29. **Example for calculating the Persistency Rate and Renewal Rate:** The example gives the detailed method to calculate the Persistency rate and Renewal rate by number of policies. Similarly, the Persistency rate and Renewal rate shall be calculated for premium amounts also.

**Persistency Rate:**

| **Year of issue** | **Year of reporting (Y)** | **Persistency month reported** | **No of policies issued during 2006** | **No of 2006 policies lapsed / surrendered during the preceding year i.e.**  **Y-l** | **Deaths, exit by expiry of term and maturities not included in "in-force" and "exposure"** | **In force** | **Exposure** | **Persistency rate** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2006 | 2008 | 13th | 1000 | 105 | 5 | 1000-  105 - 5 =  890 | 1000-  5 = 995 | =890/  995  =0.89 |
| 2006 | 2009 | 25th | 1000 | 50 | 2 | 1000-  105-  50-5-2 =  838 | 1000- 5-2 = 993 | =838/  993  =0.84 |
| 2006 | 2010 | 37th | 1000 | 25 | *2* | 1000-  105- 50-25-5- 2-2 = 811 | 1000-  5 — 2-2  = 991 | =811/  991  =0.82 |
| 2006 | 2011 | 49th | 1000 | 20 | 1 | 1000-  105- 50-25- 20-5-2-  2-1 =  790 | 1000 -  5-2-2-  1 = 990 | =790/  990  =0.79 |
| 2006 | 2012 | 61st | 1000 | 15 | 1 | 1000-  105 -  50-25-  20-15-5- 2-2-1-1  = 774 | 1000- 5-2-2- 1-1 = 989 | =774/  989  =0.78 |

*Notes: In these examples, above*

1. *Report submitted in 2008 refers to the persistence rate for policies commenced during 2006 i.e – Y-2*
2. *Report submitted in 2008 refers to the persistence rate for policies commenced during 2006 i.e. Y-3: and so on*

Renewal Rate:

| **Year of issue** | **Year of reporting (Y)** | **Persistence month reported** | **No. of policies at the beginning of the year (Exposure)** | **Mo of 2006 policies lapsed / surrendered during the preceding year i.e. Y-l** | **Deaths, exit by expiry of term and maturities not included in "in- force" and "exposure”** | **In force [No. Of policies renewed)** | **Renewal Rate** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2006 | 2008 | 13th | 1000 | 105 | 5l | 1000 -  105 - 5 = 890 | =890/1000  = 0.89 |
| 2006 | 2009 | 25th | 890 | 50 | 2 | =890- 50-2 =838 | =838/890  =0.94 |
| 2006 | 2010 | 37th | 838 | 25 | 2 | =838- 25-2= 811 | =811/838  =0.97 |
| 2006 | 2011 | 49th | 811 | 20 | 1 | =811-2- 1=790 | =790/811  =0.97 |
| 2006 | 2012 | 61st | 790 | 15 | 1 | =790- 15-1= 774 | =774/790  =0.98 |

**Form No. IRDAI\_RET\_14**

**Annexure ACTL-GI-1**

**Part -A**

**GUIDELINES ON MATHEMATICAL ESTIMATION OF IBNR CLAIMS PROVISION:**

As per clause 2(2)(ii)(c) of Part IV of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the IBNR claims reserve shall be determined using actuarial principles. The AA shall also consider the following guidelines while estimating IBNR claims reserve and shall submit a report on the methodology, assumptions used for estimating the IBNR claims reserve.

1. These guidelines are relevant to determination of IBNR provisions for direct insurance and facultative reinsurance accepted business. Estimation of IBNR on treaty accepted and Excess Loss accepted business requires other methods more appropriate to the nature of the portfolio and its claims development pattern. Likewise, estimation of IBNR for specialized business such as crop insurance or credit guarantee insurance will require other methods more appropriate to the nature of business.
2. In these guidelines, the term IBNR covers both provisions for claims not reported as well as inadequate provision for reported claims, called IBNER. It is not necessary to establish separate reserves for IBNR and for IBNER so long as the method used will take into account both elements.
3. There are several possible methods for determination of the provision for IBNR claims. The method most appropriate in a particular case will depend on the nature of the business and claims development pattern. The method stated in these guidelines is the preferred method and is generally suitable to most sets of data. Where the Appointed Actuary considers the method stated in these guidelines to be not suitable, he should set out the reasons for such conclusion and provide justification for the alternative method proposed to be used, being considered more appropriate. Where the method used is not one of the well-known methods, the Appointed Actuary should also describe the method and the underlying assumptions in that method.
4. Every mathematical method of estimation is based on a set of assumptions. So, the validity of the assumptions underlying the method proposed to be used should be fully set out and validated sufficiently to lend credibility to the exercise.
5. Calculation of provision for IBNR should be done separately for each year of occurrence and the figures should be aggregated to arrive at the total amount to be provided.
6. When the **mathematics** produces a negative value for the estimate of IBNR provision for any year of occurrence, it is incorrect to automatically assume that the company is over-providing. The validity of the underlying assumptions should be re-examined. Other tests of credibility of the results should be applied. The incurred claims ratios derived after the estimation of IBNR should be reviewed in the general background of the ratios for the insurer concerned over the years and also the ratios for other insurers in the market for the same years. There should be a logically identifiable reason to support the findings. It is prudent to ignore negative values of IBNR provision.

**A. Examination and validation of basic data**

* 1. Integrity and completeness of data is essential to an acceptable estimation of IBNR provision based on such data. Therefore, an examination of the data should precede the work of estimation of IBNR provision. Although it is the responsibility of the management of the insurer to provide complete and accurate data as required by the appointed Actuary, the Appointed Actuary should apply such checks as practically possible, to ensure the quality and completeness of the data.
  2. It is important to ensure homogeneity of data with regard to nature of business and claims development pattern. Therefore, data should be examined separately for each of the classes set out in the guidance notes. If data of any class is aggregated with data for another class, care should be taken to see that the two classes are homogeneous in nature. In respect of Motor insurance business, it may be possible to compile data separately by class of vehicle and by scope of cover and by nature of claim. Provided the quantum of data is statistically adequate for projection work, this may be done. In respect of long-term insurance policies, the Appointed Actuary should adopt an appropriate basis to ensure that the earned premium for the year alone is used in the calculations. In respect of insurance plans including cover in more than one sub­class such as Householders’ Comprehensive insurance, the system adopted by the insurer for classification of the business and the related premium should be consistently applied to data for all years used in the estimation process.
  3. The underwriting policy of an insurer has a material effect on the nature of its portfolio and consequently, on the claims development pattern. Therefore, the Appointed Actuary should first examine the changes in underwriting policy over the period of observation and in particular, the changes made in current underwriting policy. The impact of such changes on the claims development pattern and claims ratio should be examined.
  4. In the above context, the progression of premium over the recent years should be examined. Where the premium income shows significant fluctuation, the reasons for it should be examined. In particular, the impact of the types of risks being underwritten more actively, on the claims development should be taken into account. One of the important underwriting factors is the extent of policy deductible. If the average level of deductible has undergone material change over the recent years, its impact on the claims development should be taken into account.
  5. In respect of motor insurance business, the composition of the portfolio by type of vehicle is material to the claims development pattern. Where the portfolio has changed materially, over recent years, its impact on the overall claims development should be taken into account unless data is split into several sub-divisions.
  6. Compilation of data on an underwriting year basis instead of year of occurrence basis may be proposed in some cases. Where this basis is followed the Appointed Actuary should support the reason for change of basis on objective reasons.

**B. Claims handling practices**

1. A detailed review of the claims handling practices from the following aspects should be made. Where material changes are identified, their impact on the claims development pattern should be taken into account.
2. Although the law requires every claim to be recognized on first intimation, the way this is implemented in practice may differ from one company to another. The impact of inadequate provision for claims on claims development will be significant and should be taken into account.
3. Besides recognition of claims, the practice followed by the insurer to determine the provision to be made and the mechanism to review such provision as the claim develops are also important factors in claims development. Also, if the insurer has the practice of downsizing the claims provision in cases where there has been no movement in the claim over a certain period, it will be an important factor in claims development.
4. Besides studying the practice with regard to recognition, reserving and review of reserve, the claims settlement practice of the insurer should be studied. In particular, the company’s practice in speed of processing for settlement, fairness in settlement offers, attitude to litigation, approach to interim payments and effectiveness of recovery action both by sale of salvage and through recoveries from third parties, are all material to the claims development pattern. For example, financial problems can get reflected in slower development of claims paid and unless interpreted properly, they will lead to significant under-estimation of ultimate claims incurred ratios.
5. When studying the above aspects, it should be remembered that any set of practices that have been stable, will be reflected in the claims development pattern. Hence they may not present as much of a problem in estimation as any material changes in practices. The impact of such changes should be evaluated.
6. Methods that work on incurred claims are subject to far more uncertainties than methods that rely on progression of paid claims due to the uncertainties of claims estimation and reserving. Hence the Appointed Actuary should invariably work on paid claims data as the core basis of the estimation process. However, the Appointed Actuary may do another calculation using incurred claims as a point of comparison, if he so desires.
7. The claims development pattern can be materially affected by the occurrence of unusual events over the period of observation such as:

* Individual large claims;
* Catastrophic events causing a large number of claims;
* Changes in Law affecting the incidence and size of claims; and
* Impact of external factors on the average size of claims.

1. When looking at estimation of IBNR on a “net of reinsurance” basis, note should be taken of any changes in reinsurance protections and changes in size of retentions over recent years.

**D. Allowance for trends**

1. In order to make adequate allowance for trends, the following aspects should be studied:
   1. Composition of portfolio;
   2. External factors such as economic environment, inflation, changes in legal, political or social conditions;
   3. Insurer’s underwriting policy; and
   4. Insurer’s claims settlement practice.
2. A significant indicator of claims experience is the frequency of claims occurrence and the average size per claim paid and per claim outstanding. These should be studied and any variations observed should be looked into.

**E. Preferred Actuarial method for estimation of IBNR**

1. The following Standard Actuarial Methods may be used for the estimation of IBNR reserves:
   * 1. Basic Chain Ladder Method (both on incurred and paid claims)
     2. Bornhuetter Ferguson Method (both on incurred and paid claims)
     3. Frequency – Severity Method
     4. The Appointed Actuary shall use more than one method to arrive at an estimate that s/he believes is adequate to meet the future liabilities.
     5. Appointed Actuary may use methods other than standard actuarial methods of IBNR estimation.
     6. Appointed Actuary should provide an explanation of the rationale underlying the selection of a particular method over the other available methods along with the advantages and disadvantages of doing so.
     7. Where the results of different methods or assumptions differ significantly, an Appointed Actuary must comment on the likely reasons for the differences and explain the basis for the choice of results.
2. Based on data submitted for successive years, the cumulative development of claims picture should be compiled. It can be tabulated as shown in Form IBNR-B-1/2.
3. The cumulative claims paid as at the end of 24 months in respect claims relating to events that occurred in the year from 1 April 2022 to 31 March 2023 is the total of claims relating to the “current year” in the statement of claims for the year ending 31 March 2023 and claims paid in the “first preceding year” in the statement of claims for the year ending 31 March 2024; and so on. The cumulative statement is thus built up by putting together information from statements of claims for successive years.
4. The cumulative statement of claims development shows the way the claims paid picture develops over time. Assuming that the pattern of claims development will remain stable, it is possible to project to the completely developed claims amount using the progression of “**link ratios**” derived from the available data. The amount of IBNR will be the estimated ultimate claims cost less amounts paid so far and amount provided as outstanding on the date of estimation.
5. If there were changes in portfolio or underwriting or claims settlement practices, it may be better to use the latest available year’s link ratios rather than the average ratios.
6. The estimation process should not discount the estimated future development of paid claims to the current date nor should it load the claims outstanding specifically to provide for inflation in the future cost of claims, other than the factor already inherent in the estimation process.

**F. Tests of credibility**

1. The exercise of estimating the provision for IBNR will not be complete without applying the tests of credibility to the results produced. These include looking at the frequency of claims occurrence, ultimate incurred claims ratios, average cost per claim paid and per claim outstanding etc.
2. The ultimate incurred claims ratios for the successive years should be credible as compared to ratios of other insurers in the market and for the same insurer over time. There should be logical explanations for any variations or sharp fluctuations. If the calculations produce progressively reducing ultimate claims ratios, they indicate a deficiency of the mathematical model. It may then be necessary to over-ride the results by alternative methods such as ultimate loss ratio method or Bornhuetter-Ferguson method.
3. Since insurers do not normally consciously over-provide for claims and since even with utmost diligence there will be claims that have occurred but have not yet been intimated to the insurer, it is inappropriate to accept any negative values for IBNR produced by the mathematics. To avoid such an error, estimation of IBNR should be made separately for each year of occurrence. Negative values of IBNR for any year should be ignored.
4. An essential check on the credibility of the estimation exercise is to see how the claims developed during the preceding twelve months as compared to the projection and estimation made last year. The outstanding claims provision and provision for IBNR made at the last Balance Sheet date should be compared with the aggregate of claims paid during the year, claims provided as outstanding at the end of the year and the provision for IBNR claims produced by the formula.
5. Most estimation methods produce less reliable results for the most recent years. Hence the results for the more recent years have to be revised based on the Actuary’s knowledge of the business, the company’s portfolio and claims settlement practices and the claims ratios of other insurers in the market.

**Annexure ACTL-GI-1**

The IBNR report shall at least contain the following sections with certification provided below in Part B.

**Part -B**

**IBNR Report:**

**Section I - The insurer and its business:**

1.1 How active is the insurer in that class of business? Has the growth of premium income been steady and reasonable? Fluctuations in growth rates or high or low growth rates may be indicative of a change in the composition of business or changes in underwriting policy.

1.2 What is the underwriting policy of the insurer in respect of:

i. Selection of risks

ii. Rates and deductibles

iii. Delegation of underwriting authority.

1.3 Has the underwriting policy remained stable over the last six years? Have there been any changes in key underwriting personnel and how would that have impacted on the underwriting policy of the insurer?

1.4 What has been the claims processing and settlement policy of the insurer in the matter of:

i. First recognition of claim;

ii. Provision for a claim where no information or inadequate information on facts is available;

iii. Periodicity of review of the provision for a claim;

iv. Negotiation of bodily injury claims relating to motor accidents;

v. Processing and settlement of claims; and

vi. Pursuit of recovery or sale of salvage.

1.5 Has the claims processing and settlement policy remained the same over the past six years? Have there been any changes in key claims personnel and how would that have impacted on the claims settlement practice of the insurer? If so, comment on how the impact of these changes have been taken into account?

1.6 Has the insurer passed through cash flow or financial problems over the observation period? If so, has it affected the insurer’s underwriting or claims settlement practices? Was there a significant slowing down in claims settlements?

1.7 Were the observed claims data affected by catastrophic events such as earthquake, flood, windstorm, individual large claims etc.? Were there significant changes in the business environment such as a severe economic recession that would have affected the business experience? If so, how have they affected the observed claims figures?

1.8 Was there any change in the general business and insurance industry conditions in matters such as legislative environment, competition, consumerism, levels of court awards etc.? If so, the impact of these changes should be commented upon.

**Section II - The data**

2.1 If the data is not separately compiled for each class of general insurance business as required by the guidance notes, then please comment on the reasons for variation.

2.2 Please comment on the source of data and steps taken to ensure that the data is consistent, reliable, complete and tallies with the audited accounts.

2.3 Please comment on the observed trends in the growth of premiums, frequency of loss occurrence, average cost per claim paid and per claim outstanding, speed of emergence of claims and speed of settlement. Please also state how these have been taken into account in the selection of the process of estimation.

2.4 Did any individually large claims affect the claims development figures? If so, how are they taken note of in the estimation process?

2.5 Is the estimation of IBNR done on a “net of reinsurance” basis? If not, describe the process followed to determine the amount to be provided net of reinsurance. Was there any material change in the reinsurance program? If so, describe the manner in which it was allowed for in the estimation process. If data on net of reinsurance basis is not readily available, it is open to the actuary to work on the IBNR estimate on a gross basis and work on the estimate of IBNR for the share of reinsurance ceded, if that is more easily possible.

**Section III - The method**

3.1 Please describe the method used for estimation of IBNR. If the method used now is different from the method used previously, please state the reason for change.

3.2 Please state the assumptions underlying the method and to what extent the validity of the assumptions was verified.

3.3 Where the method used is not commonly understood, please explain the methodology and provide adequate working sheets to understand the calculations and results.

3.4 Please cross-check the result using another method, preferably, the chain-ladder method and comment on the outcome. However, if the Appointed Actuary chooses to use the chain-ladder method for estimation, then he may check on the estimate using any other method considered by him to be suitable for the purpose.

**Section IV - Evaluation of the results**

4.1 Please describe the tests of logic applied to the results and the results of the tests.

4.2 How do the figures of outstanding claims as per the estimation process compare with the actual provisions? If the calculated estimates are lower than the actual provisions, please advise the further tests applied to evaluate the validity of the results.

**Section V**

5. Comment on calculated incurred claims ratios for the insurer over the years and also as compared to other insurers in the market. In particular, please comment whether the claims ratios for the more recent years are logical. If not, please state how the estimation process was modified to achieve more credible results.

**Attachments**

6. The data collected from the database of the insurer, the compiled cumulative figures, the calculation sheets and the final results should be attached to the report.

**Certification**

7.1 The Appointed Actuary should not put forward or certify any figures, which lack credibility, with serious reservations.

7.2 The Appointed Actuary should certify that he has checked the data to the best of his ability and is satisfied that they are consistent, reliable and complete and that the assumptions underlying the method used for estimation of IBNR are valid.

7.3 The report should be signed with date by the Appointed Actuary. The Appointed Actuary should also secure a certificate from the Principal Officer as under and attach it to his report:

**Certification**

I certify that full and accurate particulars of every policy and claim have been furnished to the appointed actuary: (name) for the purpose of the determination of IBNR Reserves as on the 31st day of March of \_\_\_\_\_\_\_\_\_\_\_\_\_. (date of investigation).

Name of insurer:

Name of Principal Officer:

Signature of Principal Officer:

Place:

Date:

**Annexure ACTL-GI-1**

**Part –C**

**Instructions for filling up the Statement of Claims Development**

Every General Insurer or Standalone Health insurer shall submit the forms and tables with IBNR Report for each of the LOB stated under clause 2(2)(ii)(a) ofPart IV of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 as per Return-ACTL-5 of this Master Circular.

*(To Forms: IBNR-A; IBNR-B-1; and IBNR-B-2)*

**General**

*Form IBNR-A*

These Statements should be submitted annually. All the information required by these forms should be furnished in a proper manner.

The totals of columns 3, 4, 6+8, 14 and 15 should tally with the audited accounts figures. This reconciliation is essential to ensure proper determination of IBNR provisions.

“Reporting year” means the year in respect of which the statement is prepared. Thus, the reporting year for the statement of claims development during the year ending 31 March 2005 will be the year 1 April 2004 to 31 March 2005.

It is possible that the same event in respect of the same insured gives rise to several claims. In such cases, each of these claims should be individually recognised. However, where the system treats all claims arising out of one event in respect one insured as a single claim, the same basis should consistently be followed over the period of observation*.* The basis used for counting the number of claims should be uniformly applied over the entire statement.

Separate statements shall be prepared for each class of business for which separate data are required as per Accounting Regulations, namely, Fire, Marine Cargo, Marine other than Cargo*,* Motor, Workmen’s Compensation / Employers’ Liability, Public / Products Liability, Engineering, Aviation, Personal Accident, Health insurance and Others. Since Motor Liability claims have a significantly different development pattern as compared to Motor Property Damage claims, data in respect of Motor business should be provided separately for Motor Property Damage and for Motor Liability business. If data in respect of any of these classes is too small to be statistically sufficient for analysis, the calculation of IBNR may be done by combining the data with a class presenting a similar claims development pattern but the data must be provided separately.

Where the insurer has sufficient quantum of information under further sub-division of data for Motor business, the insurer may collect information separately for Motor Cycles, Private Cars, Buses, Goods Vehicles, Special Purpose Vehicles such as Earth-moving Equipments, Cranes, Dumpers, Mechanical Shovels etc., and Other vehicles such as Taxis, Motor Trade Risk etc. Care should be exercised that the break up of data in the above manner does not make the data too small to be reliable as a basis of projection.

While it is open to an insurer to calculate the provisions for IBNR separately for direct business and reinsurance accepted business and reinsurance ceded business, it is sufficient for the requirements of IRDA to calculate the provision for IBNR on business net of reinsurance.

With reference to column numbers of the statement at Form IBNR-A

Column 1: Claims data should be classified according to year of occurrence of the loss. Thus, in the statement for the year ending 31 March 2005:

Current year refers to claims relating to events that occurred during the year ending 31 March 2005.

First preceding year refers to claims relating to events that occurred during the year 1 April 2003 to 31 March 2004.

Second preceding year refers to claims relating to events that occurred during the year 1 April 2002 to 31 March 2003.

Third preceding year refers to claims relating to events that occurred during the year 1 April 2001 to 31 March 2002.

Fourth preceding year refers to claims relating to events that occurred during the year 1 April 2000 to 31 March 2001.

Fifth and earlier preceding years refers to claims relating to events that occurred before 1 April 2000.

Columns 2 to 4:

Number - Column 2 relates to the number of claims provided for as outstanding at the beginning of the reporting year. Thus, in the statement for the year ending 31 March 2005, the number of claims outstanding as at 1 April 2004 will be shown in this column, duly split according to the year of occurrence of the event giving rise to the claim. In this connection, please also see para 4 of general comments above. These figures should be the same as shown in the statement for the year ended 31 March 2004 as at the end of that year, except that the references to the year of occurrence will move by one year.

Amount - Column 3 refers to the amounts provided for the claims included in column 2, also split according to the year of occurrence of the event giving rise to the claim.

IBNR amount - Column 4 refers to the amount provided as a provision for IBNR claims. If the insurer has calculated the provision for IBNR claims on an omnibus basis, then it should show the entire provision against the row for “Current year”. However, insurers are advised that it is more appropriate to calculate the provision for IBNR claims separately by year of occurrence of the event giving rise to the claim and insurers who are not already doing so, should change their method of estimation to conform to this requirement.

Columns 5 and 6:

Claims where part payments were made during the reporting year but the claims are not yet fully settled should be shown in this column.

Number - column 5 can represent either the number of claims in respect of which, one or more payments were made during the year. However, where this is not possible, due to limitation of software, it may represent the number of payments regardless of the number of claims concerned. However, in either case, the basis of reporting should be consistently applied in the entire statement and in successive returns. Insurers should take up suitable modifications to software to enable the number of claims to be reported.

Amount - column 6 represents the amounts paid in respect of such claims and the direct expenses debitable as claims paid in accordance with accounting standards, such as surveyor’s fees or legal fees.

Columns 7 and 8:

Claims which were finally settled during the reporting year, with no further payments either as claims or direct claims related expenses remaining outstanding, should be shown in this column. Even if several payments were made during the year, if the claim was fully settled by the end of the reporting year, all payments made in respect of such claims during the reporting year, will be shown in these columns.

Number - Column 7 can represent either the number of claims in respect of which, one or more payments were made during the year or it may represent the number of payments regardless of the number of claims concerned. However, the comments in respect of column 5 are also applicable here.

Amount - Column 8 represents the amounts paid in respect of such claims and the direct expenses debitable as claims paid in accordance with accounting standards, such as surveyor’s fees or legal fees.

Columns 9 and 10:

Claims which were recognised and provided for during the reporting year for the first time, should be shown here, according to the year in which the event giving rise to the claim occurred.

Number - Column 9 relates to the number of claims that were recognised and provided for the first time during the reporting year. In this connection, please also see comments in para 4 of general comments above.

Amount - Column 10 represents the amount provided for such claims initially at the time of recognition of the claim during the reporting year. The amount of provision to be shown here will be the amount provided when the claim was first recognised. Even if the provision was revised during the year one or more times, the amount to be shown here will be the amount provided initially when the claim was recognised.

Columns 11 and 12:

Claims that were shown as outstanding at the beginning of the reporting year or were provided for the first time during the year, and were closed during the year without having made any payments during the year, will be shown here.

Number - Column 11 relates to the number of claims that were closed without any payments having been made during the reporting year.

Amount - Column 12 represents the amount that was provided as at the beginning of the reporting year (or on the date the claim was first recognised in respect of the claims recognised during the reporting year), which was written back on closure of the claim.

Columns 13 and 14:

Claims that were outstanding as at the end of the reporting year, duly classified by the year of occurrence of the event giving rise to the claim, should be shown in these columns.

Number - Column 13 relates to the number of claims provided for as outstanding at the end of the reporting year. Thus, in the statement for the year ending 31 March 2005, the number of claims outstanding as at 31 March 2005 will be shown in this column, duly split according to the year of occurrence of the event giving rise to the claim.

Amount - Column 14 refers to the amounts provided for the claims included in column 13, also split according to the year of occurrence of the event giving rise to the claim.

Column 15 - IBNR should show the estimation of provision for IBNR claims as at the end of the reporting period.

Columns 16 and 17:

Information on number of policies and premiums is collected here to examine both the claims ratios and claims frequency for the class of business being studied.

Number - Column 16 will show the number of policies issued in respect of the written business for the year concerned. For example, in the statement for the year ending 31 March 2005, the figure appearing here in respect of the second preceding year will be the number of policies of that class issued during the year 1 April 2002 to 31 March 2003 and so on.

Amount - Column 17 shows the amount of premium written during the year concerned, net of reinsurance cessions.

Normally, information in columns 16 and 17 will not change in respect of the same accounting year in subsequent returns.

Where the volume of long-term policies is significant in a portfolio, the Appointed Actuary should take it into account in computing the “earned premiums” and “policy years exposed” for Tables IBNR B-1 and B-2.

*Cumulative Claims Data Forms at Forms IBNR-B-1; IBNR-B-2.*

Information in this statement will be compiled by aggregation of figures of claims paid shown in Claims Data Form (Form IBNR-A) for successive years. Information on number of claims will likewise be compiled as shown in Form IBNR-B-1.

In the statement as at 31 March 2005:

Claims paid as at 12 months for current year will be the claims paid during the year 1 April 2004 to 31 March 2005 in respect of events that occurred during the year 1 April 2004 to 31 March 2005;

Claims paid as at 12 months for the first preceding year will be the claims paid during the year 1 April 2003 to 31 March 2004 and as at 24 months it will be the claims paid during the period of two years from 1 April 2003 to 31 March 2005, in respect of events that occurred during the year 1 April 2003 to 31 March 2004;

And so on.

**Form No. IRDAI\_RET\_15**

**Annexure ACTL-GI-2**

**The Financial Condition Report (FCR) shall be submitted annually in the following format. In addition, the insurer shall submit the FCR tables as per ‘Return-ACTL-6’:**

**Part A**

**1.The Objectives:**

The objective of Financial Condition Report (“**FCR**”) is to investigate the entire general insurance business carried on by the insurer as on the date of valuation and to report the strengths and weaknesses in terms of the risk the insurers carry with respect to meeting solvency requirements, profitability, liquidity, expense, investment return, asset-liability mismatch, insurer’s future position, other risks-specific to the business etc.

This report shall specifically address:

The sensitivity of the future solvency position to potential changes in the economic environment, claims experience, pricing strategy and all other relevant factors, if any

Building of early warning signals to assess the financial condition

Comprehensive view on the company

**Lines of Business**

It is recommended that AA must necessarily analyze and comment on the each of the LOB stated under clause 2(2)(ii)(a) ofPart IV of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

In addition, AA must analyze and comment on any product that is material from the perspective of financial condition of the insurer. For the sake of uniformity amongst insurers, a material line of business may be defined as under:

Motor Third party, whether written as part of a Motor package policy or Motor Act Only policy, regardless of the size, and

Any product which meets any one of the following criteria:

1. It contributed to 5% or more of company’s total GWP during the reporting period,
2. It contributes to 5% or more of company's NWP,
3. It contributes to 5% or more of company’s Gross Incurred Claims,
4. It contributes to 5% or more of company’s Net Incurred Claims. AND

Any other product or line of business which AA believes is material to the financial condition of the insurer.

AA may produce any other data or table that he/she believes aids in the analysis &/or presentation of financial condition of the company.

**Instructions:**

The AA shall ensure the following:

The format and tables stipulated in this document shall be adhered to without any alteration. The fields which are not relevant shall not be left blank, but shall state “not applicable” or “NA”.

The numbers provided in the FCR shall be:

1. Reconciled with the financial statements of accounts and IBNR, wherever applicable.
2. Provided in unit of thousands
3. All outgo entries in the Annexure of FCR shall be shown in brackets ( )

The chronological order in the LOB table shall be strictly followed.

The Appointed Actuary (AA) shall provide detailed analysis along with the actions proposed, if any, on each section of the FCR.

**Section 1: Executive summary**

1. The executive summary shall summarize the report in a way so that the recipient of the report becomes acquainted with the large body of material to follow without having to go through it in detail.
2. The audience of FCR is Board of the insurance Company and the Regulator. This has to be borne in mind when the Executive Summary is prepared. The essence of the whole report needs to be succinctly captured in this section.
3. The Appointed Actuary shall explain the adequacy of reserving (i.e. IBNR, Outstanding Claims Reserve, Unearned Premium Reserve, Premium Deficiency Reserve, etc.).

**Section 2: Financial Analysis & Future Projection**

1. AA is expected to provide an enterprise level analysis of the current financial position and is expected to give a quick snapshot and set the context for the subsequent sections of the report
2. The following aspects are expected to be covered
3. Performance in the financial year
4. Financial analysis and comparison with what was budgeted - Income statement, Balance sheet and key ratios to be analyzed and actual versus expected analysis to be performed
5. Future projections (based on Management inputs)
6. Industry comparison - Key parameters to be benchmarked with industry information available as on date of preparation of report
7. Major events that had taken place during the year relevant to the operations of the insurer or the promoter companies (e.g. mergers, acquisitions, a new business activity, significant financial loss, changes in the company structure, etc.)
8. Financial highlights from the latest published financial statements of the promoter companies (assets, liabilities, profits for the year, etc.)
9. Format for the representation of company financials is given in the Return-ACTL-6 of this Master Circular.

**Section 3: Enterprise Business Analysis**

In this section AA shall provide analysis on a more granular level including LOBs, Geography, Channel, Type of Customer (Retail/Commercial) or in any other manner deemed appropriate by AA so that the key issues are highlighted.

Analysis could pertain to:

* 1. Profitability - trends in ICR, COR, Expense ratio, Commission ratio etc. Comments if any on the expense allocation methodology may also be made in this section.
  2. Reserve adequacy - Development of Ultimate Loss for an accident year over the next few years needs to be provided based on the data in the required format. Significant deviations (positive or negative) need to be explained.
  3. Reinsurance structure including retention ratio. Comments on reinsurance arrangement for the next year (based on the proposed Rl policy) need to be made. AA’s views on changes in the proposed policy compared to previous year needs to be highlighted. A three year analysis of ceded business is needed.
  4. Grievances - AA’s comments on data on customer grievances and steps to be taken from a policyholder protection point of view needs to be emphasized
  5. Sufficiency and quality of data : AA’s comments on the sufficiency and quality of the data used in the calculation of IBNR and other reserves (including IBNER and PDR) where actuarial advice is sought by the Authority.
  6. Data deficiency reserve: If the AA feels that there is a need to setup data deficiency reserve, comments about the same can be made in this section.
  7. Consistency: AA’s comments on consistency between pricing policy, underwriting policy and reserving policy of the insurer.
  8. Appropriateness of methodologies: AA’s comments on the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of IBNR and other reserves (including IBNER and PDR).
  9. Reliability and adequacy of calculation of IBNR: AA’s comments on the reliability and adequacy of the calculation of IBNR and other reserves (including IBNER and PDR) where actuarial advice is sought by the Authority.

**Section 4: Analysis of material lines of business (LOB)**

1. A material line maybe defined as a LOB which is 5% of GWP, 5% of NWP, 5% of NIC of the reporting year or any other LOB which the AA considers to be critical to the company from an FCR point of view. AA’s comments on the foreign operations of the company, if material, should also be included in this section based on the information available to him/her.
2. The following points may be included in the analysis pertaining to this section for each material LOB:
3. Growth over the years
4. Future projection
5. Business Mix
6. Loss ratio trends
7. Premium adequacy
8. Reinsurance policy
9. Reserving adequacy
10. Commentary on Expense Allocations, its appropriateness, compliance to IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016 and Section 40B and 40C of Insurance Act.
11. Profitability
12. Renewal analysis (for retail lines)
13. Impact of the LOB on to the financial condition of the company

The table to be prepared is given in the Return-ACTL-6 of this Master Circular

**Section 5: Investments & Asset Liability Management**

This section should include AA’s comments on the following:

1. Current investment portfolio and strategy being followed.
2. AA’s comments on the proposed investment policy for the next year especially the changes in the policy compared to last year
3. Analysis of the portfolio from an ALM perspective as on 31st March
4. ALM to be done as on 31st March on a run off basis. Formats for ALM working is given in the Return-ACTL-6 of this Master Circular.

**Section 6: Current & Future Solvency and Estimation of Economic Capital**

1. This is a critical chapter wherein the AA is expected to discuss about the current and future solvency position of the company.
2. AA is expected to perform stress/scenario testing (which he/she deems appropriate from the company’s point of view) to analyze the possible movement of solvency ratio at various levels of confidence.
3. The scenario/stress testing is expected to be performed on the business projections given earlier.
4. If the Authority prescribes any specific stress/scenario test to be done for all the players in the industry then that also needs to be included in this section.
5. AA shall estimate the Economic Capital as per Annexure ACTL – GI – 4 and submit the related disclosures.

Format to represent the results from scenario / stress testing is given in the Return-ACTL-6 of this Master Circular.

Scenarios are to be explicitly mentioned by AA

**Section 7: Risk Management**

1. In this section, the AA shall focus on identification of potential risks faced by the insurer both on a gross and net basis in a comprehensive manner along with mitigation and impact on the company.
2. Ideally, the overall characterization shall include the various key risk accumulations, be they by exposure lines or operational units, etc., per the AA’s discretion. In addition, shall characterize individually those accumulations that are material. For instance, Third Party exposure is a significant accumulation in its own merit for insurers that write Motor business. The AA shall opine how the overall risk characteristics of the insurer compare with the stated risk appetite approved by the insurer’s board of directors.
3. The AA shall discuss the following point-wise

* The material lines of business written
* The material reserves arising from lines in run-off (if any)
* Key Risks
* Risk Concentration. Region wise, product wise, line of business wise, distribution channel wise, any other factor deemed material by the AA, etc.
* Key trends or factors that have or may have a significant impact on the financial condition of the company
* The impact arising out of the company’s operational practices like discounts, response to market competition, reserving practices, catastrophes, business volume, etc.

1. Risk Characterization

The AA shall characterize the risk faced by the company with the help of:

* Accumulation of risk exposures under different categories that pose a material threat to the company’s financial condition. To the extent possible, the risk categories should be mutually exclusive and jointly exhaustive but the over-riding factor is to include all groupings that can lead to a large scale impact on the company. The AA shall define the materiality of the groupings -- potential financial impact as a percent of net worth. Operational risk and Investment Risk shall be modeled independently from the underwriting exposure categories to the extent that their impact is not included in the underwriting groupings. For example, risks arising out of TPA operations could be included as part of the underwriting risk or separately as an operational risk
* It is desirable that the AA augments his analysis by constructing a “variance co-variance” matrix and provide the basic statistical measures. Minimally, given the tail length of certain key category risks a multivariate log normal distribution can be modeled on the data.

1. Risk management and mitigation

The AA shall evaluate the capacity of the company to handle the underlying risk.

* An overview of the risk management functions with special focus on the chain of command employed in accepting and managing risks.
* Steps taken to understand the quantity of risk and risk appetite.
* The risk return trade-off guiding the company’s underwriting and investing operations including the overarching characteristics of the implemented protection structure including reinsurance contracts.
* Risk monitoring procedures, review process and feedback loop.
* Contingency plans for emerging risks and the development of latent claims (if any).
* Development of necessary structural changes in pricing and reserving methodologies as a function of the risk performance of the company.

1. Sensitivity

At the enterprise level, the AA shall perform sensitivity analysis and present the results. Format is provided in the Return-ACTL-6 of this Master Circular.

The AA shall define explicitly the base & the pessimistic scenarios assumed in arriving at the projections and discuss point-wise the following:

* The sensitivity of the business to the key risk exposures.
* The methods and assumptions used to assess the sensitivities.
* The sensitivity of the risks that have a significant impact on the solvency of the company.

**Section 8: Reinsurance**

In this chapter the AA shall discuss the following

1. Reinsurance program of the company in the past year and its adequacy.
2. Reinsurance program for the forthcoming year.
3. Changes with respect to previous year’s program to be highlighted.
4. AA may also include a table along with details and analysis of treaties.
5. AA’s recommendations.

**Section 9: Comments of the Board of the Insurer and Actions taken Report**

The insurer shall provide the following under this chapter:

1. The date and place of board meeting where the report was presented
2. Whether formally presented or tabled or sent by circulation
3. Comments of the Board and proposed course of action, if any on the any part of the FCR or issues raised by AA
4. If the presentation happens after the submission deadline then the board comments may be sent separately to the Authority

**Section 10(a): Certification by Appointed Actuary & CEO**

AA Certification:

“I, (name of AA), the Appointed Actuary of (name of insurer), hereby certify,

1. that I have complied with the provisions of the Insurance Act, 1938, Regulations, Rules and Directions of the IRDA;
2. that I have taken into account all contingencies appropriate to the business that is valued and that the assumptions employed in the valuation are appropriate;
3. that the mathematical reserves have been based on accurate data and have been calculated and reported accurately, subject to the following qualifications (list the qualifications, if any);
4. that I have calculated the Required Solvency Margin accurately; and
5. that the mathematical reserves along with the Required Solvency Margin make good and sufficient provision for all the unmatured obligations under the terms of the policies on the books of the insurer.
6. that this Financial Condition Report depicts the true underlying financial position of the insurer as on the Financial Year ending dd/mm/yyyy

Name of Insurer:

Name of Appointed Actuary:

Signature of Appointed Actuary:

**CEO Certification:**

I certify that full and accurate data has been furnished to the Appointed Actuary (name) for the preparation of this Financial Condition Report as on the 31st day of March of ……… (date of investigation).

Name of insurer:

Name of the CEO:

Signature of the CEO:

Place:

Date:

Company Seal:

**Section 10(b): Certification by mentor (if applicable)**

Mentor Certification (if applicable)

“I, (name of Mentor), the Mentor of (name of insurer), hereby certify,

1. that I have reviewed the submission made by the Appointed Actuary.
2. that I concur with the aforesaid submission.

Name of Insurer:

Name of Mentor:

Signature of Mentor:

Place:

Date:

Counter signed by CEO:

Place:

Date:

Company Seal:

**GLOSSARY**

1. **Average Gross premium :** Gross premium *I* number of exposures
2. **Average net premium :** Net premium / Number of exposures
3. **Average Sum insured :** Total sum insured / Number of exposures
4. **Allocated loss adjustment expenses:** correspond to those costs that the insurer is able to assign to a particular claim.
5. **Combined ratio :** Net commission ratio + expense ratio + Net incurred claim ratio
6. **Claim Frequency :** Number of incurred claims / Number of exposures
7. **Claim Severity :** Gross (net) Incurred claim amount / Number of Incurred claims
8. **Closed claim without claim payment (number):** Includes all the claims that are closed without claim payment.
9. **Closed claim without claim payment (amount) : (For the purpose of this report)** includes claim amount of all the claims closed without claim payment exclusive of allocated loss adjusted expenses and these expenses should be included in the claims closed with payment (amount).
10. **Closed claim with claim payment (number):** Includes all the claims that are closed with claim payment.
11. **Closed claim with claim payment (amount): (For the purpose of this report)** includes claim amount of all the claims closed with payment inclusive **of allocated loss adjusted expenses of both claims closed with & without payment.**
12. **Expense Ratio** : Operating expenses / Gross written premium
13. **Exposures :** An **exposure** is the basic unit of risk that underlies the insurance premium
14. **Earned Exposure Year:** Exposure per unit of year of risk coverage.
15. **Insurance profit** : Underwriting profit + Investment income on insurance funds
16. **Gross Earned Premium (GEP) :** Premium from direct business written + Premium on reinsurance accepted +/-Adjustment for change in reserve for unexpired risk **(Definition as per annual report)**
17. **Gross Direct premium:** Premium received from direct business written (including coinsurance premiums)
18. **Gross written premium:** Premium from direct business written + Premium on reinsurance accepted
19. **Gross claims paid:** Claim amount paid on direct business written + Claim amount paid on reinsurance accepted business
20. **Gross Incurred claim:** Claim amount paid (gross) + Claims outstanding (Inclusive of IBNR) amount at the end of the Financial Year (gross) - Claims outstanding (Inclusive of IBNR) amount at the beginning of the Financial Year (gross) **(Definition as per annual report)**
21. **Gross Incurred Loss Ratio:** Gross incurred claim / Gross earned premium
22. **Gross claims Paid Loss Ratio :** Gross claims paid / Gross earned premium
23. **Gross commission:** Commission paid on direct written business + Commission paid on reinsurance accepted business.
24. **Net Earned Premium (NEP) :** Premium from direct business written + Premium on reinsurance accepted - Premium on reinsurance ceded +/- Adjustment for change in reserve for unexpired risk **(Definition as per annual report)**
25. **Net premium :** Premium from direct business written + Premium on reinsurance accepted - Premium on reinsurance ceded **(Definition as per annual report)**
26. **Net claims paid :** Claim amount paid on direct business written + Claim amount paid on reinsurance accepted business -Claim amount received from ceded business
27. **Net Incurred claim :** Claim amount paid (net) + Claims outstanding (Inclusive of IBNR) amount at the end of the Financial Year (net) - Claims outstanding (Inclusive of IBNR) amount at the beginning of the Financial Year (net) **(Definition as per annual report)**
28. **Net Commission :** Commission paid with respect to direct business + Commission paid with respect to Reinsurance accepted - Commission received with respect to Reinsurance ceded **(Definition as per annual report)**
29. **Net Incurred Loss Ratio :** Net Incurred claim / Net earned premium
30. **Net claims paid loss ratio :** Net claims paid *I* Net earned premium
31. **Net Commission ratio :** Net commission / Net Premium
32. **Number of Incurred claims :** Number of settled claims (i.e. claims are closed with / without payment) + open claims
33. **Operating expenses :** As per Schedule 4 of the Annual Report
34. **Income from investments:** As per Revenue account of the Annual Report
35. **Premium deficiency reserve:** Premium deficiency shall be recognized if the sum of expected claim costs, related expenses and maintenance costs exceeds related reserve for unearned premium reserve.
36. **Retention ratio :** Net Written Premium/ Gross Written Premium
37. **Reporting Delay:** It is time from when the event occurs through to the time that the insurance company is notified of the event.
38. **Salvage and subrogation:** Salvage represents consideration received by the insurer for damaged property taken over by such insurer in an insurance claim. Subrogation refers to an insurer’s right to recover the amount of claim payment to a covered insured from a third-party responsible for the injury or damage.
39. **Settlement Delay:** It is the time period between notification to the Company and the payment of the claim.
40. **Solvency ratio :** ASM *I* RSM (as per Regulations)
41. **Tail length :** Estimated time taken for settlement of claim from the date of loss occurrence
42. **Underwriting profit :** Net earned premium - Net incurred claims+/-Net Commission-Operating expenses
43. **Unallocated loss adjustment expenses:** are the claim related expenses but cannot be allocated to a specific claim. Examples of ULAE include salaries, rent, and computer expenses for the claims department of an insurer.
44. **Unearned Premium Reserve (UPR)** is as defined in IRDAI (Actuarial, Finance and Investment Functions), Regulations 2024.
45. **Unexpired Risk Reserve (URR):** The reserves in respect of the liabilities for unexpired risks and determined as the aggregate of Unearned Premium Reserve and Premium Deficiency Reserve.

**Note: Please note that the claims paid and reserves are inclusive of allocated loss adjustment expenses.**

**Form No. IRDAI\_RET\_16**

**Annexure ACTL-GI-3**

**ASSET LIABILITY MANAGEMENT REPORTING**

As per clause 5(iv) of Part IV of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, all general insurers and standalone health insurers shall furnish ALM report as per the guidance provided below and ALM forms and Form ST-NL in the format as provided in Return-ACTL-7 of this Master Circular.

1. **Asset Liability Management:**
   1. Asset-liability management (ALM) is the practice of managing a business so that decisions and actions taken with respect to assets and liabilities are coordinated. ALM is relevant to, and critical for, the sound management of the finances of the insurers that invests to meet its future cash flow needs and capital requirements.

As per Regulation 5 of IRDAI (Actuarial, Finance and Investment Functions of insurers) Regulations, 2024, the Board shall approve the insurer’s ALM policy, considering the asset-liability relationships, the insurer’s overall risk tolerance, risk and return requirements, solvency position and liquidity requirements. The Board shall regularly review such policy at the end of each year or at more frequent intervals, if required, and submit to the Competent Authority any changes in the ALM policy along with the FCR referred under Annexure ACTL-GI-2 of this circular.

Insurers shall have in place effective procedures for monitoring and managing their asset-liability positions to ensure that their investment activities and asset positions are appropriate to their liability, risk profiles and their solvency positions.

The ALM policy shall, at the minimum, enable the insurer to:

understand the risks they are exposed to;

develop (ALM policies to manage them effectively;

apply techniques appropriate for the nature of their business, the risks they undertake and specific /local market conditions; and

measure the interest rate risk, in particular, faced by the insurers and thereby improving the assessment of the asset liability management strategies of the insurers.

The insurer shall examine all risks requiring the coordination of its assets and liabilities. The ALM framework shall cover all the areas significant in terms of their potential impact on economic value. The economic value of asset or liability cash flows, derived in such a way as to be consistent with current market prices where they are available, or using market-consistent principles, methodologies or parameters. These may include risks like:

Market Risk

interest rate risk (including variations in market credit spreads)

equity, real estate and other asset value risks

currency risk

related credit risk

Underwriting Risk\

Liquidity risk

The insurer shall develop and implement controls and reporting procedures for its ALM policies that are appropriate for its business and the risks to which it is exposed. These shall be monitored closely and reviewed regularly.

All general insurers and standalone health insurers shall submit the data with respect to the assets and liabilities in **Table­-ALM-Yearly** along with annual FCR**.** The template of the‘Table-ALM-Yearly’ **is provided in** Return-ACTL-7 of this Master Circular.

**'Table-ALM-Yearly'** data shall be furnished for:

Base discount rate (as per yield curve available on the date of annual valuation) applicable and, with such base discount rate Increased & decreased by 1% and 2%.

Further to the above details, the **Table-ALM-Yearly'** shall contain the details of impact on duration due to changes in the following:

fall of 30% in Equity values, 100 basis points fall in yield available on various fixed interest securities, adverse deviation of 10% in morbidity/claim rates expenses, cancellation rates, renewal rates and 50% (increase and decreasing) in new business volumes independently.

fall of 30% p.a. in Equity values, 100 basis points p.a. fail in yield available on various fixed interest securities, annual adverse deviation of 25% p.a. in morbidity/claim rates, expenses, cancellation rates, renewal rates and 25% (increase and decreasing) In new business, during three years from the report date independently.

Table-ALM data should be furnished separately for Fire, Marine Hull, Marine Cargo, Health, Motor- Third party, Motor-Own damage, WC/Employers’ Liability, Public/Product Liability, Personal Accident, Engineering, and Miscellaneous classes of businesses. If the reserves held under any line of business fall below 5% of total reserves held at the recent annual valuation of business, such line of business need not be considered for the preparation of above table.

All Domestic Systemically Important life insurers shall submit the data with respect to the assets and liabilities on quarterly basis as per **Table-ALM- Quarterly** within 45 days from the end of each quarter. However, all other insurers shall review the ALM position regularly and at least on quarterly basis.

1. **Stress testing**
   1. Stress testing helps insurers to ascertain the potential level of vulnerability to different scenarios, to manage their risks and maintain enough financial resources to manage them. Stress tests enable insurers to study the quantitative impact of different scenarios and its effect on the solvency of an insurer. The stresses may be financial, operational, legal, liquidity based or be related to any other risk that might have an adverse economic impact on the insurer.

All general insurers and standalone health insurers shall submit Form-ST-NL Return-ACTL-7 of this Master Circular and as per the risk factors described therein. The amount of deviation in the risk factors may be considered as per the risk profile of the insurer. However, the insurer shall submit the results of stress testing with respect to the scenarios based on the following specific risk factors as stated below in addition to the insurer specific deviations in the risk factors.

Fall of 30% in Equity values, 100 basis points fall in yield available on various fixed interest securities, adverse deviation of 50% in morbidity/claim rates, expenses, cancellation rates, renewal rates and 50% (increase and decrease) in new business volumes independently.

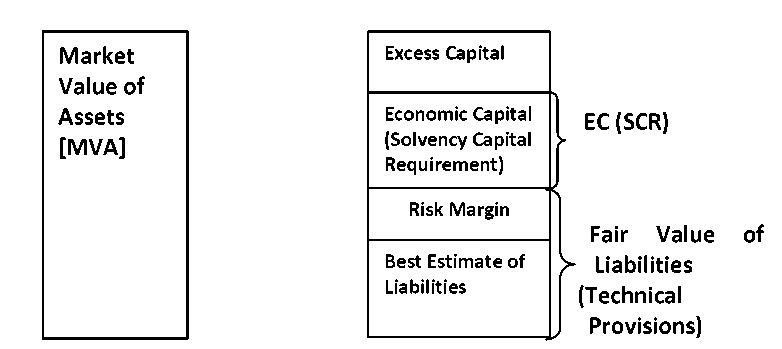
Fall of 30% p.a. in Equity values, 100 basis points p.a. fall in yield available on various fixed interest securities Annual adverse deviation of 25% p.a. in morbidity/claim rates, expenses, withdrawal/lapse rates and 25% (increase and decrease) in new business, during three years from the report date independently.

Insurer's Board shall ensure timely review of the issues emanating from **Table-ALM'** data and **Form-ST-NL** and take such corrective action as may be necessary under intimation to the Authority.

The Appointed Actuaries may follow Actuarial Practice Standards issued by Institute of Actuaries of India in this regard if any.

**Form No. IRDAI\_RET\_17**

**Annexure ACTL-GI-4**

**ESTIMATING ECONOMIC CAPITAL FOR GENERAL INSURANCE BUSINESS:**

1. **Introduction:**

This Annexure describes the framework for estimating Economic Capital (EC hereafter) for general insurance companies including standalone health insurers of India.

**Economic Capital Framework**

* 1. The term Economic Capital can connote either “Required Economic Capital” or “Available Economic Capital”. The term “Required Economic Capital” can be defined as the capital required to cover potential losses at a given risk tolerance level over a specified time horizon. It needs to be noted that this capital is “required” from an economic point of view rather than from a regulatory point of view. The term “Available Economic Capital” can be defined as the excess of the value of the insurance company’s assets over the value of its liabilities measured on a realistic or market consistent basis.

In this Annexure, the term EC (unless otherwise stated) always refers to the Required Economic Capital.

EC shall correspond to the VaR of the ‘basic own funds’ subject to a confidence level of 99.5% over a one year period. In this context “basic owned funds” is defined as [share capital + guarantee funds + retained earnings + subordinated liabilities]

The structure of the balance sheet of an insurance company within an EC framework will be as depicted in Figure 1.

**Figure 1: Economic Value Balance Sheet**

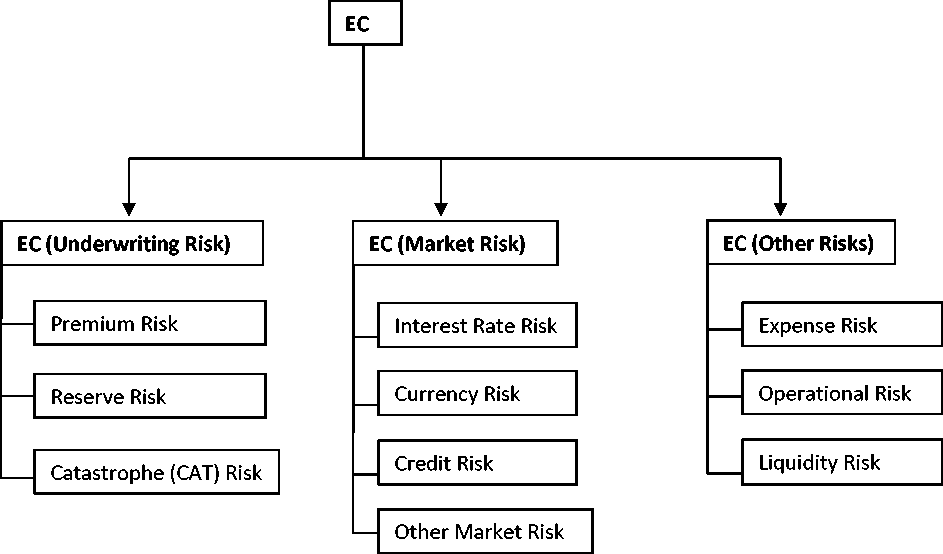
In the above balance sheet, the best estimate of liabilities refers to the expected present value of future potential cash flows. The risk margin (also referred to as market value margin) is calculated using the cost of capital approach (which is explained in a later section of this note).

The EC [SCR] is calculated as the sum of the EC for:

Underwriting risk

Market risk and

Other risks

The above modular approach for calculating EC is depicted in Figure 2 for a general insurance company.

**Figure 2: Modular Approach for Calculating EC**

As stated earlier it is important to distinguish between EC and the current regulatory solvency capital (which is 150% of Required Solvency Margin). The EC calculation recognizes the capital requirement for specific risks a non-life insurance company is exposed to, as opposed to a formula approach based on simple proportion of premium or claims.

**Determination of Economic Capital: The key decision variables**

The key decision variables which need to be defined upfront (for estimating economic capital) are summarized in Table 1

**Table 1: Key Decision Variables**

| **Sl. No.** | **Key Decision Variables** | **Definition** |
| --- | --- | --- |
| 1 | Time Horizon | One Year |
| 2 | Measure of Risk | Value at Risk (VaR) |
| 3 | Type of Risks to be Considered | * Underwriting * Premium Risk * Reserve Risk * Catastrophe Risk * Market * Interest Rate Risk * Currency Risk * Other Market Risks * Credit Risk * Other * Expense Risk * Operational Risk * Liquidity Risk |
| 4 | Quantification Methodology | Formula Based Approach |
| 5 | Statistical Correlations | Specified |
| 6 | Target level of Security (Confidence Coefficient) | 99.5% |

**Estimating Technical Provisions:**

* 1. Estimating technical provisions is driven by the need to calculate liabilities on a market consistent basis.

Since the future cash flows associated with general insurance liabilities cannot be replicated using financial instruments that have a clear market value, the technical provisions are determined as a discounted best estimate augmented by a risk margin. The three underlined terms can be interpreted as follows:

Best estimate: The best estimate (undiscounted) provision is equal to the probability weighted average of future best estimate cash flows

Discounting: The best estimate is discounted for time value of money using the risk free interest rate term structure (gilt yield curve)

Risk Margin: The risk margin is determined as the present value of the cost of holding the economic capital (solvency capital requirement) for non hedgeable risks during the whole run off period of the in-force portfolio using the risk free interest rate structure (gilt yield curve)

The technical provisions need to be established for both outstanding claims and unexpired risks.

**Valuation Methods for Technical Provisions related to Outstanding Claims**

Currently, the valuation methods for determining the IBNR incorporate implicit margins for prudence. These valuation methods are described in the “Manual for Estimation of Provision for IBNR and IBNER Claims in General Insurance Business” published by the IRDA (May 2008). As per the current practice, the IBNR reserve is not calculated based on discounted cash flows.

Under the EC framework, the first step is to determine a best estimate for the technical provisions.

Once a best estimate provision is determined, the next step is to adjust the best estimate for the time value of money to get the 'discounted best estimate technical provisions’. For this purpose, a payment pattern can be used to separate expected future cash flows into annual incremental amounts. The incremental expected cash flows are then discounted at the risk free rate applicable for the relevant maturity at the valuation date.

**Valuation Methods for Technical Provisions related to Unexpired Risks:**

The technical provision for Unexpired Risk will consist of Unexpired Risk Reserve (URR) plus a Premium Deficiency Reserve (PDR) as defined under the Insurance Act, 1938 and the Regulations notified by the IRDA in this regard.

The PDR should be calculated separately for each line of business (LOB) specified in Appendix-EC-A of this Annexure in order to arrest underwriting losses for each line of business.

**Determining Risk Margins :**

The risk margin is derived using a cost of capital (CoC) approach. Under the CoC approach, the risk margin is calculated by determining the cost of providing the capital necessary to support the insurance and/or reinsurance obligations over their future life time. Necessary capital in this context will be equal to the EC for reserve risk.

The steps involved in calculating the risk margin are as follows:

Project the EC for reserve risks for all future periods until the portfolio has run off

Multiply EC for each future period by the CoC rate which is set equal to 6% which reflects the difference between cost of equity and the risk free return.

Discount the amounts calculated in the previous step at the risk free rate using the gilt yield curve

Sum the discounted values

Thus the formula to calculate the risk margin (RM) is:

**Estimating EC for non-life underwriting risk:**

* 1. The steps discussed in this section for calculating EC are based on the modular approach illustrated in Figure 2 (Section 2) and are broadly modelled on the Solvency II framework

Salient Features of the Solvency II Approach:

The salient features of the Solvency II approach for estimating EC for non-life underwriting risk are as follows:

Article 105 of the Solvency II Level 1 Text1 states that the non-life underwriting risk module shall reflect the risk arising from non-life insurance obligations, in relation to the perils covered and the processes used in the conduct of the business.

It shall take account of the uncertainty in the results of insurance and reinsurance undertakings related to the existing insurance and reinsurance obligations as well as to the new business expected to be written over the next twelve months.

The Solvency Capital Requirement for the non-life underwriting risk module will be calculated as a combination of the capital requirements for at least the following sub modules:

1. The risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (non life premium and reserve risk)
2. The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events (non - life catastrophe risk)

As stated above, the Solvency II framework, distinguishes between current year risk, which is called as premium risk and previous year risk, which is called as reserve risk.

In this context Premium Risk refers to the risk pertaining to future claims arising during and after the period until the time horizon for the solvency assessment. The risk is that expenses plus the volume of losses (incurred and to be incurred) for these claims (comprising both amounts paid during the period and provisions made at the end of the period) is higher than the premiums received

Premium risk relates to policies to be written (including renewals) during the period and to unexpired risks on existing contracts. On the other hand, Reserve risk refers to the risk arising from two sources: (a) the absolute level of the claims may be mis- estimated; and (b) actual claims will fluctuate around their mean value due to the stochastic nature of the claim payouts

In addition to the Premium Risk and Reserve Risk, Solvency II considers the category of CAT risks which are modelled with a face amount indicating the expected loss of natural catastrophes and man-made catastrophes.

The risk measure used is the 99.5% value at risk.

The EC is not distribution based. In otherwords the formulae used for calculating the EC provides a single number as opposed to a distribution from which the EC needs to be estimated

The framework distinguishes between different lines of business. The parameters like the correlation between premium risk and reserve risk for each line of business and the correlation between insurance risks of different lines of business are specified. These are standard values which are the same for all companies and which do not depend on the size of the company. These parameters are provided in Appendix-EC- A of this note

**EC for Non -Life Underwriting Risk: The Mechanics**

This section provides the formulae for calculating EC for underwriting risks. The underlying model assumptions leading to these formulae have not been covered in this note.

We will use the following notations in this section for calculating the capital charge for premium and reserve risks.

Pi = Volume Measure of Premium Risk

=Maximum of

1. Estimate of net written premium for the ith LOB during the forthcoming Year
2. Estimate of net earned premium for the ith LOB during the forthcoming year
3. Net Written Premium for the ith LOB during the previous year

Ri = Volume Measure for Reserve Risk

= best estimate for claims outstanding for the ith LoB at the end of the previous year + PDR for the ith LoB at the end of the previous year

Vi = Pi + Ri

Note:

(1) If the EC calculations are being carried out as on 31st March 2011, the term “forthcoming year” will refer to the financial year 2011-12, and the term “previous year” refers to the financial year 2010-11.

(2) The estimate of the projected net earned premium for a LoB during the forthcoming year will be calculated as follows:

Step 1: Calculate the ratio of the net earned premium to the gross earned premium in Table 2.1 of the Financial Condition Report

Step 2: Calculate the net earned premium for the forthcoming year as the product of the Gross Earned Premium reported in the Financial Condition Report and the ratio determined in Step 1

*a* (premium) = standard deviation for premium risk for the ith LoB

*a* (Res) = standard deviation for reserve risk for the ith LoB

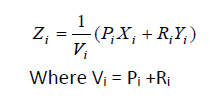
Po = Volume measure of premium risk for all LoBs

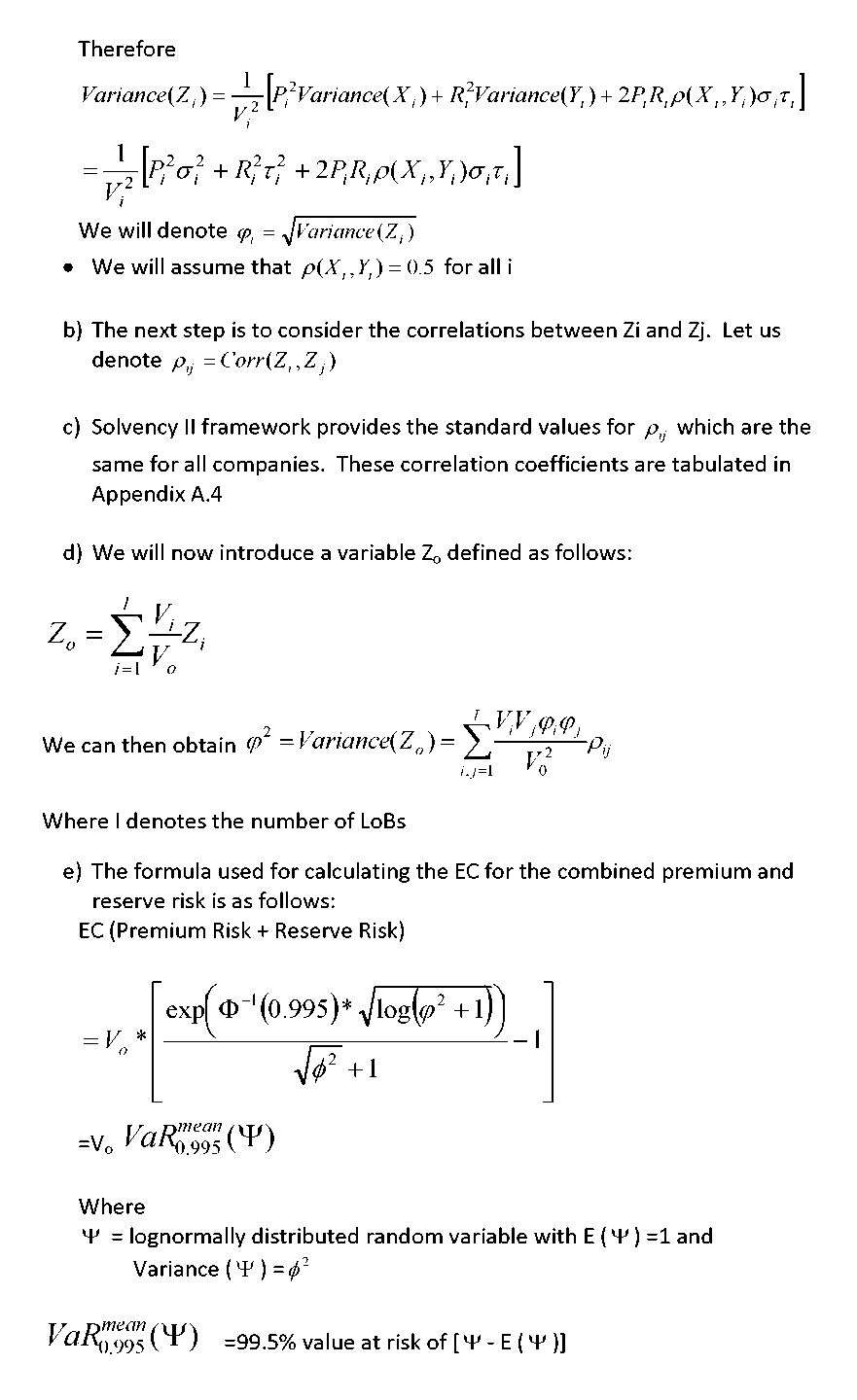
Ro = Volume measure of reserve risk for all LoBs

Vo = Po +Ro

The list of LoBs is provided in appendix-EC-A.1. The market wide premium risk and reserve risk parameters are provided in Appendix-EC-A.2

We will now introduce a variable Zi to denote the combination of premium risk plus reserve risk for the ith Lob. We will define Zi as follows:





Vo*=* Po+Ro

Φ(*x) =* Standard normal Distribution

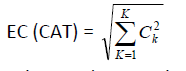
**Estimating EC for Catastrophe Risks:**

A Catastrophe Risk- CATk -is characterised by a face amount Ck to be interpreted as the expected loss for the company if this catastrophe happened

For natural catastrophes the amount Ck can be taken as being proportional to the underlying written premium i.e., if *CtPt* if only the t th LoB is hit by the event. On the other hand if several LoBs are hit, it will be a corresponding sum over several LoBs

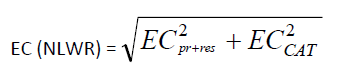
It is assumed that the different Catastrophe -risks CATk, k = 1,2,…....K are independent and normally distributed with VaRo.995 (CATk) =Ck

It therefore follows that the EC for all CAT risks taken together will be:



Where K denotes the number of CAT risks

**Estimating EC for Non Life Underwriting Risks**

The EC for Non life underwriting risk - premiums risk, reserve risk and CAT risk - taken together is given by the formula

Where NLWR denotes non life underwriting risk

*pr* denotes premium risk

*res* denotes reserve risk

and CAT denotes Catastrophe risks.

It is assumed that the correlation coefficient between premium & reserve risk on one hand and the CAT risk on the other hand is Zero

**EC for Market Risk and Other Risks**

* 1. The risks covered in this section are:

Market Risk

Other Risks

The sub risks covered under Market Risk are

Interest Rate Risk

Currency Risk

Credit Risk

Other Market Risks (eg: Property and Equity Risks)

The sub risks covered under Other risks are

Liquidity Risk

Expense Risk

Operational (including legal) Risk

**EC for Market Risk: Interest Rate Risk**

The approach is a Stress Testing Approach. The steps involved are as follows

The net asset value (NAV) will be calculated under two pre defined interest rate scenarios

The delta (△NAV) for each interest rate scenario will be calculated as follows:

△NAV = [NAV under the predefined interest rate scenario minus base case NAV]. Thus we will have two delta NAV values: △NAV1 and △NAV2

The EC for interest rate risk will be set equal to the more onerous ANAV determined in the previous step

The NAV in this context will be defined as

NAV = MVA - TP

Where MVA denotes Market Value of Assets

And TP denotes Technical Provisions

The two predefined interest rate scenarios can be:

Scenario A: A 50 BP upward parallel shift in the gilt yield curve

Scenario B: A 50 BP downward parallel shift in the gilt yield curve

Where BP denotes Basis Points.

A more sophisticated approach for defining the interest rate scenarios will be to allow for movements in the level, slope and curvature of the term structure of interest rates and also allow for an increase in the interest rate volatility.

**EC for Currency Risk**

The approach is a stress testing approach. The steps involved are as follows:

For each foreign currency (FC), delta NAVs are calculated based on two predefined scenarios: a rise in the value of the FC relative to the Indian Rupees (INR), and a fall in the values of FC relative to the INR.

The delta NAV in this context is defined as ANAV (FC1) = Delta MVA (FC1) - Delta TP(FCi)

Where FC1 denotes the foreign currency under consideration (e.g.: USD) MVA (FC1) denotes the market value of assets denominated in that FC And TP (FC1) denotes the technical provisions denominated in that FC

Based on the previous step, we will have two ANAVs: ANAV1 (FC1) and ANAV2 (FC). The EC for the currency risk pertaining to that currency will be equal to the more onerous ANAV.

The total EC for currency risk will be the sum of the ECs over all FCs in which the assets and liabilities are denominated.

The two predefined scenarios in this context can be:   
Scenario A: a 10% rise in the value of FC relative to INR   
Scenario B: a 10% fall in the value of FC relative to INR.

**EC for Other Market Risks:**

The other Market Risks include Equity risk, property risk and concentration risk

Considering the materiality of these risks and also the mandated prudential investment norms, the EC for other market risks can be set equal to zero at this stage.

However, if the equity exposure in the investment portfolio exceeds 10% of the market value of the investment portfolio as on the balance sheet date, then there will be an EC requirement for equity risk.

This EC requirement will be calculated as 45% of the market value of equity exposure in excess of 10%.

**EC for Credit Risk**

Credit Risk relates to the possibility of loss or adverse change in the company’s financial position due to non fulfilment of contractual obligations by third parties.

Credit risk can be viewed as an aggregation of sub risks like

Spread Risk which refers to the volatility of credit spreads over the 'risk free interest rate term structure

Default risk which refers to the risk of not receiving the principal and/or interest on Corporate Bond Investments

Counterparty Default Risk - An example will be the risk of default by counter parties to reinsurance contracts

Concentration Risk - additional risk of loss due to large exposures to the same issuer or counterparty

Other Risks like migration risk

For modelling credit risk directly, risk parameters such as probability of default, loss given default and exposure at default are required. While a certain amount of relevant historical data will be readily available (e.g.: from rating reports published by credit rating agencies), availability of sufficient and credible data is a challenge in modelling credit risk

In the Indian context, non-life insurance companies are subject mandated investment patterns and the exposure/prudential norms stipulated by the IRDA. Hence the credit risk inherent in the investment portfolios of the insurers is fairly minimal. Therefore, the EC for the investment related credit risk be set equal to zero.

The EC for the credit risk inherent in the reinsurance recoverable will be calculated as follows :

If the reinsurer has a credit rating of AAA or AA[which will include a AA(-)] on the balance sheet date, then the EC for the credit risk pertaining to that reinsurer will be set equal to Zero.

If the reinsurer has a credit rating of A(+) or a rating lower than A(+) (subject to the minimum credit rating of BBB as stipulated in the Regulations) then the EC for the credit risk related to that reinsurer will be set equal to 25 BP (Basis Points) of the reinsurance recoverable from that reinsurer.

If for some reason there is a reinsurance recoverable (as on the balance sheet date) pertaining to a reinsurer whose credit rating is below BBB, then the EC for the credit risk related to that reinsurer will be set equal to the entire amount which is recoverable from that reinsurer.

The credit ratings referred to in this context will be the most recent credit ratings available on the balance sheet; and these credit ratings must be assigned by any credit rating agency approved by the Authority under the IRDA (General Insurance - Reinsurance Regulations).

The EC requirement as outlined above will not apply to the reinsurance recoverable under any obligatory cession to the Indian reinsurer.

**EC for Liquidity Risk**

Liquidity risk is defined as the risk of loss due to insufficient liquid assets to meet cash flow requirements associated with policy holder obligations

Liquidity risk takes on many forms and can arise from both the liability and asset sides of the insurer’s operations. The main drivers of liquidity risk can be either internal (e.g.: poor underwriting of insurance risk, operational risk, credit risk exposure and difficulty in managing ALM risk) or external (e.g.., general economic downturns or a currency crisis)

Contrary to life insurers, general insurers tend to have liabilities that are more sensitive to liquidity risk. However, on the asset side, most general insurers have investment portfolios which are fairly liquid in nature.

Under the Solvency II Framework, no capital requirement has been prescribed for liquidity risk under Pillar 1. This risk is typically examined within Pillar 2 as part of the supervisory review.

Taking into account the preceding two observations, no explicit EC needs to be maintained for liquidity risk.

**EC for Operational Risks:**

Operational Risk is defined as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”

Under the Solvency II framework there are two approaches for quantifying exposures to operational risk: a standard formula approach building on the elements of the base SCR or the use of the internal model. The standard formula approach suggests a capital charge for operational risk not exceeding 30% of the base SCR

EC for operational risk shall be set equal to one percent of the technical provisions

**EC for Expense Risks:**

There are no widely recognised and accepted methodologies for determining the EC pertaining to expense risks.

EC for expense risk can be set equal to 0.5% of the technical provisions.

1. Results of the Economic valuation of the assets, liabilities and the solvency margin shall be submitted in the ‘Return-ACTL-8’

Appendix-EC-A  
LoBs and Standard Parameters

The Lines of Business [LoBs] to be considered for estimating PDR and the EC for underwriting risk are provided in this Appendix. This appendix also provides the relevant premium and reserve risk parameters, the correlation coefficients within and across the LoBs and the credibility coefficients which are relevant for estimating the EC for underwriting risk.

A.1 **LINES OF BUSINESS**

| **LOB** | **DESCRIPTION** |
| --- | --- |
| 1 | FIRE |
| 2 | MARINE |
| 3 | ENGINEERING |
| 4 | MOTOR OD |
| 5 | MOTOR TP |
| 6 | HEALTH |
| 7 | AVIATION |
| 8 | MISCELLANEOUS |

A.2 **STANDARD PARAMETERS FOR PREMIUM RISK AND RESERVE RISK**

|  |  | **PREMIUM RISK** | **RESERVE RISK** |
| --- | --- | --- | --- |
| **LOB** | **DESCRIPTION** | **PARAMETER** | **PARAMETER** |
| 1 | FIRE | 11% | 10% |
| 2 | MARINE | 12% | 10% |
| 3 | ENGINEERING | 7% | 10% |
| 4 | MOTOR OD | 9% | 7% |
| 5 | MOTOR TP | 12% | 12% |
| 6 | HEALTH | 4% | 10% |
| 7 | AVIATION | 44% | 10% |
| 8 | MISCELLANEOUS | 11% | 10% |

A.3 **PAIRWISE LOB CORRELATION MATRIX FOR COMBINED PREMIUM AND RESERVE RISKS**

| **LOB** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 2 | 0.25 | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 3 | 0.25 | 0.25 | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 4 | 0.25 | 0.25 | 0.25 | 1.00 | 0.50 | 0.25 | 0.25 | 0.25 |
| 5 | 0.25 | 0.25 | 0.25 | 0.50 | 1.00 | 0.25 | 0.25 | 0.25 |
| 6 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 1.00 | 0.25 | 0.25 |
| 7 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 1.00 | 0.25 |
| 8 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 1.00 |

A.4 **The correlation coefficient between premium risk and reserve risk for each LOB is assumed to be 0.5.**

**Form No. IRDAI\_RET\_12**

**Return-ACTL-1**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Form DD**  **Classified Statement of Life Insurance Policies for the Year ended**  31st MARCH \_\_\_\_\_\_\_  Name of the Insurer: Date of Registration: Form Code  Classification: Registration Number: Classification Code:  Type: Type Code:  Category: Category Code:  Division: Division Code:  Sub-Class: Sub-Class Code:  Group: Group Code: | | | | | | | | | | | | |
|  |  | New Business transacted during the year | | | | | | Total business in force at the end of the year | | | | |
| Item No. | Description | Number of Policies | Number of Lives | Sum Assured | Annuity pa | Premium | Single Premium | Number of Policies | Number of Lives | Sum Assured | Annuity pa | Vested Bonus |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| 01 | **Total Before Reinsurance:** |  |  |  |  |  |  |  |  |  |  |  |
|  | a) Regular Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | b) Single Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | c) Fully Paid Up |  |  |  |  |  |  |  |  |  |  |  |
|  | d) Reduced Paid Up |  |  |  |  |  |  |  |  |  |  |  |
| 02 | **Reinsurance Ceded:** |  |  |  |  |  |  |  |  |  |  |  |
|  | a) Regular Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | b) Single Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | c) Fully Paid Up |  |  |  |  |  |  |  |  |  |  |  |
|  | d) Reduced Paid Up |  |  |  |  |  |  |  |  |  |  |  |
| 03 | **Total After Reinsurance:** |  |  |  |  |  |  |  |  |  |  |  |
|  | a) Regular Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | b) Single Premium Contracts |  |  |  |  |  |  |  |  |  |  |  |
|  | c) Fully Paid Up |  |  |  |  |  |  |  |  |  |  |  |
|  | d) Reduced Paid Up |  |  |  |  |  |  |  |  |  |  |  |
| **Notes:**   1. 1.All figures must be furnished in thousands 2. 2.In respect of Group Business, number of group schemes shall be furnished under the column: 'number of policies'; 3. 3.'Premium' refers to Annualised Premium. 4. 4.'Single Premium' includes consideration of immediate or deferred annuities and all other premiums paid at the outset of contracts and no subsequent premium is payable, excluding extra premium. The entire single premium collected in the valuation year shall be furnished. 5. 5.'Sum assured' refers to the sum assured payable on death/other contingencies during the currency of the policy. | | | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Form DDD**  **Additions to and Deletions from Policies for the year ended**  31st MARCH \_\_\_\_\_\_\_\_  Name of the Insurer: Date of Registration: Form Code  Classification: Registration Number: Classification Code:  Type: Type Code:  Category: Category Code:  Division: Division Code:  Sub-Class: Sub-Class Code:  Group: Group Code: | | | | | | | | | |
| Sl. no. | Description | Number of Policies | Death/Health Benefit Sum assured | Maturity benefit Sum Assured | Annualised Premium | Rider Sum assured | Rider Premium | Annuity p.a. | Vested Bonus |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 01 | **Opening Balance** |  |  |  |  |  |  |  |  |
| 02 | New Business |  |  |  |  |  |  |  |  |
| 03 | Reinstatements |  |  |  |  |  |  |  |  |
| 04 | Revivals |  |  |  |  |  |  |  |  |
| 05 | Bonus Addition |  |  |  |  |  |  |  |  |
| 06 | Change & Increase |  |  |  |  |  |  |  |  |
| 07 | **Total On** |  |  |  |  |  |  |  |  |
| 08 | Deaths |  |  |  |  |  |  |  |  |
| 09 | Survivance or the happening of contingencies insured against other than death |  |  |  |  |  |  |  |  |
| 10 | Expiry of term under temporary assurance. |  |  |  |  |  |  |  |  |
| 11 | Surrenders of Policy |  |  |  |  |  |  |  |  |
| 12 | Surrenders of Bonus |  |  |  |  |  |  |  |  |
| 13 | Forfeiture / Lapse |  |  |  |  |  |  |  |  |
| 14 | Paid up |  |  |  |  |  |  |  |  |
| 15 | Not taken up |  |  |  |  |  |  |  |  |
| 16 | Change & Decrease |  |  |  |  |  |  |  |  |
| 17 | **Total Off** |  |  |  |  |  |  |  |  |
| 18 | **Closing balance** |  |  |  |  |  |  |  |  |
| **Notes:**   1. 1.All figures must be furnished in thousands. 2. 2.In respect of Group Business, number of group schemes shall be furnished under the column: 'number of policies'. 3. 3.All amounts stated shall be total gross amounts without taking into account of reinsurances ceded or accepted 4. 4.Rider Premium' reflects the annualised rider premium. 5. 5.Rider Sum Assured' is the sum assured of the rider as defined in approved File & Use application. 6. 6.Paid-up shall refer both the reduced paid up and fully paid-up policies. | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Form NLB-1**  **Particulars of Policies and Valuation details**  31st MARCH \_\_\_\_\_\_\_\_\_\_  Name of the Insurer: Date of Registration: Form Code  Classification: Registration Number: Classification Code:  Type: Type Code:  Category: Category Code:  Division: Division Code:  Sub-Class: Sub-Class Code:  Group: Group Code: | | | | | | | | | | | | | | | | | | | | | |
| Item No. | Description | **Policy Particulars** | | | | | | | | **Valuation Details** | | | | | | | | | | | |
| Number of policies | Number of Lives | Sum assured on Death / Rider | Sum Assured on Maturity | Vested Bonus | Annuity pa | Others, if any | Annualised Premium | All Benefits (eg. Death, maturity, guaranteed addns. Etc.) | Annuity | Vested Bonus | Future Bonus | Cost of Bonus Allocated | Terminal Bonus | Expenses and Commission | Future Premium | Math Reserve (before Adj.) | Neg. Reserve adjustment | Surrender Value deficiency reserves | Adjusted Math Reserve |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) |
| 01 | **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 | **Riders** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Term Rider |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Critical Illness |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| WOP |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ADDB |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ADB |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | **Global Reserves** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lapse Reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| IBNR |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Extra Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 1 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 2 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 3 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 4 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 5 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other 6 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 7 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 8 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 9 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 10 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 | **Total Before Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 | **Reinsurance Ceded** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 06 | **Total After Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Notes:**   1. All figures should be in thousands 2. Col (19) = Col (11) + Col (12) +Col (13) +Col (14) + Col (15) + Col (16) +Col (17) - Col (18) 3. Col (22) = Col (19) + Col (20) + Col (21) | | | | | | | | | | | | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Form LB-1**  **Particulars of Policies and Valuation details**  31st MARCH \_\_\_\_\_\_\_\_\_\_\_\_  Name of the Insurer: Date of Registration: Form Code  Classification Registration Number: Classification Code:  Type: Type Code:  Category: Category Code:  Division: Division Code:  Sub-Class: Sub-Class Code:  Group: Group Code: | | | | | | | | | | | | | | | |
| Item No. | Description | **Policy Particulars** | | | | | |  | **Valuation Details** | | | | | | |
| Number of policies | Number of Lives | Death Benefit / rider benefit | Maturity Benefit | Other Benefits | Annualised Premium | Number of Units | Value of Units | Non Unit value | Cost of Bonus | MR before negative reserves | Negative Reserve Adjustment | Surrender Value Deficiency Reserves | Total Reserves |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| 01 | **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Discontinuance policies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Discontinuance policies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 | **Riders** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Term Assurance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Critical Illness |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | WOP |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ADDB |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ADB |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | **Global Reserves** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lapse Reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | IBNR |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Extra Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Provisions for Options & Guarantees |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 1 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 2 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 3 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 4 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 5 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 6 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 7 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 8 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 9 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 10 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 | **Total Before Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 | **Reinsurance Ceded** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 06 | **Total After Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Notes:   1. All figures should be in thousands 2. Col (13) = Col (10) + Col (11) + Col (12) 3. Col (16) = Col (13) + Col (14) + Col (15) | | | | | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Form LB-2**  **Statement of Net Asset Values for the Segregated Funds maintained by insurer for its Unit Linked Business**  **31st MARCH**  Name of the Insurer: Date of Registration: Form Code:  Classification: Registration Number: Classification Code: Type: Type Code:  Category: Category Code: | | | | | | | | | | | | | | | | | | |
| Item No | Fund Value | Life | |  |  | |  |  | Pension | |  |  |  | General Annuity | | Health | |  |
|  | Description | Fund - | | Fund - | Fund - | | Fund - | ……… | Fund - | Fund - | Fund - | Fund - | ……… | Fund - 1 | ……… | Fund - 1 | ……… | TOTAL |
|  |  | 1 | | 2 | 3 | | 4 | ….. | 1 | 2 | 3 | 4 | ….. |  | ….. |  | ….. |  |
| (1) | (2) | (3) | | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| 01 | Fund Brought forward from last year | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 | Value of creation of units | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | Increase (decrease) In value of investments in the financial year | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 | Other income |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 | Total income (Sum 01 to 04) | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 06 | value of Cancellation of Units | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 07 | Fund Administration charges | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 08 | Management charges |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 09 | Tax paid |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Other expenditure |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Increase (decrease) in provisions | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 | Total expenditure (sum 06 to 11) | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | fund carried forward |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 14 | Total number of units: |  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 | Net Asset value per Unit | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
| **Notes:**   1. All figures should be in thousands 2. Items under Col (3), Col (4), Col (5), Col (6) etc. must be brought forward from the annual accounts of the company | | | | | | | | | | | | | | | | | | |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Form VIPLB-1  (See Regulation 12)  Insurance Regulatory and Development Authority of India (Unified Regulations for Finance and Actuarial Functions of All Insurance Companies) Regulations, 20XX  **Particulars of Policies and Valuation details**  31st MARCH \_\_\_\_\_\_\_\_\_\_\_\_  Name of the Insurer: Date of Registration: Form Code  Classification: Registration Number: Classification Code:  Type: Type Code:  Category: Category Code:  Division: Division Code:  Sub-Class: Sub-Class Code:  Group: Group Code: | | | | | | | | | | | | | | |
| Item No. | Description | **Policy Particulars** | | | | | | **Valuation Details** | | | | | | |
| Number of policies | Number of Lives | Death Benefit / rider benefit | Assured Maturity Benefit | Other Benefits | Annualised Premium | Policy Account Value | Non-Policy Account Value | Cost of Bonus | MR before negative reserves | Negative Reserve Adjustment | Surrender Value Deficiency Reserves | Total Reserves |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| 01 | **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Discontinuance policies |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Insurance Product** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regular Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Single premium |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fully paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Reduced Paid up |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Discontinuance policies |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 | **Riders** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Term Assurance |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Critical Illness |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | WOP |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ADDB |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ADB |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Others |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | **Global Reserves** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lapse Reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | IBNR |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Extra Premium |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Provisions for Options & Guarantees |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 1 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 2 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 3 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 4 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 5 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 6 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 7 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 8 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 9 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other 10 (Please Define) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 | **Total Before Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 | **Reinsurance Ceded** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 06 | **Total After Reinsurance** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Notes:   1. All figures should be in thousands 2. Col (13) = Col (10) + Col (11) + Col (12) 3. Col (16) = Col (13) + Col (14) + Col (15) | | | | | | | | | | | | | | |

**Form VIPLB-2**

**Statement of the Funds maintained by insurer for its Variable Linked Insurance Business**

**31st MARCH**

Name of the Insurer: Date of Registration: Form Code:

Classification: Registration Number: Classification Code: Type: Type Code:

Category: Category Code:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item No | Fund Value | Life |  |  |  |  | Pension |  |  |  |  | General Annuity | | Health | |  |
| Description | Product  - 1 | Product  - 2 | Product  - 3 | Product  - 4 | ………….. | Product  - 1 | Product  - 2 | Product  - 3 | Product  - 4 | ………….. | Product -  1 | ………….. | Product -  1 | ………….. | TOTAL |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| 01 | Policy Account Value Brought forward from last year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 | Value of allocated premium |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | Increase (decrease) In value of investments in the financial year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 | Other income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 | Total income (Sum 01 to 04) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 06 | Mortality/Morbidity Charge |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 07 | Administration charges |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 08 | Management charges |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other charges (if any) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 09 | Tax paid |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Other expenditure |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Increase (decrease) in provisions |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 | Total expenditure (sum 06 to 11) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Policy Account Value carried forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Additional Statements to be submitted**

**FORM-ST**

**Name of the insurer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Scenario testing as at March 31, \_\_\_\_\_\_\_\_\_\_\_\_\_ *All figures in Rs. Lakhs***

| **Scenario** | **Value of parameters** | **Value of assets** |  |  | **Value of liabilities** |  |  | **ASM** | **RSM** | **Solvency Ratio** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Linked** | **Non-Linked** | **Total** | **Linked** | **Non-Linked** | **Total** |  |  |  |
| **Base** |  |  |  |  |  |  |  |  |  |  |
| I |  |  |  |  |  |  |  |  |  |  |
| II |  |  |  |  |  |  |  |  |  |  |

**Sensitivity testing as at March 31, \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

| **Sensitivity** | **Value of parameters** | **Value of assets** |  |  | **Value of liabilities** |  |  | **ASM** | **RSM** | **Solvency Ratio** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Linked** | **Non-Linked** | **Total** | **Linked** | **Non-Linked** | **Total** |  |  |  |
| **Base** |  |  |  |  |  |  |  |  |  |  |
| I |  |  |  |  |  |  |  |  |  |  |
| II |  |  |  |  |  |  |  |  |  |  |
| III |  |  |  |  |  |  |  |  |  |  |
| IV |  |  |  |  |  |  |  |  |  |  |

Note: In case of `Scenario tests', both adverse and favorable scenarios is required to be considered by varying all the parameters together in appropriate directions. Sensitivity tests should be performed varying one of the parameters one time with other parameters remaining unaltered. The variation of each parameter shall be at least 10% with reference to valuation assumptions (including MAD) in case of both sensitivity and scenario tests. The parameters to be used may be `Equity price', interest, mortality and morbidity rates, expenses and withdrawal rates or as may be prescribed by the Authority from time to time.

**List of ‘Risk Factors’ to be considered in projecting financial and capital adequacy positions over the one-year period immediately following recent March 31st**

1. Mortality/ Morbidity: yearly deterioration in experience over the projection period
2. Investment returns
3. Yield curve:
4. Parallel yearly yield curve shift
5. No change for duration less than 5 years, yearly parallel shift for duration more than 5 years, linear interpolation
6. Yearly parallel shift for duration less than 5 years, no change for duration more than 5 years, linear interpolation
7. Change in credit spreads
8. Equity market
9. Equity crash-fall in all market-by market
10. Stock-specific event risk-move in each individual stock, by stock
11. Expenses: Yearly deterioration in experience over the projection period
12. Termination rates: Yearly deterioration in experience over the projection period
13. New business: Yearly fall in new business income over the projection period
14. Where material, the appointed actuary shall also include scenarios on deterioration of company’s experience over the projection period arising from changes in:
15. bonus scales;
16. reinsurance ceded;
17. reserving basis;
18. exercise rate of policy options;
19. distribution to shareholders; and
20. taxation;

The appointed actuary may also consider any other factors that have significant relevance to the insurer’s business.

**List of ‘Risk Factors’ to be considered in projecting financial and capital adequacy positions over the three-year period immediately following recent March 31.**

1. Mortality/ Morbidity: yearly deterioration in experience over the projection period
2. Investment returns
3. Yield curve:
4. Parallel yearly yield curve shift
5. No change for duration less than 5 years, yearly parallel shift for duration more than 5 years, linear interpolation
6. Yearly parallel shift for duration less than 5 years, no change for duration more than 5 years, linear interpolation
7. Change in credit spreads
8. Equity market
9. Equity dividend yield fall over the projection period
10. Equity total returns deteriorate over the projection period
11. Expenses: Yearly deterioration in experience over the projection period
12. Termination rates: Yearly deterioration in experience over the projection period
13. New business: Yearly fall in new business income over the projection period
14. Where material, the appointed actuary shall also include scenarios on deterioration of company’s experience over the projection period arising from changes in:
15. bonus scales;
16. reinsurance ceded;
17. reserving basis;
18. exercise rate of policy options;
19. distribution to shareholders; and
20. taxation;

The appointed actuary may also consider any other factors that have significant relevance to the insurer’s business.

**FORM - NBEB**

Statement on Total New and Existing business as at 31st March, \_\_\_\_\_\_\_\_.

Name of the Insurer:

| **Type of Business** | **Item** | **Row No.** | **Linked** | | | | **Non Linked** | | | | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Life** | **Health** | **General Annuity** | **Pension** | **Life** | **Health** | **General Annuity** | **Pension** |
| **New Business transacted during the financial year 20XX-20XX** | MR-BNR-BSVDR | 1 |  |  |  |  |  |  |  |  |  |
| Negative Reserves | 2 |  |  |  |  |  |  |  |  |  |
| SVDR | 3 |  |  |  |  |  |  |  |  |  |
| Total Mathematical Reserves | (4) = (1) + (2) + (3) |  |  |  |  |  |  |  |  |  |
| Reinsurance | 5 |  |  |  |  |  |  |  |  |  |
| Net Mathematical Reserves | (6) = (4)-(5) |  |  |  |  |  |  |  |  |  |
| **Existing Business as on Valuation date** | MR-BNR-BSVDR | 7 |  |  |  |  |  |  |  |  |  |
| Negative Reserves | 8 |  |  |  |  |  |  |  |  |  |
| SVDR | 9 |  |  |  |  |  |  |  |  |  |
| Total Mathematical Reserves | (10)= (7)+(8)+(9) |  |  |  |  |  |  |  |  |  |
| Reinsurance | 11 |  |  |  |  |  |  |  |  |  |
| Net Mathematical Reserves | (12) = (10)-(11) |  |  |  |  |  |  |  |  |  |
| **Rider** | MR using GP method (After Zeroization) | 13 |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Reserves using other method (Please specify) | 14 |  |  |  |  |  |  |  |  |  |
| Mathematical Reserves | (15) = Max(13,14) |  |  |  |  |  |  |  |  |  |
| Reinsurance | 16 |  |  |  |  |  |  |  |  |  |
| Net Mathematical Reserves | (17) = (15)-(16) |  |  |  |  |  |  |  |  |  |
| **Grand Total** |  | (18) = (6)+ (12)+ (17) |  |  |  |  |  |  |  |  |  |

Notes:

1. All figures should be in Rs.000
2. Existing business means renewal business which does not include new business
3. Rider business should be shown separately and not be included in New and existing business figures
4. MR – BNR-BSVDR Mathematical Reserves before adjustment of Negative Reserves and Surrender Value Deficiency Reserves
5. SVDR- Surrender Value Deficiency Reserves

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table - Changes in valuation method / model/assumptions from previous year** | | | | | | | | | |
|  |  | **Line of Business** | | | | | | | |
|  |  | **Par** | | **Non-Par** | | **Linked** | | **Total** |  |
| **S No.** | **Description** | **Non-Linked-inlcuding VIP** (Individual)Life/Pension/General Annuity/Health | **Non-Linked-inlcuding VIP**(Group)Life/Pension/General Annuity/Health | **Non-Linked-inlcuding VIP** (Individual)Life/Pension/General Annuity/Health | **Non-Linked-inlcuding VIP**(Group)Life/Pension/General Annuity/Health | **Linked-inlcuding VIP** (Individual)Life/Pension/General Annuity/Health | **Linked-inlcuding VIP**(Group)Life/Pension/General Annuity/Health |  | Remarks of Appointed Actuary |
| 1 | **Mathematical Reserve (MR) with Current year data & current year assumptions** |  |  |  |  |  |  |  |  |
| 2 | **Mathematical Reserve (MR) with Current year data & Last year assumptions** |  |  |  |  |  |  |  |  |
| 3 | **Change in MR = (2) - (1)** |  |  |  |  |  |  |  |  |
| 4 | Change in Model including methodology, if any |  |  |  |  |  |  |  |  |
| 5 | Model/Methodology - Change in MR |  |  |  |  |  |  |  |  |
| 6 | Interest Rate - Current Year & last Year Assumptions |  |  |  |  |  |  |  |  |
| 7 | Change in MR due to change in interest rates |  |  |  |  |  |  |  |  |
| 8 | Expenses - Current Year & last Year Assumptions |  |  |  |  |  |  |  |  |
| 9 | Change in MR due to change in expense assumptions |  |  |  |  |  |  |  |  |
| 10 | ……….. |  |  |  |  |  |  |  |  |
| 11 | ……….. |  |  |  |  |  |  |  |  |
| 12 | ……….. |  |  |  |  |  |  |  |  |
| 13 | **Total Change in Reserves = (5)+(7)+….** |  |  |  |  |  |  |  |  |

Note – 1: All figures are in Rs. Crore

Note – 2: Numbers under SI No. 13 should reconcile with numbers under SI No. 3

**Table – IRR in respect of Participating Business**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Table - 1** | | | | | | |
|  | **IRR earned in respect of Par policies** | | | | | |
| Participating policies Matured in | IRR earned (No. of policies) | | | | | Total Number of Par policies |
|  | <0%  (1) | 0% to 2%   (2) | 2% to 4%   (3) | 4% to 6%  (4) | >6%  (5) | (1)+(2)+(3)+(4)+(5) |
| Financial Year XX-2 |  |  |  |  |  |  |
| Financial Year XX-1 |  |  |  |  |  |  |
| Current Financial Year (XX) |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Note: Where IRR is negative, please also provide details as per **Table -3** including the opinions of both the Appointed Actuary and the WPC. | | | | | | | |
| **Table- 2** | | | | | | | |
|  | **IRR expected to be earned in respect of Par policies (For sample model policies)** | | | | | | |
| Participating policies Maturing in | IRR expected to be earned (No. of policies) | | | | | Total Number of sample policies selected | Percentage of sample selected to the total par policies expected to mature during that FY |
|  | <0%  (1) | 0% to 2%   (2) | 2% to 4%   (3) | 4% to 6%  (4) | >6%  (5) | (6) =(1)+(2)+(3)+(4)+(5) | (7) |
| Financial Year (XX+1) |  |  |  |  |  |  |  |
| Financial Year (XX+2) |  |  |  |  |  |  |  |
| Financial Year (XX+3) |  |  |  |  |  |  |  |
| Note1: Sample selected shall also include the extreme cases i.e., maximum age, maximum term, minimum SA etc | | | | | | | |
| Note 2: Where IRR is negative, the opinions of both the Appointed Actuary and the WPC shall be provided. | | | | | |  |  |
| Note 3: While calculating the maturity value for future years, the assumptions for future bonus rates shall be as per the valuation assumptions as at 31/3/20XX. | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table- 3** | | | | | | | | | |
| S No | Name of the product | Policy No. | Age at entry | Policy term | Premium paying term | Sum Assured | Annualized premium | Any Other Relevant parameter | IRR |
| 1 | XXXX | XXXX | XX | XX | XX | XX | XX |  | XX |
| 2 | XXXX | XXXX | XX | XX | XX | XX | XX |  | XX |
| 3 | XXXX | XXXX | XX | XX | XX | XX | XX |  | XX |
| .. |  |  |  |  |  |  |  |  |  |
| .. |  |  |  |  |  |  |  |  |  |

**STATEMENT FOR ANNUAL REPORT**

**(a) Business Inforce (Number of Policies in '000s) as at 31st March ....**

**Individual Business (Within India)**

| **Particulars** | **< Name of the Insurer >** |
| --- | --- |
| **Non Linked Life Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (A) |  |
| **Non Linked -General Annuity Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (B) |  |
| **Non Linked - Pension Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (C) |  |
| **Non linked Health Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year ( D) |  |
| **Linked Business - Life business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (E) |  |
| **Linked General annuity business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year ( F) |  |
| **Linked Pension Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (G) |  |
| **Linked Health Business** | |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (H) |  |
| **Non-Linked VIP-Life Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (I) |  |
| **Non-Linked VIP-General Annuity Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (J) |  |
| **Non-Linked VIP-Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (K) |  |
| **Non-Linked VIP-Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (L) |  |
| **Linked VIP-Life Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |
| Business in force at end of the financial year (M) |  |
| **Linked VIP-General Annuity Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (N) |  |
| **Linked VIP-Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (O) |  |
| **Linked VIP-Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (P) |  |
| **Grand Total** |  |
| Business in force at end of the financial year = A + B + C + D + E+F+G+H+I+J+K+L+M+N+O+P |  |

|  |
| --- |
| \* Includes New Policies issued, Old Policies reinstated/revived. | |
| \*\* Includes policy terminations by death, maturity, lapse, surrenders or cancellations |
| # Excluding linked Health Business, if any. |
| **Source: DDD forms of respective type and category)** |

**Signature of Appointed Actuary Signature of Mentor Actuary**

**(b) Business Inforce (Sum Assured In Crs) as at 31st March ....**

**Individual Business (Within India)**

| **Particulars** | **< Name of the Insurer >** |
| --- | --- |
| **Non Linked Life Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (A) |  |
| **Non Linked -General Annuity Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (B) |  |
| **Non Linked - Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (C) |  |
| **Non linked Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year ( D) |  |
| **Linked Business - Life business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (E) |  |
| **Linked General annuity business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year ( F) |  |
| **Linked Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (G) |  |
| **Linked Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (H) |  |
| **Non-Linked VIP-Life Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (I) |  |
| **Non-Linked VIP-General Annuity Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (J) |  |
| **Non-Linked VIP-Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (K) |  |
| **Non-Linked VIP-Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (L) |  |
| **Linked VIP-Life Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (M) |  |
| **Linked VIP-General Annuity Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (N) |  |
| **Linked VIP-Pension Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (O) |  |
| **Linked VIP-Health Business** |  |
| Business in force at start of the financial year |  |
| Additions during the year\* |  |
| Deletions during the year\*\* |  |
| Business in force at end of the financial year (P) |  |
| **Grand Total** |  |
| Business in force at end of the financial year = A + B + C + D + E+F+G+H+I+J+K+L+M+N+O+P |  |

|  |
| --- |
| \* Includes New Policies issued, Old Policies reinstated/revived. |
| \*\* Includes policy terminations by death, maturity, lapse, surrenders or cancellations. |
| # Excluding linked Health Business, if any. |
| **Source: DDD forms of respective type and category)** |

**Signature of the Appointed Actuary Signature of Mentor Actuary**

**(c) Details of Forfeiture/Lapse policies in respect of Individual Non-Linked business (excluding VIP) (within India) #**

|  |  |
| --- | --- |
| Description | <Name of the Company>  FY---- |
| Number of policies in '000 |  |
| Sum Assured Rs. Crores |  |
| Lapse Ratio (Based on number of policies) |  |

A policy is treated as lapsed if the premium is not paid within the grace period (generally ranging from 15 to 30 days)

**#**Source DDD statement of ARA report in respect of Life, General Annuity, Pension and Health

**Signature of Appointed Actuary Signature of Mentor Actuary**

**(d) Persistency of life insurance policies**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| PERSISTENCY OF LIFE INSURANCE POLICIES (BASED ON NUMBER OF POLICIES) | | | | | |
| Insurer | As at 31st March ----- | | | | |
| 13\* | 25\* | 37\* | 49\* | 61\* |
| <Name of the Company> |  |  |  |  |  |

\* Persistency ratio for 13th, 25th, 37th, 49th and 61st months.

Method of calculation:

The above data shall be submitted in accordance with Annexure-LI-5 of this Master circular.

**Signature of Appointed Actuary Signature of Mentor Actuary**

**Notes to provide information under the Returns mentioned under ‘Return-ACTL-1’**

1. Sum Assured (SA) and Annualized Premium:
   1. NB Sum assured is the benefit payable, including the rider benefit, as at 31st March (of the year of valuation) on death/health contingency covered for the new business.
   2. The Maturity Benefit Sum Assured/Sum assured on maturity under DDD/ NLB/NLB1/VIPNLB/ VIPNLB1 shall be the maturity benefit payable.
   3. Movement in SA should be captured through Change & Increase or Change & decrease with a foot note wherever applicable.
   4. For Linked business, Maturity Benefit shall mean the current fund value subject to any minimum guaranteed benefit payable on maturity. Movements, if any shall be captured accordingly.
   5. Annualized Premium shall mean ‘Office Yearly Premium’. This does not consider 10% of Single premium. Accordingly, the Annualized premium should tally as appearing under various forms.
   6. ‘Office Yearly Premium’ shall refer regular premium (excluding extra premiums which are required to be shown separately) payable under the policy contract to secure benefits in the policy in a policy year.
   7. In DDD, SI No. 07 &17: ‘Total on’ and ‘Total off’ shall refer to movements during the valuation period.
2. Form NLB-1:

Column (9) - Others, if any: Outstanding Survival /income benefit payments/ income payments etc., other than death/maturity benefits shall come under this column.

1. LB1 &LB 2:
2. Categorization under this form shall be consistent with the break up provided in the form KT 1.
3. Details of discontinuance fund should be reported separately product UIN wise.
4. Fund Administration Charges may be zero where these are not applicable.
5. VIP NLB 1 and VIPLB1:
6. Column (11) shall include all benefits/savings element and General reserves shall be mentioned under Column (12). A foot note is to be added suitably at the end of the form.
7. ‘Future Premium’ under the ‘Valuation Details’ shall reflect the expected present value of the future charges
8. Other numbers should be as per the applicable column under the forms.
9. Form – S:

Item No. 01- Surplus emerged during the year would be ‘Surplus before shareholder’s contribution’.

1. In Form IA/I, the fund figures for "Balance of fund shown in Balance Sheet" under col. 3 of Form IA/I should be taken from the balance sheet (Form A-BS prepared as per IRDAI (Actuarial, Finance and Investment Functions of insurers) Regulations, 2024 giving sources of accounts in the balance sheet. Below the signature of the 'Appointed Actuary' in Form - I/IA, signature of the auditor certifying the "Balance of Funds' shown in the 'Form - I/IA' shall be obtained. The following certification shall be included in the Form - I/IA':

'I, ..................(Name of the Auditor) certify that the balance of fund shown in the "Form- I/IA' is the same amount as shown in the balance sheet.

Name and Signature of the Auditor with office stamp and date”

**FORM NO. IRDAI\_RET\_13**

**Return-ACTL-LI-2**

**Reconciliation & Checklist**

|  |  |
| --- | --- |
| (The Appointed Actuary (AA) is requested to ensure that all the checks are carried out diligently while also ensuring the accuracy of these checks. The AA may further note that this list is only indicative and not an exhaustive list ) | |
| List of checks to be applied to various forms related to actuarial function is given below: | |
| **SI.No.** | **I. DD and DDD forms:** |
|  |  |
| **1** | Column (5): DD- NB SA =( Death/Health SA (Column-4) + Rider SA (Column-7) of DDD form (SI.No. 02). |
|  |  |
| **2** | Number of policies in SI.No-2 of DDD form = Number of policies of ‘New Business transacted during the year’ under DD ‘Total Before Reinsurance’ |
|  |  |
| **3** | ‘Death/Health benefit SA’ + ‘Rider SA’ for Sl.No 18 (Closing Balance) of DDD= Total SA of DD Before Reinsurance (Column 11) |
|  |  |
| **4** | AP under Column (6) + Column (8) in SI.No-2 of DDD = ‘Premium’ (Column-7) under ‘Total New Business before reinsurance’ of DD-form |
|  |  |
| **5** | Number of policies/annuity p.a. in SI.No-2 of DDD form = Number of policies/annuity p.a. of ‘New Business transacted during the year’ under DD ‘Total Before Reinsurance’ |
|  |  |
| **6** | Number of Policies/Vested bonus/annuity p.a. in SI.No-18 (Closing Balance) under the DDD form = Number of Policies/Vested bonus/annuity p.a. of ‘Total Business’ Items Before Reinsurance under the DD form. |
|  |  |
|  | **II. DD and NLB1/LB1/VIPNLB1/VIPLB1** |
|  |  |
| **7** | Number of policies/annuity p.a. /vested bonus under “Total business in force at the end of the year” before(after) reinsurance in DD = Number of policies/annuity p.a./vested bonus of the NLB1/ULB1/VIPNLB1/VIPLB1 Statement before(after) Reinsurance under ‘Policy particulars’ |
|  |  |
| **8** | For Non-Linked Business, the SA under the Column (11) of DD statement = SA on Death / Rider (Column (5) + ‘Other if any’ (Column (9) of “Policy Particulars’ of NLB1/VIPNLB1. |
|  |  |
| **9** | For the Linked business, the SA under the Column (11) of DD statement = SA on Death / Rider (Column (5) + ‘Other’ (Column (7) of “Policy Particulars’ of LB1/VIPLB1. |
|  |  |
|  |  |
|  | **III. DDD and NLB1/LB1/VIPNLB1/VIPLB1** |
|  |  |
| **10** | Closing balances (SI.No. 18) of Number of policies/Annuity p.a. / vested Bonuses Before Reinsurance of DDD statement = Totals of NLB1 under ‘Policy Particulars’ and ‘Before Reinsurance’ |
|  |  |
| **11** | In case of SA, |
|  | For Non-Linked Business, Column (4) + Column (7) of DDD-SI.No-18=Column (5) + Column (9) of NLB1/VIPNLB1 for Items-4 |
|  | For Linked Business, Column (4) + Column (7) of DDD SI.No (18)=Column(5) + Column (7) of LB1/VIPLB1 for Items-4 under ‘Policy Particulars’. |
|  |  |
| **12** | In case of Annulaised Premium, |
|  | For Non-Linked Business, Column (6) + Column (8) of DDD SI.No (18) =Column(10) of NLB1/VIPNLB1 for Items-4 |
|  | For Linked Business, Column(6) + Column (8) of DDD SI.No (18)=Column(8) of LB1/VIPLB1 for Items-4 under ‘Policy Particulars’ |
|  |  |
|  | **IV. NLB1 & NLB and LB1 & LB** |
|  |  |
| **13** | Sum of NLB 1 statement totals = Corresponding items of the NLB statement. |
|  |  |
| **14** | MR After Reinsurance in NLB = Corresponding Form IA-MR + Cost of Bonuses allocated. |
|  |  |
| **15** | MR before/after Reinsurance of NLB form = corresponding figures considered for Form KT1. |
|  |  |
| **16** | Closing Balance of Fund (BoF) of Form I of Year ‘X’ = Closing balance of BoF of year ‘X-1’ + Net revenue items before shareholders’ transfer for the year ‘X’. |
|  |  |
| **17** | Sum total of Unit fund value and Number of Units of all LB1 statements = Total Unit Fund Value and number of Units of LB 2 statement. |
|  |  |
| **18** | Sum of LB 1 statement totals = Corresponding items of the LB statement |
|  |  |
| **19** | MR After Reinsurance in LB = Corresponding Form IA-MR |
|  |  |
| **20** | MR before/after Reinsurance of LB = Corresponding figures considered for Form KT1. |
|  |  |
|  | **V. VIPNLB1** |
|  |  |
| **21** | Sum of VIPNLB 1 statement totals = Corresponding items of the VIPNLB statement |
|  |  |
|  | **VI. Others** |
|  |  |
| **22** | MR After Reinsurance in VIPNLB = Corresponding Form IA-MR + Cost of Bonuses allocated. |
|  |  |
| **23** | MR before/after Reinsurance of VIPNLB form = Corresponding figures considered for Form KT-1. |
|  |  |
| **24** | Sum Total of Policy Account value of all VIPLB1s statements = Total Policy account value of VIPLB statement. |
|  |  |
| **25** | Sum of VIPLB 1 statement totals = Corresponding items of the VIPLB statement. |
|  |  |
| **26** | ‘MR After Reinsurance in VIPLB shall tally with the Mathematical Reserve shown in respective part of the Form IA |
|  |  |
| **27** | MR before/after Reinsurance of VIPLB = Corresponding figures considered for Form KT1. |
|  |  |
| **28** | Form KT-1- ‘MR after Reinsurance' = MR of (NLB + LB+ VIPNLB + VIPLB) |
|  |  |
| **29** | Form-I MR + Cost of Bonuses allocated = MR of Form KT-3 = Form H Total MR |
|  |  |
| **30** | MR after Reinsurance of KT-1 = Balance sheet total MR = MR of Form KT-3 |
|  |  |
| **31** | ‘Policyholders' Assets' + ‘Shareholders' Assets' of Form KT-3 = Total ‘Admissible Assets' of Form AA. |
|  |  |
| **32** | MR under KT-3 = Total MR as per the Form H |
|  |  |
| **33** | Surplus emerged during the valuation year as per Revenue Account shall be reconciled with that of Form S |
|  |  |
| **34** | Sum of Policy account value under each of the VIPLB1= Sum total of the Policy account value of VIPLB2= Policy account value of VIPLB |
|  |  |
| **35** | Number of Individual lives shall not be greater than number of policies under each of the forms (NLB1/NLB2/ULB1/ULB3/VIPNLB1/VIPNLB2/VIPLB1/VIPLB3) |
|  |  |
| **36** | Single premium of DD (including Top-Up) = Single premium of Schedule 1 |
|  |  |
|  | Notes: |
|  | SA-> Sum Assured |
|  | AP-> Annualised Premium |
|  | **VII. DD and DDD forms:** |
| **37** | The sum assured under the column-4 (Death Benefit Sum Assured) and column-7 (Rider Sum Assured) of DDD shall have the interpretation same as that of the form DD i.e. the benefit payable as at 31st March of the Valuation year. |
|  |  |
| **38** | The Maturity Sum Assured shall be the maturity benefit payable as on 31st March of the valuation year. In case of Linked business, the fund value or the guaranteed maturity value whichever is higher needs to be shown here. |
|  |  |
| **39** | In the DDD form the foot note no:6 shall be read as ‘Annualized premium means ‘Office Yearly Premium’ of regular premium policies only’. |
|  |  |
| **40** | DD-Premium under the column (7) across the ‘premium’ shall be the annualized regular premium under ‘New Business’ and annualized premium under ‘Total Business’. ‘Annualized Premium’ shall be as per the Reg 2(c) of IRDAI (Actuarial Report and Abstract) Regulations, 2016 |
|  |  |
| **41** | The values before reinsurance shall only be considered for reconciliation with the form of DD and DDD forms |
|  | **VIII. Opening and Closing Balances of DDD** |
| **42** | Opening Balance + Total ON movements -Total OFF movements shall be equal to the Closing Balance in respect of all variables in DDD forms. |
|  |  |
|  | **IX. VIPNLB1** |
| **43** | ‘MR’ shall include the policy account value as well as the additional reserve to meet the excess cost of expenses and benefit over the value of future charges. |
| **44** | SA on Maturity shall reflect the Policy Account Value as on the date of valuation or the guaranteed maturity benefit if higher. |
| **45** | ‘Future Premium’ under the "Valuation Details’ shall reflect the expected present value of the future charges |
|  |  |
|  | **X. Others** |
| **46** | Under Form IA-NP, against the ‘VIP’ sum of figures of VIP-Linked and VIP Non Linked need to be reflected ‘ |

|  |  |
| --- | --- |
|  | **AAAR Checks** |
| **(The Appointed Actuary is requested to ensure that all the checks are carried out diligently while also ensuring the accuracy of these checks. The AA may further note that this list is only indicative and not an exhaustive list )** | |
|  |  |
| **S No** | **I. Executive summary- Chapter 1 vs Financial statements** |
| 1 | Total Operating Expenses related to insurance business and Commission under AAAR Executive summary = Total Operating Expenses related to insurance business and Commission under Revenue account |
|  |  |
| 2 | Profit/Loss in P&L Account under AAAR Executive summary = Profit/Loss in P&L Account under Revenue account |
|  |  |
| 3 | Total liabilities in respect of policyholder's funds under AAAR Executive summary= Mathematical reserves + other policyholder liabilities under form KT-3 |
|  |  |
| 4 | Total liabilities in respect of shareholder’s funds under AAAR Executive summary= other shareholder liabilities under form KT-3 |
|  |  |
| 5 | Solvency Ratio under AAAR Executive summary = Solvency ratio under form KT-3 |
|  |  |
| 6 | Total Premium under AAAR Executive summary = Total Premium under Revenue account |
|  |  |
| 7 | Top Up + Single premium under AAAR Executive summary = Schedule 1 Single Premium under Revenue account |
|  |  |
| 8 | Renewal premium under AAAR Executive summary = Schedule 1 Renewal Premium under Revenue account |
|  |  |
| 9 | Reinsurance premium under AAAR Executive summary = Reinsurance Premium under Revenue account |
|  |  |
| 10 | Total policyholder benefits paid under AAAR Executive summary = Schedule 4 Benefits paid under Revenue account |
|  |  |
| 11 | Total Reinsurance benefits paid under AAAR Executive summary = Schedule 4 Reinsurance Benefits paid under Revenue account |
|  |  |
| 12 | Individual Inforce Policies + Group Schemes( inforce policies ) under executive summary = Sum of policies in force across all forms (NLB1/LB1/VIPNLB1/VIPLB1) |
|  |  |
| 13 | Surplus as per AOS should match with the Revenue account surplus |

|  |  |
| --- | --- |
|  | **Audited Annual Financial Report - Checks** |
|  | (The Appointed Actuary is requested to ensure that all the checks are carried out diligently while also ensuring the accuracy of these checks. The AA may further note that this list is only indicative and not an exhaustive list ) |
|  |  |
| **1** | Change in liability under Revenue account = Total change in liability under Balance sheet between years X and X-1 |
|  |  |
| **2** | Schedule 1 Total premium of Revenue account under Linked business= Total premium Unit Linked Policyholders' Account (Technical Account) Form ARA Annexure-UL |
|  |  |
| **3** | Reasons for operating expenses, if any, in Unit Account under Unit Linked Policyholders' Account (Technical Account) Form ARA Annexure-UL |
|  |  |
| **4** | Non Linked Income under Other Income of Unit Linked Policyholders' Account (Technical Account) Form ARA Annexure-UL = Linked income of (recovered from linked funds) under Schedule UL1 |

**Form No. IRDAI\_RET\_9**

**Return-ACTL-3**

**ALM-Table-Quarterly**

| **Base Scenario-Duration Bucket**  **(1)** | **Assets in Rs. (000)**  **(2)** | **Liabilities in Rs. (000)**  **(3)** | **Net Cashflows (column (2) – column (3))** |
| --- | --- | --- | --- |
| Under 1 year |  |  |  |
| 1-2 years |  |  |  |
| 2-3 years |  |  |  |
| 3-5 years |  |  |  |
| 5-7 years |  |  |  |
| 7-10 years |  |  |  |
| 10-15 years |  |  |  |
| 15-20 years |  |  |  |
| 20-25 years |  |  |  |
| Above 25 years |  |  |  |
| Total |  |  |  |

The amount of assets and liabilities in each of the duration buckets as indicated below should be furnished. Macaulay duration should be used in this regard.

Class of business:

Linked/Non-Linked Business:

As on:

**Table-ALM - Yearly**

| **Macaulay Duration** |  | | | |
| --- | --- | --- | --- | --- |
| **Base Scenario (1/2/3/4/5 )** | **Assets In Rs. (000)** | **Liabilities in Rs. (000)** | **Net** | **Net, Hedged** |
| Under 1 year |  |  |  |  |
| 1-2 years |  |  |  |  |
| 2-3 years |  |  |  |  |
| 3-5 years |  |  |  |  |
| 5-7 years |  |  |  |  |
| 7-10 years |  |  |  |  |
| 10-15 years |  |  |  |  |
| 15-20 years |  |  |  |  |
| 20-25 years |  |  |  |  |
| Above 25 years |  |  |  |  |
| Total |  |  |  |  |

Notes:

1. Discount rate used in arriving at ‘Macaulay duration’ of various classes of assets and liabilities shall be furnished separately.
2. Macaulay duration shall be computed as below:

For cash flows of C1, C2, ………, Cn at times t1, t2, ………, tn respectively and with ‘d’ being discount rate, Macaulay duration is:

1. ‘Table-ALM’ data shall be signed by , Chief Executive Officer, Chief Financial Officer and Appointed Actuary.

**Form No. IRDAI\_RET\_10**

**Return-ACTL-4**

Format for submission of Economic Capital

**Please see the table below and this will give a format for final presentation of economic capital figures for each of the item explained in Annexure ACTL-LI-4:**

**Economic Capital ....................... As on March 31, XXXX**

| **Sr. No.** | **Parameter** | **Statutory position as on March 31, XXXX** | **Economic capital as on March 31, XXXX** |
| --- | --- | --- | --- |
|  | Total liability |  |  |
| 1.1 | Policyholder liability |  |  |
| 1.2 | Other policyholder liability   * + 1. Capitalisation of expense overrun     2. Non-hedgeable risk     3. Value of financial options and guarantee   Total |  |  |
|  | Capital requirements |  |  |
| 2.1 | Insurance risk   1. Mortality/morbidity risk 2. Lapse/surrender risk 3. Expense risk/inflation risk 4. Longevity risk   Total |  |  |
| 2.2 | Market risk of which   1. Interest rate risk 2. Equity risk 3. Real estate/property risk   Total |  |  |
| 2.3 | Operational risk |  |  |
| 2.4 | Credit risk |  |  |
| 2.5 | Total (2.1+2.2+2.3+2.4) |  |  |
|  | Diversification effect |  |  |
|  | Total of risk categories after adjusting for diversification |  |  |
|  | Total assets on an economic basis |  |  |
|  | Total of statutory liability and 150% of RSM |  |  |
|  | Free assets |  |  |
|  | Solvency ratio |  |  |

**Form No. IRDAI\_RET\_14**

**Return-ACTL-5**

**Statement of Claims Development during the year ending 31 March ……….**

**Form IBNR-A**

Name of Insurer:

Name of Appointed Actuary:

**Class of Business:**

(All Amounts in Rupees in thousands)

| **Year of occurrence of loss** | **Provision at the beginning of year** | | | **Part payments on claims during the year** | | **Payments on claims finally settled during the year** | | **Claims provided for the first time or reopened during the year** | | **Claims closed without payment during the year** | | **Provision at the end year** | | | **Written Premium for the year** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Outstanding claims** | | **IBNR** | **Outstanding claims** | | **IBNR** |
| **Number** | **Amount** | **Amount** | **Number** | **Amount** | **Number** | **Amount** | **Number** | **Amount** | **Number** | **Amount** | **Number** | **Amount** | **Amount** | **Number** | **Amount** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** |
| 1. Current year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. First preceding year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Second preceding year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Third preceding year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. Fourth preceding year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. Fifth and earlier preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7. TOTAL ALL YEARS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Signature of Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Countersigned by Principal Officer

Place:

Date:

\*\* In case of Foreign Reinsurance Branches

Cumulative Statement of Claims Development (By Amounts) as at 31 March \_\_\_\_\_\_\_\_\_\_\_.

**Form IBNR-B-1**

Name of Insurer:

Name of Appointed Actuary:

**Class of Business:**

(All Amounts in Rupees in thousands)

| **Year of occurrence** | **Earned Premium** | **Cumulative Claims Paid as at end of number of months as at Date of statement** | | | | | **Outstanding claims as at date of statement** | **Incurred claims** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **Amount** | **Ratio** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| **Current year** |  |  |  |  |  |  |  |  |  |
| First preceding year |  |  |  |  |  |  |  |  |  |
| Second preceding year |  |  |  |  |  |  |  |  |  |
| Third preceding year |  |  |  |  |  |  |  |  |  |
| Fourth preceding year |  |  |  |  |  |  |  |  |  |
| Fifth preceding year |  |  |  |  |  |  |  |  |  |
| Sixth preceding year |  |  |  |  |  |  |  |  |  |
| Seventh preceding year |  |  |  |  |  |  |  |  |  |
| Eighth preceding year |  |  |  |  |  |  |  |  |  |
| Ninth preceding year |  |  |  |  |  |  |  |  |  |
| Tenth preceding year |  |  |  |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |  |  |  |

Signature of Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Countersigned by Principal Officer

Place:

Date:

\*\* In case of Foreign Reinsurance Branches

Cumulative Statement of Claims Development (By Number) As At 31 March \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Form IBNR-B-2**

Name of Insurer:

Name of Appointed Actuary:

**Class of Business:**

| **Year of occurrence** | **Number of policy years exposed** | **Cumulative number of Claims Paid as at end of number of months as at Date of statement** | | | | | **Outstanding number of claims as at date of statement** | **Incurred claims- Number** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **Number of claims** | **Frequency of claims** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| Current year |  |  |  |  |  |  |  |  |  |
| First preceding year |  |  |  |  |  |  |  |  |  |
| Second preceding year |  |  |  |  |  |  |  |  |  |
| Third preceding year |  |  |  |  |  |  |  |  |  |
| Fourth preceding year |  |  |  |  |  |  |  |  |  |
| Fifth preceding year |  |  |  |  |  |  |  |  |  |
| Sixth preceding year |  |  |  |  |  |  |  |  |  |
| Seventh preceding year |  |  |  |  |  |  |  |  |  |
| Eighth preceding year |  |  |  |  |  |  |  |  |  |
| Ninth preceding year |  |  |  |  |  |  |  |  |  |
| Tenth preceding year |  |  |  |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |  |  |  |

Signature of Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Countersigned by Principal Officer

Place:

Date:

\*\* In case of Foreign Reinsurance Branches

|  |
| --- |
| **TABLES REQUIRED TO BE SUBMITTED ALONG WITH IBNR REPORT**  **Reporting year data** |
| **Table 1** |
| Financial Year |
| Reporting period from |
| Name of insurer |
| Line of Business As per LOB table |

**Case Outstanding reserve as at Year ending 31 March………..**

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Reporting** | **Case outstanding reserve Development as at the end of the following months from the year of reporting** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1. All the numbers filled in the form should be net of reinsurance
2. *All figures / amounts are in Rupees*
3. **Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses**

**Table 2**

**Statement of Incremental claims paid by reporting year as at Year ending 31 March…………..**

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Reporting** | **Incremental claims paid as at the end of the following months from the year of reporting** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1. All the numbers filled in the form should be net of reinsurance
2. *All figures / amounts are in Rupees*
3. **Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses**

**Table 3**

**Cumulative Statement of paid + outstanding claim amount Annual Development (By Amount) as at Year ending 31 March……………**

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Reporting** | **Number of claims reported** | **Number of claims fully settled as on reporting date** | **Cumulative paid + outstanding claim amount as at the end of following months from the year of Reporting** | | | | | | | | | | | | | **Ratio of column 3 and the last diagonal** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16=3/last diagonal** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1 Incurred Loss amount is net of Reinsurance, Salvage and Subrogation

2 All figures / amounts are in Rupees

3 Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses

**Occurrence year data**

Financial Year

Reporting period from

Name of insurer

Line of business As per LOB Table

**Table 4**

Cumulative Statement of Incurred Claims Annual Development (By Amount) as at Year ending 31 March \_\_\_\_\_\_\_

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of**  **Occurrence** | **Cumulative paid + outstanding claim amount as at the end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **120 months** | **132 months** | **144 months** | **>156 Months** |
|  | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1. Incurred Loss amount is net of Reinsurance, Salvage and Subrogation
2. *All figures / amounts are in Rupees*
3. **Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses**

**Table 5**

Cumulative Statement of number of Reported claims (claims closed with claim payment + O/S claims) as at Year ending 31 March

**(All numbers in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Occurrence** | **Cumulative number of Reported claims (claims closed with claim payment + O/S claims) as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1 All the numbers filled in the form should be net of reinsurance

**Table 6**

Cumulative Statement of number of Reported claims (claims closed without claim payment + O/S claims) as at Year ending 31 March

**(All numbers in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Occurrence** | **Cumulative number of Reported claims (claims closed without claim payment + O/S claims) as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1 All the numbers filled in the form should be net of reinsurance

**Table 7**

Cumulative Statement of Closed claim (amount) with payment as at Year ending 31 March

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Occurrence** | **Cumulative amount of closed claims with payment as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**

1. All the numbers filled in the form should be net of reinsurance
2. *All figures / amounts are in Rupees*
3. **Closed claim amount with payment is inclusive of allocated loss adjusted expenses of both claims with payment & claims without payments for the purpose of this report**

**Table 8**

Cumulative Statement of Closed claim (amount) without claim payment as at Year ending 31 March

**(All Amount in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Occurrence** | **Cumulative amount of closed claims without claim payment as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**

1. All the numbers filled in the form should be net of reinsurance
2. *All figures / amounts are in Rupees*
3. **Closed claim amount without claim payment is identified without consideration of claim related expenses**

**\*** Closed claim amount without claim payment is exclusive of allocated loss adjusted expenses and these expenses should be included in the claims closed with payment for the purpose of this report (as per circular)

4 Example: Claim closed with payment and without payment

claim registered amount is Rs.1000

Incurred Loss adjustment expense is Rs.200

final Status: Claim closed without payment

Rs.1000 amount needs to be shown in table no. 5 and Rs. 200 needs to be shown in table no. 4

Number needs to be shown in table no. 7

**Table 9**

Cumulative Statement of Closed claim (number) with claim payment as at Year ending 31 March

**(All number in '000 rupees. Figures should be with 3 decimal places)**

| **Year of Occurrence** | **Cumulative number of closed claims with claim payment as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:** All the numbers filled in the form should be net of reinsurance

**Table 10**

Cumulative Statement of Closed claim (number) without claim payment as at Year ending 31 March

(All number in '000 rupees. Figures should be with 3 decimal places)

| **Year of Occurrence** | **Cumulative number of closed claims without claim payment as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding  Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**1 All the numbers filled in the form should be net of reinsurance

**Table 11**

Cumulative Statement of open claims (number) as at Year ending 31 March

(All number in '000 rupees. Figures should be with 3 decimal places)

| **Year of Occurrence** | **Cumulative number of Open claims as at end of following months from the year of occurrence** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior  Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**1 All the numbers filled in the form should be net of reinsurance

**Table 12**

Incremental Statement of Case Outstanding reserve as at Year ending 31 March

(All Amount in '000 rupees. Figures should be with 3 decimal places)

| **Year of Occurrence** | **Incremental case outstanding reserve Development by Accident Year as at 31/03/2014** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **12 months** | **24 months** | **36 months** | **48 months** | **60 months** | **72 months** | **84 months** | **96 months** | **108 months** | **≥ 120 months** | **132 months** | **144 months** | **>156 Months** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| Current Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tenth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eleventh and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Twelfth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1 All the numbers filled in the form should be net of reinsurance

2 All figures / amounts are in Rupees

3 Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | **Table No. 13:**  **Reserve utilization and Loss ratios** | | | | | | | | |  | |  | |  | |  |
| **Financial Year** | |  | | | |  |  | |  |  | |  | |  | |  | |  | |  | |  |
| **Reporting period from** | |  | | | |  |  | |  |  | |  | |  | |  | |  | |  | |
| **Name of insurer** | |  | | | |  |  | |  |  | |  | |  | |  | |  | |  | |
| **Line of Business** | | **As per LOB table** | | | |  |  | |  |  | |  | |  | |  | |  | |  | |  |
| **Accident Year** | Net Outstanding reserve at the beginning of the financial year | | IBNR at the beginning of the financial year | | O/S claims paid during the year (exclude IBNR Claims) | | **Utilisation of O/s claims reserve** | IBNER if any (insufficient O/s reserves) | | | IBNR Claims (Amount) reported by the end of the financial year | | IBNR claims (amount) paid by the end of the year | | Balance IBNR claims to be paid by the end of the year | | **Utilisation of IBNR claims reserve** | | Insufficiency of IBNR reserve if any | | ULR assumed for each accident year |
| (1) | (2) | | (3) | | (4) | | (5) | (6) | | | (7) | | (8) | | (9) | | (10) | | (11) | | (12) |
| Current Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| First Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Second Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Third Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Fourth Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Fifth Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Sixth Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Seventh Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Eighth Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Ninth and prior Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Tenth and prior Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Eleventh and prior Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
| Twelfth and prior Preceding Year |  | |  | |  | |  |  | | |  | |  | |  | |  | |  | |  |
|  | |  | |  | |  |  | |  |  | |  | |  | |  | |  | |  | |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

**Table 14**

**Premium, claim and reserve details for 5 consecutive years**

Financial Year

Reporting period from Reporting period to

Name of insurer Name of Appointed Actuary

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **LOB** | **Net Claims paid** | | | | | **Net O/s reserve including IBNR at the beginning of the financial year** | | | | | **Net O/s reserve including IBNR at the end of the financial year** | | | | | **Net Earned Premium** | | | | | **Gross Written Premium including Reinsurance accepted business** | | | | | **Net Premium** | | | | |
| **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** |
| Fire |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| … |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1 Please submit the details of lines of business covered in Misc

2 Please note that Outstanding loss reserves and paid amount are inclusive of allocated loss adjusted expenses

3 Line of Business: As per LOB table

**Table 15**

**Policy details for 5 consecutive years**

Financial Year

Reporting period from Reporting period to

Name of insurer Name of Appointed Actuary

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **LOB** | **Number of Policies written** | | | | | **Reinsurance Premium Ceded** | | | | | **Operating expenses** | | | | | **Net commission** | | | | |
| **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** | **Fourth Preceding Year** | **Third Preceding Year** | **Second Preceding Year** | **First Preceding Year** | **Current Year** |
| Fire |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| … |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1. Line of Business: As per LOB table

**Paid Claims Development Data**

**Financial Year**

**Reporting period from Reporting period to**

**Name of insurer Name of Appointed Actuary**

**Line of business As per LOB Table**

**Table 16**

**Cumulative Statement of Paid Claims Development (By Amount) as at year ending 31 March**

**(All Amount in** '**000 rupees. Figures should be with 3 decimal places)**

| Year of occurrence |  | Net earned premium | Cumulative net claim amount paid as at the end of following months from the date of occurrence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3 months | 6 months | 9 months | 12months | 15months | 18months | 21months | 24months | 27months | 30months | 33months | 36months | 39months | 42months | 45months | 48months | 51months | 54months | 57months | 60months | 63months | 66months | 69months | 72months | 75months | 78months | 81months | 84months | 87months | 90months | 93months | 96months | 99months | 102months | 105months | 108months | 111months | 114months | 117months | ≥ 120months |
| Column Code | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 |
| Ninth and prior Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Year YTD | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1 All the numbers filled in the form should be net of reinsurance

2 All figures / amounts are in Rupees

**Incurred Claims Development Data**

**Financial Year**

**Reporting period from Reporting period to**

**Name of insurer Name of Appointed Actuary**

**Line of business As per LOB Table**

**Table 17**

**Cumulative Statement of Incurred Claims Quarterly Development (By Amount) as at Year ending 31 March**

| **Year of occurrence** |  | **Net Earned Premium** | **Cumulative paid + outstanding claim amount as at the end of following months from the date of occurrence** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **3 months** | **6 months** | **9 months** | **12months** | **15months** | **18months** | **21months** | **24months** | **27months** | **30months** | **33months** | **36months** | **39months** | **42months** | **45months** | **48months** | **51months** | **54months** | **57months** | **60months** | **63months** | **66months** | **69months** | **72months** | **75months** | **78months** | **81months** | **84months** | **87months** | **90months** | **93months** | **96months** | **99months** | **102months** | **105months** | **108months** | **111months** | **114months** | **117months** | **≥ 120months** |
| **Column Code** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** | **26** | **27** | **28** | **29** | **30** | **31** | **32** | **33** | **34** | **35** | **36** | **37** | **38** | **39** | **40** | **41** |
| Ninth and prior Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eighth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Seventh Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sixth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fifth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fourth Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Third Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Preceding Year | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Year YTD | Q1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q2 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q3 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Q4 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

Notes:

1 All the numbers filled in the form should be net of reinsurance

2 All figures / amounts are in Rupees

**Table 18**

**Details of claims first time provided & Reopened and salvage & subrogation recoveries**

**Financial Year**

**Reporting period from Reporting period to**

**Name of insurer Name of Appointed Actuary**

**Line of business As per LOB Table**

| figures in '000 | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Year of occurrence of loss** | **Claims provided for the first time during the reporting period - Final Assessed Figure as at the end of the financial year** | | **Claims reopened during the reporting period-Final Assessed Figure as at the end of the financial year** | | **Salvage Recoveries as at the end of the financial year** | | **Subrogation Recoveries as at the end of the financial year** | | **Any other Recoveries (Please specify)** | |
| **No.** | **Amount** | **No.** | **Amount** | **No.** | **Amount** | **No.** | **Amount** | **No.** | **Amount** |
| **Column Code** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1 | Current Year |  |  |  |  |  |  |  |  |  |  |
| 2 | First Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 3 | Second Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 4 | Third Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 5 | Fourth Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 6 | Fifth Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 7 | Sixth Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 8 | Seventh Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 9 | Eighth Preceding Year |  |  |  |  |  |  |  |  |  |  |
| 10 | Ninth and prior Preceding Year |  |  |  |  |  |  |  |  |  |  |
|  | Total |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

**Date: Date: Date:**

\*\*In case of Foreign Reinsurance Branches

**Form No. IRDAI\_RET\_15**

**Return-ACTL-6**

**FCR Tables**

|  |  |
| --- | --- |
| Name of the insurer |  |
| **Table 1** | Revenue Account |

|  |  |
| --- | --- |
| Reporting year | FYE 31-Mar-X |

| **Particulars** | **FYE 31-Mar-X** | **FYE 31-Mar- X-1** | **FYE 31- Mar-X-2** |
| --- | --- | --- | --- |
| Gross Direct Premium income |  |  |  |
| Add:- Reinsurance premium accepted |  |  |  |
| Gross Written Premium |  |  |  |
| Less:- Change in Gross UPR/URR |  |  |  |
| Gross Earned Premium |  |  |  |
|  |  |  |  |
| Gross Written Premium |  |  |  |
| Less:- Reinsurance Premium ceded |  |  |  |
| Net Written Premium |  |  |  |
| Less:- Change in UPR/URR (as the case may be) |  |  |  |
| Net Earned Premium |  |  |  |
|  |  |  |  |
| Gross Claim paid (on direct business) |  |  |  |
| Less:- Reinsurance Claims ceded |  |  |  |
| Add:-Reinsurance Claim accepted |  |  |  |
| Net Claims Paid |  |  |  |
| Add:-Change in net claims outstanding |  |  |  |
| Add:- Change in Net IBNR (including IBNER) |  |  |  |
| Net Claims incurred |  |  |  |
|  |  |  |  |
| Gross Commission Paid (on Direct Business) |  |  |  |
| Less:- Reinsurance Inward Commission\* |  |  |  |
| Add:- Reinsurance outward commission |  |  |  |
| Net Commission Paid |  |  |  |
|  |  |  |  |
| Operating Expenses |  |  |  |
|  |  |  |  |
| Underwriting Profit / (Loss) |  |  |  |
|  |  |  |  |
| Income from investment on Policy holder Funds |  |  |  |
|  |  |  |  |
| Insurance Profit / (Loss) |  |  |  |
|  |  |  |  |
| Income from investments on Shareholder Funds |  |  |  |
|  |  |  |  |
| Profit / (Loss) |  |  |  |

\* Includes Profit commission

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 2** | **Balance Sheet** | | | |
| **Name of the insurer** |  | | | |
| Reporting year | FYE 31-Mar-X | | | |
| **Particulars** | | **FYE 31-Mar-X** | **FYE 31-Mar- X-1** | **FYE 31- Mar-X-2** |
| Sources of Fund | |  |  |  |
| Share Capital | |  |  |  |
| Share Application Money Pending Allotment | |  |  |  |
| Reserves And Surplus\*\* | |  |  |  |
| Fair Value Change Account | |  |  |  |
| Deferred Tax Liability | |  |  |  |
| Borrowings | |  |  |  |
| Total | |  |  |  |
| Application of Funds | |  |  |  |
| Investments | |  |  |  |
| Loans | |  |  |  |
| Fixed Assets | |  |  |  |
| Deferred Tax Assets | |  |  |  |
| Current Assets | |  |  |  |
| Cash and Bank Balances | |  |  |  |
| Advances and other Assets | |  |  |  |
| Sub-total (A) | |  |  |  |
| Current Liabilities | |  |  |  |
| Provisions | |  |  |  |
| Other Investments | |  |  |  |
| Sub-Total (B) | |  |  |  |
| Net Current Assets (c) = (A-B) | |  |  |  |
| Total (A+B) | |  |  |  |

\*\* Reserves and Surplus amount is net of Miscellaneous Expenditure (to the extent not written off or adjusted) and Debit balance in Profit and Loss Account.

**Signature of the Appointed Actuary/Certifying Actuary## Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

##In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 3** | **Ratios** |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year FYE 31-Mar-X | **LOB** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Key Ratios** | **FYE 31-Mar-X** | | | **FYE 31-Mar- X-1** | | | **FYE 31-Mar- X-2** | | |
| **Actual (A)** | **Expected (E)** | **A/E** | **Actual (A)** | **Expected (E)** | **A/E** | **Actual (A)** | **Expected (E)** | **A/E** |
| Net Incurred Loss ratio |  |  |  |  |  |  |  |  |  |
| Net commission Ratio |  |  |  |  |  |  |  |  |  |
| Retention Ratio |  |  |  |  |  |  |  |  |  |
| Expense Ratio |  |  |  |  |  |  |  |  |  |
| Combined Ratio |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 4a** | Reinsurance Treaty |
| **Name of the insurer** |  |
| Reporting year | FYE 31-Mar-X |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S.No.** | **Name of Reinsurance Treaty** | **Name of the reinsurer** | **Type of Treaty** | **Rating of the reinsurer** | | |
| **Agency 1 (specify)** | **Agency 2 (Specify)** | **Agency 3 (Specify)** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
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| **Table 4b** | | **Reinsurance Cashflow** | | | | | | |
| **Name of the insurer** | |  | | | | | | |
| Reporting year | | FYE 31-Mar-X | | | | | | |
| **LOB** | **Reinsurance premium paid** | | **Any other payment paid to reinsurer, please specify** | **Reinsurance claim recoveries as at 31st March** | | **Commission received from reinsurer** | **Any other payment received from reinsurer, please**  **specify** | **Balance** |
|  | **(1)** | | **(2)** | **Received (3)** | **Outstanding (4)** | **(5)** | **(6)** | **(7) = (3+4+5+6-1-2)** |
|  |  | |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |
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**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 5** | Reserve Adequacy |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March –X **LOB** |

|  | **Accident year Cohort** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **FYE 31-Mar X-10** | **FYE 31-Mar X-9** | **FYE 31-Mar X-8** | **FYE 31-Mar X-7** | **FYE 31-Mar X-6** | **FYE 31-Mar X-5** | **FYE 31-Mar X-4** | **FYE 31-Mar X-3** | **FYE 31-Mar X-2** | **FYE 31-Mar X-1** | **FYE 31-Mar X** |
| Ultimate Net Loss Cost - Original estimate |  |  |  |  |  |  |  |  |  |  |  |
| Net Claims Provisions\* |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cumulative Payment as of | | | | | | | | | | | |
| one year later |  |  |  |  |  |  |  |  |  |  |  |
| two year later |  |  |  |  |  |  |  |  |  |  |  |
| three year later |  |  |  |  |  |  |  |  |  |  |  |
| four year later |  |  |  |  |  |  |  |  |  |  |  |
| five year later |  |  |  |  |  |  |  |  |  |  |  |
| six year later |  |  |  |  |  |  |  |  |  |  |  |
| seven year later |  |  |  |  |  |  |  |  |  |  |  |
| eight year later |  |  |  |  |  |  |  |  |  |  |  |
| nine year later |  |  |  |  |  |  |  |  |  |  |  |
| ten year later |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Ultimate Net Loss Cost - Re-estimated | | | | | | | | | | | |
| one year later |  |  |  |  |  |  |  |  |  |  |  |
| two year later |  |  |  |  |  |  |  |  |  |  |  |
| three year later |  |  |  |  |  |  |  |  |  |  |  |
| four year later |  |  |  |  |  |  |  |  |  |  |  |
| five year later |  |  |  |  |  |  |  |  |  |  |  |
| six year later |  |  |  |  |  |  |  |  |  |  |  |
| seven year later |  |  |  |  |  |  |  |  |  |  |  |
| eight year later |  |  |  |  |  |  |  |  |  |  |  |
| nine year later |  |  |  |  |  |  |  |  |  |  |  |
| ten year later |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Favourable / (unfavourable) development |  |  |  |  |  |  |  |  |  |  |  |

\* Claims Provision is including of outstanding claims, IBNR / IBNER & ALAE

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 6** | Grievances |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **Particulars** | **Complaints** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **O/S at Start of FY ending 31- March-X** | **Received during FY ending 31- March-X** | **Resolved during FY ending 31- March-X** | **Pending at the end of FY ending 31-March-X** | **O/S at Start of FY ending 31- March-X-1** | **Received during FY ending 31- March-X-1** | **Resolved during FY ending 31- March-X-1** | **Pending at the end of FY ending 31-March-X-1** |
| Proposal Related |  |  |  |  |  |  |  |  |
| Cover Note Related |  |  |  |  |  |  |  |  |
| Policy Related |  |  |  |  |  |  |  |  |
| Premium |  |  |  |  |  |  |  |  |
| Coverage |  |  |  |  |  |  |  |  |
| Claim |  |  |  |  |  |  |  |  |
| Refund |  |  |  |  |  |  |  |  |
| Product |  |  |  |  |  |  |  |  |
| Distance Marketing |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

| Particulars | Complaints | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| O/S at Start of FY ending 31- March-X | Received during FY ending 31- March-X | Resolved by Claims Settlement during FY ending 31-March-X | Claims Repudiated during FY ending 31- March-X | Pending at the end of FY ending 31- March-X | O/S at Start of FY ending 31- March-X-1 | Received during FY ending 31- March-X-1 | Resolved by Claims Settlement during FY ending 31-  March-X-1 | Claims Repudiated during FY ending 31- March-X-1 | Pending at the end of FY ending 31- March-X-1 |
| Claim |  |  |  |  |  |  |  |  |  |  |

| **Number of Complaints** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **O/S at the Beginning** | **Settled** | | | | **Pending** |
| **Within One Month** | **1-6 Months** | **6-12 Months** | **More than 1Year** |
|  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 7** | Business Projection |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March –X **LOB** |

| **Topic/area** | **Financial year ending 31-**  **Mar-X+1** | **Financial year ending 31-Mar-X** | | |
| --- | --- | --- | --- | --- |
| **Expected (E)** | **Actual (A)** | **Expected (E)** | **A/E** |
| Number of policies |  |  |  |  |
| Gross Written Premium- Direct business |  |  |  |  |
| Business Mix as a % of Total GWP |  |  |  |  |
| Written premium – Accepted business  (Reinsurance & Co-insurance ) |  |  |  |  |
| Gross earned premium |  |  |  |  |
| Net Earned Premium |  |  |  |  |
| Expenses |  |  |  |  |
| Gross Incurred claims amount |  |  |  |  |
| Net incurred claim amount |  |  |  |  |
| Gross claims paid amount |  |  |  |  |
| Net Claims paid amount |  |  |  |  |
| Income/loss from investment |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 8** | Analysis of Major LOB |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

|  | **LOB** | **FIRE** | | **Marine** | | **…** | | **…** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Amount** | **% Change YoY** | **Amount** | **% Change YoY** | **Amount** | **% Change YoY** | **Amount** | **% Change YoY** |
| Gross Written  Premium | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Reinsurance Premium  Accepted | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Reinsurance Premium Ceded | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Net Written Premium | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Total number of policies | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Average S.I per policy | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Average Gross premium per Policy | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |
| Average Net Premium per policy | CY |  |  |  |  |  |  |  |  |
| PY |  |  |  |  |  |  |  |  |

|  |  |
| --- | --- |
| **CY** | **Current Year** |
| **PY** | **Previous Year** |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 9** | Premium Adequacy |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **LOB** | **Adequacy of Premium** | | | |
| --- | --- | --- | --- | --- |
| **Net earned premium as at 31st March X (as per financials)** | **Net Incurred Claims (including claims related expenses) as at**  **31st March X (as per financials)** | **Expenses other than claim related expenses as at 31st March X (as per financials)** | **Balance (1)-(2)-(3)** |
|  | (1) | (2) | (3) |  |
| Fire |  |  |  |  |
| Marine |  |  |  |  |
| Health |  |  |  |  |
| All material LOBs |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Total |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 10** | Claims- UPR - URR |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **LOB** | **Number of claims incurred** | | | **Number of exposure** | | | **Net incurred Claim amount** | | | **Average frequency of Claims** | | | **Average severity of Claims** | | | **URR** | | | **UPR** | | | **PDR** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** | **FYE 31- Mar X** | **FYE 31- Mar X-1** | **FYE 31- Mar - X-2** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| All material LOBs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 11** | Expense Allocation |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **LOB** | **Expense Ratio** | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Financial year ending 31-Mar-X** | | | **Financial year ending 31-Mar-X-1** | | | **Financial year ending 31-Mar-X-2** | | | **Financial year ending 31-Mar-X+1** |
| **Actual (A)** | **Expected (E)** | **A/E** | **Actual (A)** | **Expected (E)** | **A/E** | **Actual (A)** | **Expected (E)** | **A/E** | **Expected** |
| All material LOBs |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
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| Total |  |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 12** | Business Profitability |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **Line of Business** | **Earned Premium** | | **Incurred Claims** | | **Operating Expenses** | | **Commission** | | **U/W profit** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** |
| Fire |  |  |  |  |  |  |  |  |  |
| Marine |  |  |  |  |  |  |  |  |  |
| Health |  |  |  |  |  |  |  |  |  |
| Motor TP |  |  |  |  |  |  |  |  |  |
| Motor - Other than TP |  |  |  |  |  |  |  |  |  |
| Other major LOB1 |  |  |  |  |  |  |  |  |  |
| Other Major LOB 2 |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 13** | Renewal Analysis |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **LOB** | **FYE 31- Mar - X** | | | **FYE 31- Mar X-1** | | | **FYE 31-Mar X-2** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No. of policies due for renewals**  **(1)** | **No. of policies renewed**  **(2)** | **Renewal rate (3) = (2/1)** | **No. of policies due for renewals**  **(4)** | **No. of policies renewed**  **(5)** | **Renewal rate**  **(6) = (5/4)** | **No. of policies due for renewals**  **(7)** | **No. of policies renewed**  **(8)** | **Renewal rate**  **(9) = (8/7)** |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
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**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 14** | Investments and ALM |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

|  | **Macaulay Duration** | **Current Market Value** | **Any Appreciation/ (Depreciation) in the value from past financial year ending 31-March-X-1** |
| --- | --- | --- | --- |
| Assets: |  |  |  |
| Fire |  |  |  |
| Marine |  |  |  |
| Health |  |  |  |
| … |  |  |  |
| … |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total |  |  |  |
| Liabilities: |  |  |  |
| Fire |  |  |  |
| Marine |  |  |  |
| Health |  |  |  |
| … |  |  |  |
| … |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 15** | Future Financial Condition |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

|  |  |
| --- | --- |
| Financial Year | FY X, FY X+1, FY X+2 |

| **Financial Year** | **FY ending 31-March-X+1** | **FY ending 31-March-X+2** | **FY ending 31-March-X+3** |
| --- | --- | --- | --- |
| Projected ASM |  |  |  |
| Projected RSM |  |  |  |
| Projected Solvency Ratios |  |  |  |
| Expected future new business |  |  |  |
| Capital Requirement |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 16** | Solvency Stress testing |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **Financial Year** | **FYE 31- March - X+1** | **FYE 31- March - X + 2** | **FYE 31 - March - X +3** |
| --- | --- | --- | --- |
| Projected ASM |  |  |  |
| Projected RSM |  |  |  |
| Projected Solvency Ratios |  |  |  |
| Expected future new business |  |  |  |
| Additional Capital Requirement (if any) |  |  |  |

| **Financial year** | **Scenario 1** | | | **Scenario 2** | | |
| --- | --- | --- | --- | --- | --- | --- |
| **FYE 31- Mar -X+1** | **FYE 31- Mar -X+2** | **FYE 31- Mar -X+3** | **FYE 31- Mar -X+1** | **FYE 31- Mar -X+2** | **FYE 31- Mar -X+3** |
| Projected ASM |  |  |  |  |  |  |
| Projected RSM |  |  |  |  |  |  |
| Projected Solvency Ratio |  |  |  |  |  |  |

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

|  |  |
| --- | --- |
| **Table 17** | Risk Management |

|  |  |
| --- | --- |
| **Name of the insurer** |  |
| Reporting year | FYE 31st March -X |

| **Key Risk\* / Scenario\*** | | **Value of Assets** | **Value of Liabilities** | **ASM** | **RSM** | **SM** |
| --- | --- | --- | --- | --- | --- | --- |
| Key Risk 1 | Base Scenario |  |  |  |  |  |
| Pessimistic Scenario 1 |  |  |  |  |  |
| Pessimistic Scenario 2 |  |  |  |  |  |
| Key Risk 2 | Base Scenario |  |  |  |  |  |
| Pessimistic Scenario 1 |  |  |  |  |  |
| Pessimistic Scenario 2 |  |  |  |  |  |
| Key Risk 3 | Base Scenario |  |  |  |  |  |
| Pessimistic Scenario 1 |  |  |  |  |  |
| Pessimistic Scenario 2 |  |  |  |  |  |
| … | Base Scenario |  |  |  |  |  |
| Pessimistic Scenario 1 |  |  |  |  |  |
| Pessimistic Scenario 2 |  |  |  |  |  |

\* As per the understanding and deemed appropriate by the AA

**Signature of the Appointed Actuary/Certifying Actuary\*\* Signature of Mentor Actuary Signature of Principal officer**

**Name: Name: Name:**

\*\*In case of Foreign Reinsurance Branches

**Form No. IRDAI\_RET\_16**

**Return-ACTL-7**

**A. Forms - ALM**

The amount of assets and liabilities in each of the duration buckets as indicated below should be furnished. Macaulay duration should be used in this regard.

Line of business:

As on:

**Table-ALM-Yearly**

| **Macaulay Duration** |  | | | |
| --- | --- | --- | --- | --- |
| **Base Scenario (1/2/3/4/5)** | **Assets In Rs. (000)** | **Liabilities In Rs. (000)** | **Net = Assets – Liabilities** | **Net, Hedged** |
| Under 1 year |  |  |  |  |
| 1-2 years |  |  |  |  |
| 2-3 years |  |  |  |  |
| 3-5 years |  |  |  |  |
| 5-7 years |  |  |  |  |
| 7-10 years |  |  |  |  |
| 10-15 years |  |  |  |  |
| 15-20 years |  |  |  |  |
| 20-25 years |  |  |  |  |
| Above 25 years |  |  |  |  |
| Total |  |  |  |  |

**Table-ALM-Quarterly**

| **Base Scenario (1/2/3/4/5)** | **Assets In Rs. (000)** | **Liabilities in Rs. (000)** | **Net cash flows (column 2 -column 3)** |
| --- | --- | --- | --- |
| Under 1 year |  |  |  |
| 1-2 years |  |  |  |
| 2-3 years |  |  |  |
| 3-5 years |  |  |  |
| 5-7 years |  |  |  |
| 7-10 years |  |  |  |
| 10-15 years |  |  |  |
| 15-20 years |  |  |  |
| 20-25 years |  |  |  |
| Above 25 years |  |  |  |
| Total |  |  |  |

Notes:

1. Discount rate used in arriving at 'Macaulay duration' of various classes of assets and liabilities shall be furnished separately.
2. Macaulay duration shall be computed as below:

For cash flows of C1, G2, ………, Cn at times t1, t2, ………, tn respectively and with ‘d’ being discount rate, Macaulay duration is:

1. ‘Table-ALM’ data shall be signed by, Chief Executive Officer, Chief Financial Officer and Appointed Actuary.

**B. Form-ST-NL**

| **Scenario** | **Value of Parameters** | **Value of Assets** | **Value of Liabilities** | **Available Solvency Margin** | **Required Solvency Margin** | **Solvency Ratio** |
| --- | --- | --- | --- | --- | --- | --- |
| I  II |  |  |  |  |  |  |
|  |
|  |
|  |
|  |
|  |

**(a) List of 'Risk Factors' to be considered in projecting financial and capital adequacy positions over the one-year period immediately following recent March 31 under Form ST.**

1. Morbidity/ Claim rates: adverse deviation in experience
2. investment returns
3. Yield curve
4. Parallel yield curve shift
5. No change for duration less than 5 years, parallel shift for duration more than 5 years, linear interpolation
6. Parallel shift for duration less than 5 years, no change for duration more than 5 years, linear interpolation
7. Change in credit spreads
8. Equity market
9. Equity crash - fall in all market, by market
10. Stock specific event risk - move in each individual stock, by stock
11. Expenses: increase in expenses
12. Renewal rates: adverse deviation in experience
13. New business: fall in new business
14. The appointed actuary shall also include shock scenarios to company's experience in the next projection year arising from changes in:
15. reinsurance ceded;
16. reserving basis;
17. exercise rate of policy options;
18. distribution to shareholders; and
19. taxation.
20. The appointed actuary may also consider any other factors that have significant relevance to the insurer's business.

**(b) List of 'Risk Factors' to be considered in projecting financial and capital adequacy positions over the three-year period immediately following recent March 31 under Form ST.**

1. Morbidity/ Claim rates: yearly deterioration in experience over the projection period
2. investment returns
3. Yield curve:
4. Parallel yearly yield curve shift
5. No change for duration less than 5 years, yearly parallel shift for duration more than 5 years, linear interpolation
6. Yearly parallel shift for duration less than 5 years, no change for duration more than 5 years, linear interpolation
7. Change in credit spreads
8. Equity market
9. Equity dividend yield fall over the projection period
10. Equity total returns deteriorate over the projection period
11. Expenses: Yearly deterioration in experience over the projection
12. Renewal rates: Yearly deterioration in experience over the projection period
13. New business: Yearly fall in new business income over the projection period
14. Where material, the appointed actuary shall also include scenarios on deterioration of company's experience over the projection period arising from changes in:
15. reinsurance ceded;
16. reserving basis;
17. exercise rate of policy options;
18. distribution to shareholders; and
19. taxation;
20. The appointed actuary may also consider any other factors that have significant relevance to the insurer's business.

**Form No. IRDAI\_RET\_17**

Return-ACTL-8   
  
**Economic Capital Related Disclosures**

(In Rs. 000s)

| **Description** | **Amount** | **Notes and Comments** |
| --- | --- | --- |
| 1. Technical Provisions   Al. Technical Provisions Related to Outstanding Claims  A2. Technical Provisions Related to Unexpired Risks |  |  |
| 1. Other Liabilities |  |  |
| 1. Other Economic Adjustments |  |  |
| D. Total Liabilities = A+B+C |  |  |
| E. Economic Capital (EC) Requirements :  El. EC for Underwriting Risk  El.l EC for Premium and Reserve Risks  El.2 EC for Catastrophe Risk  E2 EC for Interest Rate Risk  E3 EC for Currency Risk  E4 EC for Other Market Risks  E5 EC for Credit Risk  E6 EC for Liquidity Risk  E7 EC for Operational Risk  E8 EC for Expense Risk  E9 EC for any other Risk(please specify) |  |  |
| F. Aggregate EC Requirement = E1+E2+E3+E4+E5+E6+E7+E8+E9 |  |  |
| G. Total Assets Required = D+F |  |  |
| H. Total Assets Available on an Economic Basis |  |  |
| 1. Total of Statutory Liabilities and 150% of Required Solvency Margin (RSM) |  |  |
| J. Total Assets on an IRDA Basis |  |  |
| K. TAA/TAR Ratio on EC Basis Where  TAA denotes Total Available Assets on EC Basis (Item H) and TAR denotes Total Assets Required on a EC Basis (Item G) | =H/G |  |
| L. TAA/TAR Ratio on IRDA Basis where TAA denotes Total Available Assets on IRDA Basis (Item J) and TAR denotes Total Assets Required on IRDA Basis (Item I) | =J/I |  |

The “Notes and Comments” column needs to be used for providing explanatory notes particularly where the AA has used an approach which is different from what has been recommended in the Master Circular on Submission of Returns.

|  |  |
| --- | --- |
|  | **Persistency and Renewal Rate** |

**Form No. IRDAI\_RET\_11**

Return-ACTL-9

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table-1** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  |  |  |  | |  |  |  | | **Report on Persistency rate** | | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | | |
|  | Persistency Report | |  | Premium Amount/No of policies | | | |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Type of Business | |  | TB at company level/Individual/Group | | | |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Premium Payment Frequency** | | | Mthly/Qly/HLY/Yly | | |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Premium Band** | |  | <25000/25000-50000/50001-100000/>100000 | | | | | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **SA Band** | |  | <100000/100000-500000/500000-10 lakhs/>10lakhs | | | | | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Policy Term** | |  | <10/10-15/>15 | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Persistency Parameters | | |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Parameters | |  | TB/ULP /VLP/NLP/VNLP/HVLP/HULP/HVNLP/HNLP | | | | | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Linked/Non-Linked | |  | Life(Par/Non-Par)/Pension(Par/Non-Par)/Health (Par/Non-Par) | | | | | | | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Distribution channels** | | | Agent/Corporate agents/Brokers/Direct Marketing/CSC/MI agents/internet | | | | | | | | | | |  | | | | | | | |  | |  | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Type of Premium Payment | | | Regular premium/Fully Paid-up/Single Premium Policies | | | | | |  | |  | | |  | | | | | | | |  | |  | | | |  | | | | |  | | | |  | | | |  | | | |
|  | Classification of Region | | | Rural/Urban | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Highest/Lowest Persistency by product | | | Name of the product | | |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Name of the Insurer | |  |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | X - Year of Reporting | | |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  |  |  |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | Persistency Month | **Issue Year "01-April-(X-2) to 31-March-(X-1)"** | | | **Issue Year "01-April-(X-3) to 31-March-(X-2)"** | | | | **Issue Year "01-April-(X-4) to 31-March-(X-3)"** | | | | | | | | **Issue Year "01-April-(X-5) to 31-March-(X-4)"** | | | | | | | | | | | **Issue Year "01-April-(X-6) to 31-March-(X-5)"** | | | | | | | | | | | | |
|  |  | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | | Inforce (Nr) | | | **Persisteny Rate=Inforce/Exposure** | | | Exposure (Dr) | | | Inforce (Nr) | | | | **Persisteny Rate=Inforce/Exposure** | | | | Exposure (Dr) | | | | Inforce (Nr) | | | | | **Persisteny Rate=Inforce/Exposure** | | | |
|  | 13 |  |  |  |  | |  |  |  | |  | | |  | | |  | | |  | | | |  | | | |  | | | |  | | | | |  | | | |
|  | 25 |  |  |  |  | |  |  |  | |  | | |  | | |  | | |  | | | |  | | | |  | | | |  | | | | |  | | | |
|  | 37 |  |  |  |  | |  |  |  | |  | | |  | | |  | | |  | | | |  | | | |  | | | |  | | | | |  | | | |
|  | 49 |  |  |  |  | |  |  |  | |  | | |  | | |  | | |  | | | |  | | | |  | | | |  | | | | |  | | | |
|  | 61 |  |  |  |  | |  |  |  | |  | | |  | | |  | | |  | | | |  | | | |  | | | |  | | | | |  | | | |
|  |  |  |  |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Note: 1** | Dr represents Denominator and Nr represetns Numerator | | | | | |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  | **Note 2:** | Appointed Actuary shall select the parameter to which the report relates | | | | | | | |  | |  | | |  | | | | | | | |  | |  | | | |  | | | | |  | | | |  | | | |  | | | |
|  | **Note 3:** | TB | Total Business | | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | ULP | Unit Linked Portfolio | | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | VLP | Variable Linked Portfolio | | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | NLP | Non-Linked Portfolio (Other than Variable) | | | | |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | VNLP | Variable Non-Linked Portfolio | | | |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | HVLP | Health Variable Linked Portfolio | | | |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | HULP | Health Unit Linked Portfolio | | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | HVNLP | Health Variable Non-Linked Portfolio | | | |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  | HNLP | Health Non-Linked Portfolio (Other than Variable) | | | | |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |
|  |  |  |  |  | |  |  |  | |  | |  | | |  | | |  | | |  | | | | |  | | | |  | | | | |  | | | |  | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table-2** | | | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  | **Report on Renewal rate** |  |  |  |  |  |  |  |  |
|  | Persistency Report | |  | Premium Amount/No of policies | | |  |  |  |  |  |  |  |  |  |  |
|  | Type of Business | |  | TB at company level/Individual/Group | | |  |  |  |  |  |  |  |  |  |  |
|  | Renewal rate Parameters | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Parameters | |  | TB/ULP /VLP/NLP/VNLP/HVLP/HULP/HVNLP/HNLP | | | |  |  |  |  |  |  |  |  |  |
|  | Linked/Non-Linked | |  | Life(Par/Non-Par)/Pension(Par/Non-Par)/Health (Par/Non-Par) | | | | |  |  |  |  |  |  |  |  |
|  | Name of the Insurer | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | X - Year of Reporting | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Persistency Month | **Issue Year "01-April-(X-2) to 31-March-(X-1)"** | | | **Issue Year "01-April-(X-3) to 31-March-(X-2)"** | | | **Issue Year "01-April-(X-4) to 31-March-(X-3)"** | | | **Issue Year "01-April-(X-5) to 31-March-(X-4)"** | | | **Issue Year "01-April-(X-6) to 31-March-(X-5)"** | | |
|  |  | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** | Exposure (Dr) | Inforce (Nr) | **Persisteny Rate=Inforce/Exposure** |
|  | 13 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 25 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 49 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 61 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note: 1** | Dr represents Denominator and Nr represetns Numerator | | | |
| **Note 2:** | Appointed Actuary shall select the parameter to which the report relates | | | |
| **Note 3:** | TB | Total Business |  |  |
|  | ULP | Unit Linked Portfolio |  |  |
|  | VLP | Variable Linked Portfolio |  |  |
|  | NLP | Non-Linked Portfolio (Other than Variable) | | |
|  | VNLP | Variable Non-Linked Portfolio | |  |
|  | HVLP | Health Variable Linked Portfolio | |  |
|  | HULP | Health Unit Linked Portfolio |  |  |
|  | HVNLP | Health Variable Non-Linked Portfolio | |  |
|  | HNLP | Health Non-Linked Portfolio (Other than Variable) | | |

1. This will reflect the cost of bonus net of the provision made for such bonus in the reserves. The surplus on Form I (prior to distribution) is disclosed using reserves with no allowance for the cost of bonus. [↑](#footnote-ref-1)