

# **Consultation paper on proposed amendments to IRDAI (Actuarial, Finance and Investment Functions of Insurer), Regulations, 2024**

Date: 19<sup>th</sup> June, 2026

## **1. Executive Summary**

The insurance sector in India has undergone significant reforms pursuant to the enactment of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (“SBSR Act”). The Insurance Regulatory and Development Authority of India (IRDAI) proposes IRDAI (Actuarial, Finance and Investment Functions of Insurer), (Second Amendment) Regulations, 2026, in light of the changes introduced through the SBSR Act.

The amendments seek to deepen insurance penetration, improve ease of doing business, enhance availability of long-term capital, and strengthen the prudential regulatory framework for insurers. Major reforms under the SBSR Act relate to investments by insurance companies and extending actuarial investigation into financial condition to all the insurers.

The proposed changes relate to regulatory framework regarding appointment of actuaries, manner of preparation of ‘Actuary Report’, valuation balance sheet, Repo transactions, Investment in a company /body corporate owned or controlled by promoter, Government Securities Lending and Investment in private limited companies.

The Authority invites comments from insurers, promoters, investors, professional bodies, legal experts, policyholders, and all other stakeholders on the proposed amendments.

## **2. Existing Regulatory Framework: IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024**

## **3. Objectives of the Proposed Amendments:**

The proposed amendments seek to align the existing regulatory framework with the revised provisions of the Insurance Act, 1938 (the Act) and facilitate a transparent,

growth-oriented, and globally aligned insurance ecosystem while ensuring continued protection of policyholder interests.

#### **4. Key amendments proposed are as under:**

##### **4.1 Schedule-I of the Regulations:**

The newly inserted Section 12A of the Act requires that the eligibility criteria and experience for the appointment of an Actuary by an Insurer, and the powers and functions of the Actuary, shall be specified by the Regulations. In addition, the Act also requires for appointment of Actuaries by Insurers for specific purposes, subject to approval of the Authority (refer to Sections 3B, 22 and 64K of the Act).

The scope of Section 13 of the Act, which requires an Insurer to conduct an investigation into its financial condition, including the valuation of liabilities and the submission of a report thereon by an Actuary, has now been extended to all Insurers.

Scope of Section 49 of the Act, which requires that the Bonus and Dividend declaration, service of debentures shall be based on the surplus arising in the Valuation Balance Sheet (as specified by the Regulations) has been extended to all insurers.

The major changes introduced to the actuarial functions of insurers on account of the amendments are as under:

- **Appointment of Actuary:** Eligibility Criteria, procedure for appointment, Powers and Functions for Certifying Actuary of Foreign Reinsurance Braches (FRBs) and Actuary appointed for other specific purposes as per the Act.
- **Actuary Report:** All Insurers (including FRBs) carrying on general, health and reinsurance class of business shall submit (a) Financial Condition Report (FCR) detailing the business carried out and (b) Incurred but Not Reported (IBNR) Claim Reserve Report detailing the methodology and results of valuation of liabilities.
- **Valuation Balance Sheet:** For all Insurers (including FRBs) carrying on general, health and reinsurance class of business, procedure for determination and distribution of surplus and format of new Valuation Balance Sheet.

## 4.2 Schedule-III of the Regulations:

Earlier Sections 27A, 27B, 27C and 27D of the Insurance Act prescribing investment requirements, exposure norms and approved investment categories have been replaced with Section 27. Major changes introduced pertaining to the investment function of insurers pursuant to amendments to the Act are as under:

- **Repo transactions:** To facilitate liquidity management, the repo transactions for life insurers is proposed to be allowed.
- **Government Securities Lending:** To enable Insurers to generate additional income in the form of Lending Fees with their surplus Govt. Securities, Government Securities lending is proposed to be allowed.
- **Investment in a company /body corporate owned or controlled by promoter:** Insurer may invest not more than 5% of the investment assets in a company or body corporate which is owned or controlled by the promoter. Further, an insurer shall not have investments of more than 5% in aggregate of its investment assets in all companies belonging to the promoters' group.
- **Investment in private limited companies:** Insurers may invest not more than 5% of Shareholders' Fund available beyond solvency margin in private limited companies with a minimum net worth of Rs.25 Cr and reported net profit.

## 5. Invitation for Comments

- IRDAI invites comments and suggestions from insurers, promoters, investors, professional bodies, policyholders and other stakeholders on the proposed amendments and the accompanying exposure draft of IRDAI ([Actuarial, Finance and Investment Functions of Insurer](#)), (Second Amendment) Regulations, 2026. Exposure draft of the Regulation is as per Annexure 1. Stakeholders may submit their comments on the Exposure Draft in the format specified in Annexure 2.
- Comments may be submitted to [actuarial-policy@irdai.gov.in](mailto:actuarial-policy@irdai.gov.in) with a copy marked to [investments@irdai.gov.in](mailto:investments@irdai.gov.in) on or before 10<sup>th</sup> July, 2026.

**This Consultation Paper is issued for public and industry comments.**

## **Exposure Draft**

### **Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Second Amendment) Regulations, 2026**

In exercise of the powers conferred by clauses (f), (g), (gc), (h), (i), (ia), (ib), (y), (z), (za), (zd) and (zab) of sub-section (2) of section 114A, Sections 11, 12A, 13, 20, 27, 27E, 28, clause (a) of sub-section (3) of section 29, 49, 64V, 64VA and 119 of the Insurance Act, 1938, (4 of 1938) and section 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby makes following amendments to Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 namely:

#### **1. Short Title and Commencement:**

- a. These Regulations may be called Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Second Amendment) Regulations, 2026.
  - b. These Regulations shall come into force on the date of their publication in the official Gazette.
2. Objectives: The objective of these regulations is to amend the principal regulations, Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 in line with the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025.
3. Chapter III of principal Regulations: For Regulation 7, the following Regulation shall be substituted, namely:

#### **7. Power to issue circulars, guidelines and directions**

The Competent Authority may issue from time to time circulars, guidelines and directions relating to these regulations, if necessary including but not limited to, with profit committee, applicable norms in respect of appointment of Actuary(ies), Foreign Re-insurer's Branches, detailed information to be obtained in relation to the statements appended to the Actuary Report, submission of any other additional forms or statements with respect to Life insurance, General insurance, Health insurance and Reinsurance business as applicable.

4. Throughout the principal Regulations, for the words "Actuarial Report and Abstract", the words "Actuary Report" shall be substituted.

### **SCHEDULE-I ACTUARIAL FUNCTIONS**

5. In Clause 1 of Part I of the Schedule I of principal Regulations, after sub clause 1(3), the following sub Clauses shall be inserted, namely:

- (4) "Appointed Actuary" means an Actuary appointed by the insurer other than Foreign Re-insurer's Branch under Section 12A of the Act as per the criteria specified under these Regulations;

- (5) “Certifying Actuary” means an Actuary appointed by the Foreign Re-insurer’s Branch under Section 12A of the Act as per the criteria specified under these Regulations;
- (6) “Actuary for specific purposes” means an Actuary appointed by the insurer for the purposes of Section 3B or 22 or 64K under Section 12A of the Act as per the criteria specified under these Regulations.
6. In Part II of the Schedule I of principal Regulations:
- a. The heading “Appointed Actuary” shall be substituted as “Appointment of Actuary”
- b. For clause 1, the following clause shall be substituted, namely:

**1. Appointment of Appointed Actuary by insurers other than FRBs:**

- (1) Every insurer shall appoint the Appointed Actuary with prior approval of Competent Authority subject to satisfying the eligibility criteria and experience specified under Clause 2(1) of Part II of Schedule-I these Regulations.
- (2) The powers and functions of the Appointed Actuary shall be as specified under Clause 6 and 7 of Part II of Schedule-I these Regulations.
- c. Throughout Part II of Schedule-I of principal Regulations, for the words “Duties and Obligations”, “duties, obligations”, “functions and duties” and “duties”, the word “Functions” shall be substituted.
- d. For Sub Clause 7(12)(i), the following Sub Clause shall be substituted, namely:
- (i) Certifying the Actuary Report and other returns as required under sections 13 and 49 of the Act;
- e. After Sub Clause 7(13) (vi), the following Sub Clause shall be inserted, namely:
- (vii) Certifying the Actuary Report and other returns as required under sections 13 and 49 of the Act;
- f. For Clause 10, the existing clause shall be substituted with the following, namely:

**10. Applicability to reinsurance business**

- (1) Appointment of Appointed Actuary
- (i) Every Indian Re-insurer shall appoint the Appointed Actuary for Life reinsurance business and General reinsurance business separately with prior approval of Competent Authority subject to satisfying the eligibility criteria and experience specified for life insurer and general insurer respectively under Clause 2(1) of Part II of Schedule-I of these Regulations.

- (ii) The powers and functions of the Appointed Actuary shall be as specified under Clauses 6 and 7 of Part II of Schedule-I of these Regulations.
- (2) Every Foreign Re-insurer's Branch registered to carry on reinsurance business in India shall appoint "Certifying Actuary" for Life reinsurance business and General reinsurance business separately as per the criteria specified under Clause 10(3) of Part II of Schedule-I these Regulations and shall intimate such appointment to the Competent Authority within seven days of such appointment.
- (3) A person shall be eligible to be appointed as Certifying Actuary if he or she satisfies with the following conditions:
- (i) Fellow member of the Institute of Actuaries of India;
  - (ii) A person who possesses valid Certificate of Practice (COP) issued by the Institute of Actuaries of India in General Insurance and Life Insurance business in order to certify the returns and reports of General and Life reinsurance businesses respectively;
  - (iii) Not over the age of 70 years as at the date of certification of such reports;
  - (iv) A person having at least 5 years' relevant post qualification experience in respective areas;
  - (v) Not an employee of any other insurer or re-insurer in India;
  - (vi) A person who has not committed any professional or other misconduct;
  - (vii) Not a person adjudicated bankrupt during the last ten years;
  - (viii) The Certifying Actuary shall not simultaneously work in the same capacity of any other FRB or as Appointed Actuary for any other insurer or re-insurer.
  - (ix) The Certifying Actuary shall function in accordance with these regulations, and he or she shall not function in any other capacity which could result in conflict of interest in performing his or her role as Certifying Actuary in accordance with these regulations.
  - (x) The FRB and the Certifying Actuary shall comply with the provisions of clause 10(3)(ix) of Part II of Schedule-I of these regulations at all times while certifying the Reports and Statements as prescribed in these Regulations.

**(4) Powers of Certifying Actuary**

- (i) A Certifying Actuary shall have access to all such information and documents in possession or under control, of the FRB if such access is necessary for the proper and effective performance of the functions of the Certifying Actuary.

- (ii) The Certifying Actuary may seek any information for the purpose of clause 10(4)(i) of Part II of Schedule-I of these regulations from any officer or employee of the FRB.
- (iii) The Certifying Actuary shall be entitled to make statement to the FRB:
  - (a) that relates to the actuarial advice given to the directors and (or) Executive Committee of Management;
  - (b) that may affect the solvency of the FRB;
  - (c) on which actuarial advice is necessary.
- (iv) A Certifying Actuary shall be entitled to make any statement to FRB, for the purpose of the performance of his or her functions as Certifying Actuary. This is in addition to any other privilege conferred upon a Certifying Actuary under any other regulations.
- (v) No provision of the letter of appointment of the Certifying Actuary, shall restrict or prevent his or her functions and powers under these regulations.

**(5) Functions of Certifying Actuary**

- (i) Ensuring that all the requisite records have been made available to him or her for the purpose of conducting actuarial valuation of liabilities and assets of the FRB;
- (ii) Certifying the Actuary Report and other returns as required under section 13 of the Act;
- (iii) Complying with the provisions of the section 64V of the Act in regard to certification of the assets and liabilities that have been valued in the manner required under the said section;
- (iv) Complying with the provisions of the section 64 VA of the Act in regard to maintenance of required control level of solvency margin in the manner required under the said section;
- (v) Drawing the attention of management of the FRB, to any matter on which he or she thinks that action is required to be taken by the FRB to avoid any contravention of the Act;
- (vi) Complying with the Authority's directions from time to time;
- (vii) Complying with the provisions of section 21 of the Act in regard to further information required by the Authority;
- (viii) While performing his or her functions, the Certifying Actuary shall:

- (a) carryout his or her responsibilities in individual capacity
  - (b) along with FRB, ensure that there is no conflict of interest while certifying the Reports and Statements as prescribed in these Regulations
- (ix) In addition to the above, functions of a Certifying Actuary of an FRB carrying on life reinsurance business shall include:
- (a) Certifying that the mathematical reserves have been determined in the manner prescribed in Part V of Schedule-I of these regulations and taking into account the Guidance Notes /Actuarial Practice Standard issued by the Institute of Actuaries of India and any directions given by the Authority;
  - (b) Coordinating the calculation of mathematical reserves;
  - (c) Ensuring the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of mathematical reserves;
  - (d) Assessing the sufficiency and quality of the data used in the calculation of mathematical reserves;
  - (e) Informing the Board and (or) Executive Committee of Management of the FRB about the reliability and adequacy of mathematical reserves;
- (x) In addition to sub clauses 5(i) to 5(viii) of Clause 10 of Part-II of Schedule-I of these regulations, the functions of a Certifying Actuary of an FRB carrying on General or Health reinsurance business shall include:
- (a) Certifying that claims reserves including reserves for incurred but not reported claims (IBNR) and other reserves (including reserves for incurred but not enough reported claims (IBNER) and premium deficiency reserve (PDR)) have been determined using actuarial principles and in the manner prescribed in Part V of Schedule-I of these regulations;
  - (b) Coordinating the calculation of reserves for IBNR and other reserves (including reserves for IBNER and PDR);
  - (c) Assessing the sufficiency and quality of the data used in the calculation of reserves for IBNR and other reserves including reserves for IBNER and PDR;
  - (d) Informing the Board and (or) Executive Committee of Management of the FRB about the reliability and adequacy of IBNR and other reserves including reserves for IBNER and PDR;

- (xi) While carrying out his or her functions, the Certifying Actuary shall pay due regard to generally accepted actuarial principles and practices;
- (xii) The Certifying Actuary shall inform the Competent Authority of any disciplinary proceedings initiated against him or her by any entity within seven days from the date of such initiation.

g. After Clause 10, the following Clause shall be inserted, namely:

11. Appointment of Actuary for specific purposes of Sections 3B, 22 and 64K of the Act:

(1) Eligibility Criteria

- (i) The Actuary appointed for the purposes of Sections 3B or 64K of the Act shall satisfy all the eligibility criteria applicable for Appointed Actuary for a life insurer as stipulated under clause 2(1) of Part II of Schedule – I of these Regulations other than the criteria stipulated under the sub clause 2(1)(vi).
  - (ii) The Actuary appointed for the purposes of Section 3B of the Act for life reinsurance business of an Indian re-insurer shall satisfy all the eligibility criteria applicable for Appointed Actuary for a life insurer as stipulated under clause 2(1) of Part II of Schedule – I of these Regulations other than the criteria stipulated under the sub clause 2(1)(vi).
  - (iii) The Actuary appointed for the purposes of Section 3B of the Act for life reinsurance business of an FRB shall satisfy all the eligibility criteria applicable for Certifying Actuary for the life reinsurance business as stipulated under clause 10(3) of Part II of Schedule – I of these Regulations
  - (iv) The Actuary appointed for the purposes of Section 22 of the Act by an insurer other than FRB, shall satisfy all the eligibility criteria applicable for Appointed Actuary for life insurer or general insurer or health insurer or Indian re-insurer, as the case may be, as stipulated under clause 2(1) of Part II of Schedule – I of these Regulations other than the criteria stipulated under the sub clause 2(1)(vi).
  - (v) The Actuary appointed for the purposes of Section 22 of the Act by an FRB shall satisfy all the eligibility criteria applicable for Certifying Actuary for life reinsurance or general reinsurance business as the case may be, as stipulated under clause 10(3) of Part II of Schedule – I of these Regulations
- (2) The Actuary shall carry out his or her responsibilities in individual capacity.
  - (3) The Insurer and the Actuary shall ensure that there is no conflict of interest while carrying out the functions for the purposes of referred Sections of the Act.
  - (4) Powers of the Actuary: The Actuary shall have access to all such information and documents in possession or under control, of the insurer if such access is necessary

for the proper and effective performance of the functions as specified in the respective Sections of the Act.

- (5) The Actuary shall ensure compliance with these Regulations and other regulations, circulars, guidelines issued by the Authority as well as Actuarial Practice Standards/ Guidance Notes issued by the Institute of Actuaries of India.
- (6) The procedure for appointment of such actuary shall be governed in accordance with clauses 2(3) to 2(6) of Part II of Schedule-I of these regulations.
- (7) The Competent Authority may, on request of the insurer, grant relaxation for one or more conditions.

Provided, in respect of insurers other than FRBs, there shall be no relaxation in respect of conditions under clause 2(1)(ii), 2(1)(vii) and 2(1)(ix) of Part II of Schedule-I of these regulations.

Provided further, in respect of FRBs, there shall be no relaxation in respect of conditions under clause 10(3)(i), 10(3)(ii) and 10(3)(vi) of Part II of Schedule-I of these regulations.

- (8) Obligations of Insurer: The insurer shall ensure that the Actuary is provided with full and accurate particulars to discharge his or her functions.
- (9) Cessation of Appointment of Actuary appointed for specific purpose:
  - (i) The Actuary shall be given a notice of withdrawal of approval by the Competent Authority on the following grounds:
    - (a) that he or she ceases to be eligible in accordance with clause 11(1) of Part II of Schedule-I of these regulations, or
    - (b) that he or she has, in the opinion of the Competent Authority, failed to perform adequately and properly the functions of the Actuary appointed for the specific purpose under these regulations.
  - (ii) The Competent Authority after serving a notice to such Actuary shall grant an opportunity of being heard and thereafter issue appropriate order either withdrawing approval or revocation of the notice issued.
  - (iii) If the Actuary makes formal intimation to the insurer to cease to be an Actuary of the insurer otherwise than on the grounds mentioned in clause 11(9)(i) of Part II of Schedule-I of these regulations, the insurer and the Actuary shall intimate the Competent Authority the reasons thereof within one week of the date of such intimation to the insurer.

7. Throughout Part III of Schedule I of principal Regulations, for the word “Abstract”, the word “Report” shall be substituted. For Part III(B) of Schedule I of principal Regulations, the heading

shall be substituted as “Actuary Report for Life Insurance Business as stipulated under the Section 13 of the Act.”

8. After Clause 1(3) of Part III(B) of Schedule-I of principal Regulations, the following section shall be inserted:

(4) The Actuary Report shall be signed in the case of a company by the chairperson and two directors and by the principal officer of the company and, if the company has a managing director by that managing director and by the actuary who made the valuation.

9. In Part IV of Schedule-I of principal Regulations:

a. Under the heading, Valuation of General Insurance Business, the section “(A) Assets, Liabilities and Solvency Margin” shall be inserted before Clause 1.

b. After the Clause 2(4) of Part IV(A), the following clause shall be inserted:

(4A) Determination of Surplus (also referred to as Actuarial Surplus or Valuation Surplus)

(1) Appointed Actuary of general insurer or standalone health insurer, shall determine the actuarial surplus (also referred to as valuation surplus) arising out of a valuation of assets and liabilities made for a financial year in accordance with Part IV of Schedule-I of these regulations.

(2) Every general insurer and standalone health insurer shall report the Valuation Surplus as determined above in Form IRDAI-GI-I as specified in Annexure-Actl-17.

c. In the Clause 2(5) of Part IV(A):

i. In the sub clause 5(iii), after the words “with Annexure Actl- 12.”, the words “and Statement of Surplus in Form IRDAI-GI-I in accordance with Annexure-Actl-17.” shall be inserted.

ii. In the sub clause 5(v), for the words “and FORM IRDAI-GI-SM”, the words “, FORM IRDAI-GI-SM and FORM IRDAI-GI-I” shall be inserted.

d. After the Clause 6 of Part IV(A), the following section shall be inserted:

(B) Actuary Report and Statements as stipulated under the Section 13 of the Act

1. The Actuary Report and forms shall be prepared and furnished to the Authority in the format as specified below.

(i) Financial Condition Report in the format as specified in Annexure Actl-15

(ii) IBNR Claim Reserve Report in format as specified in Annexure Actl -16

2. The Report and forms as referred in clause 1 of Part IV(B) of Schedule-I of these regulations shall be furnished to the Authority, within three months from the end of the period to which they refer to or within thirty days from the date of adoption of accounts by the Board of the insurer, whichever is earlier, along with any other reports as may be specified by the Competent Authority from time to time.
  3. The Actuary Report as specified under clause 1 of part IV(B) of Schedule-I of these Regulations shall be signed in the case of a company by the chairperson and two directors and by the principal officer of the company and, if the company has a managing director by that managing director and by the actuary who made the valuation.
10. In Part V of the Schedule I of principal Regulations:
- a. Before Clause 1, the following shall be inserted namely:
 

**(A) Assets, Liabilities and Solvency Margin.**
  - b. After the Clause 4 of Part V(A), the following clause shall be inserted:
 

(4A) Determination of Surplus (also referred to as Actuarial Surplus or Valuation Surplus)

    - (1) Appointed Actuary(ies) of Indian re-insurer and Certifying Actuary(ies) of Foreign Reinsurer’s Branch, shall determine the actuarial surplus (also referred to as valuation surplus) arising out of a valuation of assets and liabilities made for a financial year in accordance with Part III and Part IV of Schedule-I of these regulations.
    - (2) Every Indian re-insurer and Foreign Reinsurer’s Branch shall report the Valuation Surplus as determined above in Form IRDAI-RI-I as specified in Annexure-Actl-17A.
  - c. In the Clause 5 of Part V(A) of Schedule-I:
    - (i) In sub clause 1(i), for the words “Statements of Liabilities (Annexure Actl-1)”, the words “Statements of Liabilities (Annexure Actl-1)other than Form IA-NPAR, Form IA-PAR, Form AA” shall be substituted.
    - (ii) After sub clause 3(ii), the following shall be inserted:
      - (iii) Valuation Balance Sheet- Form IRDAI-RI-I (Annexure Actl- 17A)
      - (iii) In sub clause (4), for the words “Part V”, the words “Part V(A)” shall be substituted.
  - d. The Clause 6 of Part V(A) of Schedule I of the Regulations shall be omitted. After the Clause 5 of Part V(A), the following section shall be inserted namely:
 

**(B) Actuary Report as stipulated under the Section 13 of the Act:**

    1. The **Actuary** Report shall be prepared and furnished to the Authority in the format as specified below:

- (1) Indian re-insurers:
  - (i) Actuary Report for Life reinsurance business shall be prepared in accordance with provisions under Part III (B) with applicable statements as referred under Clause 5(1) of Part V(A) of Schedule-I of these Regulations.
  - (ii) Actuary Report for General reinsurance business in the format of Financial Condition Report as specified in Annexure – Actl 15 along with IBNR Reserve in format as specified in Annexure –Actl 16.
  - (iii) The Actuary Report as specified under clause 1(1)(i) and 1(1)(ii) of part V(B) of Schedule-I of these Regulations shall be signed in the case of a company by the chairperson and two directors and by the principal officer of the company and, if the company has a managing director by that managing director and by the actuary who made the valuation.
- (2) Foreign Re-insurer’s Branches
  - (i) Actuary Report for Life reinsurance business shall be prepared in accordance with provisions under Part III (B) with applicable statements as referred under Part V(A) of Schedule-I of these Regulations.
  - (ii) Actuary Report for General reinsurance business in the format of Financial Condition Report as specified in Annexure Actl-15A and IBNR Reserve Report in format as specified in Annexure Actl-16.
  - (iii) The Actuary Report as specified under clause 1(2)(i) and 1(2)(ii) of part V(B) of Schedule-I of these Regulations shall be signed by the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the actuary who made the valuation.
2. The Report and forms as referred in clause 5 of Part V(A) and Clause 1 of Part V(B) of Schedule-I of these regulations shall be furnished to the Authority, within three months from the end of the period to which they refer to or within thirty days from the date of adoption of accounts by the Board of the reinsurer, whichever is earlier, along with any other reports as may be specified by the Competent Authority from time to time.

### **SCHEDULE III - INVESTMENT FUNCTIONS**

1. Throughout the principal Regulations, for the words and figures “Section 27A(2)”, the words ““Proviso to Section 27(1)”” shall be substituted.
2. In the clause 2 of Part II of the Schedule III of principal Regulations
  - a) in the sub-clause (1) for the word and figures “Sec 27A”, the word and figures “explanation (iii) to the Section 27(10)” shall be substituted and for the word and figures “Sec 27(2)” the word and figures “explanation (i) to the Section 27(10)” shall be substituted.

- b) in the sub-clause (3) the word and figures “ to comply with the provisions of Section 27A (2) (ii) of the Act” shall be omitted.
3. In clause 4 of Part II of the Schedule III of principal Regulations the figures and letter “27A” shall be omitted.
  4. In clause 5 of Part II of the Schedule III of principal Regulations the figures and letter “27A” shall be omitted.
  5. In clause 6 of Part II of the Schedule III of principal Regulations the figures and letter “27A” shall be omitted.
  6. In clause 7 of Part II of the Schedule III of principal Regulations the figures and letter “27B” shall be omitted.
  7. In clause 8 of Part II of the Schedule III of principal Regulations the figures and letters “27A”, “27B” and “27C” shall be omitted.
  8. In clause 8 of Part II of the Schedule III of principal Regulations, the following note shall be inserted after note IV.

IV(a): Notwithstanding the provisions mentioned in the note IV above, Insurers are allowed to invest a maximum 20% of the debt issued by Public Limited Special Purpose Vehicle engaged in infrastructure sector or amount under clause 8(2)(a), whichever is lower, as a part of Approved Investments, provided:

- i. The underlying project has commenced commercial operation and cash flows have stabilized;
- ii. The proceeds of the issue are utilized to refinance the existing debt/loan of SPV;
- iii. The debt/loan is treated as standard in the books of the lender;
- iv. The debt issued shall have minimum credit rating of AA;
- v. The SPV shall disclose on quarterly basis, the cash flows generated from the project to the insurer;
- vi. The insurer in their financial statements shall disclose the following details;
  - a) the name of SPV;
  - b) the amount invested in debt of SPV;
  - c) the tenure of the debt;
  - d) the coupon rate of interest on the debt;

e) Commercial Operation Date.

9. In clause 8 of Part II of the Schedule III of principal Regulations, the following note shall be substituted for note VII.

Note VII: Subject to exposure limits mentioned in the table above, an insurer may invest not more than five percent (5%) of the assets of its investment assets in a company or other body corporate which is owned or controlled by the promoters. Further, an insurer shall not have investments of more than 5% in aggregate of its investment assets in all companies belonging to the promoters' group. Investment made in all companies belonging to the promoters group shall not be made by way of private placement (except QIPs of BSE100/NSE100 companies and Central Public Sector Enterprises) or in unlisted instruments (equity, debt, certificate of deposits and fixed deposits held in a Scheduled Commercial Bank), except for companies formed by Insurers under Note XII to clause 8.

10. In clause 8 of Part II of the Schedule III of principal Regulations, the following notes shall be inserted after note XIII.

Note XIV: Investment in Private Limited companies: Insurers may invest not more than 5% of the shareholders' funds available beyond solvency margin, in equity or debt instruments of private limited companies, subject to the following conditions:

- i. The Exposure and Prudential norms specified under clause 8 are to be complied with respect to such investments.
- ii. The investee company shall have a net worth of minimum Rs. 25 Crore and reported net profit for at least two years out of three preceding years.
- iii. No investments shall be made in private limited companies belonging to promoters' group of the insurer.

Note XV: Repo and Government Securities Lending Transactions. Insurers are allowed to participate in Repo and Government Securities Lending Transactions subject to the following conditions:

- i. The gross combined limit for Repo and Government Securities Lending at any point of time is 10% of Government Securities available after meeting the applicable pattern of investment requirements specified under the clauses 4, 5 and 7 or Rs. 10,000 crores, whichever is less.
- ii. Extant RBI directions applicable for Repo and Government Securities Lending are to be complied.

Note XVI: Reverse Repo transactions.

- i. In case of Life Insurers, the exposure to reverse repo transactions in Corporate Debt Securities at any point of time shall not exceed 10% of all funds taken together. Further,

at individual Segregated Fund level [SFIN], the exposure should not exceed 10% of such fund size [SFIN].

- ii. In case of General Insurer including an insurer carrying on business of reinsurance or health insurance or in case of a branch of a foreign company engaged in the business of re-insurance the exposure to Reverse Repo transactions in Corporate Debt Securities shall not exceed 10% of Investment Assets of the Insurer.
  - iii. Reverse Repo transactions in Corporate Debt securities are subject to exposure and prudential norms specified under clause 8.
  - iv. For Reverse Repo transaction in Govt. Securities the 10% Investment limit specified above is not applicable.
11. In Form – 6 of Annexure INV-III to the Clause 9 of Part III of the Schedule III of principal Regulations the figures and letter “27(A)(5)” the word and figures “proviso to Section 27(2)” shall be substituted.
12. In the sub-clause (6) of clause 12 of Part III of the Schedule III of principal Regulations for the word and figures “Section 27A”, the word and figures “explanation (iii) to the Section 27(10)” shall be substituted and for the word and figures “Sec 27(2)” the word and figures “explanation (i) to the Section 27(10)” shall be substituted.

#### **SCHEDULE – V: INSPECTION AND SUPPLY OF RETURNS**

1. For Clause 1 of Schedule V of the Principal Regulations, the following clause shall be substituted, namely:

1. Inspection and Supply of Returns / Documents:

- (1) Any person:

- (a) seeking inspection of any return or a copy of any return under Section 20 (1) of the Act; or

- (b) seeking inspection of document or copy of document under section 119 of the Act;

shall make an application to the Authority in such manner as may be specified by the Competent Authority.

## **Annexure Actl-15**

**(See Clause 1(i) of Part IV (B) of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024)**

**The Financial Condition Report (FCR) shall be submitted annually in the following format. In addition, the insurer shall submit the FCR tables as per Part-B:**

### **Part A**

#### **1. The Objectives:**

- (i) 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.
- (ii) This report shall specifically address:
  - (a) 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
  - (b) Building of early warning signals to assess the financial condition
  - (c) Comprehensive view on the company

#### **2. Lines of Business**

- (i) It is recommended that Actuary must necessarily analyze and comment on the each of the LOB stated under clause 2(2)(ii)(a) of Part IV(A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.
- (ii) In addition, Actuary 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:
  - (a) Motor Third party, whether written as part of a Motor package policy or Motor Act Only policy, regardless of the size, and
  - (b) 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
    - (5) Any other product or line of business which Actuary believes is material to the financial condition of the insurer.
- (iii) Actuary may produce any other data or table that he/she believes aids in the analysis &/or presentation of financial condition of the company.

#### **3. Instructions:**

- (i) The Actuary shall ensure the following:
  - (a) 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”.

(b) 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 ( )
- (ii) The sequential order in the LOB table shall be strictly followed.
- (iii) The Actuary shall provide detailed analysis along with the actions proposed, if any, on each section of the FCR.

### **Section 1: Executive summary**

- 1.1 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.
- 1.2 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.
- 1.3 The 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**

- 2.1 Actuary 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
- 2.2 The following aspects are expected to be covered
- (a) Performance in the financial year
  - (b) 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
  - (c) Future projections (based on Management inputs)
  - (d) Industry comparison - Key parameters to be benchmarked with industry information available as on date of preparation of report
  - (e) 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.)
  - (f) Financial highlights from the latest published financial statements of the promoter companies (assets, liabilities, profits for the year, etc.)

2.3 Format for the representation of company financials is given in Part B .

### **Section 3: Enterprise Business Analysis**

In this section Actuary 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 Actuary so that the key issues are highlighted.

Analysis could pertain to:

- 3.1 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.
- 3.2 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.
- 3.3 Reinsurance structure including retention ratio. Comments on reinsurance arrangement for the next year (based on the proposed RI policy) need to be made. Actuary'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.
- 3.4 Grievances - Actuary's comments on data on customer grievances and steps to be taken from a policyholder protection point of view needs to be emphasized
- 3.5 Sufficiency and quality of data : Actuary'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.
- 3.6 Data deficiency reserve: If the Actuary feels that there is a need to setup data deficiency reserve, comments about the same can be made in this section.
- 3.7 Consistency: Actuary's comments on consistency between pricing policy, underwriting policy and reserving policy of the insurer.
- 3.8 Appropriateness of methodologies: The Actuary'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).
- 3.9 Reliability and adequacy of calculation of IBNR: The Actuary'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)**

- 4.1 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 Actuary considers to be critical to the company from an FCR point of view. The Actuary'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.
- 4.2 The following points may be included in the analysis pertaining to this section for each material LOB:
  - (a) Growth over the years
  - (b) Future projection
  - (c) Business Mix
  - (d) Loss ratio trends
  - (e) Premium adequacy
  - (f) Reinsurance policy
  - (g) Reserving adequacy
  - (h) Commentary on Expense Allocations, its appropriateness, compliance to IRDAI (Expenses of Management, including Commission of Insurers) Regulations, 2024 and Section 40B and 40C of Insurance Act.
  - (i) Profitability
  - (j) Renewal analysis (for retail lines)

(k) Impact of the LOB on to the financial condition of the company

The tables to be prepared is given in Part B

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

This section should include Actuary's comments on the following:

- 5.1 Current investment portfolio and strategy being followed.
- 5.2 Actuary's comments on the proposed investment policy for the next year especially the changes in the policy compared to last year
- 5.3 Analysis of the portfolio from an ALM perspective as on 31st March
- 5.4 ALM to be done as on 31st March on a run off basis. Formats for ALM working is given in Part B.

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

- 6.1 This is a critical chapter wherein the Actuary is expected to discuss about the current and future solvency position of the company.
- 6.2 The Actuary 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.
- 6.3 The scenario/stress testing is expected to be performed on the business projections given earlier.
- 6.4 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.
- 6.5 Actuary shall estimate the Economic Capital and submit the related disclosures as specified by the Competent Authority.

Format to represent the results from scenario / stress testing is given in Part B.

Scenarios are to be explicitly mentioned by the Actuary

### **Section 7: Risk Management**

- 7.1 In this section, the Actuary 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.
- 7.2 Ideally, the overall characterization shall include the various key risk accumulations, be they by exposure lines or operational units, etc., per the Actuary'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 Actuary shall opine how the overall risk characteristics of the insurer compare with the stated risk appetite approved by the insurer's board of directors.
- 7.3 The Actuary shall discuss the following point-wise
  - (a) The material lines of business written
  - (b) The material reserves arising from lines in run-off (if any)

- (c) Key Risks
- (d) Risk Concentration. Region wise, product wise, line of business wise, distribution channel wise, any other factor deemed material by the Actuary, etc.
- (e) Key trends or factors that have or may have a significant impact on the financial condition of the company
- (f) The impact arising out of the company's operational practices like discounts, response to market competition, reserving practices, catastrophes, business volume, etc.

#### 7.4 Risk Characterization

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

- (a) 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 Actuary 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
- (b) It is desirable that the Actuary augments his analysis by constructing a "variance covariance" 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.

#### 7.5 Risk management and mitigation

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

- (a) An overview of the risk management functions with special focus on the chain of command employed in accepting and managing risks.
- (b) Steps taken to understand the quantity of risk and risk appetite.
- (c) 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.
- (d) Risk monitoring procedures, review process and feedback loop.
- (e) Contingency plans for emerging risks and the development of latent claims (if any).
- (f) Development of necessary structural changes in pricing and reserving methodologies as a function of the risk performance of the company.

#### 7.6 Sensitivity

At the enterprise level, the Actuary shall perform following sensitivity analysis, scenario analysis and present the result in the format provided in Part – B. Such stress test shall, at minimum, cover the following parameters:

- (a) Scenario 1: Fall of market value of equity investments by 20% compared to the base scenario.
- (b) Scenario 2: Increase in market value of equity investments by 20% compared to the base scenario.
- (c) Scenario 3: Fall in interest rate on debt investments by 100bps compared to the base scenario.

- (d) Scenario 4: Rise in interest rate on debt investments by 100bps compared to the base scenario.
- (e) Scenario 5: Decrease of Ultimate Loss Ratio by 20% (multiplicative) compared to the base scenario.
- (f) Scenario 6: Increase of Ultimate Loss Ratio by 20% (multiplicative) compared to the base scenario.

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

- (a) In addition to above scenarios, the sensitivity of the business to the key risk exposures.
- (b) The methods and assumptions used to assess the sensitivities.
- (c) The sensitivity of the risks that have a significant impact on the solvency of the company.

### **Section 8: Reinsurance**

In this chapter the Actuary shall discuss the following

- 8.1 Reinsurance program of the company in the past year and its adequacy.
- 8.2 Reinsurance program for the forthcoming year.
- 8.3 Changes with respect to previous year's program to be highlighted.
- 8.4 Actuary may also include a table along with details and analysis of treaties.
- 8.5 Actuary's recommendations.

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

The insurer shall provide the following under this chapter:

- 9.1 The date and place of board meeting where the report was presented
- 9.2 Whether formally presented or tabled or sent by circulation
- 9.3 Comments of the Board and proposed course of action, if any on the any part of the FCR or issues raised by Actuary
- 9.4 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**

Actuary Certification:

"I, (name of Actuary), the Actuary of (name of insurer), hereby certify,

- (a) that I have complied with the provisions of the Insurance Act, 1938, Regulations, Rules and Directions of the IRDAI;
- (b) 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;
- (c) that the reserves for technical liabilities have been based on accurate data and have been calculated and reported accurately, subject to the following qualifications (list the qualifications, if any);
- (d) that I have calculated the Required Solvency Margin accurately; and
- (e) that the reserves for technical liabilities 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.

- (f) 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 Actuary:

Signature of Actuary:

**CEO Certification:**

I certify that full and accurate data has been furnished to the 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,

- (a) that I have reviewed the submission made by the Appointed Actuary.
- (b) 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 / 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 / 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 / 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-Premium Deficiency Reserve
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.**

**Part- B**

**FCR Tables**

Name of the insurer	
<b>Table 1</b>	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			

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
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\*\***

**Name:**

**Signature of Mentor Actuary**

**Name:**

**Signature of Principal officer**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 2</b>	<b>Balance Sheet</b>		
<b>Name of the insurer</b>			
Reporting year	FYE 31-Mar-X		
<b>Particulars</b>	<b>FYE 31-Mar-X</b>	<b>FYE 31-Mar- X-1</b>	<b>FYE 31- Mar-X-2</b>
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<sup>##</sup>**

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

<sup>##</sup>In case of Foreign Reinsurance Branches

<b>Table 3</b>	<b>Ratios</b>
----------------	---------------

<b>Name of the insurer</b>	
Reporting year      FYE 31-Mar-X	<b>LOB</b>

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

**Signature of the Appointed Actuary/Certifying Actuary<sup>\*\*</sup>**

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

<sup>\*\*</sup>In case of Foreign Reinsurance Branches

<b>Table 4a</b>	<b>Reinsurance Treaty</b>
<b>Name of the insurer</b>	
<b>Reporting year</b>	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)

<b>Table 4b</b>	<b>Reinsurance Cashflow</b>
<b>Name of the insurer</b>	
<b>Reporting year</b>	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
			Received (3)	Outstanding (4)			
	(1)	(2)	Received (3)	Outstanding (4)	(5)	(6)	(7) = (3+4+5+6-1-2)

Signature of the Appointed Actuary/Certifying Actuary\*\*

Signature of Mentor Actuary

Signature of Principal officer

Name:

Name:

Name:

\*\*In case of Foreign Reinsurance Branches

<b>Table 5</b>	<b>Reserve Adequacy</b>
----------------	-------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X <span style="float: right;"><b>LOB</b></span>

Particulars	Accident year Cohort											
	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

<b>Table 6</b>	<b>Grievances</b>
----------------	-------------------

<b>Name of the insurer</b>	
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	

**Signature of the Appointed Actuary/Certifying Actuary\*\***  
**Name:**

**Signature of Mentor Actuary**  
**Name:**

**Signature of Principal officer**  
**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 7</b>	<b>Business Projection</b>
----------------	----------------------------

<b>Name of the insurer</b>			
Reporting year	FYE 31st March -X	<b>LOB</b>	

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

**CY**      **Current Year**  
**PY**      **Previous Year**

**Table 8**      **Analysis of Major LOB**

<b>Name of the insurer</b>	
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								

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 9</b>	<b>Premium Adequacy</b>
----------------	-------------------------

<b>Name of the insurer</b>	
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

<b>Table 10</b>	<b>Claims- UPR - URR</b>
-----------------	--------------------------

<b>Name of the insurer</b>	
<b>Reporting year</b>	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																									

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

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 11</b>	<b>Expense Allocation</b>
-----------------	---------------------------

<b>Name of the insurer</b>	
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										
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

<b>Table 12</b>	<b>Business Profitability</b>
-----------------	-------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

Line of Business	Earned Premium		Incurred Claims		Operating Expenses		Commission		Premium Deficiency Reserve	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

<b>Table 13</b>	<b>Renewal Analysis</b>
-----------------	-------------------------

<b>Name of the insurer</b>	
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)

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 14</b>	<b>Investments and ALM</b>
-----------------	----------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

	<b>Macaulay Duration</b>	<b>Current Market Value</b>	<b>Any Appreciation/ (Depreciation) in the value from past financial year ending 31-March-X-1</b>
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 Branche

<b>Table 15</b>	<b>Future Financial Condition</b>
-----------------	-----------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

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

<b>Financial Year</b>	<b>FY ending 31-March-X+1</b>	<b>FY ending 31-March-X+2</b>	<b>FY ending 31-March-X+3</b>
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

<b>Table 16</b>	<b>Solvency Stress testing</b>
-----------------	--------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

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

<b>Financial year</b>	<b>Scenario 1</b>			<b>Scenario 2</b>		
	<b>FYE 31- Mar -X+1</b>	<b>FYE 31- Mar -X+2</b>	<b>FYE 31- Mar -X+3</b>	<b>FYE 31- Mar -X+1</b>	<b>FYE 31- Mar -X+2</b>	<b>FYE 31- Mar -X+3</b>
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

<b>Table 17</b>	<b>Risk Management</b>
-----------------	------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

<b>Key Risk* / Scenario*</b>		<b>Value of Assets</b>	<b>Value of Liabilities</b>	<b>ASM</b>	<b>RSM</b>	<b>SM</b>
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 Actuary

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

## **Annexure Actl-15A**

### **Actuary Report for General Reinsurance business as stipulated under the Section 13 of the Act.**

#### **(See Clause 1(2)(i) of Part V (B) of Schedule-I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024)**

Note 1: For the purposes of this Report,

- (a) The term “The Actuary” refers to “Certifying Actuary” as defined under Clause 1(5) of Part I of Schedule I of IRDAI (Actuarial, Finance and Investment functions of insurers) Regulations, 2024)
- (b) The term “insurer” refers to the Foreign Reinsurer’s Branch (FRB) as defined in Regulation 3(4) of Chapter-I of Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches and Lloyd’s India) Regulations, 2024

Note 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 Part-B

#### **Part A**

##### **1. The Objectives:**

- (i) The objective of Financial Condition Report (“FCR”) is to investigate the entire reinsurance 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.
- (ii) This report shall specifically address:
  - (a) The sensitivity of the future solvency position to potential changes in the economic environment, claims experience, pricing strategy and other relevant factors, if any
  - (b) Building of early warning signals to assess the financial condition
  - (c) Comprehensive view on the insurer

##### **2. Lines of Business**

- (i) It is recommended that the Actuary of general reinsurance business must necessarily analyze and comment on the each of the LOBs stated under clause 2(2)(ii)(a) of Part IV(A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024. (Under the following sections, list of LOBs is referred as LOB table).
- (ii) In addition, the Actuary must analyze and comment on any treaty that is material from the perspective of financial condition of the FRB. For the sake of uniformity amongst FRBs, a material line of business may be defined as under:

- (a) Motor Third party, whether written as part of a Motor package policy or Motor Act Only policy, regardless of the size, and
- (b) Any treaty which meets any one of the following criteria: (in terms of general reinsurance business)
  - (6) It contributed to 5% or more of insurer's total GWP during the reporting period,
  - (7) It contributes to 5% or more of insurer's NWP,
  - (8) It contributes to 5% or more of insurer's Gross Incurred Claims,
  - (9) It contributes to 5% or more of insurer's Net Incurred Claims. AND
  - (10) Any other product or line of business which the Actuary believes is material to the financial condition of the insurer.
- (iii) The Actuary may produce any other data or table that he/she believes aids in the analysis and (or) presentation of financial condition of the insurer.

### **3. Instructions:**

- (i) The Actuary shall ensure the following:
  - (a) 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".
  - (b) The numbers provided in the FCR shall be:
    - (1) Reconciled with the financial statements of accounts and IBNR Report, wherever applicable.
    - (2) Provided in unit of thousands
    - (3) All outgo entries in the Annexure of FCR shall be shown in brackets ( )
- (ii) The sequential order in the LOB table shall be strictly followed.
- (iii) The Actuary shall provide detailed analysis along with the actions proposed, if any, on each section of the FCR.

#### **Section 1: Executive summary**

- 1.4 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.
- 1.5 The essence of the whole report needs to be succinctly captured in this section.
- 1.6 The Actuary shall explain the adequacy of reserving (i.e. IBNR Claims, Outstanding Claims Reserve, Unearned Premium Reserve, Premium Deficiency Reserve, etc.).

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

- 2.4 The Actuary 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
- 2.5 The following aspects are expected to be covered

- (a) Performance in the financial year
- (b) 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
- (c) Future projections (based on Management inputs)
- (d) Industry comparison - Key parameters to be benchmarked with industry information available as on date of preparation of report
- (e) Major events that had taken place during the year relevant to the operations of the insurer or the parent companies (e.g. mergers, acquisitions, a new business activity, significant financial loss, changes in the company structure, etc.)
- (f) Financial highlights from the latest published financial statements of the parent companies (assets, liabilities, profits for the year, etc.)

2.6 Format for the representation of insurer's financials is given in Part B.

### **Section 3: Enterprise Business Analysis**

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

Analysis could pertain to:

- 6.1 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.
- 6.2 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.
- 6.3 Retrocession structure including retention ratio: Comments on retrocession arrangement for the next year (based on the proposed retrocession policy) need to be made. The Actuary's views on changes in the proposed policy compared to previous year needs to be highlighted. A three-year analysis of retroceded business is needed.
- 6.4 Disputes: The Actuary's comments on disputed claims and steps to be taken needs to be emphasized
- 6.5 Sufficiency and quality of data: The Actuary'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.
- 6.6 Data deficiency reserve: If the Actuary feels that there is a need to setup data deficiency reserve, comments about the same can be made in this section.
- 6.7 Consistency: The Actuary's comments on consistency between pricing policy, underwriting policy and reserving policy of the insurer.
- 6.8 Appropriateness of methodologies: The Actuary'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).
- 6.9 Reliability and adequacy of calculation of IBNR: The Actuary'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)**

- 4.3 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 Actuary considers to be critical to the FRB from an FCR point of view. The Actuary's comments on the foreign operations of the FRB, if material, should also be included in this section based on the information available to him/her.
- 4.4 The following points may be included in the analysis pertaining to this section for each material LOB for at least three years: (both past and future as applicable)
- (a) Growth over the years
  - (b) Future projection
  - (c) Business Mix
  - (d) Loss ratio trends
  - (e) Premium adequacy
  - (f) Retrocession policy
  - (g) Reserving adequacy
  - (h) Commentary on Expense Allocations and their appropriateness
  - (i) Profitability
  - (j) Renewal analysis
  - (k) Impact of the LOB on to the financial condition of the FRB

The tables to be prepared is given in Part B

#### **Section 5 Current & Future Solvency and Estimation of Economic Capital**

- 5.1 This is a critical chapter wherein the Actuary is expected to discuss about the current and future solvency position of the FRB.
- 5.2 The Actuary is expected to perform stress/scenario testing (which he/she deems appropriate from the FRB's point of view) to analyze the possible movement of solvency ratio at various levels of confidence.
- 5.3 The scenario/stress testing is expected to be performed on the business projections given earlier.
- 5.4 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.
- 5.5 Actuary shall estimate the Economic Capital and submit the related disclosures as specified by the Competent Authority.

Format to represent the results from scenario / stress testing is given in Part B.

Scenarios are to be explicitly mentioned by the Actuary

#### **Section 6: Risk Management**

- 7.7 In this section, the Actuary 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 FRB.
- 7.8 Ideally, the overall characterization shall include the various key risk accumulations, be they by exposure lines or operational units, etc., per the Actuary'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 Actuary shall opine how the overall risk characteristics of the insurer compare with the stated risk appetite approved by the insurer's board of directors.

#### 7.9 The Actuary shall discuss the following point-wise

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

#### 7.10 Risk Characterization

The Actuary shall characterize the risk faced by the FRB with the help of:

- (c) Accumulation of risk exposures under different categories that pose a material threat to the FRB'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 FRB. The Actuary 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.
- (d) It is desirable that the Actuary augments his analysis by constructing a "variance covariance" 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.

#### 7.11 Risk management and mitigation

The Actuary shall evaluate the capacity of the FRB to handle the underlying risk.

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

## 7.12 Sensitivity

At the enterprise level, the Actuary shall perform following sensitivity analysis, scenario analysis and present the result in the format provided in Part – B. Such stress test shall, at minimum, cover the following parameters:

- (g) Scenario 1: Fall of market value of equity investments by 20% compared to the base scenario.
- (h) Scenario 2: Increase in market value of equity investments by 20% compared to the base scenario.
- (i) Scenario 3: Fall in interest rate on debt investments by 100bps compared to the base scenario.
- (j) Scenario 4: Rise in interest rate on debt investments by 100bps compared to the base scenario.
- (k) Scenario 5: Decrease of Ultimate Loss Ratio by 20% (multiplicative) compared to the base scenario.
- (l) Scenario 6: Increase of Ultimate Loss Ratio by 20% (multiplicative) compared to the base scenario.

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

- (a) The sensitivity of the business to the key risk exposures.
- (b) The methods and assumptions used to assess the sensitivities.
- (c) The sensitivity of the risks that have a significant impact on the solvency of the FRB.

## **Section 7: Retrocession**

In this chapter the Actuary shall discuss the following

8.6 Retrocession program of the FRB in the past year and its adequacy.

8.7 Retrocession program for the forthcoming year.

8.8 Changes with respect to previous year's program to be highlighted.

8.9 The Actuary may also include a table along with details and analysis of treaties.

8.10 The Actuary's recommendations.

## **Section 8: Comments of the Executive Committee of FRB and Actions taken Report**

The insurer shall provide the following under this chapter:

9.5 The date and place of meeting where the report was presented

9.6 Whether formally presented or tabled or sent by circulation

9.7 Comments of the Executive Committee and proposed course of action, if any on the any part of the FCR or issues raised by the Actuary

9.8 If the presentation happens after the submission deadline then the board comments may be sent separately to the Authority

**Section 9(a): Certification by Certifying Actuary & CEO**

The Actuary Certification:

“I, (name of The Actuary), the Actuary of (name of FRB), hereby certify,

- (g) that I have complied with the provisions of the Insurance Act, 1938, Regulations, Rules and Directions of the IRDA;
- (h) 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;
- (i) that the reserves for technical liabilities ~~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);
- (j) that I have calculated the Required Solvency Margin accurately; and
- (k) that the ~~mathematical~~ reserves for technical liabilities 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.
- (l) 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 FRB:

Name of The Actuary:

Signature of The Actuary:

**CEO Certification:**

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

Name of FRB:

Name of the CEO:

Signature of the CEO:

Place:

Date:

Company Seal

## GLOSSARY

1. **Average Gross premium:** Gross premium / 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)
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
25. **Net premium:** Premium from direct business written + Premium on reinsurance accepted - Premium on reinsurance ceded
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)
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 / 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 Financials
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 / 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 -Premium Deficiency Reserve
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 of Insurers), 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.**

**Part- B**

**FCR Tables**

Name of the insurer	
<b>Table 1</b>	<b>Revenue Account</b>

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

<b>Particulars</b>	<b>FYE 31-Mar-X</b>	<b>FYE 31-Mar- X-1</b>	<b>FYE 31- Mar-X-2</b>
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)			

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
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

<b>Table 2</b>	<b>Balance Sheet</b>		
<b>Name of the insurer</b>			
Reporting year	FYE 31-Mar-X		
<b>Particulars</b>	<b>FYE 31-Mar-X</b>	<b>FYE 31-Mar- X-1</b>	<b>FYE 31- Mar-X-2</b>
Sources of Fund			
Head Office Account			
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<sup>##</sup>**

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

<sup>##</sup>In case of Foreign Reinsurance Branches

<b>Table 3</b>	<b>Ratios</b>
----------------	---------------

<b>Name of the insurer</b>	
Reporting year      FYE 31-Mar-X	<b>LOB</b>

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

**Signature of the Appointed Actuary/Certifying Actuary<sup>\*\*</sup>**

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

<sup>\*\*</sup>In case of Foreign Reinsurance Branches

<b>Table 4a</b>	<b>Retrocession Treaty</b>
<b>Name of the insurer</b>	
<b>Reporting year</b>	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)

<b>Table 4b</b>	<b>Retrocession Cashflow</b>						
<b>Name of the insurer</b>							
<b>Reporting year</b>	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
			Received (3)	Outstanding (4)			
	(1)	(2)					

Signature of the Appointed Actuary/Certifying Actuary\*\*

Signature of Mentor Actuary

Signature of Principal officer

Name:

Name:

Name:

\*\*In case of Foreign Rensurance Branches

<b>Table 5</b>	<b>Reserve Adequacy</b>
----------------	-------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March –X <span style="float: right;">LOB</span>

Particulars	Underwriting year Cohort										
	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

<b>Table 6</b>	<b>Business Projection</b>
----------------	----------------------------

<b>Name of the insurer</b>			
Reporting year	FYE 31st March –X	<b>LOB</b>	

Topic/area	Financial year ending 31- Mar-X+1	Financial year ending 31-Mar-X		
	Expected (E)	Actual (A)	Expected (E)	A/E
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

**CY**      **Current Year**  
**PY**      **Previous Year**

<b>Table 7</b>	<b>Analysis of Major LOB</b>
----------------	------------------------------

<b>Name of the insurer</b>	
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								

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 8</b>	<b>Premium Adequacy</b>
----------------	-------------------------

<b>Name of the insurer</b>	
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

<b>Table 9</b>	<b>Claims- UPR - URR</b>
----------------	--------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

LOB	Net incurred Claim amount			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
All material LOBs												

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

<b>Table 10</b>	<b>Expense Allocation</b>
-----------------	---------------------------

<b>Name of the insurer</b>	
<b>Reporting year</b>	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										
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

<b>Table 11</b>	<b>Business Profitability</b>
-----------------	-------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

Line of Business	Earned Premium		Incurred Claims		Operating Expenses		Commission		Premium Deficiency Reserve	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

<b>Table 12</b>	<b>Future Financial Condition</b>
-----------------	-----------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

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

<b>Financial Year</b>	<b>FY ending 31-March-X+1</b>	<b>FY ending 31-March-X+2</b>	<b>FY ending 31-March-X+3</b>
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

<b>Table 13</b>	<b>Solvency Stress testing</b>
-----------------	--------------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

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

<b>Financial year</b>	<b>Scenario 1</b>			<b>Scenario 2</b>		
	<b>FYE 31- Mar -X+1</b>	<b>FYE 31- Mar -X+2</b>	<b>FYE 31- Mar -X+3</b>	<b>FYE 31- Mar -X+1</b>	<b>FYE 31- Mar -X+2</b>	<b>FYE 31- Mar -X+3</b>
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

<b>Table 14</b>	<b>Risk Management</b>
-----------------	------------------------

<b>Name of the insurer</b>	
Reporting year	FYE 31st March -X

<b>Key Risk* / Scenario*</b>	<b>Value of Assets</b>	<b>Value of Liabilities</b>	<b>ASM</b>	<b>RSM</b>	<b>SM</b>
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 Actuary

**Signature of the Appointed Actuary/Certifying Actuary\*\***

**Signature of Mentor Actuary**

**Signature of Principal officer**

**Name:**

**Name:**

**Name:**

\*\*In case of Foreign Reinsurance Branches

## Annexure-Actl 16

### **Part -A**

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

As per clause 2(2)(ii)(c) of Part IV(A) 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 Actuary 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 sub-class 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.
- (8) 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:
  - (i) Composition of portfolio;
  - (ii) External factors such as economic environment, inflation, changes in legal, political or social conditions;
  - (iii) Insurer's underwriting policy; and

- (iv) 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:
- a) Basic Chain Ladder Method (both on incurred and paid claims)
  - b) Bornhuetter Ferguson Method (both on incurred and paid claims)
  - c) Frequency – Severity Method
- (i) 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.
- (ii) Appointed Actuary may use methods other than standard actuarial methods of IBNR estimation.
- (iii) 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.
- (iv) 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 2024 to 31 March 2025 is the total of claims relating to the “current year” in the statement of claims for the year ending 31 March 2025 and claims paid in the “first preceding year” in the statement of claims for the year ending 31 March 2026; 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.

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.

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 under which there is a liability, either actual or contingent, and claim have been furnished to the appointed actuary: (name) for the purpose of the determination of IBNR Reserves as on the 31<sup>st</sup> day of March of \_\_\_\_\_. (date of investigation).

Name of insurer:

Name of Principal Officer:

Signature of Principal Officer:

Place:

Date:

### **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) of Part IV(A) of Schedule I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024

*(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 2026 will be the year 1 April 2025 to 31 March 2026.

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 as stated in clause 2(2)(ii)(a) of Part IV(A) of Schedule I of these 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 2026:

Current year refers to claims relating to events that occurred during the year ending 31 March 2026.

First preceding year refers to claims relating to events that occurred during the year 1 April 2024 to 31 March 2025.

Second preceding year refers to claims relating to events that occurred during the year 1 April 2023 to 31 March 2024.

Third preceding year refers to claims relating to events that occurred during the year 1 April 2022 to 31 March 2023.

Fourth preceding year refers to claims relating to events that occurred during the year 1 April 2021 to 31 March 2022.

Fifth and earlier preceding years refers to claims relating to events that occurred before 1 April 2021.

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 2026, the number of claims outstanding as at 1 April 2025 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 2025 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 debit 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 debit 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 2026, the number of claims outstanding as at 31 March 2026 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 2026, 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 2023 to 31 March 2024 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 2026:

Claims paid as at 12 months for current year will be the claims paid during the year 1 April 2025 to 31 March 2026 in respect of events that occurred during the year 1 April 2025 to 31 March 2026;

Claims paid as at 12 months for the first preceding year will be the claims paid during the year 1 April 2024 to 31 March 2025 and as at 24 months it will be the claims paid during the period of two years from 1 April 2024 to 31 March 2025, in respect of events that occurred during the year 1 April 2024 to 31 March 2025;

And so on.

**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																
First preceding year																
Second preceding year																
Third preceding year																
Fourth preceding year																
Fifth preceding year																
Sixth preceding year																

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
Seventh preceding year																
Eighth preceding year																
Ninth preceding year																
Tenth preceding year																
....																
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
<b>Current year</b>										
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

Annexure-Act1-17

Form IRDAI-GI-I

(See Clause 4A of Part IV(A) of Schedule-I)

**Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024**

**STATEMENT OF SURPLUS as at 31<sup>st</sup> March .....**

Name of Insurer:

Registration Number:

Date of registration:

Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Item	Description	Amount
A	Excess in Policyholder's Funds as per Table IB of Form IRDAI-GI-SM (Item E of the referred Form)	
B	Operating Profit as per Form B- RA (of Part II of Schedule-II of these Regulations)	
C	Surplus (A+B)	

**Certification:**

I \_\_\_\_\_, the Statutory Auditor, hereby certify that the above statements have been prepared in accordance with the Section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true to the best of my knowledge.

Place

Date:

Name and Signature of the Statutory Auditor

Counter signature by

Appointed Actuary/Actuary  
Officer

Chief Financial

Principal Officer/ /Chief Executive Officer:

Note:

Item B shall be the Operating Profit at the Company Level (i.e., Total of the Operating Profit from Fire, marine and Miscellaneous Segments)

Annexure-Actl-17A

Form IRDAI-RI-I

(See Clause 5(3)(iii) of Part V(A) of Schedule-I)

**Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024**

**STATEMENT OF SURPLUS as at 31<sup>st</sup> March .....**

Name of Insurer:

Registration Number:

Date of registration:

Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Item	Description	Amount
A	Excess in Policyholder's Funds as per Form IRDAI-RI-SM (Item F of the referred Form)	
B	Operating Profit as per Form B- RA (of Part II of Schedule-II of these Regulations)	
C	Surplus (A+B)	

**Certification:**

I \_\_\_\_\_, the Statutory Auditor, hereby certify that the above statements have been prepared in accordance with the Section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true to the best of my knowledge.

Place

Date:

Name and Signature of the Statutory Auditor

Counter signature by

Appointed Actuary/Actuary(Life)\*\*

Appointed Actuary/Actuary(Non-Life) \*\*  
Officer

Chief Financial

Principal Officer/ /Chief Executive Officer:

Note:

Item B shall be the Operating Profit at the Company Level (i.e., Total of the Operating Profit from Fire, marine and Miscellaneous Segments)

\*\* Signature of the actuary certifying the reports of the FRB.

प्रतिसूचना (फीडबैक) फार्मेट / Feedback Format

<b>क. हितधारक संबंधी सूचना</b>	
<b>A. Stakeholder Information</b>	
संस्था / व्यक्ति का नाम Name of the Organization / Individual	
हितधारक का प्रकार (बीमाकर्ता / पुनर्बीमाकर्ता / एफआरबी / उद्योग निकाय / लेखा-परीक्षक / जनता / अन्य – विनिर्दष्ट करें) Type of Stakeholder (Insurer / Reinsurer / FRB/ Industry Body / Auditor/ Public / Others – please specify)	

<b>B. Suggestions on Exposure draft on Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Second Amendment) Regulations, 2026</b>				
पृष्ठ सं. Page No	विनियम सं. Regulation Number	उप-विनियम संख्या / पैरा संख्या Sub-Regulation Number / Para Number	सुझाया गया परिवर्तन Suggested change	परिवर्तन के लिए कारण Reasons for change