



Ref: IRDAI/IFRS/CIR/MISC/45/4/2026

1<sup>st</sup> April, 2026

## CIRCULAR

To,

All Insurers

Subject: Clarifications on implementation of Indian Accounting Standards (Ind AS)

### 1. Background

1.1 This Circular is issued under the provisions of Section 34 of the Insurance Act, 1938 and Section 14 of the IRDA Act, 1999 read with Regulation 7 and Regulation 8 of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024.

1.2 The Authority has notified amendments to the Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, [‘the Regulations’] providing for implementation of Indian Accounting Standards (Ind AS) by insurers which shall come into effect from 1<sup>st</sup> April, 2026.

1.3 In order to provide clarity on certain operational, accounting and regulatory aspects arising during the course of implementation, and based on the feedback received from stakeholders, the Authority hereby issues the following clarifications to ensure uniformity in implementation across the industry.

### 2. Financial Statements under Indian Accounting Standards (Ind AS)

2.1 Financial Statements prepared under Ind AS shall be in accordance with Schedule – IIA of the Regulations and shall be the basis of financial reporting.

2.2 Insurers shall undertake parallel reporting of Financial Statements and Financial Information, for a period of two years from the date of implementation or for such period as may be specified by the Competent Authority.

2.3 Financial Information shall be prepared as specified under Schedule – II of the Regulations.

2.4 Financial Statements and Financial Information shall be prepared and submitted on a quarterly basis in the formats as specified under Schedule – IIA and Schedule – II of the Regulations respectively. Both, Financial Statements and Financial Information shall be disclosed on the website of the insurer.

2.5 Financial Statements for the first three quarters shall be subject to limited review in accordance with the applicable Standards on Review Engagements issued by the Institute of Chartered Accountants of India. Annual Financial Statements shall be subject to Audit as per provisions of Insurance Act, 1938 and Companies Act, 2013.

2.6 Financial Information for all four quarters shall be subject to limited review in accordance with the applicable Standards on Review Engagements issued by the Institute of Chartered Accountants of India.

2.7 As part of Financial Statements, Insurers shall provide appropriate reconciliation between Financial Statements and the Financial Information as per Ind AS 101.

2.8 For the financial year 2026–27, the Financial Statements and Financial Information for the first three quarters shall be submitted within a period of three months from the end of the respective quarter. However, for listed insurers, timelines for disclosures of Financial Statements will continue as per Securities and Exchange Board of India (SEBI) norms.

### **3. Forbearance – Submission Requirements and Monitoring**

3.1 Insurers seeking one-year forbearance for preparation of Ind AS financial statements under the Regulations shall submit an application to the Authority on or before 30<sup>th</sup> April, 2026, along with a Board-approved action plan.

3.2 The application shall include a detailed implementation roadmap specifying monthly milestones, timelines for system and data readiness, status of preparedness of actuarial and finance functions, and the governance framework put in place for overseeing the transition.

3.3 Insurers to whom forbearance is granted shall furnish monthly progress reports to the Authority, clearly indicating the status of achievement against the milestones, key gaps identified and remedial actions undertaken.

### **4. Reporting during forbearance period**

4.1 In respect of insurers to whom forbearance is granted for one year, Financial Statements shall be prepared in accordance with Schedule – II of the Regulations and shall be the basis of financial reporting.

4.2 Insurers shall, during the period of forbearance, prepare Financial Information (Ind AS Proforma statements) in accordance with Schedule – IIA of the Regulations and submit to the Authority.

4.3 Financial Statements and Financial Information shall be prepared and submitted on a quarterly basis in the formats as specified under Schedule – II and Schedule – IIA of the Regulations respectively. Financial Statements shall be disclosed on the website of the insurer.

4.4 Financial Statements for the first three quarters shall be subject to limited review in accordance with the applicable Standards on Review Engagements issued by the

Institute of Chartered Accountants of India. Annual Financial Statements shall be subject to Audit as per provisions of Insurance Act, 1938 and Companies Act, 2013.

4.5 Financial Information for all four quarters shall be subject to limited review in accordance with the applicable Standards on Review Engagements issued by the Institute of Chartered Accountants of India and certification from an Independent Actuary.

4.6 For the financial year 2026–27, the Financial Statements and Financial Information for the first three quarters shall be submitted within a period of three months from the end of the respective quarter. However, for listed insurers, timelines for disclosures of Financial Statements will continue as SEBI norms.

## **5. Segregation of Policyholder and Shareholder Funds**

5.1 Segregation of policyholder and shareholder funds shall continue to be maintained in accordance with Section 11 of the Insurance Act, 1938 and Master Circular on Actuarial, Finance and Investment Functions of Insurers, 2024.

5.2 Insurers shall ensure presentation of items pertaining to policyholder and shareholder funds in the Financial Statements prepared under Ind AS in accordance with Schedule – IIA of the Regulations.

## **6. Actuary Report, Surplus and Solvency Framework**

6.1 Actuarial investigation and submission of the actuary report shall be carried out in accordance with the provisions of Section 13 of the Insurance Act, 1938 and Schedule – I of the Regulations.

6.2 The determination and distribution of surplus shall be governed by the provisions of Section 49 of the Insurance Act, 1938, Schedule – I of the Regulations and Master Circular on Actuarial, Finance and Investment Functions of Insurers, 2024.

6.3 The valuation of assets and liabilities for solvency purposes and the maintenance of solvency margin shall continue to be governed by the provisions of Sections 64V and 64VA of the Insurance Act, 1938 and Schedule – I of the Regulations.

6.4 Insurers shall ensure that the adoption of Ind AS does not, by itself, alter the basis of actuarial investigation, determination of surplus and assessment of solvency as per Section 13, Section 49 and Sections 64V and 64VA of the Insurance Act, 1938 respectively.

6.5 All references to Schedule – II appearing in Schedule – I of the Regulations shall continue to be applicable without any change till further instruction.

## **7. Discount Rate**

7.1 Discounting of insurance contract liabilities shall be carried out in accordance with the provisions of Ind AS 117 (Insurance Contracts).

7.2 The risk-free rate for the purpose of such discounting shall be derived from the term structure of interest rates based on Government of India securities, using the zero-coupon yield curve published by the Clearing Corporation of India Limited (CCIL), or any other source as may be specified from time to time.

## **8. Independent Validation**

8.1 The scope and manner of independent validation of the processes adopted for implementation of Ind AS shall be specified by the Competent Authority in consultation with the Joint Expert Group constituted under the Regulations.

## **9. Applicability of Schedule – II to the related Regulatory frameworks**

9.1 All relevant Regulations and Master Circulars/Circulars pertaining to Investment functions, Expenses of Management, Submission of returns and Public Disclosures shall continue to be governed by the provisions of Schedule – II of the Regulations. Insurers shall ensure that the principles and requirements specified under the Schedule – II are consistently applied while complying with the aforesaid regulatory frameworks, unless otherwise specifically modified or clarified by the Competent Authority.

10. Any clarifications or issues faced during the implementation of Ind AS may be communicated to the email id “[indas-team@irdai.gov.in](mailto:indas-team@irdai.gov.in)”.

This circular is issued with the approval of the Competent Authority.

Member (Finance & Investments)