



PRESS RELEASE

IRDA has released the revised Regulations on Investment of Insurance Companies, today which would facilitate insurers to adopt rating criteria as prescribed for categorizing certain instruments as 'Approved Investments', which would also include Rated Mortgage Backed Securities (MBS) that can be reckoned towards Housing Sector for the purpose of pattern of investment.

2. The revised regulations also extend the Exposure Norms to investments of ULIP premium, to enhance policyholder protection, with distinction on the extent of exposure to a single group of companies or to a particular industrial sector, and also rationalize the norms for both private and public sector insurers. The regulations have also been amended to align the definition of investments in infrastructure with the extant RBI norms to bring in better cohesion and to facilitate smooth flow of insurance funds into this important sector.

3. The Authority has clarified that the proposed changes are aimed to bring:

- More flexibility for the insurers, in instruments that could improve returns and facilitate overall benefits to the policyholder,
- Level playing ground for both Public Sector and Private Sector insurers,
- Expand the scope of Approved Investments to include new investment avenues,
- Address certain aspects of risk management in ULIP business; and
- Investment Management in general



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It may be recalled here that IRDA had constituted a Working Group in June 2006 to review comprehensively the current regulatory and other provisions on Investments to suggest necessary changes keeping the overall interests of all the stake holders. The Working Group had suggested amendments that would address operational and Regulatory requirements for both Life and General Insurance Companies. IRDA carried out extensive consultations on the proposed recommendations particularly since the modifications involve appropriate changes in regulations. After the final acceptance of the recommendations of Working Group, IRDA notified the amended Regulations in the Gazette.

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