

Circular to all life insurers

Circular No. IRDA/Actl/LR/Ver 1.0/Jan 02

dated 1.3.2002

- Application.— This circular is applicable to all life insurers registered in India, in accordance with section 3 of the Insurance Act, 1938, who are required to comply with IRDA (Life Insurance – Reinsurance) Regulations, 2000.
- 2. Statistics.— A life insurer shall furnish the statistics mentioned in the Forms in accordance with Schedule attached to this circular.
- 3. Time limit.—A life insurer shall furnish the Forms specified in the Schedule within 45 days from the date specified therein.
- 4. Procedure to be followed in case of changes in terms and conditions of the treaty (including termination of the treaty).—A life insurer shall file such changes, within 45 days of such changes.

All life insurers are required to acknowledge the receipt of this circular by fax as well as in writing to the Authority within 7 days of the receipt of this circular.

N. Rangachary, Chairman.

Ground Floor, Jeevan Bharati Building, Tower -1,

124, Connaught Circus, New Delhi - 110001.

Phone: 3718039, 3730472. Fax: 3357320.

E-Mail: irauth@vsnl.com Web: www.irdaindia.org

SCHEDULE

(See para 2 of the Circular No. IRDA/Actl/LR/Ver 1.0/Jan 02

dated 1.2.02)

- 1. Reinsurance, being a very important part of the activity of a life insurance office, must be carried on in efficient, business like and professional manner. Reinsurance operations must be conducted so as to bring maximum advantage to the policyholder and the ceding company. An insurer shall carefully, in selecting a reinsurer while the advantages of risk management and import of knowledge and know-how must be kept in mind, examine the terms of reinsurance which should be at arm's length basis and having regard to terms offered by competitors, particularly in regard to:
 - a. Retention limit;
 - Reinsurance risk rates both first year and renewal;
 (first year rate may be about 50% of renewal as a reflection of heavy initial expenses and impact of initial selection.)
 - Basis of retention whether fixed amount or percentage; (usually, it should be on fixed amount basis.)
 - d. The terms, if coinsurance should be resorted to:
 - e. Other administrative decisions like reinsurance commission, profit commission, etc.
 - f. Details in respect of excess of loss/catastrophe Treaty.
 - g. In particular, treaties involving financial reinsurance have to be carefully managed i.e. where reinsurer keeps deposits/reserves with ceding company. (Please note that in such cases, the provisions mentioned in the Regulations on Assets, Liability and Solvency Margin of Insurers must be taken into account)
- An insurer should also draw attention to the provisions of, in particular to sections 34 F and Section 101 (c) of the Insurance Act, 1938.
- An insurer shall furnish the information periodically as per the Forms annexed to this Schedule, which should be signed by the Appointed Actuary and countersigned by the principal officer of the insurer.
- 4. Please comply with the following notes when furnishing the Forms:
- Insurer should furnish 'NA' against any item that is Not Applicable.
- Where any reinsurance arrangement cannot be covered by the forms enclosed, separately furnish details.

(iii) Basis of retention can be on fixed amount or fixed percentage, for example:

Policy year	Sum at risk	Retention	Surplus
Fixed amount (1	Rs In		
Lakhs):			
1	30	18	12
4	27	18	9
10	20	18	9
Fixed percentage:			
1	30	18	12
M.		(60%)	(40%)
4	27	16.2	10.8
	-750	(60%)	(40%)
10	20	12.0	8.0
	C-7/21/	(60%)	(40°°)

Keeping in mind need to retain maximum premium in the country, insurers shall enter into arrangement for 'fixed amount' retention.

(iv) Corridor: (Minimum amount per cession)

e.g. corridor is fixed at say Rs.50,000 - and retention say Rs.20.00 Lakhs.

Sum at risk	Retention	Surplus cession
20.30 Lakhs	20.00 Lakhs	Nil
20.70 Lakhs	20.00 Lakhs	0.70 Lakhs

- Schedules of risk rates should be attached as applicable to reinsurance cessions, along with Forms LR-2, LR-4 and LR-6.
- (vi) Item 'Reserves/Deposit' may be filled in only if applicable. This is particularly important where new business financing is involved.

FORM LR-1

LIST	OF REINSURANCE	TREATIES FOR THE	YEAR	ENDED	3181
		MARCH,			

Form Code: [][][][][]-[][][][][]

Name of Life Insurance Company:

Business: Within India/ Total

Whether Linked?: Non-Linked/ Linked

Insurer Code:[][][][][]
Business Code:[] – I for Within India, 2 for Total

Link Code: [] - 1 for Non-linked, 2 for Linked

Number of Reinsurance Treaties:

- Name of Treaty:
- 2. Names of Reinsurers and their addresses:
- 3. Life Insurance Products Covered:

We certify that the above information is true and correct, as per our records.

Signature :

Name :

APPOINTED ACTUARY

PRINCIPAL OFFICER

Date:

NOTES: Please furnish the information for each name of treaty, using the same form.

PARTICULARS OF SURPLUS TREATY FOR THE YEAR ENDED 31.3. _____.

Name of Life Insurance Business: Within India/ Whether Linked?: Non-	Total	Insurer Code: Business Code	Code: [][][][][]-[][][] 	[][
Number of Treaties:				
Name of Treaty: Treaty year: Life insurance product	ets covered:			
4. Risk excluded:				
5. Net retention:	(a) Normal risks (b) Sub-standard			
6. Basis of retention: Fix	xed amount/percenta	ige		
7. Basis of reinsurance:	Risk Premium/Coins	surance		
8. Surplus treaty limit	(a) Normal risks:(b) Sub-standard(c) Corridor:			
 Rates of reinsurance j (a) Death and disable (b) Riders; 	premium:	attach schedule)		
10. Reinsurance Commi 11. Profit Commission (a) Percentage: (b) Deduction for n (c) Loss carried for (d) Minimum numb 12. Reserves/Deposit: (a) Basis of retenti (b) Method of relet (c) Interest payable 13. Termination: (a) Notice required (b) Restriction on to (c) Penalty on early 14. List of reinsurer Name of reinsurer	nanagement expenses ward provision: ber of lives; on and percentage: ase; e: : ermination:	Share in treaty	Name of broker, if any :	
We certify that the abou	ce intiremation is truc	e and correct, as per our	records	
			22332577	
Signature :				
Name :				
APP(DINTED ACTUARY		INCIPAL OFFICER	

FORM LR-3

RESULTS OF SURPLUS TREATY FOR THE YEAR ENDED 31ST MARCH,

		1				Form Cod	de:[][][]	[][]-[
		rance Compa India/ Total	iny:			er Code:[][ness Code:[]	 - for Within	India, 2 fo	r Total	
Year	No. Reinsu	of Lives red	Sum F	Reinsured	Reinsu Premiu		R/I Commissio n, if any	Claims Incurred	Profit Commiss ion	Balance
	New Lives	Renewals	New lives	Renewals	New lives	Renewals				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
4 th year Preceding Current Year										
3 ^{rr} year Preceding Current Year										
2 nd year Preceding Current Year										
1" year Preceding Current Year										
Current Year										
We certi	fy that	the above	inforn	nation is tr	ue and	correct, as	per our reco	rds.		
Signatur	re :									
Name:		APPOINT	ED A	CTUARY		(-	PRINCIPA	L OFFIC	ER	
Date										

PARTICULARS OF QUOTA SHARE TREATY FOR THE YEAR ENDED 31.3.____.

Form Code: [][][][][][][][][]

isiness: Within India Total	74.1	Insurer Code:[][][Business Code:[] -	II II I I for Within India, 2 for Total
Name of treaty : Treaty year : Life insurance products cover.	ered ·		
Risk excluded :	615-0		
5. Gross underwriting limit*:	(a) Normal r (b) Sub-stand		
6. Net retention percentage	(a) Normal ris (b) Sub-standa		
Any surplus treaty operating Rate of reinsurance premiur a. As original (as per b. As per schedule : (m : original terms)		
Terms of reinsurance (inclu Reinsurance commission:	iding proportion	t-	
11. Profit commission:	(b) I (c) L	ercentage: Deduction for managem oss carried forward pro Ainimum number of liv	ovision:
12. Reserves :	1,007		
(b) Method of (c) Interest pa 13. Termination :	yable:	entuge :	
(c) Penalty on	on termination : early termination		
4. List of reinsurers			
Name of reinsurer	Location	Share in treaty	Name of broker, if any
			•
We certify that the above informa-		correct, as per our reco	rds.
Signature :			
Name : APPOINTED	ACTUARY	PRINCI	PAL OFFICER

						Form C	ode: [][]]-[][][]	11 11 11	11
Name of L Business:	ife Insu Within	rance Compa India/ Total	ny:		Insur Busin	er Code:[]	1111111	thin India, 2		
Year No. of Reinst		f Lives ured	Sum Reinsured				R/I Commi- ssion, if	Claims Incurred	Profit Commi- ssion	Balance
	New lives	Renewals	New lives	Renewa Is	New lives	Renewals	any			
(1) 4th year Preceding Current Year	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
ord year Preceding Current Year										
2 nd year Preceding Current Year										
l" year Preceding Current Year										
Current rear										
We certify	that t	he above ir	nforma	tion is tru	e and c	correct, as	per our rec	ords.		
ignature	· _					-				
lame :				UARY						

FORM LR-6

				OPHE TREATY FOR T	HE TEAL	
			Forn	Code: [][][][]-[]		
Name of Life Insurance Business: Within India	e Company:		Insurer Code:[][][][][] Business Code:[] - I for Within India, 2 for Total			
Name of treaty	:					
2. Treaty period :						
3. Portfolio protec	cted :					
4. Max sum at ris	k per life for the	portfolia				
5. Treaty cover : ((a) Basis of opera b) Cover limit c) Loss retention	ation				
6. Max recoverable	in one year :					
Excess of Loss p Termination:	oremium;	(a) (b) (c) (d) (e) (f)	Basis Rate Minimum amo Deposit premiu Reinstatement j Experience refu	m premium		
(a) Notice requ	uired:					
(b) Restriction (c) Penalty on	early terminatio	1012				
(b) Restriction	early termination		are in XL cover	Name of broker, if any :		
(b) Restriction (c) Penalty on List of reinsurers:	early terminatio		are in XL cover	Name of broker, if any :		
(b) Restriction (c) Penalty on List of reinsurers:	early terminatio		are in XL cover	Name of broker, if any :		
(b) Restriction (c) Penalty on List of reinsurers: Name of reinsurer	Location Location is tr	Sha ue and co				
(b) Restriction (c) Penalty on List of reinsurers: Name of reinsurer	Location Location is tr	Sha ue and co				

FORM LR-7

RESULTS OF EXCESS OF LO ENDED 31 ST MARCI	SS/CATASTE	OPHE TREA	ATY FOR TH	E YEAR
Name of Life Insurance Company: Business: Within India/ Total	Insur Busii	er Code:[][][]	[][][][][[]] for Within India.	
Year	Pren	niums	Claims incurred	Balance
	New Lives	Renewals		
(1)	(2)	(3)	(4)	(5)
4th year Preceding Current Year				
3 rd year Preceding Current Year				
2 nd year Preceding Current Year				
1 st year Preceding Current Year				
Current Year				
We certify that the above informati	on is true and	correct, as per	our records.	
Signature :				
Name :			19	
APPOINTED ACTU	UARY	PR	INCIPAL OFF	ICER
Date :				

FORM LR-8

		E	Form Code: [][][][]-[][][][][
Name of Life Insurance Company: Business: Within India/ Total		Insurer Code: [][][][][] Business Code: [] – 1 for Within India, 2 for Total			
A: Ceo	ded Business:				
1.	Opening Balance of the Accou	unt:			
2.	Deduct: Gross Reinsurance Premiums	Paid			
	Any other payment to reinsure				
3.	Add:				
	Commission received from rei				
	Claim amount paid by reinsure				
2.0	Any other payment from reins				
4.	Closing Balance of the Accoun	nt:			
5.	Total premium receipt during	the quarter:			
6.	Total Claim payment during th	he quarter:			
B: Ac	cepted Business:		~		
1.	Opening Balance of the Accou	unt:			
2.	Add:				
	Gross Reinsurance Premiums				
	Any other payment from cedir	ng companies.	specify:		
3.	Add:	400000-0000080-00000			
	Commission paid to ceding co	Committee of the commit			
	Claim amount paid to ceding of Any other payment to ceding of		2016		
- 1	Closing Balance of the Accou		ectiv		
4.	Closing Balance of the Accou	111.			
currenc	If the original payments receipts are notices, mentioning the exchange rate used tify that the above information is true	d to convert and			
Signa	ture :				
Name					
	APPOINTED ACTUA	ARY	PRINCIPAL OFFICER		