



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

**Title:**The CEOs of All Insurers

**Reference No.:**IRDA/F&I/CIR/F&A/012/01/2010

**Date:**28/01/2010

Public Disclosures by Insurers

To

The CEOs of All Insurers

Dear Sir,

**Public Disclosures by Insurers**

The Authority had issued the Exposure Draft on Public Disclosures by the Insurance Companies on 8th October, 2009 inviting comments from all stakeholders.

The Authority has received responses from various entities. The responses have been examined in detail and have been considered where ever found suitable. The Public Disclosures to be made by the Insurers have now been finalized based on the requisite modifications and are placed at [Annexure I](#). It may be observed that the companies are required to take necessary action to ensure that the compliance of the circular is in place latest from period ending 31 st March, 2010.

Insurers may also note that they need to host on their website the disclosures for a minimum period of 5 years under archives latest by 15 th April, 2010.

Yours faithfully,

(A Giridhar)  
Executive Director

Annexure-I

**Public Disclosures by Insurers**

• **General**

The Insurance Regulatory and Development Authority (IRDA) is entrusted with the regulation, promotion and orderly growth of insurance business in India . Maintaining an efficient, fair and stable insurance market is necessary for the growth of the industry as well as for the protection of the interests of policyholders. The IRDA has been bringing out various regulations for fulfilling its mandate. Another important measure, which will strengthen Corporate Governance and market discipline of the insurers, is a standard on public disclosures by insurance companies.

• **Objectives**

Public disclosure of risks faced by the insurers is critical for ensuring a fair and orderly insurance sector. The disclosures shall be reliable and timely to ensure efficiency of the markets. They provide necessary feedback to the insurance regulator to ensure safety of investors as well as the policyholders.

- The International Association of Insurance Supervisors ( IAIS ) has recognized that the insurers have an equal if not greater responsibility towards the policyholders than their duty towards the investors. This is because when insurers become insolvent, loss to policyholders is much more than that to investors. Public disclosures, on the risks faced by the insurers, provide information to the policyholders to make informed decisions before entering into an insurance contract. In the present context in India, it may not be possible for an individual policyholder to have necessary ability and resources to undertake the task of assessing the insurers. However, various expert stakeholders in the market can provide necessary inputs based on the disclosures which will help them in assessing the risk exposure by an insurer while entering into a contract with an insurer. Hence public disclosures become necessary even for all the insurance companies though they are not listed on any stock exchange.
- Several insurance companies will be completing 10 years shortly, after which they may be allowed by the Regulator to go for an Initial Public Offer (IPOI). It is essential that the investors be fully aware of the financial performance, company profile, financial position, the risk exposure, the elements of corporate governance in place and the management of the insurance companies. The data shall preferably be made available for at least a period of 5 years.
- The Exposure draft dated 8 th October, 2009 on Public Disclosures by Insurers is now finalized after considering suitably, responses received from various stakeholders.

- **Disclosures**

- The disclosures will be effective from the period ended 31 st March, 2010 .
- **Publication in News Paper**

Insurers shall publish the Balance Sheet, Profit & Loss Account, Revenue Account and Key Analytical Ratios on an half yearly basis in the forms given at **Annexure (Life, Non-Life)**

- In at least one English daily newspaper circulating in the whole or substantially the whole of India and in one newspaper published in the regional language of the region where the registered office is situated or in Hindi.
- The publication should be in font size of atleast 10.
- The publication must be made within 2 months from end of the half year period or within 15days from the date of approval by their Board of Directors, whichever is earlier.

- **Publication on Website**

Insurers shall host all the forms including Revenue Account, Profit & Loss Account, Balance Sheet, segmental reporting, schedules to accounts and other forms, on their website on quarterly/half yearly/ yearly basis as given in **Annexure-II (Life, Non-Life)**.

- Receipt and Payment Account may be displayed along with year end disclosures.
- The forms should be displayed on the web-site under advise to IRDA not later than
  - 45days from the quarter ending June, September, December and March,
  - For the half year ending September – within 2 months of the close of the half year or 15 days from the date of approval of the accounts by the Board of Directors, whichever is earlier
  - For the annual account ending March – within 6 months of the close of the financial year or within 30 days from the date of adoption of final accounts by the Board of Directors, whichever is earlier.
  - In order to have uniformity, Authority has standardized the key analytical ratios mandated for life and non-life insurance companies. Please refer **Annexure- III** for the same. Insurers are advised to compute the ratios as defined in the annexure.
  - Disclosures for the earlier quarters should be available under archives for a minimum period of 5 years.
- In case of disclosures where the un-audited quarterly financial results are published, they shall be approved by the Board of Directors of the company or by a Committee thereof.

Provided that when the quarterly financial results are approved by the Committee they shall be placed before the Board at its next meeting:

Provided further that while placing the financial results before the Board, the Chief Executive Officer, Chief Financial Officer and Appointed Actuary (life insurance company only) of the company, shall certify that the financial results do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

- The half yearly accounts will be subject to limited review by the auditors. The limited review report shall be placed before the Board of Directors or by a Committee thereof (as mentioned in para 2.5 above)
- Where there is a variation between the un-audited published results and the audited results and
  - The variation in surplus / deficit or net profit / net loss after tax is in excess of 10% or Rs.5 crs, whichever is higher; or
  - The variation in exceptional or extraordinary items is in excess of 10% or Rs. 1 crore, whichever is higher –

the company shall submit to the Authority an explanation stating reasons for variations, along with the annual financial statements. The explanation of variations so submitted shall be approved by Board of Directors.

- Words and expressions used in this circular will have the same meaning assigned to them in Insurance Act, 1938, IRDA Act, 1999, and the Regulations framed thereunder.
- The insurance companies are hereby, directed under Section 14 (e) of the IRDA Act, 1999 to take necessary action to ensure compliance with the public disclosures requirement from the period ending on 31 st March, 2010 .

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