

CIRCULAR NO: 056/IRDA/ACTL/Solvency Margin/February-07

23/02/07

To All Life Insurers,

Reporting of Maintenance of Solvency Ratio-Quarterly Basis

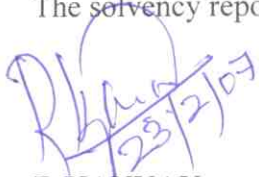
In the meeting of the Appointed Actuaries held on 1st February, 2007, at the office of the IRDA, it has been decided to move towards quarterly solvency ratio reporting besides the existing practice of annual reporting. As of now, life insurance companies conduct actuarial valuation of liabilities and work out solvency ratio for the company as at end March of the year. In the light of experience gained and in order to address the financial condition of the life insurance companies, there is an urgent need to move towards quarterly reporting of solvency ratios. This will help companies to plan their business well and also will enable them to move towards better management of capital. The latter issue, i.e., management of capital assumes more importance in the light of growing business volume and towards safeguarding the financial conditions of the companies.

It has been decided that all life insurers which are registered with IRDA will move towards this quarterly reporting. Time table for the submission of these quarterly reports is as follows:

Solvency Report as on:	To be submitted on or before
June 30	August 15th
September 30	November 15th
December 31	February 15 th

Please note that in the above mentioned table, March end solvency report is not covered as it forms part of 'Actuarial Report and Abstract' for the year as a whole and for this report the current practice will continue.

The solvency report must be presented as given in the enclosed statement (Form KT-Q).



R KANNAN,
Member (Actuary)

STATEMENT OF AVAILABLE SOLVENCY MARGIN AND SOLVENCY RATIO FORM KT-Q

Name of Insurer:	Registration Number:	Date of registration: _____
Classification: Business Within India/ Total Business		

Item	Description	Notes No...	Adjusted Value-31.3.06	Adjusted Value-QE June 07	Adjusted Value – QE Sept 07	Adjusted Value—QE Dec 07
(1)	(2)	(3)	(4)	(5)	(6)	(7)
01	Available Assets in Policyholders' Fund:					
	Deduct:					
02	Mathematical Reserves					
03	Other Liabilities					
04	Excess in Policyholders' funds (01-02-03)					
05	Available Assets in Shareholders Fund:					
	Deduct:					
06	Other Liabilities of shareholders' fund					
07	Excess in Shareholders' funds (05-06)					
08	Total ASM (04)+(07)					
09	Total RSM					
10	Solvency Ratio (ASM/RSM)					

Certification:

I, _____, the Appointed Actuary, 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 and fair to the best of my knowledge.

Place: _____ Name and Signature of Appointed Actuary Counter-Signature of CEO
 Date: _____

Notes

1. Item No. 01 shall be the amount of the Adjusted Value of Assets as mentioned in Form IRDA-Assets- AA as specified under Schedule I of Insurance Regulatory and Development Authority (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000;
2. Item No. 02 shall be the amount of Mathematical Reserves as mentioned in Form H; Item Nos. 03 and 06 shall be the amount of other liabilities as mentioned in the Balance Sheet;
3. Items No. 05 shall be the amount of the Total Assets (Adjusted) as mentioned in Form IRDA-Assets- AA as specified under Schedule I of Insurance Regulatory and Development Authority (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000;
4. Cols (4) to (7) should be furnished wherever available;

