

**Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract
for Life Insurance Business) Regulations, 2015**

In exercise of the powers conferred by clause (g) of sub-section (2) of section 114A of the Insurance laws (Amendment) Act, 2015, (4 of 2015), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations, namely:-

1. **Short title and commencement.**-(1) These regulations may be called the Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract) Regulations, 2015.
(2) They shall come into force from the date of their publication in the Official Gazette.
2. **Definitions.** --In these regulations, unless the context otherwise requires ----
 - (a) "Act" means the Insurance laws (Amendment) Act, 2015(4 of 2015);
 - (b) "Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
 - (c) "extra premium" means a charge for any risk not provided for in the minimum contract premium;
 - (d) "group business" means those insurance contracts which are group policies as mentioned under sub-section (2) of section 4 of the Act;
 - (e) "guarantees" means the terms in regard to benefits or premiums or charges, which may not be altered during the currency of the policy;
 - (f) "individual business" means individual insurance contracts issued on single/joint lives;
 - (g) "inter valuation period" means, as respects any valuation, the period to the valuation date of that valuation from the valuation date of the preceding valuation in connection with which an abstract was prepared under the Act or under the enactments repealed by the Act, or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business;
 - (h) "maturity date" means a fixed date on which benefit may become payable either absolutely or contingently;
 - (i) "non-par policies" or "policies without participation in profits" means policies which are not entitled for any share in surplus (profits) during the term of the policy;
 - (j) "office yearly premium" means regular premium (excluding extra premiums which are required to be shown separately) payable by the policyholder to secure the basic benefits under the policy in a policy year ;
 - (k) "options" means the rights available to a policyholder under a policy;
 - (l) "par policies" or "policies with participation in profits" means policies which are not non-par policies as defined under clause (i);
 - (m) "policies with deferred participation in profits" means policies entitled for participation in profits after a certain period from the date of commencement of the policy,
 - (n) "premium term" means the period during which premiums are payable;

- (o) "riders" or "rider benefits" means add-on benefits, which are in addition to basic benefits under a policy;
- (p) "valuation date" means as respects any valuation the date as at which the valuation is made;

(q) All words and expressions used herein and not defined but defined in the Insurance Act, 1938(4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or in any Rules or Regulations made there under shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

3. Procedure for Preparation of Actuarial Report and Abstract. — (1) The Abstract and Statements must be so arranged that the number and letters of the paragraphs correspond with Regulation 4.

(2) The Abstracts and Statements shall be furnished to the Authority, within three months from the end of the period to which they refer to or within fifteen days from the date of adoption of accounts by the Board, whichever is earlier, in accordance with sub-section (1) of section 15 of the Act

(3) There shall be appended to every such Abstract and Statement –

a. Certificate signed by the Principal Officer that full and accurate particulars of every policy under which there is a liability, either actual or contingent, has been furnished to the appointed actuary for the investigation; however, exceptions if any, may be brought out along with action being taken to rectify the deficiency in the valuation data.

b. Certificate signed by the Appointed Actuary with his remarks, if any, to the effect that:-

- i. The data furnished by the Principal Officer has been included in conducting the valuation of liabilities for the purpose of the investigation.
- ii. He has complied with the provisions of the Act.
- iii. He has complied with the Actuarial Practice Standards issued by Institute of Actuaries of India with the concurrence of the Authority.
- iv. Reasonable steps have been taken to ensure the accuracy and completeness of data (if any data deficiency is observed this may be highlighted).
- v. In his opinion, the mathematical reserves are adequate to meet insurer's future commitments under the contracts, and the policyholders' reasonable expectations¹.

¹ Policyholder reasonable expectation

4. **Requirements Applicable to Abstract and Statements.**—(1) Abstracts and statements shall be prepared separately in respect of ---

- (a) Participating;
- (b) Non-Participating business

(2) An insurer shall prepare the following statements which shall be annexed to the abstract prepared in accordance with these regulations, namely:-

(i) Detailed Statements

1. In respect of Participating Business:

- a. Form DD
- b. Form DDD
- c. Form NLB-1
- d. Form NLB-2
- e. Form VIPNLB 1
- f. Form VIPNLB 2
- g. Form VIPLB 1
- h. Form VIPLB 2
- i. Form VIPLB 3
- j. Form ULB-1
- k. Form ULB-2
- l. Form ULB-3
- m. Form IA PAR

2. In respect of Non-Participating Business

- a. Form DD
- b. Form DDD
- c. Form NLB-1
- d. Form NLB-2
- e. Form VIPNLB 1
- f. Form VIPNLB 2
- g. Form VIPLB 1
- h. Form VIPLB 2
- i. Form VIPLB 3
- j. Form ULB-1
- k. Form ULB-2
- l. Form ULB-3
- m. Form IA NPAR

(ii) Summary statements:

- 1. Statement of Liabilities – Form H
- 2. Statement of Assets - Form AA
- 3. Valuation balance Sheet – Form I
- 4. Form KT1
- 5. Form KT2

6. Statement of Available Solvency Margin and Solvency Ratio – Form KT3
7. Composition and Distribution of Surplus – Form S

(iii) In addition, any forms as prescribed by the Authority from time to time

(3) Each Abstract shall show-

- (a) The **Valuation Date**-the date on which valuation (investigation) is done;
- (b) **Products**-a list of all products/riders included in the valuation along with their respective UIN;
- (c) **Foreign Operations**-abrief description of the foreign operations of the insurer, during the inter-valuation period;
- (d) **Valuation data** - The Appointed Actuary shall comment on the steps taken to verify consistency, completeness and accuracy of data provided by the Principal Officer.
- (e) **Valuation Method.**-- A brief description of ----
 - (i) the methods adopted in the determination of mathematical reserves in respect of insurance products;
 - (ii) the method by which age at entry, premium term, maturity date, valuation age, period from the valuation date to the maturity date, have been treated for the purpose of valuation;
 - (iii) the manner in which reinsurance has been taken into account in arriving at the valuation reserves net of reinsurance
 - (iv) the method of allowing for-
 - (I) incidence of premium income: and
 - (II) premiums payable otherwise than annually;
 - (v) valuation methodology for various options and guarantees:
 - (a) Provide the details of various options that are provided under various products included in investigation.
 - (b) Summarize the methods used to make suitable provisions for these options, wherever explicitly provided.
 - (c) Provide the details of various guarantees that are offered under various products included in investigation.
 - (d) Summarize the methods used to make provisions for these guarantees, wherever explicitly provided.

(vi) Include other Adjustments (Provisions), - The methods by which provisions, if any, have been made for the following matters, along with a statement of bases as part of Valuation bases, wherever necessary,-

- (a) Policies in respect of which extra premiums have been charged on account of underwriting of under-average lives that are subject to extra risks such as occupation hazard, over-weight, under-weight, smoking history, health, climatic or geographical conditions;
- (b) Lapsed policies not included in the valuation but under which a liability exists or may arise;
- (c) Options available under individual and group insurance policies
- (d) Guarantees available to individual and group insurance policies
- (e) The rates of exchange at which benefits in respect of policies issued in foreign currencies have been converted into Indian Rupees and what provision has been made for possible increase of mathematical reserves arising from future variations in rates of exchange;

(e) **Valuation bases-** (i) Valuation parameters used in the valuation shall be furnished in the manner as specified in the table hereunder:-

Description	Mortality basis Used	Morbidity basis used	Inflation rate	Interest Rate	Expenses	Lapse / Surrender, if any	Future bonuses if any	Others please specify	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a) Insurance Product:									
i) Regular Premium									
ii) Single premium and Fully paid up									
iii) Reduced Paid up									
(b) Insurance Product:									
i) Regular Premium									

ii) Single premium and Fully paid up									
iii) Reduced Paid up									

- (i) Summarize the Margins for Adverse Deviations for these parameters.
- (ii) the basis for arriving at the valuation parameters along with experience, if any shall be provided
- (iii) Summarize and justify any material changes made to the assumptions during the inter-valuation period along with the impact.
- (iv) Expenses related to premiums, sum assured, annuity, etc., and per policy shall be specified separately under Column (6) of the table;
- (v) Items such as terminal bonus, in respect of with profit contracts, management charges, unit growth rate, policy account growth rate, etc., in respect of linked business shall be specified under Column (9) of the table;
- (vi) Items related to Other Provisions, if any, shall be included as part of Column (9)

5. **Negative Reserves and Guaranteed Surrender Value Deficiency Reserves-** A brief description of treatment adopted for negative reserves and guaranteed surrender value deficiency reserves shall be furnished.

6. **Return on Assets:** The yield on investment for the purpose of the valuation rate of interest will be the investment income as a percentage of the mean fund over the period, on assets attributable to blocks of business / segments etc. The value of the assets for this purpose shall be the adjusted values of Assets using the asset valuation method prescribed in the Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2015. The mean fund would be assessed considering the exact amount and incidence of cash-flow to the fund.

7. **Distribution of surplus.** -- The basis adopted in the distribution of surplus as between the shareholders and the policyholders, and whether such distribution was determined by the instruments constituting the company, or by its regulations or by-laws or how otherwise shall be mentioned.

8. **Principles adopted in distribution of profits.**--- The general principles adopted in distribution of profits among policyholders, including statements on following points, shall be furnished:-

- (i) Whether the principles were determined by instruments constituting the insurer, or by its regulations or by-laws or how otherwise;
- (ii) The number of years premium to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted;
- (iii) Whether the bonus is allocated in respect of each year's premium paid, or in respect of each calendar year or year of assurance or how otherwise; and

(iv) Whether the bonus vests immediately on allocation, or, if not, conditions of vesting.

9. **Statement of composition of surplus and distribution of surplus in respect of policyholders' funds.**—(1) A Statement of composition of surplus and distribution of surplus in respect of policyholders' funds, showing total amount of surplus as at the Balance sheet date and the allocation of such surplus, shall be furnished separately for participating business and for non-participating business, with the particulars as mentioned below:-

Composition of Surplus:

(a) Surplus emerging during the year:

- (b) Interim Bonuses paid during the inter-valuation period;;
- (c) Terminal Bonuses paid during the inter-valuation period Loyalty Additions or other forms of bonuses, if any, paid during the inter-valuation period;
- (d) Sum transferred from shareholders' funds during the inter-valuation period;;
- (e) Amount of surplus, from policyholders' funds, brought forward from preceding valuation:
- (f) Total Surplus (total of the items (a) to (f)):

Distribution of Surplus:

Policyholders' Fund:

- (a) To Interim Bonuses paid;
- (b) To Terminal Bonuses
- (c) To Loyalty Additions or any other forms of bonuses, if any;
- (d) Among policyholders with immediate participation giving the number of policies which participated and the sums assured there under (excluding bonuses);
- (e) Among policyholders with deferred participation, giving the number of policies which participated and the sums assured there under (excluding bonuses);
- (f) To every reserve fund or other fund or account (any such sums passed through the accounts during the inter valuation period to be separately stated);
- (g) As carried forward un-appropriated.
- (h) To the shareholders' funds (any such sums passed through the accounts during the inter valuation period to be separately stated);

Totals:

- (i) Total Surplus allocated: (total of the items (a) to (h))

- (2) Specimen of Bonuses allotted to policies for one thousand rupees together with the amounts apportioned under the various manners in which the bonus is receivable, for each type of participating product, shall be furnished.

10. Notes applicable to all Forms

- a. Each form mentioned under Sub-Regulation (2) of Regulations 4 shall have the following description:-

- i. Classification
 - ii. Type
 - iii. Category
 - iv. Division
 - v. Sub-Class
 - vi. Group
- b. There shall be two Classifications, namely, Business Within India and Total Business (consisting of Business within India and Business outside India), with Classification Codes 'BWI' and 'BT' respectively
- c. There shall be two Types, namely, Participating and Non-Participating with codes 'PAR' and 'NPAR' respectively under each classification.
- d. There shall be four categories as under each Type namely,
 - i. Non-Linked (other than Variable Insurance Products)with Category Code 'NL'
 - ii. Unit-Linked (other than Variable Insurance Products)with Category Code 'UL'
 - iii. Non-Linked Variable Insurance Products with category code 'VIP-NL'
 - iv. Linked Variable Insurance Products with category code 'VIP-L'
- e. There shall be two Divisions, namely, Individual Business and Group Business, with Division Codes 'I' and 'G' respectively under each Category.
- f. There shall be four Sub-Classes, namely, Life Business, Pension Business, General Annuity Business and Health Insurance Business with Sub-Class codes 'L','P', 'A', and 'HL'
- g. There shall be two Groups, namely, Immediate Participation, Deferred Participation with Group Codes of 'I-PAR' and 'D-PAR' respectively under the Sub Class – Life Business of Individual Division under Participating Type.
- h. There shall be two Groups, namely, Immediate Annuity and Deferred Annuity with Group Codes 'IA' and 'DA' under the Sub Class of General Annuity Business.
- i. There shall be two Groups, namely, Premiums Guaranteed for not more than one year and Premiums Guaranteed for one year or more than one year with Group Codes of 'NGP' and 'GP' respectively under Sub Class of LifeBusiness under the Division of Group Business under Non-Linked Category.
- j. There shall be two Groups, namely, With Guarantees and Without Guarantee with Group Codes of 'WG' and 'WOG' respectively under each of the categories

Unit-Linked, Non-Linked Variable Insurance Products and Linked Variable Insurance Products.

- k. "Nil" Statements shall be furnished for those forms where the insurer has no transactions.
- l. All figures shall be furnished in thousands and all amounts shall be furnished in Indian Rupees.
- m. In respect of Group Business, 'the number of policies' in Forms, wherever applicable, shall be read as 'number of schemes'.

FORM H (Statement of Liabilities)
(See Regulation 4)
Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract)
Regulations, 2015

SUMMARY OF VALUATION AS AT 31ST March, 20____.

Business Within India / Total Business

Form Code: [][][][][][][][][][]			
Name of Insurer:	Registration Number:	Date	of registration:

Item No.	Category of business	Mathematical Reserves (inclusive of cost of bonuses allocated)
(1)	(2)	(3)
	Business within India:	
01	Non-Linked Business	
02	Unit Linked Business	
03	VIP-Non Linked Business	
04	VIP-Linked Business	
05	TOTAL (total of the items (1) to (4))	
	Total Business:	
06	Non-Linked Business	
07	Unit Linked Business	
08	VIP-Non Linked Business	
09	VIP-Linked Business	
10	TOTAL (total of the items (6) to (9))	

Note to Form H -

1. All figures should be in thousands.
2. Mathematical reserves in Col (3) shall be furnished inclusive of cost of bonuses allocated

FORM I (Valuation balance sheet)
(See Regulation 4)

Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract)
Regulations, 2015

VALUATION RESULTS AS AT 31st March, 20__
Business Within India / Total business

Form Code: [][][][][][][][][][]			
Name of Insurer:	Registration Number:	Date	of registration:

Item No	DESCRIPTION	Balance of Fund shown in Balance Sheet	Mathematical reserves (excluding cost of bonuses allocated)	Surplus
(1)	(2)	(3)	(4)	(5)
01	Par Policies			
02	Non-par Policies			
03	Total			

Note to Form I -

1. All figures should be in thousands.
2. Col (5) = Col (3) - Col (4).
3. The figures shown in column (3) includes surplus in the policyholder fund; it is the Balance Sheet position of assets prior to any transfer having being made out to the shareholder fund.
4. The figures shown in (3) and the Surplus shown in (5) also includes shareholder transfer to the policyholder fund in order to meet the deficits in some segments.
5. The figures shown in column (3) for Par business does not include the amount of interim and terminal bonus paid to the policyholder during the inter valuation period amounting Rs. X.

Form KT3- AVAILABLE SOLVENCY MARGIN AND SOLVENCY RATIO.

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

Item	Description	Notes No...	Adjusted Value
(1)	(2)	(3)	(4)
01	Available Assets in Policyholders' Fund:		
02	Deduct:		
03	Mathematical Reserves		
04	Other Liabilities		
	Excess in Policyholders' funds (01-02-03)		
05	Available Assets in Shareholders Fund:		
06	Deduct:		
07	Other Liabilities of shareholders' fund		
	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

Date:

Name and Signature of Appointed Actuary

Notes

Name and Signature of CEO

1. Item No. 01 shall be the amount of the Total Admissible assets for Solvency as mentioned in Form IRDAI-Assets- AA under Policyholders A/C;
2. Item No. 02 shall be the amount of Mathematical Reserves as mentioned in Form H;
3. Item Nos. 03 and 06 shall be the amount of other liabilities as mentioned in the Balance Sheet;
4. Items No. 05 shall be the amount of the Total Admissible assets for Solvency as mentioned in Form IRDAI-Assets- AA under Shareholders A/C;