

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY
NOTIFICATION**

Hyderabad, the 1st January, 2004

Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2004

F.No.IRDA/Reg./1 /2004 – *In exercise of the powers conferred by Sections 27A, 27B, 27D and 114A of the Insurance Act, 1938 (4 of 1938), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations to amend the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, namely:-*

1. **Short Title and commencement.**-(1) These regulations may be called the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2004.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In regulation 2 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the following new clauses shall be added, after clause (c):

“(ca) ‘Group’ means:

(i) *two or more individuals, associations of individuals, firms, trusts, trustees or bodies corporate (excluding Financial Institutions) or any combination thereof, which exercises, or is established to be in a position to exercise, control, directly or indirectly, over any body corporate, firm or trust, or*

(ii) *Associated persons,*

as may be stipulated by the Authority, from time to time, by issuance of guidelines in this behalf.

(cb) *‘Financial Derivatives’ means a derivative as defined under clause (aa) of section 2 of the Securities Contracts (Regulation) Act, 1956, and includes a contract which derives its value from interest rates of underlying debt securities and such other derivative contracts as may be stipulated by the Authority, from time to time.”*

3. For the existing Note 2, appended at the end of Regulation 5 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the following shall be substituted:-

“2. Subject to exposure limits mentioned in the Table above, an Insurer shall not have investments of more than 5% in aggregate of its Controlled funds in the case of a life insurer or 5% in aggregate of its assets in the case of non-life insurer in the companies belonging to the promoters’ groups. For the purposes of this regulation “group” shall have the same meaning as defined under these Regulations. All investments in this category shall specifically be referred to the Authority.”

4. For the existing Regulation 6 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the following shall be substituted:-

"6. Returns to be submitted by an Insurer.-Every insurer shall submit to the Authority the following returns within such time, at such intervals and verified / certified in such manner as indicated there against.

No.	Form No	Description	Periodicity of returns	Time limit for submission	Verified / Certified by
1.	Form 1	Statement of Investments and Income on Investments	Yearly	Within 30 days from the date of Boards approval of Audited Accounts	Principal Officer / Chief of (Investments)
2.	Form 2	Statement of Down Graded Investments	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
3.	Form 3A	Statement of Investment of Controlled Fund (Life) - Compliance Report	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
4.	Form 3B	Statement of Investment of Total Assets (General) - Compliance Report	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
5.	Form 3C	Exception Report on Instruments not complying with "AA" or "AAA" grade - Compliance Report	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
6.	Form 4	Exposure / Prudential Investment Norms - Compliance Certificate	Yearly	Within 30 days from the date of Boards approval of Audited Accounts	Principal Officer / Chief of (Investments)
7.	Form 4A	Statement of Investment Subject to Exposure Norms	Yearly	Within 30 days from the date of Boards approval of Audited Accounts	Principal Officer / Chief of (Investments)
8.	Form 5	Statement of Investment Reconciliation	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
9.	Form 5A	Statement of Mutual Fund Investments	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
10.	Form 6	Certificate under Section 28(2A), 28(2B) and 28B(3) of the Insurance Act, 1938	Quarterly	Within 21 days of the end of each quarter	Principal Officer / Chief of (Investments)
11.	Form 7	Confirmation of Investment Portfolio Details	Quarterly	Within 21 days of the end of each quarter.	Principal Officer / Chief of (Investments)"

5. After Regulation 10 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the following new regulation shall be added:-

"11. Dealing in Financial Derivatives.- (1) Every Insurer carrying on the business of life insurance or general insurance may deal in financial derivatives only to the extent permitted and in accordance with the guidelines issued by the Authority in this regard from time to time.

(2) Any margin or unamortized premium paid by any insurer in connection with the financial derivatives to the extent they are reflected as asset position in the Balance Sheet of the Insurer in accordance with the guidelines issued by the Authority, shall be treated as "Approved Investment" under Schedule I and Schedule II to these Regulations, only to the extent the derivatives position constitutes a hedge for the underlying investment or portfolio which itself is treated as an approved investment under these Regulations. All other margin or unamortized premium paid, to the extent reflected in the Balance Sheet of the Insurer in accordance with the guidelines issued by the Authority in this regard from time to time, shall be treated as "Other than Approved Investments".

6. In Schedule I to the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, in item (b) thereof, the following shall be inserted as sub-item (iia) after sub-item (ii):-

"(iia) Collateralised Borrowing and Lending Obligation (CBLO) created by the Clearing Corporation of India Limited and recognised by the Reserve Bank of India as a money market instrument / investment."

7. In Schedule II to the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, in item (b) thereof, the following shall be inserted as sub-item (iia) after sub-item (ii):-

"(iia) Collateralised Borrowing and Lending Obligation (CBLO) created by the Clearing Corporation of India Limited and recognised by the Reserve Bank of India as a money market Instrument / investment."

8. For the existing FORM 1, FORM 2, FORM 3A, FORM 3B and FORM 3C appended at the end of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the following shall be substituted:-

FORM - 3A

COMPANY NAME & CODE:

PART - A

STATEMENT AS ON :

STATEMENT OF INVESTMENT ASSETS

(Business within India)

Rs. In Lakhs

PERIODICITY OF SUBMISSION : QUARTERLY

INVESTMENT ASSETS		PERCENTAGE AS PER REG.	SH	PH		TOTAL (SH + PH)	ACTUAL %	MKT / REALISABLE VALUE
				PAR	NON PAR			
A. LIFE FUND								
1	Govt Securities	25%						
2	Govt Securities or Other approved Securities (incl 1 above)	Not less than 50%						
3	Approved Inv							
a	Infra Structure and Social Sector							
	(i) Infra Structure	Not less than 15%						
	(ii) Social Sector							
b	Others - governed by Exposure Norms	Not exceeding 35%						
	(i) Out of above 35% - Amount invested in "Other than Approved Inv shall not exceed 15%"							
TOTAL LIFE FUND		100%						0
B. PENSION, GENERAL ANNUITY FUND								
1	Govt Securities	Not less than 20%						
2	Govt Securities or Other approved Securities (incl 1 above)	Not less than 40%						
3	Balance Inv. To be in Approved Investment	Not exceeding 40%						
TOTAL PENSION, GENERAL ANNUITY FUND		100%						
C. GROUP SCHEME EXCLUDING GROUP PENSION / ANNUITY								
1	Govt Securities	Not less than 20%						
2	Govt Securities or Other approved Securities (incl 1 above)	Not less than 40%						
3	Balance Inv. To be in Approved Investment	Not exceeding 40%						
TOTAL GROUP SCHEME EXCLUDING GROUP PENSION / ANNUITY		100%						
D. LINKED LIFE INSURANCE FUND								
		PERCENTAGE AS PER REG.		PH		TOTAL (SH + PH)	ACTUAL %	MKT / REALISABLE VALUE
			PAR	NON PAR				
1	Approved Investments	Not less than 75%						
2	Other than Approved Investment	Not more than 25%						
TOTAL LINKED LIFE INSURANCE FUND		100%						

CERTIFICATION

Certified that the information given herein is correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

SIGNATURE

FULL NAME & DESIGNATION

DATE

Note: FORM-3A (PART-A) shall be linked to the Balance Sheet or the Balance Sheet data for which a detailed working shall be separately attached.

FORM - 3A

COMPANY NAME & CODE:

PART - B

STATEMENT AS ON :

STATEMENT OF NON-INVESTMENT ASSETS

(Business within India)

Rs. In Lakhs

PERIODICITY OF SUBMISSION : QUARTERLY

FOR THE QUARTER ENDED :		XX/XX/XXXX	SCH. REF	AMOUNT
1	REAL ESTATE (NOT HELD AS INVESTMENT ASSET)			
2	FIXED ASSETS			
3	LOANS (OTHER THAN POLICY LOANS)			
4	CASH, BANK BALANCE & REMITTANCE IN TRANSIT			
5	ADVANCE TO / DEPOSIT WITH OTHERS			
6	DEPOSIT WITH CEDING COMPANIES			
7	PREPAID EXPENSES			
8	ADVANCES TO OFFICERS AND DIRECTORS			
9	ADVANCE TAX & TAX DEDUCTED AT SOURCE (NET OF PROVISION)			
10	OUTSTANDING INTEREST (ON INVESTMENTS)			
11	INTEREST ON LOANS OUTSTANDING			
12	OUTSTANDING PREMIUM			
13	FOREIGN AGENT BALANCE			
14	AMOUNT DUE FROM OTHER INSURERS (NET)			
15	AGENT BALANCE			
16	DUE FROM SUBSIDIARIES			
17	TRUST / SEMI-TRUST ACCOUNT			
18	OTHER ACCOUNTS (INTER OFFICE AND CONTROL ACCOUNTS)			
19	FAIR VALUE CHANGE ACCOUNT			
20	STOCK OF STATIONERY			
21	OTHERS (SPECIFY)			

CERTIFICATION

Certified that the information given herein are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

DATE:

SIGNATURE

FULL NAME & DESIGNATION

Note: Break-up of individual items under each of the above heads shall be provided as Schedule and its reference be mentioned under "Sch. Ref"

FORM - 3B

COMPANY NAME AND CODE :

PART - A

STATEMENT AS ON :

STATEMENT OF INVESTMENT ASSETS

(Business within India)

PERIODICITY OF SUBMISSION : QUARTERLY

	INVESTMENT ASSETS	PERCENTAGE	AMOUNT AS PER REG.		TOTAL (SH+PH)	% ACTUAL	MARKET VALUE
			SH	PH			
1	Central Govt Securities	Not less than 20%					
2	Govt Securities or Other Guaranteed Securities (incl the 1 above)	Not less than 30%					
3	Housing and Loans to SG for Housing and Fire Fighting Equipments	Not less than 5%					
4	Approved Inv						
	a Infra Structure and Social Sector						
	(i) Infra Structure	Not less than 10%					
	(ii) Social Sector						
	b (i) Others - governed by Exposure Norms	Not exceeding 55%					
	(ii) Out of above 55% - Amount Invested in "Other than Approved Inv shall not exceed 25%"						
TOTAL INVESTMENT ASSETS		100%					

CERTIFICATION

Certified that the information given herein are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

DATE:

SIGNATURE

FULL NAME & DESIGNATION

Note: FORM-3B (PART-A) shall be linked to the Balance Sheet on the Balance Sheet date for which a detailed working shall be separately attached.

FORM - 3B

COMPANY NAME AND CODE :

PART - B

STATEMENT AS ON :

STATEMENT OF NON-INVESTMENT ASSETS

(Business within India)

Rs. In Lakhs

PERIODICITY OF SUBMISSION : QUARTERLY

	PARTICULARS	XX/XX/XXXX	SCH REF	AMOUNT
1	REAL ESTATE (NOT HELD AS INVESTMENT ASSET)			
2	FIXED ASSETS			
3	LOANS			
4	CASH, BANK BALANCE & REMITTANCE IN TRANSIT			
5	ADVANCES TO / DEPOSIT WITH OTHERS			
6	DEPOSIT WITH CEDING COMPANIES			
7	PREPAID EXPENSES			
8	ADVANCES TO OFFICERS AND DIRECTORS			
9	ADVANCE TAX & TAX DEDUCTED AT SOURCE (NET OF PROVISION)			
10	OUTSTANDING INTEREST (ON INVESTMENTS)			
11	INTEREST OF LOANS OUTSTANDING			
12	OUTSTANDING PREMIUM			
13	FOREIGN AGENTS BALANCES			
14	AMOUNT DUE FROM OTHER INSURERS (NET)			
15	AGENT'S BALANCES			
16	DUE FROM SUBSIDIARIES			
17	TRUST / SEMI-TRUST ACCOUNT			
18	OTHER ACCOUNTS (INTER OFFICE AND CONTROL ACCOUNTS)			
19	FAIR VALUE CHANGE ACCOUNT			
20	STOCK OF STATIONERY			
21	OTHERS (SPECIFY)			

CERTIFICATION

Certified that the information given herein are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

DATE:

SIGNATURE _____

FULL NAME & DESIGNATION

Note: Break-up of individual items under each of the above heads shall be provided as Schedule and its reference be mentioned under "Sch. Ref"

FORM - 3C

COMPANY NAME & CODE:
STATEMENT AS ON :

EXCEPTIONAL INVESTMENTS CAPABLE OF BEING RATED AND COMPLYING WITH "AA" GRADE AND IN CASE OF DEBT INSTRUMENTS ISSUED BY ALL INDIA FINANCIAL INSTITUTIONS, NOT COMPLYING WITH "AAA" GRADE - COMPLIANCE REPORT
PERIODICITY OF SUBMISSION : QUARTERLY

Rs. In Lakhs

A. LIFE FUND

NO	PARTICULARS OF INVESTMENT	CAT CODE	AMOUNT	RATING AGENCY	RATING GRAD OF INSTRUMENT	DATE OF APPROVAL BY INVESTMENT COMMITTEE AND REASONS THEREOF

B. PENSION AND GENERAL ANNUITY FUND

NO	PARTICULARS OF INVESTMENT	CAT CODE	AMOUNT	RATING AGENCY	RATING GRAD OF INSTRUMENT	DATE OF APPROVAL BY INVESTMENT COMMITTEE AND REASONS THEREOF

C. UNIT LINKED LIFE INSURANCE FUND

NO	PARTICULARS OF INVESTMENT	CAT CODE	AMOUNT	RATING AGENCY	RATING GRAD OF INSTRUMENT	DATE OF APPROVAL BY INVESTMENT COMMITTEE AND REASONS THEREOF

D. GENERAL INSURANCE BUSINESS

NO	PARTICULARS OF INVESTMENT	CAT CODE	AMOUNT	RATING AGENCY	RATING GRAD OF INSTRUMENT	DATE OF APPROVAL BY INVESTMENT COMMITTEE AND REASONS THEREOF

CERTIFICATION

I certify that the information given herein is correct and complete to the best of my knowledge and belief and nothing has been withheld or suppressed.

SIGNATURE

FULL NAME & DESIGNATION

Date:

Note: "FORM 3C" shall be as per Guidelines

FORM - 5A

COMPANY NAME & CODE:

STATEMENT AS ON :

STATEMENT OF MUTUAL FUND INVESTMENTS

PERIODICITY OF SUBMISSION : QUARTERLY

NAME OF THE FUND :

R. in Lakhs

PARTICULARS	CAT CODE	BRAND NAME	OP. BAL			PURCHASE DURING THE QUARTER			SALES DURING THE QUARTER			CL. BAL AS ON: XX/XX/XXXX		MARKET VALUE AS ON XX/XX/XXXX	
			UNITS	OPNAV	AMT	UNITS	NAV	AMT	UNITS	NAV	AMT	UNITS	NAV		
G. SEC PLAN - ME															
DEBT / INCOME FUND - ME	OMCI					0		0					Total (A)	0	0
SERIAL PLAN - ME	OMSP					0		0					Total (B)	0	0
LIQUID FUND - ME	OMLI					0		0					Total (S)	0	0
OTHERS - ME	OMOT					0		0					Total (k)	0	0
						0		0					Total (7)	0	0
													Total (1 to 7)	0	0

CERTIFICATION

I certify that the information given herein is correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

Date:

SIGNATURE

FULL NAME & DESIGNATION

NOTE

- A. Item - Others - ME will be applicable for Mutual Fund investments made prior to Circular No. (B)34 / J.R. (N) 107 / 2002-03 dated - 25th February, 2003
- B. In the case of Life Insurance Business, FORM-5B shall be prepared in respect of each fund
- C. Each sub-total of FORM-5A shall be linked to its corresponding head in FORM-5.

FORM - 6

COMPANY NAME AND CODE

AS ON:

NAME OF THE FUND : ¹

CERTIFICATE UNDER SECTION 28(2A) / 28(2B) / 28B(3) OF THE INSURANCE ACT, 1938

PERIODICITY OF SUBMISSION : QUARTERLY

INVESTMENT PARTICULARS	UNDER THE CUSTODY OF						TOTAL (RS) SH + PH
	BANK (RS)*		SELF (RS)		OTHERS (RS)*		
	SHARE HOLDERS	POLICYHOLDERS	SHARE HOLDERS	POLICYHOLDERS	SHARE HOLDERS	POLICYHOLDERS	
Central Government Securities							
Central Government and other Guaranteed Securities							
Housing & Loans to State Government for Housing							
Infrastructure / Social Sector Investments							
Approved Investments							
Other than Approved Investment							
TOTAL							

Rs. In Lakhs

We certify that the above mentioned securities are held free of any encumbrance, charge, hypothecation, or lien as on the above date.

CHAIRMAN

PRINCIPAL OFFICER

DIRECTOR

Note:

1. Value of the Securities to be shown as Carrying Cost on the above date

* Reconciliation statement shall be attached for explaining the difference between Books and Custodian / Others Certificate.

† In the case of Life Insurance Business, FORM-6 shall be prepared in respect of each fund

FORM - 7

COMPANY NAME & CODE:

STATEMENT AS ON :

CONFIRMATION OF INVESTMENT PORTFOLIO DETAILS

PERIODICITY OF SUBMISSION : QUARTERLY

NO	DESCRIPTION	CONFIRMATION (YES / NO)
1	<i>Details of Approved Investments / Other Investments which have matured for payment and maturity amount is outstanding along with particulars of defaulted amount and period for which said default has continued.</i>	
2	<i>Any Investment as at (1), which subsequent to maturity have been rolled over:</i>	
3	<i>In respect of Investments where periodic income have fallen due, details of interest payment in default, along with period for which such default have persisted.</i>	
4	<i>Details of steps taken to recover the defaulted amounts, and the provisioning done / proposed in the accounts against such defaults:</i>	

CERTIFICATION

Certified that the information given herein are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

SIGNATURE

FULL NAME & DESIGNATION

Date:

Note: *If any of the confirmation is in the affirmative, details be provided.*

PRABODH CHANDER, Designated Officer