

#### A. INVESTMENTS IN EQUITY SHARES THROUGH IPOs

[Vide Point 4 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]

As per the earlier regulations, Investment in Equity Shares issued through Initial Public Offer (IPO), including Offer for Sale, has to be categorized as *"Other Investments"*. However, in the context of IPO issues, including Offer for Sale, by Corporates, with good performance record and sound financials, suggestions have been received to consider some relaxation in respect of Equity Shares of such Corporates, through IPO issue so as to categorize under *"Approved Investments"*.

Arising out of this suggestion the following criteria are proposed after considering the comments received from Insurers in this matter. Equity shares offered through IPO, including Offer for Sale, which satisfy **ALL** of the following criteria may be categorized as *"Approved Investments"*.

1. Equity Shares are being "listed" through IPO
2. The company issuing shares through IPO shall belong to a financially sound Group with good performance record, for which the Insurer's Board shall lay down the criteria.
3. Performance track record of the company including Earnings and Dividend record, Dividend Criteria is satisfied:
  - a. for at least 7 past years as "unlisted" company as prescribed in the Insurance Act (Sec 27A) in the case of Life Insurance Companies
  - b. for at least 3 past years as "unlisted" company as prescribed in the Insurance Act (Sec 27B) in the case of General Insurance Companies,

**Provided**, in the case of Investee Companies, formed out of 'de-merger' of a parent company, issuing shares through IPO, the performance track record would apply with reference to the parent company.

4. The Investment in Equity Shares should comply with prudential and exposure norms as prescribed and in particular, Note No 7 to Regulation 3 and 4 of IRDA (Investment) Regulations, 2000 (as amended) i.e., "actively traded" and "liquid instrument" conditions should be satisfied within 3 months from the date of listing.
5. Such investments shall be subject to periodical review, particularly as to 'Approved' status.
6. The Board of the Insurers shall empower its Investment Committee to approve Investment in equities through IPOs, satisfying the above criteria.

7. Investment Policy of the insurer shall have a detailed policy in respect of investment in IPOs and the investment team can take decision on day-to-day basis subject to compliance with the Policy.
8. No investment shall be made in IPO if the size of the issue of Equity Shares through IPO, including offer for sale, is less than Rs.200 Crores from 1<sup>st</sup> Aug, 2008.
9. The details of investments in Equity Shares through IPOs required to be filed with IRDA vide Circular dated 8<sup>th</sup> Nov, 2004 need not be filed with the Authority with effect from 1<sup>st</sup> May, 2008
10. Any investment made in IPOs, which do not satisfy the above conditions, shall fall under 'Other Investments'.

#### **LIMIT FOR INVESTMENT IN 'IPO'**

In the case of 'Life' Insurance Company, the maximum bid amount (and not Margin Money) to be invested in IPO shall be the least of the following:

- (a) 10% of Subscribed Capital (Face Value) of the Investee Company (including the proposed Equity issue through IPO) or
- (b) 10% of the 'Fund'.

In the case of 'General' Insurance Company, the maximum amount (and not Margin Money) to be invested in IPO shall be the least of the following:

- (a) 10% of Subscribed Capital (Face Value) of the Investee Company (including the proposed Equity issue through IPO) or
- (b) 10% on the Investment Assets.

**Note:** 'Fund' shall refer to all Investment funds under management put together.

The above Circular may be indexed as INV/CIR/021/2008-09 in supersession of earlier Circular INV/CIR/046/2004-05

## B. INVESTMENT IN MUTUAL FUND

[Vide Point 5 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]

Investment in Gilt, G Sec and Liquid Mutual Funds would form part of 'Approved Investments' under IRDA (Investment) (Fourth Amendment) Regulations, 2008 as per guidelines listed below. However, these investments should not be used as long-term investments instead of investing directly in Government Securities. Hence any Investment made in other categories of Mutual Funds, including those which partly invest in Government Securities and Money Market instruments, will fall under 'Other Investments', which in turn shall be subject to the limits prescribed in the guidelines issued under IRDA (Investment) Regulations, 2000, as amended from time to time, along with the norms mentioned below.

### A. NORMS FOR MUTUAL FUND INVESTMENTS

The investment shall be restricted to schemes of Mutual Funds comprising of Liquid Funds, Gilt, G Sec or Debt and the same shall be governed by the following norms:

- i. The Mutual Fund should be registered with SEBI and be governed by SEBI (Mutual Funds) Regulations, 1996
- ii. Gilt / G Sec / Liquid MFs shall have the same meaning as under SEBI Regulations.
- iii. The insurer shall ensure proper diversification among various Mutual Funds to minimize risk.
- iv. The Investment Committee of the Insurer shall lay down proper Guidelines for selection of Mutual Funds and schemes permissible including exposure Norms to a Single Mutual Fund and to each Scheme of Mutual Fund to avoid concentration.
- v. Where, the schemes of mutual funds in which such investment is made by an Insurer, is managed by an Investment Manager who is under the direct or indirect management or control of the Insurer or its promoter the same shall not exceed 3% of Life Fund and 5% of Unit Linked Fund or 5% of Investment Assets, in the cases of General Insurers.

### B. OVERALL INVESTMENT / EXPOSURE LIMIT

- i. The investment in Gilt / G Sec / Liquid Mutual Funds at any point of time, under the Approved Investment category shall be as under:

<i>FUND SIZE</i>	<i>LIMIT</i>
<i>Above Rs.50000 Crores in the case of Life Company and above Rs.2000 Crores in the case of General Insurance Company</i>	<i>1.5 % of the Fund Size in the case of Life Company and 1.5% of Investment Assets in the case of General Insurance Company</i>
<i>Upto Rs.50000 Crores in the case of Life Company and up to Rs.2000 Crores in the case</i>	<i>5% of the Fund Size in the case of Life Company and 5% of Investment Assets in the</i>

<i><b>FUND SIZE</b></i>	<i><b>LIMIT</b></i>
<i>of General Insurance Company</i>	<i>case of General Insurance Company.</i>

- ii. In addition to the above, the MAXIMUM investments in MFs falling under 'Other Investments' Category, shall be as follows:

<i><b>Nature of Business</b></i>	<i><b>Private Sector</b></i>		<i><b>Public Sector</b></i>	
	<i><b>Life Fund</b></i>	<i><b>ULIP</b></i>	<i><b>Life Fund</b></i>	<i><b>ULIP</b></i>
<i>Life</i>	7.5%	12.5%	3%	5%
<i>Non Life</i>	12.5%		5%	

The percentage in the above table refers to in the case of:

Life Companies - to individual Fund Size  
General Insurance Companies - to Investment Assets.

- iii. Investment in Gilt / G Sec / Liquid MFs beyond the percentage mentioned in the table under point B(i), will automatically fall under the 'Other Investments' category in calculating pattern of investment.

#### **C. VALUATION OF MUTUAL FUND INVESTMENTS**

- i. The purchase and sale of units shall be calculated at Weighted Average Cost. Also, the insurer shall report the aggregate Market Value of such Mutual Funds in FORM 5 and FORM 5A of IRDA (Investment) Regulations, 2000.
- ii. A separate Fair Value Change Account for Mutual Fund Investments shall be maintained.
- iii. The unrealized gains / losses arising due to changes in fair value of the Mutual Funds shall be taken to 'Fair Value Change - Mutual Fund' account. The Profit / Loss on sale of Mutual Fund units, shall include accumulated changes in the Fair value previously recognized in Mutual Funds under the heading "Fair Value Change - Mutual Fund" in respect of a particular Mutual Fund and being recycled to Revenue / Profit and Loss Account on actual sale of Mutual Fund units.
- iv. The Insurer shall assess, on each Balance Sheet date, whether any diminution in the value has occurred to the Investment. A diminution in the value of investments shall be recognized as an expense in Revenue / Profit and Loss Account to the extent of the difference between the re-measured fair value of the Investment and its Cost as reduced by any previous diminution in value of investments is recognized as expenses in Revenue / Profit and Loss Account. Any reversal of diminution in value of investments earlier recognized in Revenue / Profit and Loss Account shall be recognized in Revenue / Profit and Loss Account.

v. In the case of Unit Linked Business, Mutual Fund units shall be valued at NAV.

The above Guidelines may be indexed as Guideline - INV/GLN/003/2008-09 in supersession of earlier Guidelines INV/GLN/004/2003-04

### C. INVESTMENTS IN ASSET BACKED SECURITIES, PTCs AND SRs

[Vide Point 6 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]

The investment in Asset Backed Securities (ABS) with underlying Housing and / or Infrastructure assets [as defined under Regulation 2(h) of IRDA (Registration of Indian Insurance Companies) Regulation, 2000, as amended from time to time] may be deemed as a part of "Approved Investments" and Pass Through Certificates (PTCs), Asset backed Securities (ABS) (other than above) and Security Receipts (SRs) may be deemed as part of "Other Investments" for the purpose of Regulation 3 and 4 of IRDA (Investment) Regulations, 2000 subject to following exposure and prudential norms:

1. The securitized assets must be rated and shall have highest rating by a reputed Credit Rating Agency, registered under SEBI (Credit Rating Agencies) Regulations, 1999.
2. The investment in Asset Backed Securities with underlying Housing and / or Infrastructure assets shall at 'all times' not exceed 10% of respective fund(s) in the case of Life Insurance Companies and not more than 5% of Investment Assets in the case of General Insurance Companies.
3. If the Asset Backed Securities with underlying Housing and / or Infrastructure assets is downgraded below AAA, or the highest rating, such investment shall be re-classified as "Other Investments".
4. In case the cash-flows from such instrument are not received on due dates, the investment in such assets are to be re-classified as "Other Investments" from such date for reporting to the Authority through FORM 3A (Part A) / FORM 3B of IRDA (Investment) Regulations, 2000.
5. The investments in securitized assets, both under Approved and Other Investments, taken together shall not exceed 10% of fund size in the cases of Life Companies and not more than 5% of Investment Assets in the case of General Insurers.
6. The Insurer should split his investment in Asset Backed Securities, PTCs and SRs in such a way it is over different issuers and tenures to ensure risk diversification.
7. The Insurer shall lay down internal guidelines for investment in securitized assets (ABS, PTCs and SRs) to avoid concentration with regards to issuer, tenor and type of underlying and any other criteria to achieve diversification.
8. All guidelines of Classification, Income Recognition and Valuation of Assets issued by the Authority shall be applicable to such investments.

The above Guideline may be indexed as INV/GLN/006/2008-09

#### **D. INVESTMENT IN PERPETUAL DEBT INSTRUMENTS OF BANK'S TIER-I CAPITAL AND DEBT CAPITAL INSTRUMENTS OF UPPER TIER-II CAPITAL**

**[Vide Point 7 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]**

The Reserve Bank of India [vide Master Circular DBOD.No.BP.BC.57/21.01.002/2005-2006 dated 25<sup>th</sup> Jan, 2006] has allowed banks to raise Capital through issue of Hybrid Instruments as under for augmenting their Capital Adequacy:

1. Innovative Perpetual Debt Instruments for inclusion as Tier 1 Capital
2. Debt Capital Instruments eligible for inclusion as Upper Tier 2 Capital
3. Perpetual Non-Cumulative Preference Shares for inclusion as Tier 1 Capital; and
4. Redeemable Cumulative Preference Shares eligible for inclusion as Tier 2 Capital

Insurance Companies, in general, have long term liabilities and require Instruments of Investment with matching maturities to optimally manage their assets and liability position. The above Instruments, which are likely to be issued by both Public and Private Sector Banks would have a minimum maturity period of 10 and 15 years, and would provide adequate flexibility to the Insurers in their Asset-Liability Management, with reasonable returns and hence provide Insurance Companies with appropriate Investment opportunity.

The Authority had therefore examined the various aspects of these instruments and have decided that the above Instruments may be deemed as a part of '**Approved Investments**' for the purpose of Section 27A and 27B of Insurance Act, 1938, under powers vested in Section 27A(s) and 27B(j) of Insurance Act, 1938, subject to the following conditions:

1. The Debt Instrument issued by Banks in **Private Sector** shall be rated not less than '**AAA**' and those issued by Banks in **Public Sector** shall have rating not less than **AA** by an independent, reputed and recognized Rating Agency, registered under SEBI.
2. Preference shares issued by the Banks shall satisfy the conditions specified under section 27A (1) (i) and 27A (1) (j) of Insurance Act, 1938 in the case of Life Insurers and 27B (1) (e) and 27B (1) (f) of Insurance Act, 1938 in the case of General Insurers.
3. All Exposure norms as specified in Regulation 5 of IRDA (Investment) Regulations, 2000 shall apply to these Hybrid Debt Instruments / Preference Shares Issued by the Banks.
4. If the Hybrid Debt Instrument is down graded below AAA, in the case of Private Sector banks and (below AA in the case of Public Sector Banks) such investments shall be re-classified as '**Other Investments**' apart from reporting in FORM 2 of IRDA (Investment) Regulations, 2000.
5. In case the Interest on the Instrument is not serviced on due dates, the Investment in such Hybrid instruments are to be re-classified as '**Other Investments**' from such date

for reporting to the Authority through FORM 3A (Part A) or FORM 3B (Part A) of IRDA (Investment) Regulations, 2000 in respect of Life and General Insurers respectively and all guidelines for Classification, Income Recognition and Valuation of Assets issued by RBI shall be applicable for such Investments.

6. The Call option mentioned in such bonds shall be taken for calculating the maturity period for the purpose of Valuation of the Instrument.

The above Circular may be indexed as INV/CIR/019/2008-09 in supersession of earlier Circular IRDA/INV/CIR/005/2006-07



## E. INVESTMENTS IN VENTURE FUND

[Vide Point 8 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]

The decision to invest in the Venture Fund shall remain with the Investment Committee of the Insurer, and within the approved Investment Policy of the Insurer, subject to appropriate prudential and exposure norms and complying with the provisions of IRDA Regulations concerned; the following special guidelines may be kept in view in respect of Venture Funds:

1. The Investment shall fall under "Other Investments" as per IRDA (Investment) Regulations, 2000 as amended from time to time.
2. The Venture Fund would invest in Infrastructure Projects as defined under IRDA (Registration of Indian Companies) Regulations, 2000 as amended from time to time. [Refer latest amendment to 'infrastructure facility' under Regulation 2 (h) of Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) (Second Amendment) Regulations, 2008 vide GO Gazette notification dated 11<sup>th</sup> Feb, 2008]
3. Investments in a Venture Fund managed by an Investment Manager under direct or indirect control or management of the Insurer or its promoter shall be subject to Promoter Group Exposure Norms of IRDA (Investment) Regulations, 2000, as amended from time to time.
4. The fund shall not only abide by the terms above, but also make the investor aware regarding the same, including incorporating this clause in the offer document to be provided to the investor.

All such Investments shall be subject to the following exposure norms:

PARTICULARS	OVERALL EXPOSURE LIMITS
Limits for Investment in "Venture Fund"	<u>Life Insurance Company</u> 3% of respective Fund (or) 10% of Venture Fund's Size, which ever is lower.  <u>General Insurance Company</u> 5% of Investment Assets (or) 10% of Venture Fund's Size, which ever is lower.

The above Circular may be indexed as INV/CIR/019/2008-09 in supersession of earlier Circular INV/CIR/007/2003-04

## F. OUTSOURCING OF INVESTMENT FUNCTION

[Vide Point 11 and 12 of Circular INV/CIR/008/2008-09 Dt. 22<sup>nd</sup> Aug, 2008]

It has come to the notice of the Authority that some of the Private Sector Insurance Companies have outsourced some of their Investment Functions. In this connection your attention is drawn to IRDA (Registration of Companies) Regulations, 2000, as amendment from time to time, Regulation 7 (c) which states:

*"The applicant will carry on "all functions" in respect of insurance business including "management of Investment" within its own organization."*

As Investment of Insurance funds is a core function and has a bearing on Financial soundness of Insurers, the IRDA Regulations do not permit outsourcing of Investment Functions.

The Investment functions include the following activities:

1. *Laying down Investment Policy*
2. *Asset Liability Management commensurate with the "nature" of underlying liabilities.*
3. *Approval of Investment proposals*
4. *Investment Decision making.*
5. *Asset Allocation (between fixed Income securities and Equity Instruments)*
6. *Compliance with Insurance Act, 1938 and IRDA Regulations.*
7. *Reporting to IRDA*
8. *Review and Monitoring of Investments*
9. *Review of Investment Policy and Investment Mandate*
10. *Front Office*
  - a. *Market Scanning*
  - b. *Generation & Processing of Quotes*
  - c. *Price Negotiation & Qualifying Conditions*
  - d. *Deal Execution & Order Placement.*
11. *Back Office*
  - a. *Independent Deal Confirmation*
  - b. *MIS & Reporting*
  - c. *Risk Management*
  - d. *Settlement, Delivery & Accounting*
  - e. *Internal & Regulatory Compliance*

Engaging a specialist to provide reports on any class of investment or a specific investment in a purely advisory capacity will not be considered as outsourcing of a function of the Insurer, provided the Assets under Management of the Insurer is not more than Rs.500 Crores or had not completed two years of operations from the date of Registration by issue of R3, which ever is earlier, subject to the following conditions:

- a. The Investment decisions are made within the Company with proper documentation within the delegated power as provided in the Investment Policy
- b. Deal placement and execution are done by the Front Office personnel
- c. Periodic reports to Management and Authority are drawn by the Company (in-house)
- d. The Advisory fee to be paid to the Service Provider is on a case-to-case basis and not on Net Asset Value.

The Advisory fee shall:

- a. Not form part of NAV calculations in the case of ULIP business
- b. Be paid out of Shareholders funds not representing Solvency Margin

However any such arrangement may only be made with the prior approval of the Authority, giving full details of the same including any Agreement to be entered into, in this connection.

### **OUTSOURCING OF INVESTMENT FUNCTION - LIFE INSURERS**

This is further to the previous Circular INV/CIR/031/2004-05 dated: 27<sup>th</sup> July, 2004, on the above subject. The Authority has received representations from Insurance Companies, that in the context of growth in Unit Linked Life Insurance Business, whereunder specialist skill and expertise is essential, with regard to compilation of up-to-date data and calculation of Net Asset Value (NAV) under Unit Linked Insurance Products (ULIP). The Insurance companies also represented that there are considerable advantages in outsourcing the function of calculation of NAV under Unit Linked Insurance Policies, specially in the case of companies with fund size which is small and the calculation of NAV in house would require large investment in acquisition of hardware and software and which will be underutilized. So, they requested that the Insurers be allowed to outsource Custodial services and calculation of NAV under ULIP.

2. It is hereby clarified that the circular dated 27th July, 2003 did not contemplate prohibition of outsourcing of custodial services. Insurance companies are hereby informed that they can outsource custodial services.

3. Keeping in view the representations by the new private insurance companies regarding the function of calculation of NAV under ULIP, the Authority hereby permits outsourcing of calculation of NAV [upto Assets under Management of the Insurer is not more than Rs.500 Crores or had not completed two years of operations from the date of Registration by issue of R3, whichever ever is earlier] provided that the service provider:

- 1. Is a regulated custodial service provider with experience and expertise in NAV computation?

2. Is not part of a 'Group' as defined under Regulation 2 (ca) of IRDA (Investment) Regulations, 2000 as amended from time to time and Guidelines issued there under?
  3. Complies with all consumer laws and regulations.
  4. Maintains confidentiality and protects data from intentional or inadvertent disclosure to unauthorised persons.
  5. Has a comprehensive and effective system for disaster recovery and periodic testing of backup facilities.
  6. Has an adequate system to address all Operational Risks arising out of technology, errors and frauds.
  7. Provides full access to all records and other material to the IRDA or its authorised representatives to the same extent as it were a department of the insurer.
  8. The outsourcing agreement shall contain an exit clause providing for smooth transfer of records and functions to the insurer or its nominated contractor in the event of the outsourcing agreement being terminated, without imposing onerous penalties for termination.
  9. Is subjected to periodical Audit, including Systems Audit, by the insurer or its authorised representatives.
4. Further, the insurer shall confirm to the Authority that it:
1. Has established a comprehensive policy to guide the assessment of outsourcing activity and its periodic review.
  2. Has applied due diligence in selecting the Service Provider.
  3. Has the approval of its Board for the Outsourcing arrangement in accordance with the Authority's guidelines.
  4. The fees paid to the service provider do not form part of NAV Calculations.

The above confirmation of the insurer to the Authority shall be signed by the Principal Officer of the insurer.

5. Any agreement entered into with a Service Provider outsourcing the above-said services shall be filed with the Authority.
6. The outsourcing arrangement in no way takes away the obligations, accountability and responsibilities of the insurer to its policyholders and the Regulator in terms of the Law in force.
7. It is reiterated that activities other than Custodial services and calculation of NAV under ULIP, shall not be outsourced and the provisions contained in Circular INV/CIR/031/2004-05 dated 27<sup>th</sup> July, 2004 shall be followed.

The above Circular may be indexed as INV/CIR/020/2008-09 in supersession of earlier Circular INV/CIR/031/2004-05 and INV/CIR/058/2004-05

## G. STATEMENT OF INVESTMENT RECONCILIATION

In order to establish the reconciliation between the Purchase and Sale of Investments made during the Quarter and link the same, [fund wise in the case of Life Insurers and Total Investments in the case of General Insurer] with FORM-3A (Part A) / FORM-3B filed for each Quarter, all Insurers are required to file FORM 5 and FORM 5A, listing the various investments made based on Category of Investments as per Annexure -1.

### A. SUBMISSION DETAILS

The Reconciliation Statement on Purchase and Sale of Investments, as per FORM - 5 and FORM - 5A, shall be filed within 45 days from the end of the Quarter. In relation to the Quarter ending on the Balance Sheet date, the return shall first be filed based on 'Provisional figures' and shall subsequently be re-filed with Audited figures, in addition to other Returns. On each return, the Insurer shall clearly mark 'Provisional' if submitted based on provisional figures. The final returns shall be clearly marked as 'Final'.

### B. METHOD OF PREPARATION

The statement shall be prepared as per categories mentioned under Regulation 3 and 4 of IRDA (Investment) Regulations, 2000 as applicable to Life Insurers, General Insurers namely;

1. Government Securities
2. State Government and Other Approved Securities
3. Housing and Loans to State Government for Housing and Fire Fighting Equipments
4. Infrastructure Investments
5. Approved Investments
6. Other Investments

**NOTE:** For all securities, falling under the above heads, the respective Category Code shall be as provided in Annexure -1 of this Guideline on "Category of Investments".

### C. CATEGORY LISTING METHOD

The Opening Balance of each sub-category under each of the following category, namely;

1. Government Securities
2. State Government and Other Approved Securities
3. Housing and Loans to State Government for Housing and Fire Fighting Equipments
4. Infrastructure Investments
5. Approved Investments
6. Other Investments

shall be the consolidated entry, shown at the Carrying cost of that particular sub-category or at the Actual Cost of Purchases after amortization. In respect of Equity investment, the opening balance shall be shown at weighted average cost of acquisition under respective category of investments.

In respect of Mutual Fund Investments, the Opening Balance shall be calculated as a product of the number of units held and the weighted average value of NAV of all purchase made up to that period for each of the Mutual Fund.

#### **D. PURCHASES FOR THE QUARTER**

All purchases made during the period shall be shown at the consolidated Weighted Average Value, category code wise (as provided in Guidelines on Category of Investments), and be listed in the same sequence as provided in the "Category of Investments". The Face Value shall be the consolidated Value of each security purchased during the Quarter.

#### **E. COST OF SALES**

In case of equity, cost of sales shall be the Weighted Average Cost of the investment and in case of debt securities the cost of sales shall be the amortised cost of investment at the time of sale.

#### **F. CLOSING BALANCE**

In Closing Balance column, the book value shall be the sum of Weighted Average Cost of Opening Balance and Purchases made during the period as reduced by the Cost of Sales for that period plus adjustments if any, which shall be listed sub-category wise. The closing balance, thus arrived at each sub-category level should be grossed at each category level. This shall be the investment that will be carried forward to the next period.

The Market Value of each sub-category of Category of Investments shall be determined as per Annexure - 2 "Guidelines on Market value for the purpose of FORM 3A / FORM 3B".

#### **NOTE:**

- 1. If there is no entry for a particular sub-category of Investments, an empty row should be shown, clearly mentioning the Category of Investment and Category Code.*
- 2. In the case of Unit Linked Funds, the valuation shall be as per IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002*

3. *Circular No. 32/2/F&A/Circulars/169/Jan/2006-07 Dt. 24<sup>th</sup> Jan, 2007 on "Prudential norms for Income Recognition, Asset Classification and Provisioning and Other related matters" should strictly be complied.*
4. *Refer Annexure - 1 of this Guidelines for "Category of Investments for Life, Linked and General Insurance Business"*
5. *Refer Annexure - 2 of this Guidelines for "Market Value - Basis for Form 3A, Form 3B"*

The above Guidelines may be indexed as INV/GLN/004/2008-09 in supersession of earlier Guidelines INV/GLN/005/2003-04, Guideline INV/GLN/001/2003-04 and Guideline INV/GLN/003/2003-04