



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

Title:All Insurers

Reference No.:--

Date:09/04/2010

Guidelines on Period Disclosures

Guidelines on Period Disclosures

To
All Insurers

Sub: Periodic Disclosures

The periodic disclosures have been notified by the Authority. In order to have uniformity among the insurers on disclosures and to clarify the doubts raised by certain insurers and other stakeholders, Authority provides the following guidelines on periodic disclosures

1. Insurers are not required to display last 5 years data on quarterly / half yearly basis. Insurers are required to display information based on the yearly audited statement. Accordingly, the all formats as specified in the circular need to be disclosed on yearly basis for the last 5 years. This clarification applies to disclosures pertaining to geographical distribution; claim Ageing/ Quarterly Claim data etc.
2. The information for last 5 years will be based upon the audited statements. There is no need to revise the audited financial statements. Financial year ending 31st March 2010 would be considered as the end of the block of five years for the disclosure of past data.

Investment Forms: (NL-36, NL-28, NL-29, NL-35 and NL-37) for non-life insurance and (L-26, L-27, L-28, L-33, L-34 and L35) for Life Insurance Company. The formats of these forms have been revised during the last year. Insures are not required to compile the forms for last 5 years in the new formats. They may display old formats for the previous years.

3. As already clarified in para “2” above, it is further clarified that the said clarification covers all the Forms which have undergone into change. Further,
 - i. **Motor OD TP Break Up:** As clarified above, the break up of the motor segment into Motor OD & Motor TP may be furnished from 2006-07 and prior to 2006-07, the companies may furnish the aggregate figure without any split of Motor OD & Motor TP separately as this was not a requirement prior to 2006-07.
 - ii. **Reporting of premium and claims on gross basis :** the information for the previous year may be furnished on net basis as accounting regulations requires the premium and claims to be reported on net basis. However, from 2010-11 and onwards, the same is required to be reported as per the format prescribed.

4. **L-1-A-RA-Revenue Account for publication: L-1-A-RA-Revenue Account for publication:** In order to minimize the publication costs the following is decided as regards newspaper publication
 - Disclosures as regards lines of business may fall under the broad heads viz., Life, Pension and Group.
 - Annuity may be clubbed with Pension for disclosure purpose
 - Health may be clubbed under the broader head of linked / non-linked business, as applicable.

It is reiterated that relaxations provided above is only for the purpose of publication in news paper As regards display on website all the segments as specified in the Accounting Regulations / circulars issued thereon, will be applicable.
5. Disclosure of 1st and 3rd quarters is required to be hosted on the website. Half yearly limited review (carried out by at least one of the Joint Auditors) should be published in website and newspaper. Half yearly publication is not required for the second half year ending 31st March. Year ended data also require publication in newspapers (abridged version) and website. Time lines for publication will be as laid down in the circular.
6. For the purpose of computation of the Ratios : the following is clarified
 - a. Single premium would not be considered for computation of the Conservation Ratio
 - b. **Net Retention Ratio** : it is reiterated that denominator for the ratio will be Gross Direct Premium Written in India and reinsurance accepted will not be considered for this purpose as the same has already been considered for computation of the numerator i.e. net premium
 - c. **Underwriting Balance Ratio** : premium deficiency will also be taken into account.
 - d. **Operating Profit Ratio** : premium deficiency and expenses under profit & loss account would also be considered.
 - e. **Investment Yield (Gross and Net)- Life** – the yield calculated on fund wise (NL PAR/ NL Non Par/ Linked Par / Linked Non Par/ Shareholders' Funds) “with realized gains” and ‘without realized gains’ needs be given. However, in view of the modification in the Appointed Actuary’s annual Report format, the reference for the data will be from Appendix D of new Appointed Actuary’s Annual Report.
 - f. **Conservation Ratio**: this will also include group fund business. However, in order to remove ambiguity on treatment of the group insurance premium and to have a uniform policy on the same, a separate guideline on the same will be issued.
 - g. **Persistency Ratio** : References to the Appointed Actuaries Annual Report may be drawn from the latest circular on the same under reference IRDA/ACT/CIR/GEN/21/02/2010 dated 11th February 2010. Method of calculation of persistency ratio should be as per the guidance provided by the Institute of Actuaries of India in this regard. It is further clarified that in case of financial year end, the data from the Chapter 3 – Analysis of Experience of new Appointed Actuary’s Annual report will be taken. For other than financial year end (quarterly / half yearly), the same approach mentioned in Appendix B of the same report will apply.
 - h. **NPA Ratio** : In case of Life Insurance the reference of data will be as per section (d) of Appendix D of Appointed Actuary’s Annual Report. In case of Non-life Insurance, the same will be computed as per the norms specified by RBI from time to time.

Insurers may display the ratios of the past 5years as per their audited financial statements with basis of the computation of these ratios. However, the ratios from the year 2009-10 need to be computed strictly as per the definition given in the circular.

7. It is clarified that the items shown in the cash flow statement are the minimum which needs to be reported. Insurers may include any other items which they deem fit.
8. **L-7- Benefits paid - periodical benefit** – it is confirmed that it covers survival / money policies. However, information for previous years needs not to be re-classified. Any benefit paid on account of survival / money back policies needs to be classified prospectively under this head.
9. **L 39: Data on settlement of claims** : in case of surrender , the computation of ageing of data will be from the date of application of surrender to the date of settlement of the claim.
10. Schedule references are only to comply with circular of Public Disclosures. It will not change the Schedule reference of the financial statement to be prepared under Accounting Regulations.
11. **L-1A-RA- “Fund Reserve”**- it pertains to linked business. This is to ensure separate disclosure under the two heads linked liabilities and non-linked liabilities as against ‘Gross’ indicated in the Regulations.
12. **L-1-A-RA- Other investment** - There is no new line item ‘Other Investment income” in Schedule L-1-A-RA. The said schedule is similar to the corresponding A-RA prescribed in the Regulations on Financial Statements.
13. **Related Party Transactions** – L- 30 and NL-31- Disclosure is required for all related party transactions (as per AS-18) as required by Regulations on Preparation of Financial Statements.
14. **L-36- Premium and No. of Lives covered by policy type**
 - i. **Premium and No. of Lives covered by policy type** – please refer para 6.f above. A separate circular governing the various aspects of group business will be issued. Till such time, insurer may not use annualized premium for group fund business like gratuity, leave encashment and superannuation.
 - ii. **L 36: Premium and number of lives covered by policy type** : Premium slabs given in the form are based on annualized premium. Insurers are advised to adhere to the same.
 - iii. When the premium is required to be taken on an annualized basis, number of lives will have to be covered once. Repetition of number of lives (in other than annual premium payments) must be avoided
 - iv. *Whether data required up to date signifies the cumulative year to date only*- Column headings of the form clearly indicate the requirement – up to date, year to date. Insurers are required to furnish information accordingly.
15. **FORM NL-4-PREMIUM SCHEDULE** : Amount of service tax is required to shown separately. In case, the Gross Premium is net of service tax, then, the amount of service tax will be NIL.
16. **FORM NL-5 - CLAIMS SCHEDULE**- “Reinsurance ceded to claims paid”will capture net of reserve movement in the case of Reinsurance ceded and report net figure only.
17. **NL-23- Reinsurance Risk Concentration**: a separate line item – “No. of Indian reinsures other GIC” is introduced at S. NO. 6. The reinsurance placed with Indian insurers will be shown under the same.
18. Insurers may abide the time lines indicated in the circular as the disclosures do not required to display any information which is not readily available with the insurers.
