



CIRCULAR

Ref:IRDA/ACT/CIR/MISC/147/06/2017

Date: 21 June 2017

To: All the CEOs of Branch Offices of foreign reinsurers other than Lloyds

Re: Submission of Actuarial reports for the FY 2016-17 in respect of the registered branch offices of Foreign Reinsurers other than Lloyd's

The circular is issued in accordance with the powers vested under Section 14(2) (e) and 14(2) (h) of the IRDA Act, 1999.

The Authority is in receipt of queries from many of the branch offices of foreign reinsurers established in India and registered in accordance with the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) regulations, 2015 regarding submission of annual actuarial valuation report in respect of their Indian branch offices. Some of such branches have significant life insurance business compared with the general insurance counterpart.

While submitting actuarial returns, the following requirements shall be complied with by the branch offices for the financial year ended 31st March, 2017:

1. Returns to be submitted in respect of life insurance business portfolio:

Following items in accordance with circular no IRDAI/ACT/CIR/GEN/070/03/2017 dated 31st March 2017 shall be submitted:

1.1 Actuarial Report and Abstract:

- 1.1.1 The report shall be prepared in accordance with the provisions of IRDAI (ARA for Life Insurance Business) Regulations, 2016, as relevant to the branch offices of foreign reinsurers.
- 1.1.2 The following forms need to be submitted:
 - (a) Form - DD
 - (b) Form - DDD
 - (c) Form - NLB 1
 - (d) Form - NLB 2
 - (e) Form – KT 1, KT 2 and KT 3
- 1.1.3 Explanation to forms:
 - (a) Form DD, DDD & NLB should contain information in respect of “Number of Cessions” in place of “Number of Policies”.
 - (b) The phrase “Reinsurance” shall be replaced by “Retrocession” wherever, relevant.
 - (c) In Form NLB-1, information shall be furnished in respect of each life insurer separately in place of “insurance product” under Item No. 01. Under Item No. 02, rider benefits shall be shown in respect of each life

insurer separately. The phrase “Reinsurance ceded” is replaced by “Retro ceded” under Item No. 05.

- (d) Form KT 3 shall be furnished with relevant information under Item No. 02 (Mathematical Reserves), 03 (Other Liabilities, if any) and 09 (Total RSM).
- (e) Any additional relevant information may be provided under each form giving notes to the forms separately.
- (f) The Actuary, certifying the returns may omit information in the above forms which are not relevant to reinsurance business giving appropriate notes to each form.

1.2 **Reconciliation checks:** Reconciliation checks for various forms under Actuarial Report and Abstract in accordance with the Authority’s Circular No. 070 dated 31.03.2017 as relevant to the reinsurance branch offices. Appropriate notes to the return shall be furnished in case of non-applicability of any check.

2. **Returns to be submitted in respect of general insurance business portfolio:**

2.1 Following items in accordance with circular no IRDAI/ACT/CIR/GEN/075/03/2017 dated 31st March 2017 shall be submitted:

- 2.1.1 IBNR Report.
- 2.1.2 IBNR Additional Tables
- 2.1.3 Audited Financial Report along with all the Financial Statements of the branch office.

2.2 Solvency related forms as per the IRDAI (ALSM of General Insurance Business) Regulations, 2016:

- 2.2.1 Statement of Admissible Assets as per Form IRDAI – GI – TA at the overall branch level.
- 2.2.2 Statement of Liabilities in respect of general insurance portfolio as per Form IRDAI – GI – TR.
- 2.2.3 Statement of Solvency Margin in respect of general insurance portfolio as per Form IRDAI – GI – SM (Table – I).
- 2.2.4 Statement of Available Solvency Margin and Solvency Ratio in respect of general insurance portfolio as per Table IB. Table IB shall be furnished with relevant information under Item No. (C) (Provisions as per BS), Item No (D) (Other Liabilities, if any) and Item No. (J) (Total RSM).
- 2.2.5 Available Solvency Margin and Solvency Ratio shall be calculated as per Table IB at the overall branch level. While calculating such combined Solvency Margin, Mathematical Reserves, Other Liabilities and RSM appearing in the Form KT 3 under Life Insurance Business portfolio shall be added to the corresponding items under Table IB, namely, Item No C (Provisions as per BS), D (Other Liabilities) and J (Total RSM).

3. While valuing portfolio of life and general insurance business in the books of the branch offices, the insurer shall comply with relevant provisions of the IRDAI (ALSM of Life

Insurance Business) Regulations, 2016 and IRDAI (ALSM of General Insurance Business) Regulations, 2016 respectively.

4. The solvency statement and other regulatory actuarial reports for general and life business shall be certified separately by the respective Actuary along with other signatories as prescribed in the Regulations/Circulars.
5. The combined solvency statement at the overall branch level as per Table IB shall be certified by both the Actuaries along with other signatories as mandated by the Regulations/Circulars.
6. The Actuary (s) certifying the reports, shall comply with the following norms:
 - 6.1 Fellow member of the Institute of Actuaries of India
 - 6.2 valid COP in General Insurance and life insurance business in order to certify the General and Life Insurance business respectively. COP shall mean 'Certificate of Practice' issued by the Institute of Actuaries of India to work as Appointed Actuary
 - 6.3 age not more than 70 years as at the date of certification of such reports
 - 6.4 at least 5 years post qualification relevant experience in respective field
 - 6.5 not an employee of any other insurance/reinsurance company/branch office in India
 - 6.6 not disciplined by any professional body or any insurance regulator
 - 6.7 not adjudicated bankrupt during the last ten years
7. In case, where a suitable actuary is not available with the reinsurer for its Indian branch office, services of any actuary from the 'Panel of Actuaries' published by the Authority vide Circular Ref: IRDA/ACTL/MISC/MISC/074/03/2017 dated 31.03.2017 may be utilized for the purpose of calculation and certification of reserves and submission of actuarial reports.
8. An additional actuarial certification from the parent reinsurance company on solvency and financial soundness of the foreign reinsurance company as a whole shall be submitted along with the regulatory returns filed with the Authority. The certification shall be based on the extant solvency norms as applicable to the parent foreign reinsurance company.

The Circular shall be applicable with immediate effect.



(Pournima Gupte)
Member (Actuary)

