

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (INVESTMENT) REGULATIONS, 2016¹

In exercise of the powers conferred by clause (i) subsection(2) of Section 114A read with Section 27, 27A, 27B, 27C, 27D and 28 of the Insurance Act, 1938 (4 of 1938), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following Regulations:—

1. Short title and commencement.—(1) These regulations may be called the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016.

(2) They shall come into force on the date² of their publication in the Official Gazette.

2. Definitions.—In these regulations, unless the context otherwise requires—

- (a) "Act" means the Insurance Act, 1938 (4 of 1938).
- (b) "Accretion of funds" means investment income, gains / loss on sale/redemption of existing investment and operating surplus.
- (c) "Accounting Standard" (AS) means applicable Accounting Standard or Indian Accounting Standard (Ind AS) as issued by the Institute of Chartered Accountants of India and notified by the Central Government under the Companies Act, to the extent recognized under the IRDAI (Preparation of Financial Statements and Audit Report) Regulations, issued in that behalf.
- (d) "Approved Investments" means Investments made as per Regulation 3 (a) and (b) read with Schedule I and Schedule II of this regulation.
- (da) "Assets" means assets in India, held by an Insurer in accordance with the provisions of Section 31 of the Act.
- (e) "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).
- (f) "Financial Derivatives" means a derivative as defined under clause (ac) 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.
- (g) "Group" means: two or more individuals, association of individuals, firms, trusts, trustees or bodies corporate, or any combination thereof, which exercises, or is established to be in a position to exercise, significant influence and/or control, directly or indirectly, over any associate as defined in Accounting Standard (AS), body corporate, firm or trust, or use of common brand names, Associated persons, as may be stipulated by the Authority, from time to time, by issuance of guidelines under these regulations.

1. *Vide* Notification F. No. IRDAI/Reg/22/134/2016, dated 1st August, 2016, published in the Gazette of India, Extra., Pt. III, Sec. 4, No. 321, dated 11th August, 2016.

2. Come into force on 11-8-2016.

Explanation: Use of common brand names in conjunction with other parameters of significant influence and / or control, whether direct or indirect shall be reckoned for determination for inclusion as forming part of the group or otherwise.

- (h) "Infrastructure facility" means, the 'Harmonized Master list of Infrastructure sub-sectors' as per Gazette Notification Dt. 14th October, 2014 of Department of Economic Affairs, as amended from time to time, and shall also include the following:
- (1) a road, including toll road, a bridge or a rail system;
 - (2) a highway project including other activities being an integral part of the highway project;
 - (3) a port, airport, inland waterway or inland port and associated railway sidings;
 - (4) a water supply project, irrigation project, water treatment system, sanitation and sewerage system or solid waste management system;
 - (5) telecommunication services whether basic or cellular, including radio paging, domestic satellite service (i.e., a satellite owned and operated by an Indian company for providing telecommunication service), network of trunking, broadband network and internet services;
 - (6) an industrial park or special economic zone;
 - (7) generation or generation and distribution of power (both conventional and non-conventional);
 - (8) transmission or distribution of power by laying a network of new transmission or distribution lines including telecom towers;
 - (9) construction relating to projects involving agro-processing and supply of inputs to agriculture;
 - (10) construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality;
 - (11) construction of educational institutions and hospitals;
- (i) "Investment Assets" mean all investments made out of:
- (1) in the case of Life Insurer—
 - (i) shareholders' funds representing solvency margin, non-unit reserves of unit linked insurance business, participating and non-participating funds of policyholders, funds of variable insurance products including One Year Renewable pure Group Term Assurance Business (OYRGTA) at their carrying value;
 - (ii) policyholders' funds of Pension, Annuity business and Group business including funds of variable insurance products at their carrying value;
 - (iii) policyholders' unit reserves of unit linked insurance business including funds of variable insurance products at their market value as per guidelines issued under these regulations, from time to time.

- (2) in the case of General Insurer including an insurer carrying on business of re-insurance or health insurance or in case of a branch of a foreign company engaged in the business of re-insurance, funds maintained in its head office account, shareholders' funds representing solvency margin and policyholders' funds at their carrying value as shown in its balance sheet prepared in accordance with any regulations issued in that behalf for the time being in force, by IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations.
- (j) Money Market Instruments
Money Market Instruments shall comprise of Short term investments with maturity not more than one year comprising of the following instruments:
- (1) Certificate of deposit rated by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations, 1999;
 - (2) Commercial paper rated by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations, 1999;
 - (3) Reverse Repo;
 - (4) Treasury Bills (including Cash Management Bills);
 - (5) Call, Notice, Term Money;
 - (6) CBLO as per Schedules I and II of these Regulations;
 - (7) Any other instrument as may be prescribed by the Authority.
- (k) "Promoter" means a promoter as defined under Regulation 2 (1) (x) of IRDAI (Issuance of Capital by Indian Insurance Companies transacting life insurance business) Regulations.
- (l) "Principal Officer" means any person connected with the management of an insurer or any other person upon whom the Authority has served notice of its intention of treating him as the principal officer thereof.
- (m) All words and expressions used herein and not defined but defined in the Act or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or in any Rules or Regulations made thereunder, shall have the meanings respectively assigned to them in those Acts or Rules or Regulations".

3. Approved Investments.—

- (a) No insurer shall invest or keep invested any part of its Controlled Fund, as defined under Sec 27A / Assets as defined under Sec 27 (2) of the Act, read together with Sec 27E of the Act, otherwise than in approved securities, as per Section 2(3) of Insurance Act, 1938, as amended from time to time and in any of the following approved investments, namely:—
- (1) debentures secured by a first charge on any immovable property plant or equipment of any company which has paid interest in full;
 - (2) debentures secured by a first charge on any immovable property, plant or equipment of any company where either

the book value or the market value, whichever is less, of such property, plant or equipment is more than three times the value of such debentures;

- (3) first debentures secured by a floating charge on all its assets of any company which has paid dividends on its equity shares;
- (4) preference shares of any company which has paid dividends on its equity shares for at least two consecutive years immediately preceding;
- (5) equity shares of any listed company on which not less than ten percent dividends have been paid for at least two consecutive years immediately preceding;
- (6) immovable property situated in India, provided that the property is free of all encumbrances;
- (7) loans on policies of life insurance within their surrender values issued by him or by an insurer whose business he has acquired and in respect of which business he has assumed liability;
- (8) Fixed Deposits with banks included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934) and;

such other investments as the Authority may, by notification in the Official Gazette, declare to be Approved Investments.

(b) In addition the following investments shall be deemed as Approved Investments

- (1) All rated debentures (including bonds) and other rated & secured debt instruments as per Note appended to Regulations 4 to 9. Equity shares, preference shares and debt instruments issued by All India Financial Institutions recognized as such by Reserve Bank of India – investments shall be made in terms of investment policy guidelines, benchmarks and exposure norms, limits approved by the Board of Directors of the insurer.
- (2) Bonds or debentures issued by companies, rated not less than AA or its equivalent and A1 or equivalent ratings for short term bonds, debentures, certificate of deposits and commercial papers by a credit rating agency, registered under SEBI (Credit Rating Agencies) Regulations 1999.
- (3) Subject to norms and limits approved by the Board of Directors of the insurer's deposits [including fixed deposits as per Regulation 3 (a) (8)] with banks (e.g. in current account, call deposits, notice deposits, certificate of deposits etc.) included for the time being in the Second Schedule to Reserve Bank of India Act, 1934 (2 of 1934) and deposits with primary dealers duly recognized by Reserve Bank of India as such.
- (4) Collateralized Borrowing & Lending Obligations (CBLO) created by the Clearing Corporation of India Ltd and recognized by the Reserve Bank of India and exposure to Gilt, G Sec and liquid mutual fund forming part of Approved

Investments as per Mutual Fund Guidelines issued under these regulations and money market instrument / investment.

- (5) Asset Backed Securities with underlying Housing loans or having infrastructure assets as underlying as defined under 'infrastructure facility' in Regulation 2 (h) as amended from time to time.
- (6) Commercial papers issued by All India Financial Institutions recognized as such by Reserve Bank of India having a credit rating of A1 by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations 1999.
- (7) Money Market instruments as defined in Regulation 2(j) of this Regulation, subject to provisions of approved investments.

Explanation: All conditions mentioned in the 'note' appended to Regulation 4 to 9 shall be complied with.

- (c) The board of the insurer, to comply with the provisions of Section 27A (2) (ii) of the Act, may delegate to Investment Committee, for investments already made and the continuance of such investments from controlled fund / assets, in otherwise than in an approved investments, and in All India Financial Institutions recognized as such by RBI for investments carrying a rating of less than AA and being part of Approved Investment. The investment committee shall be responsible for the details, analysis and review of non-performing assets of investments on a quarterly periodicity. The insurer shall report compliance of this provision to the Authority through Form 4.
- (d) Unless specifically permitted by the Authority, no investment shall be made in any entity not formed under laws relating to companies in India and in any private limited company or one person company or a company formed under section 8 of the Companies Act, 2013 or erstwhile Section 25 of the Companies Act, 1956.

4. Regulation of Investments – Life Insurer.—A life insurer, for the purpose of these Regulations, shall invest and at all times keep invested, the Investment Assets forming part of the Controlled Fund as under:

- (a) all funds (excluding Shareholders' funds held beyond solvency margin, held in a separate custody account) of Life insurance business and One Year Renewable pure Group Term Assurance Business (OYRGTA), and non-unit reserves of all categories of Unit linked life insurance business, as per Regulation 5;
- (b) all funds of Pension, Annuity and Group Business [as defined under Regulation 2 (1)(e) of IRDAI (Actuarial Report and Abstract for life insurance business) Regulations] as per Regulation 6; and
- (c) the unit reserves portion of all categories of Unit linked funds, as per Regulation 7.

5. Without prejudice to Sections 10 (2AA), 27 or 27A of the Act and any provisions of these Regulations, every insurer carrying on the business of Life Insurance, shall invest and at all times keep invested its Investment Assets as

defined in Regulation 4 (a) (other than funds relating to Pension & General Annuity and Group Business and unit reserves of all categories of Unit Linked Business) in the following manner:

No.	Type of Investment	Percentage to funds as under Regulation 4(a)
(i)	Central Government Securities	Not less than 25%
(ii)	Central Government Securities, State Government Securities or other Approved Securities	Not less than 50% [incl. (i) above]
(iii)	Approved Investments as specified in Regulation 3 (a), (b) and Other Investments as specified in Section 27A (2) and Schedule I to these Regulations, (all taken together) subject to Exposure / Prudential Norms as specified in Regulation 9:	Not exceeding 50%
(iv)	Other Investments as specified in Section 27A (2), subject to Exposure / Prudential Norms as specified in Regulation 9:	Not exceeding 15%
(v)	<p>Investment in housing and infrastructure by way of subscription or purchase of:</p> <p>A. Investment in Housing</p> <p>(a) Bonds / debentures of HUDCO and National Housing Bank</p> <p>(b) Bonds / debentures of Housing Finance Companies either duly accredited by National Housing Banks, for house building activities, or duly guaranteed by Government or carrying current rating of not less than 'AA' by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations, 1999</p> <p>(c) Asset Backed Securities with underlying housing loans, satisfying the norms specified in the guidelines issued under these regulations from time to time.</p> <p>B. Investment in Infrastructure</p> <p>(Explanation:—Subscription or purchase of Bonds/ Debentures, Equity and Asset Backed Securities with underlying infrastructure assets would qualify for the purpose of this requirement.)</p> <p>'Infrastructure facility' shall have the meaning as given in Regulation 2 (h) as amended from time to time.</p> <p>Note.— Investments made under category (i) and (ii) above may be considered as investment in housing and infrastructure, provided the respective government issues such a security specifically to meet the needs of any of the sectors specified as 'infrastructure facility'.</p>	<p>Total Investment in housing and infrastructure (<i>i.e.</i>) investment in categories (i), (ii), (iii) and (iv) above taken together shall not be less than 15% of the fund under Regulation 4(a)</p>

6. Without prejudice to Sections 10 (2AA), 27 or 27A of the Act and any provisions of these Regulations every insurer carrying on Pension, Annuity and Group Business [as defined under Regulation 2 (1) (e) of IRDAI (Actuarial Report and Abstract for life insurance business) Regulations] shall invest and at all times keep invested its Investment Assets of Pension, Annuity and Group business in the following manner:—

No.	Type of Investment	Percentage to funds under Regulation 4(b)
(i)	Central Government Securities	Not less than 20%
(ii)	Central Government Securities, State Government Securities or Other Approved Securities	Not less than 40% [incl (i) above]
(iii)	Balance to be invested in Approved Investments, as specified in Schedule I, subject to Exposure/Prudential norms as specified in Regulation 9.	Not exceeding 60%

Note.—For the purposes of this regulation no investment falling under 'Other Investments' as specified under Section 27A (2) shall be made.

7. Unit Linked Insurance Business.—

- (a) Without prejudice to Sections 10 (2AA), 27 or 27A of the Act and any provisions of these Regulations every insurer shall invest and at all times keep invested its segregated fund(s) under Regulation 4(c) (with underlying securities at custodian level) of Unit linked business as per pattern of investment offered to and subscribed to by the policyholders where the units are linked to categories of assets which are both marketable and readily realizable within the approved pattern as per the product regulations.

However, the investment in Approved Investments shall not be less than 75% of such fund(s) in each such segregated fund".

- (a) All prudential and exposure norms under Regulation 9, shall be applicable at the level of individual segregated fund at SFIN level.
- (b) Insurer shall, as per circular / guidelines issued, from time to time, disclose on their website, the minimum information required for the benefit of policyholders.

8. Regulation of Investments - General Insurer including an insurer carrying on business of re-insurance or health insurance.—Without prejudice to Sections 10 (2AA), 27, or 27B of the Act and any provisions of these regulations, an insurer carrying on the business of General Insurance including an insurer carrying on business of re-insurance or health insurance shall invest and at all times keep invested its investment assets in the manner set out below:

No.	Type of Investment	Percentage of Investment Assets
(i)	Central Government Securities	Not less than 20%
(ii)	Central Government Securities, State Government Securities or Other Approved Securities	Not less than 30% [incl. (i) above]
(iii)	Approved Investments as specified in Regulation 3 (a), (b) and Other Investments as specified in Section 27A (2) and Schedule II to these Regulations, (all taken together) subject to Exposure/Prudential Norms as specified in Regulation 9:	Not exceeding 70%
(iv)	Other investments as specified in Section 27A (2), subject to Exposure / Prudential Norms as specified in Regulation 9:	Not more than 15%

<p>(v) Housing and loans to State Government for Housing and Fire Fighting equipment, by way of subscription or purchase of:</p> <p>A. Investment in Housing</p> <p>(a) Bonds/Debentures issued by HUDCO, National Housing Bank.</p> <p>(b) Bonds/debentures of Housing Finance Companies either duly accredited by National Housing Bank, for house building activities, or duly guaranteed by Government or carrying current rating of not less than 'AA' by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations, 1999.</p> <p>(c) Asset Backed Securities with underlying Housing loans, satisfying the norms specified in the Guidelines issued under these regulations from time to time.</p> <p>B. Investment in Infrastructure</p> <p>(Explanation: Subscription or purchase of Bonds/ Debentures, Equity and Asset Backed Securities with underlying infrastructure assets would qualify for the purpose of this requirement). 'Infrastructure facility' shall have the meaning as given in Regulation 2(h) as amended from time to time.</p> <p>Note.— Investments made under category (i) and (ii) above may be considered as investment in housing or infrastructure, as the case may be, provided the respective government issues such a security specifically to meet the needs of any of the sectors specified as 'infrastructure facility'</p>	<p>Total Investment in housing and infrastructure (i.e.) investment in categories (i), (ii), (iii) and (iv) above taken together shall not be less than 15% of the Investment Assets.</p>
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Note.—For the purpose of regulations 4 to 8—

1. Applicability of Pattern of Investment

Pattern of Investment will not be applicable for Shareholders' funds held in business beyond required solvency margin, and not taken in calculation of solvency margin. Such excess shall be:

- (i) made after fully complying with investment in Central Government Securities, State Government and Other Approved Securities and in Housing & Infrastructure Investments from funds representing solvency margin.
- (ii) such excess of Shareholder's funds, held beyond Solvency Margin requirement, shall be held in a separate custody account with identified scrips.
- (iii) such excess funds shall be determined only after Actuarial Valuation, certified by Appointed Actuary and such valuation is filed with the Authority.
- (iv) such transfer made between quarters, shall be certified by the Concurrent Auditor to have complied with points (i), (ii) and (iii) above.
- (v) Exposure Norms of 'investee company', 'group', 'promoter group' and 'industry sector' shall be applicable to both funds representing solvency margin [FRSM] and funds held in excess of required solvency margin.

2. All investment in assets or instruments, which are capable of being rated as per market practice, shall be made on the basis of credit rating of such assets or instruments. No approved investment shall be made in instruments, if such instruments are capable of being rated, but are not rated.
3. The rating should be done by a credit rating agency registered under SEBI (Credit Rating Agencies) Regulations, 1999.
4. Corporate bonds or debentures rated not less than AA or its equivalent and A1 or equivalent ratings for short term bonds, debentures, certificate of deposit and commercial paper, by a credit rating agency, registered under SEBI (Credit Rating Agencies) Regulations, 1999 would be considered as 'Approved Investments'.
5. The rating of a debt instrument issued by All India Financial Institutions recognized as such by RBI shall be of 'AA' or equivalent rating. In case investments of this grade are not available to meet the requirements of the investing insurance company, and Investment Committee of the investing insurance company is fully satisfied about the same, then, for the reasons to be recorded in the Investment Committee's minutes, the Investment Committee may approve investments in instruments carrying current rating of not less than 'A+' or equivalent as rated by a credit rating agency, registered under SEBI (Credit Rating Agencies) Regulations, 1999, would be considered as 'Approved Investments'.
6. Approved Investments under regulations 5, 6, 7 and 8 which are downgraded below the minimum rating prescribed or not continuing to satisfy dividend criteria should be automatically re-classified under 'Other Investments' and specifically identified under a category which shall be valued at marked to market on a quarterly basis, for the purpose of pattern of investment.
7. Investments in equity shares listed on a registered stock exchange should be made in actively traded and liquid instruments viz., equity shares other than those defined as thinly traded as per SEBI Regulations and guidelines governing mutual funds issued by SEBI from time to time.
8. (a) Not less than 75% of investment in debt instruments (including Central Government Securities, State Government Securities or Other Approved Securities) in the case life insurer and not less than 65% of investment in debt instruments (including Central Government Securities, State Government Securities or Other Approved Securities) in the case of General Insurer including an insurer carrying on business of re-insurance or health insurance - shall be in sovereign debt, AAA or equivalent rating for long term and sovereign debt, A1+ or equivalent for short term instruments. This shall apply at segregated fund(s) in case of Unit linked business.

Note: In calculating the 75% in the case of Life insurers and 65% in the case of General Insurer including an insurer carrying on business of re-insurance or health insurance, of investment in 'Debt' instruments, investment in (a) Reverse Repo with corporate bond underlying (b) Bank Fixed Deposit (c) Investment in Promoter Group Mutual Fund(s) and un-rated Mutual funds, shall not be considered both in numerator and denominator.

- (b) Not more than 5% of funds under Regulation 4 (a) and Regulation 4 (c) in debt instruments (including Central Government Securities, State Government Securities or Other Approved Securities) in the case of life insurer and not more than 8% of investment in debt instruments (including Central Government Securities, State Government Securities or Other Approved Securities) in the case of General Insurer including an insurer carrying on business of re-insurance or health insurance – shall have a rating of A or below or equivalent rating for long term.
- (c) No investment can be made in other investments out of funds under Regulation 4 (b).
- (d) Investments in debt instruments rated AA - (AA minus) or below for long term and below A1 or equivalent for short term debt instruments shall form part of Other Investments.

9. Notwithstanding the above, it is emphasized that rating should not replace appropriate risk analysis and management on the part of the Insurer. The Insurer should conduct risk analysis commensurate with the complexity of the product(s) and the materiality of their holding, or could also refrain from such investments.

9. Exposure/Prudential Norms.—Without prejudice to anything contained in Sections 10(2AA), 27, 27A, 27B and 27C of the Act every insurer shall limit its investment of controlled funds / all assets as per the following exposure norms:—

A. Exposure norms for:

- 1.(a) all funds of Life insurance business and One Year Renewable pure Group Term Assurance Business (OYRGTA), and non-unit reserves of all categories of Unit linked life insurance business.
- (b) all funds of Pension, Annuity and Group Business [as defined under Regulation 2 (1) (e) of IRDAI (Actuarial Report and Abstract for life insurance business) Regulations].
- (c) the unit reserves portion of all categories of Unit linked funds, as per Regulation 7, Life, Pension, Annuity and Group business and each segregated fund within Unit Linked Insurance business (except for promoter group exposure).
2. General insurance business.
3. Re-insurance business.
4. Health insurance business.

for both Approved Investments as per Regulation 3 (a), Schedule I and Schedule II of these Regulations, and Other Investments as permitted under Section 27A (2) shall be as under.

B. The maximum exposure limit for a single 'investee' company (equity, debt and other investments taken together) from all investment assets under point (A.1.a, A.1.b, A.1.c all taken together), (A.2), (A.3) and (A.4) mentioned above, shall not exceed the lower of the following:—

- (i) an amount of 10% of investment assets as under Regulation 2 (i) (1), Regulation 2 (i) (2) excluding fair value change of investment assets under Regulation 4 (a), 4 (b) and Regulation 2(i).

(ii) an aggregate of amount calculated under point (a) and (b) of the following table

Type of Investment	Limit for 'Investee' Company	Limit for the entire 'Group' of the Investee Company	Limit for Industry Sector to which Investee Company belongs
(1)	(2)	(3)	(4)
(a) Investment in 'Equity', Preference Shares, Convertible Debentures	<p>10%* of Outstanding Equity Shares (Face Value)</p> <p>or</p> <p>10% of the amount under point A.1.(a) or A.1.(b) or A.1.(c) [segregated fund] above considered separately in the case of Life insurers/ amount under A.2 or A.3 or A.4 in the case of General Insurer/ including an insurer carrying on business of reinsurance or health insurance whichever is lower</p>	<p>Not more than 15% of the amount under point A.1.(a) or A.1.(b) or A.1.(c) or A.2 or A.3 or A.4</p> <p>Exposure to Investments made in companies belonging to Promoter Group shall be made as per Point 7 under notes to Regulation 9</p>	<p>Investment by the insurer in any industrial sector should not exceed 15% of the amount under point A.1.(a) or A.1.(b) or A.1.(c) or A.2 or A.3 or A.4</p> <p>Note: Industrial sector shall be classified in the lines of National Industrial Classification (All Economic Activities) – 2008 [NIC] for all sectors, except infrastructure sector. Exposure shall be calculated at Division level from A to R. For Financial and Insurance Activities sector exposure shall be at Section level.</p> <p>Exposure to 'infrastructure' investments are subject to Note: 1, 2, 3 and 4 mentioned below</p>
(b) Investment in Debt (incl. CPs)/ Loans and any other permitted Investments as per Act/ Regulation other than item 'a' above.	<p>10%* of the Paid-up Share capital, Free reserves (excluding revaluation reserve) and Debentures/ Bonds (incl. CPs) of the 'Investee' company</p> <p>or</p> <p>10% of the amount under point A.1.(a) or A.1.(b) or A.1.(c) [segregated fund] above considered separately in the case of Life insurers/ amount under A.2 or A.3 or A.4 in the case of General Insurer including an insurer carrying on business of reinsurance or health insurance whichever is lower.</p>		

* In the case of insurers having investment assets within the meaning of Regulation 2 (i) (1) and Regulation 2 (i) (2) of the under mentioned size, the (*) marked limit in the above table for investment in equity, preference shares, convertible debentures, debt, loans or any other permitted investment under the Regulations, shall stand substituted as under:

Investment assets	Limit for 'Investee' company	
	Equity	Debt
Rs 250000 Crores or more	15% of outstanding equity shares (face value)	15% of paid-up share capital, free reserves (excluding revaluation reserve) & debentures/ bonds
Rs. 50000 Crores but less than Rs. 250000 Crores	12% of outstanding equity shares (face value)	12% of paid-up share capital, free reserves (excluding revaluation reserve) & debentures/bonds
Less than Rs. 50000 Crores	10% of outstanding equity shares (face value)	10% of paid-up share capital, free reserves (excluding revaluation reserve) & debentures/bonds

Notes.—

1. Industry sector norms shall not apply for investments made in 'Infrastructure facility' sector as defined under Regulation 2(h) of this regulation as amended from time to time. NIC classification shall not apply to investments made in 'Infrastructure facility'.
2. Investments in Infrastructure Debt Fund (IDF), backed by Central Government as approved by the Authority, on a case to case basis shall be reckoned for investments in Infrastructure.
3. Exposure to a public limited 'Infrastructure investee company' will be:
 - (i) 20% of outstanding equity shares (face value) in case of equity (or)
 - (ii) 20% of outstanding equity plus free reserves (excluding revaluation reserve) plus debentures / bonds taken together, in the case of debt (or)
 - (iii) amount under Regulation 9 (B) (i), whichever is lower.
 - (iv) The 20% mentioned above, can be further increased by an additional 5%, in case of debt instruments alone, with the prior approval of Board of Insurer.
 - (v) The outstanding tenure of debt instruments, beyond the exposure prescribed in the above table in this regulation, in an infrastructure Investee Company, should not be less than 5 years at the time of investment.
 - (vi) in case of Equity investment, dividend track record as per these regulations, in the case of primary issuance of a wholly owned subsidiary of a Corporate / PSU shall apply to the holding company.
 - (vii) all investments made in an 'infrastructure investee company' shall be subject to group / promoter group exposure norms.
4. An insurer can, at the time of investing, subject to group / promoter group exposure norms, invest a maximum of 20% of the project cost (as decided by a competent body) of an Public Limited Special Purpose Vehicle (SPV) engaged in infrastructure sector (or) amount

under Regulation 9 (B) (i), whichever is lower, as a part of Approved Investments provided:

- (a) such investment is in Debt
- (b) the parent company guarantees the entire debt extended and the interest payment of SPV
- (c) the principal or interest, if in default and if not paid within 90 days of the due date, such debt shall be classified under other investments
- (d) the latest instrument of the parent company (ies) has (have) rating of not less than AA
- (e) such guarantee of the parent company (ies) should not exceed 20% of net worth of parent company (ies) including the existing guarantees, if any, given
- (f) the net worth of the parent company (ies), if unlisted, shall not be less than Rs. 500 crores or where the parent company (ies) is listed on stock exchanges having nationwide terminals, the net worth shall not be less than Rs. 250 Crores

Investment Committee should at least on a half-yearly periodicity evaluate the risk of such investments and take necessary corrective actions where the parent company (ies) is floating more than one SPV.

5. Investment in securitized assets [Mortgaged Backed Securities (MBS)/ Asset Backed Securities (ABS) / Security Receipts (SR)] both under approved and other investment category shall not exceed 10% of Investment Assets in case of Life companies and 5% of Investment Asset in the case of General companies. Approved Investment in MBS/ABS with underlying Housing or Infrastructure Assets shall not exceed 10% of investment assets in the case of life companies and not more than 5% of investment assets in the case of General companies. Any MBS / ABS with underlying housing or infrastructure assets, if downgraded below AAA or equivalent, shall be reclassified as Other Investments.
6. Investment Property within the meaning of Accounting Standards, and covered under Regulation 3 (a) (6) shall not exceed, at the time of investment, 5% of (a) Investment Assets in the case of general insurer and (b) 5% of Investment Assets of life funds in the case of life insurer. Immovable property, held as 'investment property' shall not be for 'self-use'. Immovable property, for self-use, shall be purchased only out of shareholders' funds, and shall comply with circular/guidelines issued.
7. Subject to exposure limits mentioned in the table above, an insurer shall not have investments of more than 5% in aggregate of its investment assets in all companies belonging to the promoters' group. Investment made in all companies belonging to the promoters' group shall not be made by way of private placement or in unlisted instruments (equity, debt, certificate of deposits and fixed deposits held in a Scheduled Commercial Bank), except for companies formed by Insurers under Note 12 to Regulation 9.
8. The exposure limit for financial and insurance activities (as per Section K of NIC classification – 2008, as amended from time to time) shall stand at 25% of investment assets for all insurers. Investment in Housing Financing

Companies and Infrastructure Financing Companies (except investment in Bonds / debentures of HUDCO, NHB and only bonds issued by Housing Finance Companies having a rating of not less than AAA, and investment in Debt, Equity in dedicated infrastructure financing entities forming part of Infrastructure sector) shall form part of exposure to financial and insurance activities (as per Section K of NIC classification – 2008).

9. Where an investment is in partly paid-up shares, the uncalled liability on such shares shall be added to the amount invested for the purpose of computing exposure norms.
10. Notwithstanding anything contained in Regulation 9 (B) where new shares are issued to the existing shareholders by a company the existing shares of which are covered by Regulation 3 (a) (5) and the insurer is already a shareholder, the insurer may subscribe to such new shares, provided that the proportion of new shares subscribed by him does not exceed the proportion which the paid-up amount on the shares held by him immediately before such subscription bears to the total paid-up capital of the company at the time of such subscription.
11. Investment in fixed deposit and certificate of deposit of a Scheduled Bank, in case of life insurers, would be deemed as exposure to financial and insurance activities (as per Section K of NIC classification-2008). No investment in deposits including FDs and CDs in financial institutions falling under Promoter Group shall be made. Investment in FDs shall not exceed either 3% of controlled fund or not more than 5% of respective fund size [Pension & General Annuity Fund and Unit linked fund(s) at SFIN level], whichever is lower, in the case of Life Insurers and 15% of Investment Assets as per Regulation 2 (i) (2) in the case of General Insurer including an insurer carrying on business of re-insurance or health insurance.
Note: Fixed Deposits as permitted under this Regulation kept as ASBA (Application Supported by Blocked Amount) deposit, including FDs with Banks falling under the promoter group of the Insurer, or otherwise, shall be excluded in computation of limits mentioned above. FDs of Banks under Promoter Group, earmarked for complying with ASBA requirement, will be part of exposure to Promoter Group.
12. An insurer shall not out of the controlled fund / assets invest or keep invested in the shares or debentures of any one company more than the exposure prescribed in Regulation 9 above, provided that nothing in this regulation shall apply to any investment made with the previous approval of the Board of the Authority by an insurer, being a company with a view to forming a subsidiary company carrying on insurance / re-insurance business.
13. The investee company debt exposure, in Housing Finance Companies, rated not less than AA+, shall be upto 20% of paid-up share capital, free reserves (excluding revaluation reserve) and debentures / bonds (incl. CPs) or amount under Reg. 9(B)(i) whichever is lower. The 20% limit mentioned herein can be further increased by an additional 5% with the prior approval of Board of Insurer. All exposure norms applicable to group, promoter group shall be applicable to all investments made in a Housing Finance Company.

10. Returns to be submitted by an Insurer.—Every insurer shall submit to the Authority the following returns (in physical/electronic mode) within such time, at such intervals duly verified/certified in the manner as indicated there against.

No.	Form	Description	Periodicity of Return	Time limit for submission	Verified/Certified by
1.	Form 1	Statement of Investment and Income on Investment	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)
2.	Form 2 (Part A, B, C)	Statement of Downgraded Investments, Details of Rated Instruments	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)
3.	Form 3A (Part A, B, C, D, E)	Statement of Investments Assets (Life Insurers)	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)
4.	Form 3B (Part A, B)	Statement of Investment Assets (General Insurer including an insurer carrying on business of reinsurance or health insurance)	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)
5.	Form 4 (Part A)	Exposure/ Prudential and other Investment Norms - Compliance Certificate	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance) Chief Risk Officer
6.	Form 4 (Part B)	Internal/ Concurrent Auditor's Certificate on Investment Risk Management Systems - Implementation Status	Quarterly	Within 30 days of the end of the Quarter	Internal/ Concurrent Auditor appointed under this regulation
7.	Form 4A (Part A, B, C, D)	Statement of Investment Subject to Exposure Norms - Investee Company, Group, Promoter Group, Industry Sector	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investment)/ Chief of (Finance)
8.	Form 5	Statement of Investment Reconciliation	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)

9.	Form 6	Certificate under Sec. 27A(5)	Quarterly	Within 30 days of the end of the Quarter	Chairman' Director 1, Director 2, Principal Officer
10.	Form 7	Statement of Non-Performing Assets	Quarterly	Within 30 days of the end of the Quarter	Principal Officer/ Chief of (Investments)/ Chief of (Finance)

Note.—

1. The Internal / Concurrent Audit Report of the previous quarter with comments of Audit Committee of the Board, on 'very serious', 'serious' points (as per the Guidance note on Internal / Concurrent Audit of Investment functions of Insurance Companies, issued by the Institute of Chartered Accountants of India) in the report, and status of implementation of Audit committee recommendation shall be filed with the Authority along with current quarter returns.

2. All returns for the quarter ending March shall be filed within the period stipulated above based on provisional figures and later re-submitted with Audited figures within 15 days of adoption of accounts by the Board of Directors.

11. **Power to call for additional information.**—The authority may, by general or special order, require from the insurers such other information in such manner, intervals and time limit as may be specified therein.

12. **Duty to Report extraordinary events affecting the investment portfolio.**—Every insurer shall report to the Authority forthwith, the effect or the probable effect of any event coming to its knowledge, which could have material adverse impact on the investment portfolio and consequently on the security of policy-holder benefits or expectations.

13. Provisions on Investment Management.—**A. Constitution of Investment Committee—**

1. Every insurer shall constitute an Investment Committee which shall consist of a minimum of two non-executive directors of the Insurer, the Chief Executive Officer, Chief of Finance, Chief Risk Officer, Chief of Investment division, and the Appointed Actuary. The Board of the Insurer shall ensure that Chief of Finance, Chief of Investment and the Chief Risk Officer, shall fulfil the minimum qualification requirements specified in the regulations / guidelines issued by the Authority. The decisions taken by the Investment Committee shall be recorded and be open to inspection by the officers of the Authority.

B. Investment Policy—

1. Every Insurer shall draw up, an Investment Policy (IP) (fund wise IP in the case of Unit Linked Insurance Business) and place the same before its Board of Directors for its approval.

2. Every insurer shall have a model code of conduct to prevent insider/ personal trading of Officers involved in various levels of Investment

Operations in compliance with SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended from time to time and place the same before its Board of Directors for its approval.

3. While framing the Investment Policy, the Board shall ensure compliance with the following:—

- (i) Issues relating to liquidity, prudential norms, exposure limits, stop loss limits including securities trading, management of all investment risks, management of assets liabilities mismatch, Scope of Internal or Concurrent audit of Investments, criteria form empanelment and review of investment brokers, investment statistics and all other internal controls of investment operations, the provisions of the Insurance Act, 1938 and IRDAI (Investment) Regulations, Guidelines and Circulars made there under.
- (ii) Ensuring adequate return on policyholders and shareholders' funds consistent with the protection, safety and liquidity of such fund(s).

4. The investment policy of Life, General Insurer including an insurer carrying on business of re-insurance or health insurance, as approved by the Board shall be implemented by the investment committee. The Board shall review on a quarterly basis the monitoring of fund wise and in respect of each product (both participating and nonparticipating products in the case of life insurers) the following minimum:

- (a) Life Insurers:
 - (i) new business scale planned versus actual at the end of the period 1 to maturity
 - (ii) expenses projected versus actual
 - (iii) persistency / renewal premium streams projected versus actual
 - (iv) claims - projected versus actual
 - (v) actual yield versus projected yield or returns
 - (vi) action plan and follow up status
- (b) General Insurer including an insurer carrying on business of re-insurance or health insurance (at line of business level):
 - (i) gross level of premium income projected vs actual along with reasons for negative growth if any
 - (ii) steps to correct the business achieved as planned in case of under achievement of gross written premium
 - (iii) underwriting results planned vs achieved along with reasons for negative deviations
 - (iv) claims outgo projected versus actual - major reasons for increase/decrease in loss ratio and corrective steps planned for future
 - (v) expenses including acquisition cost planned vs actuals- in case of excess over permitted limits, reasons for such excess along with plan to comply limits

(vi) overall incremental investments projected vs actual - reason for deviation from the planned accretion and steps planned to correct the trend if the same is negative

5. The Board shall review the investment policy and its implementation on a half-yearly basis or at such short intervals as it may decide and make such modification to the investment policy as is necessary to bring it in line with the investment provisions laid down in the Act and Regulations made there under, keeping in mind protection of policyholders' interest and pattern of investment laid down in these regulations or in terms of the agreement entered into with the policyholders in the case of unit linked insurance business.

C. Investment Operations—

1. The funds of the insurer shall be invested and continued to be invested in equity shares, equity related instruments and debt instruments rated as per Note below Regulations 4 to 8 by a credit rating agency, registered under SEBI (Credit Rating Agencies) Regulations, 1999. The Board shall lay down norms for investing in 'Other Investments' as specified in section 27A(2) of the Insurance Act, 1938 by the investment committee, taking into account the safety and liquidity of the policyholders' funds and protection of their interest.
2. As required under Chapter II, Regulation 7 (3) (b) of IRDAI (Registration of Indian Insurance Companies) Regulations, to ensure proper internal control of investment functions and operations the insurer shall clearly segregate the functions and operations of front, mid and back office (as provided in the Guidance note on Internal / Concurrent Audit of Investment functions of Insurance Companies issued by the Institute of Chartered Accountants of India) and no function falling under Front, Mid and Back Office Investment function(s), shall be outsourced. Also, the primary data server of the computer application used for investment management shall remain within the country.
3. The Board of the Insurer shall appoint a Custodian to carry out the custodial service for its Investments, who shall not be an entity under its promoter 'Group' unless permitted otherwise by the Authority.

D. Risk Management Systems and its Review—

1. The Board shall implement the Investment Risk Management Systems and Process, mandated by the Authority. The implementation shall be certified by a Chartered Accountant firm, as per the procedure laid down in the "Guidance note on Review and Certification of Investment Risk Management Systems and Process of Insurance Companies", issued by the Institute of Chartered Accountants of India, as amended from time to time.
2. The Investment Risk Management Systems and Process shall be reviewed once in two financial years or such shorter frequency as decided by the Board of the Insurer (the gap between two such audits should not be more than two years), by a Chartered Accountant firm and file the certificate issued by such Chartered Accountant, with the Authority along with the first quarter returns.

3. The appointment of Chartered Accountant firm to certify implementation and review of Investment Risk Management Systems and Process shall be as per the circular issued under these regulations.

E. Audit and Reporting to Management—

1. Every Insurer shall constitute an Audit Committee of the Board, headed by an individual, as per the IRDAI Corporate Governance Guidelines and such person, shall not be the Chairman of Investment Committee.
2. The Insurer shall have the investment transactions covering both Shareholders and Policyholders funds be audited through Internal or Concurrent Auditor as per the circular issued under this regulation.
3. The quarterly internal / concurrent audit report, covering investments of both shareholders as well as policyholders, shall be as per the "Guidance note on Internal / Concurrent Audit of Investment functions of Insurance Companies" issued by the Institute of Chartered Accountants of India, as amended from time to time.
4. The Details of Investment Policy, implementation status of Investment Risk Management Systems and Process or its review shall be made available to the internal or concurrent auditor. The auditor shall comment on implementation status, review and its impact on the investment operations, systems and process in their report to be placed before the Board's Audit Committee.
5. The Statutory Auditor of the Insurer shall, on a quarterly basis, confirm compliance to Regulation 13(B)(4)(a,b) and such confirmation, shall be filed by the insurer along with periodical investment returns.

F. Category of Investments—

1. Every Insurer shall invest its controlled fund as defined under Section 27A / all assets as defined under Section 27(2) of the Insurance Act, 1938 as amended from time to time, only within the exhaustive category of investments listed in the guidelines issued by the Authority.

G. Others—

1. The Authority may call for further information from time to time from the insurer as it deems necessary and in the interest of policyholders and issue such directions to the insurers as it thinks fit.

14. Miscellaneous.—

1. Accounting of Investments shall be as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations and Valuation of Assets shall be as per guidelines issued under these regulations from time to time.
2. The Board of the Authority may, by any general or special order, modify or change the application of regulations (4), (5), (6), (7), (8), (9) and (10) to any insurer either on its own or on an application made to it.

15. Dealing in Financial Derivatives.—

1. Every Insurer carrying on the business of life insurance or general insurance or health insurance business 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.

16. Repeal and Savings.—

- (a) On and from the commencement of these regulations, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 shall stand superseded.
- (b) In respect of anything done or omitted to be done or omitted to be done prior to the commencement of these regulations, they shall continue to be governed by Insurance Regulatory and Development Authority (Investment) Regulations, 2000.

17. Power to remove difficulties and issue clarifications.—In order to remove any doubts or the difficulties that may arise in the application or interpretation of any of the provisions of these regulations, the Chairperson of the Authority may issue appropriate clarifications or guidelines as deemed necessary.

SCHEDULE I

LIFE INSURERS

(See regulation 4 to 7)

A. List of Approved Investments

'Approved Investments' as per Regulation 3 (a) shall fulfil the following criteria:—

1. debentures referred under Regulation 3 (a) (1) shall fulfill the criteria mentioned therein for five years immediately preceding or for at least five out of the seven years immediately preceding on such or similar debentures issued by it;
2. debentures referred under Regulation 3 (a) (3) shall fulfill the criteria therein for five years immediately preceding or for at least five out of the seven years immediately preceding;

B. Processing of Unit Linked Business Application and Declaration of NAV

Every Unit linked segregated fund(s), shall be identified by its Segregated Fund Identification Number [SFIN] and shall follow the guidelines issued by the Authority.

1. All applications received for premium payment, switches, redemption, surrender, maturity claim etc., should be time stamped and dated.
2. **Applications for "premium payment"**
 1. for applications received, with local cheques, cash or demand draft payable at par at the place where the premium is received, before cut-off time (3.00 pm) on a business day, the applicable NAV would be the closing NAV of the same day.
 2. for applications received, along with local cheques, cash or demand draft payable at par at the place where the premium is received, after cut-off time (3.00 pm) on a business day, the applicable NAV would be the closing NAV of the next business day.
 3. for premiums received with an outstation cheque or demand draft, the closing NAV of the day on which the cheque / Demand Draft is realized shall be applied.

3. Applications for "other than" premium payment

1. for applications received before the cut-off time (3.00 pm) on a business day, the applicable NAV would be the closing NAV of the same day.

2. for applications received, after the cut-off time (3.00 pm) on a business day, the applicable NAV would be the closing NAV of the next business day.
- 4. Daily disclosure / reconciliation of Product and Fund information**
- (a) Every insurer doing Unit linked business shall reconcile, through the system, the premium received (net of charges and benefits paid) under each product (Unique Identification Number – UIN) with value of all the segregated fund(s) (Segregated Fund Identification Number – SFIN) net of fund management charges, held under a single UIN, on a day to day basis, as per Form D01.
- (b) The insurer, through a portal, shall enable the policyholder to know, through a secured login (i) the value of policy wise units held by him, as per Form D02 and (ii) fund wise NAV (SFIN wise) on both the Insurer's website and life council website on the same day.

Disclosure format

No	Format	Description	Frequency
01	Form D01	Daily reconciliation of ULIP portfolio	End of the Day (not to be filed with Authority)
02	Form D02	Statement of Product Value	Enable through secured login to individual policyholder
03		Portfolio Disclosure	The minimum information, as per guidelines/circular issued, on a monthly basis

- (c) The internal / concurrent Auditor shall report on the automated system and process to handle the UIN wise reconciliation (as in point 'a' above) and value of policy wise units held by policyholder and fund wise NAV, on a quarterly basis
- 5. Applicable NAV for the applications received on the last business day of the Financial Year**
- (a) for applications received on the last business day of the financial year UP TO 3.00 pm shall be processed with NAV of the last business day (irrespective of the payment instrument is local or outstation).
- (b) for applications received AFTER 3.00 pm on the last business day, the same shall fall into the next Financial Year and NAV of the immediate next business day would be applicable.
- (c) The insurer shall declare NAV for the last business day of a Financial Year, even if it is a non-business day.
- 6. For allotment of units, the applicable NAV shall be as per the date of commencement of policy for new policy contracts and date of receipt of premium for renewals.**
- (a) For allotment of units to a new policy contract, the NAV shall be applicable as at the date of commencement of the policy contract. The premium in such case shall have to be received on or before the date of commencement of policy contract.
- (b) For renewals of existing policy contract, the NAV shall be applicable as at the date of renewal where the date of receipt of premium is on or before due date and as at the date of receipt of premium where the premium is received after the due date of renewal.
- (c) For revivals, the date of revival shall be the reference date for application of NAV through allotment of units.

- (d) The date of receipt of premium for reasons such as top-up or any other provision for payment of premium apart from regular payment schedule as approved by the Authority through 'File & Use', application shall be the reference date for application of NAV.
7. The Insurer's Policy Admin System (PAS) shall be 'automated' for tracking 'policy-wise', information of discontinued policies along with the information of the particular ULIP fund to which the same pertains.
 8. Asset allocation and exposure norms for a segregated fund shall not apply for either the first six months from the date of its launch or the segregated fund reaches the size of Rs.5 Crores, for the first time, whichever is earlier. On expiry of the sixth month, every such segregated fund, shall comply with all exposure norms under Regulation 9. Where in case of a segregated fund, has gone below Rs.5 Crores, the insurer may provide a free switch, after informing the policyholder, to another fund with similar fund objective/risk profile with either same or lower fund management charges.
 9. Where any segregated fund (other than discontinued policy fund under unit linked business) invest in either Mutual Fund, Exchange Traded Fund (excluding CPSE ETF) or Bank Fixed Deposit (for a period less than 91 days at the time of placing the investment), the value of funds invested therein, shall be reduced for computing the fund management charges (FMC). This provision shall not be applicable for either the first six months from the date of launch of the segregated fund or the segregated fund reaches the size of Rs.5 Crores, for the first time, whichever is earlier.
 10. In the case of discontinued policy fund, investment in treasury bills will be treated as part of Central Government Securities.
 11. All Insurers shall file a certificate, issued by Internal / Concurrent Auditor for compliance of the following:
 - (a) compliance to all exposure norms at the level of each segregated fund, on a quarterly basis
 - (b) the value of funds invested in Mutual Fund, Exchange Traded Fund or Bank Fixed Deposit (for a period less than 91 days) had been reduced in FMC calculation, on a quarterly basis
 - (c) each of the directions issued at point 5 above, regarding the applicable NAV for applications received on the last business day
 - (d) the Statutory Auditors shall also confirm point 'c' above, in the Annual Accounts.

Note:

1. Business day shall mean days other than holidays where stock exchanges (excluding Muhurat trading day) with national wide terminals are open for trade (other than day on which exchanges are open for testing) or any day declared by the Authority as business day.
2. The insurer shall invest only in such investments for which the day-to-day Valuations are available and readily realisable. No investment can be made in any Fund of Funds or a fund for which NAV is not available on a day-to-day basis.

C. Fund Management

1. In the case of (a) Life fund, (b) Pension, Annuity & Group funds, the insurer shall maintain separate sub-custody account with identifiable securities for participating and non-participating funds.

2. Every insurer shall have a separate fund manager for debt and equity up to a fund size (for both shareholder and policyholder funds taken together) of Rs. 10000 Crores. When the fund size, for the first time, is Rs.10000 Crores, every fund [(a) Life fund (b) Pension, Annuity & Group fund (c) Unit linked segregated fund(s)] shall have identifiable fund manager. No fund manager can be common between (a) Life fund, Pension & Group fund and (b) Unit linked fund(s).

SCHEDULE II

GENERAL INSURER INCLUDING AN INSURER CARRYING ON BUSINESS OF RE-INSURANCE OR HEALTH INSURANCE

(See Regulation 8)

A. LIST OF APPROVED INVESTMENTS

'Approved Investments' as per Regulation 3 (a) shall fulfil the following criteria:—

1. debentures referred under Regulation 3 (a) (1) shall fulfill the criteria mentioned therein for three years immediately preceding or for at least three out of five years immediately preceding on such or similar debentures issued by it;
2. debentures referred under Regulation 3 (a) (3) shall fulfill the criteria therein for three years immediately preceding or for at least three out of five years immediately preceding;

B. POLICYHOLDERS' FUNDS

Policyholders funds shall be the sum of (1) Estimated liability for Outstanding Claims including Incurred but not Reported (IBNR) & Incurred but not Enough Reported (IBNER) (2) Unexpired Risk Reserve (URR) (3) Catastrophe Reserve (4) Premium Deficiency (5) Other liabilities net off Other Assets.

Note: Other Liabilities in point B(5) above, comprise of (i) Premium received in advance (ii) Unallocated premium (iii) Balance due to other Insurance Companies (iv) Due to others members of Third Party Pool (IMTPIP), if applicable (v) Sundry creditors (due to Policyholders).

Other Assets in point B(5) above comprise of (i) Outstanding premium (ii) Due from other entities carrying on Insurance business including Re-insurers (iii) Balance with terrorism pool (if applicable) (iv) Balance with Motor Third Party Pool if any (if applicable).

C. Shareholders' Funds

Shareholders' funds comprise of Share Capital plus all Reserves and Surplus (except Revaluation Reserve and fair value change account) as at the Balance Sheet date, represented by investments of funds held in business beyond solvency margin.

D. Applicability of Pattern of Investment

Where an Insurer, hold the entire investment assets, as per Regulation 2 (i) for and behalf of the Policyholders, the pattern of investment shall apply to the entire investment assets (both shareholder and policyholders funds taken together) and the investment assets can be maintained in a single custody account.

E. Miscellaneous

The mandatory minimum investment in Housing and Infrastructure as per Regulation 8, will not apply for Health Insurers

For FORMS

Please visit IRDA website (www.irda.gov.in)