Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 1

In exercise of the powers conferred by section 114A of the Insurance Act, 1938 (4 of 1938) and in supersession of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000 the Authority in consultation with the Insurance Advisory Committee, hereby makes the following regulations, namely: -

1. Short title and commencement. – (1) These Regulations may be called The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

(3) On and from the commencement of these Regulations, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000, shall stand superseded, except as respects things done or omitted to be done thereunder.

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

(a) *"Act"* means the Insurance Act, 1938 (4 of 1938);

(b) *"Authority"* means the Insurance Regulatory and Development Authority

established under sub-section (1) of section 3 of the Insurance Regulatory and

Development Authority Act, 1999 (41 of 1999);

(c) all words and expressions used herein and not defined but defined in the Insurance

Act, 1938 (4 of 1938), or Insurance Regulatory and Development Authority Act,

1999 (41 of 1999), or Companies Act, 1956 (1 of 1956), shall have the meanings

respectively assigned to them in those Acts.

1 The Regulations were published in the Gazette of India, Extraordinary, Part III, Section 4, vide notification No. F. No. IRDA/ Reg./ 03/2002 dated 30th March, 2002.

3. Preparation of financial statements, management report and auditor's report. - (1) An insurer carrying on life insurance business, after the commencement of these regulations, shall comply with the requirements of Schedule A.

(2) An insurer carrying on general insurance business, after the commencement of these regulations, shall comply with the requirements of Schedule B: **Provided** that this sub-regulation shall apply, *mutatis mutandis,* to reinsurers, until separate regulations are made.

(3) The report of the auditors on the financial statements of every insurer and re-insurer shall be in conformity with the requirements of Schedule C, or as near thereto as the circumstances permit.

(4) The Authority may, from time to time, issue separate guidelines in the matter of appointment, continuance or removal of auditors of an insurer or reinsurer, as the case may be, and such directions/guidelines may include prescriptions regarding qualifications and experience of auditors, their rotation, period of appointment, etc., as may be deemed necessary by the authority.

Schedule A

(See regulation 3)

PART I

Accounting Principles for Preparation of Financial Statements

1. **Applicability of Accounting Standards.** - Every Balance-Sheet, Revenue Account [Policyholders' Account], Receipts and Payments Account [Cash Flow statement] and Profit and Loss Account [Shareholders' Account] of an insurer shall be in conformity with the Accounting Standards (AS) issued by the ICAI, to the extent applicable to insurers carrying on life insurance business, except that-

(i). Accounting Standard 3 (AS 3) - Cash Flow Statements - Cash Flow Statement

shall be prepared only under the Direct Method.

(ii). Accounting Standard 17 (AS 17) - Segment Reporting - shall apply to all insurers

irrespective of the requirements regarding listing and turnover mentioned therein.

2. **Premium.** - Premium shall be recognised as income when due. For linked business the due date for payment may be taken as the date when the associated units are created.

3. **Acquisition Costs.** - Acquisition costs, if any, shall be expensed in the period in which they are incurred.

Acquisition costs are those costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts. The most essential test is the obligatory relationship between costs and the execution of insurance contracts (i.e., commencement of risk).

4. **Claims Cost.** - The ultimate cost of claims shall comprise the policy benefit amount and specific claims settlement costs, wherever applicable.

5. **Actuarial Valuation - Liability for Life Policies.** - The estimation of liability against life policies shall be determined by the appointed actuary of the insurer pursuant to his annual investigation of the life insurance business. Actuarial assumptions are to be disclosed by way of notes to the account.

The liability shall be so calculated that together with future premium payments and investment income, the insurer can meet all future claims (including bonus entitlements to policyholders) and expenses.

6. **Procedure to determine value of investments.** - An insurer shall determine the values of investments in the following manner: -

(a) **Real Estate - Investment Property.** - The value of investment property shall be

determined at historical cost, subject to revaluation at least once in every three

years. The change in the carrying amount of the investment property shall be taken

to Revaluation Reserve.

The insurer shall assess at each balance sheet date whether any impairment of the investment property has occurred.

Gains/losses arising due to changes in the carrying amount of real estate shall be taken to equity under 'Revaluation Reserve'. The 'Profit on sale of investments' or 'Loss on sale of investments', as the case may be, shall include accumulated changes in the carrying amount previously recognised in equity under the heading 'Revaluation Reserve' in respect of a particular property and being recycled to the relevant Revenue Account or Profit and Loss Account on sale of that property.

The bases for revaluation shall be disclosed in the notes to accounts. The Authority may issue directions specifying the amount to be released from the revaluation reserve for declaring bonus to the policyholders. For the removal of doubt, it is clarified that except for the amount that is released to policyholders as per the Authority's direction, no other amount shall be distributed to shareholders out of Revaluation Reserve Account.

An impairment loss shall be recognised as an expense in the Revenue/Profit and Loss Account immediately, unless the asset is carried at re-valued amount. Any impairment loss of a re-valued asset shall be treated as a revaluation decrease of that asset and if the impairment loss exceeds the corresponding revaluation reserve, such excess shall be recognised as an expense in the Revenue/Profit and Loss Account.

(b) **Debt Securities.** - Debt securities, including government securities and

redeemable preference shares, shall be considered as "held to maturity" securities

and shall be measured at historical cost subject to amortisation.

(c) **Equity Securities and Derivative Instruments that are traded in active**

markets. - Listed equity securities and derivative instruments that are traded in

active markets shall be measured at fair value on the balance sheet date. For the

purpose of calculation of fair value, the lowest of the last quoted closing price at the

stock exchanges where the securities are listed shall be taken.

The insurer shall assess on each balance sheet date whether any impairment of listed equity security(ies)/derivative(s) instruments has occurred.

An active market shall mean a market, where the securities traded are homogenous, availability of willing buyers and willing sellers is normal and the prices are publicly available.

Unrealised gains/losses arising due to changes in the fair value of listed equity shares and derivative instruments shall be taken to equity under the head 'Fair Value Change Account". The 'Profit on sale of investments' or 'Loss on sale of investments', as the case may be, shall include accumulated changes in the fair value previously recognised in equity under the heading 'Fair Value Change Account' in respect of a particular security and being recycled to the relevant Revenue Account or Profit and Loss Account on actual sale of that listed security.

The Authority may issue directions specifying the amount to be released from the Fair Value Change Account for declaring bonus to the policyholders. For the removal of doubt, it is clarified that except for the amount that is released to policyholders as per the Authority's prescription, no other amount shall be distributed to shareholders out of Fair Value Change Account. Also, any debit balance in Fair Value Change Account shall be reduced from profit/free reserves while declaring dividends.

The insurer shall assess, on each balance sheet date, whether any impairment has occurred. An impairment loss shall be recognised as an expense in Revenue/Profit and Loss Account to the extent of the difference between the re-measured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognised as expense in Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognised in Revenue/Profit and Loss Account shall be recognised in Revenue/Profit and Loss Account.

(d) **Unlisted and other than actively traded Equity Securities and Derivative Instruments.** - Unlisted equity securities and derivative instruments and listed equity securities and derivative instruments that are not regularly traded in active markets shall be measured at historical cost. Provision shall be made for diminution in value of

such investments. The provision so made shall be reversed in subsequent periods if estimates based on external evidence show an increase in the value of the investment over its carrying amount. The increased carrying amount of the investment due to the reversal of the provision shall not exceed the historical cost.

For the purposes of this regulation, a security shall be considered as being not actively traded, if as per guidelines governing mutual funds laid down from time to time by SEBI, such a security is classified as "thinly traded".

7. **Loans.** - Loans shall be measured at historical cost subject to impairment provisions. The insurer shall assess the quality of its loan assets and shall provide for impairment. The impairment provision shall not be lower than the amounts derived on the basis of guidelines prescribed from time to time by the Reserve Bank of India, that apply to companies and financial institutions.

8. **Linked Business.** - The accounting principles used for valuation of investments are to be consistent with principles enumerated above. A separate set of financial statements, for each segregated fund of the linked businesses, shall be annexed.

Segregated funds represent funds maintained in accounts to meet specific investment objectives of policy-holders who bear the investment risk. Investment income/gains and losses generally accrue directly to the policyholders. The assets of each account are segregated and are not subject to claims that arise out of any other business of the insurer.

9. **Funds for future appropriation** - The funds for future appropriation shall be presented separately.

The funds for future appropriation represent all funds, the allocation of which, either to the policyholders or to the shareholders, has not been determined by the end of the financial year.

PART II

DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

A. **The following shall be disclosed by way of notes to the Balance Sheet: -**

1. Contingent Liabilities:

(a) Partly-paid up investments

(b) Underwriting commitments outstanding

(c) Claims, other than those under policies, not acknowledged as debts;

(d) Guarantees given by or on behalf of the company

(e) Statutory demands/liabilities in dispute, not provided for

(f) Reinsurance Obligations to the extent no provided for in accounts

(g) Others (to be specified).

2. Actuarial assumptions for valuation of liabilities for life policies in force.

3. Encumbrances to assets of the company in and outside India.

4. Commitments made and outstanding for Loans, Investments and Fixed Assets.

5. Basis of amortisation of debt securities.

6. Claims settled and remaining unpaid for a period of more than six months as on the balance sheet date.

7. Value of contracts in relation to investments, for: (a) Purchases where deliveries are pending; (b) Sales where payments are overdue.

8. Operating expenses relating to insurance business: basis of allocation of expenditure to various segments of business.

9. Computation of managerial remuneration.

10. Historical costs of those investments valued on fair value basis.

11. Basis of revaluation of investment property.

B. **The following accounting policies shall form an integral part of the financial statements: -**

1. All significant accounting policies in terms of the accounting standards issued by the ICAI, and significant principles and policies given in Part I of Accounting Principles. Any other accounting policies, followed by the insurer, shall be stated in the manner required under Accounting Standard AS 1 issued by the ICAI.

2. Any departure from the accounting policies shall be separately disclosed with reasons for such departure.

C. **The following information shall also be disclosed: -**

1. Investments made in accordance with any statutory requirement should be disclosed separately together with its amount, nature, security and any special rights in and outside India;
2. Segregation into performing/non performing investments for purpose of income recognition as per the directions, if any, issued by the Authority;
3. Assets to the extent required to be deposited under local laws or otherwise encumbered in or outside India;
4. Percentage of business sector wise;

5. A summary of financial statements for the last five years, in the manner as may be prescribed by the Authority;

6. Bases of allocation of investments and income thereon between Policy-holders' Account and Share-holders' Account;

7. Accounting Ratios as may be prescribed by the Authority.

PART III

GENERAL INSTRUCTIONS FOR PREPARATION OF FINANCIAL STATEMENTS

1. The corresponding amounts for the immediately preceding financial year for all items shown in the Balance Sheet, Revenue Account, Profit and Loss Account and Receipts and Payments Account shall be given.

2. The figures in the financial statements may be rounded off to the nearest thousands.

3. Interest, dividends and rentals receivable in connection with an investment should be stated at gross amount, the amount of income tax deducted at source should be included under "advance taxes paid" and taxes deducted at source.

4. (I) For the purposes of financial statements, unless the context otherwise requires, -

(a) the expression "provision" shall, subject to (II) below mean any amount written off

or retained by way of providing for depreciation, renewals or diminution in value of

assets, or retained by way of providing for any known liability or loss of which the

amount cannot be determined with substantial accuracy;

(b) the expression "reserve" shall not, subject to as aforesaid, include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability or loss;

(c) the expression "capital reserve" shall not include any amount regarded as free for distribution through the profit and loss account; and the expression "revenue reserve" shall mean any reserve other than a capital reserve;

(d) The expression "liability" shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

(II) Where-

(a) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or

(b) any amount retained by way of providing for any known liability or loss, is in excess of the amount which in the opinion of the directors is reasonably necessary for the purpose, the excess shall be treated as a reserve and not provision.

5. The company shall make provisions for damages under lawsuits where the management is of the opinion that the award may go against the insurer.

6. Extent of risk retained and re-insured shall be separately disclosed.

7. Any debit balance of the Profit and Loss Account shall be shown as deduction from uncommitted reserves and the balance, if any, shall be shown separately.

PART IV

CONTENTS OF MANAGEMENT REPORT

There shall be attached to the financial statements, a management report containing, *inter alia*, the following duly authenticated by the management: -

1. Confirmation regarding the continued validity of the registration granted by the Authority;

2. Certification that all the dues payable to the statutory authorities have been duly paid; 3. Confirmation to the effect that the shareholding pattern and any transfer of shares during
the year are in accordance with the statutory or regulatory requirements;

4. Declaration that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;

5. Confirmation that the required solvency margins have been maintained;

6. Certification to the effect that the values of all the assets have been reviewed on the date of the Balance Sheet and that in his (insurer's) belief the assets set forth in the Balance-sheets are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings - " Loans", " Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents

accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", " Sundry Debtors", " Bills Receivable", " Cash" and the several items specified under "Other Accounts";

7. Certification to the effect that no part of the life insurance fund has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investment of the life insurance funds;

8. Disclosure with regard to the overall risk exposure and strategy adopted to mitigate the same;

9. Operations in other countries, if any, with a separate statement giving the management's estimate of country risk and exposure risk and the hedging strategy adopted;

10. Ageing of claims indicating the trends in average claim settlement time during the preceding five years;

11. Certification to the effect as to how the values, as shown in the balance sheet, of the investments and stocks and shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown;

12. Review of asset quality and performance of investment in terms of portfolios, i.e., separately in terms of real estate, loans, investments, etc.

13. A responsibility statement indicating therein that: -

(a) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;

(b) the management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit or loss and of the profit or loss of the company for the year;

(c) the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938 (4 of 1938)/Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the management has prepared the financial statements on a going concern basis;

(e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

14. A schedule of payments, which have been made to individuals, firms, companies and organizations in which Directors of the insurer are interested.

PART V

PREPARATION OF FINANCIAL STATEMENTS

(1) An insurer shall prepare the Revenue Account [Policy-holders' Account], Profit and Loss Account [Share-holders' Account] and the Balance Sheet in Form A-RA, Form A-PL and Form A-BS, as prescribed in this Part, or as near thereto as the circumstances permit.

Provided that an insurer shall prepare Revenue Account and Balance Sheet for the under mentioned businesses separately and to that extent the application of AS 17 shall stand modified: -

(a) Participating policies and Non-participating policies;

(b) (i) Linked business [As defined in regulation 2 (i) of the IRDA (Registration of Indian

Insurance Companies) Regulations, 2000]

(ii) Non-Linked business separately for Ordinary Life, General Annuity, pensions and Health Insurance;

(c) Business within India and business outside India.

(2) An insurer shall prepare separate Receipts and Payments Account in accordance with the Direct Method prescribed in AS 3 - "Cash Flow Statement" issued by the ICAI.

FORM A-RA

Registration No. and Date of Registration with the IRDA

Name of the Insurer:

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 20___.

Policyholders' Account (Technical Account)

Particulars Schedule Current Previous

			Year	Year
(1)	(2)	(3)	(4)	(5)
	Premiums earned - net (a) Premium (b) Reinsurance ceded (c) Reinsurance accepted-	1	(Rs.'000)	(Rs.'000).
	Income from Investments (a) Interest, Dividends & Rent - Gross (b) Profit on sale/redemption of investments (c) (Loss on sale/redemption of investments) (d) Transfer/Gain on revaluation/change in fair value*			
	Other Income (to be specified)			
	TOTAL (A)			
	Commission	2		
	Operating Expenses related to Insurance Business	3		
	Provision for doubtful debts			
	Bad debts written off			
	Provision for Tax			
	Provisions (other than taxation)			

(a) For diminution in the value of investments

	(Net) (b) Others (to be specified)			

	TOTAL (B)			
	Benefits Paid (Net)	4		
	Interim Bonuses Paid			
	Change in valuation of liability in respect of life policies (a) Gross** (b) Amount ceded in Reinsurance (c) Amount accepted in Reinsurance			
	TOTAL (C)			
	Surplus/(deficit) (D)=(A)-(B)-(C)			
	APPROPRIATIONS Transfer to Shareholders' Account Transfer to Other reserves (to be specified) Balance being Funds for Future Appropriations			
	TOTAL (D)			

*Represents the deemed realised gain as per norms specified by the Authority. **Represents Mathematical Reserves after allocation of bonus.

Notes:

The total surplus shall be disclosed separately with the following details: 1. Interim bonuses paid:
2. Allocation of bonus to policyholders:
3. Surplus shown in the revenue account:
4. Total surplus: [(a)+(b)+(c)].

See notes appended at the end of Form A-PL

FORM A-PL

Registration No. and date of Registration with the IRDA

Name of the Insurer:

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 20___.

Shareholders' Account (Non-technical Account)

Particulars Schedule Current Previous

			Year	Year
(1)	(2)	(3)	(4)	(5)

(Rs.'000) (Rs.'000)

	Amounts transferred from/to the Policyholders Account (Technical Account)			
	Income From Investments (a) Interest, Dividends & Rent - Gross (b) Profit on sale/redemption of investments (c) (Loss on sale/redemption of investments)			
	Other Income (To be specified)			
	TOTAL (A)			
	Expense other than those directly related to the insurance business			
	Bad debts written off			
	Provisions (Other than taxation) (a) For diminution in the value of investments (Net) (b) Provision for doubtful debts (c) Others (to be specified)			
	TOTAL (B)			
	Profit/(Loss) before tax			
	Provision for Taxation			
	Profit/(Loss) after tax			
	APPROPRIATIONS			
	(a) Balance at the beginning of the year. (b) Interim dividends paid during the year (c) Proposed final dividend (d) Dividend distribution on tax (e) Transfer to reserves/other accounts (to be specified)			
	Profit carried ----------to the Balance Sheet			

~~*Note*~~*s to Form A-RA and A-PL.* -

(a) Premium income received from business concluded in and outside India shall be separately disclosed.

(b) Reinsurance premiums whether on business ceded or accepted are to be brought into account gross (i.e. before deducting commissions) under the head reinsurance premiums.

(c) Claims incurred shall comprise claims paid, specific claims settlement costs wherever applicable and change in the outstanding provision for claims at the year-end.

(d) Terms of expenses and income in excess of one percent of the total premiums (less reinsurance) or Rs.5,00,000 whichever is higher, shall be shown as a separate line item.

(e) Fees and expenses connected with claims shall be included in claims.

(f) Under the sub-head "Others" shall be included items like foreign exchange gains or losses and other items.

(g) Interest, dividends and rentals receivable in connection with an investment should be stated as gross amount, the amount of income tax deducted at source being included under 'advance taxes paid and taxes deducted at source".

(h) Income from rent shall include only the realised rent. It shall not include any notional rent.

FORM A-BS

Registration No. and date of Registration with the IRDA

Name of the Insurer:

BALANCE SHEET AS AT 31ST MARCH, 20____.

Sl. Particulars Schedule Current Previous

No.			Year	Year
(1)	(2)	(3)	(4)	(5)
			(Rs.'000)	(Rs.'000)
	Sources of Funds Shareholders' funds: Share capital	5		
	Reserves and Surplus	6		
	Credit/[Debit] Fair Value Change Account			
	Sub-Total			
	Borrowings	7		
	Policyholders' funds			
	Credit/[Debit] Fair Value Change Account			
	Policy Liabilities			
	Insurance Reserves			

	Provision for linked Liabilities			
	Sub-Total			
	Funds for future appropriations			
	Total			
	Application of Funds			

Investments

	Share-holders'	8		
	Policy-holders'	8-a		
	Assets held to cover Linked Liabilities	8-b		
	Loans	9		
	Fixed Assets	10		
	Current Assets			
	Cash and Bank Balances	11		
	Advances and Other Assets	12		
	Sub-Total (A)			
	Current Liabilities	13		
	Provisions	14		
	Sub-Total (B)			
	Net Current Assets (C) = (A - B)			
	Miscellaneous Expenditure (to the extent not written off or adjusted)	15		
	Debit Balance in Profit & Loss Account (Share-holders' Account)			
	Total			

CONTINGENT LIABILITIES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Partly paid-up investments		
2.	Claims, other than against policies, not acknowledged as debts by the company		
3.	Underwriting commitments outstanding (in respect of shares and securities)		
4.	Guarantees given by or on behalf of the Company		
5.	Statutory demands/liabilities in dispute, not provided for		
6.	Reinsurance obligations to the extent not provided for in accounts		
7.	Others (to be specified)		
	Total		

SCHEDULES

FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE I

PREMIUM

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	First year premiums		
2.	Renewal Premiums		
3.	Single Premiums		
	Total Premium		

SCHEDULE 2

COMMISSION EXPENSES

Particulars Current Year Previous Year

(1)	(2)	(3)
	(Rs.'000)	(Rs.'000)
Commission paid		
Direct - First year premiums		
-Renewal premiums		
- Single premiums		
Add: Commission Accepted on Re-insurance		
Less: Ceded Commission on Re-insurance		
Net Commission		

Note. - The profit/commission, if any, are to b~~e combined with the Re-insurance accepted~~ or Re-insurance ceded figures.

SCHEDULE 3

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Employees' benefits remuneration & welfare		

2.	Travel, conveyance and vehicle running expenses		
3.	Training expenses		
4.	Rents, rates & taxes		
5.	Repairs		
6.	Printing & stationery		
7.	Communication expenses		
8.	Legal & professional charges		
9.	Medical fees		
10.	Auditors' fees, expenses etc.		
	(a) as auditor		
	(b) as adviser or in any other capacity, in respect of-		
	(i) Taxation matters		
	(ii) Insurance matters		
	(iii) Management services; and		
	(c) in any other capacity		
11.	Advertisement and publicity		
12.	Interest & Bank Charges		
13.	Others (to be specified)		
14.	Depreciation		
	Total		

Notes.

(a) Items of expenses and income in excess of one percent of the total premiums (less reinsurance) or Rs.5,00,000 whichever is higher, shall be shown as a separate line item.

SCHEDULE 4

BENEFITS PAID [NET]

Sl. No.	Particulars	Current Year	Previous Year
(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Insurance Claims		
	(a) Claims by Death,		
	(b) Claims by Maturity,		
	(c) Annuities/Pension payment,		
	(d) Other benefits, specify		
2.	(Amount ceded in reinsurance):		
	(a) Claims by Death,		
	(b) Claims by Maturity,		
	(c) Annuities/Pension payment,		
	(d) Other benefits, specify		
3	Amount accepted in reinsurance:		
	(a) Claims by Death,		
	(b) Claims by Maturity,		
	(c) Annuities/Pension payment,		
	(d) Other benefits, specify		
	Total		

Notes. -

(a) Claims include specific claims settlement costs, wherever applicable.

(b) Legal and other fees and expenses shall also form part of the claims cost, wherever applicable.

SCHEDULE 5

SHARE CAPITAL

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Authorised Capital		
	Equity Shares of Rs..... each		
2.	Issued Capital		
	Equity Shares of Rs. .....each		
3.	Subscribed Capital		
	Equity Shares of Rs. .....each		
4.	Called-up Capital		
	Equity Shares of Rs. .....each		
5.	Less : Calls unpaid		
	Add : Shares forfeited (Amount originally paid up)		

Less : Par value of Equity Shares bought

	back		
	Less : Preliminary Expenses		
	Expenses including commission or brokerage on Underwriting or subscription of shares		
	Total		

Notes. -

(a) Particulars of the different classes of capital should be separately stated.

(b) The amount capitalised on account of issue of bonus shares should be disclosed.

(c) In case any part of the capital is held by a holding company, the same should be separately disclosed.

SCHEDULE 5-A

PATTERN OF SHAREHOLDING

[As certified by the Management]

Shareholder Current Year Previous Year

	Number of Shares	% of Holding	Number of Shares	% of Holding
(1)	(2)	(3)	(4)	(5)
Promoters				
-Indian				
-Foreign				
Others				
Total				

SCHEDULE 6

RESERVES AND SURPLUS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Capital Reserve		
2.	Capital Redemption Reserve		
3.	Share Premium		
4.	Revaluation Reserve		

5. General Reserves

	Less: Debit balance in Profit and Loss Account, if any Less: Amount utilized for Buy-back		
6.	Catastrophe Reserve		
7.	Other Reserves (to be specified)		
8.	Balance of profit in Profit and Loss Account		
	Total		

Note.

Additions to and deductions from the reserves shall be disclosed under each of the specified heads.

SCHEDULE 7

BORROWINGS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Debentures/Bonds		
2.	Banks		
3.	Financial Institutions		
4.	Others (to be specified)		
	Total		

Notes:

(a) The extent to which the borrowings are secured shall be separately disclosed stating the nature of the security under each sub-head.

(b) Amounts due within 12 months from the date of Balance-Sheet should be shown separately.

SCHEDULE 8

INVESTMENTS-SHAREHOLDERS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
	Long Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		

2. Other Approved Securities

3.	Other Investments		
	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		
5.	Other than Approved Investments		
	Short Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	Other Approved Securities		

3.	Other Investments		
	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		
5.	Other than Approved Investments		
	Total		

Note. **- See Notes appended at the end of Schedule 8-B.**

SCHEDULE 8-A

INVESTMENTS-POLICY-HOLDERS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
	Long Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	Other Approved Securities		
3.	Other Investments		

	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		
5.	Other than Approved Investments		
	Short Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	Other Approved Securities		
3.	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		

4.	Investments in Infrastructure and Social Sector		

	Total		

5. Other than Approved Investments

Notes. - See notes appended at the end of Schedule 8-B

SCHEDULE 8-B

ASSETS HELD TO COVER LINKED LIABILITIES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
	Long Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	**Other Approved Securities**		
3.	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		

5.	Other than Approved Investments		
	Short Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	**Other Approved Securities**		
3.	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		

(d) Debentures/Bonds

	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		
5.	Other than Approved Investments		
	Total		

***Notes.* - (Applicable to Schedules 8, 8-A & 8-B), -**

(a) Investments in subsidiary/holding companies, joint ventures and associates shall

be separately disclosed, at cost.

(i) Holding company and subsidiary shall be construed as defined in the Companies Act, 1956.

(ii) Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control.

(iii) Joint control - is the contractually agreed sharing of power to govern the financial and operating policies of an economic activity to obtain benefits from it.

(iv) Associate - is an enterprise in which the company has significant influence and which is neither a subsidiary nor a joint venture of the company.

(v) Significant influence (for the purpose of this schedule) means participation in the financial and operating policy decisions of a company, but not control of those policies. Significant influence may be exercised in several ways, for example, by representation on the board of directors, participation in the policymaking process, material inter-company transactions, interchange of managerial personnel or dependence on technical information. Significant influence may be gained by share ownership, statute or agreement. As regards share ownership, if an investor holds, directly or indirectly through subsidiaries, 20 percent or more of the voting power of the investee, it is presumed that the investor does have significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly through subsidiaries, less than 20 percent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence is clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

(b) Aggregate amount of company's investments other than listed equity securities

and derivative instruments and also the market value thereof shall be disclosed.

(c) Investment made out of Catastrophe reserve should be shown separately. (d) Debt securities will be considered as "held to maturity" securities and will be measured at historical costs subject to amortisation.

(e) Investment Property means a property [land or building or part of a building or both] held to earn rental income or for capital appreciation or for both, rather than for use in services or for administrative purposes.

(f) Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose of within twelve months from balance sheet date shall be classified as short-term investments.

SCHEDULE 9

LOANS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Security-Wise Classification		
	Secured		
	(a) On mortgage of property		
	(aa) In India		
	(bb) Outside India		
	(b) On Shares, Bonds, Govt. Securities, etc.		

	(c) Loans against policies		
	(d) Others (o be specified)		
	Unsecured		
	Total		
2.	Borrower-wise Classification		
	(a) Central and Sate Governments		
	(b) Banks and Financial Institutions		
	(c) Subsidiaries		
	(d) Companies		
	(e) Loans against policies		
	(f) Others (to be specified)		
	Total		

3. Performance-wise Classification

	(a) Loans Classified as standard		
	(aa) In India		
	(bb) Outside India		
	(b) Non-standard loans less provisions		
	(aa) In India		
	(bb) Outside India		
	Total		
4.	Maturity-Wise Classification		
	(a) Short Term		

	(b) Long Term		
	Total		

Notes. -

(a) Short-term loans shall include those, which are repayable within 12 months from the date of balance sheet. Long term loans shall be the loans other than short-term loans.

(b) Provisions against non-performing loans shall be shown separately.

(c) The nature of the security in case of all long term secured loans shall be specified in each case. Secured loans for the purposes of this schedule, means loans secured wholly or partly against an asset of the company.

(d) Loans considered doubtful and the amount of provision created against such loans shall be disclosed.

SCHEDULE 10

FIXED ASSETS

(Rs.'000) Particul Cost/Gross Block Depreciation Net Block

ars										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Open ing	Open ing	Deducti ons	Closi ng	Up to La st	For the Ye ar	On Sales/Adjust ments	To Da te	As at Ye ar	Previ ous Year

ye en

					ar				d	
Goodwi ll										
Intangib les (specify)										
Land- Freehol d										
Leaseh old Propert y										
Building s										

Furnitur e & Fittings										
Informa tion Technol ogy Equipm ent										
Vehicle s										
Office Equipm ent										
Others (Specif y nature)										
Total										
Work in progres s										
Grand Total										
Previo us Year										

Note. - Assets included in land, property and building above exclude Investment Properties as defined in note (e) to Schedule 8.

SCHEDULE 11

CASH AND BANK BALANCES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Cash (including cheques, drafts and stamps)		
2.	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months of the date of Balance Sheet)		

	(bb) Others		
	(b) Current Accounts		
	(c) Others (to be specified)		
3.	Money at Call and Short Notice		
	(a) With Banks		
	(b) With other Institutions		
4.	Others (to be specified)		
	Total		
	Balances with non-scheduled banks included in 2 and 3 above		
	Cash & Bank Balances		
1.	In India		
2.	Outside India		
	Total		

Note. -

Bank balance may include remittances in transit. If so, the nature and amount shall be separately stated.

SCHEDULE 12

ADVANCES AND OTHER ASSETS

(1)	(2)	(3)	(4)

Sl. No. Particulars Current Year Previous Year

ADVANCES (Rs.'000) (Rs.'000)

1.	Reserve deposits with ceding companies		

2.	Application money for investments		
3.	Prepayments		
4.	Advances to Directors/Officers		
5.	Advance tax paid and taxes deducted at source (Net of provision for taxation)		
6.	Others (to be specified)		
	Total (A)		
	OTHER ASSETS		
1.	Income accrued on investments		
2.	Outstanding Premiums		
3.	Agents' Balances		
4.	Foreign Agencies Balances		
5.	Due from other entities carrying on insurance business (including reinsures)		
6.	Due from subsidiaries/holding company		
7.	Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]		
8.	Others (to be specified)		
	Total (B)		
	Total (A+B)		

Notes.

(a) The items under the above heads shall not be shown net of provisions for doubtful amounts. The amount of provision against each head should be shown separately. (b) The term "officer" should conform to the definition of that term as given under the Companies Act, 1956.

(c) Sundry debtors will be shown under item 8 (Others)

SCHEDULE 13

CURRENT LIABILITIES

Sl. No.	Particulars	Current Year	Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)

1. Agents' Balances

2.	Balances due to other insurance companies		
3.	Deposits held on re-insurance ceded		
4.	Premiums received in advance		
5.	Unallocated premium		
6.	Sundry creditors		
7.	Due to subsidiaries/holding company		
8.	Claims Outstanding		
9.	Annuities Due		
10.	Due to Officers/Directors		
11.	Others (to be specified)		
	Total		

SCHEDULE 14

PROVISIONS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	For taxation (less payments and taxes deducted at source)		

2.	For proposed dividends		
3.	For dividend distribution tax		
4.	Bonus payable to the Policy holders		
5.	Others (to be specified)		
	TOTAL		

SCHEDULE 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)

1. Discount Allowed in issue of

	shares/debentures		
2.	Others (to be specified)		
	Total		

Notes.

(a) No item shall be included under the head "Miscellaneous Expenditure" and carried forward unless:

1. some benefit from the expenditure can reasonably be expected to be received in future, and

2. the amount of such benefit is reasonably determinable.

(b) The amount to be carried forward in respect of any item included under the head "Miscellaneous Expenditure" shall not exceed the expected future revenue/other benefits related to the expenditure.

SCHEDULE B

(See regulation 3)

PART I

ACCOUNTING PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS

1. Applicability of Accounting Standards. - Every Balance Sheet, Receipts and Payments Account [Cash Flow statement] and Profit and Loss Account [Share-holders' Account] of the insurer shall be in conformity with the Accounting Standards (AS) issued by the ICAI, to the extent applicable to the insurers carrying on general insurance business, except that-

(i) Accounting Standard 3 (AS 3) - Cash Flow Statements - Cash Flow Statement shall

be prepared only under the Direct Method.

(ii) Accounting Standard 13 (AS 13) - Accounting for Investments, shall not be

applicable.

(iii) Accounting Standard 17 (AS 17) - Segment Reporting - shall apply to all insurers

irrespective of the requirements regarding listing and turnover mentioned therein.

2**[2. Premium.** - (i) Premium shall be recognized as income over the contract period or the period of risk, whichever is appropriate.

(ii) "Premium received in Advance" is the premium where the period of inception of

the risk is outside the accounting period and is to be shown under current liabilities.

(iii) "Unallocated premium" includes premium deposit and premium which has been

received but for which risk has not commenced. It is to be shown under current

liabilities.

2A. Unearned Premium Reserve. - A reserve for unearned premium shall be created as the amount representing that part of the premium written which is attributable to, and allocated to the succeeding accounting periods. Such Reserves shall be computed as under:

(i) Marine Hull - 100 percent of Net Written Premium during the preceding twelve

months;

(ii) Other Segments - 50 percent of Net Written Premium during the preceding twelve

months; or on the basis of 1/365th method on the unexpired period of the respective

policies.

However, Insurers shall follow the method of provisioning of Unearned Premium Reserve in a consistent manner. Any change in the method of provisioning can be done only with the prior written approval of the Authority.]

3. Premium Deficiency. - Premium deficiency shall be recognised if the sum of expected claim costs, related expenses and maintenance costs exceeds related reserve for unexpired risks.

4. Acquisition Costs. - Acquisition costs, if any, shall be expensed in the period in which they are incurred.

Acquisition costs are those costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts. The most essential test is the obligatory relationship between costs and the execution of insurance contracts (i.e. commencement of risk).

2*Substituted by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021 (w.e.f. 05.05.2021).*

Prior to its substitution regulation 2, read as under:

"2. Premium—Premium shall be recognised as income over the contract period or the period of risk, whichever is appropriate. Premium received in advance, which represents premium income not relating to the current accounting period, shall be disclosed separately in the financial statements,
A reserve for unexpired risks shall be created as the amount representing that part of the premium written which is attributable to, and to be allocated to the succeeding accounting periods and shall not be less than as required under section 64 V (1) (ii) (b) of the Act.

Premium Received in Advance, which represents premium received prior to the commencement of the risk, shall be shown separately under the head 'Current Liabilities' in the financial statements."

5. Claims. - The components of the ultimate cost of claims to an insurer comprise the claims under policies and specific claims settlement costs. Claims under policies comprise the claims made for losses incurred, and those estimated or anticipated under the policies following a loss occurrence.

A liability for outstanding claims shall be brought to account in respect of both direct business and inward reinsurance business. The liability shall include: -

(a) Future payments in relation to unpaid reported claims;

(b) Claims Incurred But Not Reported (IBNR) including inadequate reserves

[sometimes referred to as Claims Incurred But Not Enough Reported (IBNER)],

which will result in future cash/asset outgo for settling liabilities against those

claims. Change in estimated liability represents the difference between the

estimated liability for outstanding claims at the beginning and at the end of the

financial period.

The accounting estimate shall also include claims cost adjusted for estimated salvage value if there is sufficient degree of certainty of its realisation.

Actuarial Valuation of claim liability - in some cases: - Claims made in respect of contracts where the claims payment period exceeds four years shall be recognised on an actuarial basis, subject to regulations that may be prescribed by the Authority. In such cases, certificate from a recognised actuary as to the fairness of liability assessment must be obtained. Actuarial assumptions shall be suitably disclosed by way of notes to the account.

6. Procedure to determine the value of investments. - An insurer shall determine the values of investments in the following manner: -

(a) Real Estate - Investment Property - Investment Property shall be measured at

historical cost less accumulated depreciation and impairment loss, residual value

being considered zero and no revaluation being permissible.

The Insurer shall assess at each balance sheet date whether any impairment of the investment property has occurred.

An impairment loss shall be recognised as an expense in the Revenue/Profit and Loss Account immediately.

Fair value as at the balance sheet date and the basis of its determination shall be disclosed in the financial statements as additional information.

(b) Debt Securities - Debt securities including government securities and redeemable preference shares shall be considered as "held to maturity" securities and shall be measured at historical cost subject to amortisation.

(c) Equity Securities and Derivative Instruments that are traded in active markets. - Listed equity securities and derivative instruments that are traded in active markets shall be measured at fair value as at the balance sheet date. For the purpose of calculation of fair value, the lowest of the last quoted closing price of the stock exchanges where the securities are listed shall be taken.

The insurer shall assess on each balance sheet date whether any impairment of listed equity security(ies)/derivative(s) instruments has occurred.

An active market shall mean a market, where the securities traded are homogenous, availability of willing buyers and willing sellers is normal and the prices are publicly available.

Unrealised gains/losses arising due to changes in the fair value of listed equity shares and derivative instruments shall be taken to equity under the head "Fair Value Change Account". The "Profit on sale of investments" or "Loss on sale of investments", as the case may be, shall include accumulated changes in the fair value previously recognised in equity under the heading Fair Value Change Account in respect of a particular security and being recycled to Profit and Loss Account on actual sale of that listed security.

For the removal of doubt, it is clarified that balance or any part thereof shall not be available for distribution as dividends. Also, any debit balance in the said Fair Value Change Account shall be reduced from the profits/free reserves while declaring dividends.

The insurer shall assess, at each balance sheet date, whether any impairment has occurred. An impairment loss shall be recognised as an expense in Revenue/Profit and Loss Account to the extent of the difference between the remeasured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognised as expense in Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognised in Revenue/Profit and Loss Account shall be recognised in Revenue/Profit and Loss Account.

(d) Unlisted and other than actively traded Equity Securities and Derivative Instruments - Unlisted equity securities and derivative instruments and listed equity securities and derivative instruments that are not regularly traded in active market will be measured at historical costs. Provision shall be made for diminution in value of such investments. The provision so made shall be reversed in subsequent periods if estimates based on external evidence show an increase in the value of the investment over its carrying amount. The increased carrying amount of the investment due to the reversal of the provision shall not exceed the

historical cost.

For the purposes of this regulation, a security shall be considered as being not actively traded, if as per guidelines governing mutual funds laid down from time to time by SEBI, such a security is classified as "thinly traded".

7. Loans. - Loans shall be measured at historical cost subject to impairment provisions. The insurer shall assess the quality of its loan assets and shall provide for impairment. The impairment provision shall not be lower than the amounts derived on the basis of guidelines prescribed from time to time by the Reserve Bank of India, that apply to companies and financial institutions.

8. Catastrophe Reserve. - Catastrophe reserve shall be created in accordance with norms, if any, prescribed by the Authority. Investment of funds out of catastrophe reserve shall be made in accordance with prescription of the Authority.

PART II

DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

A. The following shall be disclosed by way of notes to the Balance-Sheet, -

1. Contingent Liabilities:

(a) Partly-paid up investments

(b) Underwriting commitments outstanding

(c) Claims, other than those under policies, not acknowledged as debts

(d) Guarantees given by or on behalf of the company

(e) Statutory demands/liabilities in dispute, not provided for

(f) Reinsurance obligations to the extent not provided for in accounts

(g) Others (to be specified)

2. Encumbrances to assets of the company in and outside India.

3. Commitments made and outstanding for Loans, Investments and Fixed Assets.

4. Claims, less reinsurance, paid to claimants in/outside India.

5. Actuarial assumptions for determination of claim liabilities in the case of claims

where the claims payment period exceeds four years.

6. Ageing of claims - distinguishing between claims outstanding for more than six

months and other claims.

7. Premiums, less reinsurance, written from business in/outside India.

8. Extent of premium income recognised, based on varying risk pattern, category wise,

with basis and justification therefor, including whether reliance has been placed on

external evidence.

9. Value of contracts in relation to investments, for-

(i) Purchases where deliveries are pending;

(ii) Sales where payments are overdue.

10. Operating expenses relating to insurance business: basis of allocation of expenditure to various classes of business.

11. Historical costs of those investments valued on fair value basis.

12. Computation of managerial remuneration.

13. Basis of amortisation of debt securities.

14. (a) Unrealised gain/losses arising due to changes in the fair value of listed equity shares and derivative instruments are to be taken to equity under the head "Fair Value Change Account" and on realisation reported in profit and loss Account.

(b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

15. Fair value of investment property and the basis therefor.

16. Claims settled and remaining unpaid for a period of more than six months as on the balance sheet date.

B.The following accounting policies shall form an integral part of the financial statements: -

1. All significant accounting policies in terms of the accounting standards issued by the ICAI, and significant principles and policies given in Part I of Accounting Principles. Any other accounting policies followed by the insurer shall be stated in the manner required under Accounting Standard AS 1 issued by the ICAI.

2. Any departure from the accounting policies as aforesaid shall be separately disclosed with reasons for such departure.

C.The following information shall also be disclosed: -

1. Investments made in accordance with any statutory requirement should be disclosed separately together with its amount, nature, security and any special rights in and outside India;

2. Segregation into performing/non performing investments for purpose of income recognition as per the directions, if any, issued by the Authority;

3. Percentage of business sector-wise;

4. A summary of financial statements for the last five years, in the manner as may be prescribed by the Authority;

5. Accounting Ratios as may be prescribed by the Authority;

6. Basis of allocation of Interest, Dividends and Rent between Revenue Account and Profit and Loss Account.

PART III

GENERAL INSTRUCTIONS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) The corresponding amounts for the immediately preceding financial year for all items shown in the Balance Sheet, Revenue Account and Profit and Loss Account should be given.

(2) The figures in the financial statements may be rounded off to the nearest thousands.

(3) Interest, dividends and rentals receivable in connection with an investment should be stated as gross value, the amount of income tax deducted at source being included under "advance taxes paid".

(4) Income from rent shall not include any notional rent.

(5) (I) For the purposes of financial statements, unless the context otherwise requires, -

(a) the expression "provision" shall, subject to note II below mean any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or retained by way of providing for any known liability or loss of which the amount cannot be determined with substantial accuracy;

(b) the expression "reserve" shall not, subject to as aforesaid, include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability;

(c) the expression "capital reserve" shall not include any amount regarded as free for distribution through the profit and loss account; and the expression "revenue reserve" shall mean any reserve other than a capital reserve;

(d) The expression "liability" shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

(II) Where:

(a) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or

(b) any amount retained by way of providing for any known liability is in excess of the amount which in the opinion of the directors is reasonably necessary for the purpose, the excess shall be treated for the purposes of these accounts as a reserve and not as a provision.

(6) The company should make provisions for damages under lawsuits where the management is of the opinion that the award may go against the insurer.

(7) Extent of risk retained and reinsured shall be separately disclosed.

(8) Any debit balance of Profit and Loss Account shall be shown as deduction from uncommitted reserves and the balance if any, shall be shown separately.

PART IV

CONTENTS OF MANAGEMENT REPORT

There shall be attached to the financial statements, a management report containing, *inter alia*, the following duly authenticated by the management: -

1. Confirmation regarding the continued validity of the registration granted by the Authority;

2. Certification that all the dues payable to the statutory authorities have been duly paid;

3. Confirmation to the effect that the shareholding pattern and any transfer of shares during the year are in accordance with the statutory or regulatory requirements;

4. Declaration that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;

5. Confirmation that the required solvency margins have been maintained;

6. Certification to the effect that the values of all the assets have been reviewed on the date of the Balance Sheet and that in his (insurer's) belief the assets set forth in the Balance-sheets are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings - "Loans", "Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts

due from other persons or Bodies carrying on insurance business", " Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts";

7. Disclosure with regard to the overall risk exposure and strategy adopted to mitigate the same;

8. Operations in other countries, if any, with a separate statement giving the management's estimate of country risk and exposure risk and the hedging strategy adopted;

9. Ageing of claims indicating the trends in average claim settlement time during the preceding five years;

10. Certification to the effect as to how the values, as shown in the balance sheet, of

the investments and stocks and shares have been arrived at, and how the market

value thereof has been ascertained for the purpose of comparison with the values

so shown;

11. Review of asset quality and performance of investment in terms of portfolios, i.e.,

separately in terms of real estate, loans, investments, etc.

12. A responsibility statement indicating therein that-

(i) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;

(ii) the management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit or loss and of the profit or loss of the company for the year;

(iii) the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938 (4 of 1938)/Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the management has prepared the financial statements on a going concern basis;

(v) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. A schedule of payments, which have been made to individuals, firms, companies

and organisations in which Directors of the insurer are interested.

PART V

PREPARATION OF FINANCIAL STATEMENTS

(1) An insurer shall prepare the Revenue Account, Profit and Loss Account [Shareholders' Account] and the Balance Sheet in Form B-RA, Form B-PL, and Form B-BS, or as near thereto as the circumstances permit.

Provided that an insurer shall prepare Revenue Accounts separately for fire, marine, and miscellaneous insurance business and separate schedules shall be prepared for Marine Cargo, Marine - Other than Marine Cargo and the following classes of miscellaneous insurance business under miscellaneous insurance and accordingly application of AS 17 - Segment Reporting - shall stand modified.

1. Motor 2. Workmen's Compensation/Employers' Liability 3. Public/Product Liability 4. Engineering 5. Aviation 6. Personal Accident 7. Health Insurance 8. Others

(2) An insurer shall prepare separate Receipts and Payments Account in accordance with the Direct Method prescribed in AS 3 - "Cash Flow Statement" issued by the ICAI.

FORM B-RA

Registration No. and date of Registration with the IRDA

Name of the Insurer:

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 20....

Sl. Particulars Schedule Current Year Previous Year

No.				
(1)	(2)	(3)	(4)	(5)
			(Rs.'000)	(Rs.'000)
1.	Premiums earned (Net)			
2.	Profit/Loss on sale/redemption of Investments			
3.	Others (to be specified)			
4.	Interest, Dividend & Rent - Gross			
	Total (A)			
1.	Claims Incurred (Net)			
2.	Commission			
3.	Operating Expenses related to Insurance Business			
	Total (B)			
	Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)			
	Appropriations			
	Transfer Account to Shareholders'			

	Transfer to Catastrophe Reserve			
	Transfer to Other Reserves (to be specified)			
	Total (C)			

Note. See notes appended at the end of Form B-PL

FORM B-PL

Registration No. and date of Registration with the IRDA

Name of the Insurer:

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 20.....

Sl. Particulars Schedule Current Year Previous Year

No.				
(1)	(2)	(3)	(4)	(5)
			(Rs.'000)	(Rs.'000)
1.	Operating Profit/(Loss)			
	(a) Fire Insurance			
	(b) Marine Insurance			
	(c) Miscellaneous Insurance			
2.	Income From Investments			
	(a) Interest, Dividend & Rent - Gross			
	(b) Profit on sale of investments			
	Less: Loss on sale of investments			
3.	Other Income (To be specified)			

	Total (A)			
4.	Provisions (Other than Taxation)			
	(a) For diminution in the value of investments			
	(b) For doubtful debts			
	(c) Others (to be specified)			
5.	Other Expenses			
	(a) Expenses other than those related to Insurance Business			
	(b) Bad debts written off			
	(c) Others (To be specified)			
	Total (B)			
	Profit Before Tax			
	Provision for Taxation			
	Appropriations			
	(a) Interim dividends paid during the year			
	(b) Proposed final dividend			

(c) Dividend distribution tax

	(d) Transfer to any Reserves or Other Accounts (to be specified)			
	Balance carried forward to Balance Sheet			

Notes. **- To Form B-RA and B-PL**

(a) Premium income received from business concluded in and outside India shall be separately disclosed.

(b) Reinsurance premiums whether on business ceded or accepted are to be brought into account gross (i.e. before deducting commissions) under the head reinsurance premiums.

(c) Claims incurred shall comprise claims paid, specific claims settlement costs wherever applicable and change in the outstanding provision for claims at the year-end.

(d) Items of expenses and income in excess of one percent of the total premiums (less reinsurance) or Rs.5,00,000 whichever is higher, shall be shown as a separate line item.

(e) Fees and expenses connected with claims shall be included in claims.

(f) Under the sub-head "Others" shall be included items like foreign exchange gains or losses and other items.

(g) Interest, dividends and rentals receivable in connection with an investment should be stated as gross amount, the amount of income tax deducted at source being included under "advance taxes paid and taxes deducted at source"..

(h) Income from rent shall include only the realised rent. It shall not include any notional rent.

FORM B-BS

Registration No. and date of Registration with the IRDA

Name of the Insurer:

BALANCE SHEET AS AT 31ST MARCH, 20....

Sl. Particulars Schedule Current Year Previous Year

No.				
(1)	(2)	(3)	(4)	(5)
			(Rs.'000)	(Rs.'000)
	Sources of Funds			

Share Capital

	Reserves and Surplus			
	Fair Value Change Account			
	Borrowings			
	Total			
	Application of Funds			
	Investments			

	Loans			
	Fixed Assets			
	Current Assets			
	Cash and Bank Balances			
	Advances and Other Assets			
	Sub-Total (A)			
	Current Liabilities	13		
	Provisions			
	Sub-Total (B)	14		
	Net Current Assets (C) = (A - B)			
	Miscellaneous Expenditure (to the extent not written off or adjusted)	15		
	Debit Balance in profit and loss account			
	Total			

CONTINGENT LIABILITIES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Partly paid-up investments		
2.	Claims, other than against policies, not acknowledged as debts by the company		
3.	Underwriting commitments outstanding (in respect of shares and securities)		
4.	Guarantees given by or on behalf of the Company		
5.	Statutory demands/liabilities in dispute, not provided for		
6.	Reinsurance obligations to the extent not provided for in accounts		

	Total		

7. Others (to be specified)

SCHEDULES

FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 1

PREMIUM EARNED [NET]

Particulars Current Year Previous Year

(1)	(2)	(3)
	(Rs.'000)	(Rs.'000)
Premium from direct business written		
Add: Premium on reinsurance accepted		
Less : Premium on reinsurance ceded		
Net Premium		

Adjustment for change in reserve for unexpired risks		
Total Premium Earned (Net)		

Note. - Re-insurance premiums whether on business ceded or accepted are to be brought into account, before deducting commission, under the head of Re-insurance premiums.

SCHEDULE 2

CLAIMS INCURRED [NET]

Particulars Current Year Previous Year

(1)	(2)	(3)
	(Rs.'000)	(Rs.'000)
Claims paid		
Direct		
Add :Re-insurance accepted		
Less :Re-insurance Ceded		
Net Claims paid		
Add Claims Outstanding at the end of the year		
Less Claims Outstanding at the beginning		
Total Claims Incurred		

Notes. -

(a) Incurred But Not Reported (IBNR), Incurred but not enough reported [IBNER] claims should be included in the amount for claims.

(b) Claims includes specific claims settlement cost but not expenses of management.

(c) The surveyor fees, legal and other expenses shall also form part of claims cost.

(d) Claims cost should be adjusted for estimated salvage value if there is a sufficient certainty of its realisation.

SCHEDULE 3

COMMISSION

Particulars	Current Year	Previous Year
(1)	(2)	(3)
	(Rs.'000)	(Rs.'000)
Commission paid		
Direct		
Add: Re-insurance Accepted		
Less: Ceded Commission on Re-insurance		
Net Commission		

Note.

The profit/commission, if any, are to be combined with the Re-insurance accepted or Re-insurance ceded figures.

SCHEDULE 4

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Sl. No.	Particulars	Current Year	Previous Year
(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Employees' benefits remuneration & welfare		
2.	Travel, conveyance and vehicle running expenses		
3.	Training expenses		
4.	Rents, rates & taxes		
5.	Repairs		

6.	Printing & stationery		
7.	Communication		
8.	Legal & professional charges		
9.	Auditors' fees, expenses etc		
	(a) as auditor		
	(b) as adviser or in any other capacity, in respect of		
	(i) Taxation matters		
	(ii) Insurance matters		
	(iii) Management services; and		
	(c) in any other capacity		
10.	Advertisement and publicity		
11.	Interest & Bank Charges		
12.	Others (to be specified)		
13.	Depreciation		
	Total		

Note. - Items of expenses and income in excess of one percent of the total premiums (less re-insurance) or Rs.5,00,000 whichever is higher, shall be shown as a separate line item.

SCHEDULE 5

SHARE CAPITAL

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Authorised Capital		

	Equity Shares of Rs..... each		
2.	Issued Capital		
	Equity Shares of Rs. .....each		
3.	Subscribed Capital		
	Equity Shares of Rs.....each		
4.	Called-up Capital		
	Equity Shares of Rs. .....each		
	Less : Calls unpaid		

Add : Equity Shares forfeited (Amount

	originally paid up)		
	Less : Par Value of Equity Shares bought back		
	Less : Preliminary Expenses		
	Expenses including commission or brokerage on underwriting or subscription of shares		
	Total		

Notes.

(a) Particulars of the different classes of capital should be separately stated.

(b) The amount capitalised on account of issue of bonus shares should be disclosed.

(c) In case any part of the capital is held by a holding company, the same should be separately disclosed.

SCHEDULE 5-A

SHARE CAPITAL

PATTERN OF SHAREHOLDING

[As certified by the management]

Shareholder Current Year Previous Year

	Number of Shares	% of Holding	Number of Shares	% of Holding
(1)	(2)	(3)	(4)	(5)
Promoters				
-Indian				
-Foreign				
Others				
Total				

SCHEDULE 6

RESERVES AND SURPLUS

Sl. No.	Particulars	Current Year	Previous Year
(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)

1. Capital Reserve

2.	Capital Redemption Reserve		
3.	Share Premium		
4.	General Reserves Less: Debit balance in Profit and Loss Account Less: Amount utilized for Buy-back		
5.	Catastrophe Reserve		
6.	Other Reserves (to be specified)		
7.	Balance of profit in Profit and Loss Account		

	Total		

Note. - Additions to and deductions from the reserves should be disclosed under each of the specified heads.

SCHEDULE 7

BORROWINGS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Debentures/Bonds		
2.	Banks		
3.	Financial Institutions		
4.	Others (to be specified)		
	Total		

~~***Notes. -***~~

(a) The extent to which the borrowings are secured shall be separately disclosed stating the nature of the security under each sub-head.

(b) Amounts due within 12 months from the date of Balance Sheet should be shown separately.

SCHEDULE 8

INVESTMENTS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
	Long Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		

2.	Other Approved Securities		
3.	Other Investments		
	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		
	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4.	Investments in Infrastructure and Social Sector		
5.	Other than Approved Investments		
	Short Term Investments		
1.	Government securities and Government guaranteed bonds including Treasury Bills		
2.	Other Approved Securities		
3.	Other Investments		
	(a) Shares		
	(aa)Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures/Bonds		

	(e) Other Securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		

4. Investments in Infrastructure and Social

	Sector		
5.	Other than Approved Investments		
	Total		

Notes. -

(a) Investments in subsidiary/holding companies, joint ventures and associates shall

be separately disclosed, at cost.

(i) Holding company and subsidiary shall be construed as defined in the Companies Act, 1956.

(ii) Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control.

(iii) Joint control - is the contractually agreed sharing of power to govern the financial and operating policies of an economic activity to obtain benefits from it.

(iv) Associate - is an enterprise in which the company has significant influence and which is neither a subsidiary nor a joint venture of the company.

(v) Significant influence (for the purpose of this schedule) - means participation in the financial and operating policy decisions of a company, but not control of those policies. Significant influence may be exercised in several ways, for example, by representation on the board of directors, participation in the policymaking process, material inter-company transactions, interchange of managerial personnel or dependence on technical information. Significant influence may be gained by share ownership, statute or agreement. As regards share ownership, if an investor holds, directly or indirectly through subsidiaries, 20 percent or more of the voting power of the investee, it is presumed that the investor does have significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly through subsidiaries, less than 20 percent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence is clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

(b) Aggregate amount of company's investments other than listed equity securities

and derivative instruments and also the market value thereof shall be disclosed.

(c) Investments made out of Catastrophe reserve should be shown separately.

(d) Debt securities will be considered as "held to maturity" securities and will be

measured at historical cost subject to amortisation.

(e) Investment Property means a property [land or building or part of a building or both] held to earn rental income or for capital appreciation or for both, rather than for use in services or for administrative purposes.

(f) Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose of within twelve months from balance sheet date shall be classified as short-term investments.

SCHEDULE 9

LOANS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Security-Wise Classification		
	Secured		
	(a) On mortgage of property		
	(aa) In India		
	(bb) Outside India		
	(b) On Shares, Bonds, Govt. Securities, etc.		
	(c) Loans against policies		
	(d) Others (to be specified)		
	Unsecured		
	Total		
2.	Borrower-wise Classification		
	(a) Central and Sate Governments		
	(b) Banks and Financial Institutions		
	(c) Subsidiaries		

	(d) Industrial undertakings		
	(e) Others (to be specified)		
	Total		
3.	Performance-wise Classification		
	(a) Loans Classified as standard		
	(aa) In India		
	(bb) Outside India		
	(b) Non-performing loans less provisions		

(aa) In India

	(bb) Outside India		
	Total		
4.	Maturity-Wise Classification		
	(a) Short Term		
	(b) Long Term		
	Total		

Notes. -

(a) Short-term loans shall include those, which are repayable within 12 months from the date of balance sheet. Long term loans shall be the loans other than short-term loans.

(b) Provisions against non-performing loans shall be shown separately.

(c) The nature of the security in case of all long term secured loans shall be specified in each case. Secured loans for the purposes of this schedule, means loans secured wholly or partly against an asset of the company.

(d) Loans considered doubtful and the amount of provision created against such loans shall be disclosed.

SCHEDULE 10
FIXED ASSETS
(Rs.'000) Particul Cost/Gross Block Depreciation Net Block

ars										
	Opening	Additions	Deductions	Closing	Upto Last year	For the Year	On Sales/Adjustments	To Date	As at Year end	Previous Year
Goodwill										
Intangibles (specify)										
Land-Freehold										

Leaseh

old Property										
Buildings										
Furniture & Fittings										
Information Technology										
Equipment										
Vehicles										
Office Equipment										
Others (Specify nature)										
Total										
Work in progress										

Grand Total										
Previou s Year										

Note. - Assets included in land, property and building above exclude Investment

Properties as defined in note (e) to Schedule 8.

SCHEDULE 11

CASH AND BANK BALANCES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Cash (including cheques, drafts and stamps)		

2. Bank Balances

	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)		
	(bb) Others		
	(b) Current Accounts		
	(c) Others (to be specified)		
3.	Money at Call and Short Notice		
	(a) With Banks		
	(b) With other Institutions		
4.	Others (to be specified)		
	Total		

	Balances with non-scheduled included in 2 and 3 above	banks	

Note. - Bank balance may include remittances in transit. If so, the nature and amount shall be separately stated.

SCHEDULE 12

ADVANCES AND OTHER ASSETS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
	Advances	(Rs.'000)	(Rs.'000)
1.	Reserve deposits with ceding companies		
2.	Application money for investments		
3.	Pre-payments		
4.	Advances to Directors/Officers		
5.	Advance tax paid and taxes deducted at source (Net of provision for taxation)		
6.	Others (to be specified)		
	Total (A)		
	Other Assets		
1.	Income accrued on investments		
2.	Outstanding Premiums		
3.	Agents' Balances		
4.	Foreign Agencies' Balances		

5. Due from other entities carrying on

	insurance business (including reinsures)		

6.	Due from subsidiaries/holding		
7.	Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]		
8.	Others (to be specified)		
	Total (B)		
	Total (A+B)		

Notes. -

(a) The items under the above heads shall not be shown net of provisions for doubtful amounts. The amount of provision against each head should be shown separately.

(b) The term "officer" should conform to the definition of that term as given under the Companies Act, 1956.

(c) Sundry debtors will be shown under item 8 (Others)

SCHEDULE 13

CURRENT LIABILITIES

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Agents' Balances		
2.	Balances due to other insurance companies		
3.	Deposits held on reinsurance ceded		
4.	Premiums received in advance		
5.	Unallocated premium		
6.	Sundry creditors		
7.	Due to subsidiaries/holding company		
8.	Claims Outstanding		

9.	Due to Officers/Directors		
10.	Others (to be specified)		
	Total		

SCHEDULE 14

PROVISIONS

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Reserve for Unexpired Risk		
2.	For taxation (less advance tax paid and taxes deducted at source)		
3.	For proposed dividends		
4.	For dividend distribution tax		
5.	Others (to be specified)		
	Total		

SCHEDULE 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Sl. No. Particulars Current Year Previous Year

(1)	(2)	(3)	(4)
		(Rs.'000)	(Rs.'000)
1.	Discount Allowed in issue of shares/debentures		
2.	Others (to be specified)		

	Total		

Notes. -

(a) No item shall be included under the head "Miscellaneous Expenditure" and carried forward unless:

1. some benefit from the expenditure can reasonably be expected to be received in future, and
2. the amount of such benefit is reasonably determinable.

(b) The amount to be carried forward in respect of any item included under the head "Miscellaneous Expenditure" shall not exceed the expected future revenue/other benefits related to the expenditure.

SCHEDULE C

(*See regulation 3*)

AUDITOR'S REPORT

The report of the auditors on the financial statements of every insurer shall deal with the matters specified herein:

1. (a) That they have obtained all the information and explanations which, to the best of their knowledge and belief were necessary for the purposes of their audit and whether they have found them satisfactory;

(b) Whether proper books of account have been maintained by the insurer so far as appears from an examination of those books;

(c) Whether proper returns, audited or unaudited, from branches and other offices have been received and whether they were adequate for the purpose of audit;

(d) Whether the Balance sheet, Revenue account, Profit and Loss account and the Receipts and Payments Account dealt with by the report are in agreement with the books of account and returns;

(e) Whether the actuarial valuation of liabilities is duly certified by the appointed actuary including to the effect that the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by the Authority, and/or the Actuarial Society of India in concurrence with the Authority.

2. The auditors shall express their opinion on:

(a) (i) Whether the balance sheet gives a true and fair view of the insurer's affairs as at the end of the financial year/period;

(ii) Whether the revenue account gives a true and fair view of the surplus or the deficit for the financial year/period;

(iii) Whether the profit and loss account gives a true and fair view of the profit or loss for the financial year/period;

(iv) Whether the receipts and payments account gives a true and fair view of the receipts and payments for the financial year/period;

(b) The financial statements stated at (a) above are prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and

Development Authority Act, 1999 (41 of 1999) and the Companies Act, 1956 (1 of 1956), to the extent applicable and in the manner so required.

(c) Investments have been valued in accordance with the provisions of the Act and these Regulations.

(d) The accounting policies selected by the insurer are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in these Regulations or any order or direction issued by the Authority in this behalf.

3. The auditors shall further certify that:

(a) they have reviewed the management report and there is no apparent mistake or material inconsistencies with the financial statements;

(b) the insurer has complied with the terms and conditions of the registration stipulated by the Authority.

4. A certificate signed by the auditors [which shall be in addition to any other certificate or report which is required by law to be given with respect to the balance sheet] certifying that-

(a) they have verified the cash balances and the securities relating to the insurer's loans, reversions and life interests (in the case of life insurers) and investments;

(b) to what extent, if any, they have verified the investments and transactions relating to any trusts undertaken by the insurer as trustee; and

(c) no part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investments of the policyholders' funds.