ANNUAL REPORT
2004-05

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

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अध्यक्ष
C.S. Rao
Chairman

बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

<u>Letter of transmittal</u>

17th December, 2005

To

The Secretary
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110 001

Sir,

In accordance with the provisions of Section 20 of the Insurance Regulatory and Development Authority Act, 1999, we are sending herewith a copy of the Annual Report of the Authority for the financial year ended 31st March, 2005 in the format prescribed in the IRDA (Annual Report – Furnishing of returns, statements and other particulars) Rules, 2000, notified on 14th June, 2000 in Part II of section 3, sub section (ii) of the Gazette of India, Extraordinary.

Yours faithfully,
C S Rao
(C.S. Rao)

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- To protect the interest of and secure fair treatment to policyholders;
- To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy.
- To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;
- To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery;
- To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players;
- To take action where such standards are inadequate or ineffectively enforced;
- To bring about optimum amount of self-regulation in day to day working of the industry consistent with the requirements of prudential regulation.

TEAM AT IRDA

Year 2004-05

CHAIRMAN

C. S. Rao

MEMBERS

P.A.Balasubramanian
T.K. Banerjee
Mathew Verghese
C.R. Muralidharan (since 06/05/05)
K.K. Srinivasan (since 05/09/05)

PART-TIME MEMBERS

Vivek Mehrotra
Sunil Goyal (Upto 4.2.2005)
Kamlesh S. Vikamsey

EXECUTIVE DIRECTORS

Prabodh Chander
K Subrahmanyam
V.Vedakumari
P.C. James (since 20/06/05)

DEPUTY DIRECTORS

Suresh Mathur
Arup Chatterjee
Rakesh Kumar Bajaj
Randip Singh Jagpal
Kamal Kumar Chaudhry
Mukesh Sharma
S. N. Jayasimhan
A.Krishnan
A. R.Nithiyanantham
Mamta Suri
Dinesh Chandra Khansili
Sanjeev Kumar Jain
J. Meena Kumari
T.S. Naik
Anil Arora

ASSISTANT DIRECTORS

R.C. Sharma
B. Raghavan
Suresh Nair
Raj Kumar Sharma
Deepak Khanna
D.V.S.Ramesh
R. Kumar
Sai Kumar Ghantasala
K.G.P.L.Rama Devi
Deepak Gaikwad
Sanjay Kumar Verma
Rashmi Abhichandani
Sudipta Bhattacharya

JUNIOR OFFICERS

Sonia Singh
Jyoti Bhagat
D. Srinivasamurthy
L.V. S. Sunitha
Manju Arora
Susan Ittyerah
Nimisha Srivastava
Kamal Chowla
R. Uma Maheshwari
Mathangi Saritha
Poonam Chaudhry
Shiksha Shaha

ASSISTANTS

Deep Prakash Joshi
Hari

RECORD CLERKS

Sushpal
Shashi Pal

OVERVIEW

The Indian economy has been growing and has become one of the fast growing economies in the world. The GDP growth in 2004-05 at 6.9 per cent though higher than the long term average growth however was lower than the growth registered in 2003-04. This was mainly because of insufficient rainfall, resulting in lower growth in agriculture sector. This shortfall was compensated by growth in the industry and services sector augured by helpful economic growth in other economies. The industrial recovery in 2004-05 driven by the manufacturing sector was due to improvement in domestic demand, positive investment climate, increased business confidence and buoyant external demand. Industrial production in 2004-05 has picked up by a rebound in global trade business and increased consumer confidence. Industrial growth was across basic goods, capital goods and consumer goods. Along with the industrial sector, services sector has also shown a higher growth at 8.8 per cent in 2004-05. The observed growth in finance and insurance sector was facilitated by strong expansion in non-food credit coupled with increase in bank deposits and surge in insurance business. The improved performance in 'finance, insurance, real estate and business services' contributed 12.9 per cent to growth in the real GDP. The saving rate has increased in 2003-04, the year for which the latest data available is 28.1 per cent compared to 26.1 percent in 2002-03. The major contribution was from the household sector even though there has been a shift from the financial savings to savings in the form of physical assets by the households. Household savings in the form of financial assets as a percent of GDP worked out to 14 per cent in 2003-04 as against 13.1 per cent in the previous year.

Inflation rate as measured by changes in the Wholesale Price Index, on a point-to-point basis, was slightly higher at 5 per cent in 2004-05 compared to 4.6 per cent in 2003-04. On an average basis it was higher at 6.4 per cent than that of 5.4 per cent in the previous year. Across many countries the inflation rates were at higher levels than in the previous year forcing the central banks to reverse their accommodative monetary policy for stabilizing inflationary expectations. The higher inflation was mainly due to crude oil because of increased global demand over the supply positions. In the Indian context RBI and the Government took timely and appropriate corrective actions so as to ease the inflationary pressures. The domestic financial markets remained broadly stable, despite intra-year variations, because of strong fundamentals, encouraging corporate results, buoyant secondary market, and investor friendly regulatory frame work. Retail investors started investing in the primary market and there were number of primary issues in the market. The relative size of the collateralized segment of the money market was higher than the uncollateralized segment. The spread between the inter-bank call money rate and the market repo rate narrowed. The government securities market during 2004-05 was governed by domestic liquidity conditions movements in international interest rates and domestic inflationary expectations. The foreign exchange market remained stable and the rupee moved in a wider range. On an annual average basis while rupee appreciated against US Dollar, it weekend against Euro, the Pound Sterling and Japanese Yen. By the end of March 2005 India held fourth largest stock of foreign exchange reserves including gold among emerging economies in Asia.

The mid-term review of the Reserve Bank of India highlighted the impressive performance during the first quarter of 2005-06 based on improvements in the real activity and double digit growth in industrial production and robust services sector. The Central Statistical Organisation has revised the growth in the first quarter of 2005-06. The RBI based on this and on its assessment has placed GDP growth in 2005-06 at 7.0 – 7.5 per cent.

The overall performance of the economy was also reflected in the insurance industry. The premium underwritten in India and abroad by life insurers in 2004-05 increased by 24.31 per cent over the previous year. In the case of non-life insurers the corresponding growth was 12.09 per cent. The combined growth after adjusting for inflation was 9.7 per cent. The contribution of first year premium, single premium and renewal premium were 19.16 per cent, 12.47 per cent and 68.36 per cent respectively. The first year premium including single premium recorded a growth of 32.49 per cent driven by a significant jump in the unit-linked business. During the year, the four public sector non-life insurers reported a growth of 4.77 per cent in underwriting of premium whereas the eight private sector insurers reported a growth of 55.35 per cent. The market share of the private insurers has increased to 20.07 per cent. The number of policies written by the private insurers increased by 54.80 per cent whereas for the public sector insurers the increase was 9.66 per cent.

The industry also had to face the challenges due to the devastation caused by the Tsunami on December 26, 2004 and its aftermath affecting the eastern coast of India. The insurers rose to the occasion and took proactive steps to ensure expeditious settlement of claims through the setting up of special cells besides waiving some of the procedural requirements in case of genuine claims. In some cases they have also publicized the measures adopted by inserting advertisements in the national dailies. The Authority monitored the progress in the settlement of claims in a format designed for this purpose on a monthly basis. A total of 467 claims amounting to Rs. 488 lakhs were booked by the life insurance companies while 2526 claims amounting to Rs. 8649 lakhs were booked by the non-life insurers. While only an amount of Rs. 52 lakhs (12 cases) was outstanding for life insurance companies as on 31st March 2005, an amount of Rs. 6942 lakhs (362 cases) was pending with non-life insurers as on March 2005.

Another calamity to strike in July 2005 was floods in Maharashtra. The Government of India and IRDA advised the insurers to ensure speedy settlement of claims by setting up special cells besides waiving some of the procedural requirements in case of genuine claims. IRDA in order to facilitate expeditious settlement of claims permitted in-house surveyors to assess damage upto Rs. 50,000/- as against the normal limit of Rs 20,000/-. The Authority closely monitored on a weekly basis the number of claims reported, number of claims settled, and claims outstanding both in number and in quantum.

With this experience in mind, it is necessary that insurers need to set up disaster management cells and make concerted and coordinated approach to tackle such calamities. The Authority has always been accommodative in relaxing or waiving the procedural requirements wherever necessary.

As a part of developmental role of IRDA, IRDA has finalized and issued guidelines on Micro-insurance. These guidelines were issued after discussing at various forums. Micro-insurance will meet the need for having insurance products which can be afforded by the rural and urban poor. The Regulations on Micro-insurance provides a platform and rules to procure insurance for the targeted segment of the society. The regulations provide for a tie up between a life & a non-life insurance company for distribution of insurance products to improve the penetration of insurance in the selected segment. Thus cross-selling is permitted in this area by the Authority. For encouraging the sale of Micro-insurance products, the Authority has mandated that these would form part of the social and rural obligations of an insurer prescribed under the provisions of the Insurance Act, 1938. Considering that many insurers are vying for unit linked business and for protecting the interest of the policyholders the Authority is finalizing the guidelines in this regard.

The Authority has attached great importance to the growth Health insurance in India. One of the reasons for low penetration in India is the lack of regulations in the health sector resulting in exposure of the beneficiaries to various malpractices present in the system. As a follow up of the recommendations of the Health Insurance Working Group, the Authority has decided to establish a separate Health insurance Unit in IRDA.

In the context of ensuring collection and maintenance of quality data by the insurers, indispensable for smooth transition into a detariff regime, IRDA has outlined a roadmap relating to various steps to be taken by the insurers in the areas of Underwriting, Rating of risks, Policy terms and conditions, Corporate governance and the Role of Tariff Advisory Committee. In a nutshell these guidelines emphasize the importance of improved internal capabilities and procedures and need for sophisticated actuarial/ statistical analysis for rating of risks. As per the road map, the tariffs will be discontinued effective 31st December 2006.

Performance in the first half of 2005-06

(i) Life Insurers

The life insurers underwrote a premium of Rs. 11323.13 crore during the six months in the current financial year as against Rs. 8425.06 crore in the comparable period of last year recording a growth of 34.4 percent. Of the total premium underwritten LIC accounted for Rs.8409.09 crore and the private insurers with Rs. 2914.03 crore. The premium underwritten by the LIC and the new insurers grew by 23.08 per cent and 82.94 per cent, respectively, over the corresponding six months period in the previous year. The number of policies written at the industry level increased by 21.48 per cent. As against this increase, the number of policies written by LIC increased by 17.69 per cent whereas in the case of private insurers the increase was 60.52 per cent. Of the total premium underwritten, individual premium accounted for Rs. 9849.41 crore (growth of 47.07 per cent) and another Rs.1473.72 crore from the group business (a decline of 14.70 per cent). In respect of LIC the growth in individual and group business was 17.69 per cent and 9.70 per cent respectively. However, in the case of private insurers the individual and group business increased by 94.73 per cent and 18.03 per cent respectively. The market share of LIC in terms of premium collection was 74.26 per cent while in the case of number of policies underwritten it was 88.32 per cent respectively. In the corresponding period of the last year these shares were 81.09 per cent and 91.16 per cent respectively. The number of lives covered under the group scheme was 41.87 lakh recording a growth of 34.87 per cent over the previous period. Of the total lives covered under the group scheme LIC accounted for 28.17 lakh and for private insurers it was 13.70 lakh. The life insurers covered 8.46 lakh lives in the social sector with a premium of Rs.11.89 crore. In the rural sector the insurers underwrote 29.49 lakh policies with a premium of Rs. 995.96 crore.

(ii) Non-life insurers

The non-life insurers underwrote a premium of Rs.10140.94 crore during the first half of the current financial year recording a growth of 15.44 per cent over Rs. 8784.77 crore underwritten in the same period of last year. The eight non-life insurers in the private sector underwrote a premium of Rs.2688.49 crore as against Rs.1681.80 crore in the corresponding period of the previous year, recording a growth of 59.86 per cent. The public sector non-life insurers including ECGC underwrote a premium of Rs.7452.44 crore which was lower by 1.03 per cent (Rs.7529.91 crore). The market share of the public insurers, and the private players was 73.49 and 26.51 per cent respectively. ECGC underwrote credit insurance of Rs.274.08 crore as against Rs.240.87 crore in the previous year, a growth of 13.78 per cent. While the segment-wise break-up for public sector insurers is not available, the segment-wise performance of non-life private insurers during the six months is assessed. The premium underwritten by the eight insurers in the Fire, Marine and Miscellaneous segments was Rs.760.27 crore, Rs.172.90 crore and Rs.1755.32 crore recording a growth of 46 per cent, 57 per cent and 67 per cent, respectively over the corresponding period of the previous year. Premium underwritten by the private sector insurers in these segments during April-September, 2004 was Rs.519.47 crore, Rs.110.42 crore and Rs.1051.90 crore respectively. In terms of number of policies, the private insurers underwrote 1.67 lakh, 1.22 lakh and 39.83 lakh policies in the Fire, Marine and Miscellaneous segments reporting a growth of 38.02, 90 and 95.76 per cent respectively. The policies underwritten in the corresponding period of the previous year were 1.21 lakh, 0.64 lakh and 20.09 lakh respectively. The growth in terms of policies underwritten by the private insurers was 92.43 per cent over the six month period in 2004-05.

The Authority has pleasure in presenting the Fifth Annual Report of the Authority in terms of Section 20 of the IRDA Act, 1999. The Report encapsulates the performance of the Authority during the year 2004-05, and cover *interalia*, the efforts aimed at the promotion and the development of the insurance business in the country. A detailed presentation is made in Parts I to IV. Part I covers the policies and programmes of the Authority; Part II covers the review of working and operations of the Authority; Part III covers the statutory functions of the Authority enshrined in the Section 14 of the IRDA Act, 1999; and Part IV covers the organizational matters.

PART I

POLICIES AND PROGRAMMES

A. GENERAL ECONOMIC ENVIRONMENT

The Indian economy recorded one of the highest growth rates in the world in 2004-05, despite some setbacks arising from an insufficient monsoon and sporadic supply-side pressures on inflation. Real GDP growth at 6.9 per cent in 2004-05 was comparatively lower than the GDP in the previous year at 8.5 per cent. The decline in GDP in year 2004-05, was due to a sharp slowdown in agriculture. Growth in real GDP, originating from ‘agriculture and allied activities’ fell sharply to 1.1 per cent during 2004-05 from 9.6 per cent a year ago. This was essentially the outcome of uneven and deficient South-West monsoon besides the base effect of high growth in 2003-04.

Real GDP growth originating from industry rose to 8.3 per cent in 2004-05 –the highest growth after 1995-96 - as the industrial recovery was spread over various sub-sectors and strengthened during 2004-05. Growth in industrial activity was steered by the manufacturing sector, as there was significant improvement in domestic demand providing boost to a number of manufacturing industries. The manufacturing sector recorded the highest growth contributing around 90 per cent to the overall growth of the industrial sector. The firming up and spread of the upturn in industrial activity led by manufacturing was supported by positive investment climate, increased business confidence and buoyant external demand. The Central Statistical Organization (CSO) placed the growth of real GDP originating in manufacturing at 9.2 per cent for 2004-05 as against 6.9 per cent in the preceding year.

The growth of the services sector at 8.6 per cent was higher than the average growth of 7.5 per cent during the last five years. The services sector’s contribution to GDP growth has been more than 50 per cent since 1997-98. The robust performance of the services sector during 2004-05 was led mainly by ‘trade, hotels, transport and communication’, which contributed around 60 per cent of the sector’s growth. Growth in the finance and insurance sector was facilitated by strong expansion in non-food credit coupled with increase in bank deposits and surge in insurance business by public and private insurance companies. The improved performance in ‘finance, insurance, real estate and business services’ contributed 12.9 per cent to growth in real GDP.

Foreign Investment Climate

Foreign direct investment into India, including equity capital of unincorporated entities, reinvested earnings and inter-corporate debt transactions between the related entities, was higher in 2004-05 and amounted to USD 5,536 million as against USD 4,673 million in the previous year. The improvement in FDI flows reflected the impact of initiatives aimed at creating an enabling environment for FDI and for encouraging infusion of new technologies and management practices. The decision to hike sectoral caps on FDI in telecom from 49 per cent to 74 per cent and in air transport services from 40 per cent to 49 per cent buoyed investors’ interest in these sectors. The Government’s proposal to increase the FDI cap in the insurance sector from the present 26 per cent to 49 per cent has not been operationalised as it requires legislative changes. Even with 26 per cent, as India has a favourable market which is growing fast, the foreign insurers are still interested in the market and not raising the cap is not yet a deterrent to the growth in the industry.

Saving and Capital Formation

Gross Domestic Saving (GDS), as a proportion of GDP at current market prices, increased from 26.1 per cent in 2002-03 to 28.1 per cent in 2003-04, reflecting improvement across all the sectors. The household sector continued to be the major contributor to gross domestic saving at 24.3 per cent in 2003-04 as compared with 23.3 per cent in 2002-03. For the last five years, the household sector has shown a preference for saving in the form of physical assets relative to financial assets. This could be attributed partly to the soft interest rate prevailing in the housing sector in recent years. Household savings in the form of financial assets as a percentage of GDP at market prices worked out to 14.0 per cent in 2003-04 as against 13.1 per cent in the previous year. On the other hand, financial savings of the household sector in the form of Life insurance funds has been declining from 15.5 per cent in 2002-03 to 12.8 per cent in 2003-04 and further to 12.4 per cent in 2004-05. ‘Deposits’ continue to dominate financial saving of households with its share increasing to 42.9 per cent in 2003-04 from 41.5 per cent in 2002-03. Some of the other major components of financial savings were contractual savings, mainly life insurance funds at 12.8 per cent. The households’ preference to small savings has been growing as seen by increase in contribution from 14.9 per cent in 2002-03 to 19.0 per cent in 2004-05.

Increases in the rate of saving in the form of claims on Government (particularly, small savings) and investment in shares and debentures were more than offset by decline in saving in the form of currency, deposits and contractual saving. Financial liabilities of the household sector registered a sharp increase due to higher loans and advances principally driven by personal loans to finance consumer durables and increased demand for housing loans.

The rate of gross domestic capital formation (GDCF), which picked up in 2002-03, was placed even higher at 26.3 per cent in 2003-04 due to increase in public and private corporate investments. The contribution to capital formation by public sector increased from 5.4 per cent in 2002-03 to 5.6 per cent in 2003-04, and the private sector contribution increased to 4.5 per cent in 2003-04 from 4.3 per cent in 2002-03. The rate of GDCF has remained below the rate of GDS since 2001-02, reflecting the current account surplus in the balance of payments.

Price Situation

The inflation rate, measured by changes in the Wholesale Price Index (WPI), was 5.1 per cent on a point-to-point basis in 2004-05 as compared to 4.6 per cent in 2003-04. On an average basis, it was at 6.4 per cent in 2004-05 higher than that of 5.4 per cent in the previous year. Increase in inflation rate was observed across many countries. Central banks began signaling a reversal of their accommodative monetary policy position in order to stabilize inflationary expectations. Commodity prices, especially crude oil, metals and coal, picked up as global demand outpaced supply together with strengthening economic activity. Supply side pressures dominated the domestic inflation scenario. Hardening of international oil prices, minerals and metal related products, caused inflation to raise to 8.7 per cent in August 2004. However, swift fiscal and monetary measures taken by Government of India and RBI, coupled with slight easing of global petroleum prices, eased the inflation to 5.1 per cent by March 2005. Primary articles and manufactured products recorded a lower year on year inflation rates. Inflation rose predominantly due to acceleration in the inflation rate of fuel, power, light and lubricant group from 2.5 per cent in 2003-04 to 10.5 per cent in 2004-05. The rise in inflation, in concert with imported price pressures was exacerbated by the setback to *kharif* output from the uneven and inadequate South-west monsoon. However, inflationary pressures began to ease under the impact of a mix of factors including the fiscal measures to moderate the pass-through of imported inflation, and the monetary measures to drain excess liquidity from financial markets. Although international commodity prices are beginning to stabilize, crude oil prices remain at elevated levels which, together with the persistence of nervous outlook in world oil markets, cause a serious risk of inflation.

Globally, inflation began to rise in early 2004, driven by strong input demand from the global recovery and the continued expansion of the Chinese economy. Demand-side pressures on global inflation remained relatively weak, despite concerns about easy monetary conditions and fuelling asset prices. Reflecting the supply-side character of inflation, producer prices tended to lead consumer prices in most economies. As commodity costs represent only a small share of the overall costs, the increase in commodity prices was initially absorbed by firms in their profit margins, creating a wedge between producer and consumer prices.

Consumer price inflation, measured by variations in the consumer price index for industrial workers (CPI-IW), increased from 3.5 per cent in March 2004 to 4.2 per cent in March 2005. The inflation rate had however, accelerated to 4.8 per cent in September 2004 reflecting the increase in food prices emanating from the deficient and uneven progress of the South-West monsoon during July-August 2004. A distinct feature of the recent inflation experience is that consumer price inflation has been lower than wholesale price inflation as observed in other countries. This is essentially reflected by the lower weightage of key drivers of wholesale price inflation such as fuels and metals in the CPI basket.

Domestic Financial Markets

Domestic financial markets remained broadly stable during 2004-05, though the interest rates showed some intra-year upward movement. The primary segment of the capital market was characterized by heightened activity during 2004-05. Strong fundamentals of the economy, encouraging corporate results, buoyant secondary market, and acceleration of structural reforms by the Government and an investor friendly regulatory framework provided by SEBI attracted the investors to the primary market. Along with several mega issues, a number of small issues also entered the market. There has been overwhelming response to most of the public issues from FIIs, other institutional investors and the retail investors. Large number of issues were over-subscribed indicating the quality of issues and the appetite for public issues by the investors. The post-listing performance of most of the IPO's was also encouraging. Money markets exhibited easy liquidity conditions barring periodic pressures. Exchange market developments have been dominated by a further decline in the U.S. Dollar. The foreign exchange market remained generally orderly with moderate upward pressure on the exchange rate, despite the ebbing of capital flows during May-October 2004 and the rise in demand for foreign exchange due to higher oil prices.

Yields in the government securities market firmed up due to revival of inflationary pressures and the hardening of international interest rates.

Money Market

An interesting development in the money market during 2004-05 was the increase in the relative size of the collateralized segment *vis-à-vis* the uncollateralized segment. The combined average daily transactions of market repo and collateralized borrowing and lending obligation was proportionally higher than those in the uncollateralized call/notice money market. The spread between call money rates and market repo rates narrowed from around 60 basis points in April 2004 to around 10 basis points in March 2005 on account of increase in market liquidity. Institutional and technological changes such as operationalisation of Clearing Corporation of India Limited negotiated dealing system, real time gross settlement, delivery versus payment mode of settlement in government securities and rollover of repo have lowered transaction costs, reduced settlement risks, enhanced transparency and facilitated the ease of transaction. This is reflected in increasing collateralization of transactions and better alignment of interest rates in the money market. The year began with conditions of abundant liquidity stemming from the overhang in the system, bunching of capital flows in April 2004 and the announcement of a truncated Government borrowing programme. The Reserve Bank, in fact, had to supplement large-scale reverse repo operations with sale of Government paper under the Market Stabilization Scheme, operationalised in April 2004. Reflecting these easy liquidity conditions, average daily call money borrowing rates ruled at sub-reverse repo rate levels, except on a few occasions in May, June, August and September. Call rates firmed up in the first half of August due to State Development Loan auctions, redemption pressure on mutual funds and the need to meet reserve requirements by the banks. During the second half of September 2004, call rates firmed up again due to outflow of funds on account of advance tax payments, substantial rise in surplus cash balances of the Government with the Reserve Bank and hike in the cash reserve ratio. The scenario began to change by October 2004 when conditions in the money market tightened. Pressures emanating from a number of factors such as the robust expansion of non-food credit, drying up of capital inflows and an increase in reserve requirements drove the call rates above the reverse repo rate in the second half of October. Festival cash demand and scheduled government securities auctions drove call rates beyond the repo rate to a peak of 6.30 per cent in November, 2004. The Reserve Bank's repo operations in mid November 2004 calmed the market sentiment and the call rates came down to 4.8 per cent. Call rates firmed up again in the second half of December 2004 due to tightening of liquidity conditions resulting from advance tax payments, continued strong growth in non-food credit and the Government maintaining larger cash balances with the Reserve Bank.

Foreign Exchange Market

The foreign exchange market remained generally stable during 2004-05. In response to the switches in capital flows during the year, the rupee moved in a relatively wide range of Rs.43.36-Rs.46.46 per US dollar during the year. The rupee appreciated by 2.2 per cent against the US dollar on an annual average basis while it weakened against the Euro, the Pound Sterling and the Japanese Yen by 4.5 per cent, 6.3 per cent and 2.6 per cent, respectively during 2004-05. Excess supply in the foreign exchange market in April 2004 drove the 'forwards' into discounts during the month. The position changed by mid-May 2004 because of the turbulence in equity markets leading to outflows on account of FIIs and rising global oil prices. At the end of March 2005, India held the fourth largest stock of foreign exchange reserves (excluding gold) among emerging economies in Asia. India's foreign exchange reserve including the reserve position in the IMF increased by US dollar 28.6 billion during 2004-05 and stood at US dollar 141.5 billion as on 31st March 2005.

Government Securities Market

The Government securities market during 2004-05 was essentially governed by domestic liquidity conditions, movements in international interest rates and domestic inflationary expectations. The volume of transactions (outright as well as repos) in central and state government dated securities and Treasury bills grew slower at 3.2 per cent during 2004-05 from 36.0 per cent during 2003-04 reflecting the reduced appetite for government securities. While the central Government dated securities constituted 92.0 per cent of the outright transactions, Treasury bills constituted 7.0 per cent. The share of State government securities was negligible at 1.0 per cent.

The yield on government securities with 5-year residual maturity increased by 158 basis points from 4.78 per cent in March 2004 to 6.36 per cent in March 2005. The yield on securities with 10-year maturity increased by 150 basis points from 5.15 per cent to 6.65 per cent in March 2005. Similarly, the yield on securities with 20-year residual maturity increased by 114 basis points from 5.85 per cent to 6.99 per cent during the current year. In line with the trend in yields in the government securities market, the yields on corporate papers also increased. Reacting to policy changes announced by RBI and the hike in the reverse repo rate in October 2004, the yield on 10-year paper edged up and peaked at 7.31 per cent in November 2004. Subsequently yields fell on cancellation of the scheduled auctions, ebbing of international oil prices and easing of liquidity conditions following the revival of capital inflows. Persistent concerns about international crude oil prices and year-end balance sheet adjustments hardened the 10-year yield to 6.73 per cent on March 22, 2005 before it finally closed at 6.65 per cent on March 31, 2005.

Primary Market

Resource mobilization from the primary market through public issues (excluding offers for sale) in 2004-05 was Rs.25,056 crore, which was more than three times higher than Rs.8,023 crore in previous year, confirming the revival of investors' interest in the primary market. The number of issues was slightly higher at 60 in 2004-05 compared to 57 in 2003-04. Out of the 60 issues, 34 were public issues (consisting of 23 IPO's and 11 listed issues) and the remaining 26 were rights issues. The public issues continued to remain as the dominant mode of resource mobilization through which Rs.24,640 crore was mobilized in 2004-05 as compared with Rs.22,265 crore in 2003-04, an increase of 10.7 per cent. Private sector dominated the resource mobilization efforts in 2004-05 with 60.7 per cent share in the total resource mobilization, Banking/financial institution sector mobilized the largest amount of resources in 2004-05, both in terms of issues and amount mobilized. During 2004-05, resources raised by Indian corporates from the international capital markets increased by 8.2 per cent. These were mainly by way of Global Depository Receipts. There was no American Depository Receipt issue, while resource mobilization through Foreign Currency Convertible Bonds recorded a marginal decline. Privately placed debt issuances by public sector companies dominated the primary market segment. Issuances in international markets by Indian corporates also increased during the year.

Secondary Market

The Indian stock market, which witnessed a strong rally in 2003-04, continued to maintain its momentum during 2004-05 except in the first quarter of the year. The benchmark BSE Sensex crossed 6000-mark on November 17, 2004 and reached an all time high of 6915 on March 8, 2005. On a point to point basis, the BSE Sensex posted a return of 16.1 per cent in 2004-05 on top of 83.4 per cent in 2003-04. The buoyancy in the stock market was broad based. Strong macroeconomic outlook, encouraging corporate results, high and sustained portfolio investments by the foreign institutional investors (FIIs) and sector-specific developments contributed to the sustained rally in the stock market. However, intermittent profit booking was observed particularly towards the end of 2004-05, mostly influenced by acceleration in the international crude oil prices and rise in the US interest rates.

In consonance with buoyancy in the stock market, the turnover as well as market capitalization rose and more pronounced in case of derivatives. The BSE market capitalization as a percentage of GDP rose from 43.5 per cent at the end of March 2004 to 54.6 per cent at the end of March 2005. Despite sharp increase in share prices, the price earning (P/E) ratio declined modestly partly attributable to improved profitability by the corporate sector. The volatility measured in terms of annualised standard deviation was modestly higher in 2004-05 compared to the previous year.

Mid Term Review

According to the mid term review of macroeconomic developments released by RBI on October 25, 2005, the Indian economy recorded an impressive performance during the first quarter of 2005-06. The improved performance in real activity was propelled by the double digit growth in industrial production and robust services sector. Industrial activity gathered further strength during the first five months of 2005-06. According to CSO, real GDP increased to 8.1 per cent in the first quarter of the current financial year as against 7.6 per cent in the first quarter of the previous year. The higher level of international crude oil prices imparts downside risks to overall GDP growth. At the same time, the robust industrial and services sector and buoyant exports are likely to have some positive impact on the economic growth.

The growth in industrial sector was also reflected in the rise in the index of industrial production (IIP) which increased by 8.8 per cent during April-August 2005, as compared with an increase of 8.0 per cent in the corresponding period of the previous year. The rise was observed in basic goods, capital goods and consumer goods. The infrastructure sector however remained subdued on account of decline in crude petroleum and petroleum refinery products and lower growth in electricity production. Despite some deceleration, export growth at 20.5 per cent in US dollar terms during April-September, 2005 has remained robust, as against 30.8 per cent in the corresponding period of the previous year.

Growth in services sector during the first quarter of 2005-06 accelerated to 9.6 per cent from 9.1 per cent a year ago. The growth of 'trade, hotels, restaurants, transport, storage and communication' sub-sector reflected the upbeat economic climate in the country. The revival of the South-West monsoon, the acceleration of industrial activity, buoyancy in services due to positive business confidence and expectations have improved growth prospects from 2005-06. On a year-on-year basis, non-food credit growth at 31.5 per cent, net of conversion, as on September 30, 2005 was higher as compared to 24.9 per cent a year ago. Based on these and the upward revision for GDP growth by CSO for the first quarter of 2005-06, RBI has placed the GDP growth for 2005-06 at 7.0 – 7.5 per cent.

Inflationary pressures firmed up in a number of economies during the first half of 2005-06, reflecting the impact of further increases in international crude oil prices. Fiscal and monetary measures undertaken since mid-2004 towards reducing the impact of imported price pressures on domestic inflation coupled with revival of monsoon, enabled moderation in the headline inflation rate during the first half of 2005-06. Headline inflation, measured by year-on-year changes in the WPI, moderated during the second quarter of 2005-06. WPI inflation eased to 4.2 per cent by October 1, 2005 from 5.1 per cent at end March 2005 (and 7.2 per cent a year ago). The average WPI inflation rate eased to 5.3 per cent on October 1, 2005 from 6.2 per cent a year ago and 6.5 per cent at the beginning of the year.

Financial market conditions remained benign as long-term rates in major advanced economies were broadly unchanged and equity markets remained buoyant. Short-term interest rates, however, moved up in a number of economies with the firming up of inflationary pressures.

External Developments

International Monetary Fund (IMF) in September 2005 projected world output to grow by 4.3 per cent on top of 5.1 per cent growth recorded in 2004 which was a three decade high buoyed by strong corporate performance, accommodative macro policies and favourable financial market conditions. Global GDP growth picked up in the first quarter of 2005 benefiting from robust services sector which offset deceleration in manufacturing and trade. In the second quarter of 2005, record high oil prices exerted a drag on growth with leading indicators turning downward and business confidence weakening in major countries.

The demand for government securities from insurance companies and other non-bank financial institutions has been sustained and the competing demand for funds between the government and the commercial sector has been balanced by appropriate liquidity demand. The business climate has improved considerably with external demand providing impulses of growth for a range of industries.

Risks to global growth also emanate from the persisting macroeconomic imbalances and the resulting abundance of global liquidity which carries the potential of fuelling asset bubbles, excessive leveraging in financial markets and threats to global financial stability. The current configuration of good growth, low inflation, abundant liquidity, flat yield curves, lowering of credit risk premia and ever-expanding search for yields has also benefited many emerging market economies which have strengthened their macro-fundamentals in an environment of low inflation, improved fiscal positions and balance of payments and substantial accumulation of foreign exchange reserves.

Capital flows to India remained strong during April-August 2005-06, led by foreign investment flows. Foreign direct investment (FDI) into India during April-August 2005 were 18 per cent higher than in the corresponding period of 2004, buoyed up by the pick-up in activity and positive investment climate. During the first quarter of 2005-06, the current account deficit was more than offset by surplus in the capital account, resulting in an accretion to the foreign exchange reserves of the order of USD 1.2 billion on balance of payments basis (excluding valuation effects).

Financial markets were largely stable during the first four months of 2005-06, even as interest rates edged up. Money market rates were generally aligned with the reverse repo rate.

In brief, although there are several global uncertainties, domestic factors indicate a confidently growing economy in a stable environment. While global factors are getting to be increasingly significant for India, the domestic factors still dominate and the latter point to favouring stability to maintain the growth momentum at this juncture.

B. APPRAISAL OF INSURANCE MARKET

The insurance sector was opened up in the year 1999 facilitating the entry of private players into the industry. With an annual growth rate of 24.31 per cent and the largest number of life insurance policies in force, the potential of the Indian insurance industry is huge. The year 1999 saw a revolution in the Indian insurance sector, as major structural changes took place with the ending of government monopoly and the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. According to CSO, the insurance and banking services' contribution to the country's GDP is 7.1 per cent out of which the gross premium collection forms a significant part. Life insurance penetration in India was less than 1 per cent till 1990-91. During the '90s, it was between 1 and 2 per cent and from 2001 it was over 2 per cent. In 2003-04 it was 2.4 per cent. The impetus for increase is due to the active role played by IRDA in licensing private players and taking positive steps in increasing the insurance awareness among the people. Besides, the insurance companies in general and private insurance companies in particular, are reaching to so far untapped potential in rural areas with aggressive campaign by offering suitable products.

The penetration rates of health and other non-life insurances in India is also well below the international level. These facts indicate immense growth potential of the insurance sector. The hike in FDI limit to 49 per cent was proposed by the Government last year. This has not been operationalised as legislative changes are required for such hike. Since opening up of the insurance sector in 1999, foreign investments of Rs. 8.7 billion have poured into the Indian market and 21 private companies have been granted licenses.

Innovative products, smart marketing, and aggressive distribution have enabled fledgling private insurance companies to sign up Indian customers faster than anyone expected. Life insurance is viewed as a tax saving device. People are now turning to the private sectors that are providing them with new products and variety for their choice.

With the registration of Sahara Life Insurance Company Ltd., the number of companies operating in the life insurance industry has increased to fourteen. The new entrant commenced underwriting life premium during the financial year 2004-05, although to a comparatively slow start. Sahara Life is the first life insurance company in the private sector which has set up operations in the country without participation of a foreign joint venture partner. The company issued 10,195 policies with total premium income of Rs.1.74 crore. (Tables 1 and 2 give the key market indicators and the number of registered insurers in India)

TABLE 1

KEY MARKET INDICATORS

Life and non-life market in India	Rs.1,00,335.79 crore
Global insurance market (as on 31st December, 2004)	US $3243.91 billion Nominal growth: 9.7 per cent Inflation adjusted: 2.3 per cent
Growth in premium underwritten In India and abroad in 2004-05	Life: 24.31 per cent Non-life:12.09 per cent
Geographical restriction for new players	none
Equity restriction	Foreign promoter can hold up to 26 per cent of the equity
Registration restriction	Composite registration not available

There are currently fourteen life and fourteen non-life insurance companies, out of non-life insurance companies, two are specialized Insurance companies viz. Agricultural Insurance Company, which handles Crop Insurance business and Export Credit Guarantee Corporation which only transacts Export Credit Insurance.

TABLE 2

NUMBER OF REGISTERED INSURERS IN INDIA

Type of business	Public sector	Private sector	Total
Life Insurance	01	13*	14
General Insurance	06	08	14
Reinsurance	01	0	01
Total	**08**	**21**	**29**

*One has commenced operations in 2005-06

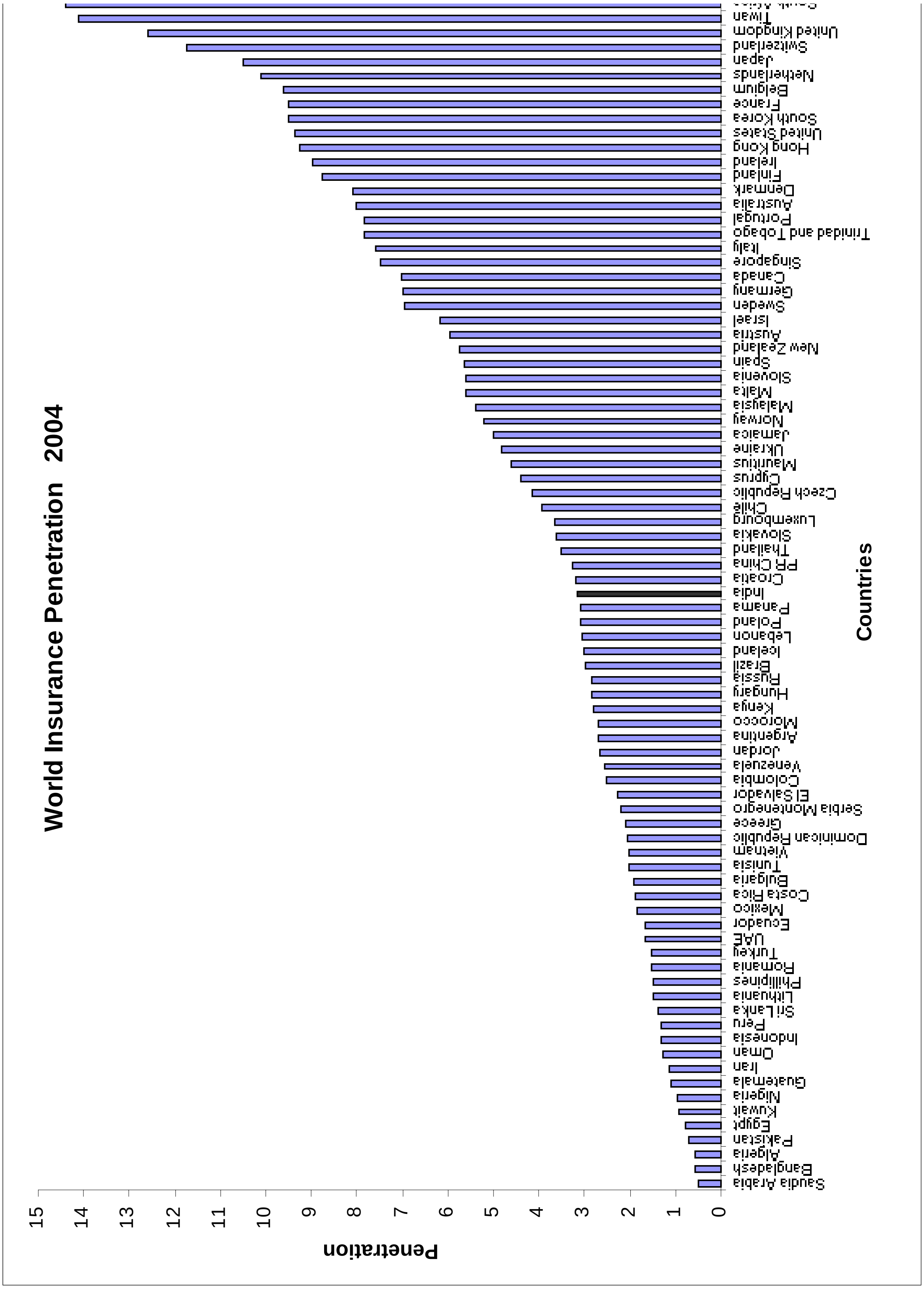
Capital requirement and foreign participation

The improvement in FDI flows reflected the impact of recent initiatives aimed at creating an enabling environment for FDI and for encouraging infusion of new technologies and management practices. The decision to hike sectoral caps on FDI in telecom from 49 per cent to 74 per cent and in air transport services from 40 per cent to 49 per cent buoyed investors' interest in these sectors. The Government's proposal to increase the FDI cap in the insurance sector from the present 26 per cent to 49 per cent has raised expectations among the international insurance companies. India has a favourable market which is growing fast.

i) World Insurance Scenario

In 2004 insurers succeeded in combining revenue growth with higher profitability and a stronger capital base than in the previous two years. Investment banks and rating agencies acknowledged these developments and positively changed their outlook on the insurance industry. Year 2004 featured several changes in the overall insurance framework. Total world premium in nominal terms remained at the same level as in 2003 and increased by 2.3 per cent in real terms in 2004. Life and non-life business showed opposite trends. While growth gained momentum in life segment, the non-life segment showed otherwise. India is getting increasingly integrated with the world economy and has large and growing market potential, developed infrastructure, sophisticated financial sector, stable polity and strong economic outlook. These features make India as an attractive destination.

In 2004, regional shares in the global premium volume shifted slightly. Regional differences in economic growth and tax regulations were important drivers of such differences. Europe gained 1.9 percentage points through life insurance, while North America and Asia lost 1.8 per cent and 0.5 per cent respectively mainly due to sluggish demand for life insurance in the US and Japan, the dominating markets in those regions. As integrated risk management approach has gained ground within large corporates, this may result in a less cyclical captive market.


World Insurance Penetration 2004
Penetration
Countries
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Saudia Arabia
Bangladesh
Algeria
Pakistan
Egypt
Kuwait
Nigeria
Guatemala
Iran
Oman
Indonesia
Peru
Sri Lanka
Lithuania
Phillipines
Romania
Turkey
UAE
Ecuador
Mexico
Costa Rica
Bulgaria
Tunisia
Vietnam
Dominican Republic
Greece
Serbia Montenegro
El Salvador
Colombia
Venezuela
Jordan
Argentina
Morocco
Kenya
Hungary
Russia
Brazil
Iceland
Lebanon
Poland
Panama
India
Croatia
PR China
Thailand
Slovakia
Luxembourg
Chile
Czech Republic
Cyprus
Mauritius
Ukraine
Jamaica
Norway
Malaysia
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Israel
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Germany
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Singapore
Italy
Trinidad and Tobago
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United States
South Korea
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Belgium
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Japan
Switzerland
United Kingdom
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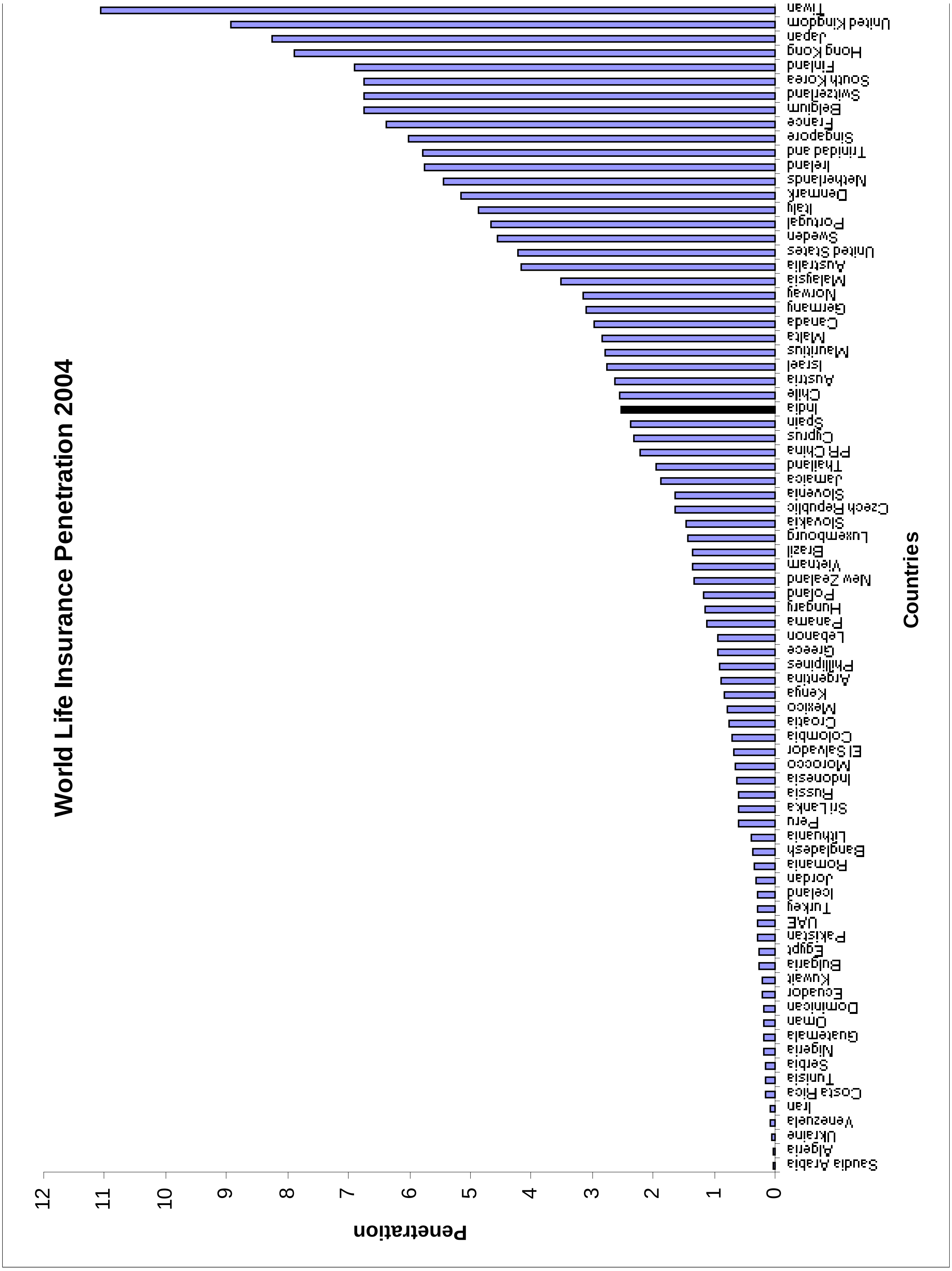
World Life Insurance Penetration 2004
Penetration
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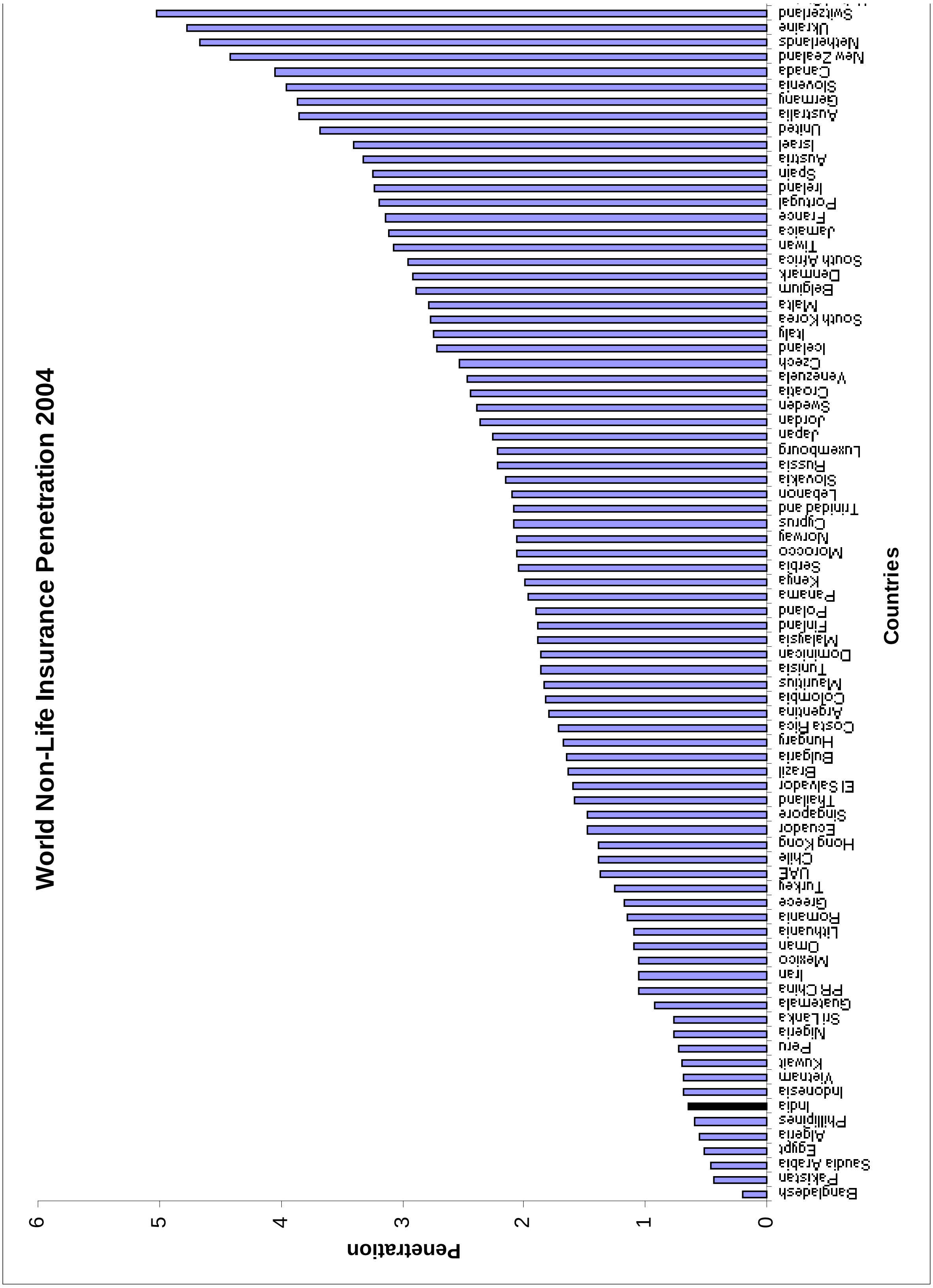
Countries
Tiwan
United Kingdom
Japan
Hong Kong
Finland
South Korea
Switzerland
Belgium
France
Singapore
Trinidad and
Ireland
Netherlands
Denmark
Italy
Portugal
Sweden
United States
Australia
Malaysia
Norway
Germany
Canada
Malta
Mauritius
Israel
Austria
Chile
India
Spain
Cyprus
PR China
Thailand
Jamaica
Slovenia
Czech Republic
Slovakia
Luxembourg
Brazil
Vietnam
New Zealand
Poland
Hungary
Panama
Lebanon
Greece
Phillipines
Argentina
Kenya
Mexico
Croatia
Colombia
El Salvador
Morocco
Indonesia
Russia
Sri Lanka
Peru
Lithuania
Bangladesh
Romania
Jordan
Iceland
Turkey
UAE
Pakistan
Egypt
Bulgaria
Kuwait
Ecuador
Dominican
Oman
Guatemala
Nigeria
Serbia
Tunisia
Costa Rica
Iran
Venezuela
Ukraine
Algeria
Saudia Arabia


World Non-Life Insurance Penetration 2004
Penetration
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1
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3
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Countries
Bangladesh
Pakistan
Saudia Arabia
Egypt
Algeria
Philippines
India
Indonesia
Vietnam
Kuwait
Peru
Nigeria
Sri Lanka
Guatemala
PR China
Iran
Mexico
Oman
Lithuania
Romania
Greece
Turkey
UAE
Chile
Hong Kong
Ecuador
Singapore
Thailand
El Salvador
Brazil
Bulgaria
Hungary
Costa Rica
Argentina
Colombia
Mauritius
Tunisia
Dominican
Malaysia
Finland
Poland
Panama
Kenya
Serbia
Morocco
Norway
Cyprus
Trinidad and
Lebanon
Slovakia
Russia
Luxembourg
Japan
Jordan
Sweden
Croatia
Venezuela
Czech
Iceland
Italy
South Korea
Malta
Belgium
Denmark
South Africa
Tiwan
Jamaica
France
Portugal
Ireland
Spain
Austria
Israel
United
Australia
Germany
Slovenia
Canada
New Zealand
Netherlands
Ukraine
Switzerland

Growth continued to be strong among emerging markets, both in life and non-life business. In the low interest-rate environment, significant foreign direct investment flowed to emerging markets with low labour costs and optimistic GDP forecasts. This flow, combined with changes in taxation and pension systems, boosted insurance growth. South and East Asia, the largest cluster of emerging markets, achieved a 9.0 per cent real growth rate.

Non-life insurance in the emerging markets repeated its 2003 performance and recorded a 7.7 per cent real growth in 2004. South and East Asia retained its dominant market share and raised its premium volume by 6.6 per cent. Non-life premium in South Africa, India, Argentina and Lithuania grew in a range of 10-15 per cent. Non-life insurers in many countries were benefited from bullish stock markets which enabled them to earn good profits. Non-life lines also registered a strong growth as improved living standards increased the demand for property insurance.

In 2004, the industrialized countries which account for around 90 per cent of the world non-life market, increased their non-life premiums by 1.7 per cent in real terms. This level of increase is reflected in most of the countries. France and Italy recorded growth rates slightly above 2 per cent. The US, which account for about 43 per cent of world premia reported 2.0 per cent real growth in 2004. Germany, the second largest market, posted 1.5 per cent real growth. However, UK reported a decline of 0.5 per cent, after a high 9.6 per cent growth in 2003.

ii) Indian Insurance Industry

With a large population and untapped market, insurance happens to be a big opportunity in India. The insurance business is growing at an annual rate of 21.9 per cent. Together with banking services, it accounts for about 7.1 per cent to the country's GDP. However, insurance penetration in the country is poor. Insurance penetration or premium volume as a share of a country's GDP, for the year 2004-05 is at 2.53 per cent for Life insurance and 0.65 per cent for Non-life insurance. The level of penetration tends to rise as income increases, particularly in life insurance. India with about 200 million middle class households shows a potential for insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance sector was opened up for private participation four years ago and the private players are active in the liberalized environment. The insurance market have witnessed dynamic changes which includes presence of a fair number of insurers both life and non-life segment. Most of the private insurance companies have formed joint venture partnering well with recognized foreign players across the globe. The Indian Insurance market accounts only for 0.59 per cent of USD 2,627 billion global insurance market. Consumer awareness has improved. Competition has brought more products and better customer servicing. It has had a positive impact on the economy in terms of income generation and employment growth.

i) Life Insurance

The life insurance industry recorded a premium income of Rs.82854.80 crore during the financial year 2004-05 as against Rs.66653.75 crore in the previous financial year, recording a growth of 24.31 per cent. The contribution of first year premium, single premium and renewal premium to the total premium was Rs.15881.33 crore (19.16 per cent); Rs.10336.30 crore (12.47 per cent); and Rs.56637.16 crore (68.36 per cent), respectively. In the year 2000-01, when the industry was opened up to the private players, the life insurance premium was Rs.34,898.48 crore which constituted of Rs. 6996.95 crore of first year premium, Rs. 25191.07 crore of renewal premium and Rs. 2740.45 crore of single premium. Post opening up, single premium had declined from Rs.9,194.07 crore in the year 2001-02 to Rs.5674.14 crore in 2002-03 with the withdrawal of the guaranteed return policies. Though it went up marginally in 2003-04 to Rs.5936.50 crore (4.62 per cent growth) 2004-05, however, witnessed a significant shift with the single premium income raising to Rs. 10336.30 crore showing 74.11 per cent growth over 2003-04. (Table3)

TABLE 3

PREMIUM UNDERWRITTEN BY LIFE INSURERS

(Rs. lakh)

Insurer	2003-04	2004-05
	First year premium including Single premium	
LIC*	1734761.74	2065306.36
	(6.34)	(19.05)
Private Sector	244070.58	556457.34
	(152.74)	(127.99)
Total	**1978832.32**	**2621763.70**
	(14.68)	(32.49)
	Renewal Premium	
LIC	4618580.96	5447422.62
	(19.47)	(17.95)
Private Sector	67962.05	216293.48
	(343.12)	(218.26)
Total	**4686543.01**	**5663716.10**
	(20.75)	(20.85)
	Total Premium	
LIC	6353342.70	7512728.98
	(15.63)	(18.25)
Private Sector	312032.63	772750.82
	(178.83)	(147.65)
Total	**6665375.33**	**8285479.80**
	(18.91)	(24.31)

Note: Figures in brackets indicate the growth (in per cent)

* includes the investment component under unit linked products

Box Item No. 1

RESTRUCTURING OF AMP SANMAR LIFE INSURANCE COMPANY LTD.

AMP Limited of Australia and Sanmar Group, formed a joint venture to carry on life insurance business in India. AMP Sanmar Life Insurance Company Ltd., was granted registration by the Authority to undertake life insurance business on 3rd January, 2002. The company commenced underwriting policies in a small way in the financial year 2001-02 with first year premium of Rs.27.73 lakh going up to Rs.91.33 crore in 2004-05. The paid up equity of the company stood at Rs.217.10 crore. Following AMP's decision to stay focused on its core wealth management business in Australia and New Zealand and keep its Asian focus centred in asset management through AMP Capital investors, AMP Limited decided to sell its stake in the joint venture and concurrently Sanmar decided to take advantage of the opportunity to review its stake in the business. The decision came three and half years after commencement of operations.

When the Authority was apprised of the intent of the promoters to effect changes in the ownership structure for obtaining necessary permission, the prime concern of the regulator was to ensure that the interests of policyholders would continue to be protected and all the extant commitments made by the company would continue to be honoured in the normal course despite ownership changes. It was also clear that the process of change in ownership would necessarily involve a time lag during which various options for the restructuring of the company had to be explored to the satisfaction of all concerned. As the company would however be operating in the usual course in the interim, the Authority took immediate proactive measures to establish regular weekly reporting systems to closely monitor the developments to safeguard the interests of the policyholders. The reporting requirement covered daily and weekly submissions to be made on the business performance, investments and cash flows. These included in particular, the trend in the acceptance of new business, renewal of existing contracts, incidence of fresh claims and other aspects affecting the solvency. Restrictions were also placed on major expenses and in particular on capital expenditure, changes in the Board of Directors and on the various committees of the Board, and any measures which could possibly weaken the company. The management was not permitted to take any policy decision which could have ramifications on the functioning of the company without the explicit concurrence of the Authority.

The funds/investments representing policy liabilities had to be maintained as the insurer was holding them in a fiduciary role. Though in the initial few days after the announcement by the insurance company, there was a noticeable uptrend in redemptions combined with a slow down in the new premium underwritten, the anxiety of policyholder on the future of the company reduced after the regulator assured through the media that the interests of the policyholders would be fully protected as the company was compliant with the stipulations on solvency requirements.

The options for restructuring included merger with an existing insurer and transfer of ownership to buyers, who would comply with the 'fit and proper' requirements of the IRDA regulations and of the Insurance Act, 1938. The Authority was keen on ensuring that the process should be smooth and quick. Since the process of amalgamation as laid down in the Act was long drawn, the Authority vigorously pursued with the owners other options to ensure that the identity of the insurance company is retained and those parties which were interested in acquiring the stake of the promoters could be short listed.

Consequently the promoters entered into an agreement on 31st July, 2005 for sale of their 100 per cent holdings to Reliance Capital Ltd. (RCL) and sought regulatory approval for the proposal. The Authority carried out the due diligence of RCL, a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI), in consultation with other regulators and looked specially into the capability of the company to carry life insurance business, its ability to honour all the commitments made to the policyholders and to inject funds at periodic intervals to meet the requirements of capital funds. On being satisfied on the above counts and after the company agreed to abide by all the stipulations applied to the insurance company at the time of registration., the Authority granted approval to the transfer of shares on 29th September, 2005. The new promoters affirmed, through the media, their commitment to honour all policyholders' contracts and the insurer continued its normal activity without any restrictions thereafter. The process of managing the first ownership change in the insurance sector after it was opened up in 2001 was thus handled without any disruption to the policyholders or systemic implications.

The life insurance industry underwrote first year premium (inclusive of single premium) of Rs.26217.64 during 2004-05 as against Rs.19788.32 crore in 2003-04. The industry clocked a growth of 32.49 per cent driven by a significant jump in unit linked business. Interestingly, the growth in the first year premium (other than single premium) came on the policies issued by the private insurers with a growth rate of 106.46 per cent as against a negative growth exhibited by LIC at 1.25 per cent. As against this, the private insurers and LIC reported single premium growth of 239.46 per cent and 62.32 per cent, respectively.

The size of life insurance market increased on the strength of growth in the economy and concomitant increase in per capita income. This resulted in a favourable growth in total premium both for LIC (18.25 per cent) and to the new insurers (147.65 per cent) in 2004-05. The higher growth for the new insurers is to be viewed in the context of a low base in 2003-04. However, the new insurers have improved their market share from 4.68 in 2003-04 to 9.33 in 2004-05. (Table 4)

TABLE 4

MARKET SHARE OF LIFE INSURERS

(In per cent)

Insurer	**2003-04**	**2004-05**
	First year premium including Single premium	
LIC	87.67	78.78
Private Sector	12.33	21.22
Total	**100.00**	**100.00**
	Renewal Premium	
LIC	98.55	96.18
Private Sector	1.45	3.82
Total	**100.00**	**100.00**
	Total Premium	
LIC	95.32	90.67
Private Sector	4.68	9.33
Total	**100.00**	**100.00**

Segregation of the first year premium underwritten during 2004-05 indicates that Life, Annuity, Pension and Health contributed 77.27; 6.7; 15.55 and 0.47 per cent respectively to the first year premium. As against this, 81.68; 8.62; 8.97 and 0.72 per cent was respectively underwritten in the above segments in 2003-04. There is a slow but clear shift towards pension business.

New policies underwritten by the industry were 262.11 lakh during 2004-05 showing a decline of 8.44 per cent against 2003-04. Prior to this, in the year 2003-04, the number of new policies underwritten had increased to 286.27 lakh as against 253.70 lakh in 2002-03, exhibiting an increase of 12.83 per cent. While the private insurers exhibited a growth of 34.62 per cent, LIC showed a negative growth of 11.09 per cent. The market share of the private insurers and LIC, in terms of policies underwritten, was 8.52 per cent and 91.48 per cent as against 5.79 per cent and 94.21 per cent respectively in 2003-04. (Table 5)

TABLE 5

NEW POLICIES ISSUED : LIFE INSURERS

Insurer	**2003-04**	**2004-05**
Private Sector	1658847 (5.79)	2233075 (8.52)
LIC	26968069 (94.21)	23978123 (91.48)
Total	**28626916**	**26211198**

Note: Figures in brackets indicate the ratio (in per cent) of respective insurer

The increase in the renewal premium is a good measure of the quality of the business underwritten by the insurers. It reflects the increase in their persistency ratio and enables insurers to bring down overall cost of doing business. The renewal premium underwritten by the private insurers during 2004-05 reflects that some of the insurers have shown a healthy growth. The average for the private insurers, examined in the context of the renewal premium to the first year premium underwritten (excluding single premium), shows an increase to 68.67 as against 61.56 in 2003-04 and a mere 32.88 in 2002-03.

Analysis of the first year premium in terms of linked and non-linked premium reflects that linked products continued to rule the roost in 2004-05. LIC, the public sector insurer, too underwrote significant business in this line. While premium underwritten under the linked categories grew by 422.19 per cent, the non-linked premium was almost static with growth of just 0.028 per cent. The linked and non linked business accounted for 32.54 per cent and 67.46 per cent respectively in the year 2004-05, as against 8.46 and 91.54 per cent in 2003-04.

The non-linked and linked new business premium underwritten by LIC in 2004-05 was 78.31 per cent and 21.69 per cent as against 97.70 per cent and 2.29 per cent in 2003-04. In case of private insurers the percentages were 28.72 and 71.28 in 2004-05 as against 50.18 and 49.82 per cent respectively in the previous year. The data clearly reflects

LIC's decision to drive its premium growth on the strength of unit linked products. The Group business has also witnessed some churning as the market has become more competitive. This has been true for the term business also. Today Group products are offered by all the life insurers.

Innovations in the products

With the demographic changes and changing life styles, the demand for insurance cover has also evolved taking into consideration the needs of prospective policyholder for packaged products. There have been innovations in the types of products developed by the insurers, which are relevant to the people of different age groups, and suit their requirements. Continued innovations in product development has resulted in a wide range of flexible products to meet the requirements for cover at different stages of life – today a variety of products are available ranging from traditional to Unit linked providing protection towards child, endowment, capital guarantee, pension and group solutions. A number of new products have been introduced in the life segment with guaranteed additions, which were subsequently withdrawn/toned down; single premium mode has been popularized; unit linked products; and add–on/riders including accidental death; dismemberment, critical illness, fixed term assurance risk cover, group hospital and surgical treatment, hospital cash benefits, etc. Comprehensive packaged products have been popularized with features of endowment, money back, whole life, single premium, regular premium, rebate in premium for higher sum assured, premium mode rebate, etc., together with riders to the base products.

Expenses of the life insurers

Section 40 B of the Insurance Act provides that no insurer shall in respect of life insurance business transacted by him in India, spend as expenses of management in excess of the prescribed limits. The expense of management includes all commission payments and any amounts of capitalized expenses. The Insurance Rules further lay down the manner of computation of the prescribed limits. A major expense head for the life insurers is commission. As against the industry average of 23.96 per cent (24.71 per cent in 2003-04), LIC incurred an expense of 26.23 per cent (25.79 per cent in 2003-04) towards commission on first year premium. The average for the private insurers worked out to 17.69 (18.47 per cent in 2003-04). The commissions paid by LIC towards the single premium were 0.60 per cent as against the average of the private players at 0.98 per cent. The industry average was 0.65 per cent. Perhaps an increasingly competitive market has caused an upward shift in the commissions paid by some basis points. In case of LIC during 2003-04 it was 0.52 per cent. The average commission paid on renewal premium by the new insurers averaged 4.36 per cent as against LIC's 5.68 per cent. The total pay out by the life insurance industry on account of commissions in 2004-05 stood at Rs.7057.96 crore as against Rs.6158.33 crore in 2003-04. The lower commissions for the new insurers perhaps emanates from the fact that they are exploring a number of alternate channels to underwrite business. In addition, LIC has a major market share in traditional lines of business, which attracts higher commissions. While an overall trend can be drawn from these percentages, given the fact that the insurance industry markets a whole range of products, a true reflection of the commissions paid would be reflected from the segment wise tracking of the commissions. (Table 6)

TABLE 6

COMMISSION EXPENSES OF LIFE INSURERS

(Rs lakh)

Insurer	**First Year Commission**	
	2003-04	**2004-05**
LIC	307341.65	311161.18
Private Sector	38162.16	76036.99
Total	**345503.81**	**387198.17**
	Renewal Commission	
LIC	266949.91	309162.08
Private Sector	3379.43	9435.64
Total	**270329.34**	**318597.72**
	Total Commission	
LIC	574291.56	620323.26
Private Sector	41541.59	85472.63
Total	**615833.15**	**705795.89**

The management expenses of private insurers exhibited a mixed trend during 2004-05, with some insurers falling within the limits of allowable expenses. While six of the thirteen private sector insurers were within the permitted limits, two were marginally above the limits and two others were substantially higher than the limits laid down in the Act. In respect of one insurer which had started operations only in the second half of 2004-05, the expenses of management were significantly higher than the premium underwritten. Expenses of management of LIC, were well within the allowable limits as set out in the Insurance Act, 1938 and the Rule framed there under.

Alternate channels of distribution like bancassurance, direct marketing, internet and telemarketing reduce costs and enable insurers to reach a wider customer base. While agency force remains the mainstay of most insurance companies, insurers are making efforts to explore new channels. Most companies have successfully tapped the bancassurance route both with commercial and cooperative banks. Insurers have also initiated on-line sale of policies. It is pertinent to note that the reduction in marketing costs would enable insurers to provide affordable insurance to low income households.

The operating expenses as a per cent to gross premium underwritten, for the private insurers worked out to 28.84 per cent (44.95 in 2003-04). Major expense for the private insurers was employee expenses (inclusive of travel, etc.) at 39.24 per cent (37.87 per cent in 2003-04); training expenses (including agents' training and seminars) at 6.96 per cent (7.65 per cent in 2003-04); advertisement and publicity at 11.31 per cent (13.84 in 2003-04; and depreciation expenses 6.15 per cent (7.11 in 2003-04). In the case of LIC, the operating expenses constitute 8.31 per cent of gross premium. (Table 7)

TABLE 7

OPERATING EXPENSES OF LIFE INSURERS

(Rs lakh)

Insurer	2003-04	2004-05
LIC	518649.79	624126.11
Private Sector	140244.38	222946.80
Total	**658894.17**	**847072.91**

Its major expenses are those incurred towards employee remuneration & welfare benefits (72 per cent), and expenses relating to recruitment of agents (8 per cent). In comparison employee expenses comprised 35 per cent of the total operating expenses of the private sector insurers – reflecting that while their pay packages are more competitive the private insurers can certainly take pride in having leaner organizational structures.

TABLE 8

PAID UP CAPITAL : LIFE INSURERS

(Rs. Crore)

Insurer	2003-04	2004-05
LIC	5.00	5.00
PRIVATE SECTOR	3238.71	4347.81
TOTAL	**3243.71**	**4352.81**

Benefits Paid

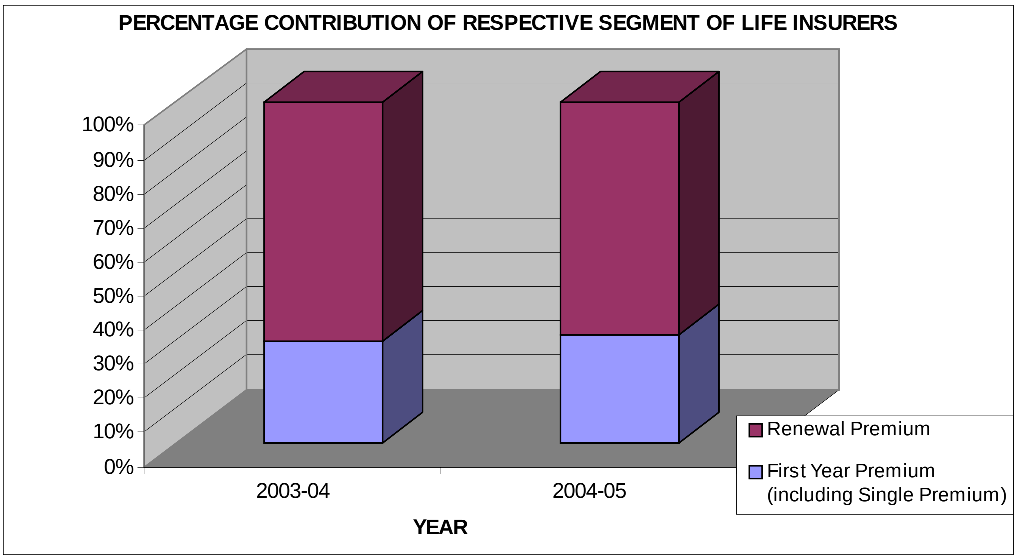
The life industry paid gross benefits of Rs.28700.57 crore in 2004-05 (Rs.24012.12 crore in 2003-04) constituting 34.64 per cent of the premium underwritten, While it is still early for the new insurers to make significant payments towards claims, the benefits paid during the year were Rs.244.86 crore (Rs.81.78 crore in 2003-04), constituting 2.96 per cent of the premium underwritten by them. LIC paid benefits of Rs.28455.71 crore (Rs.23930.34 crore). Given that life insurers traditionally do not reinsure a significant component of their business, the benefits paid net of reinsurance by them were Rs.28668.97 crore.

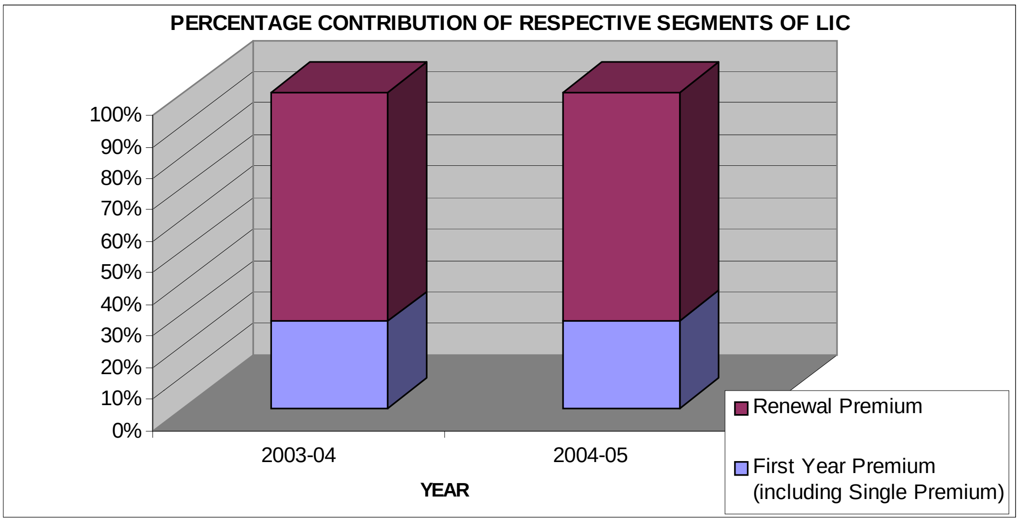
Retention Ratio

LIC traditionally re-insures only a small component of its business, and during the financial year 2004-05, LIC ceded Rs.42.95 crore as premium to cover for re-insurance (Rs.38.31 crore in 2003-04). Similarly, in the case of private insurers, only a small component of the business was re-insured, with Group business forming the major component. The private insurers ceded Rs.64.79 crore as premium towards reinsurance as against Rs.32.54 crore in 2003-04. It may be interesting to view this in the context of the fact that the risks pertaining to the investments component of the unit linked insurance products continue to be borne by the policyholders and a significant component of the new business premium underwritten by the industry in 2004-05 was towards unit linked products. (Statement-4)

Investment income

As the operations of the life insurers stabilize, their investment base gets strengthened, resulting in investment income forming a significant component of their total income. 32.98 per cent of LIC's income was derived as returns from investments in 2004-05, as against 31.93 per cent in 2003-04. As against this, share of investment income for the new life insurers was 4.45 per cent in 2004-05, as against 7.86 per cent in the previous year. While in the case of LIC, contribution of investment income to total income has been around 32 per cent in the last three years, in respect of the private insurers the proportion has been steadily declining from 13.82 per cent in 2002-03.This can be attributed not only to the size of investible funds of the insurers being small but also that yields on investments have exhibited a declining trend on account of declining interest rates. As against this, LIC which holds long duration securities in its portfolio, on an average, is yet to feel the full impact of the declining interest rates. On the flip side, as the private insurers increase their presence in the life insurance industry, their premium income has steadily increased thereby increasing the proportion of premium income to the total income. The investment income


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENT OF LIFE INSURERS
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2003-04
2004-05
YEAR
Renewal Premium
First Year Premium (including Single Premium)


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENTS OF LIC
100%
90%
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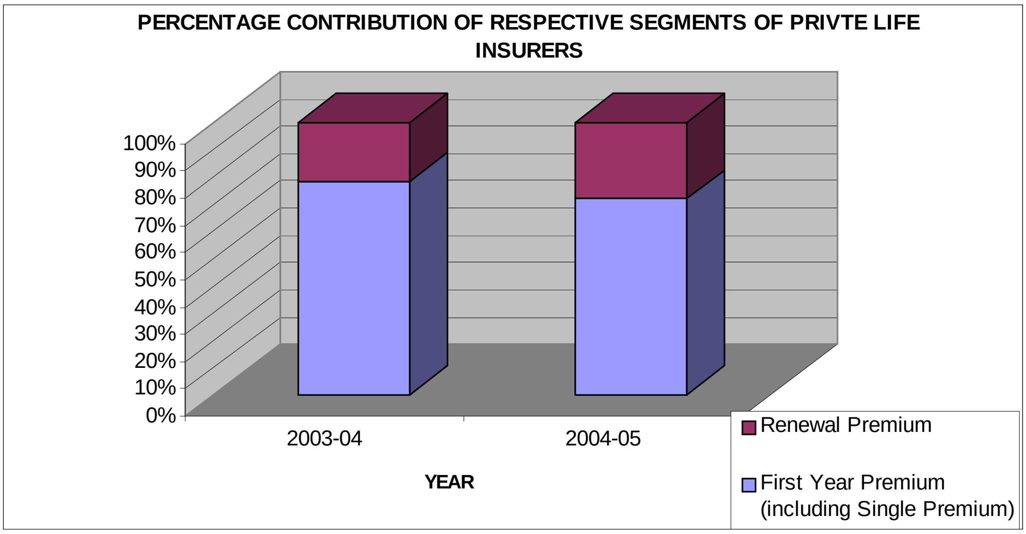
2003-04
2004-05
YEAR
Renewal Premium
First Year Premium (including Single Premium)


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENTS OF PRIVTE LIFE INSURERS
100%
90%
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70%
60%
50%
40%
30%
20%
10%
0%
2003-04
2004-05
YEAR
Renewal Premium
First Year Premium (including Single Premium)

of the private insurers, inclusive of capital gains, was Rs.363.39 crore in 2004-05 (Rs.267.59 crore in 2003-04). Investment income of LIC for the year 2004-05, was Rs.37066.76 crore (Rs.29855.86 crore in 2003-04).

Profits of the life insurers

The life insurance industry, by its very nature is capital intensive, and insurers are required to inject capital at frequent intervals to achieve growth in premium income. Given the high rate of commissions payable in the first year, expenses towards setting up operations, training costs incurred towards developing the agency force, creating a niche for its products, achieving reasonable levels of persistency, providing for policy liabilities, and maintaining the solvency margin, make it difficult for the insurers to earn profits in the initial five to seven years of their operations. As such, none of the new insurers have been able to generate surplus on their Revenue Account. Further, most of these insurers have injected capital to bridge the deficits in the Revenue Account during 2004-05. The cumulative losses of the private insurers as on 31st March, 2005 stood at Rs.2592.17 crore as against Rs.1679.51 crore, i.e., an increase of 54.34 per cent over the previous year. These losses were funded through infusion of capital by both the Indian promoters and their foreign partners. The continued financial support through equity injections reflected the promoters' commitment in stabilizing the insurers' operations.

During 2004-05 insurers continued to declare bonus despite reporting deficit in the Revenue Account. It would be recalled that in 2003-04, recognizing the need of the new insurers to declare bonuses to maintain their competitive stance in the market, the Authority had permitted declaration of bonus despite non-availability of actuarial surplus. This was, however, permitted subject to compliance with the conditions imposed by the Authority.

LIC, continued to report surplus from operations at Rs.15884.26 crore, as against Rs.10962.60 crore in 2003-04, of which Rs.696.60 crore were transferred to the Government of India (Rs.548.13 crore in 2003-04). Given the fact that in the previous year, LIC had appropriated funds in compliance with the Authority's stipulations to meet the solvency requirements, to the extent of Rs.6782.25 crore (Rs.8160.80 crore in 2002-03), there is a decline in the post tax surplus generated prior to appropriation to the extent of 10.48 per cent. The provision for taxation saw a significant increase at Rs.5365.16 crore as against Rs.1515.21 crore in 2003-04 (254 per cent). (Statement-5)

i) Non-Life Insurance

The non-life insurance industry reported premium income within India of Rs.17480.59 crore during 2004-05 as against Rs.15594.92 crore in 2003-04, exhibiting a growth of 12.09 per cent. During the year, the four public sector non-life insurers underwrote premium of Rs.13972.96 crore (Rs.13337.08 crore in 2003-04), i.e., a growth of 4.77 per cent (6.22 per cent in 2003-04). The eight private sector insurers underwrote premium of Rs.3507.62 crore (Rs.2257.83 crore in 2003-04) reporting a growth of 55.35 per cent (68.29 per cent in 2003-04). Over the last five years, the market share of the private insurers has increased to 20.07 per cent (14.48 per cent in 2003-04). In 2003-04, the non-life insurance industry recorded a growth of 11.16 per cent over the previous year. (Table 9).

TABLE 9

PREMIUM UNDERWRITTEN BY NON-LIFE INSURERS - SEGMENT WISE

(Rs. Crore)

Department	2003-04	2004-05
Fire	3150 (20.20)	3331 (19.05)
Marine	1118 (7.17)	1228 (7.03)
Misc	11327 (72.63)	12922 (73.92)
Total Premium	**15595**	**17481**

Note :Figures in brackets indicate the ratio(in percent) of respective segment.

The financial year continued to exhibit the shift in the business underwritten by private insurers. Segment-wise analysis of the premium underwritten by them reveals that there has been a continued focus on certain lines of business. While the overall fire premium increased from Rs.3150.10 crore in 2003-04 to Rs.3330.92 crore in 2004-05, i.e., an increase of Rs.180.82 crore, the private insurers reported Rs.215.73 crore over previous year. The contribution of private insurers in fire segment increased to 27.60 per cent in 2004-05 as against 22.34 in 2003-04. This is a significant development since the Fire segment has also been amongst the high profit areas.

In terms of number of policies issued, the industry reported a growth of 13.23 per cent in 2004-05. The number of policies written by the new insurers increased by 54.80 per cent (85.53 per cent in 2003-04) whereas in the case of public sector insurers the increase was 9.66 per cent (based on revised data furnished). (Table-10)

Box Item No. 2

PERSPECTIVE ON DE-TARIFFING THE NON LIFE INDUSTRY

Tariff Scenario in a regulated set up

In a regulated market, the tariffs are administered by the Regulator. In India, the Tariff Advisory Committee (TAC) established under the Insurance Act 1938 is vested with the functions of administering the rates, terms, advantages and conditions in the general insurance business which are under tariff. The major classes of general insurance business under tariff regime are Fire, Petrochemicals, Engineering and Motor. The Regulator's endeavour has been to ensure that the rates are fixed appropriately and equitably keeping in mind the interests of both insurers and policy holders through a scientific method of rating. Upto 1972, some data was being received at TAC from the insurers. After nationalization in 1972, the data flow reduced and by 1984 no data was available at TAC as both, the owner of the data and the regulator (TAC) were under the Government. Further, there was no system of dissemination of data to the public. Even the PSU insurers were not able to publish consolidated data on each class of insurance. Thus scientific rating became a casualty. As a result pricing of different classification of risks was done in an ad-hoc manner. This resulted in cross subsidization among different class of risks and also within a class the better risks subsidizing the loss making risks.

Apart from this, the insurer in a regulated market did not have flexibility in pricing or innovation of products as they had to adhere to the terms and conditions of the tariff in letter and spirit. Thus, while the parameters or risk factors fixed in the tariff were adhered to for rating purposes, new and emerging risk factors could not be dove-tailed into the tariff for want of data on those factors. Added to that, as the PSU insurers were enjoying monopoly status, profitability was not given priority. Lack of flexibility and increase in level of complacency resulted in erosion of underwriting skills of the insurers on one hand and of their bottomline - especially in the motor portfolio. On the customers' side, the better risks were being charged as much premium if not more than the high risk ones. In short there was no distinction between good risks and bad risks as the same rate applied to all. This scenario continued till liberalization process gathered momentum and IRDA Act was enacted in 1999.

Post IRDA Act 1999

IRDA Act was enacted with the objective to protect the interests of insurance policy holders and to regulate, promote and ensure orderly growth of the insurance industry. These twin objectivesimplied that products need to be priced equitably based on their individual risk experience and the solvency margin of the insurers had to be maintained. In order to ensure these objectives, collection, compilation, dissemination and analysis of data relating to different classes of risks became paramount. This also meant that new formats had to be devised taking into account various risk factors hitherto not considered by the rigid tariff structure. As a first step, IRDA in consultation with the insurers devised new formats for collection of past data as well as future data in the field of motor and health insurance.

Motor portfolio in a regulated set up

Generally the countries with a tariff regime and with a controlled market tend to have higher premium than those of the free-market. In India, however the situation has been different. The motor premium rates are among the lowest in the world. The average motor premium ranges from 2 to 3 per cent of the value of the vehicle as compared to 8 per cent in western countries. This is due to the absence of data in the Indian market to support a justifiable pricing mechanism. However, the public sector insurers were unable to generate adequate database to enable scientific calculations for risk assessment and rating of different groups of vehicles.

In this context it is pertinent to look into motor insurance in the pre-liberalized scenario. Motor Insurance is a regulated business. Prior to liberalization, the public sector insurers were expected to collect and maintain data relating to underwriting,

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claims paid and claims outstanding of motor insurance - policy wise and vehicle wise. However, data collection and maintenance in the regulated market has been assigned a low priority by the insurers. As a result, the data collected for motor tariff revisions suffered from lack of credibility. In the absence of quality database, the tariff revision is being done on an *ad-hoc* basis based on samples collected from the public sector insurance companies. Further, the actual revision recommended has been time and again diluted. Therefore, underwriting in the transport sector has been a heavily losing proposition, with claims well over 120 per cent of the gross premium income. The net result was that the administered pricing became flawed in the absence of data. For the same reason, the users, lobbyists, Government or the Courts could not be convinced to approve increase in rates even in the wake of deterioration of claims experience of the insurers. The monopoly status of the public sector insurers as also lack of credible and supporting data came handy to the commercial vehicle operators to scuttle increase in premium.

Reasons for transition to detariff regime

Pursuant to liberalization and the entry of private insurers, the motor underwriting scenario changed drastically. On one hand the private players refrained from underwriting the loss making areas such as stand alone liability policy and on the other, they clamoured for detariffing of motor portfolio. They also had in place sophisticated IT set ups and systems capable of statistical analysis of various risk factors over and above the ones prescribed by the motor tariff. The awareness among customers in the wake of liberalization also resulted in a movement towards risk based rating rather than a rigid tariff structure.

Steps taken by IRDA (For Motor)

In the wake of liberalization, a change of mind set relating to data collection was imminent. The Regulator’s prime concern being the protection of policyholders, the issue of fairness of rates for each class or segment of the insuring community assumed significance. Maintenance of adequate solvency margin implied elimination of cross-subsidization of motor insurance.

As mentioned earlier, in this scenario, collection, compilation and analysis of sums insured, premiums and claims data with full information on risk categories and hazard factors became a necessity. The first step was to ascertain whether the required data on motor insurance was available with the insurers or not. For this the IRDA in consultation with the insurers had devised formats for collection of past and future data.

Formats for collection of data in motor insurance

The salient features of the new format for collection of motor data were the introduction of various code masters. The code masters relate to i) Insurer, ii) Policy, iii) Class of vehicle, iv) Make of vehicle, v) Zone, vi) Cubic Capacity (CC)/Passenger Carrying Capacity (PCC)/Gross Vehicle Weight (GVW) vii) Nature of loss, viii) Nature of goods, ix) Permit, x) Road Type, xi) Driver type, xii) Driver Age, xiii) Driver experience, xiv) Driver education, xv) Incurred claims experience, xvi) Claims History of the vehicle, xvii) Nature of injury, xviii) Occupation, xix) Reasons for Court Hearing and xx) Type of Summons.

These formats covered the details on driver, geographical zone of driving and the vehicle which are indispensable for rate fixing in equitable manner in a detariff regime.

Thereafter, IRDA along with TAC undertook a pilot study. The study collected data from 12 divisional offices in and around Mumbai on ‘as is where is’ basis. It was found that data was available though scattered. In all, policy records of around 1 lakh were collected with 6230 records of claims. A scrutiny of the data revealed that i) submission of correct data is not considered a priority activity; ii) existing software takes 7 hours of time to run a report; iii) no back up data due to hardware limitations and iv) Extraction of data through the existing system installed in the year 2000 was a cumbersome process.

The data submitted for the pilot study also showed following errors:

i) the codes were not as per Tariff – mapping errors between local class code masters and current global master as per the Tariff.

ii) large number of cases with the code 99 (Miscellaneous)

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iii) non-uniformity in reporting and

iv) many records were repetitive.

These errors were notified to the insurers and officials from TAC were sent to physically sort out the issue of code 99. With this, 1922 records which were earlier coded as '99' by the insurers were sorted out. Only 284 records could not be resolved.

The main gain from the pilot study is the knowledge that required data are available with the insurers though scattered. Encouraged, the pilot study was extended to cover all areas. it was decided in consultation with the 4 PSUs to extend the study to cover all areas. The insurers submitted the data in the revised format which was scrutinized. In order to ensure validity of reporting and to verify the original records maintained at the company, a team of IRDA/TAC officials test checked 200 records of each PSU company.

Reasons for existence of code'99'

Three of the 4 PSU insurers introduced Genisys around 2000-2001. Prior to introduction of Genisys the policies were issued manually. As a result such policy details could not be captured in the system. When claims arose out of such non-system policies at a later date, the companies found it difficult to relate such claim to the manual records. Hence in the absence of exact details relating to the policies, they were coded as '99' i.e. 'others'. These 'non-system policies' with no material information contribute to a sizable number in the 3 PSUs which have adopted Genisys package. Scrutiny of data for the years 2003-04 and 2004-05 showed that United India has approximately 70 per cent, New India 60 per cent and National 45 per cent of their TP records under code '99'. 'National' had minimized the occurrence of code '99' by putting conditionalities at time of registering of claim. They have made it mandatory to capture the necessary data at the time a claim is registered on a non system policy and in the event a claim is already registered they have made it mandatory for the required data to be captured when the claim comes up for settlement. The CMC, which designed the 'Genisys' for 3 PSU insurers have provided a utility to carry out the mapping exercise in various operating offices.

Roadmap for tariff free regime

In the context of ensuring collection and maintenance of quality data by the insurers, indispensable for smooth transition into a detariff regime, IRDA has outlined a roadmap relating to various steps to be taken by the insurers in the areas of Underwriting, Rating of risks, Policy terms and conditions, Corporate governance and the Role of Tariff Advisory Committee. In a nutshell these guidelines emphasize the importance of improved internal capabilities and procedures and need for sophisticated actuarial/statistical analysis for rating of risks. As per the road map, the tariffs will be discontinued effective 31st December 2006.

In order to assess the progress of the steps taken by the insurers in the areas outlined in the roadmap, the Authority has established a Steering Committee for smooth transition to non-tariff regime as below:

* Shri K.K. Srinivasan, Member (Non-Life)
* Shri C.N.S Shastri, Advisor
* Dr D.V.S Sastry, DG (R&D)

The Committee will assess the extent of work to be done by the insurers in the market by eliciting information in a "Preparedness Assessment Form" to be filled in by the insurers. The information to be given by the insurers relate to -

1. Availability of a statistical database and programmes for analysis of data as rating support
2. Availability of technically qualified and trained underwriting staff
3. Structured delegation of underwriting and rating authority
4. Control on quality of underwriting through management reports and internal technical audit
5. Rating structure

TABLE 10

NEW POLICIES ISSUED : NON-LIFE INSURERS

Insurer	2003-04	2004-05
Private Sector	3298827 (7.91)	5106653 (10.81)
Public Sector	38427204 (92.09)	42141970.5 (89.19)
Total	**41726031**	**47248623**

Note: Figures in brackets indicate the ratio (in per cent) of respective insurers and Numbers for 2003-04 are revised in the current year.

Among the public sector insurers, New India held a market share of 24.09 per cent (25.94 in 2003-04), followed by National Insurance Company at 21.74 per cent (21.74) per cent. Oriental Insurance and United India held a market share of 17.26 per cent (18.16) and 16.84 per cent (19.67) respectively. United India reported a decline of 4 per cent in premium underwritten. The private insurers have broadly succeeded in stabilizing their operations and their market share ranged between 5.00 and 0.92 per cent. While all the private insurers reported increase in premium underwritten, except one insurer all of them increased their market share. (Statement-26)

Premium Underwritten Outside India

The public sector non-life insurers have operations outside India and have underwritten premium of Rs.975.86 crore (Rs.947.57 crore in 2003-04) through such operations abroad, which constituted 6.53 per cent (6.98 per cent in 2003-04) of the gross premium underwritten by them. (Table-11)

TABLE 11

RATIO OF OUTSIDE INDIA PREMIUM TO TOTAL PREMIUM

(In Per cent)

Insurer	2003-04	2004-05
National	0.26	0.28
New India	17.80	17.49
Oriental	2.33	2.35
United	0.00	0.00

New India has operations in 24 countries through a network of branches, 2 agencies, associate companies and subsidiaries. 17.49 per cent (17.8 per cent in 2003-04) of its premium is being underwritten abroad, the operations in respect of National Insurance and Oriental Insurance constitute a small component of their overall business at 0.28 per cent (0.26 per cent in 2003-04) and 2.35 per cent (2.33 per cent in 2003-04) respectively. National Insurance Company underwrote a premium of Rs.10.74 crore in 2004-05 (growth of 21 per cent) as against Rs.8.87 crore in 2003-04. New India too increased the premium underwritten abroad at Rs.892.35 crore as against Rs.875.79 crore in the previous financial year, albeit with a mere growth of 1.89 per cent. Oriental Insurance underwrote a premium of Rs.72.77 crore during the year as against Rs.67.63 crore in the previous year, i.e. a growth of 7.60 per cent. United India has ceased foreign operations since 2003-04. (Table-12)

TABLE 12

GROSS DIRECT PREMIUM FROM BUSINESS OUTSIDE INDIA : NON-LIFE INSURERS

(Rs.lakh)

Insurer	2003-04	2004-05
National	886.75 (41.00)	1073.80 (21.09)
New India	87578.92 (-2.00)	89235.00 (1.89)
Oriental	6763.10 (4.00)	7277.00 (7.60)
United	-	-

Note : Figures in bracket indicate the growth over previous year (in per cent)

Innovations in Products Introduced

Insurers have taken steps to introduce new products to meet the specific requirements of the insured. Innovations have been made to cater to the needs arising out of the structural changes in the economy. New products introduced by the non-life insurers include Mutual Fund Package Policy providing cover in respect of the assured's legal liability to third parties for claims towards financial loss caused by negligent act, negligent error or negligent omission on the part of an officer/employee; Third Party Liability and Asset Protection covers are available in respect of mutual funds covering their business operations; Pollution Liability Package Policy intended to cover damage costs of the insured due to slow and gradual pollution activities; Event Insurance Policy indemnifies the insured against the loss or damage due to cancellation of event. Weather insurance cover has been launched for farming community, which suffers high losses year after year due to vagaries of nature. The specific products introduced by the insurers, which were aimed at the rural markets include Weather Insurance, Farm Income Insurance Scheme, Varsha Bima (Rainfall Insurance) and Farmers' Package Policy. Health insurance is another area in which positive developments have been noticed.

Paradigm Shift in the Segments

The contribution of the private insurers in various industry segments has increased on account of both their capturing a part of the business which was earlier underwritten by the public sector insurers and also creating additional business avenues. To this effect, the public sector insurers have been unable to draw upon their inherent strengths to capture additional premium. Of the growth in premium in 2004-05, 66.27 per cent has been captured by the private insurers despite having 20 per cent market share.

The segment wise fire, marine and miscellaneous breakup of premium underwritten by the private insurers stood at Rs.919.54 crore, Rs.245.11 crore and Rs.2342.99 crore respectively, i.e., a growth of 30.65 per cent, 61.17 per cent 67.12 per cent. Under the miscellaneous segment, the motor and health premium recorded a growth of 70.35 per cent and 148.04 per cent respectively. In terms of number of policies, 2.58 lakh, 1.45 lakh and 47.02 lakh policies were underwritten in fire, marine and miscellaneous segments i.e., a growth of 28, 73 and 56 per cent respectively. The number of policies issued in the motor and health segments stood at 33.52 lakh and 6.73 lakh policies, i.e., a growth of 50 and 75 per cent respectively. (Statement-26)

The segment wise break up of fire, marine and miscellaneous segments in case of the public sector insurers was Rs.2411.38 crore, Rs.982.99 crore and Rs.10578.59 crore, i.e., a growth of (-)1.43 per cent, 1.81 per cent and 6.58 per cent. The public sector insurers reported growth in Motor and Health segments (9 and 24 per cent). These segments accounted for 45 and 10 per cent of the business underwritten by the public sector insurers. Fire and "Others" accounted for 17.26 and 11 per cent of the premium underwritten. Aviation, Liability, "Others" and Fire recorded negative growth of 29, 21, 3.58 and 1.43 per cent.

Retention Ratio

The retention ratio of the insurers is based on their capability to bear risks. Traditionally, the public sector insurers have retained a significant component of their portfolio, although the net retention is driven by the respective segment in which the premium has been underwritten. The net retention ratio of the public sector insurers increased to 74.37 per cent from the previous year's level of 72.30 per cent. All the four public sector had a higher retention ratio – New India 76.33 per cent (73.86 per cent in 2003-04); National 74.32 (73.78); United 73.79 (70.23); and Oriental 71.77 (70.11) based on the segment wise exposure of the individual insurers, the retention ratios varied within individual segments. While the retention ratio in case of fire segment ranged between 78.12 and 66.61 per cent, in the marine and miscellaneous segments it ranged between 55.97 to 45.63 per cent and 77.87 to 75.02 per cent respectively.

The retention ratios of the new insurers have broadly varied depending upon the composition of their portfolio. While, HDFC Chubb retained 76.44 per cent (previous year: 78.50 per cent; a significant component of its portfolio being Motor); Royal Sundaram, Cholamadalam, IFFCO Tokio and TATA AIG retained 60.97 (60.64); 52.86 (49.80); 47.27 (41.38) and 57.95 (54.91) per cent of their portfolio. Retention ratio of Bajaj Allianz was lower at 56.28 (60.10). ICICI Lombard and Reliance had the least retention levels at 36.72 (26.67) and 23.40 (22.09) per cent respectively.

Expenses of Non-life Insurers

Section 40C of the Insurance Act, 1938 lays down the limits for management expenses in general insurance business. The expenses of management are required to be within the prescribed limits under Rule 17-E of the Insurance Rules, 1939. The Authority has been stressing the need for insurers to conform to the prescribed limits. During 2004-05, the private sector insurers have more or less met the limits of allowable expenditure. Of the eight insurers, six were well within the specified limits while in the case of two, i.e., Cholamandalam and HDFC Chubb, there was breach of 4 and 13 per cent respectively. It would be recalled that HDFC Chubb had commenced operations in October, 2002. (Table-13)

TABLE 13

COMMISSION EXPENSES: PRIVATE SECTOR NON-LIFE INSURERS

(Rs. Lakh)

Department	2003-04	2004-05
Fire	1498.49	2456.06
Marine	609.61	1621.99
Miscellaneous	8857.33	18741.65
Total	**10965.43**	**22819.70**

In respect of public sector insurers, it would be recalled that management expenses exhibited a sharp increase in 2003-04, on account of Special Voluntary Retirement Scheme (SVRS) introduced to bring down the staff strength and to streamline the management structures. During 2004-05, the public sector insurers continued to report expenses above the permissible limits on account of additional provisioning for proposed wage revision and amortized costs of SVRS expenses. It was envisaged that by trimming the size, expenses towards employee remuneration and benefits would come down. These expenses presently constitute 78.57 per cent (80 per cent in 2003-04) of the total operating expenses and 19.13 per cent (20.45 per cent in 2003-04) of the gross premium underwritten.(Table-14)

TABLE 14

COMMISSION EXPENSES: PUBLIC SECTOR NON-LIFE INSURERS

(Rs.lakh)

Department	2003-04	2004-05
Fire	16977.29	17710.51
Marine	5223.79	6992.26
Miscellaneous	87027.63	98616.77
Total	**109228.71**	**123319.54**

Six of the eight private sector insurers were in the fourth/fifth year of operations, and have stabilized their operations. Gross commission as per cent of gross premium worked out to 6.58 per cent as against 5.24 per cent in 2003-04. As a per cent of the total expenditure, the commissions were 25 per cent (as against 19.62 per cent in 2003-04). The other major expense heads for these insurers as per cent of total expenditure worked out comprised employee remuneration and welfare benefits 23.97 per cent (22.36 per cent in 2003-04)); legal & professional charges 6.96 (10.32 per cent); business & sales promotion charges 6.28 (7.22 per cent); rent rates & taxes 5.94 (7.12 per cent); and depreciation 5.11 (4.86 per cent). In addition some insurers have indicated expenses towards insurance brokerage/ service charges/ other acquisition costs /technical service charges, which accounted for 5.89 (7.56 per cent) of the total expenditure.

Incurred Claims Ratio

The net incurred claims of the public sector insurers during 2004-05 were Rs.9075.40 crore as against Rs.8253.30 crore in 2003-04. Measured in the context of the net premium, i.e., net of reinsurance, the ratio was 81.63 per cent as against 79.91 per cent in the previous year. While the incurred claims ratio of New India and National declined to 74.58 (74.65) and 79.92 (84.10) per cent respectively, the same had increased in the case of United and Oriental to 91.99 (85.63) and 86.04 (78.09) per cent respectively. (Table-15)

TABLE 15

INCURRED CLAIMS RATIO : PUBLIC SECTOR NON-LIFE INSURERS

(Per cent)

Department	2003-04	2004-05
Fire	30.60	39.72
Marine	59.77	62.81
Miscellaneous	93.91	92.34
Total	**79.91**	**81.63**

The incurred claims ratio continued to be the highest in the miscellaneous business, followed by marine and fire segments. Fire business has traditionally been one of the profitable lines of insurance business. United India had a net incurred claims ratio of 108.63 per cent in the miscellaneous segment. The insurer also had the incurred claims ratio of 70.31 per cent in the marine segment, while Oriental reported the highest incurred claims ratio of 46.19 per cent in Fire segment. (Statement-30)

In the case of the private insurers, the net incurred claims were Rs.911.73 crore as against Rs.543.37 crore in 2003-04. Overall, the incurred claims ratio was 51.16 per cent as against 50.97 in 2003-04. Net incurred claims ratio increased in the case of TATA AIG 48.31 per cent (44.84), Cholamandalam 61.16 (43.22) per cent HDFC Chubb 58.94 (34.99) per cent and declined in the case of IFFCO-Tokio 50.79 (54.64) per cent, Royal Sundaram 56.39 (57.33) per cent, Bajaj Allianz 47.22 (52.58) per cent, Reliance 61.91 (68.72) per cent and ICICI Lombard 48.23 (53.96) per cent. (Table-16 and Statement-31).

TABLE 16

INCURRED CLAIMS RATIO : PRIVATE SECTOR NON-LIFE INSURERS

(Per cent)

Department	2003-04	2004-05
Fire	27.18	37.91
Marine	81.89	87.82
Miscellaneous	53.03	50.75
Total	**50.97**	**51.16**

Underwriting Experience

The four public sector insurers continued to incur underwriting losses in 2004-05. The cumulative underwriting losses increased to Rs. 2579.38 crore, i.e., 23.20 per cent of the net premium of four public sector insurers as against Rs.2218.48 crore (21.48 per cent in 2003-04). These losses across the insurers ranged between 17.57 and 34.37 per cent (18.96 and 25.09 per cent in 2003-04). While New India and National reported a decline in underwriting losses 17.57 (18.96) and 18.96 (21) percent, Oriental and United India reported increase in these losses 27.56 (22.77) and 34.37 (25.09) per cent respectively. (Table-17)

TABLE 17

UNDERWRITING EXPERIENCE : NON-LIFE INSURERS

(Rs.lakh)

	2003-04	**2004-05**
Public Sector	(221848)	(257938)
Private Sector	(6373)	250

Note : Figures in brackets indicate loss

The strain on underwriting results continues to be on account of increase in net incurred claims ratio to 81.63 per cent (up from 79.91 per cent in the previous year) and high expenses of management although declined from 37.97 per cent as against 39.23 per cent in 2003-04. The Reserves for Unexpired Risk increased to 3.61 per cent as against 2.34 per cent in 2003-04. Other than United India, others showed an increase in the reserves, which was particularly sharp in case of New India at 4.31 per cent as against 1.25 per cent in 2003-04.(Statement-28)

TABLE 18

OPERATING EXPENSES : NON-LIFE INSURERS

(Rs. lakh)

Insurer	**2003-04**	**2004-05**
Public Sector	364768.00	364030.89
Private Sector	49516.66	69198.26
Total	**414284.66**	**433229.15**

Note : Public sector does not include ECGC, AIC and GIC

Cumulatively, the private insurers reported underwriting profits of Rs.2.50 crore, i.e., 0.14 per cent of the net premium underwritten in 2004-05 as against underwriting losses of 63.73 crore at 5.98 per cent of the net premium in 2003-04. While four insurers reported underwriting profits, the other four reported a decline in the losses compared to the previous year. The underwriting losses of the four insurers ranged between 3.98 and 15.88 per cent of net premium. Of the four insurers who reported underwriting profits, there was a turnaround in case of two insurers. However, in case of ICICI Lombard the underwriting profits showed a sharp decline at 0.84 per cent as against 13.90 per cent in 2003-04. Overall, the improvement in results was on the strength of decrease in the expenses of management (27.32 per cent from 27.78 per cent in the previous year); decline in the additional Reserves for Unexpired Risk (21.38 per cent as against 27.23 per cent in the previous year) and reinsurance commissions received by the private insurers. However, the net incurred claims ratio increased to 51.16 per cent as against 50.97 per cent. Cholamandalam and HDFC Chubb reported a sharp increase in the net incurred claims ratio in 2004-05.

Net Profits

The public non-life insurers reported profit before tax (PBT) of Rs.1729.11 crore in 2004-05 (increase of 10.23 per cent) as against Rs.1568.59 crore in 2003-04. These insurers reported net profits of Rs1171.60 crore during the financial year 2004-05 as against Rs.1358.32 crore in 2003-04. National reported a PBT of Rs.141.22 crore, New India, is Rs. 797.88 crore, Oriental Rs. 471.71 crore and United India Rs. 318.30 crore, While National and Oriental reported increase in net profits at Rs.131.13 crore and Rs.330.53 crore, New India and United India reported lower net profits at Rs.402.23 crore and Rs.307.71 crore respectively. While in the case of the former this was on account of provision for taxation due to capital gains (including for earlier years) and for deferred tax assets, in the case of the latter the higher provision for incurred claims impacted its bottom line. (Statement-28)

TABLE 19

PAID UP CAPITAL : NON-LIFE INSURERS AND REINSURER

(Rs.crore)

	2003-04	**2004-05**
Public Sector	400	450
Private Sector	1048.96	1048.96
GIC	215	215
ECGC	500	600
AIC	200	200
Total	**2363.96**	**2513.96**

For the second consecutive year, six of the private insurers, reported net profits in 2004-05. However, it was a mixed performance across the companies. While three insurers improved their net profits over the previous year, in the case of the other three, the net profits reported were actually lower than 2003-04. For the two insurers who reported net losses, 2004-05 was the second full year of their operations. These two insurers, however, reported a decline in the net losses as compared to the year 2003-04. The combined net profit of the new insurers was Rs.121.90 crore (Rs.67.04 crore in 2003-04).

Investment Income

Favourable investment climate continued to prevail in the economy for the second consecutive year on the strength of persistent economic growth, coupled with sustained bullish conditions in the stock market, facilitated improved financial performance of insurance companies. The continuing low interest rate regime has been a constraint on the investment income. Overall, the returns on investment income have been on account of sale of investments or on account of redemption of high yield investments. Some of the insurers also reported higher collection on restructured accounts. Insurers have also reported favourable returns on their mutual fund portfolios. All the public sector insurers have reported an increase in their investment income, with a total investment income of Rs.4330.18 crore i.e., an increase of 13.41 per cent over the previous year (Rs.3818.20 crore in 2003-04).

In respect of private insurers, depending on the investment policy followed by the insurers, composition of their respective investment portfolio, and based on the need to fund their business operations, the returns on investments on their portfolio have varied. While some of the insurers reported an increase in their income from investments, in respect of others there was a decline in the returns as against the previous year. The eight private sector insurers reported gross investment income of Rs.184.42 crore as against Rs.154.32 crore in 2003-04, an increase of 19.50 per cent.

Return to the Shareholders

All the public sector non-life insurers contributed to the exchequer by declaring dividend during 2004-05. The four insurance companies had a total dividend payout of Rs.197 crore (Rs.125 crore in 2003-04). In addition, New India also declared bonus shares in the ratio of one for every two shares held. Of the six new insurers who reported profits during the financial year 2004-05, IFFCO-Tokio and ICICI Lombard declared dividends for the third and second consecutive year respectively.

TABLE 20

DIVIDENDS PAID : PUBLIC SECTOR INSURERS

(Rs. lakh)

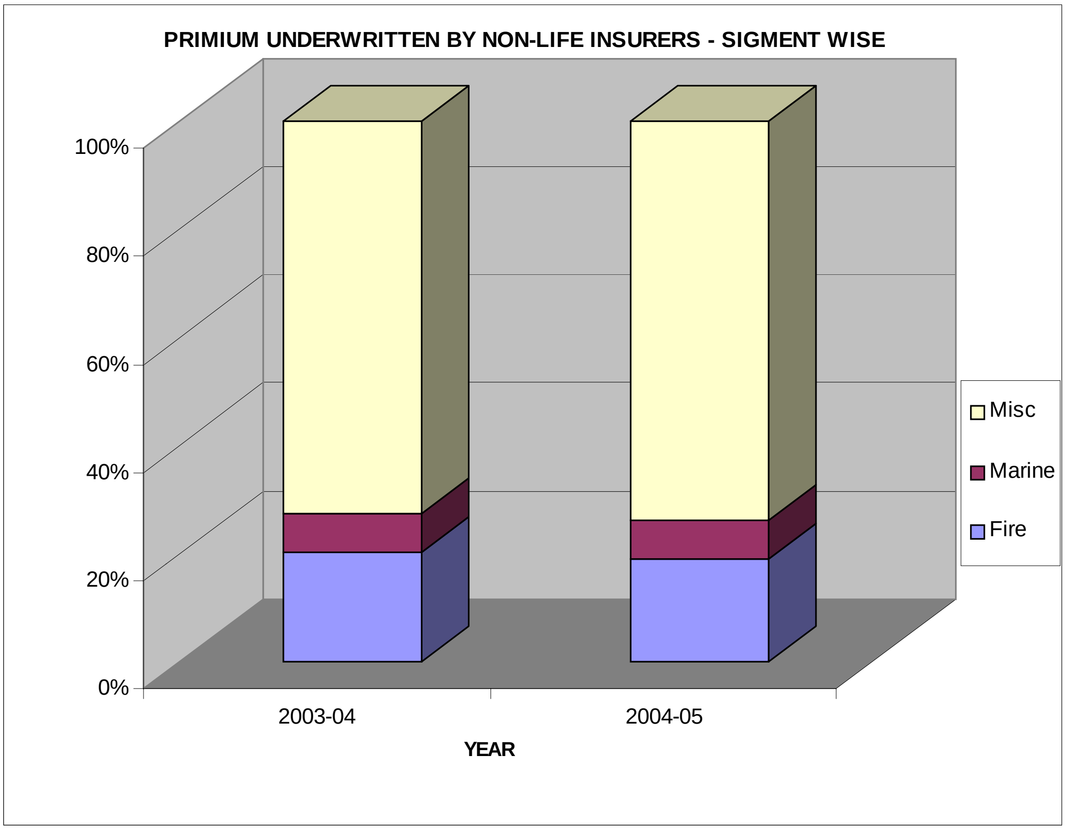
Insurer	2003-04	2004-05
LIC	54813	69660
Non-life Insurers	12500	19700
ECGC	1371	1523
GIC	6450	6450
Total	**75134**	**97333**

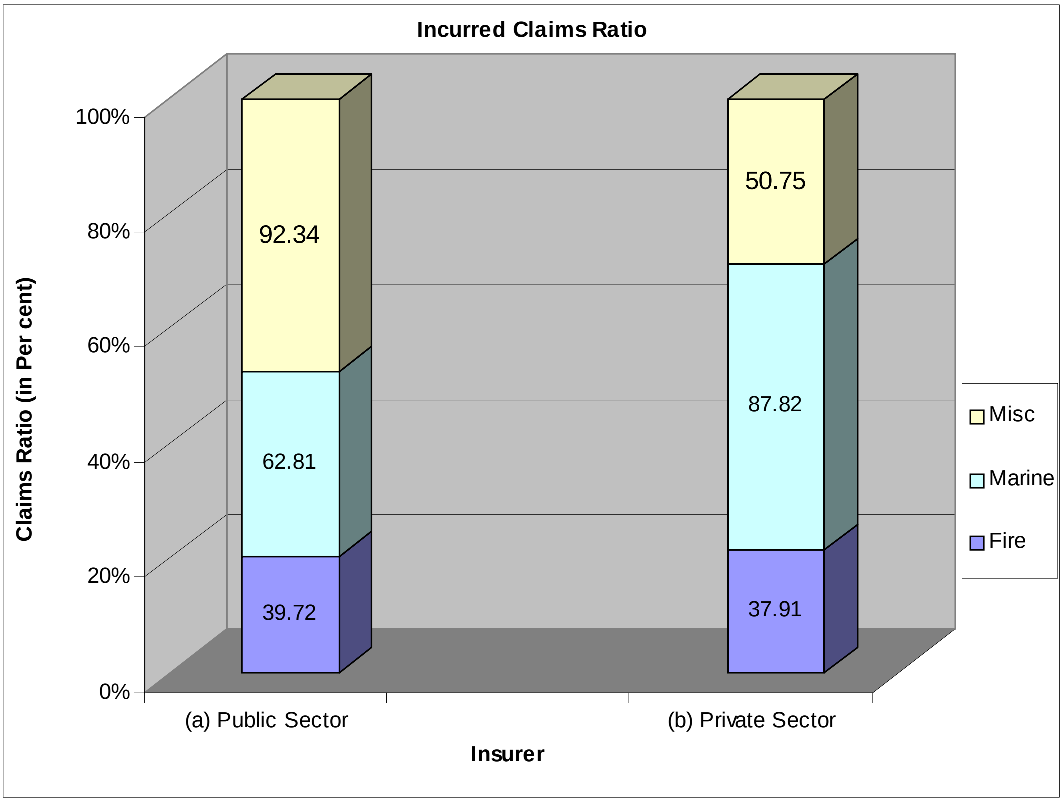
General Insurance Corporation (GIC)

As a sole reinsurer in the domestic reinsurance market, GIC provides reinsurance to the direct general insurance companies in the Indian market. GIC receives statutory cession of 20 per cent on each and every policy subject to certain limits. It leads many of domestic companies' treaty programmes and facultative placements. The Corporation's reinsurance programme has been designed to meet the objectives of optimizing the retention within the country, ensuring adequate coverage for exposures and developing adequate capacities within the domestic market. Marine Hull Pool continues to operate with GIC as the Manager. Similarly, the Terrorism Pool is also being managed by GIC on behalf of the Indian Insurance Industry. In view of the good results of the Terrorism Pool, with effect from 1st, February, 2005 the capacity has been increased to Rs.500 crore per location. GIC has taken over the GOI's War Scheme with effect from 1st January, 2005. To protect the exposures due to war, an additional cover of Rs.400 crore for war alone has been taken. A vertical capacity to cover a risk up to Rs.1500 crore (PML) has been developed for the benefit of the Indian Market. An additional cover by the name "Peak Risk Facility" is also in place. High value risks are automatically ceded to this facility after cession to various other arrangements. This increases GIC's capacity to Rs.3000 crore (PML) for such risks. A catastrophic peril cover is in place for a limit of Rs.850 crore. An additional Earthquake peril protection for Rs.750 crore has also been taken. A marine cover for Rs. 250 crore is also in place. Protection for Personal Accident business and oil & Energy business has also been put in place.

Foreign Inward Treaty and Facultative Business

The Indian group comprises of the support provided by the Corporation to the Indian market in the form of obligatory Cessions, Company Surplus Treaties, Market Surplus Treaties, XOL protection to direct players in India and


PRIMIUM UNDERWRITTEN BY NON-LIFE INSURERS - SIGMENT WISE
100%
80%
60%
40%
20%
0%
2003-04
2004-05
YEAR
Misc
Marine
Fire


Incurred Claims Ratio
Claims Ratio (in Per cent)
100%
80%
60%
40%
20%
0%
92.34
62.81
39.72
50.75
87.82
37.91
(a) Public Sector
(b) Private Sector
Insurer
Misc
Marine
Fire

Facultative acceptances. Tsunami losses mainly from Srilanka, Indonesia, Maldives and losses from Hurricane Ivan have affected various segments of the foreign inward business.

During the year under review, GIC is spreading its wings to emerge as an effective reinsurance solutions partner for the Afro-Asian region and has started leading the reinsurance programmes of several insurance companies in SAARC countries, South East Asia, Middle East and Africa. Due to increased acceptance of business and better retrocession arrangement, there has been a considerable increase in premiums. For providing its international clientele easy accessibility, efficient service and tailor made reinsurance solutions, GIC has opened liaison/representative offices in London and Moscow.

Risks and Concerns

GIC derives its risks from the claims liability of the insurers, inability to benefit from prompt payment of premiums upfront, running credit risks, currency fluctuation risks, hazards of blind treaties, etc. Further, the international Solvency/Claim Paying ability rating either add or reduce the risks involved with reinsurance as a result of upgradation/ downgradation of sovereign ratings. Failure to undertake a proper security analysis can also increase the level of risk undertaken. The prospects of deregulation of non-life industry in terms of tariffs have also brought about volatility in margins and returns.

GIC's efforts in risk management include need based protection for the corporation's acceptance portfolio, retrocession of risks assumed, XL protection for the overall risks assumed and a catastrophe cover to take of catastrophic losses.

Operating Results

The total earned premium was Rs.4373.68 crore for 2004-05 as compared to Rs.3991.79 crore in the previous posting a growth of 9.56 per cent. All the major classes of business namely Fire, Marine, and Miscellaneous contributed to the growth. The incurred claims as a per cent of net earned premium in respect of above segments worked out to 60.6; 101.8; 94.5 per cent respectively as against 45.4; 74.2 and 86.1 per cent in the previous year. Life segment is new entrant to GIC and the incurred claims ratio for 2004-05 was 348.5 per cent; however, the corresponding ratio for the previous year was not available. Incurred claims for all classes put together increased to Rs.3702.80 crore partly due to the losses arising from Tsunami. The overall underwriting results show a loss of Rs.572.28 crore. Income from investment for 2004-05 was Rs.1398.61 crore posting a growth of 3.41 per cent. Net premium in Fire contracted marginally by 4.3 per cent, Marine showed a 13.1 per cent growth and the Miscellaneous showed a healthy growth of 18.8 per cent. Incurred claims ratio in the respective segments, were 42.58, 54.72, and 21.38 per cent respectively. The Corporation reported a net profit of Rs. 200.02 crore during 2004-05, as against Rs.1037.62 crore in the previous year. A dividend of 15 Per cent was declared for the year as against 30 per cent in the previous year.

Investments

The total investments of GIC as on 31st March, 2005 were Rs.15,434.31 crore as against Rs.12,927.41 crore in the previous year Favourable conditions in the stock market enabled GIC to realize profits to the extent of Rs.464.85 crore.

C. RESEARCH & DEVELOPMENT ACTIVITIES UNDERTAKEN

The department undertook the analysis of motor data collected for the pilot study in association with TAC. Consolidated results were presented at various forums. The department is actively engaged in extending the study to all the offices across the country. Partial analysis of data was done on data so far received and attempts are being made to analyse the data on different aspects on an ongoing basis.. The department prepared a data dictionary for the use of insurers for submission of data. The department is also engaged in cleaning and analysing the data submitted by TPAs on health insurance and some important tabulations have been generated.

D. REVIEW

i. Protection of interests of policyholders

One of the responsibilities of the Authority is to protect the interests of policyholders. To give effect to this objective, the Authority notified the Protection of Policyholders Regulations in April, 2002. In another initiative, the Office of the Appellate Authority has been constituted under Section 110H of the Insurance Act, 1938. The Appellate Authority has been set up to review, on appeal, the directives given by the Authority.

Other steps taken by the Authority to protect the interests of the policyholders include:

- Constitution of a Cell within the Authority headed by a Deputy Director to receive complaints /grievances from the policyholders. The Cell looks into genuine cases of delay in the settlement of grievances. However, the Cell does not function as an underwriter nor does it decide on issues like adoption of underwriting practices, the claims procedure etc., by the insurers;

- making it compulsory for every life insurer to make available the premium rates with a facility of a premium calculator on its web-site for the information of public;
- making it obligatory for insurance companies to disclose clearly the benefits, terms and conditions of the policy document;
- advertisements issued by the insurers are required to make proper disclosures;
- for redressal of the complaints of the individual policyholders, the Ombudsman scheme has been put in place by the Central Government. The implementation of the scheme has been put in place by the Central Government. The implementation of the scheme is being facilitated by the Authority;
- mandate insurers to set up proper grievance redressal machinery at their head office and at their other offices;
- introducing Third Party Administrators in the health sector, to provide improved health insurance services viz., cashless cover, and other add-on facilities; and
- licensing brokers as intermediaries to serve the interests of the insured public in general and insurance industry in particular. The broker renders advice on appropriate insurance cover and terms thereof, keeps up to date on the variety of available insurance products and submits quotations received from insurers for consideration of the client.

The Authority also protects the interests of the policyholders by ensuring that the insurers maintain the prescribed solvency margin. Maintenance of the solvency margins by the insurers is an indication that they are in a position to meet their obligations towards policyholders with regard to payment of claims.

In this direction, IRDA in order to facilitate expeditious settlement of claims due to floods in Mumbai permitted recently in-house Surveyors to assess damage upto Rs. 50,000/- as against the normal limit of Rs. 20,000/-. IRDA issued instructions to the insurers to expedite the process of claims settlement by simplifying the claims process to help the victims of the Tsunami. Further, IRDA instructed process for settlement of claims where needed to make the claims process more friendly and easy. Life insurance corporation waived some of the necessary documentation for settling claims in this regard.

ii. Maintenance of solvency margins

Every insurer is required to maintain a Required Solvency Margin as per the Section 64VA of the Insurance Act 1938. Every insurer shall maintain an excess of the value of his assets over the amount of his liabilities of not less than an amount prescribed by the IRDA, which is referred to as a Required Solvency Margin. The IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 describe in detail the method of computation of the Required Solvency Margin.

In case of Life Insurers the Required Solvency Margin is the higher of an amount of Rs. 50 Crores and a sum which is based on a formula given in the said Regulations.

In case of General Insurers the Required Solvency Margin, shall be highest of the following amounts:

1. fifty crores of rupees (one hundred crores of rupees in case of reinsurer) ; or
2. a sum equivalent to twenty per cent of net premium income; or
3. a sum equivalent to thirty per cent of net incurred claims,

subject to credit for re-insurance in computing net premiums and net incurred claims being actual but a percentage, determined by the regulations, not exceeding fifty per cent.

IRDA has set a working Solvency Margin Ratio (Ratio of Actual Solvency Margin to the Required Solvency Margin) of 1.5 for all insurers.

Life insurers

Of the thirteen insurers who underwrote premiums during the year 2004-05 eleven insurers complied with the stipulated requirement of 1.5. LIC had a solvency ratio of 1.27 which was above the statutorily required ratio but below the regulatory stipulation of 1.5. In respect of Max New York Life, the actual solvency ratio was 1.47. However, the insurer has since filed a revised Return which is being examined by the Authority.

Non-life insurers

In the non-life segment, of the four non-life insurers in the public sector, two were unable to meet the stipulated solvency ratio of 1.5. While the solvency ratio of Oriental improved to 1.46 as on 31st March, 2005 (as against 1.37 on the same day in the previous year), in case of National, the ratio declined to 1.30 from 1.46. New India and United India reported a solvency ratio of above 1.50. While in the case of the former

Box Item No. 3

TOWARDS A RISK FOCUSED SURVEILLANCE FRAMEWORK

Every insurance company is exposed to various kinds of risks which may endanger its existence. The risks can be categorized into three components, i.e., technical risks, investment risks and non-technical risks. While the technical risks may vary between life and non life insurers, the other two are equally applicable. As life insurance is a long term business, the risks associated with asset liability management (ALM) issues are slightly different. Broadly, a life insurer is driven by mortality and a non-life insurer is driven by claims experience. Risks typical to the insurance industry thus include those relating to insufficiency of tariffs, deviation from the envisaged scenario particularly those related to claims, errors in evaluation of technical provisions, inadequacy or inaccuracy of reinsurance cover, un-covered operational expenses for long duration contracts, occurrence of major losses in case of non-life insurers and catastrophes resulting into huge losses. A Company may also be exposed to risks on account of too low or exponential growth of business.

While, technical risks cover the liabilities side of the insurance companies investment risks relate to the assets. As such huge data on important variables are required to assess the risks. Inadequate data acts as a constraint to assess the future claims. As such an insurer tends to be more cautious than desired. As errors cannot be totally eliminated adequate provisions need to be built in. Concurrently, the technical risks could arise on account of management lapses-conscious or otherwise - (for example the tendency to underestimate the risks in order to acquire a larger market share). The assets could be exposed to a variety of market risks and thereby impact its solvency. Hence, there has to be a conscious and systematic approach to risk management across the company. Besides, insurers are exposed to various types of operational risks in an increasingly competitive environment, and therefore well planned risk management architecture assumes considerable significance. In brief risks facing an insurance company include:

- **Insurance risks:** risk due to inappropriate underwriting strategy if chosen strategy is inadequately implemented, or unexpected losses arise even when an appropriate strategy is in place. These risks could include underwriting risks, catastrophe risks and deterioration of technical reserves.

- **Market risks:** risks that arise primarily due to adverse movements in the value of an insurer's assets, both off and on balance sheet. The adverse movements could be on account of changes in interest rates, foreign exchange rates, equity values, etc., and the corresponding movement in the value of liabilities.

- **Credit risks:** risks which arise when a counter party fails to perform its obligations. An insurer's counter parties include debtors, borrowers, brokers, policyholders, re-insurers and guarantors.

- **Liquidity risks:** risks which relate to the possibility that an insurer will be unable to realize the assets to fund its obligations as and when they arise. It is critical to know whether the cash flows are adequate to meet the obligations to the policyholders and creditors.

- **Operational risks:** risks arising form failure of systems, internal procedures and controls leading to financial loss. The insurer should be adequately able to demonstrate that such risks have been considered and that adequate plans and procedures are in place to deal with adverse scenarios. Adequacy of Business Continuity Management and Disaster Recovery Plans needs to be demonstrated.

- **Group risks:** The members of an insurer in a group can be a potential source of strength to the insurer, but it can also pose risks particularly as a result of contagion.

- **Systemic risk:** could result on account of failure or downgrading of one or more insurer who is significant in a market. Similarly, the failure or downgrading of other financial institutions such as banks, could affect an insurer's operations.

Contd...

Insurance companies have in place risk management framework to review and put in place systems to handle risks pertaining to operations, investments and ALM. The insurers should have risk management committees to closely monitor various risks to which they are exposed to and to take steps to mitigate the same. Having placed strategies for risk mitigation, companies set up systems to monitor their performance with the changes in the environment and may review these strategies if necessary. The system depends on corporate's business strategy, management decisions, size and nature of business.

An important aspect of managing risks is the regulatory stipulations on the investment portfolio to cover all issues pertaining to investment policy, asset mix, valuation, diversification, exposure, asset-liability match and risk management. Investment portfolio also has a spill-over effect on technical provisions and solvency margin. Managing the investment portfolio is thus a balancing act between availability of investment options, particularly those to match the insurer's liability profile and preparedness to meet a potential large payments. The Authority has in place stipulations on investment management including setting up of the Investment Committee, its constitution and meetings, requirements for a half yearly review of the investment policy, asset mix and on exposure norms. The Authority has also permitted use of derivatives to hedge the interest rate risks for the underlying approved component of the investment portfolio. The derivative use must however strictly in incompliance with the guidelines issued by the Authority.

One of the significant sources of risk mitigation is re-insurance. Based on the assessment of its capacity to bear risk, insurers further buy cover for the premium underwritten by them. Traditionally, insurers and re-insurers managed their capital according to their core business of taking on financing risk. At present, the banking sector and the capital markets are also playing an active role in offering capital management solutions. Some innovations have also been witnessed with availability of alternate risk transfer (ART) techniques which are aimed at helping insurers smoothen their balance sheets. The most innovative being the catastrophic bonds which result in transfer of risks from the balance sheets of insurers to the capital market investors. ART technique helps to achieve the dual objectives of "risk transfer" and "financial engineering". ART covers have been used by insurers to manage complex risk exposures, which are often uneconomical in the mainstream insurance market, and tend to be most successful for large financially strong companies with a sophisticated approach to financing of risks. These are bound to evolve in India in due course. In this context, the Authority has taken a view that any cover taken by the insurers which does not result in actual transfer of risk must necessarily be accounted for. Any cover which aims at only seeking regulatory relief in terms of solvency requirements, in case it does not result in actual or adequate transfer of risk, necessarily has to be viewed with proper degree of skepticism.

From the regulator's angle the cover against the risks borne by the insurers is the availability of sufficient assets to honour their liabilities (net of reinsurance cover) as and when these may arise. An insurance company is considered solvent if it is able to fulfill all its obligations at all points of time. The regulators, in order to protect the interests of the policyholders, stipulate minimum capital requirements at the entry level and also for maintenance of adequate capital/assets at all points of time. Across the globe, the approach towards adequacy of capital is three pronged, i.e., minimum capital, supervisory review and enhanced disclosures. The regulatory regime provides for intervention by the supervisor or imposition of certain restrictions in case of the available solvency margin falling below a specified threshold. Moving forward, based on their assessment of the capital requirements, insurers could inject more capital. Such capital planning is fundamentally linked to corporate strategy at the Board level. Senior management also has the responsibility for determining the company's risk profile, which needs to be supported by the corresponding capital level.

Some countries have moved towards Risk Based Capital (RBC) system. The fundamental idea behind this approach is to fix risk categories to which an insurance company is exposed, quantify these risk categories and equip them with a specified capital requirement. This stipulation is based on assessment of risk and is considered as the minimum capital amount which is required to cover each specified risk class. These risk based values are further combined into the enterprise RBC, taking cognizance of the correlation between the various risk classes. A definite advantage of such a system is the integrated system of control levels or trigger points. Taking into account the actual risk based capital the levels of intervention by the regulator are laid down. In India, while the banking sector has moved towards risk based capital, this is still an open issue for the insurance industry.

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In the Indian context, the Insurance Act, 1938 requires all insurers to maintain sufficiency of assets at all times to meet all the liabilities, thereby providing for a solvency margin of 100%. The Authority, as a measure of prudence has prescribed a solvency margin of 150% to be maintained at all points in time. This prescription is equally applicable to all insurers. The regulatory prescription is driven towards ensuring that the insurer has the financial resources at all times to meet its liabilities. The buffer between the stated liabilities and available assets is necessary and is created to absorb discrepancies between the anticipated and actual expenses and profits. Given the nature of the industry despite actuarial and statistical efforts the loss experience can not be precisely predicted. The risk premium is calculated taking into account the margins for adverse deviation. However, it may be insufficient in the face of negative variances and when expected values are of high proportion which can not be covered by the safety margins provided for the purpose. Since an insurer faces other risks besides technical risks from the regulator's perspective, an important instrument of risk mitigation to meet foreseeable obligations to the policyholders under contracts is through adequate allocation of the provisions. Catastrophes can further cause havoc to an insurer's financial stability – thus building buffers over the years can facilitate to tide over such difficult periods.

From the regulator's view point in case an insurer falls below the stipulated solvency margin, the supervisor has sufficient time to prescribe measures to restore the soundness of the insurer. In case such measures do not turn to be successful, other measures may be taken to protect the interests of the insured and other stake holders. For specific purposes like Terrorism, Earthquakes, Catastrophes and the like the industry comes together to build up resources to handle such eventualities which is another step towards risk mitigation.

The supervisor through regulatory pro-active intervention can also take adequate preventive measures to curtail / contain risks, laying down prudent controls and guidelines for undertaking specific activities, and provide for methodologies for computing various critical parameters and formats for reporting on periodic basis. Prudential principles are usually embedded in the regulatory framework to provide for the technical risks, which could include provisioning for technical reserves, sufficiency of new business and even prior approval of tariffs. Investment guidelines and admissible assets help in diversification and spreading of investment to minimize the related risks. The regulator should have the authority and ability to assess the adequacy of the technical provisions and if required such provisions could be increased. The Authority has put these in place based on sound accounting and actuarial standards, covering provisions for claims incurred but not reported, provisions for unearned premium, provision for unexpired risks and life insurance provisions.

The non-technical risks are controlled through various initiatives aimed at corporate governance. In the Indian context, the supervisory framework requires insurers to disclose their overall risk exposure and the strategy adopted to mitigate the same in the Management Report which forms part of the annual financial reports. In cases where the insurer has operations in other countries they are also required to disclose details of the country risks and strategy adopted to hedge such risks.

The need for regulatory supervision towards protection of interests of policyholders stems from the fact that there are economic costs attached to failure of financial markets which could also lead to systemic failures with corporates operating as financial conglomerates and the spiraling impact of the same. Besides the benefits which flow from financial risk management, the costs in setting up systems in-house and with the regulator are high. As against this, the approach adopted by insurers to evaluate and prioritize risks and finally mitigate them, find roots in their desire to align these with the overall strategic decisions to optimize shareholder' value which again is not possible without optimizing the benefits of all stakeholders. Overall, the strategies have to be aligned to the overall financial objectives of an organization.

Viewed in the context of the regulator's perspective, an assurance is required on not only the presence of risk management systems, but also their ability to deliver. Regulators across the globe are putting in place various processes involved in risk focused surveillance framework. These include the following :

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1. Risk focused examination;
2. Off-site risk focused financial analysis;
3. Review of internal/external changes;
4. Priority systems (CARRMELS); and
5. Supervisory Plan

The risk focused examination includes identification of various functional activities and assessing the inherent risks associated with those activities. The process covers identification and evaluation of control processes in place to monitor the identified risks. The assessment includes the policies and procedures established, internal audit processes, reporting systems and corporate governance. The residual risks associated are also determined. The supervisory process includes establishing procedures to conduct an on-site examination which becomes concluded by incorporating the comments of the management.

The off-site risk focused financial analysis includes examining such aspects as frequency and scope of the examination, meetings with company management, follow-up on the recommendations made and continuous monitoring of financial analysis. The process of reviewing the internal/external changes includes keeping tabs on changes in credit ratings, ownership/management/ corporate structure, business strategy/plan, auditors' report, and any changes in the legal and regulatory status.

Given the limitation of the resources available, supervisory bodies world over prioritize their regulated entities for the purpose of monitoring their performance. The "off-site" or "desk audit" is based on ratio analysis which covers Capital Adequacy, Asset Quality, Reinsurance, Reserves, Management, Earnings, Liquidity and Sensitivity to Market – CARRMELS. The overall process of financial examination covers analysis of the financial statements and the actuarial analysis. The risk assessment based approach thus facilitates a more efficient use of resources at the disposal of the supervisor.

For the regulator the issues of concern are driven less by the Balance Sheet approach and more by the prospective risk focused approach which includes seeking confirmation on whether risks are assessable, controls are identifiable, what are the risks to financial solvency, and the extent to which reliance can be placed on auditors' work. The challenges to the supervisor while following the risk based approach are tackling concerns relating to "Confidentiality"; Competence – which encompasses the regulatory resources and expertise; and Consolidated approach of regulating from a group wide perspective.

Overall, the changing equations in the financial markets and emergence of financial conglomerates have only increased the contingencies and uncertainties as the markets have become more integrated. The risks associated in such a scenario have put further pressures on the need for transparency, disclosures and corporate governance. Public disclosure of reliable and timely information facilitates the prospective and existing policyholders and other market participants to assess the financial position of insurers and the risks to which they are exposed to. Regulators are concerned about maintaining efficient, fair, safe and stable insurance markets for the benefit and protection of the policyholders. Risk disclosure is critical to the operation of a sound market. When provided with appropriate timely information market participants can act efficiently, rewarding those companies that manage risk efficiently and penalizing those that do not. This brings in market discipline and acts as an adjunct to supervision.

While the supervisor puts such requirements in place with the intention of ensuring enhanced practices by the insurers, the ultimate responsibility for the development of best practices and proper operation of the insurer must always rest with the respective board of directors. The industry has to put in place systems to self regulate and to minimize its risks to meet its strategic goals, and the regulator anxious to protect the interests of policyholders wants an assurance on a continuing basis that the liabilities would always to honoured. To the regulator that is the ultimate in risk management and mitigation.

it had improved to 4.47 from 3.99 in the previous year, in the case of the latter it improved to 2.04 from 1.90.

ECGC which is underwriting credit business had a solvency ratio of 6.44 as on 31st March, 2005 slightly lower than 6.52 in 2004. Agriculture Insurance Company which commenced its operations in 2003-04 has been advised to furnish the Solvency Statements with the Authority.

Of the eight non-life private insurers, except TATA AIG all others have met their solvency requirement of 1.50 as stipulated by the Authority. TATA AIG, which had reported a solvency ratio of 1.31 (1.36 in the previous year), on instructions from the Authority, injected fresh capital to the extent of Rs.40 crore to comply with the solvency margin stipulations. Of the private insurers, two have reported an improvement in the solvency ratio as on 31st March, 2005. Insurers are increasing their leverage on the capital funds while maintaining the solvency requirements.

Re-insurer

The national re-insurer, General Insurance Corporation, reported a lower solvency ratio of 3.81 as on 31st March, 2005 as against 4.29 a year ago.

iii. Monitoring of reinsurance

The mandate to the Authority in respect of reinsurance lies in the provisions of Section 14(1) and 14(2) Sub Section (f) of the IRDA Act, 1999 as well as Sections 34F, 101A, 101B and 101C of the Insurance Act, 1938. In addition the Authority has framed regulations pertaining to reinsurance by general insurers which lays down the ground rules in placing reinsurance with the reinsurers. Under the provisions of the Insurance Act, 1938, the General Insurance Corporation of India has been designated as the “Indian reinsurer” which entitles it to receive obligatory cessions of 20 per cent from all the direct general insurers. The limits have been laid down in consultation with the Reinsurance Advisory Committee.

Every insurer is required to keep the following objectives while drawing up their reinsurance programme:-

- Maximize retention within the country
- Develop adequate reinsurance capacity
- Secure the best possible protection for the reinsurance cost incurred
- Simplify the administration of business

Under the regulations, all general insurers have been filing their reinsurance programme with the Authority. The Authority after examining the reinsurance programmes seeks clarifications wherever required. The Authority has also been receiving copies of the treaty slips and cover notes and compares the retentions, limits, terms and conditions with the reinsurance programme filed earlier. The Authority has also been examining the reinsurance returns filed by the insurance companies for evaluating the performance of their proportional and non-proportional treaties.

The Authority came to know of certain market practices adopted by the insurance companies for mega and large risks wherein the terms of coverage offered by them to the insurance customer differed from those obtained from the reinsurer. The Authority, in order to put in place good corporate governance in the reinsurance arrangements, issued guidelines asking the insurance companies to obtain prior approval of their respective Boards before making such reinsurance placements. It is understood that all the companies have placed the guidelines before their respective Boards.

Reinsurance Advisory Committee

The Authority with the approval of the Government constituted the Reinsurance Advisory Committee under section 101B of the Insurance Act, 1938. The annual meeting of the Reinsurance Advisory Committee took place on 1.12.2004 to finalize the terms of obligatory cessions to be made by the companies to GIC. The meeting was chaired by Mr. C.N.S.Shastri, Advisor to the Authority and included members Mr. G.V.Rao and Mr. K.N.Bhandari. The Committee recommended that the percentages and terms of statutory cessions may remain unaltered for one more year subject to the following changes.

- The maximum cession limit for Fire statutory cessions may be raised from Rs.50 crore to Rs.100 crore PML per risk, MD and LOP combined.
- The cession to be made in respect of mega risks, aviation insurance of all airlines and Oil and Energy insurance may be increased to 20 per cent subject to a maximum limit on property of Rs.120 crore and a corresponding cession on other risks. The cession to GIC must be on average placement terms. Insurers must also provide full access to underwriting information to GIC on all such risks including rates and terms applicable to the insurance and reinsurance of these risks.
- The cession limits for Engineering insurances should be raised to Rs.30 crore PML or Rs.90 crore sum insured whichever is lower in respect of MB. BE and

LOP and Rs.60 crore PML or Rs.180 crore sum insured whichever is lower in respect of CAR, EAR, ALOP, DSU insurances.

- The cession on all special types of liability insurances that are at present required to be mutually agreed, will be at 20 per cent subject to a liability limit of Rs.5 crore per event.
- While the commission levels may remain as at present, the profit commission should be increased to 25 per cent for Fire and should be 25 per cent for engineering business. All other terms may continue unaltered.

The GIC is required to offer retrocession of the statutory cessions portfolio, after excess of loss protection, to the extent of 50 per cent of the premium ceded by the insurer as statutory cessions to GIC in terms of Regulation 3(11) of the IRDA (General Insurance-Reinsurance) Regulations, 2000. It will be open to each insurer to decline a share in the retrocession or to accept a reduced share. Such retrocession will be at the same percentage across the board and the insurer receiving the retrocession should retain it entirely for its net account. New obligatory cessions received by the GIC along with reinsurance and profit commissions are placed at Annex viii

Terrorism Pool

The Indian Market Terrorism Risk Insurance Pool which came into existence on April 01, 2002 completed its 3rd year of operation on March 31, 2005. The cover provided by the Pool which was initially Rs. 200 Cr. per Risk/ Location was increased to Rs.300 Cr. per Risk / Location w.e.f. April 1, 2004 and subsequently to Rs.500 Cr. per Risk/ Location from February 1, 2005. The premium rates charged for Terrorism cover were also revised down from February 1, 2005.

Five meetings of Underwriting Committee / Pool Members were convened in which important matters pertaining to the functioning of the Pool were discussed. The Meetings had also deliberated on various issues raised by Members. Some of the major issues discussed were:

- Increase in cover (limit of liability) provided by the pool
- Revision in Pool Tariff rates
- Treatment of Mega Risks for Terrorism cover
- Refund of premium on cancellation of Terrorism cover
- Coverage of Miscellaneous Policies under Terrorism Pool
- Floater cover for multiple locations

iv. Monitoring of investments of the insurers

While recommending opening up of the insurance industry, the Malhotra Committee had envisaged *inter alia* that insurance may serve as an effective instrument for mobilization of financial resources for development. The insurance sector by its business nature attracts long term funds, and therefore required to be invested in a manner which ensures asset liability match and also equip the insurers to meet their obligations to their policyholders in case of claims. Therefore, life insurers invest their funds in long term horizon. Such long term investments meet the requirements of the infrastructure sector in the country. The Rakesh Mohan Committee, while focusing on the infrastructure gaps has also underlined the need for tapping the insurance funds to meet the high cost infrastructure of the country.

The regulatory framework for investments by the life and non-life insurance companies provides for the pattern of investments, including exposure norms/ prudential guidelines. The requirements laid down by the Authority address the dual objective of safety and returns to the insurers combined with socio-economic objectives. The regulations framed under the Insurance Act, 1938 provide for investments in government securities, approved securities, approved investments and in infrastructure and social sectors. Further, the regulations have laid down the pattern of investment separately for life fund; funds relating to pension and general annuity business; and unit linked life insurance business. In the case of unit linked life insurance business, every insurer is required to invest as per the pattern of investment offered to and approved by the policyholders, with a provison that total investment in “other than approved category” shall at no time exceed 25 per cent of the Fund. Prescriptions have also been laid down on the pattern of investments in the case of non-life insurers including re-insurer.

The regulations also require that the insurers carry out all functions related to investment business in-house. As the insurers are in the process of building up capabilities, they have outsourced the investment function. Noticing this, the Authority instructed the insurers to initiate steps to ensure that outsourcing of such functions should be discontinued by 31st December, 2004. On representation from the insurers, the issue was discussed at length. The Authority recognized the problem and allowed Life insurers to outsource only the NAV calculation pertaining to unit linked business.

The Authority has also laid down the requirement for demarcation of the “front” and “back” office investment functions of an insurer to ensure that adequate internal checks and controls are in place. The requirements have been prescribed to facilitate prudent investment decisions with adequate checks and balances thereby ensuring Asset Liability Management. The Investment Committee of an insurer frames the Investment Policy on an annual basis and reviews it at half yearly and periodically.

The Authority has initiated steps towards investment inspection on a periodic basis with a view to monitoring the investment decisions of the insurers, compliance with the regulations, prudent investment of funds and adequate provisioning on a regular basis. Inspections are carried out by contracted chartered accountants with an officer of the Authority as part of the inspection team. The inspection enables the Authority to make on-site assessment of the compliance with the regulations and to initiate corrective action if necessary. During the financial year 2004-05, based on the issues that arose on scrutiny of the returns filed by the insurers, on-site investment audit was carried out on 26 insurers.

The Authority has also been issuing clarifications/ guidance notes to the insurers from time to time. The Returns submitted by the life and non-life insurers indicated that they are broadly complying with the investment regulations as laid down by the Authority. Wherever necessary IRDA sought clarifications. The insurers had difficulty in complying with the social sector investments due to lack of adequate avenues for such investment. However, these shortfalls have been made good by making additional investments under the infrastructure category. One insurer each in the life and non-life segments, showed a shortfall in the Infrastructure and social sectors and they were asked to make good the shortfall in 2004-05.

As on 31st March, 2005, the total investments by the insurance industry were Rs.465863.89 crore as against Rs.386699.42 crore in the previous year, recording an increase of 20.47 per cent.

TABLE 21

INVESTMENTS OF INSURERS

Rs. Crore

INSURER	Life		Non-Life		Total	
	31-Mar-04	31-Mar-05	31-Mar-04	31-Mar-05	31-Mar-04	31-Mar-05
Public sector	347959.14	418288.99	32224.60	34856.53	380183.75	453145.52
		(20.21)		(8.17)		(19.19)
Private sector	4665.38	10162.94	1850.29	2555.43	6515.67	12718.37
		(117.84)		(38.11)		(95.19)
TOTAL	352624.52	428451.93	34074.89	37411.96	386699.42	465863.89
		(21.5)		(9.79)		(20.47)

Note: Investment figures pertaining to AIC of India and ECGC has not been included.

While investments by the life insurers increased by 21.5 per cent to Rs.428451.93 crore, the corresponding increase in the case of non-life insurers was 9.79 per cent to Rs.37411.96 crore. While investments by LIC increased by 20.21 per cent, in the case of other life insurers, the increase was 117.84 per cent. Similarly, the increase in the case of public sector non-life companies was 8.17 per cent and for private sector non-life insurers it was 38.11 per cent. (Table-21)

Of the total investments, investments from Life Fund, constituted 85.48 per cent, ‘Pension and General Annuity’ (including Group) (12.77 per cent) and Unit Linked Fund (1.76 per cent) as on 31st March, 2005. As against the composition of investments as on 31st March, 2004, were at 87.15: 12.37 and 0.48 per cent respectively. It may be observed that a shift had taken place in favour of investments from Unit Linked Funds which is reasonable to expect. The shift is more pronounced in the case of private insurers, in whose case the investments out of Unit Linked Funds accounted for 46.92 per cent as against 31.68 per cent in the previous year highlighting the reliance of new insurers on unit linked products to underwrite new business. (Table-22)

TABLE 22

INVESTMENTS OF LIFE INSURERS: FUND WISE

(Rs. Crore)

INSURER	LIFE FUND		PENSION AND GENERAL ANNUITY FUND		GROUP FUND EXCLUDING GROUP PENSION & ANNUITY		UNIT LINKED FUNDS		TOTAL OF ALL	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
LIC	361428.87	304436.88	11462.03	9244.06	42639.42	34068.32	2758.67	209.87	418289	347959.1
PRIVATE SECTOR	4790.98	2872.03	561.75	307.77	41.43	7.15	4768.77	1478.4	10162.93	4665.38
TOTAL	366219.85 (85.48)	307308.91 (87.15)	12023.78 (2.81)	9551.83 (2.71)	42680.85 (9.96)	34075.47 (9.66)	7527.44 (1.76)	1688.3 (0.48)	428451.9	352624.5

Note : Figures in brackets are percentages to the respective totals

Life insurers held Rs.209908.18 crore in Central Govt and State Govt Securities and other approved Securities, Rs.45521.01 crore in Infrastructure and Social sectors and Rs.110790.66 crore in Investment subject to exposure Norms as on 31st March, 2005. The corresponding investments on 31st March 2004 were Rs.174693.64 crore, Rs.38636.84 crore, Rs.93978.43 crore, respectively. In the case of LIC, 57.2 per cent of the investments out of Life fund were invested in Central Government and State Government Securities and other approved Securities, 12.35 per cent were invested in Infrastructure and Social Sector and 30.4 per cent were invested in Investment subject to exposure Norms as on 31 March, 2005 as against. 56.79 per cent, 12.52 per cent and 30.6 per cent respectively in the previous year. Correspondingly, the private insurers held 62.25 per cent of the investments out of Life fund were invested in Central Govt and State Govt Securities and other approved Securities, 28.67 per cent in Infrastructure and Social sectors and 19.39 per cent in Investment subject to exposure Norms as on 31st March, 2005. The corresponding investments on 31st March 2004 were. (Statement 36).

Investments of Non- Life Insurers

Of the total investments by non-life insurers, investments of Rs.14964.24 crore were held in Central Govt and State Govt Securities, Rs.4389.70 crore in Infrastructure and Social Sector and Rs.15410.64 crore in Investment subject to exposure norms as on 31st March, 2005, as against Rs.13355.23 crore, Rs.3600.36 crore and Rs.14771.99 crore a year ago.

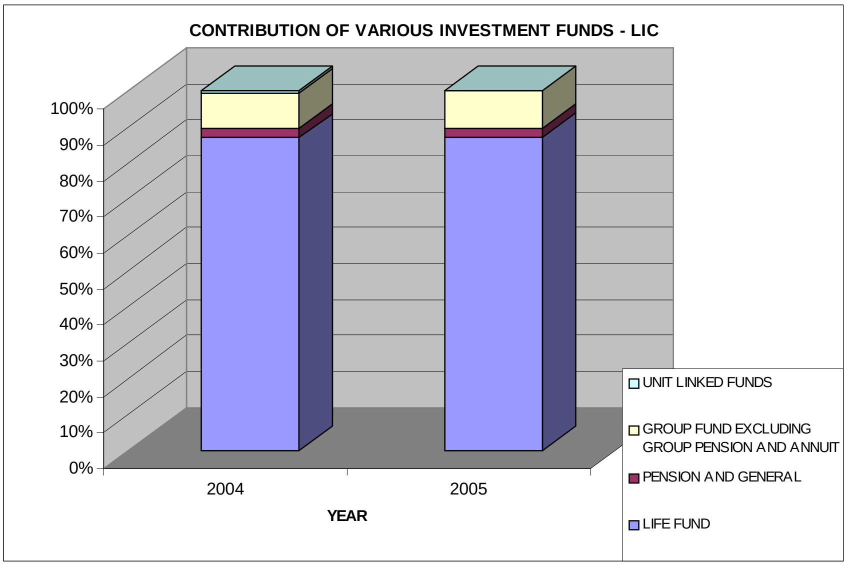
Public sector non-life companies' investment in central Govt and State Govt securities stood at Rs.13725.20 crore (39.38 per cent of their total investment), in infrastructure and social sector stood at Rs.4001.17 crore, (11.48 per cent of their total investment) and in Investment subject to exposure norms stood at Rs.14695.38 crore (42.16 per cent of their investment) against Rs.12389.58 crore (38.45 per cent), Rs.3309.45 crore (10.27 per cent) and Rs.14338.67 crore (44.5 per cent) respectively in the previous year. The investments of the private insurers in the said sectors stood at Rs.1239.04 crore (48.49 per cent), Rs.388.53 crore (15.2 per cent) and Rs.715.41 crore (28 per cent) as against Rs.965.65 crore (52.19 per cent), Rs.290.90 crore (15.72 per cent) and Rs.433.32 crore (23.42 per cent) respectively as on 31st March 2004.

v) Health insurance

The health insurance in the country presently covers only 1 per cent of the population. The share of health insurance in health financing accounts for a mere 1.2 per cent of the total expenditure on health. The Working Group on Health Insurance constituted by the Insurance Regulatory and Development Authority with representatives drawn from various stakeholders looked into areas related to the promotion and development of health insurance. Towards this end, the Working Group set up three Committees to examine the following issues:

1. Implementation of the agreed recommendations of the Health Insurance Data Sub Group. (Committee on Health Insurance Data - CHID)

2. Examination of regulatory issues pertaining to registration of standalone health insurance companies.


CONTRIBUTION OF VARIOUS INVESTMENT FUNDS - LIC
100%
90%
80%
70%
60%
50%
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2004
2005
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UNIT LINKED FUNDS
GROUP FUND EXCLUDING GROUP PENSION AND ANNUIT
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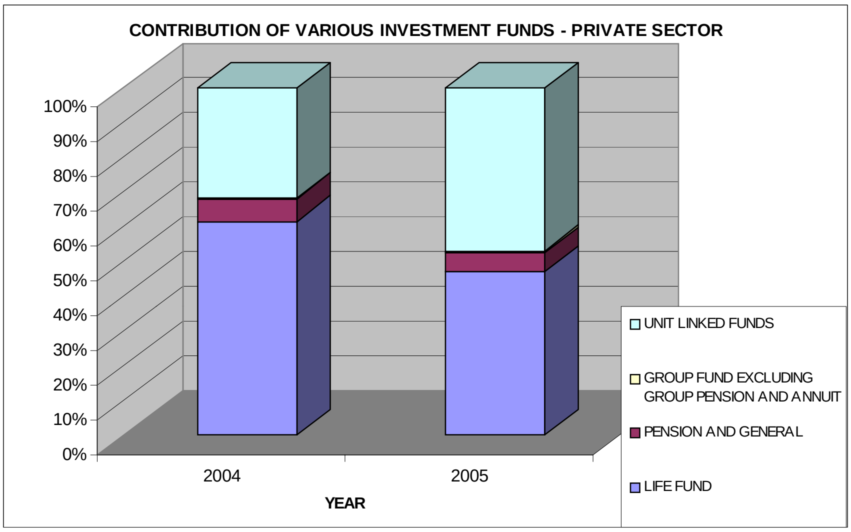
LIFE FUND


CONTRIBUTION OF VARIOUS INVESTMENT FUNDS - PRIVATE SECTOR
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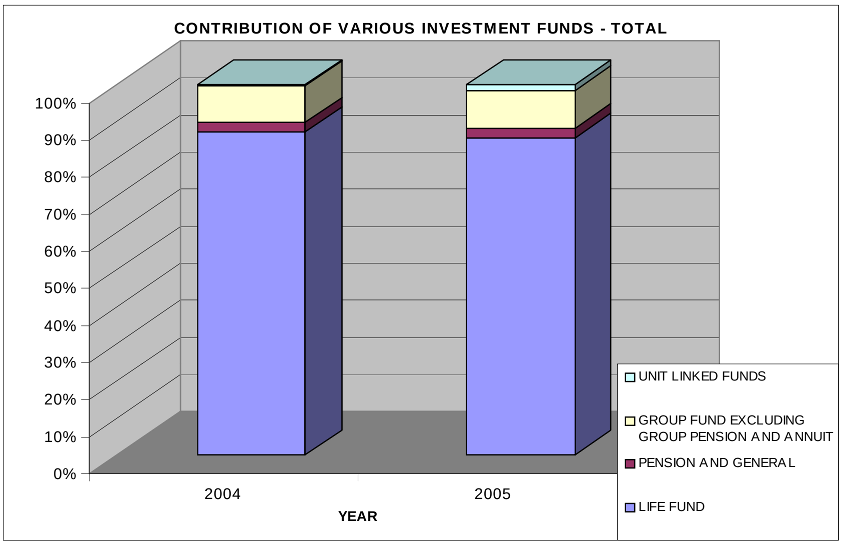
CONTRIBUTION OF VARIOUS INVESTMENT FUNDS - TOTAL
100%
90%
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2004
2005
YEAR
UNIT LINKED FUNDS
GROUP FUND EXCLUDING GROUP PENSION AND ANNUIT
PENSION AND GENERAL
LIFE FUND

3. Examination of issues related to introduction of innovations in approach to new product design for popularizing Health Insurance including aspects related to exclusions like "Pre-existing conditions".

The Committee on Health Insurance Data recommended that the Tariff Advisory Committee as the custodian of data may collect data from the TPAs for two years i.e. 2003-04 and 2004-05 in the formats prescribed by CHID. TAC has collected around 2 million records so far and are examining the quality of data. As diagnostic coding becomes important for finer analysis, CHID recommended training of TPAs on ICD-10 Diagnostic Codes in consultation with WHO and Government of India. Accordingly, IRDA is nominating officials from TPA and the Government arranges such training programmes. Three batches have already been trained at Mohali, Bangalore by the Central Bureau of Health Intelligence.

One of the reasons for low penetration of health insurance in India is the lack of regulations in the health sector resulting in exposure of the beneficiaries to various wrong practices present in the system. Keeping in mind that any regulation on health insurance should ensure the patient is provided with the choice of provider and insurer while managing the cost environment, the Committee on Examination of Regulatory Issues pertaining to Registration of Stand-alone health insurance companies recommended:

(1) A Minimum Capital Requirement of Rs.50 crore for a stand-alone health insurance company. The committee felt that this would not only render stand-alone health insurance viable, but also provide sufficient entry hurdle for non-serious players to enter into the sector. Evaluation of financial soundness and market reputation of the promoters would be equally important factors for consideration of a licence.

(2) Adoption of a Risk Based Capital Model for stand-alone Health Insurance companies.

(3) Stand-alone health insurers be allowed to write Personal Accident covers as combined and add-on covers. Similarly, the committee felt that stand-alone health insurance companies should also be permitted to sell overseas travel policies, since these cover the eventuality of sickness and accident while on overseas travel.

(4) The level of foreign direct investment in stand-alone health insurance ventures be permitted up to 51 per cent. This, the committee felt was required in order to develop the domestic health insurance market and to provide depth by introduction of newer products, contemporary underwriting practices, claims management techniques etc.

(5) Continuation of the existing practice of health insurance being written both by life and non life insurance companies. In addition to the current practice, it has suggested legislative changes to allow licensing of stand-alone health insurance companies.

(6) Agents of both life and general insurance companies should be allowed to take agency of stand-alone Health Insurance companies.

The Model of Stand – Alone Health Insurance Company includes Revenues from Health Insurance, personal Accident and Overseas Health & Personal Accident Insurance. It is a welcome sign that one company has come forward to establish a Stand-Alone health insurance company even with the existing framework of Rs. 100 crore entry capital.

IRDA is also seized of the requirement of standardization of medical definitions across all health insurance products from different companies, as inconsistent definitions by the insurers result in inconsistent pricing and inconsistent incorporation of health insurance products. The Working Group on Innovations in Health Insurance Policies has arrived at a standard definition and interpretation for pre-existing ailments.

Overall the thrust of the recommendations of the Working Group is to create an environment to popularize the concept of Health Insurance by i) diversification of products, ii) alleviation of grievances by reframing the policies if necessary, iii) clear definitions of benefit coverage, pre-existing disease etc., iv) training on ICD -10 coding, v) setting up a Rural Health Insurance Committee.

Some of the innovative features proposed to be offered in health insurance include:

i) inclusion of cervical cancer and hysterectomy in the critical illness cover specially designed for women; and

ii) Offering of tele-medicine consultations as a rider to the stand – alone health insurance policy.

Third Party Administrators

In the post liberalization era, and subsequent to the notification of TPA-Health Services Regulations-2001, few companies were licensed to act as TPA-Health services to strengthen and encourage the health insurance and increase its penetration. The idea was to bring in more professionalism in claims management, facilitate cashless services to the policy holders and to reduce the claims ratio. The cashless services to the consumer is an impetus to the growth of health insurance as it saves the consumer from the problems of reimbursement of medical claims. As on today there are 25 licensed Third Party Administrators.

In the earlier stages there were grievances against the TPAs mostly relating to issuance of identity cards, delayed payment/ reimbursement of bills etc. Now, the functioning of the TPAs has been streamlined. According to TPA-Health Services Regulations, TPAs have to submit their Annual Reports to the Authority. Based on their annual accounts the Authority assesses their financial strength. The grievances referred to IRDA on medical claims are looked into and followed up with the companies as a part of protection of policyholder's interest. In case of grievances relating to policy conditions etc, the insurance companies are advised to re-look into the existing clauses of the policy conditions. As per the returns submitted by the TPAs an analysis on their functioning was made. The following table gives the data on claims received and settled by the TPAs during 2004-05.

TABLE 23

THIRD PARTY ADMINISTRATORS

CLAIMS DATA

Claims received	claims settled			Claims	Outstanding
	Within 1 Month	within 1-3 months	within 3-6 months	Beyond 6 months	
807114	511794 (63.41)	183171 (22.69)	30531 (3.78)	9621 (1.19)	71997 (8.93)

Note: 1) Analysis based on claims data furnished by the TPAs.

2) No. of claims settled includes those outstanding as on 1st April, 2004

3) Figures in brackets indicate the ratio (in per cent) of claims settled to the total claims received.

The above figures show that there has been steady improvement in settling claims. The number of claims settled has increased from 424804 to 735117. The percentage of claims settled within one month has increased from 53.65 per cent to 63.41 per cent, within three months have reduced from 25.44 per cent to 22.69 per cent, within six months reduced from 8.42 per cent to 3.78 per cent and beyond six months from 1.93 per cent to 1.19 per cent. The reasons for abnormal delay in settling the claims are being analyzed and looked into.

One TPA has been granted license in the financial year. TPAs have been consolidating their plans towards business growth. Towards this end, they are improving infrastructure facilities for faster settlement of claims. Various additions made by the six large TPAs to the existing infrastructure will give an idea on how the TPAs are reinforcing themselves. Figures of the following six big companies will show that the TPAs are actually steadily trying to reinforce themselves. (Table 24)

TABLE 24

TPA (INFRASTRUCTURE)

Name of	Hospital added in the net work	No. of Offices/ branches opened	Manpower including Doctors / professionals added
Family Health Plan	1142	2	179
Med Save Health Care	527	1	12
Heritage Health h	246	2	23
Raksha TPA Pvt Ltds	143	2	35
TTK Healthcare services	868	1	94
Paramount Health services	1065	3	106

It is imperative that

(a) The TPAs function as per the provisions of the TPA Health Services Regulations and also conduct their operations as per the code of conduct applicable to them.

(b) TPAs may have to standardize their systems and procedures for the use of various stake holders for their multiple uses.

(c) Impart training on ICD-10 coding to their employees on the basis of the training organized in 2005 for the representatives of the TPAs to enable them to process data in newly designed and updated forms.

vi) Business in the rural and social sector

Regulations were framed by the Authority on the obligations of the insurers towards the rural and social sectors and all insurers are required to fulfill these obligations on an annual basis. The regulations require insurers to underwrite business based on the year of commencement of their operations. For meeting these obligations the regulations further provide that in case the first financial year of the insurer is less than 12 months, proportionate percentage or number of lives, as the case may be, shall be underwritten. In addition, the existing public sector insurance companies are required to ensure that the quantum of insurance business in the rural and social sector underwritten by them shall not be less than what has been recorded in 2001-02.

Obligations of life insurers:

All the thirteen insurers who are in life insurance operations during the last five years have met their rural and social sector obligations. The number of policies underwritten by them in the rural sector as a per cent of the total policies underwritten in the year was as per obligations applicable to them. The number of lives covered in the social sector, were above the stipulated obligations.

In the case of LIC it is stipulated that the percentage of policies issued in the rural sector for the year should not fall below the quantum of insurance business done in the accounting year ended 31st March, 2002. The insurer complied with its obligations in this regard. In addition, the number of lives covered by the insurer in the social sector was more than those covered in the year 2001-02. LIC has been extending coverage to economically weaker sections of the society through various social security group schemes targeting masses and non-conventional groups in the unorganized sector. Insurance coverage is also provided to the underprivileged through a separate fund created by the Government. Subsidies for the insurance cover are provided for power loom workers, handicraft artisans and hand loom weavers. Subsidies are also provided to the Aanganwadi workers/helpers and unorganized labour. Under the Shiksha Sahayog Yojana, scholarships are offered to children whose parents are covered under the Janashree Bima Yojana.

Obligations of non-life insurers:

All the eight private sector non-life insurers met their rural and social sector obligations in the financial year 2004-05. While the four public sector insurers complied with the rural sector obligations for the year 2004-05, in case of two insurers there was a shortfall in the compliance with respect to their social sector obligations. The number of lives covered by these two insurers was less than those covered in the year 2001-02, which is the benchmark year for the non-life public sector insurers. The Authority sought clarifications from the two insurers on the shortfall. The public sector insurers have also covered lives under the Universal Health Insurance Scheme of the Government of India which was launched in the financial year 2003-04.

vii) Pensions

As per Section 2(1) of the Insurance Act, 1938, IRDA supervises the functions relating to i) the granting of annuities upon human life, and ii) the granting of superannuation allowance and annuities payable out of any fund applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment or of the dependents of such persons. Under the said section, these functions are governed by the definition of “life insurance business”. Products under these heads are scrutinized by the Authority before clearance.

The existing life insurers are offering a range of pension products, which are based on their experience of “administrative and commission” costs, claims experience and other actuarial inputs.

viii) Accounting and Actuarial Standards

I. Accounting Standards

The Authority issued regulations for preparation of financial statements and Auditor’s Report of insurance companies in the year 2000. Incorporating various clarifications issued on the same from time to time, the regulations were modified in March, 2002. The regulations broadly conform to the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI). Modifications have been made in respect of the accounting standards pertaining to preparation of Cash Flow Statement (AS - 3) which is required to be furnished to the Authority only under the direct method. The requirements under Segment Reporting (AS–17) have been made more stringent for the insurers. The regulations further require that the financial statements shall be accompanied by the Management Report, in a prescribed format, duly certified by the management. The Responsibility Statement, as required under section 217(2AA) of the Companies Act, 1956 as part of corporate governance, also forms part of the Management Report. The Authority has also prescribed a format for the Auditors’ Report, and requires accounts to be jointly audited by two auditors.

Section 12 of the Insurance Act, 1938 prescribes that all insurance companies must be audited annually by the auditors. Regulation 3(4) of the IRDA (Preparation of Financial Statements and Auditors’ Report of Insurance Companies) Regulations, 2002 further provides that ‘The Authority may, from time to time, issue separate directions/ 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”. The Authority had been maintaining a panel of auditors based on the applications received consequent to the Circular issued in February, 2001. The procedure for maintaining the panel was reviewed in the context of (i) the constraints in verifying and processing applications received and (ii) the need to provide more opportunities to eligible audit firms and prescriptions have been laid down as to the requirements to be complied with by firms seeking appointment as statutory auditors of insurance companies. Insurers are required to satisfy themselves as to the eligibility while appointing the statutory auditors. The revised guidelines which are applicable effective financial year 2006-07 require insurers to inform the Authority about the appointments. As part of corporate governance practices, the requirements of rotation and cooling off have been retained in the revised guidelines.

The Authority has periodically been issuing clarifications on the preparation of financial statements. In order to increase transparency, the Authority advised insurers to furnish details of loan assets which are subject to re-structuring; and break up of commission expenses separately for the intermediary used to underwrite business – agents, brokers, corporate agents or through referral arrangement. Clarifications were issued on allocation of depreciation expenses between policyholders and shareholders' accounts; on presentation of service tax heads in the financial statements and on valuation of investments transferred to the policyholders' account with the objective of meeting the deficit in the said account. The Authority also directed non-life insurers to account for all Alternate Risk Transfer (ART) arrangement based on the principle of "Substance over Form". If the agreement is in the nature of reinsurance coupled with financing arrangement, and the components are capable of separation, each element should be accounted for as per the Generally Accepted Accounting Principles (GAAP). However, in cases where the aforesaid components are not separable, the entire arrangement should be treated as a financial transaction and should be accounted for accordingly.

The Authority has set up a Committee to examine various issues that may arise from time to time, on the regulations for preparation of financial statements of the life and non-life insurers. This Committee was re-constituted in January, 2004 with the appointment of two more Members in January, 2005.

The Committee now comprise of

1. M/s T.S. Vishwanath, FCA, New Delhi Chairman
2. Asish Bhattacharyya, IIM, Kolkata
3. Amal Ganguli, FCA, New Delhi
4. P.B. Ramanujan, Chennai.

The Committee has examined issues pertaining to (i) norms for recognition of income, provisioning and asset classification for insurance companies; (ii) requirement of quarterly/half yearly reporting by the insurers and the proforma in which such reports are required to be submitted by the insurers; (iii) investment in derivatives including the accounting aspects; (iv) accounting and disclosure issues relating to Alternate Risk Transfer (ART) agreements being entered into by non-life insurers; and (v) tax implications of treatment of profit or loss on sale of investments in case of non-life insurance companies.

II (a) Appointed Actuary System

The Authority introduced the system of Appointed Actuary (AA) in the year 2000. The regulatory framework lays down that no insurer can transact any life insurance business in India without an Appointed Actuary. While in the case of life insurers, an AA must be a full time employee, in the case of non-life insurers, AA could be a consultant and need not necessarily be an employee of the company. Every AA has certain privileges and obligations which have been specified in the regulations.

During 2003-04, the Authority notified the "Qualification of Actuary" Regulations, defining an Actuary for the purpose of the Insurance Act, 1938. The regulations while laying down the qualification of an Actuary, further provide that the Authority may relax the provisions in such circumstances as it deems fit and may permit such a person to sign as an Actuary for specified purposes.

The powers and duties of an Appointed Actuary are laid down by the Authority in the regulations pertaining to their appointments which include the right to attend all management and board meetings; right to participate in discussions; rendering actuarial advice to the management particularly on product design and pricing, contract wording, investments and reinsurance; ensure maintenance of required solvency margin of the insurer at all times; certifying the value of assets and liabilities of the insurer; drawing the attention of management towards such matters as may prejudice the interests of policyholders; certifying the "Actuarial Report and Abstract" and other returns under Section 13 of the Insurance Act, 1938; complying with Section 40-B of the Act in regard to the basis of premium; complying with Section 112 of the Act on recommendation of interim bonus/bonuses payable; making available requisite records for conducting the valuation; ensuring that the premium rates of the insurance products are fair; certifying that mathematical reserves are set taking into account the Guidance Note (GN) of the Actuarial Society of India; ensuring that the Policyholders' Reasonable Expectations (PRE) have been considered in the matter of valuation of liabilities and distribution of surplus to participating policyholders; submit actuarial advice in the interests of the insurance industry and the policyholders; and informing the Authority if the insurer has contravened the provisions of the Act.

In the case of a non-life insurer, the AA is required to certify the rates for in-house non-tariff products and Incurred But Not Reported (IBNR) Reserves which are indicated under "Outstanding Claims" in the financial statements.

The growth of the insurance industry coupled with the entry of private insurers in the last four years, has augured well for the actuarial profession. The developments in the profession signal evolution in the system of Appointed Actuaries seeking their rightful place in a corporate environment. The profession is expected to make significant contribution in terms of actuarial inputs in life and general insurance business and risk management and pensions. Actuaries are concerned with the assessment of financial and other risks relating to various contingent events and for scientific valuation of financial products in insurance, retirement and other benefits, investment and other related areas.

Peer Review

A major development in the profession of actuaries pertains to peer review. Professionals in the industry have been veering around the view that peer review could result in improving the quality of actuarial services. World over, peer review has provided comfort levels to the regulators as to the quality of actuarial work, as the regulators are concerned about the protection of interests of the policyholders.

Review Committee

The Authority decided to have a Review Committee to review the Statutory Report furnished to the Authority in respect of Actuarial Report and Abstract required under Section 13 of the Insurance Act, 1938. The Authority constituted Actuarial Review Committee in the year 2002, comprising

1. N.K.Shinkar – Consultant Actuary;
2. K.P.Narasimhan – Past President of ASI;
3. P.A.Balasubramanian – Member (Actuary)

The Authority reconstituted the committee on 17-05-2005 in which Shri N.M.Govardhan, past President ASI has replaced Shri N.K.Shinkar. Shri P.A.Balasubramanian who retired as a Member of the Authority on 31st May, 2005 continued as a Member of the said Committee.

The Committee reviews the statutory returns of the insurers and examines the functions of the Appointed Actuary (AA) in the backdrop of the requirements of the regulations. The efforts of the Committee have enabled the Authority to understand the effectiveness of the functioning of Appointed Actuary (AA) system in the Industry in the context of high growth of business and introduction of innovative insurance products with varying dimension of risk for Insurers requiring appropriate risk management practices. The Committee has focused on AA's compliance to the provisions of IRDA (Asset, Liability and Solvency Margins of Insurers) Regulations 2000 and IRDA (Actuarial Report and Abstract) Regulations 2000.

The Committee has reported overall improvement in the quality of Actuarial Report and Abstract and in adherence to the provisions of related regulations while observing that in the details presented there were, in some cases, issues like inadequate understanding and explanation of certain requirements such as margin for adverse deviation in the valuation assumptions, provision for expenses overrun in the initial years, reserve for likely revival of lapsed policies, inconsistency of data and reconciliation between different forms of the returns as also between Actuarial Report and Account statements, taking actuarial liability without netting of reinsurance ceded and reporting format inadequacies were noticed. The validity of the valuation results, however, was not significantly affected as a result of the inadequacies cited above.

The observations of the Committee relating to Actuarial Report and Abstract are discussed with the AAs of respective insurers and deficiencies pointed out by the Committee are asked to be corrected through revised filing, wherever required.

Institute of Actuaries Bill

The Actuarial Society of India (ASI) was formed for advancement of the actuarial profession in India, providing opportunities for interaction among members of the profession, facilitating research, arranging lectures on relevant subjects, presenting and discussing papers, providing facilities and guidance to those studying for actuarial examinations etc. The ASI has laid down the Code of Conduct for its members. The Memorandum of Professional Conduct & Practice which was revised in May 2003 provides guidance for professional conduct. Actuaries are expected to maintain a high level of professional competence to serve public interest. Another step towards professionalizing the role of actuaries is the proposed legislation to establish the Institute of Actuaries of India. In June 2003, the Standing Committee examined the Authority on matters relating to the Institute of Actuaries Bill. While the Bill lapsed in the financial year 2003-04 due to dissolution of Lok Sabha, it is expected to be reintroduced in the Parliament. The Authority expects that the profession would get a fillip with the grant of statutory status to the Society.

II (b) Actuarial Standards

The Actuarial Society of India (ASI) issues Guidance Notes (GN) (actuarial standards) to its members. The GNs issued by the ASI are intended at protecting public interest. GNs emanating from the regulations framed by the Authority require its concurrence prior to issuance by ASI. The ASI issued the first Guidance Note (GN-I) on “Appointed Actuaries and Life Insurance”. The GN is a mandatory professional standard and covers the responsibilities of the Appointed Actuary towards maintaining the solvency of the insurer, meeting reasonable expectations of the policyholders, and to ensure that the new policyholders are not misled with regard to their expectations. ASI issued the GN-21 for the appointed actuaries of general insurers. GN-21 covers such aspects as nature and responsibility of appointed actuaries, considerations effecting their position, the extent of their responsibility and duties, premium rates and policy conditions for new products and existing products on sale, capital requirements, actuarial investigations, premium and claims reserving, written notes and guidance to actuaries who are directors on the boards of, employees or consultants to a General insurance company. The Authority issues clarifications to the Appointed Actuaries on interpretation of the regulations framed by the Authority.

ix) Crop Insurance

Agricultural Insurance Company of India Limited (AIC), besides implementing the government supported National Agricultural Insurance Scheme (NAIS), has also been introducing new insurance products from time to time. About 18 million farmers were insured during 2004-05, (12 million in the previous year) at a total premium of Rs.550 crore on administered premium structure, which otherwise would be roughly equivalent to Rs.2200 crore if based in actuarial rates. The company is also planning to expand its product base, expertise, including providing consultancy services to other countries. The company secured the World Bank’s technical assistance project in premium rating and design of area yield based insurance products. In the private sector ICICI Lombard has insured about one lakh farmers against crop failure. In the current scenario, the AIC is the largest body offering insurance cover to cultivators in India.

The AIC introduced Varsha Bima scheme, a scheme intended to protect the interests of farmers in case of an adverse rainfall season, during the year 2004 *kharif* season as a pilot project in 20 rain gauge station areas, across four States. Based on the experience, the scheme was designed and fine-tuned before being launched as Varsha Bima 2005. The scheme is being implemented in 10 States initially, in areas that correspond to 140 India Meteorological Department rain gauge stations. The States selected for implementation are Andhra Pradesh, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttaranchal and Uttar Pradesh. The scheme offers coverage to both short-sowing periods and entire crop seasons and to large, small and marginal farmers both for loanees and for non-loanees. However, it is compulsory for loanee farmers. Under this scheme, the sum insured is pre-specified, which lies between the cost of production and the value of production and the premium rates are flexible. Besides this, the AIC has offered the *Sookha Suraksha Kavach* (SSK) an exclusive product for drought-prone Rajasthan. The SSK is being made available in 23 districts of Rajasthan, and it covers major crops such as bajra, jowar, maize, guar, soybean and groundnut. The sum insured will be roughly equal to the cost of production and there will be a flexible premium rate. The insurance period lasts from June to September for short-duration crops, from June to October for medium-duration crops and June to November for long-duration crops. But this period of insurance differs from State to State, since the cropping and land-use pattern are different. Farmers can also opt for the rainfall distribution index where they are covered against deviations of 20 per cent or more in the actual rainfall index from the normal rainfall indeed. This index is constructed in such a way that it assigns key factor weights for the area’s weekly rainfall within the season. These weights are based on yield response factors (these are based on research conducted by the Food and Agriculture Organization) and the Crop Weather Calendar, which is issued by the IMD. The farmers have the option of group insurance, so that a group of cultivators can opt for Varsha Bima or SSK by submitting a single crop-wise proposal, followed by a summary sheet containing details of each insured individual. Farmers who buy Varsha Bima cannot simultaneously take other crop insurance schemes for the same crop in the same area, and for the same time period.

The NAIS covers all food crops, oilseeds and commercial and horticultural crops This nation-wide crop insurance programme offers yield protection, and is implemented in 23 States and two Union Territories. The NAIS covers the most number of farmers in the world. Overall, it covers over 30 crops during the kharif season and over 25 crops during the *rabi* season. Since its inception the scheme has offered coverage to 46.21 million farmers. The total sum insured for the year came to Rs.40,298 crore, with premiums worth earned Rs.1,243 crore. AIC has also implemented various other crop-related insurance schemes such as the Farm Income Insurance Scheme (FIIS), launched in the rabi season of 2003-04. The AIC is also trying to spread awareness through crop insurance education programmes. It has set up a research and development department as part of the attempt to design farmer-friendly and affordable insurance products.It is already using remote-sensing technology for crop insurance, as was done in six districts of Andhra Pradesh, Gujarat, Karnataka and Maharashtra. This involves acreage estimation, stress detection, crop health and yield modeling. The AIC is planning to expand further and bring all eligible crop loans and more areas, into its fold over the next three to five years. Since, farm income is directly linked to crops, which are vulnerable to adverse weather Insurance where it has compensated the farmers against the diminished value of crops/losses due to adverse weather fluctuations. The success of this experiment has led to similar products being developed by IFFCO Tokio. Taking a cue from this, other insurers are also taking initiatives and doing R&D in this segment.

Indian agriculture continues to depend on weather fluctuations resulting in inconsistent output growth and large deviations in agriculture income. Therefore the output needed to be smoothened ensuring reasonable income to the farmer in each year. In this context, imparting stability to agriculture through measures of weather-proofing and protecting farm income assumes significance, as it would lead to stability of increased output, increased capital formation and enhanced productivity of Indian agriculture. Towards this end there has been a growing interest in linking credit to some form of weather insurance. Weather insurance provides cover against defined deviations from normal weather conditions, not just against extreme conditions like severe drought or flood.

x) Credit Insurance

ECGC provides (a) a range of insurance covers to Indian exporters against the risk of non-realization of export proceeds due to commercial or political causes; and (b) different types of guarantees to banks and other financial institutions to enable them to extend credit facilities to exporters on liberal basis. ECGC took several measures during the year 2004-05 to strengthen its business and Government released additional equity amount of Rs.100 crore during the year. With this the total paid up capital of ECGC is Rs.600 crore. Government has also agreed, in principle, to set up National Export Insurance Account to provide support to medium and long-term export of capital goods, projects and services. The Corporation is the first insurance company to obtain license from the Bureau of Indian Standard. ECGC has entered into Bancassurance Agreement so as to reach exporters located in remote places and facilitate not only easy export finances but also provide adequate credit insurance support. In a competitive environment, ECGC has started offering a range of products catering to the specific needs of the exporters. Some of the tailor-made products launched by the ECGC include policies covering Consignment Exports, Buyer Exposure Policy, and Software Project Policy. Further, the Corporation has also incorporated marine insurance cover as an add-on facility for customers of Specific Shipment Policy.

The total premium income earned during the year was Rs.476.13 crore as against Rs.587.04 crore in the previous year. However, the total claim payments for the year 2004-05 have come down to Rs.403.87 crore from Rs.569.55 crore in the previous year. As a result, the operations for the year have ended up with a pretax profit of Rs.125 crore as compared to Rs.90 crore earned in the previous year. During 2004-05, ECGC declared a dividend of 20 per cent.

The Corporation is striving to implement effective procedural changes for improving quality of service to its customers. The Corporation is endeavouring to further simplify its claim settlement procedures to provide expeditious service to its customers. It is also taking steps to improve its risk management strategy for such high risk sectors as there has been a significant number of high value claims in a few high risk commodity sectors. The corporation has renewed the quota Share treaty with the national Reinsurer, GIC in respect of the covers issued under Specific Shipment Policy Scheme (SSP). ECGC has been in constant negotiations with GIC as well as other global reinsurers including Multilateral Investment Guarantee Agency of the World Bank Group and African Trade Insurance Agency for reinsurance cover for long term and medium term project Exports and Guarantee business. The Corporation has been successful in recovering Rs.4.73 crore from various reinsurers for the claims preferred to them pertaining to the underwriting periods 1996-2004.

xi) Micro-Insurance

For a long time a need has been felt for having insurance products which can be afforded by the rural and urban poor. Keeping in perspective the abysmal insurance coverage to the poor (rural & urban) the Authority as part of its developmental role put across the concept of micro-insurance. The term micro was kept to differentiate it from insurance which is available otherwise.

The concept paper on micro-insurance was put on the website of the Authority in August 2004 for comments from the interested parties. A large number of comments from the stakeholders were received. Suggestions which were found useful were incorporated in the draft regulations. The draft regulations were discussed in the Insurance Advisory Committee and also in the IRDA Board. The draft regulations have now been notified.

The focus of the micro-insurance regulations is to provide a platform and rules to provide insurance to the targeted segment of the society. The regulations provide for a tie up between a life & a non-life insurance company for distribution of insurance products to improve the penetration of insurance in the selected segment. Thus cross selling which is not being allowed in general for other insurance products is allowed for micro-insurance. This is one of the major

Box Item No. 4

GROUP INSURANCE

The concept of group insurance existed in the laws of the sea many centauries earlier : "If goods are thrown overboard in order to lighten the ship, what is sacrificed for the common benefit may be made good by a common contribution." In fact all insurance may be considered group insurance, since an individual can be insured only by being part of a group on which the law of averages may operate.

Group Insurance is a means through which a group of persons who usually have a business or professional relationship to the contract owner are provided insurance coverage under a single contract. Over time, innovative underwriting techniques of group insurers and liberalized regulatory actions have broadened the definition. Group insurance can be described as an economical way of providing insurance protection against financial losses (such as those caused by death, disability, medical care expenses or retirement) of a group of individuals who are associated with the policyholder by some relationship other than insurance.

In its broadest concept, group insurance includes a considerable list of insurance coverages: life insurance, health insurance, annuities, and property & casualty insurances.

Distinguishing characteristics of group insurance:

In comparison with other forms of insurance written by life insurance companies, several distinguishing features are evident:

- the substitution of group underwriting for individual underwriting,
- the use of a master contract,
- lower administrative cost,
- flexibility in contract design, and
- the use of experience rating.

Group underwriting:

Group underwriting normally aims to obtain a group of individual lives or an aggregation of such groups of lives that will yield a predictable rate of mortality or morbidity. The point is that the group becomes the unit of underwriting, and insurance principles may be applied to it just as in the case of the individual.

In underwriting group insurance, certain important features should be present that either are inherent in the nature of the group itself or may be applied in a positive way to avoid adverse selection. They are:

- Insurance incidental to Group: The insurance should be incidental to the group; that is the members of the group should have come together for some purpose other than to obtain business. For example, the group insurance furnished to the employees of a given employer must not be the feature that motivates the formation and existence of the group.
- Automatic determination of benefits: Group insurance underwriting commonly requires an automatic basis for determining the amount of benefits on individual lives which is beyond the control of the employer or the employees. If the amount of benefits taken were optional, it would be possible to select against the insurer. For e.g., those in poor health would tend to insure heavily and the healthy ones might tend to elect minimum coverage. However, as the group mechanism has evolved, more flexibility has crept in the form of options in excess of basic coverage.

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- Minimum participation by the Group: Another underwriting control is the requirement that substantially all eligible persons in a given group be covered by insurance for the scheme to be effective.
- Efficient Administrative Organization: A single administrative point / organization should be able and willing to act on behalf of the insured group. In the usual case, this is the employer. In the case of contributory plan, there must be a reasonably simple method, such as payroll deduction by which the master policy owner can collect premium.

Group Policy

Second characteristic of group insurance is the use of a group policy (contract) held by the owner as group policyholder. The master contract is a detailed document setting forth the contractual relationship between the group contract owner and the insurance company. The insured persons under the contract are not actually parties to the contract although they may enforce their rights as third-party beneficiaries. In the United States the issue whether the participants are "parties to the contract" or merely "third-party beneficiaries" is under litigation.

Lower cost

A third feature of group insurance is that it is usually lower-cost protection than which is available in individual insurance. The nature of the group approach permits use of mass-distribution and mass-administration that afford economies of operation not available in individual insurance. The premium for the group is also based on an actuarial assessment of the group as a whole. Employer subsidization of the cost is a beneficial factor in group insurance plan design.

Flexibility:

The group insurance plan usually is an integral part of an employee benefit program and in most cases the contract can be tailored to meet the objectives of the contract owner as long as the flexibility does not result in adverse result.

Experience Rating:

Group premiums are often amenable to experience rating. The experience of the individual group may have an important bearing on loading or discounts.

Advantages of Group Insurance

The group insurance mechanism has proved to be a remarkably effective solution to the need for employee benefits. The increasing complexity of industrial / service economies has brought increasingly large numbers of persons together, and the group mechanism has enabled insurance companies to reach vast numbers of individuals within a relatively short period and at low cost. Equally important has been the fact that the employer usually pays a large share of the cost. Under group insurance scheme, an individual who could otherwise be uninsurable gets coverage.

Limitations

From the viewpoint of the employee, especially for health insurance products the group insurance has one limitation i.e., the temporary nature of coverage. If the employer terminates the group plan, the employee loses the coverage unless it is converted in an individual policy (which usually is more expensive). The individual may lose the discount applicable to the group and may have to incur administrative costs apart from higher premium. The individual policy also may not be as flexible as the group policy.

Eligible Groups

The types of groups eligible for group insurance coverage have broadened significantly over the years. This wider eligibility is reflected in both regulations and the underwriting philosophy of group writing insurers. Within the United States, four specific categories of groups are covered. They are:

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- The employees of a single employer comprise the first category. The employer may be a sole proprietorship, a partnership or a corporation.
- Debtor – Creditor Groups: Group credit insurance (life and disability income) has grown rapidly in the United States, reflecting a credit-oriented society. The contract owner in these plans is the creditor, such as a bank, a credit union, or any business that has significant accounts receivable, including those that rely on credit card customers.
- Labour Union Groups. The Contract may be issued to the union itself. The insurance must be for the benefit of persons other than the union or its officials.
- Multiple Employers groups such as Negotiated Trusteeships, Voluntary Trade Associations, Multiple Employee Trusts (METs), Professional Associations and Credit Groups

Numerous other types of groups such as alumni associations, professional associations, veterans' groups, and savings account depositors may also be eligible for group insurance depending on the underwriting practices of the insurance companies.

Indian scenario

The contingencies of death, accident and ill health could result in financial hardship to anyone at any time. Therefore group life and health insurance has become a major consumer product in India too, involving insurers, employer-employees, health care providers and various other groups.

In the life insurance area, the common group policies are – Group Savings Linked Policy, Group Superannuation Policy, Group Term Insurance Policy, Group Gratuity Scheme etc. In the General Insurance Business, the common group policies are the Group Personal Accident Policy and Group Mediclaim Policy. In fact the erstwhile Personal Accident Tariff had two types of 'group coverages' i) with employer-employee relationship and ii) with no employer-employee relationship. In both cases the emphasis was on well defined group. Under the first category employees of firm, company, association or a club will figure where as under the second, the members of an institution, society, association or club with no employer-employee relationship form the group. Group Health insurance business constitutes nearly 35 per cent of the health insurance business.

Various aspects relating to constitution of "group".

There are various aspects that are connected with the group; the most important one being 'what shall constitute a "group"?' If the regulations were designed to sell health insurance at an institutional level, the definition of a group has been widely misused by both the players as well as their distribution channels. Lack of clear-cut definition of what constitutes a 'group' led to heterogeneous groups being formed just to fulfill legal obligation to avail of the benefits without any commonality of purpose. The sole purpose is to avail substantial discounts in the premia for health insurance. This has led group health insurance to be written on grossly inadequate rates and adverse loss ratios. This misuse has also resulted in lack of transparency and unethical insurance activity without accountability on the part of those managing such heterogeneous groups. In such cases, the buyer of the group policy has neither insurable interest nor any sustainable relationship with the members of the 'group'. These group schemes thus become an instrument to sidestep the provisions of the Insurance Act and enable persons to sell insurance without being properly regulated and the buyers being misled about the true nature of the contract. The certificate issued by the policyholder and the funding activity carried out by him could mislead the consumer into thinking that they are a TPA offering cashless service.

With a view to rationalizing the approach to be adopted by the insurers in dealing with various groups and keeping in mind the interests of the individual members of a group, the IRDA issued 'Guidelines on Group Policies' to be adhered to by all insurers. The salient features of the guidelines are:

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- ***Definition of a Group:***

1. There has to be a commonality of purpose in a group. eg. employees. Non-employer-employee group members must authorize the group's organizer to arrange insurance on their behalf.
2. No group should be formed with the main purpose of availing insurance. Relationship between the members and the policy buyer (group manager) should be other than insurance.
3. Minimum size of the group left to the prudence of the insurer.
4. Entry into group policy of a member will be from a well defined date and not merely the date of joining.

- ***Marketing of Group Insurance:***

1. Insurer may sell group insurance policies either directly or through insurance agent or insurance intermediary.
2. Insurer's agreement of sale of insurance must be with a person or entity licensed under the Insurance Act only. All arrangements contrary to these guidelines to be terminated forthwith. The Authority may relax this condition in case of sale of micro-insurance products.

Insurer using corporate agent for sale should require such corporate agent to file certificates at least once a year confirming compliance of Section 40A, 40C and 64 VB of the Insurance Act,1938, IRDA (Insurance Advertisements & Disclosures) 1. Regulations 2000, IRDA (Protection of Policyholders' Interest) Regulations 2002.

- ***Group Insurance Administration :***

1. The premium and benefits applicable to each member should be clearly specified in the group policy. Any changes should be in the nature of policy change to be agreed to by the insurer.
2. Group discount should not be appropriated as additional remuneration but shall be passed on to the members. It may also be shared in proportion to the premium paid.
3. The Percentage of commission paid to the agent / corporate agent should be as approved by the Authority or as specified in the Insurance Act, 1938 read with the IRDA Act, 1999 and the Regulations framed thereunder. Commission should be predetermined and published and not determined on a case to case basis. No other payment to the agent/ corporate agent or group manager is permissible.
4. Each group insurance policy should clearly refer to a list of persons insured which cannot be subsequently manipulated.
5. In non-employer-employee cases, the individual group member would be treated as the insured beneficiary and the group manager will be only the holder of the group policy. The insurer is totally responsible to ensure that the claim payment is made in the name of the insured member. The insurer is also responsible for the certificate of insurance issued by a group organizer or administrator. In such cases it will be prudent to have the certificates with in-built security features and pre-numbered lots.
6. The insurer shall be held responsible to the insured persons, in respect of the group policy in case of failure of the group organizer or manager to account for the business to the insurer.

initiatives taken in the micro-insurance regulations. The regulations also define micro-insurance agents, which can be Self Help Groups, Micro-Finance Institutions and Non-Governmental Organizations. A major departure from the existing norms for licensing agents is that the micro-insurance agents would have to undergo a capacity building training of twenty five hours which will be provided by the insurance company to whom the agent is attached and that the micro-insurance agent need not have to pass the test to become a certified agent. This change is designed to provide a much needed fillip to the distribution channels in rural India for marketing low value products which till date was an area of concern since getting agents in rural areas has been a perennial problem.

Since distribution will be one of the important keys to the success of micro-insurance, the Authority has taken care to provide enough incentives for micro-insurance agents to take the task of spreading insurance to the poor earnestly. The micro-insurance agent would also perform functions like collection of proposal forms, remittance of premium to the insurance company, help in settlement of claims, administration of policies; etc .The micro-insurance agent would be trained in all these functions as part of capacity building by the insurance company at their cost. In life insurance products the commission on renewal premiums taper from 7.5 percent in the second year to 5 per cent from fourth year onwards, however, the commission/remuneration/ fee on micro-life insurance products is pegged at a constant twenty percent for the premium paying term of the micro-life insurance product and ten percent on single premium micro-insurance products. For non-life micro-insurance products the commission is fixed at fifteen percent.

In order to ensure that the benefits of micro-insurance reach the people who require it the most and to see that the products are not priced out of reach of the needy, the Authority believed in putting limitations in the design of products. Thus the Authority has allowed term & endowment insurance to a maximum of Rs 50,000 and a minimum of Rs 5,000. In the case of term insurance, the term of the insurance has been restricted to fifteen years with a minimum term of 5 years. No riders would be allowed and the micro-life insurance products are to be kept as simple as possible for the people to understand them. In the case of general insurance, the cover for dwellings, livestock, tools and implements range from Rs 5,000 to 50,000 per asset. Health insurance would also be provided under micro-insurance for families as well as individuals and the maximum cover will be Rs 30,000 while the minimum for individuals is Rs 5,000. For families it is Rs 10,000.

Thus micro-insurance regulations which were framed on the above would spur the insurance companies to take insurance to the poor on an economic model which would be viable socially and economically to the micro-insurance agents, insurance companies and to the insured. For encouraging the sale of micro-insurance products, it is clarified that these would form part of the mandated social and rural obligations of an insurer prescribed under the provisions of the Insurance act, 1938.

xii) Directions, orders and regulations issued by the Authority

With a view to providing guidance to the insurers and to clarify various issues raised by them, the Authority has been issuing Clarifications, Directions and Orders from time to time. The gist of these Orders/Directions issued in the year 2004-05 (and up to September, 2005) is placed at Annex xii.

xiii) Powers and Functions Delegated by the Authority

In exercise of the powers under Section 64UM (2) of the Insurance Act, 1938, the Authority vide order dated 3rd August 2005 raised the limit of losses required to be surveyed by a licensed surveyors and loss assessor for settlement of claims, from Rs. 20,000/- to Rs. 50,000/- for the recent floods in Maharashtra and Gujarat alone for a period of two months from the date of order, as a special case. The insurers may utilize the services of in-house surveyors for assessing losses upto Rs. 50,000/-. This special dispensation is given to insurers to ensure expeditious disposal of claims and for mitigating hardships to policyholders.

xiv) Right to Information Act

The provisions of the Right to Information Act, 2005 effective 12 October, 2005, provides for simple, clear and regular procedure for accessing information easily by the citizens. The Right to Information is fundamental to the realizations of Economic and Social Rights as well as Civil and Political Rights. Free flow of information from the Government and Public Authorities will create an enlightened and informed public opinion and also make Authorities accountable to the public. IRDA established under an Act of Parliament is a ‘Public Authority” in terms of Right to Information Act.

With the coming into force of the Act, IRDA has initiated steps to comply with the provisions of the Act in a manner that facilitates the Right to Information under the Act.

It has also designated the Central Public Information Officer as well as the Appellate Authority under the provisions of the Act to deal with the requests from the citizens seeking information under the provisions of the Act.

Mrs. Veda Kumari, Executive Director (Admin) has been designated as the Central Public Information Officer under Section 5 of the Act and Shri.C.R.Muralidharan, Member has been designated as the Appellate Authority under Section 19 of the said Act.

PART II

REVIEW OF WORKING AND OPERATIONS

i) Regulation of Insurance and reinsurance companies

The Authority has issued the IRDA (Obligations of Insurers to Rural or Social Sectors) (Amendment) Regulations, 2004, w.e.f 30-07-2004. The Amendment redefined 'Rural Sector". As per the new definition, 'Rural Sector' means the places or areas classified as "rural" while conducting the latest decennial population Census (Census of India). Prior to this, the definition read as under:

'(c) "Rural Sector" shall mean any place as per the latest Census which meets the following criteria – '

i. A population of less than five thousand:

ii. A density of population of less than four hundred per sq km: and

iii. More than twenty-five per cent of the male working population is engaged in agricultural pursuits.

The new definition eliminates the difficulties in identifying areas fulfilling the above requirements. The regulation is placed at Annexure II.

Status of exempted insurers

The Central Government has granted exemption to State Government Insurance Funds under Section 36 of the General Insurance Business (Nationalization) Act, (GIBNA) 1972. These funds are required to ensure compliance with the provisions of the Insurance Act, 1938 and with the regulations framed there under, to the extent applicable to them under Section 110F of the Insurance Act. Further, Section 118 of the Insurance Act, 1938 provides for exemption of specified entities from the provisions of the Act. The LIC Act 1956 under Section 44 provides for exemption from the provisions of the said Act to specified insurers/schemes.

Broadly, the exempted insurers fall under the following three categories:

(a) State Government Insurance Departments transacting non-life insurance business in respect of assets owned/ financed by them;

(b) Exempted insurers transacting health insurance for its members; and

(c) State Government Insurance Departments transacting Crop Insurance Business.

ii) Intermediaries associated with the insurance business

Intermediaries associated with insurance business are brokers, third party administrators (TPAs) and surveyors. The insurance agents, including the corporate agents, are in the nature of intermediaries but are not so defined in the IRDA Act. However, since the agents represent their principals, i.e., the insurers, and their functions are akin to intermediaries they are treated as intermediaries. The Authority has issued standard instructions and guidelines for approval/renewal of On-line agents training institutes and also revised guidelines for licensing of corporate agents. In order to streamline the system of licensing of Corporate agency, the Authority has in addition to the Regulations already in force has issued fresh guidelines for compliance by the Insurance Companies.

Insurance Agents

A critical element of insurance sector reforms is the development of a pool of human resources having right skill and expertise in each segment of the industry to provide quality intermediation to market participants. Quality intermediation requires personnel working in the industry need to (i) follow a certain code of conduct and (ii) have an understanding of business and skills to service different constituents in the market. It was recognized that agents are a critical link between the insurer and the insured and they should be fully equipped to sell insurance. The Authority has issued guidelines for agents' on-line training.

Guidelines for agent's on-line training institutes

The Authority received complaints that the minimum requirements prescribed by the Authority for agents' on-line training institutes were not complied with. It was also reported that the institutes were giving the 100 hours completion certificates within a short duration of time. It was, therefore, felt necessary to issue fresh guidelines and the Authority issued Standard instructions and guidelines applicable for approval/renewal of On-line agents' training institutes.

The guidelines provide number of hours, duration of training in life, general or composite insurance business and maintenance of attendance records. The initial accreditation will be for a period of one year. The institutes are mandated to maintain i) database of details of the candidates who have completed the training, ii) name of the faculty / administrator who helped in solving the online user's problems during the tenure of the training and iii) a record of test at the end of each chapter or at the end of the training. Prior approval of the Authority must be obtained if the Training Institute intends to change any of the particulars or details of provisions already approved by the Authority. Such changes would be simultaneously incorporated on the IRDA web-site.

In addition to the above, the Authority also prescribed technical checks to be complied with by the On-line training institutes.

Corporate Agents

IRDA has issued revised guidelines for licensing of corporate agents. The guidelines has stipulated that the decision to engage any person as corporate agent will be taken only in the corporate office of the insurance company and the proceedings appointing the person as corporate agent will be issued by an officer who will specially be designated by the chief executive officer of the insurance company. Insurers have been directed to carry out 'surprise inspection' of the books and records of the group organizer or manager at least once a year to ensure total compliance.

It has come to the notice of the Authority that corporate agents resorted to use of introducers or finders or sub-agents who, in fact, sold the contracts and the corporate agent passed on varying levels of insurance companies or by improperly charging to the public a higher premium than paid to the insurer and using the margin to pay the sales persons. The Authority also noticed that a large number of firms are floated by the same set of individuals under different or similar names and utilized the services of people who did not have the requisite qualifications to sell insurance products and paid their remuneration for procuring the contracts. In view of the above, the Authority had decided to suspend the issuance of fresh Corporate Agency licences in September, 2004.

In order to streamline the system of licensing of Corporate agency licenses, the Authority has in addition to the Regulations already in force, decided to issue fresh guidelines for compliance by the Insurance Companies while issuing the licences to the Corporate Agents.

The salient features of the new guidelines include

(1) The corporate agent should be a Public Limited Company with a minimum share capital of Rs. 15 Lakh if its sole function is to act as a Corporate Agent.

(2) The business shall be transacted only by full time employees of the corporate agent having required qualifications as per the regulations.

(3) Ordinarily one license can be granted to one group provided the group does not have any other insurance activity such as broker, insurer etc. the chief Insurance Executive, and other specified persons who will be employees by the applicant.

At least one of the persons should have insurance qualification to the extent of FIII or AIII or such other qualification or experience that IRDA may, at its sole discretion, consider adequate. NGOs and SHG who work as a Corporate Agent in the area of Micro-insurance may apply to IRDA and secure exemption from the requirement to maintain any specified shareholder fund. They will be guided by the provisions of micro-insurance regulations. In the corporate agency system there shall be no "sub-agents" or "introducers" or "referral providers" or lead "generators" by whatever name called. Sale of insurance products shall only be done by persons qualified as "specified persons". Where group insurance is sold through corporate agents, the same should comply with the guidelines on group insurance.

Insurance Brokers

The presence of professional insurance brokers and independent financial advisers, who represent the interest of the client, is a major motivating factor for insurers to raise efficiency and to give better value to policyholders. The Authority has assured the insurance broking community that it would examine the five per cent special discount currently offered by insurers directly in favour of the corporate entities, which brokers felt was a hindrance to their survival.

TABLE 25

NEW BUSINESS (LIFE) UNDERWRITTEN THROUGH VARIOUS INTERMEDIARIES: 2004-05

(Per cent)

Insurer	Individual Agents	Corporate Agents Banks	Corporate Agents Others	Brokers	Referrals	Direct Business
Private Sector	59.30	15.42	7.75	1.23	6.25	10.05
LIC	98.79	0.87	0.3	0.04	0.00	0.00
TOTAL	**88.65**	**4.61**	**2.21**	**0.35**	**1.60**	**2.58**

Surveyors and Loss Assessors

Setting up of the 'Indian Institute of Insurance Surveyors and Loss Assessors':

The Government of India proposed the establishment of a professional body for streamlining, regulating and developing the profession of surveyors and loss assessors, on the similar lines of the professions like Chartered Accountants, Cost and Works Accountants and Company Secretaries. The Government appointed a Committee under the chairmanship of Mr. K.N.Bhandari to look into the suitability of forming an Institute for Surveyors and Loss Assessors. The Committee, in its report submitted in June, 2003, recommended that the Government, IRDA and the industry should do everything possible to promote establishment of an Institute for Surveyors. As a follow up, IRDA constituted an Adhoc Committee of Surveyors and Loss Assessors to set in motion the establishment of the Institute. The institute has been incorporated under Section 25 of the Companies Act, 1956 under the name 'Indian Institute of Insurance Surveyors and Loss Assessors' with registered office at Hyderabad. The Memorandum of Understanding and Articles were drawn with the approval of the Regional Director, Chennai. The IRDA along with the Adhoc Committee is now working towards Membership drive, election process etc to put in place the first elected Council of the Institute.

iii) Litigations, appeals and court pronouncements

The Authority has been impleaded either as the main party or proforma party, in regard to litigations on diverse matters filed before various courts. The court cases pertain mainly to settlement of claims by insurers, non-renewal of insurance policies, renewal of license of insurance agents, classification and categorization of surveyors and loss assessors, loading of motor insurance premium, non-implementation of awards of Ombudsman, etc.

The Authority, while defending the cases on merit, keeping in view the provisions of laws and regulations, seeks to highlight the philosophy behind various provisions of law and instructions issued on different issues relating to the supervision and conduct of insurance business. Wherever the Authority feels that it is not involved in the case either on point of law or point of facts i.e. when the subject matter of the case is outside its regulatory provisions, it arranges for deletion of its name from the array of respondents.

iv) International Cooperation in Insurance

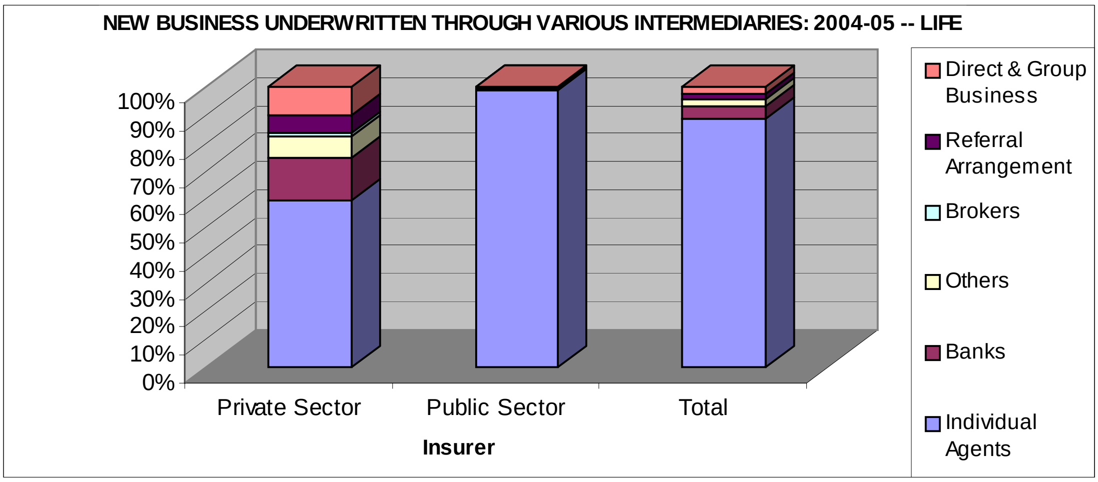
International Association of Insurance Supervisors

The International Association of Insurance Supervisors (IAIS) represents insurance regulators and supervisors of some 180 jurisdictions and was established in 1994. India was one of the founding members of IAIS.

Since 1999, the IAIS has welcomed insurance professionals as Observers. Currently there are more than 100 Observers representing industry associations, professional associations, insurers and reinsurers, consultants and international financial institutions. The IAIS issues global insurance principles, standards_and guidance papers, provides training and support on issues related to insurance supervision, and organises meetings and seminars for insurance supervisors.

The IAIS works closely with other financial sector standard setting bodies and international organisations to promote financial stability. It holds an Annual Conference where supervisors, industry representatives and other professionals discuss developments in the insurance sector and topics affecting insurance regulation.

An Executive Committee, whose members represent different geographical regions, heads the IAIS. It is supported by three main committees - the Technical Committee, the Implementation Committee and the Budget Committee. These committees form subcommittees and working parties (working groups, task forces and groups) to accomplish their objectives.



The Authority is an active member of the IAIS and the Chairman of the Authority is Member of its Executive Committee. The Authority is also represented on various Committees. Officers of the Authority are also involved, on a continuing basis, in developing the core curriculum for insurance supervisors training.

IAIS principles, standards and guidance papers

The IAIS has issued the principles, standards and guidance papers for use by the respective home regulators. They represent best practices, or targets, for supervisors to work towards and can be implemented in a flexible manner depending on the circumstances within each jurisdiction.

The sub-committees are currently working on the following papers:

1. A new framework for insurance supervision: Towards a common structure and common standards for the assessment of insurance solvency.
2. Towards a common structure and common standards for the assessment of insurer solvency: cornerstones for the formulation of regulatory financial requirements.

The Authority hosted a Seminar on Regulatory Issues for Senior Offices of Insurance Regulatory Agencies, co-organised by the IAIS and the Institute of Insurance and Risk Management (IIRM) from 14-16 November 2005 in Hyderabad, India. The seminar covered topics such as corporate governance, investments, on-site inspection, micro insurance, as well as regional developments. Regulators from other Asian countries also participated in the seminar.

v) Public Complaints

The Mission Statement of the Authority attaches importance 'to protect the interest of and secure fair treatment to policyholders'. Keeping in mind this primary objective the Authority frames the regulations. Consumer Grievance Cell (CGC) in IRDA tries to ensure speedy redressal of the complaints from the policyholders of life and non-life insurance products.

Non-life insurers

It is pertinent to view the complaints with respect to the number of policies underwritten by the insurance companies. As per statistics furnished 472.61 lakh (excluding policies issued by Agricultural Insurance Corporation) policies were issued in the year 2004-05. The total number of policies issued by the Public sector is 421.42 lakh and by the Private sector is 51.66 lakh Table 26 gives a perspective of the complaints received by the Authority.

TABLE 26
STATUS OF COMPLAINTS – NON-LIFE INSURERS (2004-05)

Insurer	Pending as on 31/03/04	Reported during Apr '04-Mar '05	Total complaints	Resolved during the year	Pending as on 31/03/2005	Break up of pending complaints			
						(I)	(II)	III)	(IV)
Public Sector	1072	1571	2643	1937 (73.3)	706	486	85	126	09
Private Sector	1	162	163	139 (85.2)	24	07	02	15	0
Total	1073	1733	2806	2076	730	493 (67.53)	87 (11.92)	141 (19.32)	09 (1.23)

Note: Figures in brackets are percentages to the respective totals.

Note:

i) Non settlement / delay in settlement of claim

ii) Repudiation / partial settlement of claim

iii) Policy issues (non renewal/cancellation/non issuance / other issues related to policy)

iv) Other reasons

There has been significant improvement in disposing of the complaints in 2004-05. As on 31st March 2005, 74 per cent of the complaints were resolved by the non-life insurance companies as against 64 per cent in the last year. The outstanding complaints as on 31st March, 2005 were 730. Of this 67.53 per cent relate to non-settlement / delay in settlement of claims; 19.32 per cent to non-renewal/non-issuance/cancellation of policy documents; 11.92 per cent related to repudiation of / partial settlement of claim; and 1.23 per cent to the rest.

TABLE 27

STATUS OF COMPLAINTS – NON-LIFE INSURERS

(HALF YEAR ENDED SEPTEMBER, 2005)

Insurer	Pending as on 31/03/04	Reported during Apr '04-Mar '05	Total complaints	Resolved during the year	Pending as on 31/03/2005	Break up of pending complaints			
						(I)	(II)	III)	(IV)
Public Sector	706	669	1375	755	620	362	76	172	10
Private Sector	24	104	128	112	16	05	01	08	02
Total	730	773	1503	867	636	367 (57.70)	77 (12.10)	180 (28.30)	12 (1.89)

Note: Ratio (in per cent) of breakup of pending Complaints as on 31/09/2005

Of the total complaints of 1503 during the half year 867 (58 per cent) were settled and 636 are outstanding for settlement. Of the total complaints, outstanding 57.70 per cent relate to non-settlement / delay in settlement of claims; 28.30 per cent to non-renewal/non-issuance/cancellation of policy documents; 12.10 per cent related to repudiation of partial settlement of claim; and 1.89 per cent to the rest.

Disposal of complaints by private insurers is faster as they are relatively new and do not have many complaints as the number of policies issued by them are also comparatively low. Another reason could be that underwriting of policies and claims settlement are centralized at the corporate offices resulting in a lesser run time and faster disposal of complaints.

Overall, the number of complaints pending for resolution has been slowly and steadily going down when compared to the previous year because of intervention by the Authority through writing / over telephone / through e-mail. In addition, review meetings with the insurers involving face-to-face interaction with their customer services/grievance redressal departments has helped put pressure on the insurers to increase their disposal ratio and reduce the time-lag involved in disposal.

Statements 38 and 39 give details of status of company wise complaints.

Life Insurers

In the case of life policies, complaints pertained to issues relating to surrender value, pension, maturity value, extra premium, agent related, product related, policy servicing, non receipt of policy bond, death claim, lapsed policy, proposal stage, transfer policy, annuity payment, rider benefit, revival of policy, advertisement related, refund of premium / deposit / cooling off cancellation etc.

As on 31st March,2005 total pending claims were 1125 and relate to i) death claims (96), ii) Agent related (187), iii) Policy servicing (501) and iv) Others (341).

During the year 1433 complaints have been received of which 1202 complaints were about LIC and 231 about new life insurers. The number of complaints outstanding as on 30th September 2005 were 1410.

TABLE 28

STATUS OF COMPLAINTS -LIFE INSURERS (2004-05)

Insurer	Pending as on 31/03/04	Reported during Apr' 04-Mar '05	Total complaints	Resolved during the year	Pending as on 31/03/2005	Break up of pending complaints			
						(I)	(II)	III)	(IV)
Public Sector	498	704	1202	210	992	78	160	445	309
Private Sector	36	195	231	98	133	18	27	56	32
Total	**534**	**899**	**1433**	**308**	**1125**	**96**	**187**	**501**	**341**

The increase in complaints this year compared to the preceding year may be attributed to awareness among the policy holders regarding their rights facilitated through publicity campaigns. Of the 1410 pending complaints as on 30th September, i) 110 relate to death claims, ii) 231 relate to Agent iii) 575 relate to Policy servicing and iv) others 494.

TABLE 29

STATUS OF COMPLAINTS -LIFE INSURERS

(HALF YEAR ENDED SEPTEMBER, 2005)

Insurer	Pending as on 31/03/04	Reported during Apr' 04-Mar '05	Total complaints	Resolved during the year	Pending as on 31/03/2005	Break up of pending complaints			
						(I)	(II)	III)	(IV)
Public Sector	992	489	1481	335	1146	87	174	479	406
Private Sector	133	268	401	137	264	23	57	96	88
Total	**1125**	**757**	**1882**	**472**	**1410**	**110**	**231**	**575**	**494**

vi) Insurance Associations and Insurance Councils

Life Insurance Council

Life Insurance Council is a statutory body under section 64 J of the Insurance Act 1938. It is a forum of all licensed life insurers with functions of setting up Codes of Conduct, Standards of Service, advising IRDA on management expenses of life insurers, bringing to the attention of IRDA matters relating to errant insurers etc. The Council held several meetings during the year 2004-05 and over a few initial meetings, clarity of role, issues for discussions etc emerged. The Council did not have any staff or an office. In April 2005 Council's office was opened in Mumbai and Council's website was launched. The Member (Life) of the IRDA was the Chairman of the council. After interaction with the IRDA the Council agreed on common approach to subjects such as: benefit illustrations, format in which monthly data to be submitted to IRDA etc. On several issues the IRDA have followed the practice of getting the industry's views through the Council. In October 2005 Mr. S. V. Mony was appointed as Secretary General of the Council. The Council took up for discussions with the IRDA, issues such as outsourcing of Fund accounting and NAV calculation in respect of linked products, tax regime and changes thereof, matters relating to product approvals, common standards in respect of ULIP products etc. The Council has come to stay as a regular forum of interaction between the IRDA and the life insurance industry. During the year the Council signed an MOU with the Actuarial Society of India to set up the 'Mortality and Morbidity Investigation Bureau' (MMIB) which is expected to appoint a CEO and start functioning during the year 2005-06. On matters relating to taxation the Council held meetings with officials of the Ministry of Finance. On the Pensions Bill, the life insurance industry's views were articulated in different forums, including the Ministry of Finance, PFRDA (provisional), and the Standing Committee of Finance on Pension Bill. Life insurance industry's views were put forth through several meetings and conferences of FICCI, CII, and Chambers of Commerce. Internally the Council has set up sub-committees for Finance, Actuarial, Underwriting, Legal, and one for drafting a Code of Conduct. It is the intention of IRDA that the Council may emerge as a strong and effective 'Self Regulatory Body' in the life insurance sector and complement its efforts to establish a sound, healthy and competitive life insurance industry.

General Insurance Council

The endeavour of the Authority was to ensure that the General Insurance Council should establish itself as a self regulating organization (SRO) for which considerable progress has been made. The council is in the process of establishing a Secretariat at Mumbai and also appoint a Secretary General to run the day to day affairs of the council. It will function as an industry association which will liaise with the Government, IRDA and give the feed back of the industry on various issues to the IRDA in addition to addressing market conduct issues. It may also function as a clearing house for co-insurance agreements and may also take up issue of agency licenses as has been done in other countries.

During the financial year 2004-05, five General Insurance Council meetings were held and major issues discussed were:

1. Amendments to Motor Vehicles Act, 1988

   The major amendment suggested in the Motor Vehicle's Act is in respect of jurisdiction and limitation clause. At present the petitioner can file the case in any of the court in India. The council members were also of the view that there should be a limitation of period in filing the case.

2. De-tariffing of motor insurance/ submission of statistics by insurers

   The council members favoured total detariffing of the general insurance business across the board than detariffing on a piece meal basis.

3. De-tariffing of marine hull and small fire insurance policies.

   Marine Hull has been detariffed by the TAC in view of the favourable claim ratio in the portfolio and to pass on the benefit to the consumers.

4. Need of earthquake / natural hazard pool

   A committee was set up for the establishment of earthquake pool. The committee could not complete its task because of lack of data on the subject.

5. Professional liability cover for brokers

   Initially very few insurers were providing such a cover to the brokers as this is mandated in the regulations for brokers. Members discussed the issue of providing covers to brokers.

6. Solatium Fund of contributions made by insurers

   The solatium fund for hit and run cases of road accidents was managed by General Insurance Corporation, when it was a holding company of the public sector insurers. The Council members after deliberations have come up with a new scheme for management of solatium fund which will be now managed by non-life insurers who are doing motor business.

7. Working groups / committees on health insurance

   Members discussed the report of the working group constituted by IRDA to look into the issue of preexisting disease and innovations in health insurance policy.

vii) Insurance Advisory Committee

The Insurance Advisory Committee met on 22nd March 2004 and deliberated on the following issues.

- ✧ Report of the Expert Committee on remuneration system for insurance brokers, agents etc
- ✧ Report of the Government Committee on Surveyors and Loss Assessors
- ✧ Guidelines on derivatives
- ✧ Surveyors' Institute
- ✧ Tariff Advisory Committee (Election of Members, meetings, functions and miscellaneous) Regulations
- ✧ Rural and Social Sector Regulations
- ✧ Protection of policyholders Regulations

The reconstituted Insurance Advisory Committee met on 17th August 2005 and deliberated on the following issues:

- ✧ Guidelines on Micro-insurance
- ✧ Rural and Social Sector Obligations
- ✧ Maternity Leave – Proposed amendments to the Regulations
- ✧ Availment of Sick Leave – Proposed amendments to the Regulation

The Insurance Advisory Committee was reconstituted on 6th June 2005. The list of members in the reconstituted committee is at Annexure xi.

viii) Functioning of Ombudsman

The details of the complaints handled by the Ombudsmen in 2004-05 are at Table 30. The total number of complaints during the year including the outstanding carried forward was 12281 as against 9675 of last year recording an increase of 26.93 per cent. The disposal rate was 83 per cent for the current financial year and the highest ever achieved since the inception of Ombudsman scheme in 1999-2000. The disposal rate for 2003-04 was 70.45 per cent. The high disposal rate this year was possible due to posting of Ombudsmen in all the 12 centres. During 2003-04, 110 complaints were received against private sector life and general insurance companies. This year the number increased to 393. With the high disposal rate this year, the number of complaints pending beyond 3 months was 1113 as against 1836 of last year. Similarly the number of complaints pending beyond one year was negligible (12) compared to last year's figure of 372.The number of awards and recommendations made by Ombudsmen during the current financial year is 2873 as against 1666 for the year 2003-04 showing a growth rate of 72.45 per cent. However, the pending compliance level of awards / agreed recommendations has gone up to 64 from last year's figure of 31. Delhi and Mumbai Centres together contribute to about 70% of pending compliance levels. The awards and recommendations worth Rs 9.94 crores were made by Insurance Ombudsmen against Rs 8.30 crores during the financial year 2003-04. The average size of award / recommendation this year being Rs 34,632/-.

TABLE 30

DISPOSAL OF COMPLAINTS BY OMBUDSMAN: 2004-05

(per cent)

Particulars	No. of complaints	No. of complaints disposed off by way of						complaints disposed
		Recommen-dation	Awards	withdrawal / Settlement	Non accept-ance	Dismissal	Not enterain-able	
Life	5567	195 (3.88)	903 (17.99)	1080 (21.51)	41 (0.82)	448 (8.92)	2353 (46.87)	5020 (90.17)
Non-Life	6714	339 (6.55)	1436 (27.76)	718 (13.88)	39 (0.75)	1125 (21.75)	1516 (29.31)	5173 (77.04)
Combined	12281	534 (5.24)	2339 (22.95)	1798 (17.64)	80 (0.78)	1573 (15.43)	3869 (37.96)	10193 (82.99)

ix) Committees

RBI/ SEBI/ IRDA Technical Committee

Following the decision of the HLCCFM to have 3 Technical Committees one each on RBI/ SEBI/ IRDA Regulated Entities with the following terms of reference:

i) The primary responsibility of the Committee would be to provide an inter-agency forum to review exposure of the insurance sector to the capital market with a view to identifying any unusual developments resulting from such exposures.

ii) To decide on sharing of information with investigative/ intelligence agencies in case of suspected market misconduct.

iii) To develop benchmarks for parameters that may serve as early warning signals of emerging irregularities, relating to insurance sector exposure in the capital market.

iv) To coordinate action with other regulators based on the early warning system developed by the committee

So far four meetings of the Technical Committee on RBI regulated entities organized by the Reserve Bank of India have been convened. The issues discussed in these meetings cover the following topics:

1. Approach to the "Integrated System of Alerts" for capturing warning signals regarding banks exposure to capital markets through clearing settlement banks and operationalising the system.

2. Analysis of capital market exposure of various entities based on data received by Capital Market Division from DBS, DNBS, FED and UBD.

3. Operationalising the suggested information system for financial conglomerates (SIFI's).

4. Exploring the feasibility of collecting the capital market exposure data on more frequent basis from the banks designated as clearing banks to BSE and NSE.

5. Evolving a strategy for real time monitoring of action by companies and individuals associated with financial markets.

Regular meetings of the committees have been held during the year and issues of common interest have been taken up.

K.P.Narasimhan Committee

The Law Commission felt that in respect of a few specialized areas, a detailed examination by experts would be necessary for suggesting amendments to the statutory framework of the Insurance Act. Accordingly the Authority constituted a Committee headed by Shri K.P. Narasimhan to give a report on the following:

1. The areas in which the Commission suggested examination by insurance experts.

2. The areas in which the Commission did not recommend any modification at all.

3. Suggestions if any, on the recommendations made by Law Commission.

4. Any new sections, which may be created to suit to the needs of the stakeholders of the insurance industry.

The Committee has since submitted its report to the IRDA. The report is kept on the IRDA Website at http://www.irdaindia.org for suggestions / views on the recommendations.

Financial Conglomerates

The emergence of groups having operations in multiple sectors has, from a regulatory perspective, prompted an effort towards an integrated supervisory mechanism. Accordingly, an inter-regulatory Working Group has been constituted involving the three financial sector regulators - RBI, SEBI and IRDA. The Working Group submitted its report to Governor, RBI. To operationalize the system, the group has identified 28 financial conglomerates operating in India. To supervise their functioning, reporting formats have been developed which are being used to collect information on a quarterly basis. The IRDA has been designated as the principal regulator in respect of the following financial conglomerates:

i) Life Insurance Corporation of India

ii) TATA AIG Life Insurance Company Limited

iii) Bajaj Allianz General Insurance Company Limited

iv) Birla Sun Life Insurance Company Limited

The financial conglomerates are furnishing information which is being analyzed and sent to the RBI which is acting as a central nodal agency for storing of information. The formats seek information from the financial conglomerates on the financial transactions between the

a) Subsidiaries, joint ventures, associates or any other related party of the parent as defined in terms of AS 18 of ICAI;

b) Entities having a common brand name;

c) Other entities in which the investments by any of the entities specified at (a) and (b) above, exceed 20% of the equity of the 'other' entity.

Working Group on Health Insurance

IRDA constituted a Working Group on Health Insurance in September, 2003 for promoting and developing Health Insurance in the country. The Working Group through its Data Sub-Group recommended the setting up of three committees to examine the following issues:

(1) Implementation of the recommendations of the Health Insurance Data Sub Group on Health Insurance data.

(2) Product innovations in health insurance and definition of 'pre-existing disease'.

(3) Regulatory issues pertaining to registration of Standalone Health Insurance Companies.

Accordingly, IRDA constituted three committees, to look into the above issues and make specific recommendations on the three areas.

I. Sub-committee for Health Insurance data:

II. Sub-committee to examine Product Innovations in Health Insurance and the definition of 'Pre-existing disease'.

III. Sub-group on registration of stand-alone health insurance companies:

x) **Review of the Advisory Functions performed by the Authority**

Ministry of Statistics and Programme Implementation

The Authority is coordinating with the Ministry of Statistics and Programme Implementation based on the recommendations of the National Statistical Commission. The scope of the statistics proposed to be compiled for the insurance sector include income and expenditure; assets and liabilities; sources and uses of funds; investments; and operations of insurance companies covering aspects such as life and non-life business, reinsurance, pensions, superannuation, health insurance and crop insurance. The Authority has been made the nodal point for collection and dissemination of statistics pertaining to the insurance sector.

However, it is difficult to collect critical data since the public sector insurers who account for nearly 90 per cent of the insurance business in the country are at various stages of computerization. A study of the formats adopted by the insurers for capturing basic data reveals that certain fields have been identified as mandatory while others are not mandatory. Further, it has been observed that at the time of keying in data at the branch level, while information pertaining to the mandatory fields is captured, those pertaining to the non-mandatory fields need not necessarily be captured. Consequently, the recommendations of the National Statistical Commission cannot be implemented straight away unless information pertaining to these non-mandatory fields is also made available.

Working Group on Conflicts of Interest in the Indian Financial Services Sector

There is an increasing concern internationally about the impact of conflicts of interest in the financial sector. Legislative and regulatory measures have been adopted by different countries to ensure that conflicts of interest are not allowed to compromise the interest of stakeholders and public at large. These measures are intended to have a positive impact on investor confidence, efficacy of the regulatory framework and, above all, the credibility of those associated with the financial services. Accordingly, the RBI in consultation with Chairman, SEBI and Chairman, IRDA constituted a Working Group on avoidance of conflicts of interest. The Working Group which is headed by Shri Deepak Satwalekar, MD, HDFC Life with members from regulatory agencies and other associated entities will identify the sources and nature of potential conflicts of interest, the international practices to mitigate this problem, the existing mechanisms in India in this regard and make suitable recommendations. The Working Group will submit its report shortly.

PART III

STATUTORY FUNCTIONS OF THE AUTHORITY

a) Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration.

The Authority has not issued new certificate of registration during the financial year 2004-05. The Certificate of registration issued to the existing life and non-life insurance company has been renewed in terms of Section 3 (A) of the Insurance Act 1938. The Authority has imposed penalty equivalent to 10 per cent of the renewal fee on one Life Insurer due to late submission of application for renewal of registration.

The Authority did not modify, withdraw, suspend or cancel the certificate of registration of any insurer.

The Authority suspended the licences of the following brokers for contravention of the provisions of the Insurance Brokers' Regulations 2002:

i) The broking licence of M/s Corporate Risks India Pvt. Ltd was suspended on 27th March, 2004 on account of reinsurance irregularities. The suspension was revoked on 31st May, 2005 following an undertaking by the company to adhere to the norms of reinsurance business.

ii) The broking licence of M/s Pegasus Insurance Brokers Pvt. Ltd. was suspended on 13th October 2004 when it came to the notice of the Authority that the Principal Officer of the company had unfortunately expired and the company was functioning without trained manpower.

iii) The broking licence of M/s Avani Ins. Services Pvt. Ltd. was suspended on 5th May 2004 when the Authority came to know that the broking company has been sold without its prior knowledge or concurrence. The suspension was revoked on 15th April 2005 after hearing the representation made by the new promoters and also satisfying itself that the new promoters fulfilled all the eligibility requirements.

iv) The broking licence of M/s Mass Insurance Brokers Pvt. Ltd. was suspended on 8th June 2004 on account of its failure to submit its un-audited balance sheet on time. The same was revoked on 30th July, 2004 after the promoters submitted the un-audited balance sheet and also promised to be diligent in future in submitting the regulatory returns on time.

The Authority issued a circular addressed to all the Principal Officers of the broking companies and the CEOs of the registered insurers on the subject of Standards of Practices to be followed by the insurers and insurance / reinsurance brokers for insurance and reinsurance of general insurance risks. The same was issued after it came to the notice of the Authority that insurance/ reinsurance brokers are following improper practices in contravention of Code of Conduct prescribed by the Regulations. The said circular prescribed the code of conduct relating to business, documentation and post insurance servicing, handling of reinsurance monies, co-broking etc.

The Authority also carried out Market Conduct Examination on some of the broking companies on receipt of certain complaints against them. Investigations / inspections were carried out to ascertain the factual position and to take corrective punitive action wherever due.

b) Protection of the interests of the policyholders in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance

In line with its Mission Statement, the Authority attaches importance to the protection of policy holders of insurance. The Grievance cell diligently takes up each complaint with the concerned insurer for early resolution. Overall, the number of complaints pending for resolution has been slowly and steadily going down compared to the previous years because of vigorous follow up with the insurers by the Authority in writing/over telephone/through e-mail. In addition, review meetings with the insurers involving face-to-face interaction with their customer services/grievance redressal departments has helped put pressure on the insurers to increase their disposal ratio and reduce the time-lag involved in disposal.

c) Specifying requisite qualifications, code of conduct and practical training for intermediaries or insurance intermediaries and agents

The Authority has prescribed qualifications and training for Agents as per Regulations 4 and 5 respectively of the IRDA (Licensing of Insurance Agents) Regulations 2002. Similarly in case of Corporate Agents, Regulation 4 of IRDA (Licensing of Corporate Agents) Regulations, 2002 prescribes minimum qualifications for the corporate insurance executive/ specified person. The agent, corporate executive and the specified persons shall also not suffer from any of the disqualifications specified under section 42 D of the Insurance Act, 1938.

With a view to ensuring that the offline and online agents' training institutes adhere to the minimum requirements prescribed, the Authority has issued fresh guidelines for the agents' training institutes. The guidelines relate to approval / renewal of offline and online agents' training institutes separately.

The guidelines provide for a minimum training period, coverage of training, maintenance of attendance record of the trainees, appointment of one qualified faculty for each stream to solve the online queries of the trainees, maintenance of data base by the web administrator, barring of marketing fee / consultancy fee payment for getting the trainees etc. The accreditation for offline institutes will be for three years and the initial accreditation for online and offline training institutes will be for one year.

In addition, the Authority also prescribed technical checks to be complied with by the online training institutes.

The Authority received information that Corporate Agents resort to use of introducers or finders or sub-agents who sold contracts. Further, varying levels of commission were being passed on to such introducers, finders or sub-agents within the overall commission received from the Insurance Companies or by improperly charging the public a higher premium than paid to the insurer and using the margin to pay the sales persons. The Authority also noticed a large number of firms floated by the same set of individuals under different or similar names and utilized the services of a large army of people who did not have the requisite qualifications to sell insurance products and paid remuneration for procuring the contracts.

In view of this, the Authority decided to suspend the issuance of fresh corporate agency licences in September, 2004.

In order to streamline the system of licensing of corporate agents, the Authority decided to issue fresh guidelines for compliance by the Insurance Companies. The salient features of the new guidelines are:

- In case corporate agency is sought for exclusively doing insurance intermediation, the corporate agent should be a public limited company with a minimum share capital of Rs 15 lakh.
- The business shall be transacted only by full time employees of the corporate agents having required qualifications as per the Regulations.
- One licence only to be granted to one group provided the group does not have any other insurance activity such as broker, insurer etc.
- The Chief Insurance Executive and other 'specified persons' shall be whole time employees of the applicant.
- NGOs and SHGs who work as a Corporate Agent in the area of Micro-insurance may apply to IRDA and secure exemption from the requirement to maintain shareholder fund. They will be guided by the provisions of Micro-insurance regulations as and when that is introduced.
- There shall be no 'sub-agents' or ' introducers' or 'referral providers' or 'lead generators' by whatever names called.
- Sale of insurance products shall be done by 'specified persons'.
- Where group insurance is sold through corporate agents, the guidelines on group insurance should be complied with.

Qualifications and training have been prescribed for surveyors and loss assessors also under Regulation 14 of IRDA (Licensing, Professional Requirements and Code of Conduct) Regulations, 2000. Categorization of surveyors and loss assessors are being done on the basis of professional qualifications, training undergone, experience as a surveyor and loss assessor and any other criteria as may be specified by the Authority from time to time.

With the incorporation of the 'Indian Institute of Insurance Surveyors and Loss Assessors', a higher quality and professionalism is expected to be infused in the future.

d) Specifying the code of conduct for surveyors and loss assessors

The 'Indian Institute of Insurance Surveyors and Loss Assessors' (IIISLA) was incorporated on 4th October, 2005 under Section 25 of the Companies Act, 1956. The Institute has its registered office at Hyderabad.

The main objectives of the Institute, *inter alia*, are promotion of quality in the profession of surveyors and loss assessors through education and training, introduction of best practices amongst its members, conduct of professional examinations relating to the profession of surveyors and loss assessors, promotion of research and studies in loss control and minimization techniques, development and administration of code of conduct and ethics among the surveyors and loss assessors and ensuring compliance of the same.

Article 32 of the Articles of Association of the IIISLA prescribes the procedure in inquiries relating to misconduct of members of the Institute.

e) Promoting efficiency in the conduct of insurance business

Consequent upon heavy rains in Mumbai, a number of claims were reported against losses sustained by them. All the insurers have announced steps to ensure speedy settlement of claims by setting up special cells besides waiving some of the procedural requirements in case of genuine claims. On its part, the IRDA has (vide order dated 3rd August 2005) permitted the in-house Surveyors to assess damage upto Rs 50000/- against the normal limit of Rs 20000/- to facilitate expeditious clearance of claims. The Authority has also directed all insurance companies to submit returns on a weekly basis giving the number of claims reported, number of claim settled, claims outstanding both in number and in quantum with a view to monitoring settlement of claims on a weekly basis. As on 30th September, 30 per cent of the reported clams due to floods have been settled.

The devastation caused by the tsunami on December 26, 2004 and its aftermath has been one of the worst natural disasters to have affected the eastern coast of India. Insurers rose to the occasion by initiating proactive steps to ensure expeditious settlement of claims through the setting up of special cells besides waiving some of the procedural requirements in case of genuine claims. In some cases they have also publicized the measures adopted by inserting advertisements in the national dailies.

IRDA on its part issued a circular with a directive to be kept informed about the estimated amount of loss and the measures adopted by the insurance companies to ensure discharge of their policy liabilities under the insurance contracts. A format was prescribed for sending monthly status report of tsunami related claims.

The Authority dealt with the problem with regard to denial of Motor insurance cover and set in motion a road map for detariffing by the end of December 2006. The road map outlines the steps the insurers will have to take to be prepared for the eventuality. In the specific area of Motor insurance, IRDA had repeatedly stressed the need for collection and collation of qualitative data by the insurers. A pilot study was conducted in November 2004 in and around Mumbai and the results were encouraging regarding availability of data.

In the area of Health Insurance, the working group that deliberated on developing the Health insurance portfolio had a special focus on data capturing and data mining for scientific rating of the business. It has also been considered the need for reducing the entry levels for standalone health insurance companies in order to encourage their creation.

Another initiative the Authority has taken is to nurture the concept of self regulation among various classes of stakeholders. The Authority is actively pursuing this concept, enabled by the Insurance Act, 1938. The Life Insurance Council has been tackling issues of significance like mis selling (uniform benefit illustrations during selling process) and disclosure (bringing clarity into the potentially confusing area of complex products). The General Insurance Council will be setting up their own infrastructure shortly. The Authority has already set in motion the system of dealing with one organization in each segment that will comprehensively represent the interests of that sector and insurance brokers and third party administrators (TPAs) are at various stages of building their self-regulatory organizations. In the case of intermediaries like brokers, the Authority has insisted on their formulating suitable code of conduct for market discipline and conducting their business in a healthy and responsible way. Code of conduct for individual and corporate agents has been incorporated in the regulations. In the case of insurers, the Authority has worked to catalyze the councils into becoming self regulatory organizations (SROs) that consider, determine and maintain market discipline, codes of conduct, and best practices. The incorporation of Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA) is another milestone in this area.

Lastly, the Authority has put in place Regulations on Micro-insurance. While this is a logical extension of the idea of social and rural sector obligations imposed by the Authority on insurers, these regulations enable the mechanisms and modalities to spread this protection among targeted sections of the population.

f) Promoting and regulating professional organizations connected with insurance and reinsurance business

Institute of Insurance & Risk Management (IIRM)

Having been Advisor to IIRM in 2004-05 and inducted to its Board on 19th April, 2005 Shri Vepa Kamesam assumed charge as Managing Director on 4th May, 2005.

In keeping with its objective of imparting expertise in the subjects of insurance, actuarial science, risk management and related disciplines in the context of the contemporary challenges facing the Indian insurance industry, the IIRM has been taking innovative measures in the areas of marketing and improving visibility of IIRM and also for the IPGDI intake while toning up internal administration, accounting & tax related areas. Visiting faculty staff arrangements for conducting the IPGDI programme have been firmed up.

A series of advertisements were released in the print media and in the main frontline papers all over the country and well designed posters and brochures were sent to about 1200 degree colleges in the State of Andhra Pradesh and other major metros and important educational centres all over the country. The posters and literatures were also sent to all Engineering colleges of Andhra Pradesh to be displayed on their notice boards. Adequate coverage appeared in print media apart from one Telugu TV channel telecasting on 9th May.

IIRM website was revamped and the facility for online registration of applications by prospective candidates was made available. An MOU was firmed up with Andhra Bank to act as preferred banker for grant of Educational Loan to the students on soft interest at 9 per cent per annum.

IIRM also proposes to start a Bancassurance programme. Broad contours have been drawn up on the Bancassurance syllabus. IIRM is also in correspondence with CII, London who have come forward to share the ready solution. A seminar on Bancassurance was conducted by IIRM on 29th August 2005.

During the year, a batch of 24 candidates was taken for the IPGDI course at Jasindo, Jakarta.

IIRM has conducted a seminar on ‘Human Resource Needs in Indian Insurance Industry’ to assess the training needs of insurance companies in India on 30th August, 2005. IIRM has also on behalf of IRDA and USAID, Bearing Point has conducted a two day workshop on “Micro-Insurance” on 14th and 15th October 2005.

On behalf of International Association of Insurance Supervisors (IAIS), Switzerland, IIRM has conducted a three day Annual seminar on “Regulatory Issues for Senior Officers of Insurance Regulatory Agencies” from 14 to 16 November, 2005.

Indian Institute of Insurance Surveyors and Loss Assessors

The ‘Indian Institute of Insurance Surveyors and Loss Assessors’ was incorporated on 4th October, 2005 under Section 25 of the Companies Act 1956. The Institute has its registered office at Hyderabad.

The main objectives of the Institute are:

1. To promote quality in the profession of Surveyors and Loss Assessors through education and training, facilitate introduction of best practices amongst its members and to disseminate technical information among its members to upgrade their skills and knowledge.
2. To conduct professional examination relating to the profession of Surveyors and Loss Assessors.
3. To promote research and studies in loss control and minimization techniques and measures and share the same with the Insurance Industry and general public and to update its members on application of new technologies for improving service to the users and consumers.
4. To bring out guidance notes, instructions manuals, periodicals for the use and benefit of members and others connected with the profession of surveyors and loss assessors.
5. To develop and administer the code of conduct and ethics from time to time with the concurrence of the IRDA and ensure compliance of the same by its members and also ensure that the members maintain / adhere to high standards of integrity, transparency, discipline and professional conduct.

g) Levying fees and other charges for carrying out the purposes of the Act

The Authority levies both registration and renewal fees from the insurers and various intermediaries associated with the insurance business. The renewal registration fees stand at 10 percent of 1 percent of the gross premium or Rs 50000 (Fifty thousand) whichever is higher. This follows amendment of Regulation 20 of IRDA (Registration of Indian Insurance Companies) Regulations, 2000 w.e.f February 2003.

The schedule giving details of fee structure for insurers and various intermediaries is placed at Statement 33.

h) Calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business

The Authority carried out inspections / investigations of Brokers and TPAs. In respect of brokers, the investigations were carried out to look into the complaints received for placement of jewellers block insurance account with the re-insurer and to check any violations of provisions of Insurance Act 1938 and Regulations. The inspections were also carried out in case of TPA companies to look into complaint relating to unsatisfactory functioning of the TPA companies and for non-payment of hospital bills by the TPA to the various health service providers. The other issues which were looked into include restructuring of their share holding pattern, transfer of shares, net worth of the purchasers and financial condition of the company.

The Authority has been conducting On-site inspections wherever i) the findings of off-site inspections necessitated a more detailed on-site inspection; and ii) where the Authority has received specific complaints; and iii) investment audit as part of the annual exercise.

For conducting Investment Audit of insurers the Authority took into account the following aspects:

- Constitution of Investment Committee
- Decision support systems
- Investment policy, its review in the light of investment performance
- Delegation of Authority for day to day functioning
- Methodology adopted for Asset Liability Management
- Review of Investment Systems
- Adequacy of Internal Audit / Concurrent Audit
- Outsourcing of Investment Functions
- Adherence to Act, Regulations, Guidelines & Circulars
- Transfer between funds from the end of adherence
- Filing of Returns and its completeness.

The IRDA undertook investment audit of the life and general insurance companies for the year 2003-04 by appointing a group of chartered accountant firms. Some of the observations made by the chartered accountant firms after carrying out the investment audit were:

- Delay in submission of Returns
- No interface with the books of Accounts causing reconciliation problem
- No- system of monitoring of exposure norms
- Outsourcing of Investment functions
- No clear segregation of responsibilities of CFO/ CIO
- Non-constitution of Investment Committee as per IRDA Regulations

i) Control and regulation of rates, advantages, terms and conditions that may be offered by the insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under Section 64 U of the Insurance Act 1938 (4 of 1938)

The IRDA had issued a circular in December, 2000 for filing of insurance products with the Authority under File & Use procedures. Subsequently, based on the review of the responses received from the insurers, the circular was modified and a revised circular no. IRDA/Gen/FuP/Feb 2001 was issued on February, 26, 2001 which is still in vogue. In line with the guidelines mentioned therein the Authority has given clearance to a number of non-tariff products under File & Use procedures.

Whenever a new product (non-tariff) is filed under the File & Use procedures, besides checking the application and verifying the forms / information submitted therewith, the following are the key areas which are being looked into by the department –

- Policy wordings
- Premium rating and underwriting systems
- Target segment and sales process
- Claims management
- Protection of Policyholders' interests

However, whenever a revision of the existing product is filed, besides the above parameters, IRDA seeks from the company the past experience of the existing product in the market and the reasons for bringing out another version. All rates and rating plans intended for use are required to be filed by insurance companies with supporting data to substantiate the filing.

The supporting data needs to show that the rate / rating plan is not inadequate, excessive or unfairly discriminatory. This assumes more importance once the de-tariffing takes place, as it would be essential for each and every product to sustain on its own merits. Further the companies need to have detailed underwriting guidelines for each line of products for maintaining its own merits and for maintaining its own solvency.

j) Specifying the form and manner in which books of accounts shall be maintained and statements of

accounts shall be rendered by Insurers and other Insurance Intermediaries.

The Authority issued regulations for the preparation of financial statements and Auditor's Report of insurance companies in the year 2000. Incorporating various clarifications issued on the same from time to time, the regulations were modified in March, 2002. The regulations broadly conform to the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI). Modifications have been made in respect of the accounting standards pertaining to preparation of Cash Flow Statement (AS - 3) which is required to be furnished to the Authority only under the direct method. The requirements under Segment Reporting (AS–17) have been made more stringent for the insurers. The regulations further require that the financial statements shall be accompanied by the Management Report, in a prescribed format, duly certified by the management. The Responsibility Statement, as required under section 217(2AA) of the Companies Act, 1956 as part of corporate governance, also forms part of the Management Report. The Authority has also prescribed a format for the Auditors' Report, and requires accounts to be jointly audited by two auditors.

Section 12 of the Insurance Act, 1938 prescribes that all insurance companies must be audited annually by auditors. Regulation 3(4) of the IRDA (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 further provides that 'The Authority may, from time to time, issue separate directions/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'. The Authority had been maintaining a panel of auditors based on the applications received consequent to the Circular issued in February, 2001. The procedure for maintaining the panel was reviewed in the context of (i) the constraints in verifying and processing applications received and (ii) the need to provide more opportunities to eligible audit firms. Instead, prescriptions have been laid down as to the requirements to be complied with by firms seeking appointment as statutory auditors of insurance companies. Insurers are required to satisfy themselves as to the eligibility while appointing the statutory auditors. The revised guidelines which are applicable effective financial year 2006-07 require insurers to inform the Authority about the appointments. As part of corporate governance practices, the requirements of rotation and cooling off have been retained in the revised guidelines.

The Authority has periodically been issuing clarifications on the preparation of financial statements. As part of the process to increase disclosure, the Authority advised insurers to furnish details of loan asset which are subject to re-structuring; and break up of commission expenses based on the intermediary used to underwrite business – agents, brokers, corporate agency or through referral arrangement. Clarifications were issued on allocation of depreciation expenses between policyholders and shareholders' accounts; on presentation of service tax heads in the financial statements and on valuation of investments transferred to the policyholders' account with the objective of meeting the deficit in the said account. The Authority also directed non-life insurers to account for all Alternate Risk Transfer (ART) arrangement based on the principle of "Substance over Form". If the agreement is in the nature of re-insurance coupled with financing arrangement, and the components are capable of separation, each element should be accounted for as per the Generally Accepted Accounting Principles (GAAP). However, in cases where the aforesaid components are not separable, the entire arrangement should be treated as a financial transaction and should be accounted for accordingly.

The Committee set up to examine various issues as may arise from time to time, on the regulations for preparation of financial statements of the life and non-life insurers, was re-constituted in January, 2004. With the appointment of two more members in January, 2005, the Committee presently comprises of:

1. M/s T.S. Vishwanath, FCA, New Delhi   Chairman
2. Asish Bhattacharyya, IIM, Kolkata
3. Amal Ganguli, FCA, New Delhi
4. P B Ramanujan, Chennai.

During the period under report, the Committee examined issues pertaining to (i) norms for recognition of income, provisioning and asset classification for insurance companies; (ii) requirement of quarterly/half yearly reporting by the insurers and the pro forma in which such reports are required to be submitted by the insurers; (iii) investment in derivatives including the accounting aspects; (iv) accounting and disclosure issues relating to Alternate Risk Transfer (ART) agreements being entered into by non-life insurers; and (v) tax implications of treatment of profit or loss on sale of investments in case of non-life insurance companies.

k) Regulating investment of funds by the insurance companies

Timely submission: The Authority closely monitors timely submission of returns by the insurers. For the quarter ended

September 2005, returns are expected from LIC and three Public Sector General Insurers. The Authority has been accepting 'e-mail' with attachments as a means of timely submission or returns. This is to ensure that there is no delay in sending the returns through conventional channels like post or courier. Compliance checking is done only after receipt of signed hardcopies.

Adherence to Pattern of Investment: All Insurers except CHNHB Association have adhered to the pattern of investment laid down in Form 3A / Form 3B).

Certificate under 28 (2A) / (2B) and 28 (3C) of Insurance Act 1938 (FORM 6): Some companies have not filed the above certificate (FORM 6) duly signed, as required by the Act.

Form 5: In the absence of operational software, verification of the reconciliation of (Purchase and Sale of Investments) Statement (FORM 5), had been checked at head office level for PSU insurers at FORM 5 level and not at individual category code level with the closing balance of previous quarters.

Authority is also considering suggestions from some insurers regarding split between Shareholders Fund and Policyholders Fund.

l) Regulating maintenance of margin of solvency

In the non-life segment, of the four non-life insurers in the public sector, two did not meet the stipulated solvency ratio of 1.50. Oriental maintained a solvency ratio of 1.46 as on 31st March, 2005; for National it was 1.30 (1.46). New India and United India reported a solvency ratio of above 1.50.

ECGC underwriting credit business had a solvency ratio of 6.44 (6.2) as on 31st March, 2005. Agriculture Insurance Company which commenced operations in the year 2003-04 has been advised to furnish the Solvency Statements with the Authority.

Of the eight non-life private insurers, except TATA AIG all others have met their solvency requirement of 1.50 as stipulated by the Authority. TATA AIG had reported a solvency ratio of 1.31 and injected fresh capital to the extent of Rs 40 crore to comply with the solvency margin stipulations. Insurers are increasing their operations to leverage on the capital funds in place while maintaining the solvency requirements as stipulated by the Authority. The national re-insurer, General Insurance Corporation, reported a solvency ratio of 3.81 as on 31st March, 2005.

m) Adjudication of disputes between Insurers and Intermediaries or Insurance Intermediaries

Whenever a reference comes to the Authority relating to disputes between Insurers and intermediaries or Insurance Intermediaries, the Authority examines the nature of the disputes. If only clarification is sought, the same is sent immediately through the Grievance Cell of the Authority. However in cases involving any violation of Regulations, the Authority takes the reference seriously and action is initiated as per the laid out process and explanations are sought. Serious cases of disputes have been few. However, the Authority is also in the process of setting up a mechanism of adjudication in anticipation of increase in such references and for speedier disposal of the same.

n) Supervising the functioning of the Tariff Advisory Committee

General insurance companies and other stakeholders in the insurance market have been voicing the demand for the removal of tariff as the existence of tariff was considered contrary to free market principles and insurance products need to be priced based on free market forces. The Authority has accordingly considered moving to a tariff free regime in due course. The Authority has put in place a roadmap for smooth transition from tariff to non-tariff regime.

With the abolition of tariffs, the role of Tariff Advisory Committee will undergo a change. It is expected that TAC may perform the following functions in the changed scenario.

- Collection of data on premiums and claims, analysis of such data and dissemination of the results to the insurers.
- Report to IRDA on the underwriting health of the market and any aberrations in market behaviour.
- Constitution of Expert Groups at the request of the General Insurance Council, to look into underwriting issues and recommend necessary action.
- Organize training to underwriters at the market level; and
- Attend to public grievances on non-availability of insurance and try to resolve the issues by discussion with insurers.

TAC has been preparing itself for the detariff market by equipping itself to facilitate determination of rates, terms and advantages which insurers could offer on non-tariff products. The World Bank has been working on a Technical Assistance Project for enhancing TAC's capacities in the fields of rate making, actuarial aspects and data management which would be of prime importance in a de-tariffed scenario. The report of World Bank has been submitted to TAC Board for their consideration.

TAC continued to examine the non-life insurance products filed under the 'file and use' procedures, for both the tariff and the hybrid products (which have both tariff and non-tariff components) prior to approval by the Authority. TAC also disposed of 105 'breach of tariff' cases.

TAC Chennai Regional Office has been maintaining data base on "Declined Lives" of life insurance. Around 42000 records have been collected so far.

No tariff revision was undertaken in 2004-05. Marine Hull portfolio was detariffed w.e.f. 1st April 2005. On tariff areas, TAC issued clarificatory circulars on the applicability of the tariffs to various non-life insurance companies. TAC is continuing to render advice to the non-life insurers and chambers of commerce on issues pertaining to tariff business.

The details of the tariffed business monitored by TAC are placed at Annex X.

o) Specifying the percentage of the premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f)

The Authority has not prescribed any percentage of the premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f).

p) Specifying the percentage of life insurance business and general insurance business to be undertaken by the Insurers in the rural or social sector

The regulations require the insurers to underwrite business based on the year of commencement of their operations. The regulations further provide that in case the first financial year of the insurer is less than 12 months, proportionate percentage or number of lives, as the case may be, shall be underwritten. In addition, the existing public sector insurance companies are required to ensure that the quantum of insurance business underwritten by them shall not be less than what has been recorded in 2001-2002. During the period under reporting, the Authority clarified that the term "lives" refers to the new lives insured during the financial year and in force as on 31st March on the year. The amendment is effective financial year 2005-06.

Obligations of life insurers :

All the thirteen insurers who commenced life insurance operations during the last five years have met their rural and social sector obligations. The number of policies underwritten by them in the rural sector as a per cent of the total policies underwritten in the year was as per obligations applicable to them. The number of lives covered in the social sector, were above the stipulated obligations.

In the case of LIC it was stipulated that the percentage of policies issued in the rural sector for an year should not fall below the quantum of insurance business done in the accounting year ended 31st March, 2002. LIC complied with its obligations towards the rural sector. In addition, LIC covered more number of lives in the social sector than those covered in the year 2001-02. LIC has been extending coverage to economically weaker sections of the society through its various social security group schemes targeting masses and non-conventional groups in the unorganized sector. Insurance coverage is also provided to the under privileged through a separate fund created by the Government. Subsidies for the insurance cover are provided for power loom workers, handicraft artisans and handloom weavers. Subsidies are also provided to the Aanganwadi workers/ helpers and unorganized labour. Under the Shiksha Sahayog Yojana, scholarships are offered to children whose parents are covered under the Janashree Bima Yojna.

Obligations of non-life insurers :

All the eight private sector non-life insurers met their rural and social sector obligations in the financial year 2004-05.

Among the public sector non-life insurers, while the four insurers complied with the rural sector obligations for the year 2004-05, in case of two insurers there was shortfall in compliance with the social sector obligations. The number of lives covered by these two insurers was less than those covered in the year 2001-02, which is the benchmark year for the non-life public sector insurers. The Authority has sought clarifications from the two insurers for the reasons for the shortfall. The public sector insurers have also covered lives under the Universal Health Insurance scheme of the Government of India which was launched in the financial year 2003-04.

q) Exercising such other powers as may be prescribed

The Authority had no occasion to exercise any powers under this function.

PART IV

ORGANIZATIONAL MATTERS

i) Organization

Section 4 of the IRDA Act, 1999 provides that the Authority shall consist of a Chairman, five whole time members and four part-time members. The composition of the Authority underwent changes during the financial year under report. Mr. C. S. Rao continued as Chairman.

Shri P. A. Balasubramanian, Member (Actuary) retired on superannuation on 31st May, 2005.

Mr. T. K. Banerjee who joined the Authority as whole time member on 18th August, 2003 retired on superannuation on 1st August, 2005. Mr. Mathew Verghese who joined the Authority on 27th October, 2003 retired on superannuation on 31st August, 2005. He is replaced by Mr. K.K. Srinivasan who had wide experience in general insurance and served as Secretary, TAC prior to his joining the Authority.

Mr. C R Muralidharan joined on May 06, 2005 as a whole-time member of the Authority. He brings with him vast experience from RBI Inspections and operations. The composition the Authority during the year 2004-2005 is as under:

1. Mr. C. S. Rao, Chairman
2. Mr. C R Muralidharan, Member (Investments)
3. Mr. K K Srinivasan, Member (Non-Life)

During the financial year 2004-05, Mr. Vivek Mehrotra continued to be a part-time member. Mr. Kamlesh Vikamsey joined the Authority on taking over as President, Institute of Chartered Accountant of India (ICAI) from Mr. Sunil Goyal. Mr. Gautam Hari Singhania, CMD of Raymond's limited and Mr. Vijay Mahajan, MD of Bhartiya Samruddhi Finance Ltd. have joined the Authority as part-time members.

ii) Meetings of the Authority

During March 2004 to September 2005 six meetings of the Authority were held.

iii) Human Resources

Motivated manpower is the backbone of any organization, and this is particularly true in case of a regulatory body which is relatively young like IRDA. The insurance industry has stepped into a liberalized environment, from a controlled one. The changing role of the officers of the Authority has to evolve from the regulatory regime. With the notification of the IRDA Act, 1999, the Authority took up the task of framing the regulations and registered new insurance companies and various intermediaries. The developments of the last four years have witnessed the insurance sector changing at a faster pace requiring the regulatory body to gear up to meet the challenges. The Authority has provided exposure to the employees through various training programmes, workshops and seminars organized by the regulatory bodies across the globe. The exposure at various levels, enables the Authority to draw upon the experiences of regulators in other countries, and is aimed at maintaining international standards in regulating the insurance industry. Among the various training programmes and seminars attended by the officers of the Authority, were those organized on Insurance Supervision by IAIS; Financial Sector Services Negotiations by CECA, Singapore; Training Programmes on Life Insurance and Pensions organized by Australian APEC Study Centre; Seminar on On-site Inspection, at State of Oregon; Catastrophe Insurance by IAIS; Bancassurance; Advanced Risk Management Practices by Financial Stability Institute of Bank of International Settlements; Workshop on Micro-Insurance and study tour organized by USAID, etc. Officers of the Authority have also presented papers on technical subjects at various domestic/international conferences. In another initiative, officers of the Authority are participating in implementation of the Core Curriculum Project of the International Association of Insurance Supervisors (IAIS). Promoting the implementation of the Insurance Core Principles (ICPs) and Standards is a core activity of the IAIS. A critical element in the delivery of this objective is the Core Curriculum Project established in 2003. The IAIS has established the Core Curriculum Task Force that is steering this project which is expected to be completed within a three-year period. The goal of the project is to translate each of the twenty-eight ICPs into practical training Modules together with delivery mechanisms for use by supervisors in both developing and developed economies. The project has already developed several high quality training Modules based on various elements of the IAIS Insurance Core Principles and Methodology and these are being progressively tested through pilot seminars and are also available on the website of IAIS. The Task Force has drawn officers from the regulatory authorities across the globe as Authors and Reviewers to prepare and review the training modules. Overall 11 officers were sponsored for various training programmes abroad.

iv) Promotion of Official Language

It has been the endeavour of IRDA to ensure progressive use of Hindi in official work. Implementation of various statutory provisions, policies etc. as laid down by Department Of Official Language, Ministry Of Home Affairs in the Official Language Act, 1963 and Official Language Rules, 1976. IRDA has also been making available various regulations, notifications, annual report and other useful material issued by it in bi-lingual form. The monthly IRDA Journal has a Hindi section.

v) Status of Information Technology in IRDA

IT Systems are crucial for the day-to-day activities of the Authority and hence it has become imperative to fully computerize all the functional units of the Authority over a period of time. Emphasis is given more on establishment of data bases of financial statements of all regulated entities. In achieving its objective towards this direction, Authority has planned to introduce on-line filling system for all its stake holders wherever feasible to ensure speedy and smooth filing of financial statements. All software applications being developed are based on centralized system for data storage which will facilitate access for the users across the local area network based on their credentials.

As a part of Authority's constant effort to computerize its operational departments, the existing single user based policy holder's Grievances Management System has been completely upgraded to a web-based system which includes following features:

1. Back office module to process the complaints from multiple workstations.
2. Automatic acknowledgements and forwarding letters to policy holders and insurers respectively as and when complaints are fed into the systems.
3. Periodical reminders to the Insurers to speed up the processing of un-resolved complaints.
4. Closure of complaints.
5. MIS reports for the top management.

As the back office module for Grievance Department is fully operational, Authority has planned to make this system on-line which will facilitate the policy holders to track the status of their complaints on-line. Automatic reminders can be sent to the insurers without any manual intervention and making the system on-line would also facilitate insurers to update the status of complaints on-line.

In addition to the above, the Agent Training Institute database for both off-line and on-line training Institutes has also been implemented.

As envisaged, Authority is in the process of implementing the following systems

- On-line filing of Advertisements by Insurers
- Brokers- On-line filing of financial statements
- Third-Party Administrators – On-line filing of financial statements
- On-line filing of new business statistics by Insurers
- Computerization Investment monitoring
- Content Management System and hosting of revamped website

Efforts are on with a view to implementing the above systems by January'2006.

Standing Committee on Information Technology (SCIT)

The Authority is moving towards regulatory regime with globally accepted standards. In an effort in moving towards this direction, Authority is in the process of implementing central repository facilities for collection and collation of data of Insurers for establishing bench marks for the Industry. The Tariff Advisory Committee (TAC) located in Mumbai has been identified as data repository for this purpose. In order to have appropriate guidelines to implement the data repository and also to guide the Authority in its IT initiatives, a Standing Committee on Information Technology comprising academics, experts drawn from IT and Insurance Industry was constituted in 2004-05. The Chairman of the Authority is Chairman of the Standing Committee. The Committee held two meetings and discussed important issues regarding connectivity and data collection at IRDA / TAC.

Intranet:

Intranet which is single point reference to its officers is updated on a regular basis and new features are added to the intranet based on the user feedback.

Networking and other IT infrastructures:

In order to ensure increased availability for the staff of the Authority, the existing ISDN dial-up internet connectivity has been upgraded to 128 Kilo-bytes per second (Kbps) leased line. Two mega bytes per second (2 Mbps) connectivity is also being implemented between TAC, Mumbai and IRDA to ensure smooth data transfer between IRDA and TAC. In addition to the above, Local Area Network (LAN) facility has been enhanced. Additional desktops and laptops have been procured and installed to cater to the needs of the staff.

vi) Accounts

The accounts of the Authority for the financial year 2003-04 and 2004-05 have been audited by the Comptroller and Auditor General of India (C&AG). Pursuant to the provisions of Section 17 of IRDA Act, 1999, the Audited Accounts along with the Audit Report have been forwarded to the Government of India to be placed in both Houses of Parliament. A copy of the accounts for the year 2003-04 and 2004 – 2005 together with comments of the C&AG is placed at Annexure **xiii**. A copy of the same, as submitted to C&AG, is placed at **xiv** to this Report.

vii) ISO 9001- 2000 registration

The Authority was given ISO accreditation based on the assessment of its operations. The certification is a confirmation that the Authority has established a quality management system that is in compliance with the International Quality Systems Standard ISO 9001 and Q9001-2000. The certification is also a recognition of the quality policy followed by the Authority, which states that "The Authority is committed to act as a responsive regulatory body to protect the interests of the policyholders, to regulate, to promote and ensure orderly growth of the insurance industry and for all matters connected therewith or incidental thereto in a transparent manner and achieve their satisfaction through continued improvement by implementing Quality Management System." The certification is valid for a period of three years commencing May, 2003. However, an annual review of the effectiveness of the Quality Management System (QMS) is conducted through independent audits as per the specified procedures. The first surveillance audit of the Authority was conducted during the current financial year 2004-05 to confirm continued compliance with the documented QMS and requirements of ISO 9001-2000. Timely corrective steps were taken by the Authority to rectify the non-conformities. The independent auditors confirmed the presence of effective internal audit system, and commended continuation of ISO 9001 certification for another year.

viii) IRDA Journal

The Authority's monthly publication, IRDA Journal, completed three years of its existence with the November 2005 issue. In this period it has come to be recognized as an important forum of communication for the numerous stakeholders and observers of the industry. It has also become a resource for the industry, researchers and analysts being the authentic source of timely data about the industry. The scope of the statistics being published in the Journal was enhanced in order to ensure higher access to information to enable analyses and understanding of the trends in the industry.

During 2005, various themes were explored in the issues of the Journal including the economic benefits of insurance, self regulation, the system of Insurance Ombudsman, Micro-insurance, the concept of Plain Language and its significance to the insurance industry, the importance of underwriting in the context of the imminent detariffing of the Non-Life insurance industry and consumer protection.

ix) Acknowledgements

The Authority would like to place on record its appreciation and sincere thanks to the members of the Insurance Advisory Committee, the Reinsurance Advisory Committee, Insurance Division (Ministry of Finance), all insurers and intermediaries for their invaluable guidance and co-operation in its proper functioning and to the compact team of its officers and employees of the Authority for efficient discharge of their duties. The Authority also records its special thanks to the members of the public, the press, all the professional bodies and international agencies connected with the insurance profession for their valuable contribution from time to time.

CONCLUDING REMARKS

The regulatory Authority since its inception believed that sustainable growth in the insurance industry is possible in an environment which values and promotes financial stability, increased management capability and total public accountability. These values formed the back bone of the regulations framed by the Authority. The Authority has issued many regulations in the business conduct of the insurance companies so as to promote growth of insurance business in India without disturbing the financial stability. The growth was observed not only in the number of insurance companies but also in the premium collected. A similar increase was also observed in the insurance penetration. Considering the improvements, it is now time to consolidate and review some of the regulations with the changing scenario of global integration, high growth in domestic products caused by increased contribution from the services sector, interest of FIIs in the Indian markets and the operations of financial conglomerates. In the light of the above, importance now need to be attached to trace the market practices and putting in a strong supervisory system. The regulatory role now is being turned towards watching market practices and a strong supervisory. The Authority believes in putting in regulations only after an open and transparent practice of prior consultation with stakeholders. The experience so far confirmed the benefits of the openness as the regulatory regime is now more expected as it has incorporated globally acceptable standards.

It is needless to say that in order to have an increased management capability, it is necessary that good corporate governance practices are followed in the companies as well as with the regulator. This problem to some extent has been addressed through a rigorous system of scrutiny of applications submitted to the Authority for setting up of insurance companies. The Authority has not fixed any limit on the number of insurance companies to enter into the Indian market; however, it has put in place a strict criteria for awarding such licenses. The Authority while considering a company's application for license emphasized on i) financial strength, track record and reputation of the promoters, and ii) strength of internal control systems, commitment of the applicant to contribute to India's development of the insurance industry.

For any industry to grew it is necessary that there should be many innovative products available to the consumers which are affordable by the consumer at appropriate prices suitable to their needs. The Authority was able to bring such a competition among the insurance companies operating in India. As of now there are many products that are available which are tailor-made to different segments of the population. These innovations to some extent have brought in shifts in the market share between the public sector and private sector companies.

The stability and robustness of the insurance industry depends not only on the selection of sound players to enter the market but also in ensuring that they remain financially sound throughout their operations. As the Authority is committed to safeguarding the policyholders' interest, the Authority has put in place stringent solvency requirements. In case a company falls short of the solvency requirement the companies are asked to provide for additional infusion of capital. Further, in order to reinforce the safeguards, the Authority had laid down quantitative restrictions on the investments by the insurance companies.

Rigorous scrutiny of the companies at the entry level coupled with diligent monitoring of the activities with special reference to maintenance of solvency margins and prudent investment policy ensures that the management of the companies is not lax and proper corporate governance practices are adopted by them. For the monitoring purposes an effective supervision model is required and a conscious decision was taken in India to have separate regulators for each financial sector activity so that each supervisor is able to develop a consistent framework of regulations and supervision for that segment of the financial sector. With this underpinning the supervisory role of the activities of the insurance companies vests with the Authority and the Authority conducts off-site and on-site supervision at periodic intervals in order to assess the soundness of the insurance company.

It is well known that insurance business mainly spread through an agency force. The insurers have therefore, been recruiting agency force on a continuous basis. As at the end of March 2005 there are 20 lakh individual agents and 4,711 corporate agents. As bank assurance is now allowed in India, the insurers are making arrangements with banks for marketing the contracts either as corporate agents or on referral basis providing database on the depositors to the insurers. The regulators role does not end at prescribing a code of conduct for the insurers but also vests with putting in place proper code of conduct for agents and other intermediaries who are willing to sale the insurance contracts. In this connection, the Authority has issued regulations on the number of hours for training, entry level requirements, and the conduct of examinations. The Authority is keen that the agency force should be properly equipped as in future the insurance products will no longer be simple but more complex. The agents therefore should be able to understand the complexity to assess the requirement of the populace and then only advice on the appropriate policy which suits to the needs of the population. Further, the Authority is in close contact with the Insurance Institute of India for streamlining the examination system as instances have been noticed where the sanctity of the examination process was sought to be compromised by a few interested parties. Based on these observations the Authority instructed the CEOs to exercise vigilance to ensure that the examination process is in no way compromised.

In a similar way the Authority has come across cases where corporate agents have resorted to use of introducers or finders or sub-agents who in fact, sold the contracts and the corporate agent passed on varying levels of commission to them. The Authority has stipulated that the canvassing should be done only by specified persons "who are qualified" public agents. Further the system of licensing of corporate agents is also streamlined through a set of instructions to be followed by the insurers while issuing licenses to corporate agents. There are still some aberrations that have crept into the sale of group insurance products. The Authority believes that unless appropriate standards are set and followed by the insurers and the intermediaries there is a distinct possibility of the insurance market getting distorted which would affect the interests of the insured as well as the insurer.

The tariff regime in the general insurance market did not deter brokers for seeking licenses. The opportunities for the brokers were enlarged by increasing the threshold limit at which the discount in premium is allowed for contracts concluded directly with the insurers without intermediation by brokers. This may facilitate entry of brokers in the general insurance market. Brokers need to provide value added services to the employees. Many insurers argued tariffs and free markets do not go together and the insurers should be able to determine what risks they are prepared to underwrite and the rate at which they would underwrite this risk. The persistent demand by such insurers for freeing the general insurance market was recognized by the Authority. The Authority was convinced that de-tariffing is an essential prerequisite for the healthy growth of the markets. In line with this, the Authority has drawn up a road map and provided the insurers a one year time to get prepared for such a de-tariffed regime. The Authority also advised the insurers to equip themselves with the necessary skills and the relevant data to backup their decisions regarding underwriting the risks. The recent experience of IRDA in assessing the availability and the quality of data at the insurer level was not happy. The pilot study by the Authority and the subsequent extension of the coverage throughout the country brought to light the deficiencies in the quality of data available with the insurers. It is essential that credible data is available while assessing the risks specifically in the case of general insurance business. It heavily depends on the expected claim amount and the probability of a claim for different segments for which rates have to be fixed. The general insurers need to focus their attention towards building up a proper analysis of data available with them. As many of the variables for which the data are available at some place with the insurers at present may not be relevant in the future detariff regime. The insurers need to identify such variables and lay stress on collecting data for their future operations.

Another area of concern is the low penetration of health insurance in India. The concerted efforts by the Authority in constituting Working Group on Health Insurance to look into various issues regarding improving the health insurance in India together with collection of data for underwriting purposes and tracing the claim histories are yielding results. The three Committees submitted their reports. A vigorous follow up action is called for.

The Authority also realizes that one of its roles is to establish a dynamic insurance industry. In this direction the Authority sets an enabling environment for the healthy development of the insurance industry and to deal with market imperfections and failures. For achieving these some trade-off between the security, concerns for competitiveness and product diversification may be required. In terms of products, trade-offs are inherent between product innovation and homogeneity. In a society where the consumers are still not able to understand the value of insurance, the consumer protection becomes upper most in the minds of the regulator thus conflicts with the market efficiency which is an objective in a global economy. It is the responsibility of the regulator to establish adequate balance between product design and pricing and need for fair and simple information to the consumers. Though the intentions of the regulators are well known some times the priorities may force certain restrictions on the ideal market principles. As there are clear consumer benefits and efficiency gains to be secured through competition regulation should not be construed in a way that impairs it. Regulations should reinforce, not replace, market discipline, and the regulatory regime should be structured so as to provide greater incentives than exist at present of markets to monitor insurance companies. Market discipline through disclosure should be strengthened. Regulations and supervision should complement and support the operations of market discipline.

STATEMENT 1

FINANCIAL SAVING OF THE HOUSEHOLD SECTOR (GROSS)

(Per cent)

	Item	2004-05#	2003-04P	2002-03P	2001-02P	2000-01
		(1)	(2)	(3)	(4)	(5)
	Financial Saving (Gross)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
		(13.7)	**(14.0)**	**(13.1)**	**(12.7)**	**(11.9)**
a)	**Currency**	**9.2**	**10.5**	**8.9**	**9.7**	**6.3**
		(1.3)	**(1.5)**	**(1.2)**	**(1.2)**	**(0.7)**
b)	**Deposits**	**39.4**	**41.6**	**40.9**	**39.4**	**41.0**
		(5.4)	**(5.8)**	**(5.4)**	**(5.0)**	**(4.9)**
	i) With banks	37.1	36.7	35.5	35.3	32.5
	ii) With non-banking companies	0.4	0.9	2.7	2.6	2.9
	iii) With co-operative banks and societies	2.0	4.0	2.8	3.6	5.6
	iv) Trade debt (net)	0.0	0.0	-0.1	-2.1	0.1
c)	**Shares and debentures**	**1.1**	**0.1**	**1.7**	**2.7**	**4.1**
		(0.2)	**(0.0)**	**(0.2)**	**(0.3)**	**(0.5)**
	i) Private corporate business	1.4	1.1	0.8	1.5	3.1
	ii) Banking	0.0	0.0	0.0	0.1	0.0
	iii) Units of Unit Trust of India	-0.7	-2.2	-0.5	-0.6	-0.4
	iv) Bonds of public sector undertakings	0.0	0.0	0.1	0.0	0.1
	v) Mutual fund (other than UTI)	0.4	1.2	1.3	1.8	1.3
d)	**Claims on government**	**24.0**	**20.2**	**17.4**	**17.9**	**15.7**
		(3.3)	**(2.8)**	**(2.3)**	**(2.3)**	**(1.9)**
	i) Investment in government securities	5.0	4.7	2.5	5.8	1.7
	ii) Investment in small savings, etc	19.0	15.5	14.9	12.1	14.0
e)	**Insurance funds**	**13.2**	**13.5**	**16.1**	**14.2**	**13.6**
		(1.8)	**(1.9)**	**(2.1)**	**(1.8)**	**(1.6)**
	i) Life insurance funds	12.4	12.8	15.5	13.5	12.9
	ii) Postal insurance	0.3	0.3	0.3	0.3	0.2
	iii) State insurance	0.4	0.4	0.4	0.4	0.5
f)	**Provident and pension funds**	**13.2**	**14.1**	**15.0**	**16.1**	**19.3**
		(1.8)	**(2.0)**	**(2.0)**	**(2.0)**	**(2.3)**

P : Provisional. # : Preliminary estimates.

Note : 1.Figures in brackets are percentage at GDP at current market prices.

2. Components may not add up to the totals due to rounding off. Source : The Reserve Bank of India

STATEMENT 2

INTERNATIONAL COMPARISON OF INSURANCE PENETRATION*

Continent/Country	2002**			2003**			2004**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
North America	**9.39**	**4.48**	**4.90**	**9.40**	**4.25**	**5.15**	**9.17**	**4.12**	**5.05**
United States	9.58	4.60	4.98	9.61	4.38	5.23	9.36	4.22	5.14
Canada	6.69	2.81	3.88	6.82	2.63	4.19	7.02	2.97	4.05
Latin America and Caribbean	**2.39**	**0.92**	**1.47**	**2.45**	**0.94**	**1.51**	**2.47**	**1.01**	**1.46**
Bahamas	8.81	4.84	3.97	7.98	4.38	3.60	N/A	N/A	N/A
Barbados	8.86	2.78	6.08	11.29	3.87	7.42	N/A	N/A	N/A
Trinidad and Tobago	5.02	3.42	1.60	5.11	3.49	1.63	7.85	5.77	2.08
Chile	4.04	2.53	1.52	4.09	2.61	1.47	3.93	2.55	1.38
Jamaica	5.57	2.35	3.22	5.56	2.35	3.21	5.00	1.88	3.11
Panama	3.34	1.17	2.17	3.64	1.19	2.45	3.07	1.12	1.96
Honduras	2.81	0.72	2.09	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	2.35	0.73	1.61	2.54	0.72	1.82	2.68	0.88	1.80
Colombia	2.62	0.68	1.94	2.56	0.70	1.86	2.51	0.69	1.82
Venezuela	2.06	0.06	2.00	2.89	0.09	2.80	2.55	0.08	2.47
Dominican Republic	2.42	0.20	2.22	2.43	0.20	2.23	2.05	0.18	1.86
Brazil	2.79	1.05	1.74	2.96	1.28	1.68	2.98	1.36	1.63
Costa Rica	2.03	0.08	1.95	1.88	0.17	1.72	1.87	0.15	1.72
Uruguay	2.45	0.54	1.91	2.16	0.48	1.68	N/A	N/A	N/A
El Salvador	2.28	0.67	1.61	2.35	0.70	1.66	2.28	0.68	1.60
Mexico	2.01	0.94	1.07	1.80	0.70	1.10	1.86	0.79	1.06
Ecuador	1.54	0.18	1.37	1.72	0.17	1.54	1.68	0.20	1.48
Peru	1.19	0.41	0.78	1.44	0.60	0.83	1.31	0.59	0.72
Guatemala	1.15	0.20	0.96	1.12	0.20	0.92	1.09	0.17	0.92
Europe	**8.06**	**4.83**	**3.22**	**7.98**	**4.64**	**3.35**	**7.89**	**4.68**	**3.20**
United Kingdom	14.75	10.19	4.56	13.37	8.62	4.75	12.60	8.92	3.68
Switzerland	13.36	8.41	4.95	12.74	7.72	5.02	11.75	6.73	5.02
Netherlands	9.51	4.98	4.52	9.77	4.93	4.84	10.10	5.43	4.67
Ireland	8.55	5.42	3.14	9.59	6.04	3.55	8.97	5.74	3.23
Finland	8.98	6.98	2.00	8.69	6.81	1.88	8.77	6.89	1.88
France	8.58	5.61	2.97	9.15	5.99	3.15	9.52	6.38	3.14
Belgium	8.42	5.57	2.86	9.77	6.81	2.96	9.62	6.73	2.89
Sweden	6.62	4.55	2.07	6.97	4.74	2.23	6.96	4.56	2.39
Denmark	7.52	4.84	2.68	7.92	5.18	2.74	8.07	5.15	2.92

Contd...

Continent/Country	2002**			2003**			2004**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Germany	6.76	3.06	3.70	6.99	3.17	3.82	6.97	3.11	3.86
Italy	6.97	4.39	2.58	7.45	4.82	2.63	7.60	4.86	2.74
Spain	6.77	3.65	3.12	5.58	2.38	3.20	5.63	2.38	3.25
Austria	5.84	2.61	3.23	5.89	2.59	3.30	5.95	2.63	3.32
Portugal	6.60	3.46	3.14	7.31	4.14	3.17	7.85	4.66	3.19
Slovenia	5.05	1.15	3.91	5.23	1.25	3.98	5.61	1.65	3.96
Cyprus	4.57	2.39	2.18	4.57	2.29	2.28	4.39	2.31	2.08
Norway	4.53	2.57	1.96	4.89	2.79	2.10	5.20	3.14	2.06
Malta	4.66	2.14	2.52	5.04	2.52	2.52	5.61	2.84	2.78
Czech Republic	3.99	1.50	2.49	4.48	1.72	2.76	4.15	1.63	2.53
Luxembourg	4.02	1.75	2.28	4.49	2.09	2.40	3.64	1.43	2.21
Slovakia	3.38	1.46	1.92	3.38	1.38	2.00	3.61	1.46	2.15
Iceland	3.30	0.29	3.01	3.23	0.29	2.94	3.01	0.29	2.72
Poland	2.96	1.04	1.92	3.02	1.12	1.91	3.07	1.17	1.90
Russia	2.77	0.96	1.81	3.25	1.12	2.13	2.83	0.61	2.21
Croatia	3.16	0.65	2.51	3.25	0.72	2.53	3.20	0.76	2.44
Hungary	2.88	1.18	1.70	3.01	1.20	1.80	2.83	1.15	1.67
Yugoslavia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greece	2.05	0.94	1.11	2.10	0.93	1.17	2.10	0.93	1.17
Bulgaria	1.90	0.44	1.47	1.90	0.21	1.69	1.92	0.26	1.65
Ukraine	2.01	0.01	2.00	3.54	0.03	3.52	4.82	0.05	4.77
Turkey	1.31	0.24	1.07	1.35	0.24	1.12	1.54	0.29	1.25
Romania	1.09	0.27	0.81	1.45	0.34	1.11	1.51	0.35	1.15
Serbia and Montenegro	2.24	0.03	2.22	2.25	0.08	2.17	2.20	0.16	2.04
Latvia	1.91	0.08	1.83	2.06	0.09	1.97	N/A	N/A	N/A
Lithuania	1.46	0.28	1.19	1.51	0.40	1.11	1.48	0.38	1.10
Asia	**7.61**	**5.81**	**1.80**	**7.51**	**5.74**	**1.77**	**7.37**	**5.58**	**1.79**
South Korea	11.61	8.23	3.38	9.63	6.77	2.86	9.52	6.75	2.77
Japan	10.86	8.64	2.22	10.81	8.61	2.20	10.51	8.26	2.25
Tiwan	10.16	7.35	2.81	11.31	8.28	3.02	14.13	11.06	3.07
Hong Kong	6.65	5.20	1.45	7.88	6.38	1.50	9.27	7.88	1.39
Israel	6.28	2.94	3.34	6.54	2.90	3.65	6.16	2.76	3.40
Malaysia	4.91	2.94	1.97	5.35	3.29	2.05	5.40	3.52	1.88
Singapore	4.91	3.48	1.43	7.59	6.09	1.50	7.50	6.02	1.48
Thailand	3.24	2.09	1.15	3.45	2.25	1.19	3.52	1.94	1.58
India	**3.26**	**2.59**	**0.67**	**2.88**	**2.26**	**0.62**	**3.17**	**2.53**	**0.65**

Contd...

Continent/Country	2002**			2003**			2004**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Lebanon	2.78	0.56	2.22	2.91	0.78	2.13	3.06	0.95	2.10
PR China	2.98	2.03	0.96	3.33	2.30	1.03	3.26	2.21	1.05
Bahrain	2.08	0.46	1.62	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	2.23	0.28	1.95	2.22	0.28	1.94	2.67	0.31	2.36
Phillipines	1.48	0.87	0.61	1.48	0.87	0.61	1.49	0.91	0.59
UAE	1.28	0.30	0.98	1.12	0.26	0.86	1.65	0.28	1.37
Sri Lanka	1.30	0.55	0.74	1.30	0.55	0.74	1.37	0.60	0.77
Indonesia	1.49	0.66	0.83	1.49	0.66	0.83	1.31	0.63	0.68
Oman	1.01	0.18	0.83	1.24	0.17	1.06	1.28	0.18	1.10
Vietnam	1.45	0.87	0.57	1.45	0.87	0.57	2.02	1.35	0.68
Iran	1.16	0.11	1.04	1.16	0.09	1.07	1.15	0.09	1.06
Kuwait	0.95	0.23	0.72	0.92	0.23	0.69	0.93	0.22	0.70
Pakistan	0.62	0.24	0.39	0.62	0.24	0.39	0.71	0.28	0.43
Saudia Arabia	0.48	0.02	0.46	0.47	0.02	0.45	0.48	0.02	0.46
Bangladesh	0.46	0.29	0.18	0.57	0.37	0.20	0.57	0.37	0.20
Africa	**4.45**	**3.28**	**1.17**	**4.09**	**2.93**	**1.16**	**4.89**	**3.41**	**1.48**
South Africa	18.78	15.92	2.86	15.88	12.96	2.92	14.38	11.43	2.95
Mauritius	4.32	2.62	1.70	4.59	2.78	1.81	4.61	2.78	1.83
Zimbabwe	4.08	2.35	1.73	4.17	2.40	1.77	N/A	N/A	N/A
Morocco	3.00	0.99	2.01	2.85	0.80	2.05	2.70	0.64	2.06
Kenya	3.09	0.81	2.28	2.98	0.78	2.20	2.81	0.82	1.99
Ivory Coast	1.38	0.45	0.93	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	1.80	0.15	1.65	1.82	0.16	1.66	2.01	0.16	1.86
Nigeria	0.62	0.11	0.51	0.77	0.14	0.63	0.94	0.17	0.76
Egypt	0.59	0.18	0.41	0.68	0.22	0.47	0.79	0.27	0.52
Algeria	0.65	0.03	0.63	0.64	0.02	0.61	0.58	0.03	0.55
Oceania	**8.05**	**4.48**	**3.57**	**7.70**	**3.99**	**3.71**	**7.65**	**3.75**	**3.90**
Australia	8.48	5.02	3.46	7.99	4.42	3.57	8.02	4.17	3.85
New Zealand	6.19	1.41	4.78	6.23	1.39	4.83	5.74	1.32	4.42
World	**8.14**	**4.76**	**3.38**	**8.06**	**4.59**	**3.48**	**7.99**	**4.55**	**3.43**

Source: Swiss Re, Sigma volumes 8/2003, 3/2004 and 2/2005

* Insurance penetration is measured as ratio (in Per Cent) of premium to GDP

** Data relates to Calendar years

STATEMENT 3

INTERNATIONAL COMPARISON OF INSURANCE DENSITY*

Continent/Country		2002**			2003**			2004**	
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
North America	**3275.0**	**1563.8**	**1711.2**	**3464.3**	**1565.7**	**1898.6**	**3601.1**	**1617.2**	**1984.0**
United States	3461.6	1662.6	1799.0	3637.7	1657.5	1980.2	3755.1	1692.5	2062.6
Canada	1563.2	657.3	905.8	1871.8	722.9	1148.9	2188.7	926.1	1262.6
Latin America and caribbean	**75.5**	**29.1**	**46.4**	**78.3**	**30.0**	**48.2**	**90.9**	**37.2**	**53.7**
Bahamas	1248.6	685.5	563.1	1274.1	699.5	574.6	N/A	N/A	N/A
Barbados	820.2	257.0	563.2	1064.1	364.6	699.6	N/A	N/A	N/A
Trinidad and Tobago	381.6	260.3	121.4	383.9	261.8	122.1	659.3	484.5	174.8
Chile	165.6	103.5	62.1	216.3	138.3	78.0	253.1	164.5	88.6
Jamaica	171.1	72.3	98.8	155.1	65.6	89.5	161.6	60.8	100.7
Panama	127.3	44.6	82.7	129.7	42.4	87.3	139.3	50.6	88.7
Honduras	28.2	7.2	21.0	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	62.9	19.7	43.2	85.9	24.2	61.7	105.1	34.5	70.6
Colombia	48.3	12.5	35.8	45.1	12.4	32.7	51.9	14.3	37.6
Venezuela	81.3	2.5	78.8	84.5	2.5	82.0	101.1	3.1	98.0
Dominican Republic	60.4	4.9	55.5	45.7	3.7	42.0	41.3	3.7	37.6
Brazil	72.2	27.2	45.0	82.6	35.8	46.8	101.1	45.9	55.2
Costa Rica	86.7	3.3	83.4	79.1	7.0	72.0	85.7	6.8	78.8
Uruguay	80.8	17.8	63.0	69.9	15.4	54.5	N/A	N/A	N/A
El Salvador	49.7	14.5	35.2	52.7	15.6	37.1	52.7	15.8	36.9
Mexico	126.7	59.2	67.5	106.5	41.3	65.3	117.8	50.2	67.6
Ecuador	23.7	2.7	21.0	34.4	3.5	30.9	37.1	4.5	32.6
Peru	25.3	8.7	16.6	32.1	13.5	18.7	32.1	14.5	17.5
Guatemala	21.6	3.7	17.9	22.0	3.9	18.1	23.0	3.5	19.5
Europe	**1034.4**	**620.4**	**414.0**	**1251.8**	**726.9**	**524.9**	**1427.9**	**848.1**	**579.8**
United Kingdom	3879.1	2679.4	1199.7	4058.5	2617.1	1441.4	4508.4	3190.4	1318.0
Switzerland	4922.4	3099.7	1822.6	5660.3	3431.8	2228.5	5716.4	3275.1	2441.2
Netherlands	2472.4	1296.1	1176.3	3094.0	1561.7	1532.4	3599.6	1936.5	1663.1
Ireland	2703.0	1712.2	990.7	3669.5	2312.5	1356.9	4091.2	2617.4	1473.8
Finland	2272.1	1765.3	506.8	2714.5	2126.8	587.7	3134.1	2461.0	673.1
France	2064.2	1349.5	714.7	2698.3	1767.9	930.5	3207.9	2150.2	1057.7
Belgium	2002.9	1323.6	679.3	2875.7	2004.8	870.9	3275.6	2291.2	984.4
Sweden	1792.7	1232.2	560.5	2357.9	1602.3	755.6	2690.0	1764.3	925.7
Denmark	2448.3	1574.9	873.4	3116.0	2037.5	1078.5	3620.4	2310.5	1309.9

Contd...

Continent/Country	2002**			2003**			2004**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Germany	1627.7	736.7	891.1	2051.2	930.4	1120.8	2286.6	1021.3	1265.3
Italy	1435.4	904.9	530.5	1913.1	1238.3	674.8	2217.9	1417.2	800.7
Spain	1091.5	588.0	503.5	1146.1	488.6	657.5	1355.2	571.9	783.3
Austria	1452.1	648.7	803.4	1846.8	811.0	1035.7	2159.7	955.3	1204.4
Portugal	799.4	418.6	380.8	1079.6	611.4	468.2	1293.5	768.1	525.4
Slovenia	557.0	126.4	430.6	725.8	173.6	552.1	919.6	270.0	649.5
Cyprus	603.9	315.8	288.1	765.4	383.0	382.3	861.5	453.3	408.2
Norway	1939.0	1101.0	830.8	2321.3	1322.5	998.8	2842.2	1714.4	1127.8
Malta	457.7	210.3	247.4	589.2	294.7	294.5	728.6	368.2	360.4
Czech Republic	272.6	102.6	170.0	363.4	139.4	224.0	430.5	168.6	261.9
Luxembourg	1934.3	840.0	1094.3	2496.0	1161.1	1335.0	2562.9	1007.1	1555.8
Slovakia	148.8	64.3	84.5	210.6	85.8	124.8	276.0	111.8	164.2
Iceland	978.7	87.0	891.7	1205.6	108.1	1097.5	1310.2	126.9	1183.3
Poland	144.5	50.7	93.8	162.2	59.9	102.3	192.7	73.3	119.4
Russia	66.6	23.1	43.5	98.2	33.9	64.3	114.4	24.8	89.6
Croatia	160.7	33.2	127.5	207.9	46.3	161.6	247.9	58.7	189.2
Hungary	186.9	76.7	110.2	247.8	99.1	148.7	287.3	117.3	170.0
Yugoslavia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greece	253.1	116.0	137.2	342.8	152.1	190.7	402.1	177.9	224.1
Bulgaria	43.1	9.9	33.1	49.2	5.5	43.7	59.4	8.2	51.2
Ukraine	17.1	0.1	17.0	35.4	0.3	35.1	60.9	0.6	60.3
Turkey	35.0	6.5	28.5	47.7	8.4	39.3	64.5	12.0	52.6
Romania	22.3	5.6	16.7	35.8	8.4	27.3	48.2	11.3	36.9
Serbia and Montenegro	33.0	0.4	32.6	40.8	1.4	39.4	44.7	3.2	41.5
Latvia	68.5	2.9	65.6	90.1	4.0	86.1	N/A	N/A	N/A
Lithuania	57.9	10.9	47.0	76.6	20.1	56.4	95.7	24.6	71.1
Asia	**167.8**	**128.1**	**39.7**	**183.4**	**140.1**	**43.3**	**194.3**	**147.2**	**47.1**
South Korea	1159.8	821.9	337.8	1243.0	873.6	369.4	1419.3	1006.8	412.5
Japan	3498.6	2783.9	714.7	3770.9	3002.9	768.0	3874.8	3044.0	830.8
Tiwan	1279.2	925.1	354.1	1433.3	1050.1	383.2	1909.0	1494.6	414.4
Hong Kong	1583.0	1237.9	345.2	1832.6	1483.9	348.7	2217.2	1884.3	332.9
Israel	981.1	459.3	521.8	1040.6	460.8	579.8	1043.4	467.4	576.0
Malaysia	198.0	118.7	79.3	227.0	139.8	87.2	256.5	167.3	89.3
Singapore	1030.7	730.1	300.6	1620.5	1300.2	320.3	1849.3	1483.9	365.5
Thailand	65.2	42.1	23.1	79.6	52.0	27.6	92.1	50.8	41.4
India	**14.7**	**11.7**	**3.0**	**16.4**	**12.9**	**3.5**	**19.7**	**15.7**	**4.0**

Contd...

Continent/Country	2002**			2003**			2004**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Lebanon	116.1	23.2	92.9	115.6	31.0	84.7	126.7	39.6	87.2
PR China	28.7	19.5	9.2	36.3	25.1	11.2	40.2	27.3	12.9
Bahrain	295.2	65.3	229.9	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	40.1	5.1	35.1	41.4	5.2	36.2	52.1	6.0	46.2
Phillipines	14.7	8.7	6.1	14.6	8.6	6.0	15.6	9.4	6.1
UAE	317.0	74.0	243.1	310.7	72.5	238.2	350.2	59.7	290.6
Sri Lanka	10.6	4.5	6.1	12.5	5.3	7.1	14.1	6.2	7.9
Indonesia	11.9	5.2	6.6	14.5	6.4	8.1	15.5	7.5	8.1
Oman	84.0	14.8	69.3	99.0	13.8	85.2	103.1	14.2	88.9
Vietnam	6.3	3.8	2.5	6.7	4.1	2.7	11.0	7.3	3.7
Iran	15.7	1.5	14.1	22.3	1.7	20.5	27.9	2.3	25.7
Kuwait	154.1	36.8	117.3	148.0	36.9	111.1	161.2	39.1	122.2
Pakistan	2.7	1.0	1.7	2.9	1.1	1.8	3.7	1.5	2.2
Saudia Arabia	41.6	1.7	39.9	41.2	1.7	39.5	51.4	2.1	49.3
Bangladesh	1.6	1.0	0.6	2.1	1.4	0.7	2.3	1.5	0.8
Africa	**29.2**	**21.5**	**7.7**	**36.4**	**26.1**	**10.3**	**43.4**	**30.3**	**13.1**
South Africa	425.3	360.5	64.8	583.9	476.5	107.4	686.5	545.5	141.0
Mauritius	171.0	103.7	67.4	196.5	119.1	77.4	220.8	133.1	87.7
Zimbabwe	13.5	7.8	5.7	37.2	21.4	15.8	N/A	N/A	N/A
Morocco	37.0	12.2	24.8	42.8	12.0	30.8	44.9	10.6	34.3
Kenya	11.6	3.0	8.5	12.9	3.4	9.5	12.6	3.7	8.9
Ivory Coast	9.7	3.2	6.5	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	38.8	3.2	35.5	45.9	4.0	42.0	55.3	4.3	51.0
Nigeria	2.5	0.5	2.1	3.0	0.6	2.5	4.0	0.7	3.3
Egypt	7.8	2.4	5.4	8.4	2.7	5.7	8.9	3.1	5.8
Algeria	11.7	0.5	11.2	12.5	0.5	12.0	14.8	0.8	14.0
Oceania	**1201.8**	**668.7**	**533.1**	**1449.3**	**750.7**	**698.5**	**1736.9**	**851.0**	**885.9**
Australia	1705.9	1010.4	695.6	2041.4	1129.3	912.1	2471.4	1285.1	1186.3
New Zealand	926.2	211.1	715.1	1215.1	272.0	943.1	1382.2	318.0	1064.2
World	**422.9**	**247.3**	**175.6**	**469.6**	**267.1**	**202.5**	**511.5**	**291.5**	**220.0**

Source: Swiss Re, Sigma volumes 8/2003, 3/2004 and 2/2005

* Insurance density is measured as ratio (in Per Cent) of premium to total population

** Data relates to Calendar years

REVENUE ACCOUNT : ALL LIFE INSURERS

Particulars	BSLI		ICICI PRU		ING VYSYA		LIC		HDFC STD LIFE		MNYL	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Premiums earned – net												
(a) Premium @	91547	53754	236382	98928	33886	8851	7090190	6316760	68663	29776	41343	21525
(b) Reinsurance ceded	(1388)	(770)	(382)	(191)	(121)	(22)	(4295)	(3831)	(1371)	(794)	(471)	(318)
(c) Reinsurance accepted							(97)	137				
Income from Investments												
(a) Interest, Dividends & Rent – Gross	4501	1312	3839	2656	522	102	3371785	2721569	2671	1424	2131	929
(b) Profit on sale/redemption of investments	511	128	1131	2315	76		430727	349699	1087	1428	9	
(c) (Loss on sale/ redemption of investments)	(243)	(91)	(251)	(20)			(96922)	(86694)	(1139)	(11)	(0)	
(d) Transfer/Gain on revaluation/ change in fair value			1087	(115)	(175)				340		40	
Other Income	690	193	5139	1690	56	39	20697	11250	96	(83)	(78)	(38)
Transfer from Shareholders' Account	6762	8216	23335	23677	9822	7503			9547	2864	10267	24501
TOTAL (A)	**102380**	**62743**	**270279**	**128939**	**44067**	**16472**	**10812085**	**9308890**	**79896**	**34604**	**53241**	**46598**
Commission	12922	7779	17796	9562	4107	1993	619866	573384	7309	3871	6509	4028
Operating Expenses related to Insurance Business	17744	14446	46161	28728	14649	9891	623608	504233	23075	9817	24641	16273
Provision for doubtful debts							109937	50849			17	
Bad debts written off		1									3	
Provision for Tax				1257			536516	150628				
Provisions (other than taxation)							16480	720805				
(a) For diminution in the value of investments(Net)												
(b) Others												
TOTAL (B)	**30666**	**22226**	**63957**	**39546**	**18755**	**11883**	**1906409**	**1999899**	**30384**	**13688**	**31171**	**20301**
Benefits Paid (Net)	3303	772	1796	816	226	96	2844045	2392375	1572	270	1242	1164
Interim Bonuses Paid					35	11	19529	23362	2	2		
Change in valuation of liability in respect of life policies												
(a) Gross*	69100	40377	22467	24843	25090	4487	5972441	4838442	50465	21644	21068	9558
(b) Amount ceded in Reinsurance	(688)	(633)			(40)	(3)			(2527)	(999)	(240)	(139)
(c) Amount accepted in Reinsurance												
(d) Transfer to Linked Fund			178884	63734								
TOTAL (C)	**71714**	**40516**	**203147**	**89393**	**25311**	**4589**	**8836016**	**7254178**	**49512**	**20916**	**22070**	**10584**
SURPLUS/ (DEFICIT) (D) =(A)-(B)-(C)			**3175**				**69660**	**54813**				**15713**
Deficit at the beginning of the year												(15713)
Surplus available for appropriations			**3175**				**69660**	**54813**				
APPROPRIATIONS												
Transfer to Shareholders' Account							69660	54813				
Transfer to Other Reserves												
Balance being Funds for Future Appropriations			3175									
Deficit transferred to Balance Sheet												
TOTAL (D)			**3175**				**69660**	**54813**				

Note :

* represents mathematical reserves after allocation of bonus

\# Insurer commenced operations during 2004-05

@ In case of LIC Unit Linked premium of Rs.4075.76 crore has been classified as liability - Insurer has been advised to furnish the revised statements.

Figures in brackets represents negative values

STATEMENT 4

(Rs. lakh)

AMP SANMAR		BAJAJ ALLIANZ		SBI LIFE		KOTAK LIFE		TATA AIG		MET LIFE		AVIVA		SAHARA#	TOTAL	
2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2004-05	2003-04
10655	3106	100168	22080	60118	22567	46616	15072	49704	25353	8153	2873	25342	8150	174	7862941	6628793
(147)	(96)	(364)	(155)	(189)	(14)	(678)	(398)	(849)	(416)	(214)	(39)	(305)	(40)	(0)	(10774)	(7085)
															(97)	137
269	48	856	318	2776	1041	1239	448	1727	754	231	77	498	116	0	3393045	2730795
111	14	24	134	1133	159	369	255		26			183	248		435363	354404
(16)	(4)	(37)		(2)	(12)	(273)	(3)	(0)				(85)	(4)		(98968)	(86839)
(10)	(15)			(0)		484	74					843	177		2608	121
12	9	530	135	217		26	7	565	21	5				1	27956	13222
5742	8638	4512	4000	2170	2699	2173	9758	5364	6307	5629	1976	9637	7678	1152	96113	107817
16616	**11699**	**105688**	**26512**	**66225**	**26439**	**49956**	**25213**	**56510**	**32045**	**13803**	**4887**	**36114**	**16324**	**1327**	**11708186**	**9741366**
787	547	14584	5044	2339	945	3890	1920	8994	4158	1449	673	4593	1936	66	705211	615838
7680	5219	21439	13237	12446	5735	11133	8984	19802	11504	9538	4465	14357	9950	177	846451	642483
		107													110062	50849
															3	1
								5							536521	151885
															16480	720805
						243	77								243	77
8466	**5766**	**36130**	**18281**	**14786**	**6679**	**15266**	**10981**	**28801**	**15662**	**10987**	**5138**	**18950**	**11886**	**243**	**2214971**	**2181938**
695	50	5651	278	4636	2145	456	408	2282	852	350	54	522	77		2866776	2399357
0	0	3	1												19570	23375
7557	1647	64169	7459	47981	17634	8297	4389	14951	13424	3814	1488	16829	4368	1084	6325310	4989759
(102)				(1178)	(20)			(259)		(112)	(42)	(186)	(7)		(5331)	(1843)
						28404	5031	7718	2107						215006	70872
8150	**1697**	**69823**	**7738**	**51439**	**19759**	**37156**	**9829**	**24691**	**16383**	**4052**	**1500**	**17164**	**4437**	**1084**	**9421330**	**7481520**
(0)	4236	(265)	493			(2467)	4404	3018		(1236)	(1751)				71886	77908
	(4236)	904	411			(2256)				(4721)	(2970)				(6072)	(22508)
(0)		640	904			(4723)	4404	3018		(5957)	(4721)				65813	55400
															69660	54813
						244	74	3018							3262	74
		640	904												3815	904
						(4967)	4330			(5957)	(4721)				(10924)	(391)
		640	**904**			**(4723)**	**4404**	**3018**		**(5957)**	**(4721)**				**65813**	**55400**

PROFIT AND LOSS ACCOUNT : ALL LIFE INSURERS

Particulars	BSLI 2004-05	BSLI 2003-04	ICICI PRU 2004-05	ICICI PRU 2003-04	ING VYSYA 2004-05	ING VYSYA 2003-04	LIC 2004-05	LIC 2003-04	HDFC STD LIFE 2004-05	HDFC STD LIFE 2003-04	MNYL 2004-05	MNYL 2003-04
Amounts transferred from the Policyholders Account (Technical Account)							69660	54813				
Income From Investments:												
(a) Interest, Dividends & Rent – Gross	937	564	963	975	503	548	1063	1012	653	929	356	800
(b) Profit on sale/redemption of investments	26	12	313	477	108	731	22		102	704	106	58
(c) (Loss on sale/ redemption of investments)	(14)	(33)	(156)	(18)	(81)				(40)	(51)		
Other Income	(213)	(81)	15	12					(36)	(49)	10	525
TOTAL (A)	**736**	**461**	**1135**	**1446**	**530**	**1279**	**70746**	**55825**	**679**	**1534**	**472**	**1384**
Expenses other than those directly related to the insurance business	36	19	41	159	82	75	(91)	644	105	1013	171	159
Bad debts written off												
Provisions (Other than taxation)												
(a) For diminution in the value of investments (Net)												
(b) Provision for doubtful debts												
(c) Others												
Contribution to Policyholders Account	6762	8216	23335	23677	9822	7503			9547	2864	10267	24501
TOTAL (B)	**6797**	**8235**	**23376**	**23836**	**9904**	**7578**	**(91)**	**644**	**9652**	**3877**	**10438**	**24660**
Profit/ (Loss) before tax	**(6061)**	**(7774)**	**(22241)**	**(22390)**	**(9374)**	**(6299)**	**70837**	**55181**	**(8973)**	**(2344)**	**(9966)**	**(23276)**
Prior Period Items												
Provision for Taxation			(1079)	(233)	2							
Profit / (Loss) after tax	**(6061)**	**(7774)**	**(21162)**	**(22157)**	**(9376)**	**(6299)**	**70837**	**55181**	**(8973)**	**(2344)**	**(9966)**	**(23276)**
APPROPRIATIONS												
(a) Balance at the beginning of the year	(18312)	(10538)	(47407)	(25251)	(13179)	(6880)			(9808)	(7465)	(23261)	15
(b) Interim dividends paid during the year												
(c) Proposed final dividend							69660	54813				
(d) Dividend distribution on tax												
(e) Transfer to reserves/ other accounts							1176	368				
Profit carried to the Balance Sheet	**(24373)**	**(18312)**	**(68570)**	**(47407)**	**(22555)**	**(13179)**	**(0)**	**(0)**	**(18782)**	**(9808)**	**(33228)**	**(23261)**

Note : Figures in brackets represents negative values

STATEMENT 5

(Rs. lakh)

AMP SANMAR		BAJAJ ALLIANZ		SBI LIFE		KOTAK LIFE		TATA AIG		MET LIFE		AVIVA		SAHARA	TOTAL	
2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2004-05	2003-04
															69660	**54813**
702	764	782	1008	1025	811	545	615	657	613	725	732	664	611	1154	**10729**	**9981**
77	409	127	352	124	259		132	22	9	11	65	36	791	39	**1113**	**4000**
(71)	(9)	(26)	(1)			(10)	(2)	(12)	(3)			(55)	(1)	(70)	**(535)**	**(118)**
(253)	(273)			2	5	(224)	(225)			13	(33)		0	(262)	**(948)**	**(118)**
455	**891**	**883**	**1359**	**1152**	**1075**	**311**	**520**	**668**	**619**	**748**	**763**	**646**	**1402**	**861**	**80019**	**68558**
115	142	46	40	132	17	7	4	263	121		(0)	105	144	455	**1466**	**2537**
5742	8638	4512	4000	2170	2699	2173	9758	5364	6307	5629	1976	9637	7678	1152	**96113**	**107817**
5857	**8780**	**4558**	**4040**	**2302**	**2716**	**2180**	**9762**	**5627**	**6428**	**5629**	**1976**	**9743**	**7822**	**1608**	**97579**	**110354**
(5401)	(7889)	(3675)	(2681)	(1150)	(1641)	(1869)	(9242)	(4959)	(5809)	(4881)	(1213)	(9097)	(6420)	(747)	**(17560)**	**(41797)**
	(108)															**(108)**
		0	1												**(1077)**	**(233)**
(5401)	(7780)	(3676)	(2681)	(1150)	(1641)	(1869)	(9242)	(4959)	(5809)	(4881)	(1213)	(9097)	(6420)	(747)	**(16483)**	**(41456)**
(6958)	822	(6901)	(4220)	(2400)	(759)	(9230)	12	(12981)	(7172)	(693)	520	(9842)	(3422)		**(160974)**	**(64337)**
															69660	**54813**
															1176	**368**
(12360)	**(6958)**	**(10577)**	**(6901)**	**(3550)**	**(2400)**	**(11099)**	**(9230)**	**(17940)**	**(12981)**	**(5574)**	**(693)**	**(18939)**	**(9842)**	**(747)**	**(248293)**	**(160974)**

BALANCE SHEET : ALL LIFE INSURERS
(as on 31st March)

	BSLI		ICICI PRU		ING VYSYA		LIC		HDFC STD LIFE		MNYL	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
SOURCES OF FUNDS												
SHAREHOLDERS' FUNDS:												
SHARE CAPITAL	35000	29000	92500	67500	32476	24458	500	500	31909	25441	46608	34608
SHARE APPLICATION MONEY					6500		13219	12043				
RESERVES AND SURPLUS											690	
CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT			1	5	3	4			36	29	7	4
Sub-Total	**35000**	**29000**	**92501**	**67505**	**38979**	**24461**	**13719**	**12543**	**31945**	**25469**	**47305**	**34612**
BORROWINGS					185	185						
POLICYHOLDERS' FUNDS:												
CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT			2074	1333	46	12	2822635	2167263	1750	344		
POLICY LIABILITIES	4901	3067	79353	56886	11535	3169	38102229	32135683	63774	33364	33498	16012
INSURANCE RESERVES							290775	247095				
PROVISION FOR LINKED LIABILITIES	116327	50840	265406	86500	18807	2124	459712	37173	19183	1655	2533	
Sub-Total	**121228**	**53907**	**346833**	**144720**	**30388**	**5305**	**41675351**	**34587214**	**84707**	**35363**	**36031**	**16012**
FUNDS FOR FUTURE APPROPRIATIONS	3	3	3175				1966	2498				
TOTAL	**156230**	**82910**	**442509**	**212224**	**69552**	**29951**	**41691036**	**34602254**	**116651**	**60833**	**83337**	**50624**
APPLICATION OF FUNDS												
INVESTMENTS												
Shareholders'	12351	10738	32095	21853	13516	3942	12063	11613	9843	6395	11379	8520
Policyholders'	4627	2412	80454	57449	11535	3097	35568558	29696518	60879	33995	34390	16012
ASSETS HELD TO COVER LINKED LIABILITIES	116327	50840	265406	86500	18807	2124	243868	20987	19183	1655	2533	
LOANS	35	10	252	216	9	11	5199193	4355818	120	58	2	0
FIXED ASSETS	3086	3091	6301	5481	3927	3003	121843	113897	7318	5028	5625	5548
Deferred Tax Assets (Net)			1079									
CURRENT ASSETS												
Cash and Bank Balances	5478	5107	19959	5032	17298	6351	1035391	1007389	7335	5826	1601	1694
Advances and Other Assets	2046	1666	7144	4664	2359	1534	1627007	1365278	4095	2344	4381	2719
Sub-Total (A)	**7524**	**6773**	**27102**	**9697**	**19656**	**7885**	**2662398**	**2372667**	**11430**	**8170**	**5982**	**4413**
CURRENT LIABILITIES	10334	8050	37909	16184	20162	3169	551914	499802	10696	4094	10295	7096
PROVISIONS	1759	1216	842	195	292	121	1564972	1469444	207	183	33	34
Sub-Total (B)	**12093**	**9266**	**38750**	**16379**	**20454**	**3290**	**2116886**	**1969247**	**10904**	**4277**	**10328**	**7130**
NET CURRENT ASSETS (C) = (A – B)	**(4569)**	**(2494)**	**(11648)**	**(6683)**	**(797)**	**4595**	**545512**	**403421**	**527**	**3893**	**(4347)**	**(2717)**
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)											527	
DEBIT BALANCE IN PROFIT & LOSS ACCOUNT (Shareholders' Account)	24373	18312	68570	47407	22555	13179			18782	9808	33228	23261
Debit balance in Policyholders' A/c												
TOTAL	**156230**	**82910**	**442509**	**212224**	**69552**	**29951**	**41691036**	**34602254**	**116651**	**60833**	**83337**	**50624**

Note : Figures in brackets represents negative values

STATEMENT 6

(Rs. lakh)

AMP SANMAR		BAJAJ ALLIANZ		SBI LIFE		KOTAK LIFE		TATA AIG		MET LIFE		AVIVA		SAHARA#	TOTAL	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2005	2004
21710	16000	14976	14943	35000	17500	21133	15062	32100	22935	23500	16000	31980	24280	15700	435092	308226
														185	19904	12043
		11766	9867												12456	9867
11	6		(1)	160	75	5204	5204	572	341	31	3	(0)	5	0	6024	5673
21721	**16006**	**26742**	**24809**	**35160**	**17575**	**26337**	**20265**	**32672**	**23276**	**23531**	**16003**	**31980**	**24285**	**15885**	**473477**	**335809**
419	343									452	232				1055	760
9	1	70		299	239	151	22	10		(3)		122	57		2827163	2169272
1790	832	21308	7687	72673	26079	15683	7142	36170	18460	5473	1985	813	187	1084	38450282	32310555
															290775	247095
7480	983	55350	2856	210		33434	5031	8342	1812	215		21026	5009		1008026	193982
9279	**1816**	**76727**	**10543**	**73181**	**26318**	**49269**	**12195**	**44523**	**20272**	**5685**	**1985**	**21961**	**5254**	**1084**	**42576247**	**34920903**
		641	904			10	10								5795	3415
31419	**18166**	**104110**	**36256**	**108341**	**43893**	**75616**	**32471**	**77194**	**43548**	**29668**	**18220**	**53941**	**29539**	**16969**	**43056573**	**35260888**
8679	8617	16370	14076	33837	14806	5882	5718	12151	7342	9850	9231	10614	12656	12994	201624	135506
1790	819	22018	8591	70219	23116	15717	7271	34880	18051	5473	1985	813	187	1086	35912440	29869503
7482	983	55350	2856	210		33692	5031	8342	1812	215		21070	5066		792485	177854
		10	5			23	26	50	22						5199693	4356168
1247	805	3071	3112	1580	690	2307	2296	3945	1662	2238	984	1177	1042	764	164430	146638
															1079	
1032	690	8473	4400	5588	5072	5270	2942	5239	3251	1785	1396	5202	2128	350	1120001	1051279
874	686	4008	2329	5304	2580	2051	1704	6516	4197	2000	853	1591	870	781	1670154	1391423
1906	**1376**	**12481**	**6729**	**10892**	**7653**	**7320**	**4645**	**11755**	**7449**	**3785**	**2249**	**6792**	**2998**	**1131**	**2790155**	**2442702**
2025	1382	15611	5895	11934	4766	5165	3895	11487	5683	3298	1568	5308	2197	200	696338	563781
20	10	155	119	13	6	228	108	383	88	125	74	156	55	108	1569293	1471653
2044	**1392**	**15766**	**6014**	**11947**	**4772**	**5392**	**4002**	**11870**	**5771**	**3423**	**1642**	**5465**	**2252**	**307**	**2265630**	**2035435**
(139)	**(16)**	**(3285)**	**715**	**(1055)**	**2881**	**1928**	**643**	**(115)**	**1678**	**362**	**607**	**1328**	**746**	**824**	**524525**	**407268**
														554	**1081**	
12360	6958	10577	6901	3550	2400	11099	9230	17940	12981	5574	693	18939	9842	747	248293	160974
						4967	2256			5957	4721				10924	6977
31419	**18166**	**104110**	**36256**	**108341**	**43893**	**75616**	**32471**	**77194**	**43548**	**29668**	**18220**	**53941**	**29539**	**16969**	**43056573**	**35260888**

STATEMENT 7

LIFE INSURANCE CORPORATION OF INDIA :
CAPITAL REDEMPTION AND ANNUITY CERTAIN BUSINESS
(NON-PARTICIPATING)

REVENUE ACCOUNT

(Rs. lakh)

	2004-05	2003-04
Premiums earned (Net)	**1231**	1306
Profit/ Loss on sale/redemption of Investments	**2912**	(2)
Change in Policy Liabilities	**(5091)**	(4042)
Others	**1**	1
Interest, Dividend & Rent –(Gross)	**533**	328
TOTAL (A)	**(414)**	**(2409)**
Claims Incurred (Net)	**444**	423
Commission	**26**	41
Operating Expenses related to Insurance Business	**62**	109
Others- Amortizations,Write offs and Provisions		11
Foreign Taxes		
TOTAL (B)	**532**	**584**
Operating Profit/(Loss) C= (A - B)	**(946)**	**(2993)**
APPROPRIATIONS		
Transfer to Shareholders' Account		
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**(946)**	**(2993)**

STATEMENT 8

LIFE INSURANCE CORPORATION OF INDIA : CAPITAL REDEMPTION AND ANNUITY CERTAIN BUSINESS (NON PARTICIPATING)

PROFIT AND LOSS ACCOUNT

(Rs. lakh)

	2004-05	2003-04
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(C) Miscellaneous Insurance	**(946)**	(2993)
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross		
(b) Profit on sale of investments		
Less: Loss on sale of investments		
OTHER INCOME		
TOTAL (A)	**(946)**	**(2993)**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts		
(C) Others		
OTHER EXPENSES		
(a) Expenses other than those related to Insurance Business		
(b) Bad debts written off		
(c) Others		
TOTAL (B)		
Profit Before Tax	**(946)**	**(2993)**
Provision for Taxation		
Profit after Tax	**(946)**	**(2993)**
APPROPRIATIONS		
(a) Interim dividends paid during the year		
(b) Proposed final dividend		
(c) Dividend distribution tax		
(d) Transfer to any Reserves or Other Accounts		
(e) Transfer to General Reserve		
(f) Balance of profit/ loss brought forward from last year		
(g) Balance carried forward to Balance Sheet	**(946)**	(2993)

STATEMENT 9

LIFE INSURANCE CORPORATION OF INDIA :
CAPITAL REDEMPTION AND ANNUITY CERTAIN BUSINESS (NON PARTICIPATING)

BALANCE SHEET (As on 31st March)

(Rs. lakh)

	2005	2004
SOURCES OF FUNDS		
Share Capital		
Policy Liabilities	**10963**	6819
Reserves and Surplus	**36**	36
Fair value change account	**7**	2772
Borrowings		
TOTAL	**11006**	**9626**
APPLICATION OF FUNDS		
Investments	**10497**	8386
Loans		
Fixed Assets		
Current Assets		
Cash and Bank Balances	**16**	15
Advances and Other Assets	**571**	1299
Total Current Assets (A)	**587**	**1314**
Current Liabilities	**79**	74
Provisions		
Total Current Liabilities (B)	**79**	**74**
Net Current Assets (C) = (A - B)	**509**	**1240**
Miscelleneous Expenditure (to the extent not written off)		
Debit balance in Profit and Loss A/c		
TOTAL	**11006**	**9626**

STATEMENT 10

Revenue Account : Public Sector Non-Life Insurers

(Rs. lakh)

	NEW INDIA								ORIENTAL							
	2004-05				2003-04				2004-05				2003-04			
PARTICULARS	Fire	Marine	Misc	Total	Fire	Marine	Misc	Total	Fire	Marine	Misc	Total	Fire	Marine	Misc	Total
Premiums earned *(Net)*	79884	17297	279536	**376717**	79419	20043	259483	**358946**	33690	11784	166843	**212317**	32914	12879	151453	**197246**
Profit/ Loss on sale/redemption of Investments	5117	2125	30465	**37707**	4133	1859	19623	**25615**	3103	1680	30048	**34831**	4594	2235	33877	**40706**
Others									98	36	(27)	**107**	15	(1)	60	**74**
Interest, Dividend & Rent – *Gross*	7328	3043	43626	**53996**	8737	3929	41482	**54148**	4235	2292	41013	**47540**	3980	1936	29349	**35265**
TOTAL (A)	**92329**	**22465**	**353627**	**468420**	**92290**	**25831**	**320589**	**438710**	**41126**	**15791**	**237878**	**294795**	**41503**	**17049**	**214738**	**273291**
Claims Incurred *(Net)*	32702	9850	247946	**290498**	26134	8194	237030	**271358**	15885	7959	166994	**190838**	10616	6749	141399	**158765**
Commission	7119	1579	24490	**33188**	3937	286	17140	**21362**	(543)	626	8374	**8457**	(1496)	(614)	5001	**2890**
Operating Expenses related to Insurance Business	29058	5389	84371	**118819**	32508	6299	95004	**133812**	13094	4581	55313	**72989**	15806	4748	57657	**78211**
Others- Amortizations,Write offs & Provisions	366	146	2126	**2638**	174	78	826	**1078**	104	57	1011	**1172**	414	201	3053	**3668**
Foreign Taxes					59	5	181	**246**								
TOTAL (B)	**69246**	**16964**	**358932**	**445142**	**62813**	**14862**	**350181**	**427856**	**28542**	**13222**	**231692**	**273456**	**25340**	**11085**	**207109**	**243534**
Operating Profit/(Loss) from Fire/Marine/																
Miscellaneous Business C= (A - B)	23083	5500	(5305)	23278	29477	10969	(29592)	10854	12585	2569	6185	21339	16163	5964	7629	29756
APPROPRIATIONS																
Transfer to Shareholders' Account	23083	5500	(5305)	**23278**	29477	10969	(29592)	**10854**	12585	2569	6185	**21339**	16163	5964	7629	**29756**
Transfer to Catastrophe Reserve																
Transfer to Other Reserves																
TOTAL (C)	**23083**	**5500**	**(5305)**	**23278**	**29477**	**10969**	**(29592)**	**10854**	**12585**	**2569**	**6185**	**21339**	**16163**	**5964**	**7629**	**29756**

Note : Figures in brackets indicate negative amounts

Contd...

Revenue Account : Public Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	NATIONAL 2004-05 Fire	NATIONAL 2004-05 Marine	NATIONAL 2004-05 Misc	NATIONAL 2004-05 Total	NATIONAL 2003-04 Fire	NATIONAL 2003-04 Marine	NATIONAL 2003-04 Misc	NATIONAL 2003-04 Total	UNITED 2004-05 Fire	UNITED 2004-05 Marine	UNITED 2004-05 Misc	UNITED 2004-05 Total	UNITED 2003-04 Fire	UNITED 2003-04 Marine	UNITED 2003-04 Misc	UNITED 2003-04 Total	TOTAL 2004-05	TOTAL 2003-04
Premiums earned *(Net)*	35259	11300	219855	**266414**	34828	19816	184137	**238781**	42548	11329	162387	**216265**	42117	13170	158377	**213663**	**1071713**	1008636
Profit/ Loss on sale/redemption of Investments	1447	840	16779	**19066**	1599	1239	13395	**16232**	3186	1487	28504	**33177**	3152	1439	22358	**26950**	**124780**	109503
Others	56		109	**165**					67	16	133	**215**	14	(1)	(329)	**(316)**	**487**	(242)
Interest, Divident & Rent-Gross	2598	1508	30127	**34234**	3362	2605	28166	**34133**	4177	1949	37373	**43499**	5131	2343	36392	**43866**	**179270**	167413
TOTAL (A)	**39360**	**13648**	**266870**	**319878**	**39789**	**23660**	**225698**	**289147**	**49979**	**14781**	**228396**	**293156**	**50415**	**16951**	**216798**	**284164**	**1376250**	**1285311**
Claims Incurred (Net)	14411	7244	204696	**226350**	9009	9145	192836	**210990**	15246	7822	176785	**199853**	11082	7170	165965	**184217**	**907539**	825330
Commission	(2069)	(515)	10334	**7749**	(807)	191	7789	**7173**	(3088)	(590)	5676	**1999**	(2329)	(966)	4181	**885**	**51393**	32311
Operating Expenses related to Insurance Business	13150	4514	68276	**85939**	11833	3101	58100	**73034**	19075	5503	61706	**86284**	17986	5995	55729	**79711**	**364031**	364768
Others - Amortizations, Write offs & Provisions		81		**81**	11	10	246	**267**	269	125	2404	**2798**	330	150	2337	**2817**	**6689**	7830
Foreign Taxes																		246
TOTAL (B)	**25491**	**11323**	**283305**	**320119**	**20046**	**12447**	**258970**	**291464**	**31502**	**12861**	**246571**	**290934**	**27069**	**12350**	**228212**	**267630**	**1329652**	**1230484**
Operating Profit/(Loss) C= (A - B)	13869	2325	(16435)	**(241)**	19743	11213	(33272)	**(2317)**	18477	1920	(18175)	**2222**	23346	4601	(11414)	**16533**	**46598**	54827
APPROPRIATIONS																		
Transfer to Shareholders' Account	13869	2325	(16435)	**(241)**	19743	11213	(33272)	**(2317)**	18477	1920	(18175)	**2222**	23346	4601	(11414)	**16533**	**46598**	54827
Transfer to Catastrophe Reserve																		
Transfer to Other Reserves																		
TOTAl (C)	**13869**	**2325**	**(16435)**	**(241)**	**19743**	**11213**	**(33272)**	**(2317)**	**18477**	**1920**	**(18175)**	**2222**	**23346**	**4601**	**(11414)**	**16533**	**46598**	**54827**

Note : Figures in brackets indicate negative amounts

STATEMENT 11

Profit and Loss Account : Public Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
OPERATING PROFIT/(LOSS)										
(a) Fire Insurance	23083	29477	12585	16163	13869	19743	18477	23346	**68013**	**88729**
(b) Marine Insurance	5500	10969	2569	5964	2325	11213	1920	4601	**12315**	**32748**
(c) Miscellaneous Insurance	(5305)	(29592)	6185	7629	(16435)	(33272)	(18175)	(11414)	**(33730)**	**(66650)**
	23278	**10854**	**21339**	**29756**	**(241)**	**(2317)**	**2222**	**16533**	**46598**	**54827**
INCOME FROM INVESTMENTS										
(a) Interest, Dividend & Rent – Gross	33886	31849	14918	8514	9774	10777	17220	14708	**75798**	**65848**
(b) Profit on sale of investments	23887	15285	10930	9828	5445	5126	13136	9039	**53398**	**39277**
Less: Loss on sale of investments	(224)	(218)			(2)	(1)	(3)	(3)	**(228)**	**(222)**
OTHER INCOME	1301	1967	685	(11)	1055	755	363	7	**3403**	**2718**
TOTAL (A)	**82129**	**59735**	**47871**	**48087**	**16031**	**14341**	**32938**	**40284**	**178969**	**162447**
PROVISIONS (Other than taxation)										
(a) For diminution in the value of investments	825	323	179	(257)	196	5757	(90)	(156)	**1109**	**5667**
(b) For doubtful debts	507	541	308	1766	551	126	49	225	**1415**	**2658**
(c) Others	280	(230)	236	160					**516**	**(69)**
OTHER EXPENSES										
(a) Expenses other than those related to Insurance Business					88	74	39	876	**127**	**950**
(b) Bad debts written off			(103)						**(103)**	
(c) Others	729	(5688)	81	985	1075	1083	1110		**2995**	**(3620)**
TOTAL (B)	**2341**	**(5054)**	**701**	**2654**	**1910**	**7040**	**1108**	**945**	**6059**	**5585**
Profit Before Tax	79788	64789	47170	45433	14121	7301	31830	39339	**172910**	**156862**
Provision for Taxation	39565	5768	14118	13786	1009	178	1059	1295	**55751**	**21026**
Profit after Tax	40223	59021	33052	31647	13112	7123	30771	38044	**117159**	**135835**
APPROPRIATIONS										
(a) Interim dividends paid during the year	2000		1250						**3250**	
(b) Proposed final dividend	6000	4500	1750	2500	2500	2500	6200	3000	**16450**	**12500**
(c) Dividend distribution tax	1103	577	409	320	351	320	877	384	**2740**	**1602**
(d) Transfer to any Reserves or Other Accounts										
Transfer to General Reserve	31120	53944			10262	4303	23694	34660	**65076**	**92907**
Balance of Profit / Loss B/f from last year										
Balance C/f to Balance Sheet			**29644**	**28827**					**29644**	**28827**

Note : Figures in brackets indicate negative amounts

STATEMENT 12

Balance Sheet : Public Sector Non-Life Insurers (As on 31st March)

(Rs. lakh)

	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
SOURCES OF FUNDS										
Share Capital	15000	10000	10000	10000	10000	10000	10000	10000	**45000**	**40000**
Reserves & Surplus	416641	384350	131861	102218	111627	101520	192958	169264	**853088**	**757352**
Fair Value Change Account	684697	583789	369147	323442	396656	329631	293940	269554	**1744440**	**1506416**
Borrowings										
Deferred Tax Liability										
TOTAL	**1116338**	**978139**	**511008**	**435660**	**518284**	**441151**	**496898**	**448818**	**2642528**	**2303767**
APPLICATION OF FUNDS										
Investments	1457523	1272842	766420	684632	737656	643011	825814	792722	**3787412**	**3393207**
Loans	87413	94089	49491	51041	50846	51384	70299	75742	**258050**	**272256**
Fixed Assets	11441	10418	6350	5754	8985	7973	6493	7325	**33268**	**31470**
Deferred Tax Assets	8407	3525	5681			888			**14088**	**4413**
CURRENT ASSETS										
Cash & Bank Balance	228609	197434	101850	84528	120103	101292	79524	71034	**530086**	**454288**
Advances and Other Assets	*173856*	151908	57395	52740	109505	88075	81811	60226	**422567**	**352949**
Sub-Total (A)	402465	349342	159245	137268	229609	189366	161335	131261	**952654**	**807236**
CURRENT LIABILITIES	**608525**	**545188**	**348889**	**331622**	**361627**	**326528**	**441934**	**453978**	**1760976**	**1657315**
Provisions	*257857*	227717	143036	132606	165524	147945	146974	133605	**713391**	**641872**
Sub-Total (B)	866382	772905	491925	464228	527152	474473	588908	587582	**2474367**	**2299188**
Net Current Assets (C)= (A-B)	**(463918)**	**(423563)**	**(332680)**	**(326960)**	**(297543)**	**(285106)**	**(427572)**	**(456322)**	**(1521713)**	**(1491951)**
Misc. Expenditure *(to the extent not written off or adjusted)*	15472	20828	15746	21193	18340	23001	21864	29350	**71422**	**94372**
Profit & Loss Account (Debit Balance)										
TOTAL	**1116338**	**978139**	**511008**	**435660**	**518284**	**441151**	**496898**	**448818**	**2642528**	**2303767**

STATEMENT 13

Revenue Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	ROYAL SUNDARAM					BAJAJ ALLIANZ				
	Fire	Marine	Misc.	2004-05	2003-04	Fire	Marine	Misc.	2004-05	2003-04
Premiums earned (Net)	1909	838	14581	**17328**	13223	5264	1586	30241	**37092**	23064
Profit/ Loss on sale/redemption of Investments	(2)	(1)	(14)	**(16)**	343	138	28	368	**534**	444
Others			3	**3**	2	32	31	9	**71**	29
Interest, Dividend & Rent – Gross	80	37	724	**841**	617	597	122	1599	**2319**	1645
TOTAL (A)	**1988**	**875**	**15294**	**18156**	**14185**	**6031**	**1768**	**32216**	**40015**	**25182**
Claims Incurred (Net)	971	545	9855	**11371**	8961	2546	1890	18197	**22633**	15061
Commission	(948)	19	407	**(523)**	(1338)	(4789)	(166)	760	**(4194)**	(2307)
Operating Expenses related to Insurance Business	1223	317	5742	**7282**	6576	3550	642	10713	**14905**	10066
Premium Deficiency							(44)	51	**7**	133
TOTAL (B)	**1246**	**881**	**16003**	**18130**	**14199**	**1307**	**2323**	**29721**	**33351**	**22953**
Operating Profit/(Loss) C= (A - B)	742	(6)	(710)	**27**	(14)	4724	(555)	2496	**6664**	2229
APPROPRIATIONS										
Transfer to Shareholders' Account	742	(6)	(710)	**27**	(14)	4724	(555)	2496	**6664**	2229
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**742**	**(6)**	**(710)**	**27**	**(14)**	**4724**	**(555)**	**2496**	**6664**	**2229**

Note : Figures in brackets indicate negative amounts

Revenue Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	TATA AIG					RELIANCE				
	Fire	Marine	Misc.	2004-05	2003-04	Fire	Marine	Misc.	2004-05	2003-04
Premiums earned (Net)	810	1802	20148	**22760**	14362	1625	330	2847	**4803**	2632
Profit/ Loss on sale/redemption of Investments	0	0	3	**3**	1059	21	5	37	**64**	99
Others	14	1	112	**127**				20	**20**	
Interests, Dividend & Rent - Gross	107	180	1391	**1679**	218	142	34	253	**429**	472
TOTAL (A)	**931**	**1983**	**21655**	**24569**	**15639**	**1788**	**369**	**3158**	**5315**	**3203**
Claims Incurred (Net)	321	1301	10928	**12549**	8458	785	250	2801	**3836**	2374
Commission	(1878)	6	1222	**(649)**	(587)	(843)	(84)	(1040)	**(1967)**	(2535)
Operating Expenses related to Insurance Business										
Premium Deficiency	696	761	9198	**10655**	7609	1112	286	2034	**3431**	3332
					17					
TOTAL (B)	(862)	2069	21348	**22555**	15497	1054	452	3795	**5301**	3172
Operating Profit/(Loss) C= (A - B)	1793	(86)	307	**2014**	142	734	(83)	(637)	**15**	31
APPROPRIATIONS										
Transfer to Shareholders' Account	1793	(86)	307	**2014**	142	734	(83)	(637)	**15**	31
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	1793	(86)	307	**2014**	142	734	(83)	(637)	**15**	31

Note : Figures in brackets indicates negative amounts

Revenue Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	IFFCO TOKIO					ICICI LOMBARD				
	Fire	Marine	Misc.	2004-05	2003-04	Fire	Marine	Misc.	2004-05	2003-04
Premiums earned (Net)	3158	1602	12777	**17537**	**10023**	3616	1591	16353	**21561**	**7908**
Profit/ Loss on sale/redemption of Investments	2	1	7	**11**		269	118	986	**1373**	**246**
Others	18		51	**69**	**25**	0		(2)	**(2)**	**11**
Interest, Dividend & Rent – Gross	212	136	666	**1014**	**625**	196	86	720	**1003**	**638**
TOTAL (A)	**3390**	**1739**	**13501**	**18631**	**10673**	**4081**	**1795**	**18058**	**23934**	**8803**
Claims Incurred (Net)	1245	1797	8881	**11923**	**7285**	1445	2107	11925	**15476**	**7005**
Commission	(4045)	(24)	(466)	**(4535)**	**(3610)**	(7395)	(803)	(729)	**(8927)**	**(10164)**
Operating Expenses related to Insurance Business	3376	607	5735	**9718**	**6430**	4796	1420	8878	**15094**	**8941**
Premium Deficiency		10		**10**			(110)	(242)	**(352)**	**322**
TOTAL (B)	**576**	**2390**	**14150**	**17115**	**10105**	**(1154)**	**2614**	**19831**	**21291**	**6104**
Operating Profit/(Loss) C= (A - B)	2815	(651)	(649)	**1515**	568	5235	(819)	(1773)	**2643**	2699
APPROPRIATIONS										
Transfer to Shareholders' Account	**2815**	**(651)**	**(649)**	**1515**	**568**	5235	(819)	(1773)	**2643**	**2699**
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**2815**	**(651)**	**(649)**	**1515**	**568**	**5235**	**(819)**	**(1773)**	**2643**	**2699**

Note : Figures in brackets indicate negative amounts

Revenue Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	CHOLAMANDALAM					HDFC CHUBB					TOTAL	
	Fire	Marine	Misc.	2004-05	2003-04	Fire	Marine	Misc.	2004-05	2003-04	2004-05	2003-04
Premiums earned (Net)	1085	380	5639	**7104**	2383	109	16	11801	**11925**	**3985**	**140109**	**77581**
Profit/loss on sale/redemption of Investments	15	3	35	**53**	236	0	0	33	**34**	**181**	**2056**	**2608**
Others	9			**9**	3	(1)	(0)	(93)	**(94)**		**203**	**71**
Interest, Dividend & Rent – Gross	110	23	251	**383**	211	6	1	525	**532**	**189**	**8199**	**4613**
TOTAL (A)	**1219**	**406**	**5925**	**7550**	**2834**	**114**	**16**	**12267**	**12397**	**4355**	**150568**	**84873**
Claims Incurred (Net)	756	340	4376	**5472**	2089	52	8	7853	**7913**	**3103**	**91173**	**54336**
Commission	(934)	(219)	(73)	**(1226)**	(841)	(32)	(1)	1104	**1071**	**234**	**(20950)**	**(21148)**
Operating Expenses related to Insurance Business	1218	402	2672	**4293**	3293	121	16	4470	**4608**	**4032**	**69985**	**50279**
Premium Deficiency		(6)	(8)	**(14)**	14						**(349)**	**486**
TOTAL (B)	**1040**	**518**	**6967**	**8524**	**4555**	**141**	**23**	**13427**	**13591**	**7368**	**139859**	**83953**
Operating Profit/(Loss) C= (A - B)	179	(111)	(1042)	**(974)**	(1722)	(27)	(7)	(1160)	**(1194)**	**(3013)**	**10709**	**920**
APPROPRIATIONS												
Transfer to Shareholders' Account	179	(111)	(1042)	**(974)**	(1722)	(27)	(7)	(1160)	**(1194)**	**(3013)**	**10709**	**920**
Transfer to Catastrophe Reserve												
Transfer to Other Reserves												
TOTAL (C)	**179**	**(111)**	**(1042)**	**(974)**	**(1722)**	**(27)**	**(7)**	**(1160)**	**(1194)**	**(3013)**	**10709**	**920**

Note : Figures in brackets indicate negative amounts

Profit and Loss Account : Private Sector Non-Life Insurers

(Rs. lakh)

Particulars	ROYAL SUNDARAM 2004-05	ROYAL SUNDARAM 2003-04	BAJAJ ALLIANZ 2004-05	BAJAJ ALLIANZ 2003-04	TATA AIG 2004-05	TATA AIG 2003-04	RELIANCE 2004-05	RELIANCE 2003-04	IFFCO TOKIO 2004-05	IFFCO TOKIO 2003-04	ICICI LOMBARD 2004-05	ICICI LOMBARD 2003-04	CHOLAMANDALAM 2004-05	CHOLAMANDALAM 2003-04	HDFC CHUBB 2004-05	HDFC CHUBB 2003-04	TOTAL 2004-05	TOTAL 2003-04
OPERATING PROFIT/(LOSS)																		
(a) Fire Insurance	742	923	4724	2252	1793	1963	734	600	2815	1566	5235	3831	179	40	(27)	(54)	**16195**	**11121**
(b) Marine Insurance	(6)	59	(555)	(336)	(86)	(206)	(83)	37	(651)	(438)	(819)	(702)	(111)	(82)	(7)	(3)	**(2318)**	**(1671)**
(c) Miscellaneous Insurance	(710)	(996)	2496	313	307	(1615)	(637)	(605)	(649)	(560)	(1773)	(430)	(1042)	(1680)	(1160)	(2958)	**(3169)**	**(8531)**
INCOME FROM INVESTMENTS																		
(a) Interest, Dividend & Rent – **Gross**	530	532	841	741	892	832	789	870	847	877	1166	1199	562	522	539	447	**6166**	**6020**
(b) Profit on sale of investments	38	296	255	233	2		142	199	9		1694	464	78	585	34	429	**2253**	**2205**
Less: Loss on sale of investments	(48)		(61)	(3)			(25)	(16)			(98)	(2)			(0)		**(233)**	**(21)**
Other Income	3	3	56	36	47	120	(8)	2	17		8	4			(96)		**27**	**165**
TOTAL (A)	**550**	**817**	**7756**	**3235**	**2955**	**1093**	**912**	**1085**	**2389**	**1446**	**5412**	**4364**	**(334)**	**(615)**	**(717)**	**(2138)**	**18922**	**9288**
Provisions (Other than taxation)																		
(a) For diminution in the value of investments							111										**111**	
(b) For doubtful debts																		
(c) Others																		
OTHER EXPENSES																		
(a) Expenses other than those related to Insurance Business	5	5	42	40	140	140	42		25	25	25	23			64	64	**343**	**298**
(b) Bad debts written off																		
(c) Others - preliminary & pre-operative,amortizations	10	10	18	18	374	228	37	37				117			17	17	**457**	**428**
TOTAL (B)	**15**	**15**	**60**	**58**	**514**	**368**	**191**	**37**	**25**	**25**	**25**	**140**			**81**	**81**	**911**	**726**
Profit Before Tax	535	801	7696	3177	2440	725	721	1048	2364	1421	5387	4224	(334)	(615)	(799)	(2219)	**18011**	**8562**
Provision for Taxation	34		2987	1008	1216	(804)	138	149	892	462	553	1046			0		**5819**	**1861**
Profit After Tax	501	801	4709	2169	1224	1529	583	899	1472	958	4835	3178	(334)	(615)	(799)	(2219)	**12192**	**6701**
APPROPRIATIONS																		
(a) Interim dividends paid during the year												1761						**1761**
(b) Proposed final dividend									600	500	2200						**2800**	**500**
(c) Dividend distribution tax									84	64	288	226					**372**	**290**
(d) Transfer to any Reserves or Deferred Tax of last year																		
(e) catastrophe Reserve																		
Balance of profit/loss B/f from last year	(3239)	(4040)	2170	1	(2862)	(4391)	3057	2159	1048	654	593	(598)	(926)	(311)	(2852)	(633)	**(3009)**	**(7159)**
Balance C/f to Balance Sheet	**(2738)**	**(3239)**	**6879**	**2170**	**(1638)**	**(2862)**	**3641**	**3057**	**1836**	**1048**	**2941**	**593**	**(1259)**	**(926)**	**(3650)**	**(2852)**	**6011**	**(3009)**

Note : Figures in brackets indicates negative amounts

STATEMENT 15

Balance Sheet : Private Sector Non-Life Insurers

(Rs. lakh)

	ROYAL SUNDARAM		BAJAJ ALLIANZ		TATA AIG		RELIANCE		IFFCO TOKIO		ICICI LOMBARD		CHOLAMANDALAM		HDFC CHUBB		TOTAL	
SOURCES OF FUNDS	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Share Capital	13000	12990	10982	10964	12500	12350	10200	10200	10000	10000	22000	22000	14196	14196	11957	11940	**104835**	**104639**
Reserves & Surplus			6879	2170			3641	3057	1848	1060	2940	593					**15308**	**6881**
Fair Value Change Account			380	670	92	(2)					665	332	1		0	2	**1139**	**1002**
Borrowings	26	60													30	15	**56**	**75**
Others																	**0**	**0**
Deferred Tax Liability										84							**0**	**84**
TOTAL	**13026**	**13050**	**18242**	**13804**	**12592**	**12348**	**13841**	**13257**	**11848**	**11144**	**25606**	**22925**	**14197**	**14196**	**11986**	**11956**	**121337**	**112680**
APPLICATION OF FUNDS																		
Investments	25825	20605	58355	34863	30244	22073	17283	18210	19359	14170	46409	33287	19818	17081	17696	15386	**234990**	**175674**
Loans		0			12	34				0							**12**	**34**
Fixed Assets	1360	1129	3069	2892	1911	1562	283	236	1280	1288	3366	1066	896	705	966	892	**13132**	**9771**
Deferred Tax Asset			842	477		804	6		400		343	350					**1591**	**1632**
CURRENT ASSETS																		
Cash and Bank Balances	2921	2224	7313	4215	5315	3608	3025	561	16083	8224	5001	6293	951	892	940	859	**41549**	**26875**
Advances and Other Assets	2545	1775	4177	3492	4407	2862	1629	2677	2880	3633	21774	13697	1491	1032	1590	969	**40492**	**30137**
Sub-Total (A)	5466	3999	11490	7707	9722	6470	4654	3238	18964	11857	26774	19990	2442	1924	2529	1828	**82041**	**57012**
CURRENT LIABILITIES	11518	7911	28300	16467	16195	10486	4872	6513	14003	8279	32776	22923	5565	3640	6021	3605	**119250**	**79825**
Provisions	10845	8010	27215	15667	14857	11227	3512	1952	14152	7892	18511	8844	4653	2799	6999	5625	**100743**	**62018**
Sub-Total (B)	22363	15921	55515	32135	31052	21713	8385	8465	28155	16171	51286	31768	10218	6440	13020	9230	**219994**	**141843**
NET CURRENT ASSETS (C) = (A - B)	(16897)	(11923)	(44025)	(24428)	(21330)	(15244)	(3731)	(5227)	(9191)	(4314)	(24512)	(11778)	(7776)	(4516)	(10491)	(7402)	**(137953)**	**(84831)**
Misc. Expenditure (to the extent not written off or adjusted)					117	257		37							163	228	**280**	**522**
Profit & Loss Account *(Debit Balance)*	2738	3239			1638	2862							1259	926	3651	2852	**9286**	**9878**
TOTAL	**13026**	**13050**	**18242**	**13804**	**12592**	**12348**	**13841**	**13257**	**11848**	**11144**	**25606**	**22925**	**14197**	**14196**	**11986**	**11956**	**121337**	**112680**

Note : Figures in brackets indicates negative amounts

STATEMENT 16

GENERAL INSURANCE CORPORATION (GIC)
REVENUE ACCOUNT

(Rs. lakh)

	2004-05					2003-04				
	Fire	Marine	Misc	Life	Total	Fire	Marine	Misc	Life	Total
Premiums earned *(Net)*	134099	29617	273583	70	**437368**	125527	26257	247388	7	**399178**
Profit/ Loss on sale/ redemption of Investments	5989	2386	19908		**28282**	6854	2798	23697		**33349**
Others	419	(19)	(21)	(0)	**379**	(590)	(115)	(219)		**(925)**
Interest, Dividend & Rent – *Gross*	12044	4799	40037	3	**56882**	10856	4432	37533		**52820**
TOTAL (A)	**152550**	**36783**	**333506**	**72**	**522912**	**142647**	**33372**	**308398**	**7**	**484423**
Claims Incurred *(Net)*	81270	30159	258607	244	**370280**	56999	19492	213045		**289536**
Commission	45863	8184	66702		**120749**	39145	7006	61012		**107164**
Operating Expenses related to Insurance Business Foreign Taxes	1273	244	2528	16	**4060**	1166	209	1989	19	**3383**
TOTAL (B)	**128406**	**38586**	**327836**	**260**	**495089**	**97311**	**26707**	**276046**	**19**	**400083**
Operating Profit/(Loss) C = (A - B)	24144	(1803)	5670	(188)	27823	45336	6665	32352	(12)	84340
APPROPRIATIONS										
Transfer to Shareholders' Account	24144	(1803)	5670	(188)	**27823**	45336	6665	32352	(12)	**84340**
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**24144**	**(1803)**	**5670**	**(188)**	**27823**	**45336**	**6665**	**32352**	**(12)**	**84340**

Note : Figures in brackets indicate negative values

STATEMENT 17

GENERAL INSURANCE CORPORATION (GIC)
PROFIT AND LOSS ACCOUNT

(Rs. lakh)

PARTICULARS	2004-05	2003-04
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance	24144	45336
(b) Marine Insurance	(1803)	6665
(c) Miscellaneous Insurance	5670	32352
(d) Life Insurance	(188)	(12)
	27823	84340
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	36608	30139
(b) Profit on sale of investments	18202	19028
Less: Loss on sale of investments		
OTHER INCOME	**5595**	**1269**
TOTAL (A)	**88228**	**134777**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments	1228	2348
(b) For doubtful debts	3580	1170
(c) Others	3338	2329
OTHER EXPENSES		
(a) Expenses other than those related Insurance business		
(b) Bad debts written off		
(c) Others	73	1239
TOTAL (B)	**8220**	**7086**
Profit before Tax	80008	127691
Provision for Taxation	60006	23927
Profit after Tax	20002	103764
APPROPRIATIONS		
(a) Interim dividends paid during the year		
(b) Proposed final dividend	6450	6450
(c) Dividend distribution tax	905	826
(d) Transfer to any Reserves or other Accounts		
(e) Transfer to General Reserve	12650	96480
(f) Balance of Profit / Loss B/f from last year	8	3
(g) Balance c/f to Balance Sheet	6	8

Note : Figures in brackets indicate negative values

STATEMENT 18

GENERAL INSURANCE CORPORATION (GIC)
BALANCE SHEET (As on 31st March)

(Rs. lakh)

SOURCES OF FUNDS	**2005**	**2004**
Share Capital	21500	21500
Reserves & Surplus	404426	391778
Fair Value Change Account	514414	415409
Borrowings		
Deferred Tax Liability	402	529
TOTAL	**940742**	**829216**
APPLICATION OF FUNDS		
Investments	1463026	1212696
Loans	80405	80045
Fixed Assets	4031	3794
CURRENT ASSETS		
Cash & Bank Balance	149437	178791
Advances and Other Assets	258286	168788
Sub-Total (A)	**407723**	**347579**
CURRENT LIABILITIES	**649893**	**510854**
Provisions	364550	304043
Sub-Total (B)	**1014442**	**814898**
Net Current Assets (C)= (A-B)	**(606719)**	**(467319)**
Misc. Expenditure		
(to the extent not written off or adjusted)		
Profit & Loss Account (Debit Balance)		
TOTAL	**940742**	**829216**

Note : Figures in brackets indicate negative values

STATEMENT 19

REVENUE ACCOUNT : EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD (ECGC)

(Rs. lakh)

PARTICULARS	2004-05	2003-04
Premiums earned *(Net)*	47613	58704
Profit/ Loss on sale/redemption of Investments	1	
Others	71	29
Interest, Dividend & Rent – *Gross*	7066	
TOTAL (A)	**54751**	**58733**
Claims Incurred *(Net)*	40386	56956
Commission	(49)	(87)
Operating Expenses related to Insurance Business	5628	4757
Others- Amortizations,Write offs & Provisions		
Foreign Taxes		
TOTAL (B)	45966	61625
Operating Profit/(Loss) from Fire/Marine/ Miscellaneous Business C= (A - B)	**8785**	**(2893)**
APPROPRIATIONS		
Transfer to Shareholders' Account	8785	(2893)
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**8785**	**(2893)**

Note : Figures in brackets indicate negative values

STATEMENT 20

PROFIT AND LOSS ACCOUNT : EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD (ECGC)

(Rs. lakh)

PARTICULARS	2004-05	2003-04
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance	8785	(2893)
	8785	**(2893)**
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	4343	11891
(b) Profit on sale of investments		
Less: Loss on sale of investments		(1)
OTHER INCOME	104	123
TOTAL (A)	**13232**	**9121**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts	713	28
(c) Others		
OTHER EXPENSES		
(a) Expenses other than those related to Insurance Business		
(b) Bad debts written off		
(c) Others		
TOTAL (B)	**713**	**28**
Profit Before Tax	12519	9093
Provision for Taxation	4338	2523
Prior Period Adjustments	568	(286)
Profit after Tax	7614	6856
APPROPRIATIONS		
(a) Interim dividends paid during the year		
(b) Proposed final dividend	1523	1371
(c) Dividend distribution tax	199	176
(d) Transfer to any Reserves or Other Accounts		
Transfer to General Reserve	5892	5309
Balance of Profit / Loss B/f from last year	2	2
Balance C/f to Balance Sheet	**2**	**2**

STATEMENT 21

BALANCE SHEET : EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD (ECGC)

(As on 31st March)

(Rs. lakh)

SOURCES OF FUNDS	**2005**	**2004**
Share Capital	60000	50000
Reserves & Surplus	22588	16696
Fair Value Change Account		
Borrowings		
Deferred Tax Liability		131
TOTAL	**82588**	**66827**
APPLICATION OF FUNDS		
Investments	4672	4672
Loans	964	1105
Fixed Assets	5660	5648
CURRENT ASSETS		
Cash & Bank Balance	201062	169677
Advances and Other Assets	12302	12422
Sub-Total (A)	**213364**	**182099**
CURRENT LIABILITIES	**114151**	**102245**
Provisions	28301	24451
Sub-Total (B)	**142452**	**126696**
Net Current Assets (C)= (A-B)	**70912**	**55403**
Deferred Tax Assets	381	
Misc. Expenditure *(to the extent not written off or adjusted)*		
Profit & Loss Account (Debit Balance)		
TOTAL	**82588**	**66827**

STATEMENT 22

REVENUE ACCOUNT : AGRICULTURE INSURANCE COMPANY OF INDIA LTD (AIC)*

(Rs. lakh)

PARTICULARS	2004-05	Previous Period from 20.12.02 to 31.03.04
Premiums earned *(Net)*	45537	18910
Profit/ Loss on sale/redemption of Investments		
Others		
Interest, Dividend & Rent – *Gross*	4771	588
TOTAL (A)	**50309**	**19498**
Claims Incurred *(Net)*	27685	28251
Commission	(10)	
Operating Expenses related to Insurance Business	845	541
Others- Amortizations,Write offs & Provisions	57	
Foreign Taxes		
TOTAL (B)	**28576**	**28792**
Operating Profit/(Loss) from Fire/ Marine/Miscellaneous Business C= (A - B)	**21732**	**(9294)**
APPROPRIATIONS		
Transfer to Shareholders' Account	21732	(9294)
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**21732**	**(9294)**

* Accounts as approved by Board and pending CAG audit.

For recognition of premium, the period is considered as June-May

STATEMENT 23

PROFIT AND LOSS ACCOUNT : AGRICULTURE INSURANCE COMPANY OF INDIA LTD (AIC)

(Rs. lakh)

PARTICULARS	2004-05	Previous Period from 20.12.02 to 31.03.04
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance	21732	(9294)
	21732	(9294)
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	749	1070
(b) Profit on sale of investments		
Less: Loss on sale of investments		
OTHER INCOME	**5**	
TOTAL (A)	**22486**	**(8224)**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts		
(c) Others		
	21	5
OTHER EXPENSES		
(a) Expenses other than those related to Insurance Business	3	
(b) Bad debts written off		
(c) Others	45	63
TOTAL (B)	**69**	**68**
Profit Before Tax	22417	(8292)
Provision for Taxation	5571	
Profit after Tax		
	16846	(8292)
APPROPRIATIONS		
(a) Interim dividends paid during the year		
(b) Proposed final dividend		
(c) Dividend distribution tax		
(d) Transfer to any Reserves or Other Accounts	92	
Transfer to General Reserve	8462	
Balance of Profit / Loss B/f from last year	(8292)	
Balance C/f to Balance Sheet	(0)	(8292)

STATEMENT 24

BALANCE SHEET : AGRICULTURE INSURANCE COMPANY OF INDIA LTD (AIC)

(As on 31st March)

(Rs. lakh)

SOURCES OF FUNDS	**2005**	**2004**
Share Capital	20000	20000
Reserves & Surplus	8462	
Fair Value Change Account	73	
Borrowings	2061	
TOTAL	**30595**	**20000**
APPLICATION OF FUNDS		
Investments	40666	9688
Loans	25	10
Fixed Assets	484	396
Deferred Tax Assets		
CURRENT ASSETS		
Cash & Bank Balance	63808	81294
Advances and Other Assets	6284	4496
Sub-Total (A)	**70093**	**85790**
CURRENT LIABILITIES	**50861**	**66335**
Provisions	29948	18031
Sub-Total (B)	**80809**	**84366**
Net Current Assets (C)= (A-B)	**(10717)**	**1424**
Misc. Expenditure *(to the extent not written off or adjusted)*	136	189
Profit & Loss Account (Debit Balance)		8292
TOTAL	**30595**	**20000**

STATEMENT 25

NET RETENTIONS OF NON-LIFE INSURERS

2004-05

(Per cent)

Department	Net Retentions
Fire	76.00
Marine cargo	85.07
Marine Hull	25.55
Miscellaneous (Total)	**88.35**
Engineering	75.78
Motor	99.64
Aviation	23.53
Total	**86.45**

STATEMENT 26

GROSS DIRECT PREMIUM INCOME IN INDIA

(Rs. Lakh)

	Fire		Misc		Marine		TOTAL	
Company	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**
NATIONAL	53764	51577	301098	268815	25129	18718	**379991**	**339110**
NEW INDIA	78888	77520	316944	301127	25249	25921	**421081**	**404568**
ORIENTAL	49395	52400	228842	208918	23541	21893	**301778**	**283211**
UNITED	59091	63132	210975	213673	24380	30014	**294446**	**306819**
Sub-Total	**241138**	**244629**	**1057859**	**992533**	**98299**	**96546**	**1397296**	**1333708**
ROYAL SUNDARAM	6301	5053	25089	19385	1680	1338	**33070**	**25776**
RELIANCE	5358	4636	9541	10149	1270	1319	**16169**	**16104**
IFFCO-TOKIO	17278	14288	29299	15486	3087	2449	**49664**	**32223**
TATA AIG	8371	7844	32368	23417	4085	3089	**44824**	**34350**
ICICI LOMBARD	27745	23946	51389	20368	8253	4359	**87387**	**48673**
BAJAJ ALLIANZ	21942	12029	58724	33550	4496	2072	**85162**	**47651**
CHOLAMANDALAM	4778	2544	10557	6577	1590	582	**16925**	**9703**
HDFC CHUBB	181	36	17332	11257	50		**17563**	**11293**
Sub-Total	**91954**	**70376**	**234299**	**140189**	**24511**	**15208**	**350764**	**225773**
Grand Total	**333092**	**315005**	**1292158**	**1132722**	**122810**	**111754**	**1748060**	**1559481**

STATEMENT 27

NET PREMIUM INCOME (Earned)*

(Rs. Lakh)

	Fire		Misc		Marine		TOTAL	
Company	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**
NATIONAL	35259	34828	219855	184137	11300	19816	**266414**	**238781**
NEW INDIA	79884	79419	279536	259483	17297	20043	**376717**	**358945**
ORIENTAL	33690	32914	166843	151453	11784	12879	**212317**	**197246**
UNITED	42548	42117	162387	158377	11329	13170	**216264**	**213664**
Sub-Total	**191381**	**189278**	**828621**	**753450**	**51710**	**65908**	**1071712**	**1008636**
ROYAL SUNDARAM	1909	1340	14581	11191	838	692	**17328**	**13223**
RELIANCE	1625	900	2847	1551	330	181	**4802**	**2632**
IFFCO TOKIO	3158	2432	12777	6572	1602	1019	**17537**	**10023**
TATA AIG	810	823	20148	12020	1802	1519	**22760**	**14362**
ICICI LOMBARD	3616	2388	16353	4872	1591	649	**21560**	**7909**
BAJAJ ALLIANZ	5264	2641	30241	19728	1586	696	**37091**	**23065**
CHOLAMANDALAM	1085	338	5639	1895	380	150	**7104**	**2383**
HDFC CHUBB	109		11801	3986	16		**11926**	**3986**
Sub-Total	**17576**	**10862**	**114387**	**61815**	**8145**	**4906**	**140108**	**77583**
Grand Total	**208957**	**200140**	**943008**	**815265**	**59855**	**70814**	**1211820**	**1086219**

*Premiums net of unexpired risk reserve

STATEMENT 28

UNDERWRITING EXPERIENCE AND PROFITS OF PUBLIC SECTOR COMPANIES

(Rs. Lakh)

	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
NET PREMIUM	389511	363495	221802	203304	283216	250865	217266	215136	**1111795**	**1032800**
NET CLAIMS PAYABLE	290498	271358	190838	158765	226350	210990	199853	184217	**907539**	**825330**
	74.58%	74.65%	86.04%	78.09%	79.92%	84.10%	91.99%	85.63%	**81.63%**	**79.91%**
COMMISSION, EXPENSES OF MANAGEMENT AND OTHER CHARGES	154644	156498	82618	84769	93769	80474	91081	83413	**422112**	**405154**
	39.70%	43.05%	37.25%	41.70%	33.11%	32.08%	41.92%	38.77%	**37.97%**	**39.23%**
INCREASE IN RESERVE FOR UNEXPIRED RISK	12794	4549	9485	6058	16802	12084	1001	1473	**40082**	**24164**
	4.31%	1.25%	4.28%	2.98%	5.93%	4.82%	0.46%	0.68%	**3.61%**	**2.34%**
UNDERWRITING PROFT/LOSS	(68425)	(68910)	(61139)	(46288)	(53705)	(52683)	(74669)	(53967)	**(257938)**	**(221848)**
	-17.57%	-18.96%	-27.56%	-22.77%	-18.96%	-21.00%	-34.37%	-25.09%	**-23.20%**	**-21.48%**
GROSS INVESTMENT INCOME	149253	126679	108219	94313	68517	66268	107029	94560	**433018**	**381820**
OTHER INCOME LESS OTHER OUTGO	(1040)	7021	91	(2595)	(690)	(6285)	(530)	(1254)	**(2169)**	**(3113)**
PROFIT BEFORE TAX	79788	64790	47171	45430	14122	7300	31830	39339	**172911**	**156859**
INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	39565	5768	14118	13786	1009	178	1059	1295	**55751**	**21027**
NET PROFIT AFTER TAX	**40223**	**59022**	**33053**	**31644**	**13113**	**7122**	**30771**	**38044**	**117160**	**135832**

Note : Figures in brackets indicates negative amounts

STATEMENT 29

UNDERWRITING EXPERIENCE AND PROFITS OF PRIVATE SECTOR COMPANIES

(Rs. lakh)

	ROYAL SUNDARAM		BAJAJ ALLIANZ		TATA AIG		RELIANCE		IFFCO TOKIO		ICICI LOMBARD		CHOLAMANDALAM		HDFC CHUBB		TOTAL	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
NET PREMIUM	20162	15630	47929	28641	25977	18864	6196	3454	23476	13334	32089	12981	8947	4832	13425	8867	**178202**	**106603**
NET CLAIMS PAYABLE	11371	8961	22633	15061	12549	8458	3836	2374	11923	7285	15476	7005	5472	2089	7913	3103	**91173**	**54336**
	56.40%	57.33%	47.22%	52.59%	48.31%	44.84%	61.91%	68.73%	50.79%	54.63%	48.23%	53.96%	61.16%	43.23%	58.94%	34.99%	**51.16%**	**50.97%**
COMMISSION, EXPENSES OF MANAGEMENT AND OTHER CHARGES	6759	5238	10718	7892	10006	7039	1464	798	5193	2820	5815	(901)	3053	2466	5679	4265	**48687**	**29617**
	33.52%	33.51%	22.36%	27.55%	38.52%	37.31%	23.63%	23.10%	22.12%	21.15%	18.12%	-6.94%	34.12%	51.03%	42.30%	48.10%	**27.32%**	**27.78%**
INCREASE IN RESERVE FOR UNEXPIRED RISK	2834	2407	10837	5577	3217	4502	1393	822	5939	3311	10528	5073	1843	2449	1500	4882	**38092**	**29023**
	14.06%	15.40%	22.61%	19.47%	12.39%	23.87%	22.49%	23.80%	25.30%	24.83%	32.81%	39.08%	20.60%	50.68%	11.17%	55.06%	**21.38%**	**27.23%**
UNDERWRITING PROFIT/LOSS	(802)	(976)	3741	111	205	(1135)	(497)	(540)	421	(82)	270	1804	(1421)	(2172)	(1667)	(3383)	**250**	**(6373)**
	-3.98%	-6.24%	7.81%	0.39%	0.79%	-6.02%	-8.03%	-15.63%	1.79%	-0.61%	0.84%	13.90%	-15.88%	-44.95%	-12.42%	-38.15%	**0.14%**	**-5.98%**
GROSS INVESTMENT INCOME	1345	1790	3888	3060	2576	2109	1399	1624	1881	1502	5138	2547	1076	1554	1139	1246	**18442**	**15432**
OTHER INCOME LESS OTHER OUTGO	(8)	(12)	67	7	(341)	(248)	(181)	(35)	62		(21)	(127)	11	3	(271)	(82)	**(682)**	**(494)**
PROFIT BEFORE TAX	535	802	7696	3178	2440	726	721	1049	2364	1420	5387	4224	(334)	(615)	(799)	(2219)	**18010**	**8565**
INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	34		2987	1008	1216	(804)	138	149	892	462	553	1046					**5820**	**1861**
NET PROFIT AFTER TAX	**501**	**802**	**4709**	**2170**	**1224**	**1530**	**583**	**900**	**1472**	**958**	**4834**	**3178**	**(334)**	**(615)**	**(799)**	**(2219)**	**12190**	**6704**

STATEMENT 30

INCURRED CLAIMS RATIO - PUBLIC SECTOR

PARTICULARS	Net Premium (Rs. lakh)					Claims Incurred (Net) (Rs. lakh)					Incurred Claims Ratio (Per cent)				
	Fire	Marine	Misc	2004-05	2003-04	Fire	Marine	Misc	2004-05	2003-04	Fire	Marine	Misc	2004-05	2003-04
NEW INDIA	83100	16860	289551	**389510**	363495	32702	9850	247946	**290498**	271358	39.35	58.42	85.63	**74.58**	74.65
ORIENTAL	34392	12035	175375	**221802**	203303	15885	7959	166994	**190838**	158765	46.19	66.13	95.22	**86.04**	78.09
NATIONAL	36122	12318	234777	**283217**	250865	14411	7244	204696	**226351**	210990	39.90	58.81	87.19	**79.92**	84.10
UNITED	43395	11126	162745	**217266**	215136	15246	7822	176785	**199853**	184217	35.13	70.31	108.63	**91.99**	85.63
TOTAL	**197009**	**52338**	**862448**	**1111795**	**1032798**	**78244**	**32875**	**796421**	**907540**	**825330**	**39.72**	**62.81**	**92.34**	**81.63**	**79.91**

STATEMENT 31

INCURRED CLAIMS RATIO - PRIVATE SECTOR

PARTICULARS	Net Premium (Rs. lakh)					Claims Incurred (Net) (Rs. lakh)					Incurred Claims Ratio (Per cent)				
	Fire	Marine	Misc	2004-05	2003-04	Fire	Marine	Misc	2004-05	2003-04	Fire	Marine	Misc	2004-05	2003-04
ROYAL SUNDARAM	2393	955	16814	**20162**	15631	971	545	9855	**11370**	8961	40.56	57.05	58.61	**56.39**	57.33
BAJAJ ALLIANZ	6892	2136	38901	**47929**	28641	2546	1890	18197	**22633**	15061	36.95	88.48	46.78	**47.22**	52.58
TATA AIG	804	2093	23081	**25977**	18864	321	1301	10928	**12549**	8458	39.89	62.17	47.35	**48.31**	44.84
RELIANCE	1843	460	3893	**6196**	3455	785	250	2801	**3836**	2374	42.58	54.42	71.95	**61.91**	68.72
IFFCO TOKIO	3428	1585	18462	**23476**	13334	1245	1797	8881	**11923**	7285	36.30	113.36	48.10	**50.79**	54.64
ICICI LOMBARD	4272	1663	26153	**32089**	12982	1445	2107	11925	**15476**	7005	33.81	126.69	45.60	**48.23**	53.96
CHOLAMANDALAM	1576	459	6912	**8947**	4833	756	340	4376	**5472**	2089	47.99	73.95	63.31	**61.16**	43.22
HDFC CHUBB	208	29	13189	**13425**	8867	52	8	7853	**7913**	3103	24.98	28.17	59.54	**58.94**	34.99
TOTAL	**21416**	**9380**	**147405**	**178201**	**106607**	**8120**	**8238**	**74815**	**91173**	**54337**	**37.91**	**87.82**	**50.75**	**51.16**	**50.97**

STATEMENT 32

EQUITY SHARE CAPITAL OF INSURANCE COMPANIES

(Rs. Crore)

Name of the insurer	2003-04	2004-05	Foreign Promoter	Indian Promoter	FDI (%)
Life Insurers					
HDFC Standard Life Insurance Co. Ltd.	255.50	320.00	47.52	272.48	14.90
ICICI-Prudential Life Insurance Co. Ltd.	675.00	925.00	240.50	684.50	26.00
Max New York Life Insurance Co. Ltd.	346.08	466.08	121.18	344.90	26.00
Kotak Mahindra Old Mutual Life Insurance Co. Ltd.	151.26	211.76	55.06	156.70	26.00
Birla Sun Life Insurance Co. Ltd.	290.00	350.00	91.00	259.00	26.00
TATA-AIG Life Insurance Co. Ltd.	231.00	321.00	83.46	237.54	26.00
SBI Life Insurance Co. Ltd.	175.00	350.00	91.00	259.00	26.00
ING Vysya Life Insurance Co. Ltd.	245.00	325.00	84.50	240.50	26.00
Metlife India Insurance Co. Ltd.	160.00	235.00	61.10	173.90	26.00
Bajaj Allianz Life Insurance Co. Ltd.	150.07	150.07	39.02	111.05	26.00
AMP Sanmar	160.00	217.10	56.45	160.65	26.00
AVIVA	242.80	319.80	83.15	236.65	26.00
Sahara India	157.00	157.00	0.00	157.00	0.00
Sub Total	**3238.71**	**4347.81**	**1053.93**	**3293.88**	
Life Insurance Corporation of India	5.00	5.00		5.00	
Total (Life)	**3243.71**	**4352.81**	**1053.93**	**3298.88**	
Non-life insurers					
Royal Sundaram Alliance Insurance Co. Ltd.	130.00	130.00	33.80	96.20	26.00
Reliance General Insurance Co. Ltd.	102.00	102.00	0.00	102.00	0.00
Bajaj Allianz General Insurance Co.	110.00	110.00	28.60	81.40	26.00
IFFCO-TOKIO General Insurance Co.	100.00	100.00	26.00	74.00	26.00
TATA AIG General Insurance Co. Ltd.	125.00	125.00	32.50	92.50	26.00
ICICI Lombard General Insurance	220.00	220.00	57.20	162.80	26.00
HDFC Chubb General Insurance	120.00	120.00	31.20	88.80	26.00
Cholamandalam MS General Insurance Co. Ltd.	141.96	141.96	36.91	105.05	26.00
Sub Total	1048.96	1048.96	246.21	802.75	
United India Insurance Co. Ltd.	100.00	100.00		100.00	
The New India Assurance Co. Ltd.	100.00	150.00		150.00	
The Oriental Insurance Co.Ltd.	100.00	100.00		100.00	
National Insurance Co. Ltd.	100.00	100.00		100.00	
Sub-Total	**400.00**	**450.00**		**450.00**	
Total (Non-life)	**1448.96**	**1498.96**	**246.21**	1252.75	
Export Credit Guarantee Corporation	500.00	600.00		600.00	
Agriculture Insurance Company of India	200.00	200.00		200.00	
General Insurance Corporation of India	215.00	215.00		215.00	
GRAND TOTAL	**5607.67**	**6866.77**	**1300.14**	**5566.63**	

STATEMENT 33

FEE STRUCTURE FOR INSURERS AND VARIOUS INTERMEDIARIES

Sl. No.	Insurer/ Intermediary	Processing Fee	Registration Fee	Renewal Fee	Periodicity of Renewal
1	Insurers (Life/Non life/ Reinsurance)		Rs. 50,000	1/10th of 1 percent of Gross Direct Premium written in india subject to minimum of Rs. 50,000 and maximum of Rs. 5 crore	Every year (by 31st December)
2	Third Party Administrators	Rs. 20,000	Rs. 30,000	Rs. 30,000	3 years
3	Brokers Direct Broker		Rs. 25,000	0.50 per cent of brokerage & fee earned in the preceding financial year subject to minimum of Rs. 25,000 and maximum of Rs. 1,00,000	3 years
	Reinsurance Broker		Rs. 75,000	0.50 per cent of brokerage & fee earned in the preceding financial year subject to minimum of Rs. 75,000 and maximum of Rs. 3,00,000	3 years
	Composite Broker		Rs. 1,25,000	0.50 per cent of brokerage & fee earned in the preceding financial year subject to minimum of Rs. 1,25,000 and maximum of Rs. 5,00,000	3 years
4	Surveyors and Loss Assessors				
	Individual Category	A B C	Rs. 10,000 Rs. 7,500 Rs. 5,000	Rs. 200 for every category	5 years
	Corporate Category	A B C	Rs. 25,000 Rs. 20,000 Rs. 15,000	Rs. 200 for every category	5 years
5	Corporate Agents		Rs. 250 for corporate insurance executive Rs. 500 for specified person	Rs. 250	3 years

STATEMENT 34

FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (As on 31st March)

(Rs. Crore)

LIFE FUND

INSURER	C.G.SEC		SG & OAS (INCL C.G.SEC)		INFRASTRUCTURE / SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCL. OTAI)		OTHER THAN APPROVED INVESTMENTS (OTAI)		TOTAL (LIFE FUND) (A)	
PUBLIC SECTOR	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
LIC (A)	**167718.86**	**143126.27**	**206906.87**	**172917.76**	**44660.40**	**38140.94**	**109861.60**	**93378.18**	**26111.98**	**16693.50**	**361428.87**	**304436.88**
PRIVATE SECTOR												
HDFC STD LIFE	286.29	181.86	286.29	189.69	85.80	57.84	108.67	57.91	19.68	18.06	**480.77**	**305.43**
MNYL	109.09	2.17	315.67	168.94	89.08	41.36	31.62	31.55	15.06	12.27	**436.37**	**241.85**
ICICI PRU	552.82	382.25	552.82	382.25	159.04	104.58	258.77	171.61	75.82	55.00	**970.63**	**658.45**
BSLI	84.73	70.55	110.75	77.03	31.74	28.43	27.58	34.92	9.56	2.18	**170.06**	**140.38**
TATA AIG	311.91	178.78	311.91	178.78	64.66	34.80	16.19	7.07	1.33	0.00	**392.76**	**220.65**
KOTAK LIFE	108.11	66.78	113.10	66.78	46.92	27.69	40.64	38.96	0.73	0.00	**200.67**	**133.43**
SBI LIFE	587.78	211.34	592.78	211.34	155.26	62.09	212.86	94.42	88.46	30.50	**960.89**	**367.84**
BAJAJ ALLIANZ	235.67	141.37	235.67	141.37	74.02	46.27	72.59	34.27	20.89	0.00	**382.28**	**221.91**
METLIFE	101.51	69.06	101.51	69.06	30.05	25.82	25.63	25.31	13.34	11.79	**157.18**	**120.18**
AMP SANMAR	63.54	58.23	65.30	58.88	22.94	15.96	22.47	23.85	6.58	12.07	**110.71**	**98.69**
ING VYSYA	132.91	37.68	132.91	37.68	46.63	15.68	61.69	21.92	14.30	6.44	**241.22**	**75.28**
AVIVA	79.70	78.99	79.70	78.99	30.21	29.65	35.04	36.01	0.00	0.19	**144.95**	**144.65**
SAHARA LIFE	60.47	60.19	102.90	115.09	24.27	5.73	15.32	22.47	0.01	3.60	**142.48**	**143.29**
TOTAL (B)	**2714.53**	**1539.25**	**3001.31**	**1775.88**	**860.61**	**495.90**	**929.07**	**600.25**	**265.75**	**152.13**	**4790.98**	**2872.03**
TOTAL (A+B)	**170433.39**	**144665.52**	**209908.18**	**174693.64**	**45521.01**	**38636.84**	**110790.66**	**93978.43**	**26377.73**	**16845.63**	**366219.85**	**307308.91**

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Note : 1) C.G. SEC. — Central Government Securities.
2) OTAI — Other than Approved Investments.
3) OAS — Other Approved Securities.
4) SG — State Government Securities.

FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (As on 31st March)

(Rs. Crore)

PENSION AND GENERAL ANNUITY FUND

INSURER	C.G.SEC		SG & OAS (INCL C.G.SEC)		INVESTMENT SUBJECT TO EXPOSURE NORMS		TOTAL (PENSION FUND) (B)	
PUBLIC SECTOR	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
LIC (A)	**5650.77**	**5219.68**	**9083.36**	**7131.86**	**2378.66**	**2112.20**	**11462.03**	**9244.06**
PRIVATE SECTOR								
HDFC STD LIFE	117.37	86.79	117.37	86.79	34.54	14.90	**151.91**	**101.68**
MNYL	2.81	0.42	12.90	1.78	1.13	0.33	**14.03**	**2.11**
ICICI PRU	121.87	91.10	121.87	91.10	44.77	36.49	**166.64**	**127.59**
BSLI	0.06	0.00	0.06	0.00	0.00	0.00	**0.06**	**0.00**
TATA AIG	58.25	24.11	58.25	24.11	18.53	15.68	**76.78**	**39.79**
KOTAK LIFE	8.23	3.30	8.23	3.30	5.13	4.24	**13.36**	**7.54**
SBI LIFE	55.36	11.93	60.37	11.93	18.60	3.47	**78.97**	**15.41**
BAJAJ ALLIANZ	7.13	2.43	7.13	2.43	2.15	1.38	**9.28**	**3.81**
METLIFE	0.21	0.00	0.21	0.00	0.00	0.00	**0.21**	**0.00**
AMP SANMAR	27.87	5.27	27.87	5.27	22.58	4.56	**50.45**	**9.83**
ING VYSYA	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
AVIVA	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
SAHARA LIFE	0.06	0.00	0.06	0.00	0.00	0.00	**0.06**	**0.00**
TOTAL (B)	**399.22**	**225.35**	**414.32**	**226.71**	**147.43**	**81.06**	**561.75**	**307.77**
TOTAL (A+B)	**6049.99**	**5445.03**	**9497.68**	**7358.57**	**2526.09**	**2193.27**	**12023.78**	**9551.83**

Contd...

FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (As on 31st March)

(Rs. Crore)

GROUP EXCLUDING GROUP PENSION AND ANNUITY FUND

INSURER	C.G.SEC		SG & OAS (INCL C.G.SEC)		INVESTMENT SUBJECT TO EXPOSURE NORMS		TOTAL (GROUP FUND) (C)	
PUBLIC SECTOR	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
LIC (A)	**25039.54**	**19097.04**	**33297.31**	**25750.54**	**9342.11**	**8317.78**	**42639.42**	**34068.32**
PRIVATE SECTOR								
HDFC STD LIFE	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
MNYL	1.45	0.27	6.81	1.14	0.44	0.21	**7.25**	**1.35**
ICICI PRU	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
BSLI	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
TATA AIG	14.70	0.00	14.70	0.00	0.00	0.00	**14.70**	**0.00**
KOTAK LIFE	2.05	0.64	2.05	0.64	0.00	0.26	**2.05**	**0.90**
SBI LIFE	4.20	2.21	4.20	2.21	6.57	0.71	**10.77**	**2.92**
BAJAJ ALLIANZ	1.27	0.61	1.27	0.61	0.00	0.34	**1.27**	**0.95**
METLIFE	2.52	0.44	2.52	0.44	0.00	0.00	**2.52**	**0.44**
AMP SANMAR	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
ING VYSYA	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
AVIVA	0.76	0.39	2.06	0.39	0.80	0.19	**2.85**	**0.57**
SAHARA LIFE	0.02	0.00	0.02	0.00	0.00	0.00	**0.02**	**0.00**
TOTAL (B)	**26.97**	**4.56**	**33.63**	**5.43**	**7.81**	**1.72**	**41.43**	**7.15**
TOTAL (A+B)	**25066.52**	**19101.60**	**33330.93**	**25755.97**	**9349.92**	**8319.50**	**42680.85**	**34075.47**

Contd...

FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (As on 31st March)

(Rs. Crore)

UNIT LINKED FUND

INSURER	OTHER APPROVED INVESTMENTS		OTHER THAN APPROVED INVESTMENTS (OTAI)		TOTAL (UNIT LINKED FUND) (D)		TOTAL (ALLFUNDS) (A)+(B)+(C)+(D)	
PUBLIC SECTOR	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
LIC (A)	**2547.87**	**209.87**	**210.80**	**0.00**	**2758.67**	**209.87**	**418288.99**	**347959.14**
PRIVATE SECTOR								
HDFC STD LIFE	280.17	55.62	10.49	5.30	**290.67**	**60.91**	**923.35**	**468.03**
MNYL	20.11	0.00	0.33	0.00	**20.44**	**0.00**	**478.09**	**245.31**
ICICI PRU	1896.27	704.31	440.89	75.77	**2337.16**	**780.07**	**3474.43**	**1566.11**
BSLI	1047.34	447.29	78.38	27.32	**1125.72**	**474.62**	**1295.85**	**615.00**
TATA AIG	76.00	12.75	4.81	0.00	**80.81**	**12.75**	**565.05**	**273.19**
KOTAK LIFE	304.75	53.54	3.57	0.00	**308.33**	**53.54**	**524.40**	**195.41**
SBI LIFE	3.46	0.00	0.08	0.00	**3.54**	**0.00**	**1054.17**	**386.18**
BAJAJ ALLIANZ	336.14	28.60	33.10	0.01	**369.24**	**28.61**	**762.07**	**255.28**
METLIFE	1.62	0.00	0.12	0.00	**1.74**	**0.00**	**161.66**	**120.63**
AMP SANMAR	21.40	0.00	0.00	0.00	**21.40**	**0.00**	**182.56**	**108.52**
ING VYSYA	73.70	20.81	4.91	0.00	**78.61**	**20.81**	**319.83**	**96.09**
AVIVA	122.95	44.59	8.18	2.53	**131.13**	**47.13**	**278.93**	**192.35**
SAHARA LIFE	0.00	0.00	0.00	0.00	**0.00**	**0.00**	**142.56**	**143.29**
TOTAL (B)	**4183.91**	**1367.50**	**584.86**	**110.93**	**4768.77**	**1478.43**	**10162.94**	**4665.38**
TOTAL (A+B)	**6731.78**	**1577.38**	**795.66**	**110.93**	**7527.45**	**1688.31**	**428451.93**	**352624.52**

STATEMENT 35

PATTERN OF INVESTMENTS OF NON-LIFE INSURERS (As on 31st March 2005)

(Rs. Crore)

INSURER	C.G. SEC		SG & OAS (INCL. C.G. SEC)		LOANS TO HOUSING & FFE		INFASTRUCTURE & SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCL. OTAI)		OTHER THAN APPROVED INVESTMENTS (OTAI)		TOTAL INVESTMENTS	
PUBLIC SECTOR	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
GIC	2744.18	2436.75	3848.92	3210.94	926.96	841.48	1199.34	1051.70	4905.19	4732.64	1455.81	1379.79	**10880.41**	**9836.76**
NEW INDIA	2398.43	2397.16	3657.98	3207.38	494.58	431.00	1050.08	772.31	3201.04	3517.55	770.58	833.16	**8403.68**	**7928.24**
NATIONAL	1082.98	1266.98	1596.37	1665.59	384.51	268.94	600.49	387.62	1724.52	1497.03	459.90	485.69	**4305.89**	**3819.18**
UNITED	1584.63	1683.82	2645.04	2583.20	321.34	356.26	691.25	704.53	2552.93	2483.88	705.98	825.23	**6210.56**	**6127.87**
ORIENTAL	1394.52	1195.25	1976.88	1722.47	307.54	289.22	460.01	393.30	2311.55	2107.57	539.64	575.51	**5055.99**	**4512.55**
TOTAL (A)	**9204.73**	**8979.96**	**13725.20**	**12389.58**	**2434.93**	**2186.90**	**4001.17**	**3309.45**	**14695.23**	**14338.67**	**3931.90**	**4099.38**	**34856.53**	**32224.60**
PRIVATE SECTOR														
RELIANCE	96.70	113.09	96.70	113.09	13.22	11.64	25.59	31.75	57.32	25.62	12.26	10.26	**192.83**	**182.11**
ROYAL SUNDARAM	88.79	99.58	98.91	102.35	35.59	26.33	66.51	45.91	70.02	44.99	16.54	5.54	**271.03**	**219.58**
IFFCO TOKYO	127.87	97.60	127.87	97.60	20.54	15.88	44.67	27.71	116.50	45.90	0.00	0.00	**309.58**	**187.09**
TATA AIG	206.54	145.33	206.54	145.33	26.17	21.51	40.66	35.85	38.28	26.44	0.80	1.49	**311.65**	**229.13**
BAJAJ ALLIANZ	256.90	148.23	256.90	148.23	54.96	32.85	78.35	57.28	222.54	110.26	35.19	24.80	**612.75**	**348.62**
ICICI LOMBARD	160.11	102.46	227.42	147.92	30.01	25.00	78.65	47.51	133.35	127.23	10.61	26.91	**469.43**	**347.67**
CHNHB ASSOCIATION	3.91	2.79	4.07	2.96	0.80	0.80	1.34	1.62	6.84	6.04	1.37	1.76	**13.04**	**11.42**
CHOLAMANDALAM	140.29	117.06	140.29	117.06	15.73	15.83	26.63	22.15	15.52	15.77	10.40	10.65	**198.17**	**170.81**
HDFC CHUBB	80.35	91.11	80.35	91.11	15.43	10.57	26.14	21.12	55.04	31.05	5.97	12.89	**176.96**	**153.86**
TOTAL (B)	**1161.46**	**917.26**	**1239.04**	**965.65**	**212.45**	**160.42**	**388.53**	**290.90**	**715.41**	**433.32**	**93.13**	**94.30**	**2555.43**	**1850.29**
TOTAL (A+B)	**10366.19**	**9897.22**	**14964.24**	**13355.23**	**2647.38**	**2347.32**	**4389.70**	**3600.36**	**15410.64**	**14771.99**	**4025.04**	**4193.67**	**37411.97**	**34074.89**

Note: 1) Investment figures pertaining to AIC of India and ECGC has not been included
2) C.G. SEC. — Central Government Securities.
3) OTAI — Other than Approved Investments.
4) OAS — Other Approved Securities.
5) SG — State Government Securities.
6) FFE — Fire Fighting Equipment.

STATEMENT 36

STATUS OF COMPLAINTS- LIFE INSURERS (2004 - 05)

Sl.No.	Insurer	Reported during the year	Resolved during the year	Pending as on 31st March, 2005
1	HDFC STD LIFE	30	17	13
2	AMP SANMAR	1	1	0
3	TATA AIG	31	19	12
4	MNYL	18	8	10
5	AVIVA	16	5	11
6	BSLI	23	9	14
7	SBI LIFE	24	7	17
8	ICICI PRU	39	22	17
9	MET LIFE	2	1	1
10	SAHARA LIFE	0	0	0
11	BAJAJ ALLIANZ	30	4	26
12	KOTAK LIFE	9	2	7
13	ING VYSYA	8	3	5
14	LIC	1202	210	992
	TOTAL	**1433**	**308**	**1125**

STATEMENT 37

STATUS OF COMPLAINTS- LIFE INSURERS (HALF YEAR ENDED SEPTEMBER, 2005)

Sl.No.	Insurer	Reported during the period	Resolved during the period	Pending as on 30th Sept., 2005
1	HDFC STD LIFE	54	23	31
2	AMP SANMAR	6	2	4
3	TATA AIG	51	18	33
4	MNYL	29	8	21
5	AVIVA	24	7	17
6	BSLI	33	9	24
7	SBI LIFE	38	8	30
8	ICICI PRU	68	30	38
9	MET LIFE	6	3	3
10	SAHARA LIFE	0	0	0
11	BAJAJ ALLIANZ	67	24	43
12	KOTAK LIFE	11	3	8
13	ING VYSYA	14	2	12
14	LIC	1481	335	1146
	TOTAL	**1882**	**472**	**1410**

STATEMENT 38

STATUS OF THE COMPLAINTS - NON-LIFE INSURERS (2004-05)

Sl. No.	Insurer	Pending as on 31st March, 2004	Reported during the year	Resolved during the year	Pending as on 31st March, 2005	Break up of Pending Complaints			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	123	283	323	83	50	10	23	0
2	NEW INDIA	441	433	729	145	99	19	26	1
3	UNITED	219	442	486	175	130	22	19	4
4	NATIONAL	289	413	399	303	207	34	58	4
5	ECGC	0	1	1	0	0	0	0	0
6	BAJAJ ALLIANZ	0	35	29	6	2	2	2	0
7	TATA AIG	1	28	20	9	1	0	8	0
8	ROYAL SUNDARAM	0	27	26	1	0	0	1	0
9	IFFCO TOKIO	0	16	13	3	3	0	0	0
10	RELIANCE	0	4	3	1	1	0	0	0
11	CHOLAMANDALAM	0	8	7	1	0	0	1	0
12	ICICI LOMBARD	0	34	33	1	0	0	1	0
13	HDFC CHUBB	0	8	7	1	0	0	1	0
14	AIC	0	1	0	1	0	0	1	0
	TOTAL	**1073**	**1733**	**2076**	**730**	**493**	**87**	**141**	**9**

Note: (i) Non settlement / delay in settlement of claim.
(ii) Repudiation / partial settlement of claim.
(iii) Policy issues (non renewal / cancellation / non issuance / other issues related to policy).
(iv) Other reasons.

STATEMENT 39

STATUS OF THE COMPLAINTS - NON LIFE INSURERS (Half Year Ended September, 2005)

Sl. No.	Insurer	Pending as on 31st March, 2005	Reported during the period	Resolved during the period	Pending as on 30th Sept., 2005	Break up of Pending Complaints			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	83	112	139	56	38	3	15	0
2	NEW INDIA	145	210	223	132	78	16	33	5
3	UNITED	175	185	197	163	98	22	39	4
4	NATIONAL	303	162	196	269	148	35	85	1
5	ECGC	0	2	2	0	0	0	0	0
6	BAJAJ ALLIANZ	6	20	24	2	0	0	0	2
7	TATA AIG	9	17	16	10	3	0	7	0
8	ROYAL SUNDARAM	1	11	11	1	0	0	1	0
9	IFFCO TOKIO	3	4	6	1	1	0	0	0
10	RELIANCE	1	0	0	1	0	1	0	0
11	CHOLAMANDALAM	1	5	6	0	0	0	0	0
12	ICICI LOMBARD	1	37	37	1	1	0	0	0
13	HDFC CHUBB	1	6	7	0	0	0	0	0
14	AIC	1	2	3	0	0	0	0	0
	TOTAL	**730**	**773**	**867**	**636**	**367**	**77**	**180**	**12**

Note: (i) Non settlement / delay in settlement of claim.

(ii) Repudiation / partial settlement of claim.

(iii) Policy issues (non renewal / cancellation / non issuance / other issues related to policy).

(iv) Other reasons.

STATEMENT 40

THIRD PARTY ADMINISTRATORS – CLAIMS DATA : 2004-05

Sl.No.	Name	No. of Claims received	No. of claims settled			
			Within 1 month	Within 1-3 months	Within 3-6 months	More than 6 months
1	Dawn Services Pvt. Ltd.	NIL	–	–	–	–
2	Family Health Plan Ltd.	122583	73014 (59.56)	40224 (32.81)	NIL	NIL
3	Medicare TPA Services (I) Pvt. Ltd.	41255	25713 (62.33)	5394 (13.07)	1622 (3.93)	397 (0.96)
4	Parekh Health Management (Pvt.) Ltd.	1223	930 (76.04)	279 (22.81)	12 (0.98)	2 (0.16)
5	Medi Assist India Pvt. Ltd.	66582	48961 (73.53)	9947 (14.94)	2092 (3.14)	NIL
6	MD India Healthcare Services Pvt. Ltd.	2980	2487 (83.46)	185 (6.21)	9 (0.30)	NIL
7	ICAN Health Services Pvt. Ltd.	2215	1772 (80.00)	178 (8.04)	117 (5.28)	115 (5.19)
8	Paramount Health Services Pvt. Ltd.	230441	109970 (47.72)	68632 (29.78)	12559 (5.45)	3326 (1.44)
9	E-Meditek Solutions Ltd.	33438	28260 (84.51)	3242 (9.70)	931 (2.78)	54 (0.16)
10	Heritage Health Services Pvt. Ltd.	51160	18550 (36.26)	24614 (48.11)	5670 (11.08)	1789 (3.50)
11	Universal Medi-Aid Services Ltd.	708	194 (27.40)	292 (41.24)	177 (25.00)	NIL
12	Focus Healthcare Pvt. Ltd.	9	NIL	9 (100)	NIL	NIL
13	Raksha TPA Pvt. Ltd.	52863	50814 (96.12)	NIL	NIL	NIL
14	TTK Healthcare Services Private Limited	117597	103061 (87.64)	12917 (10.98)	3430 (2.92)	1011 (0.86)
15	Anyuta Medinet Healthcare Pvt. Ltd.	42	42 (100)	NIL	NIL	NIL
16	East West Assist Pvt. Ltd.	NIL	–	–	–	–
17	Med Save Health Care Limited	54517	32843 (60.24)	9061 (16.62)	1705 (3.13)	2195 (4.03)
18	Genins India Ltd. (Licence No. 020)	17114	7119 (41.60)	5381 (31.44)	1914 (11.18)	711 (4.15)
19	Bhaichand Amoluk Ins. Services Pvt. Ltd.	3032	941 (31.04)	1373 (45.28)	183 (6.04)	3 (0.10)
20	Alankit Health Care Limited	5687	4602 (80.92)	668 (11.75)	97 (1.71)	18 (0.32)
21	Good Healthplan Ltd.	1749	1528 (87.36)	21 (1.20)	NIL	NIL
22	Vipul Med Corp. Pvt. Ltd.	1917	991 (51.70)	754 (39.33)	13 (0.68)	NIL
23	Park Mediclaim Consultatants Private Ltd.	2	2 (100)	NIL	NIL	NIL
24	Safeway Mediclaim Services	License issued in the month of August, 2005				
25	Anmol Medicare Ltd.	License issued in the month of November, 2005				
	TOTAL	**807114**	**511794 (63.41)**	**183171 (22.69)**	**30531 (3.78)**	**9621 (1.19)**

Note: Figures in brackets indicate the ratio (in Per Cent) of claims to the total claims recived.

STATEMENT 41

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March, 2005 : Life

Ombudsman Centre	O/S as on 31.3.2004	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Oustanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	21	84	105	-	18	18	-	28	2	66	31	32	3	66	22	17	-	39
Bhopal	102	337	439	-	33	50	-	77	259	419	217	174	28	419	10	10	-	20
Bhubaneshwar	46	135	181	57	24	24	2	-	14	121	43	71	7	121	31	29	-	60
Chandigarh	37	463	500	-	53	259	-	78	37	427	283	144	-	427	51	22	-	73
Chennai	7	604	611	-	55	39	-	43	455	592	544	48	-	592	17	2	-	19
Delhi	118	439	557	33	289	-	1	50	16	389	165	222	2	389	88	80	-	168
Guwahati	10	83	93	46	30	-	-	-	2	78	38	40	-	78	14	1	-	15
Hyderabad	57	564	621	-	47	58	-	83	411	599	491	98	10	599	22	-	-	22
Kochi	7	100	107	-	17	-	-	23	59	99	91	8	-	99	8	-	-	8
Kolkata	77	770	847	46	2	106	-	59	596	809	647	162	-	809	29	9	-	38
Lucknow	113	1008	1121	5	187	500	16	4	371	1083	752	298	33	1083	35	3	-	38
Mumbai	79	306	385	8	148	26	22	3	131	338	220	118	-	338	39	8	-	47
TOTAL	**674**	**4893**	**5567**	**195**	**903**	**1080**	**41**	**448**	**2353**	**5020**	**3522**	**1415**	**83**	**5020**	**366**	**181**	**0**	**547**

1 Recommendations — *6 Not Entertainable*
2 Awards — *7 Within 3 months*
3 Withdrawal/Settlement — *8 3 months to 1 year*
4 Non-acceptance — *9 Above 1 year*
5 Dismissal

STATEMENT 42

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March, 2005 : Non-Life Insurance

Ombudsman Centre	O/S as on 31.3.2004	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Oustanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	158	338	496	-	119	77	-	76	3	275	35	176	64	275	65	154	2	221
Bhopal	371	219	590	1	103	116	-	275	13	508	78	113	317	508	17	65	-	82
Bhubaneshwar	74	123	197	9	60	2	-	14	-	85	5	73	7	85	25	77	10	112
Chandigarh	55	257	312	4	43	67	-	59	18	191	55	136	-	191	68	53	-	121
Chennai	102	443	545	1	120	91	-	80	226	518	316	199	3	518	23	4	-	27
Delhi	122	695	817	64	235	-	-	174	111	584	205	377	2	584	128	105	-	233
Guwahati	30	86	116	20	48	-	-	-	1	69	4	65	-	69	28	19	-	47
Hyderabad	68	363	431	1	108	50	-	49	205	413	238	175	-	413	18	-	-	18
Kochi	131	249	380	-	114	9	1	155	81	360	201	130	29	360	20	-	-	20
Kolkata	441	778	1219	233	6	117	-	119	462	937	481	63	393	937	98	184	-	282
Lucknow	53	365	418	5	57	59	-	18	269	408	317	76	15	408	10	-	-	10
Mumbai	575	618	1193	1	423	130	38	106	127	825	213	216	396	825	106	262	-	368
TOTAL	**2180**	**4534**	**6714**	**339**	**1436**	**718**	**39**	**1125**	**1516**	**5173**	**2148**	**1799**	**1226**	**5173**	**606**	**923**	**12**	**1541**

1 Recommendations
2 Awards
3 Withdrawal/Settlement
4 Non-acceptance
5 Dismissal
6 Not Entertainable
7 Within 3 months
8 3 months to 1 year
9 Above 1 year

STATEMENT 43

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March, 2005 : Life and Non-Life Insurance combined

Ombudsman Centre	O/S as on 31.3.2004	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Oustanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	179	422	601	-	137	95	-	104	5	341	66	208	67	341	87	171	2	260
Bhopal	473	556	1029	1	136	166	-	352	272	927	295	287	345	927	27	75	-	102
Bhubaneshwar	120	258	378	66	84	26	2	14	14	206	48	144	14	206	56	106	10	172
Chandigarh	92	720	812	4	96	326	-	137	55	618	338	280	-	618	119	75	-	194
Chennai	109	1047	1156	1	175	130	-	123	681	1110	860	247	3	1110	40	6	-	46
Delhi	240	1134	1374	97	524	-	1	224	127	973	370	599	4	973	216	185	-	401
Guwahati	40	169	209	66	78	-	-	-	3	147	42	105	-	147	42	20	-	62
Hyderabad	125	927	1052	1	155	108	-	132	616	1012	729	273	10	1012	40	-	-	40
Kochi	138	349	487	-	131	9	1	178	140	459	292	138	29	459	28	-	-	28
Kolkata	518	1548	2066	279	8	223	-	178	1058	1746	1128	225	393	1746	127	193	-	320
Lucknow	166	1373	1539	10	244	559	16	22	640	1491	1069	374	48	1491	45	3	-	48
Mumbai	654	924	1578	9	571	156	60	109	258	1163	433	334	396	1163	145	270	-	415
TOTAL	**2854**	**9427**	**12281**	**534**	**2339**	**1798**	**80**	**1573**	**3869**	**10193**	**5670**	**3214**	**1309**	**10193**	**972**	**1104**	**12**	**2088**

1 Recommendations
2 Awards
3 Withdrawal/Settlement
4 Non-acceptance
5 Dismissal
6 Not Entertainable
7 Within 3 months
8 3 months to 1 year
9 Above 1 year

ANNEX i

INSURANCE COMPANIES OPERATING IN INDIA

LIFE INSURERS

Public Sector	Private Players
1. Life Insurance Corporation of India (LIC)	1. Bajaj Allianz Life Insurance Co. Ltd. *
	2. Birla Sun Life Insurance Co. Ltd. (BSLI)
	3. HDFC Standard Life Insurance Co. Ltd. (HDFC STD LIFE)
	4. ICICI Prudential Life Insurance Co. Ltd. (ICICI PRU)
	5. ING Vysya Life Insurance Co. Pvt. Ltd. (ING VYSYA)
	6. Max New York Life Insurance Co. Ltd. (MNYL)
	7. MetLife India Insurance Co. Pvt. Ltd. (METLIFE)
	8. Kotak Mahindra Old Mutual Life Insurance Co. Ltd. **
	9. SBI Life Insurance Co. Ltd. (SBI LIFE)
	10. TATA AIG Life Insurance Co. Ltd. (TATA AIG)
	11. AMP Sanmar Assurance Co. Ltd. (AMP SANMAR)
	12. Aviva Life Insurance Co. Pvt. Ltd. (AVIVA)
	13. Sahara India Life Insurance Co. Ltd. (SAHARA LIFE)
	14. Shriram Life Insurance Co. Ltd.***

NON-LIFE INSURERS

Public Sector	Private Players
1. New India Assurance Co. Ltd. (NEW INDIA)	1. Bajaj Allianz General Insurance Co. Ltd. (BAJAJ ALLIANZ)
2. National Insurance Co. Ltd. (NATIONAL)	2. ICICI Lombard General Insurance Co. Ltd. (ICICI LOMBARD)
3. The Oriental Insurance Co. Ltd. (ORIENTAL)	3. IFFCO Tokio General Insurance Co. Ltd. (IFFCO TOKIO)
4. United India Insurance Co. Ltd. (UNITED)	4. Reliance General Insurance Co. Ltd. (RELIANCE)
5. Export Credit Guarantee Corporation of India Ltd. (ECGC)	5. Royal Sundaram Alliance Insurance Co. Ltd. (ROYAL SUNDARAM)
6. Agriculture Insurance Company of India Ltd. (AIC)	6. TATA AIG General Insurance Co. Ltd. (TATA AIG)
	7. Cholamandalam MS General Insurance Co. Ltd. (CHOLAMANDALAM)
	8. HDFC Chubb General Insurance Co. Ltd. (HDFC CHUBB)

RE – INSURER: General Insurance Corporation of India (GIC)

** Previously, Allianz Bajaj Life Insurance Company Limited (ALLIANZ BAJAJ)*

*** Previously, Om Kotak Mahindra Life Insurance Company Limited (OM KOTAK)*

**** Launched its operations in November, 2005*

ANNEX ii

REGULATIONS FRAMED UNDER THE IRDA ACT, 1999

Sl.No.	Notification
1	IRDA (Member of Insurance Advisory Committee)
2	IRDA Appointment of Insurance Advisory Committee Regulations, 2000
3	IRDA (The Insurance Advisory Committee) (Meeting) Regulations, 2000
4	IRDA (Appointed Actuary) Regulations, 2000
5	IRDA (Actuarial Report and Abstract) Regulations, 2000
6	IRDA (Licensing of Insurance Agents) Regulations, 2000
7	IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000
8	IRDA (General Insurance-Reinsurance) Regulations, 2000
9	IRDA (Registration of Indian Insurance Companies) Regulations, 2000
10	IRDA (Insurance Advertisements and Disclosure) Regulations, 2000
11	IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2000
12	IRDA (Meetings) Regulations, 2000
13	IRDA (Investment) Regulations, 2000
14	IRDA (Conditions of Service of Officers and other Employees) Regulations, 2000
15	IRDA (Insurance Surveyors and Loss Assessors (Licensing, Professional Requirements and Code of Conduct)) Regulations, 2000
16	IRDA (Life Insurance - Reinsurance) Regulations, 2000
17	IRDA (Investment) (Amendment) Regulations, 2001
18	IRDA (Third Party Administrators - Health Services) Regulations, 2001
19	IRDA (Re-Insurance Advisory Committee) Regulations, 2001
20	IRDA (Investments) (Amendment) Regulations, 2002
21	IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002
22	IRDA (Protection of Policyholders' Interests) Regulations, 2002
23	IRDA (Insurance Brokers) Regulations, 2002
24	IRDA (Obligations of Insurers to Rural and Social Sectors) Regulations, 2002
25	IRDA (Licensing of Corporate Agents) Regulations, 2002
26	IRDA (Licensing of Insurance Agents) (Amendment) Regulations, 2002
27	IRDA (Protection of Policyholders' Interests) (Amendment) Regulations, 2002
28	IRDA (Manner of Receipt of Premium) Regulations, 2002
29	IRDA (Distribution of Surplus) Regulations, 2002
30	IRDA (Registration of Indian Insurance Companies) (Amendment) Regulations, 2003
31	IRDA (Investment) (Amendment) Regulations, 2004
32	IRDA (Qualification of Actuary) Regulations, 2004
33	IRDA (Obligations of Insurers to Rural / Social Sectors) (Amendment) Regulations, 2004

ANNEX iii (a)

AGENTS LICENSED BY THE AUTHORITY (2004-05) (INDIVIDUAL AND CORPORATE)

LIFE INSURERS

Name	Individual Agents		Corporate Agents		Total		
	New	Renewal	New	Renewal	New	Renewal	Total
BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.	31,998	567	114	1	32,112	568	32,680
TATA AIG LIFE INSURANCE CO. LTD.	16,736	1001	34	8	16,770	1009	17,779
AMP SANMAR INSURANCE CO.LTD.	4,866	139	8	0	4,874	139	5,013
BIRLA SUN LIFE INSURANCE CO.LTD.	4,846	442	179	8	5,025	450	5,475
AVIVA LIFE INSURANCE CO INDIA PVT. LTD.	3,805	1	13	0	3,818	1	3,819
HDFC STANDARD LIFE INSURANCE CO LTD.	9,262	1043	48	3	9,310	1046	10,356
ICICI PRUDENTIAL LIFE INSURANCE CO LTD.	27,992	1898	27	13	28,019	1911	29,930
ING VYSYA LIFE INSURANCE CO. PVT. LTD.	7,490	132	98	0	7,588	132	7,720
LIFE INSURANCE CORPORATION OF INDIA	129,263	224371	131	8	129,394	224379	353,773
MAX NEW YORK LIFE INSURANCE CO.LTD.	6,474	523	1	0	6,475	523	6,998
METLIFE INDIA INSURANCE CO. PVT. LTD.	3,291	45	33	5	3,324	50	3,374
KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE CO.LTD.	2,584	316	73	3	2,657	319	2,976
SAHARA INDIA LIFE INSURANCE CO. LTD .	0	0	1	0	1	0	1
SBI LIFE INSURANCE CO. LTD.	1,996	169	10	0	2,006	169	2,175
Sub Total	**250,603**	**230,647**	**770**	**49**	**251,373**	**230696**	**482,069**
GENERAL INSURERS							
TATA AIG GENERAL INSURANCE CO. LTD.	269	119	57	46	326	165	491
BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	2,002	110	152	5	2,154	115	2,269
CHOLAMANDALAM MS GENERAL INSURANCE CO.LTD.	369	18	33	0	402	18	420
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.	1	0	0	0	1	0	1
HDFC CHUBB GENERAL INSURANCE COMPANY LTD.	56	1	13	0	69	1	70
ICICI LOMBARD GENERAL INSURANCE CO. LTD.	713	10	30	0	743	10	753
IFFCO-TOKIO GENERAL INSURANCE CO. LTD.	676	35	29	1	705	36	741
THE NEW INDIA ASSURANCE CO. LTD.	2,849	6136	26	3	2,875	6139	9,014
NATIONAL INSURANCE CO. LTD.	4,030	4892	42	8	4,072	4900	8,972
THE ORIENTAL INSURANCE CO. LTD.	6,255	4609	36	7	6,291	4616	10,907
RELIANCE GENERAL INSURANCE CO. LTD.	174	55	6	8	180	63	243
ROYAL SUNDARAM ALLIANCE INSURANCE CO LTD.	250	47	22	2	272	49	321
UNITED INDIA INSURANCE CO. LTD.	3,066	4973	37	12	3,103	4985	8,088
Sub Total	**20,710**	**21,005**	**483**	**92**	**21,193**	**21,097**	**42,290**
Grand Total	**271,313**	**251,652**	**1,253**	**141**	**272,566**	**251,793**	**524,359**

ANNEX iii (b)

AGENTS LICENSED BY THE AUTHORITY (2004-2005) (URBAN AND RURAL)

LIFE INSURERS

Name	Urban	Rural	Total
BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.	28912	3768	32680
TATA AIG LIFE INSURANCE CO. LTD.	17590	189	17779
AMP SANMAR INSURANCE CO.LTD.	4226	787	5013
BIRLA SUN LIFE INSURANCE CO.LTD.	5432	43	5475
AVIVA LIFE INSURANCE CO INDIA PVT. LTD.	3702	117	3819
HDFC STANDARD LIFE INSURANCE CO. LTD.	9324	1032	10356
ICICI PRUDENTIAL LIFE INSURANCE CO. LTD.	29838	92	29930
ING VYSYA LIFE INSURANCE CO. PVT. LTD.	7404	316	7720
LIFE INSURANCE CORPORATION OF INDIA	173958	179815	353773
MAX NEW YORK LIFE INSURANCE CO.LTD.	6899	99	6998
METLIFE INDIA INSURANCE CO. PVT. LTD.	3310	64	3374
KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE CO.LTD.	2772	204	2976
SAHARA INDIA LIFE INSURANCE CO. LTD.	1	0	1
SBI LIFE INSURANCE CO. LTD.	1908	267	2175
Sub Total	**295,276**	**186,793**	**482,069**

GENERAL INSURERS

Name	Urban	Rural	Total
TATA AIG GENERAL INSURANCE CO. LTD.	482	9	491
BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	2075	194	2269
CHOLAMANDALAM GENERAL INSURANCE CO. LTD.	394	26	420
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.	1	0	1
HDFC CHUBB GENERAL INSURANCE CO. LTD.	68	2	70
ICICI LOMBARD GENERAL INSURANCE CO. LTD.	705	48	753
IFFCO-TOKIO GENERAL INSURANCE CO. LTD.	666	75	741
THE NEW INDIA ASSURANCE CO. LTD.	6590	2424	9014
NATIONAL INSURANCE CO. LTD.	6085	2887	8972
THE ORIENTAL INSURANCE CO. LTD.	7392	3515	10907
RELIANCE GENERAL INSURANCE CO. LTD.	236	7	243
ROYAL SUNDARAM ALLIANCE INSURANCE CO. LTD	259	62	321
UNITED INDIA INSURANCE CO. LTD.	5059	3029	8088
Sub Total	**30,012**	**12,278**	**42,290**
Grand Total	**325,288**	**199,071**	**524,359**

ANNEX iv (a)

APPOINTED ACTUARIES OF LIFE INSURERS
(as on 31st March, 2005)

Bajaj Allianz Life Insurance Co. Ltd.	S. N. Bhattacharya
AMP Sanmar Life Insurance Co. Ltd.	Michael J. L. Wood
Aviva Life Insurance Co. India Pvt. Ltd.	K. K. Wadhwa
Birla Sun Life Insurance Co. Ltd.	K. S. Gopalakrishnan
HDFC Standard Life Insurance Co. Ltd.	N. D. Taket
ICICI Prudential Life Insurance Co. Ltd.	V. Rajagopalan
ING Vysya Life Insurance Co. Pvt. Ltd.	A. Venkatasubramanian*
Life Insurance Corporation of India	G. N. Agarwal
Max New York Life Insurance Co. Ltd.	R. P. Sarma #
MetLife India Insurance Co. Pvt. Ltd.	K. Sriram
Kotak Mahindra Old Mutual Life Insurance Co. Ltd.	James E. Thompson @
Sahara India Life Insurance Co. Ltd.	K. K. Dharni
SBI Life Insurance Co. Ltd.	R. Kannan
TATA AIG Life Insurance Co. Ltd.	Phuong Chung

** Hemamalini Ramakrishnan was appointed w.e.f 09th April, 2005*

 # John Charles Poole was appointed w.e.f 20th May, 2005

@ A. Venkatasubramanian was appointed w.e.f 15th July, 2005

ANNEX iv (b)

APPOINTED ACTUARIES OF NON-LIFE INSURERS
(as on 31st March, 2005)

Agriculture Insurance Co. of India Ltd.	N. R. Kapadia
Bajaj Allianz General Insurance Co. Ltd.	V. Govindan
Cholamandalam MS General Insurance Co. Ltd.	K. P. Sarma
General Insurance Corporation of India, Life Re-Insurance Dept.	T. Bhargava
General Insurance Corporation of India, Non-Life Re-Insurance Dept.	D. K. Pandit
HDFC Chubb General Insurance Co. Ltd.	N. Laxmanan
ICICI Lombard General Insurance Co. Ltd.	Liyaquat Khan
IFFCO Tokio General Insurance Co. Ltd.	A. P. Peethambaran
National Insurance Co. Ltd.	Bhudev Chatterjee
The New India Assurance Co. Ltd.	A. R. Prabhu
Reliance General Insurance Co. Ltd.	N. G. Pai
Royal Sundaram Alliance Insurance Co. Ltd.	O. Laxminarayana
TATA AIG General Insurance Co. Ltd.	K. Hanumantha Rao
The Oriental Insurance Co. Ltd.	P. C. Gupta
United India Insurance Co. Ltd.	S. Krishnan

ANNEX v (a)

INDIAN ASSURED LIVES MORTALITY (1994-96) (modified) ULTIMATE

Age	Mortality rate	Age	Mortality rate
0	0.001630	50	0.005244
1	0.000960	51	0.005819
2	0.000670	52	0.006443
3	0.000620	53	0.007116
4	0.000470	54	0.007839
5	0.000420	55	0.008611
6	0.000380	56	0.009433
7	0.000400	57	0.010294
8	0.000400	58	0.011025
9	0.000400	59	0.011951
10	0.000380	60	0.013073
11	0.000450	61	0.014391
12	0.000530	62	0.015904
13	0.000650	63	0.017612
14	0.000713	64	0.019516
15	0.000770	65	0.021615
16	0.000823	66	0.022724
17	0.000873	67	0.025617
18	0.000919	68	0.028823
19	0.000961	69	0.032372
20	0.000999	70	0.036294
21	0.001033	71	0.040623
22	0.001063	72	0.045392
23	0.001090	73	0.050639
24	0.001113	74	0.056404
25	0.001132	75	0.062728
26	0.001147	76	0.069655
27	0.001159	77	0.077231
28	0.001166	78	0.085502
29	0.001170	79	0.094519
30	0.001170	80	0.104331
31	0.001171	81	0.114992
32	0.001201	82	0.126553
33	0.001246	83	0.139067
34	0.001308	84	0.151077
35	0.001387	85	0.162298
36	0.001482	86	0.174149
37	0.001593	87	0.186638
38	0.001721	88	0.199775
39	0.001865	89	0.213560
40	0.002053	90	0.227995
41	0.002247	91	0.243072
42	0.002418	92	0.258782
43	0.002602	93	0.275109
44	0.002832	94	0.292031
45	0.003110	95	0.309522
46	0.003438	96	0.327549
47	0.003816	97	0.346073
48	0.004243	98	0.365052
49	0.004719	99	0.384436

ANNEX v (b)

MORTALITY RATES OF ANNUITANTS IN LIC OF INDIA
LIC A (96-98) ULTIMATE

Age	Mortality rate	Life Expectation	Age	Mortality rate	Life Expectation
20	0.000919	57.45	65	0.013889	17.33
21	0.000961	56.50	66	0.015286	16.56
22	0.000999	55.56	67	0.017026	15.81
23	0.001033	54.61	68	0.019109	15.08
24	0.001063	53.67	69	0.021534	14.36
25	0.001090	52.72	70	0.024301	13.67
26	0.001113	51.78	71	0.027410	12.99
27	0.001132	50.84	72	0.030862	12.35
28	0.001147	49.89	73	0.034656	11.72
29	0.001159	48.95	74	0.038793	11.13
30	0.001166	48.01	75	0.043272	10.56
31	0.001170	47.06	76	0.048093	10.01
32	0.001170	46.12	77	0.053257	9.49
33	0.001171	45.17	78	0.058763	9.00
34	0.001201	44.22	79	0.064611	8.53
35	0.001246	43.28	80	0.070802	8.08
36	0.001308	42.33	81	0.077335	7.66
37	0.001387	41.38	82	0.084210	7.26
38	0.001482	40.44	83	0.091428	6.88
39	0.001593	39.50	84	0.098988	6.52
40	0.001721	38.56	85	0.106891	6.19
41	0.001865	37.63	86	0.115136	5.87
42	0.002053	36.70	87	0.123723	5.56
43	0.002247	35.77	88	0.132652	5.28
44	0.002418	34.85	89	0.141924	5.01
45	0.002602	33.93	90	0.151539	4.76
46	0.002832	33.02	91	0.161495	4.52
47	0.003110	32.11	92	0.171794	4.29
48	0.003438	31.21	93	0.182436	4.07
49	0.003816	30.32	94	0.193419	3.87
50	0.004243	29.43	95	0.204746	3.68
51	0.004719	28.56	96	0.216414	3.50
52	0.005386	27.69	97	0.228425	3.33
53	0.006058	26.84	98	0.240778	3.17
54	0.006730	26.00	99	0.253473	3.01
55	0.007401	25.17	100	0.266511	2.86
56	0.008069	24.35	101	0.279892	2.72
57	0.008710	23.55	102	0.293614	2.59
58	0.009397	22.75	103	0.307679	2.46
59	0.010130	21.96	104	0.322087	2.33
60	0.010907	21.18	105	0.336836	2.19
61	0.011721	20.41	106	0.351928	2.05
62	0.011750	19.64	107	0.367363	1.89
63	0.012120	18.87	108	0.383139	1.70
64	0.012833	18.10	109	0.399258	1.45
			110	0.415720	1.08

ANNEX vi

LIFE INSURANCE PRODUCTS CLEARED DURING THE FINANCIAL YEAR 2004-05

Sl. No.	Insurer	Product	Riders
1.	BAJAJ ALLIANZ	Bajaj Allianz Group Gratuity Care	
		Bajaj Allianz Group Superannuation Care	
		Bajaj Allianz Life Long Gain	
		Bajaj Allianz Unit Gain Plus SP	
		Bajaj Allianz Unit Gain Plus	
		Bajaj Allianz Unit Gain Easy Pension SP	
		Bajaj Allianz Unit Gain Easy Pension	
		Bajaj Allianz Unit Gain Life Pension SP	
		Bajaj Allianz Unit Gain Life Pension	
		Bajaj Allianz Group Loan Protector	
2.	AMP SANMAR	Kanaka Shree Unit Linked Investment Product	Term Insurance Benefit Rider
		Divya Shree SP	
		Divya Shree	
3.	AVIVA	Corporate Shield	
		Group Superannuation Plan	
		Group Gratuity Plan	
		Life Bond Plus	
4.	BSLI	BSLI Credit Guard	Critical Illness Women Rider
		BSL Flexi Secure Retirement Plan II	
5.	HDFC STD	HDFC Assurance Plan	
		HDFC Unit Linked Young Star Plan	
6.	ICICI PRU	ICICI Pru Life Link Pension II	
		ICICI Pru Life Link II	
		ICICI Pru Life Time Pension II	
		ICICI Pru Life Time II	
		ICICI Pru Smart Kid II – SP	
		ICICI Pru Smart Kid II	
		ICICI Pru Premier Life	
		ICICI Pru Suraksha Kavach	
		ICICI Group Leave Encashment Plan	
		ICICI Pru Invest Shield Cash	
		ICICI Pru Invest Shield Gold	
		ICICI Pru Invest Shield Pension	
		ICICI Pru Invest Shield Life	

Contd...

Sl. No.	Insurer	Product	Riders
7.	ING VYSYA	ING Vysya Group Superannuation Plan ING Vysya Group Gratuity Plan ING Vysya Life Freedom Plan ING Vysya Life Future Perfect Plan	Group Disability Plus Rider
8.	LIC	Jeevan Nidhi	Jeevan Tara (Jeevan Anurag) Jeevan Pramukh Jeevan Akshay III LIC's Retirement Plus Bima Nivesh 2005
9.	MNYL	Life Maker Unit Linked Investment Plan	Group Credit Life Amsure Bonus Builder Amsure Future Builder Money Back Insurance Plan Amsure Business Builder Life Gain
10.	MET LIFE	Met Saral	Met Group Gratuity Met Ultimate Met Family Income Plan Met Smart Met Advantage
11.	KOTAK OM	Kotak Premium Return Plan Kotak Flexi Plan Kotak Retirement Income Plan Kotak Retirement Income Plan SP Kotak Retirement Income Plan (Without Cover) Kotak Loan Protection Plan	
12.	SBI LIFE	SBI Life Scholor II SBI Life Horizon	
13.	TATA AIG	Health Protector Shubh Life	Waiver of Premium Rider (to be offered with Invest Assure only)
14.	SAHARA	Sahara Nidhi Sahara Sampann Sahara Amar Jeevan Sahara Sanjeevani Sahara Nischint Bhavishya Sahara Jan Kalyan	Sahara Accidental Death Benefit and Accidental Total and Permanent Disability Benefit Rider

ANNEX vii

NON-LIFE PRODUCTS FILED BY INSURANCE COMPANIES UNDER FILE & USE PROCEDURES DURING THE FINANCIAL YEAR 2004-05

Sl. No.	Name of the Insurer	Name of the Product	New/Revision	Package/ Tariff/Non-Tariff	Dt of Filing of Product with IRDA
1.	Agriculture Insurance Co. Ltd.	Sookha Suraksha Kavach	New	Non-tariff	28-Jun-04
		Coffee Rainfall Index & Area Yield Insurance	New	Non-tariff	17-Feb-05
2.	Bajaj Allianz	Marine Hull Insurance	New	Non-tariff	25-Apr-05
		Senior Citizen Health Plan	New	Non-tariff	28-Mar-05
		Telemedicine Service Plan	New	Non-tariff	28-Mar-05
		Women Specific Critical Illness Plan	New	Non-tariff	03-Jun-05
3.	Cholamandalam	Comprehensive Event Insurance Policy	New	Package	06-Apr-04
		Golden Health Plan	New	Non-tariff	09-Jul-04
		Pravasi Bhartiya Bima Yojana	New	Non-tariff	11-Sep-04
		CHOLA Home Package Policy	New	Package	20-Oct-04
		CHOLA Accident Protection	New	Non-tariff	29-Oct-04
		Comprehensive Enterprise Risks Policy	New	Package	06-Nov-04
		CHOLA Family Health Protection Plan	New	Non-tariff	05-Feb-05
		CHOLA Overseas Travel Protection Plan	New	Package	10-Mar-05
		Marine Hull-Builders Risk Insurance Policy	New	Non-tariff	17-Jun-05
		Marine Hull-Ship Breaking Policy	New	Non-tariff	17-Jun-05
		Chola Student Travel Protection Plan	New	Non-tariff	23-Jun-05
4	ECGC	Ind.Package Guarantee Policies	New	Non-tariff	29-Apr-04
		Wholeturnover Package Guarantee Policy	New	Non-tariff	29-Apr-04
		Export Credit Insurance (Consignment Export)	New	Non-tariff	09-Jun-04
		Export Credit Insurance (Stockholding agent)	New	Non-tariff	09-Jun-04
		Multiple Buyer Exposure Policy	New	Non-tariff	13-Jul-04
		Ind. Buyer Exposure Policy	New	Non-tariff	13-Jul-04
		Software Project Policy	New	Non-tariff	11-Oct-04
		IT Enabled Services Policy-Specific Customer	New	Non-tariff	03-Dec-04

Contd...

Sl. No.	Name of the Insurer	Name of the Product	New/Revision	Package/ Tariff/Non-Tariff	Dt of Filing of Product with IRDA
5	HDFC Chubb	Misc. Prof. Liability Policy	New	Non-tariff	23-Apr-04
		Business Suraksha	New	Package	26-May-04
		Live Stock (Cattle) Insurance	New	Non-tariff	23-Jul-04
		Gramin Suraksha Bima	New	Non-tariff	26-Jul-04
		Portable Electronic Equipment Insurance	New	Non-tariff	11-Sep-04
		Fidelity Guarantee Insurance Policy	New	Non-tariff	22-Sep-04
		Plate Glass Insurance	New	Non-tariff	28-Sep-04
		Agricultural Pump set Policy	New	Non-tariff	06-Nov-04
		Hut Insurance Policy	New	Non-tariff	06-Nov-04
		Group Mediclaim Policy	New	Non-tariff	16-Nov-04
		Forefront Portfolio Policy - Liability Insurance for SME's	New	Non-tariff	16-Aug-05
6	ICICI Lombard	Comprehensive Insurance	New	Package	27-May-04
		Debit/ ATM/ Credit Card Package Policy	New	Package	09-Jun-04
		Group P.A. Cover for ICICI Bank	New	Non-tariff	14-Jun-04
		Health Care Insurance	Revision	Non-tariff	11-Sep-04
		Windmill Package Insurance Policy	New	Package	18-Sep-04
		Merchant Cover-Gold Plan	Revision	Package	23-Sep-04
		Cattle Insurance	New	Non-tariff	06-Oct-04
		Overseas Individual Travel Insurance	New	Non-tariff	04-Nov-04
		Hospital Cash	New	Non-tariff	07-Dec-04
		Child Secure Personal Accident Plan	New	Non-tariff	07-Dec-04
		Marine Hull Insurance	New	Non-tariff	11-Apr-05
		Overseas Student Travel Insurance Policy	Revision	Non-tariff	14-Jun-05
7	IFFCO Tokio	All Risks Insurance for Petro Chemical	New	Non-tariff	15-May-04
		Comprehensive SME Protector Policy	New	Non-tariff	15-May-04
		Tea Insurance	New	Non-tariff	01-Jun-04
		All Risk Property Protector Policy	New	Package	21-Jun-04
		Hull & Liability Insurance: Inland/ Coastal Vessels	New	Non-tariff	05-Aug-04
		Critical Illness Insurance	Revision	Non-tariff	12-Jan-05
		Individual Medishield Policy	Revision	Non-tariff	12-Jan-05

Contd...

Sl. No.	Name of the Insurer	Name of the Product	New/Revision	Package/ Tariff/Non-Tariff	Dt of Filing of Product with IRDA
8	National Insurance	Vyapar Suraksha	Revision	Package	22-May-04
		Package Insurance for Automobile Workshop	New	Package	25-Aug-04
		Swasthya Bima Policy	New	Non-tariff	11-Sep-04
		Mahindra Sukhi Pariwar Package Policy	Package	Non-tariff	04-Nov-04
		Marine Hull Insurance	New	Non-tariff	26-Apr-05
9	New India Assurance	Swasthya Bima Policy	New	Non-tariff	20-Dec-04
10	Oriental Insurance	Swasthya Bima Policy	New	Non-tariff	17-Oct-04
		Jatropha Curcas Plantation Insurance	New	Non-tariff	31-Jan-05
		Marine Hull Insurance	New	Non-tariff	02-Apr-05
11	Reliance General	Shopkeepers' Package Policy	Revision	Package	16-Nov-04
		Plantation & Horticulture Insurance Policy	Revision	Non-tariff	26-Dec-04
12	Royal Sundaram	Share Transfer Indemnity Policy	New	Non-tariff	14-Apr-04
		Property All Risks	Revision	Package	07-May-04
		Enterprise Business Insurance SME	Revision	Package	07-May-04
		Enterprise Shield	Revision	Package	07-May-04
		Smart Shield Policy	New	Package	16-May-04
		Jewellers' Block Insurance	New	Non-tariff	25-May-04
		Industrial Care Policy	Revision	Package	03-Jun-04
		Group PA Policy 001 APG	Revision	Non-tariff	11-Jun-04
		Gramin Suraksha Bima	New	Non-tariff	11-Jun-04
		Rural Micro Irrigation Shield	New	Non-tariff	26-Jul-04
		Sundaram Business Shield Plan	New	Package	05-Aug-04
		Individual Personal Accident Policy (SBI GE)	New	Non-tariff	13-Sep-04
		Individual Personal Accident Policy (CITI PA PLUS)	New	Non-tariff	13-Sep-04
		Health Forever Insurance	Revision	Non-tariff	29-Dec-04
		MediSafe Insurance Policy (Individual)	Revision	Non-tariff	29-Dec-04
		Group Personal Accident (With Opt Out Cover)	Revision	Non-tariff	29-Dec-04

Contd...

Sl. No.	Name of the Insurer	Name of the Product	New/Revision	Package/ Tariff/Non-Tariff	Dt of Filing of Product with IRDA
		Health Shield Premiere Insurance	Revision	Non-tariff	19-Jan-05
		Health Shield Plus	Revision	Non-tariff	19-Jan-05
		Sugarcane Crop Insurance	New	Non-tariff	02-Mar-05
		Home Contents Insurance	New	Package	02-Mar-05
		Home Power Protect	New	Package	02-Mar-05
13	TATA-AIG General	Accident Health Product - Critical Illnes	New	Non-tariff	15-Jun-04
		Employer's Legal Liability Insurance	New	Non-tariff	28-Sep-04
		Leisure Travel - Airport Buy and Fly	New	Non-tariff	15-Dec-04
		HOMESECURE (Householders) Policy	Revision	Non-tariff	15-Jan-05
		Accident & Health Product - Hospital Care	New	Non-tariff	23-Apr-05
		Corporate Guard: Public Offering of Securities	New	Non-tariff	08-Jun-05
		Accident & Health Product - Accident Guard	Revision	Non-tariff	02-Aug-05
		Accident & Health Product - Chayya	Revision	Non-tariff	02-Aug-05
14	United India	Pravasi Bhartiya Bima Yojana	Revision	Non-tariff	06-May-04
		Unorganised Sector Workers' PA Insn Policy	New	Non-tariff	21-May-04
		UNI-Udyog Kavach	New	Non-tariff	04-Aug-04
		Swasthya Bima Policy	New	Non-tariff	09-Aug-04
		Universal Health Insurance Scheme	Revision	Non-tariff	28-Sep-04
		Marine Hull Insurance	New	Non-tariff	02-May-05

ANNEX viii

OBLIGATORY CESSIONS RECEIVED BY GIC

Class	Limit of Cession in Sum insured or PML	Reinsurance Commission	Profit Commission
Fire, IAR, CL	Rs. 100 Crores PML per risk	35%	25%
Mega Risks	Rs. 100 Crores PML per risk	Lead Terms	20%
Marine Cargo	Rs. 10 Crores sum insured per policy	25.0%	10% at the end of 36 months
Marine Hull	Rs.16 Crores sum insured per vessel	Net rated risks: 5% Gross rated risks: 17.5%	
War & SRCC	Rs. 16 Crores sum insured per vessel	10%	Nil
Motor	No limit	20%	Nil
Workmen's Compensation	No limit	20%	Nil
General Aviation Hull	No limit	12.5%	Nil
General Aviation Liability	No limit	12.5%	Nil
Aviation (Airlines)	Rs. 120 crores sum insured per risk on hull and corresponding percentage share on other insurances	Average Terms	Nil
Oil and Energy	Rs. 15 crores sum insured per risk	5%	20% at the end of 36 months
All Liability Products excluding financial liability	Rs. 5 Crores per policy including USA/ Rs. 10 Crores per policy excluding USA	25%	Nil
Financial, credit & guarantee lines, mortgage insurance, weather insurance, special contingency policies, etc	Rs. 10 Crores sum insured per event	10%	Nil
Other Miscellaneous	No limit	25%	Nil
Machinery Breakdown, Boiler Explosion and related loss of profits	Rs.30 crores PML but where PML exceeds 33.3%, Rs. 90 crores sum insured on each risk, material damage and loss of profits combined	30%	25%
Contractor's All Risks, Erection All Risks, Advance Loss of Profits, DSU insurances	Rs. 60 crores PML but where PML exceeds 33.3%, Rs. 180 crores sum insured on each risk material damage and loss of profits combined.	30%	25%

PML — Probable Maximum Loss; IAR — Industrial All Risk; SRCC — Strike Riot Civil Commotion;
DSU — Delay in Start Up

ANNEX ix

REGISTERED BROKERS (STATE-WISE) BREAKUP

State	Licenses Issued			Total
	Direct	Reinsurance	Composite	
Andhra Pradesh	13		1	14
Chandigarh	3			3
Gujarat	8			8
Karnataka	7			7
Kerala	3			3
Madhya Pradesh	3			3
Maharashtra	41	4	18	63
New Delhi	41		3	44
Punjab	9			9
Rajasthan	5			5
Tamil Nadu	13		1	14
Uttar Pradesh	8			8
West Bengal	12		2	14
Total	**166**	**4**	**25**	**195**

ANNEX x

TARIFF BUSINESS MONITORED BY TARIFF ADVISORY COMMITTEE

Sl. No.	Department	Policy
1.	Fire	All India Fire Tariff Industrial All Risks Tariff CL (Fire) Tariff Petrochemical Tariff
2.	*Marine Hull	* Tariff for Ocean-Going vessels * Tariff for Dredgers * Tariff for Fishing Vessels/ Trawlers * Tariff for Sailing Vessels * Tariff for Jetties/Cranes/Pontoons Insurance * Tariff for Builders' Risk Insurance * Tariff for Ship Repairers' Liability * Tariff for Charterers' Liability * Tariff for Ship Breaking Insurance
3.	**Marine Cargo	** Marine Cargo Tariff
4.	Engineering	Erection All Risks/Storage-cum-Erection Tariff Contractors' All Risk Insurance Tariff Machinery Breakdown Tariff Boiler Pressure Plant Tariff Civil Engineering Completed Risk Tariff Contractors' Plant and Machinery Tariff Electronic Equipment Insurance Tariff Deterioration of Stocks (Potatoes) Tariff Loss of Profits (MB & BLOP)*** Tariff
5.	India Motor Tariff	Act Policy Private Car Package Policy Motorized Two Wheelers' Package Policy Commercial Vehicle Package Policy Motor Trade Package Road & Transit Risks only Policy Motor Trade – Internal Risks only Policy.

** Detariffed w.e.f 1st April, 2005*

*** Detariffed w.e.f 1st April, 2004*

**** MB – Machinery Breakdown; BLOP – Business Loss of Profit.*

ANNEX xi

INSURANCE ADVISORY COMMITTEE

Sl.No.	Member
1	Mr. Gautam Sengupta, Kolkata
2	Mr. H.M. Jain, Mumbai
3	Mr. Bharat Boda, President, Insurance Brokers' Association of India
4	Mr. P.C. Gandhi, PC Gandhi & Associates, Mumbai
5	Mr. A.P.V. Reddy, Chief Executive Officer, Family Health Plan Ltd
6	Mr. Rajendra Chitale, M P Chitale & Co., Chartered Accountants, Mumabi
7	Mr. Liyaquat Khan, President, Actuarial Society of India, Mumbai
8	Mr. N.M. Govardhan, Bangalore
9	Mr. R.K. Joshi, Chairman-cum-Managing Director, General Insurance Corporation of India, Mumbai
10	Mr. C.N.S. Shastri, Puttaparthi
11	Mr. G.C. Chaturvedi, Joint Secretary(Banking & Insurance) Ministry of Finance
12	Mr. S.K. Mishra, Director(Road Transport), Ministry of Shipping, Road Transport and Highways, Department of Road Transport and Highways
13	Mr. V.K. Bhasin, Joint Secretary & Legislative Counsel, Ministry of LawLegislative Department
14	Mr. K.C. Mishra, Director, National Insurance Academy, Pune
15	Mr. Vepa Kamesam, Managing Director, Institute of Insurance and Risk Management, Hyderabad
16	Mr. Analjit Singh, Chairman, CII Life Insurance & Pensions Committee & Chairman, Max(India) Ltd
17	Mr. Onkar S Kanwar, President, Federation of Indian Chambers of Commerce and Industry (FICCI)
18	Mr. A.K. Shukla, Chairman, Life Insurance Corpn. Of India
19	Mr. Deepak Satwalekar, Chief Executive Officer, HDFC Standard Life Insurance Co. Ltd
20	Mr. M.K. Garg, Chairman-cum-Managing Director, United India Insurance Co. Ltd
21	Mr. Sandeep Bakshi, Chief Executive Officer, ICICI Lombard General Insurance Co. Ltd
22	Mr. Raghav Narsalay, Lead Economist, Mumbai

ANNEX xii

CIRCULARS / ORDERS / NOTIFICATIONS ISSUED BY THE AUTHORITY

Sl.No.	Ref. No.	Date of Issue	Subject
1	ADM/ORD/007/MAR-04	1/3/2004	Appointment of Sri G. V. Rao as Advisor to IRDA to assist the Authority in establishment of Surveyors Institute
2	Genl/RI/008/Mar-04	3/3/2004	Specified the percentages and terms and conditions of the reinsurance cessions to the "Indian Reinsurer" in compliance of Section 101A of the Insurance Act
3	GEN/CIR/009/MAR-04	3/3/2004	Special Discount in lieu of Agency Commission/Brokers Remuneration and Remuneration payable to Direct Insurance Brokers and Insurance Agents.
4	INV/CIR/009/2003-04	22/3/2004	Deposit under Section 7 of Insurance Act, 1934 held in a Bank belonging to "Promoter Group"
5	F&A/CIR/010/MAR-04	23/3/2004	General Insurance Officers' Special Voluntary Retirement Scheme (VRS), 2004
6	F&A/CIR/011/MAR-04	23/3/2004	Preparation of Financial Statements of Life Insurers
7	IRDA/Genl/RI/014/Mar-04	25/3/2004	Insertion of Point No.3 on page of the Note on "Percentage Cessions"
8	15/ADM/ORD/APR-04	15/4/2004	Madras High Court order against Repudiation of Marine claim of M/s Riwan International, Chennai
9	BRO/ORD/016/MAR-04	5/5/2004	Suspension of Direct Brokers License of M/s Avani Insurance Services Pvt. Ltd.
10	F&A/CIR/017/MAY-04	18/5/2004	Preparation of Financial Statements of General Insurers
11	GEN/CIR/018/MAY-04	24/5/2004	Interpretation of the wordings of the instructions/clarifications issued by Authority
12	BRO/ORD/020/JUN-04	8/6/2004	Suspension of Direct Brokers License of M/s Mass Insurance Brokers Pvt. Ltd.
13	GEN/CIR/21/JUN-04	8/6/2004	Special Discount in lieu of Agency Commission/Brokers Remuneration and Remuneration payable to Direct Insurance Brokers and Insurance Agents - Marine Hull Business
14	IRDA/ORD/22/JUN-04	14/6/2004	Inspection of Training Institutes - NIS Sparta Ltd.
15	IRDA/INV/023/2004-05	22/6/2005	Section 7 Deposit - Confirmation by Insurer and their Bankers
16	F&A/CIR/024/JUNE-04	22/6/2004	Furnishing of the Returns by the insurers
17	GEN/CIR/25/JUN-04	22/6/2004	Special Discount in lieu of Agency Commission/Brokers Remuneration and Remuneration payable to Direct Insurance Brokers and Insurance Agents - Marine Hull Business

Contd...

Sl.No.	Ref. No.	Date of Issue	Subject
18	ORD/S&LA/28/JUL-04	16/7/2004	Constitution of Ad-hoc Committee of Surveyors & Loss Assessors for the purpose of setting up of independent Institute of Surveyors and Loss Assessors on the recommendations of the Bhandari Committee.
19	IRDA/CIR/29/JUL-04	21/7/2004	Marketing of Insurance Products for industrial risks involving tariff and non-tariff business.
20	IRDA/GEN/30/JUL-04	22/7/2004	Comments on S. V. Mony Committee Report on Own Damage portion of the motor tariff
21	INV/CIR/031/2004-05	27/7/2004	Outsourcing of Investment Function - Guidelines thereon
22	F&A/CIR/032/July-04	28/7/2004	General Insurance Officers' Special Voluntary Retirement Scheme (VRS), 2004
23	BRO/ORD/033/JUL-04	30/7/2004	Revocation of Suspension of Direct Insurance Brokering License of M/s Mass Insurance Brokers Pvt. Ltd., Noida, UP
24	IRDA/RI/35/AUG-04	5/8/2004	Underwriting of Large Risks - Guidelines thereon
25	R&D/STATS/INS/01/Aug-04	18/8/2004	Data base on the intermediaries
26	IRDA/BRO/36/AUG-04	18/8/2004	Role and Duties of Principal Officers of Broking Firms
27	IRDA/GRE/ORD/37/AUG-04	23/8/2004	Order in respect of Claim of M/s Patni Automobiles against National Insurance Co. Ltd.
28	INV/CIR/038/2004-05	24/8/2004	Guidelines on Fixed Income Derivatives
29	IRDA/CIR/039/AUG-04	25/8/2004	Pre-recruitment Training and Tests for Insurance Agents
30	IRDA/ORD/AGT/041/SEP-04	29/9/2004	Stopping of the issuance of Corporate Agency Licenses till further orders by insurers and their DPs
31	IRDA/ORD/LEG/042/SEP-04	29/9/2004	Personal hearing and submission of your reply with reference to the Show Cause Notice issued under Regulation 38 of the IRDA (Insurance Brokers) Regulations, 2002.
32	IRDA/ORD/ATI/043/OCT-04	4/10/2004	Standard instructions and guidelines applicable for approval/ renewal of agents training institutes
33	BRO/ORD/044/October-04	13/10/2004	Suspension of Direct Insurance Brokers License of M/s Pegasus Insurance Brokers Pvt. Ltd., Mumbai
34		3/11/2004	The Tariff Advisory Committee (Election of Members, Meetings, Functions & Miscellaneous) Regulations, 2004 (Gazette Notification)
35	IRDA/RI/CIR/045/Nov-04	3/11/2004	Reinsuance Arrangements - Guidelines for Good Corporate Governance
36	INV/CIR/046/2004-05	8/11/2004	Investments in Equity Shares through IPOs
37	IRDA/ORD/BRO/047/NOV-04	11/11/2004	Revocation of Suspension of Direct Insurance Brokering License of M/s Corporate Risk India Pvt. Ltd.
38	IRDA/CIR/ATI/048/NOV-04	13/11/2004	Direction to Agents Training Institutes to confirm their abiding by the New Guidelines for the purpose by 30.11.2004
39	IRDA/CIR/ACT/049/NOV-04	19/11/2004	IBNR Reserves - Guidelines thereon

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Sl.No.	Ref. No.	Date of Issue	Subject
40	IRDA/ORD/HI-WG/050/NOV-04	20/11/2004	Constitution of Committee to look into the Health Insurance Data
41	IRDA/ORD/HI-WG/051/NOV-04	20/11/2004	Constitution of Committee to examine the issue of Registration of Stand Alone Insurance companies
42	IRDA/ORD/HI-WG/052/NOV-04	20/11/2004	Constitution of Committee to examine the issue of Introduction of Innovations in approach to new product design for popularizing Health Insurance
43	IRDA/ORD/CA/053/NOV-04	22/11/2004	Permission to Designated Persons to process and issue licenses to Scheduled Commerical Banks
44	IRDA/ORD/TAC/054/Dec-04	8/12/2004	Declaration of TAC Elections 2004 Results
45	IRDA/ORD/CA/055/Dec-04	9/12/2004	Intimation of suspension of the activities of M/s Golden Trust Financial Services, Golden Multi Services Pvt. Ltd., Golden Corporate Services and Golden Trust Multi Services with the insurer
46	IRDA/ORD/TAC/057/DEC-04	17/12/2004	Constitution of Tariff Advisory Committee
47	INV/CIR/059/2004-05	28/12/2004	Investments in Equity Shares through IPOs
48	INV/CIR/058/2004-05	28/12/2004	Outsourcing of Investment Function for life insurers - Guidelines thereon
49	IRDA/CIR/ATI/060/DEC-04	31/12/2004	Intimation of placement of the list of 1485 accredited Agents Training Institutes and 6 On-line Agents Training Institutes on the website of IRDA.
50	IRDA/ORD/CA/DEC-04	31/12/2004	Instructions to the insurers to adhere to the High Court of Kolkata's orders in respect of M/s Golden Multi Services Club Ltd.
51	IRDA/CIR/GEN/061/JAN 05	5/1/2005	Handling of Insurance Claims Arising out of Tsunami
52	IRDA/NOT/BRO/063/JAN-05	10/1/2005	Notice under Regulation 34 of IRDA (Insurance Brokers) Regulations, 2002 at M/s Just Insuance Brokers Ltd., New Delhi
53	IRDA/ORD/F&A/055/Jan-05	13/1/2005	Appointment of Shri Amal Ganguli, New Delhi and Shri P. B. Ramanujan, Chennai on the Committee on Financial Markets
54	IRDA/CIR/INV/062/JAN/05	17/1/2005	Transactions on Stock Markets to be on Cash Basis
55	IRDA/NOT/F&A/067/JAN-05	20/1/2005	Intimation to insurers about the forwarding of list of firms with a dispute among the partners with regard to retirement of partner to ICAI.
56	IRDA/CIR/Act/068/Jan 05	25/1/2005	Mortality and Morbidity Data and Analysis
57	IRDA/INV/CIR/072/FEB-05	14/2/2005	Computation of Percentage for Pattern of Investment Form 3A/ Form 3B
58	IRDA/CIR/F&A/073/FEB-05	22/2/2005	Details of Equity Holding Pattern of insurers
59	IRD/CIR/BRO/074/FEB-05	22/2/2005	Special Discount in lieu of Agncy Commission/Brokers Remuneration and Remuneration Payable to Direct Insurance Brokers and Insurance Agents
60	IRDA/CIR/F&A/075/Feb-05	23/2/2005	Treatment of Service Tax
61	IRDA/Life/R&SO/076/2004-05	23/2/2005	Compliance of IRDA (Obligations of Insurers to Rural and Social Sectors) Regulations, 2002 - clarifications on the term live

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Sl.No.	Ref. No.	Date of Issue	Subject
62	IRDA/CIR/RI/077/Feb-05	23/2/2005	Percentages and Terms and Conditions for the reinsurance cessions to the “Indian Reinsurer” in compliance of Section 101A of the Insurance Act
63	IRDA/CIR/F&A/079/Feb-05	25/2/2005	Transfer of Investments (Assets)
64	IRDA/Ord/Act/080/MAR-05	7/3/2005	Constitution of Committee to study the Report of the Law Commission and make recommendations - regarding
65	IRDA/CIR/TPA/082/MAR-05	10/3/2005	Creation of National Health Insurance Data Repository
66	IRDA/NOT/ADM/083/MAR-05	11/3/2005	Standing Committee on Information Technology
67	IRDA/ORD/F&A/084/MAR-05	15/3/2005	Levy of Penalty under Section 105B of the Insurance Act, 1938
68	IRDA/CIR/TAC/085/MAR-05	18/3/2005	Special Discount in lieu of Agency Commission/Brokers Renumeration and Remuneration payable to Direct Insurance Brokers and Insurance Agents - Marine Hull Business
69	IRDA/CIR/Mrn-Hull/086/Mar-05	23/3/2005	Guidelines for Marine Hull Insurance and Insurance of War Risk Insuance of Marine Hulls
70	087/CIR/IRDA/Actl	24/3/2005	Note for the use of Appointed Actuaries for the preparation of Actuarial Report and Abstract.
71	IRDA/CIR/F&A/088/Mar-05	30/3/2005	Regulations pertaining to preparation of financial statements of the insurers
72	03/IRDA/Life/GI Guidelines/2005	5/4/2005	Draft Guidelines on Group Insurance policies
73	IRDA/F&A/002/2005-06	13/4/2005	Valuation of Debt Securities as at 31st March, 2005
74	IRDA/F&A/004/2005-06	15/4/2005	Appointment of Auditors by the Insurers
75	IRDA/BRO/005/2005-06	15/4/2005	Revocation of Direct Insurance Brokers License of M/s Avani Insurance Services Pvt. Ltd., Mumbai
76	IRD/LIFE/006/2005-06	27/4/2005	Keyman Insurance Policies - Issuance of Term Insurance Policy
77	IRDA/ORD/ADM/07/Apr-05	28/4/2005	Authorized signatory for Surveyors license - Mrs. V Vedakumari, ED (Admn.)
78	IRD/TAC/007/2005-06	2/5/2005	Election of Sri RK Joshi, B Chakraborti & M Ramadoss to TAC Board
79	08/IRDA/ACTL/IBNR/2005-06	6/5/2005	Guidelines on estimation of IBNR Claims provision under General Insurance Business
80	009/Cir/IRDA/Actl/ARC/2005-06	17/5/2005	Reconstitution of the Actuarial Review Committee
81	010/IRDA/Ord/Act/2005-06	17/5/2005	Reconstitution of the Actuarial Review Committee to review the actuarial statements, documents filed by Insurers
82		24/5/2005	Standard instructions and guidelines applicable for approval/ renewal of on-line agents traininig institutes (portals) approved/to be approved by the Authority
83	IRDA/CB 091/03	31/5/2005	Revocation of Reinsurance Broking license of M/s Corporate Risk India Pvt. Ltd.

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Sl.No.	Ref. No.	Date of Issue	Subject
84	BRO/ORD/010/MAY-05	31/5/2005	Suspension of Direct Insurance Broker License of M/s Just Insure Brokers Ltd.
85	IRDA/IAC/1/2005	6/6/2005	Gazette Notification of the appointment of Members of the Insurance Advisory Committee w.e.f. 6.6.2005
86	11/IRDA/ACTL/IBNR/2005-06	8/6/2005	Guidelines on estimation of IBNR Claims provision under General Insurance Business
87	01/IRDA/Actl/Law Comm/2005-06	8/6/2005	Committee to study the Report of the Law Commission and make recommendations
88	IRDA/DB/096/03	20/6/2005	M/s Inspire Ensurance Broking Solutions Pvt. Ltd. - Public notice of their surrender of license
89	ADM/ORD/18/June-05	27/6/2005	Authorized signatory for Surveyors license - Mr. P. C. James,, ED (NL)
90	IRDA/F&A/012/2005-06	8/7/2005	Obligation of Insurers to rural and social sectors
91	IRDA/F&A/013/2005-06	9/7/2005	Furnishing of Annual Financial Statements
92	IRDA/F&A/014/2005-06	9/7/2005	Accounting of the policies in force as on 31st March in the post Balance Sheet period.
93	BRO/ORD/016/JULY-05	13/7/2005	Suspension of Direct Insurance Broker License of M/s Vision Insurance Risk Analysis Management and Brokers Pvt. Ltd.
94	015/IRDA/Life/Circular/ GI Guidelines/2005	14/7/2005	Guidelines on Group Insurance Policies
95	017/IRDA/Circular/ CA Guidelines/2005	14/7/2005	Guidelines on Licensing of Corporate Agents
96	12/IRDA/Actl/Nonlife/2005-06	25/7/2005	Appointed Actuaries' Meet
97	36/7/F&A/EMPL/74/July/05	25/7/2005	Appointment of Statutory Auditors by Insurance Companies
98	019/TAC/TPM/Jul-05	29/7/2005	Non-acceptance of Third Party Motor proposals - directions thereof
99	IRDA/ADM/ORD/25/Aug-05	1/8/2005	Surveyors and Loss Assessors Committee - constitution
100	IRDA/CIR/GEn/020/Aug-05	2/8/2005	Handling of Insurance claims arising out of natural calamities in the Western Region
101	IRDA/ADMN/ORD/27/Aug-05	3/8/2005	Increase of financial limits of surveyors to handle the claims arising out of floods in Maharashtra and Gujarat for two months from the date of order
102	022/IRDA/F&A/Aug 05	25/8/2005	Regulatory framework on issue of share in any form other than equity and transfer of shares
103	IRDA/GI/Detariff/001/05-06	23/9/2005	Road map for a tariff free regime
104	024/IRDA/Bro/Sept-05	27/9/2005	Revocation of Direct Insurance Brokers License of M/s Vision Insurance Risk Analaysis Management & Brokers Pvt. Ltd.

ANNEX xiii

ANNUAL STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2004

AUDIT CERTIFICATE

I have examined the Receipts and Payments Account, Income and Expenditure Account for the year ended 31 March 2004 and the Balance Sheet as on 31 March 2004 of Insurance Regulatory and Development Authority, Hyderabad. I have obtained all the information and explanations that I have required, and subject to the observations in the appended Audit Report, which inter-alia, contains following major audit observations-

- The receipts of Rs. 51.75 crore were held in bank accounts in violation of the directions of the Ministry of Finance for keeping these funds in the Public Account of India. (Para 2.1.1);

- The Authority has neither refunded the excess renewal fees of Rs. 5.70 lakh nor made any provision in the accounts resulting in overstatement of Reserves and Surplus and Income by like amount. (Para 2.1.3);

I certify, as a result of my audit, that in my opinion these accounts and Balance Sheet are properly drawn up so as to exhibit true and fair view of the state of affairs of the Insurance Regulatory and Development Authority according to the best of information and explanations given to me and as shown by the books of the Organisation.

Place: New Delhi	Director General of Audit
Dated: 13.05.2005	Central Revenues

AUDITOR'S REPORT

Audit Report on the accounts of Insurance Regulatory and Development Authority for 2003-04

Introduction

The Insurance Regulatory and Development Authority (Authority) was established on 19 April 2000 under Insurance Regulatory and Development Authority Act, 1999 with its headquarters at New Delhi, which was shifted to Hyderabad in August 2002. The audit of the accounts of the Authority is conducted under Section 19(2) of the Comptroller & Auditor General's (Duties, Power & Conditions of Service) Act, 1971 read with Section 17 of IRDA Act, 1999.

1.1 **Sources of receipts**

During the year 2003-04, the Authority's receipts were Rs. 31.78 crore (after reducing the receipts by Rs. 8.94 crore being the amount payable to the insurers towards the excess amount collected in earlier years). The receipts consisted mainly of fees received from various insurance companies/agents on account of registration and renewal charges.

1.2 **Funds**

The receipts of the Authority are being held in bank accounts despite directions of the Ministry of Finance for keeping the funds in Public Account of India in non-interest bearing account. As of 31 March 2004, funds amounting to Rs. 66.76 crore were kept in interest bearing deposits with scheduled banks.

2. **Comments on accounts**

2.1 Balance Sheet

Liabilities

2.1.1 **IRDA Fund – Rs. 8.93 lakh**

As per Section 16 of IRDA Act, 1999 all the Government grants, fees and charges received by the Authority are to be credited to IRDA fund after meeting day to day expenses. The Authority had, however, credited the IRDA fund only to the extent of Rs. 8.93 lakh, which represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus funds after meeting the expenditure were instead kept in accounts under the head 'Surplus Funds'. The balance of surplus funds as on 31 March 2004 was Rs. 51.75 crore, which should have been transferred to IRDA fund.

The Authority stated (March 2005) that the Balance Sheet had been prepared as per 'Form A' which was duly approved by the competent authority. However, it was observed in audit that 'Form A' also provided for receipts during the year under IRDA fund. Moreover, as per Section 16 of IRDA Act, 1999 all the Government grants, fees and charges received by Authority were to be credited to the IRDA Fund after meeting day to day expenses. Thus, IRDA Fund should include fees received on account of registration, renewal etc. Hence, it is suggested that the balance at the end of the year under the head 'surplus fund' may be transferred as receipt during the year to the IRDA Fund and depicted in the Balance Sheet.

Though this matter was pointed during the years 2002-03 and 2003-04, the Authority has not credited the surplus to the IRDA fund.

2.1.2. **Understatement of Retirement Benefit Fund and Staff Benefit Fund**

The Authority made a provision of Rs. 9.29 lakh towards gratuity benefit to employees. The said amount has been arrived at based on the actuarial valuation as required under Accounting Standard (AS) 15. It is observed from the actuarial valuation for the year 2003-04 that the actuary has assumed the salary escalation as 4 percent per annum. The actual salary escalation due to DA increase was 7.12 percent and 5.16 percent during the years 2002-03 and 2003-04, respectively and the salary escalation on account of annual increments was around 3 percent per annum. The 4 percent salary escalation assumed by the actuary as against the actual escalation of 10 percent and 8 percent during the years 2002-03 and 2003-04 respectively is not justified. This has resulted in understatement of liability towards gratuity and overstatement of surplus.

The Authority stated (March 2005) that the Gratuity liabilities would be reviewed during the current financial year and, if found necessary, escalation would be taken at higher rate.

2.1.3. **Registration Renewal Fee received in Advance**

The Authority received excess renewal fees of Rs. 5.21 lakh and Rs. 0.49 lakh from Maharashtra Government Insurance Fund and Karnataka Government Insurance Department for the years 2003-04 and 2002-03 respectively. However, the Authority has neither refunded the excess renewal fees received, nor made any provision in the accounts for the said amount. This has resulted in understatement of liabilities towards Registration/Renewal fee received in advance and overstatement of Reserves and Surplus by Rs. 5.70 lakh for the year 2003-04 and overstatement of income by Rs. 5.21 lakh and Rs. 0.49 lakh for the years 2002-03 and 2003-04, respectively.

The Authority stated (March 2005) that the matter would be examined in detail next year and, if found necessary, the liability towards refundable fees would be provided for in the books of accounts for the year 2004-05.

Assets

2.1.4 **Overstatement of Net Block**

The Net Block is shown as Rs. 86.88 lakh in the Balance Sheet as against Rs. 86.79 lakh as per the Fixed Asset Register as on 31-03-2004. This has resulted in overstatement of Net Block by Rs. 0.09 lakh for the year.

The Authority stated (March 2005) that the necessary corrections would be made in accounts during the next year.

2.1.5 **Misclassification of Rs. 2.01 lakh**

The head 'Loans and Advances to staff' includes Rs. 2.01 lakh towards Travel advance given to the employees for performing official duties, which should have been shown under the head 'other current assets'. This resulted in overstatement of 'Loans and Advances to Staff' by Rs. 2.01 lakh and understatement of 'other current assets' by the corresponding amount.

The Authority stated (March 2005) that the observations of audit had been noted for future compliance.

2.2 **Income and Expenditure Account**

Expenditure

2.2.1 **Incorrect classification of development expenditure**

It was pointed out in Para 2.2.1 of Audit Report for the year 2002-03 that the Authority contributed Rs. 10 crore to the Institute of Insurance and Risk Management (IIRM), a Joint Venture Company promoted by the Authority in collaboration with Government of Andhra Pradesh and this amount was booked under the head 'development expenditure' instead of depicting it as asset in the Balance Sheet under "investment – others (Subsidiaries and Joint Ventures)" as per Schedule 10 of uniform format of accounts. The incorrect classification of the transaction resulted in overstatement of expenditure by Rs. 10 crore in the Income and Expenditure account and understatement of assets by the corresponding amount.

The Authority stated (July 2004) that the IRDA (Form of Annual Statement of Accounts and Records) Rules, 2001 notified by Central Government in consultation with Comptroller and Auditor General of India specifically provides a head "Development expenditure" under Income and Expenditure account and that any expenditure incurred by the Authority for the development of insurance market was to be accounted for under the head "Development expenditure". It was further mentioned that the transfer of funds was without recourse to refund and as such could not be considered as an asset.

The Authority further stated (March 2005) that under Rule 291(1) of the General Financial Rules the expenditure on grants-in-aid can not ordinarily be considered as a capital expenditure and shall not, except in cases specifically authorised, be debited to a capital head. Moreover, the classification of Rs. 10.00 crore as revenue expenditure was on the same analogy as expenditure by Government on grants-in-aid to local bodies or institutions for the purpose of constructing assets.

The reply of the Authority is not tenable as Rs. 10.00 crore was given to IIRM as its share of capital investment (Rs. 8.00 crore for creation of endowment fund in the name of IRDA for research and Rs. 2.00 crore for construction of building) as per Minutes of the Meeting of the Authority (31st October 2002) and should, therefore, have been shown as assets in the accounts.

3. **General**

3.1 **Accounting Policies and Notes on accounts:**

In Para No.3.2.1 of Audit Report for the year 2002-03 regarding codification of accounts it was suggested that necessary codification of account heads should be carried out for better results. However, it was noticed that the codification has not been carried out. The misclassification of travel advance under advances to the staff instead of under other current assets during the year 2003-04, could have been avoided had the codification of account heads been done.

The Authority stated (March 2005) that the coding of the accounting heads would be implemented as and when felt necessary.

3.2 **Internal control system**

The Authority has adequate internal control system commensurate with its size and activities.

4. **Net impact**

The net impact of the audit comments given in the precedent paras is that the assets are overstated by Rs. 0.09 lakh on 31 March 2004 and income was overstated by Rs. 5.21 lakh.

Place; New Delhi
Dated: 13.05.2005

Director General of Audit
Central Revenues

FORM A

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	GENERAL FUND			**FIXED ASSETS** [See Note 1]	
	i) **IRDA Fund** [See Note 4]		14,005,987	-Gross Block	16,648,826
893,244	-At beginning of the year	893,244	4,212,070	-Less : Depreciation	7,960,717
-	-Receipts in the year	-	9,793,917	-Net Block	8,688,109
893,244	-Balance at end of the year	893,244	-	-Capital Work-in-Progress	-
	ii) **Capital Fund**			**INVESTMENTS [See Note 2]**	
-	-Capital Grants	-		(Method of valuation - at Cost)	
	-Balance at the beginning of the year	-			
	Add: Value of Fixed Assets received				
-	as grants during the years	-	-	i) Scurities of Central and State Government	-
			-	ii) Units	-
	iii) **Surplus and Funds**		579,253,210	iii) Fixed Deposits with scheduled Bank	667,647,316
349,394,775	-Balance as per last Balance Sheet	340,090,458	-	iv) Others	-
	Add:Excess of Income Over Expenditure				
-	as per Income and Expenditure Account-Annexed	177,429,938		**CURRENT ASSETS, LOANS AND ADVANCES** [SEE NOTE 3]	
	-Less:Excess of Expenditure Over Income				
9,304,317	as per Income and Expenditure Account-Annexed	-	582,910	i) Deposits	762,933
340,090,458	-Balance at the end of the year	517,520,396	4,778,195	ii) Loans & Advances to Staff	6,694,044
			187,192	iii) Amount Due from Insurance Companies &	186,942
-	iv) **Gift and Donations**	-	31,946,140	iv) Other Current Assets	202,920,191
				v) Cash & Bank Balances	
-	v) **Other Balances**	-	19,870	a) Cash in Hand	12,186
			4,722,115	b) Bank Balances	15,031,847
	LOANS				
-	i) Secured (stating the security offered for the purpose)	-			
-	ii) Unsecured	-			
-	iii) Loan from Goverment of India	-			
-	iv) Other Loans	-			

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THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	CURRENT LIABILITIES AND PROVISIONS [See Note 5]				
	i) SUNDRY CREDITORS:				
568,283	-for Capital Items	377,122			
103,285,486	-for Other Items	153,871,771			
	ii) PROVISIONS:				
187,192	-Provision for doubtful debts and advances	106,750			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/Other Loans	-			
-	3. Provident, Retirement & Other Welfare Funds:				
295,569	(a) Provident Fund	848			
-	(b) Other Welfare Funds	-			
1,400,067	(c) Retirement Benefit Fund and Staff Benefit Fund:	2,215,551			
	4. Others (Specify)				
1,309,305	-other Liabilites (TDS)	968,435			
183,249,505	-Registration Renewal fee received in Advance	225,974,826			
4,440	-Soft Furnishing Recovery	14,625			
631,283,549		**901,943,568**	**631,283,549**		**901,943,568**

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

1 The information relating to Fixed Assets is given in Annexure I.
2 The information relating to Investments is given in Annexure II.
3 The information relating to Current Assets,Loans and Advances is given in Annexure III.
4 Details of IRDA Fund is given in Annexure IV (Fund includes grants received from Central Government, other organisations and bodies in terms of Section 16 of the Act).
5 Details of Contingent Liabilities is given in Annexure V.
6 All information relating to significant accounting policies and notes forming part of accounts is given in Annexure IX.
7 All annexes to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

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(R.K. Sharma)	**(P. A. Balasubramanian)**	**(T.K. Banerjeee)**	**(C. S. Rao)**
Chief Accounts Officer	Member	Member	Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

FORM B

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE AS AT MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,046,111	Payment to Chairperson and Members	2,286,370		Grants in Aid	-
16,086,150	Payment to and Provision for members of Staff **[See Note 1]**	20,293,652	-	Received	-
30,272,023	Establishment Expenses **[See Note 2]**	27,376,436	-	Receivable	-
6,837,332	Rent	6,430,147	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	-
2,512,886	Seminars,Conference, Publications, etc. [See Contra]	189,475	169,590,200	Agents	170,248,516
-	Interest **[See Note 3]**	-	-	Surveyors and Insurance intermediaries	2,463,025
2,576,292	Depreciation	4,008,647	2,425,000	Brokers	3,800,000
-	Capital Assets Written Off	-	120,000	Third Party Administrators	70,000
6,544	Loss on Write Off of Asset	-	250,000	Insurance Companies	100,000
37,900	Provison for doubtful debts and advances	-		Renewal Fees	
100,000,000	Development Expenditure	600,000	153,017,041	Insurance Companies	178,418,353
131,833,504	Promotional Epxenditure	159,987,648	935,587	Brokers	2,334,968
961,268	Other Expenses	287,473	-	Surveyors and Insurance intermediaries	-
80,047,446	Excess of Income Over Expendiutre for the year carried down	177,429,938	270,000	Third Party Administrators	-
			-	Others	-
			-	Penalties,Fines etc.	-
			2,574,750	Seminar, Conferences and Publications etc.	120,504
			43,447,792	Income on Investments - Interest on deposits with Scheduled Banks	40,850,896
			-	Interest on Deposits	-
				Interest on advances	
			147,460	i) granted to members of staff for housing purposes	137,187
			39,276	ii) granted to members of staff for other purposes	84,024
				iii) Others	-
			399,900	Miscellaneous Income	262,313
373,217,456		**398,889,786**	**373,217,456**		**398,889,786**
89,351,763	Fee refundable for the year 2000-01 on levy reduction	-	80,047,446	Excess of Income over Expenditure for the year brought down	177,429,938
-	Excess of Income over expenditure carried to Balance Sheet	177,429,938	9,304,317	Excess of Expenditure over income carried to Balance sheet	-
89,351,763		**177,429,938**	**89,351,763**		**177,429,938**

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

1 The information relating to payment to and provisoin for employees is given in Annexure VI.
2 The information relating to establishment expenses is given in Annexure VII.
3 The information relating to interest amount is given in Anenxure VIII.
4 All Annexures to Income and Expenditure Account and Notes/Information relating to Significant Accounting Policies form part of accounts.

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(R.K. Sharma)	**(P. A. Balasubramanian)**	**(T.K. Banerjeee)**	**(C. S. Rao)**
Chief Accounts Officer	Member	Member	Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

FORM C

SL.NO.	RECEIPTS	AMOUNT (Rs.)	SL.NO.	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
	i) Cash at Bank	4,722,115	2	By Seminars, Conference, Publications etc.	189,475
	ii) Cash in hand	19,870	3	By Rent Payments	7,791,866
	iii) Cheques on hand	-	4	By Development Expenditure	600,000
	iv) Cash / Cheques in transit	-			
2	To Registration Fees		5	By Promotional Expenditure	152,597,834
	-Insurance Companies	100,000	6	By Payment to Chairperson and Members	
	-Third Party Administrators	70,000		(i) Pay and Allowances	1,883,572
	-Brokers	3,800,000		(ii) Other Benefits	359,203
	-Insurance Agents	-		(iii) Travelling Expenses	3,849,879
	-Others (Surveyor)	2,463,025	7	By Establishment Expenses	
3	To Registration Renewal Fees			(i) Pay and Allowances	13,404,506
	-Insurance Companies	129,196,624		(ii) Other Benefits	1,567,884
	-Third Party Administrators	-		(iii) Travelling Expenses	7,909,282
	-Insurance Surveyors	-		(iv) Retirement Benefits	3,034,142
	-Insurance Agents	172,844,053	8	By Office Expenses	15,851,475
	-Others (Brokers)	2,334,968	9	By Interest on	
4	To Penalties,Fines from insurers and intermediaries	-		(i) Government Loans	-
5	To Seminar,Conferences etc.	120,504		(ii) Other Loans	-
6	To Income from Investments	-	10	By Purchase of Assets	3,094,000
7	To Sale of Investments	31,006,112	11	By Capital Work-in-Progress	-
8	To Grants		12	By Advances to staff and others including travel advance	6,719,241
	i) Central Government / State Govt/ Others	-	13	By Investments	119,400,218
	ii) Gift and Donations	-	14	By Repayment of Government Loans/ fees [**refer note 5**]	-
9	To Loans	-	15	By Repayment of Other Loans	-
10	To Sales of Publication etc.	-	16	By Other Expenses	287,473
11	To Sale of Assets	-		By Balance carried forward	
12	To interest received on			i) Cash at Bank	15,031,847
	- Deposits	5,508,713		ii) Cash in hand	12,186
	- Advances	-		iii) Cheques in hand	-
	- Others	-		iv) Cash/ Cheques in Transit	-
13	To Recoveries from Employees				
	(a) Loans and Advances	1,216,228			
	(b) Interest on Loans and Advances	-			
	(c) Misc.	-			
14	To Other Receipts	181,871			
		353,584,083			350,902,869

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(R.K. Sharma)	**(P. A. Balasubramanian)**	**(T.K. Banerjeee)**	**(C. S. Rao)**
Chief Accounts Officer	Member	Member	Chairman

ANNEXURE I

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004

FIXED ASSETS SCHEDULE

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	Cost as 1.04.2003	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2004	As on 1.04.2003	For the year	Adjustments 31.03.2004	Upto 31.03.2004	As at 31.03.2003	As on
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats										
(a)	Land	-	-	-	-	-	-	-	-	-
-										
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	577,255	-	-	577,255	142,000	112,688	-	254,688	322,567	435,255
Equipments	2,162,071	908,667	-	3,070,738	495,749	383,545	-	879,294	2,191,444	1,666,322
Furniture and Fixtures	3,332,184	385,784	260,000	3,457,968	689,374	758,784	260,000	1,188,158	2,269,810	2,642,810
Computers	7,934,477	1,608,388	-	9,542,865	2,884,947	2,753,630	-	5,638,577	3,904,288	5,049,530
Total	**14,005,987**	**2,902,839**	**260,000**	**16,648,826**	**4,212,070**	**4,008,647**	**260,000**	**7,960,717**	**8,688,109**	**9,793,917**

ANNEXURE II

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004

INVESTMENTS

Sl.No.	Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
		667,647,316	**579,253,210**
1	**Fixed Deposits with Scheduled Banks**		

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
Indian Overseas Bank, New Delhi	7-Dec-01	300,000	8.25%	845	7-Dec-04		62,634
	26-Dec-01	50,000,000	8.50%	826	26-Dec-04		10,501,577
	27-Dec-01	44,000,000	8.50%	825	27-Dec-04		9,228,972
	1-Jan-02	50,000,000	8.50%	820	1-Jan-05		10,416,927
	1-Jan-02	50,000	8.25%	820	1-Jan-05		10,085
	29-Dec-01	42,357,557	8.50%	823	29-Dec-04		8,860,567
	9-Jan-02	326,807	8.25%	812	9-Jan-05	-	65,306
	24-Jan-02	325,260	8.25%	797	24-Jan-05		63,696
	3-Oct-02	110,209,779	7.50%	545	3-Oct-05		12,992,256
		297,569,403					**52,202,020**
Indian Overseas Bank, Hyderabad	3-Sep-02	1,000,000	7.50%	575	3-Sep-05		124,587
	3-Sep-02	1,000,000	7.50%	575	3-Sep-05		124,587
	25-Jun-03	2,000,000	6.00%	280	25-Jun-06		93,770
	1-Oct-03	2,500,000	5.50%	182	1-Oct-06		69,223
	4-Dec-03	5,000,000	5.50%	118	4-Dec-06		89,428
	24-Dec-03	50,000,000	5.50%	98	24-Dec-04		741,112
	16-Feb-04	5,000,000	5.75%	44	16-Feb-05		34,753
	28-Feb-04	2,625,000	5.75%	32	28-Feb-05		13,269
	12-Mar-04	2,659,950	5.25%	19	12-Mar-05		7,289
	18-Mar-04	5,000,000	5.75%	13	18-Mar-05		10,268
		76,784,950					**1,308,286**
HDFC, New Delhi	13-Sep-03	591,090	5.50%	200	14-Sep-04		18,019
	3-Dec-03	4,735,971	5.75%	119	4-Jun-04		89,328
	5-Jan-04	1,182,686	5.25%	86	5-Feb-05		14,670
	8-Jan-04	1,182,685	5.25%	83	8-Feb-05		14,158
	10-Jan-04	1,182,683	5.25%	81	10-Feb-05		13,817

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Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	11-Jan-04	1,796,261	5.25%	80	11-Feb-05		20,726
	16-Jan-04	1,197,504	5.25%	75	16-Feb-05		12,954
	22-Jan-04	1,179,522	5.25%	69	22-Feb-05		11,738
	31-Jan-04	1,194,561	5.25%	60	28-Feb-05		10,338
		14,242,963					**205,748**
ICICI Bank, Hyderabad	14-Dec-02	2,450,000	7.00%	473	15-Dec-05		231,260
	20-Dec-02	3,600,000	6.50%	467	21-Dec-05		310,524
	26-Dec-02	1,500,000	6.50%	463	24-Dec-05		127,933
	31-Dec-02	24,500,000	7.00%	456	1-Jan-06		2,220,106
	18-Jan-03	6,500,000	6.50%	438	19-Jan-06		524,524
	30-Jan-03	7,000,000	6.25%	426	31-Jan-06		527,148
	19-Feb-03	4,000,000	6.25%	406	20-Feb-06		286,612
	19-Jun-03	4,000,000	6.00%	286	19-Jun-06		191,676
	26-Jun-03	3,000,000	6.00%	279	27-Jun-06		140,138
	14-Jul-03	5,000,000	6.00%	261	14-Jul-06		218,203
	17-Sep-03	5,000,000	5.75%	196	18-Sep-06		156,161
	19-Nov-03	5,000,000	5.50%	133	20-Nov-06		100,917
	9-Jan-04	30,000,000	5.75%	82	9-Apr-05		388,599
	21-Jan-04	5,000,000	5.50%	70	22-Jan-07		52,885
	3-Mar-04	5,000,000	5.50%	28	3-Apr-07		21,154
	9-Mar-04	5,000,000	5.25%	22	9-Apr-05		15,865
		116,550,000					**5,513,705**
Bank of India, New Delhi	4-Apr-02	5,000,000	8.00%	727	4-Apr-05		857,035
		5,000,000					**857,035**
Bank of India, Hyderabad	10-Jun-03	2,500,000	5.00%	295	10-Jun-04		102,412
	24-Jun-03	5,000,000	6.00%	281	24-Jun-08		234,425
	30-Jun-03	5,000,000	6.00%	275	27-Jun-08		229,254
	21-Aug-03	5,000,000	5.25%	223	21-Aug-06		160,979
	7-Nov-03	4,000,000	5.25%	145	7-Nov-06		82,894
	16-Jan-04	10,000,000	5.50%	75	16-Jan-07		113,324
	20-Jan-04	5,000,000	5.50%	71	20-Jan-07		53,640
	23-Jan-04	5,000,000	5.50%	68	23-Jan-07		51,374
	17-Mar-04	5,000,000	5.25%	68	17-Mar-07		10,096
	15-Mar-04	5,000,000	5.25%	16	15-Mar-07		11,538
		51,500,000					**1,049,936**

Contd...

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
Canara Bank, Hyderabad	11-Oct-02	2,500,000	7.75%	537	11-Oct-05		299,798
	11-Oct-02	2,500,000	7.75%	537	11-Oct-05		299,798
	15-Nov-02	2,000,000	7.00%	502	15-Nov-05		200,948
	15-Nov-02	1,500,000	7.00%	502	15-Nov-05		150,711
	15-Nov-02	1,500,000	7.00%	502	15-Nov-05		150,711
	18-Dec-02	6,000,000	6.75%	469	18-Dec-05		540,563
	30-Dec-02	5,000,000	6.75%	457	30-Dec-05		437,364
	15-Jan-03	26,000,000	6.50%	441	15-Jan-06		2,112,952
	13-Jun-03	3,000,000	6.00%	292	13-Jun-06		146,860
	12-Aug-03	1,500,000	6.00%	232	12-Aug-06		58,074
	30-Aug-03	5,000,000	6.00%	214	30-Aug-06		178,296
	31-Dec-03	27,500,000	6.00%	91	30-Dec-06		412,500
	5-Feb-04	5,000,000	5.60%	55	5-Feb-07		42,308
	11-Mar-04	1,000,000	5.50%	20	11-Mar-07		3,022
	24-Mar-04	2,500,000	5.50%	7	24-Mar-07		2,644
		92,500,000					**5,036,549**
State Bank of Hyderabad	24-Mar-04	2,500,000	5.50%	7	24-Mar-07		2,644
		2,500,000					**2,644**
Andhra Bank, Hyderabad	25-Sep-03	1,000,000	5.50%	188	25-Sep-06		28,620
	31-Dec-03	1,450,000	5.75%	91	31-Dec-06		20,844
	31-Dec-03	1,450,000	5.75%	91	1-Jan-07		20,844
	31-Dec-03	1,450,000	5.75%	91	2-Jan-07		20,844
	31-Dec-03	1,450,000	5.75%	91	3-Jan-07		20,844
	31-Dec-03	1,450,000	5.75%	91	4-Jan-07		20,844
	31-Dec-03	1,450,000	5.75%	91	5-Jan-07		20,844
	31-Dec-03	1,300,000	5.75%	91	6-Jan-07		18,687
		11,000,000					**172,371**

2 **Others**

(a) Quoted- Cost and Market Value	Nil	Nil
(b) Unquoted	Nil	Nil

ANNEXURE III

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004

CURRENT ASSETS, LOANS AND ADVANCES

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	599,050	525,750
-with Others - MTNL	39,760	33,760
-with Electricity	120,123	19,400
-For Fuel	4,000	4,000
	762,933	**582,910**
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	2,903,200	2,654,400
-Loans to Staff for other purposes	2,992,865	1,622,058
-Other Advances - Festival	145,433	141,283
-Others - Advance for Travel	200,850	75,732
-Interest Recoverable	397,281	176,070
-Advance - others	54,415	108,652
TOTAL	**6,694,044**	**4,778,195**
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies'-[Indicates the amount due from State Insurance Companies]	149,292	149,292
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	37,650	37,900
TOTAL	**186,942**	**187,192**
OTHER CURRENT ASSETS		
-Expense Recoverable	230	230
-Prepaid Expenses	457,977	236,732
-Interest Accrued but not due - Bank deposits	66,348,294	31,006,111
-Interest Accrued but not due - Staff Loans	-	-
-Advances on Capital Account - [For software development]	525,000	525,000
-Advance to Institute of Insurnace and Risk Management	3,687,133	178,067
- Advance to PFRDA	12,100	-
-Advance to IRDA Superannuation Trust	47,219	-
-Advance to Prasar Bharti	131,842,238	-
TOTAL	**202,920,191**	**31,946,140**
CASH AND BANK BALANCES		
-Cash in hand	12,186	19,870
-Cheques in hand	-	-
-Cash/ Cheque in transit	-	-
-Balances with Scheduled Banks		
(a) In Current Account	12,350,633	4,722,115
(b) on Deposit Account	-	-
(c) on savings bank Account	2,681,214	
TOTAL	**15,044,033**	**4,741,985**
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	**-**	**-**

ANNEXURE IV

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Grant from Government of India	-	-

ANNEXURE V

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003
CONTINGENT LIABILITIES

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-

ANNEXURE VI

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004
PAYMENT TO AND PROVISION FOR EMPLOYEES

	Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
i)	Salaries, Allowances, Wages and Bonus	15,212,681	11,738,053
ii)	Bonus	-	-
iiii)	Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 1,361,481]	2,408,731	2,805,280
iv)	Gratuity	451,524	267,070
v)	Staff Welfare Expenses	36,457	213,029
vi)	Others		
	-Book Grant	-	-
	-Leave Travel Concession	526,255	79,566
	-Insurance	-	-
	-Canteen Expenses	-	-
	-Monetary Award - Studies	-	-
	-Contribution to Group Insurance Scheme	397,992	66,555
	-Reimbursement of expenses incurred by Staff	675,569	366,720
	-Leave Salary	584,443	549,877
	TOTAL	**20,293,652**	**16,086,150**

ANNEXURE VII

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE
EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

ESTABLISHMENT EXPENSES

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
Repairs & Maintenance of Buildings & Premises	673,620	1,691,225
House Keeping - Office Maintenance	632,833	1,280,620
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	179,319
Electricity & water Exp	715,739	687,314
Insurance exp	115,698	81,030
Rates and Taxes	-	-
Printing and Stationery	651,120	1,642,539
Books/Journals etc.	67,697	99,644
Postage, Telegraphs, Telephones, etc.	2,067,620	1,755,004
Travelling and Conveyance Inland	8,206,805	7,523,213
Travel - Foreign	3,195,243	6,594,150
Legal and Professional charges	7,810,977	3,797,364
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	-	89,450
Software	-	-
Publicity & Advertisement	82,805	1,295,406
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Other	-	-
meeting expenses including daily allowances paid to the members of the Committee	1,020,502	880,528
Membership and Subscription	770,295	1,069,338
Security Services	358,721	381,790
Web Portal Development Expenses	200,000	509,508
Canteen Exp	373,611	320,825
Car Repair and Maintenance Expenses	41,480	91,916
Other Expenses	391,670	301,840
TOTAL	**27,376,436**	**30,272,023**

ANNEXURE VIII

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

INTEREST

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
Government	-	-
Banks	-	-
Others	-	-
TOTAL	-	-

ANNEX IX

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS

[Unless otherwise specified, all amounts are in rupees]

1. BACKGROUND

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (The Authority) was established by an Act of Parliament – Insurance Regulatory & Development Authority Act, 1999 [Act] - and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protecting the interests of the holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto, issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel registration, and levy fees and other charges for carrying out the purposes of the Act. The Authority, in terms of section 13 of the Act has been vested with the assets and liabilities of the Interim Insurance Regulatory Authority as are available on the appointed day i.e. April 19, 2000. In terms of section 16 of the Act a fund shall be constituted namely 'The Insurance Regulatory and Development Authority Fund" [Fund]. The Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purposes of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting save for revenue recognition on cash basis as explained hereunder, and in accordance with the applicable standards on accounting issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is provided pro-rata to the period of use on reducing balance method using rates determined based on the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than 5,000 have been depreciated 100% in the year of purchase unless the assets constitutes more than 10% of the respective block, in which case the asset is depreciated at the rates specified in the said Schedule XIV.

(b) Investments

Investments of the nature of fixed deposits with banks are stated at cost.

(c) Revenues

(i) Registration Fees

(a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India, are treated as income of the year of receipt.

(b) Received in advance from existing insurers for renewal of registration already granted are treated as income of the year to which they relate.

(ii) Licence Fees

Licence fees received from insurance agents, surveyors, brokers and other insurance intermediaries are treated as income of the year in which it is received. Licences issued to insurance agents, surveyors, brokers and other insurance intermediaries are current for those years from date of issue and subject to renewal at the end of their currency. It is not practicable to distribute the Licence fees over the years to which they relate.

(iii) Grant from Ministry of Finance, Government of India

Initial Grant received has been treated as income of the year in which it is received.

(d) **Foreign currency transactions**

Non-monetary foreign currency transactions are recorded at rates of exchange prevailing on the dates of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of foreign currency liabilities related to the acquisition of fixed assets are adjusted in the carrying value of fixed assets. Other translation differences are reflected in the Income and Expenditure Account.

(e) **Web Portal Development and Maintenance**

Expenses incurred on Web Portal Development and Maintenance is charged to the Income and Expenditure Account in the year of incurrence.

(f) **Retirement benefits**Retirement benefits to employees comprise contribution to provident fund, gratuity fund, Superannuation fund and provision of leave encashment, which are provided in accordance with the Regulations made under the Act. Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances.The Authority contributes to IRDA Employees Fund and IRDA Superannuation Fund trust. The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. INCOME-TAX

No income tax provision has been made in view of income of the Authority being exempt under section 10 (23BBE) of the Income-tax Act, 1961.

4. REGISTRATION / RENEWAL FEES

(a) In pursuance of Authority's decision to scale down the levy of renewal fees for registration on the insurers to 0.1% of the gross premium from 0.2% of the gross premium, retrospectively for the financial years with effect from April 01, 2001, the income for the year has been accordingly accounted for.

(b) The renewal fees from some of the State Insurance agencies have not been accounted for in the absence of information of gross insurance premium.

5. DEPOSIT OF FUNDS OF THE AUTHORITY INTO PUBLIC ACCOUNT OF INDIA

The Authority, in the previous year received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority based on a legal opinion obtained requested for review of the direction received, in its view the funds raised by it from the insurers and the intermediaries do not have the character of Government Revenue and cannot form part of the Public Fund of India, is pending.

6. HEADQUARTERS OF THE AUTHORITY

The Authority, in pursuance of the decision taken by the Government of India in November 2001 to shift the Headquarters of the Authority from New Delhi to Hyderabad, shifted the actuarial department in April 2002 and the other departments in August 2002. The office of the Authority is located in Parisrama Bhavanam where a portion of the third floor has been given to it free of rent by Andhra Pradesh Industrial Development Corporation Limited [APIDC].

The Government of Andhra Pradesh through A. P. Industrial Infrastructure Corporation Limited [APIIC] has allotted a plot of five acre land in the financial district at Nanakramguda Village, Serilingampally Mandal, RR District, Hyderabad free of cost, possession whereof is yet to be taken.

7. OPERATING LEASES

There are no non-cancellable lease arrangements. The lease payments are made in accordance with the lease agreements. The Authority is in occupation of portion of premises at Hyderabad at free of rent but is obliged to hand over the premises on a " as is where is basis" to Andhra Pradesh Industrial Development Corporation Limited upon vacation. The lease payments in respect of other premises recognized in the income and expenditure account is Rs. 1,940,978 [Previous year Rs. 6,430,147].

8. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures.

-sd-	-sd-	-sd-	-sd-
(R.K. Sharma)	**(P. A. Balasubramanian)**	**(T.K. Banerjeee)**	**(C. S. Rao)**
CAO	Member	Member	Chairman

ANNUAL STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2005

AUDIT CERTIFICATE

I have examined the Receipts and Payments Account and Income and Expenditure Account for the year ended 31 March 2005 and the Balance Sheet as on 31 March 2005 of Insurance Regulatory and Development Authority, Hyderabad. I have obtained all the information and explanations that I have required, and subject to the observations in the appended Audit Report, which inter-alia, contains following major audit observation-

- The receipts of Rs. 85.79 crore were held in bank accounts in violation of the directions of the Ministry of Finance for keeping these funds in the Public Account of India (Paragraph 2.1.1);

I certify, as a result of my audit, that in my opinion these accounts and Balance Sheet are properly drawn up so as to exhibit true and fair view of the state of affairs of the Insurance Regulatory and Development Authority according to the best of information and explanations given to me and as shown by the books of the Organisation.

Place: New Delhi — Director General of Audit

Dated: 14.12.2005 — Central Revenues

AUDITOR'S REPORT

AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FOR 2004-05

Introduction

The Insurance Regulatory and Development Authority (Authority) was established on 19 April 2000 under Insurance Regulatory and Development Authority Act, 1999 with its headquarters at New Delhi, which was shifted to Hyderabad in August 2002. The audit of the accounts of the Authority is conducted under Section 19(2) of the Comptroller & Auditor General's (Duties, Power and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

1. Sources of receipts and expenditure

During the year 2004-05, the Authority's receipts were Rs. 52.59 crore, mainly from fees received from various insurance companies/ agents on account of registration, renewal charges and income on investments etc. The expenditure of the Authority was Rs. 9.61 crore which was mainly on establishment, tours, rent etc.

1.2 **Funds**

The receipts of the Authority are being held in bank accounts despite directions of the Ministry of Finance for keeping the funds in Public Account of India in non-interest bearing account. As of 31 March 2005, funds amounting to Rs.103.26 crore were kept in interest bearing deposits with scheduled banks.

The Authority stated (October 2005) that the matter had been taken up with the Ministry of Finance and their response was awaited.

2. **Comments on accounts**

2.1 **Balance Sheet**

Liabilities

2.1.1 **IRDA Fund – Rs. 8.93 lakh**

As per Section 16 of IRDA Act, 1999 all the Government grants, fees and charges received by the Authority are to be credited to IRDA fund after meeting day to day expenses. The Authority had, however, credited the IRDA fund only to the extent of Rs. 8.93 lakh, which represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus funds after meeting the expenditure were instead kept in accounts under the head 'Surplus Funds'. The balance of surplus funds as on 31 March 2005 was Rs. 85.79 crore, which should have been transferred to IRDA fund.

Though this matter was also pointed out in the audit report of earlier years, the Authority had not credited the surplus to the IRDA fund. The Authority stated (October 2005) that the matter had been taken up with the Ministry of Finance and their reply was awaited.

2.1.2 **Understatement of liabilities**

Life Insurance Corporation of India, New Delhi (LIC) had demanded (March 2005) from IRDA Rs. 1.14 crore towards arrears of rent for various buildings hired from LIC in New Delhi, for the period 2000-01 to 2004-05. The Authority worked out (July 2005) Rs. 53.30 lakh actually payable against the above demand and paid it in August 2005 on its own without settling the issue with LIC. As the amount is in dispute, contingent liability should have been disclosed in the accounts by way of notes to accounts.

Assets

2.1.3 **Current Assets - Rs. 203.05 crore**

The current assets included Rs. 66.51 lakh on account of establishment expenditure incurred on behalf of Pension Fund Regulatory Development Authority (PFRDA) and have been treated as an advance recoverable from the PFRDA. The position in this regard could not be verified in audit, as the figures have not been reconciled with the PFRDA as on date.

The current assets also included Rs. 13.18 crore advanced to Prasar Bharati for advertisement purposes during 2002-03 & 2003-04. This amount needs to be adjusted in the accounts since Prasar Bharati had already rendered adjustment bills against the advance during the financial year 2004-05.

2.1.4 **Incorrect classification of development expenditure**

Rs. 10 crore was booked in the Income and Expenditure Account under the head 'Development expenditure' for the year 2002-03 on account of contribution to the Institute of Insurance and Risk Management (IIRM), a Joint Venture Company promoted by the Authority in collaboration with Government of Andhra Pradesh. This amount was wrongly booked under the head 'development expenditure' instead of depicting it as asset in the Balance Sheet under "investment – others (Subsidiaries and Joint Ventures)".

Despite a comment in Audit Report 2003-04, the Authority did not take corrective action to depict the amount as assets in the Balance Sheet.

3. General

3.1 Accounting Policies and Notes on accounts

In Para No.3.1 of the Audit Report for the year 2003-04 regarding codification of accounts it was suggested that necessary codification of account heads should be carried out for better results. However, it was noticed that the codification has not been carried out.

3.2 Internal Audit

The Authority has not established any internal audit wing of its own and the internal audit assignment had been outsourced to Chartered Accountants. The Authority is advised to establish its own internal audit wing managed by its own staff.

3.3 Physical verification of fixed assets

The Authority has fixed assets worth Rs. 83.73 lakh as per Balance Sheet as on 31.03.2005. It was, however, observed that physical verification of fixed assets for the year 2004-05 has not been conducted and obsolete, unusable, irreparable, condemned or lost assets if any were not identified and excluded from the fixed assets account there by not giving the correct picture.

3.4 Net impact

The net impact of the audit comments given in the preceding paragraphs is that the liabilities were understated by Rs. 1.14 crore.

Place: New Delhi
Dated: 14.12.2005

Director General of Audit
Central Revenues

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

FORM A

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2005

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	GENERAL FUND			**FIXED ASSETS [See Note 1]**	
	i) IRDA Fund [See Note 4]		16,648,826	-Gross Block	19,821,464
893,244	-At beginning of the year	893,244	7,960,717	-Less : Depreciation	11,447,979
-	-Receipts in the year	-	8,688,109	-Net Block	8,373,485
893,244	-Balance at end of the year	893,244	-	-Capital Work-in-Progress	525,000
	ii) Capital Fund			**INVESTMENTS [See Note 2]**	
-	-Capital Grants	-		(Method of valuation - at Cost)	
	-Balance at end of the year	-			
-	year	-	-	i) Scurities of Central and State Government	-
			-	ii) Units	-
	iii) Surplus and Funds		667,647,316	iii) Fixed Deposits with scheduled Bank	1,032,626,388
349,090,458	-Balance as per last Balance Sheet	517,520,396	-	iv) Others	-
177,429,938	Add:Excess of Income Over Expenditure				
-	as per Income and Expenditure Account-Annexed	340,393,450		**CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]**	
	-Less:Excess of Expenditure Over Income				
-	as per Income and Expenditure Account-Annexed	-	762,933	i) Deposits	690,253
517,520,396	-Balance at the end of the year	857,913,846	6,694,044	ii) Loans & Advances to Staff	11,778,393
			186,942	iii) Amount Due from Insurance Companies &	106,500
-	**iv) Gift and Donations**	-	202,920,191	iv) Other Current Assets	203,047,314
				v) Cash & Bank Balances	
-	**v) Other Balances**	-	12,186	a) Cash in Hand	17,037
			15,031,847	b) Bank Balances	32,003,690
	LOANS				
-	i) Secured (stating the security offered for the purpose)	-			
-	ii) Unsecured	-			
-	iii) Loan from Goverment of India	-			
-	iv) Other Loans	-			
	CURRENT LIABILITIES AND PROVISIONS [See Note 5)				
	I) SUNDRY CREDITORS :				
377,122	- for Capital Items	154,461			
153,871,771	- for Other items	158,216,711			

Contd...

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2005

FIGURES FOR THE PREVIOUS YEAR (Rs.)		LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	ii)	PROVISIONS:				
106,750		-Provision for doubtful debts and advances	106,750			
-		-Provision for depletion in value of investment	-			
	iii)	OTHER LIABILITIES:				
-	1.	Unspent Grants	-			
-	2.	Interest payable to Government/Other Loans	-			
-	3.	Provident, Retirement & Other Welfare Funds:				
848		(a) Provident Fund	337,415			
-		(b) Other Welfare Funds	-			
2,215,551		(c) Retirement Benefit Fund and Staff Benefit Fund:	3,068,071			
	4.	Others (Specify)				
968,435		-other Liabilites (TDS)	1,530,689			
225,974,826		-Registration Renewal fee received in Advance	266,906,061			
14,625		-Soft Furnishing Recovery	41,062			
901,943,568			**1,289,168,060**	**901,943,568**		**1,289,168,060**

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

1 The information relating to Fixed Assets is given in Annexure I.
2 The information relating to Investments is given in Annexure II.
3 The information relating to Current Assets,Loans and Advances is given in Annexure III.
4 Details of IRDA Fund is given in Annexure IV (Fund includes grants received from Central Government, other organisations and bodies in terms of Section 16 of the Act).
5 Details of Contingent Liabilities is given in Annexure V.
6 All information relating to significant accounting policies and notes forming part of accounts is given in Annexure IX.
7 All annexures to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

(R.K. Sharma)	**(Mathew Verghese)**	**(C.R. Muralidharan)**	**(C. S. Rao)**
Assistant Director	Member	Member	Chairman

FORM B

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE AS AT MARCH 31, 2005

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,286,370	Payment to Chairperson and Members	2,150,785		Grants in Aid	-
20,293,652	Payment to and Provision for members of Staff **[See Note 1]**	21,861,127	-	Received	-
27,376,436	Establishment Expenses **[See Note 2]**	29,364,818	-	Receivable	-
6,430,147	Rent	1,940,978	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	
189,475	Seminars,Conference, Publications, etc. [See Contra]	-	-	Agents	-
-	Interest **[See Note 3]**	-	2,463,025	Surveyors and Insurance intermediaries	1,841,330
4,008,647	Depreciation	3,659,394	3,800,000	Brokers	1,575,000
-	Capital Assets Written Off	-	70,000	Third Party Administrators	110,000
-	Loss on Write Off of Asset	12,113	100,000	Insurance Companies	-
-	Provison for doubtful debts and advances	-		Renewal Fees	
600,000	Development Expenditure	-	178,418,353	Insurance Companies	215,394,170
159,987,648	Promotional Epxenditure	37,060,548	2,334,968	Brokers	8,247,536
287,473	Other Expenses	68,390	170,248,516	Agents	151,878,484
177,429,938	Excess of Income Over Expendiutre for the year carried down	340,393,450	-	Surveyors and Insurance intermediaries	-
			-	Third Party Administrators	390,000
			-	Others	-
			-	Penalties,Fines etc.	297,756
			120,504	Seminar, Conferences and Publications etc.	-
			40,850,896	Income on Investments - Interest on deposits with Scheduled Banks	56,204,670
			-	Interest on Deposits	-
				Interest on advances	
			137,187	i) granted to members of staff for housing purposes	238,890
			84,024	ii) granted to members of staff for other purposes	149,313
				iii) Others	-
			262,313	Miscellaneous Income	184,454
398,889,786		**436,511,603**	**398,889,786**		**436,511,603**

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

1 The information relating to payment to and provisoin for employees is given in Annexure VI.

2 The information relating to establishment expenses is given in Annexure VII.

3 The information relating to interest amount is given in Anenxure VIII.

4 All Annexures to Income and Expenditure Account and Notes/Information relating to Significant Accounting Policies form part of accounts.

FORM C

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

SL.NO.	RECEIPTS	AMOUNT (Rs.)	SL.NO.	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
	i) Cash at Bank	15,031,847	2	By Seminars, Conference, Publications etc.	-
	ii) Cash in hand	12,186	3	By Rent Payments	1,391,997
	iii) Cheques on hand	-	4	By Development Expenditure	-
	iv) Cash / Cheques in transit	-	5	By Promotional Expenditure	36,142,548
2	To Registration Fees		6	By Payment to Chairperson and Members	
	-Insurance Companies	-		(i) Pay and Allowances	1,738,779
	-Third Party Administrators	110,000		(ii) Other Benefits	196,419
	-Insurance Brokers	1,850,000		(iii) Travelling Expenses	6,235,413
	-Insurance Agents	-	7	By Establishment Expenses	
	-Insurance Surveyor	1,841,330		(i) Pay and Allowances	17,867,467
	-Others	-		(ii) Other Benefits	2,009,129
3	To Registration Renewal Fees			(iii) Travelling Expenses	6,309,368
	-Insurance Companies	253,247,831		(iv) Retirement Benefits	2,315,924
	-Third Party Administrators	390,000	8	By Office Expenses	12,388,996
	-Insurance Surveyors	-	9	By Interest on	
	-Insurance Agents	155,003,134		(i) Government Loans	-
	-Insurance Brokers	8,247,536		(ii) Other Loans	-
	-Others	-	10	By Purchase of Assets	3,603,139
4	To Penalties,Fines from insurers and intermediaries	297,756	11	By Capital Work-in-Progress	89,208
5	To Seminar,Conferences etc.	-	12	By Advances to staff and others including travel advance	9,589,247
6	To Income from Investments	-	13	By Investments	409,023,957
7	To Sale of Investments	44,044,885	14	By Repayment of Government Loans/ fees	-
8	To Grants		15	By Repayment of Other Loans	-
	i) Central Government / State Govt/ Others	-	16	By Other Expenses	68,390
	ii) Gift and Donations	-		By Balance carried forward	
9	To Loans	-		i) Cash at Bank	32,003,690
10	To Sales of Publication etc.	-		ii) Cash in hand	17,037
11	To Sale of Assets	10,000		iii) Cheques in hand	-
12	To interest received on			iv) Cash/ Cheques in Transit	-
	- Deposits	58,823,060			
	- Advances	-			
	- Others	-			
13	To Recoveries from Employees				
	(a) Loans and Advances	1,757,535			
	(b) Interest on Loans and Advances	39,607			
	(c) Misc.	27,117			
14	To Other Receipts	256,884			
		540,990,708			**540,990,708**

(R.K. Sharma)	**(Mathew Verghese)**	**(C.R. Muralidharan)**	**(C. S. Rao)**
Assistant Director	Member	Member	Chairman

ANNEXURE I

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2005

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost as 1.04.2004	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2005	As on 1.04.2004	For the year	Adjustments	Upto 31.03.2005	As at 31.03.2005	As on 31.03.2004
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	577,255	-	-	**577,255**	254,688	83,513	-	338,201	**239,054**	322,567
Equipments	3,070,738	583,923	-	**3,654,661**	879,294	356,183	(88,548)	1,324,025	**2,330,636**	2,191,444
Furniture and Fixtures	3,457,968	581,984	30,000	**4,009,952**	1,188,158	512,979	3,493	1,697,644	**2,312,308**	2,269,810
Computers	9,542,865	2,131,120	185,201	**11,488,784**	5,638,577	2,600,170	241,450	7,997,297	**3,491,487**	3,904,288
Books	-		90,812	-	**90,812**	-	90,812	-	90,812	-
Total	**16,648,826**	**3,387,839**	**215,201**	**19,821,464**	**7,960,717**	**3,643,657**	**156,395**	**11,447,979**	**8,373,485**	**8,688,109**

(R.K. Sharma)	**(Mathew Verghese)**	**(C.R. Muralidharan)**	**(C. S. Rao)**
Assistant Director	Member	Member	Chairman

ANNEXURE II

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2005

INVESTMENTS

Sl.No.	Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
		667,647,316	579,253,210
1	Fixed Deposits with Scheduled Banks		

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
Indian Overseas Bank, New Delhi	7-Jan-05	383,277	5.25%	83	1-Jul-05		4,639
	28-Dec-04	64,369,462	5.25%	93	28-Jun-05		873,380
	27-Dec-04	56,628,836	5.25%	94	27-Jun-05		776,721
	1-Jan-05	64,350,950	5.25%	89	1-Jul-05		835,222
	1-Jan-05	63,880	5.25%	89	1-Jul-05		829
	29-Dec-04	54,514,981	5.25%	92	29-Jun-05		731,618
	9-Jan-05	417,529	5.25%	81	9-Jul-05		4,932
	3-Oct-02	110,209,779	7.50%	910	3-Oct-05		22,774,465
		350,938,694					**26,001,806**
Indian Overseas Bank, Hyderabad	3-Sep-02	1,000,000	7.50%	940	3-Sep-05		214,172
	3-Sep-02	1,000,000	7.50%	940	3-Sep-05		214,172
	25-Jun-03	2,000,000	6.00%	645	25-Jun-06		225,239
	10-Oct-03	2,500,000	5.50%	538	10-Jan-06		212,653
	4-Dec-03	5,000,000	5.50%	483	4-Dec-06		380,324
	24-Dec-04	52,807,250	5.75%	97	24-Dec-05		818,994
	27-Dec-04	50,000,000	5.75%	94	27-Dec-05		751,154
	28-Dec-04	40,000,000	6.25%	93	28-Dec-07		646,159
	31-Mar-05	**30,000,000**	**Deposits awaited**				
		184,307,250					**3,462,867**
HDFC, New Delhi	14-Sep-04	624,398	5.25%	198	14-Sep-05		18,180
	5-Dec-04	4,978,683	5.00%	116	6-Jun-05		80,437
		5,603,081					**98,617**
IICICI Bank, Hyderabad	14-Dec-02	2,450,000	7.00%	838	15-Dec-05		429,612
	20-Dec-02	3,600,000	6.50%	832	21-Dec-05		578,585
	26-Dec-02	1,500,000	6.50%	826	24-Dec-05		239,825
	31-Dec-02	24,500,000	7.00%	821	1-Jan-06		4,201,445

Contd...

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	18-Jan-03	6,500,000	6.50%	803	19-Jan-06		1,005,471
	30-Jan-03	7,000,000	6.25%	791	31-Jan-06		1,022,055
	19-Feb-03	4,000,000	6.25%	771	20-Feb-06		568,309
	19-Jun-03	4,000,000	6.00%	651	19-Jun-06		454,917
	26-Jun-03	3,000,000	6.00%	644	27-Jun-06		337,304
	14-Jul-03	5,000,000	6.00%	626	14-Jul-06		545,580
	17-Sep-03	5,000,000	5.75%	561	18-Sep-06		465,319
	20-Nov-03	5,000,000	5.50%	497	20-Nov-06		391,774
	9-Jan-04	30,000,000	5.75%	447	9-Apr-05		2,203,920
	21-Jan-04	5,000,000	5.50%	435	22-Jan-07		341,232
	3-Mar-04	5,000,000	5.50%	393	3-Apr-07		307,348
	9-Mar-04	5,000,000	5.25%	387	9-Apr-05		288,455
	1-Jul-04	5,000,000	5.50%	273	2-Jul-07		211,486
	31-Mar-05	15,050,000	6.90%	0	3-Apr-08		-
	31-Mar-05	15,050,000	6.90%	0	3-Apr-08		
		151,650,000					**13,592,637**
Bank of India, New Delhi	4-Apr-02	5,000,000	8.00%	1092	4-Apr-05		1,358,119
		5,000,000					**1,358,119**
Bank of India, Hyderabad	10-Jun-04	2,627,363	5.00%	294	10-Jun-05		108,853
	24-Jun-03	5,000,000	6.00%	646	24-Jun-08		564,022
	30-Jun-03	5,000,000	6.00%	640	27-Jun-08		558,473
	21-Aug-03	5,000,000	5.25%	588	21-Aug-06		444,747
	7-Nov-03	4,000,000	5.25%	510	7-Nov-06		306,840
	16-Jan-04	10,000,000	5.50%	440	16-Jan-07		690,532
	20-Jan-04	5,000,000	5.50%	436	20-Jan-07		342,039
	23-Jan-04	5,000,000	5.50%	433	23-Jan-07		339,619
	17-Mar-04	5,000,000	5.25%	379	17-Mar-07		282,309
	15-Mar-04	5,000,000	5.25%	381	15-Mar-07		283,846
	15-Jun-04	5,000,000	5.00%	289	15-Jun-05		203,549
	19-Nov-04	2,500,000	5.00%	132	19-May-05		46,016
	18-Jan-05	5,000,000	6.00%	72	18-Jan-08		60,000
		64,127,363					**4,230,845**
Canara Bank, Hyderabad	11-Oct-02	2,500,000	7.75%	902	11-Oct-05		530,168
	11-Oct-02	2,500,000	7.75%	902	11-Oct-05		530,168
	15-Nov-02	2,000,000	7.00%	867	15-Nov-05		363,887
	15-Nov-02	1,500,000	7.00%	867	15-Nov-05		272,915
	15-Nov-02	1,500,000	7.00%	867	15-Nov-05		272,915
	18-Dec-02	6,000,000	6.75%	834	18-Dec-05		1,006,632
	30-Dec-02	5,000,000	6.75%	822	30-Dec-05		825,782
	15-Jan-03	26,000,000	6.50%	806	15-Jan-06		4,037,904
	13-Jun-03	3,000,000	6.00%	657	13-Jun-06		344,518

Contd...

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	12-Aug-03	1,500,000	6.00%	597	12-Aug-06		**155,746**
	30-Aug-03	5,000,000	6.00%	579	30-Aug-06		502,753
	31-Dec-03	27,500,000	6.00%	456	30-Dec-06		2,154,935
	5-Feb-04	5,000,000	5.60%	420	5-Feb-07		335,270
	11-Mar-04	1,000,000	5.50%	385	11-Mar-07		60,179
	24-Mar-04	2,500,000	5.50%	372	24-Mar-07		145,203
	21-Jul-04	5,000,000	5.50%	253	20-Jul-07		195,753
	13-Sep-04	5,000,000	5.75%	199	13-Sep-07		160,396
	20-Dec-04	30,000,000	6.25%	101	20-Dec-07		526,937
	27-Dec-04	5,000,000	6.25%	94	27-Dec-07		81,651
	30-Dec-04	30,000,000	6.75%	91	30-Dec-07		511,970
	31-Dec-04	30,000,000	6.75%	90	31-Dec-07		506,250
		197,500,000					**13,521,932**
State Bank of Hyderabad, Hyderabad	24-Mar-04	2,500,000	5.50%	372	24-Mar-07		145,203
	25-May-04	5,000,000	5.50%	310	26-May-05		240,932
	29-Dec-04	15,000,000	6.00%	92	29-Dec-07		230,075
	29-Mar-05	15,000,000	6.75%	2	29-Mar-06		5,625
		37,500,000					**621,835**
Andhra Bank, Hyderabad	25-Sep-03	1,000,000	5.50%	553	25-Sep-06		87,545
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,300,000	5.75%	456	31-Dec-06		97,501
	29-Mar-05	10,000,000	6.65%	2	27-Jun-05		3,694
		21,000,000					**841,246**
State Bank of India	31-Mar-05	15,000,000	Deposit awaited				
		15,000,000					
Others							
Quoted- Cost and Market Value					Nil	Nil	
Unquoted					Nil	Nil	

(R.K. Sharma)	**(Mathew Verghese)**	**(C.R. Muralidharan)**	**(C. S. Rao)**
Assistant Director	Member	Member	Chairman

ANNEXURE III

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2005

CURRENT ASSETS, LOANS AND ADVANCES

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	524,050	599,050
-with Others - MTNL	34,080	39,760
-with Electricity	128,123	120,123
-For Fuel	4,000	4,000
TOTAL	**690,253**	**762,933**
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	6,279,275	2,903,200
-Loans to Staff for other purposes	4,486,189	2,992,865
-Other Advances - Festival	155,926	145,433
-Interest Recoverable	745,877	397,281
-Advance - others	111,126	54,415
TOTAL	**11,778,393**	**6,493,194**
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies'-[Indicates the amount due from State Insurance Companies]	69,100	149,292
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	37,400	37,650
TOTAL	**106,500**	**186,942**
OTHER CURRENT ASSETS		
-Expense Recoverable	-	230
-Prepaid Expenses	576,856	457,977
-Interest Accrued but not due - Bank deposits	63,729,904	66,348,294
-Amount recoverable- others	99,390	-
-Advances on Capital Account - [For software development]	104,208	525,000
-Advance to Institute of Insurnace and Risk Management	-	3,687,133
- Advance to PFRDA	6,651,283	12,100
-Other -Advance for Travel	43,435	200,850
-Advance to IRDA Superannuation Trust	-	47,219
-Advance to Prasar Bharti	131,842,238	131,842,238
TOTAL	**203,047,314**	**203,121,041**
CASH AND BANK BALANCES		
-Cash in hand	17,037	12,186
-Cheques in hand	-	-
-Cash/ Cheque in transit	-	
-Balances with Scheduled Banks		
(a) In Current Account	**31,351,401**	12,350,633
(b) on Deposit Account	-	-
(c) on savings bank Account	**652,289**	2,681,214
TOTAL	**32,020,727**	**15,044,033**
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

(R.K. Sharma)	**(Mathew Verghese)**	**(C.R. Muralidharan)**	**(C. S. Rao)**
Assistant Director	Member	Member	Chairman

ANNEXURE IV

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Grant from Government of India	-	-

ANNEXURE V

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003

CONTINGENT LIABILITIES

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-

ANNEXURE VI

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

PAYMENT TO AND PROVISION FOR EMPLOYEES

	Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
i)	Salaries, Allowances, Wages and Bonus	16,348,801	15,212,681
iii)	Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288]	2,552,116	2,408,731
iv)	Gratuity	411,991	451,524
v)	Staff Welfare Expenses	473,276	36,457
vi)	Others		
	-Book Grant	-	-
	-Leave Travel Concession	713,200	526,255
	-Insurance	-	-
	-Canteen Expenses	-	-
	-Monetary Award - Studies	-	-
	-Contribution to Group Insurance Scheme	111,830	397,992
	-Reimbursement of expenses incurred by Staff	744,647	675,569
	-Leave Salary	505,266	584,443
	TOTAL	21,861,127	20,293,652

ANNEXURE VII

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

ESTABLISHMENT EXPENSES

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	2,770,115	673,620
House Keeping - Office Maintenance	787,092	632,833
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	911,080	715,739
Insurance exp	7,641	115,698
Rates and Taxes	-	-
Printing and Stationery	444,009	651,120
Books/Journals etc.	144,673	67,697
Postage, Telegraphs, Telephones, etc.	2,253,867	2,067,620
Travelling and Conveyance Inland	6,950,898	8,206,805
Travel - Foreign	5,657,570	3,195,243
Legal and Professional charges	5,786,267	7,810,977
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	359,705	-
Software	-	-
Publicity & Advertisement	495,347	82,805
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	834,189	1,020,502
Membership and Subscription	801,639	770,295
Security Services	102,968	358,721
Web Portal Development Expenses	169,250	200,000
Canteen Exp	539,370	373,611
Car Repair and Maintenance Expenses	45,599	41,480
Other Expenses	303,539	391,670
TOTAL	**29,364,818**	**27,376,436**

ANNEXURE VIII

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

INTEREST

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Government	-	-
Banks	-	-
Others	-	-
TOTAL	-	-

ANNEX xiv

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT NOTES TO THE FINANCIAL STATEMENTS

[Unless otherwise specified, all amounts are in rupees]

1. BACKGROUND

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (The Authority) was established by an Act of Parliament – Insurance Regulatory & Development Authority Act, 1999 [Act] - and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protecting the interests of the holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto, issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel registration, and levy fees and other charges for carrying out the purposes of the Act. The Authority, in terms of section 13 of the Act has been vested with the assets and liabilities of the Interim Insurance Regulatory Authority as are available on the appointed day i.e. April 19, 2000. In terms of section 16 of the Act a fund shall be constituted namely 'The Insurance Regulatory and Development Authority Fund" [Fund]. The Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purposes of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting save for revenue recognition on cash basis as explained hereunder, and in accordance with the applicable standards on accounting issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is provided pro-rata to the period of use on reducing balance method using rates determined based on the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than 5,000 have been depreciated 100% in the year of purchase unless the assets constitutes more than 10% of the respective block, in which case the asset is depreciated at the rates specified in the said Schedule XIV.

(b) Investments

Investments of the nature of fixed deposits with banks are stated at cost.

(c) Revenues

(i) **Registration Fees**

(a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India, are treated as income of the year of receipt.

(b) Received in advance from existing insurers for renewal of registration already granted are treated as income of the year to which they relate.

(ii) **Licence Fees**

Licence fees received from insurance agents, surveyors, brokers and other insurance intermediaries are treated as income of the year in which it is received. Licences issued to insurance agents, surveyors, brokers and other insurance intermediaries are current for those years from date of issue and subject to renewal at the end of their currency. It is not practicable to distribute the Licence fees over the years to which they relate.

(iii) **Grant from Ministry of Finance, Government of India**

Initial Grant received has been treated as income of the year in which it is received.

(d) Foreign currency transactions

Non-monetary foreign currency transactions are recorded at rates of exchange prevailing on the dates of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of foreign currency liabilities related to the acquisition of fixed assets are adjusted in the carrying value of fixed assets. Other translation differences are reflected in the Income and Expenditure Account.

(e) Web Portal Development and Maintenance

Expenses incurred on Web Portal Development and Maintenance is charged to the Income and Expenditure Account in the year of incurrence.

(f) Retirement benefits

Retirement benefits to employees comprise contribution to provident fund, gratuity fund, Superannuation fund and provision of leave encashment, which are provided in accordance with the Regulations made under the Act. Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances.The Authority contributes to IRDA Employees Fund and IRDA Superannuation Fund trust. The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. INCOME-TAX

No income tax provision has been made in view of income of the Authority being exempt under section 10 (23BBE) of the Income-tax Act, 1961.

4. REGISTRATION / RENEWAL FEES

(a) In pursuance of Authority's decision to scale down the levy of renewal fees for registration on the insurers to 0.1% of the gross premium from 0.2% of the gross premium, retrospectively for the financial years with effect from April 01, 2001, the income for the year has been accordingly accounted for.

(b) The renewal fees from some of the State Insurance agencies have not been accounted for in the absence of information of gross insurance premium.

5. DEPOSIT OF FUNDS OF THE AUTHORITY INTO PUBLIC ACCOUNT OF INDIA

The Authority, in the previous year received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority based on a legal opinion obtained requested for review of the direction received, in its view the funds raised by it from the insurers and the intermediaries do not have the character of Government Revenue and cannot form part of the Public Fund of India, is pending.

6. HEADQUARTERS OF THE AUTHORITY

The Authority, in pursuance of the decision taken by the Government of India in November 2001 to shift the Headquarters of the Authority from New Delhi to Hyderabad, shifted the actuarial department in April 2002 and the other departments in August 2002. The office of the Authority is located in Parisrama Bhavanam where a portion of the third floor has been given to it free of rent by Andhra Pradesh Industrial Development Corporation Limited [APIDC].

The Government of Andhra Pradesh through A. P. Industrial Infrastructure Corporation Limited [APIIC] has allotted a plot of five acre land in the financial district at Nanakramguda Village, Serilingampally Mandal, RR District, Hyderabad free of cost, possession whereof is yet to be taken.

7. OPERATING LEASES

There are no non-cancellable lease arrangements. The lease payments are made in accordance with the lease agreements.

The Authority is in occupation of portion of premises at Hyderabad at free of rent but is obliged to hand over the premises on a " as is where is basis" to Andhra Pradesh Industrial Development Corporation Limited upon vacation. The lease payments in respect of other premises including the premise occupied at Delhi recognized in the income and expenditure account is 1,940,978 [Previous year 6,430,147].

8. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures.

-sd-	-sd-	-sd-	-sd-
(R.K. Sharma)	**(P. A. Balasubramanian)**	**(T.K. Banerjeee)**	**(C. S. Rao)**
CAO	Member	Member	Chairman

ADDRESSESS OF INSURERS, INTERMEDIARIES AND OMBUDSMAN

LIFE INSURERS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	AMP Sanmar Life Insurance Co. Ltd.	Mr. P. Nanda Gopal	9, Cathedral Road, CHENNAI - 600 086.	Tel. No.: 044-28118450/56623931/32 Fax: 044-28117669 Email: graham_meyer@ampsanmar.com Web: www.ampsanmar.com
2	AVIVA Life Insurance Co. Pvt. Ltd.	Mr. Stuart Purdy	5th Floor, JMD Regent Square, Gurgaon-Mehrauli Road, GURGAON – 122 001.	Tel. No.: 0124-2804141 / 2804121 Fax: : 0124-280 4142 Email: stuart.purdy@avivaindia.com Web: www.avivaindia.com
3	Bajaj Allianz Life Insurance Co. Ltd.	Mr. Sam Ghosh	GE Plaza, Airport Road, Yerawada, PUNE - 411 006.	Tel. No.: 020-56026777 / 56026770 Fax. 020-56026789 Email: sam.ghosh@bajajallianz.co.in Web: www.bajajallianz..co.in
4	Birla Sun Life Insurance Co. Ltd.	Mr. Nani B. Javeri	6th Floor, Vaman Centre, Makhwana Road, Near Marol Naka, Off Andheri – Kurla Road, Andheri (E), MUMBAI-400 059.	Tel. No.: 022-56783366 Fax: 022-56783377 Email: njaveri@birlasunlife.com Web: www.birlasunlife.com
5	HDFC Standard Life Insurance Co. Ltd.	Mr. D.M. Satwalekar	2nd Floor, "Trade Star Building", 'A' Wing,Junction of Kondivita & M.V.Road, Andheri-Kurla Road, (East), MUMBAI – 400 059.	Tel: (D) 022-2822 2234/65 Fax: 022-28228844 Email: dms@hdfcinsurance.com Web: www.hdfcinsurance.com
6	ICICI Prudential Life Insurance Co. Ltd.	Ms. Shikha Sharma	ICICI PruLife Towers,1089, Appasaheb Marathe Marg, Prabhadevi, MUMBAI – 400 025.	Tel. No.: 022-56621600 / 56621996 Fax: 022-56622031 Email: shikhasharma@iciciprulife.com Web: www.iciciprulife.com
7	ING Vysya Life Insurance Co. Pvt. Ltd.	Mr. Frank J.E. Koster	5th Floor, ING Vysya House, 22, Mahatma Gandhi Road, BANGALORE–560 001.	Tel. No.: 080-25328000 Fax: 080-25559753/25559764 Email: frank.koster@ingvysyalife.com Web: www.ingvysya.com
8	Kotak Mahindra Old Mutual Life Insurance Ltd.	Mr. Gaurang Shah	6th Floor, Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai- 400 013.	Tel. No.: 022-56635000 / 56635039 Fax: 022-56635111 Email: gaurang.shah@kotak.com Web: www.kotak.com

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
9	Life Insurance Corporation of India	Mr. A. K. Shukla,	Central Office "Yogakshema" Jeevan Bima Marg, P.B. No. 19953, Mumbai – 400 021	Tel No. 022-22020997 Fax: 022-22810680 Email: chairman@licindia.com Web: www.licindia.com
10	Max New York Life Insurance Co. Ltd.	Mr. Gary R. Bennett	11th Floor, DLF Square, Jacaranda Marg, DLF City, Phase II, Gurgaon 122 022.	Tel. No.: 0124-2561717 / 5013201 Fax: 0124-2561765 Email: gary.bennett@maxnewyorklife.com Web: www.maxnewyorklife.com
11	MetLife India Insurance Co. Pvt. Ltd.	Mr. Venkatesh S. Mysore	Brigade Seshamahal, No. 5, Vani Vilas Road, Basavanagudi, Bangalore – 560 004.	Tel. No.: 080-26678617/18, Fax: 080-26521970 Email: vmysore@metlife.com Web: www.metlife.com
12	Sahara India Life Insurance Co. Ltd.	Mr. N. C. Sharma	Sahara India Bhawan,1, Kapoorthala Complex, Lucknow – 226 024.	Tel. No. 0522-2337777 / 2373018 Fax : 2332683 , 2378200 Email: nc.sharma@life.sahara.co.in
13	SBI Life Insurance Co. Ltd.	Mr. S. Krishnamurthy	2nd Floor, Turner Morrison Building, G. N. Vaidya Marg, Fort, MUMBAI – 400 023	Tel. No.: 022-56351000/56392000 Fax: 022-56392025, 56392035 Email: s.krishnamurthy@sbilife.co.in Web: www.sbilife.co.in
14	Shriram Life Insurance Company Ltd.	Mr. R. Vaidyanathan	Mookambika Complex, 2nd Floor, No. 4, Lady Desika Road,Mylapore, Chennai – 600 004.	Tel. No. 044-2499 0356, 2499 3768 Fax : 044-2499 3272
15	TATA AIG Life Insurance Company Ltd.	Mr. Ian J. Watts	5th & 6th Floor Peninsula Towers Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013.	Tel. No.: 022-56516001/6002 Fax 022- 56661414 Email: ian-j.watts@tata-aig.com Web: www.tata-aig.com

NON-LIFE INSURERS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	Agriculture Insurance Company of India Ltd.	Mr. Suparas Bhandari	13th Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, Connaught Place, New Delhi – 110 001.	Tel No. 011-51081991 - 94 Fax: 011-51081995 - 96 Email: suparasbhandari_aic@yahoo.com Web: www.aicofindia.org
2	Bajaj Allianz General Insurance Co. Ltd.	Mr. Kamesh Goel	GE Plaza, 1st Floor, Airport Road, Yerawada, Pune - 411006.	Tel. No. 020-5602666, 56026777 Fax : 020-56026667, 56026789 Email : kamesh.goyal@bajajallianz.co.in Web: www.bajajallianz.co.in
3	Cholamandalam MS General Insurance Co. Ltd.	Mr. Arun Agarwal	"Dare House" 2nd Floor, No.2, N.S.C. Bose Road, Chennai 600 001	Tel. No.: 044-52166000 Fax: 044-25357104, 52166001 Web: www.cholainsurance.com
4	Export Credit Guarantee Corporation of India Ltd.	Mr. Christy Fernandez	Express Towers, 10th Floor, Nariman Point, Mumbai – 400 021.	Tel. No.: 022-56590512-15 Fax: 022-56590517 Web: www.ecgcindia.com
5	HDFC Chubb General Insurance Co. Ltd.	Mr. Shrirang V. Samant	5th Floor, Express Towers, Nairman Point, Mumbai – 400 021.	Tel. No.: 022-56383668, 56383666 Fax: 022-56383699. Email: ssamant@hdfcchubb.com Web: www.hdfcchubb.com
6	ICICI Lombard General Insurance Co. Ltd.	Mr. Sandeep Bakhshi	Zenith House, Keshvarao Khadye Marg, Mahalaxmi, Mumbai – 400 034.	Tel.No.: 022-24924100, 24906800, Fax: 022-24927624, 24914080 Email: sandeep.bakhshi@icicilombard.com Web: www.icicilombard.com
7	IFFCO-TOKIO General Insurance Co. Ltd.	Mr. Ajit Narain	4th & 5th Floors, IFFCO Tower, Plot No.3, Sector 29, Gurgaon - 122 001.	Tel.No : 0123-2577911-20/2577925 Fax : 0124-2577923/924 E-mail: anarain@itgi.co.in Web : www.itgi.co.in
8	National Insurance Co. Limited	Mr. V Ramasaamy	3, Middleton Street P.B. No. 9229, Kolkata - 700 071	Tel. No.: 033-22472130, 22401634 Fax: 033-22402369 Web: www.nationalinsuranceindia.com
9	Reliance General Insurance Co. Ltd.	Mr. K.A. Somesekharan	5th Floor, N.K.M. International House, 178, Backbay Reclamation Babubhai Chinai Road Mumbai 400 020	Tel: No. 022-30216900 Fax:: 022 22886155 Email: soma_sekharan@ril.com

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
10	Royal Sundaram Alliance Insurance Co. Ltd.	Mr. Antony Jacob	46, Whites Road, Royapetah, Chennai - 600 014.	Tel. No.: 044-28517394, 28517387 Fax: 044-28510596 Email: antony.jacob@in.royalsun.com Web: www.royalsundaramalliance.com
11	TATA AIG General Insurance Co. Ltd.	Mr. Dalip Verma	Peninsula Corporate Park, Nicholas Piramal Tower, 9th Floor, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.	Tel. No.: 022- 56699701 Fax: 022-56546414 Email: dalip.verma@tata-aig.com Web: www.tata-aig.com
12	The New India Assurance Co. Ltd.	Mr. Bimlendu Chakrabarti	New India Assurance Bldg.87, M. G. Road, Fort, Mumbai – 400 001.	Tel. No.: 022-22674617-22 Fax: 022-22622355 / 22652811 Email: cmd@niacl.com Web: www.niacl.com
13	The Oriental Insurance Company Limited	Mr. M. Ramadoss	Oriental HouseA-25/27, Asaf Ali RoadNew Delhi – 110 002.	Tel. No.: 011-23265024, 23279221 Fax: 011-23287193/92 Email: mramadoss@orientalinsurance.co.in Web: www.orientalinsurance.nic.in
14	United India Insurance Co. Ltd.	Mr. M. K. Garg	24, White Road, Chennai - 600 014	Tel. No.: 044-28520161 Fax: 044-28523402, 28525280 Email: mkgarg@uiic.co.in Web: www.uiic.co.in

RE-INSURER

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	General Insurance Corporation of India	Mr. R. K. Joshi	Suraksha, 170, J Tata Road Church GateMumbai – 400 020.	Tel. No.: 022-22833046 Fax: 022-22833209, 22841231,2282233 Email: info@gicofindia.com Web: www.gicindia.com

EXEMPTED INSURERS (OTHER THAN STATE OWNED CROP INSURANCE FUNDS)

SL.NO.	STATE INSURER	POSTAL ADDRESS
1.	CHNHB Association	51, Chowringhee Road, Kolkata – 700 071
2.	Gujarat Insurance Fund	Directorate of Insurance, Government of Gujarat, 3rd Floor, Vima & Lekha Bhavan, Opposite MLA Quarters, Sector – 10 B, Dr. Jivraj Mehta Bhavan Complex, Old Sachivalaya, Gandhinagar – 382 010
3.	Karnataka Government Insurance Department	Karnataka Government Insurance Department Vishweshwaraiah Main Tower Dr. B. R. Ambedkar Veedhi, Bangalore – 560 001
4.	Kerala Government Insurance Department	Kerala State InsuranceGovernment of Kerala Thiruvananthapuram, Kerala
5.	Maharashtra Government Insurance Fund	Directorate of Insurance, Government of Maharashtra, Griha Nirman Bhavan, MHADA, 264, First Floor, Opposite Kalanagar, Bandra (East),Mumbai – 400 051
6.	Rajasthan Insurance Fund	State Insurance and Provident Fund Department, Government of Rajasthan, Vitta Bhawan, RC Dave Marg, Jaipur – 302 005

Note: The Crop Insurance Departments of the State Governments have been merged with Agriculture Insurance Company of India Ltd.

THIRD PARTY ADMINISTRATORS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	Dawn Services Pvt. Ltd.	Dr. R. Suresh Kumar	301A, Heritage Plaza, J.P. Road,Opp. Indian Oil Nagar, Andheri (West), Mumbai – 400 053	Tel : 022- 30963749/50 Fax : 022-26329937 Email: dawnservices@rediffmail.com
2	Parekh Health Management (Pvt.) Ltd.	Mr. Nimish R. Parekh	The Forum, 2nd Floor, Raghuvanshi Mills Compound, 11/12, Senapati Bapat Marg, Mahalakshmi, Mumbai – 400 013	Tel: 022-5661 1022/23 Fax : 022-5661 1021 Email: Nimish.parekh@uhcindia.com
3	Medi Assist India Pvt. Ltd.	Mr. V. Suresh	“Annapoorna”, No. 797, 10th Main, 4th Block, Jayanagar, Bangalore – 560 011	Tel: 080-26538790/91/92 Fax : 080-26538793 Email: ganesh@mediassistindia.com
4	MD India Healthcare Services (Pvt.) Ltd.	Mr. Suresh V. Karandikar	261/2/7, Silver Oak Park, Baner Road, Pune – 411 045.	Tel: 020-27292041 – 43 Fax : 020-27292050 Email: info@mdindia.com
5	Paramount Health Services Pvt. Ltd.	Dr. Nayan Shah	Elite Auto House, 1st Floor, 54-A, M.Vasanji Road, Off. Andheri-Kurla road, Andheri (E), Mumbai – 400 093	Tel: 022-5644 460 / 56444600 Fax : 022-5644 4754/755 E-mail: Phm@vsnl.com
6	E Meditek Solutions Ltd.	Mr. Gopal Verma	45, Nathupur Road, DLF Phase – III , Gurgaon.	Tel: 0124-25062068-70 Fax : 0124-25062071 Email: Contactus@emeditek.com
7	Heritage Health Services Pvt. Ltd.	Mr. Ganesha Gopalan	NICCO HOUSE (5th Floor) 2, Hare Street, Kolkata-700001	Tel: 033-22482784, 22486430, Fax-22100837 Email: heritage_health@bajoria.com
8	Universal Medi-Aid Services Ltd.	Mr. G. P. Sureka	1104, Akash Deep, 26 A, Barakhamba Road, New Delhi – 110 001	Tel: 011-23320101 / 43, Fax : 011-23320101 Email: umsl@rediffmail.com
9	Focus Healthcare Pvt. Ltd.	Mr. Akshay Jain	1120, Housing Board Colony, Porvorim, Alto Betim, Goa – 403521	Tel: 0832-2414006 Fax : 0832-414007 Email: Helpdesk@medicarefoundation.com

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
10	Medicare TPA Services (I) Pvt. Ltd.	Ms. Ujjaini Dasgupta	Flat No 10, Paul Mansions, 6, Bishop Lefroy Road, Kolkata - 700 020.	Tel: 033-22873385, 320484996 Fax-033-22476111 Email: medicaretpa@vsnl.net
11	Family Health Plan Ltd.	Mr. A. P. V. Reddy	Aditya JR Towers 8-2-120/86/9 A & B, 3rd & 4th Floor, Road No. 2, Banjara Hills, Hyderabad – 500 034.	Tel: 040-23556464 Fax : 040-23556262 Email: info@fhpl.net
12	ICAN Health Services Pvt. Ltd.	Chief Executive Officer	509, 5th floor, West Wing, Arora Towers, 1 MG Road, Camp, Pune – 411001.	Tel: 020-4020002 / 4048871 / 2 Fax : 020-4023695
13	Raksha TPA Pvt. Ltd.	Mr. Pawan Bhalla	15/5, Mathura Road, Faridabad, Haryana – 121 003	Tel: 0129-2250000 / 01 / 5043059 Fax: 0129-2250002 Email: Rakshatpa@escolife.com
14	TTK Healthcare Services Private Limited	Shri Girish Rao	#7, Jeevan Bima Nagar Main Road, HAL III Stage, Bangalore – 560 075	Tel: 080-51155030/31/51155122 Fax : 080-51155032 Email: care@ttkhealthcareservices.com
15	Anyuta Medinet Healthcare Pvt. Ltd.	Mr. P. R Joshi	65, Lavelle Road, 4th Cross, Bangalore – 560 001.	Tel: 080- 2210205, 2214766, Telefax -25588899 Email: anyutamedinet@hotmail.com
16	East West Assist Pvt. Ltd.	Mr. Parikshit Mahajan	97, Maneh Shaw Road, Sainik Farms, Near Anupam Gardens, New Delhi – 110062	Tel: 011-26564348, 26527130 Fax :26527130 Email: assistance@eastwestassist.com
17	Med Save Health Care	Mr. S. Mamman	F-701A, Lado Sarai, Behind Golf Course, New Delhi – 110 030	Tel: 011-29521061-66 Fax – 26611067 Email: Medsaveindia@vsnl.net
18	Genins India Ltd.	Mr. Praful Bhalerao	D-60, Sector-2 NOIDA-201301	Tel: 0120-2539961 to69 Fax -2539970 Email: gil@geninsindia.com
19	Alankit Health Care Limited	Mr Dhan Pal Jain	205-208, Anarkali Complex, Jhandewalan Extn., New Delhi – 110055	Tel: 011-51543356-60, 23622300 Fax : 011-51543366 Email: health@alankit.com

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
20	Bhaichand Amoluk Insurance Services Pvt. Ltd	Mr. Felix Walder	Commercial Union House2nd Floor, Wallace StreetFort, Mumbai – 400 001.	Tel: 022-55557900 Fax : 022-25783382 Email: contact@healthcare-india.com
21	Good Healthplan Ltd.	Mr. M. Venkateswarlu	8-2-1/8/1, SVR Tower, 4th Floor, Srinagar Colony Road, Panjagutta, Hyderabad – 500 082.	Tel: 040 – 55825003 Fax : 040-55828081 Email: Ghpl@sify.com
22	Vipul Med Corp. Pvt. Ltd.	Mr. Rajan Subramaniam	515, Udyog Vihar, Phase V, Gurgaon – 122 016	Tel : 0124-2438270-75 Fax: 0124- 2438276
23	Park Mediclaim Consultatants Private Ltd.	Sh N.K. Malohtra	702, Vikrant Tower Rajinder Place New Delhi-110008	Tel: 55711134 /9811715801 Fax: 51539390
24	Safeway Mediclaim Services `	Mr. S. R. Narang	J-85, Kirti Nagar, New Delhi – 110 015	Tel.: 011-51425671/72 Fax.: 011-51502122 E-mail: drdivneet@safewaymediclaim.com
25	Anmol Medicare Ltd.	Mr. M. N. Shah	No. 3, 2nd Floor, NBCC House, Near Shajanand College, Opp. Stock Exchange, Ambavadi, Ahmedabad – 380015, Gujarat	Tel.: 079-26303178, 26304202, Fax.: 079-26304154 E-mail: anmol@anmolfinsec.com

REGISTERED BROKERS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	A&M Ins. Brokers Pvt. Ltd.	Manisha Mahajan	*903, Vikrant Tower, Rajindra Place, New Delhi-110 008	*(011) 25713136
2	Aastha Ins. Services Pvt. Ltd.	C.T. Singhi Khatau	House, 7/C, Bhagoji Keer Marg, Mahim(West), Mumbai-400 016.	(022)24449012
3	ACE Ins. Brokers Pvt. Ltd.9	Sandhaya	AroraB-17, Ashadeep Bldg., Hailey Road, New Delhi-110001	(011)23713898
4	ACME Insurance Services P. Ltd.	I. Vikram	3 A, 3rd floor, Jamals, 17 Jagannathan Road, Nungambakkam, Chennai 600 034	(044)28240520
5	Aditya Insurance Services	N.T.C. Kumar	No. 10/1, Cellar Floor, Hotel Santosh Bldg., 5th Floor, Gandhinagar, Bangalore-560009	(080)2281025
6	AIMS Insurance Broking Pvt. Ltd.	K.K. Sudhakaran	33/1915, Manimala Road, Edappally, Cochin – 682 024.	(0484) 2533441
7	Alankit Insurance Services Ltd	Arun Gupta	205-208, Anarkali Complex, Jhandewalan Ext. New Delhi-55.	(011) 23611846
8	Alegion Insurance Services Ltd.	N. Raveendran	#50,1st Floor,Kasturi Ranga Road, Alwarpet, Chennai-18	(044) 4983059
9	Alliance Ins. Brokers Pvt. Ltd.	S.V. Thakkar	205, 2nd Floor, Vireshwar Chambers, M.G. Road, Vile Parle(E), Mumbai-400057	(022) 26166584
10	Allied Ins. Services Ltd.	Dr. Pratibha Thukral	Skylark Building, Newal Kishore Road, Hazratganj, Lukcnow-226001 (UP)	(0522)2222179

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
11	A on Global Insurance Services Pvt. Ltd.	Neil Mathews	302, Dalamal House, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400021	(022) 56560505/
12	Apple Ins. Brokers Pvt. Ltd.	Reshma Garg	D-10, 1st Floor, Green Park, New Delhi-110 016	(011051755370
13	AR Ins. Brokers Pvt. Ltd.	Supriya Rathi	104, Mittal Tower, 'C' Wing, 10th Floor, Nariman Point, Mumbai-400021.	(022)56306430
14	Armour Consultants Private Ltd.	S.P. Raghunathan,	No. 2-A, Prakasam Road, II Floor, T. Nagar, Chennai 600 017	(044) 52121900
15	Ashwini Ins. Consultants and Brokers Pvt. Ltd.	Sumit Bohra	208, Kedia Chambers, S.V. Road, Malad(West) Mumbai-400 064	(022) 28818814
16	ASL Ins. Brokers Pvt. Ltd.	Vinit Vidyarthi	2nd Floor, 3 Scindia House, Janpath, New Delhi-110001	(011) 51514666
17	Athena Ins. & Reins. Brokers Pvt. Ltd.	S.S. Prakash	112, 'C', Mittal Tower, Vidhan Bhavan Marg, Nariman Point, Mumbai-400 021	(022)56301616
18	Authentic Ins. Brokers India Ltd.	Poonam Seth	C-77, Shyam Apartments, Sarojani Marg, C-Scheme, Jaipur-302001	(0141)2364706
19	Avani Ins. Services Pvt. Ltd.	Prakash Nagardas Shah	32, Bhagwan Bhuvan, 196, Samuel Street, Mumbai-400009	(022)23451423
20	Axiom Ins Brokers Pvt. Ltd.	Lipi Roychoudhary	A-3/2, Gillander House, 8 N.S. Road Kolkata-700 001	(033)22211313
21	Bajaj Capital Ins. Broking Ltd.	P.H. Yadav	5th Floor, Bajaj House, 97, Nehru Place, New Delhi-110019	(011)26418903
22	Berkeley Ins. Services Ltd.	P.N. Bhat	SCO 42, Sector 26, Madhya Marg, CHANDIGARH-160 019.	(0172)5089999

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
23	Best Insurance Services Pvt. Ltd.	Mr. K. S. Umapathy	36/23, Thambia Road, North Ext., West Mambalam, Chennai - 33.	(044)56106497/ (0435) 2422357
24	Bhooma Ins. Broking Services Ltd.	Eashwar Kumar	16, Shreeji Arcade, 2nd Floor, Opp. Nitin Company, Almeida Road, THANE (WEST)-400 602.	(022)56351076
25	Birla Insurance Advisory Services Ltd.	P. Chatterjee	2nd Floor, Shriniwas House, Hazarimal Somani Marg, Mumbai-400 001.	(022) 22058770
26	Capital Ins. Brokers Pvt. Ltd.	B.L. Sanan	210, Mohan Place, Super Bazar Market, Saraswati Vihar, New Delhi-110034	(011)27025152
27	Chawla & Associates Insurance Services Pvt. Ltd	T.R. Balan	”Kamalja” 1306, Shivaji Nagar, Off J.M. Road, Pune 411 005	(020) 5534961
28	Composite Assurance Adivosry Services Pvt. Ltd.Satish Kumar	Satish Kumar Dutt	201, Esteem Plaza, IInd Floor, Near Bhashyam Circle, Sadashivnagar, Bangalore-560080	(080)3613918/19
29	Continental Suraksha Ins. Services Pvt. Ltd.	Narender Mansukhani	BD-4, 4th Floor, Big JO’s Tower, Netaji Subhash Place, Pitampura, Delhi-110034	(011)27109871
30	Corporate Risks India Pvt. Ltd. (License Suspended w.e.f. 27.3.04)	Smita Bharagava	AM-PRO House, B11, Saket, New Delhi 110 017	(011) 26537358
31	Crystal Gold Ins. Brokers Ltd.	S.V. Babu	A/102, Krishna Bldg., Shantivan, Opp. Sona Cinema, Borivali(E), Mumbai-400066	(022)28978930
32	Deccan Ins. Services Pvt. Ltd.	Ravi Kakode	6th Floor, New Excelsior Bldg., Wallace Street, Mumbai-400 001	(022) 56340336

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
33	Dossa Insurance Services Ltd.	M.B. Nagda	Nanabhai Mansion, 4th Floor, Sir P.M. Road, Fort, Mumbai-400 001	(022) 22664773
34	Embee Ins. Brokers Ltd.	Sudhir Kumar Jain	SCO-2935-36, 1st Floor, Sector 22-C, Chandigarh	(0172) 5086551
35	EMEDLIFE Insurance Broking Services Ltd.	Vishal Kanwar	15A, 15th Floor, Atma Ram House, 1, Tolstoy Marg, New Delhi - 110 001.	(011) 23320613
36	Excellent Insurance Broking Services Ltd.	Dr. K. Muralidhara Reddy	8-3-961/B, Srinagar Colony, Hyderabad 500 073	(040)23752536
37	Exclusive Ins. Broking Services Ltd.	R.K. Hurkat	113-B Block, 1st Floor, Silver Mall, 8-A, R.N.T. Marg, Indore-452001	(0731)2528084
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38	FIRST POLICY Insurance Advisors Pvt. Ltd.	Ashok Jain	7, Soormani, D.P.Road, Aundh, Pune - 411 007.	(020)5899800
39	Foresight Ins. Management Services Pvt. Ltd.	Raghavan Krishnan	No. 4063, 19th Main, 5th Cross, HAL Second Stage, Bangalore-560008.	(080)5273388
40	Fouress Ins . Services Pvt. Ltd.	S.V.L.N. Sarma	6-3-1100/5, Somajiguda, Hyderabad-500082	(040)23414944
41	Futurance India Ins. Services Pvt. Ltd.	S. Sukumar	A-16, I Cross, Thillainagar, Thiruchirappalli-620 018.	(0431)2767306
42	Galaxy Risk Brokers Pvt. Ltd.	K.G. Ralli	Flat No.8, Harkishan Building, Bank Road, Civil Lines, Ludhiana.	(0161)2440889
43	Helios Insurance Services Pvt. Ltd.	C.V. Ramana Reddy	#302, Lotus Plaza, Street No. 11, Himmayat Nagar, Hyderabad 500 029	(040)27765755
44	Heritage Finance & Trust (India) Pvt. Ltd.	R.M. Solanki	McLeod House, 3 Netaji Subhas Road, Kolkata-700 001.	(033)22482411

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
45	Hindustan Insurance Brokers Ltd.	Sandeep Narain	25/1-A, Karachi Khana, Kanpur-208 001(UP)	(0512) 2312190
46	HSBC Ins. Brokers (India) Pvt. Ltd.	Arup Mazumdar	52/60, Mahatma Gandhi Road, Fort, Mumbai-400 001.	(022)56356789
47	Iksita Ins. Brokers Pvt. Ltd.	Rajiv Kaushik	C-38, Panchsheel Enclave, New Delhi-110017	(011)51748120/21
48	Imperial Insurance Brokers Pvt. Ltd.	Ms. Jatinder Mehta	* S-34, Greater Kailash Part II, New Delhi 110 048	(011) 51619692/ 51619693
49	IMRP Ins. Services Pvt. Ltd.	Y.D. Shetty	68B, Mittal Tower, Nariman Point, Mumbai-400 021	(022)22812298
50	India Insure Risk Management Services Pvt. Ltd.	V. Ramakrishna	Flat No.-405, IV Floor, Archana Arcade, St. John's Road, Secundrabad 500 025	(040)7822994
51	Indian Ins. Services	S.J. Surenderan	24, Raja Rao Street, Tirupur-641 601, Tamil Nadu	(0421)2200994
52	Ins. Management Company (India) Pvt. Ltd.	Brajesh Kumar Dhandhania	12 Raja Santosh Road, Alipore, Kolkata-700027	(033)24488341
53	Insol Ins. Solutions Pvt. Ltd.	M.K. Sarma	Flat No. 104, Rams Plaza, 2nd Lane, Dwaraka Nagar, Visakhapatnam-530016	(0891)2746508
54	Inspire Ensurance Broking Solutions Pvt. Ltd.	Debangshu Mukherjee	Commerce House, 6th Floor, Room No.3, 2, Ganesh Chandra Avenue, Kolkata-700013	(033)22217236
55	Instanex Ins. Brokers Pvt. Ltd.	Gautam Chand	83, Maker Chambers III, Nariman Point, Mumbai-400021	(022)22828513.

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
56	Insutech Ins. Broking Services Pvt. Ltd.	P.K. Bhat	503, Abhijeet-1, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380006	(079)8018878
57	Int. Reinsurance & Ins. Consultancy Services Pvt. Ltd.	Raiomond F. Poncha	No.8 & 45, Tata Colony, Parel Tank Road, Parel, Mumbai-400012	(022)24154215
58	Integrated Risk Ins. Brokers Ltd.	Vijay Kathuria	303-304, (3rd Floor), 'New Delhi House', 27, Barakhamba Road, New Delhi-110 001	(011)23322136
59	Interlink Insurance Brokers Pvt. Ltd.	Harshad P. Parekh	601, Sappire Arcade, M.G. Road, Ghaktopar(West), Mumbai-400 077.	(022) 25093509
60	J.B. Boda Ins. Brokers Pvt. Ltd.	P.K. Kulkarni	Maker Bhavan No. 1, Sir Vithaldas Thackersey Marg, Mumbai-400 020.	(022)56314949
61	J.B. Boda Reinsurance Brokers Pvt.Ltd.	K.L. Naik	Maker Bhavan No. 1, Sir V.T. Marg, Mumbai 400	020(022)56314901/ 56314949
62	Jain Ins. Intermediaries Pvt. Ltd.	Ashok Jain	P-7, Green Park Extn., New Delhi-110016	*(011)26167775
63	JK Insurance & Risk Managers Ltd.	R.S. Srivastava	4th Floor, JK House, Link House, 3, Bahadur Shah Zafar Marg, New Delhi	(011)23353692
64	JLI Insurance Brokerage Company. (Name Change – Company No longer in existence)	Dilip Munshi	Transmission House, Marol Coop Ind Estate, Plot No. 6/ 19, Compartment No. 82, Marol, Andheri (East), Mumbai 400 059.	(022)26934900
65	JRG Ins. Broking Pvt. Ltd.	Giby Mathew	36/1563, MES Building, Kaloor, Kochi, Kerala-403017	(0484)2403859
66	Just Insure Brokers Ltd.	Ashok Vohra	H-58, 5th Floor, Himalaya House, 23, K.G. Marg, New Delhi-110001	(011)51510880

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
67	K.M. Dastur Reinsurance Brokers Pvt. Ltd.	Purshottam Reddy	Cambata Building, 42 Maharishi Karve Road, Mumbai 400 020.	(022)22855855
68	Kadel Insurance Services Pvt. Ltd.	Sohanlal Kadel	402, 4th Floor, Mugul Apartments, Deccan Towers, Basheer Bagh, Hyderabad 500 029	(040)23237563
69	Kalptaru Ins. Brokers Ltd.	B.B. Bhanushali	701, Avdhesh Hojuse, Opp. Gurudwara, Near Thaltej Chokdi, Ahmedabad-380054	(0079)6858511
70	Kare India Ins. Brokers Pvt. Ltd.	I.R. Vohra	1404 A, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019	(011)51608147
71	Kesoram Ins. Management Ltd.	Vikash Agarwal	8th Floor, Birla Building, 9/1, R.N. Mukherjee Road, Kolkata-700 001	(033)22435453
72	Key Ins. Brokers Pvt. Ltd.	Kishan Agarwal	KE-115A, Kavi Nagar, Opp. Sant Kabir Nagar Park Ghaziabad-201001, UP.	(0120)2701785/ 9811450905
73	KS Ins. Broking Pvt. Ltd.	K. Anand	New No. 15, Venkatraman Street, R.A. Puram, Chennai-28.	(044)24937911
74	L & G Ins. Brokers Ltd.	S. Balwinder Singh	30-Prakash Nagar, Model Town, Jalandhar, Punjab	(0181)2274336
75	Le Dieu Ins. Brokerage Services	D.P. Rupal	5/4, Amer Complex, M.P. Nagar, Zone II, 1st Floor, Bhopal-4620 11	(0755)2571964
76	Life & General Associates Pvt. Ltd.	Indrajit Pandit	392-A, Mahale Plot, Gokhalaenagar, Pune-411016	(020)4016792/96
77	Link-K Ins. Broker Co. Pvt. Ltd.	P.S. Manian	#36, Vinayakakoil Street, Sivananda Colony, Coimbatore-641012 (Tamil Nadu)	(0422)2496878

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
78	LMB Ins. Brokers Pvt. Ltd.	Dr.(Mrs.) Jayasree Vallabhan	Insurance Park, T.C. 12/133, Pushpa Vihar, Opp. Quilon Radio Service, Plamoodu, Pattom P.O. Trivandrum-695 004.	(0471) 2303620
79	M.B. Boda Ins. Brokers Pvt. Ltd.	Harsha P. Desai	134-136, Mittal Court, 13th Floor, C-Wing, Nariman Point, Mumbai-400021	(022)22043894
80	M.B. Boda Re-insurance Brokers Pvt.Ltd.	Ketan M.Boda	134-136/ C, Mittal Court, 13th Floor, C-Wing, Nariman Point, Mumbai 400 021	(022) 22043894
81	Madhav Ins. Brokers Pvt. Ltd.	D.K. Goyal	Gandhi Chowk, Ahmedgarh, Distt. Sangrur, Punjab-148021	(01675)242656
82	Mangal Keshav Ins. Brokers Ltd.	R.N. Jha	601, Heritage Plaza, J.P. Road, Opp. Indian Oil Colony, Andheri (West), Mumbai-400 053.	(022)26329903
83	Mankad & Associates Ins. Services Pvt. Ltd.	K.S. Mankad	809, Raheja Centre, 8th Floor, Free Press Journal Marg, Nariman Point, Mumbai-400 021.	(022)22885803
84	Marsh Brook Ins. Brokers Pvt. Ltd.	Harsh Singhal	F-8/15, Vasant Vihar, NEW DELHI-110 057.	(011)26156482
85	Marsh India Pvt. Ltd.	Sanjay Kedia	Essar House, 8th Floor, 11 Keshav Rao, Khadye Marg, Mahalaxmi, Mumbai 400 034	(022) 24954675
86	Mass Ins. Brokers Pvt. Ltd.	B.M. Agrawal	B-35, Auto Market, Sector 16, NOIDA(U.P)	(0120)2511900
87	Mathrawala & Sons (Brokers) Pvt. Ltd.	B.P. Mathrawala	Suite No. 3 & 4, 3rd Floor, Bombay Mutual Building, P.M. Road, Mumbai 400 001	(022) 22614513
88	Megatop Ins. Services Ltd.	L.V.L. N. Murthy	31, Sarojini Devi Road, Secunderabad-500003	(040)27801024

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
89	MF INS. & REINS. Services	Suresh Balakrishnan	4B-Jeevan Asha, 60-A.G. Deshmukh Marg, (Peddar Road), Mumbai-400026	(022)23891388
90	MFL Insurance Services Pvt. Ltd.	M. Srinivas Reddi	402, M.G.R. Estates, Panjagutta, Hyderabad -500 082	(040) 55668679
91	Microsec Risk Management Ltd.	Nirmal Bazaz	Azimganj House, 2nd Floor, 7 Camac Street, Kolkata-700 017	(033)22829330
92	Midtown Ins. Services Pvt. Ltd.	R.J. Pereira	Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai-400025	(022)56614063
93	Mohur Ins. Advisory Services Pvt. Ltd.	Bakul Mehta	Joshi Chambers, Ground Floor, B-66, Ahmedabad Street, Carnac Bunder, Mumbai-400 009	(022)23443355
94	Nandi Ins. Broking & Risk Management Services Pvt. Ltd.	V. Shaker	215/216, Kamer Bldg., 38, Cawasji Patel Street, Fort, MUMBAI-400 023	(022)22886915
95	New Era Ins. Services Ltd.	C. Chandra Sekaran	102, Siva Sai Sannidhi, Opp. Shiridi Saibaba Temple, Hindi Nagar, Punjagutta, Hyderabad-500034	(040)55787878
96	Nipun Ins. Brokers Pvt. Ltd.	N.P. Phadke	7, Kotwal Complex, Bhandarkar Road, Near PYC, Pune-411004	(020)5650780/81
97	Novelty Assurance Services Ltd.	A.S. Chadha	Bhagat Singh Chowk, Patiala Road, Patran, Patiala-147105	(01764)245913
98	PAN Insurance Brokerage Co. Pvt. Ltd.	Dilip Munshi	Transmission House, Marol Coop Ind Estate, Plot No. 6/ 19, Compartment No. 82, Marol, Andheri (East), Mumbai 400 059	(022)26934900/ 26935900

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
99	Paramount Ins. Brokers Pvt. Ltd.	Harish Sharma	F-7A, Hauz Khas Enclave, New Delhi-110 016.	(011)51659702
100	Pearl Ins. Broker Pvt. Ltd.	G.R. Dhir	207, Ganpati Plaza, M.I. Road, Jaipur-302001	(0141)2362819
101	Pegasus Ins. Brokers Pvt. Ltd.	Bhaskar De	218, JK Chambers, Sector 17, Vashi, Navi Mumbai-400705	(022)55912385
102	Peraj Ins. Brokers Pvt. Ltd.	Pawan Puri	Bombay Life Bldg., 45, Veer Nariman Point, Mumbai-400001	(022)22043154
103	Pioneer Insurance Services Pvt Ltd.	Ashok Dalvie	1219 Maker Chambers V, Nariman Point Mumbai 400 021	(022) 22021171
104	Premium Ins. Brokers	Manoj Bhatia	602, 6th Floor, Naurang House, K.G. Marg, Connaught Place, New Delhi-110001.	011-23322740
105	PRMAN Reinsurance Brokers Pvt. Ltd.	J.H. Parekh	113, Bhaveshwar Complex, Near Vidyavihar Railway Station, Vidyavihar(W), Mumbai-400 086	(022)25140564
106	Probus Brokerage Ltd.	Shiv Charan Chakravarty	124, Anupam Garden, Manekshaw Road, New Delhi-110 068.	(011)26521101
107	Protect Insurance Services (India) Pvt. Ltd.	V. Mahadevan	1007 Raheja Centre, Nariman Point, Mumbai-400 021.	(022)22041140
108	R.R. Brokerage Assurance Services Pvt. Ltd.	Meenu Singhal	412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi 110 001	(011) 23352496
109	Raj Assurances	K.C. Surati	4-5, Swagat Complex, Opp. Sneh Milan Garden, Near Kadampalli Society, Nanpura, Surat-395 001.	(0261) 2464518/ 19

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
110	Rajkot Insurance Services Pvt. Ltd.	Pankaj Gupta	201. Arihant Plaza, Subhash Road, New “Moti” Tanki Chowki, Rajkot 360 001	(0281)2480825
111	RBA Ins. Brokers Pvt. Ltd.	S.S. Agarwal	32-F, Opp. L.I.C. Building, Sanjay Place, AGRA-282 002.	(0562)3093555
112	Reliable Ins. Brokers Pvt. Ltd.	S. Govil	307, Jaipur Tower, M.I. Road, Jaipur	(0141)2363936
113	RIA Ins. Brokers Pvt. Ltd.	V.P. Gupta	449, Kailash Tower-2, East of Kailash, New Delhi-110065	(011)26422026
114	Royal Ins. Broking (India) Pvt. Ltd.	S.S. Pahwa	710, Vishwa Sadan, 9 District Centre, Janak Puri, New Del;hi-110058	(011)51588935
115	RPMG Risk Management Services Pvt. Ltd.	S.L. Kataria	305, Surya Kiran, 19 K.G. Marg, New Delhi-110 001.	(011)223311765/ 23311766/23311767
116	S & R Ins. Brokers Pvt. Ltd..	K. Rajasekhara Rao	601, 6th Floor, Cyber Heights, Road No. 2, Banjara Hills, Hyderabad-33.	(040)55593678
117	S & S General Insurance Professionals of (India) Ltd	U. Singaravelu	(Old No. 19), New No. 52, North Crescent Road, T. Nagar, Chennai 600 017	(044) 28156813
118	S.B. Ins. Solutions Pvt. Ltd.	G.S. Bhatia	A-258, Defence Colony, New Delhi-110024	(011)24334408
119	Safeway Ins. Brokers Pvt. Ltd.	Harkirat Singh	2&4, Jeevan Deep Annexe, 10, Parliament Street, New Delhi-110001	(011)35418585
120	Sage Ins. Brokers Pvt. Ltd.	Rajit Seth	G-2, Hauz Khas, New Delhi-110016	(011)26518131
121	Salasar Services Insuranve Brokers Pvt. Ltd.	Arvind Kumar Khaitan	23A, Netaji Subhas Road, 6th Floor, Kolkata-700 001	(033) 22205856

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
122	Samriddhi Ins. Services Pvt. Ltd.	A.L. Chopra	S.B. Towers, 37 Shakespeare Sarani, Kolkata-700 017.	(033)22477512
123	Sanguine Insurance Brokers Pvt. Ltd.	Narendra Bansal	B-21, Plot No. 50, Sector 9, Rohini, New Delhi-110 085	(011) 27863320
124	Satabdi Ins. Broker Ltd.	Sanjeev Jain	249A, Bipin Bihari Ganguly Street, 1st Floor, Kolkata-700012	(033)322347708
125	Satyan Ins. Services Pvt. Ltd.	Jatin V. Saghavi	404, Vishwanank Apartment, Chakala, Andheri(East), Mumbai-400099	(022)28369054
126	Saviour Ins. Broking Pvt. Ltd.	Paresh D. Shah	44A, Nariman Bhavan, Nariman Point, Mumbai-400021.	(022)56321353
127	Shreyash Ins. Brokers Pvt. Ltd.	Manish Mittal	SCO-28, 3rd Floor, Feroze Gandhi Market, Ludhiana, Punjab	(0161)5051597
128	Sigma Ins. Advisors Pvt. Ltd.	Sudesh S. Shetty	Ambica Silk Mills Bldgs., 11/12, Senapati Bapat Marg, Mahalaxmi, Mumbai-400013	(022)56606775
129	Sigma Ins. Broking Pvt. Ltd.	Jeprish Gandhi	303,Somnath Commercial Complex,33/37, Karan Para, Opp. Hotel Samrat, Rajkot-360 001	(0281)2238937
130	SPT Ins. Park Broking Services Pvt. Ltd.	S.P. Thiyagarajan	Flat No. 18, III Floor, R.M.S. Apartments, New No. 12, Gopalakrishna Street, T. Nagar, Chennai-600017.	(044)28154022
131	SREI Ins. Services Ltd.	Dinesh Vashisht	”Viswakarma”, 86C Topsia Road(South), Kolkata-700 046.	(033)22850124

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
132	Sridhar Ins. Broker Pvt. Ltd.	S.M. Garg	SCO No. 913, 1st Floor, NAC Manimajra, Chandigarh-160 101	(0172)372793
133	Sriyah Ins. Services Pvt. Ltd.	N.S. Vasanth Kumar	No.1999, 2nd Floor, 23rd Cross, BSK 2nd Floor, Bangalore-560070.	(080)6611058
134	Standard Assurance Broking Pvt. Ltd.	Abhishek Singh	S-2, 2nd Floor, Aditya Avenue, 72 Zone II, M.P. Nagar, Bhopal-462011	(0755)5271269
135	Standard Composite Insurance Brokers Pvt. Ltd	K.P. John	1103, Raheja Centre, 11th Floor, Free Press Marg, Nariman Point, Mumbai-400 021.	(022)22813609
136	Sterling General Ins. Brokers	Sanjeev Khattar	LG-18, Siddhartha Chambers, 55A, Kalu Sarai, Hauz Khas, New Delhi-110016	(011)26517240
137	Strategic Ins. Services Pvt. Ltd.	A. Murali Mukund	107 & 108, 1st Floor, V.V.Vintage Boulevard, Above Food World, Raj Bhavan Road, Somajiguda, Hyderabad-500082	(040) 55669419
138	Sujay Ins. Services Pvt. Ltd.	B.S. Sujay	”Sujay House”, No.4, Uttaradhimutt Road, Shankarapuram, Bangalore-560004	(080)6602597
139	Suprasesh General Insurance Services & Brokers Ltd,	P.V. Rathinabhan	6M, 6th Floor, Century Plaza, 560-562, Mount Road, Teynapet, Chennai-600 018.	(044)24348129
140	Suraksha Ins. Advisors Pvt. Ltd.	Anil Kumar Sharma	113, Park Street, 7th Floor, Kolkata-700016	(033)22298228
141	Surekh Ins. Services Pvt. Ltd.	Anand B. Anturkar	1187/22, Venkatesh, Meher, 4th Floor, Ghole Road, Pune-411005	(020)5537410

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
142	Synergy Ins. Broking Services Pvt. Ltd.	Pranav Shah	*138, A to Z Industrial Estate, G. Kadam Marg, Lower Parel(W), Mumbai-400013	(022)24961079
143	Telos Risk Management & Ins. Broking Services (P) Ltd.	Pramod Bhandary	61,Udyog Bhavan, Sonawala Lane, Goregaon(E), Mumbai-400 063.	(022)56987701
144	Total Ins. Solutions Pvt. Ltd.	K.G. Srilakshmi	100, IInd Floor, Opp. Lal Bagh West Gate, Bangalore-560 004	(080)6527434
145	Tower Insurance & Reinsurance Services (India) Pvt. Ltd.	Shyam B. Gunavanthe	519, Maker Chambers V, Nariman Point, Mumbai 400 021	(022)22844364
146	Trust Ins. Brokers Ltd.	Ashok Syal	Syal Chambers, Adarsh Nagar, Jalandhar-144001	(0181)2281951
147	TTK Insurance Services Private Ltd.	T. Naryana Rao	1-1—782/ B/ 5, Gandhi Nagar, Hyderabad 500 080.	(040)27645070
148	Unicorn Insurance Brokers Pvt. Ltd.	Ashok K. Sharma	A-211, Shivalik Enclave, Malviya Nagar, New Delhi 110 017	(011) 6681890
149	Unison Ins. Broking Services Pvt. Ltd.	B.K. Sinha	608-609, “Siddharth”, R.C. Dutt Road, Alkapuri, Baroda-390 007.	(0265)2357445
150	United Risk Ins. Broking Co. Pvt. Ltd.	Uday Kumbhare	9, Vee Nimbkar Society, Near Sakai Nagar, Baner Road, Pune-411 007	(020)5674148
151	VIG India Ins. Services Pvt. Ltd.	Nitin A. Vaidya	905, Maker Chamber V, Nariman Point, Mumbai-400021	(022)22819417
152	Vishwas (India) Ins. Services Pvt. Ltd.	Parmohit Bhatia	151, Narotam Nagar, Khanna-141401, PUNJAB	(01628)222502

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
153	Vision Ins. Risk Analysis Management & Brokers Pvt. Ltd.	Sanjay Singh	A10/30, Aziz Manzil Shanti Nagar, Kanpur-208012	(0512)24221710
154	Vulcan Int. Insurance Brokers Ltd.	E.M. Krishnamurthy	29/30, II Floor, SNS Plaza, 41 Kurama Krupa Road, Bangalore-560001	(080)2258673
155	Willis BA Pvt. Ltd.	Mohamed Rayees	Commercial Union House, 2nd Floor, 9 Wallace Street, Fort, Mumbai-400 001	(022) 22819750
156	Jai Ins. Brokers Pvt. Ltd.	B.B. Aneja	Channa Complex, 2213 Gurudwara Road, Karol Bagh, New Delhi-110005.	(011)25733020
157	Madhuvan Ins. Broking Services Pvt. Ltd.	Ullas G. Shah	85, “Madhuban”, Near Madalpur Underbridge, Ellisbridge, Ahmedabad-380006	(079)6420166
158	Kan Ins. Brokers Pvt. Ltd.	Vikas Kanwar	DD-8, S/4, Nehru Place, Kalkaji Extension, New Delhi-110019	(011)26464696
159	Richard Strauss Ins. Broking Pvt. Ltd.	Sabasingaram	No. 5, Lotus Enclave, Nandanam II Extension, Chennai-600035	(044)24347197
160	Ohm Maruthi Broking & Ins. Services Pvt. Ltd.	S. Baskaran	No.91 & 92, Kodampakkam High Road, Kodampakkam, Chennai-600034	(044)23750690
161	Mahindra Insurance Brokers Ltd.	K.R. Pherwani	Sadhana House, 2nd Floor, Behind Mahindra Towers, 570, P.B. Marg, Worli, Mumbai-400018	(022)56526000
162	Afro-Asian Ins. Services (India) Pvt. Ltd.	Dilip Chandrakant Shukla	521, Tulsiani Chambers, 5th Floor, 212, Free Press Journal Marg, Nariman Point, Mumbai-400 021	(022)22837252
163	Howden Ins. Brokers India Pvt. Ltd.	Praveen Vashishta	9th Floor, Express Towers, Nariman Point, MUMBAI-400 021.	(022)24983423

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
164	Suvidha Ins. Services Pvt. Ltd.	Rajeev Sharma	517, Kamalalaya Centre, 156A, Lenin Sarani, Kolkata-700013	(033) 22150583
165	Master Insurance Brokers	D.J.S. Minocha	S.C.O. 19, Master Chambers, Feroze Gandhi Market, Ludhiana-141 001	(0161)2410556
166	Brooklyn Ins. Brokers Pvt. Ltd.	P. Charan	71, Paschimi Marg, Vasant Vihar, New Delhi-110 057	(011)51662455
167	Ascent Ins. Broking Pvt. Ltd.	Pankaj S. Sheth	D-21, Dhanraj Mahal, C.S.M. Marg, Colaba, Mumbai-400 039	(022)56336387
168	Chartered Ins. Brokers Pvt. Ltd.	Vimal Goyal	308, Skipper Corner, 88, Nehru Place, New Delhi-110019	(011)51618423
169	Jaika Ins. Brokerage Pvt. Ltd.	Anil Nagesh Vaidya	Jaika Bldg., Commercial Road, Civil Lines, Nagpur, Maharashtra	(0712)2520169
170	Sapthagiri Ins. Services Pvt. Ltd.	K.V. Srinivasa Gupta	D.NO. 1-3-2, C/19, Penugonda Road, II Floor, Hindupur-515 201, Andhra Pradesh	(08556)226969
171	NewQuest Ins. Broking Services Pvt. Ltd.	Manohar Kumar	Thapar House, 124 Janpath, New Delhi-110 001	(011)23368332
172	Image Ins. Brokers Pvt. Ltd.	Sanjay Jain	13, Community Centre, East of Kailash, New Delhi-110 065	(011)26472557
173	SPA Ins. Services Ltd.	V.K. Khattar	25, C-Block Community Centre, Janak Puri, New Delhi-110 058	(011)25517371
174	Achyut Ins. Brokers (India) Pvt. Ltd.	Munish Garg	100/28, Shiva Tower, Rajapur, Sector-9, Rohini, Delhi-110085	(011)27561382
175	Agile Ins. Brokers Pvt. Ltd.	Anish Aggarwal	E-217, Amar Colony, Lajpat Nagar-IV, New Delhi-110024	(011)30904951
176	Lord Krishna Ins. Brokers Pvt. Ltd.	Darshan Kumar	3rd Floor, Hind Bharti Tower, 7 DDA Services Centre, Sector 5, Rohini, Delhi-110085	(011)30949357

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
177	First Ins World Broking Services Pvt. Ltd.	B. Mathews Prabhakaran	No. 29, Second Floor, Dr. Nair Road, T. Nagar, Chennai-600 017	(044)52128600
178	Sanjeevani Ins. Brokers Pvt. Ltd.	M.K. Saraf	Tobacco House, 1 Old Court House Corner, 5th Floor, Suite No. 520, Kolkata-700 001	(033)30931216
179	SMS Ins. Services Pvt. Ltd.	P.N. Rawake	1&2, Akash Complex, Anand Nagar Road, Nanded-431 601, Maharashtra	(02462)267833
180	Mata Ins. Advisory & Broking Services Pvt. Ltd.	Vijay Rampal	E-29, Dhanraj Mahal, Chatrapati Shivaji Marg, Apollo Bunder, Colaba, Mumbai-400 039	(022)56501010
181	Samudra Ins. Brokers Pvt. Ltd.	Kumar Anand Agarwal	101, Gyan Gangotri, Gopal Vihar, 14/75, Civil Lines, Kanpur-208001	(0512)2303051
182	Vantage Ins. Services Pvt. Ltd.	Ulhas Rele	Office No. 17/18, Dr. Herekar Park, Near Kamala Nehru Park, Off Bhandarkar Road, Pune-411 004	(020)4013503
183	Rest Assured Ins. Broking Pvt. Ltd.	Rahul Daga	102, Century Arcade, Narangi Baug Road, Near Boat Club Road, Pune-411001	(020)30912233
184	Havmore Ins. Brokers Pvt. Ltd.	Hemang D. Jhangla	A/29, Nand Dham Industrial Estate, Agni Shamak Dal Road, Marol, Andheri(East), Mumbai-400 059	(022)28504300
185	Apoorva Ins. Brokers Pvt. Ltd.	Madan Lal Malhotra	305, Anukampa-I, Lane Opp. Raymond's Show Room, M.I. Road, Jaipur-302 001	(0141)3940003
186	Trinity Ins. Brokers Pvt. Ltd.	Rajiv Singhal	B-99, Sector-5, NOIDA-201 301	(0120)2420499
187	Dynamic Ins. Brokers Pvt. Ltd.	Nitesh Jaiswal	Maurya House, 2nd Floor, Suite 2D, 48, Gariahat Road, Kolkata-700019	(033)24618661
188	Karvy Ins. Broking Pvt. Ltd.	Vijayakumar Madhira	”Karvy House, 46, Avenue-4, Street No. 1, Banjara Hills, Hyderabad-500 034.	(040)23312454

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SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
189	DSP Ins. Brokers Pvt. Ltd.	S.K. Bhattacharya	301-302 B, APRA Plaza, Road No. 44, Pitampura Community Centre, Pitampura, Delhi-110034	(011)27033907
190	SRG Ins. Brokers Pvt. Ltd.	Rajesh Jain	340, S.M. Lodha Complex, Udaipur-313 001	(0294)2412609
191	Prudent Ins. Brokers Pvt. Ltd.	Ajit Singh Dhingra	217, Prabhadevi Estate, V.S. Marg, Mumbai-400025	(022)24314851
192	Advance India Ins. Services Ltd.	K.S. Bhalla	14 Grand Mall, Ground Floor, Near BMC Chowk, G.T. Road, Jalandhar-144001	(0181)5000002
193	Sonnen Ins. Broking Servies Pvt. Ltd.	R.M.Guha Biswas	M-64, 1st Floor, Saket, New Delhi-110017	(011)51764074
194	Astro Ins. Brokers Ltd.	Vikrant Garg	C-13, Mansarovr Garden, New Delhi-110 015	(011)25119611
195	Edelweiss Ins. Brokers Ltd.	Bakhtawar Pastakia	14th Floor, Express Towers, Nariman Point, Mumbai-400 021	(022)22864216

INSURANCE OMBUDSMAN

Sl.No.	Centre	Insurance Ombudsman	Postal Address	Contact Details
1.	Ahmedabad	Mr. B.C. Bose	2nd Floor, Ambica House, Near C.U. Shah College, 5 Navug Colony, Ashram Road, Ahmedabad – 380 014	079 – 7546150 / 7546142
2.	Bhopal	Mr. R.P.Dubey	1st Floor, 117 Zone II, Above D.M. Motors Pvt. Ltd., Maharana Pratap Nagar, Bhopal – 462 011	0755 - 2769200 / 2769202
3.	Bhubaneswar	Mr. M.N.Patnaik	62, Forest Park, Bhubaneswar – 751 009	0671- 2535220
4.	Chandigarh	Dr. A.K.Kundra	S.C.O. No.101-103, 42nd Floor, Batra Building, Section 17-D, Chandigarh – 160 017	0172 - 2706196 / 2706486
5.	Chennai	Mr. R.C. Sharma	Fatima Akhtar Court, 4th Floor, 312 Anna Salai, Teynampet, Chennai – 600 018	044 - 24333678 / 24333668
6.	Ernakulam	Ms. P. N. Santhakumari	2nd floor, CC 27 / 2603, Pulinat Building, Opp. Cochin Shipyard, M.G. Road, Ernakulam-682 015	0484 - 2373334 / 2373338
7.	Guwahati	Mr. S. K. Kar	Acquarius Bhaskar Nagar, R.G. Baruah Road, Guwahati – 781 021	0361 – 2413525 / 2414051
8.	Hyderabad	Mr. G. R. Reddy	Flat No.101, D.No. 6-2-46 'Moin Court', Lane Opp. Saleem Function Palace, A.C. Guards, Lakdi-ka-pul, Hyderabad – 500 004	040 – 55504122 / 55504123
9.	Kolkata	Mr. S.Chaudhuri	North British Building, 29, N.S.Road,3rd Floor, Calcutta – 700 001	033 – 22134869 / 22212667
10.	Lucknow	Mr. K. S. K. Khare	Jeevan Bhawan Phase-2, 6th Floor Nawal Kishore Road Hazratganj Lucknow – 226 001	0522 – 2635486 / 2635489/90
11.	Mumbai	Mr. B.D. Banerjee	3rd Floor, Jeevan Seva Annexe, Above MTNL, S.V. Road, Santacruz (W), Mumbai-400054	022 - 26106928 / 26103636
12.	New Delhi		2 / 2A Universal Insurance Bldg., Asaf Ali Road, New Delhi -110002	011 - 23239611 / 23237539