

CIRCULAR

All Insurers and Re-insurer,

Re.: IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000

Please refer to para 2 of the Circular no.045/IRDA/F&A/MAR-06 dated 31st March, 2006 on the IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 stipulating that for the purpose of computation of solvency margin, debt securities shall be valued at lower of the amortized cost and the market value.

As clarified this was intended to emphasize the prudential aspect and to align the statutory and regulatory requirements in valuation of debt securities for computation of solvency margin with effect from the year ended 31st March, 2006 onwards. However, some insurers have expressed difficulties in ensuring compliance with the requirements as stipulated in Section 64 V (1) (i) of the Insurance Act, 1938 as at 31st March, 2006, due to late receipt of the clarification.

It has therefore been decided that while the instruction would remain unchanged it shall be made effective from the financial year 2006-07.

(C. R. Murlidharan)
Member