

Date: 15th December, 2003

REF: INV/CIR/ 006/2003-04

CIRCULAR

TRANSFER OF FUNDS BY LIFE INSURANCE COMPANIES

This has reference to the circular No. **IRDA/FA/10/2003-04**, wherein it was mentioned that:

“In the initial stages of the New Insurance Companies, funds are likely to build up gradually, and insurers may face problems with regard to purchase of securities because of stipulations of minimum market lot. To tide over such difficulties, in the initial years, security sale at market price shall be permitted from the shareholders’ assets, that too only in “Approved Category”, to meet the needs of investments of policyholders’ funds.

Such transactions shall be permitted only where a policyholders’ fund size is small i.e., upto Rs. 50 Crores”.

It is further clarified that a Life Insurer’s funds shall be categorized under the following heads:

1. *Life Fund*
2. *Pension and General Annuity Fund*
3. *Group Schemes excluding Group Pension / Annuity*
4. *Linked Life Insurance Fund.*

and the ceiling of Rs. 50 Crores as mentioned in Circular No. IRDA/FA/10/2003-04, would apply to each of the Fund as listed above and not to individual funds within each of the above funds.

P A BALASUBRAMANIAN
MEMBER (ACTUARY)