



बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY

Ref: IRDA/CIR/ACT/049/NOV-04

19<sup>th</sup> Nov 2004

**RE: IBNR RESERVES**

1. This circular is applicable to all insurers carrying on general insurance business and reinsurance business registered with IRDA.
2. As per Schedule II-B of the Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin) Regulations 2000, a general insurer is required to furnish IBNR reserves certified by his Appointed Actuary.
3. The insurer shall furnish the following particulars:-

(a) Table I

| Description of Business | IBNR Reserves |
|-------------------------|---------------|
| Fire                    |               |
| Marine:                 |               |
| Cargo                   |               |
| Hull                    |               |
| Miscellaneous:          |               |
| Motor                   |               |
| Engineering             |               |
| Aviation                |               |
| Liability               |               |
| Rural                   |               |
| Others(to be specified) |               |
| Health Insurance        |               |
| Total                   |               |

- (b) Data furnished to the Appointed Actuary for the Table I above:  
Insurer must describe what data have been furnished to the Appointed Actuary with brief particulars including whether data is in electronic form or in manual form, registers kept and maintained and reconciliation procedures adopted to check the accuracy of the data when data has multiple sources for compilation.

- (c) **Methods of determination of IBNR Reserves:** Insurer shall state whether insurer has decided the method or the appointed actuary decided the method with brief description of the method. The Appointed Actuary should mention the reasons for choosing the method he has adopted.
- (d) **Issues in regard to determination of IBNR Reserves:** The Appointed Actuary should comment on any issues which might include the nature, incidence and credibility of information provided to him by the insurer in the determination of amount of IBNR Reserves. He should also state the limitations/issues faced in respect of 'incurred but not enough reported' claims.
- (e) **Comments on claim procedures followed:** Appointed Actuary shall furnish his comments on claim procedures followed by the insurer, particularly in respect of the claims which would be reported late or for which settlements have been delayed on account of court judgments and also claim costs.
4. The statement with particulars under para 3 must be signed by the Appointed Actuary and counter signed by the CEO. 6 copies of the Statement should be furnished to the Authority addressed to Member(Actuary)
5. The insurer shall ensure the compliance of this circular in respect of the Financial statements for the year ended 31<sup>st</sup> March 2004 and thereafter until further orders of the Authority.

  
19/11  
C S Rao  
Chairman